

ANNUAL REPORT 2018/19

Comprehensive report on the activities and financial performance
of the FBDM

DRAFT



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

Frances Baard District Municipality

Annual Report 2018/2019



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VOLUME I

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ACRONYMS

AFS	-	Annual Financial Statements
AG	-	Auditor-General
CBO	-	Community-based Organisation
CDW	-	Community Development Worker
COGHSTA	-	Department of Cooperative Governance, Human Settlements & Traditional Affairs
DENC	-	Department of Environment and Nature Conservation
DIGF	-	District Inter-governmental Forum
DoRA	-	Division of Revenue Act
EIA	-	Environmental Impact Assessment
EPWP	-	Expanded Public Works Project
FBDM	-	Frances Baard District Municipality
FY	-	Financial Year
GIS	-	Geographic Information System
GRAP	-	Generally Recognised Accounting Practice
HH	-	Households
ICT	-	Information Communication Technology
IDP	-	Integrated Development Plan
DITP	-	District Integrated Transport Plan
KPA	-	Key Performance Area
KPI	-	Key Performance Indicator
LED	-	Local Economic Development
MFMA	-	Municipal Finance Management Act
MIG	-	Municipal Infrastructure Grant
MPAC	-	Municipal Public Accounts Committee
NCPA	-	Northern Cape Provincial Association
NEAR	-	National Emergency Alarm Radio System
NGO	-	Non-government Organisation
NHNR	-	National Housing Needs Register
O&M	-	Operation and Maintenance
PIGF	-	Premier's Inter-governmental Forum
PMS	-	Performance Management System
SALGA	-	South African Local Government Association
SETA	-	Sector Education and Training Authority
SDBIP	-	Service Delivery & Budget Implementation Plan
SDF	-	Spatial Development Framework
SMME	-	Small, Medium & Micro Enterprises
SPM	-	Sol Plaatje Municipality
WSP	-	Workplace Skills Plan

Vision

An innovative municipality that aims to improve the quality of life of communities through integrated planning.

Mission

- To promote shared services and capacity building in local municipalities
- To promote effective community and stakeholder management
- To promote social and economic development, and;
- To utilize available resources economically and effectively

Values

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

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

Mayor's foreword and executive summary

1.1 Mayor's foreword



Mr PW Marekwa
Executive Mayor

In 2018/19 the district municipality had to put more emphasis on cost containment measures to mitigate the emerging risk of depleting the accumulated reserves. A decision was therefore taken to cut on the following operating expenditures to enable the municipality to invest in capital expenditures in the district as well as at our local municipalities; namely, advertisements, bursaries and trainings, catering for commemorative days, entertainment and resettlement costs.

The challenges with financial management and governance also continued to pose major problems at our local municipalities, as these institutions are still battling financial and technical capacity constraints. More and more, it has become one of our major concerns to assist municipalities such as Dikgatlong and Magareng, where we know they have capacity constraints.

We continue to be a district municipality which focuses most of its resources towards the support of our local municipalities, however, we are still highly dependant on grants (90%), which influences our total operating expenditure. In a time when the economic situation of the country is still dire, it becomes crucial that we jealously protect our fiscus and do everything within our power to ensure the municipality remains a going concern.

In this year we focussed mainly on operation and maintenance (O&M), as a means to ensure that infrastructure at local municipalities are maintained to extend productive use of equipment. Water losses and non-revenue water are still very high in the local municipalities. Although we provide assistance with O&M funding, management of the O&M still needs to improve at local municipalities. The district municipality managed to assist the local municipalities to maintain water and waste water infrastructure, electrical infrastructure and streets and storm water infrastructure and the maintenance of gravel roads, in the previous financial year, and will continue to do so going forward.

The establishment of a firefighting function in the district remains encumbered by challenges such as the lack of human capital to execute the function and funding for the establishment of firefighting facilities. The establishment of the District Disaster Management Centre remains a challenge, even though the planning stages for the establishment of the Disaster Centre has been concluded. The district still only has fire services in the Sol Plaatje local municipality. Extensive research has been done to investigate the possibility of establishing a fire station in the district, cost estimates for the establishment of the district disaster management centre were completed, and a medium pumper fire engine has been procured.

The RRAMS programme implementation is going from strength to strength and in 2018/19 we entered into the second 3-year contract to manage the process of establishing the system. It is the goal of the municipality to create capacity within the FBDM to continue with the RRAMS after the lifespan of the grant.

As a Council we remain focussed on ensuring that we support our local municipalities in the delivery of quality services to the communities in the district. It is our duty as political leaders to overcome the challenges and to ensure a better life for our constituencies.

My gratitude must go to the entire administration and Council of Frances Baard District Municipality, for without their invaluable inputs, we would have not achieved what we have achieved. To our partners in provincial and national government, thank you for the unfailing support. To our local councils and all stakeholders, we extend our warmest thanks, because of your support and contribution, our municipality has remained viable and still a main contributor to service delivery in the district.

1.2 Executive summary

Municipal Manager's Overview

The Frances Baard District Municipality has maintained its record of receiving unqualified audits outcome, even though with two findings in the year under review. 2018/19 financial year has been a dynamic year with achievements and challenges along the way.

Our challenges and/or setbacks has not in any way made us despondent for we understand the challenges that are inherent in our environment. We have however ensured that we assist our local municipalities as far as possible to provide basic services to our people.

Our IDP remains a compass to the activities of council in the delivery of services and ensures that we do not deviate from our vision.

In trying to improve the quality of life of our people, we have made efforts to help our SMMEs to be involved in the economic development of their district.

Two of the biggest challengers we have identified for SMEs are soft skills and operating infrastructure. As part of creating a skilful and learning economy the district trained 17 entrepreneurs on businesses management NQF level 5 and 6 as well as 10 farmers undergoing emerging farmer development program.

These training programs will ensure that the entrepreneurs are able to make strategic decisions that will ensure they improve their productivity and penetrate new markets. To address the challenge of business infrastructure the district assisted Dikgatlong local municipality to refurbish the bee-hive (incubation centre) in Barkly West.

Another strategic initiative of the district in supporting business has been the refurbishment of a building in Magareng that shall host the business support centre. The centre will also host necessary government agencies to ensure better access to support our rural entrepreneurs.



Municipal Manager
Ms Z.M Bogatsu

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

Municipal Manager

1.3 Municipal functions, population and environmental overview

We continue to strengthen our efforts to assist our local municipalities to deliver the much needed services to our communities. We have identified that the bulk infrastructure is old and this contributes to interruptions to the provision of services. Frances Baard District Municipality continued to provide funding for operation and maintenance in the year under review. Our assistance is not only on financial support but we provide our local municipalities with technical support (engineering technicians and the building inspectorate).

The delivery efforts of the municipality remains focussed on assisting category B municipalities in terms of infrastructure for the provision of free basic services as well as operation and maintenance support. The district municipality continues to assist the smaller local municipalities with adhoc administrative issues and financial management support.

The district municipality have sound internal systems in place to promote and uphold accountable, efficient and effective operations. As the sphere of government closest to civil society it is important that the district municipality sustains its developmental focus. The municipality prides itself in having sound financial management approaches as a cornerstone for effective and efficient performance.

The Frances Baard District is made up of the district municipality (category C municipality) and four local municipalities (category B municipality). Each of the local municipalities exercise and perform powers and functions to provide municipal services on an equitable and sustainable manner. The respective district municipality, continues to assist local municipalities in building the capacity that enables 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 foresee 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 distribute resources within a district according to need, 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. Water and sanitation
2. Electricity
3. Housing
4. Roads and storm water
5. Township establishment
6. Disaster Management
7. Environmental Management
8. Local Economic Development
9. Youth Development
10. Education
11. Clean Audit

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

Municipal area	Top four priority areas
Dikgatlong	1. Housing, 2. Land, 3. Water and sanitation, 4. Roads and stormwater and 5. Electricity.
Magareng	1. Water and sanitation, 2. Unemployment, 3. Land development and 4. Education.
Phokwane	1. Land and housing, 2. Roads and stormwater, 3. Health services and 4. Unemployment.
Sol Plaatje	1. Roads (paving and resealing), 2. Stormwater channels upgrade (across the city but specifically in Galeshewe), 3. Electricity upgrade of substations and electrification of houses and 4. Local economic development.
District-wide	The district-wide priorities: 1. Water and sanitation, 2. Electricity, 3. Housing and 4. Roads and stormwater are the highest areas of focus.

The annual budget in respect of the 2018/19 financial year was prepared according to the approved IDP and budget process plan. The process plan followed after consultation with the local municipalities within the district to ensure alignment.

Geography

Even though our district has a highest population of 33,4% of the provincial population, it is the smallest in terms of geographical area. It has four local municipalities in its jurisdiction, namely:

- Sol Plaatje local municipality;
- Dikgatlong local municipality;
- Magareng local municipality; and
- Phokwane local municipality.

The district shares its seat, Kimberley in the Sol Plaatje municipal area, with the provincial administration. It is bordered by three districts namely, John Taolo Gaetsewe, ZF Mgcawu and Pixley-ka-Seme as well as two provinces namely, North West province and the Free State.

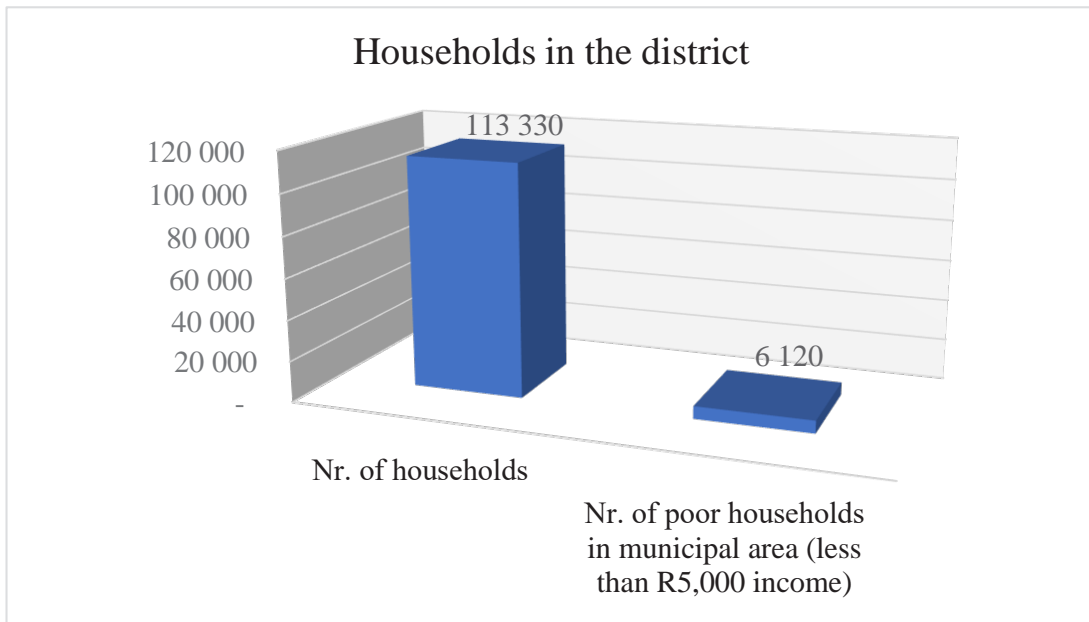
A total of 65% of the population fall within the potentially economically active group, with an equal distribution between male (49.6%) and female (50.4%). The district has an unemployment rate of 39.4%.

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*)

FBDM has the strongest economic potential in the Northern Cape, accounting for 38% of the provincial GDP {*Source: IHS Markit, 2018 [Regional Explorer Version 1277 (2.6b)]*}. The economy of the district consists of the primary sector (14%) (agriculture and mining), secondary sector (9%) (manufacturing, electricity and construction) and tertiary sector (77%) (trade, transport, financial and social services). (*Global Insight, 2016*).

Population Details			
Population			
Age	Male	Female	TOTAL
Age: 0 - 14	56 755	53 069	109 824
Age: 15 - 34	65 640	60 700	126 340
Age: 35 - 64	52 696	55 018	107 714
Age: 65+	17 141	26 724	43 865
TOTAL	192 231	195 511	387 742

Community Survey, 2016



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	Incl. 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 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 district.</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 • Establishment of a tannery
Sun light	Establishment and fostering of alternative energy industry and supply of cheaper energy (electricity)	Skills of communities and accessibility to the technology	<ul style="list-style-type: none"> • Alternative energy implements • Cheaper electricity

1.4 Service Delivery Overview

The emphasis was on operation and maintenance (O&M) in the year under review. Funding to the value of R 7,000,000 has been allocated for the O&M programme for the 2018/19 financial year.

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

Dikgatlong Local Municipality

- Maintenance on electrical infrastructure and streets and stormwater - Grading of gravel roads with FBDM grader;
- Repairs at sewer pump station in De Beershoogte; and
- Installation of a new water pump at the water treatment works as well as cleaning of municipal sites.

Magareng Local Municipality

- Maintenance of electrical infrastructure - Prepaid electricity meters and other material for maintenance were purchased. Transformers have been ordered and replaced;
- Maintenance of streets and stormwater - Temporary workers have been appointed and have started with the rehabilitation of streets; and
- Maintenance of waste water infrastructure and water infrastructure - Motor and pump have been ordered to replace one that was damaged.

Phokwane Local municipality

- Maintenance on electrical infrastructure and streets and stormwater: Cost incurred on grading of gravel roads as well as material purchased; and
- Two pumps at the Hartswater and Jan Kempdorp waste water treatment plants were repaired.

Sol Plaatje Local municipality

- There is an On-going maintenance on gravel roads in the district as well as maintenance of sanitation facilities in Platfontein.
- **Expanded Public Works Programme (EPWP)**

Our EPWP incentive grant of R 1,113m for the 2018/19 financial year was to implement the following project:

Project	Details
Maintenance of streets and stormwater in Warrenton to the amount R 200,000	This project covers the maintenance of streets and stormwater drainage in Warrenton, including pothole repairs, grading of roads and cleaning of stormwater infrastructure. FBDM provided towards the project and Magareng Municipality appointed 37 workers.
Operation and maintenance of water and waste water treatment works Dikgatlong to the amount of R350,000.	This project involved grass cutting, fencing and cleaning of screens and grit channels at all the water and waste water treatment works in Dikgatlong Municipality, using manual labour. The project was estimated for a duration of five (5) months and started in November 2018 with 50 participants on site.
Youth Entrepreneurship Development Programme (YEDP)	FBDM employs young graduates for a period of up to twenty-four (24) months. The programme is on-going, and it is reported monthly on the EPWP reporting system. The total budget for the project was R 563,000.00.

- **Rural Road Asset Management System**

This project is for a three year period from the 2018/19 financial year until the 2020/21 financial year. For the current financial year, the district municipality received an allocation of R 2,521,000 for the implementation of the RRAMS in the district. The actual work started in January 2019. Assessment progress is 100% for road geo-spatial data; 83.8% for road visual condition data and 100% for road inventory.

- **Kgotso Pula Nala Programme**

The district municipality implemented the programme in the municipalities of Dikgatlong, Magareng and Phokwane. The municipality received an amount of R 5,000,000 of R4,000,000 was spent in the 2018/19 financial year and R 1,000,000 has been earmarked for the 2019/20 financial year. Expenditure for 2018/19 is standing on R 3,930,075.

- **Environmental Health**

- We have commenced with the review of the environmental management framework (EMF) in this financial year and will complete the task in 2019/20;
- A total of 60 awareness campaigns (sanitation, air quality management and waste management) were conducted in cooperation with NGOs and sector departments in communities and at schools;
- A total of 461 drinking water samples were collected at various sampling points in the district, which includes schools and clinics; and
- Food and non-food premises i.e. funeral parlours, primary health care facilities, ECD centres were inspected regularly and in accordance with relevant legislation.

- **Disaster Management and Housing**

An amount of R 410,960,00 was spent to assist destitute families within the Phokwane, Magareng and Dikgatlong local municipalities for the financial year. A training programme was implemented for the volunteers from Dikgatlong and a total of 30 volunteers were trained. Safety awareness programmes were also rolled out.

- **LED & Tourism**

- As agriculture is one of the main economic drivers in our district, we resolved to assist emerging farmers to realise their full potential to participate in the economy of the district. Fifteen (15) emerging farmers have been trained on how to manage a farm in 2018/19, on production systems and management;
- The Magareng business support centre was refurbished. The centre is intended to improve access to business support services in the Magareng municipal area.
- In terms of tourism, the municipality continued work on the Ganspan project. In 2018/19 the district municipality conducted an EIA at the wetlands in order to secure environmental authorisation for the proposed restoration and upgrading. At the end of the financial year the EIA process had to conclude the final scoping report. The funds are rolled over to the 2019/20 financial year.

- **Spatial Planning**

In 2018/19 the tribunal processed land development applications for Magareng, Dikgatlong and Phokwane local municipalities. The tribunal received 35 land development applications. Amendments had to be made and re-registration done for the 20 title deeds in Koopmansfontein prior to gazetting. The district municipality also assisted the Magareng and Phokwane municipalities with infill development which involved sub-division, re-zoning and a cadastral survey.

- **GIS**

The district municipality assisted Magareng local municipality with the mapping of sites for the development of a shopping complex to be situated along the N12 and assisted with the verification of the sites earmarked for construction of sports facilities. In Dikgatlong municipality mapping was done for 4 sites which showed potential for the development of citrus farming. The district municipality also assisted with the verification of Erf 767 in Jan Kempdorp to determine its location in the urban edge of the town and conducted a land use survey project for the municipality.

1.5 Financial Overview

The municipality strives to maintain a healthy financial position and continues to monitor its financial status and as such is showing improved financial results on an annual basis. It is through these results that the municipality has an opportunity to invest in capital projects for the local municipalities as well as maintaining their infrastructure assets. In order to improve our financial management, the municipality reviewed its cost containment policy in July 2019 and this was strengthened by the implementation of the Municipal Cost Containment Regulations No. 41445 to ensure that municipalities do not waste public resources on non-priority matters. Cost curtailment is now a rooted principle and is no longer seen as a short-term intervention, but rather part of the organisational culture, and it is because of that, that the municipality is making stride to manage its finances better and channel them to the provision of basic services.

We showed an increase in the cash flow management compared to the previous financial year (2017/18). The net increase in cash improved from R 969 685 in 2017/18 to R20 495 355 in the 2018/19 financial year. This further resulted in the increase in the current ratio from 3.60 to 4.93. This improvement is as a direct result of the savings realised from the implementation of the cost containment measures and the increase in investments and its interest earned.

The municipality had a surplus of R24 849 302 for the year under review which was a major improvement from the previous year's surplus of R7 273 895. The increase in the afore-mentioned is because of:

Employee related cost: though this became a saving for the municipality the employee related cost relates to a high vacancy rate of senior managers i.e. Directors Infrastructure Services, Planning & Development and Finance.

There was also a major increase in our total assets, particularly in investments for the year under review. A net asset was realised of R100,553,000 (2017/18: R75,785,000), which indicates that the municipality's total assets were more than the total liabilities. The amount of net cash inflows for the year from operating activities increased to R32,878,000 (2017/18: R1,952,000) illustrating an increase in investment, resulting in an interest in investment acquired. The representation also has assisted the municipality to remain on 9% creditors as a percentage of cash and cash equivalents. The municipality has been able to pay the creditors within a 30-day period. We rely on the report of the Auditor-General on its assessment of our financial viability and we can report that we are viable for the year under review, despite challenges experienced.

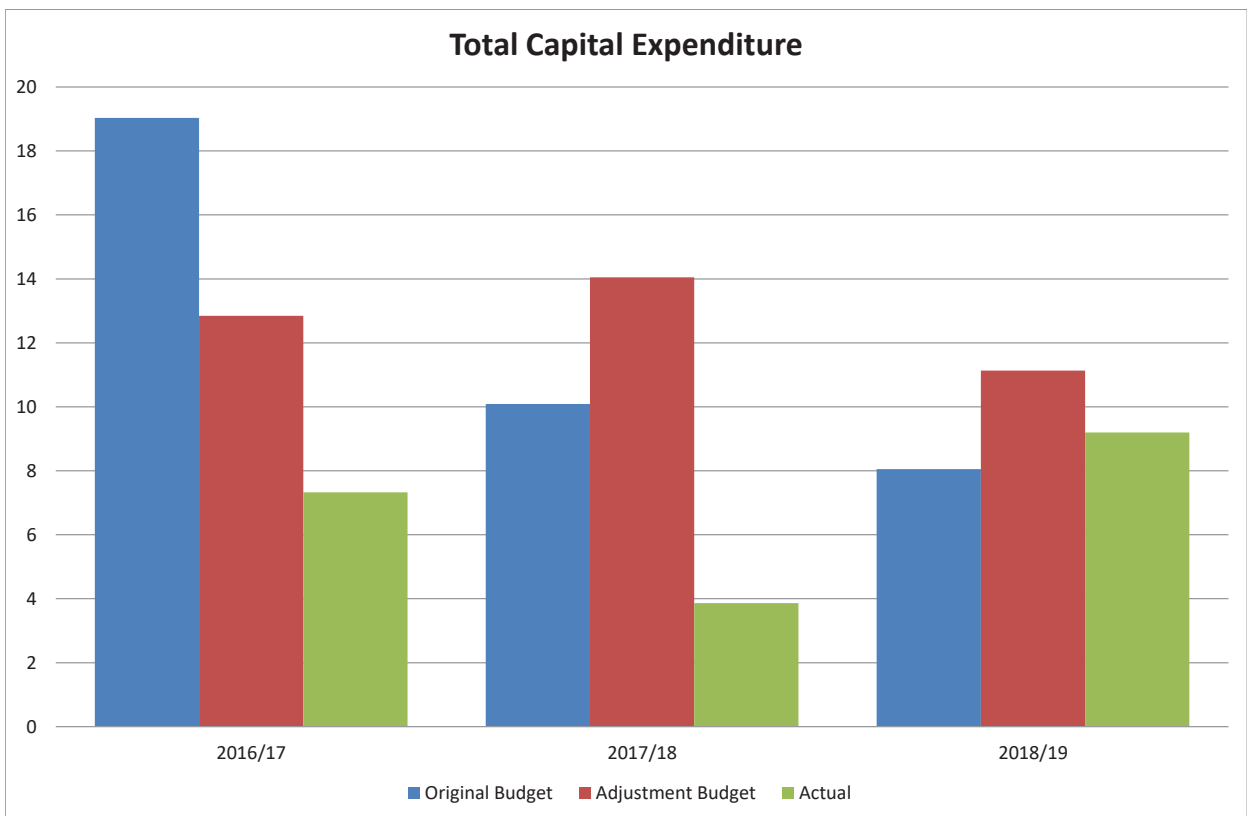
A seventy percent cut was made to the 2018/19 budget as compared to the 2017/18 financial year due to the financial constrains experienced by the municipality as a result of the decrease in cash backed reserves. The funding was allocated to the local municipalities to assist with the operation & maintenance (O&M) of their aging infrastructure assets to ensure enhancement of service delivery on the Frances Baard communities.

Financial Overview - 2018/19			
	R'000		
Details	Original Budget	Adjustment Budget	Actual
Income			
Grants	121,311	121,311	125,713
Taxes, Levies and tariffs			
Other	6,308	6,608	7,661
Sub-Total	127,619	127,919	133,374
Less Expenditure	128,517	128,926	108,525
Net Total*	(898)	(1,007)	24,849
*Note: surplus/(deficit)			

Operating Ratios	
Detail	%
Employee Cost	61.60%
Repairs & Maintenance	1.12%
Finance Charges & Depreciation	3.01%

The employee costs currently stand at 62% of the total budget of the municipality. This is a concern to the municipality as this competes with the capital expenditure which is meant for the provision of services to our communities. However, we need to highlight that since the municipality has a statutory mandate to support the local municipalities, it employed dedicated personnel with highly technical skills to build capacity that enables it to support its local municipalities.

Total Capital Expenditure 2016/17 - 2018/19			
	R'000		
Detail	2016/17	2017/18	2018/19
Original Budget	19,036	10,087	8,050
Adjustment Budget	12,848	14,050	11,130
Actual	7,325	3,865	9,195



The actual expenditure incurred on fixed assets represents an efficiency rate of 82%. There are savings realised on capital items budgeted for but were not utilised, particularly in the fleet of the environmental health department. This was due to the reassessment of the need and other mechanisms that could be used bringing the anticipated expenditure.

1.6 Organisational Development Overview

The organisational structure review conducted in the year under review provided us with an opportunity to assess our capacity to implement the strategic goals of this municipality. There is not much change in our organisational structure but we continue to strengthen our efforts to support our local municipalities even under challenging economic and political climate.

We have also welcomed the regulations on cost containment as it helps us to put priority on service delivery and improve our cash flow and the management thereof. Even though the regulation will be implemented from 01 July 2019, we have started with cost containment through our policy in the past two financial years already.

System users are responsible for ensuring that data backup and maintenance is carried out regarding their specific usage. General ledger and associated financial system data is backed up on the network server tape system, daily, weekly, tapes are stored on premises, monthly and annually are stored off site. In terms of the “e-Venus” financial system, a daily backup is done as well as a day end procedure to integrate daily transactions. On the last working day of each month (a few days after month end to accommodate financial transactions pertaining to the month closed) a monthly calendar, financial backup and integration including closing of votes and opening thereof in the new month is done.

Through the workplace skills plan the municipality conducted employee training that was focused on ensuring the improvement of knowledge and the development of skills to increase productivity of employees. We have afforded training on minimum competencies to our managers as part of skills development and to prepare them for the task of supporting our local municipalities.

The municipality continued with the internship programmes in the LED Unit (15), Legal Unit (1), Internal Audit Unit (2), PMS Unit (3), IT Unit (2) and the Finance Department (5). The internships are intended to build their capacity by giving them valuable work experience, to develop and refine their skills and to gain confidence to eventually transition into jobs in both government and the private sector. This programme has also been valuable to the operations of the municipality as the interns adds value to the daily operations of the municipality.

The municipality continued the development of its performance management system and the municipality complied with most of the key requirements expected from a reliable performance management system. The performance management system also promoted fair and supportive outcomes in respect of expectations and no unexpected surprises occurred during the financial year.

1.7 Auditor-General Report

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Frances Baard District Municipality set out on pages X to X which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Frances Baard District Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2019.

Underspending of the budget

8. As disclosed in the statement of comparison of budget and actual amounts for the year ended 30 June 2019, the municipality materially underspent the budget by R24 717 098

Other matters

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

Unaudited disclosure notes (MFMA 125)

10. In terms of section 125(2)(e) of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Unaudited supplementary schedules

11. The supplementary information set out on pages X to X 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 on them.

Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA and the 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.
13. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

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

Introduction and scope

- 16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
- 17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
- 18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2019:

Development Priorities	Pages in the annual performance report
KPA 1: Sustainable municipal infrastructure and basic service delivery	1– 2

- 19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 20. The material findings in respect of the usefulness and reliability of the selected development priorities are as follows:

KPA 1: Sustainable municipal infrastructure and basic service delivery

KPI 6.2: Percentage facilitation of the subsidy application process

There was no clear and logical link between the indicators and targets and the strategic objective to which it relates. This is because the achievement of the indicator was measured through the number of progress reports submitted to the municipal manager, COGHSTA and DHS, instead of the strategic objective that aims to reduce the housing backlog by means of facilitating subsidy applications.

Various indicators

22. I was unable to obtain sufficient appropriate audit evidence for the reported achievements. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report of the indicators listed below:

Indicators	Reported achievement
KPI 4.2: Number of jobs created through projects other than the EPWP incentive agreement.	402
KPI 6.2: Percentage facilitation of the subsidy application process.	100%

Other matter

23. I draw attention to the matter below.

Achievement of planned targets

24. Refer to the annual performance report on pages' X to X for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 20 to 21 of this report.

Report on the audit of compliance with legislation

Introduction and scope

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

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

Annual financial statements, performance reports and annual reports

27. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets; liabilities; expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and/or the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Other information

28. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
29. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

32. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
33. Material misstatements were identified in the annual financial statements and the annual performance report. These misstatements were subsequently corrected by the municipality resulting in the unqualified audit opinion expressed. As a result, the processes in place at the municipality were not effective in identifying the material misstatements identified by the auditor.

Auditor General

Kimberley

29 November 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

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

1.8 Statutory Annual Report Process

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

This annual report is intended to provide a summary of our achievements and reflect how the municipality has performed in terms of governance and financial management.

It also provides an overview of our financial position, especially the cash flow and how we are progressing to ensure that we remain a going concern. Our stakeholders and interested parties may use this information to make important decisions.

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. Our 4th generation IDP sets the tone of the vision of the current term of Council.

It is aligned to the budget through programmes and action plans to give operational effect to the objectives. The alignment of the IDP, budget, performance plans of directors, line managers and project management are creating the benefit of ensuring that the municipality has an effective system of performance management.

Political & Administrative Governance

2.1 Political Governance

The Executive Mayor is the political head of the municipality, working with the Speaker who is the chairperson of Council, are responsible for ensuring an effective governance within the statutory framework as well as within system and policies of the municipality.

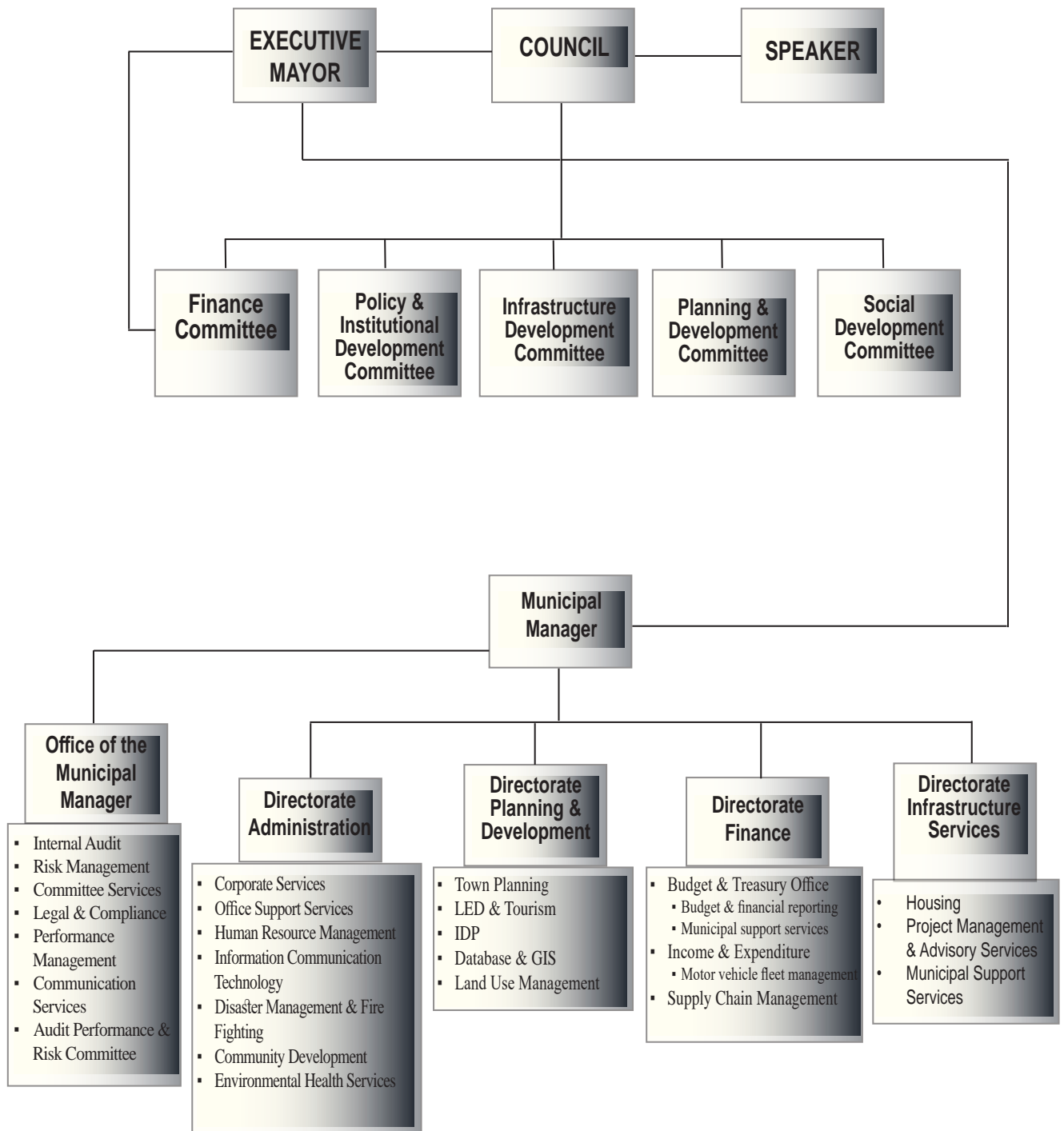
Political governance and transformation is one of the major determining factors in driving the vision of a district which is development focussed and therefore improves the quality of life of the people in its area of jurisdiction.

The council is empowered to address the existing and future needs of the district community and it does so through its resolutions. Council members embody the public welfare of our communities which means trying to provide basic services within its resource limitations and carry out the concerns expressed by the people affected by their decisions.

The Executive Mayor, with his mayoral committee, ensures that there is accountability by the administration through the five established section 80 committees (finance, policy and institutional development, social development, infrastructure development and planning and development).

The Municipal Public Accounts Committee (MPAC) remains the watchdog of the municipal resources and recommends its decisions to council for its resolutions. This grants council with the opportunity to keep both the administration and councillors accountable for the usage of the municipal resources and therefore promotes an environment of good governance and internal controls.

2.1.1 Governance Model



2.1.2 Audit, performance and risk committee

FRANCES BAARD DISTRICT MUNICIPALITY AUDIT, PERFORMANCE AND RISK COMMITTEE ANNUAL REPORT FOR THE PERIOD ENDING 30 JUNE 2019

1. PURPOSE

The Committee is honoured to present its report for the financial period ending 30 June 2019. The committee was functional throughout the year and had several engagements with management on matters related to financial management, internal control, risk management, performance management and governance. The committee would like to acknowledge the attendance and participation of the Accounting Officer and senior management as well as internal audit and chief risk officer in committee meetings.

2. LEGISLATIVE REQUIREMENTS

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

3. AUDIT COMMITTEE MEMBERS AND MEETINGS DETAIL

3.1 Committee structure and assessment

The established committee consists of 3 independent external members as listed below:

- | | |
|------------------|-----------------------------|
| • Mr TD Mogoli | Chairperson |
| • Mr GR Botha | Member |
| • Mr WMS Calitz | Term ended on 22 March 2019 |
| • Mr T Mudamburi | Appointed on 26 June 2019 |

The Committee Chairperson should assess the performance of individual Committee members, and the Council should evaluate the Committee's chairperson based on several factors. These include:

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

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

3.2 Meeting details

The committee is required as per the MFMA section 166(4)(b) to meet at least four times during a financial year.

The committee has met on the dates set out below in the table to execute its mandate in accordance with the agenda of the day.

Dates	S Calitz	G Botha	T Mogoli
28 August 2018	√	√	√
22 November 2018	√	√	×
19 February 2019	√	×	√
Total	3	2	2

As a result of 2019 National elections the committee was unable to meet during the last quarter of the financial year.

4. AUDIT COMMITTEE RESPONSIBILITIES

The committee is pleased to report that it has complied with its responsibilities arising from Section 166(2) of the Municipal Finance Management Act, Section 41 of the Municipal Systems Act, Local Government Municipal Planning and Performance Management Regulation and relevant Treasury Regulations and circulars and other relevant legislation. The committee has formally adopted its terms of reference as its Audit, Risk and Performance Committee charter and has regulated its affairs in compliance with this charter and discharged their duties as contained therein.

AUDIT COMMITTEE COMMENTS

5.1 INTERNAL AUDIT

5.1.1 Staff

The committee took note that the internal audit unit is headed up a Chief Audit Executive (CAE) and supported by a number of staff members. The audit committee is satisfied that the staff complement is sufficient to perform its duties in respect of the Frances Baard District Municipality. The FBDM however provides an internal audit function to the local municipalities (Dikgatlong and Magareng) and based on the audit annual plan an amount of the work is outsourced. The long-term vision of this important support service will require the attention of the Council to consider the optimal human resource component and associated resources required to meet the continuous demands placed on effective governance.

5.1.2 Performance

The committee is satisfied that the internal audit unit performed its activities in all material respects in accordance with the approved internal audit plan for the financial year read with section 165 of the Municipal Finance Management Act. Quarterly internal audit reports reflecting the progress were adopted at the normal meetings held during the year. Where appropriate the audit committee expressed their views on the progress and we are overall satisfied with remedial actions taken by the CAE and Accounting Officer.

5.1.3 Training

The committee took note of training attended by the internal audit unit during the year and would like to emphasise the continuation of professional development as a key element for an

effective and efficient internal audit unit. The committee will continue to motivate and support the furthering of professional development in a bid to achieve the desired qualification for the approved positions of the internal audit unit.

5.2 EXTERNAL AUDIT/AUDITOR-GENERAL SOUTH AFRICA

The audit committee had an opportunity to liaise with the external auditor prior to the commencement of the 2018/19 audit cycle and was party to the discussion of the audit engagement letter and audit strategy. This is an improvement from the prior year in terms of our timeous communication with the external auditor.

In terms of our obligations towards the external auditor and good corporate governance we report as follows:

King IV Code of Corporate Governance

The committee will evaluate the independence and objectivity of the external auditor by requesting a representation from the auditor before the issuance of the final audit report. The audit and quality assurance standards sufficiently provide guidance and assurance on independence and objectivity of the external auditor.

IAS 610 and Combined Assurance

The Auditor-General indicated that no reliance will be placed on the work of internal audit for the 2018/2019 year, but the AGSA and internal audit should work together towards achieving combined assurance. The approach will be to use the work of internal audit for significant risk identification purposes.

The audit committee is committed to improve the combined assurance model where the committee receives assurance from management, internal and external audit and any other assurance provider that may be necessary from time to time.

Significant risks

The committee took note of the significant risks as identified by the Auditor-General.

5.3 EFFECTIVENESS OF INTERNAL CONTROL

The committee is of the view, based on the independent evaluations conducted by internal audit during the year as well as reports submitted to the committee that a system of internal controls have been established by the accounting officer. The level of assurance is reflected in more detail in the internal auditor's report and the audit committee has expressed themselves over weaknesses in implementation, monitoring and oversight during the discussion of those detailed reports.

5.4 RISK MANAGEMENT

The committee is satisfied with the progress made with risk management in the district municipality. A separate risk management committee has not yet been established and the responsibility currently resides with the audit committee. As the risk management maturity level improve, so will the processes mature to have a risk management committee reporting to the audit committee in the future.

The risk assessment reports were presented to the committee and recommended for approval by Council. We took note of the reports presented on the strategic risk register as well as the operational risk register of the business units and identified certain weaknesses from the register: An action plan to have risk owners report to the risk committee on mitigation strategies have been implemented.

5.5 IN-YEAR FINANCIAL MANAGEMENT REPORTS

The committee received in-year financial management reports and considered the content thereof during our meetings. Management provided assurance on the reported financial information.

5.6 PERFORMANCE MANAGEMENT

The municipality established a performance management system incorporating the institution performance report and performance agreements of the accounting officer and senior management. Throughout the financial year management provided assurance on the reported performance information, supported by report by internal audit. Weaknesses on reported performance information were addressed by management throughout the year with an additional layer of reviews performed by a performance review committee. The audit committee was involved in the performance assessments of the accounting officer and senior managers. The audit committee took note of the targets not achieved for the 2018-19 financial year as well as the corrective steps taken by the accounting officer. The impact of local municipalities supported by the district municipality on performance remains a concern for the audit committee. Mitigation strategies to improve performance by local municipalities in terms of planning, implementation and reporting should be considered by council during the next strategic planning and mid-year review.

5.7 THE ANNUAL FINANCIAL STATEMENTS

5.7.1 Unaudited financial statements

The committee performed its assessment of the draft financial statements during a meeting held on the 26th of August 2019 and made recommendations for consideration by management. The increased pressure with mSCOA and a new annual financial statement application is evident in the low quality of the draft annual financial statements submitted to the audit committee.

5.7.2 Review of the Auditor-General's report.

The committee will consider the draft audit report and may take note of the audit opinion expressed. (To be finalized by 30 November 2019)

5.7.3 Changes in Accounting Policies and Practices

The committee considered any changes to the accounting standards (GRAP) and took note that the municipality did not early adopt the amendments to the standards. The impact of these amendments does not appear to be significant. Further assessment will take place during the financial year leading up to year-end.

5.7.4 Compliance with laws and regulations.

The committee took note that the municipality complied in all material respect with laws and regulations. Assurance was obtained from management and internal audit throughout the financial year.

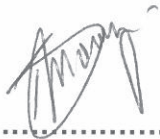
5.7.5 Review on the information of predetermined objectives.

A draft report was submitted to the audit committee on 26 August 2019 and based on the assurance reports obtained from the performance management review committee and internal audit additional work will be required to enable the accounting officer to submit a credible performance report for the financial year.

6. CONCLUSION

Whilst the audit committee strives to add value and strengthen the governance of the municipality, the benefit thereof can only be derived through concerted efforts by both Management and the Council to implement the resolutions and recommendations provided by the audit committee.

The committee would like to urge both Management and the Council to work as a collective to maintain current audit outcomes.



.....
Mr.T.D.J Mogoli CA(SA)
Chairperson of the Audit, Performance and Risk Committee
28 August 2019



Mr PW Marekwa
Executive Mayor



Ms U Buda
Speaker



Ms K C Mothibi
Finance Committee



Ms E M Mathe
Policy & Institutional
Development
Committee



Ms M E Motsamai
Social Development
Committee



Ms L N Shushu
Planning & Development
Committee



Mr M E Mokgathanyane
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

* On 29 May 2018 Cllrs PW Marekwa and U Buda were elected as the Executive Mayor and Speaker respectively, after the resignation of Cllrs. BV Ximba and M Silingile.

2.1.4 Political Decision-taking

Council remains the highest decision-maker in accordance with the Municipal Structures Act. Council has the following section 80 committees to assist with its oversight and decision-making:

- Finance;
- Social Development;
- Planning and Development;
- Infrastructure; and
- Policy and Institutional Development.

The Municipal Public Accounts Committee has the power to investigate any matter relating to the financial resources of the municipality and make clear recommendations to Council for its decision.

Council is also supported by the audit, performance and risk committee to arrive at its decisions. The committee provides an independent assessment of the activities of the control environment of the municipality.

The Speaker ensures the defectiveness and the functionality of Council and its committees. She is also the custodian of the decorum of all council sittings and the discipline of councillors.

Council resolutions taken for the 2017/18 financial year

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Term of reference (MPAC)	<ol style="list-style-type: none"> Council approved the Terms of Reference (TOR) of its Municipal Public Accounts Committee on condition that Council may amend it later. Council approved that SALGA provide training for the committee members for effective functioning of the committee. Council resolved that MPAC meeting to be scheduled to sit once in a quarter. Council resolved that Section 71 reports should be availed to the MPAC chairperson on a regular basis to peruse and rectify. Council resolved that the Auditor General's report should be tabled at MPAC. 	31 July 2018	<ul style="list-style-type: none"> The terms of reference were approved Training for MPAC has not taken place yet Section 71 reports are submitted to the chairperson of MPAC The 2018/19 AG's report will be tabled in Council. 	fgf
Recovering of and / or writing off irregular and fruitless & wasteful expenditures.	<ol style="list-style-type: none"> Council resolved that the R175 000.00 of MACRONYM be written off. 	31 July 2018	Implemented and disclosed in the AFS.	
Report on the investigations on fruitless and wasteful expenditure in respect to the missing laptop	<ol style="list-style-type: none"> The following officials should pay back the total cost of the missing laptop, as a result of the apportioned negligence, in the following manner: <ol style="list-style-type: none"> Mr. Kagiso Moruri 50% Mr. Mosimanegape Macomo 45% Ms. Patty Choche 5% 	31 July 2018	The officials have adhered to the resolution of council whilst the one official is still paying off his debt.	
Report on the investigations on fruitless and wasteful expenditure in flights and accommodation	<ol style="list-style-type: none"> Council resolved to write off all listed irregular, fruitless and wasteful expenditure with the exception of the cost incurred in relation to the interview for the position of the Director: Infrastructure; Council resolved that the finance department should address all findings raised by this report. Council approved the re-advertisement; Subject to the above, council approved the selection panel as recommended in the report. 	31 July 2018	Written off and disclosed in the AFS	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Appointment to an acting position for the directors: planning and development, infrastructure services and chief financial officer	<ol style="list-style-type: none"> Council appoints Mr Freddy Netshivhodza to act as the Director: Planning and Development for a period 15 August 2018 – 15 November 2018. Council appoints Mr Desmond Makaleni to act as the Director: Infrastructure Services for period 15 August 2018 – 15 November 2018. Council appoints Ms Moseki to act as the Director: Finance (Chief Financial Officer) for period 15 August 2018 – 15 November 2018. Council approves that the extension must not go beyond the time period of 15 November 2018. Council approves that the filling of the three vacancies must be finalized within three months in line with the regulations on the appointment of municipal managers and managers directly accountable to the municipal manager. Council approves that there must be a policy to regulate the logistical arrangements of applicants who have applied for posts in the municipality and are coming outside the province. 	31 July 2018	The three officials acted in the positions of Directors: Planning and Development, Finance and Infrastructure Services respectively	The positions of the directors have not been filled due to the suitability of offers of salaries to applicants.
Filling of vacancies in committees of council: municipal public accounts committee (MPAC), planning and development, infrastructure	<ol style="list-style-type: none"> Cllrs Shushu and Cllr Sebegu to fill the two vacancies in the Municipal Public Accounts Committee; Cllr Shushu to serve in the Social Development Committee; Cllr B. Springbok to serve in the Policy and Institutional Development Committee. 	31 July 2018	Implemented	
Writing-off of property plant and equipment	<ol style="list-style-type: none"> Council approved to write off the Chevrolet with registration number CBY 227 NC; and Council approved that the Chevrolet with registration number CBY 227 NC to be donated to the Dikgatlong local municipality and the condition should be that the local municipality insure the vehicle before it is delivered to them. 	28 Nov 2018	The vehicle was donated to Dikgatlong local municipality	
Writing-off of redundant ICT equipment	<ol style="list-style-type: none"> Council approved the writing-off of the following UPS's. <ul style="list-style-type: none"> MECER 1000VA ONLINE UPS 3442 MECER 1000VA ONLINE UPS 3443 MECER 1000VA ONLINE UPS 3457 Council approved that the UPS's be donated to Magareng Local Municipality. 	28 Nov 2018	The UPS was donated to Magareng local municipality.	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Mid-year report (section 72) : December 2018	<ol style="list-style-type: none"> 1. Council took note of the unqualified audit report with findings as expressed by the Auditor General for the 2017/18 financial year; 2. Council resolved that the audited financial statements, performance report and Auditor-General's report be included in the annual report for submission during February 2019 to Council as per legislative requirements; and 3. Council to ensure that the final printer's proof of the annual report be submitted to the relevant Senior Manager of the Auditor-General of South Africa for verification purposes. 	19 Dec 2018	Annual report approved and submitted to all relevant stakeholders, including the Auditor-General.	
Adjustment budget in respect of the 2018/19 financial year	<ol style="list-style-type: none"> 1. Council took note of the content of the report; 2. Council approved the adjustment budget as per recommended resolution tabled; 3. Council resolved that the adjustment budget of Frances Baard District Municipality for the financial year 2018/19, and indicative for the projected outer years 2019/20 and 2020/21 be approved as set out in the following schedules: <ol style="list-style-type: none"> 3.1 Adjustment Budget Summary – Table B1 (Page 1); 3.2 Budgeted Financial Performance (Revenue & Expenditure by standard Classification) – Table B2 (Page 2-4); 3.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) Table B3 (Page 5-6); 3.4 Budgeted Financial Performance (revenue and expenditure) – Table B4 (Page 7); 3.5 Budgeted Capital Expenditure by vote and funding – Table B5 (Page 8-10); 3.6 Budgeted Financial Position – Table B6 (Page 11); 3.7 Budgeted Cash Flows Table B7 (Page 12); 3.8 Cash backed reserves/accumulated surplus reconciliation – Table B8 (Page 13); 3.9 Asset Management – Table B9 (Page 14-16); and 3.10 Basic service delivery measurement table B10 (Page 17). 4. Council resolved that the other related supporting documentation to the approved budget be updated according to the adjustments made; and 5. Council resolved that a hard and electronic copy of the complete adjustment budget be submitted to National Treasury, Provincial Treasury and Department of Cooperative Governance, Human Settlement and Traditional Affairs respectively for information. 	15 Jan 2019	Approved adjustment budget submitted to Treasuries.	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Draft budget for the 2019/20 financial year	<p>1. Council approve the draft annual budget of the municipality for the financial year 2019/20 and indicative of the projected outer years 2020/21 and 2021/22 set out in the following schedules:</p> <p>1.1 Budget Summary – Table A1 (Pg. B 1);</p> <p>1.2 Budgeted Financial Performance (Revenue and Expenditure by standard Classification) – Table A2 (Pg. B2);</p> <p>1.3 Budgeted Financial Performance (Revenue and Expenditure by standard Classification) – Table A2 (Pg. B3);</p> <p>1.4 Budgeted Financial Performance (revenue and expenditure by municipal vote) – Table A3 (Pg. B4);</p> <p>1.5 Budgeted Financial Performance (revenue and expenditure by municipal vote) A – Table A3 (Pg. B5-B6);</p> <p>1.6 Budgeted Financial Performance (revenue and expenditure) – Table A4 (Pg 7);</p> <p>1.7 Budgeted Capital Expenditure by vote, standard classification and funding – Table A5 (Pg. B8);</p> <p>1.8 Budgeted Capital Expenditure by vote, standard classification and funding – Table A5 (Pg. B9);</p> <p>1.9 Budgeted Financial Position – Table A6 (Pg. B10);</p> <p>1.10 Budgeted Cash Flows Table A7 (Pg. B11);</p> <p>1.11 Cash backed reserves/accumulated surplus reconciliation – Table A8 (Pg.12);</p> <p>1.12 Asset Management – Table A9 (Pg. B13);</p> <p>1.13 Basic service delivery measurement table A10 (Pg. B14).</p> <p>2. Council approved the further refinement of the draft budget with regards to prescribed supporting documentations and consideration of issues raised in the item before final adoption of the budget in May 2019.</p> <p>3. Council resolved that a budgetary consultative process on the draft budget should be held before end of April 2019.</p>	29 May 2019	Council approved the budget and the budget was submitted to the national and provincial treasury.	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation						
Review of the organogram	<p>1. Council noted the proposed organogram and the report.</p> <p>2. Council resolved that the post of Manager: Office of the Municipal Manager, Committee Services and Performance Management should not be amended and be advertised as is.</p> <p>3. Council considers and approves the following posts to be included in the organogram:</p> <table border="1" data-bbox="523 1160 651 1715"> <thead> <tr> <th data-bbox="523 1435 571 1715">DEPARTMENT</th> <th data-bbox="523 1160 571 1435">POST</th> </tr> </thead> <tbody> <tr> <td data-bbox="571 1435 619 1715">Office of the Speaker Administration</td> <td data-bbox="571 1160 619 1435">Driver to the speaker</td> </tr> <tr> <td data-bbox="619 1435 651 1715"></td> <td data-bbox="619 1160 651 1435">• 2 x Fire-fighters</td> </tr> </tbody> </table> <p>4. Council approved that the positions of Driver and Fire-Fighters be referred for job evaluation before they are filled.</p>	DEPARTMENT	POST	Office of the Speaker Administration	Driver to the speaker		• 2 x Fire-fighters	26 Jun 2019	The job evaluation will be finalised in the 2019/20 financial year.	
DEPARTMENT	POST									
Office of the Speaker Administration	Driver to the speaker									
	• 2 x Fire-fighters									
Implementation of cost containment regulations	<p>1. Council noted the contents of this report.</p> <p>2. Council noted the implementation date of the 01 July 2019 and regulations to be implemented.</p> <p>3. Council approved that the Cost Containment Policy be amended to be in line with the regulations on cost containment.</p>	26 Jun 2019	Regulations are noted and implemented							

2.2 Administrative Governance

The governance model of the municipality is structured in such a way that it enables control measures, strengthens accountability and allows transparency and compliance to applicable legislation. There are clear defined responsibilities among officials and politicians and there is a clearly defined assurance provide, through regular monitoring and oversight.

Adequate policies and procedures are in place and are meant to strengthen the implementation of statutory requirements, thus ensuring that the municipality operates efficiently and effectively. The municipality emphasises an environment of equitable, transparent and accountable practices and processes. The success of the municipality thus far is ensconced in its policies and procedures, as these provide clarity, give direction and improve accountability. Key internal controls focusses on leadership, financial management, governance and performance management.

The municipality sets priorities (strategic planning), takes decisions, strengthens accountability and engages in constructive interaction with the public and other institutions through its various forms of public and stakeholder engagements. The performance management processes of the municipality are sound and allow for improved accountability and achieving set objectives. All executive managers signed their performance agreements by 30 June 2018 to comply with the legislative requirements. We take into account the need for putting efforts on monitoring and evaluation to ensure that we perform better than expected.

The municipal manager (accounting officer) remains the link between the administration and the political office bearers and ensures that the municipality performs its mandate as required by the constitution and enabling pieces of legislation. The municipal manager is supported by senior managers (HODs) who exercise fiduciary duty to support and advise the municipal manager on strategic management and administrative issues.

Council takes decisions flowing from recommendations made by the administration on matters that seeks its consideration and decision. Policies and strategies are work-shopped before councillors take decisions on such. The Municipal Public Accounts Committee (MPAC), 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 ensure that it complies with the principles of good governance and has improved its internal controls, procedures and processes. The effective functioning of the audit committee and the internal audit unit, as per King III and King IV Report guidelines and internal audit standards, is of utmost importance.

Supply chain governance in the municipality remains strong and the structures and systems implemented continues to guide and control procurement processes. The supply chain policy is also reviewed on a regular basis to ensure that the municipality adheres to supply chain regulations.

2.2.1 Top Administrative Structure

Tier 1



Ms ZM Bogatsu
Municipal Manager

Tier 2



Ms Onneile Moseki
Acting Chief Financial
Officer



Ms Kealeboga Gaborone
Director: Administration



Director: Infrastructure
Services



Mr Freddy Netshivhodza
Acting Director: Planning
& Development

Tier 3

Third Tier Structure	
Directorate	Director / Manager
Office of the Municipal Manager	Internal Audit Manager, Ms Philladelphia Moroke
	Communications & Media Relations, Ms Gerline Roman
	Office Manager: Committee Services & Administration, Mr Mosimanegape Macomo
	Manager: Legal & Compliance, Mr Kgosietsile Matlakala
	Chief Risk Officer: Mr Solomon Pitso
Finance	Assistant Director Budget & Treasury, Ms Onneile Moseki
	Chief Accountant Budget & Support Services, Mr Jan van Zyl
	Chief Accountant Supply Chain Management, Mr Philip Souden
	Chief Accountant Income & Expenditure, Ms Adele Groenewald-Shields
Infrastructure Services	Manager: Physical Infrastructure Development, Mr Desmond Makaleni
	Housing Manager, Mr Saligh Suliman
Planning & Development	Local Economic Development Manager, Mr Lesego Ngwira
	GIS Manager, Mr Matthews Makinta
	Snr. Town Planner, Mr Freddy Netshivhodza
	Development Planner, Ms Ogomoditse Gopane
Corporate & Community Services	Human Resources Manager, Mr Tumelo Ndlazi
	Fire & Disaster Manager, Mr Clifford Jones
	Environmental Health Manager, Mr Kenneth Lucas
	Manager Archives, Records & Support Services, Mr Murvin Mabe
	ICT Manager, Mr Kagisho Moruri

2.3 Intergovernmental Relations

We are informed by section 42 of the Constitution to co-operate with organs of state in mutual trust and good faith and do so through established structures for the promotion of 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 intergovernmental relations legislative mandate, FBDM attends the following fora:

National Intergovernmental Structures

Frances Baard District Municipality (FBDM) participates quarterly in the Technical Implementation forums which is known as Mintech, which prepares the report to the Implementation forum or MinMEC and then submit the final reports to Cabinet committee. The MinTech involves the Heads of Departments that contribute towards the implementation of the Outcome 7 which states "Vibrant, equitable and sustainable rural communities contributing to food security for all" that forms part of the 12 outcomes. The 12 outcomes emanated from National Development Plan 2030 and are being implemented through the Medium Term Strategic Framework 2014-2019 over the period of five years.

The MinTech focuses on joint planning, coordination, implementation, monitoring and evaluation of the rural development programmes. The district is the main stakeholder that facilitate and champion the implementation of the rural development programmes within its local municipalities. The programmes must contribute towards inclusivity, elimination of poverty, food security and reduction of the inequality within the communities. Based on the NDP emphasis which states that all citizens and sectors of the society must actively participate in their own development and assume the leadership roles. All departments and other spheres which have a substantial contribution to make to an outcome must participate in the forums. Thus, the FBDM continuously attends the Technical Implementation forums to promote intergovernmental relations and provision of the quality services to the community within its area of the jurisdiction.

- **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, local mayors and SALGA. The PIGF is the forum in which the Premier coordinates the alignment of the provincial and municipal development and strategic planning

District Intergovernmental Structures

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

The District Aids Council is convened and chaired by the Executive Mayor and includes 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

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

The forum is a platform for 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.

District municipalities are better positioned to provide a co-ordinating 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 is for all communicators within the district to meet 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:

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

2.4 Public Accountability and Participation

Through our public participation programme we intend to create opportunities for the political principals to be actively involved in the dialogue with communities and sharing of information about what government and in particular the district municipality is doing to improve and add to the improvement of the lives of the community.

The programme creates an opportunity for members of the public to have greater access to the decision-making processes of the municipality. It implies that members of the public or representatives of the affected community or the role players are actively involved in the planning process of the district municipality.

To accomplish this, the district municipality will collaborate with other role players and stakeholders such as the local municipalities and sector departments in the area of jurisdiction of the municipality. Through the public participation approach the district municipality wishes to strengthen and enable good governance and sustained service delivery.

2.4.1 IDP Participation and Alignment

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 56 Managers?	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	

2.5 Corporate Governance

The municipal council and the administration play a critical role in ensuring a good corporate governance for the municipality. Council and its committees hold the administration accountable through monthly and quarterly reporting. Council is the highest decision making body and decisions taken by Council flow from recommendations made by the administration. The Municipal Public Accounts Committee (MPAC), Oversight Committee and the Audit Committee and all ensure that there is a focused oversight over the work performed by the administration. The accounting officer and executive management ensure that it complies with the principles of good governance and has improved its internal controls, procedures and processes. Internal audit, risk management as well as the audit, performance and risk committee provides both management and council with an assurance in the areas of performance, risk and the management of the resources of the municipality.

2.5.1 Supply Chain Management

The supply chain management of the municipality is implemented in line with the Municipal Finance Management Act, its regulations and the policy. The municipality strives at all times for competition, fairness and equity in its supply chain management. Supply chain is an area inherently prone to risk and this has made us to improve on segregation of duties through bid committees and to instill the values of ethics and low risk on fraud. The bid committees assists the accounting officer to adhere to the systems of supply chain management.

The municipality has strengthened its internal controls on the following:

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

Competency levels

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

1. The Accounting Officer;
2. The Acting Chief Financial Officer;
3. The Director: Administration;
5. The Manager: Supply Chain Management;
6. The Manager: Budget & Treasury Office;
7. The Manager: Income & Expenditure;
8. Accountant: Supply Chain Management;
9. Accountant: Income & Expenditure;
10. Administrator: Creditors; and
11. Clerk: Supply Chain Management.

2.5.2 Risk Management

The Frances Baard District Municipality has a functional risk management unit which is also supporting Magareng and Dikgatlong Local Municipalities. The municipality has the fraud and risk management policy and strategies in place. Both are aligned to the King Code IV of Corporate Governance, ISO Standard 31 000 and Public Sector Risk Management Framework. The unit accounts to the municipal manager and the Audit, Performance and Risk Committee (APRC) which is sitting on a quarterly basis to discuss risk registers and risk assessment reports.

As a result, the risk registers of the municipality have been completed timeously and allowed unit managers to take control of action plans to mitigate identified risks. The unit managers are continuously monitoring the actions plans to reduce the impact and likelihood of residual risks. The level of risk maturity for the municipality has increased significantly as evidenced by the senior managers taking control and being proactive in embedding mitigating actions plans to address the identified risks. There were no cases of alleged fraud or corruption reported during 2018/2019 financial year.

2.5.3 Website

Municipal Website: Content and currency of material		
Documents published on the Municipality's Website	Yes / No	Publishing date
Current annual and adjustment budgets and all budget-related documents	Yes	Jul 2018 - June 2019
All current budget-related policies	Yes	As and when reviewed
The previous annual report (2017/18)	Yes	Mar 2018
The annual report (2018/19) published / to be published	Yes	Apr 2020
All current performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act (2018/19) and resulting scorecards	Yes	Aug 2018
All service delivery agreements (2018/19)	Yes	Jul 2018 (SDBIP)
All long-term borrowing contracts (2018/19)		Jun 2019
All supply chain management contracts above a prescribed value (above R200,000) for 2018/19	Yes	Jun 2019
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 2018/19	Yes	List of disposed assets placed on website
Contracts agreed in 2018/19 to which sub-section (1) of section 33 apply, subject to sub-section (3) of that section	No	n/a
Public-private partnership agreements referred to in section 120 made in 2018/19	No	n/a
All quarterly reports tabled in the council in terms of section 52 (d) during 2018/19	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 2018/19 has been successfully loaded. We do not deliver services directly to the public and our information 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.

Service Delivery Performance

3.1 Infrastructure Services

Goal	Objective	Outcome	
		Indicator	Target
Improved access to sustainable basic services in the District	To assist local municipalities with compilation of prioritised project lists annually.	Developed prioritised project lists	Timeous submission of prioritised project lists (Magareng, Dikgatlong, Phokwane & Sol Plaatje local municipalities).
	To support the provision of potable water, sanitation facilities, electricity and streets and storm-water to all households in the district by 2021/2022	Percentage spending of allocated funds	100% of allocated funds spent (annually)
		Monitoring of projects	Quarterly monitoring reports
	To support operation and maintenance of infrastructure in the local municipalities annually	Percentage spending of allocated funds	100% of allocated funds spent (annually)
	To support improved infrastructure planning in LM's in the district by 2021/2022.	Municipal Roads Asset Management System (RRAMS) implemented	Electronic system to assist with RRAMS function in the district
		Developed electricity master plans	Electricity master plans for 3 local municipalities
		Developed road master plans	Road master plans for 3 local municipalities
		Developed water & sanitation master plans	Water and sanitation master plans for 3 local municipalities
		Developed District Integrated Transport Plan (DITP)	DITP for the district.
	To create job opportunities for the unemployed through the promotion of EPWP principles in the LM's in the district annually.	Achieved EPWP target as per the annual EPWP incentive agreement.	Annual EPWP target set as per DORA and EPWP Incentive Agreement.
		Number of jobs created through projects other than the EPWP incentive agreement	A total of 150 work opportunities (annually)
To provide office space in FBDM to ensure a conducive working environment	A completed building extension	One (1) completed block extension by 2018	

In the Frances Baard district all services to communities are provided directly by the local municipalities. The district municipality concentrates all its efforts on supporting the local municipalities, namely, Sol Plaatje, Dikgatlong, Magareng and Phokwane.

The support is wide ranging, especially in the three smaller local authorities that sometimes struggle with capacity problems. This support is provided by a special unit in the Infrastructure Services Department which is headed by a manager for infrastructure support. The manager has three engineering technicians as well as an EPWP coordinator and an administrative officer as support. The support provided to local municipalities is comprehensive and includes financial support, advisory services and operation and maintenance support.

3.1.1 Capital Programme

No allocation for capital projects were made to category B municipalities for the 2018/19 financial year. However, two (2) projects that were funded in the previous financial year are in retention. The projects are:

- Water reticulation in town - replacement of steel/asbestos pipes in Barkly West (roll over); and
- Kingston – provision of water supply for 338 stands (roll over).

3.1.2 Operation and Maintenance

Operation and Maintenance (O&M) of infrastructure is crucial in ensuring uninterrupted services to our communities. We support our local municipalities with O&M and we place emphasis on communities whose basic needs have not yet been adequately met. The district allocates funding annually to the local municipalities and has over the last five (5) years, since the 2014/15 financial year, allocated R52 million for operation and maintenance activities in the local municipalities. However, our local municipalities are still struggling with service delivery challenges because of the magnitude of aging infrastructure.

Funding to the value of R7,000,000 has been allocated for the operation and maintenance programme for the 2018/19 financial year. The following is a breakdown of the amounts spent:

Municipality	Project Description	Allocation	Amount spent
Dikgatlong	Operation and Maintenance	1,750,000	1,281,541
Magareng	Operation and Maintenance	1,750,000	1,750,000
Phokwane	Operation and Maintenance	1,750,000	1,747,069
Sol Plaatje	Operation and Maintenance	1,750,000	1,750,000
TOTAL		7,000,000	6,528,610

3.1.3 Expanded Public Works Programme

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. Frances Baard has received an allocation of R1,113,000 for the 2018/19 financial year. Frances Baard has reported activities and employment opportunities against this allocation as follows:

Project description	Amount (R)	Expenditure	Labour		
			Male	Female	Disabled
Streets and stormwater in Warrenton	200,000	200 000	22	15	0
Waste water and water treatment works in Dikgatlong	350,000	350,000	19	31	0
Youth entrepreneurship development programme	563,000	563,000	3	12	0
TOTAL: EPWP	1,113,000	1,113,000	44	58	0

3.1.4 Housing

The district municipality continued to support the Dikgatlong, Magareng and Phokwane municipalities. This support is in terms of the service level agreements between the district municipality and three local municipalities to perform various functions towards the provision of human settlements. The 2018/19 financial year proved to be the most challenging for the Frances Baard District Municipality in the delivery of human settlements. Participation of the district municipality as well as local municipalities in the delivery of human settlements is severely limited by Coghsta. The following services continue to be available to local municipalities, as outlined 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

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
Facilitate the creation of sustainable human settlements in the district	Facilitate the reduction of the Housing backlog by 2022	Review Human Settlements Sector Plans annually	8 final documents (4 HSP & 4 Chapters) (Annually)
		Facilitate Subsidy application process	Compilation and capturing of forms for HSS System in 3 local municipalities
		Monitor human settlements development in 3 local municipalities	<ul style="list-style-type: none"> Monthly Accreditation reports to COGHSTA (Annually) Quarterly Accreditation reports to National Department of Human Settlements (Annually)
	Update the National Housing Needs Register	Compilation and capturing of forms for NHNR System in 3 LM's	
	Capacitate the consumers of human settlements	Consumer education to stakeholders	8 workshops conducted (Annually)

3.1.4.1 Human Settlements Sector Plans and Chapters

The annual review of the Human Settlements Sector Plans and chapters of the IDP for the three local municipalities was completed in-house, however challenges were experienced in meeting the planned timeframe due to capacity constraints. The review process included the Dikgatlong, Magareng and Phokwane municipalities, as well, as the integrated plan and chapter for the district for 2019/20 financial year. The review process involved several participants and consultation with various stakeholders including the Department of Cooperative Governance, Human Settlements and Traditional Affairs (CoGHSTA) and all local municipalities within the district.

Housing projects	Sites serviced	Units planned	Units completed	Status
Bufferzone 220	227	220	68	Project at a standstill
Kingston 685	685	685	370	Project slow
Delportshoop 217	196	217	148	Scaled down to 148

3.1.4.2 Housing Consumer Education

Due to the limited participation of the district and local municipalities on projects, the ability to structure and secure meaningful housing consumer education sessions were limited. Added to this was the limited number of projects in which the district municipality is involved and slow progress on projects. Only five (5) housing consumer education sessions were conducted for the year 2018/19. Emphasis for the financial year remained on educating housing beneficiaries on their role and responsibilities as home owners and the value of owning a house. The details of these are briefly outlined below:

Project	Theme	Date
Magareng: Ikhutseng 1000	Subsidy Administration	10 July 2018
Magareng: Ikhutseng 1000	Subsidy Administration	11 July 2018
Dikgatlong: Delportshoop 217	Finance-linked Individual Subsidy Programme	19 September 2018
Dikgatlong: Barkly West	Finance-linked Individual Subsidy Programme	19 September 2018
Dikgatlong: Delportshoop 217	Housing Administration	12 May 2019

Employees: Housing Services					
Job Level	2017/18	2018/19			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13*	5	9	4	0	0
14 - 18**	1	4	1	0,54	14%
19 - 26	0	0	0	0	0
Total	6	13	5	0,54	4%
* 2x post vacant; 3x post unfunded					
** 1x post vacant; 2x post unfunded					

Financial Performance 2018/19: Housing Services						R'000
Details	2017/18	2018/19				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	–	–	–	–	–	
Expenditure:						
Employees	3 722	3 909	3 409	2 570	75%	
Repairs and maintenance		–	–	–	0%	
Other ¹	821	190	453	90	20%	
Total Operational Expenditure	4 543	4 099	3 862	2 661	69%	
Net Operational Expenditure	4 543	4 099	3 862	2 661	69%	

3.1.5 Project Management & Advisory Services

Employees: Programme Management & Advisory Services					
Job Level	2017/18	2018/19			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	2	2	2	0	0%
9 - 13	2	2	2	0	0%
14 - 18	4	5	3	0,54	11%
19 - 26	0	0	0	0	0%
Total	8	9	7	0,54	6%

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

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

Special Projects Expenditure 2018/19: Programme Management & Advisory Services					
R '000					
Special Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value ¹
Total All	9 521	5 754	11 845	20%	11 845
Implementation of the Rural Roads Asset Management System (RRAMS)	2 521	0	2 521	0%	2 521
Building of additional offices for FBDM	3 000	5 754	5 394	44%	5 394
Maintenance of public amenities in Phokwane, Magareng and Dikgatlong municipal areas	4 000	0	3 930	-2%	3 930

1 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 implemented over a number of years will show actual expenditure less than the total project value. It indicate that the project is running over more than one year and will be completed in the outer years.

The projects listed above are explained as follows:

Rural Roads Asset Management System (RRAMS)

The Department of Transport has allocated the conditional grant for the MTEsf period to the district municipality with the objective of setting up a rural roads asset management system. The municipality must also collect data on roads (paved and unpaved), bridges and traffic on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA). We are expected to:

- Maintain RRAMS after the lifespan of the grant;
- Update data for all rural roads within two years;
- Employ the unemployed youth (S3 experiential training students and young graduates);
- Build human capacity for the operation of RRAMS; and
- Maintain the road quality data on RRAMS to assist with the planning of Municipal Infrastructure Grant (roads) investments as well as roads maintenance funded from other sources.

Data reports were submitted to FBDM and all the local municipalities, on their roads, traffic and bridge data at the end of the financial year for them to plan maintenance and upgrading work on their streets. This programme help us to determine the extent and condition of all municipal streets which we use to plan for the upgrading, refurbishment and maintenance of roads.

For the current financial year, the district municipality received an allocation of R2,521,000 for the implementation of the RRAMS in the district.

Building of additional offices for FBDM

The building of additional offices was completed in the year under review. As a result of a growing staff component, the municipality had no option but to construct additional offices to its building. Even though the project took longer than planned, this did not affect the budget allocated to this project.

Maintenance of public amenities in Phokwane, Magareng and Dikgatlong municipal areas

This was a project funded by provincial government for the cleaning of public amenities and streets in the municipalities of Phokwane, Magareng and Dikgatlong. This included public parks, cemeteries, treatment plants, sport facilities, community halls, street reserves etc

This Khotso Pula Nala project created approximately 300 job opportunities in the district.

Financial Performance 2018/19: Programme Management & Advisory Services					
R'000					
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	3 715	4 259	4 159	3 500	16%
Repairs and maintenance	–	–	–	–	–
Other ¹	24 950	9 850	9 855	8 817	11%
Total Operational Expenditure	28 664	14 109	14 013	12 318	12%
Net Operational Expenditure	28 664	14 109	14 013	12 318	12%

3.2 Planning and Development

The planning and development department has five units which are geared at ensuring proper planning within the district.

Spatial Planning

- Frances Baard District Municipality is responsible for planning for preparation for the development of sustainable human settlements and bring about spatial transformation in the district. Ours is to strive for developments of the settlement patterns that are integrated, compact, and densified. It is, therefore, in supporting the preparation and implementation of spatial development frameworks in each local municipality and comply with the provision of the Spatial Planning and Land Use Management Act; the district has facilitated the preparation of the following planning instruments:
- The establishment of the District Planning Tribunal (DMPT) - has been effectively operational since November 2016;
- Completed the preparation of the Infill developments in Magareng and Phokwane Municipality; and
- Conducted title registration process.

Geographic Information System (GIS)

GIS provides spatial information to all stakeholders for planning and resource allocation purposes. For the financial year 2018/19 the land use survey project was carried out in Phokwane Municipality, which cover towns such as Ganspan, Valspan, Pampierstad, Hartswater and Jan Kempdorp to provides detailed land use database for the properties in the municipal area.

Local Economic Development (LED) and Tourism

The district municipality renders dedicated assistance to local municipalities in terms of local economic development and tourism. The following has been facilitated:

- The secondment of six (6) graduates to local municipalities as interns;
- Hosted the Small Business Week that promotes entrepreneurship in the district;
- Refurbishment of the Magareng business support center;
- Facilitated the participation of the 3 SMEs at the Trade Expos.
- Implemented the emerging farmers development program;
- Conducted the workshops at the local municipalities on informal economy strategy;
- Implemented the business development and mentorship program for 25 SMEs;
- Conducted the LED stakeholders' engagement;
- Provided financial support to the Magareng Tourism Association to promote tourism;
- Rolled out the tourism business plan competition to all schools in the district offering tourism as a subject;

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

- Hosted the tourism association and quarterly forums;
- Staged the FBDM marketing stall at the Durban Indaba and the Getaway show; and
- Conducted tourism awareness campaign in the district.
- Completed draft FBDM tourism travel guide

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.
- Lack of capacity: There is limited capacity in the local municipalities to facilitate sustainable transfer of skills.
- Limited buy-in: This causes delays in project implementation and negatively affects cash flow earmarked for specific projects.
- High grant dependency: Grant dependency in most local municipalities undermines the future sustainability of municipalities.
- Local Municipalities lacks resources and are embedded with weak institutional capacity to implement and enforce the approve plans.

3.2.1 Town & Regional Planning

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
Facilitate the development of sustainable human settlements through effective town and regional planning	To facilitate the development of urban and rural areas in accordance with approved plans by 2022	Processed land development applications submitted to the DMPT	100% processed land development applications received from three local municipalities (Magareng, Dikgatlong and Phokwane).
		Reviewed SDFs	4 SDFs
		Reviewed land use schemes	1 Land use scheme
	To facilitate the development of Brown and Green field development by 2022	Township establishments	100% completed township establishments

Employees: Town Planning Services					
Job Level	2017/18	2018/19			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0%
4 - 8	0	0	0	0	0%
9 - 13	1	1	1	0	0%
14 - 18	2	3	2	0,54	18%
19 - 26	0	0	0	0	0%
Total	3	4	3	0,54	14%

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

Financial Performance 2018/2019: Town Planning Services						R'000
Details	2017/18	2018/19				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	–	–	–	–	–	
Expenditure:						
Employees	1 695	2 367	2 112	1 112	53%	
Repairs and Maintenance	–	–	–	–	0%	
Other ¹	2 124	684	691	423	61%	
Total Operational Expenditure	3 819	3 051	2 803	1 535	55%	
Net Operational Expenditure	3 819	3 051	2 803	1 535	55%	

Special Projects Expenditure 2018/2019: Town Planning Services						R' 000
Special Projects	2018/19					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	563	0	419	-34%	419	
Koopmansfontein title deeds	80	0	38	-113%	38	
Magareng Infill Development	158	0	160	1%	160	
Phokwane Infill Development	263	0	175	-50%	175	
District Municipal Planning Tribunal (DMPT).	62	0	46	-35%	46	

Koopmansfontein title deeds

There were initial delays to complete the conveyancer report and lodgment of the title deeds, due to outstanding beneficiary forms. However, the conveyancer report was eventually finalised and will be lodged at the Deed's Office in the 1st quarter of 2019/20. Approximately 20 title deeds and to be re-registered with the Deeds office.

Magareng Infill Development

The proposed areas are located on Erven 934, 1984, 588 Ikhutseng and Erf 746 in Warrenvale. The project involved the sub-division, rezoning, cadastral survey, submission of the motivational memorandum to the District Municipal Planning Tribunal, and submission of the sub-divisional plans to the Surveyor-General for approval. The project has been approved by the District Municipal Planning Tribunal (DMPT) and submitted to the Surveyor-General for approval.

Phokwane Infill Development

The proposed areas are located on Erven 5063, 5064 Pampierstad and Farm Guldenskat 36 portion of Portion 42. Erven 5063 and 5064 in Pampierstad has been approved by the District Municipal Planning Tribunal (DMPT) and submitted to the Surveyor-General for approval. The Department of Environment and Nature Conservation (DENC) required the Environmental Impact Assessment for Farm Guldenskat 36 portion of Portion 42 Jan Kempdorp and as a result the project could not be completed as planned.

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

District Municipal Planning Tribunal (DMPT).

Frances Baard District Municipality and the three local municipalities namely, Phokwane, Dikgatlong and Magareng have agreed to establish a District Municipal Planning Tribunal and have committed to continuously receive and dispose of land development applications and land use applications. The DMPT started being operational in November 2016. In the 2018/19 financial year the total number of the land development applications received from applicants were 35. The type of the applications received include township establishments, rezoning, subdivisions, consolidations, infill developments and the removal of the title deeds conditions.

3.2.2 Geographic Information System (GIS)

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
Provision of reliable spatial information as a planning and management tool to enhance service delivery in the District	To promote the use of GIS as a tool in the district by 2022	Access and utilization of GIS in the district	4 local municipalities
		Promote training and awareness of GIS in the district	4 local municipalities

Employees: Geographic Information System Services					
Job Level	2017/18	2018/19			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0%
4 - 8	0	0	0	0	0%
9 - 13	1	1	0	0,07	7%
14 - 18	1	1	1	0	0%
19 - 26	0	0	0	0	0%
Total	2	2	1	0,07	3%

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

Financial Performance 2018/2019: Geographic Information System Services					
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	1 695	2 367	2 112	1 112	47%
Repairs and Maintenance	–	–	–	–	–
Other ¹	428	684	691	423	39%
Total Operational Expenditure	2 124	3 051	2 803	1 535	45%
Net Operational Expenditure	2 124	3 051	2 803	1 535	45%

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

Special Projects Expenditure 2018/2019: Geographic Information System Services					
R' 000					
Special Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	420	0	310	-35%	310
Land-use survey for Phokwane Municipality	420	0	310	-35%	310

Land-use survey for Phokwane Municipality

The focus of the survey was in the urban areas in the municipality and surrounding farms. The outcome was a detailed land use database which was updated with the verified information on use of properties in the municipal area. The database is then used by the municipality for planning and reconciliation of the property register. The estimated number of land parcels for the scope was 14,958. Towns included in the project were: Ganspan, Valspan, Pampierstad, Hartswater and Jan Kempdorpe.

3.2.3 Local Economic Development

The Frances Baard District Municipality has a legislative mandate to ensure the promotion of the economic development of the district. In achieving the objectives of the LED unit, the following projects were planned for 2018/19 financial year:

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
Facilitate growth, development and diversification of the district economy by optimizing all available resources	To build a diverse economic base by 2022	Established Agri-Park farmer productions units	2 Farmer production units
		Established Incubators	2 Incubators established
		Secured funds for the development of a business cluster	1 funded business cluster
		Promoted trade and investment	4 exhibition platforms participated at annually
		Developed business retention framework	1 business retention framework
	To develop learning and skillful economies by 2022	SMMEs business skills developed	200 SMMEs trained on business skills
		Entrepreneur awareness expo hosted	2 SMME workforce (labour force) training programs
			1 expo annually
	To develop inclusive economies by 2022	Development of business support centres	3 business support centres
		Promote and empower LMs on the informal economy strategy	2 Workshops for LMs LED officials 4 workshops on Development of Informal business trading zones

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
Facilitate growth, development and diversification of the district economy by optimizing all available resources	To develop inclusive economies by 2022	Capacitated emerging farmers	1 emerging farmer development program implemented annually Annual social labour plan district impact report
		Capacitated small-scale miners	2 small scale miners development program
		District EPWP enterprise development implementation	Implementation of the District EPWP enterprise development framework
	To facilitate the development of enterprises by 2022	SMMEs supported through the Economic Growth Development Fund (EGDF)	40 SMMEs supported through the EGDF annually
		Implementation of women economic empowerment programs	3 women empowerment programs
		Capacitated enterprises	<ul style="list-style-type: none"> 1 business development programme (annually) 1 mentorship program annually
	To facilitate and improve economic coordination in the District by 2022	Developed and coordinated district economy	2 economic district reports annually
		Incentives policy facilitation workshops	2 economic district reports annually 2 incentives policy facilitation workshops hosted annually

Employees: Local Economic Development / Tourism Services					
Job Level	2017/18	2018/19			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0%
4 - 8	2	2	2	0	0%
9 - 13	3	3	2	0,09	3%
14 - 18	2	2	2	0	0%
19 - 26	0	0	0	0	0%
Interns*	12	14	7	0	0%
Total	7	7	6	0,09	1%

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

* The interns are not counted as part of the permanent staff for the unit. Seven (7) interns were terminated during the 2018/19 financial year.

Financial Performance 2018/19: Local Economic Development Services					
					R'000
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	1 960	4 361	3 217	2 340	73%
Repairs and Maintenance	–	–	–	–	–
Other ¹	1 770	4 238	3 823	2 674	70%
Total Operational Expenditure	3 729	8 599	7 040	5 015	71%
Net Operational Expenditure	3 729	8 599	7 040	5 015	71%

Special Projects Expenditure 2018/2019: Local Economic Development Services					
					R' 000
Special Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2 909	0	2269	-28%	2 269
Trade and Investment Promotion	240	0	214	-12%	214
Refurbished Incubation Centres	800	0	235	-240%	235
LED training & business soft skills training	290	0	282	-3%	282
Entrepreneur Awareness Expo (GEW)	853	0	853	0%	853
Business Development Programme	726	0	685	-6%	685

- **Trade and Investment Promotion**

Trade and investment promotion are an international platform to market and bring investors to come and invest within our district so that we can achieve sustainable economic growth and development, thereby bringing economic benefits and improved quality of life to all residents in a local municipal area.

- **Refurbished Incubation Centres**

The main aim of incubators is to strengthen the capacity of SMMEs to operate on their own. The objective is to create jobs, increase economic development and develop national and international networks for businesses that it houses.

- **Youth Entrepreneurial Development Programme (YEDP)**

The Youth Entrepreneur Development Programme aims to develop LED capacity and foster entrepreneurship in the District.

- **Global Entrepreneur Week (GEW)**

The municipality host the annual Global Entrepreneur Week and its main focus is on the development of SMMEs in the district. The GEW creates a platform where big and small business meet to share experiences that is intended to boost small business for possibilities of a thriving economy for the district. SMMEs are also exposed to new economic opportunities during this week.

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

- **Business Development Mentorship Programme**

Business Development Mentorship Programme objective is to give skills and competences needed by our entrepreneurs and how to help them to tackle the day to day real life challenges in their businesses. It will also help them to learn and discover specific problems solving tools and techniques designed to give a clear and more understanding of their business environment. After this training our entrepreneurs will be able to implement and manage their businesses more effectively and efficiently.

Jobs Created during 2018/19 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)				
2016/17	14	0	14	Registers
2017/18	143	0	143	Registers
2018/19				

3.2.3.1 Tourism

We have put in considerable effort to try and position ourselves in the travel market as the preferred South African and international destination for extreme sports, adventure, nature and heritage experiences. The following projects were planned for 2018/19 financial year, and were meant to support this objective:

Special Projects Expenditure 2018/2019: Tourism					
R' 000					
Special Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2526	0	1237	-104%	1 237
Restoration of Ganspan-pan (specialist studies)	500	0	78	-541%	78
Indaba Trade Expo	277	0	250	-11%	250
Tourism and Business Studies Competition	700	0	331	-111%	331
Awareness Campaign	345	0	168	-105%	168
N12 Promotional Campaign	55	0	51	-8%	51
FBDM Travel Guide	360	0	215	-67%	215
Tourism Promotion	215	0	142	-51%	142
Tourism Association	74	0	2	-3600%	2

We have put in considerable effort to try and position ourselves in the travel market as the preferred South African and international destination for extreme sports, adventure, nature and heritage experiences. The following projects were planned for 2018/19 financial year, and were meant to support this objective:

- **Restoration of Ganspan (specialised studies)** - as a preferred tourist destination. The project rolled over, for EIA studies to be completed.
- **We attended the Indaba Trade Expo which is** - an international platform to market and promote the district as a preferred tourism destination.
- **Tourism and Business studies competition** - compilation of business plans to further develop business writing skills for learners participating in project (tourism and business studies). Project completed.
- **Awareness Campaign** - to raise awareness of tourism initiatives in the district. Project completed
- **N12 Promotion Campaign** - to raise awareness of tourism products and to promote the district as a preferred tourism destination.

- **FBDM Travel Guide** - review and re-print of FBDM tourism travel guide, featuring the products, services and activities on offer within the district. Completed August 2019
- **Tourism promotion** - placement of tourism related advertising on products and services on offer.
- **Tourism association** - Quarterly meetings held with tourism product owners to further advance tourism within the local municipal areas.

3.3 Corporate Services

3.3.1 Environmental Health

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
To render and to support sustainable municipal health and environmental planning and management in the District	To monitor and enforce national environmental health norms and standards in the Frances Baard District	Number of water samples collected	420 samples (annually)
		Number of inspections at food premises	400 inspections (annually)
		Number of surface swabs collected	120 swabs (annually)
		Number of food handlers trained	150 food handlers (annually)
		Number of inspections at non-food premises	150 inspections (annually)
	To implement and monitor environmental planning and management in the Frances Baard District by 2022	Number of awareness campaigns implemented	60 campaigns (annually)
		Number of environmental calendar days celebrated	5 environmental calendar days (annually)
		Updating atmospheric emissions inventory	1 updated inventory (annually)
		Number of ambient air quality monitoring reports	4 monitoring reports (quarterly)
		Review Environmental Management Framework	1 reviewed EMF

Employees: Environmental Health Services					
Job Level	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0%
4 - 8	0	0	0	0	0%
9 - 13	0	0	0	0	0%
14 - 18 *	5	8	6	1,47	18%
19 - 26	0	0	0	0	0%
Total	5	8	6	1,47	18%

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

* Three (3) new positions added to organogram; 2 vacant

Financial Performance 2018/19: Environmental Health Services					
					R'000
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	2 927	5 216	4 380	3 089	29,47%
Repairs and Maintenance	–	–	–	–	–
Other ¹	889	1 761	1 298	823	36,61%
Total Operational Expenditure	3 815	6 978	5 678	3 912	31,10%
Net Operational Expenditure	3 815	6 978	5 678	3 912	31,10%

Special Projects 2018/19: Environmental Health Services					
					R' 000
Special Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	373	0	139	-168%	139
Environmental calendar days	13	0	9	-44%	9
Environmental health awareness campaigns	60	0	24	-150%	24
Review of Environmental Management Framework (EMF)	300	0	106	-183%	106

a) Environmental calendar days

Environmental calendar days are celebrated in different countries of the world throughout the year in order to sensitize communities on the importance of conserving the environment for the benefit of future generations. Five environmental calendar days were celebrated in the district in which the communities and learners participated.

b) Environmental health awareness campaigns

One of the biggest tools to fight health conditions is the power of human connection. The importance of these campaigns is to raise awareness and understanding about critical health issues and to mobilise support for action. The following awareness campaigns were conducted in collaboration with other stakeholders in the district.

- **Sanitation awareness campaigns**

A total of **20 Sixteen** sanitation campaigns were conducted in communities and schools to sensitise them on the importance of cleanliness and hygiene for a healthy environment and the prevention of many diseases. The aim is also to increase hand-washing practices with soap to promote behavioural change through motivation, information and education.

- **Air quality awareness campaigns**

Twenty (20) campaigns were conducted at schools and in communities to create awareness on the facts about air pollution its causes, impacts, how to avoid it and how to stop it. These campaigns included door-to-door visits in communities to propagate clean air as air pollution is a hidden killer and it hits children, older people and the poorest the hardest.

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

- **Waste management awareness campaigns**

Littering is bad it pollutes the environment, reduces tourism and it is expensive to clean up. 20 campaigns were held in collaboration with NGOs and CDWs in the communities. Strategic areas where illegal dumping occurs, were cleaned and the waste was disposed off on the landfill sites. The aim of these campaigns is helping to reduce pollution, deters future littering, increase environmental awareness and builds pride in the communities.

c) Water quality monitoring

A total of 460 water samples were collected at various sampling points in the district to test compliance with the South African National Standards for Drinking Water, 2016. A workshop was also conducted with the managers from health care facilities in the district to sensitise them on the management and storage of potable water on these premises.

d) Review of Environmental Management Framework (EMF)

The EMF was last developed in 2010 and it needed to be reviewed because of the changing environment. According to the Environmental Management Framework (EMF) Regulations (Government Notice No.547 of 18 June 2010), an EMF is a study of the biophysical and socio-cultural systems of a geographically defined area to reveal where specific activities may best be practiced and to offer performance standards for maintaining appropriate use of such land.

The review process has commenced and it will be completed during the second quarter of the new financial year. The EMF will have to be adopted by the Minister or Member of the Executive Council (MEC) and will be taken into consideration when reviewing an application for environmental authorization following the completion of an Environmental Impact Assessment (EIA).

3.3.2 Disaster Management & Fire Fighting

According to the Disaster Management Amendment Act, local municipalities are responsible for pre- and post- disaster management processes. The Frances Baard District Municipality (FBDM) support three local municipalities in its jurisdiction, namely Phokwane, Magareng and Dikgatlong to implement the provision of the Disaster Management Act. In addition, disaster management volunteers are trained on an annual basis and are deployed in cases of disastrous events. The municipality has dedicated contingency funds which is meant to assist destitute families in cases of disasters.

The Sol Plaatje local municipality has its own disaster management unit which operates independently from the district municipality. Disaster practitioners appointed by the district municipality have been placed at Phokwane, Magareng and Dikgatlong local municipalities. This was done to ensure that disaster management activities can be implemented with uniformity and to assist the local municipalities in case of any disaster or incident.

Implementation of the fire fighting function is currently in the planning phase for the Phokwane local Municipality. The implementation of the Disaster Management Act is the responsibility of the district municipality and is implemented according to the guidelines of the National Disaster Management Framework, 2005 within the following key performance areas:

- Building integrated institutional capacity for disaster risk management;
- Disaster risk assessment;
- Disaster risk reduction; and
- Response and recovery.

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 support local municipalities by developing integrated institutional capacity for Disaster Risk Management by 2022	Number of disaster management forums established in local municipalities	1 x per local municipality
		Number of volunteers trained	20 annually
	To assist local municipalities through the implementation Response and Recovery mechanisms by 2022	Number of requests or disastrous incidents responded to.	Local Municipalities
	To develop Institutional capacity and acquire resources for firefighting services for 3 local municipalities in the district by 2022	Establish firefighting satellite stations	Phokwane, Magareng & Dikgatlong
	To safeguard council's assets by continuously maintaining and upgrading physical security systems	Percentage maintenance of FBDM security systems	100%

- **Volunteers**

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

Municipal Area	Number recruited
Dikgatlong	25

Thirty (30) volunteers from Dikgatlong Local Municipality were trained on veld firefighting techniques. The training took place over three days. Two days were used for theory and one day on practical firefighting techniques. The volunteers were trained to capacitate and strengthen the volunteer teams with skills which can be applied during incidents, disasters or assisting injured members from their communities.

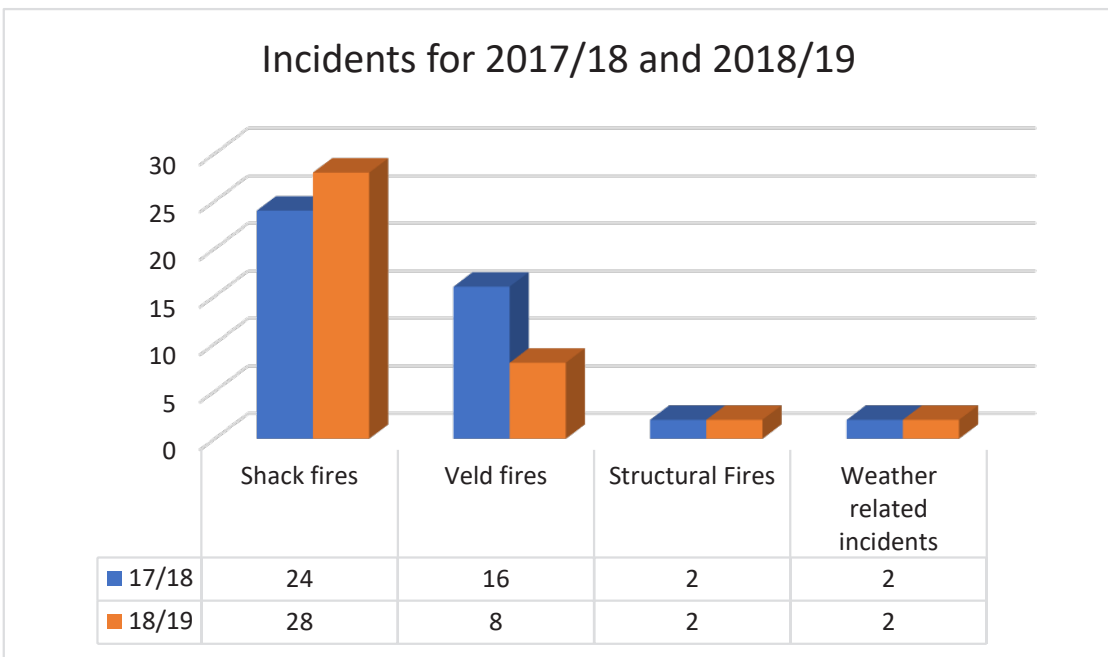
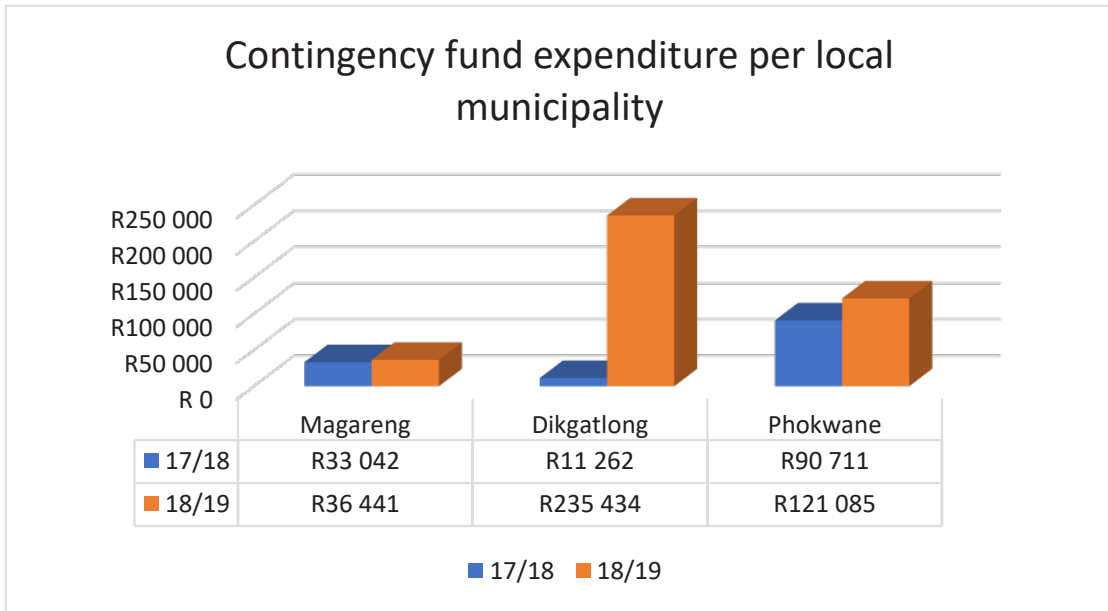
- **Other activities for 2018/19**

- 91% of the contingency fund for response and recovery was spent to assist community members with rehabilitation and social relief to communities residing within Dikgatlong, Magareng and Phokwane local municipalities. The expenditure of the contingency fund depends on the number of requests received from the local municipalities. There was an increase in shack fires.
- All planned safety awareness and education campaigns were conducted with communities within the Magareng, Dikgatlong and Phokwane local municipalities to mitigate the number of domestic shack fires and the destruction it causes; and
- We fully spent the disaster conditional grant. The spending of the grant depends upon the number of requests for assistance received from the local municipalities.

Types of fires experienced in 2018/19	Number
Shack fires	28
Veld fires	8
Structural fires (RDP houses, privately owned / businesses)	2
Weather related incidents	2

- **Contingency Fund**

A contingency fund was established through the policy to assist vulnerable and poor communities during any disastrous events. The safeguarding of many communities in rural areas (as identified in the District Disaster Management Plan) is important to the district municipality and needs to be in line with national and provincial government policies. Thereby ensuring effective and efficient management of resources which will make a significant contribution towards alleviating the effects of disasters/incidents. The contingency fund is 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 410,960.



The graph above shows that there was a decrease in veld fires but an increase in shack fires. Assistance were given to destitute families in the Magareng, Phokwane and Dikgatlong local municipalities.

- **Achievements**

Integrated institutional capacity for disaster risk management in the District

There has been an increase in the capacity and support to local municipalities as a result of the recruitment of disaster management volunteers (15 for Magareng; 10 for Dikgatlong; and 0 for Phokwane municipalities). Local Municipal Disaster Management Advisory Forums has been established in Magareng, Dikgatlong and Phokwane Local Municipalities.

Effective and efficient response and recovery to assist destitute families

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

Disaster Risk Reduction (Awareness Campaigns)

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

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

Employees: Fire Fighting & Disaster Management Services					
Job Level	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0,00	0%
4 - 8 *	5	6	5	0,00	0%
9 - 13 **	3	7	3	0,00	0%
14 - 18	1	1	1	0,00	0%
19 - 26	0	0	0	0,00	0%
Total	9	14	9	0,00	0%

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

* 1 fire fighter added to the organogram

**2 positions unfunded; 2 senior fire fighters added to the organogram

Financial Performance 2018/19: Fire Fighting & Disaster Management Services						R'000
Details	2017/18	2018/19				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	345	368	-	389	-	
Expenditure:						
Fire fighters	-	-	-	-		
Other employees	3 663	4 541	4 415	4 062	92%	
Repairs and Maintenance	-	-	-	-	-	
Other ¹	2 027	3 468	3 371	1 888	56%	
Total Operational Expenditure	5 690	8 009	7 786	5 950	76%	
Net Operational Expenditure	5 345	7 641	7 786	5 561	71%	

Capital Expenditure 2018/19: Fire Fighting & Disaster Management Services						R' 000
Capital Projects	2018/19					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	3 800	0	3 800	0%	3 800	
Procurement of 10 000 litre water tanker	3 800	0	3 800	0%	3 800	

Procurement of 10 000 litre water tanker for firefighting purposes

The water tanker will be utilised for veldfire and in informal settlements where no fire hydrants are available. The manufacturing of the water tanker was delayed by the internal restructuring processes of the appointed company which caused the project to overrun the timeframes of the service level agreement. The project was however successfully completed.

Special Projects 2018/19: Fire Fighting & Disaster Management Services						R' 000
Special Projects	2018/19					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	445	80	476	7%	476	
Volunteer Training	75	0	65	-15%	65	
Contingency Fund	370	80	411	10%	411	

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

3.4 Corporate policy offices and other services

3.4.1 Executive and council

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 for 2018/19 was made up of 26 members - 16 female, 10 male.

The Executive Mayor is the political head of the municipality and fulfils his oversight role collectively with a 27-member council. Twelve (12) of these councillors are representatives of the category B municipalities in the district and 14 councillors (including the mayor) were elected through proportional representation.

The Mayoral Committee's main function is to ensure integration of the work of the municipality across all committees and departments. The Speaker is the chairperson of Council and presides over the meetings of council and is also responsible for the discipline of councillors in terms of the Code of Conduct of Councillors. She ensures the effective functioning of business of council and its committees.

The committees of Council meet on a monthly basis, except for the months August and October, and formulate recommendations based on their portfolios.

Employees: The Executive and Council					
Job Level	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0%
4 - 8	1	1	1	0	0%
9 - 13	8	8	8	0	0%
14 - 18	2	2	2	0	0%
19 - 26	0	0	0	0	0%
Total	11	11	11	0	0%

Financial Performance 2018/19: The Executive and Council					
Details	R'000				
	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	(500)	(478)	96%
Expenditure:					
Employees	743	742	1 075	630	59%
Remuneration of Councillors	6 567	5 875	7 230	6 700	93%
Repairs and Maintenance	–	–	–	–	–
Other ¹	3 651	3 694	4 615	3 386	73%
Total Operational Expenditure	10 961	10 311	12 920	10 716	83%
Net Operational Expenditure	10 961	10 311	13 420	11 194	83%

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

3.4.2 Human Resource Services

Goal	Objectives	Outcome	
		Indicator	Target
To provide a fully effective Human Resources Management function to FBDM and offer support to local municipalities	To develop the human resource strategy	A fully developed Human Resource Strategy	1 HR strategy by 2018
	To perform the human Resource function in FBDM	Percentage compliance with HRM policies and prescripts.	100% compliance
		Timeously submitted WSP	Annually
		Percentage implementation of WSP	100%
	To provide human resource support to local municipalities	Established HR forum	2 sittings annually
	To support and promote growth and skills development initiatives for communities within the district by 2022	Percentage implementation of planned learnerships, internships and skills programmes	100% implementation of annual planned learnerships, internships and skills programmes

Employees: Human Resource Services					
Job Level	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0%
4 - 8	0	0	0	0	0%
9 - 13	1	2	2	0,10	5%
14 - 18	3	3	3	0	0%
19 - 26	0	0	0	0	0%
Total	4	5	5	0,10	2%

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

Financial Performance 2018/19: Human Resource Services					
					R'000
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	1 941	2 801	2 646	2 675	101%
Repairs and Maintenance	–	–	–	–	–
Other ¹	1 567	2 860	2 864	1 678	59%
Total Operational Expenditure	3 508	5 660	5 511	4 353	79%
Net Operational Expenditure	3 508	5 660	5 511	4 353	79%

3.4.3 Information and Communication Technology (ICT) Services

Goal	Objectives	Outcome	
		Indicator	Target
To render an enabling ICT environment and support within the district	To provide an effective ICT environment within the Frances Baard District Municipality by 2022	Percentage improvement of the ICT environment within the Frances Baard District Municipality	100% completion for identified annual programs
	To provide ICT structure support to the local municipalities by 2022	Establishment of a direct connectivity link with the local municipalities	Dikgatlong & Magareng local municipalities
		Shared ICT system/services with local municipalities	Dikgatlong & Magareng local municipalities
		Percentage improvement of the ICT environment in the local municipality	Magareng local municipality

Employees: ICT Services					
Job Level	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0,00	0%
4 - 8	0	0	0	0,00	0%
9 - 13	2	2	2	0,00	0%
14 - 18	1	1	1	0,00	0%
19 - 26	0	0	0	0,00	0%
Interns	2	2	2	0,00	0%
Total	3	3	3	0	0%

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

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

Capital Expenditure 2018/19: ICT Services						R' 000
Capital Projects	2018/19					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	950	1250	789	-20%	789	
Voice recorder system (new)	350	650	620	44%	620	
Internet and telephone system upgrade (renewal)	100	100	11	-809%	11	
Server (new)	300	300	0	-100%	0	
Desktop (replacement)	100	100	65	-54%	65	
Laptop (replacement)	100	100	93	-8%	93	

Financial Performance 2018/19: ICT Services						R'000
Details	2017/18	2018/19				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	–	–	–	–	–	
Expenditure:						
Employees	1 783	1 844	1 973	1 916	97%	
Repairs and Maintenance	–	–	–	–	–	
Other ¹	2 125	2 500	2 238	1 660	74%	
Total Operational Expenditure	3 908	4 344	4 210	3 576	85%	
Net Operational Expenditure	3 908	4 344	4 210	3 576	85%	

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

3.4.4 Financial Services

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

Budget & Treasury, Revenue & Expenditure and Supply Chain Management

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
Facilitation of effective and efficient system of budgeting and reporting, in compliance with applicable legislation	To ensure compliance with all accounting and legislative reporting requirements	100% Compliance to budgeting and reporting requirements	11 section 71 reports; (Annually)
			1 section 72 report (Annually)
			1 section 52 report (Annually)
			1 annual financial statement
	To provide financial management support to the local municipalities in the district	100% Implementation of support programme to the local municipalities	Magareng, Dikgatlong and Phokwane support reports
	To ensure long-term financial sustainability of the municipality	Sound financial management practice according to National Treasury guidelines	100% compliance
	To ensure effective debt collection and implementation of revenue generation strategies	100% collection of debtors	100% compliance
	To ensure the proper management of cash resources to meet financial liabilities	100% compliance to National Treasury guidelines	100% compliance
To ensure proper systems of supply chain management	100% Compliance with supply chain management system	Implemented annual procurement plan	
		SCM monthly reports	

Employees: Financial Services					
Job Level	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0%
4 - 8 **	4	5	4	0	0%
9 - 13 *	7	8	7	0,54	7%
14 - 18	6	6	6	0	0%
19 - 26	0	0	0	0	0%
Interns ***	5	5	3	0	0%
Total	17	19	17	0.54	3%

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

* One (1) new position created in 2017/18
 ** 1 position frozen/unfunded
 ***2 Finance Interns resigned within the 2018/19/ financial year

Financial Performance 2018/19: Financial Services					
					R'000
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget''	Actual	Variance to Budget
Total Operational Revenue	111 605	122 632	123 979	124 177	100%
Expenditure:					
Employees	9 567	15 235	15 336	13 716	89%
Repairs and Maintenance	–	–	–	–	-
Other ¹	7 173	7 413	7 102	5 632	79%
Total Operational Expenditure	16 740	22 648	22 536	19 348	86%
Net Operational Expenditure	(94 865)	(99 984)	(101 443)	(104 829)	103%

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

3.4.5 Year-on-year comparison report of FBDM's institutional performance for 2017/18 and 2018/19

KPI (DESCRIPTION)	2017/18 FY PERFORMANCE		MITIGATION STEPS TAKEN	KPI (DESCRIPTION)		2018/19 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE		TARGET	ACTUAL PERFORMANCE				
KPA 1: SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.									
1.1 Improved access to sustainable basic services in the district									
KPI 1: Percentage support and assistance to the 4LM's in identification, prioritisation and review of projects.	100%	100%	N/A	KPI 1.1: Percentage development of prioritised project lists.	100.00%	100.00%	N/A	N/A	
KPI 2: Amount (R) Spent/ Percentage projects progress in the provision of potable water to households in the district.	R10 500 000	R9 874 339	The retention funds will be paid out in the 2018/19 financial year, as per the service level agreement.	No water projects were planned for the 2018/19 financial year.					
KPI 3: Amount (R)% Spent on support to LMs in maintenance of municipal infrastructure in the district.	R10 000 000 (100%)	R9 677 529 (96.7%)	To improve the political oversight on projects implemented.	KPI 2.1: Amount spent on support for operations and maintenance of infrastructure in the LMs	R7 000 000	R6 528 610.10	Local municipalities did not submit all the outstanding claims.	The balance will be transferred to accumulated reserves, which assist our locals with funding O&M and infrastructure projects.	
This KPI was not applicable for the 2017/18 financial year.									
KPI 4: Amount (R) / Percentage spent on the DORA grant in supporting the LM's with transport planning in the district.	R2 516 000 (100%)	R2 208 481 (88%)	N/A	KPI 4 of 2017/18 was revised and is no longer reported in monetary terms. The revised KPI is stated in 3.1 of the 2018/19 financial year.					
KPI 5: Number of jobs created through EPWP targets, achieved as per EPWP incentive agreements. (FTE's) for 2017/18 FY.	8 (100%)	72.2 (903%)	N/A	KPI 3.1: Percentage implementation of the Municipal Roads Asset Management Systems.	100.00%	100.00%	N/A	N/A	
This KPI was not applicable for the 2017/18 financial year.									
KPI 6: Percentage progress / amount spent on the extension of the existing office buildings in FBDM.	R7 300 000 (100%)	R2 229 112 (35%)	The project has been rolled over to the 2018/19	KPI 4.1: Number of jobs created through EPWP targets, achieved as per EPWP incentive agreements. (FTEs) for 2018/19.	14	52.46	Additional FTE's were created, surpassing the agreed target stipulated in the EPWP incentive agreement with the Department of public works. Dikgatlong appointed more people than planned on their projects.	N/A	
1.2 Facilitation of the creation of sustainable human settlements in the district.									
KPI 5.1: Percentage progress on the completion of the extension of the FBDM building.	100.00%	100.00%		KPI 4.2: Number of jobs created through projects other than the EPWP incentive agreement.	150	402	Additional jobs were created in June 2019 due to the operation and maintenance cleaning project of municipal amenities. 150 Jobs were created in Magareng and Phokwane respectively.	N/A	
1.2 Facilitation of the creation of sustainable human settlements in the district.									

KPI (DESCRIPTION)	2017/18 FY PERFORMANCE		MITIGATION STEPS TAKEN	KPI (DESCRIPTION)		2018/19 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE		TARGET	ACTUAL PERFORMANCE				
KPI 7: Percentage facilitation in the reduction of the housing backlog.	100%	100%	N/A	KPI 6.1: Percentage progress in the review of four (4) sector plans and four (4) chapters.	100.00%	100.00%	N/A	N/A	
				KPI 6.2: Percentage facilitation of the subsidy application process	100.00%	100.00%	N/A	N/A	
				KPI 6.3: Percentage monitoring of human settlements development in the 3LM's	100.00%	100.00%	N/A	N/A	
KPI 8: Number / Percentage of consumer education workshops conducted.	8 (100%)	9 (112.5%)	N/A	KPI 6.4: Percentage update of the National Housing Needs Register	100.00%	78.00%	The slow speed of the network affects the updating of the housing needs register.	Upgrades on the IT network will be addressed.	
				KPI 7.1: Number of consumer education workshops conducted.	8	5	FBDM is finding it difficult to secure workshops due to lack of progress on housing projects.	The number of planned workshops will be reduced, and the number of participants per workshop will be increased in 2019/20 financial year.	
KPA 2: LOCAL ECONOMIC DEVELOPMENT (LED)									
2.1 Facilitation of Growth and Diversification of the District Economy.									
KPI 9: Percentage progress in the implementation of programmes / projects aimed at building a diverse economy during 2017/18 FY.	4 (100%)	4 (86%)	The LED forum and other sector committee meetings to be rotated and hosted at other stakeholder venues.	KPI 9 of 2017/18 was revised and split into 2 KPIs in the 2018/19 financial year. (KPI 8.1 – 8.2)					
				KPI 8.1: Percentage progress in the promotion of trade and investment through participation at four exhibition platforms.	100.00%	80.00%	The Galeshewe township extravaganza was cancelled by the organisers.	FBDM to participate at alternative exhibition.	
				KPI 8.2: Percentage progress towards the establishment of incubators	100.00%	70.00%	Due to no response from Phokwane local municipality regarding building layout plans, FBDM could not appointment a service provider for the refurbishment of the Hartswater stalls on time as the TORs had to be reworked.	The Hartswater stalls to be refurbished in the 2019/20 financial year.	
KPI 10: Percentage progress in the implementation of programmes/projects aimed at developing learning and skilful economies during 2017/18 FY .	2 (100%)	2 (50%)	The business management training of SMMEs will be implemented in the 2018/19 financial year, it is reported on KPI 11.2 of 2018/19 financial year.	KPI 10 of 2017/18 was revised and split into 2 KPIs in the 2018/19 financial year. (KPI 9.1 – 9.2)					
				KPI 9.1: Percentage progress in training of 50 SMME's on business skills development.	100.00%	100.00%	N/A	N/A	
				KPI 9.2: Percentage progress in the hosting of the entrepreneur awareness expo.	100.00%	100.00%	N/A	N/A	

KPI (DESCRIPTION)	2017/18 FY PERFORMANCE		MITIGATION STEPS TAKEN	2018/19 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE CE		TARGET	ACTUAL PERFORMANCE		
<p>KPI 11: Percentage progress in the implementation of programmes/projects aimed at developing inclusive economies during 2017/18 FY</p> <p>KPI 12: Percentage progress in the implementation of programmes / projects aimed at developing and supporting enterprises during 2017/18 FY</p> <p>KPI 13: Percentage progress in the implementation of economic governance in the district during 2017/18 FY.</p>	2 (100%)	2 (100%)	N/A	100.00%	100.00%	N/A	N/A
	2 (100%)	2 (100%)	N/A	2	2	N/A	N/A
	100.00%	100.00%		100.00%	100.00%	N/A	N/A
	1 (100%)	1 (100%)	N/A	1	1	N/A	N/A
	100.00%	100.00%		100.00%	100.00%	N/A	N/A
KPI 11 of 2017/18 was revised and split into 4 KPIs in the 2018/19 financial year. (KPI 10.1 -10.4)							
KPI 12 of 2017/18 was revised and split into 2 KPIs in the 2018/19 financial year. (KPI 11.1 -11.2)							
<p>KPI 11.1: Percentage progress towards the support of forty (40) SMMEs through the Economic Growth and Development Fund.</p> <p>KPI 11.2: Percentage progress on the implementation of capacity building programmes for enterprises.</p>	1 (100%)	1 (100%)	N/A	100.00%	20.00%	N/A	FBDM to budget for machinery and equipment grant that will make it easier for local SMEs to comply with requirements for support
	100.00%	100.00%		100.00%	100.00%	N/A	N/A
	100.00%	100.00%		100.00%	100.00%	N/A	N/A
KPI 13 of 2017/18 was revised and split into 2 KPIs in the 2018/19 financial year. (KPI 12.1 -12.2)							
<p>12.1: Percentage progress towards the development & coordination of the district economy.</p> <p>12.2: Number of incentive policy facilitation workshops hosted.</p>	100%	50%	The consultative forums will be rotated to different stakeholder localities to facilitate effective stakeholder participation in 2018/19 financial year.	100.00%	68.50%	Some sector committees and LED fora did not quorate	To review the approach to stakeholder engagements
	100%	50%		100.00%	2	N/A	N/A
2.2 Development of a Vibrant Tourism Sector Economy in the District.							
KPI 14 of 2017/18 was revised and split into 2 KPIs in the 2018/19 financial year. (KPI 13.1 -13.2)							
<p>KPI 14: Percentage progress on the programme to support and promote Tourism development in the district.</p>	100%	77.8%	The support to Dikgatlong Tourism Association (DTA) was discontinued due to non-compliance of conditions set by FBDM.	100.00%	40.00%	The EIA for the development of the Ganspan waterfowl nature reserve is not completed due to outstanding bulk infrastructure information required for the scoping report.	The project has been rolled over to the 2019/20 financial year.
	100%	77.8%		100.00%	2	N/A	N/A
KPI 13.1: Percentage progress in the development of tourism products.							
KPI 13.2: Percentage progress in the implementation of projects aimed at supporting tourism development in the district.							
<p>1) NCTA did not comply with the MOU requirements for support, thus FBDM did not transfer the allocated funds.</p> <p>2) The Diamonds and Dorings grant was not transferred to Sol Plaatje local municipality due to the cancellation of the event.</p>							

KPI (DESCRIPTION)	2017/18 FY PERFORMANCE		MITIGATION STEPS TAKEN	2018/19 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE CE		TARGET	ACTUAL PERFORMANCE		
						3) The proposals received for the development of the brochure and logo for Magareng tourism association were non-responsive therefore a suitable service provider could not be appointed.	3) Support for Magareng tourism association will take place in the next financial year 2019/20.
KPI 15: Percentage progress in the establishment and expansion of a destination brand in the district.	3 (100%)	3 (100%)	N/A	KPI 15 of 2017/18 was revised and stated as KPI 14.1 in the 2018/19 financial year.		FBDM was not able to secure a suitable service provider for hosting and maintenance of Tourism website due to non-responsive proposals.	FBDM to manage the website internally and to appoint a service provider on a once off basis to register the domain.
KPI 16: Percentage facilitation of strategic partnerships and participation of tourism role players in the district.	4 (100%)	4 (100%)	N/A	4	3	The fourth quarter association meeting did not quorate.	Association meetings to be rotated to local municipalities to improve participation.
KPA 3: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.							
3.1 Environmental Health Management in the District.							
KPI 17 of 2017/18 was revised and split into 5 KPIs in the 2018/19 financial year. (KPI 16.1 -16.5)							
KPI 17: Percentage progress on the programme of implementing effective and sustainable municipal health services in the district.				420	461	Additional samples were collected due to water quality failures.	N/A
				400	407	Additional inspections conducted due to the opening of new premises.	N/A
	100%	111.6%	N/A	120	120	N/A	N/A
				150	261	Additional food handlers were trained due to the appointment of new food handlers at food premises.	N/A
				150	162	New applications from non-food premises were received which required inspections at these premises.	N/A
KPI 18 of 2017/18 was revised and split into 5 KPIs in the 2018/19 financial year. (KPI 17.1 -17.5)							
KPI 18: Percentage progress on the programme to improve environmental planning and management in the district.	100%	106.9%	N/A	60	60	N/A	N/A
				5	5	N/A	N/A
				100.00%	100.00%	N/A	N/A

KPI (DESCRIPTION)	2017/18 FY PERFORMANCE		MITIGATION STEPS TAKEN	2018/19 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE CE		TARGET	ACTUAL PERFORMANCE		
				4	2	No measurements were done due to malfunctioning of measuring equipment.	Measuring will be done in the 2019/20 financial year.
				100.00%	40%	Environmental Management Framework project was not completed.	Reviewed EMF will be available in the 2019/20 financial year.
3.2 Disaster Management							
KPI 19 of 2017/18 was revised and split into 2 KPIs in the 2018/19 financial year. (KPI 18.1 -18.2)							
KPI 19: Percentage completion of projects and programmes aimed at disaster management capacity building in 3 local municipalities of the district.	100%	100%	N/A	3	3	N/A	N/A
KPI 20: Percentage implementation of a response recovery mechanism in the 3 LM's of the district as per the DDMF.	100%	100%	N/A	20	30	Ten (10) additional volunteers were trained due to the need that arose.	N/A
KPI 20 of 2017/18 was revised and stated as KPI 19.1 of the 2018/19 financial year.							
				100.00%	100.00%	N/A	N/A
KPI 21 of 2017/18 was revised and split into 2 KPIs in the 2018/19 financial year. (KPI 20.1 -20.2)							
KPI 21: Percentage completion of projects and programmes aimed at capacity building in fire fighting for 3 local municipalities in the District.	100%	50%	The project has been rolled over to the 2018/19 financial year.	100.00%	75.00%	The Department of Safety and Liaison did not vacate the building as per negotiations.	To commence with building construction in the 2019/20 financial year.
KPI 22: Percentage maintenance of the security systems in FBDM.	100%	100%	N/A	100.00%	100.00%	N/A	N/A
KPI 21: Percentage maintenance of the security systems in FBDM.	100%	100%	N/A	100.00%	100.00%	N/A	N/A
3.3 Human Resource Development in the district.							
KPI 23 of 2017/18 was revised and split into 2 KPIs in the 2018/19 financial year. (KPI 23.2 -24.1)							
KPI 23: Percentage development and implementation of an HR strategy for FBDM by 2017/18 FY.	100%	75%	The project has been rolled over to the 2018/19 financial year.	100.00%	50.00%	Steering committee recommended further review of the draft strategy	The strategy will be fully developed and adopted in the new financial year.
KPI 24: Percentage development and implementation of the WSP that is aligned to strategic objectives of the municipality by 2017/18 FY.	100%	100%	N/A	100.00%	100.00%	N/A	N/A
KPI 25: Percentage human resource management support to all departments in FBDM and the LMs by 2017/18 FY.	100%	75%	The HR forum will be rotated to different stakeholder localities for maximum participation.	100.00%	100.00%	N/A	N/A
KPI 23: Percentage compliance with HRM policies and Prescripts	100.00%	100.00%		100.00%	100.00%		

KPI (DESCRIPTION)	2017/18 FY PERFORMANCE		MITIGATION STEPS TAKEN	2018/19 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE		TARGET	ACTUAL PERFORMANCE		
This KPI was not applicable for the 2017/18 financial year.							
3.4 Records Management.							
KPI 26 of 2017/18 was revised and split into 2 KPIs in the 2018/19 financial year. (KPI 26.1-26.2)							
KPI 26: Percentage compliance with the Provincial Archives Act in FBDM and LM's for 2017/18 FY.	100%	100%	N/A	100.00%	103.13%	Due to the amount of transitory records to be disposed of, an additional destruction process was completed in the financial Year 2018/19.	N/A
KPI 27: Percentage provision of an effective and cost-efficient office support functions rendered to FBDM 2017/18 FY.	100%	100%	N/A	100.00%	100.00%	N/A	N/A
KPI 28: Percentage maintenance of buildings and management of contractors in FBDM.	100%	100%	N/A	100.00%	100.00%	N/A	N/A
3.5 Information Communication Technology (ICT)							
KPI 29 of 2017/18 was revised and stated as KPI 29.1 of the 2018/19 financial year							
KPI 29: Percentage improvement and maintenance of ICT infrastructure in FBDM in the 2017/18 FY.	100%	83.3%	The acquisition of the server will be concluded in the 2018/19 financial year.	100.00%	84.38%	1. Bids initially received did not meet the minimum requirements of the TOR and the projects had to be re-advertised. 2. Steering committee recommended further review on the Project Change policy	1) The project to be implemented in FY 2019/20. 2) The draft policy to be finalised in FY 2019/20.
KPI 30 of 2017/18 was revised and split into 2 KPIs in the 2018/19 financial year. (KPI 30.1.-30.2)							
KPI 30: Percentage implementation of ICT support programmes in the three LM's.	100%	100%	N/A	100.00%	100.00%	N/A	N/A

KPI (DESCRIPTION)	2017/18 FY PERFORMANCE		MITIGATION STEPS TAKEN	KPI (DESCRIPTION)	2018/19 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE CE			TARGET	ACTUAL PERFORMANCE		
				KPI 30.2: Percentage progress in shared ICT systems/services with the LMs.	100.00%	100.00%	N/A	N/A
3.6 Integrated Development Planning (IDP)								
KPI 31: Percentage facilitation of IDP preparation and review in FBDIM in compliance with relevant legislation and policies by 2017/18 FY.	100%	100%	N/A	KPI 31.1: Percentage progress in the review of the district municipal IDP.	100.00%	100.00%	N/A	N/A
KPI 32: Percentage assistance and support to LM's in the preparation and review of their IDP's.	3/100%	3/100%	N/A	KPI 32.1: Percentage implementation of the district process plan.	100.00%	100.00%	N/A	N/A
3.7 Performance management (PMS)								
KPI 33 of 2017/18 was revised and stated as KPI 37.1 of the 2018/19 financial year.								
KPI 33: Percentage assistance to the LM's to establish functional and sustainable PMS in compliance with legislation.	100%	25%	The increase in human resource capacity of PMS function is prioritised for the 1 st quarter of 2018/19 financial year.	KPI 37.1: Percentage implementation of a support programme to ensure functional and sustainable performance management systems in the LMs.	100.00%	100.00%	N/A	N/A
KPI 34: Percentage compliance with a functional institutional performance management system in FBDIM for 2017/18 FY.	100%	85.7%	The performance plans of senior managers to be finalised in July 2018.	KPI 36.1: Percentage compliance with performance management system in FBDIM.	100.00%	83.33%	Annual evaluations of senior managers were not conducted due to delays in the composition of the evaluation panel.	The annual evaluations will be conducted in 2019/20 financial year.
3.8 Town and Regional Planning								
KPI 35 of 2017/18 was revised and split into 2 KPIs in the 2018/19 financial year. (KPI 33.1.-34.1)								
KPI 35: Percentage facilitation of the development of urban areas in accordance with approved spatial plans. (3 L/M's) for 2017/18 FY.	100%	100%	N/A	KPI 33.1: Percentage progress on the processing of land development applications submitted to the DMPT.	100.00%	100.00%	N/A	N/A
	100%	100%		KPI 34.1: Percentage progress on township establishment.	100.00%	86.16%	1) There was a delay in finalising the signing of the beneficiaries' forms which delayed the completion of the conveyancer report and the lodgment of the title deeds. 2) The Department of Environment and Nature Conservation (DENC) requires the Environmental Impact Assessment for farm Guldenskat 36 portion of portion 42 Jan Kempdorp. As a result, the project could not be completed as planned.	The conveyancer report and the lodgment of the title deeds will be done in 2019/20 FY.

KPI (DESCRIPTION)	2017/18 FY PERFORMANCE		MITIGATION STEPS TAKEN	2018/19 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE		TARGET	ACTUAL PERFORMANCE		
3.9 Geographical Information System (GIS)							
KPI 36: Percentage creation of integrated GIS services in the district for the 2017/18 FY.	100%	100%	N/A	KPI 36 of 2017/18 was revised and stated as KPI 35.1 in the 2018/19 financial year.			
KPI 37: Percentage enhancement with the use of GIS as a planning tool for the 2017/18 FY.	100%	83.3%	The GIS strategy and policy will be completed in 2018/19 financial year.	100.00%	N/A		N/A
KPI 35.2: Percentage promotion of training and awareness of GIS in the district.	100.00%	100.00%		100.00%			N/A
KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION							
4.1 Communication							
KPI 38 of 2017/18 was revised and split into 2 KPIs in the 2018/19 financial year. (KPI 38.1.-38.2)							
KPI 38.1: Percentage provision of information to improve public understanding and facilitation of collaboration of government activities in 2017/18 FY.	100%	90.4%	The PAIA training for FBDM officials was discontinued as SAHRC PAIA unit seized to exist.	100.00%	96.61%	Logistical arrangements completed but political principles and/or media not available for media briefing.	Media briefings will be structured around significant events in the municipality.
KPI 38.2: Percentage support towards the improvement of staff engagement to successfully implement the goals of FBDM for 2017/18 FY.	100%	100%	N/A	100.00%	0.00%	The public participation plan was not developed. All role-players could not be engaged.	Plan engagement with MM and Executive Mayor with assistance of the Office Manager (Executive Mayor) to map out approach.
4.2 Risk management							
KPI 38 of 2017/18 was revised and split into 2 KPIs in the 2018/19 financial year. (KPI 40.1.-40.2)							
KPI 40.1: Percentage implementation of policies, procedures, strategies and implementation plans necessary to minimise identified risks in FBDM and 2 LMs for the 2017/18 FY.	100%	100%	N/A	100.00%	100.00%		N/A
KPI 40.2: Percentage development of risk management policies and strategies for the LM's.	100.00%	100.00%		100.00%			N/A

KPI (DESCRIPTION)	2017/18 FY PERFORMANCE		MITIGATION STEPS TAKEN	KPI (DESCRIPTION)	2018/19 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE CE			TARGET	ACTUAL PERFORMANCE		
KPI 41: Percentage implementation of a fraud prevention policy, strategy, and implementation plan for FBDM and the 2 LMs for the 2017/18 FY.	100%	100%	N/A	KPI 41 of 2017/18 was revised and split into 2 KPIs in the 2018/19 financial year. (KPI 41.1.-41.2)	100.00%	100.00%	N/A	N/A
				KPI 41.1: Percentage implementation of fraud prevention policies and strategies in FBDM.	100.00%	100.00%	N/A	N/A
				KPI 41.2: Percentage development of fraud prevention policies and strategies for the LM's	100.00%	100.00%	N/A	N/A
4.3 Internal Audit								
KPI 42 – 45 were revised and merged into KPI 42.1 of the 2018/19 financial year.								
KPI 42: Percentage evaluation and contribution to the implementation and improvement of the efficiency and effectiveness of internal controls and safeguarding of assets of FBDM and the 2LM's.	100%	61.1%	1) Roll over was approved in 2018 / 19 FY of MSCOA Audit. 2) The APRC charter will be part of the agenda of the 1 st quarter of 2018/19 and thereafter recommended to council for approval.	KPI 42.1: Percentage implementation of the approved internal audit plan	100.00%	74.38%	Both FBDM and Magareng sat for three quarterly meetings of the audit committee whereas Dikgatlong failed on two occasions to secure a meeting for the third quarter. The term of the audit committee came to an end on 22 March 2019 and council subsequently appointed the committee on 26 June 2019.	The audit plans with timelines will be approved for execution after induction of the audit committee. Schedule of meetings of the audit committee will be developed.
KPI 43: Percentage evaluation of the implementation of Performance Management Systems in FBDM and the 2 LM's for the 2017/18 fy.	100%	100%	N/A					
KPI 44: Percentage assessment of matters relating to compliance with legislation to ensure sustainable management of financial affairs and performance management in FBDM and in the 2 LM's. (IDP)	100%	54.3%	DORA audits for FBDM and locals were approved for roll-over in the first quarter of 2018/19 FY.					
KPI 45: Percentage assessment of matters relating to compliance with legislation in contributing to the reliability and integrity of financial and non-financial information in FBDM and the 2 LM's for the 2017/18 fy.	100%	108.3%	N/A					
4.5 Legal and compliance								
KPI 53 of 2017/18 was revised and stated as KPI 43.1 in the 2018/19 financial year.								
KPI 46: Percentage implementation of a legal service to FBDM and the LM's (on request) for the 2017/18 fy	100%	100%	N/A	KPI 43.1: Percentage provision of sound and improved legal and compliance services in the district.	100.00%	100.00%	N/A	N/A

KPI (DESCRIPTION)	2017/18 FY PERFORMANCE		MITIGATION STEPS TAKEN	2018/19 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE		TARGET	ACTUAL PERFORMANCE		
KPI 47: Percentage vetting of contracts to ensure sound legal binding contracts in FBDM and the LMs.	100%	100%	N/A	KPI 53 of 2017/18 was revised and stated as KPI 44.1 in the 2018/19 financial year.			
	100%	100%	N/A				N/A
4.5 Council and committee services							
KPI 48: Percentage facilitation of council and committee meetings to ensure timely implementation of Council resolutions in FBDM for the 2017/2018 FY.	100%	133.3%	Additional special Council meetings were convened based on the need.	KPI 48 of 2017/18 was revised and stated as KPI 45.1 in the 2018/19 financial year.			
	100%	100%					N/A
4.6 Youth Services							
KPI 49: Percentage implementation of planned youth development initiatives in the district by 2017/18 FY.	100%	100%	N/A	KPI 49 of 2017/18 was revised and stated as KPI 46.1 in the 2018/19 financial year.			N/A
KPI 50: Percentage development of initiatives to strengthen and support organised youth structures in the district by 2017/18 FY.	100%	100%	N/A				
KPI 51: Percentage implementation of the district youth skills development plan by 2017/18 FY.	100%	100%	N/A				
4.7 Special Programmes							
KPI 52: Percentage coordination and monitoring of special programmes in the district.	100%	50%	To improve the relations and communication with relevant government departments.	KPI 52 of 2017/18 was revised and stated as KPI 47.1 in the 2018/19 financial year.			
	100%	100%					N/A
KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT							
KPI 53: Percentage implementation of activities to ensure long-term financial sustainability of the municipality during 2017/18 FY.	100%	100%	N/A	KPI 53 of 2017/18 was revised and stated as KPI 50.1 in the 2018/19 financial year. Activities implemented are reported under KPI 50.1 in 2018/19 financial year.			N/A

KPI (DESCRIPTION)	2017/18 FY PERFORMANCE		MITIGATION STEPS TAKEN	KPI (DESCRIPTION)	2018/19 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE CE			TARGET	ACTUAL PERFORMANCE		
KPI 54: Percentage compliance with all accounting statutory and legislative requirements during 2017/18 FY.	100%	100%	N/A	KPI 54 of 2017/18 was revised and stated as KPI 50.1 in the 2018/19 financial year.	100.00%	100.00%	N/A	N/A
KPI 55: Percentage adherence to systems of supply chain management during 2017/18 FY.	100%	100%	N/A	KPI 53.1: Percentage compliance with supply chain management system.	100.00%	100.00%	N/A	N/A
KPI 56: Percentage implementation of revenue generating and debt collection strategies during 2017/18 FY.	100%	100%	N/A	KPI 55 of 2017/18 was revised and stated as KPI 50.1 in the 2018/19 financial year.	100.00%	100.00%	N/A	N/A
KPI 57: Percentage implementation of processes and activities to ensure proper management of cash resource to meet financial liabilities during 2017/18 FY.	100%	100%	N/A	KPI 51.1: Percentage progress on the collection of debtors.	100.00%	100.00%	N/A	N/A
KPI 58: Percentage financial management support to four (4) LMs during 2017/18 FY.	100%	100%	N/A	KPI 52.1: Percentage compliance to National Treasury guidelines.	100.00%	100.00%	N/A	N/A
KPI 59: Percentage implementation of MSCOA BY 01 July 2017 and ensuring its maintenance during 2017/18 FY.	100%	100%	N/A	KPI 49.1: Percentage implementation of a support programme to the local municipalities.	100.00%	100.00%	N/A	N/A
KPI was not applicable for the 2018/19 financial year.								

Chapter 4 - Organisational Development Performance

4.1 Introduction

The core of human resource management and development hinges on the underlying appreciation of how different elements of human capital management functions fit together to create meaning and value for the municipality.

The municipality is constantly striving to become an employer of choice amongst municipalities in the Northern Cape province and, ultimately, the best in the country. The municipality seeks to attain this through innovative mechanisms that aims to improve the quality of lives for the Frances Baard communities.

The municipality has thus embarked on developing a Human Resource strategy. The strategy serves to outline how Human Resource development and Human Resource management should be managed to support the achievements of the objectives of the Integrated Development Plan of the municipality and applicable Local Government strategies. The strategy is a tool to, amongst others, improve on creating an environment conducive to learning and development by allocating adequate resources for purposes of recruitment and selection, employee education; training and development, performance management as well as retention of critical skills.

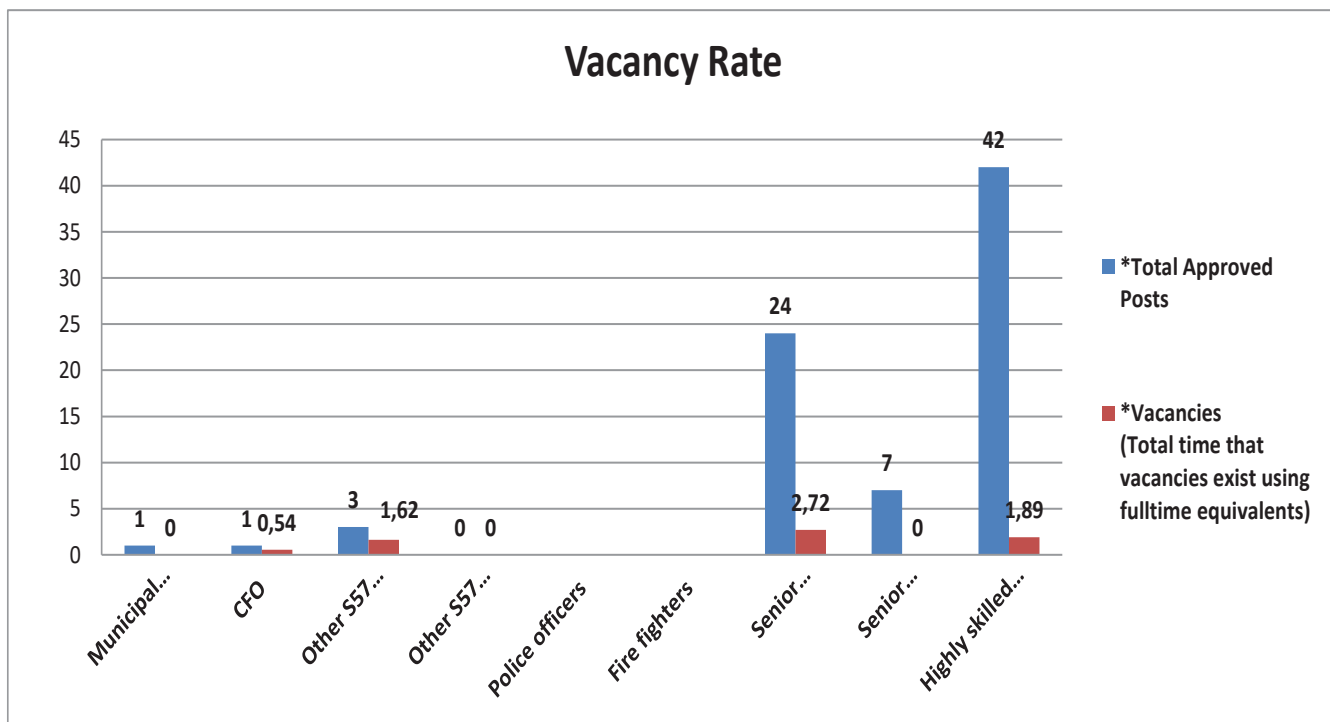
In delivering on the mandate relating to Municipal Health Services, FBDM finalised the service level agreement with Sol Plaatje Local Municipality. The agreement serves to formalise the relationship between the two municipalities as well as to establish the terms and conditions under which SPLM will render municipal health services on behalf of FBDM. FBDM further fully took over the service for Phokwane local municipality. Two Environmental Health practitioner positions were filled.

The municipality has had to deal with four disciplinary cases in the 2018/2019 financial year with the aim of correcting work-related behaviour. All related cases were finalised within the financial year.

There has been evident growth in the focus of employee health and wellness where the municipality has invested more time and resources in corporate wellness programmes for both councillors and officials.

Employees					
Description	2017/18	2018/19			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Municipal Manager & Section 56 Managers	2	5	2	1,62	32%
Housing Services	6	13	5	0,54	4%
Programme Management & Advisory Services (incl. Director and secretary)	8	9	7	0,54	6%
Town & Regional Planning Services (includes secretary to Director)	3	4	3	0,54	14%
Integrated Development Planning (IDP)	1	1	1	0	0%
Geographic Information System Services	2	2	1	0,07	3%
Local Economic Development Services (15 interns)	7	7	6	0,09	1%
Environmental Health Services	5	8	6	1,47	18%
Fire Fighting & Disaster Management	9	14	9	0	0%
Executive & Council	11	11	11	0	0%
Office of Municipal Manager (6 interns)	12	12	10	0,53	4%
Corporate & Human Resource Services	31	31	31	0,10	2%
ICT Services (2 interns)	3	3	3	0	0%
Financial Services (5 interns)	17	19	17	0,54	3%
Totals	117	139	112	5,50	87%

Vacancy Rate: 2018/19			
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	0,54	54%
Other S57 Managers (excluding Finance Posts)	3	1,62	54%
Other S57 Managers (Finance posts)	0	0	0
Senior management: Levels 13-15 (excluding Finance Posts)	24	2,72	11,33%
Senior management: Levels 13-15 (Finance posts)	7	0	0
Highly skilled supervision: levels 9-12 (excluding Finance posts)	42	1,89	4,50%
Highly skilled supervision: levels 9-12 (Finance posts)	3	0	0
Total	81	6,77	8,36%



Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate
2016/17	36	31	86%
2017/18	13	16	123%
2018/19	12	22	183%

4.2 Managing the municipal workforce

The National Treasury norm of 35% on personnel budget serves as a framework/guideline for municipalities to implement in order to assist or curb unnecessary high spending on workforce expenditure. During 2018/2019, FBDM had exceeded the norm by 16%. This 51% (R 68,349,800) comprises of the remuneration of both councillors and officials.

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	IT Security POLicy	100%	100%	19 September 2018
2	Patch Management Policy	100%	100%	19 September 2018

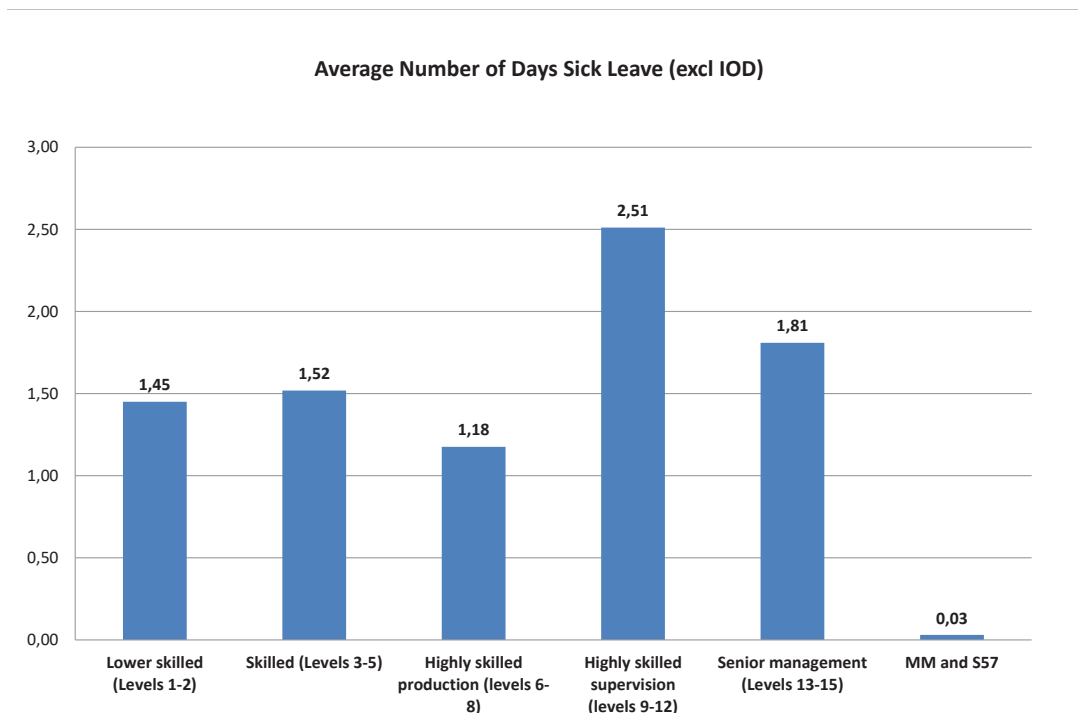
4.3 Injuries, sickness and suspensions

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R '000
Required basic medical attention only	2	1	50%	0,4	0*
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	2	1	50%	0.4	0

* An amount of R656 was spent on medical treatment for the employee.

Number of days and cost of sick leave (excluding injuries on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification (3 days or more) %	Employees using sick leave No.	Total employees in post* No.	**Average sick leave per Employees Days	Estimated cost R' 000
Interns	190	34%	21	21	1,45	77
Skilled (Levels 3-5)	199	0%	17	19	1,52	78
Highly skilled production (levels 6-8)	154	11%	9	16	1,18	61
Highly skilled supervision (levels 9-12)	329	81%	29	32	2,51	274
Senior management (Levels 13-18)	237	25%	37	41	1,81	317
MM and S57	4	0%	2	2	0,03	18
Total	1 113	151%	115	131	8,50	825

* Number of employees in post at the beginning of the year
 ** Average is calculated by taking sick leave in column 3 divided by total employees in column 4



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

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
Chief Clerk: Archives	Absenteeism, late-coming and leaving work place earlier	Final written warning	03 August 2018
Supervisor: Gardeners	Assault	Final written warning and 10 days salary deduction	25 April 2019
Auxiliary Services Officer	Assault	Acquitted of all charges	25 July 2019
Gardener	Insubordination, insolence, usage of abusive language and intimidation	Ongoing	

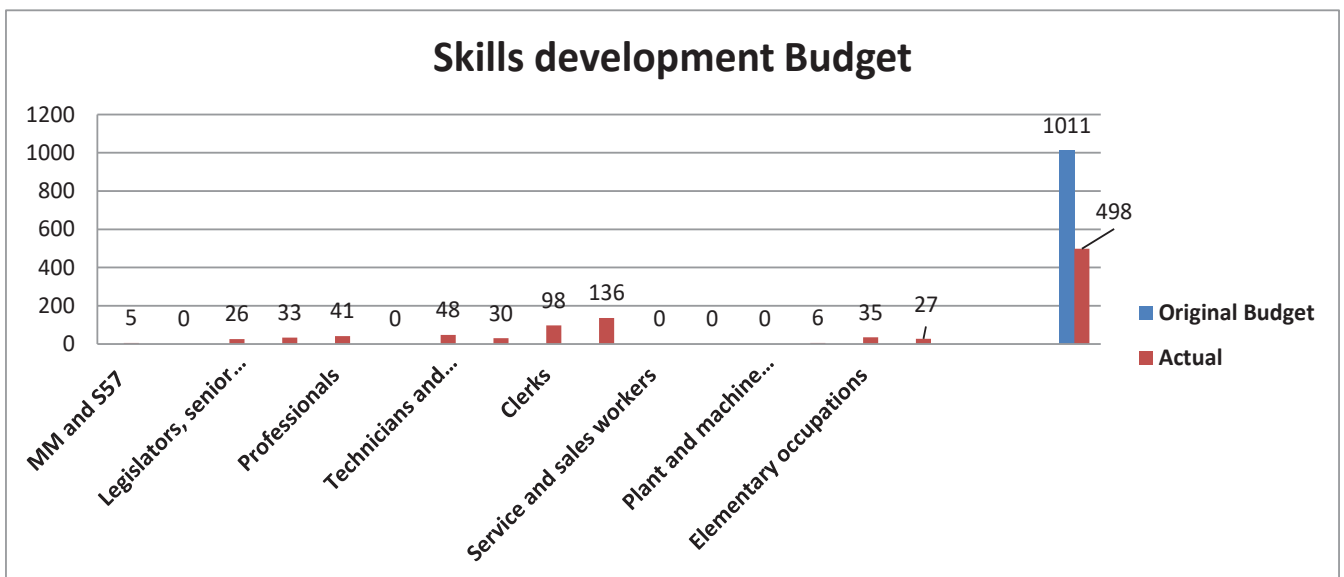
Performance rewards by gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2018/19 (R)	Proportion of beneficiaries within group %
MM and S57	Female	2	0	0	0
	Male	0	0	0	0
Total		2	0	0	
Has the statutory municipal calculator been used as part of the evaluation process ?					Yes

4.4 Capacitating the municipal workforce

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	0	0	0	0	0	0
Accounting officer	1	0	1	1	0	0
Chief financial officer	0	0	0	0	0	0
Senior managers	1	0	1	1	0	0
Any other financial officials	19	0	19	0	0	2
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	0	0	0
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	21	0	21	2	0	2
* 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	Original Budget and Actual Expenditure on skills development for 2017/18				
			Learnerships	Skills programmes & other short courses	Other forms of training	Total	
			No.	Actual	Actual	Actual	Original Budget
MM and S57	Female	2	0	2	0	1,011	5
	Male	0	0	0	0		0
Legislators, senior officials and managers	Female	16	0	26	6		26
	Male	17	0	33	0		33
Professionals	Female	15	0	41	0		41
	Male	7	0	0	0		0
Technicians and associate professionals	Female	6	0	48	10		48
	Male	7	0	30	0		30
Clerks	Female	19	0	98	0		98
	Male	17	0	136	0		136
Service and sales workers	Female	3	0	0	0		0
	Male	1	0	0	0		0
Plant and machine operators and assemblers	Female	0	0	0	0		0
	Male	3	0	6	0		6
Elementary occupations	Female	6	0	35	0		35
	Male	7	0	27	0		27
Sub total	Female	67	0	250	16	253	
	Male	59	0	232	0	232	
Total		126	0	482	16	1,011	498
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.						%*	

Note: The total original budget is made up of training and bursaries. The training budget was R1,150m and the bursaries budget R300,000 for the 2018/19 financial year.



The district successfully developed and submitted the Workplace Skills Plan (WSP) for 2018/2019 on the 30 April 2019. The WSP consists of the Annual Training report for 2017/2018 and the training plan for 2018/2019.

The municipality committed, about one percent of the it's wage bill for skills development programmes. The WSP, informs the Local Government Sector Education & Training Authority (LGSETA) what accredited and Continuous Professional Development (CPD) training the organisation will provide to the employees in the next 12 months. Furthermore, through the WSP skills programmes, learnership and internship programmes for the employees and unemployed youth are identified.

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.

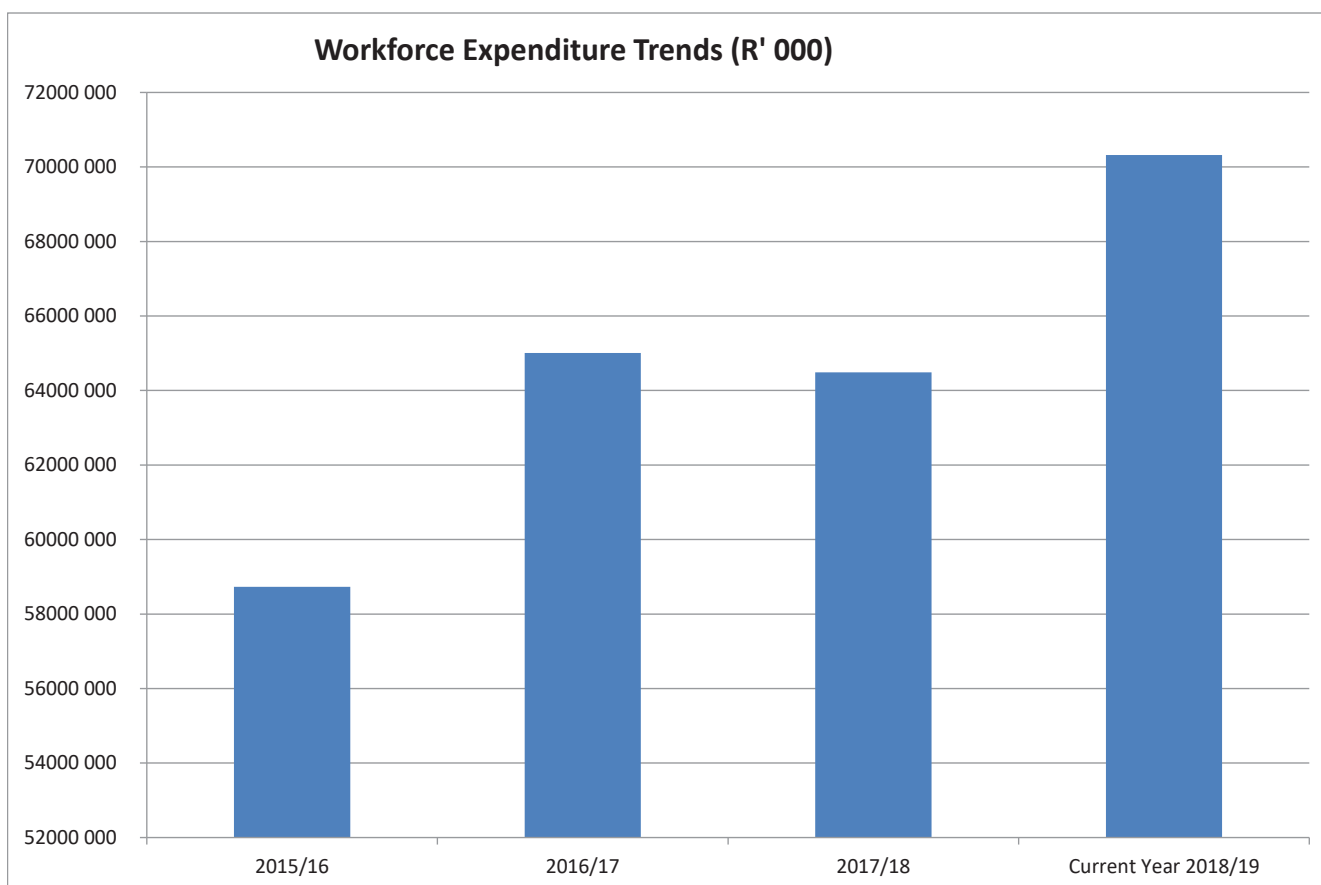
All service providers used for training are accredited and through the assessment of the impact of training 99% of training provided has positively contributed to skills, knowledge and productivity of employees. All senior managers meet the MFMA Competency Regulations.

Training plans and the effectiveness of implementation.

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

4.5 Managing the workforce expenditure

The district municipality exceeded the 35% norm (salary bill) for employee cost due to its outward looking approach by attracting and appointing highly skilled / dedicated personnel to support the local municipalities within the district area, in order to address the challenge of scarce skills / expertise such as engineers, IDP professionals, internal auditors, risk management professionals, finance related personnel, etc. The cost was also due to the review of the staff establishment in 2017/18, which resulted in additional positions being filled in 2018/19.



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

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

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

Chapter 5 - Financial Performance

5.1 Introduction

The overall financial viability of the municipality was assessed by the Auditor-General to be sound for the 2018/19 financial year. From the assessment it can be concluded that the municipality has succeeded in growing its financial position, as there was an increase of R24,767,686 which is a direct result of an increase in cash. The positive growth is attributable to the implementation of financial policies and proper internal control measures being put in place.

The main source of revenue remains operating grants from government, as the municipality is highly dependent upon these allocations. The growth in income is limited to the current inflation rate and an increase in the GDP that is expected to be less than 1%. The low economic growth has a negative impact on the operations of the municipality's ability to sustain a high level of involvement in the district, in the form of allocations made by the municipality to the local municipality to assist with various projects.

Considering that the municipality relies heavily on grant funding to finance its operations, it still succeeded in building the capacity of the local municipalities in its area of jurisdiction to assist them to perform their functions and exercise their powers. Notwithstanding the negative economic growth forecast, the municipality was able to spend R7,305,733 (2017/18: R24, 795, 809) towards infrastructure assets, repairs & maintenance, advisory services and creation of job opportunities to make a difference within the communities in the district. The spending relates to the allocations made to the local municipalities from the district.

The liquidity ratio which is used to measure the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities, the norm is 1:3. The increase in the liquidity ration from 3.2 (2017/18) to 3.4 (2018/19) is due to the increase in the cash. The municipality is therefore in a position to pay its current liabilities with the cash available at year end and is an indication that the municipality will be able to meet its short to medium term commitments.

The cost coverage gives an indication of how many months the cash and other liquid assets available to the municipality, excluding utilisation of grants, can cover the expenditure of the municipality. The increase in the current year is a result of the decrease in the operational fixed expenditure overriding the decrease in cash and investments. The increase in the current year is a result of the decrease in the operational fixed expenditure overriding the decrease in cash and investments. The decrease in operational expenditure of R17,522,000 is as a result of cost containment measures implemented and savings on vacant director's positions.. The allocations the municipality provides to the local municipality was decreased during the 2018/19 financial year to improve cashflow and as a result of cost containment measures implemented.

Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid on the loan by the total operating expenditure. There was a slight increase in the capital charges to operating expenditure of 0,1% due to the decrease in the operating expenditure for the year under review. The municipality's long-term loan is paid up in 2018/19FY and will not incurred any additional loans of which it will result in the improvement in the capital charge to operating expenditure ratio.

5.2 Statement of financial performance

Financial Summary						
R' 000						
Description	2017/18	Current Year: 2018/19		2018/19 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Financial Performance						
Property rates	–	–	–	–	–	–
Service charges	–	–	–	–	–	–
Investment revenue	5 830	4 805	4 805	6 729	28,59%	28,59%
Transfers recognised - operational	117 699	121 311	121 311	125 713	3,50%	3,50%
Other own revenue	1 289	1 503	1 803	932	-61,19%	-93,36%
Total Revenue (excluding capital transfers and contributions)	124 818	127 619	127 919	133 374	4,32%	4,09%
Employee costs	57 917	72 692	72 491	61 650	-17,91%	-17,58%
Remuneration of councillors	6 567	5 875	7 230	6 700	12,31%	-7,92%
Debt impairment	–	–	–	–		
Depreciation & asset impairment	3 877	3 551	3 899	3 003	-18,24%	-29,84%
Finance charges	451	222	222	204	-9,12%	-9,12%
Materials and bulk purchases	1 455	1 635	1 612	1 246	-31,26%	-29,42%
Transfers and grants	24 796	8 873	8 373	7 306	-21,46%	-14,61%
Other expenditure	22 480	35 669	35 098	28 417	-25,52%	-23,51%
Total Expenditure	117 544	128 517	128 926	108 525	-18,42%	-18,80%
Surplus/(Deficit)	7 274	(898)	(1 007)	24 849	103,62%	104,05%
Transfers recognised - capital	–	–	–	–	–	–
Contributions recognised - capital & contributed assets	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	7 274	(898)	(1 007)	24 849	103,62%	104,05%
Share of surplus/ (deficit) of associate	–	–	–	–	–	–
Surplus/(Deficit) for the year	7 274	(898)	(1 007)	24 849	103,62%	104,05%
Capital expenditure & funds sources						
Capital expenditure	3 862	8 050	11 130	9 195	12,45%	-21,04%
Transfers recognised - capital	–	–	–	–	0,00%	0,00%
Public contributions & donations	–	–	–	–	0,00%	0,00%
Borrowing	–	–	–	–	0,00%	0,00%
Internally generated funds	3 862	8 050	11 130	9 195	12,45%	-21,04%
Total sources of capital funds	3 862	8 050	11 130	9 195	12,45%	-21,04%

Financial Summary							R' 000
Description	2017/18	Current Year: 2018/19			2018/19 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
Financial position							
Total current assets	63 833	44 551	60 993	85 527	47,91%	28,69%	
Total non current assets	58 161	65 695	60 893	64 319	-2,14%	5,33%	
Total current liabilities	17 719	24 757	17 719	17 339	-42,78%	-2,19%	
Total non current liabilities	28 490	32 000	28 490	31 872	-0,40%	10,61%	
Community wealth/equity	75 785	53 489	75 677	100 635	46,85%	24,80%	
Cash flows							
Net cash from (used) operating	1 952	4 774	5 014	32 878	85,48%	84,75%	
Net cash from (used) investing	1 226	(7 936)	(11 016)	(9 927)	20,06%	-10,97%	
Net cash from (used) financing	(2 208)	(2 485)	(2 485)	(2 455)	-1,19%	-1,19%	
Cash/cash equivalents at the year end	51 072	45 425	36 939	71 567	36,53%	48,39%	
Cash backing/surplus reconciliation							
Cash and investments available	57 122	41 401	54 281	71 567	42,15%	24,15%	
Application of cash and investments	7 801	12 267	8 781	7 957	-54,17%	-10,35%	
Balance - surplus (shortfall)	49 321	29 134	45 500	63 610	54,20%	28,47%	
Asset management							
Asset register summary (WDV)	50 601	61 108	53 333	56 726	-7,72%	5,98%	
Depreciation & asset impairment	3 877	3 551	3 899	3 003	-18,24%	-29,84%	
Renewal of Existing Assets	285	893	893	1 236	27,73%	27,73%	
Repairs and Maintenance	3 071	5 145	5 145	1 246	-313,05%	-313,05%	
Free services							
Cost of Free Basic Services provided	-	-	-	-	-	-	
Revenue cost of free services provided	-	-	-	-	-	-	
Households below minimum service level							
Water:	-	-	-	-	-	-	
Sanitation/sewerage:	-	-	-	-	-	-	
Energy:	-	-	-	-	-	-	
Refuse:	-	-	-	-	-	-	
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1							

Financial Performance of Operational Services							R '000
Description	2017/18	2018/19			2018/19 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Operating Cost							
Water	–	–	–	–	–	–	
Waste Water (Sanitation)	–	–	–	–	–	–	
Electricity	–	–	–	–	–	–	
Waste Management	–	–	–	–	–	–	
Housing	4 638	4 219	3 726	3 331	-26,65%	-11,84%	
Component A: sub-total	4 638	4 219	3 726	3 331	-26,65%	-11,84%	
Waste Water (Stormwater Drainage)	–	–	–	–	–	–	
Roads	–	–	–	–	–	–	
Transport	–	–	–	–	–	–	
Component B: sub-total	–	–	–	–	–	–	
Planning	39 638	34 143	32 264	26 499	-28,85%	-21,76%	
Local Economic Development	–	–	–	–	–	–	
Component B: sub-total	39 638	34 143	32 264	26 499	-28,85%	-21,76%	
Planning (Strategic & Regulatory)	–	–	–	–	–	–	
Local Economic Development	–	–	–	–	–	–	
Component C: sub-total	–	–	–	–	–	–	
Community & Social Services	–	–	–	–	–	–	
Environmental Protection	3 999	7 280	5 980	3 913	-86,06%	-52,85%	
Health	–	–	–	–	–	–	
Security and Safety	–	–	–	–	–	–	
Sport and Recreation	–	–	–	–	–	–	
Corporate Policy Offices and Other	69 269	82 875	86 956	80 407	-3,07%	-8,14%	
Component D: sub-total	73 268	90 155	92 936	84 319	-6,92%	-10,22%	
Total Expenditure	117 544	128 517	128 926	114 150	-12,59%	-12,94%	

5.3 Grants

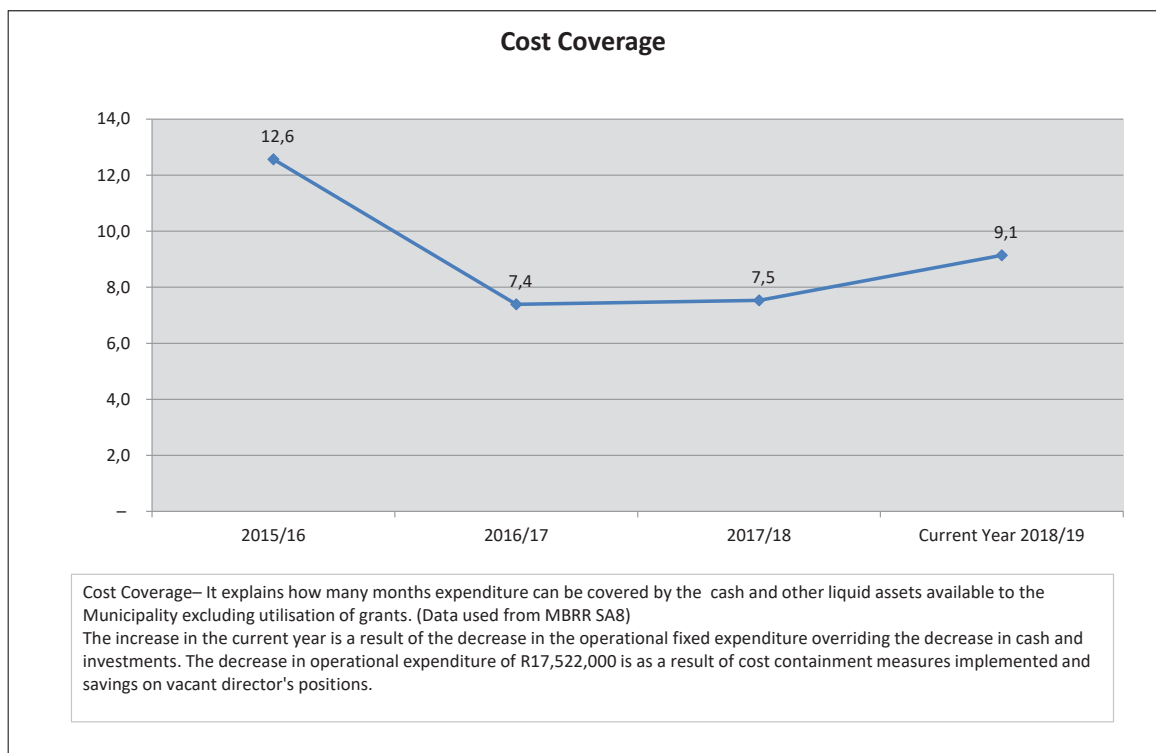
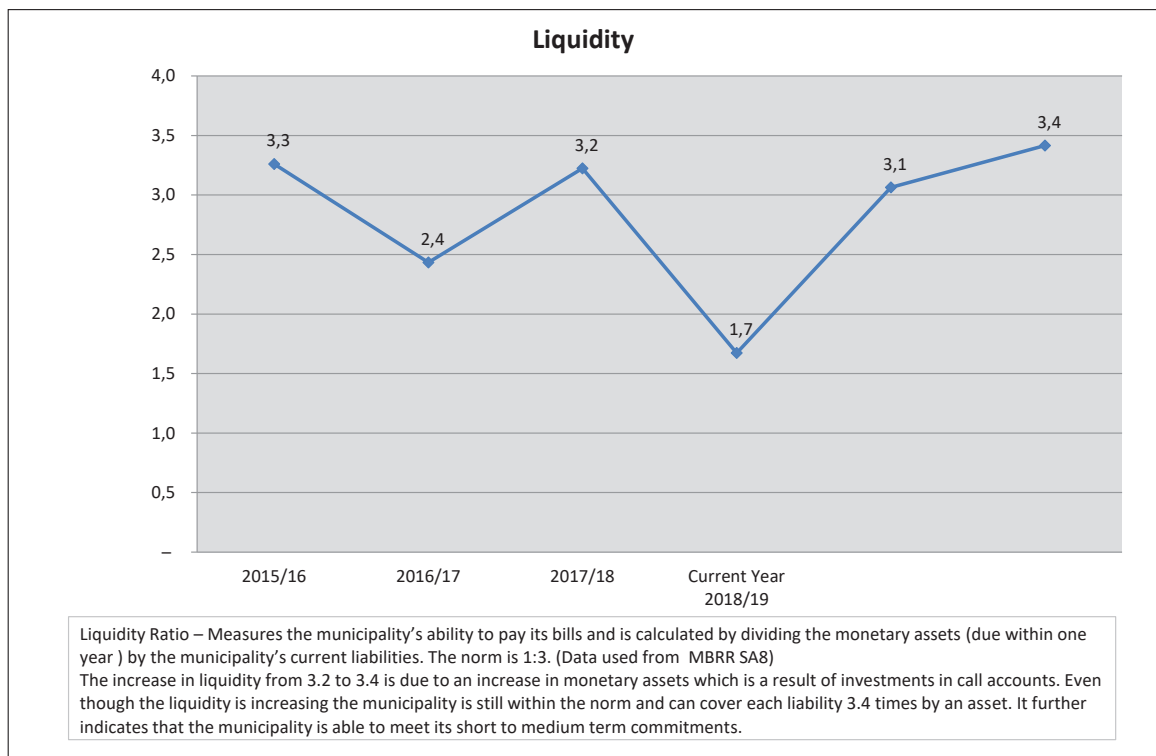
Grant Performance							R' 000
Description	2017/18	2018/19			2018/19 Variance		
	Actual	Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
Operating Transfers and Grants							
National Government:	117 251	120 843	120 843	120 843	0,00%	0,00%	
Equitable share	8 268	8 987	8 987	5 835	-54,02%	-54,02%	
Special Contribution: Councillor Remuneration	-	-	-	-	-	-	
Levy Replacement	104 049	107 222	107 222	110 374	2,86%	2,86%	
Finance Management Grant	1 250	1 000	1 000	1 000	0,00%	0,00%	
Municipal Systems Improvement	-	-	-	-	-	-	
Expanded Public Works Programme	1 168	1 113	1 113	1 113	0,00%	0,00%	
Roads Asset Management Grant	2 516	2 521	2 521	2 521	0,00%	0,00%	
Provincial Government:	614	468	100	4 870	90,39%	90,39%	
Housing	-	-	-	-	-	-	
NC Tourism - Contribution Tourism Month	-	-	-	-	-	-	
District Aids Council	-	-	-	478	-	-	
NEAR Control Centre	350	368	-	389	5,40%	5,40%	
NCPA Firefighting Equipment	-	-	-	-	-	-	
SETA - Skills Grant	100	100	100	74	-35,68%	-35,68%	
Operation Khotso Pula Nala	-	-	-	3 930	-	-	
Department of Economic Development and Tourism Grant	164	-	-	-	-	-	
District Municipality:	-	-	-	-	-	-	
Other grant providers:	-	-	-	-	-	-	
Koopmansfontein Electricity Self-build Scheme	-	-	-	-	-	-	
ABSA	-	-	-	-	-	-	
Total Operating Transfers and Grants	117 865	121 311	120 943	125 713	4%	4%	

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant 2017/18	Actual Grant 2018/19	2018/19 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	-	-	4 099 380	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	100 150	73 704	100 000	Ongoing	Ongoing	To be used for training and capacity building of employees as per approved Skills Work Plan.
Department of Economic Development and Tourism Grant	200 000	-	-	July 2016	June 2017	
ESCOM	0	-	0			
NEAR Control Centre	350 000	389 000	5 560 537	Ongoing	Ongoing	To assist the district municipality with any disaster that might occur.
District Aids Council	0	477 610	0	July 2018	June 2019	To assist the district municipality with Aids programmes within the district.
Kgotso Pula Nala	0	3 930 076	0	July 2018	June 2019	To assist the district municipality with cleaning programmes.

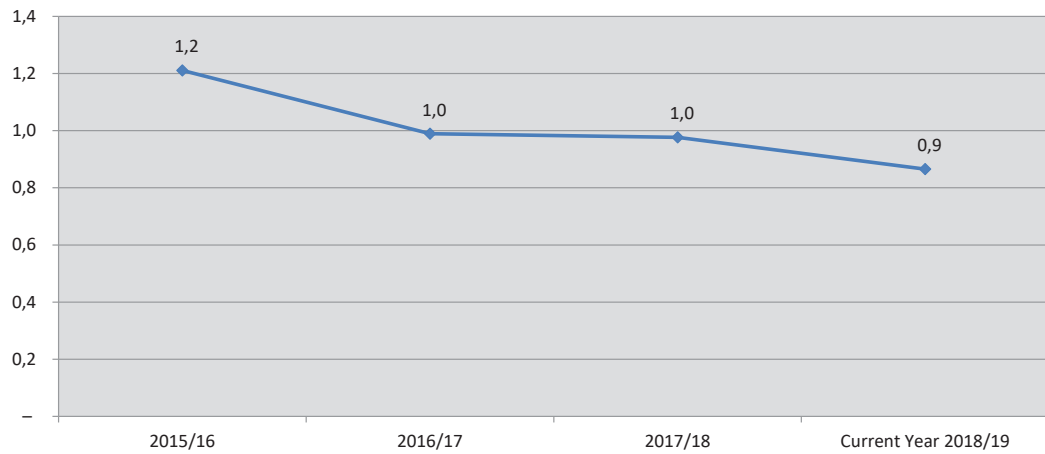
Repair and Maintenance Expenditure: 2018/19				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and maintenance expenditure	1 635	1 612	1 281	25,82%

The repairs and maintenance budget will be sufficient to cater for the repairs needed by the district municipality as the municipality does not have infrastructure assets.

5.4 Financial ratios based on key performance indicators

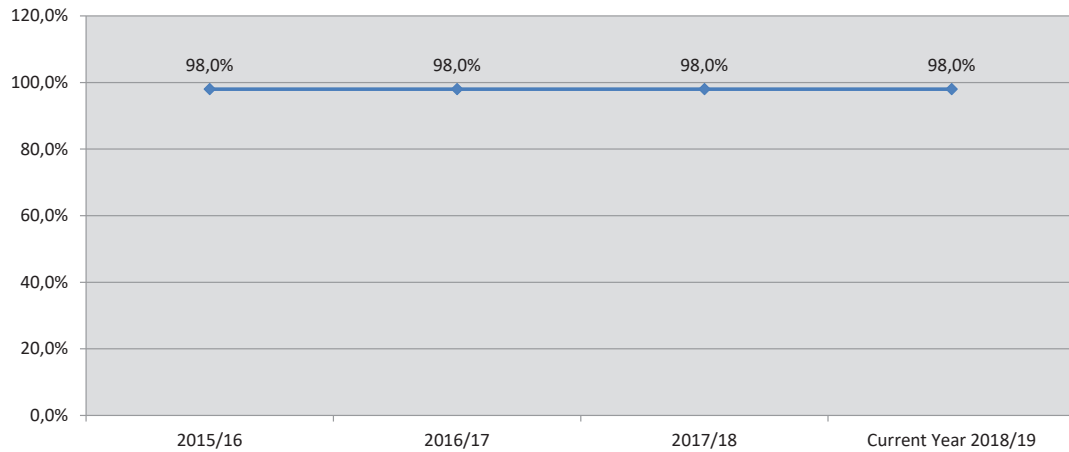


Debt Coverage



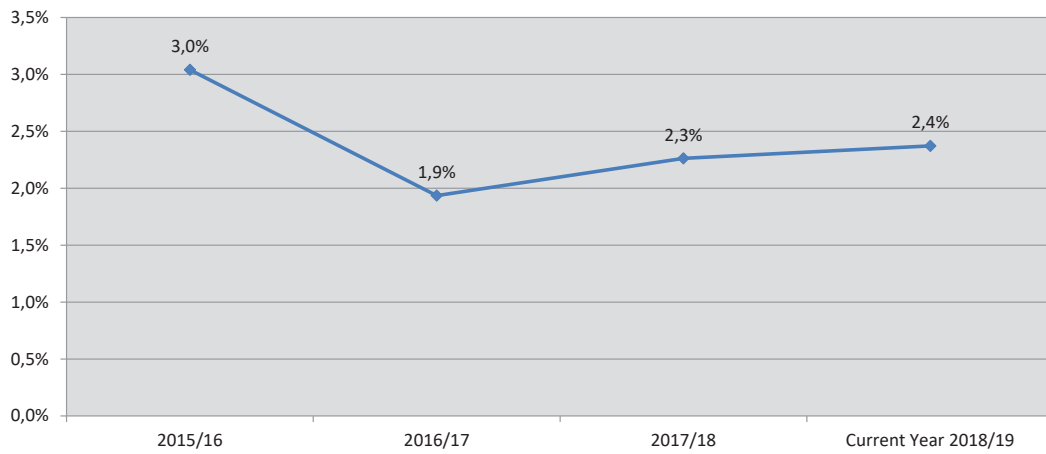
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality. (Data used from MBRR SA8). There was a slight decrease in debt coverage during 2018/19, which is a result of the decrease in own revenue. Operational expenditure decreased from 2017/18 to 2018/19.

Creditors System Efficiency



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by dividing outstanding trade creditors by credit purchases. (Data used from MBRR SA8) The creditors' system efficiency remained consistent during 2018/19 financial year, which is an indication of good internal controls being implemented within the municipality.

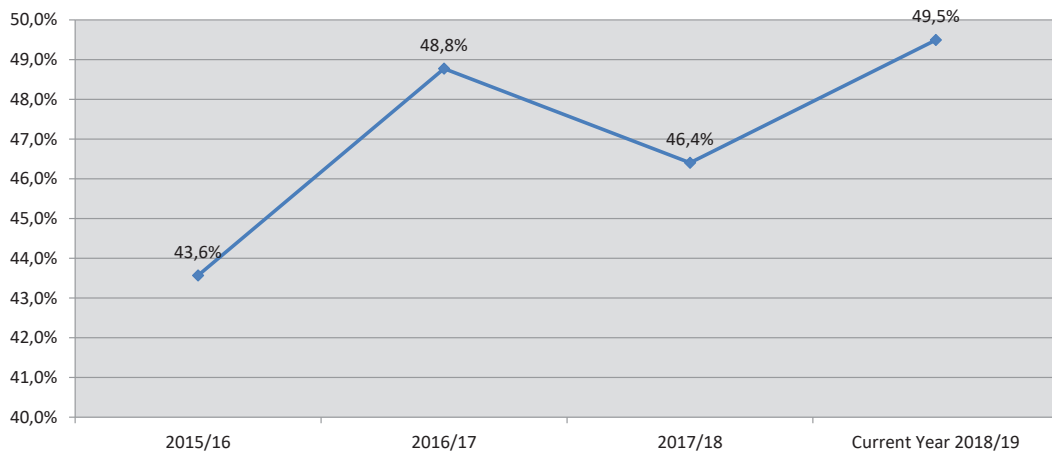
Capital Charges to Operating Expenditure



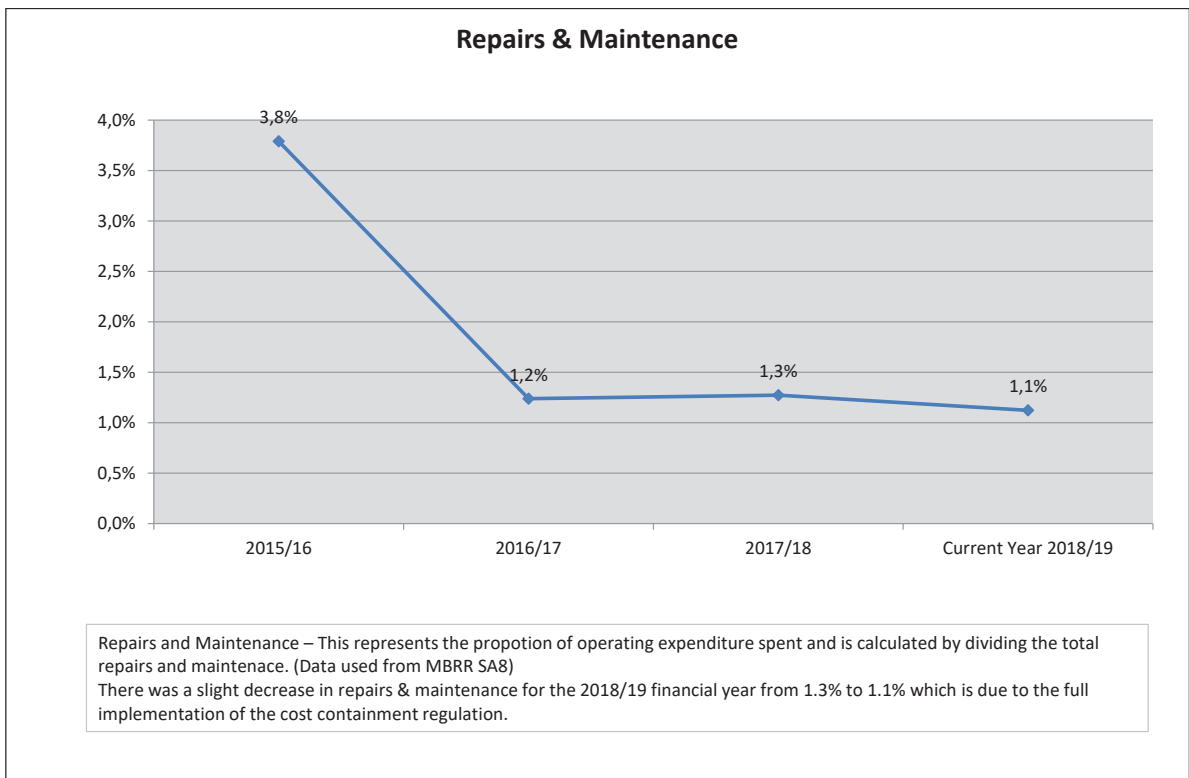
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure. (Data used from MBRR SA8)

There was a slight increase in the capital charges to operating expenditure of 0,1% due to the decrease in the operating expenditure for the year under review. The municipality's long-term loan is paid up in 2018/19FY and will not incur any additional loans of which it will result in the improvement of the above ratio.

Employee Costs



In terms of National Treasury's Circular employee costs must not exceed 35%. As at 30 June 2019, the employee costs were 61.6% of the total operating and this is due to the fact that the municipality performs other duties on behalf of the local municipalities i.e Environmental Health and Fire Fighting. Included in the actual employee costs are salaries of LED & Tourism interns and disaster practitioners situated at the local municipalities, who are on the FBDM payroll. The municipality further has Environmental, Housing and Infrastructure officials who go out to the local municipalities on a daily basis to perform tasks for the local municipalities, all of these officials are remunerated by FBDM.



Financial viability and sustainability is one of the key performance areas as determined in the IDP of the municipality. To ensure that the district municipality maintains a healthy financial position, appropriate financial ratios and benchmarks are used to assist the 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 1.5:1, however the liquidity ratio of the district municipality of 3.4:1 is above the norm. This is an indication that the district municipality did not experience any cash flow problems in the past financial year and is not expected to experience any cash flow problems over the short-term period (2018/19).

5.5 Cash flow management and investments

The district municipality's cash and cash equivalents amounts to R71.5m which is an increase of R20m as compared to the previous financial year. The district municipality's cash flow is improving due to a decline in allocations to its local municipalities within the district. The key contributors to the positive cash flow management of the municipality was as a result of the municipality generating a positive cash flow from operating and investing activities in the current financial year as compared to the 2017/18 financial year when the municipality did not generate positive cash flow from operating and investment activities.

Cash Flow Outcomes				
R'000				
Description	2017/18	Current Year: 2018/19		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flow from operating activities				
Receipts				
Ratepayers and other	681	518	818	436
Government - operating	117 434	121 311	121 311	125 599
Government - capital	–	–	–	–
Interest	5 830	4 805	4 805	6 729
Dividends	–	–	–	–
Payments				
Suppliers and employees	(121 542)	(112 765)	(113 325)	(92 377)
Finance charges	(451)	(222)	(222)	(204)
Transfers and Grants	–	(8 873)	(8 373)	(7 306)
Net cash from/(used) operating activities	1 952	4 774	5 014	32 878
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	137	–	–	0
Decrease (Increase) in non-current debtors	–	114	114	–
Decrease (increase) other non-current receivables	554	–	–	(82)
Decrease (increase) in non-current investments	4 400	–	–	(650)
Payments				
Capital assets	(3 865)	(8 050)	(11 130)	(9 195)
Net cash from/(used) investing activities	1 226	(7 936)	(11 016)	(9 927)
Cash flows from financing activities				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–
Payments				
Repayment of borrowing	(2 208)	(2 485)	(2 485)	(2 455)
Net cash from/(used) financing activities	(2 208)	(2 485)	(2 485)	(2 455)
Net increase/ (decrease) in cash held	970	(5 647)	(8 487)	20 495
Cash/cash equivalents at the year begin:	50 102	51 072	45 425	51 072
Cash/cash equivalents at the year end:	51 072	45 425	36 939	71 567

5.6 GRAP Compliance

“GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.”

Accounting principles and policies applied in the financial statements

- **Basis of preparation**

The approach by the district municipality is not to wait till the 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 during the financial year. 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 GRAP, including any interpretations and directives issued by the ASB in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The municipality has complied with the all the applicable and effective GRAP standards, as the Auditor General was required in terms of the PAA and general notices issued in terms thereof, to general performed procedures to identify any findings in terms of compliance with legislation (include GRAP). No significant findings were reported on non-compliance by the municipality, which is a confirmation that the municipality is compliant with all the applicable and effective GRAP standards.

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 27	Agriculture
GRAP 31	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 and are effective.

Standard	Description	Effective Date
GRAP 1 (Revised)	Presentation of Financial Statements	1 April 2019
GRAP 2 (Revised)	Cash Flow Statements	1 April 2019
GRAP 3 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2019
GRAP 4 (Revised)	The Effects of changes in Foreign Exchange Rates	1 April 2019
GRAP 9 (Revised)	Revenue from Exchange Transactions	1 April 2019
GRAP 10 (Revised)	Financial Reporting in Hyperinflationary Economics	1 April 2019
GRAP 11 (Revised)	Construction Contracts	1 April 2019
GRAP 12 (Revised)	Inventories	1 April 2019
GRAP 13 (Revised)	Leases	1 April 2019
GRAP 14 (Revised)	Events after the reporting date	1 April 2019
GRAP 16 (Revised)	Investment Property	1 April 2019
GRAP 17 (Revised)	Property, Plant and Equipment	1 April 2019
GRAP 18 (Revised)	Segment Reporting	1 April 2019

Standard	Description	Effective Date
GRAP 19 (Revised)	Provisions, Contingent Liabilities and Contingent Assets	1 April 2019
GRAP 20 (Revised)	Related Parties	1 April 2019
GRAP 21 (Revised)	Impairment of non-cash-generating assets	1 April 2019
GRAP 23 (Revised)	Revenue from Non-Exchange Transactions	1 April 2019
GRAP 26 (Revised)	Impairment of cash-generating assets	1 April 2019
GRAP 100 (Revised)	Non-current Assets held for Sale and Discontinued Operations	1 April 2019
GRAP 25 (Revised)	Employee Benefits	1 April 2019
GRAP 104 (Revised)	Financial Instruments	1 April 2019

Standard	Description	Effective Date
GRAP 32	Service concession arrangements: Grantor - No significant impact is expected as the municipality does not participate in such business transactions.	01 April 2019
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.	01 April 2019
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.	01 April 2019
GRAP 107	Mergers - No significant impact is expected as the municipality does not participate in such business transactions.	01 April 2019
GRAP 108	Statutory receivables - No significant impact is expected as the municipality does not participate in such business transactions.	01 April 2019
GRAP 109	Accounting by principals and agents - No significant impact is expected as the municipality does not participate in such business transactions.	01 April 2019

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.

Chapter 6 - Auditor-General Audit Findings

INTRODUCTION

The district municipality remains committed to a clean administration and as a result the municipality received an unqualified audit opinion with matters of emphasis. The municipality is committed to aligning itself with the National Government's strategic objectives.

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

Auditor-General opinion of financial statements 2017/18

The district municipality achieved an unqualified audit opinion with findings and is working towards obtaining a clean audit to align itself 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 2017/18	
Audit Report Status*:	Unqualified audit opinion with matters
Non-Compliance Issues	Remedial Action Taken
<ul style="list-style-type: none"> • Underspending of budget • Irregular expenditure 	Both matters were disclosed in the annual financial statements and addressed.
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 2018/19

The district municipality achieved an unqualified audit opinion with two matters of emphasis.

Auditor-General Report on Financial Performance 2018/19	
Audit Report Status*:	Unqualified audit opinion with matters
Non-Compliance Issues	Remedial Action Taken
Misstatements in financial statements	Issues were disclosed in the annual financial statements and addressed
Misstatement in annual performance report	Issue identified in the annual performance report will be rectified in the 2019/20 financial year
Note:*The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)	

Comments on MFMA section 71 responsibilities:

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

Signed (Acting Chief Financial Officer)

Resseli
.....

Date: 30 November 2019

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.
Level 3 accreditation	The accreditation of a municipality involves the delegation and assignment of certain clearly defined functions in respect of the administration of National Housing Programmes, leading to eventual assignment of all the functions by formal proclamation of assignment by the Premier in the Government Gazette.
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
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 Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Cllr P Marekwa	FT	Mayoral Committee	PR	100%	0%
Cllr U Buda	FT	Speaker	PR	91%	9%
Cllr. BV Ximba	FT	Planning & Development, Mayoral	PR	73%	27%
Cllr. KC Mothibi	FT	Finance, Mayoral	PR	100%	0%
Cllr. ME Motsamai	FT	Social Development, Mayoral	PR	82%	18%
Cllr. EM Mathe *	FT	Policy & Institutional Development, Mayoral	PR	45%	18%
Cllr. ME Mokgatlhanyane	FT	Infrastructure Development, Mayoral	PR	91%	0%
Cllr. LN Shushu **	FT	Planning & Development, Mayoral	PR	55%	0%
Cllr. PD Bishop	PT	MPAC, Policy & Institutional Development	Sol Plaatje	91%	0%
Cllr. M Kaars	PT	Finance, MPAC	PR	64%	18%
Cllr. B Springbok	PT	Finance	PR	73%	0%
Cllr. AM Siwisa **	PT	Finance, Planning & Development	PR	45%	27%
Cllr. AO Moremong	PT	Finance	Phokwane	64%	27%
Cllr. PJF Louw	PT	Planning & Development	PR	100%	0%
Cllr. JS Musie	PT	Planning & Development	Phokwane	36%	27%
Cllr. AK Zalisa	PT	Planning & Development	Magareng	91%	0%
Cllr. MJ Beylefeld	PT	Infrastructure Development	Sol Plaatje	91%	0%
Cllr. LF Duba **	PT	Infrastructure, Policy & Institutional Development	Sol Plaatje	36%	18%
Cllr DM Macinga	PT	Infrastructure Development	Dikgatlong	36%	9%
Cllr. TD Setholo	PT	Infrastructure Development	Sol Plaatje	82%	0%
Cllr. D Benjamin	PT	Social Development	PR	55%	27%
Cllr. H Morometsi	PT	Social Development	Phokwane	0%	9%
Cllr. SH Griqua **	PT	Policy & Institutional Development, MPAC	Sol Plaatje	45%	9%
Cllr. MA Mahutie	PT	Policy & Institutional Development, MPAC	Dikgatlong	91%	0%
Cllr. SN Kika **	PT	Finance, MPAC	Sol Plaatje	64%	9%
Cllr KM Sebegu	PT	Social Development, MPAC	PR	82%	0%

* Cllr Mathe passed away in April 2019

** Resigned during the FY

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
Municipal Public Accounts Committee (MPAC)	To exercise oversight over the executive functionaries of council and to ensure good governance in the municipality

Appendix C - Functions of Municipality

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

Appendix D - Recommendations of the Municipal Audit Committee 2018/19

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2018/19	Recommendations adopted (enter Yes) If not adopted (provide explanation)
2018/08/28	<p>Review of the 2017/18 draft AFS:</p> <p>Contracted services note</p> <ul style="list-style-type: none"> • Management to have an assessment done on which function can the municipality perform or cannot perform with regards to business and advisory services as the nature of the municipal environment does not allow for both to be done. • Management to separate infrastructure and planning according to classification. • Management to look at the definitions of consultants and professional services on MSCOA. • Management to look at the classification of the legal cost. <p>Unspent conditional grants and receipt note</p> <ul style="list-style-type: none"> • Management should consider surrendering the R250 000 for the District Aid Council grant that has been in the bank since the 2016/17 financial year. (note: The finding was also raised in the DORA internal audit report and discussed in the same meeting). <p>ALTIMAX Report on quality review of the AFS</p> <ul style="list-style-type: none"> • Management to assess if they will still need these types of services in future. • Management to note GRAP 32 and its applicability to the AFS. • AGSA to take note that management still needs to clean up the entire set of the AFS. 	The recommendations were adopted by Council
2018/11/22	<p>Progress of the 2017-18 draft audit report</p> <ul style="list-style-type: none"> • That interpretation of legislation should be correctly applied, and that legal opinion must be sought to address findings relating to the municipal manager. • APRC looks forward to the outcome of the legal opinion and that AGSA must apply their mind and take note of the responsibilities vested on the authorities and council. <p>Monthly budget summary and DORA spending</p> <ul style="list-style-type: none"> • FinRep 4: To address only capital expenditures and not reported with operational expenditures. • FinRep 6: Reason for deviations on expenditures to be provided. • FinRep 23: Difference in values of investments to be corrected throughout the report. • FinRep 23: The matter on lost laptop be classified as loss of assets and not fruitless and wasteful expenditure. • 1st Quarter of 2018-19 Institutional Performance Management Report • Lack of performance by PMS unit must be highlighted in the strategic risk register. 	The recommendations were adopted by Council

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2018/19	Recommendations adopted (enter Yes) If not adopted (provide explanation)
2019/02/19	<p>Strategic Risk Report and Register</p> <ul style="list-style-type: none"> - To address identified fraud risks in the strategic risk register and present a report in the upcoming APRC meeting. - To address the impact of fraud towards the municipality and how the municipality will be safeguarded to that regard. - To create a resilience strategy on how to deal with element of a human behaviour. <p>2017-18 Draft Annual Report</p> <ul style="list-style-type: none"> - The APRC recommends the adjustments and corrections as well as that of the Oversight Committee on the 2017/18 draft annual report of the Municipality for finalisation. <p>Progress report on Audit Action plan</p> <ul style="list-style-type: none"> - Municipal Manager to review delegations framework to ensure they are properly structured to include sufficient measures for the prevention of risk recurrence. 	The recommendations were adopted by Council

Appendix E - Disclosures of Financial Interests

Disclosures of Financial Interests		
Period 1 July 2018 to 30 June 2019 of 2018/19		
Position	Name	Description of Financial interests* (Nil / Or details)"
(Executive) Mayor	Mr P Marekwa	None declared
Member of MayCo / Exco	Ms U Buda	None declared
	Mr M Mokgathanyane	None declared
	Ms C Mothibi	None declared
	Ms M Mathe	None declared
	Ms M Motsamai	None declared
	Ms BV Ximba	None declared
Councillor	P.D. Bishop	None declared
	Mr M Kaars	None declared
	Ms D Benjamin	None declared
	Mr P Louw	None declared
	Ms A Siwisa	None declared
	Ms A Moremong	None declared
	Mr J Musie	None declared
	Ms D Setlholo	None declared
	Mr B Springbok	None declared
	Ms KM Sebego	None declared
	Ms L Duba	None declared
	Ms M Beylefeld	None declared
	Mr S Griqua	None declared
	Mr S N Kika	None declared
	Ms LN Shushu	None declared
	Mr D M Macinga	None declared
	Ms M A Mahutie	None declared
	Ms H Morometse	None declared
	Mr K Zalisa	None declared

Appendix E - Disclosures of Financial Interests

Disclosures of Financial Interests		
Period 1 July 2018 to 30 June 2019 of 2018/19		
Position	Name	Description of Financial interests* (Nil / Or details)"
Municipal Manager	Z.M. Bogatsu	None declared
Chief Financial Officer	Vacant	
Other S57 Officials	KG Gaborone	None declared

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

Revenue Collection Performance by Vote						
						R' 000
Vote Description	2017/18	Current Year: 2018/19			2018/19 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Vote 1 - Executive & Council	-	-	-	-	-	-
Vote 2 - Budget & Treasury	111 605	122 632	122 932	123 566	0,76%	0,52%
Vote 3 - Corporate Services	345	368	368	368	0,00%	0,00%
Vote 4 - Planning & Development	204	-	-	-	-	-
Vote 5 - Project Management Services	12 663	4 619	4 619	4 166	-9,82%	-9,82%
Total Revenue by Vote	124 818	127 619	127 919	128 100	0,38%	0,14%

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

Revenue Collection Performance by Source						
R '000						
Description	2017/18	2018/19		2018/19 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	1 003	1 003	1 003	634	-58,14%	-58,14%
Interest earned - external investments	5 830	4 805	4 805	5 353	10,24%	10,24%
Interest earned - outstanding debtors	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–
Fines	–	–	–	–	–	–
Licences and permits	–	–	–	–	–	–
Agency services	–	–	–	–	–	–
Transfers recognised - operational	117 699	121 311	121 311	121 311	0,00%	0,00%
Other revenue	286	500	800	802	37,63%	0,21%
Gains on disposal of PPE	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	124 818	127 619	127 919	128 100	0,38%	0,14%

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	-	-	-	-	-	-	
Public Transport Infrastructure and Systems Grant	-	-	-	-	-	-	
Other Specify:							
Local Government Equitable Share	8 987	8 987	5 835	-54,02%	-54,02%	-	
Equitable Share - Levy replacement	107 222	107 222	110 374	2,86%	2,86%	-	
Finance Management	1 000	1 000	1 000	-	-	-	
Municipal Systems Improvement	-	-	-	-	-	-	
Roads asset management	2 521	2 521	2 521	-	-	-	
Kgotso Pula Nala	-	-	3 930	100%	100%	-	
NEAR Control Centre	368	-	389	5,40%	100%	-	
SETA - Skills Grant	100	100	74	-35,68%	-35,68%	-	
NCPA - EPWP	1 113	1 113	1 113	-	-	-	
Tourism Grant	164	-	-	-	-	-	
NCPA- District Aids Council	-	-	478	100%	100%	-	
Public Contributions	-	-	-	-	-	-	
NCPA- Housing Grants	-	-	-	-	-	-	
NCPA - Firefighting Equipment	-	-	-	-	-	-	
Total	121 475	120 943	125 713	3,37%	3,79%	-	

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

Capital Expenditure - New Assets Programme*							
Description	2017/18	2018/19			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class	–	–	–	–	–	–	–
Heritage assets - Total	104	–	–	9	–	–	–
Buildings	–	–	–	–	–	–	–
Other	104	–	–	9	–	–	–
Investment properties - Total	–	–	–	–	–	–	–
Housing development	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–
Other assets	6 359	8 767	12 763	3 572	7 157	1 900	–
General vehicles	1 343	–	1 900	–	735	–	–
Specialised vehicles	–	–	–	–	–	–	–
Plant & equipment	1 821	233	228	15	2 021	1 900	–
Computers - hardware/equipment	96	463	505	–	3	–	–
Furniture and other office equipment	105	743	802	328	1 378	–	–
Abattoirs	–	–	–	–	–	–	–
Markets	–	–	–	–	–	–	–
Civic Land and Buildings	–	–	–	–	–	–	–
Other Buildings	2,995	7,328	9,328	3,229	3,020	–	–
Other Land	–	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–
Intangibles	–	590	590	149	–	–	–
Computers - software & programming	–	590	590	149	–	–	–
Total Capital Expenditure on new assets	6,463	9,357	13,353	3,730	7,157	1,900	–
Specialised vehicles	–	–	–	–	–	–	–
Refuse	–	–	–	–	–	–	–
Fire	–	–	–	–	–	–	–
Conservancy	–	–	–	–	–	–	–
Ambulances	–	–	–	–	–	–	–

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

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2017/18	2018/19			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	862	480	477	135	893	–	–
General vehicles	–	–	–	–	–	–	–
Specialised vehicles	–	–	–	–	–	–	–
Plant & equipment	512	350	350	–	–	–	–
Computers - hardware/ equipment	350	130	127	–	215		
Furniture and other office equipment	–	–	–	135	678	–	–
Abattoirs	–	–	–	–	–	–	–
Markets	–	–	–	–	–	–	–
Civic Land and Buildings	–	–	–	–	–	–	–
Other Buildings	–	–	–	–	–	–	–
Other Land	–	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–
Intangibles	–	250	220	–	–	–	–
Computers - software & programming	–	250	220	–	–	–	–
Other (list sub-class)	–	–	–	–	–	–	–
Total Capital Expenditure on renewal of existing assets	862	730	697	135	893	–	–
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: 2018/19				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2018/19 R' 000	Total Amount committed over previous and future years
Dikgatlong Municipality	Water Pipes Capital	Grant	1 694	Determined according to the needs of the municipalities specified in the IDP and availability of funding by FBDM.
Dikgatlong Municipality	Water Pipes Capital	Grant	1 779	
Dikgatlong Municipality	Water Pipes Capital	Grant	1 000	
Dikgatlong Municipality	Water Operational Grant	Grant	789	
Dikgatlong Municipality	Waste Water Operational Project	Grant	455	
Dikgatlong Municipality	Maintenance- Municipal Infrastructure	Grant	464	
Dikgatlong Municipality	Maintenance- Eceletricity Infrastructure	Grant	1 691	
Magareng Municipality	Water Capital Project	Grant	5 000	
Magareng Municipality	Water Operational Grant	Grant	650	
Magareng Municipality	Waste Water Operational Prjoect	Grant	550	
Magareng Municipality	Maintenance- Municipal Infrastructure	Grant	400	
Magareng Municipality	Maintenance- Eceletricity Infrastructure	Grant	2 500	
Phokwane Municipality	Water Capital Project	Grant	88	
Phokwane Municipality	Water Capital Project	Grant	500	
Phokwane Municipality	Water Capital Project	Grant	150	
Phokwane Municipality	Water Operational Grant	Grant	445	
Phokwane Municipality	Waste Water Operational Project	Grant	253	
Phokwane Municipality	Maintenance- Municipal Infrastructure	Grant	879	
Phokwane Municipality	Maintenance- Eceletricity Infrastructure	Grant	700	
Sol Plaatje Municipality	Maintenance- Municipal Infrastructure	Grant	1 000	
Sol Plaatje Municipality	Maintenance- Municipal Infrastructure	Grant	1 500	

**VOLUME II
ANNUAL FINANCIAL
STATEMENTS**

FRANCES BAARD DISTRICT MUNICIPALITY



[These financial statements have been audited]

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

FRANCES BAARD DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

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FRANCES BAARD DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

General information

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: Sol Plaatjie Grade 6 Phokwane Grade 3 Dikgatlong Grade 2 Magareng Grade 2	
Nature of business	Frances Baard Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)	
Capacity of district authority	Medium capacity	
Municipal demarcation code	DC9	
Management structure	The municipality's senior management structure consists of the Municipal Manager and heads of the four main departments. The Office of the Municipal Manager includes management functions pertaining to municipal systems improvement and integrated development planning functions.	
Municipal manager	Ms. ZM Bogatsu	
Chief financial officer	Vacant	
Other heads of departments	Director: Administration	Mrs. KG Gaborone
	Director: Planning & Development	Vacant
	Director: Infrastructure Services	Vacant
Registered office	51 Drakensberg Avenue Carters Glen Kimberley	
Legal representative	Mr. K Matlakala	
External auditors	Auditor-General of South Africa Private Bag X5013 Kimberley	
Internal auditors	The Internal Audit section was fully staffed and operational during the financial year. The use of external service providers is limited to cases where internal capacity is insufficient to conduct specialized investigations.	
Members of the audit committee	Mr. T Mogoli	Chairperson
	Mr. T Mudamburi	Member
	Mr. G Botha	Member

FRANCES BAARD DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

General information

Principal banker	ABSA ABSA Business Centre Po Box 323 Bloemfontein 9300	
Relevant legislation	Municipal Finance Management Act Division of Revenue Act The Income Tax Amendment Act Value Added Tax Amendment Act Municipal Structures Act Municipal Systems Act Municipal Planning and Performance Management Regulations Housing Act Skills Development Levies Amendment Act Employment Equity Act Unemployment Insurance Act Basic Conditions of Employment Act Supply Chain Management Regulations	
Executive Mayor	Mr P Marekwa	Proportional
Speaker	Ms U Buda	Sol Plaatje Municipality
Mayoral Committee	Mr M Mokgathanyane Ms C Mothibi Ms M Mathe Ms M Motsamai Ms BV Ximba	Proportional Proportional Proportional Proportional Proportional
MPAC Chairperson	Ms D Bishop	Sol Plaatje Municipality
Part Time Councillors	Vacant Mr M Kaars Ms D Benjamin Mr P Louw Ms A Siwisa Ms A Moremong Mr J Musie Ms D Setholo Mr B Springbok Ms KM Sebego Ms L Duba Ms M Beylefeld Mr S Griqua Mr S N Kika Ms LN Shushu Mr D M Macinga Ms M A Mahutie Ms H Morometse Mr K Zalisa	Proportional Proportional Proportional Proportional Proportional Phokwane Municipality Phokwane Municipality Proportional Proportional Sol Plaatje Municipality Sol Plaatje Municipality Sol Plaatje Municipality Sol Plaatje Municipality Sol Plaatje Municipality Sol Plaatje Municipality Dikgatlong Dikgatlong Phokwane Municipality Magareng

FRANCES BAARD DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Approval of Annual Financial Statements

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2019 which are set out on pages 1 to 66 in terms of section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality. The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice.

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

I have reviewed the municipality's cash flow forecast for the year to 30 June 2020 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.

Management has concluded that the financial statements present fairly the municipality's financial position, financial performance and cash flows for the year ended 30 June 2019.

The annual financial statements set out on pages 1 to 66, which have been prepared on the going concern basis, were approved by the accounting officer and were signed on her behalf by:

Ms. ZM Bogatsu
Municipal Manager

31-Aug-19
Date

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Note	Actual	
		2019	2018
		R	R
ASSETS			
Current Assets		85 531 032	63 832 831
Inventories	2	362 518	341 561
Receivables from Exchange Transactions	3	4 105 572	1 883 331
VAT Receivable	4	1 926 871	3 663 078
Investments	5	6 700 000	6 050 000
Cash and Cash Equivalents	6	71 567 162	51 071 805
Operating Lease Receivables	7	909	4 056
Current Portion of Long-term Receivables	8	868 000	819 000
Non-Current Assets		64 343 148	58 287 569
Property, Plant and Equipment	9	55 134 158	48 930 349
Intangible Assets	10	412 698	579 865
Investment Property	11	571 875	585 938
Heritage Assets	12	631 417	631 417
Long-term Receivables	13	7 593 000	7 560 000
Total Assets		149 874 180	122 120 400
LIABILITIES			
Current Liabilities		18 292 868	17 718 740
Consumer Deposits	14	345	570
Provisions	15	9 514 535	8 490 003
Payables from Exchange Transactions	16	8 685 674	6 566 088
Unspent Conditional Grants and Receipts	17	92 314	206 662
Current Portion of Long-term Liabilities	18		2 455 416
Non-Current Liabilities		31 003 964	28 489 808
Long-term Liabilities	18	-	-
Employee Benefit Liabilities	19	30 895 963	28 380 898
Non-current Provisions	20	108 000	108 910
Total Liabilities		49 296 832	46 208 548
Total Assets and Liabilities		100 577 348	75 911 852
NET ASSETS		100 577 348	75 911 852
Reserves	21	27 468 475	27 732 436
Accumulated Surplus / (Deficit)	22	73 108 873	48 179 417
Total Net Assets		100 577 348	75 911 852

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

		Actual	
	Note	2019	2018
		R	R
REVENUE			
Revenue from Non-exchange Transactions			
Transfers and Subsidies	23	125 713 389	117 698 568
Revenue from Exchange Transactions			
Sales of Goods and Rendering of Services	24	74 620	285 736
Rental from Fixed Assets	25	857 756	1 003 158
Interest Received	26	6 728 692	5 830 289
Total Revenue		<u>133 374 458</u>	<u>124 817 752</u>
EXPENDITURE			
Employee Related Costs	27	61 650 082	57 917 444
Remuneration of Councillors	28	6 699 719	6 566 732
Depreciation and Amortisation	29	3 104 929	3 751 084
Impairment Losses	30	-	88 121
Interest Paid	31	203 899	451 109
Inventory Consumed	32	1 245 543	1 454 790
Transfers and Subsidies Paid	33	7 305 733	24 795 809
General Expenditure	34	28 431 766	22 362 983
Loss on Disposal of Property, Plant and Equipment	35	67 292	29 393
Total Expenditure		<u>108 708 962</u>	<u>117 417 465</u>
SURPLUS / (DEFICIT) FOR THE YEAR		<u>24 665 496</u>	<u>7 400 288</u>
Refer to Budget Statement for explanation of budget variances			

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Capital Replacement Reserve	Revaluation Reserve	Total Funds & Reserves	Accumulated Surplus/(Deficit)	Total Net Assets
	R	R	R	R	R
2018					
Balance at 30 June 2017	7 957 082	20 039 314	27 996 397	40 430 960	68 427 356
Change in Accounting Policy (Note N/A)			-	-	-
Correction of Error (Note N/A)	-	-	-	84 208	84 208
Restated Balance	7 957 082	20 039 314	27 996 397	40 515 168	68 511 565
Surplus / (Deficit) for the year			-	7 400 288	7 400 288
Other Transfers to/from Accumulated Surplus			-	-	-
Transfers to/from Accumulated Surplus	-	(263 961)	(263 961)	-	(263 961)
Transfers to/from Reserves	-	-	-	-	-
Depreciation Offsets	-	-	-	263 961	263 961
Balance at 30 June 2018	7 957 082	19 775 353	27 732 436	48 179 417	75 911 852
2019					
Change in Accounting Policy (Note N/A)			-	-	-
Correction of Error (Note N/A)			-	-	-
Restated Balance	7 957 082	19 775 353	27 732 436	48 179 417	75 911 852
Surplus / (Deficit) for the year			-	24 665 496	24 665 496
Other Transfers to/from Accumulated Surplus			-	-	-
Transfers to/from Accumulated Surplus	-	(263 961)	(263 961)	-	(263 961)
Transfers to/from Reserves	-	-	-	-	-
Depreciation Offsets	-	-	-	263 961	263 961
Balance at 30 June 2019	7 957 082	19 511 393	27 468 475	73 108 873	100 577 348

Details on the movement of the Funds and Reserves are set out in Note 21 and Note 22.

FRANCES BAARD DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Note	Actual 2019 R	2018 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Transfers and Subsidies		125 599 041	117 433 532
External Interest and Dividends Received		6 728 692	5 830 289
Other Receipts		-	15 639 088
VAT Receivable / Payable		1 736 207	-
Payments			
Employee Related Costs		(58 269 285)	(59 339 805)
Remuneration of Councillors		(6 699 719)	(6 566 732)
External Interest and Dividends Paid		(203 899)	(451 109)
Suppliers Paid		(17 352 150)	(20 680 405)
Other Payments		(21 116 732)	(47 158 792)
VAT Receivable / Payable		-	(300 486)
NET CASH FLOWS FROM OPERATING ACTIVITIES		<u>30 422 155</u>	<u>4 405 581</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	9	(9 194 801)	(3 714 521)
Purchase of Intangible Assets	10	-	(149 000)
Proceeds on Disposal of Property, Plant and Equipment	35	2	33 142
Decrease / (Increase) in Current Investments	5	(650 000)	4 400 000
Decrease / (Increase) in Long-term Receivables	13	(82 000)	554 000
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(9 926 799)</u>	<u>1 227 727</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings	17	-	(4 663 622)
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>-</u>	<u>(4 663 622)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>20 495 357</u>	<u>969 686</u>
Cash and Cash Equivalents at Beginning of Period		51 071 805	50 102 119
Cash and Cash Equivalents at End of Period	6	71 567 162	51 071 805

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

30 June 2019

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	%	%
FINANCIAL POSITION									
Current Assets									
Inventories	330 000	11 561	341 561	-	341 561	362 518	20 958	106%	110%
Receivables from Exchange Transactions	2 000 000	3 550 465	5 550 465	-	5 550 465	4 105 572	(1 444 893)	74%	205%
VAT Receivable	-	-	-	-	-	1 926 871	1 926 871	0%	0%
Cash and Cash Equivalents	41 400 980	12 880 000	54 280 980	-	54 959 980	71 567 162	16 607 182	130%	173%
Operating Lease Receivables	-	-	-	-	-	909	909	0%	0%
Current Portion of Long-term Receivables	820 000	-	820 000	-	820 000	868 000	48 000	106%	106%
Non-Current Assets									
Property, Plant and Equipment	56 356 881	(7 059 838)	49 297 043	-	52 121 425	55 134 158	3 012 733	106%	98%
Intangible Assets	706 954	(127 089)	579 865	-	579 865	412 698	(167 167)	71%	58%
Heritage Assets	631 417	-	631 417	-	631 417	631 417	(0)	100%	100%
Long-term Receivables	8 000 000	(440 000)	7 560 000	-	7 560 000	7 593 000	33 000	100%	95%
Total Assets	110 246 232	8 815 099	119 061 331	-	122 564 713	149 874 180	27 309 467	122%	136%
Current Liabilities									
Consumer Deposits	-	-	-	-	570	345	(225)	61%	0%
Provisions	8 490 003	3 509 997	12 000 000	-	8 490 003	9 514 535	1 024 532	112%	112%
Payables from Exchange Transactions	12 757 000	(5 984 249)	6 772 751	-	6 772 751	8 685 674	1 912 923	128%	68%
Unspent Conditional Grants and Receipts	-	-	-	-	-	92 314	92 314	0%	0%
Current Portion of Long-term Liabilities	-	-	-	-	2 455 416	-	-	0%	0%
Non-Current Liabilities									
Long-term Liabilities	-	-	-	-	-	-	-	0%	0%
Employee Benefit Liabilities	-	-	-	-	-	30 895 963	30 895 963	0%	0%
Non-current Provisions	32 000 000	(3 510 192)	28 489 808	-	30 341 808	108 000	(30 233 808)	0%	0%
Total Liabilities	53 247 003	(5 984 444)	47 262 559	-	48 060 548	49 296 832	3 691 700	103%	93%
Total Assets and Liabilities	56 999 229	14 799 543	71 798 772	-	74 504 165	100 577 348	23 617 767	135%	176%
Net Assets (Equity)									
Reserves	22 175 760	5 556 675	27 732 435	-	27 732 435	27 468 475	(263 960)	99%	124%
Accumulated Surplus / (Deficit)	31 313 472	16 631 258	47 944 730	-	46 771 730	73 108 873	26 337 143	156%	233%
Total Net Assets	53 489 232	22 187 933	75 677 165	-	74 504 165	100 577 348	26 073 183	135%	188%

FRANCES BAARD DISTRICT MUNICIPALITY STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Proper procedures to budget for Financial Position have not been developed and implemented. Furthermore, the system utilised does not carry budget for Financial Position and no budgetary control can be performed.

Receivables from Exchange Transactions:

The budget is underpensed as the adjustment budget includes the VAT receivable of R3 663 078.

VAT Receivable:

receivables.

Cash and Cash Equivalents:

The variance is due to an improvement in cash flow which result from increased investments and lower spending as a result of cost containment measures implemented. A decision was taken during the preparation of the 2018/19 budget to decrease transfers made to local municipalities in order for the district to build up its cash reserves during the current year.

Operating Lease Receivables:

template.

Current Portion of Long-term Receivables:

Due to the actuarial valuation performed at the end of the year, the increase in the current portion of long-term receivables was more than anticipated.

Property, Plant and Equipment:

There was a deviation on PPE is a result of capital projects being more than anticipated and the deviation on the depreciation as a result of the delay in the building project. There was a decrease in the adjustment budget as the municipality expected to spend less on the capital projects as at the date of the adjustment budget.

Intangible Assets:

The variance is due to savings on capital spending and none procurement on other capital items that did not materialise.

Long-term Receivables:

Due to the actuarial valuation performed at the end of the year, the variation in the long-term receivables was less than anticipated.

Consumer Deposits:

No provision is made on the NT budget template for consumer deposits, it has therefore been included in payables budget, which leads to the variance on the budget statement as stated above.

Provisions:

Due to the actuarial valuation performed at the end of the year, the variation in the provisions was more than anticipated.

Unspent Conditional Grants and Receipts:

The municipality anticipated that it would spend all its grant allocations, however due to the late allocation of the AIDS and Khotso Pula Nala Grants by the provincial government, some variation occurred on the complete roll out of the programmes.

Retirement Benefit Liabilities:

Variation on Employee Benefit Liabilities is as a result of the budget being included under provision, the budget template does not allow for a separation of employee benefits and provisions,

Non-current Provisions:

Variation on Provision is as a result of the employee benefit budget being included under provision, the budget template does not allow for a separation of employee benefits and provisions.

Reserves:

The variance is due to the increase in the reserve being higher than anticipated, due to the cut made on allocations to local municipalities in order to build the municipal reserves. The build up of reserves was higher than anticipated.

Accumulated Surplus / (Deficit):

Combination of reasons stated above

Reason for adjustment to original budget

Please refer to the adjustment budget and the special adjustment budget for reasons on variances from the original budget.

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

30 June 2019

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE									
Revenue from Non-exchange Transactions									
Transfers and Subsidies	121 311 000	-	121 311 000	-	125 443 000	125 713 389	270 389	100%	104%
Revenue from Exchange Transactions									
Sales of Goods and Rendering of Services	500 000	300 000	800 000	-	800 000	74 620	(725 380)	9%	15%
Rental from Fixed Assets	1 002 860	-	1 002 860	-	1 002 860	857 756	(145 104)	86%	86%
Interest, Dividends and Rent on Land Earned	4 805 000	-	4 805 000	-	5 852 000	6 728 692	876 692	115%	140%
Total Revenue	127 618 860	300 000	127 918 860	-	133 097 860	133 374 458	276 598	100%	105%
Expenditure									
Employee Related Costs	72 691 760	(200 570)	72 491 190	-	72 491 190	61 650 082	(10 841 108)	85%	85%
Remuneration of Councillors	5 875 310	1 354 960	7 230 270	-	7 230 270	6 699 719	(530 551)	93%	114%
Depreciation and Amortisation	3 550 660	348 500	3 899 160	-	3 899 160	3 104 929	(794 231)	80%	87%
Impairment Losses	3 000	-	3 000	-	3 000	-	(3 000)	0%	0%
Interest, Dividends and Rent on Land	222 490	-	222 490	-	222 490	203 899	(18 591)	92%	92%
Contracted Services	20 744 690	(699 200)	20 045 490	-	20 045 490	-	(20 045 490)	0%	0%
Inventory Consumed	1 634 930	(23 000)	1 611 930	-	1 611 930	1 245 543	(366 387)	77%	76%
Transfers and Subsidies Paid	8 873 260	(500 000)	8 373 260	-	12 873 260	7 305 733	(5 567 527)	57%	82%
Operational Costs	14 621 150	128 120	14 749 270	-	14 749 270	28 431 766	13 682 496	193%	194%
Loss on Disposal of Property, Plant and Equipment	300 000	-	300 000	-	300 000	67 292	(232 708)	22%	22%
Total Expenditure	128 517 250	408 810	128 926 060	-	133 426 060	108 708 962	(24 717 098)	81%	85%
Surplus/(Deficit) for the Year	(898 390)	(108 810)	(1 007 200)	-	(328 200)	24 665 495	24 993 695	-	-

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Proper procedures to budget for Financial Position have not been developed and implemented. Furthermore, the system utilised does not carry budget for Financial Position and no budgetary control can be performed.

Sales of Goods and Rendering of Services:

The sale of goods and rendering of services was less than expected due to the low demand for the goods & services.

Rental from Fixed Assets:

The rental of facilities and equipment was less than expected due to the low demand for the services and the fact the organs of state expect to use the facilities at no cost. An arrangement was entered into with the Northern Cape Legislature to use the facilities at no charge.

Interest, Dividends and Rent on Land Earned:

The income from external investments was more than anticipated as more money was invested in call accounts during the financial year. There was a decline in the budget for the 2018/19 financial year for the assistance provided to locals, which allowed the municipality to build up reserves during the current financial year.

Employee Related Costs:

The variance on the employee related costs is due to the vacant positions which have not been filled, i.e. Directors - Finance, Infrastructure and Planning & Development.

Remuneration of Councillors:

The variance is due to the change in the remuneration as gazetted and the change in the portfolio of Councillors. During the year there were a few council vacancies due to the resignation and death of one councillor.

Depreciation and Amortisation:

The depreciation & amortisation on assets was lower than expected due to disposal of assets which occurred during the year and the delay in the completion of the building.

Impairment Losses:

No debtors were impaired for the year, as debtors are deemed to be able to repay the municipality. An assessment was made of debtors at the end of the year, and a provision was made for write-off.

Contracted Services:

Savings realised on the appointment of contractors due to the implementation of cost containment measures and roll-over of projects to the 2019/20 year. Repairs and Maintenance Budget is included under Contracted Services.

Inventory Consumed:

Savings realised on the consumption of inventory due to the implementation of cost containment measures.

Transfers and Subsidies Paid:

Actual expenditure is below the budgeted amount due to non co-operation from local municipalities in submitting their claims.

Operational Costs:

Operational cost was less than the budgeted amount due to cost containment measures implemented during the financial year and savings on projects implemented.

Loss on Disposal of Property, Plant and Equipment:

The loss on disposal of PPE was lower than anticipated due to the write-off of assets being lower than budgeted during the year.

Reason for adjustment to original budget

Please refer to the adjustment budget and the special adjustment budget for reasons on variances from the original budget.

**FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019**

30 June 2019

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
CAPITAL EXPENDITURE PER FUNCTION									
Executive and Council	R 153 050	5 750	158 800	-	158 800	27 949	(130 851)	18%	18%
Finance and Administration	1 590 800	300 000	1 890 800	-	1 890 800	1 356 213	(534 587)	72%	85%
Community and Social Services	2 028 000	20 000	2 048 000	-	2 048 000	1 897 054	(150 946)	93%	94%
Environmental Protection	786 800	-	786 800	-	786 800	45 147	(741 653)	6%	6%
Planning and Development	3 491 000	2 754 280	6 245 280	-	6 245 280	5 868 438	(376 842)	94%	168%
Total Capital Expenditure	8 049 650	3 080 030	11 129 680	-	11 129 680	9 194 801	(1 934 879)	83%	114%
Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual									
Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:									
Proper procedures to budget for Financial Position have not been developed and implemented. Furthermore, the system utilised does not carry budget for Financial Position and no budgetary control can be performed.									
Executive and Council:									
Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.									
Finance and Administration:									
Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.									
Community and Social Services:									
Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.									
Planning and Development:									
Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.									
Environmental Protection:									
Savings realised on capital items budgeted for and none procurement of transport assets due to the reassessment of the need for these assets.									
Reason for adjustment to original budget									
Please refer to the adjustment budget and the special adjustment budget for reasons on variances from the original budget.									

**FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019**

30 June 2019

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R
CASH FLOW									
Cash Flows from/(used in) Operating Activities									
Transfers and Subsidies	121 311 000	-	121 311 000	-	125 443 000	125 599 041	156 041	100%	104%
External Interest and Dividends Received	4 805 000	-	4 805 000	-	5 852 000	6 728 692	876 692	115%	140%
Other Receipts	518 000	300 000	818 000	-	818 000	-	(818 000)	0%	0%
VAT Receivable / Payable	-	-	-	-	-	1 736 207	1 736 207	0%	0%
Employee Related Costs	(69 889 760)	200 570	(69 689 190)	-	(69 689 190)	(58 269 285)	11 419 905	0%	0%
Remuneration of Councillors	(5 875 310)	(1 354 960)	(7 230 270)	-	(7 230 270)	(6 699 719)	530 551	0%	0%
External Interest and Dividends Paid	(222 490)	-	(222 490)	-	(222 490)	(203 899)	18 591	0%	0%
Suppliers Paid	(23 668 200)	546 880	(23 121 320)	-	(27 621 320)	(17 352 150)	10 269 170	0%	0%
Other Payments	(22 204 620)	547 200	(21 657 420)	-	(21 657 420)	(21 116 732)	540 688	0%	0%
VAT Receivable / Payable	-	-	-	-	-	-	-	0%	0%
Cash Flows from/(used in) Investing Activities									
Purchase of Property, Plant and Equipment	(8 049 550)	(3 080 030)	(11 129 580)	-	(11 129 580)	(9 194 801)	1 934 779	0%	0%
Purchase of Intangible Assets	-	-	-	-	-	-	-	0%	0%
Purchase of Investment Property	-	-	-	-	-	-	-	0%	0%
Purchase of Heritage Assets	-	-	-	-	-	-	-	0%	0%
Purchase of Biological Assets	-	-	-	-	-	-	-	0%	0%
Proceeds on Disposal of Property, Plant and Equipment	-	-	-	-	-	2	2	0%	0%
Proceeds on Disposal of Intangible Assets	-	-	-	-	-	-	-	0%	0%
Proceeds on Disposal of Investment Property	-	-	-	-	-	-	-	0%	0%
Proceeds on Disposal of Heritage Assets	-	-	-	-	-	-	-	0%	0%
Profit on Sale of Land	-	-	-	-	-	-	-	0%	0%
Decrease / (Increase) in Non-current Investments	-	-	-	-	-	-	-	0%	0%
Decrease / (Increase) in Investments in Associates	-	-	-	-	-	-	-	0%	0%
Decrease / (Increase) in Long-term Receivables	114 000	-	114 000	-	114 000	(82 000)	(196 000)	0%	0%
Cash Flows from/(used in) Financing Activities									
Proceeds from Borrowings	-	-	-	-	-	-	-	0%	0%
Repayment of Borrowings	(2 484 589)	-	(2 484 589)	-	(2 484 589)	-	2 484 589	0%	0%
Increase / (Decrease) in Short-term Loans	-	-	-	-	-	-	-	0%	0%
Cash and Cash Equivalents at End of the Year	(5 646 519)	(2 840 340)	(8 486 859)	-	(7 807 859)	21 145 356	28 953 216	0%	0%

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Proper procedures to budget for Cash Flow have not been developed and implemented. Furthermore, the system utilised does not carry budget for Cash Flow and no budgetary control can be performed.

External Interest and Dividends Received:

The income from external investments was more than anticipated as more money was invested in call accounts during the financial year. There was a cut in the budget for the 2018/19 financial year for the assistance provided to locals, which allowed the municipality to build up reserves during the current.

Other Receipts:

The variance in other receipts is due to the high variance between the budgeted receivable and the actuarial valuation, as the variation on long-term receivable was higher than expected which lead to an increase in other payments on the cash flow.

VAT Receivable / Payable:

receivables.

Employee Related Costs:

The variance on the employee related cost is due to the vacant positions which have not been filled, i.e. Director - Finance, Director - Infrastructure and Director - Planning & Development.

Remuneration of Councillors:

The variance are due to the change in the remuneration as gazetted and the change in the portfolio of Councillors. During the year there were a few council members who resigned and one passed away.

External Interest and Dividends Paid:

The variance is due to the last payment for the loan which had less interest than anticipated.

Suppliers Paid:

priority spending.

Other Payments:

The variance is due to cost containment measures implemented to ensure elimination of none priority spending and dependency on consultants.

Purchase of Property, Plant and Equipment:

The variance is due to the savings on capital assets procured, none procurement of assets where the need for them were re-assessed.

Decrease / (Increase) in Long-term Receivables:

Due to the actuarial valuation performed at the end of the year a variation occurred between the actual and budgeted figure for long-term receivables.

Loans repaid:

The variance is due to the last payment for the loan which had less interest than anticipated therefore causing a difference in the amount repaid. The loan was fully paid up at the end of the financial year.

Reason for adjustment to original budget

Please refer to the adjustment budget and the special adjustment budget for reasons on variances from the original budget.

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2018/19	2017/18
Net surplus/(deficit) per the statement of financial performance	R	R
Revenue from Non-exchange Transactions	24 665 496	7 400 288
Transfers and Subsidies	(270 389)	1 128 252
Revenue from Exchange Transactions		
Sales of Goods and Rendering of Services	725 380	214 264
Rental from Fixed Assets	145 104	224 102
Interest, Dividends and Rent on Land Earned	(876 692)	(568 289)
Gains on Disposal of Property, Plant and Equipment	-	(2 029 330)
Expenditure		
Employee Related Costs	(10 841 108)	(18 716 996)
Remuneration of Councillors	(530 551)	183 862
Depreciation and Amortisation	(794 231)	460 664
Impairment Losses	(3 000)	85 121
Finance Costs	(18 591)	(35 891)
Contracted Services	(20 045 490)	(20 057 420)
Inventory Consumed	(366 387)	(93 980)
Grants and Subsidies Paid	(5 567 527)	(4 457 917)
Operational Costs	13 682 496	11 363 279
Statutory Payments other than Taxes	-	(250 000)
Loss on Disposal of Property, Plant and Equipment	(232 708)	(220 607)
Net surplus/deficit per approved budget	(328 200)	(25 370 600)

FRANCES BAARD DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.2 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2018 and 30 June 2019 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

1.3 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.3.1 Revenue Recognition

Accounting Policy 10.2 on Revenue from Exchange Transactions and Accounting Policy 10.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the 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*). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, 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 rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

FRANCES BAARD DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

1.3.2 Impairment of Financial Assets

Accounting Policy 8.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- Impairment of Trade 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 is performed per service-identifiable categories across all classes of debtors.

1.3.3 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 3.3, and 5.2, the municipality depreciates its Property, Plant & Equipment and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to 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.

1.3.4 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, and Inventories

Accounting Policy 7 on Impairment of Assets, Accounting Policy 5.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment and impairment testing of Intangible Assets.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

Estimated impairments during the year to Plant and Equipment, and Intangible Assets are disclosed in Notes 9 and 10 to the Annual Financial Statements, if applicable.

1.3.5 Defined Benefit Plan Liabilities

As described in Accounting Policy 12.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.3.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.3.7 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 5% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a *Going Concern Assumption*.

FRANCES BAARD DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

1.5 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:

- GRAP 18 Segment Reporting (effective 1 April 2020)
- GRAP 20 Related Party Disclosures (effective 1 April 2019)
- GRAP 32 Service Concession Arrangement Grantor (effective 1 April 2019)
- GRAP 108 Statutory Receivables (effective 1 April 2019)
- GRAP 109 Accounting by Principals and Agents (effective 1 April 2019)
- IGRAP 17 Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (effective 1 April 2019)

The municipality applied the principles established in the following Standards of GRAP that have been issued but are not yet effective, in developing appropriate disclosure:

- GRAP 20 Related Party Disclosures

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality, except for:

- GRAP 108 Statutory Receivables:-
It is expected that the Standard will affect the valuation of Receivables from Non-Exchange Transactions, but the extent cannot be determined at this stage.
- GRAP 109 Accounting by Principals and Agents:-
The effect of this Standard on accounting for transactions between the municipality, another function of government or private sector and third parties, can only be determined once it becomes effective.

2. NET ASSETS

2.1.1 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to the Revaluation Reserve. Subsequent adjustments to the Revaluation Reserve are made in accordance with GRAP 17 (Property, Plant and Equipment).

2.1.2 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/(Deficit) to the CRR in terms of delegated powers.

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

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the Investment Policy of the municipality.
- The CRR may only be utilised for the purpose of purchasing items of Property, Plant and Equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in Surplus or Deficit and is then transferred, via the Statement of Changes in Net Assets, to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

FRANCES BAARD DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Initial Recognition

Property, Plant and Equipment are initially recognised at cost.

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.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

3.2 Subsequent Measurement

Plant and Equipment

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Revaluation Model:

Buildings and Land

During the current year the municipality opted to adopt the application of the *Revaluation Model* for its buildings and land based on the conclusion that this is the more prudent approach for the municipality to follow.

Subsequent to initial recognition Buildings and Land are carried at a revalued amount based on municipal valuations, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by experienced valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

3.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the *Straight-line Method*, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

	Asset Class	Years
	Community	
	Security Measures	5 - 10
	Land and Buildings	
	Land	Indefinite
	Buildings	5-50
	Other	
	Computer Equipment	5 - 27
	Emergency Equipment	5 - 27
	Furniture and Fittings	4 - 30
	Motor Vehicles	5 - 15
	Office Equipment	5 - 27
	Plant and Machinery	4 - 17

FRANCES BAARD DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

3.4 Land

Land is stated at fair value and is not depreciated as it is deemed to have an indefinite useful life.

3.5 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

3.6 Derecognition

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

4. HERITAGE ASSETS

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

4.1 Initial Recognition

Heritage Assets are initially recognised at cost.

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.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

4.2 Subsequent Measurement

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

4.3 Derecognition

The gain or loss arising from the derecognition of an item of Heritage Assets is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

5. INTANGIBLE ASSETS

5.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

For internally generated Intangible Assets, all research expenditure is recognised as an expense as it is incurred and costs incurred on development projects are recognised as Intangible Assets in accordance with GRAP 31 (*Intangible Assets*). Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually.

Intangible Assets are initially recognised at cost.

Where an Intangible 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.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

FRANCES BAARD DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

5.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged on a *Straight-line Method* over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

The amortisation rates are based on the following estimated useful lives:

	Asset Class	Years
	Computer Software	10
	Computer Software Licences	10

5.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

6. INVESTMENT PROPERTY

6.1 Initial Recognition

At initial recognition, the municipality measures Investment Property at cost. 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.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

6.2 Subsequent Measurement

During the current year the municipality reviewed its application of the *Fair Value Model* and concluded that based on a lack of commercial substance for such valuations, the more prudent approach for the municipality would be to carry these assets at their cost prices. The municipality has no intention of selling its land and buildings and thus the *Cost Model* would represent the value of all land and buildings more fairly. The change has resulted in the municipality's Annual Financial Statements providing reliable and more relevant information about the value of Buildings and Land, based on the intended use of these assets in line with all valuation method of all other assets.

Investment Property is measured using the *Cost Model* and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the *Straight-line Method* over the useful life of the property, which is estimated at 5 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is recognised in Surplus or Deficit.

6.3 Derecognition

The gain or loss arising from the derecognition of an item of Investment Property is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

FRANCES BAARD DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

7. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as *Cash Generating Assets*. All other assets are classified as *Non-cash Generating Assets*.

7.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment of assets measured per the revaluation method reduces the Revaluation Surplus for that asset. The decrease shall be debited directly to a Revaluation Surplus to the extent of any credit balance existing in the Revaluation Surplus in respect of that asset.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase and would be credited directly against the Revaluation Surplus to the extent of any previous impairments recognised against said reserve in respect of that asset.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

7.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its 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.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

FRANCES BAARD DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

8. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as *Financial Assets*, *Financial Liabilities* or *Residual Interests* in accordance with the substance of the contractual agreement.

Initial Recognition

Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

8.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Investment Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value
Current Portion of Long-term Receivables	Financial Assets at Amortised Cost

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

8.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Long-term Liabilities	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Taxes and Transfers Payable	Financial Liabilities at Amortised Cost
Current Portion of Long-term Liabilities	Financial Liabilities at Amortised Cost

Trade and Other Receivables (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as *Financial Assets at Amortised Cost*.

FRANCES BAARD DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

8.3 Initial and Subsequent Measurement

8.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the *Effective Interest Method* less any impairment, with interest recognised on an *Effective Yield Basis*.

Financial Assets measured at Cost

Financial Assets at Cost are initially measured at the transaction amount and transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at cost less any impairment.

Financial Assets measured at Fair Value

Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

8.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in Surplus or Deficit.

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as *Other Financial Liabilities* (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the *Effective Interest Rate Method*. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

8.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

8.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

8.4.2 Financial Assets at Cost

If there is objective evidence that an impairment loss has been incurred on an investment in a Residual Interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the Financial Asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

FRANCES BAARD DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

8.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

8.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

9. INVENTORIES

9.1 Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus 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.

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.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

9.2 Subsequent Measurement

9.2.1 Consumable Stores, Raw Materials, Work-in-Progress and Finished Goods

Consumable stores distributed at no charge or for a nominal charge are valued at the lower of cost and current replacement cost. The cost is determined using the *weighted average Method*.

9.2.2 Other Arrangements

Redundant and slow-moving Inventories identified are written down from cost to current replacement cost, if applicable.

10. REVENUE RECOGNITION

10.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

10.2 Revenue from Exchange Transactions

10.2.1 Rentals Received

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

FRANCES BAARD DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

10.2.2 Finance Income

Interest earned on investments is recognised in Surplus or Deficit on the *Time-proportionate Basis* that takes into account the effective yield on the investment.

10.2.3 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- (a) The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) The amount of revenue can be measured reliably;
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

10.3 Revenue from Non-exchange Transactions

10.3.1 Public Contributions

Revenue from public contributions 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 are brought into use.

10.3.2 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in Surplus or Deficit in the period in which they become receivable.

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.

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.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in Surplus or Deficit.

FRANCES BAARD DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

10.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

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 as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual unauthorised, irregular, fruitless and wasteful expenditure was incurred.

11. PROVISIONS

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

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. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

12. EMPLOYEE BENEFIT LIABILITIES

12.1 Short-term Employee Benefits

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

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.

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.

Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 56 employees, is recognised as it accrue to Section 56 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

FRANCES BAARD DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

12.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

12.2.1 Defined Contribution Plans

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

12.2.2 Defined Benefit Plans

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the *Projected Unit Credit Method*, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The *Projected Unit Credit Method* is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined Benefit Pension Plans

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the *Projected Unit Credit Method*. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

FRANCES BAARD DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

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.

12.3 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.

13. LEASES

13.1 The Municipality as Lessor

Rental revenue from **Operating Leases** is recognised on a *Straight-line Basis* over the term of the relevant lease.

14. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- (a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- (b) Expect to be repaid in future; or
- (c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

15. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

16. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, 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 the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

17. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

FRANCES BAARD DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

18. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

19. MATERIAL LOSSES

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities.

Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the *First-In-First-Out Method* as defined by GRAP 12 (*Inventories*).

20. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

21. COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in Surplus or Deficit, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

22. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

23. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

24. BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2018 to 30 June 2019.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019
R

2018
R

1. GENERAL INFORMATION

Frances Baard District Municipality is a local government institution in the Northern Cape, Kimberley, and has 4 local municipalities under its jurisdiction. The registered address of its office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report ended 30 June 2019. The principal activities of the municipality are disclosed in the Annual Report.

2. INVENTORIES

Consumables	362 518	341 561
Total Inventories	362 518	341 561
Reconciliation:		
Opening balance	341 561	337 673
Purchases	350 540	355 214
Issues	(327 710)	(351 326)
Adjustments	(1 872)	-
Closing Balance	362 518	341 561

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

Stores issues amounted to R327 710 for the current year (2018: R351 326)

No Inventories have been pledged as collateral for Liabilities of the municipality.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2019			
Service Debtors:	1 963 340	88 121	1 875 219
Other Service Charges	1 963 340	88 121	1 875 219
Prepayments and Advances	1 069 031	-	1 069 031
Rent	-	-	-
Subscriptions	1 069 031	-	1 069 031
Other Debtors	1 161 322	-	1 161 322
Total Receivables from Exchange Transactions	4 193 692	88 121	4 105 572

Other service charges is made up of monthly charge for Dikgatlong refund on medical aid, post medical aid recovered from public works, billing recovered from government departments for using land which has not been transferred over to these government departments and debt recovered from employees, i.e. failed courses.

Prepayments and advances consist of SALGA subscription, advance insurance premiums and advance BAUD (asset system) premiums for the 2019/20 financial year.

Other debtors consist of accrued interest from investment accounts and disaster grant (COGHSTA) gazetted but not paid over to the municipality.

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2018			
Service Debtors:	950 367	88 121	862 247
Other Service Charges	950 367	88 121	862 247
Prepayments and Advances	671 014	-	671 014
Rent	-	-	-
Subscriptions	671 014	-	671 014
Other Debtors	350 071	-	350 071
Total Receivables from Exchange Transactions	1 971 452	88 121	1 883 331

The municipality did not pledge any of its Receivables as security for borrowing purposes.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The impairment on debtors of R88 120,53 is based on long outstanding debtors, who owe the municipality for more than 120 days. Refer to Note 29 for detail on impairment provision.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019
R

2018
R

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2019

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Other Service Charges:					
Gross Balances	513 526	255 887	86 478	1 107 448	1 963 340
Less: Provision for Impairment		-	-	88 121	88 121
Net Balances	513 526	255 887	86 478	1 019 328	1 875 219
Prepayments and Advances:					
Gross Balances	1 069 031	-	-	-	1 069 031
Net Balances	1 069 031	-	-	-	1 069 031
Other Debtors					
Gross Balances	1 161 322	-	-	-	1 161 322
Net Balances	1 161 322	-	-	-	1 161 322

As at 30 June 2019 Receivables of R1,361,693 were past due, accounts older than 90 days were assessed and impaired in accordance with the municipal policy. The age analysis of these Receivables are as follows:

	Past Due			Total Past Due
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	255 887	86 478	1 107 448	1 449 813
Less: Provision for Impairment	-	-	88 121	88 121
Net Balances	255 887	86 478	1 019 328	1 361 693

As at 30 June 2018

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Other Service Charges:					
Gross Balances	165 606	187 980	113 937	482 845	950 367
Net Balances	165 606	187 980	113 937	394 724	862 247
Prepayments and Advances:					
Gross Balances	-	-	671 014	-	671 014
Net Balances	-	-	671 014	-	671 014
Other Debtors					
Gross Balances	-	350 071	-	-	350 071
Net Balances	-	350 071	-	-	350 071

As at 30 June 2018 Receivables of R1,717,725 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total Past Due
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	538 050	784 950	482 845	1 805 845
Less: Provision for Impairment	-	-	88 121	88 121
Net Balances	538 050	784 950	394 724	1 717 725

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
4. VAT RECEIVABLE		
Vat Receivable	<u>1 926 871</u>	<u>3 663 078</u>

VAT Payable is the Net Payable from all VAT Control Accounts and agree to the VAT201 Returns.

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

5. INVESTMENTS

Total Bank deposits	<u>6 700 000</u>	<u>6 050 000</u>
	<u>6 700 000</u>	<u>6 050 000</u>
Current Investments Movement during year:		
Opening Balance	6 050 000	10 450 000
Invested	650 000	100 000
Redeemed/withdrawn	-	(4 500 000)
Closing Balance	<u>6 700 000</u>	<u>6 050 000</u>

Fixed deposit at Nedbank until 24 June 2020

Difference Between Cashbook and Bankstatements
NEDBANK

2018/19		
Cashbook	Bankstatement	Difference
6 700 000	6 700 000	-

Difference Between Cashbook and Bankstatements
NEDBANK

2017/18		
Cashbook	Bankstatement	Difference
6 050 000	6 050 000	-

6. CASH AND CASH EQUIVALENTS

Current Investments	66 501 000	51 001 000
Bank Accounts	5 062 862	67 505
Cash and Cash Equivalents	3 300	3 300
Total Bank, Cash and Cash Equivalents	<u>71 567 162</u>	<u>51 071 805</u>
Net Bank, Cash and Cash Equivalents	<u>71 567 162</u>	<u>51 071 805</u>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

6.1 Current Investment Deposits

Call Deposits	66 501 000	51 001 000
Total Current Investment Deposits	<u>66 501 000</u>	<u>51 001 000</u>

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 6.00 % to 8.50 % (2018: 6.00 % to 8.50 %) per annum.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 6.00 % to 8.50 % (2018: 6.00 % to 8.50 %) per annum.

Deposits attributable to Unspent Conditional Grants	92 314	206 662
Deposits attributable to Capital Replacement Reserve.	7 957 082	7 957 082
Deposits attributable to Payables	8 685 674	6 566 088
Deposits attributable to Current Provisions	9 514 535	8 490 003
Deposits attributable to Consumer Deposits	345	570
Deposits available for Operations	40 251 050	27 780 594
Total Deposits attributable to Commitments of the Municipality	<u>66 501 000</u>	<u>51 001 000</u>

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
6.2 Bank Accounts		
Cash in Bank	5 062 862	67 505
Bank Overdraft	-	-
Total Bank Accounts	5 062 862	67 505

The Municipality has the following bank accounts:

Primary Bank Account

Standard Bank - Kimberley Business Centre - Primary Account:

Cash book balance at beginning of year	67 505	4 597 819
Cash book balance at end of year	-	67 505

ABSA - Northern Cape Provincial BNKG - Primary Account:

Cash book balance at end of year	5 062 862	-
----------------------------------	-----------	---

Standard Bank - Kimberley Business Centre - Primary Account:

Bank statement balance at beginning of year	1 520 139	5 121 872
Bank statement balance at end of year	-	1 520 139

ABSA - Northern Cape Provincial BNKG - Primary Account:

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	5 062 862	-

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

Investment Account

Difference Between Cashbook and Bankstatements

ABSA
FNB
NEDBANK
Standard Bank
Total Investments

2018/19		
Cashbook	Bankstatement	Difference
3 001 000	3 001 000	-
12 500 000	12 500 000	-
25 000 000	25 000 000	-
26 000 000	26 000 000	-
66 501 000	66 501 000	-

Difference Between Cashbook and Bankstatements

ABSA
FNB
NEDBANK
Standard Bank
Total Investments

2017/18		
Cashbook	Bankstatement	Difference
12 001 000	12 001 000	-
13 500 000	13 500 000	-
15 500 000	15 500 000	-
10 000 000	10 000 000	-
51 001 000	51 001 000	-

6.3 Cash and Cash Equivalents

Cash Floats and Advances	3 300	3 300
Total Cash on hand in Cash Floats, Advances and Equivalents	3 300	3 300

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019
R

2018
R

7. OPERATING LEASE RECEIVABLES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Balance at beginning of year	4 056	5 282
Operating Lease Revenue effected	(3 147)	(1 225)
Total Operating Lease Receivables	909	4 056

7.1 Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to Property owned by the municipality with lease terms of 60 months (2018/19: 60 months), with an option to extend.

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The property rental income earned by the municipality from its investment property, all of which is leased out under operating leases, amounted to R48 265 (2017: R44 714). Direct operating expenses arising on the investment property in the period amounted to R0 (2018: R0).

The property rental income earned by the municipality from its Investment Property, all of which is leased out under operating leases, amounted to R48,265 (2018: R44,714).

7.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	909	1 946
2 to 5 years	-	516
Total Operating Lease Arrangements	909	2 462

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been an decrease of R0 (2018: increase of R0) in current year income.

The following restrictions have been imposed by the municipality in terms of the lease agreements:

- (i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.
- (ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.
- (iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

8. CURRENT PORTION OF LONG-TERM RECEIVABLES

Employee Benefits - Roads Members	868 000	819 000
Total Current Portion of Long-term Receivables	868 000	819 000

Current portion of long-term receivables relate to post medical aid payments which the municipality made on behalf of retired Roads members, which is claimed back from the Department of Roads & Public Works on a monthly basis.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

9 PROPERTY, PLANT AND EQUIPMENT

30 June 2019

Reconciliation of Carrying Value

Description	Land	Buildings	Community	Machinery and Equipment	Furniture and Office Equipment	Computer Equipment	Transport Assets	Other	Total
	R	R	R				R	R	R
Carrying values at 01 July 2018	8 000 000	32 246 001	170 880	2 816 223	1 075 868	1 273 369	3 377 720	10 297 316	48 930 349
Cost	8 000 000	8 880 241	1 118 253	6 331 095	7 060 979	5 016 555	9 289 541	29 452 306	47 450 800
- Completed Assets	8 000 000	-	1 118 253	6 331 095	7 060 979	5 016 555	9 289 541	27 698 171	36 816 424
- Under Construction	-	8 880 241	-	-	-	-	-	1 754 136	10 634 376
Revaluation	-	42 050 246	-	-	-	-	-	-	42 050 246
Accumulated Impairment Losses	-	-	-	-	-	-	-	-	-
Accumulated Depreciation:	-	-18 684 485	-947 373	-3 514 872	-5 985 111	-3 743 186	-5 911 821	-19 154 991	-38 786 849
- Cost	-	-	-947 373	-3 514 872	-5 985 111	-3 743 186	-5 911 821	-19 154 991	-20 102 363
- Revaluation	-	-18 684 485	-	-	-	-	-	-	-18 684 485
Acquisition of Assets									
- Cost: Internal Funding	-	-	-	128 766	801 244	635 881	1 779 972	3 345 862	3 345 862
- Capital Under Construction: Internal Funding	-	5 394 139	-	-	454 800	-	-	454 800	5 848 939
Increases/Decreases in Revaluation	-	-	-	-	-	-	-	-	-
Depreciation:	-	-767 469	-56 939	-205 958	-384 259	-414 405	-1 094 669	-2 099 292	-2 923 699
- Based on Cost	-	-	-56 939	-205 958	-384 259	-414 405	-1 094 669	-2 099 292	-2 156 230
- Based on Revaluation	-	-767 469	-	-	-	-	-	-	-767 469
Carrying value of Disposals:	-	-	-2 776	-1 610	-5 251	-37 757	-19 900	-64 518	-67 294
- Cost	-	-	-17 851	-36 198	-95 514	-403 232	-230 000	-764 943	-782 794
- Accumulated Depreciation	-	-	15 075	34 587	90 263	365 475	210 100	700 425	715 500
- Based on Cost	-	-	15 075	34 587	90 263	365 475	210 100	700 425	715 500
Impairment Losses	-	-	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-1 754 136	-	-	-	-1 754 136	-1 754 136
Carrying values at 30 June 2019	8 000 000	36 872 671	111 165	2 737 421	1 942 402	1 457 087	4 043 122	11 934 168	55 134 156
Cost	8 000 000	14 274 380	1 100 402	6 423 664	8 221 509	5 249 204	10 839 513	32 488 025	55 862 807
- Completed Assets	8 000 000	-	1 100 402	8 177 799	7 766 709	5 249 204	10 839 513	32 033 225	41 133 627
- Under Construction	-	14 274 380	-	-1 754 136	454 800	-	-	454 800	14 729 180
Revaluation	-	42 050 246	-	-	-	-	-	-	42 050 246
Accumulated Impairment Losses	-	-	-	-	-	-	-	-	-
Accumulated Depreciation:	-	-19 451 954	-989 237	-3 686 242	-6 279 108	-3 792 116	-6 796 391	-20 553 857	-40 995 048
- Cost	-	-	-989 237	-3 686 242	-6 279 108	-3 792 116	-6 796 391	-20 553 857	-21 543 094
- Revaluation	-	-19 451 954	-	-	-	-	-	-	-19 451 954

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2018

Reconciliation of Carrying Value

Description	Land	Buildings	Community	Machinery and Equipment	Furniture and Office Equipment	Computer Equipment	Transport Assets	Other	Total
	R	R	R					0	0
Carrying values at 01 July 2017	7 895 000	29 112 138	230 062	3 146 867	1 407 148	1 525 825	4 921 190	11 001 030	48 238 231
Cost	8 000 000	5 201 128	1 108 823	6 379 787	6 954 476	5 121 863	9 300 947	27 757 072	42 067 023
- Completed Assets	8 105 000	-	1 153 823	4 625 651	6 954 476	5 121 863	9 300 947	26 002 937	35 261 760
- Under Construction	-	5 651 128	-	1 754 136	-	-	-	1 754 136	7 405 264
Correction of error (Note N/A)	(105 000)	(450 000)	(45 000)	-	-	-	-	-	(645 000)
- Revaluation	45 000	-	(45 000)	-	-	-	-	-	-
- Transfer to investment assets	(150 000)	(450 000)	-	-	-	-	-	-	(600 000)
Revaluation	-	42 500 246	-	-	-	-	-	-	42 500 246
Accumulated Depreciation:	-	(18 139 236)	(833 760)	(3 232 920)	(5 547 329)	(3 596 037)	(4 379 756)	(16 756 043)	(35 729 039)
- Cost	-	-	(842 760)	(3 232 920)	(5 547 329)	(3 596 037)	(4 379 756)	(16 756 043)	(17 598 803)
- Revaluation	-	(18 275 190)	-	-	-	-	-	-	(18 275 190)
Correction of error (Note 43)	-	135 954	9 000	-	-	-	-	-	144 954
- Cost	-	-	9 000	-	-	-	-	-	9 000
- Revaluation	-	155 316	-	-	-	-	-	-	155 316
- Transfer to investment assets	-	(19 362)	-	-	-	-	-	-	(19 362)
Acquisition of Assets	-	-	-	-	-	-	-	-	-
- Cost: Internal Funding	-	-	9 430	14 582	150 362	311 035	-	475 979	485 409
- Capital Under Construction: Internal Funding	-	3 229 112	-	-	-	-	-	-	3 229 112
Depreciation:	-	(545 249)	(113 613)	(281 424)	(547 750)	(540 964)	(1 541 884)	(2 912 021)	(3 570 883)
- Based on Cost	-	-	(118 113)	(281 424)	(547 750)	(540 964)	(1 541 884)	(2 912 021)	(3 030 133)
- Based on Revaluation	-	(545 249)	4 500	-	-	-	-	-	(540 749)
Correction of error	-	-	4 500	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	(36 786)	(24 162)	(1 586)	(62 535)	(62 535)
- Cost	-	-	-	-	(448 416)	(417 978)	(11 405)	(877 798)	(877 798)
- Accumulated Depreciation	-	-	-	-	411 629	393 815	9 819	815 264	815 264
- Based on Cost	-	-	-	-	411 629	393 815	9 819	815 264	815 264
- Based on Revaluation	-	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-	-
Carrying values at 30 June 2018	8 000 000	32 246 001	170 880	2 816 223	1 075 868	1 273 369	3 377 720	8 543 180	48 930 349
Cost	8 000 000	8 880 241	1 118 253	6 331 095	7 060 979	5 016 555	9 289 541	27 698 171	47 450 800
- Completed Assets	8 000 000	-	1 118 253	6 331 095	7 060 979	5 016 555	9 289 541	27 698 171	36 816 424
- Under Construction	-	8 880 241	-	-	-	-	-	1 754 136	10 634 376
Revaluation	-	42 050 246	-	-	-	-	-	-	42 050 246
Accumulated Depreciation:	-	(18 684 485)	(947 373)	(3 514 872)	(5 985 111)	(3 743 186)	(5 911 821)	(19 154 991)	(38 786 849)
- Cost	-	-	(947 373)	(3 514 872)	(5 985 111)	(3 743 186)	(5 911 821)	(19 154 991)	(20 102 363)
- Revaluation	-	(18 684 485)	-	-	-	-	-	-	(18 684 485)

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019
R **2018**
R

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

9.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use

There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the municipality.

9.2 Carrying Amount of Property, Plant and Equipment retired from active use and not classified as a Discontinued Operation

No Property, Plant and Equipment were retired from active use and not classified as a Discontinued Operation during the financial year.

9.3 Assets pledged as security

The municipality did not pledge any of its assets as security.

9.4 Impairment of Property, Plant and Equipment

No impairment losses have been recognised on Property, Plant and Equipment of the municipality at the reporting date.

9.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

There was no change (2017/18: R0) in the estimated useful life of various assets of the municipality for the financial year.

9.6 Land and Buildings carried at Fair Value

The municipality's Land and Buildings are accounted for according to the fair value model. Revaluation is done every four years, and therefore no fair value was determined for the year under review.

9.7 Delayed Projects

Project Details	Delayed or Halted		
Infrastructure Unit:			
Project 1: Additional Offices	Delayed	12 091 573	6 697 435
Reason: Project experienced some delays and went beyond the projected completion date. These delays are beyond the control of the municipality, however the projects will be completed within the cost limits of the original contract amounts.			
Fire Fighting & Disaster Management			
Project 1: Water Tanker	Delayed	-	-
Reason: Project experienced some delays in completing the project by the projected due date. These delays are beyond the control of the municipality, however the projects will be completed within the cost limits of the original contract amounts.			
Project 3: Disaster Management Centre	Delayed	2 182 806	2 182 806
Reason: Project experienced some delays and went beyond the projected completion date. These delays are beyond the control of the municipality, as the municipality is experiencing difficulty to remove the Department of Transport, Safety and Liason from the building in order to complete the project.			

9.8 Expenditure incurred to repair and maintain

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

Information and Communication Infrastructure	53 320	37 617	
Computer Equipment	6 171	18 682	
Furniture and Office Equipment	400 122	422 580	
Machinery and Equipment	253 367	274 058	
Other Assets - Buildings	597 682	330 129	
Transport Assets	223 791	47 510	
Total Expenditure related to Repairs and Maintenance Projects	1 534 454	1 130 577	
Total Repairs and Maintenance related to assets of Frances Baard District Municipality	1 534 454	1 130 577	

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	R	R
10 INTANGIBLE ASSETS		
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<u>412 698</u>	<u>579 865</u>
The movement in Intangible Assets is reconciled as follows:		
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<u>412 698</u>	<u>579 865</u>
The movement in Intangible Assets is reconciled as follows:		
	Software Purchased	Total
Carrying values at 01 July 2018	579 865	579 865
Cost	1 704 958	1 704 958
Accumulated Amortisation	(1 125 093)	(1 125 093)
Acquisitions:	-	-
Amortisation:	(167 167)	(167 167)
Purchased	(167 167)	(167 167)
Carrying values at 30 June 2019	412 698	412 698
Cost	1 704 958	1 704 958
Accumulated Amortisation	(1 292 260)	(1 292 260)
	Software Purchased	Total
Carrying values at 01 July 2017	597 004	597 004
Cost	1 555 958	1 555 958
Accumulated Amortisation	(958 954)	(958 954)
Acquisitions:	149 000	149 000
Purchased Internal Funding	149 000	149 000
Amortisation:	(166 139)	(166 139)
Purchased	(166 139)	(166 139)
Disposals:	-	-
Carrying values at 30 June 2018	579 865	579 865
Cost	1 704 958	1 704 958
Accumulated Amortisation	(1 125 093)	(1 125 093)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 29).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

10.1 Significant Intangible Assets

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 102 and SIC 32, are the following:

(i) Website Costs incurred during the last two financial years, if applicable, have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

10.2 Intangible Assets with Indefinite Useful Lives

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

10.3 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
10.4 Work-in-Progress		
The municipality had no capital projects for Intangible Assets which were not completed at year-end.		
10.5 Delayed Projects		
No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.		
10.6 Expenditure incurred to repair and maintain		
The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:		
Contracted Services	2 011 908	1 940 338
Licence fees	1 839 307,02	1 774 459,11
Website Maintenance	172 600,76	165 879,31
	2 011 908	1 940 338
11 INVESTMENT PROPERTY		
The municipality did not have any property to be classified as Investment Property in terms of its Accounting Policies and Asset Management Policy at year-end.		
At Fair Value		
At Cost less Accumulated Depreciation	571 875	585 938
The movement in Investment Property is reconciled as follows:		
Carrying values at 1 July 2018	585 938	600 000
Cost	-	-
Fair Value	600 000	600 000
Accumulated Depreciation	(14 063)	-
Accumulated Impairment Losses	-	-
Acquisitions during the Year	-	-
Cost	-	-
Fair Value	-	-
Cost Adjustments	-	-
Direct	-	-
Subsequent Expenditure	-	-
Business Combinations	-	-
Depreciation during the Year	(14 063)	(14 063)
Impairment Losses during the Year	-	-
Fair Value Adjustments	-	-
Disposals during the Year:	-	-
At Cost	-	-
At Fair Value	-	-
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-
Reversal of Impairment Losses during the Year	-	-
Transfers during the Year:	-	-
At Cost	-	-
At Fair Value	-	-
At Accumulated Depreciation	-	-
Other Changes:	-	-
At Cost	-	-
At Fair Value	-	-
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-
Carrying values at 30 June	571 875	585 938
Cost	-	-
Fair Value	600 000	600 000
Accumulated Depreciation	(28 125)	(14 063)
Accumulated Impairment	-	-

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	R	R
Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:		
Rental Revenue earned from Investment Property	48 265	44 714

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

11.1 Investment Property carried at Fair Value

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

11.2 Impairment of Investment Property

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

12 HERITAGE ASSETS

30 June 2019

Reconciliation of Carrying Value

Description	Significant Land and Buildings	National Parks	Works of Art, Antiques and Collections	Sculptures and Monuments	Archives	Total
	R	R	R	R	R	R
Carrying values at 01 July 2018	-	-	-	631 417	-	631 417
Cost	-	-	-	631 417	-	631 417
Under Construction	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Carrying values at 30 June 2019	-	-	-	631 417	-	631 417
Cost	-	-	-	631 417	-	631 417
Under Construction	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-

12 HERITAGE ASSETS

30 June 2018

Reconciliation of Carrying Value

Description	Significant Land and Buildings	National Parks	Works of Art, Antiques and Collections	Sculptures and Monuments	Archives	Total
	R	R	R	R	R	R
Carrying values at 01 July 2017	-	-	-	631 417	-	631 417
Cost	-	-	-	631 417	-	631 417
Under Construction	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Carrying values at 30 June 2018	-	-	-	631 417	-	631 417
Cost	-	-	-	631 417	-	631 417
Under Construction	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-

12 HERITAGE ASSETS (Continued)

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

12.1 Impairment of Heritage Assets

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

12.2 Heritage Assets measured after recognition using the Revaluation Model

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

12.3 Work-in-Progress

The municipality had no capital projects for Heritage Assets which were not completed at year-end.

12.4 Delayed Projects

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

11,5 Expenditure incurred to repair and maintain

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

Contracted Services	3 550	-
	<u>3 550</u>	<u> </u>

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
13 LONG-TERM RECEIVABLES		
Employee Benefits	8 461 000	8 379 000
Total Long Term Receivables	8 461 000	8 379 000
Less: Current Portion transferred to Current Receivables:-		
Employee Benefits	868 000	819 000
	868 000	819 000
Non-Current Portion of Long Term Receivables	7 593 000	7 560 000

EMPLOYEE BENEFITS RECEIVABLES

Municipality managed an agency service on behalf of the Department of Roads and Public Works until 30 June 2011. The service has been transferred back to the department from 01 July 2011. As per the 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 employees portion of the instalment and the members will be responsible for the employee portion. Outstanding amounts are treated as receivables from non-exchange transactions. The receivables is valued by actuaries on a yearly basis which forms part of the analysis as per the employee benefits, refer to note 21.

14 CONSUMER DEPOSITS

Other Deposits	345	570
Rental Properties	345	570
Total Consumer Deposits	345	570

CONSUMER DEPOSITS - RENTAL PROPERTIES

Consumer deposits comprise deposits for properties rented out by the municipality.

No interest is paid on Consumer Deposits held.

15 PROVISIONS

Performance Bonus	486 370	281 430
Current Portion of Employee Benefit Liabilities (See Note 19):	2 307 000	2 124 000
Post-retirement Medical Aid Benefits Liability	2 215 000	2 004 000
Long-term Service Liability	92 000	120 000
Current Portion of Non-Current Provisions (See Note 21):	6 721 165	6 084 573
Ex-gratia Pension	32 000	35 000
Leave	6 689 165	6 049 573
Total Provisions	9 514 535	8 490 003

The movement in provisions is reconciled as follows:

Current Provisions:

Performance Bonus:

Opening Balance	281 430	534 788
Increases	204 940	-
Reductions	-	(257 851)
Reversals	-	4 493
Balance at end of year	486 370	281 430

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

	Medical Aid R	Long-term Service R
30 June 2019		
Opening Balance	2 004 000	120 000
Actual employer benefit payments	211 000	(28 000)
Balance at end of year	2 215 000	92 000

	Medical Aid R	Long-term Service R
30 June 2018		
Opening Balance	2 024 000	417 000
Current service cost	(20 000)	-
Actual employer benefit payments	-	(297 000)
Balance at end of year	2 004 000	120 000

Current Portion of Non-Current Provisions:

Staff Benefit Provisions:

	Leave Provision R	Ex-gratia Pension R
30 June 2019		
Opening Balance	6 049 573	35 000
Increases	1 382 003	-
Payments Made	(742 412)	(3 000)
Balance at end of year	6 689 165	32 000

	Leave Provision R	Ex-gratia Pension R
30 June 2018		
Opening Balance	5 983 323	35 000
Increases	736 152	-
Payments Made	(669 901)	-
Balance at end of year	6 049 573	35 000

Ex-gratia Pensions 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.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Leave Provision 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.		
Long Service Award 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.		
16 PAYABLES FROM EXCHANGE TRANSACTIONS		
Advance Payments	(36)	20 210
Bonus	1 743 240	1 696 191
Other Payables	29 179	44 073
Control, Clearing and Interface Accounts	-	16 963
Unallocated Deposits	29 179	27 109
Retentions	336 603	336 603
Trade Creditors	6 576 687	4 469 012
Total Payables	8 685 674	6 566 088

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

17 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

17.1 Conditional Grants from Government	92 314	206 662
National Government	-	206 662
Provincial Government	92 314	-
Total Conditional Grants and Receipts	92 314	206 662

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 23 for the reconciliation of Grants from Government and Note N/A for the reconciliation of Other Conditional Receipts. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Refer to Appendix "F" for more detail on Conditional Grants.

18 LONG-TERM LIABILITIES

Long-Term Liabilities		
Development Bank of South Africa	-	-
Less: Current Portion transferred to Current Liabilities:-	-	2 455 416
Development Bank of South Africa - Opening Balance	2 455 416	2 455 416
Development Bank of South Africa - Payment	(2 455 416)	-
Non-Current Portion of Long-term Liabilities	-	2 455 416

18.1 Summary of Arrangements

The fixed term loan is 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.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

18.2 Obligations under Borrowings

Current Portion transferred to Current Liabilities:-		2 455 416
Annuity and Bullet Loans	-	2 455 416
Total Borrowings	-	2 455 416

18.3 Obligations under Borrowings

The obligations under DBSA Loan is as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2019 R	2018 R	2019 R	2018 R
Amounts payable under borrowings:				
Within one year	-	2 677 906	-	2 677 906
In the second to fifth years, inclusive	-	-	-	-
Over five years	-	2 677 906	-	2 677 906
	-	2 677 906	-	2 677 906
Less: Future Finance Obligations	-	(222 490)	-	(222 490)
Present Value of Minimum Lease Obligations	-	2 455 416	-	2 455 416
Less: Amounts due for settlement within 12 months (Current Portion)			2 455 416	2 455 416
Borrowings due for settlement after 12 months (Non-current Portion)			2 455 416	4 910 832
			2 455 415,96	2 455 415,96

19 EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities		
Post-retirement Health Care Benefits Liability	33 202 963	30 504 898
Long Service Awards Liability	31 091 999	28 513 999
	2 110 964	1 990 899
Less: Current Portion of Employee Benefit Liabilities	(2 307 000)	(2 124 000)
Post-retirement Health Care Benefits Liability	(2 215 000)	(2 004 000)
Long Service Awards Liability	(92 000)	(120 000)
Non-Current Portion of Employee Benefit Liabilities	30 895 963	28 380 898

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
19.1 Post-retirement Health Care Benefits Liability		
Opening balance	28 513 999	30 074 999
Interest cost	2 765 000	3 002 000
Current service cost	630 000	742 000
Actual employer benefit payments	(1 838 765)	(1 862 965)
Actuarial loss/ (gain) recognised in the year	1 021 765	(3 442 035)
Balance at end of Year	<u>31 091 999</u>	<u>28 513 999</u>
Transfer to Current Provisions	(2 215 000)	(2 004 000)
Total Post-retirement Health Care Benefits Liability	<u>28 876 999</u>	<u>26 509 999</u>

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2019 by Mr DT Mureriwa, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	67	62
In-service Non-members (Employees)	36	36
Continuation Members (Retirees, widowers and orphans)	43	44
Total Members	<u>146</u>	<u>142</u>

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

In-service Members	9 043 000	9 144 000
In-service Non-members	599 000	585 000
Continuation Members	21 449 999	18 784 999
Total Liability	<u>31 091 999</u>	<u>28 513 999</u>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Hosmed
- Samwumed

The Current-service Cost for the year ending 30 June 2019 is estimated to be R2,765,000, whereas the cost for the ensuing year is estimated to be R3 537 354 (30 June 2018: R3,002,000 and R2,765,000 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate		
Health Care Cost Inflation Rate	Yield Curve Equal to CPI + 1	
Net Effective Discount Rate	Yield Curve Based	
Expected Rate of Salary Increase	7,50%	7,36%
Expected Retirement Age - Females	65	58
Expected Retirement Age - Males	65	58

Movements in the present value of the Defined Benefit Obligation were as follows:

	2019 R	2018 R
Opening balance	28 513 999	30 074 999
Interest cost	2 765 000	3 002 000
Current service cost	630 000	742 000
Actual employer benefit payments	(1 838 765)	(1 862 965)
Actuarial loss/ (gain) recognised in the year	1 021 765	(3 442 035)
Total Recognised Benefit Liability	<u>31 091 999</u>	<u>28 513 999</u>

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

Present value of fund obligations	31 091 999	28 513 999
Unfunded Accrued Liability	31 091 999	28 513 999
Total Benefit Liability	<u>31 091 999</u>	<u>28 513 999</u>

The history of fair values are as follows:

	2019 R	2018 R	2017 R	2016 R	2015 R
Present Value of Defined Benefit Obligation	31 091 999	28 513 999	30 074 999	27 792 000	26 916 547
Deficit	<u>31 091 999</u>	<u>28 513 999</u>	<u>30 074 999</u>	<u>27 792 000</u>	<u>26 916 547</u>

Experienced adjustments on Plan Liabilities	2 578 000	(1 919 000)	2 356 040	41 820	6 739 754
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The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

Increase:		
Effect on the aggregate of the current service cost and the interest cost	1	4 061 000
Effect on the defined benefit obligation	1	34 835 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(1)	(3 022 000)
Effect on the defined benefit obligation	(1)	(28 178 000)

The effect of a 20% movement in the withdrawal rate is as follows:

The municipality expects to make a contribution of R4 416 765 (2018: R3 395 000) to the Defined Benefit Plans during the next financial year.

Refer to Note 42, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	R	R
19.2 Long Service Awards Liability		
Opening Balance	1 990 899	1 953 000
Increases	456 000	493 000
Payments Made	(102 935)	(455 101)
Other Reductions	(233 000)	(297 000)
Reversals	-	297 000
Balance at end of Year	2 110 964	1 990 899
Transfer to Current Provisions	(92 000)	(120 000)
Total Long Service Awards Liability	2 018 964	1 870 899

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2019 by Mr DT Mureriwa, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 93 (2018: 95) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2019 is estimated to be R189 000, whereas the cost for the ensuing year is estimated to be R199 000 (30 June 2018: R493 000).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Cost Inflation Rate	CPI+1	7,06%
Expected Rate of Salary Increase	7,50%	6,50%
Expected Retirement Age - Females	65	63
Expected Retirement Age - Males	65	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Opening Balance	1 990 899	1 953 000
Increases	456 000	493 000
Payments Made	(102 935)	(455 101)
Other Reductinos	(233 000)	(297 000)
Reversals	-	297 000
Increases (Passage of Time/Discounted Rate)	-	-
Total Recognised Benefit Liability	2 110 964	1 990 899

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

	2019	2018
	R	R
Present value of fund obligations	2 110 964	1 990 899
	2 110 964	1 990 899
Unfunded Accrued Liability	2 110 964	1 990 899
Total Benefit Liability	2 110 964	1 990 899

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

Current service cost	189 000	230 000
Interest cost	239 000	202 000
Expected return on reimbursement rights	-	-
Actuarial losses / (gains)	(205 000)	61 000
Total Post-retirement Benefit included in Employee Related Costs (Note 27)	223 000	493 000

The history of experienced adjustments is as follows:

	2019	2018	2017	2016	2015
	R	R	R	R	R
Present Value of Defined Benefit Obligation	2 110 964	1 990 899	1 953 000	1 792 000	1 608 517
Deficit	2 110 964	1 990 899	1 953 000	1 792 000	1 608 517

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

Increase:		
Effect on the aggregate of the current service cost and the interest cost	414 000	135 800
Effect on the defined benefit obligation	2 262 000	674 285
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(355 000)	(121 700)
Effect on the defined benefit obligation	(1 973 000)	(611 740)

The municipality expects to make a contribution of R383 000 (2019: R428,000) to the defined benefit plans during the next financial year.

20 NON-CURRENT PROVISIONS

Ex-gratia Pension	108 000	108 910
Total Non-current Provisions	108 000	108 910

The movement in Non-current Provisions are reconciled as follows:

Staff Benefit Provisions:

Ex-Gratia Pension

Opening Balance	108 910	114 001
Increases	33 180	29 000
Payments Made	(34 090)	(34 090)
Balance at end of year	108 000	108 910

21 RESERVES

Capital Replacement Reserve	7 957 082	7 957 082
Revaluation Reserve	19 511 393	19 775 353
Total Reserves	27 468 475	27 732 436

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
20.1 Capital Replacement Reserve		
The Capital Replacement Reserve arises from cash backed accumulated surplus for the replacement of capital infrastructure/equipment.		
Reconciliation of the Capital Replacement Reserve:		
Opening Balance	7 957 082	7 957 082
Balance at end of year	7 957 082	7 957 082
20.2 Revaluation Reserve		
The Revaluation Reserve arises on the revaluation of Land and Buildings and qualifying Community Assets. Where revalued Land or Buildings are sold, the portion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.		
Reconciliation of Revaluation Reserve		
Opening Balance	19 775 353	20 039 314
Transfers to/from Accumulated Surplus	(263 961)	(263 961)
Balance at end of year	19 511 393	19 775 353
22 ACCUMULATED SURPLUS		
Accumulated Surplus / (Deficit) due to the results of Operations	73 108 873	48 179 417
Total Accumulated Surplus	73 108 873	48 179 417
Reconciliation of Accumulated Surplus:		
Opening Balance	48 179 417	40 430 960
Correction of Prior Period Error	-	84 208
Depreciation Offsets	263 961	263 961
Accumulated Surplus As Per Financial Performance	24 665 496	7 400 288
Total Accumulated Surplus	73 108 873	48 179 417
Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.		
23 TRANSFERS AND SUBSIDIES RECEIVED		
Capital Grants	2 521 000	-
Monetary Allocations	2 521 000	-
Operational Grants	123 192 389	117 698 568
Monetary Allocations	123 192 389	117 698 568
Total Government Grants and Subsidies	125 713 389	117 698 568
23.1 Capital Grants		
	Monetary Allocations	
	2019	2018
National Governments	2 521 000	-
Total Capital Grants Received	2 521 000	-
23.2 Operational Grants		
	Monetary Allocations	
	2019	2018
SETA: Skills grant	73 704	100 150
National Governments	1 000 000	4 111 462
National Revenue Fund	116 209 000	112 317 000
ABSA	-	40 000
Provincial Government	5 909 686	1 129 956
Total Operational Grants Received	123 192 389	117 698 568
23.3 Calculation of Cash Flow:		
Government Grants and Subsidies Income	125 713 389	117 698 568
Opening Balance of Unspent Government Grants	(206 662)	(471 699)
Closing Balance of Unspent Government Grants (reconcile with note 16)	92 314	206 662
Total Receipts for Government Grants and Subsidies	125 599 041	117 433 532
23.4 Reconciliation per Grant Source		
23.4.1 National Governments		
Balance unspent at beginning of year	4 538	-
Current year receipts	120 843 000	117 601 001
Conditions met - transferred to Revenue	(120 847 538)	(117 394 338)
Conditions still to be met - transferred to Current Liabilities (see Note 17)	-	206 662
These grants have been used to fund operations within the municipality, the grants consist of Equitable Share, EPWP, RRAMS and FMG received from National Government.		
23.4.2 National Revenue Fund - Fuel Levy & Equitable Share		
Current year receipts	116 209 000	112 317 000
Conditions met - transferred to Revenue	(116 209 000)	(112 317 000)
Conditions still to be met - transferred to Current Liabilities (see Note 17)	-	-
This grant has been used to fund operational expenses within the municipality.		
22.4.1.2 Rural Road Asset Management System Grant (RRAMS)		
Current year receipts	2 521 000	2 516 000
Conditions met - transferred to Revenue	(2 521 000)	(2 516 000)
Conditions still to be met - transferred to Current Liabilities (see Note 22)	-	-
22.4.1.3 Financial Management Grant (FMG)		
Current year receipts	1 000 000	1 250 001
Conditions met - transferred to Revenue	(1 000 000)	(1 250 001)
Conditions still to be met - transferred to Current Liabilities (see Note N/A)	-	-
22.4.1.3 Extended Public Works Programme (EPWP)		
Balance unspent at beginning of year	202 124	-
Current year receipts	1 113 000	1 168 000
Conditions met - transferred to Revenue	(1 113 000)	(965 876)
Other Adjustments/Refunds	(202 124)	-
Conditions still to be met - transferred to Current Liabilities (see Note N/A)	-	202 124

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
23.4.3 SETA: Skills grant		
Balance unspent at beginning of year	-	-
Current year receipts	73 704	100 150
Conditions met - transferred to Revenue	(73 704)	(100 150)
Conditions still to be met - transferred to Current Liabilities (see Note 17)	-	-
LGSETA: This grant has been used to fund training within the municipality No funds have been withheld.		
23.4.4 Provincial Government		
Balance unspent at beginning of year	-	250 000
Current year receipts	5 909 686	1 129 956
Conditions met - transferred to Revenue	(5 817 371)	(250 000)
Conditions still to be met - transferred to Current Liabilities (see Note 17)	92 314	1 129 956
These grants were used for operation and maintenance of clean up amenities (KHOTSO PULA NALA) and HIV/AIDS awareness (AIDS Grant) from provincial government. An outstanding amount of R389 000 which was gazetted was not received from COGHSTA, which accounted as an accrued income for the 2018/19 financial year.		
23.4.5 Public Corporations		
Balance unspent at beginning of year	-	40 000
Current year receipts	-	164 080
Conditions met - transferred to Revenue	-	(204 080)
Conditions still to be met - transferred to Current Assets (see Note 4)	-	-
These grants were used for special projects within units such as Tourism and LED.		
24 SALES OF GOODS AND RENDERING OF SERVICES		
Other Revenue	74 620	285 736
Total Sales of Goods and Rendering of Services	74 620	285 736
25 RENTAL FROM FIXED ASSETS		
Straight-lined Operating Lease Revenue		
Other Fixed Assets	857 756	958 445
Other Rental income		
Ad-hoc Rental Income from Other Fixed Assets	-	44 714
Total Rental of Facilities and Equipment	857 756	1 003 159
Rental income generated are at market related premiums, besides an agreement reached with the Provincial Legislature for the free use of the council chambers. All other rental income recognised is therefore market related.		
26 INTEREST RECEIVED		
External Investments:		
Bank Account	216 747	270 247
Other Deposits	6 511 945	5 560 042
Total Exchange Interest Earned	6 728 692	5 830 289
Total Interest, Dividends And Rent On Land Earned	6 728 692	5 830 289
26.1 Calculation of Cash Flow:		
External Interest Income	6 728 692	5 830 289
Total Receipts for Interest Received	6 728 692	5 830 289
27 EMPLOYEE RELATED COSTS		
Salaries and Wages		
Basic	41 073 854	40 232 404
Long Service Awards	(16 000)	291 000
Actual Long Service Awards Paid	189 000	230 000
Actuarial (Gain)/Loss on Long Service Awards for the year	(205 000)	61 000
Bonus	204 940	4 493
Leave Payments	1 382 003	736 152
Overtime	211 327	195 570
Allowances		
Bonus	2 857 856	2 982 849
Cellular and Telephone	267 697	204 938
Housing Benefits	430 501	370 687
Scarcity Allowance	-	803 676
Travel or Motor Vehicle	3 204 046	3 651 989
Social Contributions		
Bargaining Council	14 358	13 588
Group Life Insurance	442 941	462 086
Medical	2 405 999	1 809 658
Pension	5 134 217	5 642 909
Unemployment Insurance	217 900	210 180
Post-retirement Benefit		
Current Service Cost	630 000	742 910
Interest Cost	2 221 000	2 344 000
Actuarial Gains and Losses	967 445	(2 781 644)
Total Employee Related Costs	61 650 082	57 917 444
27.1 Calculation of Cash Flow:		
Employee Related Costs Expenditure	61 650 082	57 917 444
Opening Balance of Current Employee Benefit Liabilities	2 124 000	2 441 000
Closing Balance of Current Employee Benefit Liabilities	(2 307 000)	(2 124 000)
Opening Balance of Current Staff Benefit Provisions	6 084 573	6 018 323
Closing Balance of Current Staff Benefit Provisions	(6 721 165)	(6 084 573)
Opening Balance of Non-current Employee Benefit Liabilities	28 380 898	29 586 999
Closing Balance of Non-current Employee Benefit Liabilities	(30 895 963)	(28 380 898)
Opening Balance of Non-current Staff Benefit Provisions	108 910	114 001
Closing Balance of Non-current Staff Benefit Provisions	(108 000)	(108 910)
Total Payments for Employee Related Costs	58 316 335	59 379 384
No advances were made to employees.		

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Remuneration of Section 56 Employees:		
Remuneration of the Municipal Manager - Ms ZM Bogatsu		
Annual Remuneration	1 364 767	1 373 622
Bonus	-	99 369
Performance Bonus	113 970	130 920
Car and Other Allowances	113 954	764 860
Company Contributions to UIF, Medical and Pension Funds	1 881	232 523
Total	1 594 572	2 601 295
Remuneration of the Acting Director Financial Services - Ms. O Moseki		
Annual Remuneration	310 881	302 423
Bonus	-	53 333
Performance Bonus	14 609	63 466
Car and Other Allowances	72 862	54 910
Company Contributions to UIF, Medical and Pension Funds	68 134	44 102
Total	466 486	518 233
Remuneration of the Executive Director Administration - Mrs. KG Gaborone		
Annual Remuneration	1 060 287	1 466 021
Performance Bonus	90 970	-
Car and Other Allowances	123 238	19 500
Company Contributions to UIF, Medical and Pension Funds	1 881	-
Total	1 276 377	1 485 521
Remuneration of Executive Director: Infrastructure Services - Mr PJ van der Walt		
Annual Remuneration	-	268 178
Performance Bonus	-	63 466
Car and Other Allowances	-	105 225
Total	-	436 869
Remuneration of Acting Executive Director: Infrastructure Services - Mr D Makaleni		
Annual Remuneration	127 664	147 100
Car and Other Allowances	27 545	46 460
Company Contributions to UIF, Medical and Pension Funds	7 423	32 452
Total	162 632	226 013
Remuneration of Acting Executive Director: Planning & Development - Mr F Netshivhodza		
Annual Remuneration	265 326	245 621
Bonus	-	46 258
Car and Other Allowances	70 864	78 551
Company Contributions to UIF, Medical and Pension Funds	59 185	48 741
Total	417 193	419 171
Summary of Remuneration of Section 56 Employees:		
All Managers	3 917 260	5 687 102
Total Remuneration of Section 56 Employees	3 917 260	5 687 102

The annual performance evaluation of the senior managers was not conducted due to delay in compilation of the evaluation committee. This is a non-compliance with section 27 of The Regulation of the Municipal Performance.

28 REMUNERATION OF COUNCILLORS

Executive Mayor	910 530	868 296
Basic Salaries	859 470	638 209
Travel Allowances	-	189 387
Cellphone Allowances	51 060	37 400
Speaker	716 382	598 855
Basic Salaries	672 937	418 730
Sitting Allowances	-	3 060
Travel Allowances	-	139 572
Cellphone Allowances	43 445	34 453
Any Other Benefits	-	3 040
Mayoral committee members	3 241 772	2 973 690
Basic Salaries	2 399 328	2 257 183
Travel Allowances	634 505	538 907
Cellphone Allowances	207 940	163 200
Any Other Benefits	-	14 400
MPAC Chairperson	313 699	295 290
Basic Salaries	235 274	221 468
Travel Allowances	78 425	73 822
Total for All Other Councillors	1 517 335	1 830 601
Basic Salaries	975 142	1 212 967
Sitting Allowances	207 398	253 532
Travel Allowances	153 495	138 402
Cellphone Allowances	181 300	207 400
Any Other Benefits	-	18 300
Total Councillors' Remuneration	6 699 719	6 566 732

29 DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	2 923 699	3 570 883
Depreciation: Investment Property	14 063	14 063
Amortisation: Intangible Assets	167 167	166 138
Total Depreciation and Amortisation	3 104 929	3 751 084

29.1 Depreciation: Property, Plant and Equipment

Community Assets	56 939	113 613
Computer Equipment	-	-
Furniture and Office Equipment	-	-
Buildings	767 469	545 249
Machinery and Equipment	-	-
Other Assets	2 099 292	2 912 021
Transport Assets	-	-
	2 923 699	3 570 883

30 IMPAIRMENT LOSSES

Impairment Losses on Current Assets	-	88 121
Total Impairment Losses	-	88 121

30.1 Impairment Losses on Debtors

Total impairment Losses on Debtors	-	88 121
	-	88 121

The provision for bad debts remained unchanged in the 2018/19 financial year, as the same amount of R38 120.53 was outstanding for more than 120 days. The remaining debt of R1 031 740.30 which is older than 120 days consist of current debt being recovered from employees and government departments.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
31 INTEREST PAID		
Interest Paid	203 899	451 109
Borrowings	203 899	451 109
Total Interest Expense	203 899	451 109
Total Interest, Dividends and Rent on Land	203 899	451 109

31.1 Calculation of Cash Flow:

Finance Cost Expenditure	203 899	451 109
Total Payments for Finance Costs	203 899	451 109

32 INVENTORY CONSUMED

Materials and Supplies	1 245 543	1 454 790
	1 245 543	1 454 790

33 TRANSFERS AND SUBSIDIES PAID

Capital Grants	-	10 269 390
Allocations In-kind	-	10 269 390
Operational Grants	7 305 733	14 526 419
Allocations In-kind	7 055 733	12 646 220
Monetary Allocations	250 000	1 880 199
Total Transfers and Subsidies Paid	7 305 733	24 795 809

33.1 Capital Grants

	Allocations In-kind		Monetary Allocations	
	2019	2018	2019	2018
Local Municipalities	-	10 210 942	-	-
Non-profit Institutions	-	58 449	-	-
Total Capital Grants Paid	-	10 269 390	-	-

33.2 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2019	2018	2019	2018
Departmental Agencies and Accounts	-	-	-	192 537
Local Municipalities	6 537 173	12 301 328	250 000	1 439 357
Households	410 960	249 550	-	228 595
Non-profit Institutions	107 600	95 341	-	19 711
Total Operational Grants Paid	7 055 733	12 646 220	250 000	1 880 199

Allocations in kind made to local municipalities consist of assistance on operational repairs to infrastructure assets. Money is not transferred to local municipalities but paid directly to the suppliers or a refund is made to the municipalities on expenditure already incurred. The monetary allocation was made to Sol Plaatje Municipality for environmental health services they provided on behalf of the municipality

The allocation in kind made to households consist of materials which the municipality bought during special projects which was provided to community members.

The allocation in kind made non-profit institutions consist of equipment given to schools during the tourism business competition held on a yearly basis.

	2019 R	2018 R
34 GENERAL EXPENDITURE		
OPERATIONAL COSTS	10 321 500	9 876 930
Advertising, Publicity and Marketing	1 038 565	998 491
Bank Charges, Facility and Card Fees	64 694	68 404
Bursaries (Employees)	185 924	156 460
Cleaning Services	10 147	27 644
Communication	39 822	32 842
Entertainment	142 090	274 619
External Audit Fees	2 009 224	1 928 678
External Computer Service	396 819	361 577
Fines and Penalties-SARS	47 513	-
Honoraria (Voluntarily Workers)	7 200	-
Insurance Underwriting	527 030	341 074
Licences	23 024	20 092
Municipal Services	2 305 204	1 256 924
Printing, Publications and Books	95 164	86 654
Professional Bodies, Membership and Subscription	771 758	671 194
Registration Fees	141 491	194 556
Resettlement Cost	58 210	234 700
Skills Development Fund Levy	520 732	550 557
Toll Gate Fees	23 284	20 056
Transport Provided as Part of Departmental Activities	199 453	74 088
Travel and Subsistence	1 458 513	2 178 779
Uniform and Protective Clothing	44 210	48 633
Wet Fuel	909	992
Workmen's Compensation Fund	210 519	349 915
<i>Outsourced Services</i>	<u>12 539 012</u>	<u>7 936 570</u>
Burial Services	7 700	3 600
Business and Advisory	11 307 601	6 746 567
Catering Services	401 675	343 389
Security Services	822 036	843 014
<i>Consultants and Professional Services</i>	<u>389 451</u>	<u>25 190</u>
Infrastructure and Planning	369 928	-
Legal Cost	19 523	25 190
Contractors	5 181 804	4 524 292
Employee Wellness	281 776	230 866
Event Promoters	299 734	312 783
Exhibit Installations	274 258	236 954
Graphic Designers	97 965	54 520
Maintenance of Buildings and Facilities	593 137	322 988
Maintenance of Equipment	840 484	762 570
Maintenance of Computer Software	2 139 811	1 977 956
Sports and Recreation	293 700	238 100
Stage and Sound Crew	360 939	387 555
Total General Expenditure	<u>28 431 766</u>	<u>22 362 983</u>
34.1 Calculation of Cash Flow:		
Expenditure for Operational Costs	Note 34 (28 431 766)	(22 362 983)
Expenditure for Transfers and Subsidies Paid	Note 33 (7 305 733)	(24 795 809)
Total for Other Payments	<u>(35 737 499)</u>	<u>(47 158 792)</u>
34.2 Travel and Subsistence		
Domestic	1 458 513	2 178 779
Accommodation	800 543	1 218 446
Daily Allowance	120 861	144 221
Food and Beverage (Served)	76 446	100 796
Transport without Operator	292 528	363 575
Transport with Operator	168 136	351 741
	<u>1 458 513</u>	<u>2 178 779</u>
No other extra-ordinary expenses were incurred.		
35 LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		
Property, Plant and Equipment	(67 294)	(29 393)
Total Gains / (Losses) on Disposal of Capital Assets	<u>(67 294)</u>	<u>(29 393)</u>
Total Gains and Losses	<u>67 292</u>	<u>29 393</u>
36 CHANGE IN PRIOR PERIOD ERROR		
36.1 Investments		
Amount previously reported: Note 5		100 000
Amount currently reported		605 000
36.2 Delayed projects		
Amount previously reported: Note 9		(1 754 136)
Amount currently reported		6 697 435
36.3 Borrowings		
Amount previously reported: Note 17,3		2 900 396
Amount currently reported		2 455 416
36.4 Post retirement health care benefit		
Amount previously reported: Note 18,1		30 517 999
Amount currently reported		26 509 999
Amount previously reported: Note 18,1		2 004 000
Amount currently reported		(2 004 000)
36.5 Long service award		
Amount previously reported: Note 18,2		2 110 899
Amount currently reported		1 870 899
The amounts mentioned above consist of calculation errors in the prior year and have no effect on the amounts disclosed in the statement of financial position; financial performance and cash flows as reported on 30 June 2018.		
36.6 Restated depreciation		
Amount previously reported 29 (2017/18)		3 877 476
Amount currently reported 29 (2017/18)		3 751 084
36.7 Investment Property		
Amount previously Reported - Note 11		-
Amount currently Reported - Note 11		585 938
36.7 Property, plant & equipment		
Amount previously Reported - Note 9		49 389 894
Amount currently Reported - Note 9		48 930 349
36.7 Accumulated Surplus		
Amount previously Reported - Note 22		48 053 024
Amount currently Reported - Note 22		48 179 417
36.8 Provisions		
Amount previously Reported - Note 15		665 452
Amount currently Reported - Note 15		(669 901)
Amount previously Reported - Note 15		(599 201)
Amount currently Reported - Note 15		736 152
37 CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the Year	24 665 496	7 400 288
Adjustment for:		
Depreciation and Amortisation	3 104 929	3 751 084
Losses / (Gains) on Disposal of Property, Plant and Equipment	67 292	29 393
Contribution to Post-retirement Employee Benefits	4 416 765	301 965

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Expenditure incurred from Post-retirement Employee Benefits	(1 838 765)	(1 862 965)
Contribution to Long Service Awards Liability	456 000	493 000
Expenditure incurred from Long Service Awards Liability	(102 935)	(455 101)
Contribution to Provisions - Non-current	33 180	29 000
Operating surplus before working capital changes	32 761 038	9 686 664
Decrease/(Increase) in Inventories	(20 958)	(3 888)
Decrease/(Increase) in Receivables from Exchange Transactions	(2 222 241)	(199 344)
Decrease/(Increase) in VAT Receivable	1 736 207	(300 486)
Decrease/(Increase) in Operating Lease Receivables	3 147	1 225
Decrease/(Increase) in Current Portion of Long-term Receivables	(49 000)	-
Increase/(Decrease) in Consumer Deposits	(225)	-
Increase/(Decrease) in Payables from Exchange Transactions	2 119 586	(6 678 011)
Increase/(Decrease) in Conditional Grants and Receipts	(114 348)	(265 036)
Cash generated by / (utilised in) Operations	<u>34 213 206</u>	<u>2 241 124</u>

2019
R

2018
R

38 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

38.1 Unauthorised Expenditure

To management's best of knowledge no Unauthorised Expenditure was incurred during the year under review.

Reconciliation of Unauthorised Expenditure:

Opening balance	-	-
- As previously stated	-	-
- Correction of error	-	-
Unauthorised Expenditure	-	-
- Current Year	-	-
- Prior Year	-	-
Approved by Council or condoned	-	-
- Current Year	-	-
- Prior Year	-	-
To be recovered – contingent asset (see Note 59)	-	-
- Current Year	-	-
- Prior Year	-	-
Transfer to receivables for recovery (see Note 4)	-	-
- Current Year	-	-
- Prior Year	-	-
Unauthorised Expenditure awaiting authorisation	-	-
	-	-

38.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	1 207	1 207
- As previously stated	1 207	1 207
Fruitless and Wasteful Expenditure current year	5 323	188 179
- Current Year	5 323	188 179
Condoned or written off by Council	-	(188 179)
- Current Year	-	(188 179)
Transfer to receivables for recovery (see Note 4)	(5 323)	-
- Current Year	(5 323)	-
Fruitless and Wasteful Expenditure awaiting condonement	1 207	1 207

Incident	Disciplinary Steps / Criminal Proceedings	2019	2018
Independent Newspaper (PTY) LTD - R0 (2018: R10,309)	Written Off	-	10 309
Independent Newspaper (PTY) LTD - R0 (2018: R1,513)	Written Off	-	1 513
Nandos - R0 (2018: R407)	Written Off	-	407
KFC - R0 (2018: R179)	Written Off	-	179
Mr Choche - R0 (2018: R1,459)	Written Off	-	1 459
Tiso Black Starr Group PTY LTD - R0 (2018: R82,422)	Written Off	-	82 422
Rennies Travel - R0 (2018: R1,782)	Written Off	-	1 782
S&T Mr M Chonco - R0 (2018: R11,663)	Written Off	-	11 663
S&T Mr T Jood - R0 (2018: R3,645)	Written Off	-	3 645
S&T Mr P Mathebula - R0 (2018: R16,951)	Written Off	-	16 951
Rennies Travel - R0 (2018: R8,229)	Written Off	-	8 229
Rennies Travel - R0 (2018: R3,116)	Written Off	-	3 116
Rennies Travel - R0 (2018: R18,271)	Written Off	-	18 271
Rennies Travel - R0 (2018: R2,800)	Written Off	-	2 800
Managed Integrity Evaluation (PTY) LTD - R0 (2018: R1,886)	Written Off	-	1 886
Work Dynamics (PTY) LTD - R0 (2018: R21,862)	Written Off	-	21 862
Robbie Plenaar - R5,323 (2018: R0)	To be recovered	5 323	-
Rennies Travel - R0 (2018: R1,685)	Written Off	-	1 685
		5 323	188 179

38.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:

Opening balance	3 551 500	2 936 309
- As previously stated	3 551 500	2 936 309
- Correction of error	-	-
Irregular Expenditure current year	5 901 376	3 876 500
- Current Year	5 901 376	3 681 910
- Prior Year	-	194 590
Condoned or written off by Council	(9 421 186)	(3 261 309)
- Current Year	(5 869 686)	(3 066 719)
- Prior Year	(3 551 500)	(194 590)
Irregular Expenditure awaiting condonement	31 690	3 551 500

Incident	Disciplinary Steps / Criminal Proceedings	2019	2018
Advertisement for construction of additional offices (Bid 07 / 16) - R5,869,686 (: R3,533,938)	Written Off	5 869 686	3 533 938
SenTech - R0 (: R17,562)	Written Off	-	17 562
MACRONYM - R0 (: R150,000)	Written Off	-	150 000
MACRONYM - R0 (: R175,000)	Written Off	-	175 000
Banking Services - R31,690 (: R0)	Under Investigation. To be submitted to Council for condonement.	31 690	-
		5 901 376	3 876 500

39 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

39.1 Contributions to organised local government - SALGA

Council Subscriptions	662 934	679 999
Amount Paid - current year	(662 934)	(679 999)
Balance Unpaid (included in Creditors)	-	-

39.2 Audit Fees

Current year Audit Fee	1 928 678	1 929 239
Amount Paid - current year	(1 928 678)	(1 929 239)
Balance Unpaid (included in Creditors)	-	-

39.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 4. All VAT returns have been submitted by the due date throughout the year.

39.4 PAYE, Skills Development Levy and UIF

Opening Balance	111 517	3 269
Current year Payroll Deductions	14 550 381	12 367 334
Amount Paid - current year	(14 655 871)	(12 259 086)
Balance Unpaid (included in Creditors)	6 027	111 517

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
39.5 Pension and Medical Aid Deductions		
Opening Balance	(2)	-
Current year Payroll Deductions and Council Contributions	14 841 511	9 356 677
Amount Paid - current year	(14 841 509)	(9 356 679)
Balance Unpaid (included in Creditors)	-	(2)

39.6 Non-Compliance with the Municipal Finance Management Act

Interest charged on outstanding debtors - [MFMA 64 (2)(g)]

In terms of section 64 (2)(g) of the MFMA the municipality must charge interest on arrears, except where the council has granted exemptions in accordance with its budget related policies and within a prescribed framework. The municipality does not charge interest on long outstanding debtors, as the municipality does not deliver basic services. Amendment was made to the policy for the 2017/18 financial year.

Revenue not disclosed per source in the SDBIP - [MFMA 1]

In terms of section 1 of the MFMA the municipality must project for each month revenue to be collected, by source. The SDBIP of the municipality discloses the revenue to be collected by vote and not by source. Amendment was made to the 2017/18 SDBIP to disclose revenue by source.

39.7 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

30 June 2019

Supplier	Service	Amount
WOLTERS KLUWER	Annual renewal of TeamMate software and license with installation of TeamTec Software	53 320
COASTAL HIRE	Repairs and service of a septic tank to extract sewerage from the main hole	7 125
ESRI SOUTH AFRICA	Esri software maintenance	45 575
SIYAVANA CATERING	Catering for HIV/AIDS awareness programme	45 000
LILINTLE TRANSPORT SUPPLIER	Transportation for HIV/AIDS awareness programme	53 500
ERNEST NOMBULELO GENERAL TRADING	Sound equipment hire for HIV/AIDS awareness programme	30 000
SETLOGELO TRANSPORT AND GENERAL TRADING	Transportation for HIV/AIDS awareness programme	40 799
S & F EMPLOYMENT SERVICES	Catering for HIV/AIDS awareness with LGBTI community	68 310
Total:		343 629

30 June 2018

Supplier	Service	Amount
BCX	Treasury Reporting Utility Training	30 780
KIM-ROADS CC	Assistance with water tanks	28 728
ESRI SOUTH AFRICA	Esri software maintenance	47 994
EOH COMPANY	Workabout Pro G4 (Asset Handheld Scanner and Alluminium Asset Labels)	37 967
Total:		145 469

40 COMMITMENTS FOR EXPENDITURE

40.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- **Approved and Contracted for:-**
Land and Buildings
Infrastructure

830 705	5 156 936
830 705	3 410 696
-	1 746 240

This expenditure will be financed from:
 Capital Replacement Reserve

830 705	5 156 936
830 705	5 156 936

41 FINANCIAL INSTRUMENTS

41.1 Classification

FINANCIAL ASSETS:

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

	<u>Financial Assets</u>	<u>Classification</u>		
Long-term Receivables				
Employee Benefits		Amortised cost	7 593 000	7 560 000
Receivables from Exchange Transactions				
Other Service Charges		Amortised cost	1 875 219	862 247
Prepayments and Advances		Amortised cost	1 069 031	671 014
Control, Clearing and Interface Accounts		Amortised cost	1 161 322	350 071
Investments		Amortised cost	6 700 000	6 050 000
Cash and Cash Equivalents				
Call Deposits		Amortised cost	66 501 000	51 001 000
Short-term Portion of Investments		Amortised cost	-	-
Bank Balances		Amortised cost	5 062 862	67 505
Cash Floats and Advances		Fair value	3 300	3 300
Current Portion of Long-term Receivables				
Employee Benefits		Amortised cost	868 000	819 000
SUMMARY OF FINANCIAL ASSETS				
Financial Assets at Amortised Cost:				
Long-term Receivables		Employee Benefits	7 593 000	7 560 000
Receivables from Exchange Transactions		Other Service Charges	1 875 219	862 247
Receivables from Exchange Transactions		Prepayments and Advances	1 069 031	671 014
Receivables from Exchange Transactions		Control, Clearing and Interface Accounts	1 161 322	350 071
Current Portion of Long-term Receivables		Employee Benefits	868 000	819 000
Investments		Investments	6 700 000	6 050 000
Cash and Cash Equivalents		Call Deposits	66 501 000	51 001 000
Cash and Cash Equivalents		Bank Balances	5 062 862	67 505
			90 830 434	67 380 836
Financial Assets at Fair Value:				
Cash and Cash Equivalents		Cash Floats and Advances	3 300	3 300
			3 300	3 300
Total Financial Assets			90 833 734	67 384 136

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
FINANCIAL LIABILITIES:			
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:			
<u>Financial Liabilities</u>	<u>Classification</u>		
Payables from Exchange Transactions			
Advance Payments	Amortised cost	(36)	20 210
Bonus	Amortised cost	1 743 240	1 696 191
Other Payables	Amortised cost	29 179	44 073
Retentions	Amortised cost	336 603	336 603
Unspent conditional grants	Amortised cost	92 314	206 662
Trade Creditors	Amortised cost	6 576 687	4 469 012
Current Portion of Long-term Liabilities			
Development Bank of South Africa	Amortised cost	(2 455 416)	(2 455 416)
SUMMARY OF FINANCIAL LIABILITIES			
Financial Liabilities at Amortised Cost:			
Payables from Exchange Transactions	Advance Payments	(36)	20 210
Payables from Exchange Transactions	Bonus	1 743 240	1 696 191
Payables from Exchange Transactions	Leave Accrual	-	-
Payables from Exchange Transactions	Other Payables	29 179	44 073
Payables from Exchange Transactions	Retentions	336 603	336 603
Payables from Exchange Transactions	Unspent conditional grants	92 314	206 662
Payables from Exchange Transactions	Trade Creditors	6 576 687	4 469 012
Current Portion of Long-term Liabilities	Development Bank of South Africa	(2 455 416)	(2 455 416)
		<u>6 322 572</u>	<u>4 317 335</u>
Total Financial Liabilities		<u>6 322 572</u>	<u>4 317 335</u>

41.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Trade and Other Receivables/Payables

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2019, as a result of the short-term maturity of these assets and liabilities.

The Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	30 June 2019		30 June 2018	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Measured at Amortised Cost:				
Long-term Receivables	90 830 434	90 830 434	67 380 836	67 380 836
Receivables from Exchange Transactions	7 593 000	7 593 000	7 560 000	7 560 000
Current Portion of Long-term Receivables	4 105 572	4 105 572	1 883 331	1 883 331
Call Deposits	868 000	868 000	819 000	819 000
Investments	66 501 000	66 501 000	51 001 000	51 001 000
Bank Balances	6 700 000	6 700 000	6 050 000	6 050 000
	5 062 862	5 062 862	67 505	67 505
Measured at Fair Value	3 300	3 300	3 300	3 300
Cash and Cash Equivalents	3 300	3 300	3 300	3 300
Total Financial Assets	<u>90 833 734</u>	<u>90 833 734</u>	<u>67 384 136</u>	<u>67 384 136</u>
FINANCIAL LIABILITIES				
Measured at Amortised Cost:				
- Payables from Exchange Transactions	6 322 572	6 322 572	4 317 335	4 317 335
- Current Portion of Long-term Liabilities	8 777 988	8 777 988	6 772 751	6 772 751
	(2 455 416)	(2 455 416)	(2 455 416)	(2 455 416)
Total Financial Liabilities	<u>6 322 572</u>	<u>6 322 572</u>	<u>4 317 335</u>	<u>4 317 335</u>
Total Financial Instruments	<u>84 511 161</u>	<u>84 511 161</u>	<u>63 066 801</u>	<u>63 066 801</u>
Unrecognised Gain / (Loss)	-	-	-	-

No Financial Instruments of the municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2019

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	3 300	-	3 300
Total Financial Assets	<u>-</u>	<u>3 300</u>	<u>-</u>	<u>3 300</u>
Total Financial Instruments	<u>-</u>	<u>3 300</u>	<u>-</u>	<u>3 300</u>

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

30 June 2018	Level 1 R	Level 2 R	Level 3 R	2019 R	2018 R
FINANCIAL ASSETS					
Financial Instruments at Fair Value:					
Cash and Cash Equivalents	-	3 300	-		3 300
Total Financial Assets	<u>-</u>	<u>3 300</u>	<u>-</u>		<u>3 300</u>
Total Financial Instruments	<u>-</u>	<u>3 300</u>	<u>-</u>		<u>3 300</u>

41.3 Capital Risk Management

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 22 and the Statement of Changes in Net Assets.

Gearing Ratio

	2019 R	2018 R
The gearing ratio at the year-end was as follows:		
Debt	(2 455 416)	(2 455 416)
Cash and Cash Equivalents	(7 596 300)	(7 563 300)
Net Debt	<u>(10 051 716)</u>	<u>(10 018 716)</u>
Equity	<u>100 577 348</u>	<u>75 911 852</u>
Net debt to equity ratio	-9,99%	-13,20%

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

41.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

41.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 41.8 to the Annual Financial Statements.

41.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 41.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

41.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

41.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 41.8 below:

Cash and Cash Equivalents:

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2019 would have increased / decreased by R613,162 (30 June 2018: R505,837). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019
R

2018
R

41.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties, except for Northern Province Academy of Sport and Department of Water and Forestry Affairs for which there is uncertainty about the collectivity. They have been included in the Provision for Impairment of Consumer Debtors.

Counterparty and Location	30 June 2019		30 June 2018	
	Credit Limit R	Carrying Amount R	Credit Limit R	Carrying Amount R
Terra Clay (Pty) Ltd	-	3 746 717	-	-
Department of Education, Arts and Culture	-	2 695 629	-	2 537 699
NTK Beleggings & Ontwikkeling	-	2 162 771	-	-
Government of the Republic of South Africa	-	1 743 722	-	1 487 792
Republiek van Suid-Afrika	-	1 530 382	-	1 291 233
Midway Bricks (Pty) Ltd	-	-	-	3 094 127
Northern Province Academy of Sport	-	-	-	1 324 294

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Long-term Receivables	8 461 000	8 379 000
Receivables from Exchange Transactions	4 193 692	1 971 452
Investments	6 700 000	-
Bank, Cash and Cash Equivalents	71 567 162	51 071 805
Maximum Credit and Interest Risk Exposure	90 921 854	61 422 257

Credit quality of Financial Assets:

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Long-term Receivables

Roads – Post Retirement Medical Aid	8 461 000	8 379 000
Total Long-term Receivables	8 461 000	8 379 000

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

41 FINANCIAL INSTRUMENTS (Continued)

41.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note N/A C67 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
30 June 2019								
Non-interest Bearing		0,00%	8 777 988	8 777 988	-	-	-	-
- Payables from Exchange transactions			8 777 988	8 777 988	-	-	-	-
			6 322 572	6 322 572	-	-	-	-
30 June 2018								
Non-interest Bearing		0,00%	6 772 751	6 772 751	-	-	-	-
- Payables from Exchange transactions			6 566 088	6 566 088	-	-	-	-
- Upspent grants			206 662	206 662	-	-	-	-
Fixed Interest Rate Instruments		10,90%	(2 455 416)	(2 455 416)	-	-	-	-
- Current Portion of Long-term Liabilities			(2 455 416)	(2 455 416)	-	-	-	-
			4 317 335	4 317 335	-	-	-	-

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
30 June 2019								
Non-interest Bearing		0,00%	12 569 872	8 773 372	3 796 500	-	-	-
- Long-term Receivables			7 593 000	3 796 500	3 796 500	-	-	-
- Trade Receivables from Exchange Transactions			4 105 572	4 105 572	-	-	-	-
- Cash and Cash Equivalents			3 300	3 300	-	-	-	-
- Current Portion of Long Term Receivables			868 000	868 000	-	-	-	-
Variable Interest Rate Instruments		10,97%	71 563 862	71 563 862	-	-	-	-
- Call Deposits			66 501 000	66 501 000	-	-	-	-
- Bank Account			5 062 862	5 062 862	-	-	-	-
Fixed Interest Rate Instruments			6 700 000	-	6 700 000	-	-	-
- Fixed Deposits		8,65%	6 700 000	-	6 700 000	-	-	-
			90 833 734	80 337 234	10 496 500	-	-	-
30 June 2018								
Non-interest Bearing		0,00%	10 265 631	10 265 631	-	-	-	-
- Long-term Receivables			7 560 000	7 560 000	-	-	-	-
- Trade Receivables from Exchange Transactions			1 883 331	1 883 331	-	-	-	-
- Cash and Cash Equivalents			3 300	3 300	-	-	-	-
- Current Portion of Long Term Receivables			819 000	819 000	-	-	-	-
Variable Interest Rate Instruments		11,53%	51 068 505	51 068 505	-	-	-	-
- Call Deposits			51 001 000	51 001 000	-	-	-	-
- Bank Account			67 505	67 505	-	-	-	-
Fixed Interest Rate Instruments			6 050 000	-	6 050 000	-	-	-
- Fixed Deposits		8,65%	6 050 000	-	6 050 000	-	-	-
			67 384 136	61 334 136	6 050 000	-	-	-

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019
R 2018
R

42 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes. Employees belong to a variety of approved Pension and Provident Funds as described below. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R1,838,765 (2018: R1,862,965) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

DEFINED CONTRIBUTION SCHEMES

Council contribute to the Municipal Council 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.

Cape Joint Retirement Fund:

The scheme is subject to an annual actuarial valuation which is not the responsibility of the Municipality. The last statutory valuation was performed as at 30 June 2018.

The statutory valuation performed as at 30 June 2018 revealed that the assets of the fund amounted to R23 318 184, R70 111 and R651 455 (30 June 2017: R21 359,334 in total) million, with funding levels of 100.4%, 100% and 128% (2017: 100,3%, 100% and 127,3%) for the Share Account, Preservation Account and the Pensions Account respectively. The contribution rate paid by the members (7,50%) and the municipalities (19,50%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Councillors Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2012.

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future. The actuarial valuation of the fund was undertaken at 30 June 2005 and reported a funding ratio of 147,3%.

The statutory valuation performed as at 30 June 2012 revealed that the net assets of the fund were R1 183,5 (30 June 2009: R1 123,7) million, with a funding level of 99,5% (30 June 2009: 102,0%). The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

The deficit of R6,4 (2009: surplus R22,5) million is regarded as relatively insignificant in the context of the fund. There is a strong possibility that SARS may reverse penalties and interest in the order of R10,3 million which will result in a fully funded position.

The next statutory valuation was due at 30 June 2009, but an extension has been granted until 31 December 2010.

As reported by the Actuaries, the Fund was following an appropriate investment strategy during the valuation period.

No further information could be obtained.

None of the above mentioned plans are State Plans.

43 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

43.1 Services rendered to Related Parties

The municipality did not render any services during the year to anyone that can be considered as a related party.

43.2 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by Frances Baard District Municipality, during the financial year under review.

43.3 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Note 26 and 27, to the Annual Financial Statements.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019	2018
R	R

43.4 Purchases from Related Parties

No transactions were entered into with businesses in which councillors, management and/or those charged with governance have an interest for the 2018/19 financial year.

44 CONTINGENT LIABILITIES

The municipality was not engaged in any transaction or event during the year under review involving Contingent Liabilities.

45 CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

46 IN-KIND DONATIONS AND ASSISTANCE

Mr. G Botha served on the audit committee for the 2018/19 financial year, he is a government employee and therefore is not entitled to receive any compensation for duties performed as a member of the audit committee.

47 PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the year under review.

48 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2019.

49 GOING CONCERN ASSESSMENT

The municipality's cash flow forecast for the year to 30 June 2019 has been reviewed and management is satisfied that the municipality can continue in operational existence for the foreseeable future. The accumulated surplus and cash & cash equivalents as at 30 June 2019 was taken into consideration during the review.

APPENDIX A
FRANCES BAARD DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019

THE MUNICIPALITY HAD NO EXTERNAL LOANS FOR THE TWO FINANCIAL YEARS

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2018	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2019
	R				R	R	R	R
GOVERNMENT LOANS	15 000 000	10,9%	25869	30-Jun-19	2 455 416	-	2 455 416	-
Total Government Loans	15 000 000				2 455 416	-	2 455 416	-
OTHER LOANS								
Total Other Loans	-				-	-	-	-
TOTAL EXTERNAL LOANS	15 000 000				2 455 416	-	2 455 416	-

ANNUITY LOANS:

DBSA:

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. The remaining balance on the loan has been transferred to payables.

APPENDIX B
FRANCES BAARD DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

2018 Actual Income	2018 Budgeted Income	2018 Actual Expenditure	2018 Budgeted Expenditure	2018 Surplus/ (Deficit)	Description	2019 Actual Income	2019 Budgeted Income	2019 Actual Expenditure	2019 Budgeted Expenditure	2019 Surplus/ (Deficit)
111 605 334	111 288 260	-	32 848 980	(26 588 005)	Municipal Governance and Administration	477 610	500 000	25 672 944	30 854 870	(25 195 334)
-	111 288 260	26 588 005	39 183 094	78 555 480	Executive and Council	124 177 072	123 979 000	38 408 189	43 145 850	85 768 883
-	-	33 049 854	51 680	(10 210)	Finance and Administration	-	-	-	-	-
-	-	10 210	-	-	Internal Audit	-	-	-	-	-
345 462	368 000	5 883 625	7 946 630	(5 538 163)	Community and Public Safety	389 000	-	6 099 469	7 936 110	(5 710 469)
-	-	-	-	-	Community and Social Services	-	-	-	-	-
-	800 000	4 636 411	6 820 800	(4 636 411)	Public Safety	-	-	2 780 645	3 725 980	(2 780 645)
-	-	-	-	-	Sport and Recreation	-	-	-	-	-
-	-	-	-	-	Housing	-	-	-	-	-
-	-	-	-	-	Health	-	-	-	-	-
12 662 876	13 062 000	3 998 882	6 501 110	(3 998 882)	Economic and Environmental Services	8 330 776	8 618 860	4 140 080	5 980 300	(4 140 080)
-	-	39 616 252	50 123 556	(26 953 376)	Environmental Protection	-	-	28 145 279	36 183 230	(19 814 504)
-	-	-	-	-	Planning and Development	-	-	-	-	-
-	-	-	-	-	Road Transport	-	-	-	-	-
-	-	-	-	-	Trading Services	-	-	-	-	-
-	-	-	-	-	Energy Sources	-	-	-	-	-
-	-	-	-	-	Waste Management	-	-	-	-	-
-	-	-	-	-	Waste Water Management	-	-	-	-	-
204 080	307 820	3 731 224	5 181 500	(3 527 144)	Water Management	-	-	3 292 873	5 299 720	(3 292 873)
-	-	-	-	-	Other	-	-	-	-	-
124 817 752	125 816 080	117 514 464	148 657 350	7 303 288	Sub-Total	133 374 458	133 097 860	108 539 479	133 126 060	24 834 979
-	(2 029 330)	29 393	250 000	(29 393)	Gains and Losses	-	-	67 294	300 000	(67 294)
124 817 752	123 786 750	117 543 857	148 907 350	7 273 895	Total	133 374 458	133 097 860	108 606 773	133 426 060	24 767 684

APPENDIX C
FRANCES BAARD DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE

Year Ended 30 June 2019

Description	Executive and Council	Finance and Administration	Public Safety	Housing	Environmental Protection	Planning and Development	Road Transport	Other	Total for Municipality
	R	R	R	R	R	R	R	R	R
REVENUE									
Revenue from Non-exchange Transactions	477 610	117 282 704	389 000	-	-	7 564 076	-	-	125 713 389
Transfers and Subsidies	-	74 620	-	-	-	-	-	-	74 620
Revenue from Exchange Transactions	-	91 056	-	-	-	766 700	-	-	857 756
Sales of Goods and Rendering of Services	-	6 728 692	-	-	-	-	-	-	6 728 692
Rental from Fixed Assets	-	-	-	-	-	-	-	-	-
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	-	-	-
Total Revenue	477 610	124 177 072	389 000	-	-	8 330 776	-	-	133 374 458
EXPENDITURE									
Employee Related Costs	13 677 483	25 672 069	4 061 584	2 570 465	3 089 131	10 780 177	-	1 799 174	61 650 082
Remuneration of Councillors	6 699 719	-	-	-	-	-	-	-	6 699 719
Depreciation and Amortisation	207 141	2 251 969	286 216	20 854	44 671	159 283	-	32 882	3 003 017
- Total Losses, Including PPE	4 457	52 639	3 609	-	510	5 123	-	956	67 294
- Bad Debts Written Off	-	-	-	-	-	-	-	-	-
Interest, Dividends and Rent on Land	-	203 899	-	-	-	-	-	-	203 899
Contracted Services	1 860 193	4 388 800	1 040 523	-	370 927	9 796 978	-	700 766	18 158 186
Inventory Consumed	284 614	749 628	13 140	15 183	2 621	167 243	-	13 114	1 245 543
Transfers and Subsidies Paid	-	-	410 960	-	258 563	6 528 610	-	107 600	7 305 733
Operational Costs	2 725 218	6 046 520	137 113	54 444	146 254	576 433	-	587 318	10 273 300
Loss on Disposal of Property, Plant and Equipment	4 457	52 639	3 609	-	510	5 123	-	956	67 294
Total Expenditure	25 458 825	39 365 524	5 953 146	2 660 945	3 912 678	28 013 847	-	3 241 809	108 606 773
Surplus/(Deficit) for the Year	(24 981 215)	84 811 548	(5 564 146)	(2 660 945)	(3 912 678)	(19 683 071)	-	(3 241 808,59)	24 767 684

APPENDIX C
FRANCES BAARD DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE (Continued)

Year Ended 30 June 2018

Description	Executive and Council	Finance and Administration	Public Safety	Housing	Environmental Protection	Planning and Development	Road Transport	Other	Total for Municipality
	R	R	R	R	R	R	R	R	R
REVENUE									
Revenue from Non-exchange Transactions									
Transfers and Subsidies	-	105 399 150	345 462	-	-	11 749 876	-	204 080	117 698 568
Revenue from Exchange Transactions									
Sales of Goods and Rendering of Services	-	285 736	-	-	-	-	-	-	285 736
Rental from Fixed Assets	-	90 158	-	-	-	913 000	-	-	1 003 158
Interest, Dividends and Rent on Land Earned	-	5 830 289	-	-	-	-	-	-	5 830 289
Total Revenue	-	111 605 334	345 462	-	-	12 662 876	-	204 080	124 817 752
EXPENDITURE									
Employee Related Costs	14 377 034	20 756 945	3 662 596	3 722 461	2 926 529	10 967 582	-	1 494 086	57 917 444
Remuneration of Councillors	6 566 732	-	-	-	-	-	-	-	6 566 732
Depreciation and Amortisation	200 949	2 777 095	503 234	30 600	14 993	315 029	-	35 576	3 877 476
Impairment Losses	88 121	-	-	-	-	-	-	-	88 121
- Total Losses, Including PPE	587	26 910	190	1 586	-	120	-	-	29 393
- Bad Debts Written Off	88 121	-	-	-	-	-	-	-	88 121
Interest, Dividends and Rent on Land	-	451 109	-	-	-	-	-	-	451 109
Contracted Services	1 330 327	3 495 396	1 107 964	597 573	227 416	4 471 909	-	1 273 552	12 504 137
Inventory Consumed	331 758	707 699	14 257	25 240	15 813	343 703	-	16 319	1 454 790
Transfers and Subsidies Paid	228 595	676 199	249 550	-	523 799	22 488 471	-	629 195	24 795 809
Operational Costs	3 165 646	5 189 523	152 468	167 264	106 495	855 034	-	222 416	9 858 846
Loss on Disposal of Property, Plant and Equipme	587	26 910	190	1 586	-	120	-	-	29 393
Total Expenditure	26 289 748	34 080 877	5 690 259	4 544 725	3 815 046	39 441 848	-	3 671 144	117 543 857
Surplus/(Deficit) for the Year	(26 289 748)	77 524 458	(5 344 797)	(4 544 725)	(3 815 046)	(26 778 972)	-	(3 467 064,49)	7 273 895

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