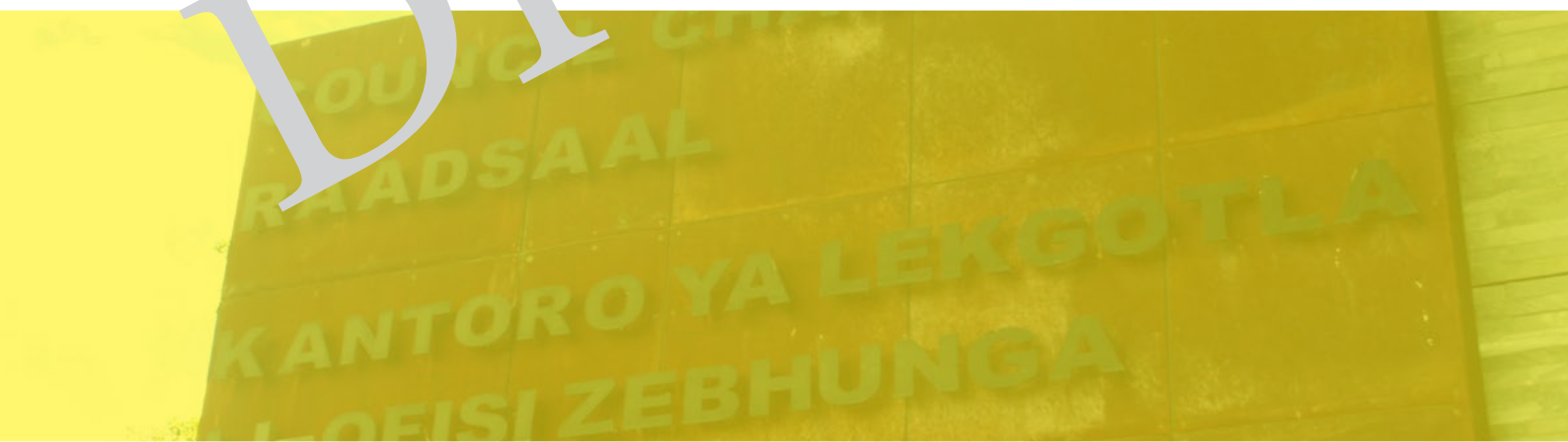
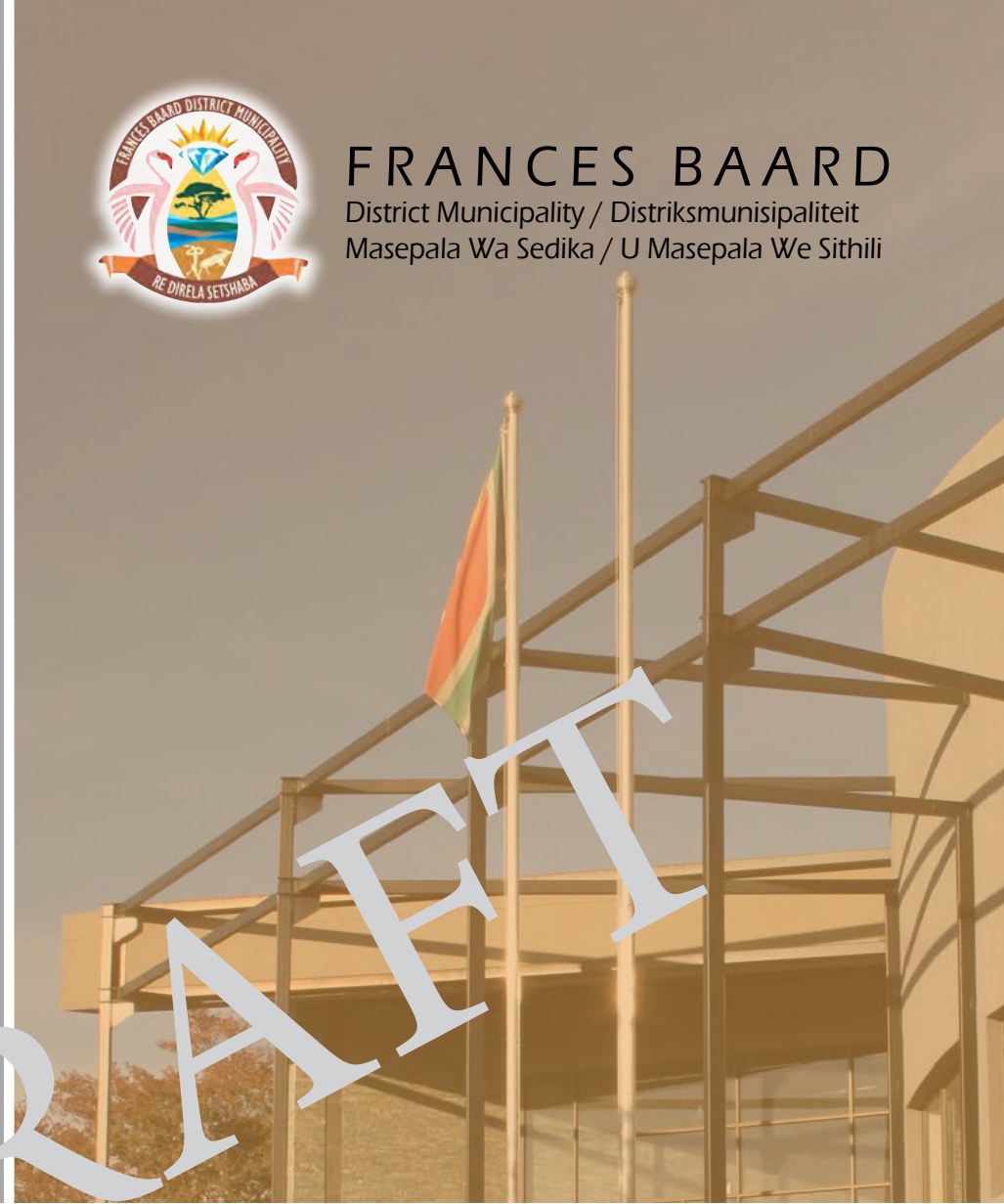


FRANCES BAARD

District Municipality / Distriksmunisipaliteit
Masepala Wa Sedika / U Masepala We Sithili



ANNUAL REPORT 2014/15

Comprehensive report on the activities and financial performance of the FBDM

Frances Baard District Municipality

Annual Report 2014/2015



Private Bag X6088, Kimberley 8300
51 Drakensberg Avenue, Carters Glen, Kimberley 8301
Tel: +27 (0) 53 - 838 0911 • Fax: +27 (0) 53 - 861 1538
Website: www.francesbaard.gov.za
E-mail: frances.baard@fbdm.co.za

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ACRONYMS

AEL	-	Atmospheric Emissions Licence
AFS	-	Annual Financial Statements
AG	-	Auditor-General
APPA	-	Atmospheric Pollution Prevention Act
COGHSTA	-	Department of Cooperative Governance, Human Settlements & Traditional Affairs
DBSA	-	Development Bank of South Africa
DEA	-	Department of Environmental Affairs
DENC	-	Department of Environment and Nature Conservation
DIGF	-	District Inter-governmental Forum
DMA	-	District Management Area
DoRA	-	Division of Revenue Act
DWA	-	Department Water Affairs
EAP	-	Employee Assistance Programme
EPWP	-	Expanded Public Works Project
ESS	-	Employee Self Service
FBDM	-	Frances Baard District Municipality
FPA	-	Fire Prevention Association
GAMAP	-	General Accepted Municipal Accounting Practice
GIS	-	Geographic Information System
GRAP	-	Generally Recognised Accounting Practice
HH	-	Households
ICT	-	Information Communication Technology
IDP	-	Integrated Development Plan
IGR	-	Inter-Governmental Relations
IMFO	-	Institute of Municipal Finance Officers
KPA	-	Key Performance Area
KPI	-	Key Performance Indicator
LED	-	Local Economic Development
LGSETA	-	Local Government Sector Education & Training Authority
MFMA	-	Municipal Finance Management Act
MIG	-	Municipal Infrastructure Grant
MPAC	-	Municipal Public Accounts Committee
NEAR	-	National Emergency Alarm Radio System
O&M	-	Operation and Maintenance
PIGF	-	Premier's Inter-governmental Forum
PMS	-	Performance Management System
PMU	-	Project Management Unit
SALGA	-	South African Local Government Association
SDBIP	-	Service Delivery & Budget Implementation Plan
SDF	-	Spatial Development Framework
SLA	-	Service Level Agreement
SMME	-	Small, Medium & Micro Enterprises
WSP	-	Workplace Skills Plan
WWTW	-	Waste Water Treatment Works

Chapter 1

Mayor's foreword and executive summary

Vision

The Frances Baard District Municipality will be a municipality with a clear developmental focus, providing quality services to all its people.

Mission

"The Frances Baard District Municipality is committed to provide and improve the quality of services and therefore improve the lives of all its communities by:

Promoting Social and Economic Development

Providing and maintaining affordable and optimal quality services

The economic, efficient and effective utilisation of all its available resources, and;

Effective Stakeholders and Democratic Community Participation"

Values

The Municipality has adopted the motto "We Serve the Community" and is committed to the following core values of:

- Development as an empowering process within and outside our Municipality;
- Pride in the professional delivery of services and in the attainment of planned actions;
- Recognition of the district municipality as an expression of the cultural diversity and tolerance within the district municipality;
- Honesty and integrity as an internal force driving service excellence;
- Being driven by the aspirations of our people; we will respect and uphold the Constitutional of the Republic of South Africa;
- Commitment to the code of conduct for Councillors and officials in accordance with the Municipal Systems Act, 2000;
- Commitment to the principles of sound financial management;
- Subscribing to the principles of "Batho Pele"





Ms M.M Moloi
Executive Mayor

Mayor's Foreword

It is indeed an honour for me to present to you the final annual report for the current Council of the Frances Baard District Municipality.

As a municipality we have shown continuous progress over the past year with regard to reaching the set annual targets and building on a strong administration.

As we enter the final year of our term of office as councillors of this great district municipality, we can reflect back with pride on what has been achieved in this financial year and the past five years.

We have received yet another unqualified audit outcome with no matters of emphasis. This could not have been achieved without the total dedication and hard work of both administration and the councillors. The FBDM has proven that through good and sound financial management, good governance can be achieved. One of the primary objectives of the district municipality is to assist its local municipalities to come up to the same level as the district municipality in terms of financial management and other service delivery imperatives. The FBDM has lived up to its mandate to assist its local municipalities by building their capacity to enable them to be in a position to discharge their respective mandates. It has not been without many challenges but we are slowly but surely moving towards that ultimate goal.

Service delivery matters with the highest priority, as derived from the local IDPs, informed the formulation of the projects of the district municipality. More than 40% of the entire budget of the district municipality for every financial year was committed towards the support of its local municipalities. Programmes and processes have been put in place over a number of years to provide administrative support in areas such as financial management with regard to financial and budget reforms; technical project support, audit functions in the form of a shared services arrangement; performance management, tourism and local economic development. The engineering technicians assigned to each of the smaller local municipalities (Dikgatlong, Magareng and Phokwane), continue to provide support with project identification and planning; project management and technical support for projects under construction; identifying gaps in training and assist with capacity building.

At time when service delivery protests were rife, even in our district, the FBDM has fully embraced the "Back-to-Basics" approach. As a district municipality we have a legislative mandate to ensure that all municipalities within Frances Baard District embrace the back to basics concept and include the indicators of good governance; public participation; financial management; infrastructure service and institutional capacity as part of their municipal key performance areas.

It is a fact that we will not be able to overcome the challenges of poverty, underdevelopment and the historical legacy of apartheid for a number of years to come. It will remain with us long after this Council has left office and a number of Councils thereafter. However, we need to bear in mind the fact that 'development is not an event but a process' which requires multiple resources and effective leadership. We should not stop working to ensure that we improve the lives of our community.

When I took office in 2011 I had one goal. I wanted to ensure that I perform my duties to the best of my ability and help Frances Baard District Municipality to maintain its high standards, and take it even higher. I am proud to say that with the team behind me, backing me up, I have achieved that and more.

I wish to take this opportunity to thank all the councillors who worked shoulder to shoulder with the administrators to ensure that we live up to the expectations of our broader community. I know that even after the current Council has vacated office this institution will continue to build on the reputation established, of a distinctive municipality for high quality, adherence to policy and legislation and most of all total commitment to the community that we serve.

Signed by:



The Executive Mayor

Executive summary

Municipal Manager's Overview

It is our pleasure to present to you the annual report for the Frances Baard District Municipality (FBDM) for the 2014/15 financial year. The FBDM, adopted its vision as “..... a municipality with a clear development focus to improve the quality of life of all communities in the district”. With this as our vision in mind, we were always clear about what needed to be done in order to make good on that vision. As we enter the final year of the current local government’s term of office, I consider it a great honour to have been the head of administration of this great district municipality of MaBaard, a woman who has proven in many ways that her interest and like our vision, was always about the down-trodden and the greater benefit of the communities. We strive, on a daily basis, to live up to our motto; “go direla setshaba”. This was our driving force throughout the year and by the same token, was catalyst such that we may put all hands on deck throughout the year. I am pleased to announce that the municipality ended the fiscal year 2014/15 on a very positive note with improved financial administration, services delivery output and accountability. The latter is the sum total of factors that propels us towards preparing the municipality to roll out projects for the 2015/16 financial year. These project would once more be geared towards the upliftment and better living conditions of our communities and once more emulating Ma Baard’s example of servitude.



Municipal Manager
Ms Z.M Bogatsu

FBDM have maintained its financial stability, which is evident through our positive credit rating and successive unqualified audit reports. Good governance has been maintained through public participation, sound budgetary planning and strong performance management practices. The municipality have managed to implement more than 95% of its infrastructure projects for the year under review with minimal roll overs. In the year under review in this annual report, the district IDP was completely aligned with the SDBIP and 90% of our performance information was generated and assessed internally. The remainder of the performance assessment was done by the Audit Committee, which was able to report to Council on performance information. As a municipality we are determined to take our performance management system to another level, a level of excellence to maintain our clean audit record and as such motivate every employee in the municipality.

The performance highlights presented in this report are indicative of our consistent progress across all departments within the municipality. However, in pursuit of our vision of improved service delivery for the communities of Frances Baard, we will not ease up on ensuring that we play our part in eradicating poverty through accelerated economic growth and basic service delivery support to our local municipalities. As a municipality we are still aspiring towards the acquisition of level 3 accreditation for housing development in order to ensure that we contribute towards addressing the housing shortages and helping to provide adequate shelter for our people. Human settlement is a challenge and we have run into many of our own challenges to ensure that we become fully accredited. However, we remain determined to ensure that we can create a liveable environment for our community. The 2014/15 financial year was marked by strict limitations set for municipalities in terms of spending. Municipalities were instructed by National Treasury to adopt a conservative approach when projecting their expected revenues and cash receipts. Municipalities further had to pay particular attention to managing revenue effectively and carefully evaluate all spending decisions. As a district municipality we have managed to adapt quite well with these developments and have put guidelines in place to optimise outcomes versus budgetary outputs. We have put enormous effort into institutional and administrative reforms, developmental issues, governance and financial reforms.

We still face many challenges, as every municipality does. However I am confident that the FBDM has a solid foundation and is equipped enough to overcome these challenges. Finally this report is a product of unending cooperation and unity of the council, FBDM staff and in particular the executive management team, without whom, we would not have received successive clean audits. In conclusion, we dedicate this annual report to the many and diverse communities of Frances Baard, who have embraced the spirit of Ma Baard by being identified with her steadfast legacy. Indeed, re direla setshaba!

A handwritten signature in black ink, appearing to read 'Z.M Bogatsu', written over a horizontal line.

The Municipal Manager

1.3 Municipal functions, population and environmental overview

As a local government institution the district municipality is continuously adapting and aligning itself to sustain its developmental status. All the delivery efforts of the municipality has been and continues to focus on assisting category B- municipalities in terms of infrastructure for the provision of free basic services as well as operation and maintenance support. In addition the FBDM continues to assist the smaller local municipalities with adhoc administrative issues and financial management support. The municipality therefore strives to promote and uphold accountable, efficient and effective operational internal systems. As the sphere of government closest to civil society it is important that the district municipality sustains its developmental focus. The municipality prides itself in having sound financial management approaches as a cornerstone for effective and efficient performance.

Key Performance Areas (KPA's)

- Municipal transformation and institutional development;
- Local Economic Development (LED);
- Basic service delivery and infrastructure investment;
- Financial viability and financial management, and
- Good governance and community participation

The Frances Baard District is made up of the district municipality (category C municipality) and four local municipalities (category B municipality). The local municipalities therefore each have their own powers and functions to provide municipal services on an equitable and sustainable manner. The purpose of the district municipality is to assist local municipalities to build their capacity and enable them to be in a position to discharge their mandate. As the purpose of a district municipality is to respond to the need and capacity of local municipalities, the Constitution foresees and permits that the district municipality may play a different role in respect of each local municipality in its district. The division of functions and powers between a district municipality and the local municipalities in the district can be asymmetrical and will depend on need and capacity. A district municipality must, first, redistribute resources within a district according to need; second, assist and capacitate local municipalities to enable them to provide, and sustain the provision of services in their areas; and third, promote economic development in the district. This is done by implementing the shared-service model concept.

District-wide priority issues

1. Housing and Land
2. Water
3. Unemployment
4. Waste Management
5. Roads and Storm Water
6. Electricity
7. Sanitation
8. Education
9. Health Facilities
10. Youth Economic Development
11. Disaster Management
12. Sports and Recreational Facilities

According to the District IDP the priority areas for the local municipalities in the Frances Baard District are as follows:

Municipal area	Priority area
Dikgatlong	Housing and land is rated highest followed by water, sanitation, waste management and electricity.
Magareng	Housing and land is rated highest then water, youth development and unemployment.
Phokwane	Land and housing is rated highest followed by maintenance, roads and unemployment.
District-wide	The combined priorities for the district shows housing and land, water, unemployment, waste management, roads and storm water and electricity are the highest areas of focus

The annual budget in respect of the 2014/15 financial year was prepared according to the approved IDP /Budget Process Plan. The process plan followed after consultation with the local municipalities within the district to ensure alignment.

Geography

Frances Baard District Municipality is one of five districts in the Northern Cape and the smallest occupying 2,384 km² of the province's total geographical area. The district comprises of four local municipalities namely:

- Sol Plaatje local municipality
- Dikgatlong local municipality
- Magareng local municipality
- Phokwane local municipality

The seat of the district municipality is Kimberley, the capital of the Northern Cape Province and within the Sol Plaatje municipality area. It is bordered by the John Taolo Gaetsewe, Siyanda and Pixley-ka-Seme districts to the west while to the north, it is bordered by the North West province and Free State in the east.

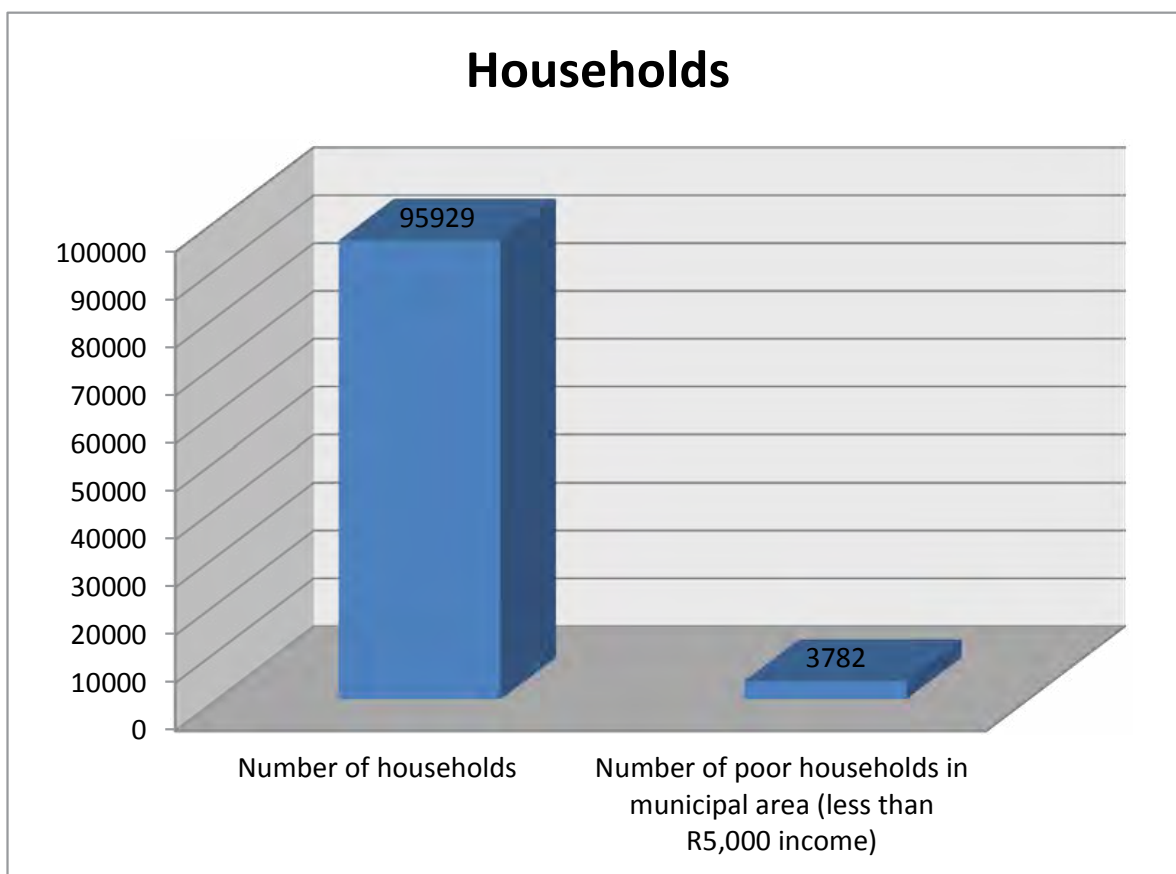
65% of the population fall within the Potentially Economically Active (PEA) group, with an equal distribution between male (49.6%) and female (50.4%). The district has an unemployment rate of 27.9%, similar to that of the Northern Cape.

Frances Baard District Municipality is the most populated district in the province, accommodating over a third (33.4%) of the provincial population; and majority of whom lives in Sol Plaatje municipality. (*Quantec Research Data of 2011*)

Frances Baard District is the strongest economic region in the province, accounting for 36% of the provincial gross domestic product (GDP). The major contributor to the regional GDP is Sol Plaatje (74,5%), followed by Phokwane (15%), Dikgatlong (8,5%), and Magareng (2%). (*Global Insight, 2011*).

Population Details Population '000			
Age	Male	Female	TOTAL
Age: 0 - 4	21	20	41
Age: 5 - 9	19	18	37
Age: 10 - 19	36	35	71
Age: 20 - 29	35	36	71
Age: 30 - 39	27	28	55
Age: 40 - 49	20	23	43
Age: 50 - 59	15	17	32
Age: 60 - 69	8	11	19
Age: 70+	5	8	13
TOTAL	185	197	382

Census, 2011



Census, 2011

Socio Economic Status										
Housing Backlog as proportion of current demand		Unemployment rate/		Not economically actively		Proportion of HH with no income		Proportion of population in low-skilled employment	Illiterate people older than 14 years	
Incl SPM	Excl. SPM	Incl SPM	Excl. SPM	Incl SPM	Excl. SPM	Incl SPM	Excl. SPM	Excl. SPM	Excl. SPM	Excl. SPM
56%	38%	12%	4%	27%	10%	13%	5%	1%	11%	6%

The district demographic pattern presents the following challenges and opportunities:

Challenges	Opportunities
<ul style="list-style-type: none"> Increased growth in unemployment and poverty levels Increased dependency on social grants Increased number of indigents Decline in municipal revenue generation 	<p>The district has a very youthful population (30% of the population is <19 years) that has potential for learning and acquiring new skills that may reverse the bleak outlook of the municipality.</p>

Natural Resources			
Major Natural Resource	Relevance to Community	Challenges	Opportunities
Water	Usage of river to supply water for agriculture purposes and usage of river for outdoor activities (tourism)	Insufficient water rights allocated to small emerging farmers.	<ul style="list-style-type: none"> Increase of farming activity in the District Water sport activities/ tourism
Arable Land	Farming	Skills of emerging farmers, funds to compete with commercial farmers	<ul style="list-style-type: none"> Supply of malt to the Cape Malt plan Supply of nuts for oils processing
Diamond, Lime deposits & semi precious stones	Mining activity	Skills and funding	Small scale mining and processing of semi precious stones
Game	Game farming and establishment of tanneries	Transformation of industry	<ul style="list-style-type: none"> Entry of blacks into game farming industry Promotion of trophy hunting Est. of a tannery
Sun Light	Establishment and fostering of alternative energy industry and supply of cheaper energy (electricity)	Skills of communities and accessibility to the technology	<ul style="list-style-type: none"> Alternative energy implements Cheaper electricity

1.4 Service Delivery Overview

As in previous years, most of our service delivery efforts were focussed on assisting the category B municipalities, with emphasis on infrastructure for the provision of basic services as well as operation and maintenance support.

The FBDM rolled out a number of infrastructure projects in specifically in Dikgatlong, Magareng and Phokwane local municipalities

The following are the highlights of our support to category municipalities for the year under review:

Dikgatlong Local Municipality

- An increase of fleet capacity for sanitation, electricity and operation and maintenance services and a number of electrical upgrades were completed.
- Construction of process controller rooms at the waste water treatment works.
- An electricity master plan.

Magareng Local Municipality

- Sewer reticulation network for 558 sites which could not be completed due to budget constraints. However, the funding was approved and the project is set to be completed in the new financial year.

Phokwane local municipality

- Replacement of a collapsed sewer gravity line was replaced and a reservoir was resealed,
- The chlorination system at the Jan Kempdorp WWTW and Hartswater WWTW was successfully upgraded.
- The master plans for the roads and sanitation infrastructure and maintenance had to be rolled over due to budgetary constraints but the funding was approved and the project was set to be completed in the new financial year.
- The resealing of a raw water storage dam had to be halted due to work that performed on the canal by the Department of Water and Sanitation, but the project was set to be completed in September 2015.

Sol Plaatje local municipality

- Provision of water and sanitation services such as stand connections to 640 stands and associated bulk water augmentation requirements. Most of the work was completed by June 2015 but the steel storage tanks were set to be completed in August 2015.

On Operation and Maintenance, we managed to assist the local municipalities to maintain water and waste water infrastructure, electrical infrastructure and streets and storm water infrastructure, the maintenance of the sewer system and the maintenance of gravel roads.

Other projects rolled out in the year under review included a project to assist Dikgatlong municipality with the verification, update and reconciliation of the municipality's billing database into GIS. This ensured that the municipality's was complete and sound. It also enabled the municipality to improve service delivery and the provision of free basic services in terms of its Indigent Policy.

Our disaster management and fire fighting services ensured that we assisted destitute families within the Phokwane, Magareng and Dikgatlong local municipalities. Fire fighting volunteers were given further training in how to combat structural fires and veldfires as well as how to respond to floods, strong winds and lightning damage.

In terms of housing the Bufferzone 220, phase 1 (60 units) of the project was successfully completed, albeit many challenges such as a shortage of water and the relocation of people to site (during implementation) and rocky terrain. Phase 4,100 houses, of the Ikhutseng 1000 in Magareng municipality was completed. 41 houses were successfully completed ahead of schedule in De Beershoogte. Houses in Stillwater and Kingston, all in the Dikgatlong municipal area, were also completed. The Pampierstad 1450 project was also completed successfully.

The municipality completed an environmental impact assessment in Dikgatlong municipality that has been delayed several times due to challenges and an additional study on biodiversity that was required by the Department of Environment and Nature Conservation. The FBDM also assisted Magareng municipality to review its 2008 spatial development framework, which will enable the local municipality to develop a strategic and policy framework that addresses spatial, social, environmental and economic issues faced by the municipality.

We also funded the preparation of the integrated zoning scheme and assisted with the facilitation of the preparation process for Magareng Municipality. The integrated zoning scheme had to be prepared in order to allocate land-use rights to properties correctly. The project was successfully completed.

1.5 Financial Overview

The audited financial year end results indicated that the municipality succeeded in growing its financial position. This achievement was possible through the implementation of good financial policies and proper internal controls.

Although the municipality relies heavily on grant funding to finance its operations, it still succeeded to build the capacity of the local municipalities in its area of jurisdiction to assist them to perform their functions and exercise their powers.

The important ratios remain positive that indicates that the municipality will be able to meet future financial obligations and there is no indication that the going concern is deteriorating. The community wealth decreased from R81.6m to R79.4m. All these provisions and resources is cash backed.

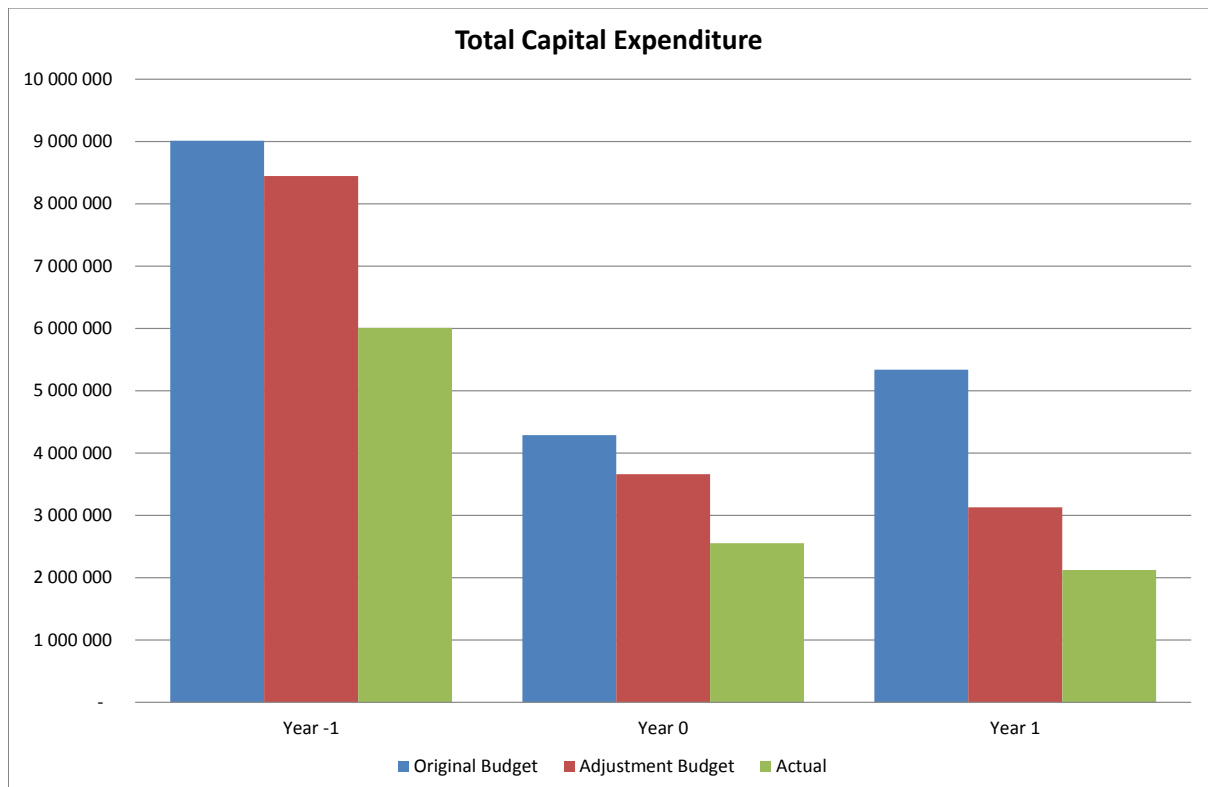
The national growth rate of the country is currently less than one per cent. This will definitely contribute to a lower growth rate in equitable share allocations. Notwithstanding the negative economic growth forecasts, the municipality was able to allocate 33% of its revenue to make a difference in the lives of many people in the district on a number of areas that influence daily lives of people in the district.

Financial Overview - 2014/15			
			R'000
Details	Original Budget	Adjustment Budget	Actual
Income			
Grants	101 083	102 898	102 395
Taxes, Levies and tariffs			
Other	6 909	6 909	8 007
Sub-Total	107 992	109 807	110 402
Less Expenditure	132 631	133 888	112 869
Net Total*	(24 639)	(24 081)	(2 467)
*Note: surplus/(deficit)			

Operating Ratios	
Detail	%
Employee Cost	5.04%
Repairs & Maintenance	2.88%
Finance Charges & Depreciation	5.45%

The district municipality exceeded the 35% norm for employee cost due to its outward looking approach by attracting and appointing highly skilled / dedicated personnel to support the local municipalities in the district area in order to address the challenge of scarce skills / expertise such as engineers, IDP professionals, internal auditors, human resources practitioners, finance related personnel, etc. General maintenance costs are in line with guideline norm of 3% prescribed by National Treasury.. Finance charges & Depreciation reflects according the external loan agreement with DBSA and the prescribed principles in terms of GRAP 17.

Total Capital Expenditure 2012/13 - 2014/15			
	R'000		
Detail	2012/13	2013/14	2014/15
Original Budget	9 013	4 290	5 340
Adjustment Budget	8 445	3 662	3 129
Actual	6 008	2 553	2 125



Actual expenditure incurred on fixed assets represents an efficiency rate of 67.89%

1.6 Organisational Development Overview

We started the financial year 2014/15 with a clear mandate from our district community derived from the reviewed IDP and the budget. We had a duty to improve our institutional capacity in order to ensure that it is up to the task of implementing the SDBIP of the year under review. The staff establishment review focused on strengthening the performance management system that will enable us to evaluate and monitor progress in ensuring, facilitating and co-ordinating the provision of basic services in the district. We further strengthened our capacity to render environmental health services, a function that we are expected to perform as a district municipality. This also saw us undertaking the section 78 assessment to establish our capacity to fully implement the function as required by legislation.

Several internal policies on human resource, skills development, financial management and administration and infrastructure roll out had to be reviewed as necessitated by the changing circumstances and environment. We undertook a project which entailed the review of 27 existing policies and new policy. We continue our quest to develop best practices that will strengthen our policy formulation on scarce skills, staff retention, employee assistance and wellness and skills development.

Since we converted to the TASK grading from 2010, Council adopted the job evaluation policy in the year under review and subsequently we followed a roadmap on the job evaluations even though the process will overlap to the next financial year. This will result in the job evaluation of almost 90% of the staff component. TASK will also be used as a tool to retain and/or attract employees to the municipality with the intention of making Frances Baard District Municipality an employer of choice, nationally.

Skills development remains an important pillar in ensuring that we build our institutional capacity and to this end we continue to assess our skills level. Our great emphasis is on financial management and technical skills. We spent 59.3% of the allocation on skills development and 80% on an allocation made specifically for bursaries for employees who are studying at institutions of higher learning for their national diploma and bachelors degrees. Councillors' capacity building programmes also recorded 66% spending of the total allocation.

As we prepare for the implementation of municipal standard chart of accounts (MSCOA), we appreciate the challenges that confront us in ensuring that we are ready for going live on 01 July 2017. We are continuing to build our internal capacity with the assistance of the provincial treasury and all our governance structures so that the anticipated change in the financial system is seamless and does not create unwarranted systems problem to the detriment of the good financial systems, management, administration and controls that we have created for ourselves thus far.

Through our risk management we continue to mitigate all risks on fraud and corruption, and to this end have no incident of fraud or corruption detected or prosecuted for this year under review.

It is our view that we are a going concern, with a greater portion of our total budget dedicated to the support provided to local municipalities in order to improve their capacity to provide services.

1.7 Auditor-General Report

Report of the auditor-general to the Northern Cape provincial legislature and the council on Frances Baard District Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Frances Baard District Municipality set out on pages 130 to 203, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

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

Auditor-general's responsibility

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

Opinion

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

Emphasis of matters

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

Restatement of corresponding figures

8. As disclosed in note 31 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of an error discovered during 30 June 2015 in the financial statements of the municipality at, and for the year ended, 30 June 2014.

Additional matters

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

Unaudited supplementary schedules

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

Unaudited disclosure notes

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

Report on other legal and regulatory requirements

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

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2015:
 - Development priority 1 - Basic Services Delivery on pages 81 to 82
 - Development priority 3 - Municipal Institutional Development and Transformation: on pages 83 to 85
14. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
15. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (FMPPI)*.
16. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. I did not identify material findings on the usefulness and reliability of the reported performance information for the selected development priorities.

Additional matters

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

Achievement of planned targets

19. Refer to the annual performance report on pages 81 to 86 for information on the achievement of the planned targets for the year.

Unaudited supplementary information

20. The supplementary information set out on pages XX to XX does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with legislation

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

Internal control

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

Kimberley

30 November 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

1.8 Statutory Annual Report Process

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

The contents of an annual report provide information about how well the municipality is doing financially, upcoming changes projected for the next year, and the management staff of the municipality. Concerned parties, such as shareholders, can use this information to make important decisions.

It is therefore imperative that these guidelines as set out above are adhered to, to ensure that the report complies and give a true reflection of how well the municipality is doing.

The IDP is a strategic document that clearly outlines the development objectives and provides a policy framework that guides management in decision-making relating to budgeting and planning.

The IDP of the municipality is aligned to the budget through programmes and action plans to give operational effect to the objectives. Through the PMS all three are then aligned; the objectives are defined by the inclusion of key performance indicators in the performance plans of directors, line managers and project managers.

2.1 Political Governance

An effective governance framework, systems, policies and structure is absolutely crucial to the proper functioning of a district municipality such as Frances Baard.

The quality of governance and transformation is one of the major determining factors in turning the district into a prosperous developmental government focussed on improving the quality of life in its area of jurisdiction.

Municipal councils are empowered to address the existing and future needs of their community by making decisions that are recorded in by-laws or resolutions. Council members embody the public welfare of their communities which often means trying to balance their vision with the concerns expressed by the people and organizations affected by their decisions.

The governance system of the Frances Baard District Municipality is a mayoral executive system which comprises of Section 80 Committees (Finance, Policy & Institutional Development, Social Development, Infrastructure Development and Planning and Development).

The Executive Mayor heads the municipality and fulfils this governance task in collaboration with the councillors. The Mayoral Committee functions in a manner similar to that of a cabinet with its main function to ensure integration of the work of the Council across political portfolios and departments.

The Speaker presides over all Municipal Council meetings required by legislation. The Speaker also oversees the effective functioning of the council committee system. The committees of Council meet on a monthly basis and formulate recommendations based on their portfolios.

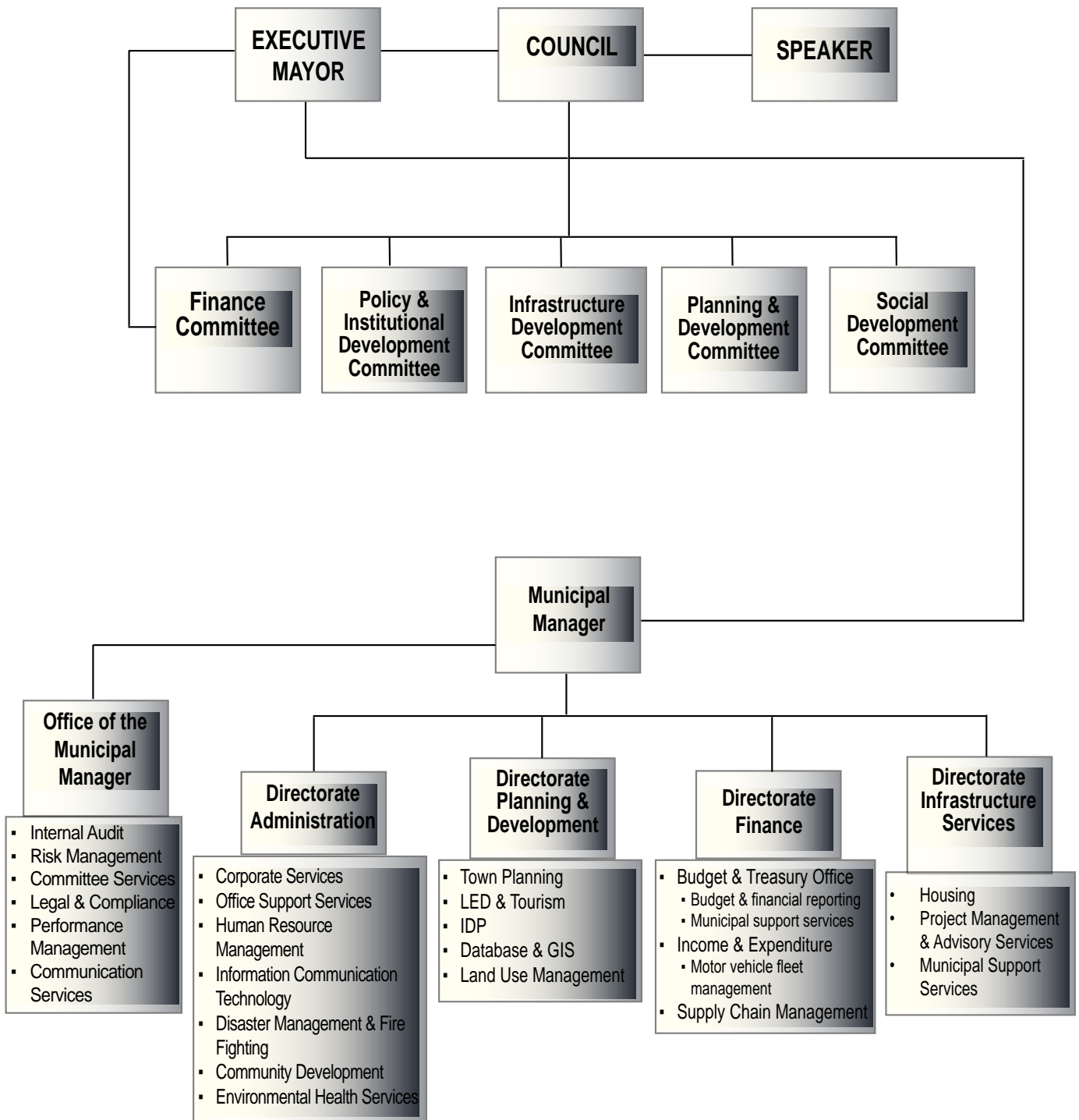
The municipality has a mandate to:

- Provide a democratic and accountable government for local municipalities;
- Ensure the provision of services to communities in a sustainable manner;
- Promote a safe and healthy environment;
- Encourage the involvement of communities and community organizations in the matters of local government; and
- The district does not account for the provision of bulk electricity and water to Category B municipalities as this falls in the jurisdiction of these municipalities as concluded in the Municipal Structures Act. The housing function is currently still in the jurisdiction of the Provincial Department of COGHSTA but will be transferred to the District Municipality upon completion of the accreditation processes.

“Umuntu ngumuntu ngabantu” - “I am because you are, you are because we are. ”

- Unknown

2.1.1 Governance Model



2.1.2 Audit, performance and risk committee

Purpose

The committee is honoured to present its annual report which aims to update Council on activities and to raise issues of concern for attention of council.

Legislation requirements

We are required to present Council with a review report for the primary purpose of advising the Municipal Council, political office bearers and accounting officer on matter relating to Section 166 (2) – (3) of Municipal Finance Management Act and other applicable laws and regulations.

The committee has in terms of circular 65 of MFMA adopted an appropriate formal terms of reference clearly setting out the establishment, purpose, authority, composition and the relationship with council, management, internal and external auditors as its charter.

We took a decision to implement the official reporting with effect 02 March 2015 and therefore reports on the period set out in this report.

Matters relating to committee responsibility:

Committee structure and assessment

The established committee consists of three independent external members as listed below:

Mr AL Kimmie (Chairperson)

Mr WMS Calitz

Mr T Mogoli (appointed 09 January 2015)

It must further be noted that the contracts of Mr T Marumo and Mr AK Bhyat came to end on 30 November 2014. The Committee Chairman should assess the performance of individual Committee members and the Council should evaluate the Committee's chairman, based on several factors. These include:

- Expertise;
- Inquiring attitude,
- Objectivity, and independence;
- Judgment;
- Understanding of the public sector business;
- Willingness to devote the time needed to prepare for and participate in Committee deliberations;
- Timely responses; and
- Attendance at meetings.

Overall the Chairperson is satisfied that the current members have displayed sufficiently through behaviour and attitude that the expectations set out in the Audit Committee Charter have been adhered to.

Meeting details

The committee has met five times for the 2014/15 financial year.

Date	Purpose of the Meeting
07 July 2014	Fourth quarter review of Internal Audit Reports (continuation of the meeting held on 16 June 2014)
20 August 2014	Review of the AFS.
27 November 2014	Review of the draft management report
02 March 2015	Review of the 1st and 2nd quarter Internal Audit Reports, risk management and performance information
01 June 2015	Review of the 3rd quarter Internal Audit Reports, risk management and performance information.
16 July 2015 (meeting initially scheduled for 29 June 2015)	Fourth quarter review of Internal Audit Reports risk management and performance information. Approval of internal audit plan and internal audit charter.

We have been able to assess the 2013/14 draft financial statements on the 20th August 2015, but did not have an opportunity to review the final set of the annual financial statements prior to submission to the Auditor-General.

The details of attendance of meeting are as follows:

	No. of Meetings held	Attendance
Mr AL Kimmie (chairperson)	06	06
Mr WMS Calitz (Member)	06	06
Appointed – 09 January 2015		
Mr T Mogoli (Member)	04	04
Termination (30 November 2014)		
Mr. A Bhyat (Member)	03	03
Mr T Marumo (Member)	03	03

Internal Audit

Staff

The Committee welcomed the appointment of the chief audit executive. The capacitation of the internal audit unit will in essence develop and maintain an effective internal audit services which has in the past year struggled to complete its planned activities.

Performance

Internal audit unit managed to complete 15 audit projects of the 21 planned projects according to the approved internal audit plan. These activities also include work done for Dikgatlong and Magareng local municipalities. The audit committee took cognisance of the following issues highlighted in the audit reports:

Human resource and payroll audit

Internal audit unit raised issues with regards to over/under – payments of employees as a result of the implementation of task grading. It must also be noted that the internal audit unit audited only transfer of balances in this regard. The committee take cognisance that management addressed the issues that were raised by internal audit unit.

DORA Audit

There were no weaknesses detected, it was noted that the municipality was in conformance with the requirements of DORA and Provincial Gazettes.

Supply Chain Management Audit

Internal audit highlighted that the municipality have awarded services to suppliers who did not provide the required information. The committee stresses the strict adherence to scm policies and scm regulations.

Performance Management System

Council should take note that quarterly performance management report for the 1st, 2nd and 3rd quarters was submitted to internal audit unit for audit purposes and the results were presented to audit committee. There were improvements in view of early warning indicators that were detected at the start of the reporting period.

2013/14 Audit Action Plan

Issues that were raised by the office of the Auditor General were resolved and addressed. The committee take cognisance that management addressed the issues that were raised by internal audit, and that there is an indication on the level of assurance of internal audit that processes are working as intended.

Training

No formal training and development courses were undertaken by unit staff, however there were short courses attended by internal audit staff in the fourth quarter of the financial year. It is to be noted that internal auditors require on-going formal training to keep abreast of the improvements and developments in the internal auditing standards, procedures and other auditing techniques.

The following trainings were attended by internal auditors:

Names	Designation	Training attended
Kebarileng Moroke	Chief audit executive	<ul style="list-style-type: none"> • IIASA – IAT Training modules • IMFO conference
Mthethwa Ndabezitha	Senior Internal Auditor	<ul style="list-style-type: none"> • Northern Cape AGM - IIASA • IMFO audit & Risk Indaba
Boitumelo Kgomongwe	Internal auditor	<ul style="list-style-type: none"> • Northern Cape AGM - IIASA • Fraud indicators and red flags • Ethics training
Boitumelo Theo	Audit: Intern	Northern Cape AGM - IIASA
Dimakatso Jafta	Audit: Intern	Northern Cape AGM - IIASA

Risk Management

The Committee is responsible for providing risk management oversight, including the effectiveness of risk management processes.

During financial year 2014/2015 risk management within FBDM was facilitated by a service provider and the risk assessments were completed and all risk registers updated, however, audit committee is of a view that no progress reports were provided on a quarterly basis as a result of delay in appointing Chief Risk Officer. The risk management processes of the FBDM were evaluated to be adequate and the progress has been made in this regard. As a result the risk registers of the organisation have been completed in time. The committee welcomed the appointment of a Chief Risk Officer on the 01st of March 2015.

A service provider was appointed to develop fraud prevention strategy and implementation plan, these documents are still in a draft form. Once the review of these documents has been finalised, the documents will be submitted to council for approval. The Chief Risk Officer is embarked in a process of reviewing and finalising draft fraud & risk governance documents which will be approved by council, once recommended by the audit committee, at the beginning of 2015/2016 financial year.

The risk assessments of local municipalities were facilitated by Provincial Treasury and the risks registers of Phokwane, Magareng and Dikgatlong were updated. The Audit Committee acknowledged that the Chief Risk Officer assisted Dikgatlong local municipality with strategic risk assessment and progress regarding implementation were monitored on a monthly basis.

The committee therefore recommends rigorous management of those key business risks that reflects at strategically and operational level

Performance Management

To enhance value adding to the monitoring of performance management processes, the committee is of the view that the reports must be audited immediately after the latter has been issued to the internal audit unit. This will enable the committee to carry out their mandate as required by Section 166 of MFMA and other applicable laws and regulations governing the performance management processes. The delay in monitoring performance achievements may have a negative impact on oversight as any recommendations may be too late to implement.

The committee recommends that quarterly performance reports should be tabled within 15 days after closing a quarter to the performance committee.

- *Mid-term report and 2013/14 Annual Report*

The Committee accepted the mid-term report. The annual report for 2013/14 financial period was reviewed by the committee and certain issues were raised, it was indicated that management must correct issues raised by the committee before the approval of the report by Council. The annual report was recommended to the oversight committee with adjustments.

The audit committee is of the view that before the report is submitted to council on the 25th of January, management must allow the committee to have sight of the report.

Monthly and quarterly financial reports

The committee noted that the large spending was done in the last month of the financial period, and Management should change the spending trends. The committee comment favourably to the cash flow of the municipality, and that there is a robust financial support to the local municipalities.

Investigation

The committee is not aware of any investigations that are currently undertaken.

Other issues

- *Report on losses (material losses)*

In the current financial period there are no losses incurred and only old items were written- off and reported to council.

- *Unauthorised, irregular, fruitless and or wasteful expenditure.*

The Committee would like to inform Council that incidents of unauthorized, irregular, fruitless and or wasteful expenditure are reported to the committee at our meetings. During these meetings we take note and probe the possible root causes for the occurrence and advise the accounting officer to report and deal with the incidences in accordance with section 32 of the MFMA.

Non-compliance with laws and regulations

Council should note that there were no incidents of non-compliance with laws and regulations identified by internal audit and management. The municipality is advised to implement sufficient and appropriate controls in place that will enable them to monitor upcoming reporting and compliance requirements. A report with regards to compliance with Municipal Finance Management Act 56 Of 2003 was submitted to the committee. The committee put emphasis on posting of all documents that must be place on the website for promoting transparency to the public.

Contingent liabilities and legal matters

- *Task grading system implementation*

Some of the employees are not satisfied with regard to the processes that municipality followed in implementing the task grading system. Council should take note that this issue has been budgeted for.

- *Cases at labours Court*

The municipality lost the review of the case on technicality; however the municipality elevated the matter because there was no legal clarity on what the municipality must do.

- *E-Venus*

There is a stability problem in Dikgatlong Local Municipality and it becomes difficult for Frances Baard District Municipality solve this matter. However the committee was informed that the council of Frances Baard District Municipality is trying its best to negotiate with the council of Dikgatlong Local Municipality to discuss this matter and resolve it.

Fraud consideration and fraud risk management

A service provider was appointed to prepare fraud & prevention strategy and implementation plan, these documents were completed. The documents must be finalised and be submitted to council for approval.

Conclusion

The committee requests that Council take note of the contents of this report.


AL Kinnale
Chairperson



Ms Khadi Mloi
Executive Mayor



Mr Brummer Maribe
Speaker



Mr W Johnson
Finance Committee



Mr K Rifles
Policy & Institutional
Development
Committee



Ms P Molefi
Social Development
Committee



Ms T Nicholas
Planning &
Development
Committee



Mr M Silingile
Infrastructure
Development
Committee

See **Appendix A** - full list of councillors (including committee allocations and attendance at council meetings)

See **Appendix B** - committees and committee purposes

2.1.4 Political Decision-taking

Council is the highest decision-making body within its legislative and executive powers as provided for in Section 12 of the Municipal Structures Act. Section 80 Committees, MPAC and the Oversight Committee table its reports to Council for its decision-making.

Council sits on a monthly basis, except for August and October. The Executive Mayor also exercise her duties in terms of Section 55 of the Municipal Structures Act. She convenes her Mayoral Committee on a monthly basis to consider reports from other committees and formulate recommendations to Council.

The Mayoral Committee functions in a manner similar to that of a cabinet with its main function to ensure integration of the work of the Council across political portfolios and departments.

The Speaker is a councillor elected as chairperson of the Municipal Council as per legislation and presides over the meetings of council.

The Speaker also oversees the effective functioning of the council committee system. The committees of Council meet on a monthly basis and formulate recommendations based on their portfolios.

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Adoption of the district incentive policy framework	Council adopted the District Incentive Policy Framework as a framework to be used by local municipalities in developing local incentive policies. Council resolved that all local municipalities should be urged to develop and adopt Incentive policies aligned with the District Framework and market those policies intensively.	23/07/2014	Incentive policies for Sol Plaatje and Dikgatlong municipalities will be developed in the 2015/16 FY.	
Adoption of the district SMME development and support policy	Council adopted the district SMME Development and Support Policy. Council approved the implementation of the programs in the policy.	23/07/2014	SMME Development Policy is being implemented in the 2015/16 FY	
(LED unit) Request for special project budget: Gong-Gong eco cultural and historical tourism destination – Feasibility study and business plan	Council did not approve that the R263 250 (two hundred and sixty three thousand two hundred and fifty rand) set aside for the Gong-Gong feasibility study and business plan be included in the 2014-2015 budget during the adjustment budget. The matter has been put in abeyance by Council until a solutions has been found.	23/07/2014	A feasibility study and business plan will be prepared in the 2015/16 FY.	
(LED unit) Occupation of flagship information centre	Council resolved to put the matter in abeyance until a solution has been found on how the funds will be sourced.	23/07/2014	This project has been budgeted for in the 2015/16 FY.	
IDP process plan and framework for the district integrated development plan review 2014-2015; planning 2015-2016	Council approved the IDP Process Plan for the IDP Review 2014-2015; Planning 2015-2016.	23/07/2014	IDP review 2014/15 planning 2015/16 has been prepared, finalised and adopted by Council.	
Pension supported housing loan scheme agreement between ABSA and MCPF	The council granted approval that the municipality must provide the necessary administrative support as stipulated in the service level agreement between ABSA and MCPF for councillors of the municipality to access the ABSA pension powered housing loans facility. Subject to 1 above, council resolved to delegate the municipal manager and councilor W. Johnson to be signatories on behalf of the municipality for all loan applications made by councillors under this facility.	23/07/2014		
Writing off redundant ICT assets (Council)	Council approved the writing off (Per attached annexure A) of redundant ICT Hardware Assets. Council resolved that the redundant ICT Hardware Assets be donated to the Kagisho crèche in Ritchie.	23/07/2014	Implemented	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation										
Appointment of managers directly accountable to the municipal manager (Directors: Finance, Administration, Planning and Development and Infrastructure Services)	Council took note of the report. Council ratified the Executive Mayor's initiative to write to the MEC and further delegate to her the task of making an application to the Minister in terms of clause 11(2) of the regulations. Council resolved that the report on the recommended candidates for appointment be tabled in a Special Council meeting to be convened as soon as possible after the response from the Minister.	23/07/2014	The Minister responded in September 2015 and the matter was tabled before Council on 23 September 2015.											
Recovering of and/or writing off unauthorised, irregular and fruitless or wasteful expenditure.	<p>Council considered the report on unauthorized, irregular or fruitless and wasteful expenditures for the 2013/14 FY for recovery or certification as irrecoverable and written-off. Council resolved to inform the MEC for local government and the Auditor-General in writing of the unauthorized, irregular or fruitless and wasteful expenditures incurred by the district municipality for the 2013/14 FY, inclusive of the council resolution regarding the matters. Council resolved that in instances where councillors and officials was negligent with the institution funds the money should be recovered from such councillors and officials. Council resolved that the outstanding debt of Mr. Nkonki be written off as the cost of collecting the debt will be more than what he owes the municipality. Council resolved that all Councillors and Officials owing the municipality should start paying as from end of October 2014. Council resolved that the Speaker to follow up the debts of Councillor TC Ngoma with him in order to get a commitment on how the debt will be paid off. Council resolved that the Humelani water services irregular expenditure should be written off as the Frances Baard District Municipality does not have an electronic system on which to check whether the supplier/service provider is employed by the state or not. Council resolved that since the service provider paid back the ticket money less the penalty cancellation fee charged of following officials and councillors, the debt should be written off.</p> <table border="1" data-bbox="1281 999 1492 1563"> <thead> <tr> <th>Councillors</th> <th>Officials</th> </tr> </thead> <tbody> <tr> <td>1. M. Moloi</td> <td>1. Mr. Duba</td> </tr> <tr> <td>2. T. Nicholas</td> <td>2. A. Segapo</td> </tr> <tr> <td>3. B. Ximba</td> <td>3. M. Mosala</td> </tr> <tr> <td>4. B. Maribe</td> <td></td> </tr> </tbody> </table>	Councillors	Officials	1. M. Moloi	1. Mr. Duba	2. T. Nicholas	2. A. Segapo	3. B. Ximba	3. M. Mosala	4. B. Maribe		30/09/2014		
Councillors	Officials													
1. M. Moloi	1. Mr. Duba													
2. T. Nicholas	2. A. Segapo													
3. B. Ximba	3. M. Mosala													
4. B. Maribe														

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Establishment of a district disaster management centre	Council noted the report on the objective and process of constructing a district disaster management centre. Subject to 1 above, Council granted approval for the municipal manager to explore different funding options for the construction of the centre and recommend the most cost effective option for Council to consider before March 2015.	30/09/2015		
Writing off stolen digital equipment/assets	Council resolved to put the item in abeyance until the next Council meeting due to insufficient information on the item. Council requested that administration provide it with the following additional information on the matter, i.e. <ul style="list-style-type: none"> • Current value of the stolen ICT equipment that has to be written off. • Progress on the insurance claims The item should be tabled at the next Council meeting of 10 December 2014 with all the information as required in 2 above.	19/11/2015	The item was tabled at the Council meeting of 10 December 2015 with all information being provided.	
Annual contribution to the N12 treasure route association	Council took note of the improper administration, lack or absence of proper financial records and procedures of the N12 Treasure Route Association. Subject to previous, the municipality does not approve the transfer of R20 000.00 to the N12 Treasure route association as budgeted in the 2014/15 LED budget until an audited report on the finances of the board has been received. Council allows the representatives from FBDM (officials & councillors) to still attend board of directors and stakeholder meetings as the municipality has invested funds in the past years to the association.	19/11/2015	FBDM has withdrawn from N12 Treasure Route Association – until the financial management processes of the entity are in order. Funds budgeted for this activity has been withheld. Budgetary provision for this activity has been made in the 2015/16 financial year in case the situation improves.	
Adoption of policy for the mayoral student financial aid scheme.	The draft policy should be referred back to the Policy and Institutional Development Committee to consider the draft. The Policy and Institutional Development Committee must sit on 26 November 2014.	19/11/2015		
Establishment of joint municipal planning tribunal (MPT).	Council approved and adopted the following: <ul style="list-style-type: none"> • The proposed Joint Municipal Planning Tribunal • Proposed members of the Municipal Planning Tribunal • The proposed categorisation of land development applications. Council appoint Ms Aluwani Ralukake to act as the chairperson of the Joint Municipal Planning Tribunal. The necessary process of appointing the external person to be the chairperson of the Joint Municipal Planning Tribunal must be followed by administration and the report to be tabled in Council for the appointment of the chairperson.	19/11/2015	Ms Aluwani Ralukake is the acting chairperson of the MPT, until a permanent chairperson is appointed.	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Adoption of policy for the mayoral student financial aid scheme.	Council adopted the policy for the mayoral student financial aid scheme. Subject to previous above, Council approved that the municipal manager must establish a mayoral student financial aid scheme committee for the purpose of considering applications. Council resolved that the mayoral student financial aid scheme committee should include: <ul style="list-style-type: none"> • Two(2) members of the Mayoral Committee; and • One (1) representative from local municipalities falling under FBDM. 	11/12/2014		
Adoption of a policy on task job evaluation system.	Council referred the item back to the Policy an Institutional Development to allow labour to make their inputs on the policy for the TASK job evaluation system at the LLF meeting of 12 January 2015 and the table the matter in the council meeting of 21 January 2015.	11/12/2014		
Writing off stolen digital equipment/assets	Council resolved that an investigation led by the municipal manager should be conducted on the assets lost and a full report to be submitted at the MPAC.			
Audit report – financial statements and performance management – year end 30 June 2014	Council noted the unqualified audit report without findings as issued by the Auditor General for the 2013/14 financial year. Council resolved that the audited financial statements, performance report and Auditor-General’s report be included in the annual report for submission during January 2015 to Council as per legislative requirement. Council resolved that the final printer’s proof of the annual report be submitted to the relevant senior manager of the Auditor-General of South Africa for verification purposes.	11/12/2014		
Official delegation to the funeral service of the late Malesela Phoshoko.	Council approved that a delegation of four councillors, six municipal officials and the executive mayor’s driver attend the funeral service of the late Malesela Phoshoko, and that the delegation be led by the executive mayor. Council approved that the delegation be provided with both accommodation (for Friday evening only) and transport. Council resolved that transport should be provided for an additional 20 municipal officials to attend the funeral of the late Malesela Phoshoko.	22/01/2015		
Writing off of irrecoverable debt.	Council approved the writing off of an amount of R10 695.30 in respect of irrecoverable debt in terms of the SC Benson and MEF Payne.	27/02/2015		
Shifting of funds from operating expenditure to capital expenditure.	Council approved the shifting of an amount of R 200 000.00 (including VAT) from operating expenditure (Consultancy: Professional service other) to capital expenditure (intangible assets: Computer software).	27/02/2015		

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Writing-off of redundant furniture and office equipment.	Council approved the writing off of the attached list of redundant assets per asset category identification. Subject to 1 above, Council approved that the mentioned redundant asset be disposed in term of the Asset Management and Supply Chain Management policies of the municipality.	27/02/2015		
Writing off of redundant ICT equipment.	Council approved the writing off of redundant ICT equipment listed in annexure 3 of the council agenda. Council considers donating some of the ICT equipment to NGOs.	27/02/2015		
Writing off redundant radio and emergency equipment.	Council approved writing off redundant radio and emergency equipment.	27/02/2015		
Adoption of a policy on TASK job evaluation system.	Council adopted the policy for the TASK job evaluation system review.	27/02/2015		
Handing over of plant and equipment to Dikgatlong Local Municipality.	Council mandated the executive mayor and the municipal manager to engage with their counter parts in Dikgatlong Local Municipality to discuss the issue of the delivery of the equipment. Subject to the outcome of the engagements in 1 above, it should be verified whether the equipment has been insured by Dikgatlong Local Municipality before delivery.	27/02/2015		
MPAC and oversight committee report on the 2013/2014 annual report.	Council having fully considered the annual report of the Frances Baard District Municipality adopted the MPAC oversight report. Council having fully considered the annual report of the Frances Baard District Municipality adopted the oversight committee report. Subject to 1 and 2 above, Council approved the 2013/14 annual report without reservations.	23/03/2015		
District Integrated Development Plan review 2014-2015, planning 2015-2016	Council approved the draft district IDP review 2014/2015, planning 2015/2016.	23/03/2015	The draft IDP presented to the IDP Rep Forum and advertised in the local newspaper for comments.	
Section 29 assistance to Magareng Local Municipality	Council approved the assistance given to Magareng local municipality in terms of section 29 of the MFMA. Council approved the payment of R1 200 000 (one million two hundred thousand) in unforeseen expenditure to Eskom on behalf of Magareng local municipality as part of assistance from Frances Baard District Municipality. Council noted that the following councillors voted against the approval of the financial assistance to Magareng local municipality to the amount of R1 200 000 (one million two hundred thousand) in the second adjustment budget because they believe this will set a precedence with other local municipalities: <ul style="list-style-type: none"> • Cllr. OC Fourie • Cllr. J Smit • Cllr. DJP van der Merwe • Cllr. PJ Vorster 	23/04/2015	Implemented	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Writing-off of redundant furniture and office equipment	Council granted approval to write off the attached list of redundant asset per asset category identification. Subject to previous, Council resolved to dispose the mentioned redundant asset in term of the Asset Management and Supply Chain Management policies	20/05/2015	Implemented	
Review of the organogram	Council approved that an additional position of an Environmental Health Practitioner be created and added to the staff establishment. Council approved that an additional position of a Cleaner be created and added to the staff establishment. Council approved that the position of PMS/IDP Manager be dis-established in the current organogram. Subject to 3 above, Council approved that PMS function be transferred to the Manager: Office of the Municipal Manager and the IDP function should remain under the Planning and Development Department. Subject to 3 and 4 above, Council approved that the staff component that goes with the function be transferred to the office of the Municipal Manager. Council took note of the financial implications of the above proposals to the municipality budget for 2015/16 financial year.	20/05/2015	Position of environmental health practitioner (EHP) was advertised and shortlisting done on 31 August 2015. Interviews were held on 10 September 2015. Closing date for the advertisement of position of Cleaner was 31 August 2015. Shortlisting to be done as speedily as possible. The integration of the PMS function and transfer of staff to the office of the Municipal Manager has been successfully undertaken.	
Addition of Frances Baard District Municipality in the Rural Roads Asset Management Systems Grant 2015/16 MTEF	Council approved its proposed participation in the programme. Council resolved to support the concept of developing and capacitating of the human resources through this program. Council approved that administration should provide all the necessary information to the Department of Transport by 29 May 2015.	20/05/2015	Business Plan approved by the Department and the process of appointment of consultant is and underway currently with SCM	
District Integrated Development Plan Review 2014/2015 Planning 2015/2016	Council approved the district IDP review 2014/2015 - planning 2015/2016	20/05/2015		

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Annual budget for the 2015/16 financial year	Council resolved that the annual budget of the municipality for the 2015/16 FY as per budget related resolutions of the budget document and indicative for the projected outer years 2016/17 and 2017/18 be approved as set out in the accompanying schedules. Council took note of the approved amended IDP for the 2015/2016 FY as a separate item to council. Council approved the measurable performance objectives for revenue, expenditure and capital from each source reflected in tables SA4 to SA6 for the 2015/2016 FY. Council took note of the approved policies for SCM, credit control, debt collection and indigents, tariff policy, asset management policy and cash and investment policy for the 15/2016 FY, and notes that amendments will be submitted as/when necessary, before the end of June 2015. Council took note that the SDBIP will be tabled to the executive mayor within the prescribed time frame as stipulated in the MFMA. Council resolved that the R40,000 which was initially allocated for the financial contribution to the N12 Treasure Route Board, in the draft budget for 2015/16 FY, be re-allocated to the training for councillors vote. Council resolved that R50,000 be from the allocation towards the Gariep Festival, in the draft budget for 2015/16 FY, be re-allocated to the employee wellness vote. Council approved the inclusion of R165,520 to the budget for capital assets to be procured in the 2015/16 FY upon the relocation of FBDM Tourism Unit to the Flagship Tourism Centre.	20/05/2015		
Back To Basics Reports	Council approved the Frances Baard District Municipality's back to basics action plan.	20/05/2015	The action is being implemented and progress reported to COGHSTA and COGTA	
Authorisation for the expenditure for the venue and catering for the 9Th Municipal Managers' Forum 04 And 05 June 2015	Council took note of the report. Subject to 1 above, Council approved the joint hosting of the National Municipal Managers' Forum with Sol Plaatje Municipality. Council authorized the expenditure of R113 145.00 to go to payment of the venue and catering for the National Municipal Managers' Forum.	20/05/2015	Implemented – FBDM hosted a successful National Municipal Managers' Forum in collaboration with SPLM	
Addendum to the 2015/16 financial year draft budget	Council took note of the delay on the transfer of Frances Baard District Municipality Tourism Unit to the Flagship Tourism Centre; and Council approved the inclusion of R165 520.00 in the budget for capital assets to be procured in the 2015/16 financial year upon implementation of 1 above.	20/05/2015	Implemented	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Request to apply for authorisation under the Foodstuffs, Cosmetics And Disinfectants Act, 1972	Council took note of the report regarding the need for the authorisation of the municipality by the Minister of Health in terms of section 23(1) of the Foodstuffs, Cosmetics and Disinfectants Act, of 1972. Council granted approval that the municipality should apply for authorisation from the Minister of Health in terms of section 23(1) of the Foodstuffs, Cosmetics and Disinfectants Act, of 1972 to enable the municipality to enforce the act as legally mandated.	24/06/2015		
Annual contribution to Diamonds & Dorings Festival (LED unit)	Council noted the critical role played by Diamonds & Dorings in promoting the social economic development of the FBDM region. Council took note of its approval (council resolution: 25 June 2014 attached as annexure 4) of an annual contribution of R 300 000.00 per annum for the 2014/15, 2015/16 and 2016/17 financial years towards the Diamonds and Dorings Festival event. Council mandates that the Memorandum of Agreement (MoA) be signed for the remaining 2015/16 and 2016/17 financial years between Sol Plaatje Local Municipality (SPM) and Frances Baard District Municipality (FBDM) to facilitate the transfer and spending of the R 300 000.00 per financial year. Council resolved that as part of the MoA Sol Plaatje Local Municipality should be requested to provide a detailed report on income and expenditure of the Diamonds and Dorings festival and the economic impact of the festival to the district.	24/06/2015		
Annual contribution to N12 promotion campaign – Northern Cape Tourism Authority (NCTA)	Council noted the importance of the N12 Promotion in the development of tourism in the district. Council noted its approval (council resolution: 25 June 2014 attached as annexure 5) of an annual contribution of R 50 000.00 per annum to NCTA for the 2014/2015, 2015/16 and 2016/17 financial years. Council mandates that a Memorandum of Agreement (MOA) be signed for the remaining 2015/16 and 2016/17 financial years between FBDM and NCTA, to facilitate the transfer and spending of the R 50 000.00 per financial year.	24/06/2015		
Annual contribution to Northern Cape Tourism Authority (NCTA)	Council noted the vital role NCTA plays in the promotion, marketing and development of tourism in the Province and in promoting FBDM as a preferred destination. Council noted its approval (council resolution: 25 June 2014 as annexure 6) of an annual contribution of R135 000.00 per annum in the 2014/15, 2015/16 and 2016/17 financial years towards the marketing and promotion of tourism in the Northern Cape Province. Council mandates that a Memorandum of Agreement (MoA) be signed for the remaining 2015/16 and 2016/17 financial years between FBDM and NCTA, to facilitate the transfer and spending of the R 135 000.00 per financial year.	24/06/2015		

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation															
Contribution to Gariep Arts Festival (LED Unit)	Council notes the critical role played by Gariep Arts Festival in promoting the arts and cultural community of the FBDM region. Council approves the contribution of R 100 000.00 for the 2015/16 financial year towards the Gariep Arts Festival. A Memorandum of Agreement (MoA) be signed for the 2015/16 financial year between FBDM and Gariep Arts Festival to facilitate the transfer and spending of the R100,000. Council resolved that as part of the MoA the organisers of the festival should be requested to provide a detailed report on income and expenditure of the Gariep Arts Festival and the economic impact of the festival to the district.	24/05/2015																	
Allocation of funds for the 2015/2016 financial year (Infrastructure Services)	Council noted of the following projects for local municipalities: <table border="1" data-bbox="555 972 762 1765"> <thead> <tr> <th>Municipality</th> <th>Capital Projects</th> <th>Operation & Maintenance</th> </tr> </thead> <tbody> <tr> <td>Dikgatlong LM</td> <td>R5,000,000</td> <td>R2,500,000</td> </tr> <tr> <td>Magareng LM</td> <td>R10,000,000</td> <td>R2,500,000</td> </tr> <tr> <td>Phokwane LM</td> <td>R10,000,000</td> <td>R2,500,000</td> </tr> <tr> <td>Sol Plaatje LM</td> <td>R5,000,000</td> <td>R2,500,000</td> </tr> </tbody> </table> <p>Council approved that R1 million (one million rand) of the operation and maintenance budget be ring-fenced for maintenance of gravel roads in local municipalities.</p>	Municipality	Capital Projects	Operation & Maintenance	Dikgatlong LM	R5,000,000	R2,500,000	Magareng LM	R10,000,000	R2,500,000	Phokwane LM	R10,000,000	R2,500,000	Sol Plaatje LM	R5,000,000	R2,500,000	24/05/2015		
Municipality	Capital Projects	Operation & Maintenance																	
Dikgatlong LM	R5,000,000	R2,500,000																	
Magareng LM	R10,000,000	R2,500,000																	
Phokwane LM	R10,000,000	R2,500,000																	
Sol Plaatje LM	R5,000,000	R2,500,000																	
Moving of funds from operating to capital expenditure	Council approved that the amount of R3 400.00 for the purchase of the battery charger be moved from the operational to the capital budget.	24/06/2015	Implemented																
Writing off of redundant radio and emergency equipment	Council approved the writing off of the three lost branded teardrop banners as per attached list.	24/06/2015																	
Writing-off of lost branded teardrop banners.	Council approved the writing off of the three lost branded teardrop banners as the items are irrecoverable.	24/06/2015																	
Writing-off of redundant furniture and office equipment	Council approved the writing off of the attached list of redundant asset per asset category identification. Subject to 1 above, Council approved that the mentioned redundant asset be disposed-off in term of the asset management and supply chain management policies.	24/06/2015	Implemented																
Writing off redundant ICT equipment	Council approved the writing-off of the listed (i.e. Annexure 11) redundant ICT equipment. Subject to 1 above, Council approved that the assets be disposed-off in terms of the supply chain management policy of the municipality.	24/06/2015	Implemented																
Writing-off of a broken laptop	Council approved the writing-off of the broken laptop (02123) and battery (02124). Subject to 1 above, Council approved that the assets be disposed-off in terms of the Supply Chain Management policy of the municipality.	24/06/2015	Implemented																

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Reversal of a written-off laptop	Council approved the reversal of the written-off laptop (03527).	24/06/2015	Implemented	
Procurement of telephone system	Council approved the R250, 000 from savings in the capital budget to augment the budget for the telephone system project. Council approved the amount under 1 above to be included in the adjustment budget tabled under Item: COUN 02 06/2015 of today's Council meeting.	24/06/2015	Implemented	
Second adjustment budget in respect of the 2014/15 financial year	Council approved the adjustment budget as per recommended resolution tabled. Council resolved that the adjustment budget of Frances Baard District Municipality for the financial year 2014/2015, and indicative for the projected outer years 2015/2016 and 2016/2017 be approved as set out in the accompanying schedules. Council resolved that the other related supporting documentation to the approved budget be updated according to the adjustments made. Council resolved that a hard and electronic copy of the complete special adjustment budget be submitted to National, Provincial Treasury and Department of Cooperative Governance, Human Settlement and Traditional Affairs respectively for information.	24/06/2015	Implemented	
Establishment of District Municipal Planning Tribunal (DMPT)	Council approved and adopted that Phokwane Local Municipality be part of the District Municipal Planning Tribunal (DMPT)	24/06/2015		

2.2 Administrative Governance

The Municipal Manager is strategically placed as the nexus between the administration and the political office bearers. This positioning must ensure that there is good governance in the municipality. The Municipal Manager remains the advisor of Council as expected by the legislation. This role has been important in assisting Council to take informed decisions.

Together with the directors, the municipal forms part of the executive management team which provides strategic leadership to the operations of the municipality. The directors are accountable to the municipal manager and report to Council through the municipal manager.

The executive management's performance agreements were signed by 30 June 2013 for the financial year 2013-2014. The required performance evaluations, quarterly performance reporting, mid-term report and the annual performance report was duly processed by the internal audit, audit committee and council to assess if the municipality was implementing its targets as expected.

The municipality fairly achieved its set target and needs to ensure 100% compliance in the next financial year. All these processes flow from the SDBIP that was signed by the Executive Mayor on 30 May 2014.

We continue to assess risks in our daily operations and the finance department, headed by the Chief Financial Officer remains responsible for assisting the accounting officer and the entire municipality to keep good financial management. In trying to keep to credible financial monthly and annual financial system we continue to strengthen our systems of control and daily discipline on financial management.

Our supply chain management processes remain a high risk area but we have managed to keep our systems above board to eliminate any possible transgressions. We believe that we can still improve in keeping this environment as fraud and corrupt free by assessing our processes and identifying risk areas and respond to them appropriately.

Council adopted the Unauthorised, Fruitless and Wasteful and Irregular Expenditures Policy in this financial and it regulates how we should safeguard our funds from these expenditures, intended and unintended. We now keep registers for both officials and councillors found to be contravening this policy which is line with the Municipal Finance Management Act and its regulations.

Our Municipal Public Accounts Committee (MPAC) has made various recommendations to Council on actions that needed to be taken against any councillor or official acting contrary to the policy. The role of the MPAC must be applauded in ensuring more responsibility and accountability to all of us.

2.2.1 Top Administrative Structure

Tier 1



Ms ZM Bogatsu
Municipal Manager

Tier 2



Ms Onneile Moseki
Acting Chief Financial
Officer



Ms Nomama Kgantsi
Director: Corporate &
Community Services



Mr Peet van der Walt
Director: Infrastructure
Services



Mr Frank Mdee
Director: Planning &
Development

Tier 3

Third Tier Structure	
Directorate	Director / Manager
Office of the Municipal Manager	Internal Audit Manager, Philladelphia Moroke
	Communications & Media Relations, Ms Gerline Roman
Finance	Assistant Director Budget & Treasury, Ms Onneile Moseki
	Chief Accountant Budget & Support Services, Mr Jan van Zyl
	Chief Accountant Supply Chain Management, Mr Philip Souden
	Chief Accountant Income & Expenditure, Ms Adele Groenewald-Shields
Infrastructure Services	Manager: Physical Infrastructure Development, Mr Desmond Makaleni
	Housing Manager, Mr Saligh Suliman
Planning & Development	PMS / IDP Manager, Mr Johan Nel
	Local Economic Development Manager, Mr Basil Louw
	GIS Manager, Mr Matthews Makinta
	Snr. Town Planner, Mr Freddy Netshivhodza
Corporate & Community Services	Development Planner, Ms Aluwani Ralukake
	Human Resources Manager, Mr Gordon Taku
	Fire & Disaster Manager, Mr Clifford Jones
	Environmental Health Manager, Mr Kenneth Lucas
	Manager Archives, Records & Support Services, Mr Murvin Mabe
	ICT Manager, Mr Patrick Dilapiso

2.3 Intergovernmental Relations

Section 42 of the Constitution provides that all spheres of government must co-operate with one another in mutual trust and good faith by establishing and providing for structures to promote inter-governmental relations.

In ensuring provision for services to our local communities, implementation of government programmes and policies, it has become evident that close co-operation between the three spheres of government is essential.

FBDM has therefore adopted a shared services model with its local municipalities to ensure that the available budget and technical skills are utilised effectively for the benefit of the entire district.

In complying with the inter-governmental relations legislative mandate, FBDM attends the following forum:

National Intergovernmental Structures

- **National Human Settlements Forums**

The Frances Baard District Municipality is part of the following National Human Settlements forums:

- **Technical Minmec**

This forum meets on a quarterly basis. Its purpose is to review the progress of provinces in terms of human settlements delivery and Outcome 8, to identify bottlenecks and recommend policies and legislation to be endorsed by Minmec.

- **National Accreditation Task Team**

The purpose of this meeting is to monitor and report on progress with the implementation of the accreditation programme. The meeting includes the Capacity and Compliance Audit Team Panel members. The meeting meets quarterly prior to the Technical Minmec to review progress.

- **Implementation Forum**

The purpose of this meeting is to develop the delivery agreement and oversee the implementation of Outcome 8 in Provinces.

It brings together stakeholders and role players and ensures effective coordination and problem solving and that the delivery agreement is achieved. The primary aim is the monitoring and reporting of progress with implementing the delivery agreement and to ensure continuous improvement. The forum reports to the Minister's Implementation Forum and is responsible for preparing the content and reports for the Minister's Implementation Forum. The meeting is held jointly with the Technical Minmec.

Provincial Intergovernmental Structure

FBDM attends the Premier's Inter-governmental Forum, which is attended by all MEC's of provincial departments, district mayors, local mayors and SALGA. The PIGF is the forum in which the Premier coordinates the alignment of the provincial and municipal development and strategic planning

District Intergovernmental Structures

The Executive Mayor convenes the District Intergovernmental Relations Forum which comprises of all local municipalities within the district and all sector departments. The sitting of the DIGF is preceded by the Technical DIGF which is chaired by the Municipal Manager and serves as a support structure to the DIGF.

The District Aids Council is convened and chaired by the Executive Mayor. She convenes sector departments and all non-governmental organisations in the district.

The Council monitors progress in the implementation of government comprehensive plan on HIV/AIDS

LED Forum

An LED Forum is a platform (institutional arrangement) where residents (individuals, private organizations, government, NGO's, CBO's), within a particular locality gather, with an aim to share information and experiences, pool resources and solve problems which come up in the course of implementing LED projects

- **Purpose of the LED Forum**

The forum seeks to encourage dialogue on economic policies of Government between, Private sector, Non-governmental organizations and academia. This will be in addition to discussing important issues affecting the municipality. Moreover, the forum contributes to the process of finding appropriate solutions, through conveying recommendations to decision makers in both the executive and legislative authorities and to the business associations and economic media.

- **Role of district LED Forum**

District municipalities are better positioned to provide a coordinating and supporting role to the local municipalities within their broad geographic areas. They have the following direct responsibilities:

- Plan and co-ordinate LED strategies within the frameworks of IDP;
- Co-ordinate LED policies, strategies and projects within the district;
- Identify lead LED sectors that can kick-start development within districts by undertaking economic research and analysis;
- Promote joint marketing, purchasing and production activities;
- Promote networking of firms within the district;
- Collect and disseminate information to assist local municipalities with LED policies;
- Identify resource availability (e.g. grants, land, infrastructure, etc.);
- Maintain a strong relationship with the province; and
- Provide the necessary training to municipalities.

District Communications Forum

The District Communications Forum where all communicators within the district sits and recommend to the municipalities best practices that would ensure good communication within the district.

The main objectives of the district communications forum are as follows:

1. To facilitate communications amongst three (3) spheres of government;
2. Create opportunities to government officials to exchange competencies, knowledge and experience;
3. Gather and compile relevant information for distribution amongst members;
4. To encourage professionalism, co-operation and supports between spheres of government;
5. To promote training and capacity building through workshops, conferences, study tours, presentations or any other means with regards to official matters;
6. In general to promote the interest of the South African government and the objectives as an entirety

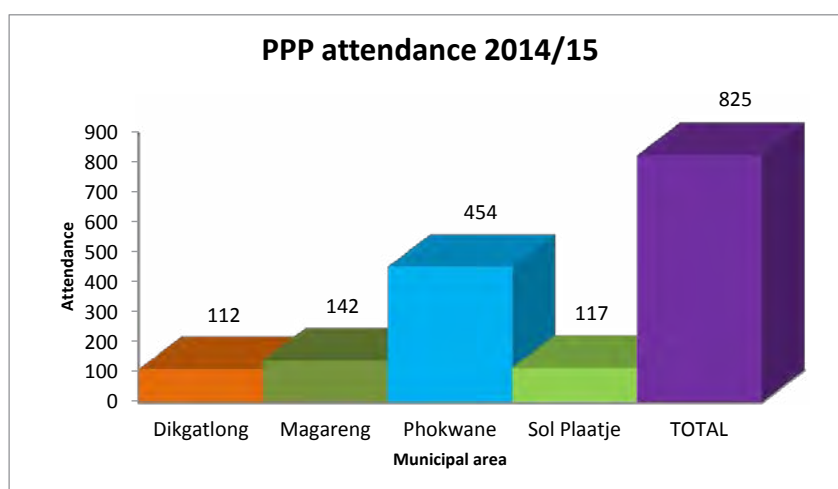
2.4 Public Accountability and Participation

The public participation programme of the Frances Baard District Municipality is intended to create opportunities for the political principals to be actively involved in the sharing of information about what government and in particular the district municipality is doing to improve and add to the betterment of the lives of the community.

Through public participation greater access to the decision-making processes of the municipality is opened up to all its stakeholders. It implies that members of the general public or representatives of the affected community or the role players are actively involved in the planning process of the district municipality.

To accomplish the above the district municipality has developed a public participation plan which is intended to be rolled-out in collaboration with other role players and stakeholders such as the local municipalities and sector departments in the area of jurisdiction of the municipality. Through the public participation approach the district municipality wishes to strengthen and enable good governance and sustained service delivery.

In 2014/15 the municipality conducted public participation events during the periods 05 November 2014; 05 March 2015; 04 June; 08 – 09 June; 22 - 23 June and 29 June 2015.



2.4.1 IDP Participation and Alignment

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers?	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	

2.5 Corporate Governance

The municipal council and the administration play a critical role in ensuring a good corporate governance for the municipality. Council and its committees hold the administration accountable through monthly and quarterly reporting tabled. Council remains the highest decision making body within the municipality but decisions taken by Council flow from recommendations made by the administration. The Municipal Accounts Committee, Oversight Committee and the Audit Committee and all ensure that there is a focused oversight over the work performed by the administration.

The accounting officer and executive management ensure that it complies with the principles of good governance and has improved its internal controls, procedures and processes.

The municipality has a mandate to:

- Provide a democratic and accountable government for local municipalities
- Ensure the provision of services to communities in a sustainable manner
- Promote a safe and healthy environment
- Encourage the involvement of communities and community organizations in the matters of Local Government

The district does not account for the provision of bulk electricity and water to Category B municipalities as this falls in the jurisdiction of these municipalities as provided for in the Municipal Structures Act. The housing function is currently still in the jurisdiction of the Department of Co-operative Governance, Human Settlement and Traditional Affairs with the district municipality only accorded a level 2 accreditation.

2.5.3 Supply Chain Management

The approved Supply Chain Management Policy of 28 November 2007 is implemented and is maintained by all relevant role players as from 01 April 2008. We strive to at all times, fully comply with our supply chain management policy and all applicable pieces of legislation. The Auditor-General, for the year under review, expressed a favourable opinion in our supply chain process. However, our main challenge remains officials still finding their way to do business with the state even though this is a statutory non-compliance.

Despite this we have introduced internal control which prompts all our prospective service providers to declare if they are employed for the state or not. This is a disqualification. The Municipal Manager maintains a supply chain management system which is transparent, efficient, equitable, and competitive, and ensures best value for money for the municipality and applies the highest possible ethical standards..

The policy further pledges itself and the municipal administration to the observance of all applicable national legislation, including but not limited to the following:

1. Preferential Procurement Policy Framework Act No. 5 of 2000 and its regulations
2. Broad Based Black Economic Empowerment Act No. 53 of 2003 and any applicable code of practice promulgated in terms of that Act;
3. Municipal Finance Management Act No. 56 of 2003; including the regulations relating to the prescribed framework for supply chain management; and
4. Construction Industry Development Board Act, 2000 (Act No.38 of 2000).

The municipality established a supply chain management unit to implement this policy. This unit operates under the direct supervision of the Chief Financial Officer. FBDM has also strengthened its internal controls on the following:

- 1) Demand management;
- 2) Acquisition management;
- 3) Logistics management; and
- 4) Disposal management;

The municipality has only one long term contract with Standard Bank for the banking services. All officials who serve in the respective bid committees are duly appointed in writing by the Accounting Officer.

Competency levels of officials involved in the supply chain process

The following officials possess minimum competencies as required in terms of sections 83, 107 and 119 of the MFMA:

1. The Accounting Officer;
2. The Acting Chief Financial Officer;
3. The Director: Infrastructure Services;
4. The Director: Planning & Development;
5. The Manager: Supply Chain Management;
6. The Manager: Budget & Treasury Office;
7. The Manager: Income & Expenditure;
8. Accountant: Supply Chain Management;

Risk Management

Risk management is a fundamental part of our internal controls. We continue to identify and assess possible risks, identify control mechanisms which will be used to mitigate, reduce, transfer and eliminate such risks and then taking steps to implement control mechanisms. The Risk Management process provides a rational basis for better decisions making in regards to all risks and plan.

The first factor of importance of risk management is the proper identification of all risks, this step must be done accurately and the impact and probability of each identified risk has to be determined.

We appointed the Chief Risk Officer to ensure that we have an effective risk management for the entire organisation. The audit and risk committee appointed by Council also assists and advises both Council, the accounting officer and executive management n risk management.

Section 5(1) (c) of the MFMA requires National Treasury to enforce compliance with measures established in terms of the Act. Sections 5(2) (e) and 5(4) (d) empower National Treasury and Provincial Treasury's respectively to take appropriate steps if a municipality commits a breach of the MFMA.

In terms of Sections 171(1) (b), failure by the Accounting Officer of a municipality to comply with their responsibilities for risk management shall constitute an act of financial misconduct. Officials in municipalities delegated with responsibilities for risk management may also be guilty of financial misconduct if they fail to fulfil such delegated risk management responsibilities in terms of section 171(3)(a).

Top five risks of the municipality are:

- Inadequate physical security over assets;
- Incurrence of penalties;
- Injury or death of employee;
- Poor contract management; and
- Poor information integrity.

2.5.4 By-Laws

By-laws introduced during 2014/15					
Newly developed	Revised	Public participation conducted prior to adoption of by-laws (Yes/No)	Dates of public participation	By-laws gazetted (Yes/No)	Date of publication
No by-laws developed in 2014/15					

2.5.5 Website

Municipal Website: Content and currency of material		
Documents published on the Municipality's Website	Yes / No	Publishing date
Current annual and adjustment budgets and all budget-related documents	Yes	Jul 2014 - May 2015
All current budget-related policies	Yes	As and when reviewed
The previous annual report (2013/14)	Yes	Apr 2015
The annual report (2014/15) published / to be published	Yes	Apr 2016
All current performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act (2014/15) and resulting scorecards	Yes	May 2015 (Performance agreements of section 57 managers. Previously only performance agreement of municipal manager was loaded as part of the SDBIP)
All service delivery agreements (2014/15)	Yes	Aug 2014 (SDBIP)
All long-term borrowing contracts (2014/15)		n/a
All supply chain management contracts above a prescribed value (give value) for 2014/15	Yes	Jul 2014 - May 2015
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2014/15		List of assets was not previously placed on website. This error was rectified and all disposed assets will be loaded going forward.
Contracts agreed in 2014/15 to which sub-section (1) of section 33 apply, subject to sub-section (3) of that section		n/a
Public-private partnership agreements referred to in section 120 made in 2014/15		n/a
All quarterly reports tabled in the council in terms of section 52 (d) during 2014/15	Yes	Loaded directly after adoption by Council

All documentation relating to the financial status of the municipality that must be displayed on the website for 2014/15 has been successfully loaded. The district municipality does not deliver services directly to the public. As a result information carried by the municipality does not draw as much attention as in the case of the local municipalities. The municipality encourages members of the community wishing to access information held by the municipality via the internet, to do so using the facilities at the Thusong Service Centres.

Chapter 3

Service Delivery Performance

3.1 Introduction

In section 88 of the structures act (117 of 1998) the relationship between district and local municipalities is defined very clearly. As Frances Baard District Municipality does not provide any engineering services directly to communities it concentrates on supporting especially the three smaller local municipalities in its area of jurisdiction.

The support is wide ranging and is aimed at building capacity, advice on technical matters as well as financial support for improvement of service delivery and to eradicate backlogs. To render this service Frances Baard District Municipality has made provision for a unit which is headed by a manager infrastructure support. This unit consists of three engineering technicians, an EPWP officer and an administrative officer.

Support is given to the four local municipalities, but is concentrated on the three smaller municipalities i.e. Phokwane, Dikgatlong and Magareng. This support concentrates on efforts to identify problems before it arises and to act pro-actively to improve service quality. An indication of this is through the movement of funding towards projects to develop master plans and to improve the planning processes.

3.1.1 Financial support

The district municipality was able to allocate funding to the total value of R30 million for infrastructure projects. Of this amount R10 million was allocated for operation and maintenance of critical infrastructure.

3.1.2 Capital Programme

An allocation of R20,000,000 was made to category B municipalities for capital projects. Fifteen (15) projects in the local municipalities were funded by this allocation. One project to the amount of R480,000 was rolled over from the previous financial year. This funding was allocated as follows:

Municipality	Activity	Funding allocation (R)
Dikgatlong	Facilitate the procurement of a TLB for Dikgatlong.	800,000
	Facilitate the procurement of a sanitation truck for Dikgatlong.	1,000,000
	Facilitate the compilation of an electricity master plan for Dikgatlong.	1,000,000
	Facilitate the procurement of a cherry picker for Dikgatlong.	800,000
	Facilitate and assist Dikgatlong to complete Waste Water Works Operator Rooms (Roll-over) (Phase 1).	480,000
	Facilitate and assist Dikgatlong to complete waste water works operator rooms (Phase 2).	500,000
	Facilitate and assist Dikgatlong with the upgrading of the electrical network in De Beershoogte.	900,000

“Public service must be more than doing a job efficiently and honestly. It must be a complete dedication to the people and to the nation.”

- Margaret Chase Smith

Municipality	Activity	Funding allocation (R)
Magareng	Facilitate the provision of a sewer reticulation network for 558 Sites in Warrenvale (phase 2)	5,000,000
Phokwane	Assisting Phokwane with the replacement of collapsed bulk sewer gravity line.	1,300,000
Phokwane	Assisting Phokwane with the resealing of Korhan-Single reservoir.	800,000
Phokwane	Assisting Phokwane with the upgrading of the chlorination system in Jan Kempdorp WWTW and Hartswater WWTW.	500,000
Phokwane	Assisting Phokwane with the resealing of raw water storage dam at the Hartswater WTW.	800,000
Phokwane	Assist Phokwane with the compilation of a master plan for roads infrastructure and a maintenance plan.	1,200,000
Phokwane	Assist Phokwane with the compilation of a master plan for bulk water and sanitation infrastructure and a maintenance plan. (phase 1)	400,000
Sol Plaatje	Support Sol Plaatje with the provision of water and sanitation services: stand connections to 640 stands and associated bulk water augmentation requirements (high priority work) in Ritchie.	5,000,000

3.1.3 Operation and Maintenance

Smaller municipalities struggle with revenue collection and that results in low expenditure on infrastructure maintenance. This has a huge effect on service delivery.

The district municipality made an amount of R10 million available for operation and maintenance. During the 2014/15 financial year an amount of R9,988,122 was spent on this important service delivery tool.

The following amounts were spent:

Municipality	Amount spent
Dikgatlong	2,493,808
Magareng	2,500,210
Phokwane	2,494,104
Sol Plaatje	2,500,000

3.1.4 Number of people employed

During the 2014/15 financial year 92 jobs were created in the region:

Labour	Male	Female	Disabled people
Capital projects	36	5	0
Operation and maintenance projects	44	7	0
Total	80	12	0

The Frances Baard District Municipality remains committed to the principles of the Expanded Public Works Programme. It is an integral part of the funding agreements between the district municipality and the local municipalities.

3.1.5 Housing

The 2014/15 financial year marked yet another successful year for the Frances Baard District Municipality in the delivery of human settlements. The district municipality continues to perform various functions towards the facilitation of provision of human settlements in the local municipalities, that is, Dikgatlong, Magareng and Phokwane. The services provided to the municipalities continued as per the agreement between the district municipality and local municipalities in terms of service level agreements. These services are outlined and briefly discussed in the table below:

Function	Brief Description
Projects initiation, planning and approval	This involves the identification of new projects, conducting feasibility studies, prepare business plans for funding and facilitate the approval process
Project/Program Management and contract administration	Management of the different housing programmes being implemented; monitoring the overall performance against the project plan and cash flow; ensuring that contractual obligations and fulfilled by all parties involved
Subsidy administration	Administration of the Housing Subsidy System on behalf of the Municipalities; provide a list of approved beneficiaries to the contractor; rectify any errors on the system; assist applicants with the completion of subsidy forms; conduct housing consumer education sessions to capacitate and create awareness amongst the communities
Quality Assurance	Enforcement of the National building regulations, norms, and standards in respect of all buildings
Housing backlog identification and quantification	Through the National Housing Needs Register (NHNR), identify and quantify the housing backlog per Municipality
Capacity Development	Provide capacity to communities through the Housing Consumer Education programme. Municipal housing officials are also capacitated, more specifically on housing administration and project management

3.1.5.1 Construction: Progress and Expenditure

The district municipality had a target of 459 houses and 459 sites for service installations, which was successfully achieved. Acquiring land, more particularly well-located land continues to prove challenging. Municipalities are however encouraged to use services of the Housing Development Agency (HDA) to acquire land for development of human settlements. The table below illustrates the progress for 2014/15.

Housing Projects	Sites Serviced	Units Planned	Units Completed	Expenditure (R)
Individuals	3	3	3	309,695
De Beershoogte 552	41	41	41	2,831,601
Stillwater 137	62	62	62	2,618,002
Bufferzone 220	5	5	5	13,320,306
Rooirand 14	1	1	1	378,861
Ikhutseng 1000	100	100	100	8,622,113
Kingston 685	60	60	60	4,780,295
Pampierstad 1422	187	187	187	8,013,088
Total	459	459	459	40,873,961

3.1.5.2 Access to Housing

Percentage of households with access to basic housing			
Year end	“Total households (including in formal and informal settlements)”	Households in formal settlements	Percentage of HHs in formal settlements
* 2009/2010	82 885	24 014	29
*2010/2011	82 885	24 014	29
**2011/2012	95 929	31 468	33
**2012/2013	95 929	31 468	33
**2013/2014	95 929	31 468	33

Source: * Stats SA Community Survey 2007

**Stats SA Census 2011

The number of households within the district has not changed since the previous period as the information is based on Census 2011 estimates by Statistics South Africa. The district accommodates 95,929 households (this excludes Sol Plaatje Local Municipality). Of these, only 31,468 households are accommodated in formal settlements.

Employees: Housing Services					
Job Level	2013/14	2014/15			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13*	8	9	7	0	0
14 - 18**	2	4	3	0	0
19 - 26	0	0	0	0	0
Total	10	13	10	0	0

* 2 x post unfunded
** 1 x post unfunded

Financial Performance 2014/15: Housing Services					
R'000					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 000	–	1 380	1 380	100%
Expenditure:					
Employees	3 129	3 743	5 196	4 401	15%
Repairs and maintenance	–	3	2	–	–
Other ¹	358	906	666	469	-93%
Total Operational Expenditure	3 487	4 652	5 864	4 870	4%
Net Operational Expenditure	2 487	4 652	4 484	3 490	-33%

¹ Includes cost drivers i.e. printing, advertising, accommodation, travelling, motor vehicle usage, etc.

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
Facilitate the creation of sustainable human settlements	Facilitate the reduction in the Housing backlog by 2014/2015	Reduction in the housing backlog	300 Households 100 %
	Facilitate the access to Basic Services by 2014/2015	Access to basic services by all.	300 Households 100%

Special Projects 2014/15: Housing Services					
R'000					
Special Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	88	18	67	-31%	67
Housing Consumer Education	40	0	19	-111%	19
Housing HDD Fieldworkers	30	18	48	0%	21

3.1.5.3 Housing Consumer Education

This is a national housing programme that is aimed at educating housing beneficiaries on the role of Government in the provision of housing as well as the responsibilities of the beneficiary towards their house.

A number of Housing Consumer Education sessions were conducted for the year 2014 – 2015. The District Municipality conducted thirteen (13) of these sessions, which all went successful. The details of these are briefly outlined below:

Project	Date
Stillwater 137 HCE Workshop	21 October 2014
De Beershoogte 552 HCE Workshop	23 October 2014
Buffer Zone 220 HCE Workshop	28 October 2014
Rooirand 41 HCE Workshop	06 November 2014
Koopmansfontein HCE Workshop	12 November 2014
Kingston 685 HCE Workshop	14 November 2014
Delportshoop 150 HCE Workshop	19 November 2014
Magareng Ikhtseng 1000 HCE Workshop	03 March 2015
Kingston 685 HCE Workshop	16 April 2015
Buffer Zone 220 HCE Workshop	22 April 2015
National Housing Consumer Education	22 - 23 April 2015
Buffer Zone 220 HCE Workshop	13 May 2015
Buffer Zone 220 HCE Workshop	10 June 2015

3.1.5.4 National Housing Needs Register

Through the NHNR, Frances Baard District Municipality is able to determine the housing need, type of tenure needed, as well as the socio-economic status of those targeted. This programme is focused on gathering data by completing questionnaires, which is then captured on the National Housing Needs register.

3.1.5.5 Special Projects

The District Municipality participates in the various commemorative projects such as the Mandela Day, Women's Day and 16 Days of Activism for No Violence against Women and Children. In implementing the special projects, the District identifies beneficiaries who fit the criterion of the different programmes.

These selected beneficiaries are presented with a special house which has been improved to include among other things:

- Tiled floors,
- Ceiling,
- Painted internal walls
- Fully electrified

3.1.5.6 General Specification for Construction of Houses in FBDM

The District has also drafted new general specification for the construction of houses within its area of jurisdiction. The general specification complies with National Building Regulations, the SANS 10400(sabs 0400), and the National Home Builders Registration Council's Home Builder's manuals. The specification also has increased coverage of the house to 42m². A house has been constructed using the general specification in Delportshoop, Dikgatlong Local Municipality.

3.1.5.7 Housing Sector Plan

As part of the legislative mandate to deliver human settlements in a sustainable manner ensuring efficient and effective utilisation of resources, the District engaged in a process to review the Housing Sector Plan for 2014/15. The review process involved consultation of various stakeholders including the Department of Cooperative Governance, Human Settlements and Traditional Affairs (CoGHSTA) and all local municipalities within the District. The plan was completed and approved by the Council of the DM. A similar process will be done for 2015/16 financial year to ensure that the District remains responsive towards addressing the housing needs of the people.

3.1.6 Project Management & Advisory Services

Employees: Programme Management & Advisory Services					
Job Level	2013/14	2014/15			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	2	2	2	0	0
9 - 13	4	4	4	0	0
14 - 18	1	1	1	0	0
19 - 26	0	0	0	0	0
Total	7	7	7	0	0

Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Special Projects Expenditure 2014/15: Programme Management & Advisory Services					
					R '000
Special Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	20 480	0	17 453	-17%	173 314
Facilitate the procurement of a TLB for Dikgatlong.	800	0	800	0%	800
Facilitate the procurement of a Sanitation Truck for Dikgatlong.	1 000	0	847	-18%	847
Facilitate compilation of electricity master plan for Dikgatlong.	1 000	0	574	-74%	869
Facilitate the procurement of a Cherry Picker for Dikgatlong.	800	0	747	-7%	747
Facilitate and assist Dikgatlong to complete Waste Water Works Operator Rooms (Roll-over) (Phase 1).	480	0	467	-3%	873
Facilitate and assist Dikgatlong to complete Waste Water Works Operator Rooms (Phase 2).	500	0	406	-23%	873
Facilitate/assist Dikgatlong with the upgrading of the Electrical Network in De Beershoogte.	900	0	898	0%	898
Facilitate the provision of a sewer reticulation network for 558 Sites in Warrenvale (phase 2)	5 000	0	5 000	0%	16 302
Assist Phokwane with replacement of collapsed bulk sewer gravity line.	1 300	0	1 112	-17%	1 112
Assisting Phokwane with the resealing of Korhan-Single reservoir.	800	0	650	-23%	650
Assisting Phokwane with the upgrading of the chlorination system in Jan Kempdorp WWTW and Hartswater WWTW.	500	0	458	-9%	458
Assisting Phokwane with the resealing of raw water storage dam at the Hartswater WTW.	800	0	517	-55%	625
Assist Phokwane with the compilation of a master plan for roads infrastructure and a maintenance plan.	1 200	0	251	-378%	1 060
Assist Phokwane with the compilation of a master plan for bulk water and sanitation infrastructure and a maintenance plan. (phase 1)	400	0	400	0%	1 200
Support Sol Plaatje with the provision of water and sanitation services: Stand connections to 640 stands and associated bulk water augmentation requirements (high priority work) in Ritchie.	5 000	0	4 326	-16%	146 000

The total project value indicates the total cost of the project upon completion and the amounts in the actual expenditure column is what was spent thus far. Projects which are implemented over a number of years will show actual expenditure less than the total project value. It indicates that the project is running over more than one year and will be completed in the outer years. The projects listed above is explained as per municipal area as follows:

Dikgatlong Municipality

- Procurement of a TLB for Dikgatlong

Dikgatlong Municipality requested funds to procure a backhoe loader (TLB) to assist their maintenance teams with maintenance work on their water and sewer networks. The TLB was procured and delivered to Dikgatlong Municipality in April 2015 at a total cost of R800,000. The budgeted amount was also R800,000.

- Procurement of a sanitation truck

Dikgatlong Municipality requested funds to procure a sanitation truck to ensure all their settlements are serviced, especially those without adequate sanitation and those serviced by on-site sanitation facilities. A sanitation truck was procured and delivered to Dikgatlong Municipality in April 2015, the cost of which was R846,939. The budgeted amount was R1,000,000.

- Electricity Master Plan

This project was aimed at developing the status quo of the old electricity infrastructure and building a database of electrical network and systems information that will be used by the municipality for planning and development purposes. This project will also assist in capacitating Dikgatlong's technical staff with regards to planning and asset management. The total cost for the electricity master plan will be about R869,000. An amount of R320,000 was rolled over into the 2015/16 financial year and the project is expected to be completed in November 2015.

- Procurement of a cherry picker

Dikgatlong Municipality also requested funds to procure a cherry picker to assist with maintenance on their electricity networks. Some of their networks are in a poor state and needs a lot of maintenance. This truck will assist them to make repairs more speedily and safely. The cherry picker was procured and delivered to Dikgatlong Municipality in April 2015 at a total cost of R746,638. The budgeted amount was R800,000.

- The upgrading of the electrical network in De Beershoogte (Barkly West)

The project entailed the upgrading of transformers, replacing of cable and poles to minimise the electrical power supply problems in De Beershoogte. The electrical network is old and caused supply as well as safety problems. This project is a continuation of the 2013/14 project in which the designs were done and most of the material was purchased. The construction was done in the 2014/15 financial year and was completed in June 2015. The total cost for construction was R897,897 and the budgeted amount was R900,000.

- Waste water operator rooms

The project entailed the building of operator rooms for the waste water treatment works in Dikgatlong. The total cost for this is about R1,150,000. An amount of R650,000 was budgeted for the 2013/14 financial year, but only R123,600 was spent for the designs of the buildings because Dikgatlong Municipality could not appoint a contractor in time before the end of the specific financial year and also because the tenders came in far above the estimated cost. An amount of R480,000 was therefore rolled over. The Frances Baard District Municipality then budgeted an additional R500,000 for the 2014/15 financial year. The project is completed and is currently in retention. The total expenditure on the project for the 2014/15 financial year amounts to R869,448.

Phokwane Municipality

- Replacement of a collapsed bulk sewer gravity line in Jan Kempdorp

The project entailed the replacement of one of the bulk sewer pipelines that has collapsed. Due to the fact that the flow of sewage was blocked, environmental contamination was imminent. A new line was constructed next to the collapsed sewer pipeline to restore the flow of sewage from the communities to the waste water treatment works and also to ensure that environmental contamination was stopped. The project was completed in February 2015 and is currently in retention. The total construction cost was R1,110,570 and the budgeted amount was R1,300,000.

- Resealing of Khorhan-Single reservoir

The project entailed the sealing of the reservoir and the replacement / repairs to some pipework at the reservoir. The project was completed in June 2015 with a few snags that was fixed in July 2015. The total project cost was R649,879 and the budgeted amount was R800,000.

- Upgrading of the chlorination system at the Jan Kempdorp and Hartswater WWTW's

The works entailed the upgrading of the chlorination systems including changes in the buildings / structures for the systems. The old buildings were dilapidated and the chlorination systems were not working sufficiently as is required by the Department of Water and Sanitation. It was decided to install new systems, which unfortunately also required some changes to the buildings. The project was completed in June 2015 and amounted to R457,744. The total budgeted amount was R500,000.

- Resealing of raw water storage dam (Hartswater WTW)

The project entails the resealing of cracks and joints in the embankment and floor of the storage dam as well as removal of trees and shrubs on the embankments. The project could not be completed in the 2014/15 financial year and an amount of R200,000 was rolled over to the 2015/16 financial year. The total cost for the project will be about R700,000 and the budgeted amount was R800,000. The project is expected to be completed in September 2015.

- Master plan: Roads infrastructure and maintenance plan

The project is aimed at developing a master plan for roads and stormwater to assist the municipality with planning regarding their street and road networks. Due to poor performance by the service provider, the project could not be completed on time and the amount of R800,000 was rolled over from the total budgeted amount of R1,200,000. The tendered amount for the project was R1,060,000. The project should be completed by November 2015.

- Master plan: Bulk water and waste water infrastructure and maintenance plan

The project is aimed at developing a master plan for the bulk services relating to water and sanitation. This will assist the municipality with planning for their future needs. The total project cost is about R1,200,000 of which FBDM only funded R400,000 for the 2014/15 financial year of which R399,960 was spend. FBDM approved a further R1,100,000 for the 2015/16 financial year to complete the project. Estimated completion is March 2016.

Magareng Municipality

- Provision of sewer reticulation network for 558 sites in Warrenvale

The project scope entails the provision of a sewer reticulation network for 558 sites in Warrenvale. The total project cost is about R16,302,000. For the 2014/15 financial year FBDM allocated R5,000,000 to Magareng Municipality. Most of the funds were spend on specialised material. The project is in construction and will be completed in the 2015/16 financial year. The budgeted amount of R5,000,000 for 2014/15 was spend in full.

Sol Plaatje Municipality

- Provision of water and sanitation services: Stand connections to 640 stands and associated bulk water augmentation requirements (high priority work) in Ritchie

The project scope entailed the supply of water and sanitation facilities to the households in Ritchie. The R5,000,000 allocation for the 2014/15 financial year was used to procure material to construct 2 storage reservoirs and to do some refurbishment work on the buildings and fence of the water treatment works in Ritchie. The construction of the storage reservoirs is estimated to be completed by the end of August 2015. An amount of R4,325,811 was spent on the project for the 2014/15 financial year.

3.1.6.1 Operation and Maintenance (O&M)

The district municipality annually allocates O&M funding to category B municipalities to assist municipalities to deliver sustainable services to their communities. The O&M includes services related to water and waste water infrastructure, electricity infrastructure, roads and storm water infrastructure. FBDM also budgets for a grader operating team to assist with blading of gravel roads in the different municipalities in our district.

Financial Performance 2014/15: Programme Management & Advisory Services					
R'000					
Details	2013/14	2014/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	9 138	9 240	8 960	8 862	-4%
Expenditure:					
Employees	4 117	4 781	5 344	5 567	14%
Repairs and maintenance	139	266	155	140	-90%
Other*	27 081	30 682	31 476	28 753	-7%
Total Operational Expenditure	31 337	35 730	36 974	34 460	-4%
Net Operational Expenditure	22 198	26 490	28 014	25 598	-3%

3.2 Planning and Development

The objectives of planning and development in Frances Baard District Municipality may be summarized as follows:-

- To promote the implementation of sustainable integrated development planning in the district
- To promote and implement an efficient and effective spatial planning system in the municipality
- To ensure an effective and efficient GIS in the district
- To ensure the promotion and development of the local economy in the district
- To promote an effective and efficient Performance Management System in the district

In the 2014/2015 financial year the main highlights may be summarized as follows:

Performance Management System

In its quest to promote performance management in the district municipality and the local municipalities of the district, the unit has recruited three performance management interns and stationed them in Dikgatlong, Magareng and Phokwane municipality in order to enhance the implementation of PMS in the local municipalities. Most of these interns have been absorbed as either PMS officials in their respective municipalities or elsewhere in government departments. In the 2014/15 financial year the PMS Unit continued to extend support to those municipalities that still require assistance from the district municipality. Hands-on support and assistance to local municipalities during the course of the financial year resulted in an improved level of compliance with performance management legislation in the district.

Town and Regional Planning

Frances Baard District Municipality is responsible for ensuring the development of sustainable human settlements in the district. It is therefore supporting the preparation and implementation of spatial development frameworks in each local municipality. In order to achieve these goals, the district has facilitated the preparation of the following planning instruments:

- The preparation, approval and adoption of the Magareng Integrated Zoning Scheme
- The establishment of the District Planning Tribunal (DMPT)
- The Review of Magareng Spatial Development Framework (SDF)
- The preparation of EIA studies for the township establishment in Barkly West.

Challenges

In discharging its legislative mandate, the district municipality encounters operational challenges. These include:

Lack of capacity: There is limited capacity in the local municipalities to facilitate the implementation of the spatial planning projects.

Geographic Information System (GIS)

GIS provides spatial information to all stakeholders for planning and resource allocation purposes. For the financial year 2014/15 a data cleansing project was carried out in Dikgatlong Municipality. This project entailed the verification of cadastral information against deeds and financial data information to ensure that every title holder is on the correct erf and is billed correctly for water and electricity. This project was implemented to enable the municipality to enhance their billing capacity and boost their revenue base.

The second project that was planned was Desktop Capturing of Water and Sewer Infrastructure and scanning of as-built drawings into GIS. However due to technical reasons this project was put on hold until 2015/16 for implementation.

Local Economic Development (LED):

The district municipality renders dedicated assistance to local municipalities in terms of local economic development. The LED/Tourism Unit has facilitated:-

- The secondment of graduates to local municipalities as interns.
- Assisted local municipalities with the tourism month awareness campaign.
- Rolled out the tourism business plan competition to all schools in the district offering tourism as a subject.
- Launched the FBDM marketing stall at the Indaba in Durban.
- Hosted the Small Business Week that promotes entrepreneurship in the district.
- Trained 12 SMME's in the establishment and management of businesses.
- Developed draft Incentive Policies for Magareng and Phokwane municipalities.
- Trained the LED/Tourism interns in E-marketing, business assessment and diagnostic tool
- Sank a borehole at the depot of the pebbles project in Dikgatlong

Challenges

- **Lack of capacity:** There is limited capacity in the local municipalities to facilitate sustainable transfer of skills.
- **Limited buy-in:** This causes delays in project implementation and negatively affects cash flow earmarked for specific projects.
- **High grant dependency:** Grant dependency in most local municipalities undermines the future sustainability of municipalities.

3.2.1 Town & Regional Planning

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
Facilitate the development of sustainable human settlements through effective town and regional planning	To facilitate the development of urban areas in accordance with approved spatial plans (zoning schemes)	Development applications	One (1) local municipality /100%
	To support the review and implementation of Spatial Development Framework by 2014/15	Approved Spatial Development Framework	Four (4) local municipalities 100%
	To facilitate the preparation of township establishment in local municipalities	Approved layout plans	Three (3) local municipalities 100%

Employees: Town Planning Services					
Job Level	2013/14	2014/15			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13	0	0	0	0	0
14 - 18	1	3	3	0.36	12%
19 - 26	0	0	0	0	0
Total	1	3	3	0.36	12%

Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance 2014/2015: Town Planning Services						R'000
Details	2013/14	2014/15				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	–	–	–	–	–	
Expenditure:						
Employees	409	1 231	1 506	1 313	6%	
Repairs and Maintenance	–	–	–	–	–	
Other ¹	556	2 258	1 162	255	-786%	
Total Operational Expenditure	966	3 489	2 668	1 568	-123%	
Net Operational Expenditure	966	3 489	2 668	1 568	-123%	

¹ Includes the major cost drivers i.e. printing, advertising, accommodation, travelling, motor vehicle usage, etc.

Special Projects Expenditure 2014//2015: Town Planning Services					
					R' 000
Special Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1 662	0	631	-195%	631
Surveying of Erven (Dikgatlong)	397	0	0	-	397
Environmental Impact Assessment: Dikgatlong	37	0	37	0%	37
Spatial Development Planning Review: Magareng Municipality	542	0	262	-107%	262
Zoning Scheme: Magareng Municipality	35	0	35	0%	35
Biodiversity study: Barkly West erf 687	651	0	297	-119%	297

The projects listed above are summarised per municipal area as follows:

Dikgatlong Municipality

- Surveying of erven

Frances Baard District Municipality and Dikgatlong Municipality identified a need to plan for new residential development of 1000 erven in Barkly West erf 687. Surveying of the erven is one of the milestones required to complete the process of town establishment, which include pegging of erven and registration with Surveyor-General for the issuing of the general plan. The surveying of erven has been rolled over to 2015/2016 because the environmental impact assessment (EIA) study was not finalised. The surveying of erven is preceded by EIA authorisation. The Department of Environment and Nature Conservation (DENC) required an additional biodiversity study which was completed. The environmental authorisation is still outstanding.

- Environmental impact assessment and biodiversity study

The EIA approval was delayed due to the additional biodiversity study that was required by the Department of Environment and Nature Conservation (DENC). The study was completed on the 31st of May 2015. Development will not take place until the EIA report is approved. The biodiversity study was required as part of the EIA report. The EIA report has been amended and biodiversity incorporated. The amended EIA report was re-submitted to DENC on the 18th of June 2015 and the district municipality is still awaiting approval.

Magareng Municipality

- Spatial development framework review

Frances Baard District Municipality assisted Magareng municipality to review the 2008 spatial development framework. The review has been conducted in terms of section 26(e) of the Municipal Systems Act, (Act 32 of 2000) (MSA) and section 12 of the Spatial Planning and Land Use Management Act, (Act 16 of 2013). The purpose of a spatial development framework is to develop a strategic policy framework that addresses spatial, social, environmental and economic issues faced by Magareng municipality. The SDF is also used as a policy framework to guide decision making, aimed at the creation of sustainable, integrated and economically viable settlement within Magareng municipality. The SDF review process was conducted in consultation with all stakeholders.

- Land-use scheme

Frances Baard District Municipality (FBDM) in partnership with Magareng Local Municipality identified the need to prepare a land-use scheme for the local municipality. FBDM provided funding and facilitated the review process. The purpose of the land-use scheme is to allocate rights to a property with respect to the uses which may be conducted from the property, and the extent to which buildings may be developed on the property. The lack of town planners at the local municipality to ensure the implementation and enforcement of the regulations of the land-use scheme remains a challenge. The project was completed but must still be approved by the Council of the Magareng Municipality. The landuse scheme shall apply to all properties within the municipal boundaries of the Magareng Municipality, as determined by the Municipal Demarcation Board. The land-use scheme preparation process adhered to the requirements of the public participation.

3.2.2 Geographic Information System (GIS)

Employees: Geographic Information System Services					
Job Level	2013/14	2014/15			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13	1	1	1	0.17	17%
14 - 18	1	1	1	0	0
19 - 26	0	0	0	0	0
Total	2	2	2	0.17	8%

Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance 2014/2015: Geographic Information System Services						R'000
Details	2013/14	2014/15				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	–	–	–	–	–	
Expenditure:						
Employees	474	891	913	736	-21%	
Repairs and Maintenance	115	224	188	54	-318%	
Other*	815	1 873	1 105	683	-174%	
Total Operational Expenditure	1 404	2 987	2 206	1 473	-103%	
Net Operational Expenditure	1 404	2 987	2 206	1 473	-103%	

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
Provision of reliable spatial information as a planning and management tool in order to enhance service delivery in the District	To ensure the creation of integrated GIS services in the District by 2014/15.	Integrated District GIS system	Improved / effective shared services (100%)
	To enhance GIS as a planning tool in the District by 2014/15	Implementation of GIS in decision-making	4 Municipalities / 100%

Special Projects Expenditure 2014/2015: Geographic Information System Services					
R' 000					
Special Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1 000	0	594	-68%	594
Verification, update and reconciliation of Dikgatlong municipality's billing database using GIS for Dikgatlong Municipality	1 000	0	594	-68%	594

Dikgatlong Municipality - Verification, update and reconciliation of Dikgatlong municipality's billing database using GIS

Completeness in its billing database of the municipality was improved and the verified billing information provided a sound basis for revenue generation. The project validated the user charges being levied, appropriate statement of debt positioning; restore the credibility of the entire billing protocol within the municipality, as well as to enhance the sustainability of services through maximising revenue potential. There were challenges with receiving billing data sets which caused delays but the project was completed within the set time frames.

3.2.3 Local Economic Development

The district municipality has a legislative mandate to ensure the promotion of the economic development of the Frances Baard District. Thus one of the main focus areas of the district municipality is support to SMMEs and the creation of an enabling environment. Thus the following activities were undertaken:

- Developed draft Incentive Policies for Magareng and Phokwane municipalities;
- Launched the FBDM marketing stall at the Indaba in Durban;
- Hosted the Small Business Week that promotes entrepreneurship in the district;
- Trained 12 SMMEs in the establishment and management of a business; and
- Trained the LED/Tourism interns in e-marketing, business assessment and diagnostic tools.

Special Projects Expenditure 2014/2015: Local Economic Development Services					
R' 000					
Special Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
SMME Development	298	0	274	-8%	274
Ritchie Development Centre	261	0	224	-16%	224
Trade and Investment Promotion	334	0	333	0%	333
Coordinating structures / institutional support	50	0	28	-81%	28
Processing Plant	50	0	36	-39%	36
Youth Entrepreneurship Development Program	336	0	295	-14%	295
Dikgatlong Pebbles Projects	100	250	189	47%	189
LED Expo	639	0	630	-1%	630
Bio Mass Project	120	0	0	0%	0
Kimberley Hub	120	0	0	0%	0
Development of incentive policies	60	0	1344	-4364%	1

SMME Development

Trained 12 SMMEs from Sol Plaatje and Dikgatlong local municipalities on New Venture Creation.

Ritchie Development Centre

Supported Sol Plaatje LM to train 100 SMMEs from the Ritchie Development Centre on business management.

Trade and Investment Promotion

Promoted investment opportunities at the Macufe arts and crafts centre as well as SAITEX. Also reviewed and printed the investment promotion brochure

Coordinating structures / institutional support

Hosted the District LED Forum quarterly and the sector committees

Processing Plant

Sub-divided the identified site for the plant and re-advertised the investment opportunity because the identified investor had lost interest.

Youth Entrepreneurship Development Program

Capacitated graduates on the Youth Entrepreneurship Development Program. The graduates received training on E-marking, business assessment & diagnostics tools and introduction to LED.

Dikgatlong Pebbles Project

This project aims to commercialise the pebbles trading in Dikgatlong. A borehole was sunk for the pebbles project to supply water at the project depot in Gong-gong.

LED Expo

Promoted entrepreneurship through hosting of an LED expo that coincided with Global Entrepreneur Week.

Bio- Mass Project

It was intended to procure machinery and equipment for the beneficiaries of the Bio Mass project. After the testing of the plant with it was determined that the machinery that had been identified was not efficient and bigger machinery was than chosen. The bigger machinery was much more expensive and the project steering committee agreed that the machinery would be procured by the other project partners.

Kimberley Hub

Transnet reneged on the rental agreement that had been offered to the district by them and thus the District could not take over the site and thus could not pay the rent.

Development of incentive policies

Developed Incentive policies for Magareng and Phokwane Local Municipalities

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
Facilitate growth and diversification of the district economy by optimizing all available resources	To support the diversification of the district economy by 2014/2015.	Sector development	<ul style="list-style-type: none"> Manufacturing and construction sectors. 4/7 fundable projects
	To support SMME development through the implementation of the FBDM SMME support policy by 2014/2015	<ul style="list-style-type: none"> Sustained and growing SMMEs. Programme implementation 	Closing gap between the 1st and the 2nd economy
	To develop incentive policies for LMs by 2014/2015	Packaged incentives for sector and SMME development	<ul style="list-style-type: none"> 4 policies for LMs 2 Policies for 2014/15
	To support the EPWP concept/initiatives in three local municipalities in the District by 2016	Increased employment through EPWP projects	3 projects-100%
	To coordinate and support of LED structures	Coordination of support to emerging farmers and mining sector	Functional 4 LED forum and committees - (100%)

Employees: Local Economic Development / Tourism Services					
Job Level	2013/14	2014/15			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	2	2	2	0	0
9 - 13	4	4	4	0.30	8%
14 - 18	1	1	1	0	0
19 - 26	0	0	0	0	0
Interns	11	16	13	2.38	15%
Total	7	7	7	0.30	4%

Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Jobs Created during 2014/15 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
2012/13	11	1	11	Registers
2013/14	15	0	15	Registers
2014/15	15	0	15	Registers

Financial Performance 2014/15: Local Economic Development Services					
					R'000
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	2 208	1 958	2 527	1 964	0%
Repairs and Maintenance	–	5	106	92	95%
Other*	1 664	2 445	2 905	2 339	-5%
Total Operational Expenditure	3 871	4 409	5 538	4 395	0%
Net Operational Expenditure	3 871	4 409	5 538	4 395	0%

3.3 Corporate Services

3.3.1 Environmental Health

3.3.1.1 Air quality management

The air quality monitoring equipment was set-up on the premises of the municipality to monitor the quality of the immediate surrounding area. Data for two and a half months was collected. Five air quality awareness campaigns were conducted at schools and in the communities. The aim of the campaigns was to sensitise the learners and communities on the different pollutants that may cause respiratory diseases or affect the health of humans. Site visits were conducted at six industries for the renewal of their atmospheric emissions licenses (AELs). One applicant met the requirements and was issued with a AEL which is valid for five years, while the other applicants were issued with temporary licenses which are valid for one year.

3.3.1.2 Waste management

Waste management and illegal dumping in residential areas remains a challenge. The dumps are unsightly but create also a breeding place for rodents which can excel the spread of diseases to the communities. Evaluations at these sites are conducted on a regular basis. The landfill sites in the district are in a poor condition. These sites are not maintained and operated properly. In many cases large portions of the fences are removed and there is no entrance control and control facilities at these sites. Operation and maintenance of the landfill sites by municipalities are poor.

3.3.1.3 Water quality monitoring

A total of 354 water samples were collected in the district. Water quality failures are still being experienced in Dikgatlong and Magareng municipalities. Although the Department of Education has installed treatment equipment at these schools, it is not maintained or the teachers are not trained how to operate it. Municipalities do not procure sufficient quantities of chlorine, especially during the December holidays, and experience a shortage of chlorine to treat the water adequately.

3.3.1.4 Food premises

Evaluations to the amount of 398 were conducted at food premises.

Challenges experienced includes the selling of expired food products, poor hygiene practices, shops operating without a Certificate of Acceptability (CoA) or following the correct procedures. The operation of food premises without a certificate of acceptability remains a challenge.

3.3.1.5 Devolution of municipal health services

According to the National Health Act, 2003 municipal health services are the competency of the district municipality. The function is currently being rendered by FBDM, Phokwane and Sol Plaatje municipalities in their respective areas. Terms of reference were developed for the appointment of a service provider to conduct the section 78-assessment on municipal health services in the district.

3.3.1.6 Achievements

Rendering of municipal health awareness campaigns

- Twenty (20) sanitation awareness campaigns were held at schools and in the communities to educate the learners and community members on good and bad sanitation practices and on the correct usage and maintenance these facilities;
- Seven (7) waste management campaigns were conducted in Dikgatlong and Magareng where the communities and learners cleaned open areas in residential areas. The aim was to sensitise them on the importance to live in a clean environment;
- Three (3) water safety campaigns were conducted in collaboration with the Department of Water Affairs in Windsorton and Warrenton after water failures were experienced in these areas. Bleach was distributed amongst the community to treat their water and they were also sensitised about the effects of consuming untreated water.
- The environmental health forum is functional and sits quarterly basis. The meetings are well attended by environmental health practitioners and sector departments. Environmental health issues and problems are discussed and members share views and experiences.
- Nineteen (19) awareness campaigns on HIV/Aids and sanitation were conducted in Dikgatlong and Magareng to educate communities on the causes, symptoms, effects and preventative measures to curb the spread of diseases.

Compliance of food and non-food premises

- Evaluations were conducted at food premises i.e. cafes, restaurants, tuckshops and butcheries in Magareng and Dikgatlong to ensure compliance with the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (as amended);
- Two (2) bakkie loads of expired food products were confiscated at a food premises in Warrenton and disposed at the landfill site in Kimberley;
- Health care facilities (clinics) were evaluated regularly to ensure that waste is handled, stored and transported in the prescribed manner;
- Food handlers (159) were trained on the safe preparation and handling of food;
- Ninety swabs were collected from food handling surfaces as well as hands of food handlers to determine the standard of hygiene that is maintained by food handlers and at premises; and
- Evaluations (133) were conducted at non-food premises (funeral parlours, clinics and landfill sites) to ensure compliance to legislation.

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
Promote and support sustainable municipal health and environmental planning and management in the District	To render effective and sustainable municipal health services in the District by 2014/2015	Improved monitoring of drinking water	Dikgatlong; Magareng
		Compliant food and non-food premises	Dikgatlong; Magareng
	To improve environmental planning and management by 10% in the District by 2016	Devolved Municipal Health Services	FBDM; Sol Plaatje; Phokwane
		Enforced municipal and environmental health by-laws	FBDM
		Licensed landfill sites	Dikgatlong; Magareng 100%
		Implemented waste minimization strategies	Dikgatlong; Magareng (100%)

Employees: Environmental Health Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13	3	3	3	0	0
14 - 18	1	1	1	0	0
19 - 26	0	0	0	0	0
Total	4	4	4	0	0

Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance 2014/15: Environmental Health Services						R'000
Details	2013/14	2014/15				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	5 062	3 000	3 000	3 000	0%	
Expenditure:						
Employees	1 669	1 577	1 689	1 744	10%	
Repairs and Maintenance	3	20	20	–	–	
Other*	319	1 053	2 692	644	-64%	
Total Operational Expenditure	1 991	2 650	4 401	2 388	-11%	
Net Operational Expenditure	(3 071)	(350)	1 401	(612)	43%	

Special Projects 2014/15: Environmental Health Services						R' 000
Special Projects	2014/15					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	638	70	267	-139%	267	
Municipal health awareness campaigns	188	70	46	-309%	46	
Section 78 assessment	450	0	221	-104%	221	

The project listed above is explained as per municipal area as follows:

District-wide

- Municipal health awareness campaigns
49 health awareness campaigns were conducted at schools and communities.

The aim was to sensitise the communities and learners on waste management, water related diseases, sanitation practices and how to curb the spreading of HIV/Aids. Open spaces in residential areas which were used for illegal dumping, was cleaned.

- Section 78 assessment

The municipality appointed a service provider to conduct a section 78 investigation to determine how MHS must be rendered in the district (internally or externally). The investigation was completed and a presentation on the final report will be made to the municipal council for the adoption thereof.

3.3.2 Disaster Management & Fire Fighting

GOAL	OBJECTIVE	OUTCOME	
		Indicator	Target
Promotion and implementation of an effective and efficient Disaster Management and Fire -fighting service in the Frances Baard District.	To develop integrated institutional capacity for Disaster Management at three Local Municipalities by 2014/15	Capacitated local municipalities in disaster management	(3)Magareng, Dikgatlong and Phokwane 100%
	To implement Response and Recovery mechanisms as per DDMF to four Local Municipalities by 2014/15	Improved Response and recovery to incident in Local municipalities	(3) Magareng, Dikgatlong and Phokwane 100%
	To develop Institutional capacity and acquire resources for fire fighting services for 3 local municipalities in the district by 2014/15	Increased fire- fighting capacity at 3 Local municipalities	Magareng 12/13 Dikgatlong 13/14 Phokwane 14/15 100%
	To safeguard council's assets by continuously enhancing and upgrading physical security systems and accessibility by 2014/15	Improved ,upgraded and well maintained security systems	FBDM over a three year term 2012-2016 100%

The Frances Baard District Municipality consists of Sol Plaatje, Magareng, Dikgatlong and Phokwane local municipalities. The Sol Plaatje Municipality have their own disaster management unit, while Magareng, Dikgatlong and Phokwane are operated by the Frances Baard District Municipality. Satellite offices have been established in these local municipalities and are manned by disaster practitioner appointed by Frances Baard. The implementation of the Disaster Management Act is the responsibility of the district municipality and is implemented within the guidelines of the National Disaster Management Framework of 2005 to implement the following key performance areas:

- Building integrated Institutional Capacity for Disaster Risk Management;
- Disaster Risk Assessment;
- Disaster Risk Reduction; and
- Response and recovery.

The District and the local municipality's Disaster Risk Management Plans have been reviewed. Disaster management practitioners have been appointed in Dikgatlong, Magareng and Phokwane local municipalities. This was done to ensure that fire and disaster management activities can be implemented with uniformity and to assist the local municipalities in case of any disaster or incident.

3.3.2.1 Volunteers

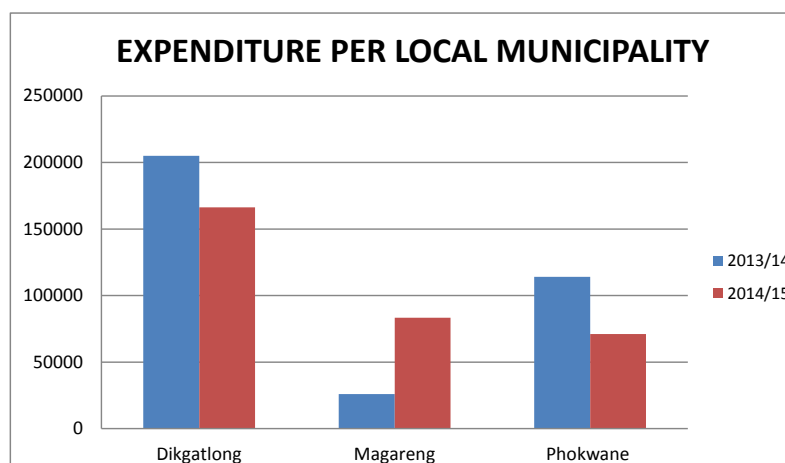
Through the recruitment of disaster management volunteers the capacity and support given to local municipalities was increased.

Municipal Area	Number recruited
Dikgatlong	15
Magareng	15
Phokwane	15

Thirty volunteers from the Magareng and Phokwane local municipalities were trained by “Working on Fire” on veld fire fighting techniques. The 30 volunteers were trained to strengthen the “Working on Fire” teams which were established with Fire Protection Associations in Dikgatlong, Magareng and Phokwane local municipalities and to assist with the extinguishing of veld fires.

3.4.2.2 Other activities for 2014/15

- 100% of the fire grant was spent on the procurement and acquisition of a 4-wheel drive vehicle;
- 100% of the contingency fund for response and recovery was utilized for the rehabilitation and social relief to disaster stricken communities residing within the affected areas of Dikgatlong, Magareng and Phokwane local municipalities;
- Increased (100%) safety awareness and education campaigns conducted with all communities within the Magareng, Dikgatlong and Phokwane local municipalities in an attempt to mitigate the number of domestic/shack fires and the destruction it causes;



- 100% spending of the NEAR Conditional Grant; and
- The development of a response and recovery strategy for the district.

Types of fires experienced in 2014/15	Number
Shack fires	29
Veld fires	0
Structural fires (RDP houses)	4
Structural fires (Privately owned)	3

3.3.2.3 Contingency Fund

A contingency fund and policy was established to assist vulnerable and poor communities during any disastrous event. The vulnerability and poverty of many communities in rural areas (as identified in the District Disaster Management Plan) is important to the district municipality and needs to be in line with national and provincial government policies, thus ensuring effective and efficient management of resources which will make a

significant contribution to alleviate the effects of disasters/incidents.

The incident graph above show the total expenditure for 2013/14 and 2014/15 financial years in terms of assistance given to the Magareng, Dikgatlong and Phokwane local municipalities.

The 2013/14 graph shows that there was an increase in incidents and assistance given to destitute families in the Magareng, Phokwane and Dikgatlong local municipalities. The only incidents that shows a decrease was the occurrence in shack fires. Expenditure per municipality from the contingency fund is as follows:

- Dikgatlong 46%
- Phokwane 20%
- Magareng 23%

3.3.2.4 Achievements

Integrated institutional capacity for disaster risk management in the District

- The appointment of the disaster management coordinators in the local municipalities has improved the coordination of disaster management at local level. This also improved the turnaround time to assess and assist communities after an incident or emergency. A conscious decision on the part of the district municipality was taken to strengthen the disaster management function at local municipal level and to respond to the legislative mandate that local municipalities must be supported.
- Increased the capacity and support to local municipalities through the recruitment of disaster management volunteers (15 for Magareng; 15 for Dikgatlong; and 15 for Phokwane municipalities). 8 volunteers from Magareng, 16 volunteers from Dikgatlong and 6 from Phokwane municipalities were trained. The training course focused on the introduction to disaster management and the roles and responsibilities. Volunteers were trained on what is expected from them during disasters and their involvement when there are no disasters.
- 100% of the NEAR conditional grant was spent (operational cost).

Effective and efficient response and recovery to assist destitute families

100% of the requests received from local municipalities to assist destitute communities were responded to. The contingency fund was used for rehabilitation and social relief of disaster-stricken communities residing within the affected areas of Dikgatlong, Magareng and Phokwane municipalities.

Disaster Risk Reduction (Awareness Campaigns)

Safety awareness and education campaigns were conducted with all communities living within informal settlements where shack fires occur on a regularly basis. These awareness programmes were held at Magareng, Dikgatlong and Phokwane local municipalities in an attempt to mitigate the number of domestic/shack fires and the destruction to life and property. The Provincial Disaster Management Centre, other sector departments together with the Frances Baard District Municipality embarked on an awareness campaign within the district. The programmes presented were as follows:

1. Fire safety in and around the house;
2. Electrical safety; and
3. Gas safety.

Establishment of the District Disaster Management Advisory Forum (DDMAF).

The DDMAF was established at district level. All disaster management stakeholders are participating in this forum. This committee will ensure thorough and effective planning and coordination in the event of any disaster or incident with the aim to save lives and limit damage to properties. This committee will implement the district disaster management response and recovery strategy, which will ensure an uniform approach when responding to disasters/incidents throughout the district.

District Disaster Management Centre (DDMC)

Architects were appointed to start with the planning phase of the District Disaster Management Centre which includes the design, sketch drawings and to do the costing for the project. The planning phase included the design, drawings of the approved design and the costing for Frances Baard District Municipality to implement this project. The design of the DDMC was approved and further funding will be made available to complete all planning processes before the DDMC will be built.

Employees: Fire Fighting & Disaster Management Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0
4 - 8	5	5	5	0	0
9 - 13	4	5	3	0.55	11%
14 - 18	1	1	1	0	0
19 - 26	0	0	0	0	0
Total	10	11	9*	0.55	5%

* 1 x unfunded post

Financial Performance 2014/15: Fire Fighting & Disaster Management Services					
R'000					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3 318	600	315	315	-90%
Expenditure:					
Fire fighters	12 601	-	-	-	
Other employees	28	2 666	3 203	2 960	10%
Repairs and Maintenance	3 674	177	311	132	-34%
Other*	16 303	2 000	1 599	1 724	-16%
Total Operational Expenditure	12 985	4 843	5 114	4 815	-1%
Net Operational Expenditure	9 667	4 243	4 799	4 500	6%

Capital Expenditure 2014/15: Fire Fighting & Disaster Management Services					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2 714	0	0	-	2714
Procurement of 10 000L water tanker	2 714	0	0	-	2714

The tender proposals submitted was VAT exclusive and therefore had to be re-advertised. As a result the project was rolled over to the 2015/16 FY.

Special Projects 2014/15: Fire Fighting & Disaster Management Services					
R' 000					
Special Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	435	0	398	-9%	398
Volunteer Training	75	0	38	-97%	38
Contingency Fund	360	0	360	0%	360

* Includes major cost drivers i.e. printing, advertising, accommodation, travelling, motor vehicle usage, etc.

The project listed above is explained as per municipal area as follows:

Volunteer Training

The volunteers trained are as follows:

Municipal area	Number of trainees
Dikgatlong	16
Magareng	8
Phokwane	6

Contingency Fund

The contingency funds are only utilised when a local municipality submits a request for assistance to destitute families within their jurisdiction. Assistance was given to destitute families to the amount of R 360,000 and is broken down per municipal area as follows:

Municipal area	Assistance provided (R)
Magareng	83,428
Dikgatlong	166,199
Phokwane	71,030

3.4 Corporate policy offices and other services

3.4.1 Executive and council

The governance system of the Frances Baard District Municipality is a mayoral executive system which comprises of Section 80 Committees (Finance, Policy & Institutional Development, Social Development, Infrastructure Development and Economic Development). Council is made up of 27 members - 11 female, 16 male.

The function of executive and council within the municipality is administered as follows and includes:

The Executive Mayor heads the municipality and fulfills this governance task in collaboration with the 26 councillors. 16 of these councillors represent the Category B municipalities in the district and 10 councillors were elected through proportional representation. The Mayoral Committee functions in a manner similar to that of a cabinet with its main function to ensure integration of the work of the Council across political portfolios and departments. The Speaker is a councillor elected as chairperson of the Municipal Council as per legislation and presides over the meetings of council. The Speaker also oversees the effective functioning of the council committee system.

The committees of Council meet on a monthly basis and formulate recommendations based on their portfolios.

The municipality has a mandate to:

- Provide a democratic and accountable government for local municipalities
- Ensure the provision of services to communities in a sustainable manner
- Promote social and economic development
- Promote a safe and healthy environment
- Encourage the involvement of communities and community organizations in the matters of local government

The district municipality does not account for the provision of bulk electricity and water to category B municipalities as this falls in the jurisdiction of these municipalities as concluded in the Municipal Structures Act. The housing function is currently still in the jurisdiction of the Provincial Department of Cooperative Governance, Human Settlement and Traditional Affairs but will be transferred to the district municipality.

Employees: The Executive and Council					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0
4 - 8*	1	2	1	0	0
9 - 13**	6	7	6	0.55	8%
14 - 18	2	2	2	0	0
19 - 26	0	0	0	0	0
Total	9	11	9	0.55	5%

* 1 x new post
** 1 x currently pending Labour Appeal Court decision

Financial Performance 2014/15: The Executive and Council					
					R'000
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3 716	4 683	4 783	4 733	1%
Expenditure:					
Employees	12 704	14 597	16 970	14 928	2%
Repairs and Maintenance	160	144	177	99	-45%
Other*	2 936	4 499	5 518	4 220	-7%
Total Operational Expenditure	15 800	19 240	22 665	19 248	0%
Net Operational Expenditure	12 084	14 557	17 882	14 515	0%

3.4.2 Human Resource Services

Goal	Objectives	Outcome	
		Indicator	Target
To provide a fully effective Human Resources Management function to the District and support to local municipalities	To ensure Human Resources Management support to all departments at Frances Baard District Municipality by 2014/15	Each department managing independently with minimal hands on support	2014/15 100%
	To provide assistance and support on Human Resources Management to three local Municipalities (Magareng, Phokwane and Dikgatlong) by 2014/15	Each local municipality managing independently and with minimal hands on support	2014/15 100%

* Includes major cost drivers i.e. printing, advertising, accommodation, travelling, motor vehicle usage, etc.

Employees: Human Resource Services					
Job Level	2013/14	2014/15			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13	3	4	4	0.59	15%
14 - 18	1	1	1	0.34	34%
19 - 26	0	0	0	0	0
Total	4	5	5	0.93	18%

Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance 2014/15: Human Resource Services					
					R'000
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	749	1 904	1 948	1 440	-32%
Repairs and Maintenance	16	93	93	–	–
Other*	2 612	2 149	2 786	1 945	-10%
Total Operational Expenditure	3 377	4 146	4 827	3 385	-22%
Net Operational Expenditure	3 377	4 146	4 827	3 385	-22%

3.4.3 Information and Communication Technology (ICT) Services

Goal	Objectives	Outcome	
		Indicator	Target
Render an effective and efficient Information Technology support in the District	To increase and improve ICT infrastructure accessibility by 100 % in three (3) Municipalities by 2014/15	Improved ICT Infrastructure accessibility	100%
	To implement the Disaster Recovery Plan by ensuring 100% ICT connectivity in three (3) Local Municipalities by 2014/15	Disaster Recovery Plan implemented	80%
	To align IT Governance principles with the performance and sustainability objectives of the Municipality	Implement the IT Governance Framework	100%

* Includes major cost drivers i.e. printing, advertising, accommodation, travelling, motor vehicle usage, etc.

Achievements

The adoption of ICT best practices and standards by the ICT steering committee has helped with the design and implementation of ICT internal controls and policies. The introduction of the ICT Asset Refreshment Strategy guided the processes to keep the ICT environment current and up-to-date in both hardware and software. The municipality has replaced all redundant computers and laptops. The municipality has entered into a three (3) year maintenance service level agreement with a specialised service provider for the uninterrupted power supply (UPS) in the ICT server room.

The District ICT Forum was established and assists the local municipalities to try and address most common ICT challenges. The district municipality assisted the local municipalities to improve ICT infrastructure through the provision of ICT support. Local municipalities were assisted with the appointment of ICT staff/ technicians to further provide a continuous support at the local municipalities, hence the reduction of ICT consultants at local municipalities.

Employees: ICT Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13	2	2	2	0	0
14 - 18	1	1	1	0	0
19 - 26	0	0	0	0	0
Interns	2	2	2	0.44	22%
Total	3	3	3	0	0

Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Capital Expenditure 2014/15: ICT Services					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	638	250	634	-1%	634
Upgrade of the telephone system	450	250	457	2%	457
Computer replacement	120	0	120	0%	120
Procurement of portable air-conditioner	68	0	57	-19%	57

Financial Performance 2014/15: ICT Services					
					R'000
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	1 540	1 604	1 607	1 646	3%
Repairs and Maintenance	1 463	2 505	2 105	1 406	-78%
Other*	1 096	190	1 805	1 002	81%
Total Operational Expenditure	4 099	4 299	5 517	4 054	-6%
Net Operational Expenditure	4 099	4 299	5 517	4 054	-6%

3.4.4 Financial Services

The Department Finance is mainly responsible for the effective and efficient oversight and management of the council's assets, liabilities, revenue and expenditure according to prescribed legislation.

Budget & Treasury, Revenue & Expenditure and Supply Chain Management

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
To provide an effective and efficient financial management service in respect of Council's assets, liabilities, revenue and expenditure in a sustained manner to maximize the district municipality's development role	Ensure long term financial sustainability	Sound financial management according to best practices	100% Compliance
	Ensure full compliance with all accounting statutory and legislative requirements by 2014/15	Compliance with legislation and related guidelines from NT	100% Compliance
	Ensure effective debt collection and implementation of revenue generating strategies by 2014/15	Maximize debt collection and revenue generation strategies	100% collection rate on grants and other sundry
	Ensure the proper management of cash resources to meet financial liabilities by 2014/15	Effective and efficient management of council's available resources	100% Effectiveness
	Provide financial management support to four local municipalities by 2014/15	Financially sound and self- sustained local municipalities	100% as per need requirements
	Ensure full compliance with the legislative requirements for a sound supply chain management system by 2014/15	Compliance with supply chain management legislation and policies	100% Compliance

* Includes major cost drivers i.e. printing, advertising, accommodation, travelling, motor vehicle usage, etc.

Employees: Financial Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0
4 - 8	5	5	5	0	0
9 - 13	8	9	8	0.44	5%
14 - 18	4	4	4	0.16	4%
19 - 26	0	0	0	0	0
Interns	5	5	5	1.20	24%
Total	17	18	17	0.60	3%

Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance 2014/15: Financial Services					
					R'000
Details	2013/14	2014/15			
	Actual	Original Budget	"Adjustment Budget"	Actual	Variance to Budget
Total Operational Revenue	84 283	82 034	92 203	92 161	11%
Expenditure:					
Employees	7 889	8 221	9 463	7 866	-5%
Repairs and Maintenance	681	925	955	657	-41%
Other*	9 710	9 262	16 631	8 893	-4%
Total Operational Expenditure	18 281	18 409	27 050	17 416	-6%
Net Operational Expenditure	(66 002)	(63 625)	(65 154)	(74 745)	15%

* Includes major cost drivers i.e. printing, advertising, accommodation, travelling, motor vehicle usage, etc.

3.4.5 Organisational Performance Scorecard

FRANCES BAARD DISTRICT MUNICIPALITY										
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2014/15										
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT/ 4TH QUARTER (01 JULY 2014 TO 30 JUNE 2015)					ANNUAL PERFORMANCE REPORT FOR 2014/15					
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)	Baseline	Annual targets	Unit of measure	Verification		Actual performance	% Deviations	REASON(S) FOR DEVIATION	
					Quarterly Target (4th Qtr.)	PoE				
1. SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.										
1.1 Improved access to sustainable basic services in the district.										
1	Percentage support and assistance in identification, prioritisation and review of projects for the 2015/16 financial year.	Infrastructure needs list: 2015/16 LM's	100% approved allocations	% Completion	Council resolution project reports	100%	100.0%	0.0%		
2	Actual spending and % progress in the provision of potable water to households in the district for the 2014/15 financial year.	Allocation for 2014/15 (R 6 800 000)	100% spending of the 2014/15 allocation (R 6 800 000)	Amount spent % progress	Quarterly project reports and spending	R 6 800 000.00 100%	Projects spending: R 5 692 837.00 Projects progress: 86.0%	Spending deviation: R1 107 163.00 Projects deviation: -14.0%	SPLM claimed only 80% of the cost of material on site. There has been a delay in the PLM water project which necessitated a roll-over.	
3	Actual spending and % progress in the provision of sanitation facilities to all households in the district for the 2014/15 financial year.	Allocation for 2014/15 (R 8 980 000)	100% spending of the 2014/15 allocation (R 8 980 000)	Amount spent % progress	Quarterly project reports and spending	R 8 980 000.00 100%	Projects spending: R 8 484 681.00 Projects progress: 100.0%	Spending deviation: R 495 319.00 Projects deviation: 0.0%	The project has been completed with a saving of R 495 319.00.	
4	Actual spending and % progress in the provision of electricity to households in the district for the 2014/15 financial year.	Allocation for 2014/15 (R 2 700 000)	100% spending of the 2014/15 allocation (R 2 700 000)	Amount spent % progress	Quarterly project reports and spending	R 2 700 000.00 100%	Projects spending: R 2 218 170.00 Projects progress: 84.0%	Spending deviation: R481 830.00 Projects deviation: -16.0%	PLM electricity master plan project was rolled over to the 2015/16 FY due to state of readiness of the municipality.	
5	Actual spending and % progress on roads related projects in the local municipalities of the district for the 2014/15 financial year.	Allocation for 2014/15 (R 2 000 000)	100% spending of the 2014/15 allocation (R 2 000 000)	Amount spent % progress	Quarterly project reports and spending	R 200 000 100%	Projects spending: R 1 051 200.00 Projects progress: 53.0%	Spending deviation: R948 800.00 Projects deviation: -47.0%	The level of cooperation between FBDM and PLM led to the roll-over of the project to the 2015/16 Financial year.	
6	Actual spending and % support in maintenance of municipal infrastructure in the district for the 2014/15 financial year.	Allocation for 2014/15 (R 10 000 000)	100% spending of the 2014/15 allocation (R 10 000 000)	Amount spent % progress	Quarterly project reports and spending	R 10 000 000 100%	Projects spending: R 9 988 122.00 Projects progress: 100.0%	Spending deviation: R11 878.00 Projects deviation: 0.0%	The project has been completed with a saving of R 11 878.00.	
: INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD					Deviation = 0% (Target reached) = + % Negative deviation = - %		Positive deviation		Full compliance: 0% deviation Under-performance: - % deviation Over-performance: + % deviation	

Organisational Performance Scorecard

FRANCES BAARD DISTRICT MUNICIPALITY											
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2014/15											
ANNUAL PERFORMANCE REPORT FOR 2014/15											
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT/ 4TH QUARTER (01 JULY 2014 TO 30 JUNE 2015)											
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)	Baseline	Annual targets	Unit of measure	Verification		Quarterly Target (4th Qtr.)	Actual performance	% Deviations	REASON(S) FOR DEVIATION	
					PoE	PoE					
1. SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.											
1.2 Facilitation of the creation of sustainable human settlements in the district.											
7	Number of households facilitated in the reduction of the housing backlog in the 14/15 financial year.	71.1 h/h	459 h/h 100%	% Number	Quarterly reports	Quarterly reports	459 h/h 100%	459 h/h 100.0%	0.0%		
8	Number of households with access to basic municipal services in informal settlements.	71.1 h/h	459 h/h 100%	% Number	Quarterly reports	Quarterly reports	459 h/h 100%	459 h/h 100.0%	0.0%		
2. LOCAL ECONOMIC DEVELOPMENT (LED)											
2.1 Facilitation of growth and diversification of the district economy.											
9	Percentage identified support in the diversification of the agricultural and mining sectors in the district for the 2014/15 financial year.	Approved projects for 2014/15	4 Projects 100%	% Progress	Quarterly reports	Quarterly reports	4 / 100%	4 / 100%	0.0%		
10	Percentage support and facilitation of SMME programmes for the 2014/15 financial year according to the SMME support policy.	Selected programmes	Selected programmes 100% completed (i.e. New venture creation training, incubator development centre and LED Expo)	% Progress	Quarterly reports	Quarterly reports	100%	100.0%	0.0%		
11	Percentage completion of 2 incentive policies for local municipalities in the district for the 2014/15 financial year.	Completed research programme	Two (2) completed policies: 100%	Number / %	Quarterly reports	Quarterly reports	2 / 100%	2 / 100.0%	0.0%		
12	Percentage support to local municipalities in the facilitation of EPWP projects in the district for the 2014/15 financial year.	Introductory workshops: 100%	2 Workshops 100%	Number / %	Quarterly reports	Quarterly reports	100%	100.0%	0.0%		
13	Percentage support to LED structures (local municipal structures) in the district for the 2014/15 financial year.	Identified coordination	100%	%	Quarterly reports	Quarterly reports	4 / 100%	4 / 100.0%	0.0%		
2.2 Development of a vibrant tourism sector economy in the district.											
14	Percentage support to tourism development in the L/M's of the district for 2014/15 financial year. (programmes & projects)	4 Info Centres 100%	5 Progr. - 100% (i.e. Support to regional tourism development through the regional tourism development centres, tourism marketing and promotion, tourism schools and basic plan implementation)	Number / % Compliance	Quarterly reports	Quarterly reports	4 / 100%	4 / 100.0%	0.0%		
15	Percentage facilitation in the expansion of a vibrant and sought-after destination brand in the district for the 2014/15 financial year.	Selected programmes	3 Activities 100% (3 Exhibitions, Advertising and Promotions)	Number / % Compliance	Quarterly reports	Quarterly reports	3 / 100%	3 / 100.0%	0.0%		
16	Percentage facilitation of strategic partnerships between tourism role players in FBDM tourism activities.	3 Associations 75% functional	3 Associations 85% functional	% Functionality	Quarterly reports	Quarterly reports	3 / 85%	3 / 85.0%	0.0%		
: INDICATOR NOT MEASURED / NO TARGET FOR MEASUREMENT PERIOD											
Deviation = 0% (Target reached)				Negative deviation = - %		Positive deviation		Full compliance: 0% deviation		Under-performance: - % deviation	Over-performance: + % deviation

Organisational Performance Scorecard

FRANCES BAARD DISTRICT MUNICIPALITY										
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2014/15										
ANNUAL PERFORMANCE REPORT FOR 2014/15										
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT/ 4TH QUARTER (01 JULY 2014 TO 30 JUNE 2015)										
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)	Baseline	Annual targets	Unit of measure	Verification		Quarterly Target (4th Qtr.)	Actual performance	% Deviation	REASON(S) FOR DEVIATION
					PoE	PoE				
3. MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.										
3.1 Environmental health management in the district.										
17	Percentage improvement of municipal health services for the 2014/15 financial year. (Quality of drinking water - Magareng & Dikgolong)	150 Activities completed 100%	5% Improvement (5 progr; 100% completed)	% on activities	Quarterly reports	100%	106.7%	+6.7	Additional sanitation and HIV/AIDS campaigns were conducted because a need was identified.	
18	Percentage improvement of environmental planning and management in the district for the 2014/15 financial year.	24 Programmes completed 100%	5% Improvement (7 progr; 100% completed)	% on activities	Quarterly reports	100%	108.5%	+8.5%	Additional environmental awareness campaigns were conducted after littering was prevalent in certain communities due to community unrests.	
3.2 Disaster management in the district.										
19	Percentage institutional disaster management capacity building in three local municipalities for 2014/15 financial year.	80%	Develop & implement 100%	% Compliance	Quarterly reports	100%	100.0%	0.0%		
20	Percentage implementation of response recovery mechanisms for the district pertaining to the 2014/15 financial year.	80%	Develop & implement 100%	% Compliance	Quarterly reports	100%	100.0%	0.0%		
21	Percentage fire-fighting capacity building in the 3 participating local municipalities in the district for the 2014/15 financial year.	Current status 60%	100%	% Compliance with D/M plan	Monthly reports	100%	41.6%	-58.3%	The project has been rolled over to the next financial year due to insufficient funds in the 2014/15 financial year.	
22	Percentage upgrading, maintenance and improvement of security systems in FBDM for the 2014/15 financial year.	60%	80%	% Compliance with D/M plan	Monthly reports	80%	68.0%	-12.0%		
3.3 Human resource development in the district.										
23	Percentage compliance with HR requirements at FBDM for the 2014/15 financial year.	100%	100%	% Compliance	Quarterly reports	100%	95.8%	-4.2%	Not all positions in the staff establishment could be filled within the prescribed 90 days period.	
24	Percentage compliance with HR capacity building requirements in 3 local municipalities of FBDM district for the 2014/15 financial year.	100%	100%	% Compliance	Quarterly reports	100%	100.0%	0.0%		
25	Percentage compliance with a functional individual performance management system aligned to the institutional PMS of the municipality for 2014/15.	100%	100%	% Compliance	Quarterly reports	100%	100.0%	0.0%		
3.4 Records management.										
26	Percentage compliance with the national archives act in FBDM and LM's in the district for the 2014/15 financial year.	90%	100%	% Compliance	Quarterly reports	100%	112.5%	+12.5%	Additional records disposals were conducted due to the transfer of older files to the new Khotso Flatela Provincial Archives building.	
27	Percentage of an effective and cost-efficient office support function rendered to FBDM for 2014/15.	94%	100%	% Compliance	Quarterly reports	100%	100.0%	0.0%		
28	Percentage maintenance rendered to FBDM buildings for the 2014/15 financial year.	95%	100%	% Compliance	Maintenance reports	100%	100.0%	0.0%		
: INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD										
							Full compliance: 0% deviation	Under-performance: -% deviation	Over-performance: +% Deviation	

Organisational Performance Scorecard

FRANCES BAARD DISTRICT MUNICIPALITY										
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2014/15										
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT/ 4TH QUARTER (01 JULY 2014 TO 30 JUNE 2015)										
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)			Annual targets	Unit of measure	Verification PoE	Quarterly Target (4th Qtr.)	Actual performance	% Deviation	REASON(S) FOR DEVIATION
	Baseline	Annual targets	Unit of measure							
3. MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION CONTINUE ...										
3.5 Information communication technology (ICT).										
29	Percentage accessibility to improved ICT infrastructure in FBDM and 3 local municipalities of the district in the 2014/15 financial year.	85%	100%	% Improved accessibility	Quarterly reports on accessibility	100%	82,5%	-17,5%		
30	Percentage implementation of the ICT disaster recovery plan in FBDM and 3 L/M's for the 2014/15 financial year.	60%	80%	% Compliance	Quarterly reports	80%	50,0%	-30,0%	District ICT forum could not sit for two quarters due to the lack of commitment from other stakeholders.	
31	Percentage alignment of municipal IT objectives with governance IT principles.	0%	100%	% Compliance	Quarterly reports	100%	75,0%	-25,0%	The project will be carried out internally in the 2015/16 FY, for efficiency purposes.	
3.6 Integrated development planning (IDP).										
32	Percentage facilitation of IDP processes in the district for the 2014/15 financial year in compliance with legislation and policies.	5 / 100%	5 / 100%	% Credible IDP processes completed	Quarterly reports / process plans	100%	100,0%	0,0%		
33	Percentage of 5 IDP's in the district reviewed for the 2014/15 financial year.	5 / 100%	5 / 100%	% of IDP reviews completed	Quarterly reports / reviewed sector plans	100%	100,0%	0,0%		
3.7 Performance Management (PMS).										
34	Percentage support and assistance to local municipalities in the district with the implementation of compliant institutional performance management systems for the 2014/15 financial year. (PMS capacity building)	20%	50%	% Compliance	Quarterly reports and assessments	50%	50,0%	0,0%		
35	Percentage compliance with a functional institutional performance management system in FBDM for the 2014/15 financial year.	100%	100%	% Requests addressed	Quarterly reports	100%	100,0%	0,0%		
3.8 Town and regional planning.										
36	Percentage facilitation of the development of urban areas in accordance with approved spatial plans for the 2014/15 financial year.	1 LM's - 100%	100% of new applications	% Support requested	Monthly reports & approved applications	100%	100,0%	0,0%		
37	Percentage implementation and review of the spatial development framework of the district.	4 LM's - 100%	100% of new applications	% Support requested	Monthly reports	100%	100,0%	0,0%		
38	Percentage facilitation of the preparation of township establishment in Dikgatlong Local Municipality for the 2014/15 financial year.	2 Approved layout plans	100% compliance with 2 layout plans	% Completed	Monthly & quarterly reports + completed plans	KPI not measured - The EIA report received in the 2nd quarter from the Department of Environmental Affairs highlighted the need to conduct a biodiversity study before any further work could be undertaken on the site. The project has been rolled-over to the 2015/16 FY to allow for the biodiversity study to be concluded.				
: INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD										
Deviation = 0% (Target reached)										
Negative deviation = - %										
Positive										
Full compliance: 0% deviation										
Under-performance: -% deviation										
Over-performance: +% deviation										

Organisational Performance Scorecard

FRANCES BAARD DISTRICT MUNICIPALITY										
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2014/15										
ANNUAL PERFORMANCE REPORT FOR 2014/15										
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT/ 4TH QUARTER (01 JULY 2014 TO 30 JUNE 2015)										
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)		Baseline	Annual targets	Unit of measure	Verification PoE	Quarterly Target (4th Qtr.)	Actual performance	% Deviation	REASON(S) FOR DEVIATION
	3.9 Geographical Information System (GIS).									
39	Percentage implementation of GIS shared services in the district for the 2014/15 financial year.		Phase 2 - 100% completed	Phase 3 100%	Completed activities/% completion	Quarterly reports	100%	100.0%	0.0%	
40	Percentage accessibility to GIS as an essential management and planning tool for the 2014/15 financial year.		100%	100%	% Compliance	Quarterly reports	100%	100.0%	0.0%	
4. GOOD GOVERNANCE AND PUBLIC PARTICIPATION.										
4.1 Communication.										
41	Number of communication activities implemented in order to sustain a positive public opinion about service delivery in the district for the 2014/15 financial year.		32 Activities completed 100%	7 Activities completed 100%	Number activities completed % progress	Monthly & quarterly reports	7 / 100%	6 / 84,1%	-15.8%	Inefficiencies in the implementation of CF's monitoring system. Challenges in sourcing content for newsletters.
42	Number of communication programmes facilitated to improve on the collaboration of government activities to achieve a "one message" approach in the district.		40 programmes completed 100%	2 Programmes completed 100%	Number of programmes completed % progress	Quarterly reports	2 / 100%	2 / 75,0%	-25,0%	Risks that are associated with political office bearers' ever changing schedule were not taken into consideration during the development of the community participation schedule.
43	Percentage completion and implementation of a support plan for staff morale and motivation for the 2014/15 financial year.		100%	1 / 100%	% Progress	Quarterly surveys and reports	100%	60,0%	-40,0%	Inability to adequately implement the support plan due to unforeseen and unavoidable circumstances.
44	Percentage compliance with legislative procedures and requirements regarding community participation in terms of planning, budgeting, implementation, monitoring and reporting for the 2014/15 financial year.		100%	100%	% Progress	Quarterly reports & minutes of meetings	100%	100,0%	0,0%	
4.2 Managerial Support										
45	Percentage support to FBDM management in complying with local government legislation and initiatives for the 2014/15 financial year.		100%	100%	% Compliance	Quarterly reports	100%	100,0%	0,0%	
: INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD										
Positive deviation = + %						Deviation = 0% (Target reached)			Negative deviation = - %	
Full compliance: 0% deviation						Under-performance: - % deviation			Over-performance: + % deviation	

Organisational Performance Scorecard

FRANCES BAARD DISTRICT MUNICIPALITY										
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2014/15										
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT/ 4TH QUARTER (01 JULY 2014 TO 30 JUNE 2015)										
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)	Baseline	Annual targets	Unit of measure	Verification		Quarterly Target (4th Qtr.)	Actual performance	% Deviation	REASON(S) FOR DEVIATION
					PoE	PoE				
4.2 Internal Audit.										
46	Percentage assistance and guidance regarding internal risk management processes in FBDM for the 2014/15 financial year.	0%	0% Risk = 100%	Monthly activities processed	Monthly statements and reports	100%	100%	100.0%	0.0%	
47	Percentage compliance with quarterly assessments to evaluate and contribute to the establishment of effective control processes in the district. (FBDM & LM's)	0%	100%	Monthly / quarterly I/A reports	Monthly / quarterly I/A reports	100%	100%	77.0%	-23.0%	The lack of cooperation within the shared-service model led to the non-completion of certain audits in the LM's.
48	Percentage capacity building and support regarding internal auditing within the local municipalities of the district for the 2014/15 financial year.	0%	2 L/IM's = 100%	Monthly / quarterly I/A reports	Monthly / quarterly I/A reports	100%	100%	64.0%	-36.0%	The lack of cooperation within the shared-service model led to the non-sitting of certain audit and risk committee meetings in the LM's.
5. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT.										
49	Percentage compliance in the implementation of sound financial practices for the 2014/15 financial year.	0%	100%	% Compliance	Monthly quarterly reports	100%	100%	100.0%	0.0%	
50	Percentage compliance with all financial legislative requirements and related guidelines from National Treasury for the 2014/15 financial year.	0%	100%	% Compliance	Monthly quarterly reports	100%	100%	100.0%	0.0%	
51	Percentage compliance with the requirements for debt and revenue generation for the 2014/15 financial year. (Grants)	0%	100%	% Compliance	Monthly quarterly reports	100%	100%	100.0%	0.0%	
52	Percentage compliance with the effective management of Council's financial resources for the 2014/15 financial year.	0%	100%	% Compliance	Monthly quarterly reports	100%	100%	100.0%	0.0%	
53	Percentage compliance with the legislative requirements for a sound supply chain management system and stores function in the municipality for the 2014/15 financial year.	0%	100%	% Compliance	Monthly quarterly reports	100%	100%	100.0%	0.0%	
54	Percentage compliance with the requirements for sound financial self sustained local municipalities in the district for the 2014/15 financial year.	0%	100%	% Compliance	Monthly quarterly reports	100%	100%	100.0%	0.0%	
: INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD		Deviation = 0% (Target reached) deviation = + %		Negative deviation = - %		Positive		Full compliance: 0% deviation		Over-performance: + % deviation

SUMMARY OF MUNICIPAL ANNUAL PERFORMANCE: 01 JULY - 30 JUNE 2015. (4th Quarter)		
Number of Key Performance Indicators as per the SDBIP:		
1. Targets not Measured	54	100%
2. Targets Achieved	1	1.9%
3. Targets Not Achieved	37	68.5%
4. Targets Exceeded	13	24.1%
	3	5.6%

Chapter 4

Organisational Development Performance

4.1 Introduction

Frances Baard District Municipality has a staff establishment of approximately 96 permanent positions and 40 contract positions and one temporary post. To ensure that human capital of the municipality are adequate in terms of capacity, competence and skills to be able to perform and give effect to the service delivery imperatives and developmental objectives, the municipality is periodically reviewing its human resource policies, systems, procedures and processes. The policies subjected to regular review, amongst others, relate to training and skills development, labour relations, remuneration and benefits administration.

The municipality is constantly striving to become an employer of choice amongst municipalities in the Northern Cape Province, and later, hopefully in the country. One of strategies employed to become a peer leader in this category of employers, is amongst others, the principle of generous allocation of resources towards employee education, training and development, including the procurement of related equipment and material. Consequently, about once percent (1%) of the council's annual budget has been dedicated to capacity and skills development for officials.

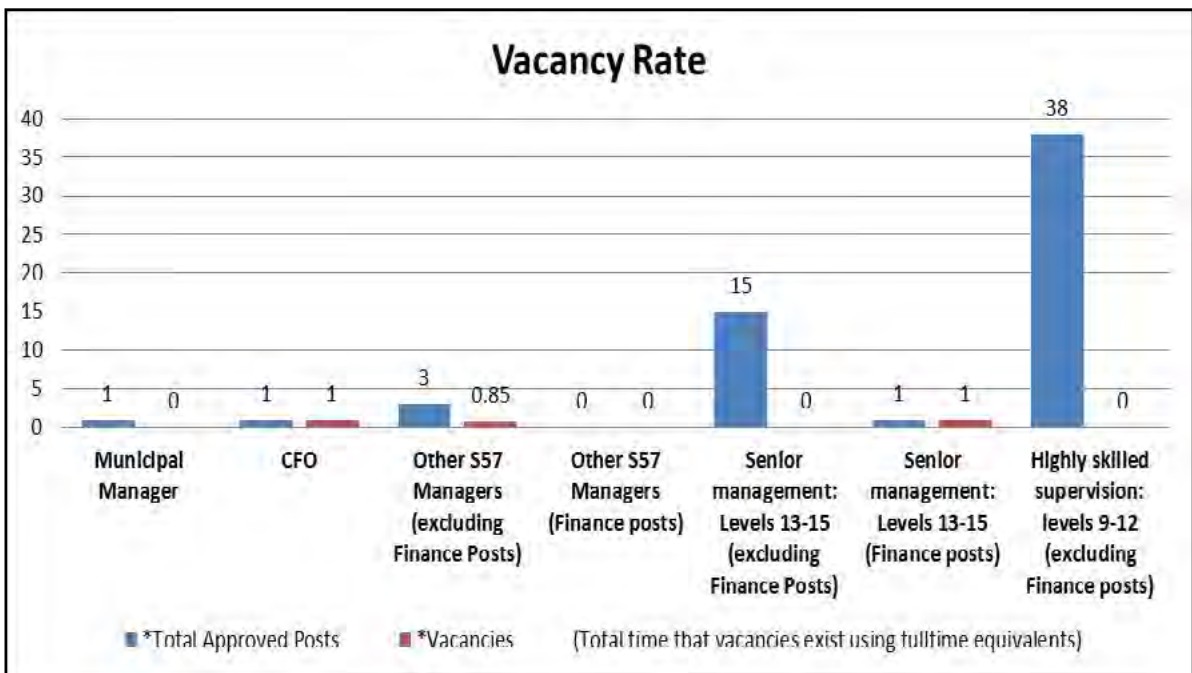
To enhance the quality of policy and decision-making, the training of the policy makers (councillors) were also identified as paramount and very crucial. The municipality deemed it appropriate to capacitate all its councillors in order to enable them to provide the kind of leadership that would propel the municipality to become a world class institution, with a clear understanding of its legal obligations and focus towards the realization of its constitutional mandate.

“These are days of special perplexity and depression, and the path of public duty is unusually rugged.”

- Grover Cleveland

Employees					
Description	2013/14	2014/15			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Housing Services	9	4	10	3	30%
Programme Management & Advisory Services	7	0	7	0	0
Town & Regional Planning Services	2	1	3	3	0%
Geographic Information System Services	2	0	2	2	0
Local Economic Development Services	23	5	23	2	8.7%
Environmental Health Services	4	0	4	0	0%
Fire Fighting & Disaster Management	10	1	10	1	10%
Executive & Council	27	0	27	0	0%
Human Resource Services	3	2	5	0	0%
ICT Services	4	1	5	0	0%
Financial Services	23	2	23	2	8.7%
Totals	114	16	119	13	11%

Vacancy Rate: 2014/15			
Designations	Total Approved Posts	Vacancies (Total time that vacancies exist using full-time equivalents)	Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	-
CFO	1	1	100%
Other S57 Managers (excluding Finance Posts)	3	0.85	28%
Other S57 Managers (Finance posts)	0	0	-
Senior management: Levels 13-15 (excluding Finance Posts)	15	0	-
Senior management: Levels 13-15 (Finance posts)	1	1	100%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	38	0	-
Highly skilled supervision: levels 9-12 (Finance posts)	7	0	-
Total	66	2.85	4.32



Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate
	No.	No.	
2012/13	30	13	43%
2013/14	12	21	175%
2014/15	27	12	44%

4.2 Managing the municipal workforce

The National Treasury Norm of 35% on Personnel Budget serves as a framework/guideline for Municipalities to implement in order to assist or curb over spending on the Workforce Budget. During 2014/2015, FBDM had exceeded the norm by 12%. This 47% (R52,806,997) includes among others the remuneration of both Councillors and Officials.

The over-expenditure on the workforce budget is attributed by the appointment of scarce and critical skills within the Municipality due to its outward looking approach by attracting and appointing highly skilled technical personnel to support the local municipalities within the district area in order to address the challenge of shortage of scarce skills / expertise such as engineers, IDP professionals, internal auditors, housing, finance related personnel, etc. as well as the annual increase 6.79% that was implemented on the 01st of July 2014 for the 2014/2015 financial year.

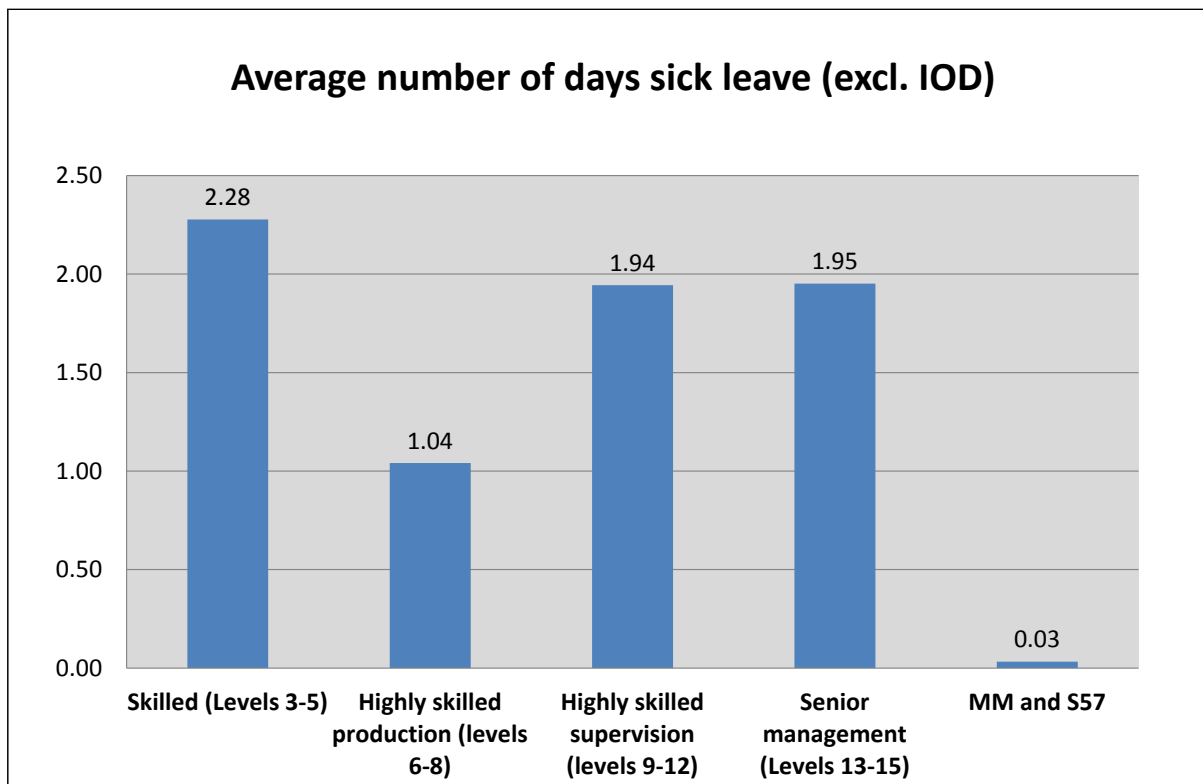
HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
All human resources policies are currently under review. The project started in February 2015 and it will be concluded in November 2015				

4.3 Injuries, sickness and suspensions

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	11	1	9.09%	2.2	1 343.62
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	11	1	9.09%	2.2	1 343.62

Number of days and cost of sick leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	**Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Skilled (Levels 3-5)	280	30%	196	18	2.28	88
Highly skilled production (levels 6-8)	128	40%	77	17	1.04	63
Highly skilled supervision (levels 9-12)	239	31%	166	36	1.94	207
Senior management (Levels 13-18)	240	23%	186	33	1.95	334
MM and S57	4	25%	3	5	0.03	14
Total	891	25%	628	109	7.24	706

* Number of employees in post at the beginning of the year
 ** Average is calculated by taking sick leave in column 2 divided by total employees in column 5



Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
None	None	None	None	None

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Grader Operator	Assault	Final written warning and deduction of salary for ten days	15 June 2015
Archive Clerk	Failure to obey lawful instruction and insolent behaviour	Final written warning	13 February 2015

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2011/12 R' 000	Proportion of beneficiaries within group %
MM and S57	Female	2	2	155 365	100%
	Male	3	3	215 702	100%
Total					
Has the statutory municipal calculator been used as part of the evaluation process ?					Yes

4.4 Capacitating the municipal workforce

Skills Matrix													
Management level	Gender	Employees in post as at 30 June 2014	Number of skilled employees required and actual as at 30 June 2013										
			Learnerships			Skills programmes & other short courses			Other forms of training			Total	
		No.	Actual: End of 2013/14	Actual: End of 2014/15	Target	Actual: End of 2013/14	Actual: End of 2014/15	Target	Actual: End of 2013/14	Actual: End of 2014/15	Target	Actual: End of 2013/14	Actual: End of 2014/15
MM and s57	Female	2	1	1	100%	0	1	2	1	0	2	2	1
	Male	2	0	0	100%	0	1	2	1	0	2	1	1
Councillors, senior officials and managers	Female	13	4	4	100%	7	0	13	12	0	13	19	4
	Male	29	3	3	100%	12	6	29	18	0	29	30	9
Technicians and associate professionals*	Female	1	1	0	100%	1	1	1	0	0	1	1	2
	Male	9	1	0	100%	7***	5	9	0	0	9	7	6
Professionals	Female	15	0	1	100%	4	2	15	0	0	15	4	3
	Male	15	0	2	100%	12	3	15	0	0	15	12	3
Sub total	Female	31	6	6	100%	12	4	31	13	0	31	26	10
	Male	55	4	5	100%	31	15	55	19	0	55	50	19
Total		86	10	11		43	19	86	32	0	86	76	29

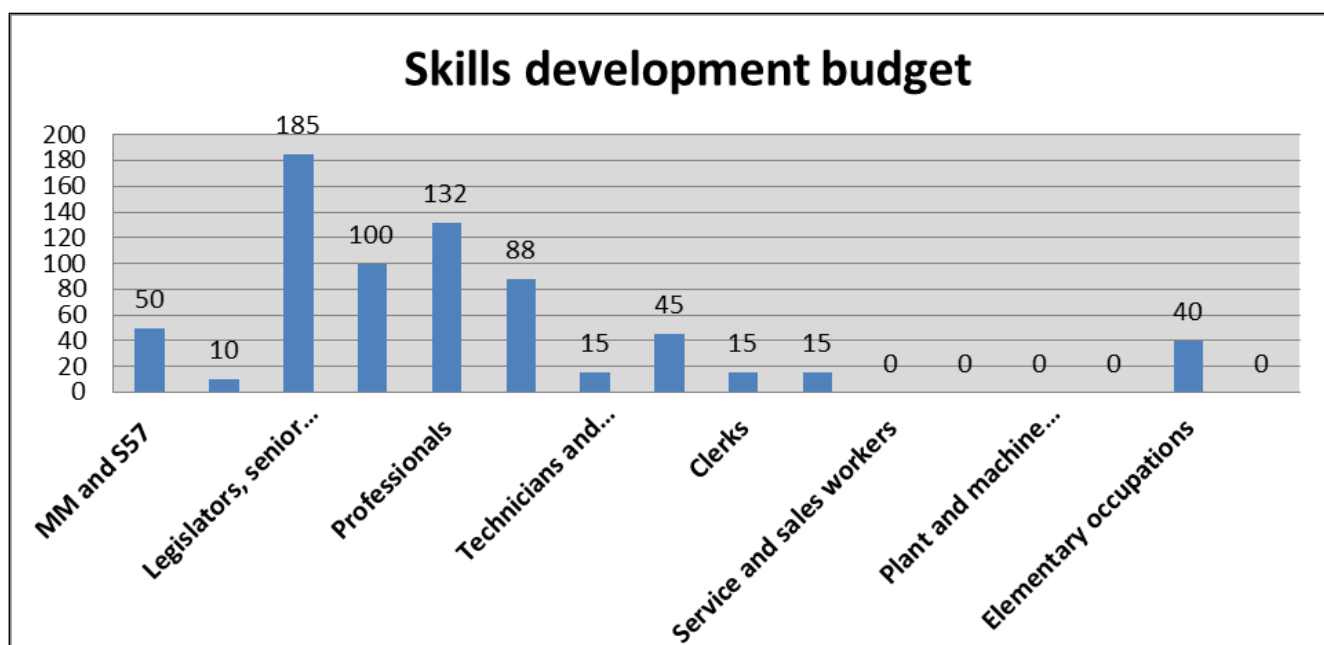
*Registered with professional Associate Body e.g CA (SA)

Frances Baard District Municipality took a conscious decision to invest in training and development for employees and councillors. This is an attempt to enable both councillors and employees to deliver to the expectation of the communities. This initiative will be done jointly with other training and development institutions e.g. LGseta, SALGA and institutions of higher learning. A further increase in the budget for training and development is an indication of the commitment shown by Council in investing in education and training.

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	0	0	0	0	0	0
Chief financial officer	1	0	1	0	0	0
Senior managers	0	0	0	0	0	0
Any other financial officials	3	0	3	0	0	0
Supply Chain Management Officials						
Heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	4	0	4	0	0	0

* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

Skills Development Expenditure R'000								
Management level	Gender	Employees as at the beginning of the financial year	Learnerships	Skills programmes & other short courses	Other forms of training	Total		
			No.	Actual	Actual	Actual	Original Budget	Actual
		MM and S57	Female	2	50	0	0	1 100
	Male	2	0	10	0	10		
Legislators, senior officials and managers	Female	13	150	35	0	185		
	Male	29	100	0	0	100		
Professionals	Female	15	100	32	0	132		
	Male	15	50	38	0	88		
Technicians and associate professionals	Female	1	0	15	0	15		
	Male	9	0	45	0	45		
Clerks	Female	16	0	15	0	15		
	Male	12	0	15	0	15		
Service and sales workers	Female	0	0	0	0	0		
	Male	0	0	0	0	0		
Plant and machine operators and assemblers	Female	0	0	0	0	0		
	Male	5	0	0	0	0		
Elementary occupations	Female	6	0	40	0	0		
	Male	6	0	0	0	0		
Sub total	Female	53	300	137	0	437		
	Male	78	150	108	0	258		
Total		131	450	245	0	1 100	695	
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.						%*		



The Workplace Skills Plan, informs the SETA what training the organisation will provide to the employees in the next 12 months. This is based on the operational requirements of the organisation, its industry and the critical skills identified by the SETA. All training that was conducted was informed by the plan developed to ensure transparency and efficiency in ensuring that the budget is sufficient to conduct such programmes.

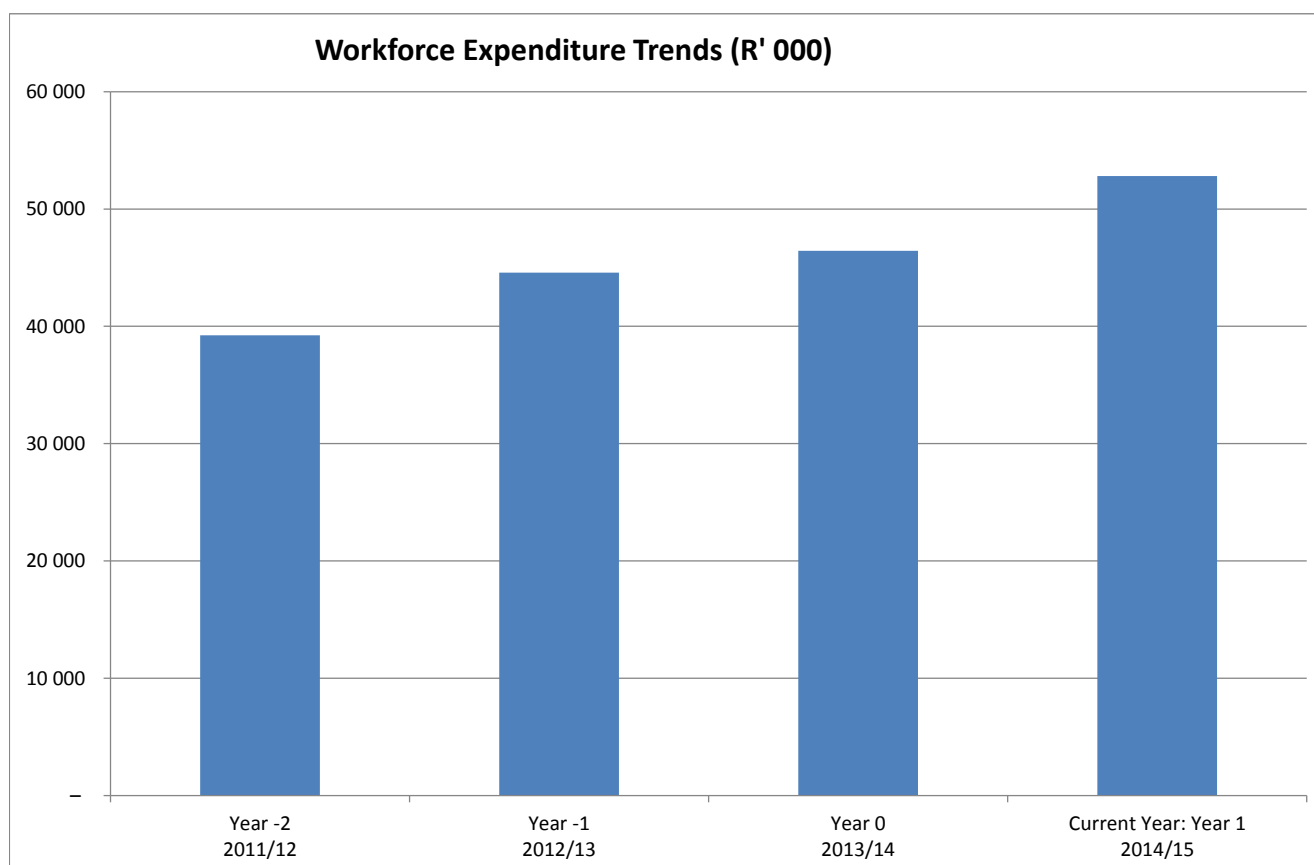
All service providers used for training are accredited and through the assessment of the impact of training 99% of training provided has positively contributed to skills, knowledge and productivity of employees. All senior managers meet the MFMA Competency Regulations. The municipal manager completed all 11 modules of the Certificate Programme in Municipal Finance Development (CPMD).

Training plans and the effectiveness of implementation.

The development of a WSP document begins with a skills audit exercise wherein employees submit their training needs for the ensuing financial year. Training needs are costed by the skills development facilitator and the budget office for accuracy before it is included in the final WSP document.

4.5 Managing the workforce expenditure

Unplanned training needs result in an overspending of the training budget and the only way to control unplanned expenditure is by adhering to the original training needs submitted during the skills audit exercise. Within the training budget there is a percentage of the budget that is set aside to cover unforeseen recruitment caused by staff turnover. Every three months each HOD must assess the impact of training to determine value for money.



The district municipality exceeded the 35% norm for employee cost due to its outward looking approach by attracting and appointing highly skilled / dedicated personnel to support the local municipalities in the district area in order to address the challenge of scarce skills / expertise such as engineers, IDP professionals, internal auditors, human resources practitioners, finance related personnel, etc.

Number of employees whose salaries were increased due to their positions being upgraded		
Beneficiaries	Gender	Total
Lower skilled (TASK 1- 3)	Female	None
	Male	None
Skilled (TASK 4 - 8)	Female	None
	Male	None
Highly skilled production (TASK 9 - 13)	Female	None
	Male	None
Highly skilled supervision (TASK 14 -18)	Female	None
	Male	None
Senior management (TASK 19 - 26)	Female	None
	Male	None
MM and S57	Female	None
	Male	None
Total		0

Employees whose salary levels exceed the grade determined by job evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	None	None	None	None

There are no salary levels exceeding the grading determined by job evaluation. The fact that TASK grades are between 8 - 12 scales in a salary bracket have afforded an opportunity to accommodate those who were at the top notches of their salaries pay progressions. Employees who are 'contractual to holder' cannot be categorised as having salaries exceeding the grade determined by job evaluation.

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. Appointed	Reason for appointment when no established post exist
None	None	None	None	None

Chapter 5

Financial Performance

5.1 Introduction

The efficient, effective and transparent financial management system, as regulated by the Municipal Finance Management Act, has been implemented fully by the municipality to ensure financial sustainability. The financial position of the district municipality remains good and its cash flow is well managed to meet its current financial obligations and in the near future. The district municipality has a good ability to repay its debt in the short to medium term.

The municipality has not overspent during the 2014/15 financial years on the final approved operating expenditure budget and the percentage under-spending on the final approved capital budget is under 43%. Creditor-payment period was 44.1 days and the debtor-collection period (before impairment) was 68.8 days while the debtor-collection period (after impairment) was 68.8 days. A deficit for the year was realised (total expenditure exceeded total revenue) while a net current liability position was not realised (total current liabilities exceeded total current assets).

The percentage of PPE and/or intangible assets impaired is 0% and the year-end bank balance was favourable. The net cash flows for the year from operating activities were positive. Cash and cash equivalents as a percentage of operating expenditure were 77.5%. Creditors as a percentage of cash and cash equivalents was 13.2% while current liabilities as a percentage of net cash inflows for the year from operating activities was 553.1%.

Non-current liabilities (long-term debt) as a percentage of net cash inflows for the year from operating activities were 164.10%. Employee benefit obligation as a percentage of net cash inflows for the year from operating activities was 653.0% and the percentage under-spending of conditional grants received for the year was 1.2%

The overall results of the above financial indicator evaluation for the 2014/15 financial year was favourable. The district municipality remains committed to support and build the capacity of its local municipalities within the district to meaningfully perform their functions and exercise their powers. Despite the global economic downturn experienced at the moment and the ripple effect it might have on local government to deliver in terms of its mandate, the district municipality is under severe pressure to allocate more resources as supplementary funding in an effort to protect the poor from the worst economic effects.

The district municipality manages to maintain focus on key service delivery areas as per the service delivery & budget implementation plan by supporting its local municipalities by spending 40% of its total operating expenditure on infrastructure, maintenance and social related projects in their municipal jurisdiction, regardless of its 100% grant dependency.

“Public service must be more than doing a job efficiently and honestly. It must be a complete dedication to the people and to the nation.”

- Margaret Chase Smith

5.2 Statement of financial performance

Financial Summary						
R' 000						
Description	2013/14	Current Year: 2014/15			2014/15 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Financial Performance						
Property rates	–	–	–	–	0.0%	%
Service charges	–	–	–	–	0.0%	%
Investment revenue	5 841	5 673	5 673	6 882	17.57%	17.57%
Transfers recognised - operational	95 053	101 083	102 898	102 395	1.28%	-0.49%
Other own revenue	1 184	1 236	1 236	1 124	-9.91%	-9.91%
Total Revenue (excluding capital transfers and contributions)	102 078	107 992	109 807	110 402	2.18%	0.54%
Employee costs	41 012	54 388	54 410	47 113	-15.44%	-15.49%
Remuneration of councillors	5 424	6 055	6 055	5 691	-6.40%	-6.40%
Depreciation & asset impairment	4 050	5 380	5 380	3 769	-42.74%	-42.74%
Finance charges	2 300	2 854	2 854	2 381	-19.86%	-19.86%
Materials and bulk purchases	3 376	5 245	5 324	3 254	-61.18%	-63.61%
Transfers and grants	33 666	42 973	41 803	37 276	-15.28%	-12.14%
Other expenditure	12 582	15 736	18 063	13 385	-17.56%	-34.95%
Total Expenditure	102 411	132 631	133 888	112 869	-17.51%	-18.62%
Surplus/(Deficit)	(333)	(24 639)	(24 081)	(2 467)	-898.58%	-875.99%
Transfers recognised - capital						
Contributions recognised - capital & contributed assets						
Surplus/(Deficit) after capital transfers & contributions	(333)	(24 639)	(24 081)	(2 467)	-898.58%	-875.99%
Share of surplus/ (deficit) of associate					–	–
Surplus/(Deficit) for the year	(333)	(24 639)	(24 081)	(2 467)	-898.58%	-875.99%
Capital expenditure & funds sources						
Capital expenditure	2 553	5 340	5 845	2 125	-151.34%	-175.12%
Transfers recognised - capital	–	–	–	–	0.00%	0.00%
Public contributions & donations	–	–	–	–	0.00%	0.00%
Borrowing	–	–	–	–	0.00%	0.00%
Internally generated funds	2 553	5 340	5 845	2 125	-151.34%	-175.12%
Total sources of capital funds	2 553	5 340	5 845	2 125	-151.34%	-175.12%

Financial Summary							R' 000
Description	2013/14	Current Year: 2014/15			2014/15 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
Financial Performance							
Financial position							
Total current assets	96 192	85 360	87 463	97 164	12.15%	9.98%	
Total non current assets	56 583	57 105	57 613	53 259	-7.22%	-8.18%	
Total current liabilities	15 921	12 786	12 786	22 579	43.37%	43.37%	
Total non current liabilities	33 232	29 685	29 685	33 379	11.07%	11.07%	
Community wealth/Equity	103 623	99 995	102 606	94 465	-5.85%	-8.62%	
Cash flows							
Net cash from (used) operating	8 832	(8 285)	(6 906)	4 082	302.95%	269.17%	
Net cash from (used) investing	(3 017)	(4 482)	(4 656)	(2 927)	-53.12%	-59.06%	
Net cash from (used) financing	(1 445)	(1 606)	(1 606)	(1 607)	0.06%	0.06%	
Cash/cash equivalents at the year end	87 934	82 960	84 165	87 483	5.17%	3.79%	
Cash backing/surplus reconciliation							
Cash and investments available	92 334	82 960	84 165	87 483	5.17%	3.79%	
Application of cash and investments	14 079	37 162	37 162	4 082	-810.31%	-810.31%	
Balance - surplus (shortfall)	78 255	45 798	47 003	83 400	45.09%	43.64%	
Asset management							
Asset register summary (WDV)	40 069	47 431	47 939	43 824	-8.23%	-9.39%	
Depreciation & asset impairment	4 050	5 380	5 380	3 630	-48.20%	-48.20%	
Renewal of Existing Assets	1 289	1 686	1 710	3 250	0.00%	47.38%	
Repairs and Maintenance	3 376	5 245	5 324	3 250	0.00%	-63.81%	
Free services							
Cost of Free Basic Services provided	-	-	-	-	-	-	
Revenue cost of free services provided	-	-	-	-	-	-	
Households below minimum service level							
Water:	-	-	-	-	-	-	
Sanitation/sewerage:	-	-	-	-	-	-	
Energy:	-	-	-	-	-	-	
Refuse:	-	-	-	-	-	-	

Financial Performance of Operational Services						
						R '000
Description	2013/14	2014/15			2014/15 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	–	–	–	–	–	–
Waste Water (Sanitation)	–	–	–	–	–	–
Electricity	–	–	–	–	–	–
Waste Management	–	–	–	–	–	–
Housing	(2 487)	(5 921)	(4 484)	(3 437)	-72.30%	-30.47%
Component A: sub-total	(2 487)	(5 921)	(4 484)	(3 437)	-72.30%	-30.47%
Waste Water (Stormwater Drainage)	–	–	–	–	–	–
Roads	–	–	–	–	–	–
Transport	–	–	–	–	–	–
Component B: sub-total	–	–	–	–	–	–
Planning	(31 407)	(46 736)	(45 907)	(38 904)	-20.13%	-18.00%
Local Economic Development	–	–	–	–	–	–
Component B: sub-total	(31 407)	(46 736)	(45 907)	(38 904)	-20.13%	-18.00%
Planning (Strategic & Regulatory)	–	–	–	–	–	–
Local Economic Development	–	–	–	–	–	–
Component C: sub-total	–	–	–	–	–	–
Community & Social Services	(3 805)	(4 745)	(5 099)	(4 084)	-16.17%	-24.83%
Environmental Protection	1 017	149	308	648	76.99%	52.38%
Health	–	–	–	–	–	–
Security and Safety	–	–	–	–	–	–
Sport and Recreation	–	–	–	–	–	–
Corporate Policy Offices and Other	38 623	32 599	31 085	43 310	24.73%	28.23%
Component D: sub-total	35 836	28 003	26 295	39 873	29.77%	34.05%
Total Expenditure	1 942	(24 654)	(24 096)	(2 467)	-899.33%	-876.73%

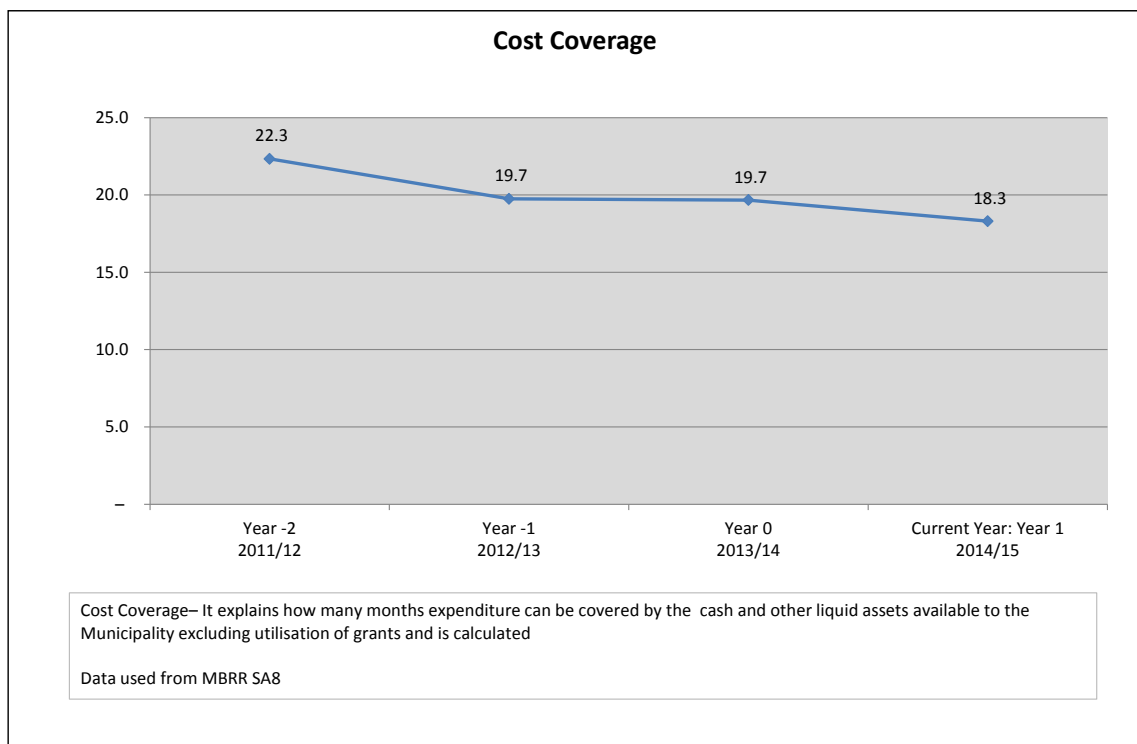
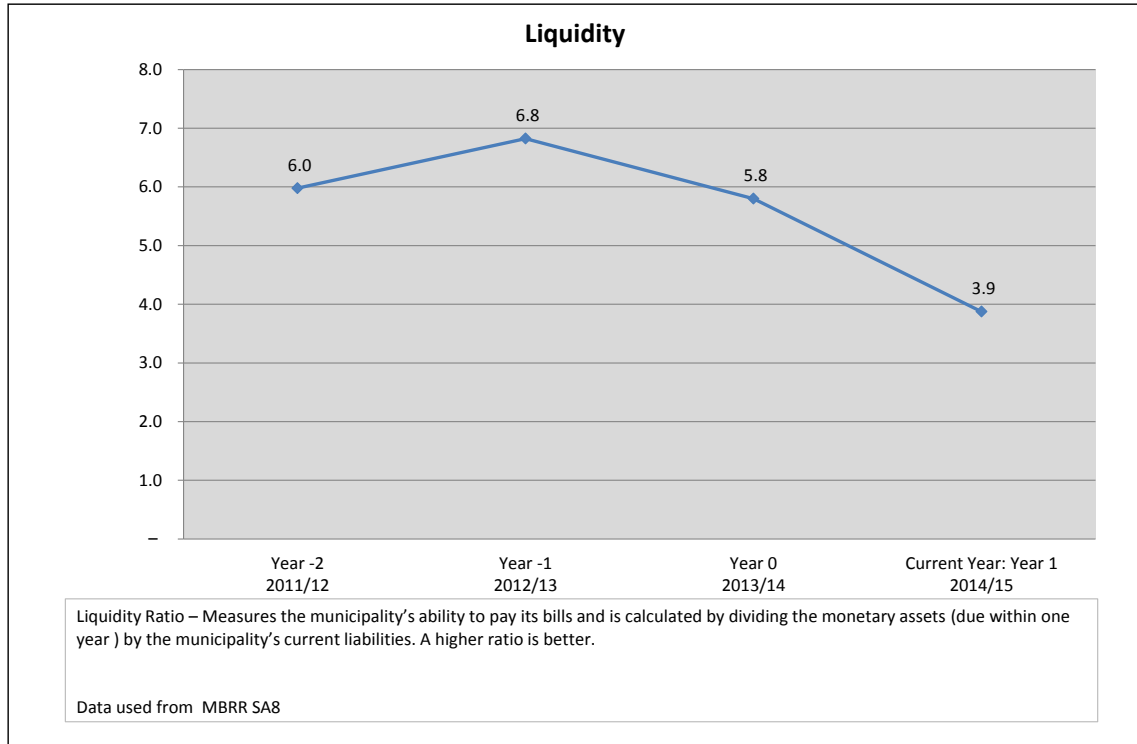
5.3 Grants

Grant Performance							R' 000
Description	2012/13	2013/14			2013/14 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
Operating Transfers and Grants							
National Government:	95 601	99 612	99 612	100 618	1.00%	1.00%	
Equitable share	93 461	97 428	97 428	97 428	0.00%	0.00%	
Municipal Systems Improvement	890	934	934	934	0.00%	0.00%	
Department of Water Affairs	–	–	–	–	–	–	
Finance Management Grant	1 250	1 250	1 250	1 250	0.00%	0.00%	
MIG	–	–	–	–	–	–	
Extended Public Works Programme	–	–	–	1 006	0.00%	0.00%	
Provincial Government:	1 692	480	1 860	2 787	82.78%	82.78%	
Housing	1 000	–	1 380	1 380	100.00%	0.00%	
NC Tourism - Contribution Tourism Month	–	–	–	200	0.00%	0.00%	
EPWP	–	–	–	–	0.00%	0.00%	
District Aids Council	–	–	–	500	100.00%	100.00%	
NEAR Control Centre	300	315	315	315	-100.00%	-100.00%	
NCPA Firefighting Equipment	300	–	–	315	-100.00%	-100.00%	
SETA - Skills Grant	92	165	165	77	-114.02%	-114.02%	
NCPA EPWP: DMA Bush Clearance	–	–	–	–	–	–	
NCPA Environmental Health Recycling Project	–	–	–	–	–	–	
District Municipality:	–	–	–	–	–	–	
Other grant providers:	15	15	15	–	0	0	
Koopmansfontein Electricity Self-build Scheme	–	–	–	–	100.00%	100.00%	
ABSA	15	15	15	–	100.00%	100.00%	
Total Operating Transfers and Grants	97 308	100 107	101 487	103 405	0.03	0.03	

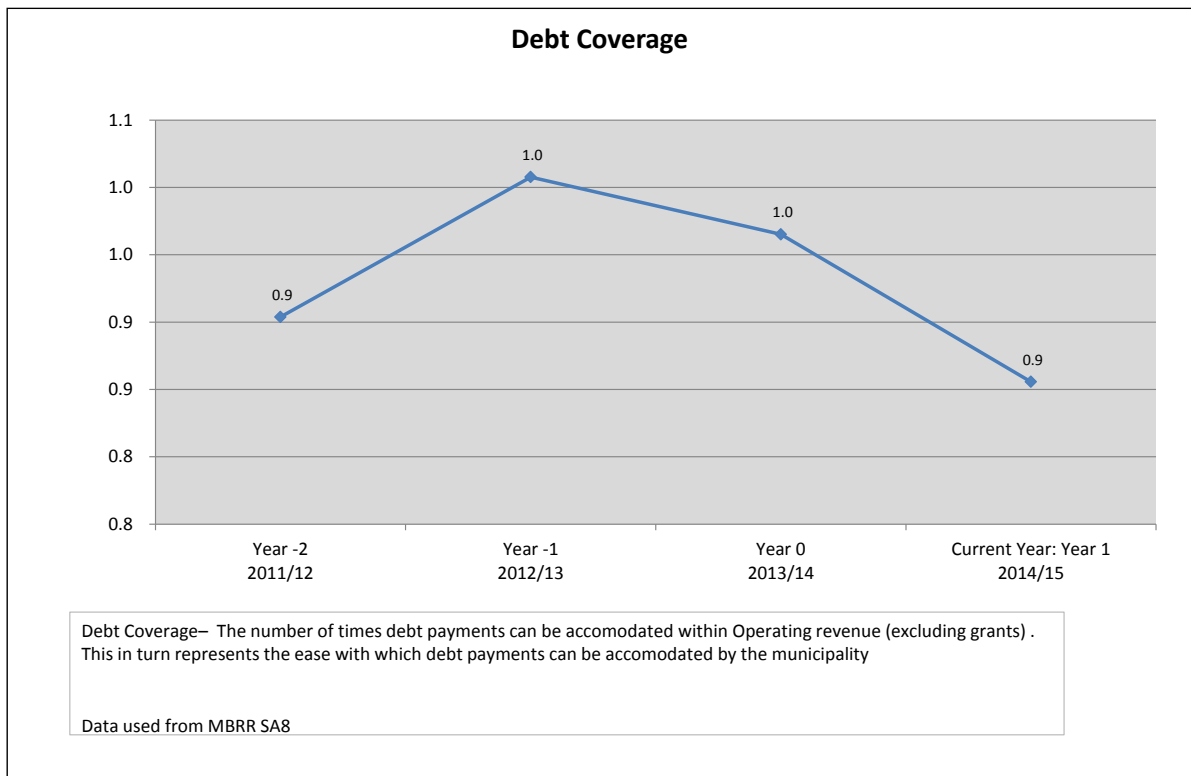
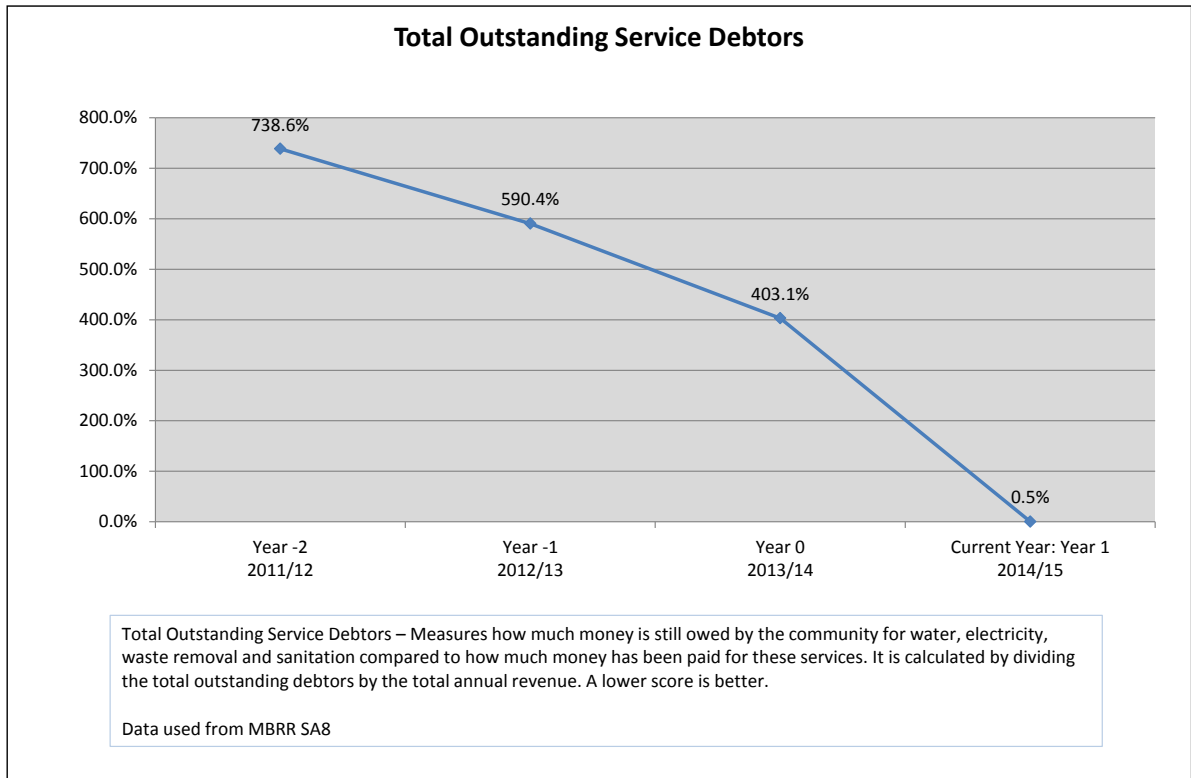
Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant 2013/14	Actual Grant 2014/15	2014/15 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
NCPA - Housing Accreditation Grant	1 000 000	1 380 000	3 490 456	Ongoing	Ongoing	To enable the district municipality to obtain full accreditation to administer national housing programmes in terms of the delegation of functions from Department of Cooperative Governance, Human Settlements & Traditional Affairs.
SETA - Skills Grant	91 853	77 097	165 000	30 June 2015	Ongoing	To be used for training and capacity building of employees as per approved Skills Work Plan.
Private Sector / Organisations						
ABSA		15 000	-	30 June 2015	30 June 2015	Private contribution to fund commemorative day celebrations

Repair and Maintenance Expenditure: 2014/15				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	5 245	5 324	3 254	63.61%

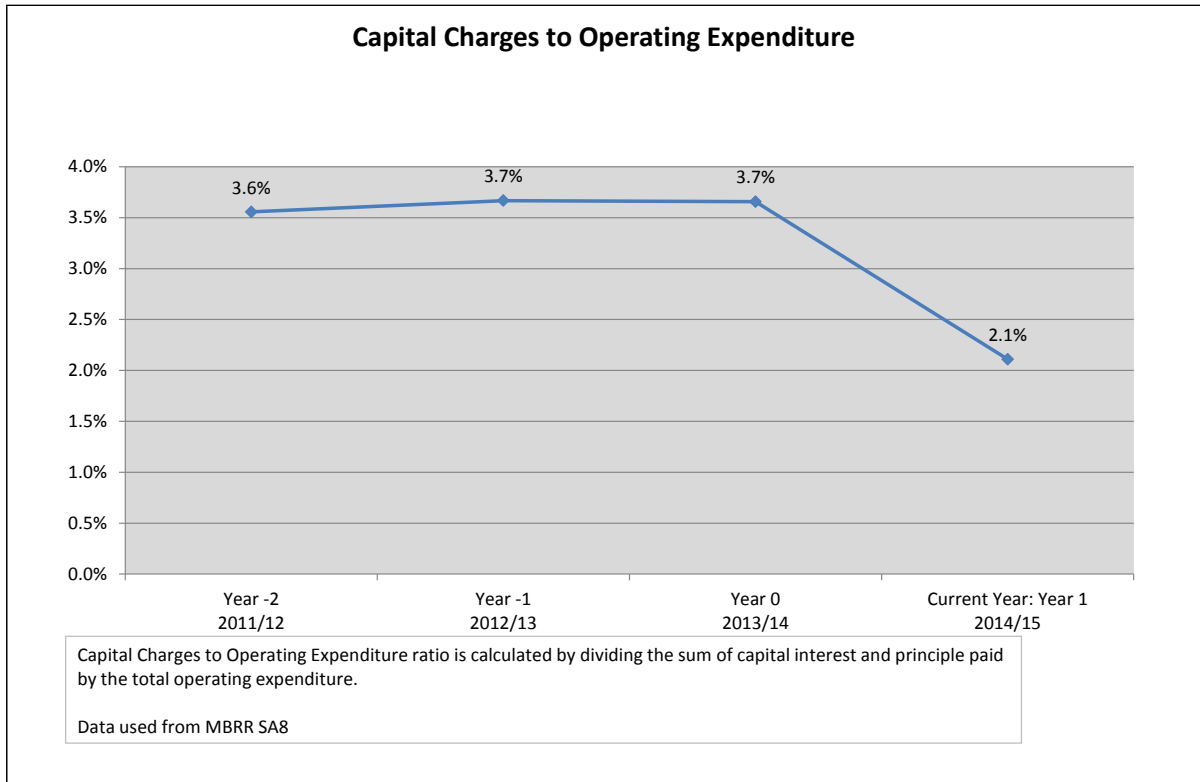
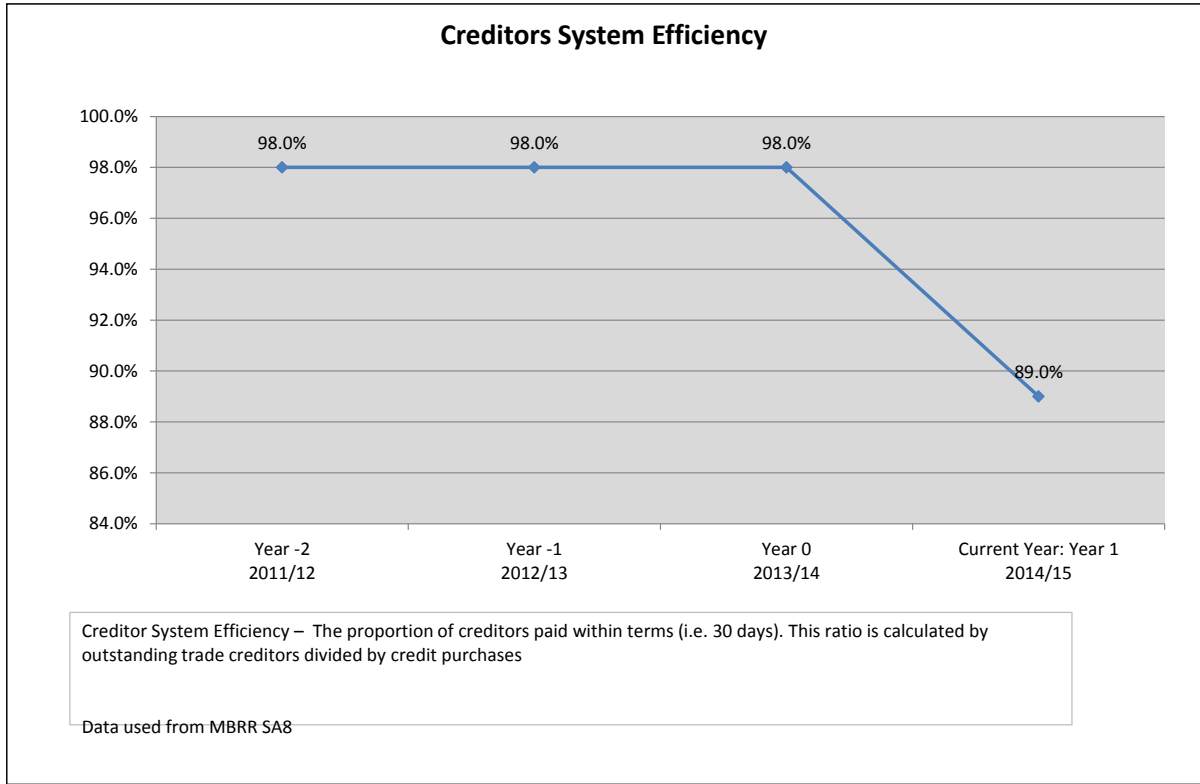
5.4 Financial ratios based on key performance indicators



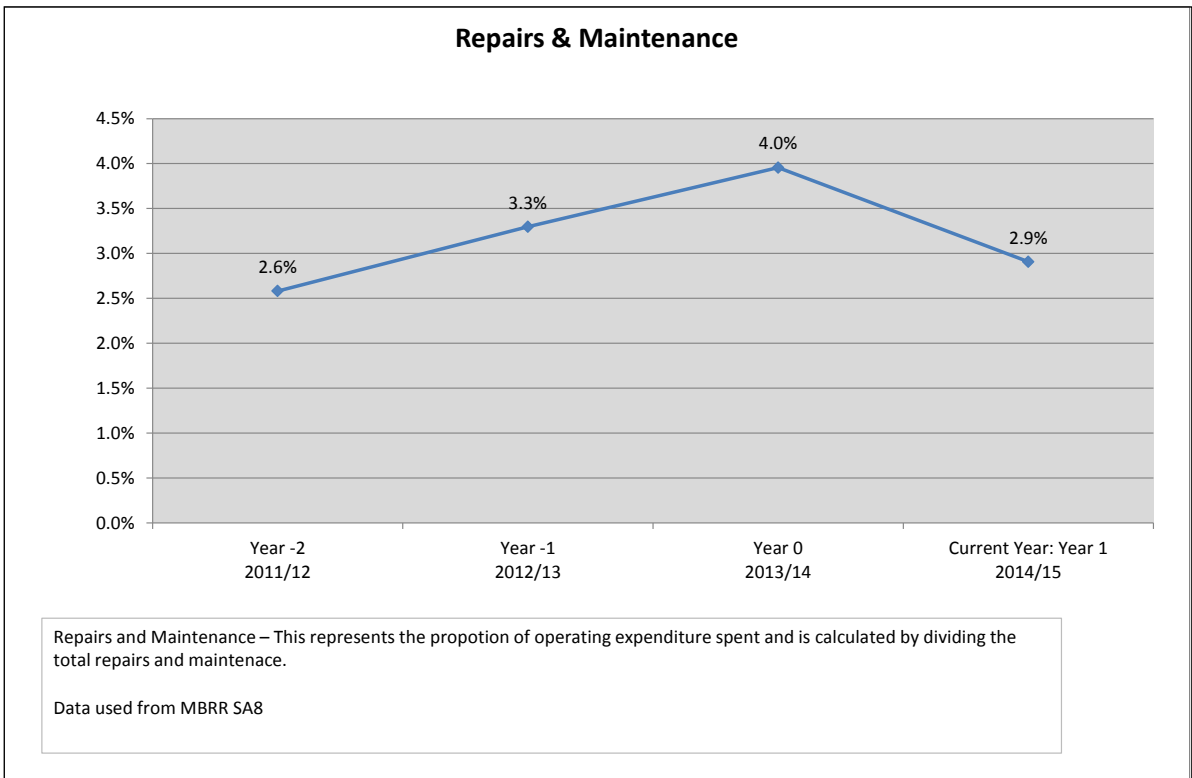
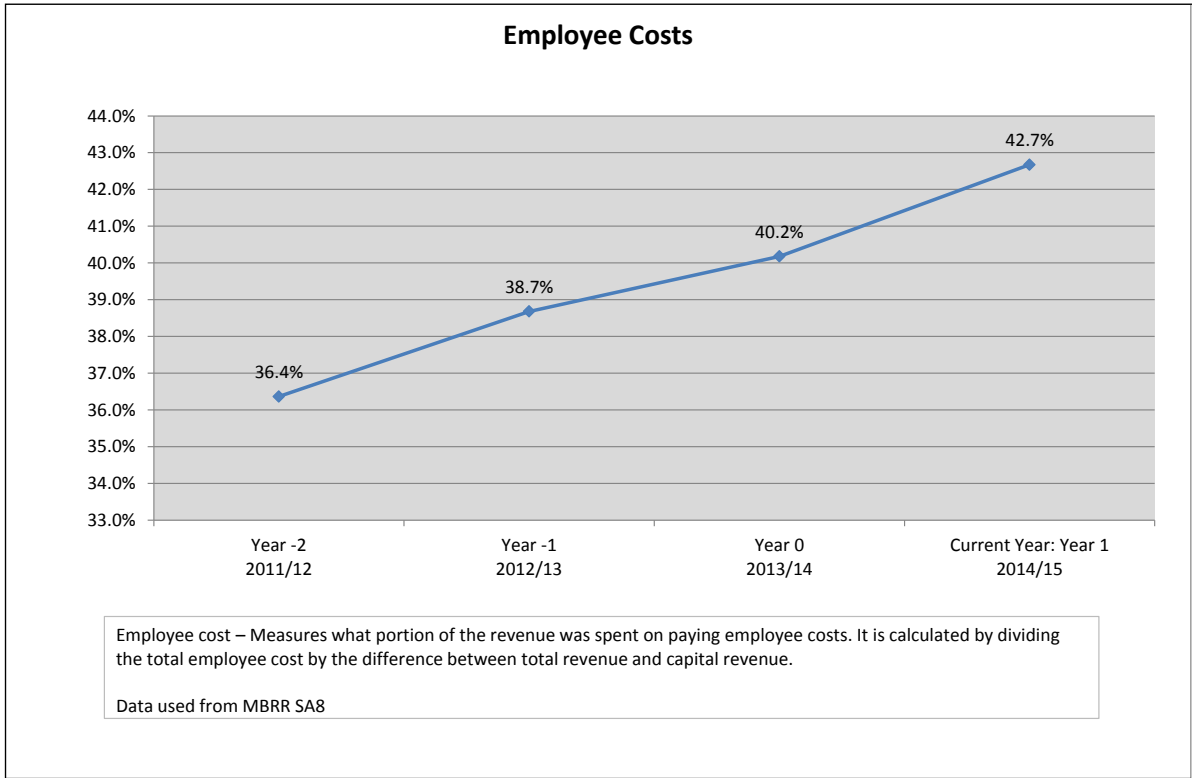
Financial ratios based on key performance indicators



Financial ratios based on key performance indicators



Financial ratios based on key performance indicators



Financial viability and sustainability is one of the key performance areas as determined in the IDP. In order to ensure that the district municipality maintains a healthy financial position, appropriate financial ratios, benchmarks are used to assist the district municipality in assessing its financial wealth. For instance the liquidity ratio indicates the extent to which assets can be translated into cash in the short term to cover the claims of short term creditors. The norm is about 1.50:1 and according to the above mentioned ratio of the district municipality it reflects above the norm which is an indication that the district municipality did not experience any cash flow problems and / or is not expected to experience any cash flow problem over the short term.

5.5 Cash flow management and investments

Council's cash and investments to the amount of R92,3m reflect an increase of R4,9m compared to the previous financial year. The district municipality does have adequate cash available to meet its operating requirements with cash coverage of at least three months of the average operational expenditure as per National Treasury guidelines.

Cash Flow Outcomes				
R'000				
Description	2013/14	Current Year: 2014/15		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flow from operating activities				
Receipts				
Ratepayers and other	2 243	145	145	39
Government - operating	95 072	101 083	102 463	103 405
Government - capital	–	–	–	–
Interest	5 841	5 673	5 673	6 882
Dividends	–	–	–	–
Payments				
Suppliers and employees	(58 357)	(74 941)	(76 113)	(67 916)
Finance charges	(2 300)	(1 569)	(1 569)	(1 052)
Transfers and Grants	(33 666)	(38 676)	(37 505)	(37 276)
Net cash from/(used) operating activities	8 832	(8 285)	(6 906)	4 082
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	1	57	57	10
Decrease (Increase) in non-current debtors	136	–	–	–
Decrease (increase) other non-current receivables	–	–	–	38
Decrease (increase) in non-current investments	(600)	–	–	(850)
Payments				
Capital assets	(2 553)	(4 539)	(4 713)	(2 125)
Net cash from/(used) investing activities	(3 017)	(4 482)	(4 656)	(2 927)
Cash flows from financing activities				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–
Payments				
Repayment of borrowing	(1 445)	(1 606)	(1 606)	(1 556)
Net cash from/(used) financing activities	(1 445)	(1 606)	(1 606)	(1 556)
Net increase/ (decrease) in cash held	4 370	(14 373)	(13 168)	(452)
Cash/cash equivalents at the year begin:	83 564	97 333	97 333	87 934
Cash/cash equivalents at the year end:	87 934	82 960	84 165	87 483

5.6 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 will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.”

Accounting principles and policies applied in the financial statements

- **Basis of preparation**

The approach by the district municipality is not to wait till the very last moment to adopt and implement new GRAP interpretations / directives issued by the Accounting Standards Board (ASB) but rather to start early by implementing any new developments and amendments issued.

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

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

The standards are summarised as follows:

GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 101	Agriculture
GRAP 102	Intangible assets

IGRAP 1	Applying the probability test on initial recognition of exchange revenue
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC102)	Income Taxes
IAS 19 (AC116)	Employee Benefits
SIC – 21 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC449)	Hedges in a Net Investment in a Foreign Operation

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

Standard	Description	Effective Date
GRAP 1 (Revised)	Presentation of Financial Statements	1 April 2011
GRAP 2 (Revised)	Cash Flow Statements	1 April 2011
GRAP 3 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2011
GRAP 4 (Revised)	The Effects of changes in Foreign Exchange Rates	1 April 2011
GRAP 9 (Revised)	Revenue from Exchange Transactions	1 April 2011
GRAP 10 (Revised)	Financial Reporting in Hyperinflationary Economics	1 April 2011
GRAP 11 (Revised)	Construction Contracts	1 April 2011
GRAP 12 (Revised)	Inventories	1 April 2011
GRAP 13 (Revised)	Leases	1 April 2011
GRAP 14 (Revised)	Events after the reporting date	1 April 2011
GRAP 16 (Revised)	Investment Property	1 April 2011
GRAP 17 (Revised)	Property, Plant and Equipment	1 April 2011

Standard	Description	Effective Date
GRAP 19 (Revised)	Provisions, Contingent Liabilities and Contingent Assets	1 April 2011
GRAP 21	Impairment of non-cash-generating assets	1 April 2012
GRAP 23	Revenue from Non-Exchange Transactions	1 April 2012
GRAP 26	Impairment of cash-generating assets	1 April 2012
GRAP 100 (Revised)	Non-current Assets held for Sale and Discontinued Operations	1 April 2011

The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 25	Employee Benefits	Unknown
GRAP 104	Financial Instruments	Unknown

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

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

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP. The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated.

The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards (Refer to correction of error note as transitions was not utilised in the prior year):

- GRAP 12 – Inventories
- GRAP 16 – Investment Property
- GRAP 17 – Property, Plant and Equipment
- GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets
- GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations
- GRAP 102 – Intangible Assets

In terms of Directive 7:

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

Standards, amendments to standards and interpretations issued but not yet effective

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

Standard	Description	Effective Date
GRAP 6 (Revised)	Consolidated and Separate Financial Statements No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 7 (Revised)	Investments in Associate No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 8 (Revised)	Interest in Joint Ventures No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 18	Segment Reporting Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 24	Presentation of Budget Information in Financial Statements Information to a large extent is already included in the notes to the annual financial statements.	1 April 2012
GRAP 103	Heritage Assets No adjustments are necessary as the Municipality has no heritage assets.	1 April 2012
GRAP 105	Transfer of Functions Between Entities Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 106	Transfer of Functions Between Entities Not Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 107	Mergers No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown

However the above-mentioned standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

Chapter 6

Auditor-General Audit Findings

Introduction

The district municipality remains committed to a clean administration and as a result the municipality received an unqualified audit opinion with no matters of emphasis aligned with the National Government's strategic objectives.

Key controls have been improved to address the weaknesses raised by the Auditor-General in the management report in order to maintain the status quo.

“Public service must be more than doing a job efficiently and honestly. It must be a complete dedication to the people and to the nation.”

- Margaret Chase Smith

Auditor-General opinion of financial statements 2013/14

The district municipality achieved an unqualified audit opinion with no findings aligned with the National Government's strategic objectives.

Auditor-General Report on Financial Performance 2013/14	
Audit Report Status*:	Unqualified audit opinion with no matters
Non-Compliance Issues	Remedial Action Taken
None	None
Note:*The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)	

Auditor-General opinion of financial statements 2014/15

The district municipality achieved an unqualified audit opinion with no findings aligned with the National Government's strategic objectives.

The comprehensive audit report for the financial year under review is included in Volume II as part of the financial statements.

Auditor-General Report on Financial Performance 2014/15	
Audit Report Status*:	Unqualified audit opinion with no matters
Non-Compliance Issues	Remedial Action Taken
None	None
Note:*The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)	

Comments on MFMA section 71 responsibilities:

Section 71 of the MFMA requires municipalities to submit financial performance reports monthly to the National Treasury at specified intervals throughout the year. The reports were sent to National Treasury as per the reporting requirements.

Signed (Acting Chief Financial Officer)



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Date: 30 November 2015

Glossary

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation

Glossary

Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution’s strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality’s delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a “vote” as: a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes <i>of the department or functional area concerned</i>

APPENDICES

Appendix A - Councillors; Committee Allocation & Council Attendance

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Apologies for non-attendance	Percentage Council Meetings Attendance
	FT/PT			%	%
C J S Adams	PT	Social Development	PR	100	0
A Boqo	PT	Social Development	Sol Plaatje	17	84
O C Fourie	PT	Planning & Development	Sol Plaatje	17	84
E K Hale	PT	Planning & Development	Sol Plaatje	9	92
W Johnson	FT	Finance	PR	17	84
M Kaars	PT	Social Development	PR	17	84
G R Kok	PT	Policy & Institutional Development	PR	0	100
G. Koopman	PT	Planning & Development	Sol Plaatje	17	84
B M Maribe	FT	Planning & Development	PR	0	100
P J Nel	PT	Policy & Institutional Development	Phokwane	66	34
P R Molefi	FT	Social Development	PR	25	75
M M Moloji	FT		PR	34	66
A O Moremong	PT	Policy & Institutional Development	Phokwane	58	42
Z J Mpampi	PT	Infrastructure Development	Sol Plaatje	92	8
K G Mthukwane	PT	Policy & Institutional Development	Sol Plaatje	17	83
L. Steyn	PT	Infrastructure Development	Sol Plaatje	33	67
T Nicholas	FT	Planning & Development	PR	8	92
M I Pholoholo	PT	Infrastructure Development	PR	42	58
K Rifles	FT	Policy & Institutional Development	Dikgatlong	50	50
M B Silingile	FT	Infrastructure Development	PR	50	50
J Smit	PT	Finance	PR	8	92
B Springbok	PT	Finance	Sol Plaatje	17	83
E Tsimakwane	PT	Social Development	Sol Plaatje	0	100
D J P van der Merwe	PT	Finance	Sol Plaatje	42	58
P J Vorster	PT	Infrastructure Development	Sol Plaatje	8	92
S Witkoei	PT	Finance	Dikgatlong	75	25
V B Ximba	PT	Infrastructure Development	Magareng	17	83

Appendix B - Committees & Committee Purposes

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Finance Committee	To deal with all financial matters
Planning and Development Committee	To deal with planning and development matters such as Spatial Planning, IDP, GIS, LED
Infrastructure Development Committee	To deal with infrastructure matters, both new and maintenance of existing infrastructure
Policy and Institutional Development Committee	To deal with all council policies and consider reports on matters such as HR and ICT
Social Development Committee	To deal with social matters and consider reports on environmental health and housing

Appendix C - Functions of Municipality

Municipal Functions	
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*
Constitution Schedule 4, Part B functions:	
Air pollution	Yes
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	No
Fire fighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	Yes
Municipal public transport	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Yes
Trading regulations	No
Water and sanitation services limited to potable water supply systems and domestic wastewater and sewage disposal systems	Yes
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	No
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	No
Control of public nuisances	No
Control of undertakings that sell liquor to the public	No
Facilities for the accommodation, care and burial of animals	No
Fencing and fences	No
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	No
Local amenities	No
Local sport facilities	No
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	No
Municipal roads	No
Noise pollution	Yes
Pounds	No
Public places	No
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	No
Street lighting	No
Traffic and parking	No

Appendix D - Recommendations of the Municipal Audit Committee 2014/15

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2014/15	Recommendations adopted (enter Yes) If not adopted (provide explanation)
2014/08/20	Assets were written below the residual value in the previous years and this should not be practiced regularly.	The recommendations has been implemented.
	In addition, these should be recalculated to ensure that the reported information is accurate.	
	If there is nothing to report on with regards to changes in accounting policy, GRAP 25 states that if there is no note or comparative figure, the municipality must make statement that there was no change in policy or comparative figure	
	Under note 37.1 a narration must be made of the early payment and the discount received should be highlighted in terms of GRAP 9 to avoid confusion, even though the figure is not material.	
	The figure of non-current assets held for sale must be revisited because this amount can raise a material omission on the AFS.	
	There is a missing figure on note 4.3 and must be indicated.	
2014/11/27	The information provided by the municipality was reliable and submitted on time to audit team.	The audit committee commented favourably on the draft management report.
	The work performed by the internal audit on pre-determined objectives was exceptional.	
	During the audit, Auditor General raised 36 findings of which 5 were on pre-determined objectives but most of those findings were cleared.	
	When it comes to unqualified audit report without other matters, there must be a high level review that is performed by the signatory of the report which is Business Executive (NC :BE)	
2015/03/02	The draft annual report be submitted to the audit & risk committee before submission to council.	The recommendations have been implemented.
	The recommendations of the committee be reviewed by the oversight committee and MPAC.	
	The municipality should explain the context of the relationship with local municipalities to clarify the role of the district municipality and the nature of support provided to local municipalities and there reason thereof.	
2015/06/01	The draft policy on allocation of funding of capital and O&M projects to local municipalities should be tabled to council before expenditures van be incurred in 2015/16.	The recommendations were implemented.
	Variance in operating expenditure be correctly documented.	
	The AFS disclosure on sundry debtors should highlight that the outstanding balance cannot be recovered from the EM's pension fund when the term of office comes to an end.	
	The Unforeseen and Unavoidable expenditure incurred for the Local municipalities should be reported accordingly to all relevant stakeholders, i.e. National and Provincial Treasury, Auditor General and Council.	

**Appendix D - Recommendations of the Municipal Audit Committee
2014/15**

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2014/15	Recommendations adopted (enter Yes) If not adopted (provide explanation)
2015/07/16	<p>The committee indicated that more engagements should be conducted with MPAC and that irregular, fruitless and wasteful expenditure be a standing item in all committee meetings.</p> <p>The committee raised concerns that the ICT Framework used by the municipality was not the latest issue and advised the municipality to align the framework to the latest issue.</p>	The recommendations have been implemented.

Appendix E - Disclosures of Financial Interests

Disclosures of Financial Interests		
Period 1 July 2014 to 30 June 2015 of 2014/15		
Position	Name	Description of Financial interests* (Nil / Or details)''
(Executive) Mayor	M.M. Moloi	None
Member of MayCo / Exco	B.M. Maribe	None
	W. Johnson	None
	P.R. Molefi	None
	T. Nicholas	None
	K. Rifles	None
	M.B. Silingile	Close Corporation - Sekhudu Thamaga Trading Enterprise (50%) - not active
Councillor	E.K. Hale	Frances Baard Enterprise Trading shares - 35%
	A Boqo	None
	J.Z. Mpampi	<ul style="list-style-type: none"> • Department of Health, Snr. Administrative Officer (Risk Management) • Ward councillor at Sol Plaatje Municipality
	L Steyn	None
	G.T Koopman	None
	B. Springbok	None
	E.T. Tsimakwane	None
	O.C. Fourie	1580 shares in Roodeheuwel Sand, Garies
	P.J. Vorster	<ul style="list-style-type: none"> • Kimberley Academy of Music (Section 21) - Reg. Nr.: 2005/024023/08 - NGO • Musical Moments (Private) • Private house (Kimberley) • Old Mutual Investments • Councillor at Sol Plaatje Municipality
	D.J.P. v d Merwe	None
	K.G. Mthukwane	None
	S. Witkoei	<ul style="list-style-type: none"> • Witkoei & Kin Transport (close corporation) • Corbym General Trading - 50% (close corporation)
	A.O. Moremong	None
	P.J Nel	None
	V.B. Ximba	Atang Magareng Women Enterprise - 50%
	M. Kaars	None
	G.R. Kok	None
	C.J Adams	<ul style="list-style-type: none"> • Close Corporation - Ntsimbi Transport CC (33%) • Cape Joint Pension Fund • Member of advisory committee to the Minister of Water Affairs & Environment
	M.I. Pholoholo	<ul style="list-style-type: none"> • Director - Merero Mining (100%) • Big Time Mining (100%) • Pholoholo Family Trust
	J. Smit	<ul style="list-style-type: none"> • Owner - NC Debt Collectors and Tracers (Reg. No: 0031254/08) • Lecturer - Northern Cape FET College, Moremogolo Campus (Emp. Nr: 54282241)

Appendix E - Disclosures of Financial Interests

Disclosures of Financial Interests		
Period 1 July 2014 to 30 June 2015 of 2014/15		
Position	Name	Description of Financial interests* (Nil / Or details)"
Municipal Manager	M.M. Bogatsu	<ul style="list-style-type: none"> Private house (Mahikeng) Pension from GEFP not claimed yet (Worked for Northern Cape Provincial Administration until 31 October 2012)
Chief Financial Officer (Acting)	O Moseki	None
Other S57 Officials	F. Mdee	<ul style="list-style-type: none"> Private house (Kimberley) Cape Joint Retirement Fund
	P. van der Walt	Verso Investment
	N. Kgantsi	<ul style="list-style-type: none"> SAWIMIH (Pty) Ltd Little Swift Investments (Pty) Ltd - (Dormant)

Appendix F (i) - Revenue collection performance by vote and by source

Revenue Collection Performance by Vote						
						R' 000
Vote Description	2013/14	Current Year: 2014/15			2014/15 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Executive & Council	3 716	4 683	4 783	4 733	1.06%	-1.05%
Vote 2 - Budget & Treasury	83 488	90 085	90 420	91 299	1.35%	0.97%
Vote 3 - Corporate Services	3 008	3 315	3 315	-	-100.00%	-100.00%
Vote 4 - Planning & Development	1 728	949	949	9 675	919.49%	919.49%
Vote 5 - Project Management Services	10 138	8 960	10 340	4 695	-47.60%	-54.59%
Total Revenue by Vote	102 078	107 992	109 807	110 402	2.23%	0.54%

Appendix F (ii) - Revenue collection performance by vote and by source

Revenue Collection Performance by Source						
R '000						
Description	2013/14	2014/15			2014/15 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	–	–	–	–	–	–
Property rates - penalties & collection charges	–	–	–	–	–	–
Service Charges - electricity revenue	–	–	–	–	–	–
Service Charges - water revenue	–	–	–	–	–	–
Service Charges - sanitation revenue	–	–	–	–	–	–
Service Charges - refuse revenue	–	–	–	–	–	–
Service Charges - other	–					
Rentals of facilities and equipment	885	1 061	1 061	972	-9.16%	-9.16%
Interest earned - external investments	5 841	5 673	5 673	6 882	17.57%	17.57%
Interest earned - outstanding debtors	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–
Fines	–	–	–	–	–	–
Licences and permits	–	–	–	–	–	–
Agency services	–	–	–	–	–	–
Transfers recognised - operational	95 053	101 083	102 898	102 395	1.28%	-0.49%
Other revenue	300	115	115	153	24.66%	24.66%
Gains on disposal of PPE	–	60	60	–	–	–
Total Revenue (excluding capital transfers and contributions)	102 078	107 992	109 807	110 402	2.18%	0.54%

Appendix G - Conditional Grants received: excluding MIG

Conditional Grants: excluding MIG							R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)	
				Budget	Adjustments Budget		
Neighbourhood Development Partnership Grant	0	0	0	0%	0%	–	
Public Transport Infrastructure and Systems Grant	0	0	0	0%	0%	–	
Other Specify:							
Local Government Equitable Share	9 965	9 965	97 428	0%	0%	–	
Equitable Share - Special Contribution: Councillor Remuneration	4 683	4 683	4 683	0%	0%	–	
Equitable Share - Levy replacement	82 780	82 780	82 780	0%	0%	–	
Finance Management	1 250	1 250	1 250	0%	0%	–	
Municipal Systems Improvement	934	934	934	0%	0%	–	
District Aids Council			500	0%	0%		
NEAR Control Centre			315	0%	0%		
SETA - Skills Grant			77	0%	0%		
NCPA - EPWP, DMA Bush Clearance			1 006	0%	0%		
Tourism Grant			200	0%	0%		
NCPA- Housing Accreditation Grant			1 380	0%	0%		
NCPA - Firefighting Equipment			315	0%	0%		
Total	99 612	99 612	103 405	0%	0%		

Appendix H (i) - Capital expenditure - New Assets Programmes

Capital Expenditure - New Assets Programme*							
Description	2013/14	2014/15		Actual Expenditure	Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget		FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	4	–	–	–	–	–	–
Buildings	4	–	–	–	–	–	–
Other							
Investment properties - Total	–	–	–	–	–	–	–
Housing development							
Other							
Other assets	1 264	2 130	2 152	758	7 755	–	–
General vehicles	602	595	591	–	–	–	–
Specialised vehicles	–	–	–	–	1 070	–	–
Plant & equipment	170	105	105	57	6 614	–	–
Computers - hardware/equipment	478	187	187	608	9	–	–
Furniture and other office equipment	–	108	119	86	62	–	–
Abattoirs	–	–	–	–	–	–	–
Markets	–	–	–	–	–	–	–
Civic Land and Buildings	–	1 135	1 150	–	–	–	–
Other Buildings	–	–	–	–	–	–	–
Other Land	–	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)	–	–	–	–	–	–	–
Other	13	–	–	7	–	–	–
Agricultural assets	–	–	–	–	–	–	–
List sub-class							
Biological assets	–	–	–	–	–	–	–
List sub-class							
Intangibles	–	–	–	252	–	–	–
Computers - software & programming	–	827	197	252	–	–	–
Other (list sub-class)							
Total Capital Expenditure on new assets	1 264	2 130	2 152	1 011	7 755	–	–
Specialised vehicles	–	–	–	–	1 070	–	–
Refuse							
Fire	–	–	–	–	1 070	–	–
Conservancy							
Ambulances							

Appendix H (ii) - Capital expenditure - Upgrade / Renewal Programmes

Capital Expenditure - Upgrade/Renewal Programme*								R '000
Description	2013/14	2014/15			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Investment properties	-	-		-	-	-	-	
Housing development								
Other								
Other assets	1 289	1 333	1 313	1 114	662	135	135	
General vehicles	484	800	650	840	-	-	-	
Specialised vehicles	-	-	-	-	-	-	-	
Plant & equipment	13	-	-	99	-	-	-	
Computers - hardware/equipment	148	252	370	136	69	-	-	
Furniture and other office equipment	-	281	293	38	152	135	135	
Abattoirs	-	-	-	-	441	-	-	
Markets	-	-	-	-	-	-	-	
Civic Land and Buildings	18	-	-	-	-	-	-	
Other Buildings	577	-	-	-	-	-	-	
Other Land	-	-	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	
Other	49	-	-	-	-	-	-	
Agricultural assets	-	-	-	-	-	-	-	
List sub-class								
Biological assets	-	-	-	-	-	-	-	
List sub-class								
Intangibles	-	-	-	-	-	-	-	
Computers - software & programming	-	100	100	-	-	-	-	
Other (list sub-class)								
Total Capital Expenditure on renewal of existing assets	1 289	1 333	1 313	1 114	662	135	135	
Specialised vehicles	-	-	-	-	-	-	-	
Refuse	-	-	-	-	-	-	-	
Fire	-	-	-	-	-	-	-	
Conservancy	-	-	-	-	-	-	-	
Ambulances	-	-	-	-	-	-	-	

* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

Appendix I - Declaration of loans and grants made by the municipality

Declaration of Loans and Grants made by the municipality: 2014/15				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2014/15 R' 000	Total Amount committed over previous and future years
Dikgatlong Municipality	San Truck	Grant	847	Determined according to the needs of the municipalities specified in the IDP and availability of funding by FBDM.
Dikgatlong Municipality	Electricity Master Plan	Grant	574	
Dikgatlong Municipality	Purchase Cherry picker	Grant	745	
Dikgatlong Municipality	Electricity upgrade	Grant	898	
Dikgatlong Municipality	Process controller	Grant	406	
Dikgatlong Municipality	Procure TLB	Grant	800	
Dikgatlong Municipality	Maintain Municipal Infrastructure	Grant	2 494	
Magareng Municipality	Maintenance - Municipal Infrastructure	Grant	2 500	
Magareng Municipality	Water Sewer Reticulation	Grant	5 000	
Phokwane Municipality	Replace Sewer Gravity Line	Grant	111	
Phokwane Municipality	Resealing of Reservoir	Grant	6 499	
Phokwane Municipality	Chlorination Systems Upgrade	Grant	458	
Phokwane Municipality	Maintenance - Roads and Infrastructure	Grant	251	
Phokwane Municipality	Maintenance - Water and Sanitation	Grant	400	
Phokwane Municipality	Resealing Sewer Storage Dam	Grant	517	
Phokwane Municipality	Maintenance - Municipal Infrastructure	Grant	2 494	
Phokwane Municipality	Install Water Meters	Grant	550	
Sol Plaatje Municipality	Maintenance - Municipal Infrastructure	Grant	535	
Sol Plaatje Municipality	Maintenance - Municipal Infrastructure	Grant	1 965	
Sol Plaatje Municipality	Water Reticulation	Grant	4 326	
Northern Cape Tourism Authority	Operational Grant	Grant	200	
* Loans/Grants - whether in cash or in kind				

**VOLUME II
ANNUAL FINANCIAL
STATEMENTS**

FRANCES BAARD DISTRICT MUNICIPALITY



AUDITED FINANCIAL STATEMENTS

For the year ended on

30 JUNE 2015

FRANCES BAARD DISTRICT MUNICIPALITY

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FRANCES BAARD DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

GENERAL INFORMATION

NATURE OF BUSINESS

Frances Baard Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)

GRADING

Council is accorded the same grading as the largest category B municipality in the district, namely Sol Plaatje Municipality, which is a Grade 4 local authority in terms of the Public Office Bearers Act. According to the South African Local Government Bargaining Council, the district municipality has been graded as level two in respect of the TASK.

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 Frances Baard Municipality includes the following areas:

<i>Sol Plaatje</i>	<i>Grade 4</i>
<i>Phokwane</i>	<i>Grade 2</i>
<i>Dikgatlong</i>	<i>Grade 2</i>
<i>Magareng</i>	<i>Grade 2</i>

MANAGEMENT STRUCTURE

The municipality's senior management structure consists of the Municipal Manager and heads of the four main departments. The Office of the Municipal Manager includes management functions pertaining to municipal systems improvement and integrated development planning functions.

MUNICIPAL MANAGER

Ms. ZM Bogatsu

ACTING CHIEF FINANCIAL OFFICER

Ms. O Moseki

OTHER HEADS OF DEPARTMENTS

Vacant	Director: Administration
Mr. FS Mdee	Director: Planning & Development
Mr. PJ van Der Walt	Director: Infrastructure Services

REGISTERED OFFICE

*51 Drakensberg Avenue
Carters Glen
Kimberley*

AUDITORS

External Auditors

*Auditor General
Private Bag X5013
Kimberley*
Telephone number 053 8380911
Fax number 053 8611538
Email frances.baard@fbdm.co.za

Internal Audit

The Internal Audit section is fully staffed and operational as per the municipal policy with the appointment of the Internal Audit Manager during the 2014/15 financial year. The use of external service providers is limited to cases where internal capacity is insufficient to conduct specialized investigations.

Members of the Audit Committee

Mr. AL Kimmie	Chairperson
Mr. WMS Calitz	Member
Mr. T Mogoli	Member

FRANCES BAARD DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

PRINCIPAL BANKER

*Standard Bank
Cnr of Bultfontein & Lennox Street
Po Box 626
Kimberley
8300*

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no. 56 of 2003)
Division of Revenue Act (Act no.10 of 2004)
The Income Tax Act (Act no. 58 of 1962)
Value Added Tax Act (Act no. 89 of 1991)
Municipal Structures Act (Act no. 117 of 1998)
Municipal Systems Act (Act no. 32 of 2000)
Municipal Planning and Performance Management Regulations
Housing Act (Act no. 107 of 1997)
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

MEMBERS OF THE FRANCES BAARD DISTRICT MUNICIPALITY

COUNCILLORS

Executive Mayor	Ms. MM Moloji	Proportional
Speaker	Mr. BM Maribe	Proportional
Mayoral Committee	Ms. MM Moloji	Proportional
Mayoral Committee	Mr. W Johnson	Proportional
Mayoral Committee	Ms. PR Molefi	Proportional
Mayoral Committee	Ms. T Nicholas	Proportional
Mayoral Committee	Mr. K Rifles	Dikgatlong Municipality
Mayoral Committee	Mr. MB Silingile	Proportional
MPAC Chairperson	Ms. B.V. Ximba	Magareng Municipality
Part Time Councillor	Ms. EK Hale	Sol Plaatje Municipality
Part Time Councillor	Mr. JZ Mpampi	Sol Plaatje Municipality
Part Time Councillor	Ms. A. Boqo	Sol Plaatje Municipality
Part Time Councillor	Mr. L. Steyn	Sol Plaatje Municipality
Part Time Councillor	Mr. B Springbok	Sol Plaatje Municipality
Part Time Councillor	Ms. ET Tsimakwane	Sol Plaatje Municipality
Part Time Councillor	Mr. OC Fourie	Sol Plaatje Municipality
Part Time Councillor	Mr. PJ Vorster	Sol Plaatje Municipality
Part Time Councillor	Mr. DJP v d Merwe	Sol Plaatje Municipality
Part Time Councillor	Mr. G. Koopman	Sol Plaatje Municipality
Part Time Councillor	Ms. KG Mthukwane	Sol Plaatje Municipality

FRANCES BAARD DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Part Time Councillor	Ms. S Witkoei	Dikgatlong Municipality
Part Time Councillor	Mr. CJS Adams	Phokwane Municipality
Part Time Councillor	Ms. AO Moremong	Phokwane Municipality
Part Time Councillor	Mr. P. Nel	Phokwane Municipality
Part Time Councillor	Mr. M Kaars	Proportional
Part Time Councillor	Ms. GR Kok	Proportional
Part Time Councillor	Mr. MI Pholoholo	Proportional
Part Time Councillor	Mr. J Smit	Proportional

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2015, which are set out on pages 1 to 76 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.

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 2016 and am satisfied that the municipality can continue in operational existence for the foreseeable future.

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

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



Ms. ZM Bogatsu
Municipal Manager

31-Aug-15
Date

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Notes	2015 R (Actual)	2014 R (Restated)
NET ASSETS AND LIABILITIES			
Net Assets		94 464 656	96 932 033
Accumulated Surplus/(Deficit)		70 161 296	73 425 979
Capital Replacement Reserve	2	9 186 800	8 182 081
Revaluations Reserve	2	15 116 561	15 323 973
Non-Current Liabilities		33 379 360	33 231 558
Long-term Liabilities	3	6 698 727	8 434 946
Employee benefits	4	26 680 633	24 796 612
Current Liabilities		22 578 680	15 961 134
Payables from exchange transactions	6	10 535 373	6 257 250
Current Portion of Long-term Liabilities	3	1 734 990	1 605 705
Provisions	0	-	-
Unspent Conditional Government Grants and Receipts	7	1 177 558	331 350
Unspent Public Contributions	8	-	15 000
Current Employee benefits	5	9 130 759	7 751 829
Total Net Assets and Liabilities		150 422 697	146 124 725
ASSETS			
Non-Current Assets		48 009 149	49 876 815
Long-Term Receivables	15	9 475 393	9 578 501
Property, Plant and Equipment	10	37 012 162	38 890 215
Intangible Assets	12	890 178	776 683
Heritage Assets	13	631 417	631 417
Non-Current Assets Held for Sale	11	-	-
Current Assets		102 413 548	96 247 910
Cash and Cash Equivalents	19	87 482 573	87 934 339
Current Investments	14	5 250 000	4 400 000
Receivables from non-exchange transactions	17	1 531 082	1 516 015
Taxes	9	6 862 911	1 207 718
Current Portion of Long-term Receivables	15	963 324	898 044
Inventory	16	323 658	291 794
Total Assets		150 422 697	146 124 725

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 (Actual) R	2014 (Restated) R
REVENUE			
Revenue from Non-exchange Transactions		102 394 822	95 052 784
Transfer Revenue		102 394 822	95 052 784
Government Grants and Subsidies	20	102 379 822	95 052 784
Public Contributions and Donations	21	15 000	-
Other Revenue		-	-
Actuarial Gains		-	-
Revenue from Exchange Transactions		8 006 697	7 038 688
Rental of Facilities and Equipment		971 687	883 288
Interest Earned - external investments / current account		6 882 359	5 841 380
Other Income	22	152 651	314 020
Gain on disposal of Property, Plant and Equipment		-	-
Total Revenue		110 401 519	102 091 472
EXPENDITURE			
Employee related costs	23	47 112 666	41 014 286
Remuneration of Councillors	24	5 690 954	5 424 122
Debt Impairment	25	-	10 695
Depreciation and Amortisation	26	3 769 090	3 944 328
Impairments	27	-	-
Repairs and Maintenance		3 254 275	3 358 590
Actuarial losses		1 210 719	1 264 435
Finance Charges - External Funding	28.1	1 052 381	1 215 443
Finance Charges - Employee benefits	28.2	1 328 389	1 084 898
Grants and Subsidies	29	37 275 977	33 641 872
General Expenses	30	12 063 939	10 945 959
Loss on disposal of Property,Plant and Equipment		110 505	397 913
Total Expenditure		112 868 896	102 302 540
NET SURPLUS (DEFICIT) FOR THE YEAR		(2 467 377)	(211 068)

FRANCES BAARD DISTRICT MUNICIPALITY

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

	Revaluations Reserve	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 JULY 2013	20 933 484	7 074 044	75 947 879	103 955 407
Change in accounting policy	-	-	-	-
Correction of error Note 31	(5 402 099)	-	(1 410 206)	(6 812 305)
Restated Balance at 1 JULY 2013	15 531 385	7 074 044	74 537 673	97 143 101
Net Deficit for the year	-	-	(211 068)	(211 068)
Revaluation of Land & Buildings	-	-	-	-
Transfer to Capital Replacement Reserve	-	3 661 500	(3 661 500)	-
Property, plant and equipment purchased	-	(2 553 462)	2 553 462	-
Offsetting of depreciation	(311 602)	-	311 602	-
Correction of error Note 31	104 190	-	(104 190)	-
Balance at 30 JUNE 2014	15 323 973	8 182 081	73 425 979	96 932 033
Net Deficit for the year	-	-	(2 467 377)	(2 467 377)
Revaluation of Land & Buildings	-	-	-	-
Transfer to Capital Replacement Reserve	-	3 129 360	(3 129 360)	-
Property, plant and equipment purchased	-	(2 124 642)	2 124 642	-
Offsetting of depreciation	(207 412)	-	207 412	-
Balance at 30 JUNE 2015	15 116 561	9 186 800	70 161 296	94 464 656

FRANCES BAARD DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

		30 JUNE 2015	30 JUNE 2014
	Notes	Actual R	Restated R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		39 198	1 204 829
Government		103 405 097	95 071 853
Interest		6 882 359	5 841 380
Dividends		-	-
Payments			
Suppliers and employees		(67 915 919)	(58 428 265)
Finance charges	28	(1 052 381)	(1 215 443)
Transfers and Grants		(37 275 977)	(33 641 872)
Net cash flow from operating activities	32	4 082 377	8 832 484
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	10	(1 872 187)	(2 508 462)
Purchase of Investment property		-	-
Proceeds on Disposal of Fixed Assets		9 605	599
Purchase of Heritage Assets		-	-
Purchase of Intangible Assets		(252 455)	(45 000)
Increase in Long-term Receivables	15	37 828	135 571
Decrease/(Increase) in Current Investments	13	(850 000)	(600 000)
Decrease/(Increase) in Non-current Investments		-	-
Net Cash flow from Investing activities		(2 927 209)	(3 017 293)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(1 606 934)	(1 444 747)
New loans raised		-	-
Increase in Consumer Deposits		-	-
Net Cash flow from financing activities		(1 606 934)	(1 444 747)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(451 765)	4 370 444
Cash and Cash Equivalents at the beginning of the year		87 934 339	83 563 895
Cash and Cash Equivalents at the end of the year	33	87 482 573	87 934 339
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(451 765)	4 370 444

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	2 982 573	6 326 452	(3 343 878)	Variance due to savings on salaries, allowances and capital expenditure.
Call investment deposits	84 500 000	81 000 000	3 500 000	Variance due to savings on salaries, allowances and capital expenditure.
Consumer debtors	-	-	-	
Other Receivables	8 393 993	2 000 000	6 393 993	VAT for the year was only paid in July 2015
Current portion of long-term receivables	963 324	898 044	65 280	-
Inventory	323 658	400 000	(76 342)	-
Total current assets	97 163 548	90 624 496	6 539 052	
Non current assets				
Long-term receivables	9 475 393	9 674 254	(198 861)	-
Investments	5 250 000	-	5 250 000	-
Investment property	-	-	-	
Property, plant and equipment	37 012 162	43 794 774	(6 782 612)	Savings on capital budget
Biological Assets	-	-	-	
Intangible Assets	890 178	1 428 072	(537 895)	Amount in budget includes amortisation
Heritage Assets	631 417	-	631 417	
Total non current assets	53 259 149	54 897 100	(1 637 951)	
TOTAL ASSETS	150 422 697	145 521 596	4 901 101	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	1 734 990	1 785 500	(50 510)	Due to repayment of the loan
Consumer deposits	-	-	-	
Trade and other payables	11 712 931	4 500 000	7 212 931	Projects not started on time resulted in increases in payables
Provisions and Employee Benefits	9 130 759	6 500 000	2 630 759	Underbudget due to unavailability of post service benefits when compiling the budget.
Total current liabilities	22 578 680	12 785 500	9 793 180	
Non current liabilities				
Borrowing	6 698 727	6 684 754	13 973	-
Provisions and Employee Benefits	26 680 633	23 000 000	3 680 633	Underbudget due to unavailability of post service benefits when compiling the budget.
Total non current liabilities	33 379 360	29 684 754	3 694 607	
TOTAL LIABILITIES	55 958 040	42 470 254	13 487 787	
NET ASSETS	55 958 040	42 470 254	13 487 787	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	70 161 296	76 389 287	(6 227 991)	Based on actual performance
Reserves	24 303 361	26 662 056	(2 358 695)	Increase in Staff benefits
TOTAL COMMUNITY WEALTH/EQUITY	94 464 656	103 051 343	(8 586 686)	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	1 080 765	5 245 687	6 326 452	Adjustment to actual audited figures for 2014
Call investment deposits	81 878 906	(878 906)	81 000 000	Adjustment to actual audited figures for 2014
Consumer debtors	-	-	-	
Other Receivables	2 000 000	-	2 000 000	
Current portion of long-term receivables	-	898 044	898 044	Omitted in original budget
Inventory	400 000	-	400 000	
Total current assets	<u>85 359 671</u>	<u>5 264 825</u>	<u>90 624 496</u>	
Non current assets				
Long-term receivables	9 674 254	-	9 674 254	
Investments	-	-	-	
Investment property	-	-	-	
Property, plant and equipment	46 002 574	(2 207 800)	43 794 774	Roll over of capital projects
Biological Assets	-	-	-	
Intangible Assets	1 428 616	(544)	1 428 072	
Heritage Assets	-	-	-	
Total non current assets	<u>57 105 444</u>	<u>(2 208 344)</u>	<u>54 897 100</u>	
TOTAL ASSETS	<u>142 465 115</u>	<u>3 056 481</u>	<u>145 521 596</u>	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	1 785 500	-	1 785 500	
Consumer deposits	-	-	-	
Trade and other payables	4 500 000	-	4 500 000	
Provisions and Employee Benefits	6 500 000	-	6 500 000	
Total current liabilities	<u>12 785 500</u>	<u>-</u>	<u>12 785 500</u>	
Non current liabilities				
Borrowing	6 684 754	-	6 684 754	
Provisions and Employee Benefits	23 000 000	-	23 000 000	
Total non current liabilities	<u>29 684 754</u>	<u>-</u>	<u>29 684 754</u>	
TOTAL LIABILITIES	<u>42 470 254</u>	<u>-</u>	<u>42 470 254</u>	
NET ASSETS	<u>99 994 861</u>	<u>3 056 481</u>	<u>103 051 342</u>	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	73 332 806	3 056 481	76 389 287	Adjustment based on previous year performance
Reserves	26 662 056	-	26 662 056	
TOTAL COMMUNITY WEALTH/EQUITY	<u>99 994 861</u>	<u>3 056 481</u>	<u>103 051 343</u>	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	-	-	-	
Property rates - penalties & collection charges	-	-	-	
Service charges	-	-	-	
Rental of facilities and equipment	971 687	1 060 720	(89 033)	-
Interest earned - external investments	6 882 359	5 673 200	1 209 159	Based on actual performance of investments
Government Grants and Subsidies - Operating	102 394 822	102 897 800	(502 978)	Housing accreditation grant not budgeted for
Other revenue	152 651	115 000	37 651	Based on actual performance
Gains on disposal of PPE	-	60 000	(60 000)	Based on actual performance
Total Operating Revenue	<u>110 401 519</u>	<u>109 806 720</u>	<u>594 799</u>	
EXPENDITURE BY TYPE				
Employee related costs	47 112 666	54 409 690	(7 297 024)	Underspending due to vacant positions not filled accordingly
Remuneration of councillors	5 690 954	6 055 350	(364 396)	-
Debt impairment	-	3 000	(3 000)	-
Depreciation & asset impairment	3 769 090	5 380 000	(1 610 910)	Decreased capital expenditure
Finance Charges - External Funding	1 052 381	1 053 510	(1 129)	-
Finance Charges - Employee benefits	1 328 389	2 290 000	(961 611)	Lower interest and actuarial losses
Other materials	3 254 275	4 874 190	(1 619 915)	Unrealistic budget estimates not aligned to actual expenditure needs.
Grants and subsidies paid	37 275 977	44 715 701	(7 439 724)	Under performance with regards to budget estimates
Other expenditure	13 274 659	17 256 605	(3 981 946)	Unrealistic budget estimates not aligned to actual expenditure needs.
Loss on disposal of PPE	110 505	200 000	(89 495)	Under budgeted estimates
Total Operating Expenditure	<u>112 868 896</u>	<u>136 238 046</u>	<u>(23 369 150)</u>	
Operating Deficit for the year	<u>(2 467 377)</u>	<u>(26 431 326)</u>	<u>23 963 949</u>	
Government Grants and Subsidies - Capital	-	-	-	
Net Deficit for the year	<u><u>(2 467 377)</u></u>	<u><u>(26 431 326)</u></u>	<u><u>23 963 949</u></u>	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Reasons for material adjustments
REVENUE BY SOURCE				
Rental of facilities and equipment	1 060 720	-	1 060 720	
Interest earned - external investments	5 673 200	-	5 673 200	
Government Grants and Subsidies - Operating	101 083 000	1 814 800	102 897 800	Un - gazetted grants not budgeted for
Other revenue	115 000	-	115 000	Adjustment as result Actuarial Gains calculations
Gains on disposal of PPE	60 000	-	60 000	Adjustment based on actual receipt
Total Operating Revenue	107 991 920	1 814 800	109 806 720	
EXPENDITURE BY TYPE				
Employee related costs	54 387 590	22 100	54 409 690	-
Remuneration of councillors	6 055 350	-	6 055 350	
Debt impairment	3 000	-	3 000	
Depreciation & asset impairment	5 380 000	-	5 380 000	
Finance charges	2 853 510	490 000	3 343 510	Increased to accommodate long term staff benefits
Bulk purchases	-	-	-	
Other materials	5 245 190	(371 000)	4 874 190	Based on actual needs
Contracted services	-	-	-	
Grants and subsidies paid	42 973 270	1 742 431	44 715 701	Needs to support local municipalities increased
Other expenditure	15 532 850	1 723 755	17 256 605	Deviation mainly due to provision for the new tourism centre.
Loss on disposal of PPE	200 000	-	200 000	
Total Operating Expenditure	132 630 760	3 607 286	136 238 046	
Operating Deficit for the year	(24 638 840)	(1 792 486)	(26 431 326)	
Government Grants and Subsidies - Capital	-	-	-	
Net Deficit for the year	(24 638 840)	(1 792 486)	(26 431 326)	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	39 198	145 040	(105 842)	Based on actual performance
Government - operating	103 405 097	102 463 000	942 097	Under budget
Government - capital	-	-	-	
Interest	6 882 359	5 673 200	1 209 159	More interest earned due to higher than expected cash balances
Dividends	-	-	-	
Payments				
Suppliers and Employees	(67 915 919)	(73 763 070)	5 847 151	Savings on salary budget
Finance charges	(1 052 381)	(1 569 430)	517 049	
Transfers and Grants	(37 275 977)	(37 505 226)	229 249	Over budget based on expected performance
NET CASH FROM/(USED) OPERATING ACTIVITIES	4 082 377	-4 556 486	-	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	9 605	57 000	(47 395)	
Decrease/(increase) in non-current receivables	37 828	-	37 828	
Decrease/(increase) in Current investments	(850 000)	-	(850 000)	
Payments				
Capital assets	(2 124 642)	(2 196 536)	71 894	Savings on purchases
NET CASH FROM/(USED) INVESTING ACTIVITIES	-2 927 209	(2 139 536)	-787 673	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	(1 606 934)	(1 606 000)	(934)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 606 934)	(1 606 000)	(934)	
NET INCREASE/(DECREASE) IN CASH HELD	-451 765	(8 302 022)	-788 606	
Cash and Cash Equivalents at the beginning of the year	87 934 339	87 933 907	432	
Cash and Cash Equivalents at the end of the year	87 482 573	79 631 885	7 850 689	Mainly due to VAT received in the new financial year

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	145 040	-	145 040	
Government - operating	101 083 000	1 380 000	102 463 000	
Government - capital	-	-	-	
Interest	5 673 200	-	5 673 200	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(74 940 970)	1 177 900	(73 763 070)	Adjustment made i.r.o expenditure projections
Finance charges	(1 569 430)	-	(1 569 430)	
Transfers and Grants	(38 675 940)	1 170 714	(37 505 226)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	-8 285 100	3 728 614	-4 556 486	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	57 000	-	57 000	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(4 539 136)	2 342 600	(2 196 536)	Reduction due to decrease in capital needs
NET CASH FROM/(USED) INVESTING ACTIVITIES	(4 482 136)	2 342 600	(2 139 536)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	(1 606 000)	-	(1 606 000)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-1 606 000	-	(1 606 000)	
NET INCREASE/(DECREASE) IN CASH HELD	(14 373 236)	6 071 214	(8 302 022)	
Cash and Cash Equivalents at the beginning of the year	97 332 907	(9 399 000)	87 933 907	Based on projected estimates
Cash and Cash Equivalents at the end of the year	82 959 671	(3 327 786)	79 631 885	Based on projected estimates
	=====	=====	=====	

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 Municipal Finance Management Act, (Act No 56 of 2003).

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

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.

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

1.2 PRESENTATION CURRENCY

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

1.3 GOING CONCERN ASSUMPTION

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

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

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

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

1.5 AMENDED DISCLOSURE POLICY

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

1.6 MATERIALITY

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

1.7 PRESENTATION OF BUDGET INFORMATION

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

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2013 to 30 June 2014. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

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

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

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

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

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

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

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

Standard	Description	Effective Date
Directive 11	<p>Changes in Measurement Bases following Initial Adoption of Standards of GRAP</p> <p>This Directive can be applied when a Municipality elects to change the measurement bases selected for certain assets on the initial adoption of Standards of GRAP.</p> <p>No significant impact is expected as the Municipality has no intention of changing it's measurement basis.</p>	1 April 2015
GRAP 18 (Original – Feb 2011)	<p>Segment Reporting</p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	1 April 2015
GRAP 20 (Original – June 2011)	<p>Related Party Disclosure</p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown
GRAP 32 (Original – Aug 2013)	<p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p> <p>or</p>	Unknown

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

	No such transactions or events are expected in the foreseeable future.	
GRAP 105 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 106 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 107 (Original – Nov 2010)	<p>Mergers</p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 108 (Original – Sept 2013)	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	Unknown
IGRAP 11	<p>Consolidation - Special Purpose Entities (SPE)</p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	1 April 2015

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

<p>IGRAP 12</p>	<p>Jointly Controlled Entities non-monetary contributions</p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	<p>1 April 2015</p>
<p>IGRAP17</p>	<p>Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset</p> <p>This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p> <p>or</p> <p>No such transactions or events are expected in the foreseeable future.</p>	<p>Unknown</p>

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

1.9 RESERVES

1.9.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

1.9.2 Revaluations Reserve

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.10 LEASES

1.10.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (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, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

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

1.10.2 Municipality as Lessor

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

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

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

1.11 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

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

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

1.12 UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

1.14 PROVISIONS

Provisions are recognised when the Municipality 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 losses. The present obligation under an onerous contract is recognised and measured as a provision.

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

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

The amount recognised as a provision 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.

1.15 EMPLOYEE BENEFITS

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.

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

1.15.1 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% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

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

1.15.2 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 annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

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

1.15.3 Ex gratia Gratuities

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

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the

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period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.4 Provision for Staff Leave

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

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

Accumulated leave is vesting.

1.15.5 Staff Bonuses Accrued

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

1.15.6 Provision for Performance Bonuses

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

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

1.16 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so.

It is inappropriate to capitalise borrowing costs when there is clear evidence that it is difficult to link the borrowing requirement of the Municipality directly to the nature of the

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expenditure to be funded. In such cases, the Municipality expense those borrowing costs related to a qualifying asset directly to the Statement of Financial Performance.

The amount of borrowing costs that the Municipality capitalises during a period does 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.

1.17 PROPERTY, PLANT AND EQUIPMENT

1.17.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, 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 is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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

1.17.2 Subsequent Measurement – Cost Model

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

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on

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an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.17.3 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in the Statement of Financial Performance, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.17.4 Depreciation and Impairment

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

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and	
Buildings	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
Halls	20-30	Landfill sites	15
Libraries	20-30	Quarries	25
Parks and gardens	15-20	Emergency equipment	10
Other assets	15-20	Computer equipment	3
<u>Finance lease assets</u>			
Office equipment	3		
Other assets	5		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

1.17.5 De-recognition

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

1.18 INTANGIBLE ASSETS

1.18.1 Initial Recognition

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

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

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

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initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.18.2 Subsequent Measurement – Cost Model

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

1.18.3 Amortisation and Impairment

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

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	10
Computer Software Licenses	10

1.18.4 De-recognition

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

1.19 INVESTMENT PROPERTY

1.19.1 Initial Recognition

Investment property is recognised as an asset when, and only when:

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

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

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

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

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

1.19.2 Subsequent Measurement – Cost Model

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

1.19.3 Depreciation and Impairment – Cost Model

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

<u>Investment Property</u>	<u>Years</u>
Buildings	30

1.19.4 De-recognition

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

1.20 HERITAGE ASSETS

1.20.1 Initial Recognition

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

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

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

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1.20.2 Subsequent Measurement – Cost Model

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

1.20.3 Depreciation and Impairment

Heritage assets are not depreciated

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

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

1.20.4 De-recognition

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

1.22.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010.

1.21 IMPAIRMENT OF NON-FINANCIAL ASSETS

1.21.1 Cash-generating assets

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

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

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technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.

- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

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

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

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

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1.21.2 Non-cash-generating assets

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

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

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

- (a) External sources of information
 - Cessation, or near cessation, of the demand or need for services provided by the asset.
 - Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.
- (b) Internal sources of information
 - Evidence is available of physical damage of an asset.
 - Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
 - A decision to halt the construction of the asset before it is complete or in a usable condition.
 - Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

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

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

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

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

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

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

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

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

1.22 INVENTORIES

1.22.1 Initial Recognition

Inventories comprise 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.

1.22.2 Subsequent Measurement

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

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

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

1.23 FINANCIAL INSTRUMENTS

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

1.23.1 Initial Recognition

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

1.23.2 Subsequent Measurement

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

1.23.2.1 Receivables

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

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

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

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

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

1.23.2.2 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.

1.23.2.3 Cash and Cash Equivalents

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

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.

1.23.2.4 Non-Current Investments

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

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

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

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

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

1.23.3 *De-recognition of Financial Instruments*

1.23.3.1 Financial Assets

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

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

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, 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.

1.23.3.2 Financial Liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.23.4 Offsetting of Financial Instruments

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

1.24 REVENUE

1.24.1 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 recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

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

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

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

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

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

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

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

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

1.24.2 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.
- 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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

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

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

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

Revenue 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 Municipality 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 Municipality.

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

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

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

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

1.25 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:

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

- (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.
 - 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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

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

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

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

1.26 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.

1.27 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.

1.28 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.

1.29 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 Municipality. A contingent liability could also be a present obligation that arises from past events, but is not

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

Management judgement is required when recognising and measuring contingent liabilities.

1.30 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.30.2 *Impairment of Receivables*

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

1.30.3 *Property, Plant and Equipment*

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

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

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

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

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

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

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

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

1.30.4 Intangible Assets

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

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

- Reference was made to intangibles used within the 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.

1.30.5 Investment Property

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

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

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

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

1.30.6 Provisions and Contingent Liabilities

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

1.30.7 Revenue Recognition

Accounting Policy 1.24.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

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

1.30.8 Provision for Staff leave

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

1.30.9 Provision for Performance bonuses

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

1.30.10 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.31 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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

1.32 CAPITAL COMMITMENTS

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

1.33 EVENTS AFTER REPORTING DATE

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

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

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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2	NET ASSET RESERVES	2015 R	2014 R
	Capital Replacement Reserve	9 186 800	8 182 081
	Revaluations Reserve	15 116 561	15 323 973
	Total Net Asset Reserves	24 303 361	23 506 054

3	LONG-TERM LIABILITIES		
	Annuity Loans - At amortised cost	8 433 717	10 040 651
		8 433 717	10 040 651
	Current Portion transferred to Current Liabilities	1 734 990	1 605 705
	Annuity Loans - At amortised cost	1 734 990	1 605 705
		6 698 727	8 434 946
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	6 698 727	8 434 946

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:

	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	2 659 315	2 659 207
Payable within two to five years	7 977 946	10 637 261
	10 637 261	13 296 469
Less: Future finance obligations	(2 203 544)	(3 255 817)
Present value of annuity obligations	8 433 717	10 040 651

A fixed term loan over a period of 10 years was taken up with the Development Bank of Southern Africa to construct a new council Chamber and offices. In terms of the service level agreement, as amended, the loan will be repaid in 18 six -monthly instalments with the first instalment payable on 31 December 2010 at an interest rate of 10.9 %. Interest payments commenced on 30 June 2009.

4	EMPLOYEE BENEFITS		
	Post Retirement Healthcare Benefits - Refer to Note 4.1	15 661 878	13 803 934
	Roads Post Retirement Healthcare Benefits - Refer to Note 4.1	9 475 393	9 578 501
	Long Service Awards - Refer to Note 4.2	1 416 872	1 278 285
	Ex-Gratia Pension Benefits - Refer Note 4.3	126 490	135 891
	Total Non-current Employee Benefit Liabilities	26 680 633	24 796 612

In terms of the agreement with the Northern Cape Provincial Government these amounts will be recoverable from the Provincial Government on payment to the affected employees. Refer note 15.

Post Retirement Healthcare Benefits

Balance 1 July	25 036 299	23 330 673
Contribution for the year	394 998	359 770
Interest Cost	2 069 487	1 816 484
Expenditure for the year	(1 574 620)	(1 508 221)
Actuarial Loss/(Gain)	990 383	1 037 593
Total post retirement benefits 30 June	26 916 547	25 036 299
Less: Transfer of Current Portion - Note 5	(1 779 276)	(1 653 864)
Balance 30 June	25 137 271	23 382 435

Post Retirement Benefits: Frances Baard

Balance 1 July	14 559 754	12 718 557
Contribution for the year	394 998	359 770
Interest Cost	1 212 119	993 165
Expenditure for the year	(802 805)	(740 590)
Actuarial Loss/(Gain)	1 113 764	1 228 852
Total post retirement benefits 30 June	16 477 830	14 559 754
Less: Transfer of Current Portion - Note 5	(815 952)	(755 820)
Balance 30 June	15 661 878	13 803 934

Post Retirement Benefits: Roads

Balance 1 July	10 476 545	10 612 116
Balance previously reported	-	10 652 239
Correction of Opening balance as per Actuarial reports - note 31	-	(40 123)
Contribution for the year	-	-
Interest Cost	857 368	823 319
Expenditure for the year	(771 815)	(767 631)
Actuarial Loss/(Gain)	(123 381)	(191 259)
Total post retirement benefits 30 June	10 438 717	10 476 545
Less: Transfer of Current Portion - Note 5	(963 324)	(898 044)
Balance 30 June	9 475 393	9 578 501

**FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

	2015 R	2014 R
<u>Long Service Awards</u>		
Balance 1 July	1 321 976	1 062 672
Contribution for the year	141 985	131 264
Interest Cost	105 022	80 509
Expenditure for the year	(42 346)	(10 940)
Actuarial Loss/(Gain)	81 879	58 471
Total long service 30 June	1 608 517	1 321 976
Less: Transfer of Current Portion - Note 5	(191 645)	(43 691)
Balance 30 June	1 416 872	1 278 285

<u>Ex-Gratia Pensions</u>		
Balance 1 July	168 345	213 225
Contribution for the year	-	-
Interest Cost	11 248	12 098
Expenditure for the year	(34 090)	(34 090)
Actuarial Loss/(Gain)	15 076	(22 888)
Total long service 30 June	160 580	168 345
Less: Transfer of Current Portion - Note 5	(34 090)	(32 454)
Balance 30 June	126 490	135 891

<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
Balance 1 July	26 526 621	24 606 571
Contribution for the year	536 983	491 034
Interest cost	2 185 757	1 909 091
Expenditure for the year	(1 651 056)	(1 553 251)
Actuarial Loss/(Gain)	1 087 338	1 073 176
Total employee benefits 30 June	28 685 644	26 526 621
Less: Transfer of Current Portion - Note 5	(2 005 011)	(1 730 009)
Balance 30 June	26 680 633	24 796 612

4 EMPLOYEE BENEFITS (CONTINUE)

4.1 Post Retirement Healthcare Benefits

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

In-service (employee) members	67	53
In-service (employee) non-members	32	26
Continuation members (e.g. Retirees, widows, orphans)	49	49
Total Members	148	155

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

In-service members	6 746 836	5 048 295
Continuation members	9 690 866	9 511 459
Roads - Continuation members	10 438 717	10 476 545
Total Liability	26 876 419	25 036 299

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

	2013 R	2012 R	2011 R
In-service members	4 453 000	2 940 292	3 209 359
Continuation members	18 877 000	19 823 482	16 813 413
Total Liability	23 330 000	22 763 774	20 022 772

	2015 R	2014 R	2013 R	2012 R
Experience adjustments were calculated as follows:				
Liabilities: (Gain) / loss	1 422 000	1 122 000	41 000	(216 000)
Assets: Gain / (loss)	-	-	-	-

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

Bonitas
Keyhealth
LA Health
ProSano
SAMWU Medical Aid

Key actuarial assumptions used:

i) Rate of interest

	2015 %	2014 %
Discount rate	8.59%	8.54%
Health Care Cost Inflation Rate	7.76%	7.85%
Net Effective Discount Rate	0.77%	0.64%

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2015
R

2014
R

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

ii) Mortality rates

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

iii) Normal retirement age

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

iv) Valuation reports

The last valuation was performed on 30 June 2015.

v) Actuarial Valuation Method

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

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

Present value of fund obligations	25 137 271	23 382 435
Total Liability	25 137 271	23 382 435

The fund is wholly unfunded.

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	25 036 299	23 330 673
Total expenses	889 865	668 033
Current service cost	394 998	359 770
Interest Cost	2 069 487	1 816 484
Benefits Paid	(1 574 620)	(1 508 221)
Actuarial (gains)/losses	990 383	1 037 593
Present value of fund obligation at the end of the year	26 916 547	25 036 299
Less: Transfer of Current Portion - Note 5	(1 779 276)	(1 653 864)
Balance 30 June	25 137 271	23 382 435

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (R)	Continuation members liability (R)	Total liability (R)	% change
Central Assumptions	6 747 000	20 170 000	26 917 000	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (R)	Continuation members liability (R)	Total liability (R)	% change
Health care inflation	1%	8 161 000	22 006 000	30 167 000	12%
Health care inflation	-1%	5 636 000	18 566 000	24 202 000	-10%
Discount rate	1%	5 652 000	18 590 000	24 242 000	-10%
Discount rate	-1%	8 164 000	22 010 000	30 174 000	12%
Post-retirement mortality	-1 year	6 984 000	21 095 000	28 079 000	4%
Average retirement age	-1 year	7 179 000	20 170 000	27 349 000	2%
Withdrawal Rate	-10%	5 567 000	20 170 000	25 737 000	-4%

The Future-service Cost for the ensuing year is estimated to be R 580,573 , whereas the Interest-Cost for the next year is estimated to be R 2,237,572 .

Sensitivity Analysis on the Future Service Cost and Interest

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		580 600	2 237 600	2 818 200	
Health care inflation	1%	734 400	2 516 800	3 251 200	15%
Health care inflation	-1%	464 000	2 004 400	2 468 400	-12%
Discount rate	1%	470 000	2 241 800	2 711 800	-4%
Discount rate	-1%	728 000	2 224 300	2 952 300	5%
Post-retirement mortality	-1 year	600 000	2 337 400	2 937 400	4%
Average retirement age	-1 year	650 000	2 274 700	2 924 700	4%
Withdrawal Rate	50%	471 700	2 136 200	2 607 900	7%

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

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

	99	79
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FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Key actuarial assumptions used:

i) Rate of interest

Discount rate	8.01%	8.08%
General Salary Inflation (long-term)	7.11%	7.22%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.84%	0.79%

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

2015
%

2014
%

ii) Valuation reports

The last valuation was performed on 30 June 2015.

iii) Actuarial Valuation Method

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

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

Present value of fund obligations	1 416 872	1 278 285
Net liability	1 416 872	1 278 285

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

	2013 R	2012 R	2011 R
Total Liability	1 051 590	1 021 384	789 848

Experience adjustments were calculated as follows:

	2015 R	2014 R	2013 R
Liabilities: (Gain) / loss	86 901	79 290	(5 526)
Assets: Gain / (loss)	-	-	-

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 321 976	1 062 672
Total expenses	204 661	200 833
Current service cost	141 985	131 264
Interest Cost	105 022	80 509
Benefits Paid	(42 346)	(10 940)
Actuarial (gains)/losses	81 879	58 471
Present value of fund obligation at the end of the year	1 608 517	1 321 976
Less: Transfer of Current Portion - Note 5	(191 645)	(43 691)
Balance 30 June	1 416 872	1 278 285

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption

Assumption	Change	Liability (R)	% change
Central assumptions		1 609 000	
General salary inflation	1%	1 716 000	7%
General salary inflation	-1%	1 511 000	-6%
Discount Rate	1%	1 506 000	-6%
Discount Rate	-1%	1 724 000	7%
Average retirement age	-2 yrs	1 434 000	-11%
Average retirement age	2 yrs	1 710 000	6%
Withdrawal rates	-50%	1 996 000	24%

The Future-service Cost for the ensuing year is estimated to be R 201,377, whereas the Interest cost for the next year is estimated to be R 121,389 .

Sensitivity Analysis on the Future Service Cost and Interest

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central assumptions		201 400	121 400	322 800	
General salary inflation	1%	220 600	130 000	350 600	9%
General salary inflation	-1%	184 400	113 600	298 000	-8%
Discount Rate	1%	185 400	127 300	312 700	-3%
Discount Rate	-1%	219 700	114 300	334 000	3%
Average retirement age	-1 year	183 500	107 400	290 900	-10%
Average retirement age	-1 year	212 800	129 500	342 300	6%
Withdrawal rates	50%	290 500	152 400	442 900	37%

4.3 Provision for Ex-Gratia Pension Benefits

The Ex-Gratia plans are defined benefit plans. As at year end, 2 employees were eligible for Ex-Gratia payments.

There is no Future-service Costs as there are no current in-service members eligible for ex-gratia payments, whereas the Interest cost for the next year is estimated to be R10,450.

Key actuarial assumptions used:

i) Rate of interest

Discount rate	7.27%	7.38%
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**FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

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

ii) Valuation reports

The last valuation was performed on 30 June 2015.

iii) Actuarial Valuation Method

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

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

Present value of fund obligations	126 490	135 891
Net liability/(asset)	126 490	135 891

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

	2013 R	2012 R	2011 R
Members	142 310	575 936	833 298
Total Liability	142 310	575 936	833 298

Reconciliation of present value of fund obligation:

	2015 R	2014 R
Present value of fund obligation at the beginning of the year	168 345	213 225
Total expenses	(22 842)	(21 992)
Current service cost	-	-
Interest Cost	11 248	12 098
Benefits Paid	(34 090)	(34 090)
Actuarial (gains)/losses	15 076	(22 888)
Present value of fund obligation at the end of the year	160 580	168 345
Less: Transfer of Current Portion to Current Employee Benefits - Note 5	(34 090)	(32 454)
Balance at end of year	126 490	135 891

Experience adjustments were calculated as follows:

	2015 R	2014 R	2013 R
Liabilities: (Gain) / loss	14 596	(16 012)	(380 217)
Assets: Gain / (loss)	-	-	-

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption

Central assumptions
Benefit increase rate
Benefit increase rate
Discount rate
Discount rate
Post retirement mortality

Change	Liability (Rm)	% change
	160 580	
1%	167 447	4%
-1%	154 157	-4%
1%	154 459	-4%
-1%	167 230	4%
1 Yrs	168 873	5%

Sensitivity Analysis on the interest cost

Assumption

Central assumptions
Pension increase rate
Pension increase rate
Discount rate
Discount rate
Post retirement mortality

Change	Liability	% change
	10 450	
1%	10 949	5%
-1%	9 983	-4%
1%	11 386	9%
-1%	9 426	-10%
-1 Yrs	11 053	6%

4.4 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 claim 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.

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 112.6% (30 June 2013 - 105.1%).

Contributions paid recognised in the Statement of Financial Performance	4 745 719	4 062 617
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FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
<u>DEFINED CONTRIBUTION FUNDS</u>		
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		
Municipal Councillors Pension Fund	351 402	183 848
SAMWU National Provident Fund	122 289	66 601
	473 691	250 449

5 CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Healthcare Benefits - Note 4	815 952	755 820
Roads - Current Portion of Post Retirement Healthcare Benefits - Note 4	963 324	898 044
Current Portion of Long-Service Provisions - Note 4	191 645	43 691
Current Portion of Ex-Gratia Pension - Note 4	34 090	32 454
Provision for Staff Leave	5 196 735	4 306 007
Provision for Performance Bonuses	509 040	565 027
Staff Bonuses accrued	1 419 974	1 150 786
Total Current Employee Benefits	9 130 759	7 751 829

The movement in current employee benefits are reconciled as follows:

Provision for Staff Leave

Balance at beginning of year	4 306 007	3 701 841
Contribution to current portion	1 437 153	1 406 141
Expenditure incurred	(546 426)	(801 975)
Balance at end of year	5 196 735	4 306 007

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

Provision for Performance Bonuses

Balance at beginning of year	565 027	464 450
Contribution to current portion	485 248	434 391
Expenditure incurred	(541 235)	(333 814)
Balance at end of year	509 040	565 027

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exists.

Staff Bonuses accrued

Balance at beginning of year	1 150 786	1 087 873
Contribution to current portion	2 407 275	2 074 908
Expenditure incurred	(2 138 087)	(2 011 994)
Balance at end of year	1 419 974	1 150 786

Bonuses are being paid to all municipal staff, excluding managers appointed in terms of section 54 & 56 of the Municipal Systems Amendment act of 2011. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

6 PAYABLES FROM EXCHANGE TRANSACTIONS

Other Payables	10 535 373	6 257 250
Payments received in advance	14 355	13 956
Retentions	601 835	405 931
Sundry Creditors	9 855 462	5 769 728
Standard Bank Fleet Card	63 721	67 622
Salary Control: - Industrial Council	-	13
Total Trade Payables	10 535 373	6 257 250

Payables are being recognised net of any discounts.

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

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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
7	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
	Unspent Grants	1 177 558	331 350
	National and Provincial Government Grants	1 177 558	331 350
	Balance Previously Reported	-	346 350
	Correction of Error (Incorrect Classification) - Note 31	-	(15 000)
	Less: Unpaid Grants	-	-
	National and Provincial Government Grants	-	-
	Total Conditional Grants and Receipts	1 177 558	331 350
	Reconciliation of total grants and receipts		
	See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
	Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.		
8	UNSPENT PUBLIC CONTRIBUTIONS		
	Unspent Public Contributions - ABSA	-	15 000
	Correction of Error (Incorrect Classification) - Note 31	-	15 000
	Total Unspent Public Contributions	-	15 000
	Reconciliation of public contributions		
	<u>ABSA</u>		
	Opening balance	15 000	-
	Contributions received	-	15 000
	Conditions met - Transferred to revenue	(15 000)	-
	Closing balance	-	15 000
	Brief description of contribution and conditions attached		
9	TAXES		
	NET VAT RECEIVABLE/(PAYABLE)	6 862 911	1 207 718
	VAT is receivable/payable on the cash basis.		
10	PROPERTY, PLANT AND EQUIPMENT		
10.1	<u>Refer to note 9 on page 66</u>		
10.2	Assets pledged as security:		
	No assets are pledged as security.		
10.3	Third party payments received for losses incurred:		
	Payments received (Excluding VAT)	8 277	12 773
10.4	Impairment of property plant and equipment for the year		
	Impairment charges on Property, plant and equipment recognised in statement of financial performance		
	Land and Buildings	-	-
		-	-
	Cumulative impairment charges included in major balances		
	Land and Buildings	18 807 364	18 807 364
		18 807 364	18 807 364
10.5	Effect of changes in accounting estimates		
	Effect on Property, plant and equipment	-	9 784.89
10.6	Revaluation of property		

The revaluation of council's land and buildings was done by Valu Data professional valuers during the 2011 / 12 financial year on the method of

- value indicated by recent sales of comparable properties in the market,
- value of the property's earning power based on a capitalisation of the first year income or projected future income, and
- the current cost of reproducing or replacing the improvements less loss in value from depreciation plus the value of land.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
11	NON-CURRENT ASSETS HELD FOR SALE		
	Non-current assets held for sale at beginning of year - at book value	-	-
	Balance Previously Reported		7 225 699
	Correction of Error - GRAP 100 Revised - Note 31		(7 225 699)
	Additions for the year	-	-
	Balance Previously Reported		45 005
	Correction of Error - GRAP 100 Revised - Note 31		(45 005)
	Non-current assets sold/written off during the year	-	-
	Balance Previously Reported		(335 047)
	Correction of Error - GRAP 100 Revised - Note 31		335 047
	Non-current assets held for sale at end of year - at book value	-	-

Non-current assets held for sale are items written off but not yet disposed at year end. Assets that needs to be transferred to the Department of Roads will be disclosed as assets held for sale until finally transferred.

12	INTANGIBLE ASSETS		
	Computer Software		
	Net Carrying amount at 1 July	776 683	848 654
	Cost	1 178 740	1 133 740
	Accumulated Amortisation	(402 057)	(285 086)
	Additions	252 455	45 000
	Amortisation	(138 960)	(116 971)
	Net Carrying amount at 30 June	890 178	776 683
	Cost	1 431 195	1 178 740
	Accumulated Amortisation	(541 017)	(402 057)

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

	<u>Remaining Amortisation</u> <u>Period</u>	Carrying Value	
<u>Description</u>			
Computer programmes	10	890 178	776 683

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

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

13	HERITAGE ASSETS		
	Net Carrying amount at 1 July	631 417	631 417
	Cost	631 417	631 417
	Acquisitions	-	-
	Net Carrying amount at 30 June	631 417	631 417
	Cost	631 417	631 417

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There were no Heritage Assets pledged as security for liabilities for the 2014/15 financial year.

14	CURRENT INVESTMENTS		
	Bank Deposits	5 250 000	4 400 000
	Total Current Investments	5 250 000	4 400 000

Fixed deposit at Standard Bank until 24 June 2016 at 7.09% interest.

15	LONG-TERM RECEIVABLES		
	Roads Post Retirement Healthcare Benefits - Refer to Note 4.1		
	Opening Balance	10 438 717	10 476 545
	Current year movements	10 476 545	10 612 116
		(37 828)	(135 571)
	Total post retirement benefits 30 June	10 438 717	10 476 545
	Less: Transfer of Current Portion	(963 324)	(898 044)
	Balance 30 June	9 475 393	9 578 501

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
<p>Council managed an agency service on behalf of the Department of Roads & Public Works until 30 June 2011. The service has been transferred back to the department from 01 July 2011. As per agreement, the municipality will continue payment of the post service medical aid premiums of the retired employees to the service provider. The department will refund the employers portion of the instalment and the members will be responsible for the employee portion. Outstanding amounts are treated as receivables from non-exchange transactions.</p>		
16 INVENTORY		
Consumable Stores - Stationery and materials - At cost	323 658	291 794
Total Inventory	323 658	291 794
Consumable stores materials written down due to losses as identified during the annual stores counts.	-	2 798
Consumable stores materials surpluses identified during the annual stores counts.	-	-
Inventory recognised as an expense during the year	352 500	363 140
No inventory assets were pledged as security for liabilities.		
17 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Other Receivables	1 531 082	1 526 710
Sundry Services	535 439	496 922
Payments Made in Advance	680 791	532 206
Interest on investment	209 597	382 115
Other Sundry Debtors	73 307	106 268
Salary Control - Traffic Fines	200	200
Insurance Control Account	20 547	-
Recoverable Amounts	11 200	9 000
Total Receivables from Non-Exchange Transactions	1 531 082	1 526 710
Less: Allowance for Doubtful Debts	-	(10 695)
Total Net Receivables from Non-Exchange Transactions	1 531 082	1 516 015
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	10 695	-
Contribution to provision/(Reversal of provision)	-	10 695
Bad Debts Written Off	(10 695)	-
Balance at end of year	-	10 695.30
<p>The entire provision for bad debts relates to outstanding levies for post service medical aid contributions.</p>		
<p>Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.</p>		
18 OPERATING LEASE ARRANGEMENTS		
18.1 The Municipality as Lessor (Asset)		
Balance on 1 July	-	4 579
Movement during the year	-	(4 579)
Balance on 30 June	-	-
<p>At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:</p>		
Up to 1 Year	-	-
Total Operating Lease Arrangements	-	-
<p>This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income. The municipality does not engage in any sub-lease arrangements. The municipality did not receive any contingent rent during the year</p>		
19 CASH AND CASH EQUIVALENTS		
Assets		
Call Investment Deposits	84 500 000	78 000 000
Primary Bank Account	2 979 273	9 931 039
Cash Floats	3 300	3 300
Total Cash and Cash Equivalents - Assets	87 482 573	87 934 339
<p>Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.</p>		
<p>The municipality has the following bank accounts:</p>		
Current Accounts		
Standard Bank Kimberley Business Centre - Account Number 04 007 955 4	2 979 273	9 921 183
ABSA Bank Kimberley (Central Business District) - Account Number 940 000 327	-	9 856
	2 979 273	9 931 039

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
Standard Bank Kimberley Business Centre - Account Number 04 007 955 4		
Cash book balance at beginning of year	9 921 183	322 126
Cash book balance at end of year	2 979 273	9 921 183
Bank statement balance at beginning of year	10 111 546	618 780
Bank statement balance at end of year	3 211 552	10 111 546
ABSA Bank Kimberley (Central Business District) - Account Number 940 000 327		
Cash book balance at beginning of year	9 856	38 469
Cash book balance at end of year	-	9 856
Bank statement balance at beginning of year	9 856	41 490
Bank statement balance at end of year	-	9 856

New primary bank account has been opened at Standard bank. The account at ABSA was closed on 14 July 2014.

Call Investment Deposits

Call investment deposits consist out of the following accounts:

Absa Bank
20-7449-2590

20-7506-4106

First Rand
PVH5311041
PVH56MA00

Nedcor
CALL - 7662011402 / 000076
03 / 7662011402 / 89
03 / 7662011402 / 92

Standard Bank
048472468 084
048472468 085
048472468 089
048472468 091

19 000 000	13 500 000
9 000 000	13 500 000
4 500 000	-
5 500 000	-
15 500 000	10 500 000
10 000 000	10 500 000
5 500 000	-
22 000 000	27 500 000
9 500 000	27 500 000
7 000 000	-
5 500 000	-
28 000 000	26 500 000
10 000 000	26 500 000
8 000 000	-
4 500 000	-
5 500 000	-
84 500 000	78 000 000

20

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants

Equitable Share

Conditional Grants

National Government
Provincial Government
Public Contributions

Total Grants and Subsidies

Government Grants and Subsidies - Operating

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

Equitable share

Executive & Council
Budget & Treasury
Planning & Development
Housing
Public Safety
Environmental Protection

97 428 000	89 990 000
97 428 000	89 990 000
4 966 822	5 062 784
1 924 183	2 227 941
3 027 640	2 834 843
15 000	-
102 394 822	95 052 784
102 394 822	95 052 784
102 394 822	95 052 784
97 428 000	89 990 000
49 610	-
1 327 097	1 424 648
1 895 115	2 434 792
1 380 000	983 191
315 000	2 288 364
-	5 836
102 394 822	97 126 831

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

20.01 Equitable share

Opening balance

Grants received

Gross Funding

Conditions met - transferred to revenue

Conditions still to be met

-	-
97 428 000	89 990 000
97 428 000	89 990 000
(97 428 000)	(89 990 000)
-	-

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

20.02 Financial Management Grant

Opening balance

Grants received

Gross Funding

Conditions met - transferred to revenue

Conditions still to be met

-	-
1 250 000	1 250 000
1 250 000	1 250 000
(1 250 000)	(1 250 000)
-	-

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2015
R

2014
R

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).

20.03 Municipal Systems Improvement Grant

Opening balance	179 068	267 008
Grants received	934 000	890 000
Gross Funding	1 113 068	1 157 008
Conditions met - transferred to revenue	(674 047)	(977 941)
Transferred to sundry revenue	(68)	
Transferred back to National Treasury	(179 068)	
Conditions still to be met	259 885	179 068

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

20.04 District Aids Council

Opening balance	100 000	-
Grants received	500 000	100 000
Gross Funding	600 000	100 000
Conditions met - transferred to revenue	(49 610)	-
Grant expenditure to be recovered	550 390	100 000

The grant is from Department of Health to finance the costs of District Aids Councils in the campaign against AIDS and also to provide HIV /AIDS prevention care programs and services in the region.

20.05 NEAR Control Centre

Opening balance	-	-
Grants received	315 000	300 000
Gross Funding	315 000	300 000
Conditions met - transferred to revenue	(315 000)	(300 000)
Grant expenditure to be recovered	-	-

The grant is used to maintain effective functioning of the NEAR control centres and provide additional funds for training NEAR personnel.

20.06 NCPA - Housing Accreditation Grant

Opening balance	-	-
Grants received	1 380 000	1 000 000
Gross Funding	1 380 000	1 000 000
Conditions met - transferred to revenue	(1 380 000)	(1 000 000)
Conditions still to be met	-	-

The grant is used to enable the District Municipality to obtain full accreditation to administer national housing programmes in terms of the delegation of functions from Department of Cooperative Governance, Human Settlements & Traditional Affairs.

20.07 NCPA Firefighting Equipment

Opening balance	-	-
Grants received	315 000	300 000
Gross Funding	315 000	300 000
Conditions met - transferred to revenue	-	(300 000)
Conditions still to be met	315 000	-

Grant is used to enhance municipalities' capacity to deal with fire hazards.

20.08 SETA - Skills Grant

Opening balance	-	-
Grants received	77 097	76 853
Gross Funding	77 097	76 853
Conditions met - transferred to revenue	(77 097)	(76 853)
Conditions still to be met	-	-

The grant is used for training and capacity building of employees as per approved Skills Work Plan.

20.09 NCPA: EPWP: DMA Bush Clearance

Opening balance	-	-
Grants received	1 006 000	1 000 000
Gross Funding	1 006 000	1 000 000
Conditions met - transferred to revenue	(1 006 000)	(1 000 000)
Conditions still to be met	-	-

The grant is used for clearance and vegetation control of areas in the DMA.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
20.10 NCPA: Environmental Health Recycling Project		
Opening balance	52 283	60 272
Grants received	-	-
Gross Funding	52 283	60 272
Conditions met - transferred to revenue	-	(7 990)
Conditions still to be met	52 283	52 283
Grant is used for Frances Baard Recycling projects.		
20.11 Tourism Grant		
Opening balance	-	-
Grants received	200 000	150 000
Gross Funding	200 000	150 000
Conditions met - transferred to revenue	(200 000)	(150 000)
Conditions still to be met	-	-
20.12 Total Government Grants & Subsidies		
Opening balance	331 350	327 281
Grants received	103 405 097	95 056 853
Gross Funding	103 736 447	95 384 134
Transferred to sundry revenue	(68)	-
Transferred back to National Treasury	(179 068)	-
Conditions met - transferred to revenue	(102 379 755)	(95 052 784)
Conditions still to be met/(Grant expenditure to be recovered)	1 177 558	331 350
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	1 177 558	331 350
Unpaid Conditional Government Grants and Receipts	-	-
	1 177 558	331 350
21 Public Contributions & Donations		
21.1 ABSA		
Opening balance	15 000	-
Grants received	-	15 000
Gross Funding	15 000	15 000
Conditions met - transferred to revenue	(15 000)	-
Conditions still to be met	-	15 000
Private contribution to fund commemorative day celebrations		
21.2 Total Public Contributions & Donations		
Opening balance	15 000	-
Grants received	-	15 000
Gross Funding	15 000	15 000
Conditions met - transferred to revenue	(15 000)	-
Conditions still to be met/(Grant expenditure to be recovered)	-	15 000
<u>Disclosed as follows:</u>		
Unspent Public Contributions & Donations	-	15 000
Unpaid Public Contributions & Donations	-	-
	-	15 000
22 OTHER INCOME		
Commission: Insurance Payments	21 303	9 531
Private telephone calls / photo copies	38 530	43 127
Rentals	9 879	1 634
Discount on SALGA membership fees	37 500	-
Recovered Unauthorised, Fruitless & Wasteful Expenditure	10 128.31	183 637
Insurance Claims / Replace Stolen Assets	24 737	24 737
Study Bursaries Recovered	-	34 095
Traffic fines	-	1 954
Motor vehicle usage	5 500	-
Other	5 075	21 387
Total Other Income	152 651	320 102
Other income represents income such as insurance claims, private telephone calls and other sundry income.		

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
23	EMPLOYEE RELATED COSTS		
	Employee related costs – Salaries and Wages	30 918 010	26 591 891
	Employee related costs – Contributions for UIF, pensions and medical aids	6 451 426	5 828 815
	Motor car and other allowances	3 671 632	2 819 426
	Housing benefits and allowances	265 399	205 795
	Overtime	-	72 309
	Leave benefit	1 437 153	1 406 142
	Annual Bonus	2 407 275	2 074 908
	Performance bonus	485 248	434 391
	Compulsory cost:- Skills Levy; Workmen's Compensation; Industrial Council Contributions	507 658	745 077
	Group Insurance	431 882	344 497
	Long Service Bonus	141 985	131 264
	Post-Retirement Medical Aid	394 998	-
	Post-Retirement Pension fund	-	359 770
		47 112 666	41 014 286
	Less: Employee Costs allocated elsewhere	-	-
	Total Employee Related Costs	47 112 666	41 014 286
	KEY MANAGEMENT PERSONNEL		
	Municipal Manager and all other directors are appointed on a 5-year fixed term contract. There are no post-employment or termination benefits payable to them at the end of the contract period.		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	Remuneration of the Municipal Manager - Ms ZM Bogatsu		
	Annual Remuneration	1 647 598	1 530 260
	Performance Bonuses	235 689	-
	Total	1 883 287	1 530 260
	Remuneration of the Director Financial Services - Mr PJ van Biljon		
	Annual Remuneration	-	635 886
	Performance Bonuses	-	79 717
	Total	-	715 603
	Resigned on 31 January 2014		
	Remuneration of the Acting Director Financial Services - Ms O Moseki		
	Annual Remuneration	884 075	209 320
	Performance Bonuses	-	-
	Total	884 075	209 320
	Remuneration of the Director Administration - Ms NG Kgantsi		
	Annual Remuneration	160 315	1 090 091
	Performance Bonuses	101 849	79 717
	Total	262 163	1 169 808
	Resigned on 22 August 2014		
	Remuneration of Executive Director: Infrastructure Services - Mr PJ van der Walt		
	Annual Remuneration	1 173 607	1 090 091
	Performance Bonuses	97 199	84 699
	Total	1 270 806	1 174 790
	Remuneration of Executive Director: Planning & Development - Mr FS Mdee		
	Annual Remuneration	1 173 607	1 090 091
	Performance Bonuses	101 849	89 681
	Total	1 275 456	1 179 772
24	REMUNERATION OF COUNCILLORS		
	Mayor	766 897	745 621
	Speaker	617 690	583 908
	MPAC Chairman	320 391	274 310
	Mayoral Committee Members	2 679 253	2 528 697
	Councillors	1 236 981	1 184 313
	Other Obligatory Contributions (Skills Levy, etc.)	69 742	107 273
	Total Councillors' Remuneration	5 690 954	5 424 122
	In-kind Benefits		
	The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Mayor is provided with secretarial support and an office at the cost of the Council.		
	The Executive Mayor makes use of a municipal vehicle for official duties.		
25	DEBT IMPAIRMENT		
	Trade Receivables from non-exchange transactions - Note 17	-	10 695
	Total Contribution to Debt Impairment	-	10 695
		-	-
	Debt impairment recognised in statement of financial performance	-	10 695

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
26 DEPRECIATION AND AMORTISATION		
Property Plant and Equipment	3 630 130	3 827 356
Intangible Assets	138 960	116 971
	3 769 090	3 944 327
27 IMPAIRMENTS		
Property Plant and Equipment	-	-
	-	-
28 FINANCE CHARGES		
28.1 Long-term Liabilities		
Finance leases	1 052 381	1 214 568
	-	874
Total finance charges: long-term Liabilities	1 052 381	1 215 443
28.2 Employee Benefits	1 328 389	1 084 898
Total finance charges	2 380 770	2 300 340
29 GRANTS AND SUBSIDIES		
29.1 Grants and subsidies paid to other municipalities		
Infrastructure grants paid to other municipalities	27 435 011	26 454 597
Dikgatlong Municipality	4 734 558	5 559 789
Streets & Storm Water	573 636	-
Refuse	-	1 984 090
Electricity	2 444 535	861 504
Sanitation	1 310 547	123 600
Water	405 840	-
Maintenance Projects	-	2 590 595
Magareng Municipality	7 500 210	9 351 581
Water	5 000 000	5 694 632
Sanitation	-	1 199 983
Maintenance Projects	2 500 210	2 456 966
Phokwane Municipality	8 374 432	7 043 226
Sanitation	1 510 530	1 570 408
Streets & Stormwater	251 200	-
Water	1 624 790	1 746 305
Electricity	-	665 557
Maintenance Projects	4 987 912	3 060 956
Sol Plaatje Municipality	6 825 811	4 500 000
Water	4 325 811	3 000 000
Maintenance Projects	2 500 000	1 500 000
Total Grants and subsidies paid to other municipalities	27 435 011	26 454 597
The municipality makes allocations to participating bodies within its area of jurisdiction. Such allocations are primarily for infrastructure development and are treated as grants in kind. Assets with regard to property, plant and equipment funded becomes the property of the participating body who controls the asset.		
29.2 Other grants paid and special projects		
Other grants paid and special projects	9 840 966	7 187 275
Grants paid to other organs of state	135 000	135 000
Northern Cape Tourism Authority	135 000	135 000
Other special projects	9 705 966	7 052 275
Council - Special Projects in the Office of the Mayor and Speaker	102 032	-
Special Projects: Office of The Municipal Manager	10 964	-
Youth unit / Manager in office of Municipal Manager	-	137 344
Communications - Communication Projects	112 662	16 111
Internal Audit	91 546	-
Financial Management & Support Programmes	2 728 420	730 597
Information Technology Projects	866	-
Employee wellness programmes	476 570	252 597
Project Management Projects	7 001	3 347
Tourism Projects	1 885 981	1 510 003
GIS Projects	594 414	772 673
Spatial Planning Projects	63 021	461 163
Planning & Development projects	760 365	977 941
IDP / PMS Projects	44 258	2 881
Other special projects continue		
Local Economic Development	2 079 508	1 489 985
Environmental Health Projects	273 217	55 478
Disaster Management	392 898	569 967
Housing Awareness	82 244	72 186
Total Other grants paid and special projects	9 840 966	7 187 275
Summary of Grants and Subsidies Paid		
Infrastructure grants paid to other municipalities	27 435 011	26 454 597
Grants paid to other organs of state	135 000	135 000
Other special projects	9 705 966	7 052 275
Total Grants and Subsidies	37 275 977	33 641 872

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
30 GENERAL EXPENSES		
Accommodation	1 127 291	815 373
Audit Fees	1 887 149	1 580 224
Bank Charges	48 325	63 756
Books, Printing & Stationery	671 597	543 774
Cellphones	71 358	57 918
Cleaning Materials	54 959	42 027
Cleaning Motor Vehicles	14 079	14 633
Conferences and Seminars	219 808	188 728
Consultancy	469 369	446 883
Entertainment / Refreshments	224 778	209 093
General Expenses	313 061	235 709
General Notices	1 019 572	1 195 742
Gifts	4 036	546
Insurance	340 250	264 738
Motor vehicle operating cost	837 803	730 525
Motor Vehicle Usage	-	6 082
Municipal Services & Taxes	1 428 580	1 239 085
Office Requirements	5 516	1 145
Pauper Burials	13 200	9 600
Postage	26 742	(5 950)
Protective Clothing	28 120	31 680
Relocation Costs	221 186	402 203
SALGA Membership Fees	587 261	414 962
IA membership fees	7 523	-
Security Services	589 826	545 349
Study Bursaries	79 935	99 924
Training	794 400	1 069 290
Telephone / Data Lines	448 533	390 448
Transportation	529 683	358 554
General Expenses	12 063 939	10 952 041
31 CORRECTION OF ERROR IN TERMS OF GRAP 3		
31.1 Accumulated Surplus		
<u>1 July 2013 - Opening Balance</u>		
Balance Previously Reported		75 947 879
Land and Buildings that should have been transferred to Department of Transport as the municipality no longer have control over these assets in terms of GRAP 17.		
- Cost Price		(6 969 000)
- Accumulated Depreciation		156 695
- Revaluation Reserve		5 402 099
Correction of Opening balance of PEMA - Roads as per actuaries report		40 123
Restated Net Deficit		74 577 796
31.2 <u>2013/2014 - Statement of Financial Performance</u>		
Net Deficit Previously Reported		(332 852)
Depreciation incorrectly calculated		105 705
Payments made after reporting date:		
General expenditure		(25 116)
Grants & Subsidies Paid		(10 000)
Payments should be disclosed as payments made in advance and not expenditure		
Repairs & Maintenance		17 850
Grants and Subsidies		34 553
General expenditure		17 303
Recalculation of leave provision		(2 120)
Provision for bad debt		(10 695)
Incorrect disclosure of insurance claims		(24 737)
Loss on disposal of fixed assets		
Loss on disposal of fixed assets		(74)
Disclosure of nett amount of actuarial gains / losses		22 888
Revenue		
Restatement of other income		
VAT incorrectly calculated on revenue		(4 247)
Incorrect disclosure of insurance claims		24 737
Restatement of rental income		
Recalculation of rental income		(675)
Rental of facilities		(700)
Restatement of loss on disposal of fixed assets		
Disclosure of net amount of actuarial gains / losses		(22 888)
Restated Net Deficit		(211 068)
31.3 Unspent Conditional Government Grants		
Balance Previously Reported		346 350
ABSA contribution transferred to Public Contributions		(15 000)
Restated Balance		331 350

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
31.4 Unspent Public Contributions		
Balance Previously Reported		-
ABSA contribution transferred from Unspent Government Grants		15 000
Restated Balance		15 000
31.5 Non-Current Assets Held for Sale		
Balance Previously Reported		6 935 658
GRAP 100 was revised and now only includes Discontinued Operations, balance was therefore transferred back to Property, Plant and Equipment.		(6 935 658)
Restated Balance		-
31.6 Revaluation Reserve		
Balance Previously Reported		20 621 882
Land and Buildings that should have been transferred to Department of Transport as the municipality no longer have control over these assets in terms of GRAP 17 - Opening balance 1 July 2013.		(5 297 909)
Land and Buildings that should have been transferred to Department of Transport as the municipality no longer have control over these assets in terms of GRAP 17 - 2013/14 Financial Year.		(104 190)
Restated Balance		15 219 783
31.7 Property, Plant & Equipment - Accumulated impairment / Depreciation: Other Assets		
Cost		
Balance previously reported		76 372 028
Correction of cost of revaluation		(6 570 909)
Land and Buildings that should have been transferred to Department of Transport as the municipality no longer have control over these assets in terms of GRAP 17.		412 138
Restated balance		70 213 256
Accumulated depreciation		
Balance previously reported		37 710 870
Correction of Depreciation Incorrectly Calculated		(105 705)
Correction of cost of revaluation		(6 570 909)
Land and Buildings that should have been transferred to Department of Transport as the Municipality no longer have control over these assets in terms of GRAP 17.		288 786
Restated balance		31 323 042
31.8 Employee Benefits		
Balance Previously Reported		24 836 734
Correction of Opening balance of PEMA - Roads as per actuaries report		(40 123)
Restated Balance		24 796 611
32 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	(2 467 377)	(211 068)
Adjustments for:		
Depreciation	3 630 130	3 827 356
Amortisation of Intangible Assets	138 960	116 971
Loss on disposal of property, plant and equipment	110 505	397 840
Debt Impairment	-	10 695
Contribution from/to Employee Benefits - Current	4 329 676	3 915 440
Contribution from/to Employee Benefits - Current - Expenditure incurred	(3 225 747)	(3 147 783)
Contribution from/to Employee Benefits - Non-Current	2 722 740	2 400 125
Contribution from/to Employee Benefits - Non-Current - Expenditure incurred	(1 651 056)	(1 553 251)
Actuarial Gains	-	-
Actuarial Losses	1 087 338	1 073 176
Grader cost	(891 005)	-
Grader cost	891 005	-
Grants Received	103 405 097	95 071 853
Grant Expenditure	(102 573 890)	(95 052 784)
Operating lease income accrued	-	4 579
Operating Surplus/(Deficit) before changes in working capital	5 506 377	6 853 149
Changes in working capital	(1 424 000)	1 979 335
Increase/(Decrease) in Trade and Other Payables	4 278 123	2 085 826
(Increase)/Decrease in Taxes	(5 655 193)	(88 621)
(Increase)/Decrease in Inventory	(31 864)	(25 392)
(Increase)/Decrease in Trade and other receivables	(15 067)	7 522
Cash generated/(absorbed) by operations	4 082 377	8 832 484
33 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 19	84 500 000	78 000 000
Cash Floats - Note 19	3 300	3 300
Bank - Note 19	2 979 273	9 931 039
Total cash and cash equivalents	87 482 573	87 934 339

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
34	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 33	87 482 573	87 934 339
	Investments - Note 14	5 250 000	4 400 000
		92 732 573	92 334 339
	Less:	50 843 690	44 355 429
	Unspent Committed Conditional Grants - Note 7	1 177 558	331 350
	Unspent Public Contributions - Note 8	-	15 000
	Payables from exchange transactions	10 535 373	6 257 250
	Current Employee benefits	9 130 759	7 751 829
	Cash Reserves to Cover Expenditure for Three Months	30 000 000	30 000 000
	Resources available for working capital requirements	41 888 884	47 978 910
	Allocated to:		
	Capital Replacement Reserve	9 186 800	8 182 081
	Employee Benefits	26 680 633	24 796 612
	Resources available for working capital requirements	6 021 451	15 000 217

35	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 3	8 433 717	10 040 651
	Used to finance property, plant and equipment - at cost	(8 433 717)	(10 040 651)
		-	-
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	-	-

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

BUDGET COMPARISONS

		2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 (%)
35.1	Operational				
	Revenue by source				
	Government Grants and Subsidies - Operating	102 379 822	102 897 800	(517 978)	-1%
	Public Contributions and Donations	15 000	-	15 000	100%
	Rental of Facilities and Equipment	971 687	1 060 720	(89 033)	-8%
	Interest Earned - external investments / current account	6 882 359	5 673 200	1 209 159	21%
	Other Income	1 328 389	115 000	37 651	33%
	Gain on disposal of Property, Plant and Equipment	-	60 000	(60 000)	-100%
		110 401 519	109 806 720	594 799	1%
	Expenditure by nature				
	Employee Related Costs	47 112 666	54 409 690	(7 297 024)	13%
	Remuneration of Councillors	5 690 954	6 055 350	(364 396)	6%
	Debt Impairment	-	3 000	(3 000)	100%
	Depreciation and Amortisation	3 769 090	5 380 000	(1 610 910)	30%
	Repairs and Maintenance	3 254 275	4 874 190	(1 619 915)	33%
	Finance Charges - Employee Benefits	1 052 381	2 290 000	(961 611)	42%
	Finance Charges - External Funding	37 275 977	1 053 510	(1 129)	0%
	Grants and Subsidies	13 274 659	44 715 701	(7 439 724)	17%
	General Expenses	110 505	17 256 605	(3 981 946)	23%
	Loss on disposal of Property, Plant and Equipment	-	200 000	(89 495)	45%
	Fair Value Adjustments	-	-	-	-
		112 868 896	136 238 046	(23 369 150)	17%
	Net Surplus for the year	(2 467 377)	(26 431 326)	(22 774 351)	86%

		2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 (%)
35.2	Expenditure by Vote				
	Executive & Council	18 484 851	22 715 345	(4 230 494)	-19%
	Budget & Treasury	19 986 825	25 401 120	(5 414 295)	-21%
	Corporate Services	14 250 402	18 651 445	(4 401 043)	-24%
	Planning & Development	48 578 567	55 801 146	(7 222 579)	-13%
	Housing	4 816 511	5 863 720	(1 047 209)	-18%
	Public Safety	4 399 407	5 113 720	(714 313)	-14%
	Environmental Protection	2 346 833	2 691 550	(344 717)	-13%
	Less Inter-Departmental Charges	-	-	-	0%
		112 863 396	136 238 046	(23 374 650)	-17%

		2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 (%)
35.3	Capital expenditure by vote				
	Executive & Council	310 928	390 000	(79 072)	-20%
	Budget & Treasury	936 106	1 365 000	(428 894)	-31%
	Corporate Services	688 099	919 600	(231 501)	-25%
	Planning & Development	112 891	154 000	(41 109)	-27%
	Housing	25 741	44 000	(18 260)	-41%
	Public Safety	36 583	46 000	(9 417)	-20%
	Environmental Protection	14 294	18 000	(3 706)	-21%
		2 124 642	2 936 600	(811 958)	-28%

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
36	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
36.1	Unauthorised expenditure		
	Reconciliation of unauthorised expenditure:		
	Opening balance	695 884	5 817 856
	Unauthorised expenditure current year - capital	-	-
	Unauthorised expenditure current year - operating	(739 467)	695 884
	Written off by council	(695 884)	(5 817 856)
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	(739 467)	695 884

2015

No unauthorised expenditure was incurred for 2014/15 financial year.

2014

Incident	Disciplinary steps/criminal proceedings
Finance Charges: Staff Benefits Overspend with R129 272	Will be approved on special adjustment budget during September 2014
Actuarial Losses Overspend with R787 323	Will be approved on special adjustment budget during September 2014
Loss on Disposal of PPE Overspend with R198 438	Will be approved on special adjustment budget during September 2014

36.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	275 664	187 292
Fruitless and wasteful expenditure current year	58 602	117 410
Written off by council / Recovered	(117 410)	(29 037)
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting further action	216 856	275 664

Recoverability of all fruitless and wasteful expenditure will be evaluated by Council in terms of section 32 of MFMA. The Accounting Officer wrote letters to officials and the Speaker to councillors. Consolidated responses were taken to MPAC for further investigations.

36.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	582 330	223 977
Irregular expenditure current year	-	582 330
Condonement supported by council	(582 330)	(40 340)
Transfer to receivables for recovery	-	(183 637)
Irregular expenditure awaiting further action	-	582 330

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. The Accounting Officer wrote letters to officials and the Speaker to councillors. Consolidated responses were taken to MPAC for further investigations.

36.4 Material Losses

No material losses occurred during the year.

37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

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

Opening balance	-	-
Council subscriptions	587 261	414 962
Amount paid - current year	(587 261)	(414 962)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

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

Opening balance	-	-
Current year audit fee	1 887 149	1 580 224
Amount paid - current year	(1 887 149)	(1 580 224)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

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

Opening balance	1 193 819	1 119 098
Amounts received - current year	-	(3 702 390)
Amounts received - previous years	-	(1 119 098)
Amounts claimed - current year	5 669 092	4 896 209
Closing balance - Receivable	6 862 911	1 193 819

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.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
37.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	8 960 851	7 056 507
Amount paid - current year	(8 960 851)	(7 056 507)
Balance unpaid (included in creditors)	-	-
37.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	8 511 637	6 824 693
Amount paid - current year	(8 511 637)	(6 824 693)
Balance unpaid (included in creditors)	-	-

37.6 Other non-compliance (MFMA 125(2)(e))

None

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

Supply Chain Management Policy has been amended and adopted by Council with an effective date of 1st January 2008 for implementation.

The following deviations were allowed in terms of the Supply Chain Policy for the year under review.

Supplier	Service	Amount	
2015			
Quantec Research (PTY) LTD	Annual data subscription	104 844	
The Signature Hotel	Hosting of year-end function programme	57 342	
Cheesy lifestyle Entertainment	Catering for youth day programme	54 000	
Madibuseng Trading	Extension of work on painting of council chambers	9 260	
Deloitte Consulting	Job description writing training	53 798	
Wolters Kluwer Tax & Accounting Services	Teammate software for internal audit work	191 241	
Price Waterhouse Coopers / Combined Systems	Data cleansing, upload of final asset register to Baud	59 280	
Total		529 765	
2014			
International Convention Solution	Hire centre for business plan competition	-	144 889
Price Waterhouse Coopers Combined Systems	Asset verification system purchased	-	94 050
Tletse Trading	Catering for youth day celebrations	-	65 500
Total		-	304 439

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.

(c) Interest Rate Risk

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

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

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

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

1% (2014 - 0.5%) Increase in interest rates	716 498	358 721
0.5% (2014 - 0.5%) Decrease in interest rates	(358 249)	(358 721)

(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.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2015
R

2014
R

Long-term Receivables and Other Debtors are individually evaluated annually at Statement of Financial Position date for impairment.

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

Long term receivables	10 438 717	10 476 545
Receivables from non-exchange transactions	1 531 082	1 516 015
Cash and Cash Equivalents	87 482 573	87 934 339
Current Investments	5 250 000	4 400 000
	104 702 372	104 326 898

(e) Liquidity Risk

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

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

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2015				
Long Term liabilities - Annuity Loans	2 505 184	8 132 077	-	-
Capital repayments	1 734 990	6 698 727	-	-
Interest	770 194	1 433 350	-	-
Trade and Other Payables	10 521 018	-	-	-
Unspent conditional government grants and receipts	1 177 558	-	-	-
Cash and Cash Equivalents	-	-	-	-
	14 203 760	8 132 077	-	-
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2014				
Long Term liabilities - Annuity Loans	2 659 315	10 637 261	-	-
Capital repayments	1 606 934	8 433 717	-	-
Interest	1 052 381	2 203 544	-	-
Trade and Other Payables	6 243 293	-	-	-
Unspent conditional government grants and receipts	331 350	-	-	-
Cash and Cash Equivalents	-	-	-	-
	9 233 959	10 637 261	-	-

39 FINANCIAL INSTRUMENTS

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

39.1 Financial Assets	Classification		
Investments			
Bank Deposits	Financial instruments at amortised cost	5 250 000	4 400 000
Receivables			
Receivables from non-exchange transactions	Financial instruments at amortised cost	1 531 082	1 516 015
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	84 500 000	78 000 000
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	2 979 273	9 931 039
Cash Floats and Advances	Financial instruments at amortised cost	3 300	3 300
		94 263 655	93 850 354

SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost	94 263 655	93 850 354
At amortised cost	94 263 655	93 850 354

39.2 Financial Liability	Classification		
Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	6 698 727	8 434 946
Capitalised Lease Liability	Financial instruments at amortised cost	-	-
Payables from exchange transactions			
Other Payables	Financial instruments at amortised cost	10 535 373	6 257 250

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
Other Payables			
Government Subsidies and Grants	Financial instruments at amortised cost	1 177 558	331 350
Public Contributions	Financial instruments at amortised cost	-	15 000
Current Portion of Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	1 734 990	1 605 705
Capitalised Lease Liability	Financial instruments at amortised cost	-	-
		20 146 648	16 644 251
 SUMMARY OF FINANCIAL LIABILITY			
Financial instruments at amortised cost		20 146 648	16 644 251
 40 STATUTORY RECEIVABLES			
Taxes			
VAT Receivable		6 862 911	1 207 718
Receivables from Non-Exchange Transactions			
Fines		-	-
Total Statutory Receivables		6 862 911	1 207 718

41 EVENTS AFTER THE REPORTING DATE

The municipality has no events after reporting date during the financial year ended 2014/2015.

42 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the financial year under review.

43 PRIVATE PUBLIC PARTNERSHIPS

The municipality has not entered into any private public partnerships during the financial year.

44 CONTINGENT LIABILITY

44.1 Implementation of Task

According to the Office Bearers Act, a district municipality will be rated at the highest level at which the local municipalities in its DMA are rated. FBDM is therefore rated at Grade 4.

However, with the implementation of Task by SALGA, the municipality has been rated at Grade 2. A dispute has been declared, the outcome of which is still pending. The implication of the regarding is:

Should the appeal be successful, i.e. a higher grading, a salary increase is envisaged.
Should the appeal not succeed, the status quo remains.

44.2 Labour Disputes

After dismissal, an employer tried to obtain a court ruling for unfair dismissal and to be re-instated in the position that she occupied before. The Labour Court ruled in her favour and ruled that she must be re-instated and that her backdated salary should be paid to her accordingly.

The municipality has resubmitted the case to the Labour Appeal Court and awaiting final ruling.

If the court of appeal rules in favour of the employer, an amount of R 1 400 555 may be payable to the employer.

45 RELATED PARTIES

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

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

45.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. There are no outstanding loans as at the reporting date

45.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 23 to the Annual Financial Statements.

45.3 Other related party transactions

The following purchases were made during the year where councillors or staff have an interest:

None

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

10 PROPERTY, PLANT AND EQUIPMENT
30 JUNE 2015

Reconciliation of Carrying Value

	Opening Balance		Additions		Disposals		Closing Balance		Accumulated Depreciation and Impairment Losses			Carrying Value			
	R	R	R	R	R	R	R	R	Opening Balance	Depreciation Charge	Disposals	Correction of Error - Disposal	Closing Balance	R	R
Community Assets	1 121 141	81 583	-	1 202 724	1 202 724	503 208	203 629	-	-	-	706 837	-	495 887		
Land & Buildings	106 676	45 000	-	151 676	151 676	85 341	7 112	-	-	-	92 452	-	59 223		
Security Measures	1 014 465	36 583	-	1 051 048	1 051 048	417 867	196 518	-	-	-	614 385	-	436 664		
Other Assets	69 047 116	1 835 603	1 048 021	69 834 696	69 834 696	30 819 832	3 426 500	927 910	33 318 422	36 516 275					
Land & Buildings	46 795 656	612 801	80 018	46 795 654	46 795 654	19 684 377	599 625	78 178	-	20 284 001	26 511 652				
Office Equipment	3 338 405	89 638	20 763	3 871 188	3 871 188	2 023 823	430 062	20 081	-	2 375 706	1 495 482				
Furniture & Fittings	3 036 775	8 386	5 558	3 105 649	3 105 649	2 047 363	285 514	5 546	-	2 312 795	792 854				
Plant & Machinery	1 996 576	298 000	43 848	2 004 962	2 004 962	1 421 293	193 516	-	-	1 609 263	395 699				
Plant & Machinery - Residual Value	298 000	1 336 057	271 613	292 209	292 209	700 924	181 589	43 867	-	838 646	453 563				
Emergency Equipment	5 169 761	425 443	108 400	5 323 592	5 323 592	2 070 664	1 008 007	271 533	-	2 807 139	2 516 453				
Motor Vehicle	2 029 861	414 850	517 822	2 336 311	2 336 311	-	-	-	-	-	2 336 311				
Motor Vehicle - Residual Value	5 046 025	284 486	517 822	4 812 689	4 812 689	2 871 388	728 189	508 705	-	3 090 871	1 721 818				
Computer Equipment															
Less: Transferred to Non-Current Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	70 168 256	1 917 187	1 048 021	71 037 420	71 037 420	31 323 040	3 630 129	927 910	34 025 259	37 012 162					

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

30 JUNE 2014

Reconciliation of Carrying Value

	Cost		Accumulated Depreciation and Impairment Losses				Carrying Value		
	R	R	R	R	R	R	R		
Community Assets	1 130 115	36 096	70	1 166 140	319 811	183 452	55	503 208	662 933
Land & Buildings	151 676	-	-	151 676	74 673	10 668	-	85 341	66 335
Security Measures	978 439	36 096	70	1 014 465	245 138	172 784	55	417 867	596 598
Other Assets	67 421 804	2 472 367	847 054	69 047 116	27 624 559	3 643 905	448 629	30 819 834	38 227 282
Land & Buildings	46 169 968	625 688	-	46 795 656	19 097 268	587 111	-	19 684 379	27 111 277
Balance Previously Reported	59 709 877	625 688	-	60 335 565	25 824 872	692 816	-	26 517 688	33 817 877
Correction of Error - Note 31	(6 570 909)	-	-	(6 570 909)	(6 570 909)	(105 705)	-	(6 676 614)	105 705
Correction of Error - Transferred to Department of Transport - Note 31	(6 969 000)	-	-	(6 969 000)	(156 695)	-	-	(156 695)	(6 812 305)
Office Equipment	3 144 651	200 232	6 478	3 338 405	1 554 602	474 745	5 524	2 023 823	1 314 582
Office Equipment - Finance leases	-	-	-	-	-	-	-	-	-
Furniture & Fittings	2 951 375	94 049	8 650	3 036 775	1 679 459	375 087	7 183	2 047 363	989 412
Plant & Machinery	1 989 976	6 600	-	1 996 576	1 112 435	308 859	-	1 421 293	575 283
Plant & Machinery - Residual Value	298 000	-	-	298 000	-	-	-	-	298 000
Emergency Equipment	1 336 057	-	-	1 336 057	520 047	180 877	-	700 924	635 133
Motor Vehicle	4 844 281	487 327	159 162	5 172 446	1 308 555	895 262	133 152	2 070 664	3 101 782
Motor Vehicle - Residual Value	1 704 086	594 890	271 800	2 027 176	-	-	-	-	2 027 176
Computer Equipment	4 983 409	463 580	400 965	5 046 025	2 352 193	821 965	302 770	2 871 388	2 174 637
Less: Transferred to Non-Current Assets Held for Sale	-	-	-	-	-	-	-	-	-
Balance Previously Reported	(7 496 968)	115 830	-	(7 381 138)	(271 268)	(174 212)	-	(445 480)	(6 935 658)
Correction of Error - Note 31	7 496 968	(115 830)	-	7 381 138	271 268	174 212	-	445 480	6 935 658
Discontinued operations	-	-	-	-	-	-	-	-	-
	68 551 919	2 508 462	847 124	70 213 257	27 944 370	3 827 356	448 684	31 323 042	38 890 215

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

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30 JUNE 2014	Redeemed written off during the period	Balance at 30 JUNE 2015
ANNUITY LOANS					
DBSA - Frances Baard Council Chamber & Offices	103363/1	10 Years	10 040 651	1 606 934	8 433 717
Total Annuity Loans			10 040 651	1 606 934	8 433 717
LEASE LIABILITY					
Office Equipment			-	-	-
Total Lease Liabilities			-	-	-
TOTAL EXTERNAL LOANS			10 040 651	1 606 934	8 433 717

APPENDIX B - Unaudited
FRANCES BAARD DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015

	Cost											ACCUMULATED DEPRECIATION				Carrying Value
	Balance at 1 JULY 2014	Residual Value at 1 JULY 2014	Additions	Revaluation Movements / Impairments	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Transfers / Adjustments	Balance at 30 JUNE 2015	Transfers / Adjustments	Disposals	Transfers / Adjustments	Balance at 30 JUNE 2015		
Municipal Governance & Administration Executive & Council	62 468 682	1 779 961	1 531 531		414 850	-	938 862	108 400	(6 812 305)	58 335 457	26 977 331	2 346 302	927 263	-	28 396 370	29 939 087
Mayor & Council	2 153 497	-	220 715		-	-	-	-	-	2 374 212	1 408 977	226 778	-	-	1 635 755	738 457
Office of the Municipal Manager	1 778 531		2 863							1 781 394	1 217 245	186 499	-	-	1 403 744	377 650
	374 966		217 852							592 818	191 732	40 279	-	-	232 011	360 807
Budget & Treasury Office	53 378 064	1 779 961	521 256		414 850	-	936 128	108 400	(6 812 305)	48 237 298	22 323 818	1 339 174	924 934	-	22 738 058	25 499 240
Corporate Services	6 937 421		789 560			-	2 734			7 723 947	3 244 536	780 350	2 329	-	4 022 557	3 701 390
Human Resources	180 549	-	7 400				2 734			185 215	122 009	19 214	2 329		137 894	47 321
Information Technology	4 958 588	-	725 896				-			5 684 484	2 078 764	557 528	-		2 636 292	3 048 192
Other Admin	1 797 984	-	56 264				-			1 854 248	1 043 763	204 608	-		1 248 371	605 877
Community Services & Public Safety Community & Social Services	4 435 646	249 900	62 324			-	-			4 747 870	1 586 327	710 358	-	-	2 296 685	2 451 185
Community Services	-		-							-	-	-	-		-	-
Public Safety - Civil Defense	4 130 769	249 900	36 583				-			4 417 252	1 470 749	657 850	-		2 128 599	2 288 653
Housing	304 877		25 741				-			330 618	115 578	52 508	-		168 086	162 532
Economic & Environmental Services	9 763 225	295 000	115 937			-	759			10 173 403	3 318 136	712 427	647	-	4 029 916	6 143 484
Planning & Development	9 463 058	295 000	101 643				434			9 859 267	3 089 907	688 114	370		3 777 651	6 081 613
Environmental Protection	300 167	-	14 294				325			314 136	228 229	24 313	277		252 265	61 871
TOTAL PER STANDARD CLASSIFICATION	76 667 553	2 324 861	1 709 792		414 850	-	939 621	108 400	(6 812 305)	73 256 730	31 881 794	3 769 087	927 910	-	34 722 971	38 533 756
Less transferred to Non- Current Assets Held for Sale	-															
Discontinued operations	-															
Total Assets	76 667 553	2 324 861	1 709 792		414 850	-	939 621	108 400	(6 812 305)	73 256 730	31 881 794	3 769 087	927 910	-	34 722 971	38 533 756

* Internal Transfers

APPENDIX C - Unaudited
FRANCES BAARD DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2015

	Actual Income 2014 R	Actual Expenditure 2014 R	Surplus / (Deficit) 2014 R		Actual Income 2015 R	Actual Expenditure 2015 R	Surplus / (Deficit) 2015 R
	87 223 173	(48 471 850)	38 751 323	Municipal Governance & Administration	95 950 359	(52 826 466)	43 123 893
	3 716 000	(15 847 187)	(12 131 187)	Executive & Council	4 732 610	(18 484 851)	(13 752 241)
	3 716 000	(7 741 854)	(4 025 854)	Mayor & Council Office of the Municipal Manager	4 732 610	(8 485 808)	(3 753 198)
	-	(8 105 332)	(8 105 332)		-	(9 999 043)	(9 999 043)
	83 507 173	(17 881 451)	65 625 722	Budget & Treasury Office Corporate Services	91 217 749	(19 986 825)	71 230 924
	-	(14 743 212)	(14 743 212)		-	(14 354 790)	(14 354 790)
	-	(3 329 881)	(3 329 881)	Human Resources Information Technology Other Admin	-	(3 358 689)	(3 358 689)
	-	(4 098 880)	(4 098 880)		-	(4 117 530)	(4 117 530)
	-	(7 314 451)	(7 314 451)		-	(6 878 571)	(6 878 571)
	1 600 000	(7 897 782)	(6 297 782)	Community Services & Public Safety	1 695 000	(9 111 530)	(7 416 530)
	600 000	(4 410 769)	(3 810 769)	Community & Social Services	315 000	(4 295 019)	(3 980 019)
	-	-	-	Community Services	-	-	-
	600 000	(4 410 769)	(3 810 769)	Public Safety - Civil Defense	315 000	(4 295 019)	(3 980 019)
	1 000 000	(3 487 013)	(2 487 013)	Housing	1 380 000	(4 816 511)	(3 436 511)
	13 274 380	(45 938 990)	(32 664 610)	Economic & Environmental Services	12 750 660	(50 925 401)	(38 174 741)
	10 266 391	(43 948 380)	(33 681 989)	Planning & Development Environmental Protection	9 750 660	(48 578 567)	(38 827 907)
	3 007 990	(1 990 610)	1 017 380		3 000 000	(2 346 833)	653 167
	102 097 553	(102 308 622)	(211 068)	SUB TOTAL	110 396 019	(112 863 396)	(2 467 377)
	-	-	-	Discontinued Operations	-	-	-
	102 097 553	(102 308 622)	(211 068)	TOTAL	110 396 019	(112 863 396)	(2 467 377)

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

Grant Description	Balance 30 JUNE 2014	Correction of error	Balance 1 JULY 2014	Grants Received	Write Offs/ Transfers	Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2015
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS							
	R	R	R	R		R	R
Equitable Share	-	-	-	97 428 000	-	97 428 000	-
Financial Management Grant	-	-	-	1 250 000	-	1 250 000	-
Municipal Systems Improvement Grant	179 068	-	179 068	934 000	179 068	674 115	259 885
DWA - Sanitation (Mvula Trust)	-	-	-	-	-	-	-
NC Tourism - Contribution Tourism Month	-	-	-	-	-	-	-
Department of Public Works: Expanded Public Works Program Inc	-	-	-	-	-	-	-
District Aids Council	100 000	-	100 000	500 000	-	49 610	550 390
NEAR Control Centre	-	-	-	315 000	-	315 000	-
NCPA - Housing Accreditation Grant	-	-	-	1 380 000	-	1 380 000	-
NCPA Firefighting Equipment	-	-	-	315 000	-	-	315 000
NCPA - Eradication of Bucket System	-	-	-	-	-	-	-
MIG - Projects	-	-	-	-	-	-	-
SETA - Skills Grant	-	-	-	77 097	-	77 097	-
NCPA: Vuna Awards	-	-	-	-	-	-	-
DWA: Backlogs in Water & Sanitation at Clinics and Schools	-	-	-	-	-	-	-
NCPA: EPWP: DMA Bush Clearance	-	-	-	1 006 000	-	1 006 000	-
NCPA: Environmental Health Recycling Project	52 283	-	52 283	-	-	-	52 283
Tourism Grant	-	-	-	200 000	-	200 000	-
ABSA	15 000	-	15 000	-	-	15 000	-
Total	346 350	-	346 350	103 405 097	179 068	102 394 822	1 177 558

FBDM

PRIVATE BAG X6088, KIMBERLEY 8300
51 DRakensberg AVENUE, CARTERS GLEN,
KIMBERLEY 8301
TEL: 053 - 838 0911 * FAX: 053 - 861 1538
WEBSITE: francesbaard.gov.za
E-MAIL: frances.baard@fdbm.co.za

