



ANNUAL REPORT 2013/14

Comprehensive report on the activities and financial performance of the FBDM

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



Frances Baard District Municipality

Annual Report 2013/2014



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

VOLUME I

Content

VOLUME I

CHAPTER 1 - INTRODUCTION

Mayor's Foreword and Executive Summary

Mayor's Foreword	7
Executive Summary - Municipal Manager's Overview	8
Municipal Functions, Population And Environmental Overview	9
Service Delivery Overview	13
Financial Health Overview	15
Organisational Development Overview	17
Auditor General Report	18
Statutory Annual Report Process	21

CHAPTER 2 – GOVERNANCE

Political and Administrative Governance

Political Governance	22
Administrative Governance	42

Intergovernmental Relations

Intergovernmental Relations	44
-----------------------------------	----

Public Accountability and Participation

IDP Participation and Alignment	46
---------------------------------------	----

Corporate Governance

Risk Assessment & Management	47
Anti-Corruption and Fraud	47
Supply Chain Management	48
By-Laws	53
Website	53

CHAPTER 3 - SERVICE DELIVERY PERFORMANCE (Performance Report Part I)

Infrastructure Services

Financial support	55
Capital Programme	55
Operation and Maintenance	55
Housing	56
Project Management and Advisory Services	60

Planning and Development

Performance Management System	64
Town and Regional Planning	66
Geographic Information Systems (GIS)	68
Local Economic Development	70

Corporate Services

Environmental Health Services	72
Disaster Management and Fire Fighting	75

Corporate policy offices and other services

Executive and Council	80
Human Resource Services	81
Information and Communication Technology (ICT) Services	82
Financial Services	84
Organisational Performance Scorecard	86

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

Introduction	95
Employee totals, vacancy rate and turnover	95

Managing the municipal workforce

Injuries, sickness and suspensions	97
Performance rewards	99

Capacitating the municipal workforce 100

Managing the workforce expenditure 103

CHAPTER 5 - FINANCIAL PERFORMANCE

Statement of financial performance	107
Grants	110
Financial ratios based on key performance indicators	112
Cash flow management and investments	116
Supply Chain Management	117
GRAP Compliance	118

CHAPTER 6 - AUDITOR-GENERAL AUDIT FINDINGS

Auditor-General opinion of financial statements 2012/13	122
Auditor-General opinion of financial statements 2013/14	123

GLOSSARY 124

APPENDICES

Appendix A – Councillors; Committee Allocation and Council Attendance	127
Appendix B – Committees And Committee Purposes	128
Appendix C – Functions of Municipality	129
Appendix D – Recommendations of the Municipal Audit Committee 2011/12	130
Appendix E – Disclosures of Financial Interests	131
Appendix F (i): Revenue Collection Performance By Vote	133
Appendix F (ii): Revenue collection performance by source	134
Appendix G: Conditional grants received: excluding MIG	135
Appendix H (i): Capital Expenditure - New Assets Programme	136
Appendix H (ii): Capital Expenditure – Upgrade/Renewal Programme	137
Appendix I – Declaration of loans and grants made by the municipality	138

VOLUME II:

ANNUAL FINANCIAL STATEMENTS 139

Acronyms

APPA	-	Atmospheric Pollution Prevention Act
AEL	-	Atmospheric Emissions Licence
COGHSTA	-	Department of Cooperative Governance, Human Settlements and Traditional Affairs
DBSA	-	Development Bank of South Africa
DENC	-	Department of Environment and Nature Conservation
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
FY	-	Financial Year
GAMAP	-	General Accepted Municipal Accounting Practice
GIS	-	Geographic Information System
GRAP	-	Generally Recognised Accounting Practice
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
NEAR	-	National Emergency Alarm Radio System
O&M	-	Operation and Maintenance
PMS	-	Performance Management System
PMU	-	Project Management Unit
SDBIP	-	Service Delivery & Budget Implementation Plan
SDF	-	Spatial Development Framework
SLA	-	Service Level Agreement
SMME	-	Small, Medium & Micro Enterprises
TOR	-	Terms of Reference
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 Constitution 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"

Mayor's Foreword



Ms M.M Moloi
Executive Mayor

As a district municipality we are mandated to assist our local municipalities through building of their capacity to enable them to be in a position to discharge their mandate.

The District IDP indicates that housing and land, roads and storm water, unemployment, early childhood development, education and water are the highest areas of focus. Funding remains a problem and the unit costs to eradicate backlogs is still relatively high. This is exacerbated by the fact that the district municipality is not receiving Municipal Infrastructure Grant (MIG) funding anymore. It therefore falls on us to assist the local municipalities to plan properly to ensure that they utilize the MIG funds they receive effectively and correctly.

As we enter the final year of the delivery mandate of the current council, I can confirm without a doubt that our priorities for 2013/14 were still directed towards investment in infrastructure in order to assist municipalities to speed up free basic service delivery. More than 40% of the entire budget of the district municipality in this financial year was committed towards the support of the local municipalities. This excludes the administrative support given in areas such as financial management, technical project support and audit functions.

The financial management of the district municipality is sound, however the poor financial record of our local municipalities remains a challenge that we are working diligently to improve. Through our GIS, we have implemented a project in which we assessed the billing system of the Magareng Municipality as well as the completeness of the municipality's billing database. The project helped to ensure that the municipality had a sound billing system which will provide a basis for revenue generation and also enable the municipality to improve service delivery and the provision of free basic services. This year we continued to implement the same project for the Phokwane Municipality and although we experienced a few challenges which delayed the project, I am positive that we will see the project through to fruition in 2014/15.

We have managed to implement more than 90% of all infrastructure projects in this financial year and we have also put more emphasis on operation and maintenance. We appointed an EPWP co-ordinator for the entire district in order to ensure more co-ordinated and effective implementation of all EPWP projects.

As we do not have wards under our direct jurisdiction, the importance of collaboration of public participation events with our local municipalities as well as other sector departments remains an area of concern. The situation will however be addressed through the district public participation programme which will be drafted annually and adopted by council.

In closing let me state that the only way we can assist the local municipalities is through the strengthening of their capacity by the continuous utilization of our own capacity. As the political representatives of our constituents we have an obligation to act on behalf of and to serve our community to the best of our ability. We are the people in whose hands our communities have entrusted their vote, so we must make sure that they receive the best in terms of service delivery .

I wish to thank the Speaker, Councillors and the dedicated administrative staff for their diligence and commitment to ensure that 2013/14 was an extremely successful year for the district municipality.

Signed by:


The Executive Mayor

Executive Summary

Municipal Manager's Overview

We take this opportunity to present to you, the annual report for the financial year 2013/14. This report is an account of progress with regards to the second of our five year Integrated Development Plan and we therefore have the fiduciary duty to be responsive and accountable to our communities on the mandate they gave us and bestowed on us by the constitution.



Municipal Manager
Ms Z.M Bogatsu

In line with IDP Framework Plan we adopted a district wide posture to focus on the improvement of the quality of life of all the communities within the district. We have therefore improved our collective effort with our local municipalities. Frances Baard District Municipality has made a number of improvements to service delivery on a district level as well as on local municipal level by initiating mechanisms and initiatives to improve on the overall efficiency and effectiveness of service delivery in the district. In ensuring that we improve the delivery of services in our district, we remain committed to our resolution to support and strengthen our local municipalities so that collectively, we can better and efficiently provide basic services to the district community.

Despite the challenges that confront us as a district municipality in raising our own revenue, we continue our efforts to allocate the greater portion of our budget towards infrastructure development within our district. We are however, hopeful that the discussions around district funding models lead by the South African Local Government Association will yield positive results.

In addition to the financial support we provide to our local municipalities, we have improved our technical capacity so that we can directly assist our local municipalities on infrastructure development projects, which is our main focus. We have a team of engineering technicians that are continuing to assist our local municipalities in infrastructure challenges that hamper service delivery at times.

Our level two accredited status on human settlements development has also improved the turn-around time in housing projects that fall within our jurisdiction. We have also increased our building inspectorate to ensure that we are not confronted by challenges of quality of houses now and in the future.

The unqualified audit opinion, with findings we received in the 2012-2013 financial year serves as a step into our effort to obtain an unqualified audit without findings in the current financial year. We went back to the drawing board to attend to all issues that have been raised in both our management letter and the audit report. The oversight role of council and the advisory role of the audit committee should be commended as it has assisted the administration to comply with government clean audit vision 2014 for all organs of state. Indeed we are pleased to report that we received an unqualified audit opinion, with no findings for the 2013-2014 financial year.

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

The Municipal Manager

Municipal functions, population and environmental overview

It is by now common knowledge that local government is key when it comes to development. The FBDM therefore strives to promote and uphold accountable, efficient and effective operational internal systems.

Being in the sphere of government that is closest to civil society it is important that the district municipality sustains its developmental focus. Therefore sound financial management remains the cornerstone for effective and efficient performance of the municipality.

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. Roads and Storm water
3. Unemployment
4. Early Childhood Development
5. Education
6. Water
7. Clinic
8. Refuse and waste management
9. Sanitation facilities
10. Electricity and lights
11. Recreational faculties

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 storm water and roads and water.
Magareng	Provision of clean drinkable water is rated highest then high mast lights, storm water 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, roads and storm water, unemployment, early childhood development, education and water are the highest areas of focus

The annual budget in respect of the 2013/14 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.

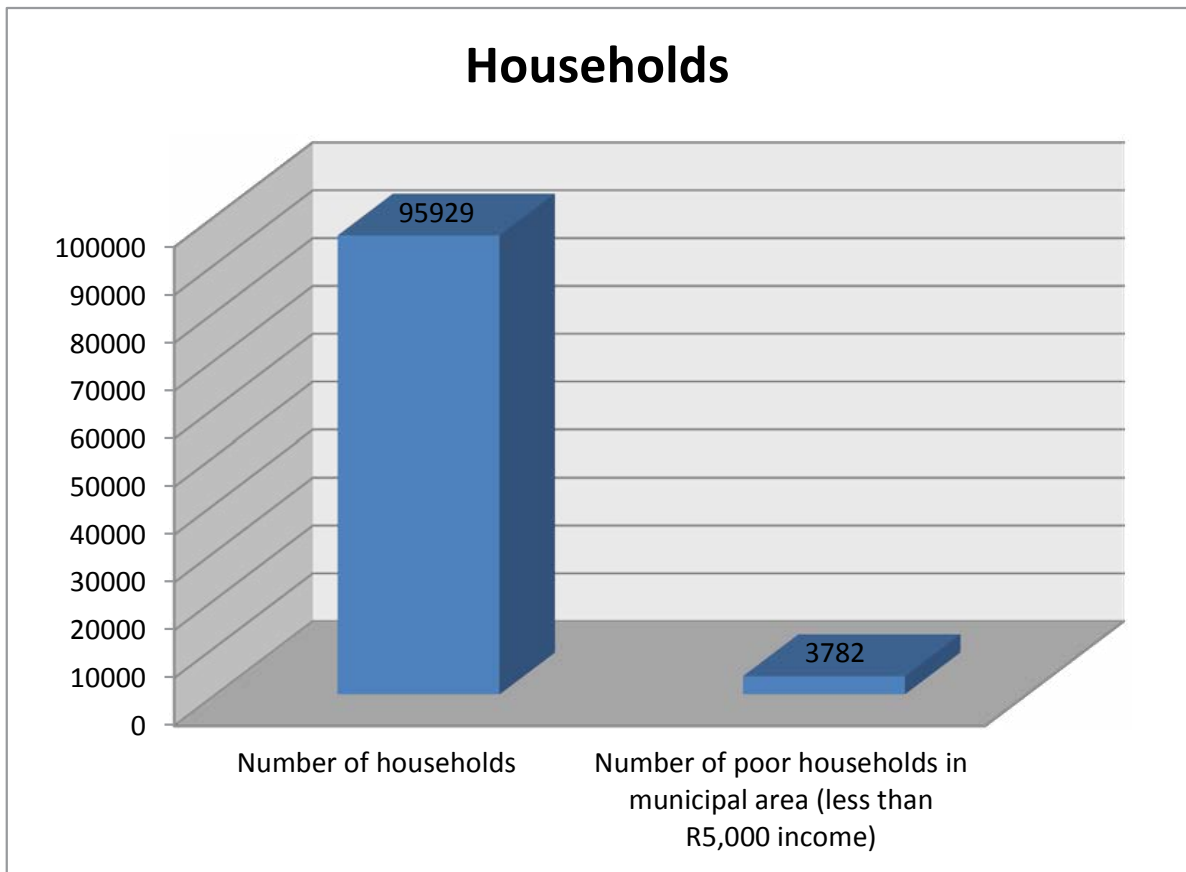
65% of the population fall within the Potentially Economically Active (PEA) group, with an equal distribution between male (49.6%) and female (50.4%). The district has an unemployment rate of 27.9%, similar to that of the Northern Cape.

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

Service Delivery Overview

The functions of district municipalities are established under the Municipal Structures Act, as amended in 2000. This Act, clause 84, sets up a list of functions to be performed by districts. There was little sector-specific policy which informed the way these functions were divided between local and district municipalities.

The main focus of the Frances Baard District Municipality is to support its local municipalities in the delivery of basic services to the community. The district municipality is expected to build capacity at local municipalities and not to provide direct services.

With the exception of Sol Plaatje, the other three local municipalities in the district have very limited capacity. Frances Baard District Municipality therefore adopted an outward looking approach which developed progressively as its institutional structures were developed.

The budget of the district municipality consists of two main revenue streams namely government grants and interest earned on external investments. Grants makes up 94% of the revenue base and interest on external investment 5%. The municipality does not generate its own revenue and is restricted to the allocation received from equitable share.

The district municipality funds capital projects as well as operational and maintenance activities in the local municipalities. It has dedicated engineering technicians to assist with infrastructure projects in three local municipalities. Their functions are to:

- Assist municipalities in identifying IDP projects;
- Provide technical support to projects under construction;
- Support the procurement of service providers; and
- Assist with relevant sector plans.

Achievements

- Several documents have been developed by the District to assist planning in local municipalities: Integrated Transport Plan Electrical Master Plans: Magareng and Phokwane.
- An amount of R15,550,000 was allocated to the local municipalities to provide for capital projects as well as an amount of R9,662,000 to assist with operation and maintenance of infrastructure
- Disaster Management coordinators appointed for Dikgatlong, Magareng and Phokwane Municipalities
- A response and recovery strategy was developed for the district
- Increased the capacity and support to local municipalities through the recruitment of Disaster Management Volunteers
- A total of 40 awareness campaigns on HIV/Aids and sanitation were conducted in Dikgatlong and Magareng to educate the communities on the causes, symptoms, effects and preventative measures to curb the spread of above diseases
- 96 Food handlers were trained on the safe preparation and handling of food

Challenges

- Bulk infrastructure in local municipalities under strain
- The housing unit stuck on level 2 accreditation without indication if and when full assignment will be reached
- The operation of food premises without a Certificate of Acceptability remains a challenge
- Lack of capacity: - there is limited capacity in the local municipalities to facilitate the implementation of the spatial planning projects

Services

The district municipality provides the following services for sustainable human settlement development:

- Project initiation, planning and design;

- Project management and contract administration;
- Subsidy administration;
- Quality assurance;
- Housing backlog identification and quantification; and
- Capacity development.

FBDM supports environmental planning and management in municipalities in the district in the following manner:

- Facilitate the consideration and inclusion of environmental planning and programmes in the IDPs of local municipalities;
- Identify environmental capacity gaps within the local municipalities (audit of planning tools and various capacity gaps);
- Assist local municipalities with the initiation process of projects i.e. design project proposal, etc; and
- Participation in various environmental management processes i.e. air quality, waste management and environmental impact assessments (EIAs).

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

- The secondment of graduate to local municipalities as interns;
- Trained local municipalities' LED officials on Project Packaging and Proposal Writing training in partnership with SALGA;
- For the first times rolled out the Small Business Week throughout the four LMs;
- Assisted cooperatives with CIPC registration to become legal entities;
- Developed a business plan for a Kimberley Manufacturing Incubation Hub;
- Assisted all LMs with the tourism month awareness campaigns;
- Rolled out a tourism business plan competitions to all schools in the District offering tourism a subject and
- Marketing of products and services at the Durban Indaba, Macufe and NOCCI Expo

In accordance with the Disaster Management Act of 2002, the district municipality is responsible for disaster management in Phokwane, Magareng and Dikgatlong local municipalities. The district municipality has undertaken the following functions:

- 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;
- The development of a response and recovery strategy for the district

The shared service concept has been taken to a higher level through the creation of scarce skills positions at the district municipality. Sound financial management is the cornerstone for effective and efficient performance of the municipality. In order to ensure that the constituent local municipalities emulate the district in running their financial matters, the FBDM implemented a unified financial system and the E-Venus system is operational in Sol Plaatje, Magareng, Phokwane and FBDM.

Financial Overview

According to the financial year end performance result, the district municipality continues to improve its financial position through efficiency and sound financial practices in order to deliver on its constitutional and developmental mandate.

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. It is therefore imperative to transform the local municipalities to such an extent that they become self-sufficient, responsive, developmental in nature and above all financially sustainable.

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 turn-down impacts.

Notwithstanding the negative impact on revenue streams and ability to spend according to service delivery and budget implementation plan, the district municipality manages to maintain focus on key service delivery areas in supporting the local municipalities in the district area by spending almost 33% of its total operating expenditure on infrastructure, maintenance and social related projects.

The implementation of infrastructure and other related projects in the current financial year reflects fairly good as most of the projects have been completed timeously with the exception of a few projects to be completed early in the new financial year.

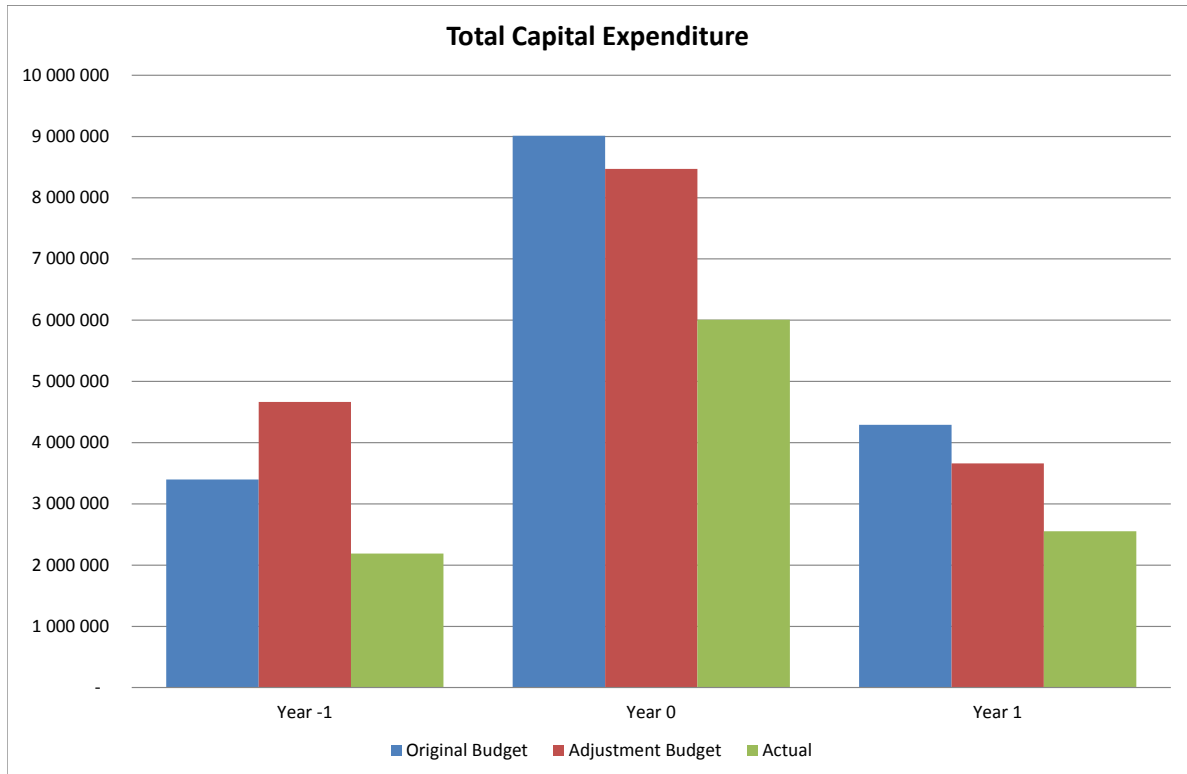
The Community Wealth (CRR and Unappropriated Surplus) has decreased slightly from R83,02 million to R83,00 million for the financial year under review. All the provisions and resources are cash backed.

Financial Overview - 2013/14			
	R'000		
Details	Original Budget	Adjustment Budget	Actual
Income			
Grants	93 815	94 175	95 053
Taxes, Levies and tariffs			
Other	5 664	5 664	7 049
Sub-Total	99 479	99 840	102 102
Less Expenditure	121 161	121 904	102 435
Net Total*	(21 681)	(22 064)	(333)
*Note: surplus/(deficit)			

Operating Ratios	
Detail	%
Employee Cost	45.34%
Repairs & Maintenance	3.30%
Finance Charges & Depreciation	2.25%

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 2010/11 - 2012/13			
	R'000		
Detail	2011/12	2012/13	2013/14
Original Budget	3 400	9 013	4 290
Adjustment Budget	4 666	8 471	3 662
Actual	2 190	6 008	2 553



Actual expenditure incurred on fixed assets represents an efficiency rate of 69,74% mainly due to savings resulting from vacancies on middle management level.

Organisational Development Overview

The thrust of this focus area is on the improvement of institutional capacity in order to arrive at an efficient service delivery machinery and thereby meeting the basic service delivery needs of our local municipalities and as such our communities. The organisation needs to adapt to any policy shifts that occur in its environment from time to time. Our reviewed IDP also needed us to strengthen and increase our capacity to implement what it raised as immediate priorities.

We therefore reviewed the staff establishment and our emphasis was on our technical capacity because of the role that we play in supporting our local municipalities. We have also strengthened the administrative support to the political office in order to capacitate the political interface between the administration, political office as well as communities.

We have stabilised the high staff turn-over in scarce skills that we experienced in the last financial. We are continuing to find best practices that will strengthen our policy formulation on scarce skills and the retention of staff.

Since 2010, we started to implement the Tuned Assessment of Skills and Knowledge (TASK) grading system, a system whose sole intention is to have a uniform job evaluation system and remuneration across the country. In this financial year, all posts in the municipality were converted to the TASK grading system thus bringing uniformity in the municipality.

This development also assisted in making budgetary provisions for employees' salaries. The conversion to TASK brought with it challenges that we continue to attend to so that we ultimately resolve the matter. TASK will also be used as a tool to retain and/or attract employees to the municipality with the intention of creating Frances Baard District Municipality as an employer of choice.

Through our skills development plans, we could assess our skills level and identify skills shortage that informs our skills development plans. We spent R1 063 665. 81 of the R1 271 850 allocation made by Council for training and development of employees. Council approved an amount of R100 000.00 in its budget for bursaries for this financial year. Seventy nine (79) employees enrolled in institutions of higher learning for the financial year under review.

We are continuing to keep our compliance record in meeting our statutory deadline of submitting both our Workskills Development Plan and the Employment Equity Plan to the Department of Labour.

It is quiet a pleasure to observe how our internship programme is yielding positive results. 100% of internships learners whose contracts were coming to an end in the year under review were absorbed by the job market, especially in public service by 30 June 2014. We have an intake of 12 in the current financial year and we continue to evaluate our experiential training that will

We are continuing the review of our integrated institutional development plan which is intended to align our IDP and the institutional development policies, strategies and plans of the municipality and the reviewed document will be implemented in the next financial year. The objectives of this plan are also to ensure a sustainable organisational growth and development.

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 ... to ..., which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and 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 the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (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 the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
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 2014, 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 these matters.

Restatement of corresponding figures

8. As disclosed in note 29 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of an error discovered during 2014 in the financial statements of the municipality at, and for the year ended, 30 June 2013.

Additional matter

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

Unaudited supplementary schedules

10. The supplementary information set out on pages 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 supplementary schedules

11. The supplementary information set out on pages A to C 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report, non-compliance with legislation as well as 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 2014:
 - a. Development priority 1 - Basic Services Delivery on pages x to x
 - b. Development priority 3 - Municipal Institutional Development and Transformation: on pages x to x
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 raise any material findings on the usefulness and reliability of the reported performance information for the selected strategic objectives.

Achievement of planned targets

18. Refer to the annual performance report on pages x to x; x to x for information on the achievement of planned targets for the year.

Compliance with legislation

19. 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

20. 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

28 November 2014



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

Auditing to build public confidence

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.

Chapter 2

Governance



Political and Administrative Governance

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).

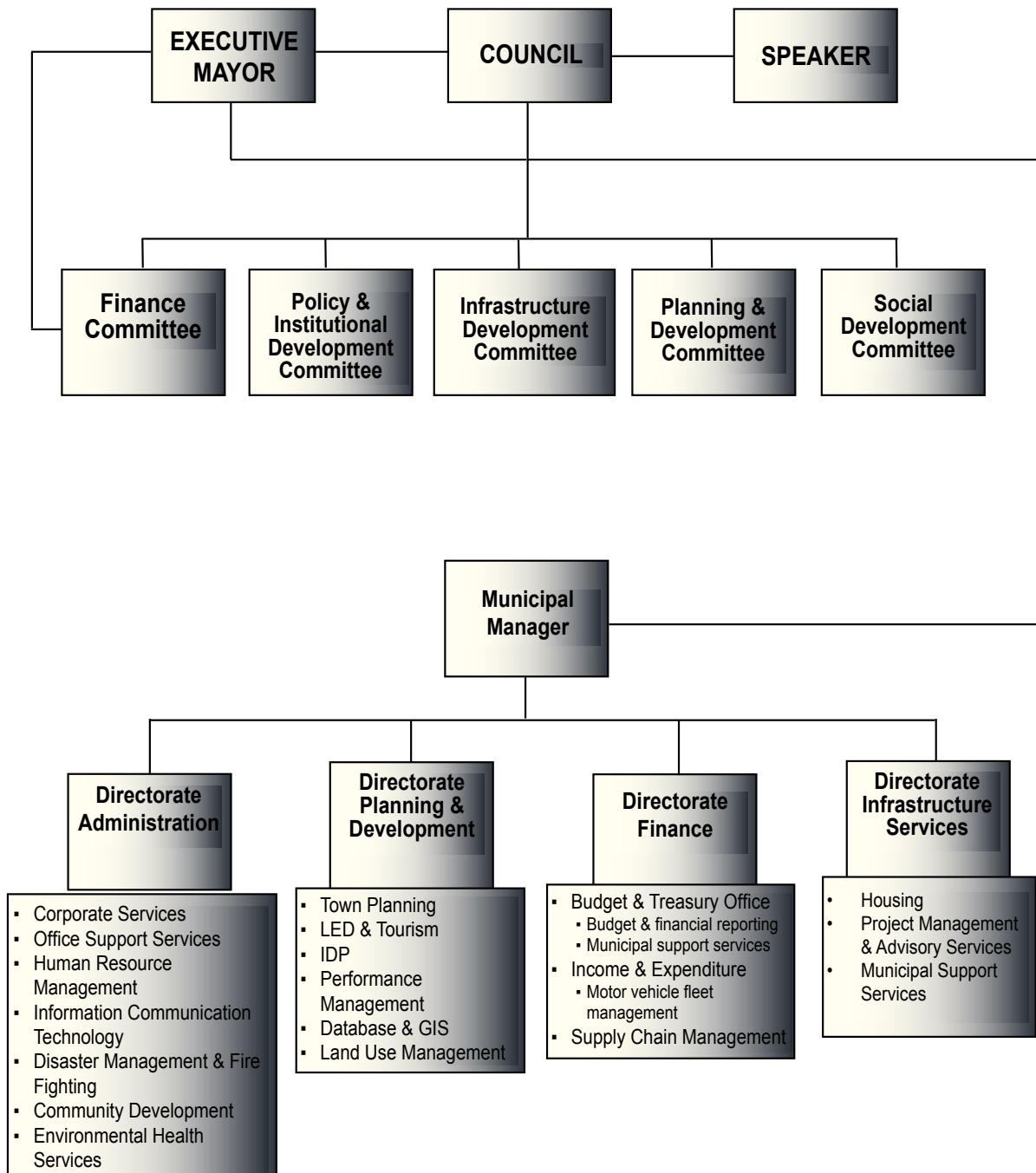
The Executive Mayor heads the municipality and fulfils this governance task in collaboration with the councillors. The Mayoral Committee functions in a manner similar to that of a cabinet with its main function to ensure integration of the work of the Council across political portfolios and departments.

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.

Governance Model



Audit Committee

The Audit Committee of the Frances Baard District Municipality is pleased to present an annual report on its undertakings for the financial period ended 30 June 2014.

Background

Structure and composition

The Audit Committee of the Frances Baard District Municipality consists of four independent, non-executive members.

The composition is as follows:

Initials and Surname of Member	Role
Mr. AL. Kimmie	Chairperson
Mr. WMS. Calitz	Member
Mr. T. Marumo	Member
Mr. AK. Bhyat	Member

The Audit Committee of FBDM also serves as the Risk & Performance Committee of the municipality.

Roles and Responsibilities of FBDM's Audit Committee

Section 166 of the MFMA sets out the fundamental roles and responsibilities of the municipality's Audit Committee.

These are as follows:

- a) To advise council, the political office bearers, the accounting officer as well as management regarding the following:
 - (i) internal financial control and internal audits;
 - (ii) risk management;
 - (iii) accounting policies;
 - (iv) the adequacy, reliability and accuracy of financial reporting and information;
 - (v) performance management;
 - (vi) effective governance;
 - (vii) compliance with the MFMA, DORA and other legislation;
 - (viii) Performance evaluation; etc.
- b) Review the annual financial statements to provide council of the municipality with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and the overall level of compliance to the MFMA, DORA and other legislation.
- c) Respond to council on issues raised by AG.
- d) Carry out investigations and other functions as may be required and prescribed by council.

Functions performed by the Audit Committee

Attendance of meetings:

The Audit Committee met 4 times in the financial year ended 30 June 2013.

The details were as follows:

Date	Purpose of meeting
28 August 2013	Review of the AFS.
30 October 2013	Review of Internal audit reports and other matters.
25 November 2013	Review of Internal audit reports and other matters.
19 June 2014	Review of Internal audit reports and other matters.
20 August 2014	Review of the AFS (13/14) and internal audit reports.

Oversight over Internal Audit work

In terms of standard 2100 of the Standards for the Professional Practice of Internal Audit, the function of Internal Audit should evaluate and examine the adequacy and effectiveness of an organization's control, risk management and governance processes.

The Internal Audit function reports administratively to the accounting officer and functionally to the Audit Committee.

Functional reporting to the Audit Committee includes the following activities:

- (i) Approval of the Internal Audit Charter;
- (ii) Approval of the Internal Audit long range engagement schedule (3 year plan);
- (iii) Approval of the Internal Audit annual plan;
- (iv) Communication of the internal audit engagement results;
- (v) Reporting scope limitations;
- (vi) Reporting of unacceptable level of risk and significant audit findings; etc.

The Internal Audit Charter has been prepared and approval by the audit committee deferred for meeting of year 2013/2014.

The Internal Audit Long range schedule (3 year plan) and the annual plan were approved by the audit committee in a meeting held on December 2013.

The Internal Audit engagement results and significant findings were communicated to the audit committee in meetings held October 2013, November 2013, June 2014 and August 2014.

The Audit Committee took note of the following findings highlighted in the audit reports:

DORA audit

- The internal audit unit has observed a significant improvement in the 2013/14 financial year on the overall compliance issues over use of funds regulated by the DORA.
- An adequate system of control has been maintained by the finance section in this respect.
- Negative findings previously brought to the attention of management have been adequately and correctly addressed.
- There were instances where municipality did not submit the monthly and quarterly to transferring officers.
- Furthermore, municipality had two bank accounts that were active during the financial period of which the primary account of the municipality is Standard Bank.
- However, the provincial grants were paid into ABSA bank account and this result to non-compliance with laws and regulations.

IDP/ Performance management system audit:

- Adequacy and effective processes over the preparation and implementation of the IDP were found to be in place.
- Robust application of performance management systems and techniques were employed by management.
- One finding was found to be negative during Internal Audit's first and second quarter review where there was no sufficient audit evidence for performance reporting.
- However, for first and second quarter, the internal audit reports reflected that some of the performance targets were not achieved as planned.
- There were instances where some performance were overstated/understated and this resulted in inaccurate reporting on performance information

Supply Chain management audit

- Gaps had been identified concerning payments being made without all necessary documentation.
- There is one instance where the director of a joint venture did not complete MBD4 forms.
- It was noted that the keys to tender box were held by supply chain officials and this results to inadequate controls measures, it was also noted that the tender box only have one lock.
- Except for highlighted issues above, strict adherence to regulation and policies was observed

over supply chain management operations.

Follow-up on audit action plan

- The municipality developed unauthorized, irregular and fruitless & wasteful expenditure policy during the financial period and it was adopted by council.
- The list of fruitless and wasteful expenditure was investigated and reported to council as opposed to previous financial period.
- The municipality appointed 4 audit committee members as opposed to the previous financial period.
- Indicators on the IDP and SBDIP were still not user friendly and this will improve in the next financial period.
- The refundable deposits are recorded on the general ledger, furthermore the deposit register was developed to record the deposits made by different clients of the municipality

No scope limitation imposed on the functions of the internal audit unit was reported to the Audit Committee for the financial year ended June 2014.

Audit Committee's review over FBDM's Annual Financial Statements:

On 20th August 2014, the Audit Committee reviewed the annual financial statements of the municipality. The following was highlighted by the Audit Committee:

The audit committee indicated to management that the annual financial statements are the sole responsibility of management as they must provide assurance to the committee and internal audit that they are free from material misstatements.

Revaluations:

The audit and risk committee member advised that on the notes an explanation should be noted to indicate that revaluations are made annually, according to the requirements of the standards.

Furthermore this must be highlighted in the annual financial statements even if nothing occurred.

Statement of Financial Position:

The audit and risk committee member recommended that the figure of non-current assets held for sale be revisited because this amount can raise a material omission on the AFS.

Statement of Financial Performance:

The audit and risk committee member highlighted that assets were written below the residual value in the previous years and this should not be practiced regularly

In addition, these should be recalculated to ensure that the reported information is accurate.

Cash Flow Statement: comparison of actual to budget:

The audit and risk committee member indicated that percentages are not visible and this should be reviewed and corrected.

Note 4.3: Provision for Ex-Gratia pension benefits:

The audit and risk committee member highlighted that there is a missing figure on the notes and must be indicated.

Note 9.7 Revaluation of property:

The audit and risk committee member recommended that caution should be exercised in the description of the note as it refers to two (2) years back.

Note 16: Receivables from non-exchange transactions:

The audit and risk committee member stated that the suspense account must be re-named because the account is not regarded as suspense account.

Note 25: Impairments:

The audit and risk committee member advised that this should not be the case as consultants have a tendency to have the same value of assets or not reducing useful life's of assets for consecutive years, furthermore he highlighted that this should not be the case as the remaining useful life must reduce yearly.

Note 30: Change in accounting policy in terms of GRAP 3:

The audit and risk committee member stated if there is nothing to report on, 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.

Note 37: Contribution to organized local government: SALGA contributions:

The audit and risk committee member recommended that 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.

Note 37.2: Audit fees:

The audit and risk committee member highlighted that the comparative figure of R 1 428 533 does not match with the one on note 28 and must be corrected.

Note 37.6: Other non-compliance:

The audit and risk committee member recommended that the amount should be revisited and corrected.

Overall summary over internal control, governance and risk management processes:**Internal Control system**

The assessments carried out in the Frances Baard District Municipality reflected that the control environment, control activities, monitoring and review systems, information and its communication were adequate, effective and efficient. However, since risk management is a key element of an organization's internal control system, the inadequacy thereof, restrict conclusions being made that the internal control system of the municipality is adequate and satisfactory.

Risk Management

The risk management processes of the FBDM were evaluated to be inadequate but the progress has been made in this regard, as a result the risk registers of the organisation have been completed in time. However, the Audit committee does take cognisance of the fact that the post of Manager: Risk Officer has been advertised, and the risk management framework and policy awaits the approval of the council. Major steps will still need to be taken by management, to ensure that risk management processes are adequate, effective and continuous.

The accounting officer is advised to monitor the progress of the implementation of the risk management action plans and progress thereof must be reported to the Audit Committee on quarterly basis.

Governance processes

The internal audit unit has assessed governance processes of the municipality to be fair. However, room still exists for the enhancing of honest and ethical conduct. There is also a need for management and council to give priority to planning and establishment of mechanisms used for fraud prevention, detection and correction. The audit committee takes note that an external service provider has been appointed to assist the municipality with development of fraud and corruption strategy and implementation plan.

Conclusion

The Audit Committee wishes to express its appreciation to the Frances Baard District Municipality for the dedication displayed and continued support to the functioning of the committee.



AL Kimkije
Chairperson

Oversight Committee

An Oversight Committee was established by Council resolution in 2006 in terms of sections 33 and 79 of the Municipal Structures Act, 117 of 1998.

In February 2012 the Council resolved (MAY 01 02/12) that the new members of the Finance Committee should continue the roles and responsibilities of the Oversight Committee together with other members of the public appointed by Council.

The members of the committee are as follows:

- Mr G Mashope Chairperson (former Secretary to the NC Provincial Legislature)
- Mr T Mabotsa (Chartered Accountant)
- Councillor J Smit (Finance Committee member)
- Councillor S Witkoei (Finance Committee member)
- Councillor B Springbok (Finance Committee member)
- Councillor DJP van der Merwe (Finance Committee member)

The Committee considers the Annual Report according to a checklist provided by National Treasury in MFMA Circular No. 32.

The Oversight committee report is published on the municipal website of the district municipality after it was adopted by Council.

MPAC Committee

An MPAC was also established by Council resolution COUN 01 11/11 in terms of section 79 of the Municipal Structures Act, 117 of 1998. The Committee consists of:

- Cllr E M Mathe Chairperson (Social Development Committee)
- Cllr E K Hale Planning and Development Committee
- Cllr A O Moremong Policy and Institutional Development Committee
- Cllr T C Ngoma Planning and Development Committee
- Cllr M G Nhlapo Infrastructure Development Committee
- Cllr M I Pholoholo Infrastructure Development Committee
- Cllr J Smit Finance Committee
- Cllr D J P van der Merwe Finance Committee
- Cllr V B Ximba Infrastructure Development Committee

The MPAC Committee considered the content of the 2012/13 Annual Report and along with the Oversight Committee submitted a report to Council in February 2014.'

Political Structure



Ms Khadi Moloji
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

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.

Political decision-taking

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Quarterly Report (April - June 2013) – Human Resource Management	<ul style="list-style-type: none"> Council resolved that all Councillors should be afforded the opportunity to attend the CPMD course. Council resolved that the opportunity of training afforded to Councillors is on condition that should any councillor fail to successfully complete the course and fulfil the requirements to be awarded the Certificate by the Wits Business School they should reimburse the municipality the training amount in full. 	24/07/2013	<ul style="list-style-type: none"> Three councillors were enrolled for seven modules of the CPMD course. The results of the seventh module are still outstanding 	n/a
Review of the organogram	Council referred back the item of reviewing of the organogram to the Policy and Institutional Development Committee for further discussion.	24/07/2013	The item was considered by the committee and referred to Council on 04 October 2014	n/a
Progress report on the audit action plan in respect of the 2011/12 financial year Auditor-General findings	Council noted the progress in respect of the 2011/12 financial year audit action plan based on the Auditor-General findings.	24/07/2013	All matters raised in the Auditor General's report were addressed by the municipality	n/a
Feedback report in respect of the "e" Venus financial system for the district	<ul style="list-style-type: none"> Council approved that the Executive Mayor and the Mayoral Committee be delegated with the responsibility to engage Dikgatlong municipality Council to try and resolve the long standing matter. The Municipal Manager to make necessary arrangements to ensure the implementation of 1 above. 	24/07/2013	The meeting did not materialise due to late cancellations and non-commitment to a new date by Dikgatlong local municipality	n/a
Budget Process Plan for the 2011/12 financial year	Council approved the proposed budget process plan in respect of the 2013/14 financial year.	24/07/2013	The 2014/15 financial year budget was prepared whilst following the Council approved process plan	n/a

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Office accommodation: Jan Kempdorp clinic building	Council resolved to put the item in abeyance to afford the Executive Mayor an opportunity to interact with the MEC of Transport, Safety and Liaison.	24/07/2013	The meeting between the Executive Mayor and the MEC for Transport, Safety and Liaison has not taken place. The Jan Kempdorp clinic building is still owned by the municipality and leased to the department.	n/a
IDP process plan and framework for the district integrated development plan review 2013-2014; planning 2014-2015	Council approved the IDP Process Plan for the IDP Review 2013-2014; Planning 2014-2015.	24/07/2013	The IDP review for the 2014/15 FY was prepared whilst following the Council approved process plan	n/a
Investigation of vehicle transferred to the Dikgatlong Municipality	The item is kept in abeyance to enable the committee to make further investigations on the matter.	04/10/2013	The vehicle was transferred to Dikgatlong local municipality after it was written -off from FBDM asset register.	n/a
Investigation of a lost laptop	The item to be kept in abeyance until the committee has done a further investigation on whether there was any negligence committed on the part of the Councillor.	04/10/2013	The laptop was written-off after it was found that at the Namibian border and it was declared an IT security risk for the municipality.	n/a
Recovering of and / or writing off unauthorised, irregular or fruitless and wasteful expenditure	The item to be referred back to the Finance Committee for further deliberations.	04/10/2013	The item was considered by the finance committee and then referred to the Council meeting of 20 November 2013 with the recommendation that it be referred to the MPAC for investigation.	n/a

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
<p>Phokwane capital allocation: request to re-prioritise 2013/14 projects funded by Frances Baard District Municipality</p>	<ul style="list-style-type: none"> • Council consider the request of Phokwane to re-prioritise their allocation for 2013/14 as detailed in their request letter. • Phokwane Municipality should be informed that Frances Baard District Municipality cannot guarantee allocation of the required additional funding for the re-prioritised project in the following financial year before the finalisation of the budget for that financial year. • The above recommendations to be implemented on condition that the Phokwane Municipality provide a resolution of council on the matter and a written commitment to raise the shortfall of R6,913,046 from their revenue to complete the access road. 	04/10/2013	<p>The Phokwane local municipality Council did not approve the re-prioritisation of projects.</p>	n/a
<p>Special adjustments budget in respect of the 2012/13 financial year</p>	<ul style="list-style-type: none"> • Council approved the special adjustment budget as per recommended resolution tabled. • Council resolved that the special adjustment budget of Frances Baard District Municipality for the financial year 2012/2013, and indicative for the projected outer years 2013/2014 and 2014/2015 be approved as set out in the indicated 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. 	04/10/2013	<ul style="list-style-type: none"> • The 2013/14 FY budget was updated according to the adjustments made • A hard and electronic copy of the complete special adjustment budget were submitted to National; Provincial Treasury and Department of Cooperative Governance, Human Settlement and Traditional Affairs respectively for information. 	n/a

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Amendments in respect of the 2013/14 annual budget	<ul style="list-style-type: none"> Council approved the amended 2013/14 annual budget in respect of amendments to the audited outcomes (2009/10, 2010/11 and 2011/12) aligned to the budget A 1 schedules submitted to National Treasury and the budget return forms submitted to the LG database. Subject to 1, the municipality to submit to both the National and Provincial Treasury the approved amended 2013/14 budget as requested. 	04/10/2013	The municipality submitted to both the National and Provincial Treasury the approved amended 2013/14 budget as requested.	n/a
Recovering of and / or writing off unauthorised, irregular or fruitless and wasteful expenditure	<ul style="list-style-type: none"> Council recommended that the item be referred to the Municipal Public Accounts Committee (MPAC) for further deliberation and investigation. Council recommended that the Municipal Public Accounts Committee (MPAC) must give a full report on its findings at next Council meeting. 	20/11/2013	The matter was investigated by the MPAC and a report was tabled to Council during its sitting of 18 December 2013	n/a
Writing off of redundant financial server (03101) and transferring to Phokwane local municipality	<ul style="list-style-type: none"> Council approved the writing off the redundant eVenus server (03101). Council granted approval for the transfer of the redundant eVenus financial server (Asset No. 03101) as a donation to Phokwane Local Municipality. 	20/11/2013	The eVenus server (03101) was donated to Phokwane local municipality	n/a
Quarterly report for Local Economic Development (LED) (July - Sept 2013)	<ul style="list-style-type: none"> Council mandated the Municipal Manager to write a letter the Municipal Manager of Phokwane Municipality to sensitize him on the importance of the project. Council mandated the Municipal manager to put monitoring mechanism in place to monitor projects and to immediately alert not only the Municipal Manager but the Mayors and Speakers should the implementation of projects halt. 	20/11/2013	A letter was written to the municipal manager of Phokwane as per the Council resolution.	n/a

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Development of a policy in respect of unauthorised, irregular or fruitless and wasteful expenditure	Council approved the newly developed policy in respect of unauthorised, irregular or fruitless and wasteful expenditure with the effective date 1st July 2013.	20/11/2013	Policy is being implemented within the municipality	n/a
Audit report – financial statements and performance management – year end 30 June 2013	<ul style="list-style-type: none"> Council discussed the audit report and resolved that the responsible managers be instructed to address the issues raised in the audit report without undue delay. Council resolved that the audited financial statements, performance report and Auditor General's report be included in the annual report for submission during the January 2014 council meeting as per legislative requirement. Council will ensure that the final printer's proof of the annual report is submitted to the relevant senior manager of the Auditor General of South Africa for verification purpose. 	18/12/2013	<ul style="list-style-type: none"> All issues raised were addressed by the officials concern The AFS, performance report and AG's report were included in the annual report. The annual report was submitted to Council on 22 January 2014 The annual report was submitted to the AG's Office 	n/a
Action plan to address matters raised in the audit report by the Auditor-General for the 2012/13 financial year	Council took note of the action plan to address matters raised by the Auditor-General in its audit report under predetermined objectives in respect of 2012/13 financial year.	18/12/2013	All matters that needed to be addressed as per the action plan have been addressed.	n/a
Report on the investigations on fruitless and wasteful, unauthorised and irregular expenditure by the Municipal Public Accounts Committee (MPAC)	Council considered and approved the MPAC report, with issues raised above incorporated into the report.	18/12/2013	Letters were written to the councillors and officials concern and some of the monies have been recovered	n/a

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Ratification of the appointment of the Audit & Risk Committee Chairperson	Council ratified the appointment of Mr. Latief Kimmie as the chairperson of Audit and Risk Committee.	18/12/2013	Mr Latief Kimmie is the serving chairperson of the Audit and Risk Committee	n/a
Review of the organogram	<ul style="list-style-type: none"> • Council mandated the municipal manager to further investigate the job content of each of the new proposed positions to satisfy the job evaluation process. • The matter raised above to be reported to Council at the January 2014 council meeting so as to ensure that this process is aligned with the budget for the 2014/15 financial year. • The Municipal Manager's report should include cost estimates for all proposed new positions. • The municipal manger to report any other matter that should be brought to the attention of Council, relating to this matter, for Council to take an informed decision. 	18/12/2013	The Municipal Manager provided a report during the Council sitting of 22 January 2014, as requested by Council	n/a

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Mid-year budget and performance assessment report; adjustment budget for 2013/14 financial year	<ul style="list-style-type: none"> • Council approved the adjustment budget as per recommended resolution tabled. • Council approved the adjustment budget of Frances Baard District Municipality for the financial year 2013/2014, and indicative for the projected outer years 2014/2015 and 2015/2016. • 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 adjustment budget be submitted to National; Provincial Treasury and Department of Cooperative Governance, Human Settlement and Traditional Affairs respectively for information. 	22/01/2014	<ul style="list-style-type: none"> • The other related supporting documentation to the approved budget have been updated according to the adjustments made. • Hard and electronic copies of the complete adjustment budget have been submitted to National; Provincial Treasury and Department of Cooperative Governance, Human Settlement and Traditional Affairs respectively for information 	n/a
Review of the Organogram	Council resolved that the matter should be put in abeyance until it convenes a special council meeting to deal with the matter.	22/01/2014	A special Council meeting was convened on the 12 March 2014 to consider the matter.	n/a
Writing-off of redundant furniture and office equipment	Council referred the item back to the Finance Committee for further investigation. The Committee should report back in the council meeting of 26 March 2014.	26/02/2014	The Finance committee conducted the investigations and tabled their report at the Council meeting of 26 March 2014.	n/a
Transferring of portable fire fighting unit to Sol Plaatje emergency services	Council did not grant approval for the transfer of a portable fire fighting unit to Sol Plaatje emergency services.	26/02/2014	The decision of Council has been communicated the Sol Plaatje emergency services.	n/a
Additional funds allocation for the Contingency Fund	Council granted approval for an additional amount of R100 000, 00 to be allocated to the disaster management unit to assist with the outstanding and future requests for assistance to local municipalities from the Contingency Fund.	26/02/2014	The funds were used to assist households affected by disasters in district as per requests from the local municipalities.	n/a
Housing Unit: extension of contracts	Council granted approval for the extension of the employment contracts of all housing staff to five years, starting from July 2014 up to June 2019.	26/02/2014	HR is yet to issue the affected staff members with new contracts.	n/a

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
<p>Conversion of positions in the approved organogram to the levels of the task job evaluation system</p>	<ul style="list-style-type: none"> • Council granted approval for the conversion of all positions that have been evaluated on the approved organogram to the levels of the TASK job evaluation system. • All other positions that have not been evaluated should be subjected to the TASK job evaluation process and then be converted to the TASK system. • Subject to 1 above the conversion should be implemented retrospectively from 01 July 2013. • Council instructed the municipal manager to provide it, during its forthcoming special council meeting of 12 March 2014, with the number of staff members who will be immediately affected by the conversion and the financial implications to the municipality as a result of the conversion. 	26/02/2014	<ul style="list-style-type: none"> • All positions in the current staff establishment have been converted to TASK with exception of 42 positions which are currently on a “person to holder” basis due to their TASK grades being lower than post levels. • TASK was implemented retrospectively from July 2013. • A draft TASK job evaluation policy, to facilitate the review process, has been developed and will be tabled to Council 	n/a
<p>Writing-off of redundant furniture and office equipment</p>	<ul style="list-style-type: none"> • Council approved the writing off the attached list of redundant asset 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. 	25/03/2014	<p>The assets have been written off and some have been donated to an NGO (Litha Le Mpilo) as per the Council resolution.</p>	n/a
<p>Annual budget for the 2014/15 financial year</p>	<ul style="list-style-type: none"> • Council approves that R 20 Million be withdrawn from the municipality’s reserves to be utilized for infrastructure projects in the four local municipalities as recommended. • Additionally Council has approved the following amendments to the annual budget: <ul style="list-style-type: none"> ▪ R 200 000.00 be budgeted for the Mayoral Bursary fund ▪ The contribution towards the towards Diamonds and Dorings Music festival be increased to R550,000 from R300,000 in the previous financial year. ▪ The budget allocation for the Executive Mayor’s driver be increased to R183,048. ▪ The budget allocation for employee wellness be increased to R450,000. ▪ The budget allocation for the youth unit be increased to R200,000. 	28/05/2014	<ul style="list-style-type: none"> • R 20 Million has been withdrawn from the municipality’s reserves to be utilised for infrastructure projects in the four local municipalities as approved by Council. • R 200 000.00 has been budgeted for the Mayoral Bursary fund. • The contribution towards the towards Diamonds and Dorings Music festival has been increased to R550,000 from R300,000 in the previous financial year. • The budget allocation for the Executive Mayor’s driver has been increased to R183,048. • The budget allocation for employee wellness has been increased to R450,000. • The budget allocation for the youth unit has been increased to R200,000 	n/a

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Annual contribution to Northern Cape Tourism Authority	<ul style="list-style-type: none"> 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 approved the contribution of R135 000.00 per annum for 2014/15, 2015/16 and 2016/17 financial years; subject to the development and signing of a Memorandum of Agreement (MoA) between FBDM and NCTA, with clear roles and responsibilities for each party. 	25/06/2014	<ul style="list-style-type: none"> The MAO has been signed between NCTA and FBDM. NCTA has submitted an invoice for the transfer of the funds and it has been processed 	n/a
Annual contribution to N12 Promotion Campaign – NCTA	<ul style="list-style-type: none"> Council noted the importance of the N12 Promotion in the development of tourism in the district. Council approved the contribution of R50 000 per annum to NCTA for the 2014/2015, 2015/16 and 2016/17 financial years; subject to the development and signing of a Memorandum of Agreement (MOA) between FBDM and NCTA, with clear roles and responsibilities for both parties. 	25/06/2014	<ul style="list-style-type: none"> The MAO has been signed between NCTA and FBDM. NCTA has submitted an invoice for the transfer of the funds and it is being processed. 	n/a
Annual contribution to N12 Treasure Route Association	<ul style="list-style-type: none"> Council approved that an annual contribution of R20 000 be paid to the N12 Treasure Route Stakeholders' Forum for financial years 2014/15; 2015/16 and 2016/17 respectively. A Memorandum of Agreement to be signed between the N12 Treasure Route Association and Frances Baard District Municipality (FBDM) with clear roles and responsibilities for both parties. Council to await a formal communication from the N12 Treasure route board regarding its decision to increase the contribution by municipalities by an additional R 20 000.00, subsequent to which Council should approve that the increment be provided for in the adjustment budget of 2014/15. 	25/06/2014	Council resolved in its meeting of 19 November 2014, after an advice from the municipal manager, not to transfer the approved funds to the N12 Treasure route pending the submission of audited financial statements by the organisation	n/a

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Annual contribution to Diamonds & Dorings Festival	<ul style="list-style-type: none"> Council approved an annual contribution of R300 000 each for the 2014/15, 2015/16 and 2016/17 respectively financial years towards the Diamonds and Dorings event. A Memorandum of Agreement (MoA) should be signed between Sol Plaatje Local Municipality (SPM) and Frances Baard District Municipality (FBDM) to facilitate the transfer and spending of the R300 000. The municipal manager should develop draft guidelines on how to manage the VIP marquee to be procured by the Council for the Diamonds and Dorings music festival and table them to Council for approval before the staging of the festival. 	25/06/2014	<ul style="list-style-type: none"> An MOA has been signed between FBDM and SPLM. FBDM is still awaiting an invoice from SPLM to transfer the approved funds. A draft concept document has been developed to guide the procurement of the VIP marquee for FBDM at the D&D event. 	n/a
Quarterly report for Integrated Development Plan (January 2014 – March 2014)	Council mandated the Municipal Manager and Executive Mayor to assist the local municipalities to facilitate the appointment of LED officers within local municipalities.	25/06/2014	Two former LED interns of the FBDM have been appointed as full-time LED officers in Magareng and Phokwane local municipalities.	
Writing-off of redundant furniture and office equipment	<ul style="list-style-type: none"> Council approved writing off of the attached list of redundant assets per asset category identification. Subject to 1 above, Council approved that the mentioned redundant assets be disposed of in term of the Asset Management and Supply Chain Management policies. 	25/06/2014	The assets have been written off and some have been donated to an NGO (Litha Le Mpilo) as per the Council resolution.	n/a
Writing off and purchase of vehicles	<ul style="list-style-type: none"> Council noted the writing off of the following vehicles: <ul style="list-style-type: none"> - VW City Golf: BSM 014 NC - Nissan Double Cab: BTT 376 NC - Toyota Hilux 2.4 LDV: BRF 837 NC Council approved, subject to recommendation 1 above, the replacement of vehicles through the supply chain management policy procedure and/or participation on the national government contract. Council approved, subject to recommendations 1 & 2 above, the disposal of written-off vehicles by trade in or public tender based on a predetermined reserve price and /or transfer to local municipalities if interested, based on the Municipal Manager's discretion. 	25/06/2014	<ul style="list-style-type: none"> The three vehicles have been written off from the municipality's asset register and donated to the three local municipalities (i.e. Phokwane, Magareng and Dikgatlong) One of the vehicles has been replaced and the other two replacement vehicles will be delivered in December 2014 and January 2015 respectively 	n/a

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Writing off of air-conditioning units	<ul style="list-style-type: none"> • Council approved that the air-conditioners budgeted for replacement in the 2014/15 financial year be replaced and written off. • Subject to 1 above, Council will dispose of the mentioned 13 redundant assets in terms of the Asset Management and Supply Chain Management policies. 	25/06/2014	The 13 redundant air-conditioners have been written off and sold as scrap to Andy's Scrap Metal for R 9 950.00	n/a
Upgrade of data lines	<ul style="list-style-type: none"> • Council approved the upgrade of the data line for Housing Subsidy System and the National Housing Needs Register only after conditions of section 33 has been adhered to and reported back to Council. • Council authorized the Municipal Manager to sign the agreement on behalf of Council. 	25/06/2014	FBDM has entered into a user agreement with SITA for the housing unit data lines.	n/a

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.

Top Administrative Structure

Tier 1



Ms ZM Bogatsu
Municipal Manager

Tier 2



Mr Hannes van Biljon
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, Vacant
	Communications & Media Relations, Ms Gerline Roman
Finance	Assistant Director Budget Treasury, Ms Anita Kooverjee
	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 Mashudu Mudau
	Snr. Town Planner, Mr Solomon Selogilwe
Corporate & Community Services	Development Planner, Ms Aluwani Ralukake
	Human Resources Manager, Mr Siyabonga Nkonki
	Fire & Disaster Manager, Mr Clifford Jones
	Environmental Health Manager, Mr Kenneth Lucas
	Manager Archives, Records & Support Services, Mr Mu rvin Mabe
	ICT Manager, Mr Patrick Dilapiso

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 report 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, mayors and SALGA. The PIGF is the forum in which the Premier co-ordinates 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

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.

This will be done to address the Public Participation Plan approach that have been adopted by Cabinet in May of 2010 which requires all political principles to have at least 10 public events for the financial year.

Through the public participation approach the district municipality wishes to strengthen and enable good governance and sustained service delivery.

It is therefore crucial that the stakeholders of the district municipality be involved in the affairs of the municipality.

The participation processes that will be improved by the plan are as follows:

- Ward meetings;
- Budget Consultation meetings;
- Integrated Development Planning (IDP)
- Joint Outreach Programmes with other sectors of government;
- Annual performance management feedback meeting; and
- Media briefings.

In the 2013/14 financial year the public participation process was not as successful as planned in terms of joint outreach programmes. This was partly due to the tight schedules of political principles and challenges to collaborate events successfully.

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	

Corporate Governance

Both the Council and the administration play a critical role in ensuring a good corporate governance for the municipality. Council takes decisions flowing from recommendations made by the administration on matters that seeks its consideration and decision. The advent of the Municipal Accounts Committee, Oversight Committee, Audit Committee and section 80 Committees all ensure that there is a focused oversight over the work performed by the administration.

The accounting officer and executive management ensures 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 concluded in the Structures Act. The housing function is currently still in the jurisdiction of the Provincial Department Housing & Local Government but will be transferred to the District Municipality.

Good governance is a broad and multi-faceted concept that describes the process, through which the municipality sets priorities, takes decision, strengthens accountability and engages in constructive interaction with the public and other institutions.

Risk assessment and management

FBDM regards risk management as a fundamental part of its operation which must be addressed appropriately for an organization to be successful. Risks are part of doing business and by having procedures in place to deal with them, does make a difference on their impact.

The purpose of risk management is to identify and assess possible risks, to identify control mechanisms which will be used to mitigate, reduce, transfer and eliminate such risks and then take 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 rigorously. The next step involves the determination of the impact and probability of each identified risk.

The better the risks are dealt with, the less of a financial burden they will cause an organization to bare. The following were the top 5(five) risks identified by the risk assessment process:

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

After identifying these risks, proper internal controls have been developed to ensure that the risks are mitigated

Anti corruption and fraud

A medium to strong internal control system exists in the municipality for the purpose of curbing irregular and corrupt activities.

The Internal Control System is made up of the following components:

Risk Management: Though the process still needs to be completed, steps are taken to identify, assess and mitigate risks.

Control activities: Strong control activities are applied in the day to day running and operating of the municipality. These involve the separation of incompatible functions (segregation of duties); isolation of responsibility, policies and procedures, etc.

Monitoring programs: This is achieved through adequate approval and authorization procedures. The municipality also has an effective Internal Audit unit which assesses the adequacy and efficiency of controls.

Information and communication: This relates to the procedures and records established for the purpose of initiating, recording, processing and reporting on information.

Control Environment: Management of FBDM has established and maintained a strong sense of internal control and are perceived to be leaders and ambassadors of good internal controls.

In trying to deter fraud within the municipality, the following key functions, committees and processes have been put in place for the purpose of deterring fraud within the municipality:

- Existence of the Internal Audit Unit - Internal Auditors plays a variety of reviewing, consulting, assurance, advisory and investigative roles, in the municipality's fraud management process.
- Existence of the Audit Committee – The Audit Committee of the Municipality plays an oversight role of reviewing and advising the Accounting Officer and Council on the adequacy, effectiveness and the efficiency of risk management processes, internal control systems as well as the reliability and integrity of both financial and non-financial information.
- Existence of Municipal Public Accounts Committee (MPAC)
- Control Activities that are put in place to prevent, detect and deter fraud include:
 - Division of duties
 - Exclusion of politicians from procurement processes.
 - Audit Committee members that are non-politicians and non-municipal officials.

FBDM approved the Anti- Fraud and Corruption policy in 2006 and it clearly stipulates that fraud, corruption, theft, mal-administration or any other dishonest activities of a similar nature will not be tolerated.

In addition, these will be investigated and followed up by the application of all remedies available within the full extent of the law.

FBDM also has an obligation in terms of the Prevention and Combating of Corrupt Activities Act no 12 of 2004, to report all instances of criminal record to the appropriate authorities. Such criminal activities include, corruption, fraud, theft, extortion, forgery and uttering where the value exceeds R100 000.00 to the South African Police Service.

As per policy, the municipality will however not only report matters in terms of the above obligation, but will report all criminal conduct irrespective of the value/ materiality involved.

Supply Chain Management

The approved Supply Chain Management Policy of 30 November 2005 as amended on 27 November 2007 is implemented and is maintained by all relevant role players as from 01 April 2008. The Supply Chain Management policy complies with the prescribed framework as set out in section 12 of the MFMA. The municipality has also established a functional supply chain management unit that ensures compliance with the policy.

The Municipal Manager is required, by the policy framework, to maintain a supply chain management system which is transparent, efficient, equitable, competitive, ensures best value for money for the municipality, applies the highest possible ethical standards, and promotes local economic development.

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;
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 operate under the direct supervision of the CFO. FBDM has also strengthened its internal controls on the following:

1) demand management

- a purchase and store requisition form is develop and implemented to ensure timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and are timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
- a specification committee is approved by the Acting Municipal Manager to provide for the compilation of the required specifications to ensure that its needs are met;
- a supplier database form is develop and implemented

2) acquisition management;

- an order form is captured on the E-Venus system that goods and services are procured by the municipality in accordance with authorised processes and by using the codes in accordance the delegation of authority;
- the E-Venus system made provision that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
- the appointment of the bid committees and bid adjudication committee ensure that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation;

3) logistics management;

- the establishment of a central store ensures that the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock

4) disposal management;

- an effective system for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act is in place.

Only one long term contract with Standard Bank for the banking services of the municipality. In order to make sure that we comply with section 117 of the MFMA, none of the councillors are members of any of the bid committees.

All officials who serve in the respective bid committees are appointed in writing by the Accounting Officer.

Unlike before, the Municipal Manager no longer sits with the adjudication committee and this ensures clear separation of functions in the supply chain processes.

Competency levels of officials involved in the supply chain process

Sections 83, 107 and 119 of the MFMA require officials to meet prescribed competency levels in financial and supply chain management. The minimum competency guidelines of NT prescribe that only the Heads of SCM Units and SCM senior managers must meet the required competencies.

The Municipal Manager was appointed on 01 November 2012 and has completed her minimum competency requirements by completing the 11 modules of CPMD. The four section 57 managers

completed the last four modules of the 11 modules for CPMD in November 2012.

The SCM Manager has prior learning NQF 5 (National Diploma), and has completed all 20 modules of the Municipal Finance Management Programme as offered by IMFO. Assistant Director: Finance completed all 20 modules of the Municipal Finance Management Programme as offered by IMFO.

Risk Management

It's a fundamental part of doing business which must be addressed appropriately for an organization to be successful. Risks are part of doing business and by having procedures in place to deal with them, does make a difference on their impact.

The purpose of risk management is to identify and assess possible risks, to 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 toughly, and then you have to determine the impact and probability of each identified risk. The better the risks are dealt with, the less of a financial burden they will cause an organization to bare.

Firstly, a look into the various sources of risks is imperative, followed by a risk analysis process which is carried out as follows:

1. Identify the risk

This step is done through vigorous brainstorming to identify and review the lists of possible risk sources and all potential risks. Using an assessment instrument, risks are then categorized and prioritized. The process of prioritization helps them to manage those risks that have both a high impact and a high probability of occurrence.

2. Assess the Risk

The project team must identify the root causes of the identified risks. By asking questions including: What would cause this risk? How will this risk impact the projects performed, the organization and the achievement of set objectives?

3. Develop responses to the risk

This entails the process of assessing possible remedies to manage the risks or possibly, prevent the risk from occurring. Questions to be asked include, what can be done to reduce the likelihood of this risk? What can be done to manage the risk, should it occur?

4. Develop a contingency plan or preventative measures for the risk

Project teams will then convert into tasks, all those ideas that were identified to reduce or eliminate risk likelihood.

5. Service Department's role in the municipality's risk management process

Accounting Officers of Municipalities have an explicit duty to ensure that effective, efficient and transparent systems of risk management are implemented and maintained within their Institution.

Provincial Treasury also has responsibilities in developing the Risk Management activity in municipalities. In this regard, Provincial Treasury has specific duties to:

- Monitor and assess the systems of risk management in Municipalities;
- Assist with building risk management capacity in Municipalities;
- Enforce the PFMA (by implication the specific prescripts therein pertaining to risk management) in Municipalities.

6. Monitoring and assessment of risk management

According to the Municipal Finance Management Act, "Accounting Officers are responsible for implementing effective, efficient and transparent systems of risk management within the institutions

under their control”. Provincial Treasury must therefore monitor that municipalities comply with this regard.

Furthermore, Provincial Treasury needs to assess the quality of implementation to ensure that implementation does not become the end in itself, but a means to help institutions to understand their risks and manage such risks in a prudent manner.

7. Risk management capacity and training

Accounting Officers are responsible for ensuring that their Municipality has sufficient capacity to implement and maintain the risk management activity.

In terms of Section 34(1) of the MFMA (and in the spirit of the co-operative government), “the national and provincial governments must by agreement assist municipalities in building the capacity of municipalities for efficient, effectiveness and transparent financial management.”

It can be interpreted that while Provincial Treasury’s are to take the lead in the building of risk management capacity in Municipalities in their respective provinces, National Treasury also has a duty to assist and support Provincial Treasury’s in this regard.

Municipalities must therefore refer all requests for assistance in risk management to their respective Provincial Treasury’s. The Provincial Treasury’s must decide on the best course of action to deal with such requests, after taking into consideration their own capacity to provide the required support and/or the possibility of assistance from National Treasury.

8. Enforcement of risk management prescripts

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 to the municipality

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

Anti-corruption and Fraud

- **Strategies in place to prevent corruption, fraud and theft**

A medium to strong internal control system exists in the municipality for the purpose of curbing irregular and corrupt activities. The internal control system is made up of the following components:

Risk Management:

Though the process still needs to be completed, steps are taken to identify, assess and mitigate risks.

Control activities:

Strong control activities are applied in the day to day running and operating of the municipality. These involve the separation of incompatible functions (segregation of duties); isolation of responsibility, policies and procedures, etc.

Monitoring programs:

This is achieved through adequate approval and authorization procedures. The municipality also has

an effective Internal Audit unit which assesses the adequacy and efficiency of controls.

Information and communication:

This relates to the procedures and records established for the purpose of initiating, recording, processing and reporting on information.

Control Environment:

Management of FBDM has established and maintained a strong sense of internal control and is seen to be leaders and ambassadors of good internal controls.

• **Deterrence of Fraud**

The following key functions, committees and processes have been put in place for the purpose of deterring fraud within the municipality:

- Existence of the Internal Audit Unit - Internal Auditors plays a variety of reviewing, consulting, assurance, advisory and investigative roles, in the municipality's fraud management process.
- Existence of the Audit Committee – The Audit Committee of the Municipality plays an oversight role of reviewing and advising the Accounting Officer and Council on the adequacy, effectiveness and the efficiency of risk management processes, internal control systems as well as the reliability and integrity of both financial and non-financial information.
- Existence of Municipal Public Accounts Committee (MPAC)
- Control Activities that are put in place to prevent, detect and deter fraud include:
 - Division of duties
 - Exclusion of politicians from procurement processes.
 - Audit Committee members that are non-politicians and non-municipal officials.
- Condemnation by Mayor and MM of corrupt practices

The approved Anti-fraud and Corruption Policy is in place and clearly stipulates that fraud, corruption, theft, mal-administration or any other dishonest activities of a similar nature will not be tolerated.

In addition, these will be investigated and followed up by the application of all remedies available within the full extent of the law. FBDM is obligated by the Prevention and Combating of Corrupt Activities Act no 12 of 2004, to report all instances of criminal record to the appropriate authorities.

Such criminal activities include, corruption, fraud, theft, extortion, forgery and uttering where the value exceeds R100 000.00 to the South African Police Service.

As per policy, the municipality will however not only report matters in terms of the above obligation, but will report all criminal conduct irrespective of the value/ materiality involved.

By-Laws

By-laws introduced during 2013/14					
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 2013/14					

Websites

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 2013 - Jan 2014
All current budget-related policies	Yes	As & when reviewed
The previous annual report (2012/13)	Yes	Mar 2014
The annual report (2013/14) published / to be published	Yes	Apr 2015
All current performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act (2013/14) and resulting scorecards	Yes	Oct 2014
All service delivery agreements (2013/14)	Yes	Jul 2013 (SDBIP)
All long-term borrowing contracts (2013/14)		n/a
All supply chain management contracts above a prescribed value (give value) for 2013/14	Yes	Jul 2013 - Mar 2014
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 2013/14		n/a
Contracts agreed in 2013/14 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 2013/14		n/a
All quarterly reports tabled in the council in terms of section 52 (d) during 2013/14	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 2013/14 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



Introduction

The primary focus of the district municipality is the needs of the Category B Municipalities, with a specific focus on providing basic infrastructure for water, sanitation and electricity and building capacities of the municipalities in the district.

National and provincial imperatives are evident in the grant funding made available to the municipality, most notably for infrastructure.

The municipality has set a general strategic outcome to reduce operating cost in an effort to increase funding to address the present infrastructure backlog. Achievement of this objective requires defined strategic measures to be adopted, which include setting specific goals, action plans and time frames.

These measures are encapsulated in the SDBIP. The SDBIP indicates quarterly performance targets, financial performance targets and assigns responsibility to execute the respective performance targets to various departments.

The municipality assessed its performance on a quarterly basis and reported progress on performance against targets set to Council and ultimately presents the annual performance in this annual report.

This chapter speaks to the performance highlights in terms of the municipality's scorecard, performance on basic service delivery and backlogs addressed, and the MIG projects.

Infrastructure Services

The District Municipality does not provide any services directly to communities. Its clients are the smaller local municipalities, which are supported to improve their service delivery. Support provide support by advising on technical matters, building capacity as well as financial support through various programmes.

The District Municipality employ three engineering technicians who are assigned to each of the smaller local municipalities in the region, namely Dikgatlong, Magareng and Phokwane.

These technicians render support in terms of the following:

- Assisting with project identification and planning
- Support with terms of reference, specifications and evaluation of tenders
- Project management and technical support for projects under construction
- Assist with operation and maintenance to improve Blue- and Green Drop scores
- Identify gaps in training and assist with capacity building

The District Municipality is currently funding a series of master plans as well as reports on conditions of infrastructure. This is to try to spend Operation and Maintenance funds more pro-actively.

Currently a lot of spending still tends to be as a reaction to the collapsing of municipal equipment.

Financial support

Frances Baard District Municipality makes two types of allocations to local municipalities. Firstly, through the capital programme which is designed to assist local municipalities acquire assets to improve service delivery. Secondly, through allocations made to operation and maintenance of plant and infrastructure as municipalities often lack the capacity and funding to properly operate and maintain the service infrastructure upon which effective delivery depends.

Capital Programme

An allocation of R15,550,000 was made to Category B Municipalities for capital projects. Eleven (11) projects in the local municipalities were funded by this allocation. Three projects to the amount of R4,704,000 were rolled over from the previous financial year. This funding was allocated as follows:

Municipality	Activity	Funding allocation
Dikgatlong	Waste Water Works Operator Rooms (Dikgatlong)	R 650,000
Dikgatlong	Upgrading of Electricity Network in De Beershoogte (Dikgatlong)	R 1,500,000
Dikgatlong	Procurement of Refuse Truck for Dikgatlong	R 2,000,000
Magareng	The Provision of a Water Reticulation Network for 558 Sites in Warrenvale (Magareng) (phase 1) (Roll-over)	R 2,355,000
Magareng	The Provision of a Water Reticulation Network for 558 Sites in Warrenvale (Magareng) (phase 2)	R 1,500,000
Magareng	Upgrading: Water Network - Magareng (phase 1) (Roll-over)	R 1,899,000
Magareng	Upgrading of Water Network in Magareng (phase 2)	R 1,500,000
Magareng	The Provision of a Sewer Reticulation Network for 558 Sites in Warrenvale (Magareng) (phase 1)	R 1,200,000
Phokwane	Procurement of Sanitation Truck for Phokwane	R 2,000,000
Phokwane	Electricity network for 42 sites in Thagadepelajang	R 450,000
Phokwane	Installation of Water meters in Masakeng	R 550,000
Phokwane	Counterfunding: Ganspan Upgrading of Bulk Water Supply	R 1,200,000
Phokwane	Electricity Master Plan for Phokwane (Roll-over)	R 450,000
Sol Plaatje	Ritchie/Freedom Park: Water & Sanitation Provision for 167 Households in Freedom Park	R 3,000,000

Operation and Maintenance

A lack of municipal funds often leads to cuts in O&M budgets and expenditure, resulting in poorly maintained infrastructure and other assets, which in turn affects service delivery.

The capacity to deliver services is almost directly linked to the way in which municipalities operate and maintain their infrastructure. During the 2013/14 financial year an amount of R9,662,000 was spent on operation and maintenance in local municipalities. Spending was mainly directed at improving the quality of drinking and waste water.

The following amounts were spent:

Municipality	Amount spent
Magareng	2 456 966
Dikgatlong	2 590 595
Phokwane	3 060 956
Sol Plaatje	1 500 000

Number of people employed

During the 2013/14 financial year 163 jobs were created in the region:

Labour	Male	Female	Disabled people
Capital projects	63	11	0
Operation and maintenance projects	77	12	0
Total	140	23	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. To strengthen our support to local municipalities, we have appointed an EPWP coordinator.

Housing

The 2013/14 financial year marked a successful year for the Frances Baard District Municipality in the delivery of human settlements. The District Municipality continued to perform various functions towards the facilitation of provision of housing in the local municipalities, that is, Dikgatlong, Magareng and Phokwane Local Municipalities. Services provided to the municipalities, which have been agreed to between the District and Local Municipalities 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

Construction: Progress and Expenditure

The District Municipality had a target of 711 houses, 711 sites for service installations and 16 Ha. of land for provision of human settlements. Of this target, the District was able to complete 711 houses and 1075 serviced sites. Acquiring land proved challenging as a number of contestations persist between the different parties. It was able to acquire 681 Ha. of land for human settlements. This is illustrated in the table below:

Housing Projects	Sites Serviced	Units Planned	Units Completed	Expenditure (R)
Individuals	0	0	0	157,467
De Beershoogte 552	11	11	0	0.00
Stillwater 137	0	0	0	10,179,634
Bufferzone 220	0	0	0	17,393,785
Ikhutseng 1000	300	300	0	4,064,311
Kingston 685	200	100	147	10,282,949
Pampierstad 1422	564	300	564	49,615,279
Total	1,075	711	711	91,693,426

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 with the District Municipality has stagnated between 2012 – 2014. According to 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	2011/12	2012/13			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	-	0
4 - 8	0	0	0	-	0
9 - 13	8	9	8	0.996	11%
14 - 18	2	4	2	1.992	50%
19 - 26	0	0	0	0	0
Total	10	13	10	2.988	23%

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 2013/14: Housing Services					
R'000					
Special Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	70	0	40	-75%	40
Housing Consumer Education	40	0	19	-111%	19
Housing HDD Fieldworkers	30	0	21	-43%	21

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 2013 – 2014. The District Municipality conducted eight (8) of these sessions, which all went successful. The details of these are briefly outlined below.

Project	Date
Magareng Ikhutseng 1000 HCE Workshop	26 September 2013
De Beershoogte 552 HCE Workshop	1 October 2013
Kingston 685 HCE Workshop	2 October 2013
Stillwater 137 HCE Workshop	8 October 2013
Pampierstad 1422 HCE Workshop	9 October 2013
De Beershoogte 552 HCE Workshop	13 November 2013
Rooirand 41 HCE Workshop	20 November 2013
Stillwater 137 HCE Workshop	30 April 2014.

Housing HDD Fieldworkers

Through the Housing HDD, 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 targeting local people to assist in gathering data and completing questionnaires, as well as capturing the information on the National Housing Needs register.

Financial Performance 2013/14: Housing Services						R'000
Details	2012/13	2013/14				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	3 149	–	–	1 000	100%	
Expenditure:					:	
Employees	2 115	3 743	3 743	3 129	-20%	
Repairs and maintenance	–	3	3	–	#DIV/0!	
Other*	1 052	906	542	358	-153%	
Total Operational Expenditure	3 168	4 652	4 288	3 487	-33%	
Net Operational Expenditure	19	4 652	4 288	2 487	-87%	

Project Management & Advisory Services

Employees: Programme Management & Advisory Services					
Job Level	2012/13	2013/14			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	-	0%
4 - 8	2	2	2	-	0%
9 - 13	4	4	4	0.37	9%
14 - 18	1	1	1	-	0%
19 - 26	0	0	0	-	0%
Total	7	7	7	0.37	5%

Financial Performance 2013/14: Programme Management & Advisory Services					
					R'000
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	9 101	9 240	9 240	9 138	-1%
Expenditure:					
Employees	3 722	4 781	4 781	4 117	-16%
Repairs and maintenance	23	266	287	139	-91%
Other*	37 405	30 682	30 803	27 081	-13%
Total Operational Expenditure	41 150	35 730	35 872	31 337	-14%
Net Operational Expenditure	32 049	26 490	26 632	22 198	-19%

Special Projects Expenditure 2013/143: Programme Management & Advisory Services					
R '000					
Special Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	20 254	0	16 846	-17%	184 791
Dikgatlong: Waste Water Works Operator Rooms	650	0	124	-81%	980
Dikgatlong: Upgrading of Electricity Network in De Beershoogte	1 500	0	862	-42%	1 762
Dikgatlong: Procurement of refuse truck	2 000	0	1 984	0%	1 984
Magareng: The Provision of a Water Reticulation Network for 558 Sites in Warrenvale (phase 1) (Roll-Over)	2 355	0	2 355	0%	2 355
Magareng: The Provision of a Water Reticulation Network for 558 Sites in Warrenvale (phase 2)	1 500	0	681	-55%	681
Magareng: Upgrading of Water Network in Magareng (phase 1) (Roll-Over)	1 899	0	1 899	0%	1 899
Magareng: Upgrading of Water Network in Magareng (phase2)	1 500	0	760	-49%	760
Magareng: The Provision of a Sewer Reticulation Network for 558 Sites in Warrenvale (phase 1)	1 200	0	1 200	0%	13 000

Special Projects Expenditure 2013/14: Programme Management & Advisory Services					
R '000					
Special Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Phokwane: Procurement of Sanitation Truck	2 000	0	1 570	-22%	1 570
Phokwane: Electricity network for 42 sites in Thagadepelajang	450	0	450	0%	450
Phokwane: Installation of Water meters in Masakeng	550	0	550	0%	550
Phokwane: Counterfunding for Ganspan Upgrading of Bulk Water Supply	1 200	0	1 196	0%	12 000
Phokwane: Electricity Master Plan (Roll-Over)	450	0	216	-52%	800
Ritchie/Freedom Park: Water & Sanitation Provision for 167 Households in Freedom Park	3 000	0	3 000	0%	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.

Dikgatlong Municipality

Dikgatlong waste water operator rooms

The project entails 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. Dikgatlong municipality could not appoint a contractor in time before the end of the financial year and therefore an amount of R480,000 was rolled over.

The upgrading of the electrical network in De Beershoogte

The project entails 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. An amount of R1,500,000 was budgeted of which R861,504 was spend on designs and the purchasing of material. The construction will be done through a labour tender in the 2014/15 financial year.

Procurement of refuse truck

Dikgatlong Municipality requested funds to procure a refuse truck as their trucks were not sufficient to provide a sustainable refuse removal service. One 21m³ 12,5 ton truck was procured and delivered to Dikgatlong Municipality in April 2014 at a total cost of R 1,984,090. The budgeted amount was R2,000,000.

Phokwane Municipality

Phokwane Electricity Master Plan

This project is 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. The project was rolled over from 2012/13.

The project was completed in November 2013 with a total budget of R 865,960. This project also assisted to capacitate the technical staff of Phokwane Municipality in terms of planning and asset management.

Ganspan bulk water supply

The Ganspan community has been suffering from poor water supply to the area before this project. The project included the development of a borehole, the erection of 2 elevated steel tanks, the construction of pipelines between the borehole and the 2 tanks and supply pipeline to the community. The total project cost was about R12,000,000 of which Frances Baard District Municipality contributed R1,200,000. The project was completed in May 2014.

Procurement of sanitation trucks

Phokwane Municipality were struggling to give a sustainable sanitation removal service to their community because of many problems experience with their current fleet of sanitation trucks which were not enough to service the whole of Phokwane. Two 8000 litres sanitation trucks were procured and delivered to Phokwane Municipality in Mar/April 2014 at a total cost of R 1,5701,408. The budgeted amount was R2,000,000.

The installation of water meters in Masakeng

This project entailed the installation of 372 water meters in Masakeng. This project will assist the municipality with collection of revenue as well as to ensure water conservation and demand management. The municipality employed 13 people to do the installation. The total budget for this project was R550,000. This project will be a continues project for Phokwane Municipality depending on the availability of funds.

An amount of R450,000 was budgeted for Phokwane to complete a project that was partially funded by the Department of Energy. The project entailed the overhead electrical network and the connections to 117 houses. The FBDM budget was used to complete 42 electricity connections. Three (3) local persons were employed to complete the work.

Magareng Municipality

Upgrading of water network in Warrenton

The project scope entails the upgrading of the water network in Warrenton (town) by replacing the old asbestos pipeline with uPVC pipeline and installing the required connections, fittings and valves. Construction commenced on 21 May 2013 and was completed in June 2014. The total funding from the district municipality was R3,399,000 inclusive of the roll-over amount of R1,899,000 and 2013/14 allocation of R1,500,000. Six (6) female and nine (9) male local labourers were employed on the project.

Provision of water reticulation for 558 sites in Warrenvale

The project scope entails the provision of water reticulation network for 558 sites in Warrenvale this includes the laying of a uPVC pipeline, installing the required connections, stand pipe fittings, water meters and valves. Construction commenced on 21 May 2013 and was completed in June 2014. The total funding from the district municipality was R3,855,000 inclusive of the roll-over amount of R2,355,000 and 2013/14 allocation of R1,500,000. Construction commenced on 21 May 2013 and was completed in December 2013. Two (2) female and twenty (20) male local labourers were employed on the project.

Sol Plaatje Municipality

Ritchie/Freedom Park: Water and sanitation provision for 150 households

The project scope entailed the supply of water and sanitation facilities to 167 households in Freedom Park. It formed part of a larger project funded by Sol Plaatje Municipality to provide services to households in Ritchie. The project started on 29 May 2013 and was completed by September 2014. The project is co-funded by Frances Baard District Municipality and Sol Plaatje Municipality. FBDM budgeted an amount of R3 million for the project for the 2013/14 financial year.

Operation and Maintenance (O&M) in Category B Municipalities

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 the grader operating team to assist with blading of gravel streets in the different municipalities in our district.

Planning and Development

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

- To promote the implementation of a 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 2013/2014 financial year the main highlights may be summarized as follows:

1. 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. Some of these interns have been absorbed as PMS officials in their respective municipalities or elsewhere in government departments. The following initiatives have been implemented to further enhance performance management support to local municipalities:

- A performance management intern has been appointed and stationed at the PMS Unit of the FBDM to strengthen support initiatives;
- A new post of "PMS Practitioner" has been created and added to the organogram of the department which would further build capacity in the PMS Unit of FBDM.
- Hands-on support and assistance to local municipalities during the course of the financial year resulted in a higher level of compliance with performance management legislation in the district.

2. Town Planning

Frances Baard District Municipality is responsible for ensuring the development of sustainable human settlements in the district. It is also 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 and adoption of District Spatial Development Framework.
- Handed over the title deeds to the beneficiaries of Farm 212 in Koopmansfontein.
- Preparation and adoption of the Dikgatlong Spatial development framework review.
- Finalisation of the Magareng spatial development framework review.
- Barkly West township establishment.

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.

3. Geographic Information System (GIS)

GIS provides spatial information to all stakeholders for planning and resource allocation purposes. For the financial year 2013/2014 a data cleansing project was carried out in Phokwane Local 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. This project was put on hold until 2014/2015 for implementation.

4. Local Economic Development (LED):

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

- The secondment of graduate to LMs as interns;
- Trained LED officials on Project Packaging and Proposal Writing training in partnership with SALGA;
- For the first times rolled out the Small Business Week throughout the four LMs;
- Assisted cooperatives with CIPC registration to become legal entities;
- Developed a business plan for a Kimberley Manufacturing Incubation Hub;
- Assisted all LMs with the tourism month awareness campaigns;
- Rolled out a tourism business plan competitions to all schools in the District offering tourism a subject; and
- Marketing of products and services at the Durban Indaba, Macufe and NOCCI expo

Challenges

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

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014
Planning application received	None	None	None	None	None	None
Determination made in year of receipt	None	None	None	None	None	None
Determination made in following year	None	None	None	None	None	None
Applications with-drawn	None	None	None	None	None	None
Applications outstanding at year end	None	None	None	None	None	None

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	2012/13	2013/14			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	-	0
4 - 8	0	0	0	-	0
9 - 13	0	0	0	-	0
14 - 18	1	1	1	0.648	65%
19 - 26	0	1	1	-	0
Total	1	2	2	0.648	32%

Financial Performance 2013/2014: Town Planning Services					
R'000					
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Employees	805	1 231	1 231	409	-201%
Repairs and Maintenance	-	-	-	-	-
Other*	440	2 258	1 744	556	-306%
Total Operational Expenditure	1 245	3 489	2 976	966	-261%
Net Operational Expenditure	1 245	3 489	2 976	966	-261%

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

Special Projects Expenditure 2013//2014: Town Planning Services					
R' 000					
Special Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Surveying of Erven (Dikgatlong)	397	0	42	-845%	397
Environmental Impact Assessment: Dikgatlong	37	0	0	0%	37
Spatial Development Planning Review: Planning Frances Baard District Municipality	277	0	6	-4517%	277
Spatial Development Planning Review: Dikgatlong Municipality	527	0	316	-67%	316
Spatial Development Planning Review: Magareng Municipality	298	0	250	-19%	527
Noise and nachaeological studies	110	0	27	-307%	27

Dikgatlong: Surveying of Erven

Frances Baard District Municipality and Dikgatlong Municipality, identified a need to plan for the new residential development of 1000 erven in Barkly West erf 687, and subsequently to the development of mixed development housing. The project which started in the 2011/2012 financial year includes the surveying of the erven which is required to complete the process of town establishment. The process includes the pegging of erven and registration with the Surveyor-General for the issuing of the general plan. Since the initiation of the project, the contour surveying, geotechnical study, flood line study, draft layout plan, bulk service report, noise impact study and the archaeological study was completed.

The following milestones are still outstanding:-

- Environmental authorisation of the project;
- Finalisation of layout plan; and
- Pegging of erven and registration with Surveyor-General.

The surveying of erven has been rolled over to 2014/2015 because the EIA study has not been approved yet and surveying of erven is preceded by the EIA approval. The Department of Environment and Nature Conservation required additional studies (Noise and archaeological), which have been submitted.

Environmental Impact Assessment: Dikgatlong

The project has been rolled-over to the 2014/2015 financial year. The EIA approval is delayed due to additional studies (noise and archaeological) required by the Department of Environment and Nature Conservation. EIA process is core element for the completion of the Township Establishment. The development will not take place until the EIA report is approved.

The EIA study was only completed on 10 June 2014. The noise study was required as the proposed area is located in close proximity to the railway line and main feeder road. During the archaeological study the site investigation was conducted and no major archaeological artefacts or objects were found that required preservation or protection.

Spatial Development Framework

The project has been completed and adopted by Council on 25 June 2014. The Department of Rural Development and Land Reform funded the project with R789,750. FBDM allocated a total budget of R276.500 which was not utilised.

- **Dikgatlong SDF review**

Spatial planning unit in partnership with Dikgatlong municipality have identified a need to review the 2009 Dikgatlong municipality spatial development framework. FBDM is assisting with funding and facilitation of the reviewing process. The project was completed and was submitted for approval to the Dikgatlong Council. The SDF reviewing process adhered to the requirements for public participation.

- **Magareng SDF review.**

The district municipality assisted Magareng municipality to review its 2008 spatial development framework. The purpose of a spatial development framework is to develop a strategic and 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 close consultation with all stakeholders and will be finalised in the 2014/2015 financial year. R250,000 of MSIG funding was used and the project is currently in its final phase. R276,500 has been rolled over to the 2014/2015 FY. The project was delayed as the appointment process took longer than initially scheduled.

Geographic Information System (GIS)

Employees: Geographic Information System Services					
Job Level	2012/13	2013/14			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	-	0
4 - 8	0	0	0	-	0
9 - 13	1	1	1	-	0
14 - 18	1	1	1	0.996	100%
19 - 26	0	0	0	-	0
Total	2	2	2	0.996	50%

Financial Performance 2013/2014: Geographic Information System Services					
R'000					
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	704	–	891	474	100%
Repairs and Maintenance	42	157	224	115	-37%
Other*	535	2 830	1 940	815	-247%
Total Operational Expenditure	1 280	2 987	3 054	1 404	-113%
Net Operational Expenditure	1 280	2 987	3 054	1 404	-113%

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 2012/2013: Geographic Information System Services					
R' 000					
Special Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1800	0	773	-133%	773
Desktop capturing of water and sewer infrastructure and scanning of as-built drawing into GIS	600	0	0	0%	600
Phokwane Local Municipality Data Cleansing Project	1200	0	773	-55%	773

Desktop capture of water and sewer infrastructure and scanning of as-built drawing into GIS

The purpose of the project was to assist the Sol Plaatje Municipality's Infrastructure Department in scanning all relevant water and sewer, storm water and electricity as-built engineering drawings. These drawings are, in most cases, only available in hard-copy format. This situation is problematic in so far as drawings are not easily accessible, not backed up and are at risk due to insecure storage environments and are subjected to damage from frequent viewing. Through the project all relevant drawings will be scanned to capture various drawing attribute information into a database in order to establish a spatially enabled "electronic drawing office library".

Phokwane Local Municipality Data Cleansing Project.

The district municipality undertook an extensive land audit project for the Phokwane Municipality covering approximately 16,911 approved land parcels. Through the project it was anticipated to provide Phokwane Municipality with the necessary assurance as to the completeness of the billing database. The verified billing information will provide a sound basis for revenue generation and also enable the municipality to improve service delivery and provision of free basic services in terms of the Indigent Policy. It was validating 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.

This project was rolled over to the 2014/15 financial following unforeseen delays. The deliverables put forward by the service provider did not meet the requirements of the municipality as there were various mismatches of reports and databases.

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 policies/framworks was developed:

- The development and adoption of the SMME Development and Support Policy;
- The development and adoption of the Incentive Policy Framework which will make it easier for LMs to develop their Incentive polices;
- Reviewing of the District Growth and Development Strategy
- Reviewing of the Local Economic Development Strategy

Jobs Created during 2013/14 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)				
2011/12	27	-	27	Site visit
2012/13	11	1	11	Registers
2013/14	15	0	15	Registers

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	2012/13	2013/14			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	-	0%
4 - 8	2	2	2	-	0%
9 - 13	4	4	4	-	0%
14 - 18	1	1	1	-	0%
19 - 26	0	0	0	-	0%
Interns	11	16	11	1.00	6%
Total	7	7	7	1.00	4%

Financial Performance 2013/14: Local Economic Development Services

R'000

Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Employees	2 055	1 958	1 958	2 208	11%
Repairs and Maintenance	-	5	5	-	-
Other*	3 024	2 445	2 419	1 664	-47%
Total Operational Expenditure	5 079	4 409	4 383	3 871	-14%
Net Operational Expenditure	5 079	4 409	4 383	3 871	-14%

Corporate Services

Environmental Health

Air quality management

One application was received for the conversion of an APPA permit to a provisional atmospheric emissions license. A site visit was conducted at the premises to verify the information in the application and the information at the site. A provisional AEL was issued containing the requirements and date for renewal. Another application was also received for the changing of name of the company.

A district air quality management workshop was convened on 21 May 2014 where various experts on air quality management made presentations and training was also conducted with industry.

Waste management

Waste management and in particular illegal dumping in residential areas remains a big challenge. The dumps are not only unsightly but create also a breeding place for rodents which can excel the spread of diseases to the communities. 9 evaluations were conducted at landfill sites. 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 facilities at these sites. The waste buy-back centre in Barkly West was refurbished by the Department of Environmental Affairs (DEA).

Challenges

The centre is not operational due to problems that were experienced by the local recycling cooperative. Dikgatlong municipality has to decide whether to appoint a new recycling cooperative to manage the facility.

Water quality monitoring

352 water samples were collected in the district. Water quality failures are still being experienced in Dikgatlong and Magareng. 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. The department must ensure that the equipment is maintained regularly and that the teachers are trained to operate the equipment.

Challenges

Municipalities do not procure sufficient quantities of chlorine especially during the December holidays and experience a shortage of chlorine to treat the water adequately.

Food premises

382 evaluations were conducted at food premises. Challenges experienced at these premises include the selling of expired food products, poor hygiene practices, shops operating without a Certificate of Acceptability (CoA) or following the correct procedures. These problems will be addressed through the enforcement of stringent by-laws.

Achievements

Rendering of municipal health awareness campaigns

- 3 water safety campaigns were conducted in collaboration with the Department of Water Affairs during March 2014 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 meetings are well attended by environmental health practitioners and sector departments. Environmental health issues and problems are discussed at the Forum and members share views and experiences to address them.

- A total of 48 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 above 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;
- The EHP's together with officials from the office of the National Consumer Commissioner evaluated premises in Barkly West, Warrenton and Kimberley to monitor the labelling of meat products. Many of the owners were informed of the information that must be provided on the labels of meat products;
- Health care facilities (clinics) were evaluated regularly to ensure that waste is handled, stored and transported in the prescribed manner;
- 96 food handlers were trained on the safe preparation and handling of food;
- 70 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
- 83 evaluations were conducted at funeral parlours and clinics to ensure compliance to legislation.

Challenges

The operation of food premises without a Certificate of Acceptability remains a challenge. FBDM in cooperation with Magareng have revived the business forum to look at:

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. TORs were developed for the appointment of a service provider to conduct the section 78-assessment on municipal health services in the district in order for council to make an informed decision. A service provider will be appointed in the new financial year to conduct the assessment.

Environmental management and planning

The official from the Department of Environmental Affairs (DEA) seconded to FBDM to assist local municipalities with the implementation of environmental programmes, resigned early this year and was replaced.

Building plans

7 building plans were also evaluated to ensure compliance to National Building Regulations, 1977.

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	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	-	0%
4 - 8	0	0	0	-	0%
9 - 13	3	3	3	-	0%
14 - 18	1	1	1	-	0%
19 - 26	0	0	0	-	0%
Total	4	4	4	-	0%

Financial Performance 2013/14: Environmental Health Services					
R'000					
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5 062	3 000	3 060	3 008	0%
Expenditure:					
Employees	1 320	-	1 577	1 669	100%
Repairs and Maintenance	-	20	20	3	-505%
Other*	2 372	2 630	2 710	319	-725%
Total Operational Expenditure	3 691	2 650	4 307	1 991	-33%
Net Operational Expenditure	(1 370)	(350)	1 247	(1 017)	66%

Special Projects 2013/14: Environmental Health Services					
R' 000					
Special Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	632	0	38	-156%	38
Municipal health awareness campaigns	30	0	14	-114%	14
Air quality management	602	0	24	-2408%	24

Municipal health awareness campaigns

48 health awareness campaigns were conducted at schools and communities. The aim was to sensitise the communities and learners on water related diseases, sanitation practices and how to curb the spreading of HIV/Aids.

Air quality management

On 21 May 2014 the municipality hosted an air quality management workshop which was well attended by industry and the community. The aim was to inform industry on the latest air quality legislation and atmospheric emissions licensing fee calculator. Many presentations were made by officials from the National and Provincial Departments of Environment and Nature Conservation which resulted in savings.

The implementation of the monitoring of the ambient air quality in informal settlements did not materialise due to the lengthy periods for the appointment of interns. The computer programme for the atmospheric dispersion modeling was not procured due to a lack of capacity in the unit and to prevent the programme to become outdated before it is implemented.

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 implementation of the Disaster Management Act is the responsibility of the district municipality. The National Disaster Management Framework of 2005 guides the district municipality to implement the function according to 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.

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

30 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.

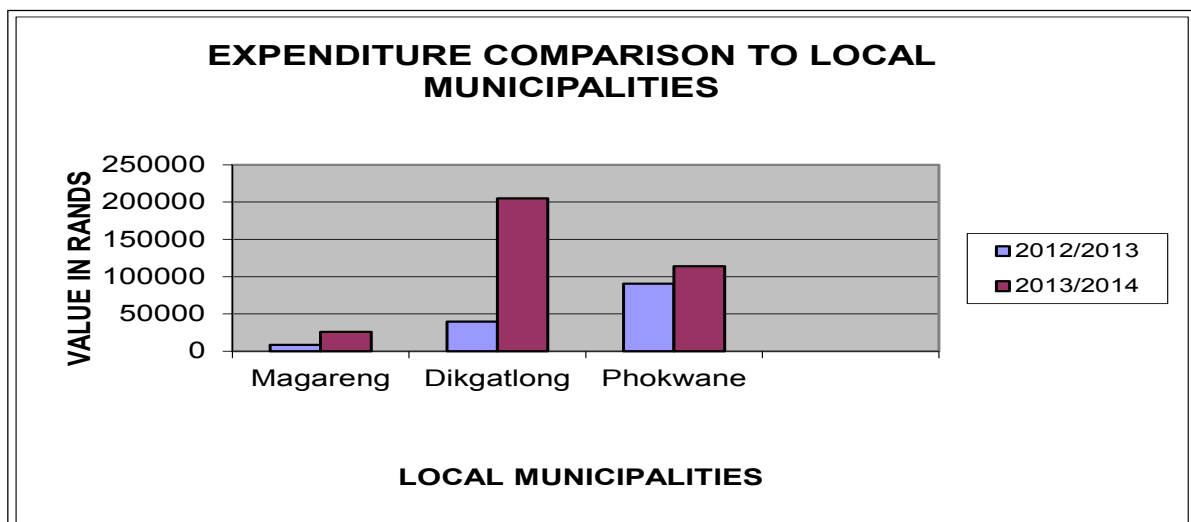
Other activities for 2014/15

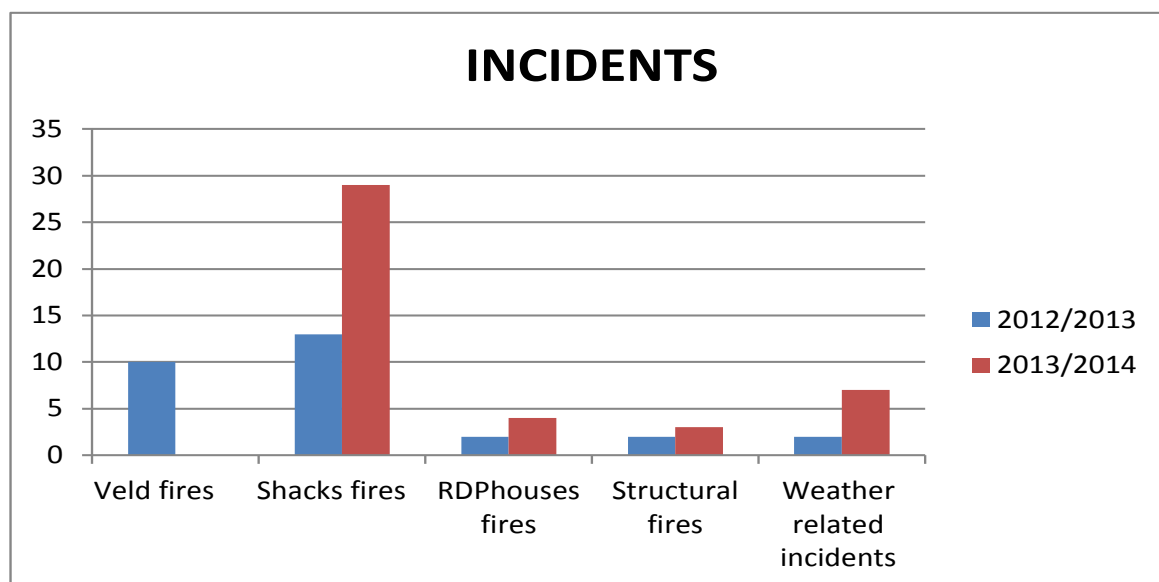
- 100% of the fire grant was spent on the procurement and acquisition of a 4-wheel drive vehicle;
- 100% of the contingency fund for response and recovery was utilized for the rehabilitation and social relief to disaster stricken communities residing within the affected areas of Dikgatlong, Magareng 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 2012/13	Number
Shack fires	29
Veld fires	0
Structural fires (RDP houses)	4
Structural fires (Privately owned)	3

Contingency Fund

When disaster/incidents occur, the initial financial burden is usually carried by the individuals affected by the disaster/incident. However, because of the vulnerability and poverty of many communities in rural areas (as identified in the District Disaster Management Plan) the municipality’s objective needs to be in line with national and provincial government of ensuring effective and efficient management of resources which will make a significant contribution to alleviate the effects of disasters/incidents.





The above-mentioned graph show the total expenditure for 2012/13 and 2013/14 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 59%
- Phokwane 32%
- Magareng 9%

Achievements

Integrated institutional capacity for disaster risk management in the District

- Disaster management coordinators have been appointed for Dikgatlong, Magareng and Phokwane local municipalities. 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). 15 volunteers from Magareng and 15 from Phokwane municipalities were trained in veld fire fighting techniques.
- The development of a Response and Recovery Strategy for the district.
- 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 were 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.

Employees: Fire Fighting & Disaster Management Services					
Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	-	0%
4 - 8	5	5	5	-	0%
9 - 13	4	5	4	1.00	20%
14 - 18	1	1	1	-	0%
19 - 26	0	0	0	-	0%
Total	10	11	10	1.00	9%

Financial Performance 2013/14: Fire Fighting & Disaster Management Services					
R'000					
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	600	600	600	0%
Expenditure:					
Fire fighters	-	-	-	-	
Other employees	2 414	2 666	2 666	2 927	9%
Repairs and Maintenance	51	177	181	66	-167%
Other*	887	2 000	1 852	1 411	-42%
Total Operational Expenditure	3 352	4 843	4 700	4 405	-10%
Net Operational Expenditure	3 352	4 243	4 100	3 805	-12%

Capital Expenditure 2013/14: Fire Fighting & Disaster Management Services					
R' 000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	550	0	520	-6%	520
Procurement of 4x4 vehicle	550	0	520	-6%	520

Procurement of 4x4 vehicle

The need for the all-terrain vehicle was identified, due to the rocky terrain in the rural areas of the district. Access to these areas was very difficult with the current vehicle.

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

Special Projects 2013/14: Fire Fighting & Disaster Management Services					
					R' 000
Special Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	892	130	663	-35%	663
Development of a District Response and Recovery Strategy.	600	0	400	-50%	400
Volunteer Training	72	0	38	-89%	38
Contingency Fund	220	130	225	2%	225

Development of a District Response and Recovery Strategy

The purpose for the strategy was:

- 1. Institutional preparedness** (Capacity within the municipalities).- To ensure the highest level of physical preparedness, as well as the speed and effectiveness of the response after a disaster has struck;
- 2. Mitigation** - to increase the protection of human lives, properties, buildings and infrastructure facilities against disasters; and
- 3. Post-disaster response** - to rehabilitate social and economic infrastructure and to ensure the earliest reinstatement of economic activity without prejudicing the highest professional standards. The project was completed by the end of April 2014.

Volunteer Training

The volunteers trained are as follows:

Municipal area	Number of trainees
Dikgatlong	0
Magareng	15
Phokwane	15

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 345,180 and is broken down per municipal area as follows:

Municipal area	Assistance provided (R)
Magareng	25,998
Dikgatlong	205,082
Phokwane	114,100

Corporate policy offices and other services

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 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	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	-	0
4 - 8	0	2	2	0.64	32%
9 - 13	6	7	1	0.96	14%
14 - 18	1	2	1	0.32	16%
19 - 26	0	0	0	-	0
Total	7	11	4	1.92	17%

Financial Performance 2013/14: The Executive and Council					
					R'000
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 763	3 716	3 716	3 716	0%
Expenditure:					
Employees	9 145	14 597	14 597	12 704	-15%
Repairs and Maintenance	29	144	199	160	10%
Other*	3 439	4 499	5 030	2 936	-53%
Total Operational Expenditure	12 613	19 240	19 825	15 800	-22%
Net Operational Expenditure	10 851	15 524	16 109	12 084	-28%

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%

Employees: Human Resource Services					
Job Level	2012/13	2013/14			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	-	0
4 - 8	0	0	0	-	0
9 - 13	3	4	3	0.49	12%
14 - 18	1	1	0	1.04	104%
19 - 26	0	0	0	-	0
Total	4	5	3	1.54	31%

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

Financial Performance 2013/14: Human Resource Services					
					R'000
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	1 637	1 904	1 904	749	-154%
Repairs and Maintenance	–	93	93	16	-469%
Other*	1 808	2 149	2 485	2 612	18%
Total Operational Expenditure	3 445	4 146	4 482	3 377	-23%
Net Operational Expenditure	3 445	4 146	4 482	3 377	-23%

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%

Achievements

Conducive ICT environment that enables service delivery

The responsibility of the ICT Unit is to align the needs of the municipality and support the core business processes. The ICT Unit provides guidance on how to use ICT as a tool to facilitate business change, transformation and growth. The ICT Steering Committee assists the Council of the Frances Baard District Municipality to adopt the ICT Service Management best practices.

Computer Replacement

Using the computer replacement plan ICT Unit procured 14 laptops and 10 computers in 2014. 3 cathode ray tubes (CRTs) were replaced and this assisted the municipality to save approximately 220 Watts per office on electricity.

Procurement of network and portable printers

The ICT Unit procured portable printers and a network printer to improve the use of “smart” printers. Smart printers enable businesses to change the way printing operations are structured, to streamline and improve processes in ways that reduce operating costs while improving reliability.

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

Upgrade of the electrical power supply to the Server Room

The ICT Steering Committee took a decision in the 2012/2013 financial year to correct the electrical power supply to the entire FBDM building by appointing electrical engineers to conduct a survey into the electrical wiring within the building. The engineers recommended that the electrical supply to the server room was to be separated from the electricity supply of the main building. The electrical power upgrade entailed the installation of a separate power cable and the voltage regulator to the server room. The server room is regarded as the heart-beat of the organization and must remain operational under any condition.

Provide Support to the Category “B” Municipalities.

FBDM has put in place call logging forms to assist in structuring the support at Magareng local municipality. The following issues have been resolved at Magareng local municipality;

- Virus attacks on general ICT systems
- Connectivity issues have been improved amongst local users and remote offices.
- The main link between FBDM and Magareng Municipality has been restored to improve bandwidth capabilities.
- The server room has been established to host all critical ICT systems
- Communication has been improved between FBDM and Magareng local municipality.

Employees: ICT Services					
Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	-	0%
4 - 8	0	0	0	-	0%
9 - 13	2	2	2	-	12%
14 - 18	1	1	1	-	112%
19 - 26	0	0	0	-	0%
Interns	2	2	1	1.09	54%
Total	5	5	4	1.09	22%

Capital Expenditure 2013/14: ICT Services					
R' 000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	514	0	406	-27%	406
Computer Replacement	275	0	252	-9%	252
Upgrade of electrical power supply	92	0	46	-100%	46
Procurement of portable and network printers	147	0	108	-36%	108

Financial Performance 2013/14: ICT Services					
					R'000
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	1 132	1 604	1 480	1 540	-4%
Repairs and Maintenance	1 167	2 505	1 539	1 463	-71%
Other*	1 228	190	1 291	1 096	83%
Total Operational Expenditure	3 527	4 299	4 309	4 099	-5%
Net Operational Expenditure	3 527	4 299	4 309	4 099	-5%

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

Employees: Financial Services					
Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	-	0
4 - 8	7	7	6	0.61	9%
9 - 13	8	9	8	0.28	3%
14 - 18	4	4	4	-	0
19 - 26	0	0	0	-	0
Interns	5	5	5	-	0
Total	24	25	23	0.90	4%

Financial Performance 2013/14: Financial Services					
					R'000
Details	2012/13	2013/14			
	Actual	Original Budget	"Adjustment Budget"	Actual	Variance to Budget
Total Operational Revenue	74 972	82 034	83 621	84 313	3%
Expenditure:					
Employees	6 805	8 221	8 221	7 889	-4%
Repairs and Maintenance	633	925	943	681	-36%
Other*	10 242	9 262	10 868	10 302	10%
Total Operational Expenditure	17 680	18 409	20 032	18 873	2%
Net Operational Expenditure	(57 292)	(63 625)	(63 589)	(65 440)	3%

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

Organisational Performance Scorecard

FRANCES BAARD DISTRICT MUNICIPALITY									
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2013/14									
ANNUAL PERFORMANCE REPORT FOR 2013/14 (4TH QUARTER)									
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT / 4TH QUARTER (01 JULY 2013 TO 30 JUNE 2014)									
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)	Baseline	Unit of Measure	Verification PoE	Annual Target (4th Qtr.)	Actual Performance	% Deviations	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
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.	Infrastructure needs list LM's	% Completion	Council Resolution Project Reports	100% Approved Allocations	100.0%	0.0%	n/a	n/a
2	Percentage support in the provision of potable water to households in the district.	Existing bulk services	Amount % spent Progress	Quarterly Project Reports and spending	100% Spending of allocation (R 10 504 000)	85.0% R 8 940 937 100% Completed	+15.0% Saving: R 1 563 063	All projects were completed according to the set timeframes and the level of standards for deliverables as stipulated in the terms of reference. However, a saving of 15.0% has been accomplished through the application of control measures and the efficient management of service providers and sub-contractors.	n/a
3	Percentage support in the provision of sanitation facilities to all households in the district.	Existing facilities	Amount % spent Progress	Quarterly Project Reports and spending	100% Spending of allocation (R 7 350 000)	87.0% R 6 378 082 100% Completed	-13.0% Saving: R 971 918	All projects were completed according to the set timeframes and the level of standards for deliverables as stipulated in the terms of reference. However, the Dikgatlong project will only be completed in the next financial year with the roll-over funds to the amount of R 480 000.	On the Dikgatlong project an amount of R480 000 has been rolled over to the next financial year.
4	Percentage support in the provision of electricity to households in the district.	Current access	Amount % spent Progress	Quarterly Project Reports and spending	100% Spending of allocation (R 2 400 000)	64.0% R 1 527 060	-36.0% R 872 940	Serious delays in the supply chain procedures of the Dikgatlong Local Municipality resulted in huge progress delays which caused an under-performance of 36.0% for this KPI.	1. The numerous meetings held with the various stakeholders in Dikgatlong Local Municipality and a number of reports submitted as well as ample correspondence with the municipality did not produce the desired results. However, the Infrastructure Services Department of FBDM still continued with further interventions in an effort to successfully complete the project.
5	Percentage support in the provision of streets and stormwater drainage to households in the district.								
6	Percentage support to local municipalities in obtaining blue drop status.	Operation and Maintenance applications	% Progress & Amount spent	Quarterly Reports, on-site measurements and actual spending	100% Spending of allocation (R 9 660 000)	99.0% R 9 608 518 100% Completed	+1.0% Saving: R 53 482	Early applications, punctual performances and correct submissions of payment certificates pertaining to the projects under these four key performance indicators (KPI's) resulted in an over-performance in terms of spending and progress in this area of operations.	Key performance indicators no. 5, 6, 7 and 8 has been clustered together according to recommendations of the external auditors as it would result in more effective and accurate measuring due to the fact that all O&M projects are under the same financial vote.
7	Percentage support to local municipalities in obtaining green drop status.								
8	Percentage support in maintenance of municipal infrastructure in the district.								
: 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: 2013/14									
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT / 4TH QUARTER (01 JULY 2013 TO 30 JUNE 2014)					ANNUAL PERFORMANCE REPORT FOR 2013/14 (4TH QUARTER)				
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)	Baseline	Unit of Measure	Verification		Actual Performance	% Deviations	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
				Annual Target (4th Qtr.)	PoE				
1. SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.									
1.1 Facilitation of sustainable human settlements in the district.									
9	Number of households facilitated in the reduction of the housing backlog.	305	% Number	Quarterly Reports	100% 711h/h	129.7% (3rd Qtr) 711h/h	+29.7% 211 h/h	Accelerating action plans implemented by the relevant officials resulted in inverting the negative scores of the previous quarters into an over-performance for the 2013/14 financial year.	n/a
10	Number of households with access to basic municipal services in informal settlements.	305	% Number	Quarterly Reports	100% 711h/h	129.7% (3rd Qtr) 711h/h	+29.7% 211 h/h	Accelerating action plans implemented by the relevant officials resulted in inverting the negative scores of the previous quarters into an over-performance for the 2013/14 financial year.	n/a
11	Percentage /ha. of land identified and acquired for the establishment of human settlements in the district.	46ha	% Number/ ha	Proof of ownership	100% 16ha	681.3% 109ha	+581.3% +93ha	The housing unit accomplished a huge over-performance by obtaining 109ha at once which would resolve the lack of development land for years to come.	n/a
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: 2013/14											
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT / 4TH QUARTER (01 JULY 2013 TO 30 JUNE 2014)					ANNUAL PERFORMANCE REPORT FOR 2013/14 (4TH QUARTER)						
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)		Baseline	Unit of Measure	Verification PoE	Annual Target (4th Qtr.)	Actual Performance	% Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS	
	2. LOCAL ECONOMIC DEVELOPMENT (LED)										
2.1 Facilitation of growth and diversification of the district economy.											
12	Percentage support in the diversification of the agricultural and mining sectors in the district.		Completed Feasibility Study	% Progress	Quarterly Reports	2 / 100%	2 / 100.0%	0.0%	n/a	n/a	
13	Percentage support and facilitation of SMME programmes through the implementation of the SMME support policy.		4 Programmes 100%	% Progress	Quarterly Reports	6 / 100%	6 / 100.0%	0.0%	n/a	n/a	
14	Percentage completion of a district framework for FBDM to inform the 3 incentive policies for local municipalities in the district which will be completed in the next financial year.		Research completed 100%	Number / %	Quarterly Reports	1 / 100%	1 / 100.0%	0.0%	n/a	n/a	
15	Percentage support to local municipalities in the facilitation of EPWP projects in the district.		-	-	-	-	-	-	KPI not measured for the 4th quarter due to no targets set for the measuring period.	Council removed this KPI from the SDBIP according to a recommendation of the Auditor-General as the outputs of the projects under this KPI are not within the control of FBDM.	
16	Percentage support to LED structures in the district.		Identified Coordination	%	Quarterly Reports	100%	100.0%	0.0%	n/a	n/a	
2.2 Development of a vibrant tourism sector economy in the district.											
17	Percentage support in the development of tourism in the L/Ms of the district. (Programmes & Projects)		4 Info Centres 100%	Number % Compliance	Quarterly reports	10 - 100%	10 - 100.0%	0.0%	n/a	n/a	
18	Percentage facilitation in the establishment of a vibrant destination brand in the district. (a) Main activities (b) Programmes		0 - 0%	Number % Compliance	Quarterly reports	-	-	-	KPI not measured for the 4th quarter.	This KPI has been removed from the SDBIP on advise from the Auditor-General as the outputs of the projects under this KPI are not within the control of the District Municipality.	
19	Number of strategic partnerships established and percentage participation in FBDM tourism activities.		3 Associations 65% functional	% Functionality	Quarterly reports	-	-	-	KPI not measured for the 4th quarter.	This KPI has been removed from the SDBIP on advise from the Auditor-General as the outputs of the projects under this KPI are not within the control of the District Municipality.	
: 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: 2013/14										
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT / 4TH QUARTER (01 JULY 2013 TO 30 JUNE 2014)					ANNUAL PERFORMANCE REPORT FOR 2013/14 (4TH QUARTER)					
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)		Baseline	Unit of Measure	Verification PoE	Annual Target (4th Qtr.)	Actual Performance	% Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
	3. MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.									
3.1 Environmental health management in the district.										
20	Percentage improvement of municipal health services. (Quality of drinking water / Magareng & Digatong)		120 Activities completed 100%	% = Activities	Quarterly reports	30 - 100%	28.2 - 94.0%	-6.0%	The under-performance in this area of operations was due to the absence of one the environmental health practitioners who was hospitalised and remained absent from work for a period of almost three months.	The particular environmental health practitioner could not be replaced and the backlog build-up would only be absorbed during the next financial year.
21	Percentage improvement of environmental planning and management in the district.		16 Programmes completed 100%	% = Activities	Quarterly reports	8 - 100%	8 - 95.0%	-5.0%	The withdrawal of the seconded official by the Sector Department: Environmental Health, left a significant gap pertaining to environmental planning and management which was the main reason for an under-performance in this area of operations pertaining to the 2013/14 assessments.	The Provincial Department of Environmental Health had been approached in writing for the replacement of the environmental health official at the district municipality. However, the replacement process seem to be a lengthy process which will only be implemented in the next financial year.
3.2 Disaster Management in the district.										
22	Percentage disaster management capacity building in 3 local municipalities of the district.		Current status 30%	% Compliance with Training Plan	Number of volunteers trained	30 - 100%	30 - 100.0%	0.0%	n/a	n/a
23	Percentage (a) development and (b) implementation of a response recovery strategy for the district.		New / 0%	% Compliance	Quarterly reports	(b) 20%	(b) 10.0%	-10.0%	The late completion of the response recovery strategy which was only completed in May 2014, resulted in an under-performance in the implementation of the strategy and plan.	The implementation of the response recovery strategy will be absorbed in the targets for the next financial year.
24	Percentage implementation of response recovery mechanisms in 3 local municipalities of the district.		New 0%	% Compliance	Quarterly reports	100%	100.0%	0.0%	n/a	n/a
25	Percentage increase in fire fighting capacity for 3 local municipalities in the District.		Current status 30%	% Compliance with D/M Plan	Monthly reports	30%	30.0%	0.0%	n/a	n/a
26	Percentage upgrading and improvement of security systems in FBDM.		0%	% Compliance	Quarterly reports	100%	100.0%	0.0%	n/a	n/a
27	Number of health and safety inspections conducted in FBDM according to the OH&S Act.		0	Number / %	Quarterly reports	4 / 100%	0 / 0.0%	-100.0%	No health and safety inspections were conducted and consequently no quarterly reports were produced.	New reporting procedures will be implemented in the new financial year in order to ensure the regular completion and submission of quarterly reports to the relevant HDD.
					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: 2013/14										
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT / 4TH QUARTER (01 JULY 2013 TO 30 JUNE 2014)					ANNUAL PERFORMANCE REPORT FOR 2013/14 (4TH QUARTER)					
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)			Unit of Measure	Verification PoE	Annual Target (4th Qtr.)	Actual Performance	% Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
	Baseline									
3. MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION CONTINUE ...										
3.3 Human Resource Development in the district.										
28	Percentage compliance with HR requirements at FBDM.	0%	% Compliance	Quarterly reports	100%	100.0%	100.0%	0.0%	n/a	n/a
29	Percentage compliance with HR capacity building requirements in 3 local municipalities of FBDM district.	0%	% Compliance	Quarterly reports	100%	100.0%	100.0%	0.0%	n/a	n/a
3.4 Records Management.										
30	Percentage compliance with the National Archives Act in FBDM and L/M's in the district for the 2013/14 financial year.	82%	% Compliance	Quarterly reports	90%	90.0%	90.0%	0.0%	n/a	n/a
31	Percentage of an effective and cost-efficient office support function rendered to FBDM for 2013/14.	90%	% Compliance	Quarterly reports	94%	94.0%	94.0%	0.0%	n/a	n/a
32	Percentage maintenance rendered to FBDM buildings for the 2013/14 financial year.	90%	% Compliance	Maintenance Reports	95%	115.0%	115.0%	+20.0%	The effective and efficient management of the service provider and the budget resulted in 51 offices instead of 31 offices provided with new airconditioners without overspending on the budget.	n/a
3.5 Information Communication Technology (ICT).										
33	Percentage accessibility to improved ICT infrastructure in FBDM and 3 local municipalities of the district in the 2013/14 f/y.	80%	% Improved accessibility	Quarterly reports on accessibility	85%	90.0%	90.0%	+5.0%	The over-performance in this area of service delivery was the result of the delivery and operationalisation of the IT server in Phokwane local municipality and the drafting of the terms of reference for the implementation of the server well in advance of the set dates.	n/a
34	Percentage implementation of the ICT Disaster Recovery Plan in FBDM and 3 L/M's for the 2013/14 financial year.	35%	% Compliance	Quarterly reports	60%	60.0%	60.0%	0.0%	n/a	n/a
35	Percentage alignment of municipal IT objectives with governance IT principles.	0%	% Compliance	Quarterly reports	100%	100.0%	100.0%	0.0%	n/a	n/a
: 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: 2013/14									
ANNUAL PERFORMANCE REPORT FOR 2013/14 (4TH QUARTER)									
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT / 4TH QUARTER (01 JULY 2013 TO 30 JUNE 2014)									
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)	Baseline	Unit of Measure	Verification		Actual Performance	% Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
				PoE	Annual Target (4th Qtr.)				
3. MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION CONTINUE ...									
3.6 Integrated Development Planning (IDP).									
36	Percentage facilitation of IDP processes in the district for the 2013/14 in compliance with legislation and policies.	5 / 100%	% Credible IDP processes completed	Quarterly reports Process Plans	100%	100.0%	0.0%	n/a	n/a
37	Percentage of 5 IDP's in the district reviewed for the 2014/15 financial year.	5 / 100%	% of IDP reviews completed	Quarterly reports Process Plans	100%	100.0%	0.0%	n/a	n/a
38	Percentage facilitation of the review of sector plans in the district for 2013/14 in terms of legislation.	14 Sector Plans	% Progress	Quarterly reports Reviewed Sector Plans	2 / 100%	2 / 100.0%	0.0%	n/a	n/a
3.7 Performance Management (PMS).									
39	Percentage compliance with the implementation of a fully compliant institutional performance management system in FSDM and support to the local municipalities in the district.	100%	% Compliance	Quarterly reports and appraisals	100%	100.0%	0.0%	n/a	n/a
40	Percentage managerial support and capacity building in complying with local government legislation.	100%	% Requests addressed	Quarterly reports	100%	100.0%	0.0%	n/a	n/a
41	Percentage alignment of PMS governance principles with the performance objectives of the municipality.	100%	% Compliance	Quarterly reports	100%	100.0%	0.0%	n/a	n/a
: 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: 2013/14									
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT / 4TH QUARTER (01 JULY 2013 TO 30 JUNE 2014)					ANNUAL PERFORMANCE REPORT FOR 2013/14 (4TH QUARTER)				
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)	Baseline	Unit of Measure	Verification		Actual Performance	% Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
				Annual Target (4th Qtr.)	PoE				
3. MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION CONTINUE ...									
3.8 Town and Regional Planning.									
42	Percentage facilitation of the development of urban areas in accordance with approved spatial plans.	12	% Support requested	Monthly reports Approved Applications	100%	100.0%	0.0%	n/a	n/a
43	Percentage implementation and review of the spatial development framework of the district.	4	% Support requested	Monthly reports	100%	100.0%	0.0%	n/a	n/a
44	Percentage facilitation of the preparation of township establishments in 2 local municipalities (Phokwane, Dikgatong)	1 A approved layout plan	% Completed	Monthly & Quarterly reports	100%	100.0%	0.0%	The projects under this KPI were completed by the end of the second quarter according to the set targets.	n/a
3.9 Geographical Information System (GIS).									
45	Percentage implementation of GIS shared services in the district for the 2013/14 financial year. (a) Phokwane / data cleansing. (b) Sol Plaatje / water infrastructure data.	Phase 2 completed Mazarene 100%	Completed activities % Completion	Quarterly Reports	100%	75.0%	-25.0%	n/a	n/a
46	Percentage marketing of GIS as an essential management and planning tool for the 2013/14 financial year.	0%	% Compliance	Quarterly reports	100%	100.0%	0.0%	n/a	n/a
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: 2013/14											
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT / 4TH QUARTER (01 JULY 2013 TO 30 JUNE 2014)					ANNUAL PERFORMANCE REPORT FOR 2013/14 (4TH QUARTER)						
KPA'S	SUB KPA'S	Key Performance Indicators (KPI's)	Baseline	Unit of Measure	Verification		Actual Performance	% Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS	
					PoE	Annual Target (4th Qtr.)					
4. GOOD GOVERNANCE AND PUBLIC PARTICIPATION.											
4.1 Communication.											
47		Number of communication activities implemented in order to sustain a positive public opinion about service delivery in the district.	8 Projects completed 100%	Number activities completed % progress with activities	Monthly Quarterly Reports	32 / 100%	31.0 / 97.0%	-3.0%	1. Training of staff and councilors in the interpretation of the PAIA Act has not been fully implemented due to previous training in this regard. 2. Not all media briefings and radio talkshows could be implemented as planned due to dependency on the schedules and availability of the political partners in the municipality.	The communication unit of the municipality is in the process of planning new initiatives in an effort to overcome the existing challenges and to address the matter properly in the next financial year.	
48		Number of communication programmes facilitated to improve on the collaboration of government activities to achieve a "one message" approach in the district.	21 Programmes completed 100%	Number of programmes completed % progress	Quarterly reports	20 / 100%	12.0 / 60.0%	-40.0%	Programmes were developed by the administration of the municipality, but the planning of contact between communities, the municipal administration and the political leaders still remain a major challenge to overcome and the current election year even further aggravated these challenges.	The communication unit of the municipality is in the process of planning new initiatives in an effort to overcome the existing challenges and to address the matter in the next financial year.	
49		Percentage completion and implementation of a support plan for staff morale and motivation.	100%	% Progress	Quarterly surveys and reports	100%	99.0%	-1.0%	The completion of the communication strategy was delayed due to the challenges of obtaining inputs from the various stakeholders as required.	The communication unit of the municipality is in the process of planning new initiatives in an effort to overcome the existing challenges and to address the matter in the next financial year.	
4.2 Internal Audit.											
50		Percentage assistance and guidance regarding internal risk management processes in FBDM for the 2013/14 financial year.	0%	Monthly activities processed	Monthly statements and Reports	100%	100.0%	0.0%	n/a	n/a	
51		Percentage compliance with quarterly assessments to evaluate and contribute to the establishment of effective control processes in the district. (FBDM & IM's)	0%	Monthly/ Quarterly/A reports	Monthly / Quarterly /A reports	100%	50.0%	-50.0%	A number of intended and planned audits could not be completed due to staff resignations which caused a huge workload to the existing internal audit staff.	The vacant posts in the internal audit unit were advertised and budgetary provisions were made for the outsourcing of some of the projects. The new partially approved audit plan for the next financial year will also assist the internal audit unit in the planning and timely completion of projects.	
52		Percentage capacity building and support in internal audit within the local municipalities in the district.	0%	Monthly/ Quarterly/A reports	Monthly / Quarterly /A reports	100%	62.5%	-37.5%	The internal audit processes in Dikgatlong and Magareng local municipalities are behind schedule due to a number of resignations in the two local municipalities. The appointed service providers in the local municipalities struggled to obtain the right information in order to conduct well-planned audits as required.	The filling of the above-mentioned vacant posts and the budgetary provisions for the outsourcing of certain internal audit projects would hopefully assist the unit in executing its mandate and functions more properly in the new financial year.	
					Full Compliance: 0% Deviation			Under-Performance: -% Deviation			Over-Performance: +% Deviation
: INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD											

Organisational Performance Scorecard

FRANCES BAARD DISTRICT MUNICIPALITY										
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2013/14										
ANNUAL PERFORMANCE REPORT FOR 2013/14 (4TH QUARTER)										
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT / 4TH QUARTER (01 JULY 2013 TO 30 JUNE 2014)										
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)	Baseline	Unit of Measure	Verification		Annual Target (4th Qtr.)	Actual Performance	% Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
				Monthly Quarterly reports	PoE					
5. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT.										
53	Percentage compliance in the implementation of sound financial practices.	0%	% Compliance	Monthly Quarterly reports	100%	100.0%	0.0%	n/a	n/a	
54	Percentage compliance with all financial legislative requirements and related guidelines from National Treasury.	0%	% Compliance	Monthly Quarterly reports	100%	100.0%	0.0%	n/a	n/a	
55	Percentage compliance with the requirements for debt and revenue generation. (Grants)	0%	% Compliance	Monthly Quarterly reports	100%	100.0%	0.0%	n/a	n/a	
56	Percentage compliance with the effective management of Council's financial resources.	0%	% Compliance	Monthly Quarterly reports	100%	100.0%	0.0%	n/a	n/a	
57	Percentage compliance with the legislative requirements for a sound supply chain management system and stores function in the municipality.	0%	% Compliance	Monthly Quarterly reports	100%	100.0%	0.0%	n/a	n/a	
58	Percentage compliance with the requirements for sound financial self-sustained local municipalities in the district.	0%	% Compliance	Monthly Quarterly reports	100%	100.0%	0.0%	n/a	n/a	
: INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD						Full Compliance: 0% Deviation		Under-Performance: - % Deviation		Over-Performance: + % Deviation

SUMMARY OF MUNICIPAL PERFORMANCE: 01 July 2013 - 30 June 2014. (Fourth Quarter)	
High Level Targets as per SDBIP for 2013/14 Financial Year. (Annual / 4th Quarter Report)	
Number of Key Performance Indicators Measured:	55
2. Targets Achieved	32
3. Targets Not Achieved	12
4. Targets Exceeded	11
	100%
	58.2%
	21.8%
	20.0%

Chapter 4

Organisational Development Performance



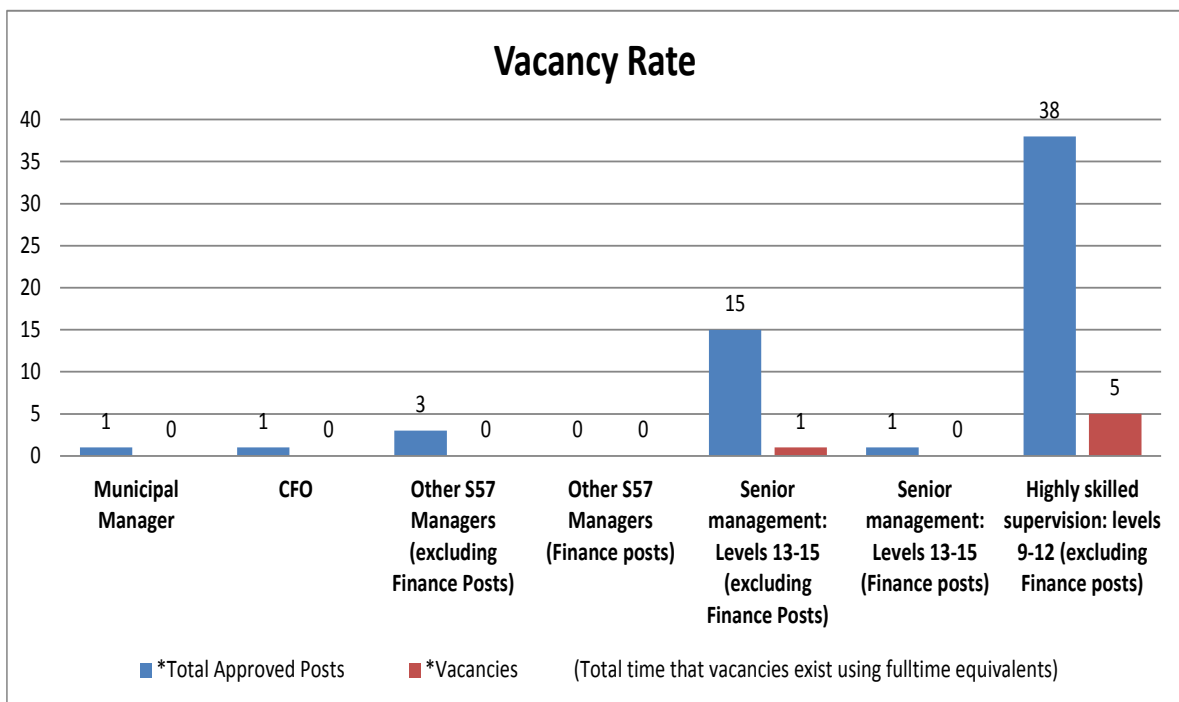
Introduction

Frances Baard District Municipality is constantly reviewing its policies and human resource management processes. This is through the review of the human resources strategy and integrated institutional development plan. The strategy and plan both constitute a bedrock for a formidable human resource management function.

The municipality is amongst the leading municipalities in the country that ensures that its employees are equipped through education and training. More than 1% of the council budget for the 2013/14 financial year has been dedicated for skills development. To this end Council has taken a conscious decision to capacitate all its councillors in order to enable them to provide the kind of leadership that would propel the municipality in the realisation of its developmental mandate. Consequently councillor capacity building is catered for in a separate vote in the budget solely for purpose of skills development.

Employees					
Description	2012/13	2013/14			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Housing Services	8	13	9	4	31%
Programme Management & Advisory Services	7	7	7	0	0%
Town & Regional Planning Services	2	3	2	1	33%
Geographic Information System Services	2	2	2	0	0%
Local Economic Development Services	23	23	23	5	22%
Environmental Health Services	4	4	4	0	0%
Fire Fighting & Disaster Management	10	11	10	1	9%
Executive & Council	27	27	27	0	0%
Human Resource Services	3	5	3	2	40%
ICT Services	3	5	4	1	20%
Financial Services	14	25	23	2	8%
Totals	103	125	114	16	12.8%

Vacancy Rate: 2013/14			
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	0
CFO	1	0	0
Other S57 Managers (excluding Finance Posts)	3	0	0
Other S57 Managers (Finance posts)	0	0	0
Senior management: Levels 13-15 (excluding Finance Posts)	15	1	6.67
Senior management: Levels 13-15 (Finance posts)	1	0	0
Highly skilled supervision: levels 9-12 (excluding Finance posts)	38	5	13.16
Highly skilled supervision: levels 9-12 (Finance posts)	7	1	14.29
Total	66	7	10.61



Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate
	No.	No.	
2011/12	31	7	23%
2012/13	30	13	43%
2013/14	12	21	175%

Managing the municipal workforce

According to the National Treasury Norm of 35% on Personnel Budget which serves as a Framework/Guideline for Municipalities to implement in order to assist or curb over spending on the Workforce Budget.

During 2013/2014, FBDM had exceeded the norm by 10%. This 45% includes among others the remuneration of both Councillors and Officials (R46,436,287)

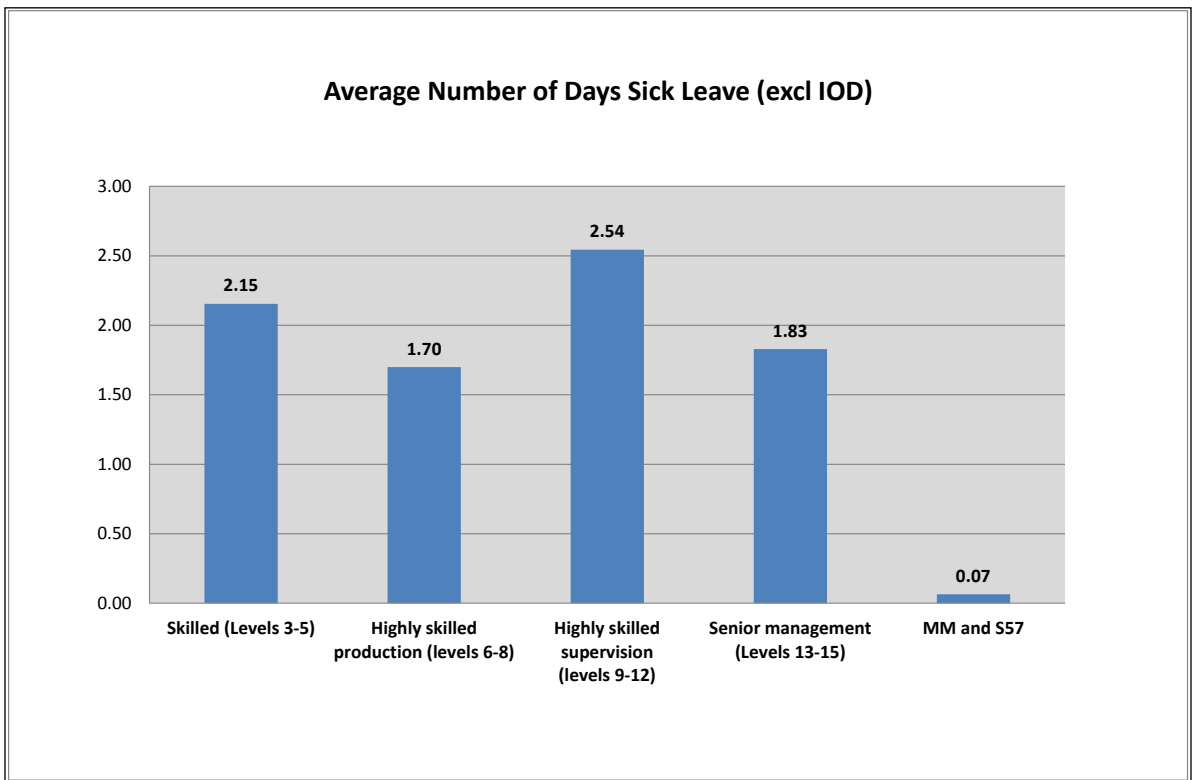
The over-expenditure on the workforce budget is attributed by the appointment of scarce and critical skills within the Municipality due to its outward looking approach by attracting and appointing highly skilled technical personnel to support the local municipalities within the district area in order 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 6.84% 01 July 2013 for 2013/2014 financial year.

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
No human resource policies were reviewed / adopted in 2013/14				

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	None	None	None	None	None
Temporary total disablement	None	None	None	None	None
Permanent disablement	None	None	None	None	None
Fatal	None	None	None	None	None
Total	None	None	None	None	None

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)	265	91%	25	25	2.15	75
Highly skilled production (levels 6-8)	209	87%	27	29	1.70	113
Highly skilled supervision (levels 9-12)	313	93%	22	26	2.54	292
Senior management (Levels 13-15)	225	86%	31	38	1.83	328
MM and S57	8	63%	3	5	0.07	27
Total	1020	89%	108	123	8.29	835



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
Accountant	Misrepresentation	11 April 2014	The employee resigned	30 April 2014

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
None	none	None	n/a

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	1	74	50%
	Male	3	3	223	100%
Total					
Has the statutory municipal calculator been used as part of the evaluation process ?					Yes

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 2012/13	Actual: End of 2013/14	Target	Actual: End of 2012/13	Actual: End of 2013/14	Target	Actual: End of 2012/13	Actual: End of 2013/14	Target	Actual: End of 2012/13	Actual: End of 2013/14	Target	Total
MM and s57	Female	0	1	100%	2	0	2	1	1	2	2	2	2
	Male	0	0	100%	3	0	2	1	1	2	3	1	2
Councillors, senior officials and managers	Female	0	4	100%	3	7	25	9	12	25	17	19	25
	Male	0	3	100%	3	12	40	13	18	40	31	30	40
Technicians and associate professionals*	Female	0	1	100%	1	1	11	1	0	11	1	1	11
	Male	0	1	100%	3	7**	6	6	0	6	3	7	6
Professionals	Female	0	0	100%	7	4	6	6	0	6	12	4	6
	Male	0	0	100%	4	12	4	11	0	4	17	12	4
Sub total	Female	0	6	100%	0	12	44	37	13	44	31	26	44
	Male	0	4	100%	0	31	64	24	19	64	47	50	64
Total		0	10		26	43	108	100	32	108	164	76	108

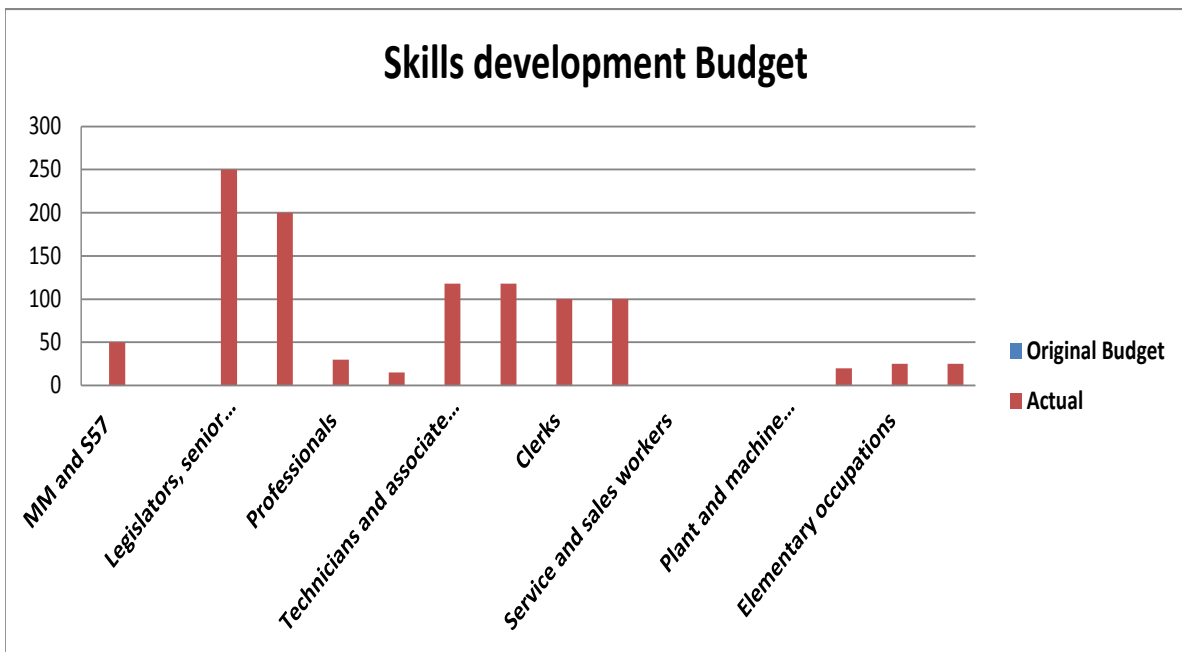
*Registered with professional Associate Body e.g CA (SA)

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	1	0	1	0	0	0
Chief financial officer	0	0	0	0	0	0
Senior managers	0	0	0	0	0	0
Any other financial officials	2	0	2	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	3	0	3	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		
			Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	
MM and S57	Female	No.		50		0					50
	Male	2		0		0					0
Legislators, senior officials and managers	Female	25		250		0					250
	Male	40		200		0					200
Professionals	Female	6		30		0					30
	Male	16		15		0					15
Technicians and associate professionals	Female	11		0		158					158
	Male	6		0		78					78
Clerks	Female	20		0		155					155
	Male	4		0		45					45
Service and sales workers	Female	0		0		0					0
	Male	0		0		0					0
Plant and machine operators and assemblers	Female	0		0		0					0
	Male	6		0		0					0
Elementary occupations	Female	6		0		0					0
	Male	6		0		0					0
Sub total	Female	70		330		313					643
	Male	80		215		123					338
Total		150		0		436					981
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.										1200	%*



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.

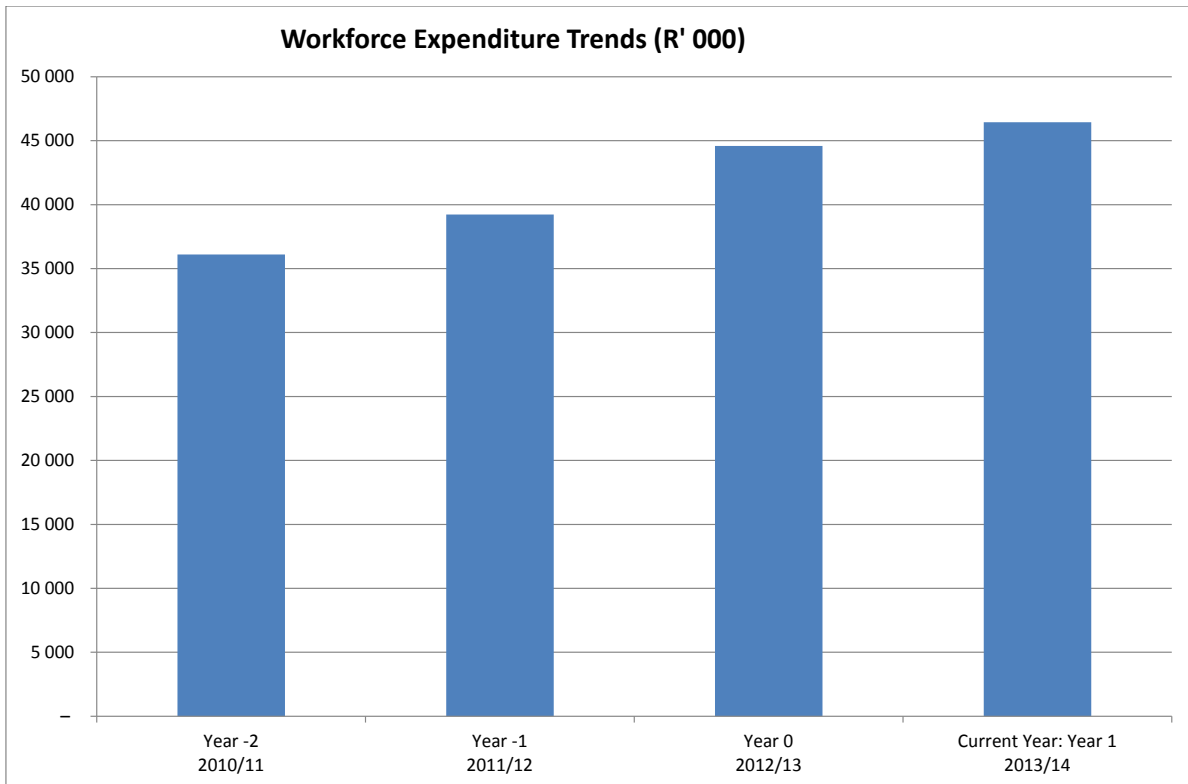
All senior managers meet the MFMA Competency Regulations. The municipal manager completed all 11 modules of the Certificate Programme in Municipal Finance Development (CPMD).

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.

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	1
	Male	None
Skilled (TASK 4 - 8)	Female	None
	Male	3
Highly skilled production (TASK 9 - 13)	Female	13
	Male	9
Highly skilled supervision (Levels 14 -18)	Female	5
	Male	12
Senior management (TASK 19 - 26)	Female	None
	Male	None
MM and S57	Female	None
	Male	None
Total		43

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



Introduction

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

Percentage over-spending of the final approved operating expenditure budget is zero and the percentage under-spending of the final approved capital budget is under 18%. Creditor-payment period was 44.1 days and the debtor-collection period (before impairment) was 75.7 days while the debtor-collection period (after impairment) was 75.7 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 was 85.8%. Creditors as a percentage of cash and cash equivalents was 6.6% while current liabilities as a percentage of net cash inflows for the year from operating activities was 180.3%.

Non-current liabilities (long-term debt) as a percentage of net cash inflows for the year from operating activities was 376.20%. Employee benefit obligation as a percentage of net cash inflows for the year from operating activities was 280.7% and the percentage under-spending of conditional grants received for the year was 6.5%

Overall the results of the above financial indicator evaluation for the 2013/14 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.

Notwithstanding the negative impact on revenue streams and ability to spend according to service delivery and budget implementation plan, the district municipality manages to maintain focus on key service delivery areas in supporting the local municipalities in the district area by spending almost 36% of its total operating expenditure on infrastructure, maintenance and social related projects.

The following is a statement of performance:

Statement of financial performance

Financial Summary						
R' 000						
Description	2012/13	Current Year: 2013/14			2013/14 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Financial Performance						
Property rates	–	–	–	–	0.0%	%
Service charges	–	–	–	–	0.0%	%
Investment revenue	5 672	4 619	4 619	5 841	20.92%	20.92%
Transfers recognised - operational	94 579	93 815	94 175	95 053	1.30%	0.92%
Other own revenue	1 670	1 045	1 045	1 208	13.46%	13.46%
Total Revenue (excluding capital transfers and contributions)	101 921	99 479	99 840	102 102	2.57%	2.22%
Employee costs	39 423	47 498	47 498	41 012	-15.81%	-15.81%
Remuneration of councillors	5 160	5 679	5 679	5 424	-4.70%	-4.70%
Depreciation & asset impairment	3 429	5 050	5 050	4 050	-24.69%	-24.69%
Finance charges	2 318	2 215	2 215	2 300	3.70%	3.70%
Materials and bulk purchases	2 569	3 983	4 528	3 376	-17.98%	-34.10%
Transfers and grants	35 437	42 937	42 430	33 666	-27.54%	-26.03%
Other expenditure	11 189	13 798	14 503	12 605	-9.46%	-15.06%
Total Expenditure	99 524	121 161	121 904	102 435	-18.28%	-19.01%
Surplus/(Deficit)	2 396	(21 681)	(22 064)	(333)	-6413.85%	-6528.80%
Transfers recognised - capital						
Contributions recognised - capital & contributed assets						
Surplus/(Deficit) after capital transfers & contributions	2 396	(21 681)	(22 064)	(333)	-6413.85%	-6528.80%
Share of surplus/ (deficit) of associate					–	–
Surplus/(Deficit) for the year	2 396	(21 681)	(22 064)	(333)	-6413.85%	-6528.80%
Capital expenditure & funds sources						
Capital expenditure	6 008	4 290	3 662	6 008	28.60%	39.06%
Transfers recognised - capital	285	–	–	–	0.00%	0.00%
Public contributions & donations	–	–	–	–	0.00%	0.00%
Borrowing	–	–	–	–	0.00%	0.00%
Internally generated funds	4 344	4 290	3 662	6 008	28.60%	39.06%
Total sources of capital funds	6 008	4 290	3 662	6 008	28.60%	39.06%

Financial Summary						
R' 000						
Description	2012/13	Current Year: 2013/14			2013/14 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Financial position						
Total current assets	91 151	61 659	67 791	87 351	29.41%	22.39%
Total non current assets	58 668	53 250	52 622	62 468	14.76%	15.76%
Total current liabilities	12 802	10 665	10 665	12 802	16.69%	16.69%
Total non current liabilities	33 042	26 442	26 442	33 042	19.98%	19.98%
Community wealth/Equity	103 975	77 802	83 306	103 975	25.17%	19.88%
Cash flows						
Net cash from (used) operating	5 441	(11 892)	(12 635)	8 832	234.64%	243.05%
Net cash from (used) investing	(6 758)	(3 861)	(3 233)	(3 017)	-27.95%	-7.13%
Net cash from (used) financing	(1 333)	(1 606)	(1 606)	(1 445)	-11.14%	-11.14%
Cash/cash equivalents at the year end	83 564	59 959	66 091	87 934	31.81%	24.84%
Cash backing/surplus reconciliation						
Cash and investments available	87 364	62 959	69 091	87 934	28.40%	21.43%
Application of cash and investments	27 755	23 923	24 001	41 433	42.26%	42.07%
Balance - surplus (shortfall)	59 609	39 037	45 090	46 501	16.05%	3.03%
Asset management						
Asset register summary (WDV)	48 919	50 250	49 622	74 595	32.64%	33.48%
Depreciation & asset impairment	3 429	5 050	5 050	34 381	85.31%	85.31%
Renewal of Existing Assets	2 392	1 333	1 313	2 473	0.00%	46.92%
Repairs and Maintenance	2 569	3 983	4 528	–	0.00%	–
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	2012/13	2013/14		2013/14 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	–	–	–	–	–	–
Waste Water (Sanitation)	–	–	–	–	–	–
Electricity	–	–	–	–	–	–
Waste Management	–	–	–	–	–	–
Housing	(2 990)	(4 652)	(4 288)	(2 487)	-87.05%	-72.41%
Component A: sub-total	(2 990)	(4 652)	(4 288)	(2 487)	-87.05%	-72.41%
Waste Water (Stormwater Drainage)	–	–	–	–	–	–
Roads	–	–	–	–	–	–
Transport	–	–	–	–	–	–
Component B: sub-total	–	–	–	–	–	–
Planning	(30 893)	(44 842)	(44 511)	(31 407)	-42.78%	-41.72%
Local Economic Development	–	–	–	–	–	–
Component B: sub-total	(30 893)	(44 842)	(44 511)	(31 407)	-42.78%	-41.72%
Planning (Strategic & Regulatory)	–	–	–	–	–	–
Local Economic Development	–	–	–	–	–	–
Component C: sub-total	–	–	–	–	–	–
Community & Social Services	(1 637)	(4 243)	(4 000)	(3 805)	-11.52%	-5.13%
Environmental Protection	1 209	350	350	1 017	65.59%	65.56%
Health	–	–	–	–	–	–
Security and Safety	–	–	–	–	–	–
Sport and Recreation	–	–	–	–	–	–
Corporate Policy Offices and Other	38 967	31 705	30 385	38 623	17.91%	21.33%
Component D: sub-total	38 539	27 812	26 735	35 836	22.39%	25.40%
Total Expenditure	4 656	(21 681)	(22 064)	1 942	1216.30%	1236.00%

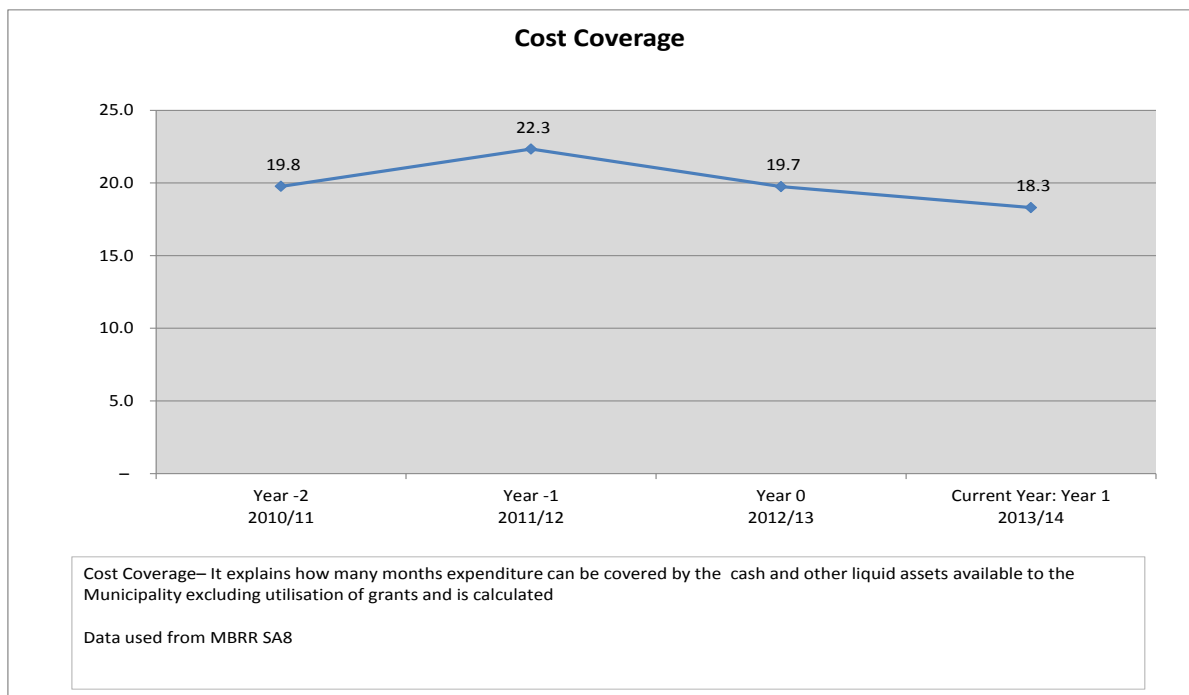
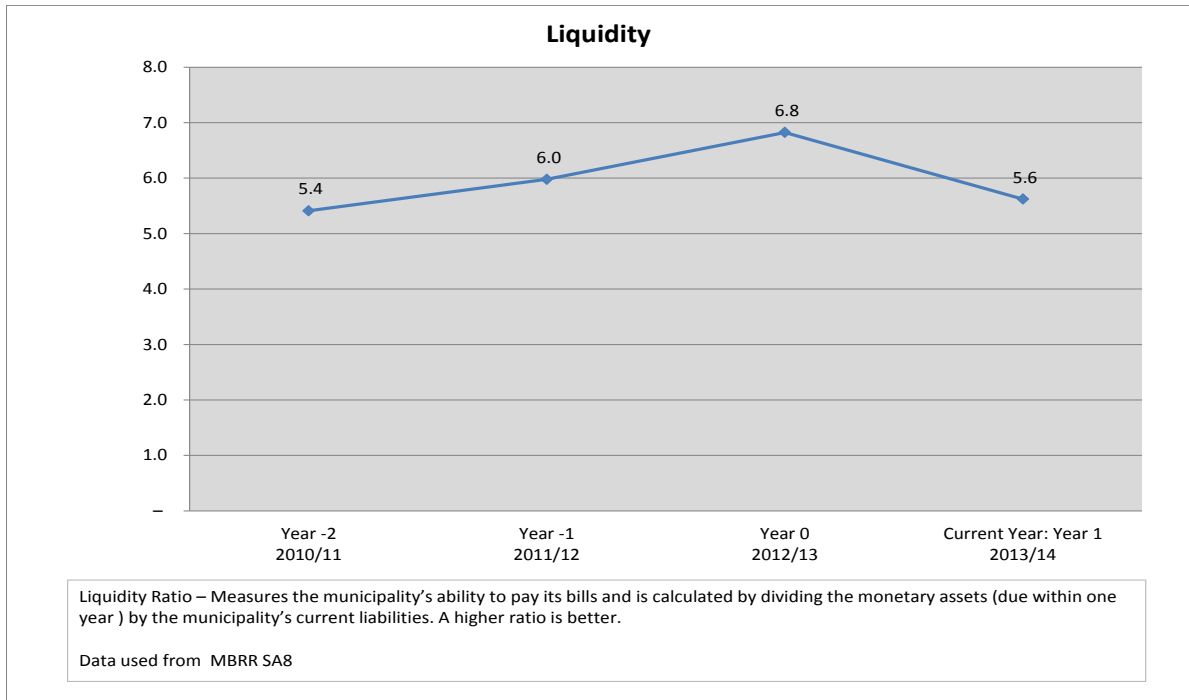
Grants

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:	89 692	92 130	92 430	90 692	-1.59%	-1.59%
Equitable share	87 442	89 990	89 990	87 442	-2.91%	-2.91%
Municipal Systems Improvement	1 000	890	1 190	1 000	11.00%	11.00%
Department of Water Affairs	–	–	–	–	–	–
Levy replacement	1 250	1 250	1 250	1 250	0.00%	0.00%
Finance Management Grant				–	0.00%	0.00%
MIG	–	–	–	1 000	0.00%	0.00%
Extended Public Works Programme	–	9 882	–	–	0.00%	0.00%
Provincial Government:						
1 441	685	745	1 441	52.45%	52.45%	
Housing	270	–	–	270	100.00%	100.00%
NC Tourism - Contribution Tourism Month	–	–	–	–	0.00%	0.00%
EPWP	–	–	–	–	0.00%	0.00%
District Aids Council	–	–	–	–	#DIV/0!	#DIV/0!
NEAR Control Centre	607	300	300	607	-100.00%	-100.00%
NCPA Firefighting Equipment	389	300	300	389	-100.00%	-100.00%
SETA - Skills Grant	175	85	85	175	51.33%	51.33%
NCPA EPWP: DMA Bush Clearance	–	–	–	–	–	–
NCPA Environmental Health Recycling Project	–	–	60	–	–	–
District Municipality:						
–	–	–	–	–	–	–
Other grant providers:						
24	–	–	595	0	0	
Koopmansfontein Electricity Self-build Scheme	–	–	–	595	100.00%	100.00%
ABSA	24	–	–	–	100.00%	100.00%
Total Operating Transfers and Grants	91 157	92 815	93 175	92 727	-0.000944	-0.000944

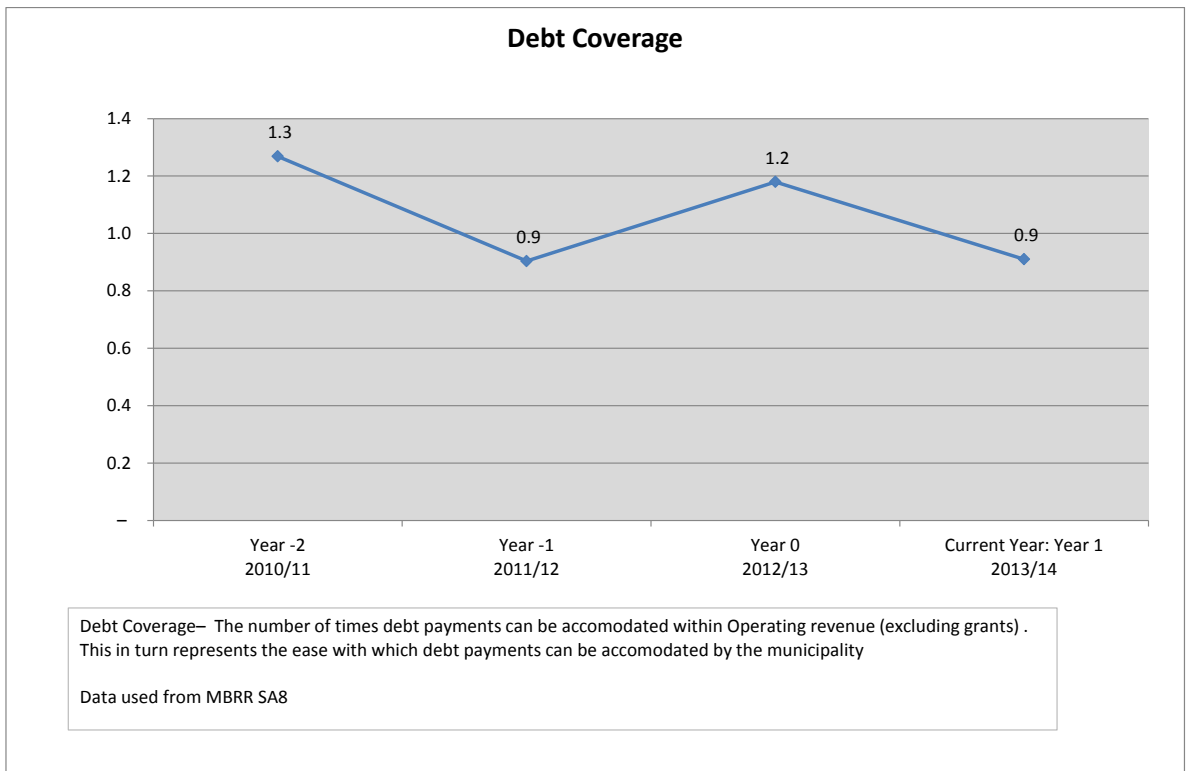
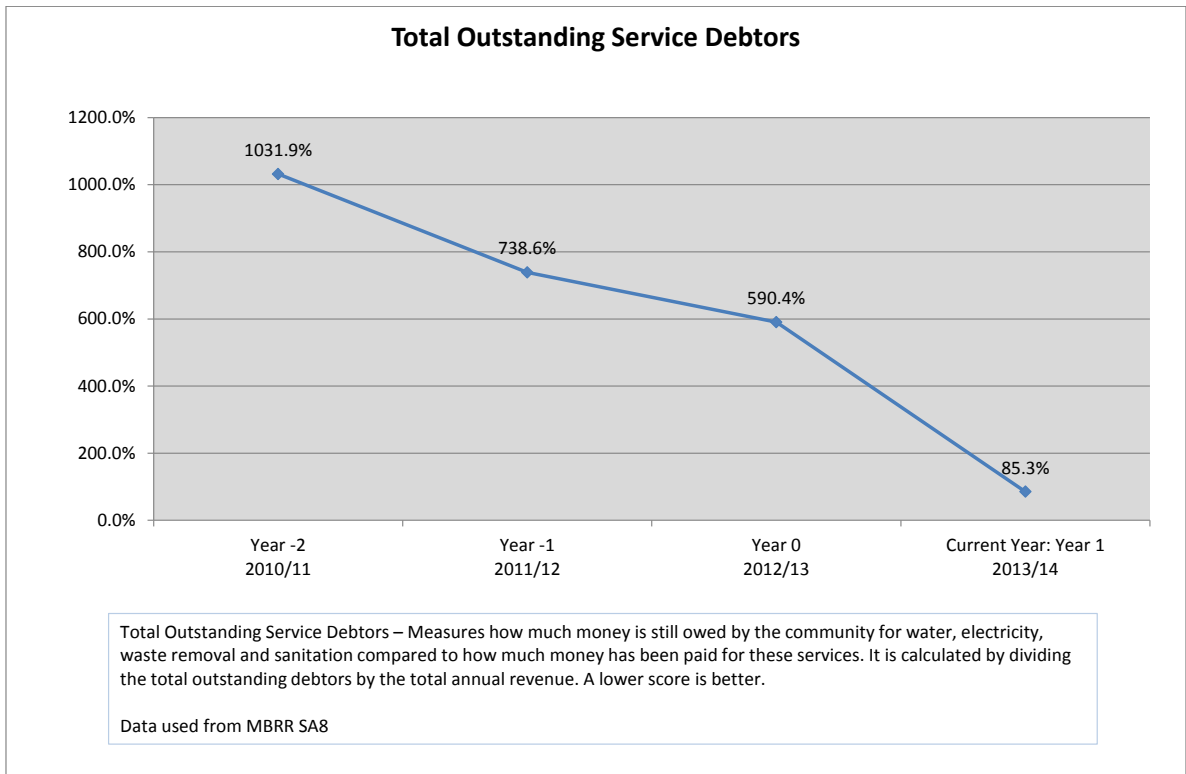
Grants Received From Sources Other Than Division of Revenue Act (DoRA)							
Details of Donor	Actual Grant 2012/13	Actual Grant 2013/14	2013/14 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind	
Parastatals							
NCPA - Housing Accreditation Grant	2 783 799	270 000	3 696 261	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	170 324	-	-	30/06/13	Ongoing	To be used for training and capacity building of employees as per approved Skills Work Plan.	
NCPA: Environmental Health Recycling Project	700 000	-	-			Build a waste recycling plant in Dikgatlong	
ESCOM	0	594 831	0	30/06/13	30/06/13	Electricity selfbuild scheme for farm workers	
Private Sector / Organisations							
Koopmansfontein Electricity Self Build Scheme	80 000	16 000	-	30/06/13	30/06/13	To complete the Koopmansfontein self build scheme with financial contribution from ESKOM and farmers.	
ABSA		24 000	-	30/06/13	30/06/13	Private contribution to fund commemorative day celebrations	

Repair and Maintenance Expenditure: 2013/14				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	3 983	4 528	3 376	34.10%

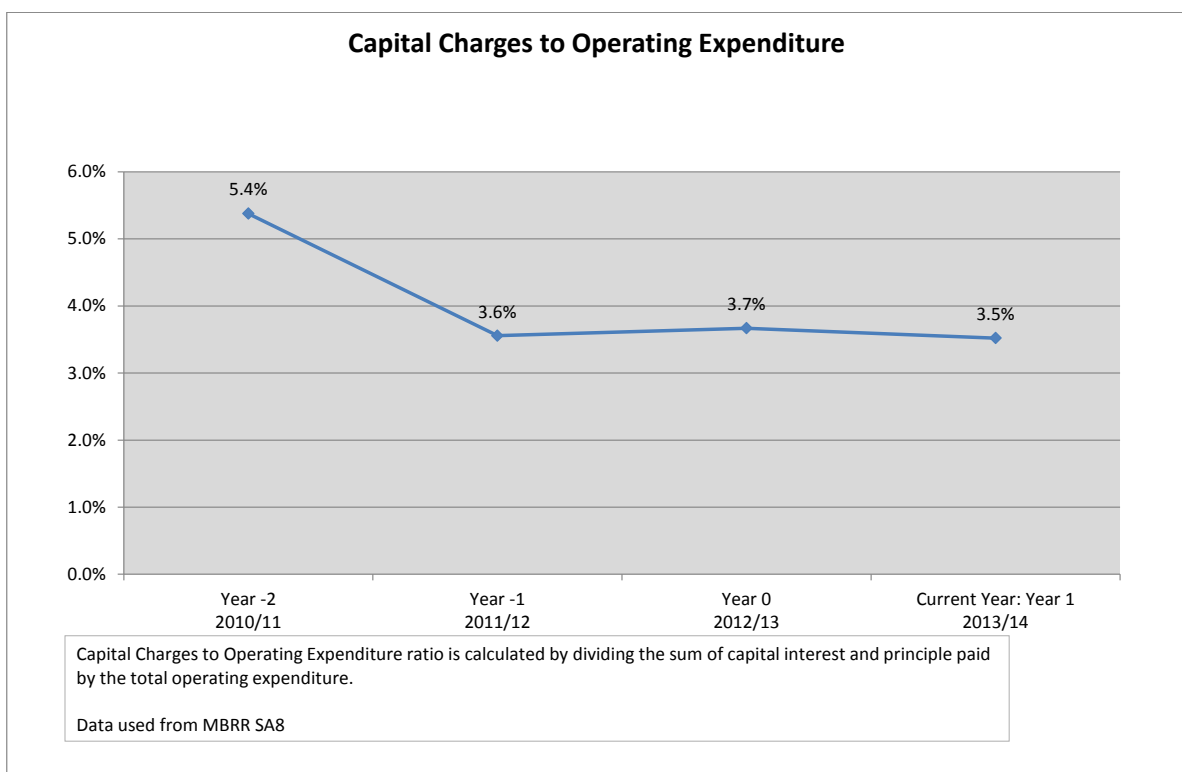
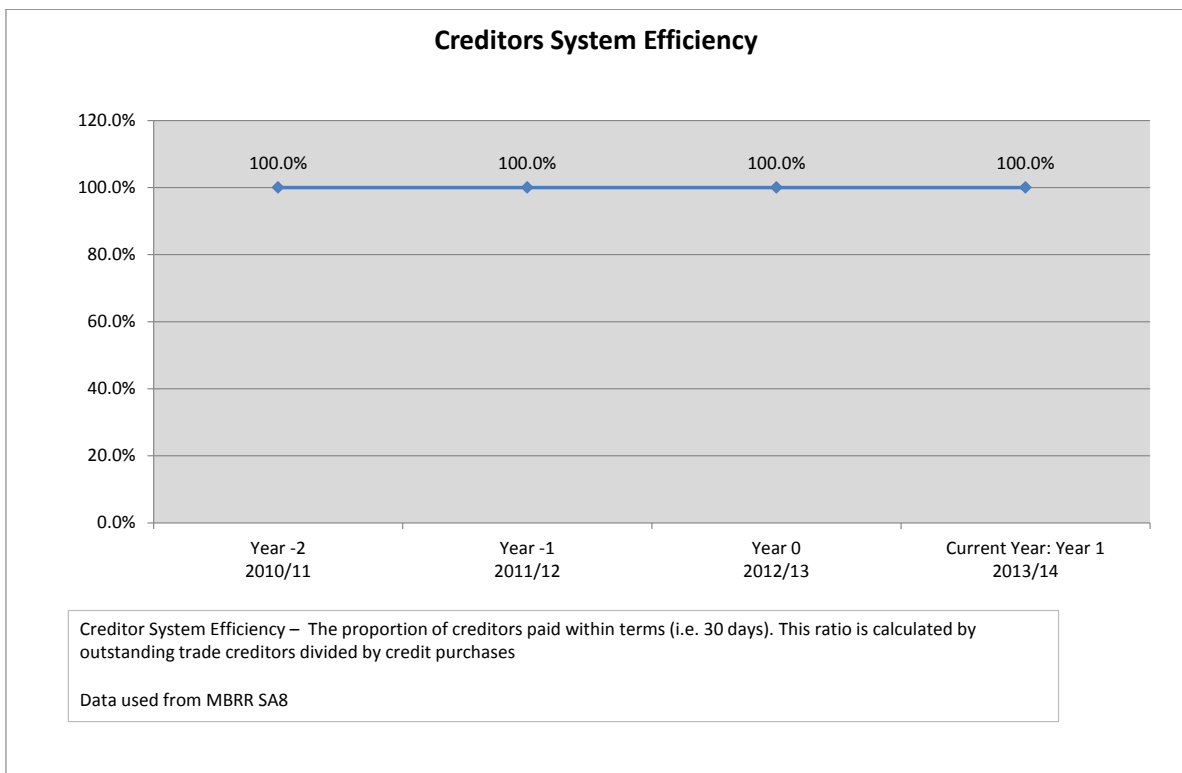
Financial ratios based on key performance indicators



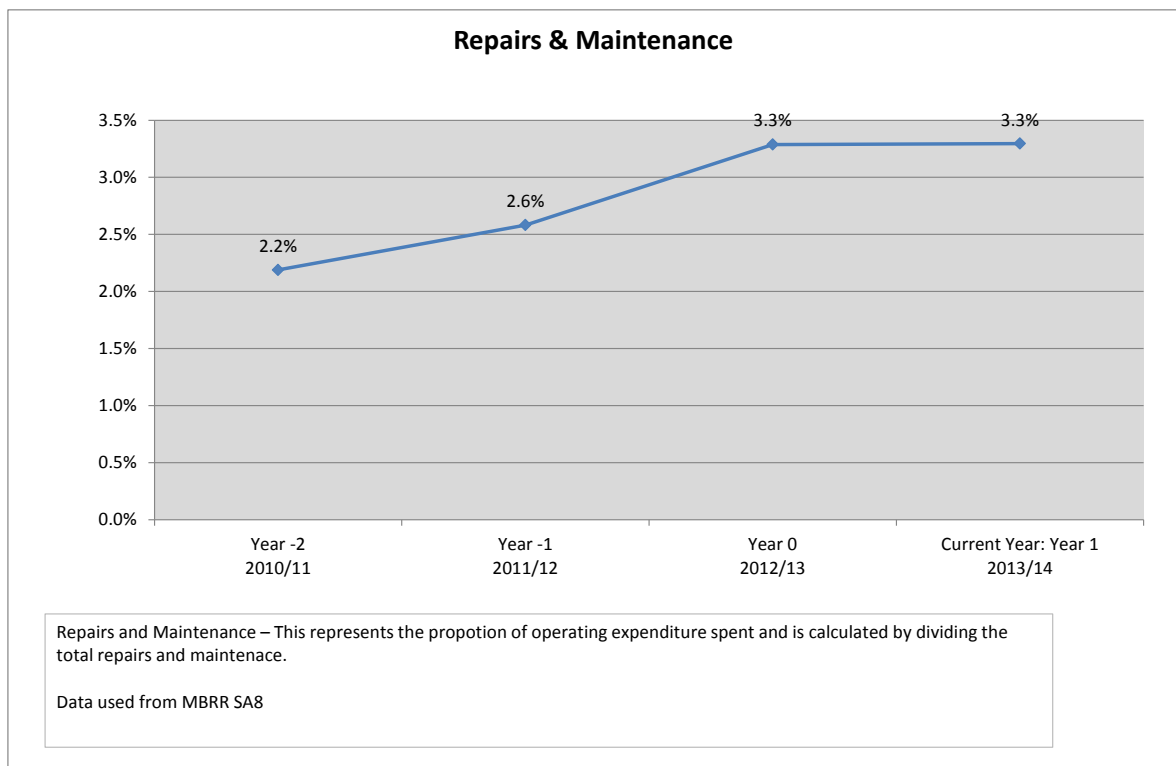
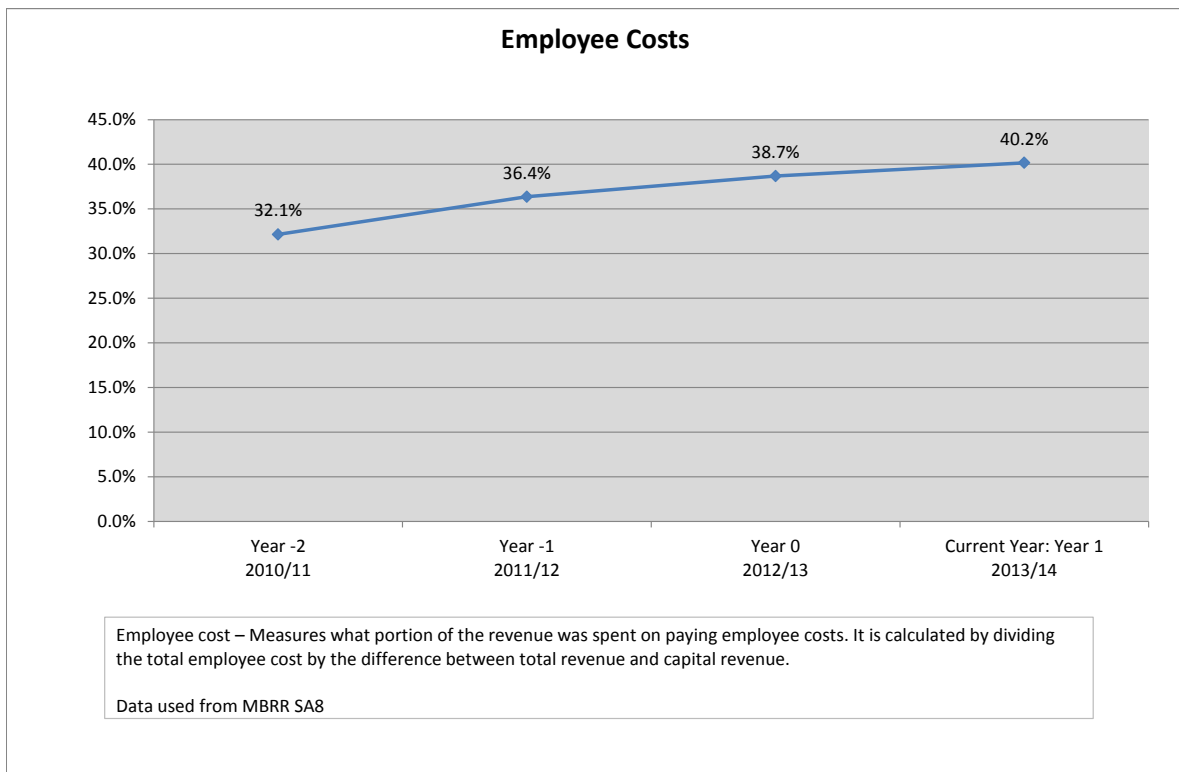
Financial ratios based on key performance indicators



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's it reflects above the norm which is an indication that the district municipality do not experience any cash flow problems and / or is not expected to experience any cash flow problem over the short term.

Cash flow management and investments

Council's cash and investments to the amount of R92, 334m reflect an increase of R4, 970m 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	2012/13	Current Year: 2013/14		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flow from operating activities				
Receipts				
Ratepayers and other	923	72	72	2 266
Government - operating	92 727	93 815	93 815	95 072
Government - capital	–	–	–	–
Interest	5 672	4 619	4 619	5 841
Dividends	–	–	–	–
Payments				
Suppliers and employees	(56 127)	(67 427)	(68 170)	(58 380)
Finance charges	(2 318)	(1 215)	(1 215)	(2 300)
Transfers and Grants	(35 437)	(41 756)	(41 756)	(33 666)
Net cash from/(used) operating activities	5 441	(11 892)	(12 635)	8 832
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	110	–	–	1
Decrease (Increase) in non-current debtors	40	–	–	136
Decrease (increase) other non-current receivables	–	–	–	–
Decrease (increase) in non-current investments	(900)	–	–	(600)
Payments				
Capital assets	(6 008)	(3 861)	(3 233)	(2 553)
Net cash from/(used) investing activities	(6 758)	(3 861)	(3 233)	(3 017)
Cash flows from financing activities				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–
Payments				
Repayment of borrowing	(1 333)	(1 606)	(1 606)	(1 445)
Net cash from/(used) financing activities	(1 333)	(1 606)	(1 606)	(1 445)

Cash flow management and investments

Cash Flow Outcomes				
				R'000
Description	2011/12	Current Year: 2012/13		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Net increase/ (decrease) in cash held	(2 650)	(17 358)	(17 473)	4 370
Cash/cash equivalents at the year begin:	86 214	77 317	83 564	83 564
Cash/cash equivalents at the year end:	83 564	59 959	66 091	87 934

Supply Chain Management

The municipality established a supply chain management unit to implement Supply Chain Management Policy of 30 November 2005 as amended on 27 November 2007.

Demand management

- a purchase and store requisition form has been developed and implemented to ensure timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
- a specification committee has been approved by the Acting Municipal Manager to provide for the compilation of the required specifications to ensure that its needs are met;
- a supplier database form has been develop and implemented

Acquisition management

- an order form has been capture on the E-Venus system that goods and services are procured by the municipality or municipal entity in accordance with authorised processes only by using the codes as accordance the delegation of authority;
- the E-Venus system made provision that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
- the appointment of the bid evaluation committee and bid adjudication committee ensure that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation;

Logistics management

- the establishment of a central store ensures that the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock

Disposal management

- an effective system of disposal management for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act is in place.

The Supply Chain Management policy complies with the prescribed framework as set out in section 12 of the MFMA. Only one long term contract with Standard Bank for the banking services of the municipality.

Municipal Manager no longer sits with the adjudication committee which means that the bid adjudication committee do not make the final award of bids but recommend to the Accounting Officer to make the final award.

The current SCM policy is reviewed annually to ensure compliance to the amendments to the SCM Regulations 2005 with relevance to the new BBBEE contribution levels.

No councillors of any committee handles SCM processes. All members on the bid committees are senior officials appointed in writing by the Accounting Officer.

Sections 83, 107 and 119 of the MFMA require officials to meet prescribed competency levels in financial and supply chain management.

The minimum competency guidelines of NT prescribe that only the Heads of SCM Units and SCM senior managers must meet the required competencies.

The SCM Manager, Mr P. Souden – prior learning NQF 5 (National Diploma), completed first 11 modules of the Municipal Finance Management Programme as offered by IMFO.

The Chief Financial Officer, Mr P J van Biljon – prior learning NQF 6 (B Degree or Higher), completed the 11 modules of the CPMD November 2012.

The Assistant Director Finance, Ms A. Kooverjee - prior learning NQF 6 (B Degree or Higher), completed the 20 modules of the Municipal Finance Management Programme as offered by IMFO.

Senior Management – the four HOD's completed the 11 modules of CPMD - November 2012.

The Municipal Manager was appointed 01 November 2012 and completed the 11 modules of the CPMD in June 2014.

Remarks in previous Auditor-General's report concerning SCM

Procurement and contract management

The district municipality improved its audit outcome relating to Supply Chain Management by receiving no findings to appear in the final audit report although the appointment of officials in the service of state remains a high risk area due to the fact that no verification systems exists to detect such.

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 achieve an unqualified audit opinion with no matters of emphasis by 2014 aligned with the National Government's strategic objectives.

Although the district municipality improves compared to the previous financial year's audit outcome by only having one issue reported under matters of emphasis, the target of clean audit still avoided the district municipality.

Key controls have already been identified to address the weaknesses raised by the Auditor-General in respect of the pre-determined objectives.

Auditor-General opinion of financial statements 2012/13

An unqualified audit report has been received in respect of the pre-determined objectives with other matters reported during the 2012/13 financial year.

Auditor-General Report on Financial Performance 2012/13	
Audit Report Status*:	Unqualified with one matter of emphasis
Non-Compliance Issues	Remedial Action Taken
Performance Management: Reliability of Information.	
Programme 1: Basic Service Delivery Programme 3: Municipal Institutional Development and Transformation	<ol style="list-style-type: none">1. Objectives and targets will be reviewed to comply with the criteria for usefulness and reliability.2. Weights/values will be added to each and every key performance indicator and activity in the performance and operational plans of managers.
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 2013/14

The district municipality has 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 2013/14	
Audit Report Status*:	
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 report on the financial statements 2013/14

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

Comments on MFMA section 71 responsibilities:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year.

The Acting Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Acting Chief Financial Officer)



.....

Date: 10 December 2014

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
				%	%
C J S Adams	PT	Social Development	PR	36	64
A Boqo	PT	Social Development	Sol Plaatje	0	42
O C Fourie	PT	Planning & Development	Sol Plaatje	21	79
E K Hale	PT	Planning & Development	Sol Plaatje	7	93
W Johnson	FT	Finance	PR	14	86
M Kaars	PT	Social Development	PR	14	86
G R Kok	PT	Policy & Institutional Development	PR	21	79
B M Maribe	FT	Planning & Development	PR	0	100
E M Mathe	PT	Social Development	Sol Plaatje	14	43
D F Meyer	PT	Policy & Institutional Development	Phokwane	17	43
P J Nel	PT	Policy & Institutional Development	Phokwane	33	67
P R Molefi	FT	Social Development	PR	29	71
M M Moloi	FT		PR	21	79
A O Moremong	PT	Policy & Institutional Development	Phokwane	21	79
Z J Mpampi	PT	Infrastructure Development	Sol Plaatje	57	43
K G Mthukwane	PT	Policy & Institutional Development	Sol Plaatje	7	93
T C Ngoma	PT	Planning & Development	Sol Plaatje	0	43
M G Nhlapo	PT	Infrastructure Development	Sol Plaatje	14	43
T Nicholas	FT	Planning & Development	PR	0	100
M I Pholoholo	PT	Infrastructure Development	PR	7	93
K Rifles	FT	Policy & Institutional Development	Dikgatlong	29	71
M B Silingile	FT	Infrastructure Development	PR	29	71
J Smit	PT	Finance	PR	14	86
B Springbok	PT	Finance	Sol Plaatje	7	93
E Tsimakwane	PT	Social Development	Sol Plaatje	0	100
D J P van der Merwe	PT	Finance	Sol Plaatje	0	100
P J Vorster	PT	Infrastructure Development	Sol Plaatje	14	86
S Witkoei	PT	Finance	Dikgatlong	21	79
V B Ximba	PT	Infrastructure Development	Magareng	7	93

Councillor Meyers
Councillor P Nel
Councillors
Councillors

- Resigned February 2013
- Replaced him in September 2013
- EM Mathe, TC Ngoma and MG Nhlapho redeployed to SPLM in January 2014
- A Boqo, L Steyn and G Koopman replaced them February 2014.

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 waste-water 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 2013/14

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2013/14	Recommendations adopted (enter Yes) If not adopted (provide explanation)
2013/11/25	The municipal manager should communicate with the HOD of Department of Roads and Public Works and try to resolve the matter with regards to the debt of the department.	The recommendations has been implemented
	The risk management policy should be amended so that it can be more relevant to local government.	
	KPI must be set under management control and management should be careful not to put down KPI that sit in somebodies control unless it's a requirement.	
	The quarterly reports must be submitted to audit and risk committee as soon as they are available.	
2014/06/19	The monthly and quarterly reports must be submitted to the transferring officer in time.	The recommendations has been implemented.
	The municipality should ensure that they close the bank account of ABSA	
	Management should ensure that the supporting documents are kept at all times for audit purposes	The recommendations were implemented.
	Management should ensure that the quarterly reports are the true reflection of what was achieved, so as to avoid overstatement of actual performance.	The recommendations were implemented.
	Management must ensure that they plan their projects in time, so that the objective of the municipality can be achieved as planned.	The recommendations are still in progress
	The keys to the tender box should be held by two different people; from different units.	The recommendations are still in progress
2014/08/20	Assets were written below the residual value in the previous years and this should not be practiced regularly.	The recommendations were 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.	

Appendix E - Disclosures of Financial Interests

Disclosures of Financial Interests		
Period 1 July 2013 to 30 June 2014 of 2013/14		
Position	Name	Description of Financial interests* (Nil / Or details)"
(Executive) Mayor	M.M. Moloji	<ul style="list-style-type: none"> Kopano Bakery (not active) Refithlile Construction (not active)
Member of MayCo / Exco	B.M. Maribe	Stock Exchange
	W. Johnson	None
	P.R. Molefi	None
	T. Nicholas	<ul style="list-style-type: none"> 5% shareholder at Protest Farm (family business) 50% Directorship (Private Company)
	K. Rifles	None
	M.B. Silingile	Close Corporation - Sekhudu Thamaga Trading Enterprise (50%)
Councillor	E.K. Hale	None
	E.M. Mathe	None
	J.Z. Mpampi	<ul style="list-style-type: none"> Department of Health, Snr. Administrative Officer (Risk Management) Ward councillor at Sol Plaatje Municipality
	T.C. Ngoma	Administration Clerk - Logistic Services, Northern Cape Department of Education
	M.G. Nhlapo	None
	B. Springbok	None
	E.T. Tsimakwane	None
	O.C. Fourie	1580 shares in Roodeheuwel Sand
	P.J. Vorster	<ul style="list-style-type: none"> Kimberley Academy of Music (Section 21) - Reg. Nr.: 2005/024023/08 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	None
	C.J.S. Adams	None
	A.O. Moremong	None
	D.F. Meyer	None
	V.B. Ximba	None
	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
	S Witkoei	<ul style="list-style-type: none"> Close corporation - Corbym General Trading (50%) Close corporation - Witkoei & Kin Transport CC

Appendix E - Disclosures of Financial Interests

Disclosures of Financial Interests		
Period 1 July 2013 to 30 June 2014 of 2013/14		
Position	Name	Description of Financial interests* (Nil / Or details)"
Councillor	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)
Municipal Manager	M.M. Bogatsu	<ul style="list-style-type: none"> • Private house (Mahikeng) • Pension from GEPP not claimed yet (Worked for Northern Cape Provincial Administration until 31 October 2012)
Chief Financial Officer	P.J. van Biljon	<ul style="list-style-type: none"> • Member of trust - Staats Primary School • Cape Joint Retirement Fund
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 - (Doormant)

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

Revenue Collection Performance by Vote						
						R' 000
Vote Description	2012/13	Current Year: 2013/14		2013/14 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Executive & Council	3 318	3 716	3 716	3 716	0.00%	0.00%
Vote 2 - Budget & Treasury	81 983	82 034	82 034	83 512	1.80%	1.80%
Vote 3 - Corporate Services	3 006	3 600	3 660	3 608	0.22%	-1.43%
Vote 4 - Planning & Development	3 021	890	1 190	1 128	26.73%	-5.22%
Vote 5 - Project Management Services	10 593	9 240	9 240	10 138	9.73%	9.73%
Total Revenue by Vote	101 921	99 479	99 840	102 102	2.64%	2.27%

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

Revenue Collection Performance by Source						
R '000						
Description	2012/13	2013/14			2013/14 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	596	961	961	885	-8.65%	-8.65%
Interest earned - external investments	5 672	4 619	4 619	5 841	20.92%	20.92%
Interest earned - outstanding debtors	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-
Agency services	-	-	-	-	-	-
Transfers recognised - operational	94 579	93 815	94 175	95 053	1.30%	0.92%
Other revenue	1 073	24	24	323	92.56%	92.56%
Gains on disposal of PPE	-	60	60	1	-9925.06%	-9925.06%
Total Revenue (excluding capital transfers and contributions)	101 921	99 479	99 840	102 102	2.57%	2.22%

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	10 329	10 329	10 329	0.00%	0.0%	–
Equitable Share - Special Contribution: Councillor Remuneration	3 716	3 716	3 716	0.00%	0.0%	–
Equitable Share - Levy replacement	75 945	75 945	75 945	0.00%	0.0%	–
Finance Management	1 250	1 250	1 250	0.00%	0.0%	–
Municipal Systems Improvement	890	890	890	0.00%	0.0%	–
Total	92 130			0%	0%	

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

Capital Expenditure - New Assets Programme*							
Description	2012/13	2013/14			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	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	1 762	2 130	2 152	1 289	3 654	50	75
General vehicles	181	595	591	484			
Specialised vehicles	–	–	–	–	2 700	50	75
Plant & equipment	1	105	105	13	525		
Computers - hardware/equipment	453	187	187	148	308	–	–
Furniture and other office equipment	85	108	119	18	91	–	–
Abattoirs							
Markets							
Civic Land and Buildings	698	1 004	1 115	1 042	1 097	10 000	25 000
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	–	–	–	–	–	–	–
List sub-class							
Biological assets	–	–	–	–	–	–	–
List sub-class							
Intangibles	183	827	747	57	–	–	–
Computers - software & programming	183	827	747	57	–	–	–
Other (list sub-class)							
Total Capital Expenditure on new assets	1 949	2 957	2 899	1 347	3 654	50	75
Specialised vehicles	–	–	–	–	–	–	–
Refuse							
Fire							
Conservancy							
Ambulances							

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

Capital Expenditure - Upgrade/Renewal Programme*							
							R '000
Description	2012/13	2013/14			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	432	1 333	1 313	1 207	1 586	831	1 043
General vehicles	284	800	650	602	1 160	600	800
Specialised vehicles	-	-	-	-	-	-	-
Plant & equipment	55	252	370	183	133		
Computers - hardware/equipment	93	281	293	421	220	231	243
Furniture and other office equipment	-	-	-	-	73	-	-
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-		-	-	-	-
List sub-class							
Biological assets	-	-		-	-	-	-
List sub-class							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
Total Capital Expenditure on renewal of existing assets	432	1 333	1 313	1 207	1 586	831	1 043
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: 2013/14					
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2013/14 R' 000	Total Amount committed over previous and future years	
Dikgatlong Municipality	Maintenance - Water & Waste Water Infrastructure	Grant	1 542	Determined according to the needs of the municipalities specified in the IDP and availability of funding by FBDM.	
Dikgatlong Municipality	Maintenance - Electricity Infrastructure	Grant	548		
Dikgatlong Municipality	Maintenance - Streets & Stormwater	Grant	500		
Dikgatlong Municipality	Purchase Refuse Truck	Grant	1 984		
Dikgatlong Municipality	Upgrade Electricity Network	Grant	861		
Dikgatlong Municipality	Build Waste Water Operating Room	Grant	124		
Magareng Municipality	Maintain Electricity Infrastructure	Grant	458		
Magareng Municipality	Maintenance - Water & Waste Water Infrastructure	Grant	700		
Magareng Municipality	Maintenance - Streets & Stormwater	Grant	1 299		
Magareng Municipality	Water reticulation	Grant	2 354		
Magareng Municipality	Upgrade Water Network	Grant	1 837		
Magareng Municipality	Water reticulation Warrenvale	Grant	682		
Magareng Municipality	Sewer Network Warrenvale	Grant	1 200		
Magareng Municipality	Upgrade Water Network	Grant	822		
Phokwane Municipality	Maintenance - Water & Waste Water Infrastructure	Grant	1 811		
Phokwane Municipality	Maintenance - Electricity Infrastructure	Grant	550		
Phokwane Municipality	Maintenance - Streets & Stormwater	Grant	700		
Phokwane Municipality	Electricity Master plan	Grant	216		
Phokwane Municipality	Ganspan Bulk Water Supply	Grant	1 196		
Phokwane Municipality	Purchase Sanitation Truck	Grant	1 570		
Phokwane Municipality	Electricity	Grant	450		
Phokwane Municipality	Install Water Meters	Grant	550		
Sol Plaatje Municipality	Maintenance of Sewer System	Grant	500		
Sol Plaatje Municipality	Maintenance - Streets & Stormwater	Grant	1 000		
Sol Plaatje Municipality	Water & Sanitation	Grant	3 000		
Northern Cape Tourism Authority	Operational Grant	Grant	150		Per annum

* Loans/Grants - whether in cash or in kind

**VOLUME II
ANNUAL FINANCIAL
STATEMENTS**

FRANCES BAARD DISTRICT MUNICIPALITY



**AUDITED
FINANCIAL STATEMENTS
30 JUNE 2014**

FRANCES BAARD DISTRICT MUNICIPALITY

Index

<i>Contents</i>	<i>Page</i>
General Information	1 - 3
Approval of the Financial Statements	3
Report of the Auditor General	
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes In Net Assets	6
Cash Flow Statement	7
Statement of comparison of budget and actual amounts - Statement of financial position	8 - 9
Statement of comparison of budget and actual amounts - Statement of financial performance	10 - 11
Statement of comparison of budget and actual amounts - Cash flow statement	12 - 13
Accounting Policies	14 - 47
Notes to the Financial Statements	48 - 72
APPENDICES - Unaudited	
A Schedule of External Loans	73
B Segmental Analysis of Property, Plant and Equipment	74
C Segmental Statement of Financial Performance	75
D Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	76

FRANCES BAARD DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

Council'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

<i>Ms. NG Kgantsi</i>	<i>Director: Administration</i>
<i>Mr. FS Mdee</i>	<i>Director: Planning & Development</i>
<i>Mr. PJ van Der Walt</i>	<i>Director: Infrastructure Services</i>

REGISTERED OFFICE

*51 Drakensberg Avenue
Carters Glen
Kimberley*

AUDITORS

External Auditors

*Auditor General
Private Bag X5013
Kimberley*

Internal Audit

The Internal Audit section is not fully staffed and operational as per Council policy as the Internal Audit Manager position is still vacant. The use of external service providers is limited to cases where internal capacity is insufficient to conduct specialized investigations.

Members of the Audit Committee

<i>Mr. AL Kimmie</i>	<i>Chairperson</i>
<i>Mr. WMS Calitz</i>	<i>Member</i>
<i>Mr. AK Bhyat</i>	<i>Member</i>
<i>Mr. T Marumo</i>	<i>Member</i>

FRANCES BAARD DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

PRINCIPLE BANKERS

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

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

FRANCES BAARD DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 2014, 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 GRAP.

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2015 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

29-Aug-14
Date

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Notes	2014 R (Actual)	2013 R (Restated)
NET ASSETS AND LIABILITIES			
Net Assets		103 622 555	103 955 407
Accumulated Surplus/(Deficit)		74 818 591	75 947 879
Capital Replacement Reserve	2	8 182 081	7 074 044
Revaluations Reserve	2	20 621 882	20 933 484
Non-Current Liabilities		33 231 558	33 042 416
Long-term Liabilities	3	8 434 946	10 041 380
Employee benefits	4	24 796 611	23 001 035
Current Liabilities		15 921 126	12 802 421
Payables from exchange transactions	6	6 219 361	4 171 424
Current Portion of Long-term Liabilities	3	1 605 705	1 444 018
Unspent Conditional Government Grants and Receipts	7	346 350	327 281
Current Employee benefits	5	7 749 710	6 859 699
Total Net Assets and Liabilities		152 775 238	149 800 244
ASSETS			
Non-Current Assets		56 583 416	58 648 867
Long-Term Receivables	14	9 578 501	9 748 944
Property, Plant and Equipment	9	38 661 158	40 194 153
Intangible Assets	11	776 683	848 654
Heritage Assets	12	631 417	631 417
Non-Current Assets Held for Sale	10	6 935 658	7 225 699
Current Assets		96 191 822	91 151 377
Cash and Cash Equivalents	18	87 934 339	83 563 895
Current Investments	13	4 400 000	3 800 000
Receivables from non-exchange transactions	16	1 457 680	1 534 232
Taxes	8	1 209 966	1 119 098
Current Portion of Long-term Receivables	14	898 044	863 172
Inventory	15	291 794	266 402
Operating Lease Asset	17.1	-	4 579
Total Assets		152 775 238	149 800 244

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 (Actual) R	2013 (Restated) R
REVENUE			
Revenue from Non-exchange Transactions		95 052 784	95 574 684
Transfer Revenue		95 052 784	94 578 831
Government Grants and Subsidies	19	95 052 784	93 984 000
Public Contributions and Donations		-	594 831
Other Revenue		-	995 853
Actuarial Gains		-	995 853
Revenue from Exchange Transactions		7 025 655	6 346 002
Rental of Facilities and Equipment		884 663	596 421
Interest Earned - external investments / current account		5 841 380	5 672 199
Other Income	21	299 612	77 382
Gain on disposal of Property, Plant and Equipment		-	-
Total Revenue		102 078 439	101 920 686
EXPENDITURE			
Employee related costs	22	41 012 166	39 422 579
Remuneration of Councillors	23	5 424 122	5 160 197
Depreciation and Amortisation	24	4 050 032	3 483 486
Impairments	25	-	-
Repairs and Maintenance		3 376 440	2 569 405
Actuarial losses		1 264 435	-
Finance Charges - External Funding	26	1 214 568	1 361 298
Finance Charges - Employee benefits		1 085 772	956 517
Grants and Subsidies	27	33 666 424	35 436 785
General Expenses	28	10 919 491	10 138 450
Loss on disposal of Property, Plant and Equipment		397 840	1 026 265
Total Expenditure		102 411 291	99 554 983
NET SURPLUS (DEFICIT) FOR THE YEAR - BEFORE DISCONTINUED OPERATIONS		(332 852)	2 365 702
NET SURPLUS (DEFICIT) FOR THE YEAR - AFTER DISCONTINUED OPERATIONS		(332 852)	2 365 702

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

	Revaluations Reserve	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 JULY 2012	21 379 051	5 522 089	74 677 337	101 578 478
Change in accounting policy	-	-	-	-
Correction of error Note 32	-	-	11 227	11 227
Restated Balance at 1 JULY 2012	21 379 051	5 522 089	74 688 564	101 589 705
Net Surplus for the year	-	-	2 365 702	2 365 702
Revaluation of Land & Buildings	-	-	-	-
Transfer to Capital Replacement Reserve	-	6 781 330	(6 781 330)	-
Property, plant and equipment purchased	-	(5 229 375)	5 229 375	-
Offsetting of depreciation	(445 567)	-	445 567	-
Balance at 30 JUNE 2013	20 933 484	7 074 044	75 947 879	103 955 407
Net Deficit for the year	-	-	(332 852)	(332 852)
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	-
Balance at 30 JUNE 2014	20 621 882	8 182 081	74 818 591	103 622 555

FRANCES BAARD DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	30 JUNE 2014 R	30 JUNE 2013 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		2 243 134	923 120
Government		95 071 853	92 727 479
Interest		5 841 380	5 672 199
Dividends		-	-
Payments			
Suppliers and employees		(58 357 122)	(56 127 468)
Finance charges	26	(2 300 340)	(2 317 815)
Transfers and Grants		(33 666 424)	(35 436 785)
Cash generated by operations	30	8 832 481	5 440 729
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	9	(2 508 462)	(5 634 193)
Purchase of Investment property		-	-
Proceeds on Disposal of Fixed Assets		601	110 001
Purchase of Heritage Assets		-	-
Purchase of Intangible Assets		(45 000)	(373 739)
Increase in Long-term Receivables	14	135 571	40 123
Decrease/(Increase) in Current Investments	13	(600 000)	(900 000)
Decrease/(Increase) in Non-current Investments		-	-
Net Cash from Investing Activities		(3 017 291)	(6 757 807)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(1 444 747)	(1 333 190)
New loans raised		-	-
Increase in Consumer Deposits		-	-
Net Cash from Financing Activities		(1 444 747)	(1 333 190)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		4 370 444	(2 650 269)
Cash and Cash Equivalents at the beginning of the year		83 563 895	86 214 164
Cash and Cash Equivalents at the end of the year	31	87 934 339	83 563 895
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		4 370 444	(2 650 269)

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	9 934 339	1 291 148	8 643 191	Under budget based on actual performance
Call investment deposits	78 000 000	64 800 000	13 200 000	Under budget based on actual performance
Consumer debtors	-	-	-	
Other Receivables	2 667 646	1 400 000	1 267 646	Under budget based on actual performance
Current portion of long-term receivables	898 044	-	898 044	Under budget
Inventory	291 794	300 000	(8 206)	Percentage not material
Total current assets	<u>91 791 822</u>	<u>67 791 148</u>	<u>24 000 674</u>	
Non current assets				
Long-term receivables	9 578 501	-	9 578 501	Under budget
Investments	4 400 000	3 000 000	1 400 000	Based on actual performance
Investment property	-	-	-	
Property, plant and equipment	45 596 815	47 459 007	(1 862 191)	Percentage not material
Biological Assets	-	-	-	
Intangible Assets	776 683	2 162 508	(1 385 825)	Under budget - Based on actual performance
Heritage Assets	631 417	-	631 417	Under budget - Disclosure requirement: GRAP
Total non current assets	<u>60 983 416</u>	<u>52 621 514</u>	<u>8 361 901</u>	
TOTAL ASSETS	<u><u>152 775 238</u></u>	<u><u>120 412 663</u></u>	<u><u>32 362 576</u></u>	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	1 605 705	1 605 705	-	Amount not material
Consumer deposits	-	-	-	
Trade and other payables	6 565 712	3 035 000	3 530 712	Under budget based on projected commitments
Provisions and Employee Benefits	7 749 710	6 024 487	1 725 222	Amounts based on actual commitments calculated
Total current liabilities	<u>15 921 126</u>	<u>10 665 192</u>	<u>5 255 934</u>	
Non current liabilities				
Borrowing	8 434 946	8 470 254	(35 307)	Amount not material
Provisions and Employee Benefits	24 796 611	17 971 479	6 825 132	Due to increased amounts in employee benefits calculated
Total non current liabilities	<u>33 231 558</u>	<u>26 441 733</u>	<u>6 789 825</u>	
TOTAL LIABILITIES	<u><u>49 152 684</u></u>	<u><u>37 106 925</u></u>	<u><u>12 045 759</u></u>	
NET ASSETS	<u><u>57 587 630</u></u>	<u><u>83 305 738</u></u>	<u><u>(25 718 108)</u></u>	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	74 818 591	59 966 355	14 852 236	Underbudget based on actual performance
Reserves	28 803 963	23 339 383	5 464 581	Amount not material
TOTAL COMMUNITY WEALTH/EQUITY	<u><u>103 622 555</u></u>	<u><u>83 305 738</u></u>	<u><u>20 316 817</u></u>	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	959 341	331 808	1 291 148	Based on projected estimates
Call investment deposits	59 000 000	5 800 000	64 800 000	Based on projected estimates
Consumer debtors	-	-	-	
Other Receivables	1 400 000	-	1 400 000	
Current portion of long-term receivables	-	-	-	
Inventory	300 000	-	300 000	
Total current assets	61 659 341	6 131 808	67 791 148	
Non current assets				
Long-term receivables	-	-	-	
Investments	3 000 000	-	3 000 000	
Investment property	-	-	-	
Property, plant and equipment	48 087 197	(628 190)	47 459 007	Amount not material
Biological Assets	-	-	-	
Intangible Assets	2 162 508	-	2 162 508	
Heritage Assets	-	-	-	
Total non current assets	53 249 704	(628 190)	52 621 514	
TOTAL ASSETS	114 909 045	5 503 618	120 412 663	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	1 605 705	-	1 605 705	
Consumer deposits	-	-	-	
Trade and other payables	3 035 000	-	3 035 000	
Provisions and Employee Benefits	6 024 487	-	6 024 487	Based on projected estimates
Total current liabilities	10 665 192	-	10 665 192	
Non current liabilities				
Borrowing	8 470 254	-	8 470 254	
Provisions and Employee Benefits	17 971 479	-	17 971 479	Based on projected estimates
Total non current liabilities	26 441 733	-	26 441 733	
TOTAL LIABILITIES	37 106 925	-	37 106 925	
NET ASSETS	77 802 120	5 503 618	83 305 738	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	54 540 928	5 425 428	59 966 355	Adjustment based on previous year performance
Reserves	23 261 193	78 190	23 339 383	Amount not material
TOTAL COMMUNITY WEALTH/EQUITY	77 802 120	5 503 618	83 305 738	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	-	-	-	
Property rates - penalties & collection charges	-	-	-	
Service charges	-	-	-	
Rental of facilities and equipment	884 663	961 210	(76 547)	Deviation not material
Interest earned - external investments	5 841 380	4 619 200	1 222 180	Based on actual performance
Government Grants and Subsidies - Operating	95 052 784	94 175 270	877 514	Deviation not material
Other revenue	299 612	24 000	275 612	Based on actual performance
Gains on disposal of PPE	-	60 000	(60 000)	Based on actual performance
Total Operating Revenue	102 078 439	99 839 680	2 238 759	
EXPENDITURE BY TYPE				
Employee related costs	41 012 166	47 498 130	(6 485 964)	Underspending due to vacant positions not filled accordingly
Remuneration of councillors	5 424 122	5 678 840	(254 718)	Deviation not material
Debt impairment	-	3 000	(3 000)	Deviation not material
Depreciation & asset impairment	4 050 032	5 050 000	(999 968)	Over budget
Finance Charges - External Funding	1 214 568	1 258 700	(44 132)	Deviation not material
Finance Charges - Employee benefits	1 085 772	956 500	129 272	Deviation not material
Other materials	3 376 440	4 527 800	(1 151 360)	Unrealistic budget estimates not aligned to actual expenditure needs.
Grants and subsidies paid	33 666 424	42 430 230	(8 763 806)	Under performance with regards to budget estimates
Other expenditure	12 183 926	14 300 470	(2 116 544)	Unrealistic budget estimates not aligned to actual expenditure needs.
Loss on disposal of PPE	397 840	200 000	197 840	Under budgeted estimates
Total Operating Expenditure	102 411 291	121 903 670	(19 492 379)	
Operating Deficit for the year	(332 852)	(22 063 990)	21 731 138	
Government Grants and Subsidies - Capital	-	-	-	
Net Deficit for the year	(332 852)	(22 063 990)	21 731 138	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Reasons for material adjustments
REVENUE BY SOURCE				
Rental of facilities and equipment	961 210	-	961 210	
Interest earned - external investments	4 619 200	-	4 619 200	Adjustment based on projected revenue
Government Grants and Subsidies - Operating	93 815 000	360 270	94 175 270	Adjustment i.r.o. Near and Firefighting grants received not gazetted
Other revenue	24 000	-	24 000	Adjustment as result Actuarial Gains calculations
Gains on disposal of PPE	60 000	-	60 000	Adjustment based on actual receipt
Total Operating Revenue	99 479 410	360 270	99 839 680	
EXPENDITURE BY TYPE				
Employee related costs	47 498 130	-	47 498 130	
Remuneration of councillors	5 678 840	-	5 678 840	
Debt impairment	3 000	-	3 000	
Depreciation & asset impairment	5 050 000	-	5 050 000	
Finance charges	2 215 200	-	2 215 200	
Bulk purchases	-	-	-	
Other materials	3 983 410	544 390	4 527 800	Based on actual needs
Contracted services	-	-	-	
Grants and subsidies paid	42 937 480	(507 250)	42 430 230	Correction of error
Other expenditure	13 594 730	705 740	14 300 470	Not material
Loss on disposal of PPE	200 000	-	200 000	
Total Operating Expenditure	121 160 790	742 880	121 903 670	
Operating Deficit for the year	(21 681 380)	(382 610)	(22 063 990)	
Government Grants and Subsidies - Capital	-	-	-	
Net Deficit for the year	(21 681 380)	(382 610)	(22 063 990)	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	2 243 134	72 061	2 171 074	Based on actual performance
Government - operating	95 071 853	93 815 000	1 256 853	Under budget
Government - capital	-	-	-	
Interest	5 841 380	4 619 200	1 222 180	More interest earned due to higher than expected cash balances
Dividends	-	-	-	
Payments				
Suppliers and Employees	(58 357 122)	(68 169 736)	9 812 614	Over budget based on expected performance & roll overs
Finance charges	(2 300 340)	(1 215 200)	(1 085 140)	Over budget based on expected performance
Transfers and Grants	(33 666 424)	(41 755 836)	8 089 412	Over budget based on expected performance
NET CASH FROM/(USED) OPERATING ACTIVITIES	8 832 481	-12 634 511	-	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	601	-	601	Not material
Decrease/(increase) in non-current receivables	135 571	-	135 571	
Decrease/(increase) in Current investments	(600 000)	-	(600 000)	Amount is based on actual performance
Payments				
Capital assets	(2 553 462)	(3 232 531)	679 069	Savings on purchases
NET CASH FROM/(USED) INVESTING ACTIVITIES	-3 017 291	(3 232 531)	215 240	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	(1 444 747)	(1 605 705)	160 958	Not material
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 444 747)	(1 605 705)	160 958	
NET INCREASE/(DECREASE) IN CASH HELD	4 370 444	(17 472 747)	376 198	
Cash and Cash Equivalents at the beginning of the year	83 563 895	83 563 895	0	
Cash and Cash Equivalents at the end of the year	87 934 339	66 091 148	21 843 191	Amount based on actual performance

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	72 061	-	72 061	
Government - operating	93 815 000	-	93 815 000	
Government - capital	-	-	-	
Interest	4 619 200	-	4 619 200	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(67 426 856)	(742 880)	(68 169 736)	Adjustment made i.r.o expenditure projections
Finance charges	(1 215 200)	-	(1 215 200)	
Transfers and Grants	(41 755 836)	-	(41 755 836)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	-11 891 631	-742 880	-12 634 511	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(3 860 721)	628 190	(3 232 531)	Reduction due to decrease in capital needs
NET CASH FROM/(USED) INVESTING ACTIVITIES	(3 860 721)	628 190	(3 232 531)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	(1 605 705)	-	(1 605 705)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-1 605 705	-	(1 605 705)	
NET INCREASE/(DECREASE) IN CASH HELD	(17 358 057)	(114 690)	(17 472 747)	
Cash and Cash Equivalents at the beginning of the year	77 317 399	6 246 496	83 563 895	Based on projected estimates
Cash and Cash Equivalents at the end of the year	59 959 342	6 131 806	66 091 148	Based on projected estimates
	=====	=====	=====	

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

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

Standard	Description	Effective Date
GRAP 5 (Revised Feb 2013)	Borrowing Costs	1 April 2014
GRAP 100 (Revised – Feb 2013)	Discontinued Operations (formerly known as Non-current assets held for Sale and Discontinued Operations)	1 April 2014

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.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 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. CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

The municipality don't have an entity

1.7. MATERIALITY

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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.8. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as 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 Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

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

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

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

Standard	Description	Effective Date
GRAP 6 (Revised – Nov 2010)	<p>Consolidated and Separate Financial Statements</p> <p>The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity.</p> <p>No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.</p>	Unknown
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>	Unknown

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Standard	Description	Effective Date
	<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>	
<p>GRAP 20 (Original – June 2011)</p>	<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>	<p>Unknown</p>
<p>GRAP 32 (Original – Aug 2013)</p>	<p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<p>Unknown</p>
<p>GRAP 105 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<p>1 April 2015</p>
<p>GRAP 106 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<p>1 April 2015</p>

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Standard	Description	Effective Date
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>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
IGRAP 11	<p>Consolidation - Special Purpose Entities (SPE)</p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	Unknown
IGRAP 12	<p>Jointly Controlled Entities non-monetary contributions</p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	Unknown

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

1.10. RESERVES

1.10.1 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.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.10.2 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. .

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.

1.11. LEASES

1.11.1 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.

1.11.2 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.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

1.12. 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.

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

1.14. 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.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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

1.15. 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.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

1.16. 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.

1.17.1 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.

1.17.2 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.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

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

1.17.4 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.

1.17.5 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.

1.17.6 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.

1.17.7 Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

1.18. BORROWING COSTS

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

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

1.19. PROPERTY, PLANT AND EQUIPMENT

1.19.1 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.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the 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.

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

1.19.3 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.

1.19.4 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:

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	30	Buildings	5-100
Pedestrian Malls	30	Specialist vehicles	5-30
Electricity	20-30	Other vehicles	5-20
Water	15-20	Office equipment	3-30
Sewerage	15-20	Furniture and fittings	3-30
Housing	30	Watercraft	15
		Bins and containers	5-10
		Specialised plant and	
		Equipment	10-30
<u>Community</u>			
Buildings	5-100	Other plant and	
Recreational Facilities	20-30	Equipment	2-30
Security	5-15	Landfill sites	5-30
Halls	10-30	Quarries	25
Libraries	10-30	Emergency equipment	5-30
Parks and gardens	10-20	Computer equipment	2-30
Other assets	10-20		
<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. 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.

1.19.5 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.

1.20. INTANGIBLE ASSETS

1.20.1 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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

- 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 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.

1.20.2 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.

1.20.3 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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.20.4 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.

1.21. INVESTMENT PROPERTY

1.21.1 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 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.

1.21.2 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.

1.21.3 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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

1.21.4 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.

1.22 HERITAGE ASSETS

1.22.1 Initial Recognition

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

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

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

1.22.2 Subsequent Measurement – Cost Model

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

1.22.3 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.

1.22.4 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.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

1.23. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.23.1 Cash-generating assets

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

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

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

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

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

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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

1.23.2 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.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

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

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

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

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

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.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

1.24. INVENTORIES

1.24.1 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.

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.

1.24.2 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.

1.25. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

cash equivalents, annuity loans and payables (both form 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.

1.25.1 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.

1.25.2 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.

1.25.2.1 Receivables

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

For amounts due from debtors carried at amortised cost, the 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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

1.25.2.2 *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.

1.25.2.3 *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.

1.25.2.4 *Non-Current Investments*

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

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

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

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

1.25.3 ***De-recognition of Financial Instruments***

1.25.3.1 *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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

1.25.3.2 *Financial Liabilities*

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

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

1.25.4 *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

1.26. REVENUE

1.26.1 *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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

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

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

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

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June.

Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

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

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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

1.26.2 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.

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

Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

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

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

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

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

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

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

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

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.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.27 TRANSFER OF FUNCTION (Municipality as the acquirer)

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

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

An asset is identifiable if it either:

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

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Municipality);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

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

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

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

1.28. 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,

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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

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.

1.29. 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.

1.30. 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.

1.31. 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.

1.32. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 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.

1.33. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. 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.

1.33.2 *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.

1.33.3 *Property, Plant and Equipment*

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

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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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

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

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

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

1.33.4 Intangible Assets

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

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.

1.33.5 Investment Property

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

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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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

1.33.6 Provisions and Contingent Liabilities

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

1.33.7 Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

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

1.33.8 Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

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

1.33.9 Provision for Task Implementation

The provision at 30 June for Task Implementation represents the Municipality's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The difference between these two packages was backdated to the implementation date of the TASK grading system.

1.33.10 Provision for Staff leave

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

1.33.11 Provision for Performance bonuses

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

1.33.12 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.

1.34. TAXES – VALUE ADDED TAX

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

1.35. CAPITAL COMMITMENTS

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

1.36. EVENTS AFTER REPORTING DATE

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- 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 TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.37. TAXATION

1.37.1 Current tax assets and liabilities

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

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

1.37.2 Deferred tax assets and liabilities

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

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

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

1.37.3 Tax expenses

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

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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2	NET ASSET RESERVES	2014 R	2013 R
	Capital Replacement Reserve	8 182 081	7 074 044
	Revaluations Reserve	20 621 882	20 933 484
	Total Net Asset Reserves	28 803 963	28 007 528

3	LONG-TERM LIABILITIES	2014 R	2013 R
	Annuity Loans - At amortised cost	10 040 651	11 485 398
		10 040 651	11 485 398
	Current Portion transferred to Current Liabilities	1 605 705	1 444 018
	Annuity Loans - At amortised cost	1 605 705	1 444 018
		8 434 946	10 041 380
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	8 434 946	10 041 380

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	2 659 207	2 659 315
Payable within two to five years	10 636 829	13 296 036
Payable after five years	-	-
	13 296 036	15 955 352
Less: Future finance obligations	(3 255 385)	(4 469 953)
Present value of annuity obligations	10 040 651	11 485 398

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 a interest rate of 10.9 %. Interest payments commenced on 30 June 2009.

4	EMPLOYEE BENEFITS	2014 R	2013 R
	Post Retirement Healthcare Benefits - Refer to Note 4.1	13 803 934	12 026 697
	Roads Post Retirement Healthcare Benefits - Refer to Note 4.1	9 578 501	9 748 944
	Long Service Awards - Refer to Note 4.2	1 278 285	1 051 590
	Ex-Gratia Pension Benefits - Refer Note 4.3	135 891	173 804
	Total Non-current Employee Benefit Liabilities	24 796 611	23 001 035.40

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 14.

Post Retirement Healthcare Benefits

Balance 1 July	23 330 673	22 763 774
Contribution for the year	359 770	255 340
Interest Cost	1 816 484	1 580 288
Expenditure for the year	(1 508 221)	(675 838)
Actuarial Loss/(Gain)	1 037 593	(592 891)
Total post retirement benefits 30 June	25 036 299	23 330 673
Less: Transfer of Current Portion - Note 5	(1 653 864)	(1 555 032)
Balance 30 June	23 382 435	21 775 641

Post Retirement Benefits: Frances Baard

Balance 1 July	12 718 557	12 111 535
Contribution for the year	359 770	255 340
Interest Cost	993 165	865 005
Expenditure for the year	(740 590)	(291 732)
Actuarial Loss/(Gain)	1 228 852	(221 591)
Total post retirement benefits 30 June	14 559 754	12 718 557
Less: Transfer of Current Portion - Note 5	(755 820)	(691 860)
Balance 30 June	13 803 934	12 026 697

**FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<u>Post Retirement Benefits: Roads</u>		
Balance 1 July	10 652 239	10 652 239
Contribution for the year	-	-
Interest Cost	823 319	715 283
Expenditure for the year	(767 631)	(384 106)
Actuarial Loss/(Gain)	(191 259)	(371 300)
Total post retirement benefits 30 June	10 516 668	10 612 116
Less: Transfer of Current Portion - Note 5	(898 044)	(863 172)
Balance 30 June	9 618 624	9 748 944

<u>Long Service Awards</u>		
Balance 1 July	1 062 672	1 021 384
Contribution for the year	131 264	208 923
Interest Cost	80 509	60 018
Expenditure for the year	(10 940)	(215 060)
Actuarial Loss/(Gain)	58 471	(12 593)
Total long service 30 June	1 321 976	1 062 672
Less: Transfer of Current Portion - Note 5	(43 691)	(11 082)
Balance 30 June	1 278 285	1 051 590

<u>Ex-Gratia Pensions</u>		
Balance 1 July	213 225	575 936
Contribution for the year	-	-
Interest Cost	12 098	31 494
Expenditure for the year	(34 090)	(36 405)
Actuarial Loss/(Gain)	(22 888)	(357 800)
Total long service 30 June	168 345	213 225
Less: Transfer of Current Portion - Note 5	(32 454)	(39 421)
Balance 30 June	135 891	173 804

<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
Balance 1 July	24 606 570	24 361 094
Contribution for the year	491 034	464 263
Interest cost	1 909 091	1 671 800
Expenditure for the year	(1 553 251)	(927 303)
Actuarial Loss/(Gain)	1 073 176	(963 284)
Total employee benefits 30 June	26 526 620	24 606 570
Less: Transfer of Current Portion - Note 5	(1 730 009)	(1 605 535)
Balance 30 June	24 796 611	23 001 035

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	53	58
Continuation members (e.g. Retirees, widows, orphans)	22	22
Roads - Continuation members (e.g. Retirees, widows, orphans)	27	27
Total Members	102	107

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

In-service members	5 048 295	4 453 000
Continuation members	9 511 459	8 264 884
Roads - Continuation members	10 476 545	10 612 116
Total Liability	25 036 299	23 330 000

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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2012 R	2011 R	2010 R
In-service members	2 940 292	3 209 359	4 487 770
Continuation members	19 823 482	16 813 413	14 089 056
Total Liability	22 763 774	20 022 772	18 576 826

	2014 Rm	2013 Rm	2012 Rm	2011 Rm
Experience adjustments were calculated as follows:				
Liabilities: (Gain) / loss	1.12	0.041	(0.216)	(0.98)
Assets: Gain / (loss)			-	-

The municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25

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:	2014 %	2013 %

i) Rate of interest

Discount rate	8.54%	8.05%
Health Care Cost Inflation Rate	7.85%	7.39%
Net Effective Discount Rate	0.64%	0.61%

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.

	2014 R	2013 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	21 802 147	20 195 353
Total Liability	21 802 147	20 195 353

The fund is wholly unfunded.

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	21 750 385	22 763 774
Total expenses	668 033	(420 498)
Current service cost	359 770	(1 357 890)
Interest Cost	1 816 484	1 613 230
Benefits Paid	(1 508 221)	(675 838)
Actuarial (gains)/losses	1 037 593	(592 891)
Present value of fund obligation at the end of the year	23 456 011	21 750 385
Less: Transfer of Current Portion - Note 5	(1 653 864)	(1 555 032)
Balance 30 June	21 802 147	20 195 353

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	5.048	19.988	25.036	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	6.199	21.946	28.15	12%
Health care inflation	-1%	4.154	18.284	22.44	-10%
Post-retirement mortality	-1 year	5.226	20.893	26.12	4%
Average retirement age	-1 year	5.392	19.988	25.38	1%
Withdrawal Rate	-10%	4.084	19.988	24.07	-4%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		395 000	1 816 500	2 211 500	
Health care inflation	1%	461 800	2 050 900	2 512 700	15%
Health care inflation	-1%	283 500	1 621 000	1 904 500	-12%
Post-retirement mortality	-1 year	371 900	1 897 500	2 269 400	4%
Average retirement age	-1 year	386 100	1 839 500	2 225 600	2%
Withdrawal Rate	50%	469 100	1 871 000	2 340 100	8%

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.

	79	86

Key actuarial assumptions used:

i) Rate of interest

Discount rate	8%	8%
General Salary Inflation (long-term)	7%	7%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1%	1%

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

	2014 %	2013 %

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

	2014 R	2013 R
Present value of fund obligations	1 278 285	1 051 590
Net liability	1 278 285	1 051 590

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

	2012 R	2011 R	2010 R
Total Liability	1 021 384	789 848	1 013 696

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	16 645	(274 230.00)	159 121.00
Assets: Gain / (loss)	-	-	-

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 062 672	1 021 384
Total expenses	200 833	53 881
Current service cost	131 264	208 923
Interest Cost	80 509	60 018
Benefits Paid	(10 940)	(215 060)
Actuarial (gains)/losses	58 471	(12 593)
Present value of fund obligation at the end of the year	1 321 976	1 062 672
Less: Transfer of Current Portion - Note 5	(43 691)	(11 082)
Balance 30 June	1 278 285	1 051 590

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		1 322 000	
General salary inflation	1%	1 414 000	7%
General salary inflation	-1%	1 238 000	-6%
Average retirement age	-2 yrs	1 141 000	-14%
Average retirement age	2 yrs	1 384 000	5%
Withdrawal rates	-50%	1 638 000	24%

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 R11 248.00

Sensitivity Analysis on the interest cost

Assumption	Change	Liability	% change
Central assumptions		12 098	
Pension increase rate	1%	12 740	5%
Pension increase rate	-1%	11 503	-5%
Post retirement mortality	-1 Yrs	12 783	6%

Key actuarial assumptions used:

i) Rate of interest

Discount rate	7%	6%
---------------	----	----

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

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

	2014 R	2013 R
Present value of fund obligations	92 299	142 310
Net liability/(asset)	92 299	142 310

Reconciliation of present value of fund obligation:

	2014 R	2013 R
Present value of fund obligation at the beginning of the year	181 731	575 936
Total expenses	(34 090)	(36 405)
Current service cost	-	-
Interest Cost	-	-
Benefits Paid	(34 090)	(36 405)
Actuarial (gains)/losses	(22 888)	(357 800)
Present value of fund obligation at the end of the year	124 753	181 731
Less: Transfer of Current Portion to Current Employee Benefits - Note 5	(32 454)	(39 421)
Balance at end of year	92 299	142 310

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

	2012 R	2011 R	2010 R
Members	575 936	833 298	782 896
Total Liability	575 936	833 298	782 896
	2012 R	2011 R	2010 R

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss

Assets: Gain / (loss)

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		168 346	
Pension increase rate	1%	175 842	5%
Pension increase rate	-1%	161 352	-4%
Post retirement mortality	1 Yrs	176 852	5%

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R																																																
4.4 Retirement funds																																																		
<p>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.</p> <p>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.</p> <p>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.</p> <p><u>CAPE RETIREMENT FUND</u></p> <p>The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 100.2% (30 June 2012 - 99.9%).</p> <p>Contributions paid recognised in the Statement of Financial Performance</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;"></td> <td style="text-align: right; border-top: 1px solid black;">4 205 554</td> <td style="text-align: right; border-top: 1px solid black;">4 062 617</td> </tr> <tr> <td></td> <td style="text-align: right; border-bottom: 3px double black;">4 205 554</td> <td style="text-align: right; border-bottom: 3px double black;">4 062 617</td> </tr> </table> <p><u>DEFINED CONTRIBUTION FUNDS</u></p> <p>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.</p> <p>Contributions paid recognised in the Statement of Financial Performance</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Municipal Councillors Pension Fund</td> <td style="text-align: right;">173 314</td> <td style="text-align: right;">164 953</td> </tr> <tr> <td>SAMWU National Provident Fund</td> <td style="text-align: right;">66 601</td> <td style="text-align: right;">16 842</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">239 915</td> <td style="text-align: right; border-top: 1px solid black;">181 795</td> </tr> <tr> <td></td> <td style="text-align: right; border-bottom: 3px double black;">239 915</td> <td style="text-align: right; border-bottom: 3px double black;">181 795</td> </tr> </table>				4 205 554	4 062 617		4 205 554	4 062 617	Municipal Councillors Pension Fund	173 314	164 953	SAMWU National Provident Fund	66 601	16 842		239 915	181 795		239 915	181 795																														
	4 205 554	4 062 617																																																
	4 205 554	4 062 617																																																
Municipal Councillors Pension Fund	173 314	164 953																																																
SAMWU National Provident Fund	66 601	16 842																																																
	239 915	181 795																																																
	239 915	181 795																																																
5 CURRENT EMPLOYEE BENEFITS																																																		
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Current Portion of Post Retirement Healthcare Benefits - Note 4</td> <td style="text-align: right; border: 1px solid black;">755 820</td> <td style="text-align: right; border: 1px solid black;">691 860</td> </tr> <tr> <td>Roads - Current Portion of Post Retirement Healthcare Benefits - Note 4</td> <td style="text-align: right; border: 1px solid black;">898 044</td> <td style="text-align: right; border: 1px solid black;">863 172</td> </tr> <tr> <td>Current Portion of Long-Service Provisions - Note 4</td> <td style="text-align: right; border: 1px solid black;">43 691</td> <td style="text-align: right; border: 1px solid black;">11 082</td> </tr> <tr> <td>Current Portion of Ex-Gratia Pension - Note 4</td> <td style="text-align: right; border: 1px solid black;">32 454</td> <td style="text-align: right; border: 1px solid black;">39 421</td> </tr> <tr> <td>Provision for Staff Leave</td> <td style="text-align: right; border: 1px solid black;">4 303 888</td> <td style="text-align: right; border: 1px solid black;">3 701 841</td> </tr> <tr> <td>Provision for Performance Bonuses</td> <td style="text-align: right; border: 1px solid black;">565 027</td> <td style="text-align: right; border: 1px solid black;">464 450</td> </tr> <tr> <td>Staff Bonuses accrued</td> <td style="text-align: right; border: 1px solid black;">1 150 786</td> <td style="text-align: right; border: 1px solid black;">1 087 873</td> </tr> <tr> <td>Total Current Employee Benefits</td> <td style="text-align: right; border: 1px solid black; border-top: 1px solid black;">7 749 710</td> <td style="text-align: right; border: 1px solid black; border-top: 1px solid black;">6 859 699</td> </tr> </table> <p>The movement in current employee benefits are reconciled as follows:</p> <p><u>Provision for Staff Leave</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Balance at beginning of year</td> <td style="text-align: right; border: 1px solid black;">3 701 841</td> <td style="text-align: right; border: 1px solid black;">2 806 740</td> </tr> <tr> <td>Contribution to current portion</td> <td style="text-align: right; border: 1px solid black;">1 404 022</td> <td style="text-align: right; border: 1px solid black;">1 121 150</td> </tr> <tr> <td>Expenditure incurred</td> <td style="text-align: right; border: 1px solid black;">(801 975)</td> <td style="text-align: right; border: 1px solid black;">(226 049)</td> </tr> <tr> <td>Balance at end of year</td> <td style="text-align: right; border: 1px solid black; border-top: 1px solid black;">4 303 888</td> <td style="text-align: right; border: 1px solid black; border-top: 1px solid black;">3 701 841</td> </tr> </table> <p>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.</p> <p><u>Provision for Performance Bonuses</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Balance at beginning of year</td> <td style="text-align: right; border: 1px solid black;">464 450</td> <td style="text-align: right; border: 1px solid black;">390 833</td> </tr> <tr> <td>Contribution to current portion</td> <td style="text-align: right; border: 1px solid black;">434 391</td> <td style="text-align: right; border: 1px solid black;">371 068</td> </tr> <tr> <td>Expenditure incurred</td> <td style="text-align: right; border: 1px solid black;">(333 814)</td> <td style="text-align: right; border: 1px solid black;">(297 451)</td> </tr> <tr> <td>Balance at end of year</td> <td style="text-align: right; border: 1px solid black; border-top: 1px solid black;">565 027</td> <td style="text-align: right; border: 1px solid black; border-top: 1px solid black;">464 450</td> </tr> </table> <p>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.</p>			Current Portion of Post Retirement Healthcare Benefits - Note 4	755 820	691 860	Roads - Current Portion of Post Retirement Healthcare Benefits - Note 4	898 044	863 172	Current Portion of Long-Service Provisions - Note 4	43 691	11 082	Current Portion of Ex-Gratia Pension - Note 4	32 454	39 421	Provision for Staff Leave	4 303 888	3 701 841	Provision for Performance Bonuses	565 027	464 450	Staff Bonuses accrued	1 150 786	1 087 873	Total Current Employee Benefits	7 749 710	6 859 699	Balance at beginning of year	3 701 841	2 806 740	Contribution to current portion	1 404 022	1 121 150	Expenditure incurred	(801 975)	(226 049)	Balance at end of year	4 303 888	3 701 841	Balance at beginning of year	464 450	390 833	Contribution to current portion	434 391	371 068	Expenditure incurred	(333 814)	(297 451)	Balance at end of year	565 027	464 450
Current Portion of Post Retirement Healthcare Benefits - Note 4	755 820	691 860																																																
Roads - Current Portion of Post Retirement Healthcare Benefits - Note 4	898 044	863 172																																																
Current Portion of Long-Service Provisions - Note 4	43 691	11 082																																																
Current Portion of Ex-Gratia Pension - Note 4	32 454	39 421																																																
Provision for Staff Leave	4 303 888	3 701 841																																																
Provision for Performance Bonuses	565 027	464 450																																																
Staff Bonuses accrued	1 150 786	1 087 873																																																
Total Current Employee Benefits	7 749 710	6 859 699																																																
Balance at beginning of year	3 701 841	2 806 740																																																
Contribution to current portion	1 404 022	1 121 150																																																
Expenditure incurred	(801 975)	(226 049)																																																
Balance at end of year	4 303 888	3 701 841																																																
Balance at beginning of year	464 450	390 833																																																
Contribution to current portion	434 391	371 068																																																
Expenditure incurred	(333 814)	(297 451)																																																
Balance at end of year	565 027	464 450																																																

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	R	R
<u>Staff Bonuses accrued</u>		
Balance at beginning of year	1 087 873	992 073
Contribution to current portion	2 074 908	1 880 048
Expenditure incurred	(2 011 994)	(1 784 249)
Balance at end of year	1 150 786	1 087 873

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

	6 219 361	4 171 424
Other Payables		
Payments received in advance	13 956	16 754
Retentions	405 931	439 713
Creditors Control	-	254 710
Sundry Creditors	5 731 840	3 394 234
ABSA Fleet Card	67 622	66 013
Salary Control: - Industrial Council	13	-
Total Trade Payables	6 219 361	4 171 424

Payables are being recognised net of any discounts.

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

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

7 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants		
National and Provincial Government Grants	346 350	327 281
	346 350	327 281
Less: Unpaid Grants	-	-
National and Provincial Government Grants	-	-
Total Conditional Grants and Receipts	346 350	327 281

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 TAXES

NET VAT RECEIVABLE/(PAYABLE)	1 209 966	1 119 098
-------------------------------------	------------------	------------------

VAT is receivable/payable on the cash basis.

9 PROPERTY, PLANT AND EQUIPMENT

9.1 See attached sheet on page 75

9.2 Funding of Assets: Non-exchanged Transactions

External Loans	15 000 000	15 000 000
Own Generated Funds	45 271 593	42 918 666
Grants & Subsidies	1 752 396	2 443 985
Revaluation	21 729 177	21 729 177
	83 753 166	82 091 828
Less Assets Held for Sale	(7 381 138)	(7 496 968)
Total	76 372 028	74 594 860

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
9.3 Assets pledged as security:		
No assets are pledged as security.		
9.4 Third party payments received for losses incurred:		
Payments received (Excluding VAT)	12 773	5 719
Carrying value of assets written off/lost		-
Surplus/Deficit	12 773	5 719
9.5 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
9.6 Effect of changes in accounting estimates		
Effect on Property, plant and equipment	-	9 784.89
9.7 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 base 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.		
10 NON-CURRENT ASSETS HELD FOR SALE		
Non-current assets held for sale at beginning of year - at book value	7 225 699	75 155
Additions for the year	45 005	7 225 699
Transferred from PPE at Book Value	-	-
Non-current assets sold/written off during the year	7 270 704	7 300 854
	(335 047)	(75 155)
Non-current assets held for sale at end of year - at book value	6 935 658	7 225 699
Non-current assets 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.		
11 INTANGIBLE ASSETS		
Computer Software		
Net Carrying amount at 1 July	848 654	894 823
Cost	1 133 740	1 367 970
Accumulated Amortisation	(285 086)	(473 147)
Additions	45 000	373 739
Disposals: Cost	-	(607 969)
Amortisation	(116 971)	(141 315)
Disposals: Amortisation	-	329 376
Net Carrying amount at 30 June	776 683	848 654
Cost	1 178 740	1 133 740
Accumulated Amortisation	(402 057)	(285 086)

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
The following material intangible assets are included in the carrying value above		
	Carrying Value	
<u>Description</u>	<u>Remaining Amortisation</u>	
	<u>Period</u>	
Computer programmes	13	776 683
		848 654

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.

12 HERITAGE ASSETS

Net Carrying amount at 1 July

	631 417	627 427
Cost	631 417	627 427
	-	627 427

Acquisitions

	-	3 990
--	---	-------

Net Carrying amount at 30 June

	631 417	631 417
Cost	631 417	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 are no Heritage Assets pledged as security for liabilities

13 CURRENT INVESTMENTS

Bank Deposits	4 400 000	3 800 000
Total Current Investments	4 400 000	3 800 000

Fixed deposit at Standard Bank until 24 June 2015 at 7.07% interest.

14 LONG-TERM RECEIVABLES

Roads Post Retirement Healthcare Benefits - Refer to Note 4.1	10 612 116	10 652 239
Balance Previously Reported	-	-
Correction of Error - Note 29	-	-
Current year movements	(135 571)	(40 123)
Total post retirement benefits 30 June	10 476 545	10 612 116
Less: Transfer of Current Portion	(898 044)	(863 172)
Balance 30 June	9 578 501	9 748 944

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.

An amount of R767 631 was levied to the department of Roads & Public Works and R353 485 to individual members for the 2013 / 2014 financial year. Amounts outstanding included under receivables from non-exchange transactions amounts to R79 633.

15 INVENTORY

Consumable Stores - Stationery and materials - At cost	291 794	266 402
Total Inventory	291 794	266 402

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	R	R
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	-	363 140

No inventory assets were pledged as security for liabilities.

16 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2014	2013
	R	R
Other Receivables	1 457 680	1 534 232
Sundry Services	497 597	719 949
Payments Made in Advance	462 500	466 964
Interest on investment	382 115	276 228
Other Sundry Debtors	106 268	62 691
Salary Control:-Main Account	-	3 551
Salary Control - Traffic Fines	200	200
Recoverable Amounts	9 000	4 650
Total Receivables from Non-Exchange Transactions	1 457 680	1 534 232
Less: Allowance for Doubtful Debts	-	-
Total Net Receivables from Non-Exchange Transactions	1 457 680	1 534 232

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.

17 OPERATING LEASE ARRANGEMENTS

17.1 The Municipality as Lessor (Asset)

Balance on 1 July	4 579	8 241
Movement during the year	(4 579)	(3 662)
Balance on 30 June	-	4 579

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

Up to 1 Year	-	4 579
Total Operating Lease Arrangements	-	4 579

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

18 CASH AND CASH EQUIVALENTS

Assets

Call Investment Deposits	78 000 000	83 200 000
Primary Bank Account	9 931 039	360 595
Cash Floats	3 300	3 300
Total Cash and Cash Equivalents - Assets	87 934 339	83 563 895

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

The municipality has the following bank accounts:

Current Accounts

Standard Bank Kimberley Business Centre - Account Number 04 007 955 4	9 921 183	322 126
ABSA Bank Kimberley (Central Business District) - Account Number 940 000 327	9 856	38 469
	9 931 039	360 595

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
Standard Bank Kimberley Business Centre - Account Number 04 007 955 4		
Cash book balance at beginning of year	322 126	3 512
Cash book balance at end of year	9 921 183	322 126
Bank statement balance at beginning of year	618 780	580
Bank statement balance at end of year	10 111 546	618 780
ABSA Bank Kimberley (Central Business District) - Account Number 940 000 327		
Cash book balance at beginning of year	38 469	2 707 352
Cash book balance at end of year	9 856	38 469
Bank statement balance at beginning of year	41 490	3 364 665
Bank statement balance at end of year	9 856	41 490

New primary bank account has been opened at Standard bank. The account at ABSA will be closed as soon as all transactions on the ABSA account stopped

Call Investment Deposits

Call investment deposits consist out of the following accounts:

Absa Bank	13 500 000	12 250 000
First Rand	10 500 000	10 750 000
Nedcor	27 500 000	25 750 000
Standard Bank	26 500 000	34 750 000
	78 000 000	83 500 000

19 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants	89 990 000	87 442 000
Equitable Share	89 990 000	87 442 000
Conditional Grants	5 062 784	7 136 831
National Government	2 227 941	1 982 992
Provincial Government	2 834 843	4 559 008
Public Contributions	-	594 831
Total Grants and Subsidies	95 052 784	94 578 831
	95 052 784	94 578 831

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

Equitable share	89 990 000	87 442 000
Executive & Council	-	-
Budget & Treasury	1 326 853	1 424 648
Planning & Development	2 127 941	2 434 792
Housing	1 000 000	983 191
Public Safety	600 000	2 288 364
Environmental Protection	7 990	5 836
	95 052 784	94 578 831

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

19.01 Equitable share

Opening balance	-	-
Grants received	89 990 000	87 442 000
Gross Funding	89 990 000	87 442 000
Conditions met - transferred to revenue	(89 990 000)	(87 442 000)
Conditions still to be met	-	-

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

19.02 Financial Management Grant

Opening balance	-	-
Grants received	1 250 000	1 250 000
Gross Funding	1 250 000	1 250 000
Conditions met - transferred to revenue	(1 250 000)	(1 250 000)
Conditions still to be met	-	-

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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).

2014
R **2013**
R

19.03 Municipal Systems Improvement Grant

Opening balance	267 008	-
Grants received	890 000	1 000 000
Gross Funding	1 157 008	1 000 000
Conditions met - transferred to revenue	(977 941)	(732 992)
Conditions still to be met	179 068	267 008

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

19.04 District Aids Council

Opening balance	-	-
Grants received	100 000	-
Gross Funding	100 000	-
Conditions met - transferred to revenue	-	-
Grant expenditure to be recovered	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.

19.05 NEAR Control Centre

Opening balance	-	569 000
Grants received	300 000	607 000
Gross Funding	300 000	1 176 000
Conditions met - transferred to revenue	(300 000)	(1 176 000)
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.

19.06 NCPA - Housing Accreditation Grant

Opening balance	-	713 191
Grants received	1 000 000	270 000
Gross Funding	1 000 000	983 191
Conditions met - transferred to revenue	(1 000 000)	(983 191)
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.

19.07 NCPA Firefighting Equipment

Opening balance	-	723 364
Grants received	300 000	389 000
Gross Funding	300 000	1 112 364
Conditions met - transferred to revenue	(300 000)	(1 112 364)
Conditions still to be met	-	-

Grant is used to enhance municipalities' capacity to deal with fire hazards.

19.08 SETA - Skills Grant

Opening balance	-	-
Grants received	76 853	174 648
Gross Funding	76 853	174 648
Conditions met - transferred to revenue	(76 853)	(174 648)
Conditions still to be met	-	-

The grant is used for training and capacity building of employees as per approved Skills Work Plan.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
19.090 NCPA: EPWP: DMA Bush Clearance		
Opening balance	-	106 969
Grants received	1 000 000	1 000 000
Gross Funding	1 000 000	1 106 969
Conditions met - transferred to revenue	(1 000 000)	(1 106 969)
Conditions still to be met	-	-
The grant is used for clearance and vegetation control of areas in the DMA		
19.1 NCPA: Environmental Health Recycling Project		
Opening balance	60 272	66 108
Grants received	-	-
Gross Funding	60 272	66 108
Conditions met - transferred to revenue	(7 990)	(5 836)
Conditions still to be met	52 283	60 272
Grant is used for Frances Baard Recycling projects		
19.11 Tourism Grant		
Opening balance	-	-
Grants received	150 000	-
Gross Funding	150 000	-
Conditions met - transferred to revenue	(150 000)	-
Conditions still to be met	-	-
19.11 Total Government Grants & Subsidies		
Opening balance	327 281	2 178 633
Grants received	95 056 853	92 132 648
Gross Funding	95 384 134	94 311 280
Conditions met - transferred to revenue	(95 052 784)	(93 984 000)
Conditions still to be met/(Grant expenditure to be recovered)	331 350	327 281
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	331 350	327 281
Unpaid Conditional Government Grants and Receipts	-	-
	331 350	327 281
20 Public Contributions & Donations		
20.01 Koopmansfontein Electricity Self Build Scheme		
Opening balance	-	-
Grants received	-	594 831
Gross Funding	-	594 831
Conditions met - transferred to revenue	-	(594 831)
Conditions still to be met	-	-
The grant is used to complete the Koopmansfontein self build scheme with financial contribution from ESKOM and farmers.		
20.02 ABSA		
Opening balance	-	-
Grants received	15 000	-
Gross Funding	15 000	-
Conditions met - transferred to revenue	-	-
Conditions still to be met	15 000	-
Private contribution to fund commemorative day celebrations		

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
20.03 Total Public Contributions & Donations		
Opening balance	-	-
Grants received	15 000	594 831
Gross Funding	15 000	594 831
Conditions met - transferred to revenue	-	(594 831)
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	-
21 OTHER INCOME		
Commission: Insurance Payments	9 531	8 998
Private telephone calls / photo copies	47 373	40 549
Rentals	1 634	-
Recovered Unauthorised, Fruitless & Wasteful Expenditure	183 637	-
Insurance Claims / Replace Stolen Assets	-	5 719
Study Bursaries Recovered	34 095	5 150
Traffic fines	1 954	-
Stale Cheques Written Back	-	3 615
Unclaimed Wages	-	1 467
Other	21 387	11 884
Total Other Income	299 612	77 382
Sundry income represents income such as insurance claims, private telephone calls and other sundry income.		
22 EMPLOYEE RELATED COSTS		
Employee related costs – Salaries and Wages	26 591 891	25 324 762
Employee related costs – Contributions for UIF, pensions and medical aids	5 828 815	5 496 171
Motor car and other allowances	2 819 426	2 518 781
Housing benefits and allowances	205 795	413 021
Overtime	72 309	54 263
Leave benefit	1 404 022	1 121 150
Annual Bonus	2 074 908	1 880 048
Performance bonus	434 391	366 418
Compulsory cost:- Skills Levy; Workmen's Compensation; Industrial Council Contributions	745 077	677 875
Group Insurance	344 497	323 283
Long Service Bonus	131 264	208 923
Post-Retirement Medical Aid	359 770	782 544
Post-Retirement Pension fund	-	255 340
	41 012 166	39 422 579
<u>Less:</u> Employee Costs allocated elsewhere	-	-
Total Employee Related Costs	41 012 166	39 422 579
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	1 530 260	1 111 063
Performance Bonuses	-	-
Total	1 530 260	1 111 063
Remuneration of the Director Financial Services - Mr PJ van Biljon		
Annual Remuneration	635 886	1 014 460
Performance Bonuses	79 717	74 363
Total	715 603	1 088 823
Resigned on 31 January 2014		
Remuneration of the Acting Director Financial Services - Ms O Moseki		
Annual Remuneration	209 320	-
Performance Bonuses	-	-
Total	209 320	-

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
Remuneration of the Director Administration - Ms NG Kgantsi			
	Annual Remuneration	1 090 091	1 014 460
	Performance Bonuses	79 717	74 363
	Total	1 169 808	1 088 823
Remuneration of Executive Director: Infrastructure Services - Mr PJ van der Walt			
	Annual Remuneration	1 090 091	1 014 460
	Performance Bonuses	84 699	74 363
	Total	1 174 790	1 088 823
Remuneration of Executive Director: Planning & Development - Mr FS Mdee			
	Annual Remuneration	1 090 091	1 014 460
	Performance Bonuses	89 681	74 363
	Total	1 179 772	1 088 823
23	REMUNERATION OF COUNCILLORS		
	Mayor	745 621	708 102
	Speaker	583 908	558 201
	MPAC Chairman	274 310	293 423
	Mayoral Committee Members	2 528 697	2 098 743
	Councillors	1 184 313	1 414 526
	Other Obligatory Contributions (Skills Levy, etc.)	107 273	87 203
	Total Councillors' Remuneration	5 424 122	5 160 197
	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 Council owned vehicle for official duties.		
24	DEPRECIATION AND AMORTISATION		
	Property Plant and Equipment	3 933 061	3 342 171
	Intangible Assets	116 971	141 315
		4 050 032	3 483 486
25	IMPAIRMENTS		
	Property Plant and Equipment	-	-
		-	-
26	FINANCE CHARGES		
	Long-term Liabilities	1 214 568	1 360 424
	Finance leases	-	874
	Employee Benefits	1 085 772	956 517
	Total finance charges	2 300 340	2 317 815
		2014	2013
		R	R
27	GRANTS AND SUBSIDIES		
27.1	Grants and subsidies paid to other municipalities		
	Infrastructure grants paid to other municipalities	26 454 597	26 021 292
	Dikgatlong Municipality	5 559 789	6 310 893
	Streets & Storm Water	-	3 000 000
	Refuse	1 984 090	-
	Electricity	861 504	-
	Sanitation	123 600	-
	Water	-	1 322 241
	Maintenance Projects	2 590 595	1 988 652
	Magareng Municipality	9 351 581	5 629 781
	Water	5 694 632	2 435 519
	Electricity	-	691 447
	Sanitation	1 199 983	-
	Maintenance Projects	2 456 966	2 502 815

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
Phokwane Municipality	7 043 226	10 177 929
Sanitation	1 570 408	1 415 956
Streets & Stormwater	-	5 319 998
Water	1 746 305	-
Electricity	665 557	543 695
Maintenance Projects	3 060 956	2 898 279
Sol Plaatje Municipality	4 500 000	3 662 841
Water	3 000 000	978 475
Sanitation	-	1 782 896
Electricity	-	-
Maintenance Projects	1 500 000	901 471
District Management Areas	-	239 846
Electricity	-	239 846
Total Grants and subsidies paid to other municipalities	26 454 597	26 021 292

Council 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.

27.2 Other grants paid and special projects

Other grants paid and special projects	7 211 827	9 415 494
Grants paid to other organs of state	135 000	135 000
Northern Cape Tourism Authority	135 000	135 000
Other special projects	7 076 827	9 280 494
Council - Special Projects in the Office of the Mayor and Speaker	-	-
Special Projects: Office of The Municipal Manager	-	12 000
Youth unit / Manager in office of Municipal Manager	137 344	114 228
Communications - Communication Projects	6 111	384 119
Financial Management & Support Programmes	730 597	1 505 324
Information Technology Projects	-	149 640
Employee wellness programmes	287 149	568 905
Project Management Projects	3 347	-
Tourism Projects	1 510 003	1 218 399
GIS Projects	772 673	590 822
Spatial Planning Projects	461 163	334 210
Planning & Development projects	977 941	732 992
IDP / PMS Projects	2 881	43 287
Local Economic Development	1 489 985	1 906 207
Environmental Health Projects	55 478	114 963
Disaster Management	569 967	698 051
Housing Awareness	72 186	907 346
Total Other grants paid and special projects	7 211 827	9 415 494
Summary of Grants and Subsidies Paid		
Infrastructure grants paid to other municipalities	26 454 597	26 021 292
Grants paid to other organs of state	135 000	135 000
Other special projects	7 076 827	9 280 494
Total Grants and Subsidies	33 666 424	35 436 785

28

GENERAL EXPENSES

Accommodation	815 373	1 137 632
Audit Fees	1 580 224	1 401 052
Bank Charges	63 756	64 902
Books, Printing & Stationery	543 774	651 924
Cellphones	57 918	73 398
Cleaning Materials	42 027	43 720
Cleaning Motor Vehicles	14 633	12 011
Conferences and Seminars	188 728	259 482
Consultancy	443 858	211 979
Entertainment / Refreshments	209 093	233 669
General Expenses	235 709	144 502
General Notices	1 195 742	873 888
Gifts	546	198
Insurance	240 001	194 036
Motor vehicle operating cost	730 525	779 886
Motor Vehicle Usage	6 082	(445)
Municipal Services & Taxes	1 239 085	1 084 523
Office Requirements	1 145	4 056
Pauper Burials	9 600	11 853
Postage	11 353	10 990
Protective Clothing	18 412	16 735
Relocation Costs	402 203	36 278
Rental of Buildings & Equipment	-	46 299

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
SALGA Membership Fees	414 962	400 000
Security Services	545 349	454 628
Study Bursaries	99 924	90 343
Training	1 063 666	894 846
Telephone / Data Lines	390 448	452 914
Transportation	355 356	553 153
General Expenses	10 919 491	10 138 450

29 CORRECTION OF ERROR IN TERMS OF GRAP 3

29.1 Accumulated Surplus

Balance previously reported	74 677 337
Depreciation	11 227
Restated balance	74 688 564
Property, Plant & Equipment - Accumulated impairment / Depreciation: Other Assets	
Balance previously reported	7 177 199
Correction of Depreciation Incorrectly Calculated	(11 227)
Restated balance	7 165 972
Effect on Carrying Value - Land & Buildings	-
Movements in statement of financial performance	
Surplus Previously Reported	2 396 455
Depreciation Cost	(54 908)
Loss on Disposal of Property, Plant & Equipment	24 156
Restated balance	2 365 703
Correction of depreciation incorrectly calculated	

30 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

	(332 852)	2 365 702
Surplus/(Deficit) for the year		
Adjustments for:		
Depreciation	3 933 061	3 342 171
Amortisation of Intangible Assets	116 971	141 315
Gain on disposal of property, plant and equipment	-	-
Loss on disposal of property, plant and equipment	397 840	1 026 265
Debt Impairment	-	-
Contribution from/to Employee Benefits - Current	3 913 321	3 372 266
Contribution from/to Employee Benefits - Current - Expenditure incurred	(3 147 784)	(2 307 749)
Contribution from/to Employee Benefits - Non-Current	2 400 125	2 136 063
Contribution from/to Employee Benefits - Non-Current - Expenditure incurred	(1 553 251)	(927 303)
Actuarial Gains	1 073 176	(963 284)
Actuarial Losses	-	-
Fair Value Adjustments	-	-
Impairment written off	-	-
Grants Received	95 071 853	92 727 479
Grant Expenditure	(95 052 784)	(94 578 831)
Operating lease income accrued	4 579	3 662
Operating lease expenses accrued	-	-
Operating Surplus/(Deficit) before changes in working capital	6 824 255	6 337 758
Changes in working capital	2 008 229	(897 029)
Increase/(Decrease) in Trade and Other Payables	2 047 937	(1 197 301)
(Increase)/Decrease in Taxes	(90 869)	70 395
(Increase)/Decrease in Inventory	(25 392)	83 524
(Increase)/Decrease in Trade and other receivables	76 552	146 353
Cash generated/(absorbed) by operations	8 832 484	5 440 729

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
31 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 18	78 000 000	83 200 000
Cash Floats - Note 18	3 300	3 300
Bank - Note 18	9 931 039	360 595
Total cash and cash equivalents	87 934 339	83 563 895
32 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 31	87 934 339	83 563 895
Investments - Note 13	-	-
	87 934 339	83 563 895
Less:	30 346 350	30 327 281
Unspent Committed Conditional Grants - Note 7	346 350	327 281
Payables from exchange transactions	-	-
Current Employee benefits	-	-
Cash Reserves to Cover Expenditure for Three Months	30 000 000	30 000 000
Resources available for working capital requirements	57 587 989	53 236 615
Allocated to:		
Capital Replacement Reserve	8 182 081	7 074 044
Employee Benefits	24 796 611	23 001 035
Resources available for working capital requirements	24 609 296	23 161 535
33 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 3	10 040 651	11 485 398
Used to finance property, plant and equipment - at cost	(10 040 651)	(11 485 398)
	-	-
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

	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 (%)
33.1 Operational				
Revenue by source				
Government Grants and Subsidies - Operating	95 052 784	94 175 270	877 514	1%
Actuarial Gains	-	-	-	0%
Rental of Facilities and Equipment	884 663	961 210	(76 547)	-8%
Interest Earned - external investments / current account	5 841 380	4 619 200	1 222 180	26%
Other Income	299 612	24 000	275 612	1148%
Gain on disposal of Property, Plant and Equipment	-	60 000	(60 000)	-100%
	102 078 439	99 839 680	2 238 759	0.02
Expenditure by nature				
Employee Related Costs	41 012 166	47 498 130	(6 485 964)	14%
Remuneration of Councillors	5 424 122	5 678 840	(254 718)	4%
Debt Impairment	-	3 000	(3 000)	100%
Depreciation and Amortisation	4 050 032	5 050 000	(999 968)	20%
Repairs and Maintenance	3 376 440	4 527 800	(1 151 360)	25%
Finance Charges - Employee Benefits	1 085 772	956 500	129 272	-14%
Finance Charges - External Funding	1 214 568	1 258 700	(44 132)	4%
Grants and Subsidies	33 666 424	42 430 230	(8 763 806)	21%
General Expenses	12 183 926	14 300 470	(2 116 544)	15%
Loss on disposal of Property, Plant and Equipment	397 840	200 000	197 840	-99%
Fair Value Adjustments	-	-	-	-
	102 411 291	121 903 670	(19 492 379)	16%
Net Surplus for the year	(332 852)	(22 063 990)	(17 253 621)	78%

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 (%)
33.2 Expenditure by Vote				
Executive & Council	15 799 501	19 825 490	(4 025 989)	-20%
Budget & Treasury	18 848 684	18 480 510	368 174	2%
Corporate Services	14 788 005	17 058 860	(2 270 855)	-13%
Planning & Development	43 948 380	54 941 130	(10 992 750)	-20%
Housing	3 487 013	4 287 930	(800 917)	-19%
Public Safety	4 404 505	4 599 830	(195 325)	-4%
Environmental Protection	1 990 610	2 709 920	(719 310)	-27%
Less Inter-Departmental Charges	(801 168)	-	(801 168)	100%
	102 465 530	121 903 670	(19 438 140)	-16%

	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 (%)
33.3 Capital expenditure by vote				
Executive & Council	58 809	82 000	(23 191)	-28%
Budget & Treasury	692 945	757 200	(64 255)	-8%
Corporate Services	445 475	606 290	(160 815)	-27%
Planning & Development	209 181	676 700	(467 519)	-69%
Housing	73 166	73 510	(344)	0%
Public Safety	1 073 887	1 405 800	(331 913)	-24%
Environmental Protection	-	60 000	(60 000)	-100%
	2 553 462	3 661 500	(1 108 038)	-30%

34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

34.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	5 817 856	4 817 435
Unauthorised expenditure current year - capital	-	-
Unauthorised expenditure current year - operating	695 285	1 000 421
Written off by council	(5 817 856)	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	695 285	5 817 856

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

34.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	187 292	5 267
Fruitless and wasteful expenditure current year	117 410	182 025
Written off by council / Recovered	(29 037)	-
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting further action	275 664	187 292

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.

34.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	223 977	11 130 848
Irregular expenditure current year	582 330	183 637
Condonement supported by council	(40 340)	(11 090 508)
Transfer to receivables for recovery	(183 637)	-
Irregular expenditure awaiting further action	582 330	223 977
	-	-

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.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
34.4		
<u>Material Losses</u>		
No material losses occurred during the year		
35		
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
35.1		
<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
Opening balance	-	-
Council subscriptions	414 962	400 000
Amount paid - current year	(414 962)	(400 000)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
35.2		
<u>Audit fees - [MFMA 125 (1)(b)]</u>		
Opening balance	-	-
Current year audit fee	1 580 224	1 401 052
Amount paid - current year	(1 580 224)	(1 401 052)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-
35.3		
<u>VAT - [MFMA 125 (1)(b)]</u>		
Opening balance	1 119 098	1 189 493
Amounts received - current year	(3 702 390)	(3 614 796)
Amounts received - previous years	(1 119 098)	(1 140 609)
Amounts claimed - current year	4 896 209	4 685 010
Closing balance - Receivable	1 193 819	1 119 098
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.		
35.4		
<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>		
Opening balance	-	2 303
Current year payroll deductions and Council Contributions	7 056 507	8 259 905
Amount paid - current year	(7 056 507)	(8 262 208)
Balance unpaid (included in creditors)	-	-
35.5		
<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	6 824 693	8 734 546
Amount paid - current year	(6 824 693)	(8 734 546)
Balance unpaid (included in creditors)	-	-
35.6		
<u>Other non-compliance (MFMA 125(2)(e))</u>		
None		
35.7		
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
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
2013		
Environmental System Research Institution		99 750
Hunger & Thirst Foundation		76 309
Business Connections		182 242
Total		358 301

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

36 FINANCIAL RISK MANAGEMENT

2014
R **2013**
R

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% (2012 - 0.5%) Increase in interest rates	717 464	333 298
0.5% (2012 - 0.5%) Decrease in interest rates	(358 732)	(333 298)

(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.

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

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

Long term receivables	10 476 545	10 612 116
Receivables from non-exchange transactions	1 457 680	1 534 232
Cash and Cash Equivalents	87 934 339	83 563 895
Non-Current Investments	-	-
	99 868 563	95 710 243

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through

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.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	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	10 636 829	2 659 207	-
Capital repayments	1 444 747	7 584 346	2 453 653	-
Interest	1 214 568	3 052 483	205 555	-
Trade and Other Payables	-	-	-	-
Unspent conditional government grants and receipts	346 350	-	-	-
Cash and Cash Equivalents	-	-	-	-
	3 005 666	10 636 829	2 659 207	-
	3 005 666	10 636 829	2 659 207	-
2013				
Long Term liabilities - Annuity Loans	2 659 315	10 636 937	5 318 414	-
Capital repayments	1 298 891	6 821 366	4 661 379	-
Interest	1 360 424	3 815 571	657 036	-
Long Term liabilities - Finance Lease Liability	35 173	-	-	-
Capital repayments	34 299	-	-	-
Interest	874	-	-	-
Trade and Other Payables	-	-	-	-
Unspent conditional government grants and receipts	327 281	-	-	-
Cash and Cash Equivalents	-	-	-	-
	3 021 769	10 636 937	5 318 414	-
	3 021 769	10 636 937	5 318 414	-

37 FINANCIAL INSTRUMENTS

2014
R **2013**
R

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

37.1 Financial Assets	Classification		
Investments			
Bank Deposits	Financial instruments at amortised cost	4 400 000	3 800 000
Receivables			
Receivables from non-exchange transactions	Financial instruments at amortised cost	1 457 680	1 534 232
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	78 000 000	83 200 000
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	9 931 039	360 595
Cash Floats and Advances	Financial instruments at amortised cost	3 300	3 300
		93 792 018	88 898 127
		93 792 018	88 898 127
SUMMARY OF FINANCIAL ASSETS			
Financial instruments at amortised cost		93 792 018	88 898 127
At amortised cost		93 792 018	88 898 127
		93 792 018	88 898 127
37.2 Financial Liability			
Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	8 434 946	10 041 380
Capitalised Lease Liability	Financial instruments at amortised cost	-	-
Payables from exchange transactions			
Other Payables	Financial instruments at amortised cost	6 219 361	4 171 424
Other Payables			
Government Subsidies and Grants	Financial instruments at amortised cost	346 350	327 281
Current Portion of Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	1 605 705	1 444 018
Capitalised Lease Liability	Financial instruments at amortised cost	-	-
		16 606 363	15 984 103
		16 606 363	15 984 103

**FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
SUMMARY OF FINANCIAL LIABILITY		
Financial instruments at amortised cost	<u>10 387 001</u>	<u>11 812 679</u>
38 EVENTS AFTER THE REPORTING DATE		
The municipality has no events after reporting date during the financial year ended 2013/2014.		
39 IN-KIND DONATIONS AND ASSISTANCE		
The municipality did not receive any in-kind donations or assistance during the year under review.		
40 PRIVATE PUBLIC PARTNERSHIPS		
Council has not entered into any private public partnerships during the financial year.		
41 CONTINGENT LIABILITY		
41.1 <u>Implementation of Task</u>		
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.		
41.2 <u>Labour Disputes</u>		
The District Municipality have one labour case pending against the municipality. The estimated legal cost that will be incurred in order to finalise the matter amounts to R20,000.		
41.3 <u>Implementation of the "e" Venus Financial System</u>		
Dikgatlong Local Municipality have declared a dispute with Business Connexion - BCX with regard to outstanding invoices to the estimated amount of R648,468 not paid in respect of the implementation and support on the "e" Venus Financial system since January 2010. As the District Municipality have entered into to an agreement with Business Connexion - BCX on the implementation of the financial system the dispute is likely to escalate to the District Municipality as indicated by Dikgatlong Municipality.		
42 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.		
42.1 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		
42.2 Compensation of key management personnel		
The compensation of key management personnel is set out in note 22 to the Annual Financial Statements.		
42.3 Other related party transactions		
The following purchases were made during the year where Councillors or staff have an interest:		
<i>None</i>		

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

9 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2014

Reconciliation of Carrying Value

	Cost				Accumulated Depreciation and Impairment Losses				Carrying Value					
	Opening Balance		Closing Balance		Opening Balance		Closing Balance		Error - Depreciation		Error - Disposal		Closing Balance	
	R	R	R	R	R	R	R	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	80 961 713	2 472 367	847 054	82 587 025	34 352 163	-	-	3 749 610	-	448 629	-	-	37 653 143	44 933 883
Land & Buildings	59 709 877	625 688	-	60 335 565	25 824 872	-	-	682 816	-	-	-	-	26 517 688	33 817 877
Office Equipment	3 144 651	200 232	6 478	3 338 405	1 564 602	-	-	474 745	-	5 524	-	-	2 023 823	1 314 582
Furniture & Fittings	2 951 375	94 049	8 660	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	(7 496 968)	115 830	-	(7 381 138)	(271 268)	-	-	(174 212)	-	-	-	-	(445 480)	(6 935 658)
Discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	74 594 860	2 624 293	847 124	76 372 028	34 400 705	-	-	3 758 850	-	448 684	-	-	37 710 870	38 661 158

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

10 JUNE 2013

Reconciliation of Carrying Value	Cost				Accumulated Depreciation and Impairment Losses				Carrying Value			
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation Charge	Correction of Error - Depreciation	Restated Opening Balance	Disposals	Correction of Error - Disposal	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Community Assets	596 889	536 545	3 320	1 130 115	247 300	125 217	(50 927)	247 273	1 638	114	319 811	810 303.98
Land & Buildings	151 676	-	-	151 676	64 006	10 688	-	64 006	-	-	74 673	77 002
Security Measures	445 214	536 545	3 320	978 439	183 295	114 549	(27)	183 268	1 638	114	245 138	733 302
Other Assets	77 791 495	5 097 648	1 927 429	80 961 713	32 166 808	3 162 046	(11 201)	32 155 607	1 047 282	24 042	34 352 165	46 609 548
Land & Buildings	59 492 774	217 104	-	59 709 877	25 236 907	587 967	-	25 236 907	-	-	25 824 874	33 885 003
Office Equipment	3 001 078	256 179	112 606	3 144 651	1 189 479	372 331	(653)	1 188 926	80 521	(292)	1 594 602	1 590 049
Office Equipment - Finance leases	337 110	-	337 110	-	124 409	12 040	-	124 409	136 449	36 119	-	-
Furniture & Fittings	2 967 284	118 334	134 243	2 951 375	1 391 305	382 965	(1 861)	1 389 444	84 003	2 298	1 679 459	1 271 916
Plant & Machinery	1 950 894	46 301	7 219	1 989 976	814 494	302 236	(155)	814 339	6 654	(664)	1 112 435	877 542
Plant & Machinery - Residual Value	298 000	-	-	298 000	-	-	-	-	-	-	-	298 000
Emergency Equipment	974 092	361 965	-	1 336 057	405 932	120 550	-	405 932	-	(6 435)	520 047	816 010
Motor Vehicle	2 692 124	2 905 591	-	5 597 715	1 236 183	623 924	(2 937)	1 233 246	548 752	(14 365)	1 308 555	4 289 160
Motor Vehicle - Residual Value	1 126 271	866 336	1 041 956	950 651	-	-	-	-	-	-	-	950 651
Computer Equipment	4 951 868	325 837	294 296	4 983 409	1 768 099	760 034	(5 695)	1 762 404	190 904	945	2 352 193	2 631 216
Less: Transferred to Non-Current Assets Held for Sale	(148 602)	-	-	(7 496 968)	(73 447)	-	-	-	-	-	(271 268)	(7 225 699)
Discontinued operations												
	78 239 782	5 634 193	1 930 749	74 594 860	32 340 661	3 287 263	(11 227)	32 402 881	1 048 921	24 156	34 400 707	40 194 153

APPENDIX A - Unaudited
FRANCES BAARD DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30 JUNE 2012	Redeemed written off during the period	Balance at 30 JUNE 2013
ANNUITY LOANS					
DBSA - Frances Baard Council Chamber & Offices	103363/1	10 Years	11 485 398	1 444 747	10 040 651
Total Annuity Loans			11 485 398	1 444 747	10 040 651
LEASE LIABILITY					
Office Equipment			-	-	-
Total Lease Liabilities			-	-	-
TOTAL EXTERNAL LOANS			11 485 398	1 444 747	10 040 651

APPENDIX B - Unaudited
FRANCES BAARD DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

	Cost										ACCUMULATED DEPRECIATION					Carrying Value
	Balance at 1 JULY 2013	Residual Value at 1 JULY 2013	Additions	Revaluation Movements / Impairments	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Transfers / Adjustments	Balance at 30 JUNE 2014	Additions / Impairments	Disposals	Transfers / Adjustments	Balance at 30 JUNE 2014		
															Balance at 1 JULY 2013	
Municipal Governance & Administration Executive & Council	12 109 100	-	744 177		324 900	-	535 772	271 800	-	12 370 604	2 111 045	433 287	-	6 426 354		
Mayor & Council	2 197 082	-	58 809		-	-	23 684	-	-	2 232 237	278 293	23 684	-	1 472 439		
Office of the Municipal Manager	1 684 749	-	-		-	-	11 212	-	-	1 673 537	217 989	11 212	-	1 228 718		
	512 333	-	58 809		-	-	12 442	-	-	558 700	60 304	12 442	-	243 721		
Budget & Treasury Office	4 921 503	-	323 045		324 900	-	166 363	271 800	-	5 131 285	994 039	166 363	-	2 325 254		
Corporate Services	4 990 514	-	362 323		269 990	-	345 755	-	-	5 007 082	838 713	243 270	-	2 628 661		
Human Resources	34 285	-	2 853		-	-	1 964	1 964	-	35 174	4 163	1 964	-	24 909		
Information Technology	4 122 263	-	359 471		269 990	-	341 449	-	-	4 140 284	732 399	238 964	-	2 219 588		
Other Admin	833 966	-	-		-	-	2 342	2 342	-	831 625	102 150	2 342	-	384 164		
Community Services & Public Safety Community & Social Services	3 577 404	-	300 075		269 990	-	59	-	-	4 147 410	64 770	59	-	1 072 777		
Community Services	-	-	-		-	-	-	-	-	-	-	-	-	-		
Public Safety - Civil Defense	2 889 329	-	226 909		269 990	-	-	-	-	3 386 228	17 580	-	-	814 560		
Housing	688 074	-	73 166		-	-	59	-	-	761 182	47 190	59	-	258 218		
Economic & Environmental Services	66 405 324	-	247 332		-	-	39 493	-	-	67 235 151	1 757 246	15 338	-	30 657 221		
Planning & Development	66 132 819	-	247 332		-	-	38 838	-	-	66 963 300	1 725 798	14 663	-	30 443 520		
Environmental Protection	272 506	-	-		-	-	655	-	-	271 851	31 448	655	-	213 701		
TOTAL PER STANDARD CLASSIFICATION	82 091 828	-	1 291 584		594 890	-	575 324	271 800	-	83 753 166	3 933 061	448 684	-	38 156 353		
Less transferred to Non-Current Assets Held for Sale	(7 496 968)									(7 381 138)	(174 212)			(445 480)		
Discontinued operations	-									-				-		
Total Assets	74 594 860	-	1 291 584		594 890	-	575 324	271 800	-	76 372 028	3 758 850	448 684	-	37 710 873		
* Internal Transfers														38 661 158		

APPENDIX C - Unaudited
FRANCES BAARD DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2014

	Actual Income 2013 R	Actual Expenditure 2013 R	Surplus / (Deficit) 2013 R		Actual Income 2014 R	Actual Expenditure 2014 R	Surplus / (Deficit) 2014 R
	85 300 903	(46 364 475)	38 936 428	Municipal Governance & Administration	87 227 545	(48 604 269)	38 623 276
	3 318 000	(16 302 962)	(12 984 962)	Executive & Council	3 716 000	(15 799 501)	(12 083 501)
	3 318 000	(9 182 856)	(5 864 856)	Mayor & Council	3 716 000	(7 720 565)	(4 004 565)
	-	(7 120 106)	(7 120 106)	Office of the Municipal Manager	-	(8 078 936)	(8 078 936)
	81 982 903	(16 204 526)	65 778 377	Budget & Treasury Office	83 511 545	(18 016 763)	65 494 782
	-	(13 856 987)	(13 856 987)	Corporate Services	-	(14 788 005)	(14 788 005)
	-	(3 470 131)	(3 470 131)	Human Resources	-	(3 376 659)	(3 376 659)
	-	(3 689 359)	(3 689 359)	Information Technology	-	(4 098 880)	(4 098 880)
	-	(6 697 497)	(6 697 497)	Other Admin	-	(7 312 466)	(7 312 466)
	3 271 555	(7 931 096)	(4 659 541)	Community Services & Public Safety	1 600 000	(7 891 518)	(6 291 518)
	2 288 364	(3 958 313)	(1 669 948)	Community & Social Services	600 000	(4 404 505)	(3 804 505)
	-	(32 674)	(32 674)	Community Services	-	-	-
	2 288 364	(3 925 639)	(1 637 274)	Public Safety - Civil Defense	600 000	(4 404 505)	(3 804 505)
	983 191	(3 972 784)	(2 989 592)	Housing	1 000 000	(3 487 013)	(2 487 013)
	13 348 228	(45 259 413)	(31 911 185)	Economic & Environmental Services	13 274 380	(45 938 990)	(32 664 610)
	10 342 392	(43 462 193)	(33 119 801)	Planning & Development	10 266 391	(43 948 380)	(33 681 989)
	3 005 836	(1 797 220)	1 208 616	Environmental Protection	3 007 990	(1 990 610)	1 017 380
	101 920 686	(99 554 983)	2 365 702	SUB TOTAL	102 101 925	(102 434 777)	(332 852)
	-	-	-	Discontinued Operations	-	-	-
	101 920 686	(99 554 983)	2 365 702	TOTAL	102 101 925	(102 434 777)	(332 852)

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 2013	Correction of error	Balance 1 JULY 2013	Grants Received	Write Offs/ Transfers	Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2014
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS							
	R	R	R	R		R	R
Equitable Share	-	-	-	89 990 000	-	89 990 000	-
Financial Management Grant	-	-	-	1 250 000	-	1 250 000	-
Municipal Systems Improvement Grant	267 008	-	267 008	890 000	-	977 941	179 068
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
NEAR Control Centre	-	-	-	300 000	-	300 000	-
NCPA - Housing Accreditation Grant	-	-	-	1 000 000	-	1 000 000	-
NCPA Firefighting Equipment	-	-	-	300 000	-	300 000	-
NCPA - Eradication of Bucket System	-	-	-	-	-	-	-
MIG - Projects	-	-	-	-	-	-	-
SETA - Skills Grant	-	-	-	76 853	-	76 853	-
NCPA: Vuna Awards	-	-	-	-	-	-	-
DWA: Backlogs in Water & Sanitation at Clinics and Schools	-	-	-	-	-	-	-
NCPA: EPWP: DMA Bush Clearance	-	-	-	1 000 000	-	1 000 000	-
NCPA: Environmental Health Recycling Project	60 272	-	60 272	-	-	7 990	52 283
Tourism Grant	-	-	-	150 000	-	150 000	-
ABSA	-	-	-	15 000	-	-	15 000
Total	327 281	-	327 281	95 071 853	-	95 052 784	346 350

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