ANNUAL REPORT 2015/16

DRAFT

Comprehensive report on the activities and financial performance of the FBDM

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

Frances Baard District Municipality

Annual Report 2015/2016

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

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ACRONYMS

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

Vision

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

Mission

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

- *Promoting Social and Economic Development*
- *Providing and maintaining affordable and optimal quality services*
- *The economic, efficient and effective utilisation of all its available resources, and;*
- *Effective Stakeholders and Democratic Community Participation"*

Values

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

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

Chapter 1

1.1 Mayor's foreword

Ms M.M Moloi
Executive Mayor

This annual report marks the end of the 5-year term of office of the 2011 - 2016 Council of the Frances Baard District Municipality. It has been a tremendous journey! We worked incredibly hard but still the benefits far outweighed anything else.

The year 2015/16 was no different from the rest. In this year the municipality was faced with having to budget frugally in order to remain relevant during a trying economic period for our country. In April 2016 Council noted the important prescripts as set out in the MFMA Circular no. 82 and have adopted a stance that everything needs to be done to ensure that the municipality adheres to the circular.

In this period the emphasis was on addressing the apartheid legacy of spatial patterns and injustice, especially in the human settlements environment by commencing with the implementation of the objectives of the Spatial Planning and Land Use Management Development Act (SPLUMA), 2013. The spatial development framework of the municipality was prepared as well as for both Magareng and Dikgatlong local municipalities. The FBDM also assisted the Dikgatlong, Magareng and Phokwane local municipalities with the development of by-laws to ensure that these municipalities can successfully implement the prescripts of SPLUMA.

The 2015/16 financial year also came with the introduction of a rural roads asset management system (RRAMS) which is meant to gather data that is intended to promote efficiency and effective investment in municipal streets and associated infrastructure information. The system will improve planning in maintenance and development of rural roads infrastructure.

It is also a pleasure for me to report that the mayoral bursary fund, initiated in 2014/15, has gained momentum with the amount budgeted increasing from R400,000 to R600,000 in 2015/16. We have assisted 24 students to study in various institutions of higher learning.

The district municipality developed a policy in 2015/16 to support sustainable SMME development in the district. The SMME Development and Support Policy provides a framework for SMME development in the district through an integrated system of business support facilities. The local economic development strategy is also based on the identified development needs, opportunities, competitive and comparative advantages to inform and guide Frances Baard District Municipality and its local municipalities to facilitate development.

In this year our district has been one of the hardest hit areas with the ongoing drought. Many areas in the district as well as the Northern Cape Province are still experiencing the effects of the drought. Especially our farming community paid a heavy price during this difficult time. In November 2015 Council resolved that the Frances Baard District be declared a drought disaster area and we took a firm decision to play our part in assisting the affected farmers and communities.

It has been another good year for the district municipality as we achieved our 5th consecutive unqualified audit for 2015/16. None of it would have been possible if it was not for the commitment, dedication and hard work of management and all officials.

I want to express my gratitude to each and every individual who has contributed to the success of this institution. May we continue to go from strength to strength.

The Executive Mayor

1.2 Executive summary

Municipal Manager's Overview

Municipal Manager
Ms Z.M Bogatsu

We present to you the 2015/16 annual report, which is a report of the work that we have done in relation to our set performance plans for the year under review. Our operations have been guided and aligned to our IDP and the ational development plan.

The municipality's performance is fairly good despite the current economic climate. Although we can report positively on the liquidity of the municipality currently, we are mindful that without making informed and strategic decision in our financial management, we will face challenges in the near future.

Our dedicated approach on annual allocation from our limited and diminishing financial resources to infrastructure development and service delivery related projects to our local municipal has proved to be worthwhile for the improvement of quality of lives of our district community. We need to put extra effort in improving our revenue.

We can report to you that the district municipality has again achieved an unqualified audit opinion, with no matters of emphasis for the 2014/15 financial year. This is an indication of dedicated political and administrative leadership which ensures good governance, strategic financial management and compliance. We however, appreciate that our mandate towards service delivery is our main priority and we are doing everything in our means to achieve this.

We are working around the clock to ensure that our disaster management and the municipal health services are fully functional. Guided by the outcome of section 78 assessment we commissioned, we have started negotiations to enter into service level agreements with both Phokwane and Sol Plaatje municipalities to ensure that we perform the function as expected.

Our efforts to establish the disaster management centre has proven to be costly and it needs co-operation by all stakeholders to ensure that it comes to fruition. We have set processes in place to make sure that the establishment of this centre becomes a reality.

Municipal Manager

1.3 Municipal functions, population and environmental overview

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

Key Performance Areas (KPA's)

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

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

District-wide priority issues

1. Water
2. Electricity and streets lights
3. Land
4. Housing
5. Stormwater and Streets
6. LED and Job Creation
7. Sanitation
8. Waste Management
9. Health services
10. Education
11. Youth Development
12. Disaster Management

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

Municipal area	Priority area
Dikgatlong	Land is rated highest followed by water, storm water and streets, waste management and youth development and sports.
Magareng	Water is rated highest followed by electricity and street lights, unemployment, housing and roads and storm water.
Phokwane	Land and housing is rated highest followed by roads and storm water, water and sanitation and electricity.
District-wide	The combined priorities for the district shows water, electricity and streets lights, land, housing, storm water and streets, local economic development and job creation and sanitation are the highest areas of focus.

The annual budget in respect of the 2015/16 financial year was prepared according to the approved IDP /Budget Process Plan. The process plan followed after consultation with the local municipalities within the district to ensure alignment.

Geography

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

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

The seat of the district municipality is Kimberley, the capital of the Northern Cape Province and within the Sol Plaatje municipality area. It is bordered by the John Taolo Gaetsewe, Siyanda and Pixley-ka-Seme districts to the one side and the North West province and Free State on the other.

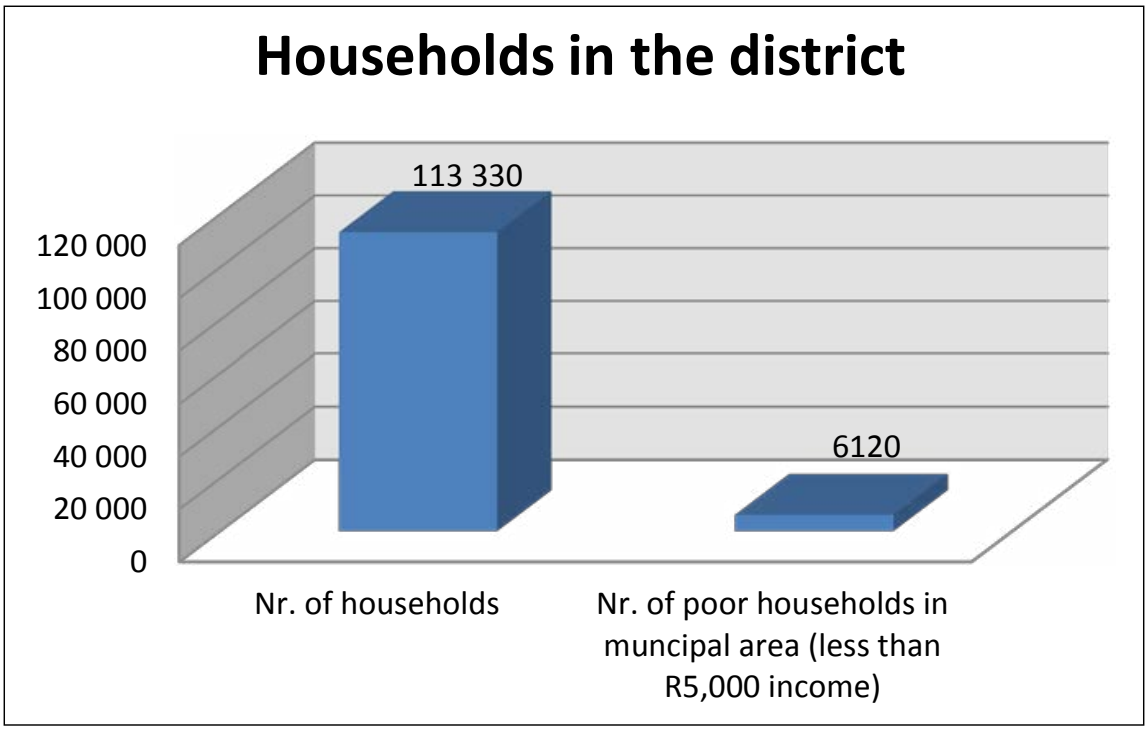
A total of 65% of the population fall within the Potentially Economically Active (PEA) group, with an equal distribution between male (49.6%) and female (50.4%). The district has an unemployment rate of 27.9%, similar to that of the Northern Cape.

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

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

Population Details Population			
Age	**Male**	**Female**	**TOTAL**
Age: 0 - 34	65,677	60,626	**126,303**
Age: 35 - 70+	126,554	134,885	**261,439**
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	Excl. SPM	Excl. SPM
56%	38%	12%	4%	27%	10%	13%	5%	1%	11%	6%

The district demographic pattern presents the following challenges and opportunities:

Challenges	Opportunities
• Increased growth in unemployment and poverty levels • Increased dependency on social grants • Increased number of indigents • Decline in municipal revenue generation	The district has a very youthful population (30% of the population is <19 years) that has potential for learning and acquiring new skills that may reverse the bleak outlook of the municipality.

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.	• Increase of farming activity in the District • Water sport activities/ tourism
Arable Land	Farming	Skills of emerging farmers, funds to compete with commercial farmers	• 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	• Entry of blacks into game farming industry • Promotion of trophy hunting • Est. of a tannery
Sun Light	Establishment and fostering of alternative energy industry and supply of cheaper energy (electricity)	Skills of communities and accessibility to the technology	• Alternative energy implements • Cheaper electricity

1.4 Service Delivery Overview

The district municipality remains focussed on assisting the category B municipalities with infrastructure to enable the smooth roll-out of the provision of basic services as well as operation and maintenance support. The FBDM funded 12 infrastructure related projects in the year under review in specifically in Dikgatlong, Magareng and Phokwane local municipalities.

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

Dikgatlong Local Municipality

- Procurement of refuse truck.
- Water reticulation in Barkly West town - replacement of steel/asbestos pipes.
- An electricity master plan (roll over).

Magareng Local Municipality

- Warrenvale: Provision of sewer reticulation network for 558 sites
- Procurement of TLB and sanitation truck.

Phokwane Local municipality

- Refurbishment of old system in Jan Kempdorp WWTW
- Upgrading of Jan Kempdorp WWTW outflow line
- Fencing of Hartswater WTW
- Water conservation and demand management strategy
- Guldenskat - Water and sanitation for 608 stands
- Master plan: bulk water and sanitation infrastructure and maintenance plan (phase 2)
- Resealing of raw water storage dam (roll over)
- Master plan: roads infrastructure and maintenance plan (roll over)

Sol Plaatje local municipality

- Bulk water supply - Ritchie/Modderrivier bulk water upgrades

The district municipality managed to assist the local municipalities to maintain water and waste water infrastructure, electrical infrastructure and streets and storm water infrastructure, the maintenance of the sewer system and the maintenance of gravel roads. In Sol Plaatje local municipality the FBDM assisted with the maintenance of the Platfontein sewer system and the maintenance of gravel roads.

Annually the district municipality makes provision for contingency funding to assist destitute families within the district. In 2015/16 approximatley R846,123 was spent to support indigent households where climate related incidents caused damages to property. The annual volunteer training in basic firefighting techniques was conducted in this year and volunteers were recruited from Dikgatlong, Magareng and Phokwane municipal areas.

In terms of housing the Bufferzone 220 (Dikgatlong), phase 1 (60 units) of the project was successfully completed and 120 houses are under construction in phase 2. The houses in Stillwater (Dikgatlong) have been completed although some of the houses cracked but the NHBRC conducted an assessment to determine the root causes. In Phokwane municipality the first three phases of the Kingston 685 housing project has been completed and work on phase 4 has commenced.

The Youth Entrepreneurial Development Programme continued this year and a total of 16 YEDP graduates were trained on entrepreneurship (NQF level 5). Twelve SMMEs were also trained in Business management, health and safety and project management. A feasibility study and business plan for a business support centre to service Phokwane and Magareng municipalities was also completed. A building to house the support centre has been identified and the renovation of the building is in process. In the year under review the district municipality also completed a strategy to support small scale miners and signed an MOU with Sol Plaatje municipality for the Richie Incubation Centre. A feasibility study and a business plan was also completed for the Gong-Gong waterfall development.

The district municipality assisted the Phokwane and Dikgatlong municipalities to identify township establishment projects through their spatial development frameworks. To date the contour survey report, EIA, geo-technical investigation, bulk services report and the layout plan has been completed. FBDM has allocated funds and is facilitating the township establishment processes at Ganspan, Hartwater and Delportshoop.

The district municipality also conducted a desktop capture project to assist Sol Plaatje municipality to capture and convert relevant water and electricity infrastructure as-built drawings into digital format. Through this project the local municipality was able to accurately locate water, sewer, storm water and electricity infrastructure. The verification of all information will be conducted in the 2016/17 financial year.

1.5 Financial Overview

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

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

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

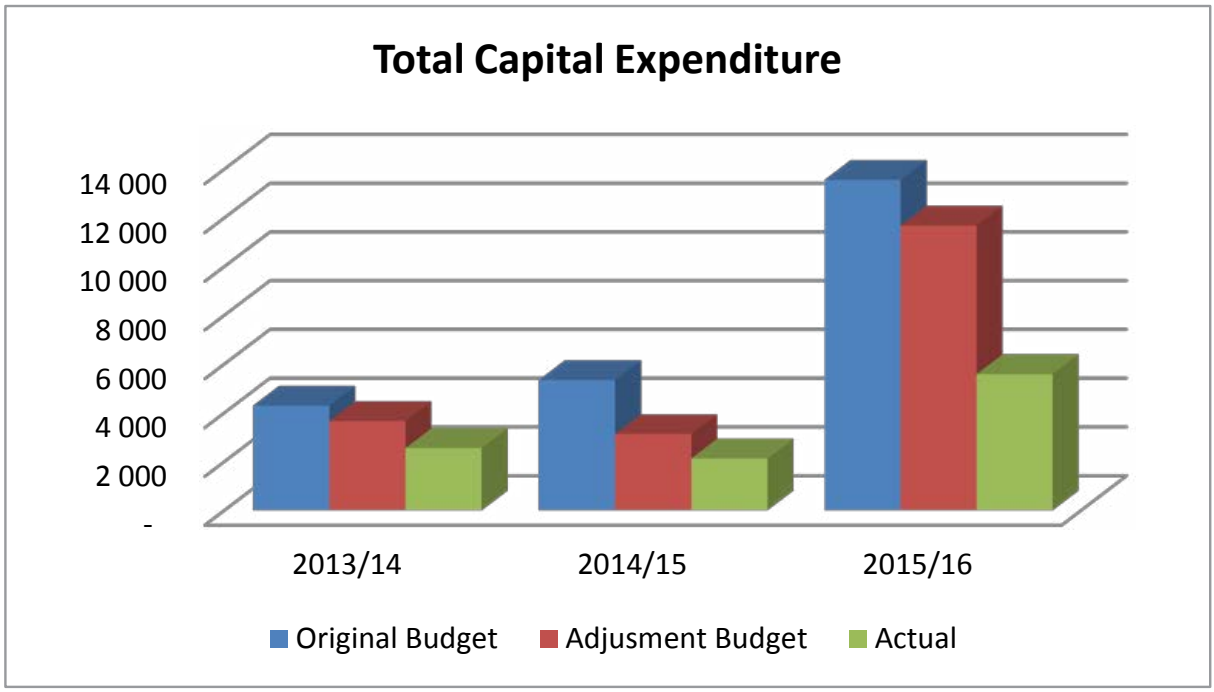
The national growth rate of the country is currently less than one per cent. This will definitely contribute to a lower growth rate in equitable share allocations. Notwithstanding the negative economic growth forecasts, the municipality was able to allocate 33% of its revenue to make a difference in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

Financial Overview - 2015/16			R'000
Details	**Original Budget**	**Adjustment Budget**	**Actual**
Income			
Grants	106 509	112 935	110 413
Taxes, Levies and tariffs			
Other	10 628	11 528	10 645
Sub-Total	117 137	124 463	121 058
Less Expenditure	155 102	164 690	137 555
Net Total*	(37 965)	(40 227)	(16 497)
*Note: surplus/(deficit)			

Operating Ratios	
Detail	**%**
Employee Cost	42.70%
Repairs & Maintenance	2.56%
Finance Charges & Depreciation	4.62%

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

Total Capital Expenditure 2012/13 - 2014/15 R'000			
Detail	**2013/14**	**2014/15**	**2015/16**
Original Budget	4 290	5 340	13 556
Adjustment Budget	3 662	3 129	11 679
Actual	2 553	2 125	5 582



Actual expenditure incurred on fixed assets represents an efficiency rate of 47.14%

1.6 Organisational Development Overview

We are committed to providing excellent services to our communities and our employees are our greatest asset in achieving this. We continue to recruit and build a great team and our aim is to foster a high performance ethos by attracting and retaining exceptionally skilled and qualified employees.

We continue to provide skills development for both our employees and councillors. For employees, we budgeted R950, 000 for skills development and managed to spend 99% of the allocated budget. Bursary allocation was R100,000 with only 64% of the budget spent.

The Frances Baard District Municipality recognises the importance of entrenching employment equity in the workplace in compliance with the Employment Equity Act No 55 of 1998. We have established the employment equity committee on 28 April 2016 which in the main will monitor the implementation of our employment equity plan, as well as other employment equity strategies and initiatives within the municipality.

Our internship programme intake for the 2015/16 financial year was on the following field and broken down as follows:

- Local economic development and tourism – 18;
- Finance – 09;
- Auditing- 02; and
- Information technology – 2.

In order to strengthen our capacity for the firefighting function in our district we introduced a few changes to our organisational structure in preparation of establishing the satellite office to serve both Phokwane and Magareng local municipalities. The process on feasibility assessment of the satellite office is at an advanced stage with the possible functioning of the office in the 2017/18 financial year. This will come a long way in assisting our fire prone areas within the district on an improved turn around time.

We continued with the job evaluation roadmap for all positions on the organisational structure, and we are awaiting the provincial audit committee to be established and finalise this crucial business of auditing all jobs that are now evaluated. This committee is co-ordinated by the SALGA Northern Cape and we are looking forward to having the audit commence its duties in the 2016/17 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 financial statements

Introduction

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 2016, 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, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

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

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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

Emphasis of matter

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

Irregular expenditure

8. As disclosed in note 35.3 to the financial statements, the municipality incurred irregular expenditure of R329 050 during the year under review mainly due to non-compliance with supply chain management requirements. The total amount of irregular expenditure recorded in the annual financial statements at 30 June 2016 amount to R329 050. In addition, the full extent of irregular expenditure is still in the process of being determined.

Additional matters

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

Unaudited supplementary schedules

10. The supplementary information set out on pages 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 thereon.

Unaudited disclosure notes

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

Report on other legal and regulatory requirements

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and

the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected development priorities presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2016:

    - Development priority 1: Sustainable Municipal Infrastructure Development and Basic Services Delivery on pages X to X

    - Development priority 3: Municipal Institutional Development and Transformation on pages X to X

14. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

15. I assessed the reliability of the reported performance information to determine whether i was valid, accurate and complete.

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following development priorities:

    - Development priority 1: Sustainable Municipal Infrastructure Development and Basic Services Delivery

    - Development priority 3: Municipal Institutional Development and Transformation.

Additional matter

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

Achievement of planned targets

18. Refer to the annual performance report on pages X to X; X to X for information on the

achievement of the planned targets for the year.

Compliance with legislation

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

Internal control

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

Auditor General

Kimberley

30 November 2016

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

1.8 Statutory Annual Report Process

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

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

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

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

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

Chapter 2 - Political & Administrative Governance

2.1 Political Governance

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

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

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

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

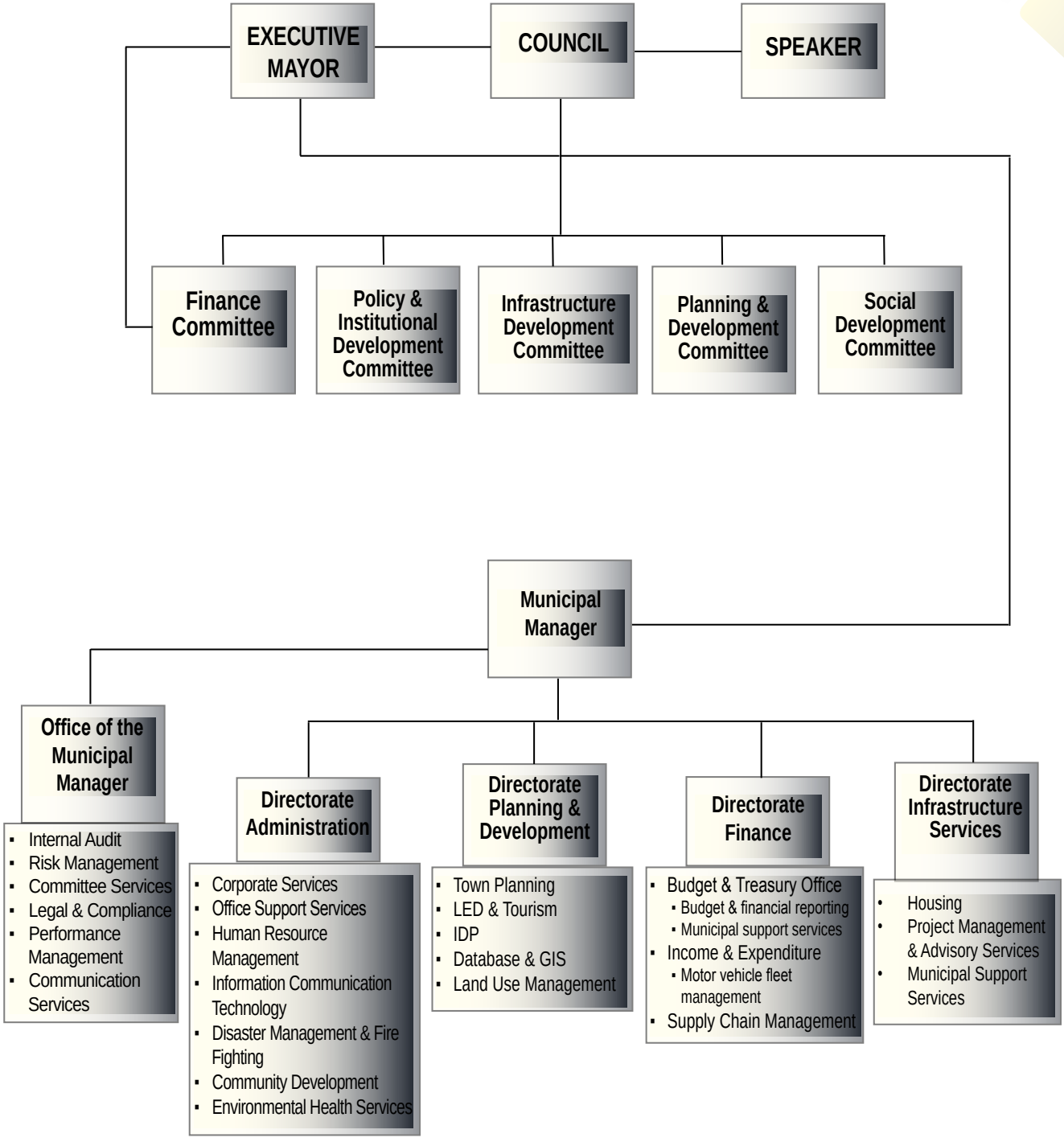
The Executive Mayor heads the municipality and fulfils this governance task in collaboration with the councillors. The Mayoral Committee functions in a manner similar to that of a cabinet with its main function to ensure integration of the work of the Council across political portfolios and departments.

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

The municipality has a mandate to:

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

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 2016

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1. PURPOSE

The Committee is honored to present its report for the financial period ending 30 June 2016. 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. LEGISLATION 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: **Initials and surname**	**Comments**
Mr. WMS. Calitz	Appointed as Chairperson as per Council resolution dated 23 March 2016.
Mr. TD Mogoli	None
Mr.G Botha	Mr Botha is a newly appointed member of the audit committee and received basic induction.

Mr AL Kimmie was the chairperson of the audit committee for the period 1 July 2015 to 22 March 2016.

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

- Expertise;
- Inquiring attitude,
- Objectivity, and independence;
- Judgment;

- Understanding of the public sector business;
- Willingness to devote the time needed to prepare for and participate in Committee deliberations;
- Timely responses; and
- Attendance at meetings

Overall the Chairperson is satisfied that the current members, have displayed sufficiently, through behavior 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.

Meeting date	Apologies
16 July 2015	
24 August 2015	Mr TD Mogoli
9 November 2015	
14 January 2016	
3 February 2016	
16 May 2016	
28 June 2016	

The meeting above includes special meetings where the agenda was limited to specific responsibilities such as the review of the draft annual financial statements and draft annual report.

4. AUDIT COMMITTEE RESPONSIBILITES

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 committee liaised with the Auditor-General's Office during July 2015 and discussed various matters. The audit committee did not have an opportunity to liaise with the external auditor prior to the commencement of the 2015/16 audit cycle and was not party to the discussion of the audit engagement letter and audit strategy. In terms of our obligations towards the external auditor and good corporate governance we report as follows:

King III 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 2015/2016 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 and emphasised the importance of audit readiness to ensure that no limitation of scope occurs.

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 committee reviewed the appropriateness of the risk management policy, strategy, methodology and implementation plan and recommended them for approval by Council.

The annual risk assessment report was 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. Minor weaknesses on reported performance information were addressed by management throughout the year.

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 2015-16 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 29th of August 2016 and made some recommendations for consideration by management. A separate report on the draft financial statements have been compiled that should be considered by Council and reevaluated with the final audit report and audited annual financial statements when the audit committee will express itself on the annual report and contribute to the oversight report.

5.7.2 Review of the Auditor-General's report.

The committee will consid the draft audit report and may take note of the audit opinion expressed. (To be finalized by 30 November 2016)

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. These amendments came into effect 1 July 2016 and will impact on the 2016-17 annual financial statements. 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. The committee is aware of the challenges the municipality might face with the non-appointment of senior management and the chief financial officer. The audit committee

advise that Council implement procedures and processes to reduce the time lag with the filling of senior management positions in the municipality.

5.7.5 Review on the information of predetermined objectives.

The Auditor-General has performed a review on the predetermined objectives and management should ensure that the mid-year assessment is appropriate.

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.

Smartryk Calitz
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Mr.W.M.S.Calitz
Chairperson of the Audit, Performance and Risk Committee
7 September 2016

2.1.3 Political Structure

Ms Khadi Moloi
Executive Mayor

Mr Brummer Maribe
Speaker

Mr W Johnson
Finance Committee

Mr K Rifles
Policy & Institutional Development Committee

Ms P Molefi
Social Development Committee

Ms T Nicholas
Planning & Development Committee

Mr M Silingile
Infrastructure Development Committee

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

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

2.1.4 Political Decision-taking

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

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

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

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

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

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Quarterly report for special programmes - (01 July 2015 – 30 September 2015)	Council took note of the content of the report. The Municipal Manager must provide a detailed report on the interventions made to address the plight of the Rakgwele and Moselane families.	18 November 2015		
Monthly finance report: September 2015	Council took note of the contents of the report. The Speaker to provide a report on how the matter of sundry debtors reflected in the finance report will be dealt with.			
Removal of the National Emergency Alarm Radio Network (NEAR) from frances Baard District Municipality by South African National Defence Force (SANDF)	Council notes that National Emergency Alarm Radio (NEAR) network will be removed by the South African National Defence Force (SANDF).			
Report on allocation made to Phokwane Municipality for the financial year 2015/16	Council took note of the contents of the report. Council mandates the Executive Mayor to write a letter to the Mayor of the Phokwane Local Municipality and raise the matter with him so that he can provide a political intervention.		• The report was discussed with the technical manager of Phokwane to solve the issue. • Part of the allocation was rolled over to the 2016/17 financial year.	
District Municipal Planning Tribunal (DMPT)	District Municipal Planning Tribunal (DMPT)			
Declaration of drought disaster in the Frances Baard District	Council declares the Frances Baard district as a drought disaster area as per recommendations made by Department of Agriculture and Rural Development. The municipality must write a letter to the Department of Agriculture and Rural Development informing it (the department) that no budget/funds are available to assist affected farmers and communities.			

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Report on the kilometers of the mayoral vehicle (FBDM 1 NC)	• Council considered the contents of the report; and • Mandated MPAC to convene another meeting before the Council meeting of 18 November 2015 to consider the matter further. • Council mandated administration to provide MPAC with a copy of the vehicle tracking report for the mayoral vehicle for the month of April and May 2015.	09 Dec 2015		
Report on the kilometers of the mayoral vehicle (FBDM 1 NC)	• Council considered the contents of the report. • Council resolved that the chairperson of MPAC should write to the Executive Mayor to request her to provide an explanation of the trips where there are discrepancies between the trip authorisation sheets and the vehicle log book.			
Audit report: financial statements and performance management, year-end 30 June 2015	• Council took note of the unqualified audit report without findings as issued by the Auditor General for the 2014/15 financial year. • Council resolved that the audited financial statements, performance report and Auditor-General's report be included in the annual report for submission during January 2016 to Council as per legislative requirement. • Council will 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.			
Annual report for the financial year ended 30 June 2015	• Council took note of the draft annual report for 2014/2015.			
Extension of the term of office of the Audit, Performance & Risk Committee members and the recruitment for the new term of office	• Council approved the extension of appointment of Mr. WMS Calitz and Mr. AL Kimmie of the Audit, Performance and Risk Committee, on a month-to month basis and until such time new members are appointed. • Council approved that the Municipal Manager follow the appropriate process for the recruitment of suitable candidates and table a report in Council for it to consider and appoint the suitable candidates to serve in the Audit, Performance and Risk Committee.			

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Exclusion of the municipal manager from ICT Steering Committee and appointment of two officials into the committee	• Council approved the exclusion of the Municipal Manager from the IT steering committee and that the position of chairperson should be assumed by the Director: Planning and Development. • Council approved the appointment of the Manager: Human Resources and Chief Accountant: Income and Expenditure as IT steering committee members.	09 Dec 2015		
Report on allocation made to Phokwane municipality for the financial year 2015/16	• Council took note of the progress in Frances Baard District Municipality funded projects in Phokwane Local Municipality. • Council mandated that the Municipal Manager and the Director: Infrastructure Services to directly liaise with Phokwane Local Municipality to ensure that the funded projects are implemented and to table a report during the January 2016 council meeting.		Project went ahead and portion of allocation was rolled over to 2016/2017	
Appointment of Financial Misconduct Disciplinary Board	• Council approved the appointment of the Financial Misconduct Disciplinary Board as per Treasury Regulation No. 10204; • Council approved the recommended persons and appointed them as members of the Financial Misconduct Disciplinary Board; and • Council mandated the Municipal Manager to write a letter to the Head of Department of the Provincial Treasury to designate an official from his department to serve on the board.			
Request for an incentive in the form of days off for officials	• Council approved that all officials of the municipality be given 11 days off from 21 December 2015 until 05 January 2016. • Subject to 1 above, Council approved that the municipal offices be closed on 18 December 2015 and re-open on 06 January 2016.			

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Second quarter/mid-year municipal institutional/corporate performance report for the 2015/16 financial year.	Council took note of the second quarter/mid-year institutional performance report for the period 01 July 2015 to 31 December 2015.	20 Jan 2016		
Mid-Year budget and performance assessment report; adjustments budget in respect of the 2015/16 financial year.	• Council considered the content of the report; • Council approved of the adjustment budget as per recommended resolution tabled; • Council resolved that the adjustment budget of Frances Baard District Municipality for the financial year 2015/2016, and indicative for the projected outer years 2016/2017 and 2017/2018 be approved as set out in the accompanying schedules. • Council resolved that the R 4 million grant from the Provincial Treasury in respect of the Operation Khotso Pula Nala be included in the adjustment budget. • Council resolved that the other related supporting documentation to the approved budget be updated according to the adjustments made; and • 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.			
Deferment of the implementation of approved policy: staff retention and scarce/critical skills management policy.	• Council resolved to defer the implementation date for the policy on staff retention and scarce/critical skills management policy to the next financial year (2016/17), and provided that funding allocation for the operationalization of the policy had been successfully completed. • Council resolved to re-determine and revise the allowance to be payable for rare and scarce skills from a maximum of twenty percent (20%) to ten percent (10%) of basic salary.			

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Monthly report for environmental health: December 2015.	• Council took note of the contents of the report. • Council resolved that the Municipal Manager together with the Manager: Environmental Health should arrange a meeting with the CPA and the Department of Education to discuss the persistent problem of non-conforming water samples.	24 Feb 2016		
Adoption of Section 78 Assessment Report for municipal health services in the Frances Baard District.	• Council resolved that the direct and indirect benefits of providing MHS in the Frances Baard District Municipality be adopted in terms of the mixed model, for the interim, as reflected in paragraph 4.1.2 and serve as a basic point of departure in the restructuring process towards the final implementation of a singular model. • Council resolved that FBDM should, in the interim, negotiate a SLA/MOU with Sol Plaatje Local Municipality and Phokwane Local Municipality to render Municipal Health Services (MHS) at their cost within their area of jurisdiction on behalf of FBDM. This will be in accordance with clearly defined and agreed upon service targets, aligned with the FBDM IDP/SDBIP and performance management system (PMS). • Council resolved that FBDM should reach an agreement with Sol Plaatje Local Municipality and Phokwane Local Municipality not to extend the MHS unit and enter into any other contractual agreements at the said LMs, which could have any financial burden on the MHS function of FBDM, without an explicit written agreement between the two parties. • Council resolved that FBDM should negotiate the transfer of the current MHS staff and equipment of Phokwane Local Municipality as a full transfer as soon as resources are available. • Council mandated the Speaker, Executive Mayor, chairperson of the Social Development committee and Municipal Manager to arrange a meeting with their counterparts in Sol Plaatje Local Municipality to engage them around the issue of Sol Plaatje Local Municipality continuing to render MHS functions on behalf of FBDM. • Council resolved that a report on the outcome of the meeting envisaged in 6 above should be tabled in the next sitting of Council.			

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Writing–off of redundant furniture and office equipment.	• Council approved the writing off of the assets enlisted under the list of redundant assets per asset category identification. • Subject to 1 above, Council mandates the Municipal Manager to dispose of the mentioned redundant asset in term of the asset management and supply chain management policies. • Council resolved that the written off assets be donated to NGO's and SMME where possible.	24 Feb 2016		
Lost handheld GPS device - GIS Unit	• Council referred the matter to the MPAC for further investigation and for a report to be tabled in the next Council sitting.			
Writing off redundant ICT equipment	• Council approved the writing off of the redundant telephone system. • Council approved the writing off assets enlisted under annexure 6 and 7 as redundant assets per asset category identification. • Subject to 2 above, Council mandates the Municipal Manager to dispose of the mentioned redundant asset in term of the asset management and supply chain management policies.			
Annual contribution to Diamonds & Dorings Festival	• Council took note of the critical role played by Diamonds & Dorings in promoting the social economic development of the FBDM region. • Council took note of the audited close-out report attached hereto which stipulates the financial expenditure incurred during the 2015 Diamond and Dorings Festival.			
Occupation of the Diamond Fields Flagship Information Centre	• Council took note of the conditions as contained in the draft management agreement of the flagship tourism information centre. • Council resolves that the decision to relocate the Tourism Unit to the flagship information centre should be suspended and that the funds which were budgeted for the relocation should be reallocated to other priorities. • Council mandates the Executive Mayor to engage with the MEC for Economic Development and Tourism to communicate Council's decision and discuss the way forward			

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Municipal Regulations on Standard Chart of Accounts (mSCOA) update	• Council approves the implementation plan for the mSCOA; • Council approves the risk register prepared for the mSCOA; • Council took note of the mSCOA Circular No. 2 (Implementation) issued on the 21 September 2015; and • Council took note of the mSCOA Circular No. 3 (Implementation) issued on the 02 November 2015.	24 Feb 2016		
Extension of office building – additional offices	• Council approved the plan to proceed with the extension to the existing building for the estimated amount of R12 000 000, 00. • Council approved that the extension works on the building be funded from our own internal funds. • Council authorised the Municipal Manager to apply to National Treasury to approve the proposed spending of the estimated amount of R12 000 000, 00 on the building.		A letter was sent to National Treasury. Project is on the 2016/2017 budget and is proceeding as planned.	
Final layout plans and cost estimate for the construction of district disaster management centre	• Council approved the final layout plans for the construction presented to the municipality; • Council took note of the estimated costs for the construction of the district disaster management centre; • Council mandated the Municipal Manager to make public the information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of security to be provided for the district disaster management centre; • Council mandated the Municipal Manager to invite the public, the National and Provincial Treasuries to submit written comments or representations to Council in respect of the proposed debt; and • Council granted the Municipal Manager approval to source funding (loan) for the construction of the district disaster management centre through the competitive bidding in terms of the supply chain policy.		• Public information statement was done. • Invitations for the submission of written comments or representations was completed. • The application was turned by DBSA	
Re-advertisement of the post of the chairperson of the District Municipal Planning Tribunal (DMPT)	• Council approved that the post of the Chairperson of the District Municipal Planning Tribunal (DMPT) should be advertised and placed in both local and national newspaper.			

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Quarterly Report – Human Resources: (01 October 2015 – 31 December 2015)	• Council considered the contents of the report. • Council approved that a report on exit interviews should be developed by the HR unit and that it should form part of the quarterly HR report in future. • Council mandated the Executive Mayor, the Speaker and the Chairperson of the Policy and Institutional Development Committee to convene a meeting to discuss the problem of high rate of resignations. • Council resolved that the team/committee referred to under 3 above be provided with a detailed report on the resignations by the Municipal Manager. • Council approved that the matter of the resignations be discussed at the next scheduled local labour forum meeting (LLF).	23 Mar 2016		
Writing off and purchase of vehicle and trailer	• Council considered the write off in respect of the following vehicles and trailer: • Toyota Corolla - BZP 439 NC; • Toyota Corolla - BZP 440 NC; and • Glider trailer - BJG 472 NC. • Council approved, subject to recommendation 1 above, the replacement of vehicles and trailer through the supply chain management policy procedure and/or participation on the national government contract. • Council approved, subject to recommendations 1 & 2 above, the disposal of written-off vehicles and trailer by trade in or public tender based on a predetermined reserve price and/or transfer to local municipalities if interested, based on the discretion of the Municipal Manager.			
Audit Performance and Risk, MPAC and Oversight Committee Reports on the 2014/2015 Annual Report	• Council having fully considered the annual report of the Frances Baard District Municipality adopted the Audit Performance and Risk Committee oversight report. • Council having fully considered the annual report of the Frances Baard District • Municipality adopted the MPAC oversight report. • Council having fully considered the annual report of the Frances Baard District • Municipality adopted the Oversight Committee report. • Council approved the 2014/15 annual report without reservations.			

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
District Integrated Development Plan Review 2015-2016, Planning 2016-2017	• Council approved the draft district IDP review 2015/2016, planning 2016/2017.	23 Mar 2016		
Draft budget for the 2016/17 financial year	• Council resolved that the draft annual budget of the municipality for the financial year 2016/17 as per Budget Related Resolutions of the budget document and indicative for the projected outer years 2017/18 and 2019/20 be approved as set out in the accompanying schedules. • Council approved the further refinement of the draft budget with regard to prescribed supporting documentation and consideration of issues raised in the item before final adoption of the budget in May 2016.			
Amendment of the 2015/16 FY Service Delivery And Budget Implementation Plan (SDBIP)	Council considered and approved the proposed amendments to the 2015/16 FY Service Delivery And Budget Implementation Plan (SDBIP)	24 Feb 2016		
Cost containment measure	Council took note of the contents of MFMA Circular no 82.	20 Apr 2016		
Central Supplier Database (CSD)	Council took note of the contents of MFMA Circular no 81.			
The Rural Roads Asset Management Systems Grant: approval of business plan for 2016/2017	Council approved the RRAMS business plan for 2016/2017.		Business plan was forwarded to National Department of Transport	
Payment of outstanding invoice	• Council took note of the report. • Council approved that the outstanding invoice of R70 642.64 be paid from savings from the Environmental Health Unit's budget. • Council resolved that the virements be included in the special adjustment budget in July 2016.			
Transfer of operational budget to capital budget	• Council took note of the procurement of branded material and generic information desks to be utilised during the Indaba Trade expo and future exhibitions. • Council approved the transfer of the operational budget to the capital budget.			
Transfer of expenditure to capital budget	• Council took note of the procurement of branded brochure stands (capital items). • Council approved the transfer of the expenditure to the capital budget.			

<table>
<tr><th>Item submitted to Council</th><th>Resolution</th><th>Date</th><th>Action taken</th><th>Reason for non-implementation</th></tr>
<tr><td>Review of the staff establishment</td><td>• Council took note of the report on the review of the staff establishment.
• Council approved the following new positions on the staff establishment:
<table><tr><th>Position</th><th>Department/Unit</th><th>TASK Grade</th></tr><tr><td>1 x Lead Fire Fighter</td><td>Administration: Disaster Management</td><td>TASK 9</td></tr><tr><td>1 x Fire Fighter</td><td>Administration: Disaster Management</td><td>TASK 7</td></tr><tr><td>1 x Legal & Compliance Intern</td><td>Office of the MM: Legal and Compliance</td><td>Ad Hoc</td></tr></table>• Council approved that the titles for the two internship positions under the Planning and Development Department be amended as follows:
• 1 X GIS Intern; and
• 1X IDP Intern.</td><td rowspan="2">25 May 2016</td><td></td><td></td></tr>
<tr><td>Cost containment measures</td><td>• Council approved that policy for cost containment measures should be developed and implemented.
• Council resolved that all expenditure transactions must be evaluated against the contents of MFMA circular 82 by including these measures in the supply chain processes where possible.
• Council resolved that a section must be included in the monthly financial reports to Council on the progress made on the implementation of cost containment measures.
• Council resolved that awareness should be raised with municipal staff on cost containment measures to be implemented.
• Council adopted the cost containment measures as set out in MFMA circular 82.</td><td></td><td></td></tr>
<tr><td>Audit, Performance & Risk Committee Report to Council</td><td>• Council took note of the third quarter audit, performance & risk committee report.
• Council approved the third quarter audit, performance & risk committee report.</td><td></td><td></td><td></td></tr>
</table>

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Transferring of funds from disaster management vote to contingency fund vote	Council granted approval for the transfer of an amount of R 350 000.00 from the disaster management vote (2020/40/1/45/1720) to the contingency fund vote (2020/40/1/47/2063) to assist with the outstanding and future requests for assistance to local municipalities from the contingency fund.	25 May 2016		
District Integrated Development Plan Review 2015/2016 Planning 2016/2017	Council approved the District IDP Review 2015/2016 - Planning 2016/2017.			
Annual budget for the 2016/17 financial year	• Council resolved that the annual budget of the municipality for the financial year 2016/17 as per Budget Related Resolutions of the budget document and indicative for the projected outer years 2017/18 and 2018/19 be approved as set out in the accompanying schedules. • Council notes the approved amended Integrated Development Plan for the budget year 2016/2017 as a separate item to Council. • Council approved the measurable performance objectives for revenue, expenditure and capital from each source reflected in Tables SA4 to SA6 for the budget year 2016/2017. • Council notes the approved policies for Supply Chain Management, Credit Control, Debt Collection and Indigents, Tariff Policy, Asset Management Policy and Cash and Investment policy for the budget year 2016/2017, and notes that amendments will be submitted as and when necessary, before the end of June 2016. • Council took note of the cost containment measures as separate item. • Council noted that the SDBIP will be tabled to the Executive Mayor within the prescribed time frame as stipulated in the MFMA. • Council approved the budget deficit of R 38,62 million in the 2016/17 FY budget to be funded from the accumulated surpluses.			

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Allocation of funds to local municipalities for the 2016/2017 financial year	• Council approved the following projects to be funded in the local municipalities. **Capital Projects** Dikgatlong Municipality (R10 000 000) • Water reticulation in town - replacement of steel/asbestos pipes 3,600,000 • Co-funding of Windsorton/Holpan RBIG project 5,000,000 • Procurement of 2x tractors 700,000 • Procurement of 2x bakkies for electrical maintenanceteam and water maintenance team 700,000 Magareng Municipality (R5 000 000) • Co-funding of the upgrading of water treatment works project 5,000,000 Phokwane Municipality (R5 000 000) • Refurbishment of old system and fencing in Jan Kempdorp WWTW 4,500,000 • Guldenskat - Water and sanitation for 608 stands 500,000 Sol Plaatje Municipality (R5 000 000) • Resealing of roads and upgrades 5,000,000 **Operation And Maintenance** • Dikgatlong Municipality 2,500,000 • Magareng Municipality 2,500,000 • Phokwane Municipality 2,500,000 • Sol Plaatje Municipality 2,500,000 **Operation and maintenance (EPWP)** • Frances Baard District Municipality 5,000,000 • R1 million of the operation and maintenance budget is ring-fenced for maintenance of gravel roads in local municipalities.	25 May 2016		

2.2 Administrative Governance

2.2.1 Top Administrative Structure

Tier 1

Ms ZM Bogatsu
Municipal Manager

Tier 2

Ms Onneile Moseki
Acting Chief Financial Officer

Director: Corporate & Community Services

Mr Peet van der Walt
Director: Infrastructure Services

Mr Frank Mdee
Director: Planning & Development

Tier 3

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

2.3 Intergovernmental Relations

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

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

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

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

National Intergovernmental Structures

- **National Human Settlements Forums**

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

- **Technical Minmec**

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

- **National Accreditation Task Team**

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

- **Implementation Forum**

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

It brings together stakeholders and role players and ensures effective coordination and problem solving and that the delivery agreement is achieved. The primary aim is the monitoring and reporting of progress with implementing the delivery agreement and to ensure continuous improvement. The forum 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 co-ordinates the alignment of the provincial and municipal development and strategic planning

District Intergovernmental Structures

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

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

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

LED Forum

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

- **Purpose of the LED Forum**

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

- **Role of district LED Forum**

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

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

District Communications Forum

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

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

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

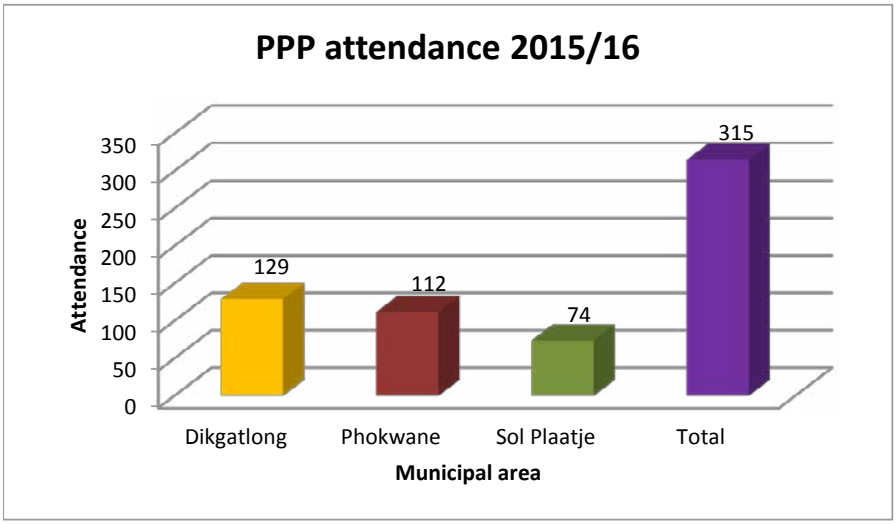
2.4 Public Accountability and Participation

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

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

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

In 2015/16 the municipality conducted public participation events during September 2015 and visited communities in all four local municipalities in the district.



2.4.1 IDP Participation and Alignment

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

2.5 Corporate Governance

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

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

The municipality has a mandate to:

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

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

2.5.1 Supply Chain Management

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

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

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

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

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

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

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

Competency levels of officials involved in the supply chain process

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

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

2.5.2 Risk Management

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

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

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

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

A risk officer was appointed to ensure effective risk management for the entire organisation. The audit and risk committee appointed by Council also assists and advises both Council, the accounting officer and executive management on risk management.

The top five risks of the municipality are:

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

2.5.3 By-Laws

By-laws introduced during 2015/16					
Newly developed	**Revised**	**Public participation conducted prior to adoption of by-laws (Yes/No)**	**Dates of public participation**	**By-laws gazetted (Yes/No)**	**Date of publication**
SPLUMA by-law (Dikgatlong Municipality)	n/a	Yes	Notice was placed in two local newspapers on 9 & 10 June 2015 for public comments.	Yes	8 Feb. 2016
SPLUMA by-law (Magareng Municipality)	n/a	Yes	Notice was placed in two local newspapers on 11 August 2015 for public comments. (Erratum published on 11 September 2015)	Yes	11 Apr. 2016
SPLUMA by-law (Phokwane Municipality)	n/a	Yes	Notice was placed in local newspaper on 30 June 2015 for public comments.	Yes	2 Nov. 2015

2.5.4 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 20154 - May 2016
All current budget-related policies	Yes	As and when reviewed
The previous annual report (2014/15)	Yes	Mar 2016
The annual report (2015/16) published / to be published	Yes	Apr 2017
All current performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act (2015/16) and resulting scorecards	Yes	Oct 2015
All service delivery agreements (2015/16)	Yes	Jul 2015 (SDBIP)
All long-term borrowing contracts (2015/16)		Jun 2016
All supply chain management contracts above a prescribed value (give value) for 2015/16	Yes	Jun 2016 (above R200,000)
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 2015/16	Yes	List of disposed assets placed on website
Contracts agreed in 2015/16 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 2015/16	No	n/a
All quarterly reports tabled in the council in terms of section 52 (d) during 2015/16	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 2015/16 has been successfully loaded. The district municipality does not deliver services directly to the public. As a result information carried by the municipality does not draw as much attention as in the case of the local municipalities. The municipality encourages members of the community wishing to access information held by the municipality via the internet, to do so using the facilities at the Thusong Service Centres.

3.1 Infrastructure Services

Goal	Objective	Outcome	
		Indicator	**Target**
Improved access to sustainable basic services in the District	To Assist LM's with Projects Identification, Review and Prioritisation in IDP's annually	Improved planning	• BP's submitted on time • 100% Project completion within time frame
	To support the provision of potable water, sanitation facilities, electricity and streets and Stromwater to all households in the district by 2016	Access to improved basic services	100% of allocated funds spent
	To support Operation and Maintenance of infrastructure in the LM's annually	Sustainable service provision	Sustainable service delivery
	To promote transport planning in the LM's in the district by 2016.	Integrated Transport Plans in place	3 ITP's in place in Magareng, Dikgatlong & Phokwane
	To promote the creation of job opportunities for the unemployed through the EPWP in the LM's in the district.	EPWP policies in place	3 EPWP policies in Magareng, Dikgatlong & Phokwane
		EPWP targets achieved as per the annual EPWP incentive agreements	Annual EPWP target set as per Incentive agreement

Section 88(1) and (2) clearly defines the relationship between district and local municipalities. In the Frances Baard district all services to the relevant communities are provided directly by the local municipalities. The district municipality therefore concentrates all its efforts in supporting the local municipalities. The local municipalities that forms part of the district are:

- Sol Plaatje
- Dikgatlong
- Magareng
- 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 Department which is run by a manager for infrastructure support. He has three engineering technicians as well as an EPWP officer and an administrative officer as support.

The support is comprehensive and includes financial support, advisory services and operation and maintenance support.

3.1.1 Financial support

The district municipality was able to allocate funding to the total value of ±R40 million for infrastructure projects. Of this amount R10 million was allocated for operation and maintenance of critical infrastructure.

3.1.2 Capital Programme

An allocation of R30,000,000 was made to category B municipalities for capital projects in the current financial year. Twelve (12) projects in the local municipalities were funded through this allocation. Three projects to the amount of R1,320,000 were rolled over from the previous financial year (2014/15). During the budget adjustment process the allocation was amended to R29,994,400. This funding was allocated as follows:

Municipality	Activity	Funding allocation (R)
Dikgatlong	Procurement of refuse truck	2,200,000
	Water reticulation in town - replacement of steel/asbestos pipes	2,800,000
	Electricity master plan (roll over)	320,000
Phokwane	Refurbishment of old system in Jan Kempdorp WWTW	1,100,000
	Upgrading of Jan Kempdorp WWTW outflow line	1,300,000
	Fencing of Hartswater WTW	1,500,000
	Water conservation and demand management strategy	1,000,000
	Guldenskat - water and sanitation for 608 stands	4,000,000
	Master plan: bulk water and sanitation infrastructure and maintenance plan (phase 2)	1,100,000
	Resealing of raw water storage dam (roll over)	200,000
	Master plan: roads infrastructure and maintenance plan (roll over)	800,000
Magareng	Warrenvale : provision of sewer reticulation network for 558 sites	8,100,000
	Procurement of TLB	854,400
	Procurement of sanitation truck	1,040,000
Sol Plaatje	Bulk water supply - Ritchie/Modderrivier bulk water upgrades	5,000,000

3.1.3 Operation and Maintenance

Smaller municipalities struggle with revenue collection and that results in low expenditure on infrastructure maintenance. This has a huge effect on service delivery. The district municipality availed an amount of R10million for operation and maintenance. During the 2015/16 financial year R9,997,785 was spent on this important service delivery tool.

The following is a breakdown of the amounts spent:

Municipality	Project Description	Allocation	Amount spent
Dikgatlong	Operation and Maintenance	2,500,000	2,498,753
Magareng	Operation and Maintenance	2,500,000	2,500,000
Phokwane	Operation and Maintenance	2,500,000	2,499,032
Sol Plaatje	Operation and Maintenance	2,500,000	2,500,000

Number of people employed

During the 2015/16 financial year 147 job opportunities were created in the region[1]:

Labour	Male	Female	Disabled people
Capital projects	75	8	0
Operation and maintenance projects	49	15	0
Total	**124**	**23**	**0**

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

1 This is an indication of the number of people employed in projects throughout the district. The funding is provided by the district municipality but how people are recruited is not controlled.

3.1.4 Housing

The financial year 2015/16 was challenging for the Frances Baard District Municipality in the delivery of human settlements. The district municipality continued to support the Dikgatlong, Magareng and Phokwane municipalities to perform various functions towards the facilitation of provision of human settlements. The services provided to the municipalities continued as per the service level agreements between the district municipality and local municipalities in terms of service delivery. These services are outlined and briefly discussed in the table below:

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

3.1.4.1 Construction: Progress and Expenditure

The district municipality managed to deliver 338 houses and 457 serviced sites with the cooperation of COGHSTA and the local municipalities. Acquiring land, more particularly well-located land continues to prove challenging. The housing delivery process continues to become more difficult in the current economic climate as beneficiaries tend to migrate to areas of better economic opportunity, thus making the completion or reaching of the number of houses planned in a project problematic.

Housing projects	Sites serviced	Units planned	Units completed	Expenditure (R)
Individuals	18	18	18	R 2,236,000
Stillwater 137	83	83	83	R 13 024 988
Bufferzone 220	174	174	55	R 18,018.448
Rooirand 14	9	9	9	R 942,772
Kingston 685	173	173	173	R 11,100,000
Total	**457**	**457**	**338**	**R 45,322,208**

3.1.4.2 Access to Housing

Percentage of households with access to basic housing			
Year end	**"Total households (including in formal and informal settlements)"**	**Households in formal settlements**	**Percentage of HHs in formal settlements**
2011/2012	95 929	31 468	33
2012/2013	95 929	31 468	33
2013/2014	95 929	31 468	33
2014/2015	95 929	31 468	33
2015/2016	95 929	31 468	33

Source: Stats SA Census 2011

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

GOAL	**OBJECTIVES**	**OUTCOME**	
		Indicator	**Target**
Facilitate the creation of sustainable human settlements	Facilitate the reduction in the housing backlog by 2015/2016	Reduction in the housing backlog	457 Households
	Capacitate the consumers of human settlements	Number of consumer education workshops conducted.	8

Special Projects 2015/16: Housing Services					**R'000**
Special Projects	**2015/16**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All	90	6	6	0	6
Housing Consumer Education	40	-34 [1]	6	0	6
Housing HDD Fieldworkers	50	-50 [2]	0	0	0

[1] *Original budget was R40,000 adjusted by R34,400 to R5,600, spent R5,575.*
[2] *Original budget was R50,000 adjusted by R50,000 to R0,00, spent R0,00*

3.1.4.3 Housing Consumer Education

This is a national housing programme that is aimed at educating housing beneficiaries on the role of Government in the provision of housing as well as the responsibilities of the beneficiary towards their house. A number of housing consumer education sessions were conducted for the year 2015/2016. The district municipality conducted eight (8) of these sessions. The details of these are briefly outlined below:

Project	Date
Kingston 685 HCE Workshop	14 October 2015
Buffer Zone 220 HCE Workshop	29 October 2015
Buffer Zone 220 HCE Workshop	11 November 2015
Longlands HCE Workshop	25 November 2015
Windsorton HCE Workshop	26 November 2015
Windsorton HCE Workshop	14 March 2016
Longlands HCE Workshop	15 March 2016
Barkly West Mataleng HCE Workshop	17 March 2016
Buffer Zone 220 HCE Workshop	28 June 2016

3.1.4.4 National Housing Needs Register

The district municipality has had several challenges with the NHNR system, the most critical being the speed and stability of the system. After several consultations and discussions with the National Department of Human Settlements and the Provincial Department, the district municipality opted to connect to the system via its own network infrastructure. A decision that has proven to be justified in terms of cost and stability. Through the NHNR, Frances Baard District Municipality is able to determine the housing need, type of tenure needed, as well as the socio-economic status of those targeted. This programme is focused on gathering data by completing questionnaires, which is then captured on the National Housing Needs Register. The National Department of Human Settlements has officially prohibited the use of waiting lists and any other lists kept by municipalities to determine the need or identify possible beneficiaries.

3.1.4.5 Special Projects

The district municipality continued to participate in the various commemorative projects such as the Mandela Day, Women's Day and 16 Days of Activism for No Violence against Women and Children. In implementing the special projects, the district municipality identifies beneficiaries who fit the criterion of the different programmes. These selected beneficiaries are presented with a special house which has been improved to include among other things:

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

3.1.4.6 General specification for construction of houses in FBDM

The district municipality implemented its new general specification for the construction of houses within its area of jurisdiction. The general specification complies with National Building Regulations, the SANS 10400(SABS 0400), and the National Home Builders Registration Council's Home Builder's manuals.

The Dikgatlong 18 Individuals project marked the turning point in the subsidy programme as the 9 houses delivered in Rooirand was in terms of the revised subsidy provisions and the amended plans and specifications as drafted by the district municipality.

The 9 houses constructed on the new specification are 42m² and include the necessary ablution facilities and an electricity distribution ready board is installed to each house. The houses are constructed in a face brick with a pitched roof and roof tiles. Each house consists of the following areas:

- Bathroom with flush toilet, hand washbasin and bath;
- Open plan living area and kitchen with sink and ready board;
- 2 bedrooms;
- House is fully electrified;
- All internal floors are tiled; and
- All rooms have ceilings.

3.1.4.7 Human Settlements Sector Plans

Legislation requires the review of the Human Settlements Sector Plans and chapters of the IDP on an annual basis. The mandate is to deliver human settlements in a sustainable manner ensuring efficient and effective utilisation of resources. The district municipality engaged in a process to review the Human Settlements Sector Plans and chapters of the IDP for the three local municipalities, Dikgatlong, Magareng, Phokwane as well as the integrated plan and chapter for the district for 2015/16.

The review process involved consultation of various stakeholders including the Department of Cooperative Governance, Human Settlements and Traditional Affairs (CoGHSTA) and all local municipalities within the district. The plan was completed and approved by the Council of the district municipality. This review was the last for the current plan of 5 years. The process for the 2016/17 financial year will commence after July 2016, with the development of a new plan for the next five years to ensure that the district municipality remains responsive towards addressing the housing needs of the people in the district.

Employees: Housing Services					
Job Level	**2014/15**	**2015/16**			
	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*	7	9	6	0.19	2%
14 - 18**	3	4	3	0.28	7%
19 - 26	0	0	0	0	0
Total	**10**	**13**	**9**	**0.46**	**4%**
* 2 x post unfunded ** 1 x post unfunded					

Financial Performance 2015/16: Housing Services R'000					
Details	**2014/15**	**2015/16**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	1 380	–	3 756	3 300	12%
Expenditure:					
Employees	4 401	3 743	5 311	4 059	8%
Repairs and maintenance	–	3	30	–	–
Other[1]	469	906	3 376	2 722	67%
Total Operational Expenditure	**4 870**	**4 652**	**8 717**	**6 781**	**31%**
Net Operational Expenditure	**3 490**	**4 652**	**4 961**	**3 481**	**-34%**

3.1.5 Project Management & Advisory Services

Employees: Programme Management & Advisory Services					
Job Level	2014/15	2015/16			
	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	1	0.15	8%
9 - 13	4	4	4	0	0
14 - 18	1	1	1	0	0
19 - 26	0	0	0	0	0
Total	**7**	**7**	**6**	**0.15**	**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.

Special Projects Expenditure 2015/16: Programme Management & Advisory Services R '000					
Special Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value [1]
Total All	**30 000**	**29 994**	**26 190**	**-15%**	**166 872**
Facilitate the procurement of a refuse truck for Dikgatlong	2 200	0	2 001	9%	2 001
Facilitate and assist Dikgatlong with the replacement of steel/ asbestos pipes in the water reticulation network in Barkly West	2 800	0	256	91%	40 000
Facilitate compilation of electricity master plan (roll over)	320	0	201	37%	869
Assist Phokwane with the refurbishment of old system in Jan Kempdorp WWTW	1 100	0	1 100	0%	10 000
Assist Phokwane with the upgrading of Jan Kempdorp WWTW outflow line	1 300	0	1 200	8%	1 200
Assist Phokwane with the fencing of Hartswater WTW	1 500	0	1 299	13%	1 299
Assist Phokwane with the compilation of a water conservation and demand management strategy	1 000	0	874	13%	874
Support Phokwane with the supply of water and sanitation for 608 stands in Guldentskat	4 000	0	2 834	29%	44 000

Special Projects Expenditure 2015/16: Programme Management & Advisory Services R '000					
Special Projects	**2015/16**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Assist Phokwane with the compilation of a master plan for bulk water and sanitation infrastructure and maintenance plan (phase 2)	1 100	0	974	11%	974
Facilitate the procurement of a TLB for Magareng	900	854	854	5%	854
Facilitate the procurement of a sanitation truck for Magareng	1 000	1 040	1 020	-2%	1 020
Support Sol Plaatje with the provision of water and sanitation services: Stand connections to 640 stands and associated bulk water augmentation requirements (high priority work) in Ritchie.	5 000	0	5 000	0%	46 000

The projects listed above are explained as follows:

Dikgatlong Municipality

- Procurement of a refuse truck

Dikgatlong Municipality requested funds to procure a refuse truck as a truck was burned during unrests in the previous financial year. The refuse truck will service Windsorton, Stilwater and Holpan. The refuse truck was procured for an amount of R2,000,636 and delivered to Dikgatlong Municipality in March 2016.

- The replacement of steel/asbestos pipes in the water reticulation network in Barkly West

Barkly West experienced a number of pipe bursts because the water pipes were old and could not handle the water pressure. In 2015/2016 an allocation of R2,800,000 was approved for Dikgatlong Municipality in order to replacement the old water infrastructure. The planning and designs was completed in the 2015/16 financial and the estimates indicated that more than R40million was needed to complete all the work. This necessitated a change in planning to mainly focus on portions in the Barkley West CBD area. An amount of R 2,600,000 was rolled to the new financial year for construction works. The tender for the construction closed on 10 June 2016 and construction is anticipated to start in September 2016.

- Electricity master plan (roll over)

This project was to assist Dikgatlong Municipality to compile an electricity master plan to assist with planning of electricity infrastructure and soliciting funding for electricity projects. An amount of R 320,000 was rolled over from the 2014/15 financial year to complete the master plan. Total expenditure on the project for the 2015/16 financial year was R200,641. The total cost for the project was R868,648.

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.

Phokwane Municipality

- Refurbishment of old system in Jan Kempdorp WWTW

The project entailed the refurbishment of Jan Kempdorp Waste Water Treatment Works (old oxidation pond system) to ensure that all three modules operate at maximum design capacity and that final effluent meet the general limits criteria, as regulated by the Department of Water and Sanitation. The project has 3 phases of which phase 1 was completed in June 2016 and an amount of R 1,100,000 was spent. The total cost for the project however is estimated at R 10,000,000 and the necessary refurbishment will be completed in the 2016/17 financial year.

- Upgrading of Jan Kempdorp WWTW outflow line

The project entailed the construction of an outflow pipeline from the Jan Kempdorp Waste Water Treatment Works to a nearby natural stream. By implementing the project the discharge of treated sewage water into the open field was prevented. If the discharge of the treated water was allowed to continue it would have caused serious contamination of ground water and also create negative environmental impacts and health hazards for the surrounding community. The total cost of the project was R 1,200,320 and was completed in June 2016.

- Fencing of Hartswater WTW

The project entailed the removal of the dilapidated fence and replacing it with a new fence and a lockable access gate. The fence will assist the municipality to control animals and unauthorised people from entering the treatment plant. The cost of the project was R 1,298,823 and was completed in April 2016.

- Water conservation and demand management strategy

The project was aimed at the development of a water conservation and demand management strategy for Phokwane Municipality. This will assist the municipality with reducing their non-revenue water in terms of implementing efficient distribution management measures. It will also ensure adequate information to support decision-making. The total cost for the project was R 873,576 and was completed at the end of June 2016.

- Supply of water and sanitation for 608 stands in Guldentskat

The project entailed the design and construction of water and sewer reticulation network in the new Guldenskat township development. This will assist the municipality to address the housing backlog as one of their priority development goals. All the designs are completed and the total project cost is R 43,760,170 of which FBDM only funded R 4,000,000 for the 2015/2016 financial year. Only R 2,800,000 was spent and R 1,200,000 has been rolled over to continue with the construction phase of a portion of the works in the new financial year.

- Master plan for bulk water and sanitation infrastructure and maintenance plan (phase 2)

The project is aimed at developing a master plan for the bulk services relating to water and sanitation. This will assist the municipality with planning for their future needs. The total project cost was estimated at about R1,200,000 of which FBDM funded only R400,000 for the 2014/15 financial year. FBDM approved a further R1,100,000 for the 2015/16 financial year to complete the project. The project was completed in July 2016 to the amount of R974,445.

- Resealing of raw water storage dam (roll over)

The project entailed the resealing of cracks and joints in the embankment and floor of the storage dam as well as removal of trees and shrubs on the embankments. The project could not be completed in the 2014/15 financial year and an amount of R 200,000 was rolled over to the 2015/16 financial year. The project was completed in September 2015 with a total cost of approximately R 700,000.

- Master plan for roads infrastructure and maintenance plan (roll over)

The project entailed the development of a master plan for roads and stormwater to assist the municipality with planning regarding their street and road networks. Due to poor performance by the service provider the project could not be completed on time and the amount of R800,000 was rolled over to the 2015/16 financial year. The project was completed in June 2016 at a total cost of R 678,625.

Magareng Municipality

- Provision of sewer reticulation network for 558 sites in Warrenvale.

The project scope entailed the provision of a sewer reticulation network for 558 sites in Warrenvale. The total project cost was about R 16,302,000. For the 2015/16 financial year FBDM allocated R 8,100,000 to Magareng Municipality. Most of the funds were spent on physical construction, specialised material and professional fees. There were savings on the project which was utilised to procure additional specialist material to service additional households in the Station Area in Warrenton. The project was completed in June 2016 at a total of R 7,772,751.

- Procurement of a TLB for Magareng

Magareng Municipality requested funds to procure a backhoe loader (TLB) to assist their operation and maintenance teams with maintenance of infrastructure. The TLB was procured and delivered to Magareng Municipality in December 2015 at a total cost of R 854,400.

- Procurement of a sanitation truck

Magareng Municipality requested funds to procure a sanitation truck to ensure all their settlements are serviced, especially those without adequate sanitation and those serviced by on-site sanitation facilities. The old sanitation truck of the municipality needed constant repairs which hampered service delivery. A sanitation truck was procured and delivered to Magareng Municipality early in July 2016. The cost of the truck was R1,019,500.

Sol Plaatje Municipality

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

The project scope entailed the supply of water and sanitation facilities to the households in Ritchie. The R5,000,000 allocation for the 2015/16 financial year was used mainly for the designs to upgrade the water supply pipeline from the river to the water treatment works.

3.1.5.1 Operation and Maintenance (O&M)

The district municipality annually allocates O&M funding to category B municipalities to assist with the delivery of sustainable services to their communities. Each of the 4 local municipalities received an allocation of R2,500,000. The O&M includes services related to water and waste water infrastructure, electricity infrastructure and roads and storm water infrastructure. FBDM also budgets for a grader operating team to assist with blading of gravel roads in the different municipalities in the district.

Financial Performance 2015/16: Programme Management & Advisory Services **R'000**

Details	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	8 862	14 155	18 155	15 713	10%
Expenditure:					
Employees	5 567	5 546	5 546	5 315	-4%
Repairs and maintenance	140	268	258	116	-131%
Other*	28 753	43 802	49 053	41 005	-7%
Total Operational Expenditure	**34 460**	**49 616**	**54 858**	**46 437**	**-7%**
Net Operational Expenditure	**25 598**	**35 461**	**36 703**	**30 724**	**-15%**

3.2 Planning and Development

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

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

Town and Regional Planning

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

- The preparation, approval and adoption of the Municipal bylaws.
- The establishment of the District Planning Tribunal (DMPT)
- The Review of Sol Plaatje Spatial Development Framework (SDF)
- The conducting special studies for the township establishment in Barkly West, Delportshoop, Ganspan and Vaalharts.

Geographic Information System (GIS)

GIS provides spatial information to all stakeholders for planning and resource allocation purposes. For the financial year 2015/16 a project has been carried in Sol Plaatje municipality to capture fixed infrastructure assets. The project entailed the capturing of the water, sewer, storm water and electricity infrastructures into GIS databases to ensure that all the assets within the Sol Plaatje municipality are identified and located.

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 graduates to local municipalities as interns;
- Assisted local municipalities with the tourism month awareness campaign;
- Hosted the Small Business Week that promotes entrepreneurship in the district;
- Trained 12 SMME's in the establishment and management of businesses;
- Developed Incentive Policies for Dikgatlong and Sol Plaatje municipalities.
- Developed LED strategies for Magareng, Dikgatlong and Phokwane local municipalities;
- Developed the District EPWP enterprise development framework;
- Supported one SMME in each local municipality with machinery and equipment through direct support grant;
- Developed a business plan and secured building for the Phokwane local municipality business support centre;
- Developed the small scale miners strategy;
- Developed feasibility study and business for Gong-Gong waterfall;
- Rolled out the tourism business plan competition to all schools in the district offering tourism as a subject;
- Upgrading of the block house in Warrenton for N18 Tourism route;
- Establishment of the tour guide businesses;
- Hosted the tourism association quarterly forums;
- Staged the FBDM marketing stall at the Indaba in Durban; and
- Conducted tourism awareness campaign in the district.

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.

3.2.1 Town & Regional Planning

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
Facilitate the development of sustainable human settlements through effective town and regional planning	To facilitate the development of urban areas in accordance with approved spatial plans by 2015/2016	Development applications	Three (3) Local Municipalities (Magareng, Dikgatlong, & Phokwane).
	To support the implementation of Spatial Development Framework by 2015/2016	• Approved detailed precinct plans/Urban design framework • Approved CBD renewal plans.	Phokwane Municipality Two (2) Local Municipalities (Magareng and Dikgatlong)
	To facilitate the preparation of township establishment and Informal settlement upgrading in Local Municipalities 2015/2016	Approved layout plans	Two (2) Local Municipalities (Phokwane, Magareng and Dikgatlong)

Employees: Town Planning Services					
Job Level	2014/15	2015/16			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13	0	0	0	0	0
14 - 18	3	3	3	0	0
19 - 26	0	0	0	0	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.

Financial Performance 2015/2016: Town Planning Services R'000					
Details	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	1 313	1 231	1 758	2 026	39%
Repairs and Maintenance	–	–	–	–	–
Other [1]	255	2 258	2 944	2 082	-8%
Total Operational Expenditure	1 568	3 489	4 702	4 109	15%
Net Operational Expenditure	1 568	3 489	4 702	4 109	15%

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

Special Projects Expenditure 2015//2016: Town Planning Services R' 000					
Special Projects	**2015/16**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All	**2337**	**1260**	**2045**	**12%**	**2377**
Surveying of Erven (Dikgatlong)	397	0	397	0%	397
Township Establishment ERF 775 Vaalharts, Ganspan.	370	428	399	-8%	428
Township Establishment ERF 696 Delportshoop	400	381	360	10%	381
Township Establishment ERF 258, Nkandla, Hartswater.	450	451	406	10%	451
Spatial Development Planning Review: Sol Plaatje Municipality	400	0	396	1%	400
By-laws for local municipalities (Magareng and Dikgatlong)	300	0	87	71%	300
Magareng CBD renewal plan	20	0	0	100%	20

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

Dikgatlong Municipality

- Surveying of the erven (township establishment)

Frances Baard District Municipality and Dikgatlong Municipality identified a need to plan for the new residential development of 1000 erven in Barkly West on erf 687. Cadastral survey is one of the milestones required to complete the process of town establishment, which include pegging of erven and registration with Surveyor-General for the issuing of the general plan. The pegging of the erven, preparation of the cadastral plan and general plan have been completed. The cadastral survey is preceded by Environmental Impact Authorisation (EIA) authorisation. The Department of Environment and Nature Conservation (DENC) has issued the Record of Decision (ROD) or Environmental Authorisation (EA).

- Township establishments

The Medium-Term Strategic Framework (MTSF) 2014-2019 highlights that in order to achieve the vision of sustainable human settlements and improve quality of life of household, there is dire need to provide adequate housing, promote informal settlement upgrading and integration. The district municipality seeks to comply with the national development plan, which advocates for the redressing of the spatial imbalances, housing backlogs, and inequitable access to social amenities.

The township establishment process involves the following phases:

- Phase 1: Contour survey report
- Phase 2: Environmental impact assessment ;
- Phase 3: Geotechnical investigation;
- Phase 4: Bulk services report
- Phase 5: Layout plan;
- Phase 6: Cadastral survey; and
- Phase 7: Registration with Surveyor-General.

Phokwane Municipality

- Erf 775 Vaalharts, Ganspan.

Frances Baard District Municipality (FBDM) and Phokwane Municipality identified a new township establishment project through the spatial development framework of the local municipality. The proposed extension is located on a portion of erf 775 Vaalharts Settlement B, Ganspan. The total number of erven planned is 150 and the proposed site is approximately 35 hectares. FBDM has allocated funds and is facilitating the township establishment process.

- Erf 258 Nkandla Hartswater.

FBDM and Phokwane municipality identified a new township establishment project through the spatial development framework of the local municipality. The proposed extension is located on a portion of erf 258, Hartswater. The total number of erven planned is 300 and the proposed site is approximately 52 hectares. FBDM has allocated funds and is facilitating the township establishment process.

Dikgatlong Municipality

- Erf 696 Tidimalo, Delportshoop.

FBDM and Dikgatlong Municipality identified a new township establishment project through the spatial development framework of the local municipality. The proposed site is located on erf 696 in Tidimalo, Delportshoop. The total number of erven planned is 200 and the site earmarked is approximately 23 hectares. FBDM has allocated funds and is facilitating the township establishment process. The special studies (heritage, biodiversity, bulk services, geo-technical, contour survey and environmental impact assessment) for three townships have been completed. The final EIA reports have been submitted to the Department of Environment and Nature Conservation for the approval and issuing of the environment authorisation. The pegging and general plans will be conducted in the 2016/17 financial year.

Sol Plaatje Municipality.

- Spatial development framework review

Frances Baard District Municipality provided part of the required funds for the review of the 2008 Sol Plaatje Spatial Development Framework. The review process is being managed by Sol Plaatje Municipality. The spatial development framework is a policy framework that guides the desired spatial form, spatial direction for the development and land use management within the district area of jurisdiction. The SDF is a core component of a municipality's economic, spatial, social, institutional and environmental vision of the district municipality. The review is being conducted in terms of section 26(e) of the Municipal Systems Act, (Act 32 of 2000) (MSA) and section 12 of the Spatial Planning and Land Use Management Act, (Act 16 of 2013). The draft spatial development framework has been completed and other phases will be completed in the 2016/17 financial year.

MUNICIPAL BYLAWS

The local municipalities are responsible for the development of bylaws that give effect to the requirements as set out in Spatial Planning and Land Use Manage Act (SPLUMA). The local municipalities have to legislate and to adopt bylaws to regulate municipal planning matters. This bylaw must be a progressive document which will promote compliance and transparency in municipal planning matters. FBDM allocated funding to gazette the municipal bylaws for Dikgatlong, Phokwane and Magareng municipalities. However, Phokwane managed to gazette their bylaw and the district municipality only assisted Magareng and Dikgatlong municipalities with the publishing of the bylaws. All the local municipalities within the district have completed the process of gazetting the bylaws.

MAGARENG CBD PLAN

Frances Baard District Municipality has completed the development of a CBD renewal plan for Warrenton. Through the renewal plan the Magareng Municipality will be able to create a vision for future growth; enhance the landscape, connectivity and revitalise Warrenton as an economic heart for its surrounding areas.

Challenges experienced during the development of the plan include:

- The appointment of the service provider took longer than planned.
- Lack of capacity at the local municipality affects the project implementation.

3.2.2 Geographic Information System (GIS)

Employees: Geographic Information System Services					
Job Level	2014/15	2015/16			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13	1	1	1	0	0
14 - 18	1	1	1	0	0
19 - 26	0	0	0	0	0
Total	**2**	**2**	**2**	**0**	**0**
Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

Financial Performance 2015/2016: Geographic Information System Services R'000					
Details	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	736	927	927	1 118	17%
Repairs and Maintenance	54	202	202	97	-109%
Other*	683	743	752	669	-11%
Total Operational Expenditure	**1 473**	**1 872**	**1 882**	**1 883**	**1%**
Net Operational Expenditure	**1 473**	**1 872**	**1 882**	**1 883**	**1%**

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
Provision of reliable spatial information as a planning and management tool in order to enhance service delivery in the district	To ensure the creation of integrated GIS services in the District by 2015/16	Integrated District GIS system	3 Municipalities
	To enhance GIS as a planning tool in the district by 2015/16	Implementation of GIS in decision-making	3 Municipalities

Special Projects Expenditure 2015/2016: Geographic Information System Services R' 000					
Special Projects	**2015/16**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All					
Desktop capture of water, sewer, storm water and electricity infrastructure into GIS	600	0	600	0	600

Desktop capture of water and sewer, storm water, electricity infrastructure and scanning of as-built drawings into GIS.

Purpose:

- To assist the Infrastructure Department of Sol Plaatje municipality to capture and convert relevant water and electricity infrastructure into as-built digital format drawings.
- To capture various drawing attributes into a database establishing a spatially enabled "electronic drawing office library".
- To improve the accuracy of water, sewer, storm water and electricity infrastructure in the municipality.

The project has been completed and it is anticipated that Sol Plaatje municipality will conduct verification for additional as-built drawing maps acquired from the service providers who were contracted to scan the maps into digital copies. The exercise will include referencing of these maps to be used as backdrop for identifying the spatial location of the assets underground.

The project will assist Sol Plaatje municipality with assets that were not accounted for during external and internal audit process. Captured spatial information is loaded into a portal developed for the unit for easy viewing over an internet platform. The ease of accessing this information means that other units can now use the it to locate problem areas such as water leakages and electricity failure much quicker.

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. Thus one of the main focus areas of the district municipality is support to SMMEs and the creation of an enabling environment. The following activities were undertaken:

- Developed LED strategies for Magareng, Dikgatlong and Phokwane local municipalities;
- Developed the District EPWP Enterprise Development Framework;
- Supported four (4) SMMEs with machinery and equipment (direct support grant);
- Developed a business plan and secured a building for the Phokwane Local Municipality Business Support Centre; and
- Developed the Small Scale Miners Strategy.

Special Projects Expenditure 2015/2016: Local Economic Development Services R' 000					
Special Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2 978	593	2 611	12%	2 611
Youth Entrepreneurship Development Program	323	443	434	-34%	434
Trade and investment promotion	432	0	361	16%	361
Direct support to SMMEs	300	0	279	7%	279
Business Support Centre	180	150	147	18%	147
Small Scale Miners strategy	200	0	175	13%	175
EPWP Enterprise Development Framework	72	0	27	63%	27
SMME Development	300	0	171	43%	171
Ritchie Incubation Centre	200	176	176	12%	176
Gariep	100	0	100	0%	100
LED Expo	750	736	733	2%	733
Development of incentive policies	35	0	0	100%	0
Coordinating structures and institutional support	86	0	8	91%	8

Youth Entrepreneurship Development Program (YEDP)

- All interns in FBDM trained on workplace environment and how to behave professional.
- Capacitated 16 YEDP graduates on entrepreneurship

Trade and investment promotion

Local SMMEs products and investment opportunities promoted at the Southern African International Trade Exhibition for Retail Products (SAITEX), MACUFE and NOCCI expo. Marketing material (brochure, memory sticks, key ring and pens) developed and circulated at the exhibitions.

Direct support to SMMEs

Supported 4 SMMEs with machinery and equipment.

Business Support Centre

Feasibility study and business plan developed for the establishment of a business support centre for SMMEs in Hartswater. A building for the centre has also been secured and renovations have started.

Small Scale Miners Strategy

Developed the Frances Baard District Small Scale Miner's strategy. The strategy unpacks the types (sub-sectors) of small scale mining, analyses the support requirements of the scale miners and guides on the development framework/strategy for small scale miners in the district. The study will also provide a more practical and workable model for the district in terms of small scale miners and the role of the district in supporting small scale miners.

EPWP Enterprise Development Framework

Benchmarking visits to Mangaung Metropolitan and Amathole District Municipality were undertaken to benchmark on how they are approaching and implementing EPWP enterprise development. Subsequent to the visits, a District EPWP Enterprise Development Framework was developed.

SMME Development

Training was provided to 12 SMMEs on business management; focus on general management, project management and health and safety.

Ritchie Incubation Centre

MOU signed with Sol Plaatje and funds transferred to facilitate the appointment of a business support officer for the Ritchie Incubation Centre.

Gariep Festival

Supported the Gariep festival with a grant of R 100,000.

LED Expo

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

Development of incentive policies

Developed incentive policies for Dikgatlong and Sol Plaatje Local Municipalities.

Coordinating structures and institutional support

Hosted quarterly LED forum meetings as well as 3 quarterly committee (agriculture sector, Social Labour Plans/ mining sector committee and the SMME development) meetings.

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
Facilitate growth and diversification of the district economy by optimizing all available resources	To support the diversification of the District economy by 2015/2016	• Sector development • Increased direct investment	Four fundable projects related to sector development • Feasibility studies • Business Plan • Letter of intent/proposals from investors
	To support SMME development through the implementation of the FBDM SMME support policy by 2015/2016	Sustained and growing SMMEs.	Implementation of SMME Development Policy • Direct support • Promotion of SMMEs • Skills development
	To develop incentive policies for LMs 2015/16	Packaged incentives for sector and SMME development	Four (4) LMs policies
	To support the EPWP concept/initiatives in the District by 2015/2016	Increased employment through EPWP projects	• Packaging of 3 projects for 3 LMs • Implementation of 1 district project
	To coordinate and support LED structures by 2015/2016	Coordination of support to emerging farmers and mining sector	Functional LED forum and committees

Jobs Created during 2015/16 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)				
2013/14	15	0	15	Registers
2014/15	15	0	15	Registers
2015/16	0	0	0	n/a

Employees: Local Economic Development / Tourism Services					
Job Level	2014/15	2015/16			
	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	5	5	5	0	0
14 - 18	1	1	1	0	0
19 - 26	0	0	0	0	0
Interns	11	16	15	0.05	0
Total	**7**	**7**	**7**	**0.05**	**0**
Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

Financial Performance 2015/16: Local Economic Development Services R'000					
Details	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	1 964	2 780	2 780	2 542	-9%
Repairs and Maintenance	92		–	–	–
Other*	2 339	3 445	3 445	2 758	-25%
Total Operational Expenditure	4 395	6 225	6 225	5 300	-17%
Net Operational Expenditure	4 395	6 225	6 225	5 300	-17%

3.3 Corporate Services

3.3.1 Environmental Health

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
Promote and support sustainable municipal health and environmental planning and management in the district	To render effective and sustainable municipal health services in the District by 2015/2016	Improved drinking water quality	Magareng,Dikgatlong
		Compliant food and non-food premises	Magareng, Dikgatlong
	To render effective and sustainable environmental planning and management in the district by 2015/2016	Trained food handlers	Magareng, Dikgatlong
		Environmental awareness programmes	Magareng Dikgatlong
		Updated atmospheric emissions inventory	District
		Implemented air quality strategies	District

Municipal health awareness campaigns

The Environmental Health Unit conduct health awareness campaigns to make the communities conscious of the impact of diseases or environmental risks and provided information on how to eradicate or mitigate these diseases or environmental risks in their immediate environments. The objective of the campaigns are to improve or protect health through behavioural, biological, socio-economic and environmental changes. The Environmental Health Practitioners (EHPs) invited members of the public to participate and to encourage others to participate.

HIV/Aids, TB and STI campaigns

Environmental Health Practitioners (EHPs) in collaboration with the Department of Health and NGOs continue to conduct 14 campaigns at schools, clinics and in communities trying to mitigate the impact that HIV/Aids and TB have on the health and well-being on residents. Pamphlets and condomns are also distributed amongst the attendees during these campaigns.

Water quality monitoring

444 water samples were collected in Magareng and Dikgatlong local municipalities. The water quality in Magareng has improved significantly as a result of interventions by the local municipality. The Vaal Gamagara Quality Control Laboratory Sedibeng Water Laboratory was also opened during 2016 by the Minister of Water and Sanitation at Vaalgamagara. This is the first accredited quality control laboratory in the region and will help municipalities to meet the Blue Drop certification standards.

Employees: Environmental Health Services					
Job Level	2014/15	2015/16			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13*	3	4	4	0	0
14 - 18	1	1	1	0	0
19 - 26	0	0	0	0	0
Total	**4**	**5**	**5**	**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.					
* *New Environmental Health Practitioner was created(5 May 2015 council resolution)*					

Financial Performance 2015/16: Environmental Health Services R'000					
Details	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3 000	-	-	-	-
Expenditure:					
Employees	1 744	2 154	2 154	2 002	-8%
Repairs and Maintenance	–	20	3	3	-641%
Other[1]	947	493	713	482	-2%
Total Operational Expenditure	2 692	2 667	2 870	2 488	-7%
Net Operational Expenditure	(308)	2 667	2 870	2 488	-7%

Special Projects 2015/16: Environmental Health Services R' 000					
Special Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	**100**	**0**	**62**	**38%**	**62**
Sanitation campaigns	10	0	10	2%	46
Waste management campaigns	40	0	22	44%	22
Air quality projects	50	0	30	40%	30

Sanitation campaigns

Sanitation is the study and application of procedures and measures designed to protect public health and in the provision of clean water and the disposal of sewage and waste. 14 Campaigns were conducted at schools and in the communities to sensitise the learners and community members on the effects of poor sanitation practices and the different diseases that can be contracted as a result thereof. They were encouraged to practice good sanitation practices and to maintain sanitation facilities.

Waste management campaigns

The dumping of waste by the community on open spaces isn't just insightful but creates breeding places for rodents which are carriers of diseases. 10 campaigns were conducted to clean-up some of these areas. Community members and learners are encouraged to keep their environments clean and not to burn waste.

Air quality management

The municipality is the air emissions licensing authority and had to ensure that industries comply with the requirements stipulated in the National Environmental Management: Air Quality Act, 2004. Five atmospheric emissions licenses were revised and one (1) final atmospheric emissions license was issued after the applicant complied with all the requirements. Six awareness campaigns were conducted at schools and in the communities on the different air quality pollutants, their effects and control measures. An air quality management workshop was conducted in Delportshoop where the community and especially the youth, were sensitised on climate change and mitigation measures to minimise the effect of air pollution on human health and the environment. The E-sampler was set-up on the municipal premises to monitor the quality of the ambient air quality.

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

3.3.2 Disaster Management & Fire Fighting

The Sol Plaatje local municipality have its own disaster management unit, while disaster management functions for Magareng, Dikgatlong and Phokwane local municipalities are operated by the Frances Baard District Municipality. Satellite offices have been established in these local municipalities and are manned by disaster practitioners appointed by the district municipality. This was done to ensure that fire and disaster management activities can be implemented with uniformity and to assist the local municipalities in case of any disaster or incident. 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 develop integrated institutional capacity for Disaster Management at three Local Municipalities by 2015/16	Capacitated local municipalities in disaster management	(3)Magareng, Dikgatlong and Phokwane
	To implement Response and Recovery mechanisms as per DDMF to four Local Municipalities by 2015/16	Improved Response and recovery to incident in Local municipalities	(3) Magareng, Dikgatlong and Phokwane
	To develop Institutional capacity and acquire resources for firefighting services for 3 local municipalities in the district by 2015/16	Increased firefighting capacity at 3 Local municipalities	Magareng Dikgatlong Phokwane
	To safeguard council's assets by continuously enhancing and upgrading physical security systems and accessibility by 2015/16	Improved ,upgraded and well maintained security systems	FBDM over a three year term 2012-2016

3.3.2.1 Volunteers

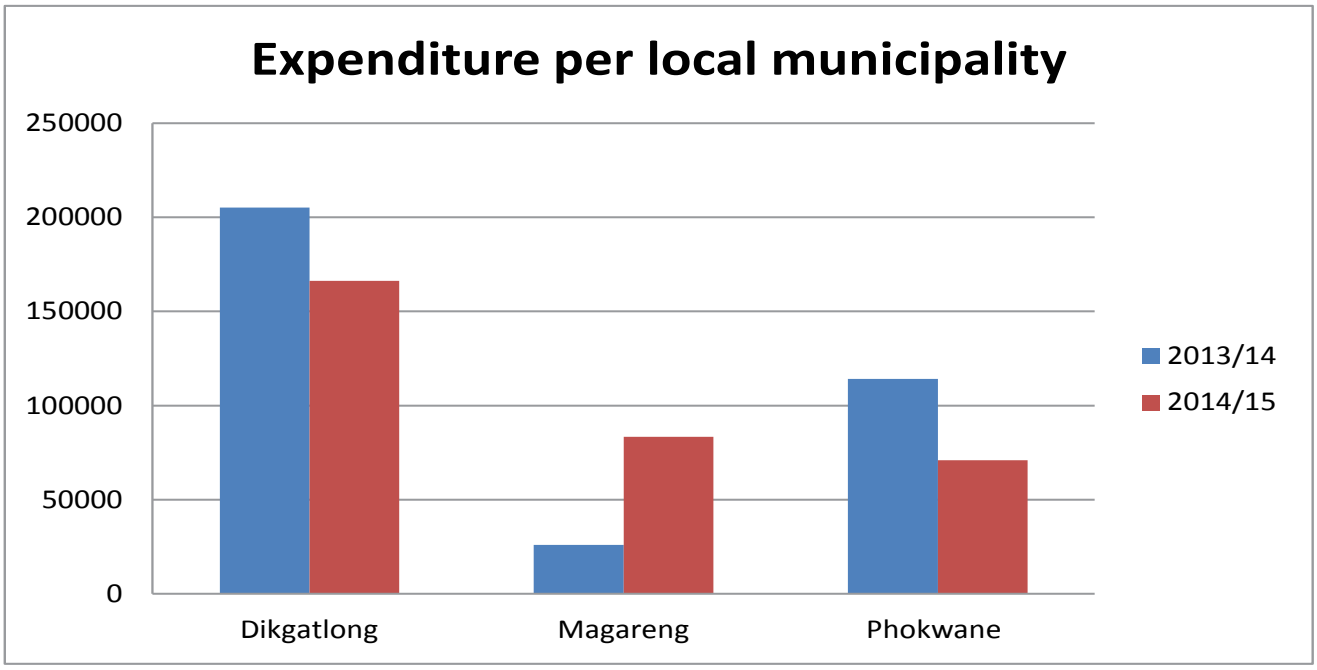
Through the recruitment of disaster management volunteers the capacity and support given to local municipalities was increased.

Municipal Area	Number recruited
Dikgatlong	28
Magareng	15
Phokwane	15

Fifty eight (58) volunteers from the Magareng and Phokwane local municipalities were trained on veld firefighting techniques. The volunteers were trained to strengthen the fire teams which were established within Fire Protection Associations in Dikgatlong, Magareng and Phokwane local municipalities to assist with the fighting of veld fires.

3.4.2.2 Other activities for 2015/16

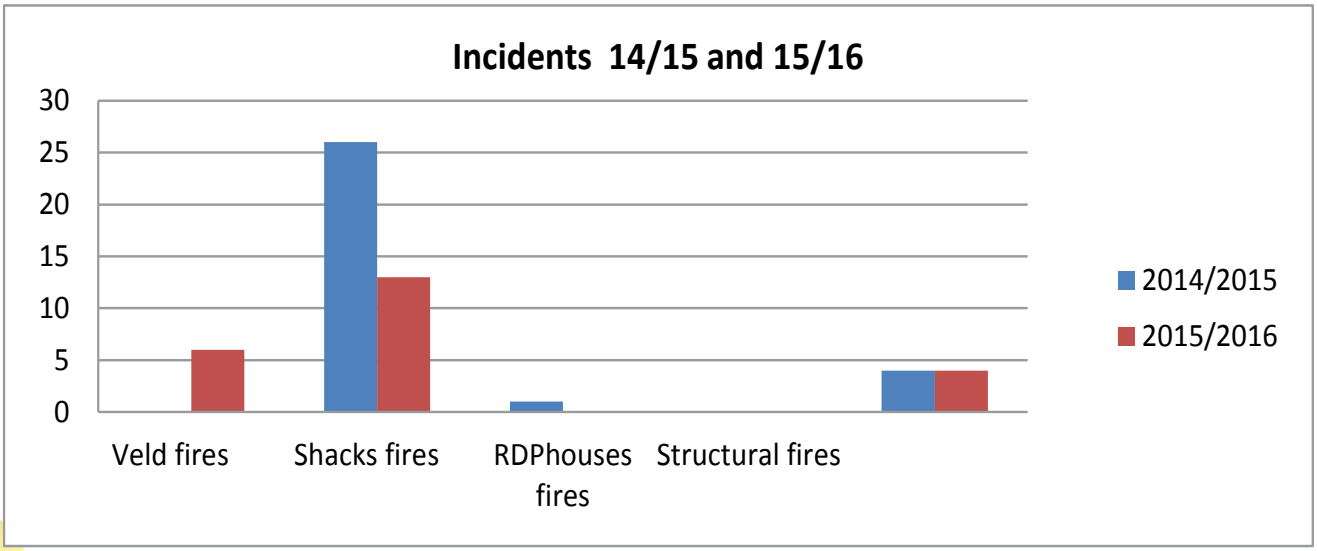
- 100% of the contingency fund for response and recovery was utilized for the rehabilitation and social relief to disaster stricken communities residing within the affected areas of Dikgatlong, Magareng and Phokwane local municipalities. Due to the increase in weather related incidents (gale-force winds and thunderstorms) additional funding had to be provided to assist communities during these incidents;
- All planned safety awareness and education campaigns were conducted (100%) with all communities within the Magareng, Dikgatlong and Phokwane local municipalities in an attempt to mitigate the number of domestic shack fires and the destruction it causes; and
- 100% spending of the Disaster Conditional Grant.



Types of fires experienced in 2015/16	Number
Shack fires	16
Veld fires	6
Structural fires (RDP houses)	0
Structural fires (Privately owned)	4
Weather related incidents	4

3.3.2.3 Contingency Fund

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

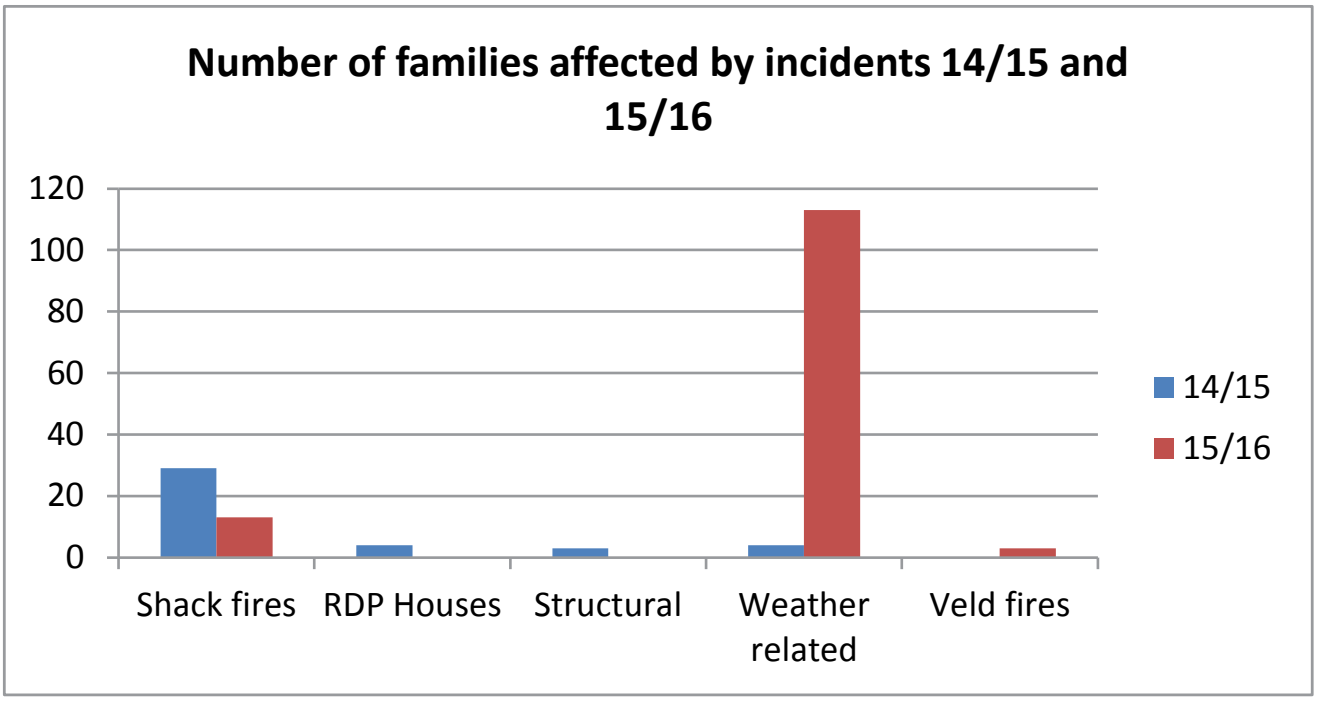


The incident graph above show the total expenditure for 2014/15 and 2015/16 financial years in terms of assistance given to the Magareng, Dikgatlong and Phokwane local municipalities.

The 2015/16 graph (below) shows that there was an increase in incidents and assistance given to destitute families in the Magareng, Phokwane and Dikgatlong local municipalities. The only incidents that shows a decrease was the occurrence in shack fires.

Expenditure per municipality from the contingency fund is as follows:

Dikgatlong	83%
Phokwane	5%
Magareng	12%



3.3.2.4 Achievements

Integrated institutional capacity for disaster risk management in the District

- The appointment of the disaster management coordinators in the local municipalities has improved the coordination of disaster management at local level. This also improved the turnaround time to assess and assist communities after an incident or emergency. A conscious decision on the part of the district municipality was taken to strengthen the disaster management function at local municipal level and to respond to the legislative mandate that local municipalities must be supported.
- Increase in the capacity and support to local municipalities through the recruitment of disaster management volunteers (20 for Magareng; 20 for Dikgatlong; and 20 for Phokwane municipalities). Fifteen (15) volunteers from Magareng, 28 volunteers from Dikgatlong and 15 from Phokwane municipalities were trained.
- 100% of the NEAR conditional grant was spent.

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.

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

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

District Disaster Management Centre (DDMC)

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

Employees: Fire Fighting & Disaster Management Services					
Job Level	2014/15	2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0
4 - 8	5	5	5	0	0
9 - 13	4	5	3	0.43	9%
14 - 18	1	1	1	0	0
19 - 26	0	0	0	0	0
Total	**10**	**11**	**9***	**0.43**	**4%**
* 1 x unfunded post					

Financial Performance 2015/16: Fire Fighting & Disaster Management Services R'000					
Details	**2014/15**	**2015/16**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	315	630	700	350	-80%
Expenditure:					
Fire fighters	–	–	–	–	–
Other employees	2 960	3 629	3 629	3 181	-14%
Repairs and Maintenance	132	200	203	134	-50%
Other [1]	1 724	3 003	2 672	1 803	-67%
Total Operational Expenditure	**4 815**	**6 833**	**6 504**	**5 118**	**-34%**
Net Operational Expenditure	**4 500**	**6 203**	**5 804**	**4 768**	**-30%**

Capital Expenditure 2015/16: Fire Fighting & Disaster Management Services R' 000					
Capital Projects	**2015/16**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All	**2 714**	**1 628**	**0**	**100%**	**1 628**
Procurement of 10 000L water tanker *	2 714	1 628	0	100%	1 628

** The tender proposals submitted were exclusive of VAT and therefore had to be re-advertised. As a result the project was rolled over to the 2016/17 FY.*

Special Projects 2015/16: Fire Fighting & Disaster Management Services R' 000					
Special Projects	**2015/16**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All	**441**	**520**	**924**	**-110%**	**924**
Volunteer Training	81	0	78	4%	78
Contingency Fund	360	520	846	-135%	846

The project listed above is explained as follows:

Volunteer Training

The volunteers trained are as follows:

Municipal area	Number of trainees
Dikgatlong	28
Magareng	15
Phokwane	15

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

Contingency Fund

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 870,000 and is broken down per municipal area as follows:

Municipal area	Assistance provided (R)
Magareng	45,456
Dikgatlong	702,199
Phokwane	98,314

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 is made up of 27 members - 11 female, 16 male.

The Executive Mayor is the political head of the municipality and fulfils this governance with her 27 member council. Sixteen (16) of these councillors are representives of the category B municipalities in the district and 10 councillors were elected through proportional representation. The Mayoral Committee's main function is to ensure integration of the work of the Council across all committees and departments. The Speaker is a councillor elected as chairperson of the Municipal Council as per legislation and presides over the meetings of council. The Speaker is responsible for the discipline of councillors in terms of the Code of Conduct of Councillors and ensures the effective functioning of business of council and its committees.

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

The municipality has a consitutional obligation to:

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

The district municipality is not responsible for the provision of bulk electricity and water to category B municipalities as this falls under the jurisdiction of these municipalities in terms of powers and functions determined by the MEC responsible for local government in the Municipal Structures Act. The housing function remains the functions of the provincial department and the district municipality is still only accredited on level 2.

Employees: The Executive and Council					
Job Level	2014/15	2015/16			
	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*	1	2	2	0	0
9 - 13**	6	7	6	0.43	6%
14 - 18	2	2	2	0	0
19 - 26	0	0	0	0	0
Total	**9**	**11**	**10**	**0.43**	**4%**
* 1 x new post ** 1 x currently pending Labour Appeal Court decision					

Financial Performance 2015/16: The Executive and Council R'000					
Details	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	4 733	–	500	388	100%
Expenditure:					
Employees	14 928	17 757	17 757	17 393	-2%
Repairs and Maintenance	99	257	257	89	-190%
Other [1]	**4 220**	**8 002**	**8 645**	**4 812**	**-66%**
Total Operational Expenditure	**19 248**	**26 016**	**26 659**	**22 294**	**-17%**
Net Operational Expenditure	**14 515**	**26 016**	**26 159**	**21 906**	**-19%**

3.4.2 Human Resource Services

Goal	Objectives	Outcome	
		Indicator	Target
To provide a fully effective human resources management function to the district and support to local municipalities	To ensure human resources management support to all departments at Frances Baard District Municipality by 2015/16	Each department managing independently with minimal hands on support	2015/16 (100%)
	To provide assistance and support on human resources management to three local municipalities (Magareng, Phokwane and Dikgatlong) by 2015/16	Each local municipality managing independently and with minimal hands on support	2015/16 (100%)

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

Employees: Human Resource Services					
Job Level	2014/15	2015/16			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13	3	4	3	0.21	5%
14 - 18	1	1	1	0	0
19 - 26	0	0	0	0	0
Total	**4**	**5**	**4**	**0.21**	**4%**
Employees and posts numbers are as at 30 June. Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

Financial Performance 2015/16: Human Resource Services R'000					
Details	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	1 440	2 081	2 081	2 257	8%
Repairs and Maintenance	–	–	–	–	–
Other [1]	1 945	2 426	2 553	1 741	-39%
Total Operational Expenditure	**3 385**	**4 507**	**4 634**	**3 999**	**-13%**
Net Operational Expenditure	**3 385**	**4 507**	**4 634**	**3 999**	**-13%**

3.4.3 Information and Communication Technology (ICT) Services

Goal	Objectives	Outcome	
		Indicator	Target
Render an effective and efficient information technology support in the district	To increase and improve ICT infrastructure accessibility by 100 % in three (3) municipalities by 2015/2016	Improved ICT Infrastructure accessibility	100%
	To maintain the disaster recovery plan by ensuring 100% ICT connectivity in three (3) local municipalities by 2015/2016	Maintenance and support of the disaster recovery plan	100%
	To align ICT Governance principles with the objectives of the municipality by 2015/2016	Aligned ICT Governance Framework with the organisational objectives	100%

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

Employees: ICT Services					
Job Level	2014/15	2015/16			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13	2	2	2	0.27	14%
14 - 18	1	1	1	0	0
19 - 26	0	0	0	0	0
Interns	2	2	2	0	0
Total	**3**	**3**	**3**	**0.27**	**9%**

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

Capital Expenditure 2015/16: ICT Services R' 000					
Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	**505**	**202**	**243**	**52%**	**243**
Extended Telephone System	70	-68 [1]	1	50%	1
Replacement of Computers	100	0	48	52%	48
Replacement of Printers	300	-100 [2]	160	20%	160
Replacement of Laptops	35	35	34	3%	34

[1] *Original budget was R70,000 adjusted by R68,000 to R2,000, spent R1,000.*

[2] *Original budget was R300,000 adjusted by R100,000 to R200,000, spent R160,000*

Financial Performance 2015/16: ICT Services R'000					
Details	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	1 646	1 740	1 740	1 463	-19%
Repairs and Maintenance	1 406	978	1 431	1 068	8%
Other [1]	**1 002**	**1 424**	**1 486**	**958**	**-49%**
Total Operational Expenditure	**4 054**	**4 142**	**4 657**	**3 489**	**-19%**
Net Operational Expenditure	**4 054**	**4 142**	**4 657**	**3 489**	**-19%**

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
Provide an effective and efficient financial management service in respect of municipal assets, liabilities, revenue and expenditure in a sustained manner to maximise the district municipality's developmental role.	Ensure long term financial sustainability by 2015/2016	Sound financial management according to best practices	100% compliance
	Ensure full compliance with all accounting statutory and legislative requirements by 2015/16	Compliance with legislation and related guidelines from NT	100% compliance
	Ensuring proper systems of supply chain management by 2015/2016	Compliance with legislation and related guidelines from NT	100% compliance
	Ensure effective debt collection and implementation of revenue generating strategies by 2015/2016	Maximise debt collection and revenue generating strategies	100% collection rate on grants & other sundry
	Ensure the proper management of cash resources to meet financial liabilities by 2015/2016	Efficient and effective management of the municipality's available resources	100% Effectiveness
	Provide financial management support to four local municipalities by 2015/2016	Financially sound and self-sustained local municipalities	100% as per need requirement

Employees: Financial Services					
Job Level	2014/15	2015/16			
	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	5	5	5	0	0
9 - 13	8	9	9	0	0
14 - 18	4	4	4	0	0
19 - 26	0	0	0	0	0
Interns	5	5	5	0	0
Total	**17**	**18**	**18**	**0**	**0**

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

Financial Performance 2015/16: Financial Services R'000					
Details	**2014/15**	**2015/16**			
	Actual	**Original Budget**	**Adjustment Budget"**	**Actual**	**Variance to Budget**
Total Operational Revenue	92 168	94 336	102 338	101 248	7%
Expenditure:					
Employees	7 866	7 761	9 895	8 875	13%
Repairs and Maintenance	657	803	1 507	1 347	40%
Other [1]	**8 900**	**11 824**	**14 506**	**11 354**	**-4%**
Total Operational Expenditure	**17 423**	**20 389**	**25 907**	**21 577**	**6%**
Net Operational Expenditure	**(74 745)**	**(73 947)**	**(76 431)**	**(79 671)**	**7%**

Year on Year Comparison Report of FBDM's Annual Institutional Performance for 2014/15 FY and 2015/16 FY.

KPI (DESCRIPTION)	2014/15 FY PERFORMANCE		MITIGATION STEPS TAKEN	2015/16 FY PERFORMANCE		REASONS FOR UNDER-PERFORMANCE	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE		TARGET	ACTUAL PERFORMANCE		
KPA 1: SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.				**KPA 1: SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.**			
1.1 Improved access to sustainable basic services in the district				**1.1 Improved access to sustainable basic services in the district**			
KPI 1: Percentage support and assistance in identification, prioritisation and review of projects.	100%	100%	N/A	4 (100%)	4 (100%)	N/A	N/A
KPI 2: Actual spending and %progress in the provision of portable water to households in the district for the 2014/15 FY.	R 6 800 000.00 (100%)	R 5 692 837.00 (86%)	1) Council adopted a policy on project funding allocations and assistance to the local municipalities. According to the policy FBDM enters into a MOA with the local municipalities in order to monitor projects and take decisive steps if funding has not been spend. 2) FBDM issues reminders to the local municipalities on monthly basis regarding project progress and provides assistance to ensure implementation of projects.	R 13 050 000.00 (100%)	R 9 458 439.00 (76%)	Under-performance on Phokwane project Guldenskat. Local municipality did not appoint service provider on time. Under-performance on Dikgatlong project: water reticulation. Second phase of project could not start on time.	Funds rolled over. Improved monitoring through monthly meetings with the municipalities. Funds rolled over. Contractor appointed in Nov 2016. Improved monitoring through monthly meetings with the municipalities.
KPI 3: Amount (R)/% spent in the provision of sanitation to households in the district.	R 8 980 000.00 (100%)	R 8 484 681.00 (100%) **NB! Project(s) completed with a saving.**	N/A	R 16 290 000.00 (100%)	R 14 997 494.00 (96%)	Under-performance on Phokwane project Guldenskat. Local municipality did not appoint service provider on time.	Funds rolled over. Improved monitoring through monthly meetings with the municipalities.
KPI 4: Actual spending and %progress in the provision of electricity to households in the district for the 2014/15 FY	R 2 700 000.00 (100%)	R 2 218 170.00 (84%)	1) Similar steps as KPI 2 above were taken. 2) Project was completed in the 1st quarter of the 2015/16 FY with a saving of R119 359.00	R 320 000.00 (100%)	R 200 641.00 (100%) **NB! Project(s) completed with a saving.**	N/A	N/A
KPI 5: Actual spending and %progress on road related projects in the local municipalities of the district for the 2014/15 FY	R 2 000 000.00 (100%)	R 1 051 200.00 (53%)	1) Similar steps as KPI 2 above were taken. 2) This and other related projects were completed in the 2015/16 FY with a saving of R121 375.00	R 1 654 400.00 (100%)	R 1 533 025.00 (100%) **NB! Project(s) completed with a saving.**	N/A	N/A
KPI 6: Amount (R) % spent on support to L/M's in maintenance of municipal infrastructure in the district.	R 10 000 000.00 (100%)	R 9 988 122.10 (100%) **NB! Project(s) completed with a saving.**	N/A	R10 000 000.00 (100%)	R 9 997 785.00 (100%) **NB! Project(s) completed with a saving.**	N/A	N/A

KPI (DESCRIPTION)	2014/15 FY PERFORMANCE		MITIGATION STEPS TAKEN	2015/16 FY PERFORMANCE		REASONS FOR UNDER-PERFORMANCE	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE		TARGET	ACTUAL PERFORMANCE		
KPI 7: Amount (R) % spent on the DORA grant in supporting L/M's with transport planning and rural roads asset management in the district.	**KPI did not exist in the SDBIP of the 2014/15 FY.**			R 2 903 000.00 (100%)	R 2 813 000.00 (100%) **NB! Project(s) completed with a saving.**	N/A	N/A
KPI 8: Amount (R) % spent on Grants (DORA & EPWP) in supporting L/M's in the district.	**KPI did not exist in the SDBIP of the 2014/15 FY.**			R 1 000 000.00 (100%)	R 1000 000.00 (100%)	N/A	N/A
KPI 9: Percentage progress / amount spent on the extension of the existing office buildings in FBDM.	**KPI did not exist in the SDBIP of the 2014/15 FY.**			R 1000 000.00 (100%)	R 473 086.00 (100%) **NB! Project(s) completed with a saving.**	N/A	N/A
KPI 10: Number of jobs created through EPWP targets, achieved as per EPWP incentive agreements. (FTE's)	**KPI did not exist in the SDBIP of the 2014/15 FY.**			7 (100%)	43 (609%)	N/A	N/A
1.2 Facilitation of the creation of sustainable human settlements in the district.				**1.2 Facilitation of the creation of sustainable human settlements in the district.**			
KPI 11: Number of households facilitated in the reduction of the housing backlog.	459 HH (100%)	459 HH (100%)	N/A	457 HH (100%)	338 HH (74%)	Disputes between the contractor and the Department of COGHSTA led to delays in the completion of the project.	The district municipality not involved in the appointment of service providers. This KPI not part of the 2016/17 PMS.
KPI 12: Number / % of consumer education workshops conducted.	**KPI did not exist in the SDBIP of the 2014/15 FY.**			8 (100%)	8 (100%)	N/A	N/A
KPA 2: LOCAL ECONOMIC DEVELOPMENT (LED)				**KPA 2: LOCAL ECONOMIC DEVELOPMENT (LED)**			
2.1 Facilitation of Growth and Diversification of the District Economy.				**2.1 Facilitation of Growth and Diversification of the District Economy.**			
KPI 13: Percentage progress/Number of projects in support of diversification in the district economy for 2015/16.	4 (100%)	4 (100%)	N/A	5 (100%)	5 (100%)	N/A	N/A
KPI 14: Percentage progress/Number of programmes in the facilitation of SMME development by the implementation of the SMME support policy.	100%	100%	N/A	5 (100%)	5 (105.6)	One additional SMME was supported	N/A
KPI 15: Percentage completion of 2 LED incentive policies for local municipalities in the district.	2 (100%)	2 (100%)	N/A	2 (100%)	2 (100%)	N/A	N/A
KPI 16: Percentage support and coordination to LED structures in the district.	4 (100%)	4 (100%)	N/A	3 (100%)	3 (100%)	N/A	N/A

KPI (DESCRIPTION)	2014/15 FY PERFORMANCE		MITIGATION STEPS TAKEN	2015/16 FY PERFORMANCE		REASONS FOR UNDER-PERFORMANCE	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE		TARGET	ACTUAL PERFORMANCE		
2.2 Development of a Vibrant Tourism Sector Economy in the District.				**2.2 Development of a Vibrant Tourism Sector Economy in the District.**			
KPI 17: Percentage support in the development of tourism in the LMs of the district. (Programmes & Projects)	4 (100%)	4 (100%)	N/A	6 (100%)	6 (92%)	The original sites identified for the upgrading of tourism routes were discovered to fall outside the borders of the district. An alternative site to upgrade a heritage site in Magareng was then identified in the third quarter.	Due to the late commencement of the newly identified site, the project was then rolled over to the 2016/17 FY.
KPI 18: Percentage facilitation in the establishment of a vibrant destination brand in the district. (a) Main activities (b) Programmes.	3 (100%)	3 (100%)	N/A	3 (100%)	3 (100%	N/A	N/A
KPI 19: Number of strategic partnerships facilitated between role players in FBDM tourism activities.	3 (85%)	3 (85%)	N/A	4 (100%)	4 (100%)	N/A	N/A
KPA 3: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.				**KPA 3: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.**			
3.1 Environmental Health Management in the District.				**3.1 Environmental Health Management in the District.**			
KPI 20: Percentage improvement of municipal health services. (Quality of drinking water / Magareng & Dikgatlong)	100%	106.7%	N/A	100%	105.9%	Additional water samples were collected, food premises inspected and food handlers trained due to the need thereof.	N/A
KPI 21: Percentage improvement of environmental planning and management in the district.	100%	108.5%	N/A	100%	118.7%	Additional HIV/Aids, air quality management, sanitation and waste management campaigns were conducted due to the need thereof.	N/A
3.2 Disaster Management				**3.2 Disaster Management**			
KPI 22: Percentage disaster management capacity building in 3 local municipalities of the district.	100%	100%	N/A	95%	95%	N/A	N/A
KPI 23: Percentage implementation of response recovery mechanisms for the District. (Three L/M's).	100%	100%	N/A	98%	98%	N/A	N/A
KPI 24: Percentage fire-fighting capacity building in the 3 participating municipalities in the district for the 2014/15 FY.	100%	41.6%	Proper financial planning was done and the project was allocated enough funds in 2015/16 FY.	95%	-	The KPI was not measured due to no requests having been received from the local municipality for repairs on fire-fighting equipment. One project was rolled over due to budget constraints.	
KPI 25: Percentage maintenance and sustainable upgrading of the security systems in FBDM.	80%	68%	The market had to be retested because the initial sourcing of the maintenance of the generator had huge financial implications. The feasibility study was favourable after an assessment of the project and was then finalised in the 2015/16 financial year.	90%	90%	N/A	N/A

KPI (DESCRIPTION)	2014/15 FY PERFORMANCE		MITIGATION STEPS TAKEN	2015/16 FY PERFORMANCE		REASONS FOR UNDER-PERFORMANCE	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE		TARGET	ACTUAL PERFORMANCE		
3.3 Human Resource Development in the district.				**3.3 Human Resource Development in the district.**			
KPI 26: Percentage compliance with HR support functions as required at FBDM.	100%	95.8%	Two vacancies in the HR unit which were not filled within the three months period were filled. One of the positions was the HR Manager and this has improved the efficiency and effectiveness in human resources.	100%	95%	1. The Local Labour Forum did not meet a quorum as expected. 2. Six (6) vacancies were not filled within the prescribed 3 months period.	Schedule of LLF needs to be developed for all members of the LLF.
KPI 27: Percentage compliance with HR capacity building requirements in 3 local municipalities of FBDM district.	100%	100%	N/A	100%	100%	N/A	N/A
3.4 Records Management.				**3.4 Records Management.**			
KPI 28: Percentage compliance with the National Archives Act in FBDM and L/M's in the district for the 2015/16 financial year.	100%	112.5%	N/A	100%	100%	N/A	N/A
KPI 29: Percentage of an effective and cost-efficient office support function rendered to FBDM for 2015/16.	100%	100%	N/A	100%	100%	N/A	N/A
KPI 30: Percentage maintenance rendered to FBDM buildings for the 2015/16 financial year.	100%	100%	N/A	100%	100%	N/A	N/A
3.5 Information Communication Technology (ICT)				**3.5 Information Communication Technology (ICT)**			
KPI 31: Percentage accessibility to improved ICT infrastructure in FBDM and 3 local municipalities of the district in the 2015/16 f/y.	100%	82.5%	The new telephone system was commissioned and the complete product could only be delivered in the first quarter of 2015/16 financial year. The telephone system project has been completed.	95%	58%	Four (4) software licences were not renewed due to insufficient funds.	Improved financial planning to ensure sufficient fund allocation
KPI 32: Percentage maintenance and support to the ICT Disaster Recovery Plan in FBDM and 3 L/M's for the 2015/16 financial year.	80%	50%	There is a need to strengthen internal ICT function in local municipalities in order for the support to be realised. The district municipality is planning to strengthen its internship programme to assist in this regard. This will be realised in the 2016/17 financial because of the MSCOA project that is underway.	100%	30%	1. ICT district forum meetings did not take place as scheduled due to the non-availability of members. 2. No action plan was drafted after the ICT assessments were conducted in the LM's.	MOU will be entered into with local municipalities to ensure better coordination of GIS support services
KPI 33: Percentage alignment of municipal IT objectives with governance IT principles for the 2015/16 financial year.	100%	75%	Assistance will be solicited from COGHSTA and SALGA to review the ICT Master Plan and the IT governance framework in line with	100%	15%	The ICT governance framework and master plan were not reviewed due to the non-establishment of the review committee.	ICT governance framework and master plan will be reviewed in the 2016/17 FY following the King IV report.

KPI (DESCRIPTION)	2014/15 FY PERFORMANCE		MITIGATION STEPS TAKEN	2015/16 FY PERFORMANCE		REASONS FOR UNDER-PERFORMANCE	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE		TARGET	ACTUAL PERFORMANCE		
			intergovernmental relations principles				
3.6 Integrated Development Planning (IDP)				**3.6 Integrated Development Planning (IDP)**			
KPI 34: Percentage facilitation of IDP processes in the district for the 2015/16 FY in compliance with legislation and policies. (District IDP Framework & LMs Process Plans).	100%	100%	N/A	100%	100%	N/A	N/A
KPI 35: Percentage of the district IDP and sector plans in the district reviewed for the 2015/16 financial year.	100%	100%	N/A	5 (100%)	5 (100%)	N/A	N/A
3.7 Performance management (PMS)				**3.7 Performance management (PMS)**			
KPI 36: Percentage compliance with the implementation of a fully compliant institutional performance management system in the local municipalities in the district. (Capacity Building)	50%	50%	N/A	100%	100%	N/A	N/A
KPI 37: Percentage compliance with a functional institutional performance management system in FBDM for 2015/16 FY.	100%	100%	N/A	100%	100%	N/A	N/A
3.8 Town and Regional Planning				**3.8 Town and Regional Planning**			
KPI 38: Percentage facilitation of the development of urban areas in accordance with approved spatial plans. (3 LMs)	100%	100%	N/A	100%	75%	The DMPT did not take place for three quarters, due to the non-appointment of the chairperson of the DMPT.	Chair person was appointed, processing of zoning applications will be expedited in 2016/17 FY
KPI 39: Percentage implementation and review of the spatial development framework of the district. (Sol Plaatje)	100%	100%	N/A	100%	100%	N/A	N/A
KPI 40: Percentage facilitation of the preparation of township establishments (Lay-out Plans) in local municipalities. (2 LMs)	100%	KPI not measured. EIA report required studies to be undertaken	N/A	2 (100%)	2 (100%)	N/A	N/A
3.9 Geographical Information System (GIS)				**3.9 Geographical Information System (GIS)**			
KPI 41: Percentage implementation of GIS integrated services in the district for the 2015/16 FY.	100%	100%	N/A	100%	100%	N/A	N/A

KPI (DESCRIPTION)	2014/15 FY PERFORMANCE		MITIGATION STEPS TAKEN	2015/16 FY PERFORMANCE		REASONS FOR UNDER-PERFORMANCE	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE		TARGET	ACTUAL PERFORMANCE		
KPI 42: Accessibility to GIS as an essential management and planning tool for the 2015/16 FY.	100%	100%	N/A	100%	90.6%	Three trainings scheduled for the LM's on the GIS website did not take place as per the schedule, due to the unavailability of officials in the LM's.	MOU will be entered into with local municipalities to ensure better coordination of GIS support services
KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION				**KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**			
4.1 Communication				**4.1 Communication**			
KPI 43: Number of communication activities implemented in order to sustain a positive public opinion about service delivery in the district.	7/100%	6/84.1%	The CFS customer feedback system was replaced with manual system to prevent the municipality from incurring unnecessary costs.	100%	100%	N/A	N/A
KPI 44: Number of communication programmes facilitated to improve on the collaboration of government activities to achieve effective communication networks in the district.	2/100%	2/75%	The PPP schedule is developed for the entire year and tabled in Council for approval in order for Council to pass a resolution on the dates.	100%	75%	The under-performance in this KPI is as a result of the four (4) public participation meetings that failed to take place due to the none-availability of the political principles.	Closer liaison with political office staff to ensure that dates of meetings are prioritised by political principals.
KPI 45: Percentage implementation of a support plan for staff morale and motivation in FBDM.	100%	60%	The review of the internal communication plan was made to ensure that scheduled are adhered to on all internal communication strategies to interact with staff. This included walkabouts by the accounting officer. The schedule was adhered to in the 2015/16 financial year.	100%	100%	N/A	N/A
KPI 46: Percentage compliance with legislative procedures and requirements regarding community participation in terms of planning, budgeting, implementation, monitoring and reporting for the 2015/16 financial year.	100%	100%	N/A	100%	100%	N/A	N/A
4.2 Risk management.				**4.2 Risk management.**			
KPI 47: Percentage assistance and guidance regarding internal risk management processes in FBDM for the 2015/16 financial year.	100%	100%	N/A	100%	106.3%	Additional audit & risk committee meetings took place due to the need thereof.	N/A
4.3 Internal Audit				**4.3 Internal Audit**			

KPI (DESCRIPTION)	2014/15 FY PERFORMANCE		MITIGATION STEPS TAKEN	2015/16 FY PERFORMANCE		REASONS FOR UNDER-PERFORMANCE	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE		TARGET	ACTUAL PERFORMANCE		
KPI 48: Percentage compliance with quarterly assessments to evaluate and contribute to the establishment of effective control processes in the district. (FBDM & LM's)	100%	77%	The parties to the shared-service (support service) decided to regulate their relationship through a service level agreement to ensure efficiency, effectiveness and cooperation on all internal auditing processes across the board. The SLAs have since been signed in the 2015/16 financial year between Frances Baard district and Dikgatlong, and Magareng local municipalities.	100%	128.6%	The over performance in this KPI is due to the three(3) additional special Audit Committee meetings that took place due to the need thereof.	N/A
KPI 49: Percentage capacity building and support in internal audit within the local municipalities in the district.	100%	64%	The parties to the shared-service (support service) decided to regulate their relationship through a service level agreement to ensure efficiency, effectiveness and cooperation on all internal auditing processes across the board. The SLAs have since been signed in the 2015/16 financial year between Frances Baard district and Dikgatlong, and Magareng local municipalities.	100%	100%	N/A	N/A
4.5 Legal and compliance				**4.5 Legal and compliance**			
KPI 50: Percentage implementation of procedures for comprehensive legal services in FBDM for the 2015/16 FY.	**KPI did not exist in the SDBIP of the 2014/15 FY.**			100%	100%	N/A	N/A
KPI 51: Percentage legal assistance with contracts in FBDM and the L/M's in the district.	**KPI did not exist in the SDBIP of the 2014/15 FY.**			100%	100%	N/A	N/A
4.5 Council and committee services				**4.5 Council and committee services**			
KPI 52: Percentage administrative support to Council and its committees within FBDM for the 2015/16 FY.	**KPI did not exist in the SDBIP of the 2014/15 FY.**			100%	100%	N/A	N/A
KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT				**KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT**			
KPI 53: Percentage compliance with the implementation of sound financial practices to ensure long-term financial stability.	100%	100%	N/A	100%	100%	N/A	N/A
KPI 54: Percentage compliance with all financial legislative requirements and related guidelines from National	100%	100%	N/A	100%	100%	N/A	N/A

KPI (DESCRIPTION)	2014/15 FY PERFORMANCE		MITIGATION STEPS TAKEN		2015/16 FY PERFORMANCE		REASONS FOR UNDER-PERFORMANCE	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE			TARGET	ACTUAL PERFORMANCE		
Treasury.								
KPI 55: Percentage compliance with the legislative requirements for a sound supply chain management system and stores function in the municipality.	100%	100%	N/A		100%	100%	N/A	N/A
KPI 56: Percentage implementation of debt collection and revenue generating strategies for the 2015/16 financial year.	100%	100%	N/A		100%	100%	N/A	N/A
KPI 57: Percentage compliance with the effective management of Council's financial/cash resources.	100%	100%	N/A		100%	100%	N/A	N/A
KPI 58: Percentage support to L/M's with financial management in developing financially self-sustained municipalities in the district.	100%	100%	N/A		100%	100%	N/A	N/A

Chapter 4 - Organisational Development Performance

4.1 Introduction

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

Technological advances that the municipality made was to introduce an integrated human resources management systems namely HR Premier Solutions and the Employee Self Service (ESS). The Employee Self Service (ESS) provides an employee-friendly web interface which offers workflow functionality of leave and the HR premier system offers a logical and integrated extension to the Premier Payroll system. Premier HR follows a position driven design principle which allows for the integration of all related HR processes. Both systems are linked and integrated with the VIP payroll.

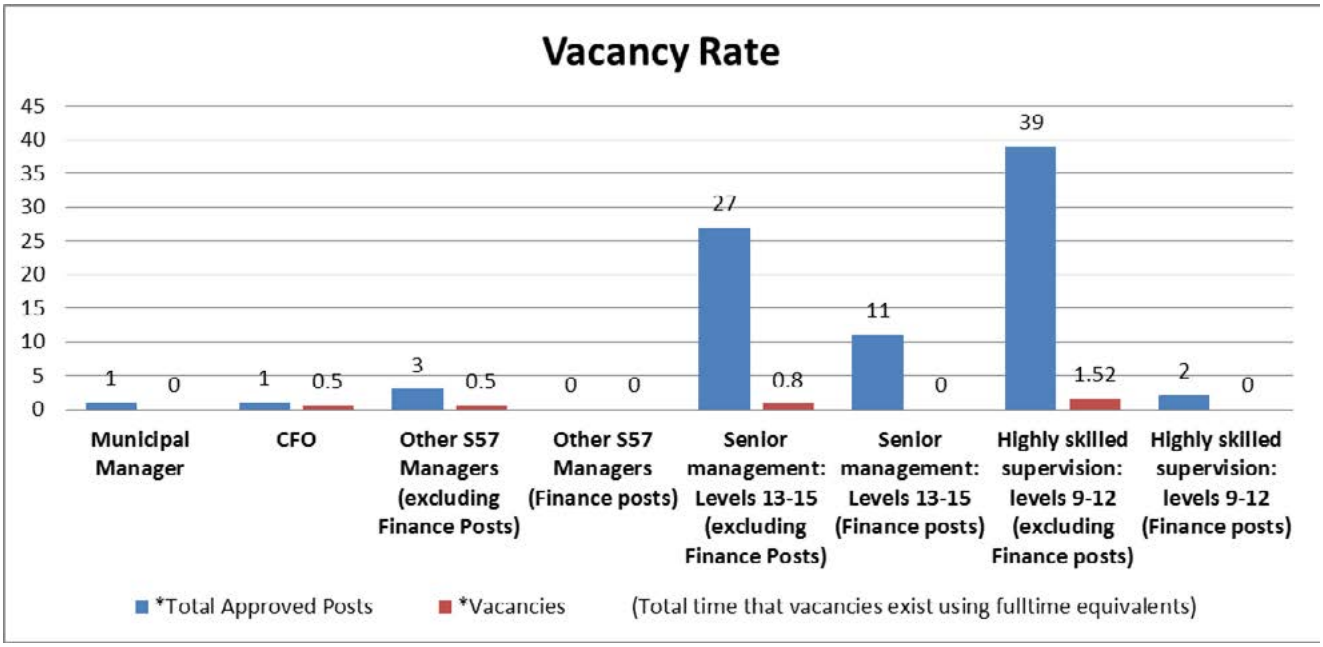
Through its labour relations activities the municipality continues to promote sound labour relations with employers, employees and their representatives to eliminate labour unrest and promote a peaceful working environment. Recruitment and selection of scarce and critical skills remains a challenge, in particular turn-around time in filling these vacancies. The turn-around time in filling vacancies is three months and as a municipality we are obligated to abide by those time frames. The Employment Equity Act, Act (55 of 1998) requires all employers to comply with its prescripts, in particular redressing the imbalances of the past and annual submission of employment equity reports. Although the district municipality is challenged to ensure that it meets its targets as stipulated in the Employment Equity Plan it is still complying with the Act and is in line with the set prescripts through its affirmative action policy.

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

Employees					
Description	2014/15	2015/16			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Housing Services	10	10	9	1	10%
Programme Management & Advisory Services	7	7	6	1	14%
Town & Regional Planning Services	3	3	3	0	0%
Geographic Information System Services	2	2	2	0	0%
Local Economic Development Services	23	23	23	0	0%
Environmental Health Services	4	5	5	0	0%
Fire Fighting & Disaster Management	9	10	9	1	10%
Executive & Council [1]	22	31	30	1	3%
Corporate & Human Resource Services	27	30	28	2	7%
ICT Services	5	5	4	1	20%
Financial Services	24	25	23	2	8%
Totals	**136**	**151**	**142**	**9**	**5.96%**

1 *Executive & Council consist of the Executive Mayor, speaker, 5 Mayorial committee members and staff. One(1) is unfunded.*

Vacancy Rate: 2015/16			
Designations	**Total Approved Posts** **No.**	**Vacancies (Total time that vacancies exist using full-time equivalents)** **No.**	**Vacancies (as a proportion of total posts in each category)** **%**
Municipal Manager	1	0	0
CFO	1	0.5	50
Other S57 Managers (excluding Finance Posts)	3	0.5	16.67
Other S57 Managers (Finance posts)	0	0	0
Senior management: Levels 13-15 (excluding Finance Posts)	27	0.8	2.96
Senior management: Levels 13-15 (Finance posts)	11	0	0
Highly skilled supervision: levels 9-12 (excluding Finance posts)	39	1.52	3.90
Highly skilled supervision: levels 9-12 (Finance posts)	2	0	0
Total	**84**	**3.32**	**3.95**



Turn-over Rate			
Details	**Total Appointments as of beginning of Financial Year No.**	**Terminations during the Financial Year No.**	**Turn-over Rate**
2013/14	12	21	175%
2014/15	27	12	44%
2015/16	24	19	79%

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 2015/2016, FBDM had exceeded the norm by 8%. This 43% (R 58,731,330) includes among others the remuneration of both Councillors and Officials.

Expenditure above the norm on workforce expenditure is attributed by the appointment of scarce and critical skills within the Municipality due to its outward looking approach by attracting and appointing highly skilled technical personnel to support the local municipalities within the district area. This was done to address the challenge of shortage of scarce skills / expertise such as engineers, IDP professionals, internal auditors, housing, finance related personnel, etc. as well as the annual increase (7%) that was implemented on 1 July 2015 for the 2015/2016 financial year.

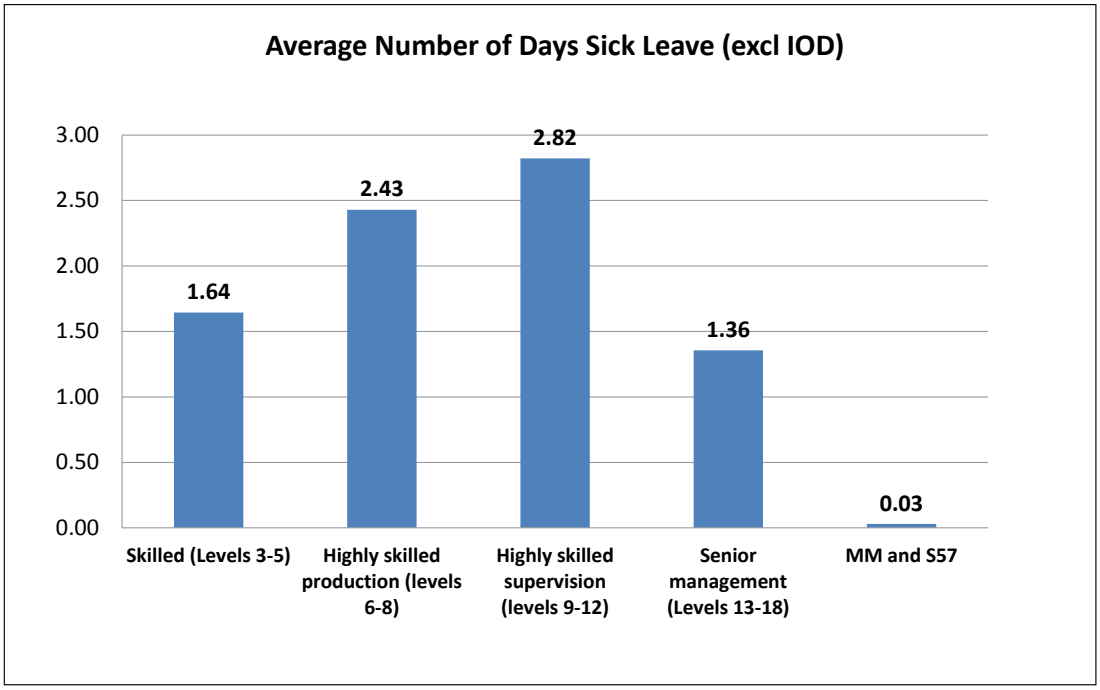
HR Policies and Plans				
	Name of Policy	**Completed %**	**Reviewed %**	**Date adopted by council or comment on failure to adopt**
All human resources policies were review and adopted by council on the 23 September 2015 review. Policies that were reviewed and adopted:				
1	Recruitment and selection policy	100%	100%	23 September 2016
2	Study assistance policy	100%	100%	23 September 2016
3	Leave policy	100%	100%	23 September 2016
4	Employee assistance policy	100%	100%	23 September 2016
5	Smoking policy	100%	100%	23 September 2016
6	Sexual harassment policy	100%	100%	23 September 2016
7	HIV/AIDS policy	100%	100%	23 September 2016
8	Long service awards policy	100%	100%	23 September 2016
9	Occupational health and safety policy	100%	100%	23 September 2016
10	Employment equity policy			23 September 2016
11	Performance management policy	100%	100%	23 September 2016
12	Cellular phone policy staff and councillor bereavement and hospitality policy	100%	100%	23 September 2016

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**
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	33	5	15.15%	6.6	1 344
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	**33**	**5**	**15.15%**	**6.6**	**1 344**

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**
Skilled (Levels 3-5)	222	0%	28	39	1.60	91
Highly skilled production (levels 6-8)	328	0%	23	33	2.36	319
Highly skilled supervision (levels 9-12)	381	0%	49	40	2.74	582
Senior management (Levels 13-18)	183	0%	15	20	1.32	444
MM and S57	4	0%	1	3	0.03	16
Total	**1 118**	**0%**	**116**	**135**	**8.28**	**1 452**

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



Number and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finalised**
Information technology Intern	Violation of privacy & dignity of some colleagues	15 June 2016	Matter in progress	Matter in progress

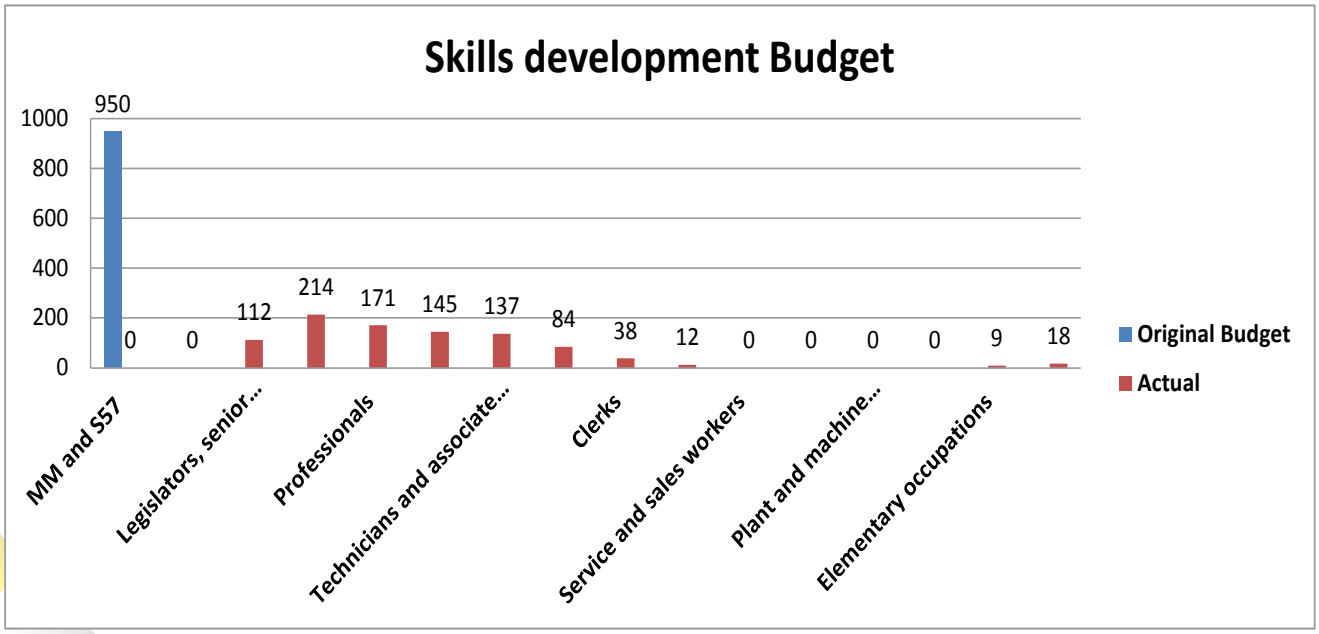
Disciplinary Action Taken on Cases of Financial Misconduct			
Position	**Nature of Alleged Misconduct and Rand value of any loss to the municipality**	**Disciplinary action taken**	**Date Finalised**
None			

Performance Rewards By Gender					
Designations	**Beneficiary profile**				
	Gender	**Total number of employees in group**	**Number of beneficiaries**	**Expenditure on rewards 2014/15 (R)**	**Proportion of beneficiaries within group %**
MM and S57	Female	2	2	*405 257	100%
	Male	2	2	208 010	100%
Total					
Has the statutory municipal calculator been used as part of the evaluation process ?					Yes

** Performance bonus for the municipal manager was paid out for two years. That is the reason for the high amount.*

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	0	0	0	0	0	0
Chief financial officer	1	0	1	0	0	0
Senior managers	0	0	0	0	0	0
Any other financial officials	3	0	3	0	0	0
Supply Chain Management Officials						
Heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	4	0	4	0	0	0
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						

Skills Development Expenditure R'000							
Management level	**Gender**	**Employees as at the beginning of the financial year**	**Original Budget and Actual Expenditure on skills development for 2015/16**				
			Learnerships	**Skills programmes & other short courses**	**Other forms of training**	**Total**	
		No.	**Actual**	**Actual**	**Actual**	**Original Budget**	**Actual**
MM and S57	Female	1	0	0	0		0
	Male	2	0	0	0		0
Legislators, senior officials and managers	Female	18	0	112	0		112
	Male	33	0	214	0		214
Professionals	Female	20	0	171	0		171
	Male	15	0	145	0		145
Technicians and associate professionals	Female	18	0	137	0		137
	Male	13	0	84	0		84
Clerks	Female	25	0	38	0	950	38
	Male	14	0	12	0		12
Service and sales workers	Female	0	0	0	0		0
	Male	0	0	0	0		0
Plant and machine operators and assemblers	Female	0	0	0	0		0
	Male	0	0	0	0		0
Elementary occupations	Female	6	0	9	0		9
	Male	6	0	18	0		18
Sub total	Female	81	0	467	0		467
	Male	83	0	473	0		473
Total		171	0	940	0	950	940
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.						%*	



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

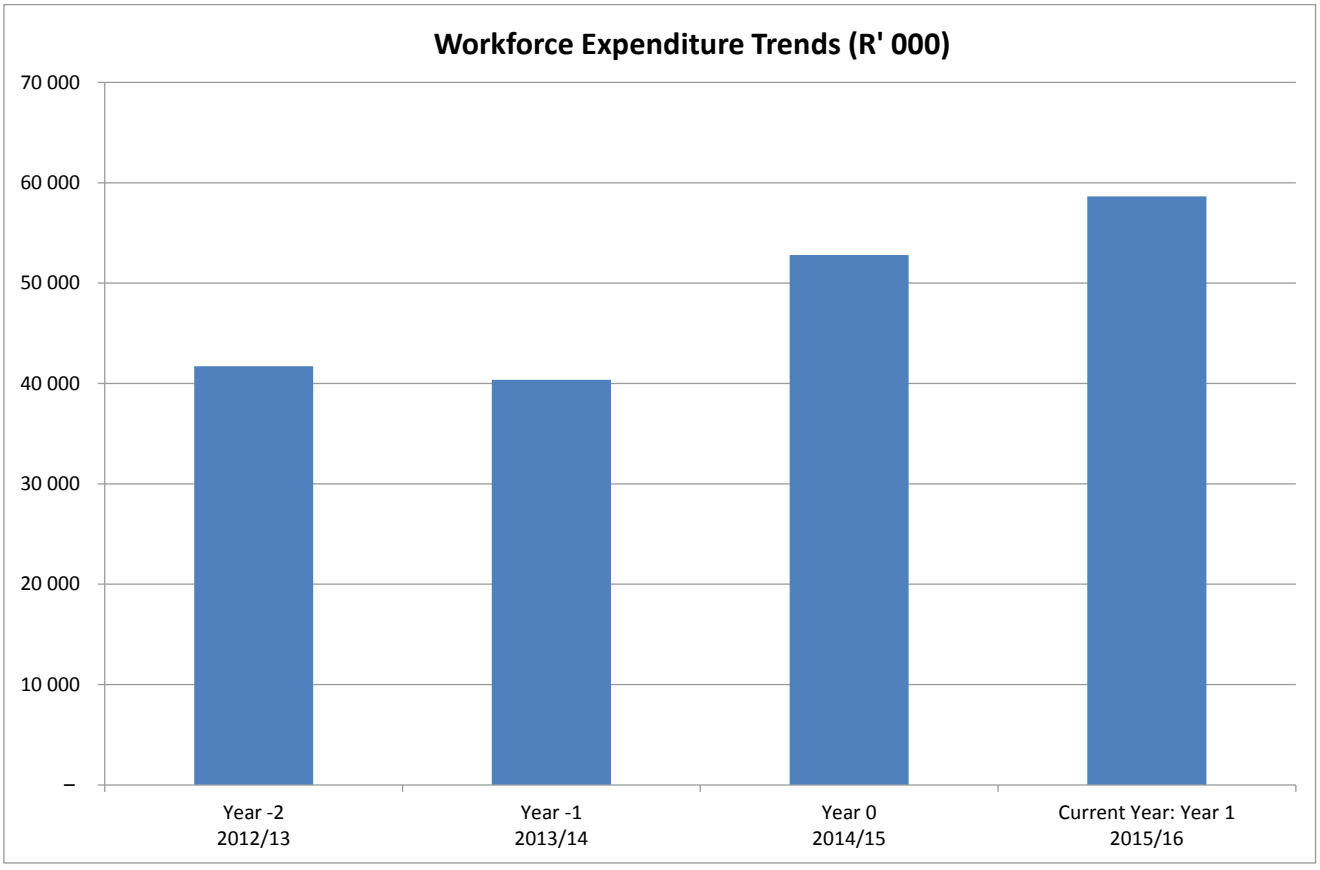
All service providers used for training are accredited and through the assessment of the impact of training 99% of training provided has positively contributed to skills, knowledge and productivity of employees. All senior managers meet the MFMA Competency Regulations.

Training plans and the effectiveness of implementation.

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

4.5 Managing the workforce expenditure

Unplanned training needs result in an overspending of the training budget and the only way to control unplanned expenditure is by adhering to the original training needs submitted during the skills audit exercise. Within the training budget there is a percentage of the budget that is set aside to cover unforeseen recruitment caused by staff turnover.



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

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

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

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

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

Chapter 5 - Financial Performance

5.1 Introduction

The implementation of sound financial management principles for the administration of the municipality is essential and critical to ensure that the municipality remains financially viable and that service is delivered sustainably, economically and equitably to all communities within the district. The financial position of the district municipality remains good and its cash flow is well managed to meet its current financial obligations and in the near future. The district municipality has a good ability to repay its debt in the short to medium term.

The municipality has not overspent during the 2015/16 financial years on the final approved operating expenditure budget and the percentage under-spending on the final approved capital budget is 20% of the total expenditure. Debtor collection percentage rate was 0%, meaning all the debt was collected which makes about 1% of our total income. A deficit for the year was realised, amounting to R16.4m which means the total expenditure exceeded the total revenue while a net current liability position was not realised indicating that the total current liabilities exceeded the total current assets.

In addition to the assets and liability management assessment, the municipality is proud to report that the net liability position was not realised in the 2015/16 financial year, which indicates that the total assets of the municipality exceeded its total liabilities. The ratio also illustrate the municipality manages its liability exceptionally well and will be able to borrow in future should the need arise for the capital expenditure projects.

The year-end bank balance was not in overdraft and the overall financial viability assessment of the municipality was good (favourable) in terms of the 2015/16 auditors' report. The district municipality remains committed to support and build the capacity of its local municipalities within the district to meaningfully perform their functions and exercise their powers. The district municipality manages to maintain focus on key service delivery areas as per the service delivery & budget implementation plan by supporting its local municipalities by spending 40% of its total operating expenditure on infrastructure, maintenance and special projects in their municipal jurisdiction, regardless of its 100% grant dependency.

5.2 Statement of financial performance

Financial Summary R' 000						
Description	2014/15	Current Year: 2015/16			2015/16 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Financial Performance						
Property rates	–	–	–	–	–	–
Service charges	–	–	–	–	–	–
Investment revenue	6 882	5 443	5 843	7 866	30.80%	25.72%
Transfers recognised - operational	102 395	106 509	112 935	110 413	3.54%	-2.28%
Other own revenue	1 124	5 185	5 685	2 779	-86.59%	-104.58%
Total Revenue (excluding capital transfers and contributions)	**110 402**	**117 137**	**124 463**	**121 058**	**3.24%**	**-2.81%**
Employee costs	47 113	57 549	57 549	52 744	-9.11%	-9.11%
Remuneration of councillors	5 691	6 337	6 337	5 988	-5.83%	-5.83%
Debt impairment	–	3	3			
Depreciation & asset impairment	3 769	5 615	5 615	3 961	-41.76%	-41.76%
Finance charges	2 381	3 054	3 054	2 397	-27.40%	-27.40%
Materials and bulk purchases	3 254	3 956	4 695	3 521	-12.36%	-33.35%
Transfers and grants	37 276	56 992	66 321	54 621	-4.34%	-21.42%
Other expenditure	13 385	21 596	21 116	14 323	-50.78%	-47.43%
Total Expenditure	**112 869**	**155 102**	**164 690**	**137 555**	**-12.76%**	**-19.73%**
Surplus/(Deficit)	**(2 467)**	**(37 965)**	**(40 227)**	**(16 497)**	**-130.13%**	**-143.85%**
Transfers recognised - capital						
Contributions recognised - capital & contributed assets						
Surplus/(Deficit) after capital transfers & contributions	**(2 467)**	**(37 965)**	**(40 227)**	**(16 497)**	**-130.13%**	**-143.85%**
Share of surplus/ (deficit) of associate					–	–
Surplus/(Deficit) for the year	**(2 467)**	**(37 965)**	**(40 227)**	**(16 497)**	**-130.13%**	**-143.85%**
Capital expenditure & funds sources						
Capital expenditure	**2 125**	**13 556**	**11 679**	**5 582**	**-142.85%**	**-109.22%**
Transfers recognised - capital	–	–	–	–	0.00%	0.00%
Public contributions & donations	–	–	–	–	0.00%	0.00%
Borrowing	–	–	–	–	0.00%	0.00%
Internally generated funds	2 125	13 556	11 679	5 582	-142.85%	-109.22%
Total sources of capital funds	**2 553**	**13 556**	**11 679**	**5 582**	**-142.85%**	**-109.22%**

Financial Summary R' 000						
Description	**2014/15**	**Current Year: 2015/16**			**2015/16 Variance**	
	Actual	**Original Budget**	**Adjusted Budget**	**Actual**	**Original Budget**	**Adjustments Budget**
Financial Performance						
Financial position						
Total current assets	102 416	64 943	63 593	83 026	21.78%	23.41%
Total non current assets	48 809	45 467	37 702	56 067	18.91%	32.76%
Total current liabilities	22 579	16 694	16 694	22 961	27.29%	27.29%
Total non current liabilities	33 379	28 649	28 649	32 375	11.51%	11.51%
Community wealth/Equity	95 267	74 819	65 703	83 757	10.67%	21.55%
Cash flows						
Net cash from (used) operating	4 082	(21 733)	(21 696)	(11 670)	-86.23%	-85.92%
Net cash from (used) investing	(2 927)	(4 179)	(4 323)	(4 782)	12.62%	9.60%
Net cash from (used) financing	(1 607)	(1 111)	(1 111)	(1 785)	37.72%	37.72%
Cash/cash equivalents at the year end	**87 483**	**66 993**	**60 352**	**69 275**	**3.29%**	**12.88%**
Cash backing/surplus reconciliation						
Cash and investments available	87 483	82 960	84 165	69 275	-19.75%	-21.49%
Application of cash and investments	14 079	37 162	37 162	4 082	-810.31%	-810.31%
Balance - surplus (shortfall)	**73 404**	**45 798**	**47 003**	**65 193**	**29.75%**	**27.90%**
Asset management						
Asset register summary (WDV)	40 069	47 431	47 939	43 824	-8.23%	-9.39%
Depreciation & asset impairment	4 050	5 380	5 380	3 630	-48.20%	-48.20%
Renewal of Existing Assets	1 289	1 686	1 710	3 250	0.00%	47.38%
Repairs and Maintenance	3 376	5 245	5 324	3 250	0.00%	-63.81%
Free services						
Cost of Free Basic Services provided	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–
Households below minimum service level						
Water:	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–
Energy:	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–
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	2013/14	2014/15			2014/15 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	–	–	–	–	–	–
Waste Water (Sanitation)	–	–	–	–	–	–
Electricity	–	–	–	–	–	–
Waste Management	–	–	–	–	–	–
Housing	(3 437)	(5 118)	(4 961)	(3 481)	-47.03%	-42.52%
Component A: sub-total	(3 437)	(5 118)	(4 961)	(3 481)	-47.03%	-42.52%
Waste Water (Stormwater Drainage)	–	–	–	–	–	–
Roads	–	–	–	–	–	–
Transport	–	–	–	–	–	–
Component B: sub-total	–	–	–	–	–	–
Planning	(38 828)	(51 874)	(53 171)	(44 804)	-15.78%	-18.67%
Local Economic Development	–	–	–	–	–	–
Component B: sub-total	(38 828)	(51 874)	(53 171)	(44 804)	-15.78%	-18.67%
Planning (Strategic & Regulatory)	–	–	–	–	–	–
Local Economic Development	–	–	–	–	–	–
Component C: sub-total	–	–	–	–	–	–
Community & Social Services	(3 980)	(6 203)	(5 804)	(4 768)	-30.11%	-21.75%
Environmental Protection	653	(2 667)	(2 870)	(2 488)	-7.20%	-15.39%
Health	–	–	–	–	–	–
Security and Safety	–	–	–	–	–	–
Sport and Recreation	–	–	–	–	–	–
Corporate Policy Offices and Other	43 124	27 896	26 580	39 043	28.55%	31.92%
Component D: sub-total	39 797	19 027	17 905	31 788	40.15%	43.67%
Total Expenditure	**(2 467)**	**(37 965)**	**(40 227)**	**(16 497)**	**-130.13%**	**-143.85%**

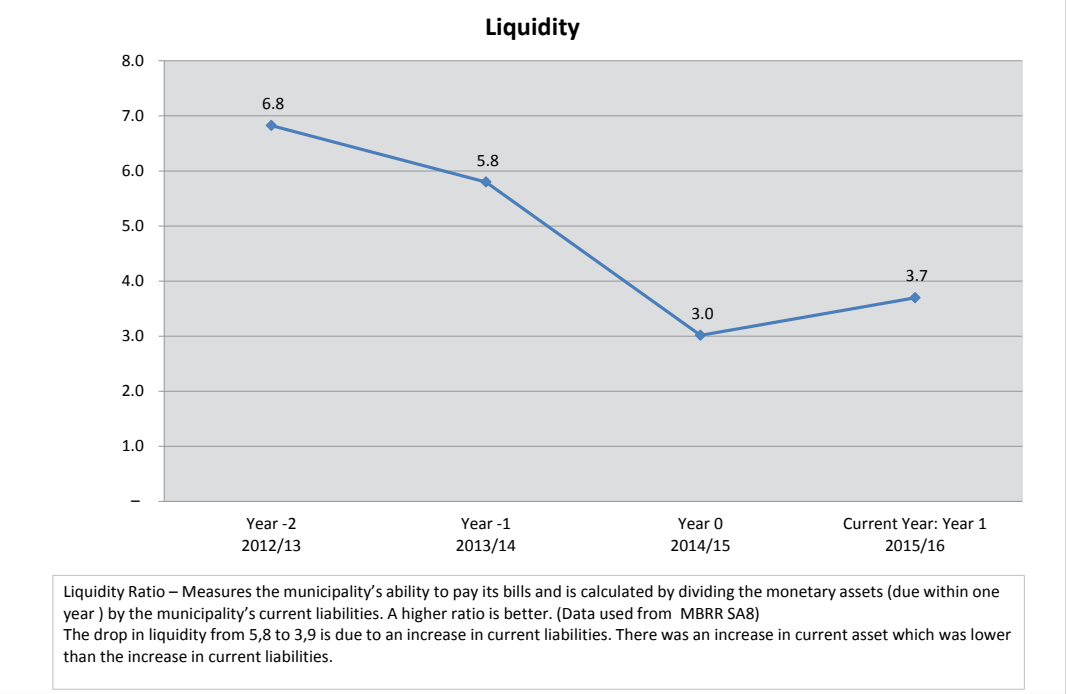
5.3 Grants

Grant Performance R' 000						
Description	2013/14	2014/15			2014/15 Variance	
	Actual	Budget	Adjust-ments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	**100 618**	**104 279**	**104 279**	**104 279**	**–**	**–**
Equitable share	97 428	98 936	98 936	98 936	–	–
Municipal Systems Improvement	934	940	940	940	–	–
Department of Water Affairs	–	2 153	2 153	2 153	–	–
Finance Management Grant	1 250	1 250	1 250	1 250	–	–
MIG	–	–	–	–	–	–
Extended Public Works Programme	1 006	1 000	1 000	1 000	–	–
Provincial Government:	**2 787**	**2 230**	**8 586**	**8 290**	**73.10%**	**73.10%**
Housing	1 380	1 400	3 756	3 300	57.58%	57.58%
NC Tourism - Contribution Tourism Month	200	200	200	200	0.00%	0.00%
District Aids Council	500	–	–	–	–	–
NEAR Control Centre	315	315	315	350	10.00%	10.00%
NCPA Firefighting Equipment	315	315	315	350	10.00%	10.00%
SETA - Skills Grant	77	–	–	90	100.00%	100.00%
Operation Khotso Pula Nala	–	–	4 000	4 000	100.00%	100.00%
NCPA Environmental Health Recycling Project	–	–	–	–	–	–
District Municipality:	**–**	**–**	**–**	**–**	**–**	**–**
Other grant providers:	–	–	–	–	–	–
Koopmansfontein Electricity Self-build Scheme	–	–	–	–	–	–
ABSA	–	–	–	–	–	–
Total Operating Transfers and Grants	**102 640**	**106 509**	**113 365**	**107 285**	**0.01**	**0.01**

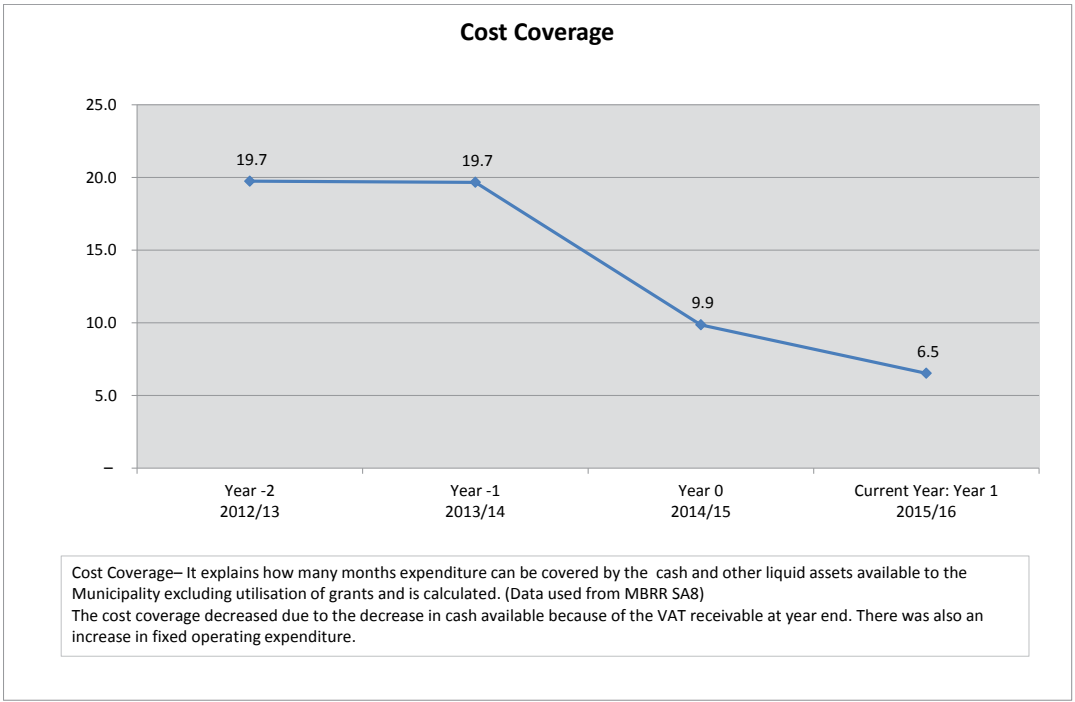
Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	**Actual Grant 2014/15**	**Actual Grant 2015/16**	**2015/16 Municipal Contribution**	**Date Grant terminates**	**Date Municipal contribution terminates**	**Nature and benefit from the grant received, include description of any contributions in kind**
Parastatals						
NCPA - Housing Accreditation Grant	-	3 300 051	-	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	77 099	90 198	-	30 June 2015	Ongoing	To be used for training and capacity building of employees as per approved Skills Work Plan.
NCPA: Environmental Health Recycling Project	-	-	-	-	-	
ESCOM	-	-	-	-	-	
Private Sector / Organisations						
Koopmansfontein Electricity Self Build Scheme	-	-	-	-	-	
ABSA	-	15 000	-	30 June 2015	30 June 2015	Private contribution to fund commemorative day celebrations

Repair and Maintenance Expenditure: 2015/16 R' 000				
	Original Budget	**Adjustment Budget**	**Actual**	**Budget variance**
Repairs and Maintenance Expenditure	3 956	4 695	3 521	33.35%

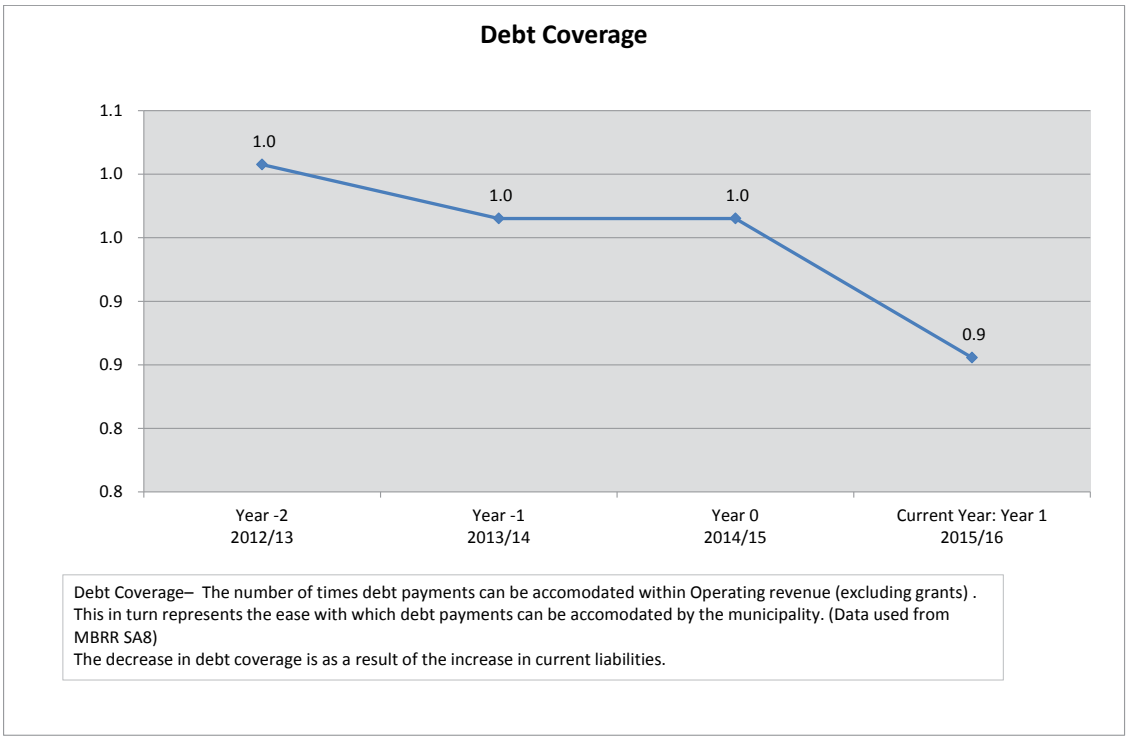
5.4 Financial ratios based on key performance indicators



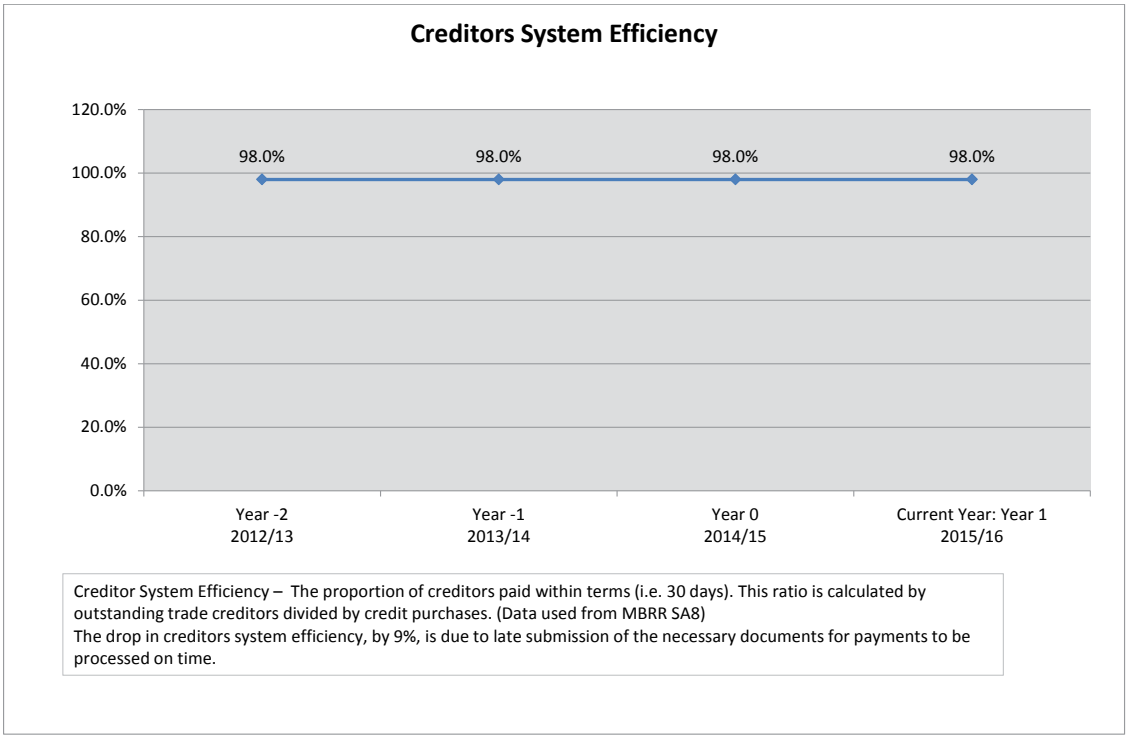
Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better. (Data used from MBRR SA8)
The drop in liquidity from 5,8 to 3,9 is due to an increase in current liabilities. There was an increase in current asset which was lower than the increase in current liabilities.



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated. (Data used from MBRR SA8)
The cost coverage decreased due to the decrease in cash available because of the VAT receivable at year end. There was also an increase in fixed operating expenditure.

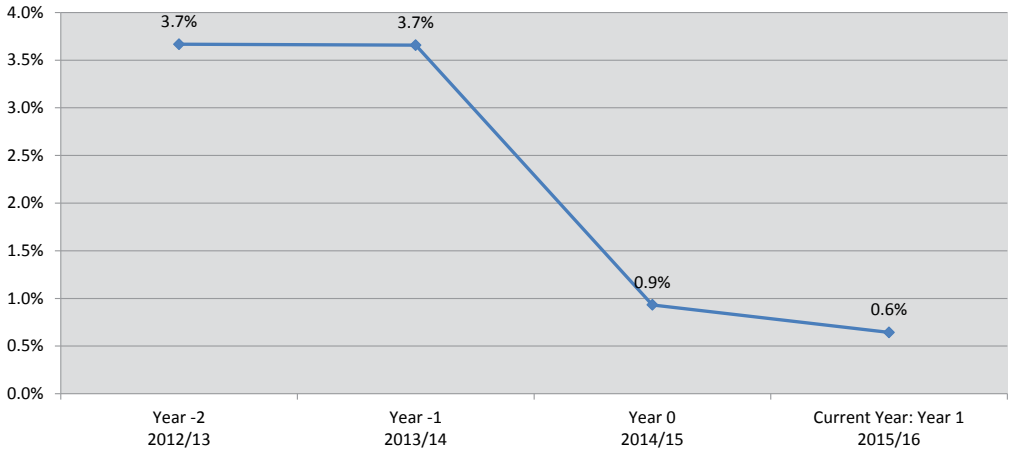


Debt Coverage– The number of times debt payments can be accomodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accomodated by the municipality. (Data used from MBRR SA8)
The decrease in debt coverage is as a result of the increase in current liabilities.



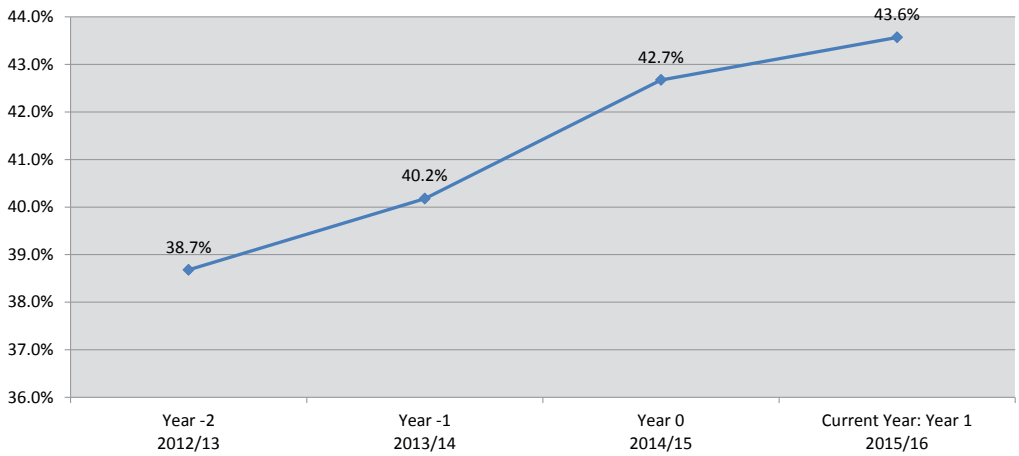
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases. (Data used from MBRR SA8)
The drop in creditors system efficiency, by 9%, is due to late submission of the necessary documents for payments to be processed on time.

Capital Charges to Operating Expenditure

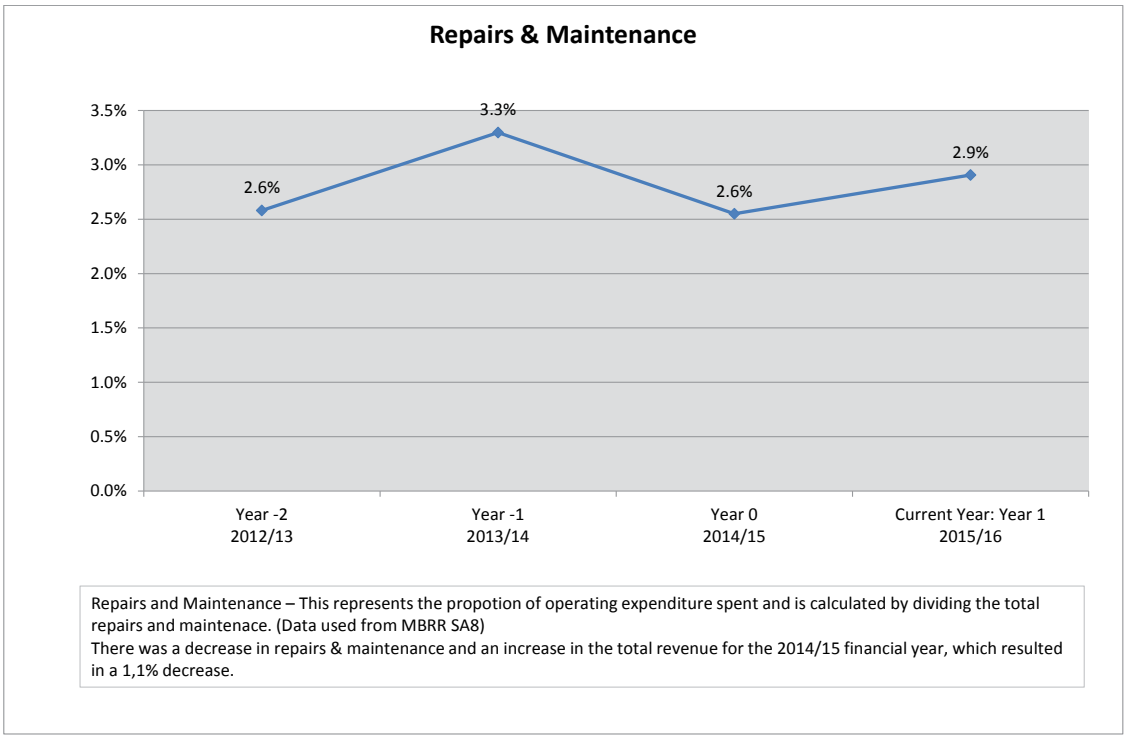


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure. (Data used from MBRR SA8)
There was a considerable increase in operating expenditure for the 2014/15 financial year, the increase in capital charges was lower.

Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue. (Data used from MBRR SA8)
The increase is due to the annual increase and filling of vacant positions.



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

5.5 Cash flow management and investments

Council's cash and investments to the amount of R69.3m reflect a decrease of R18,2m compared to the previous financial year. The district municipality does have adequate cash available to meet its operating requirements with cash coverage of at least three months of the average operational expenditure as per National Treasury guidelines.

Cash Flow Outcomes R'000				
Description	**2014/15**	**Current Year: 2015/16**		
	Audited Outcome	**Original Budget**	**Adjusted Budget**	**Actual**
Cash flow from operating activities				
Receipts				
Ratepayers and other	39	5 125	5 125	2 292
Government - operating	103 405	106 509	106 579	112 569
Government - capital	–	–	–	–
Interest	6 882	5 443	5 443	7 866
Dividends	–	–	–	–
Payments	–	–	–	–
Suppliers and employees	(67 916)	(83 177)	(83 210)	(78 891)
Finance charges	(1 052)	(1 054)	(1 054)	(884)
Transfers and Grants	(37 276)	(54 578)	(54 537)	(54 621)
Net cash from/(used) operating activities	**4 082**	**(21 733)**	**(21 655)**	**(11 670)**
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	10	57	57	10
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	38	–	–	1 100
Decrease (increase) in non-current investments	(850)	–	–	(300)
Payments				
Capital assets	(2 125)	(4 539)	(2 197)	(5 582)
Net cash from/(used) investing activities	**(2 927)**	**(4 482)**	**(2 140)**	**(4 773)**
Cash flows from financing activities				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–
Payments				
Repayment of borrowing	(1 607)	(1 606)	(1 606)	(1 785)
Net cash from/(used) financing activities	**(1 607)**	**(1 606)**	**(1 606)**	**(1 785)**
Net increase/ (decrease) in cash held	**(452)**	**(27 821)**	**(25 400)**	**(18 227)**
Cash/cash equivalents at the year begin:	87 934	97 333	87 934	87 483
Cash/cash equivalents at the year end:	87 483	82 960	79 632	69 275

5.6 GRAP Compliance

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

Accounting principles and policies applied in the financial statements

- **Basis of preparation**

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

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

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

The standards are summarised as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

In terms of Directive 7:

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

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

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

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

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

Chapter 6 - Auditor-General Audit Findings

INTRODUCTION

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

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

Auditor-General opinion of financial statements 2014/15

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

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

Auditor-General opinion of financial statements 2015/16

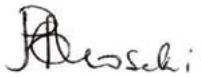
The district municipality achieved an unqualified audit opinion with no findings aligned with the National Government's strategic objectives.

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

Auditor-General Report on Financial Performance 2015/16	
Audit Report Status*:	Unqualified audit opinion with no matters
Non-Compliance Issues	**Remedial Action Taken**
None	None
Note:*The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)	

Comments on MFMA section 71 responsibilities:

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

Signed (Acting Chief Financial Officer)  .....

Date: 30 November 2016

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	• 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 *of the department or functional area concerned*

APPENDICES

Appendix A -
Councillors; Committee Allocation & Council Attendance

Councillors, Committees Allocated and Council Attendance					
Council Members	**Full Time / Part Time**	**Committees Allocated**	***Ward and/ or Party Represented**	**Percentage Apologies for non-attendance**	**Percentage Council Meetings Attendance**
	FT/PT			**%**	**%**
Cllr. MM Moloi	FT	Mayoral Committee	PR	80	20
Cllr. BM Maribe	FT	Policy & Institutional, Planning & Development.	PR	87	13
CJS Adams	PT	Social Development	PR	0	100
Cllr. A Boqo	PT	Social Development	PR	100	0
Cllr. OC Fourie	PT	Planning & Development	PR	100	0
Cllr. EK Hale	PT	Planning & Development, MPAC	PR	93	7
Cllr. W Johnson	FT	Finance, Mayoral	PR	60	40
Cllr. M Kaars	PT	Social Development	PR	73	27
Cllr. GR Kok	PT	Policy & Institutional	PR	60	40
Cllr. G Koopman	PT	Planning & Development	PR	87	13
Cllr. PR Molefi	FT	Social Development, Mayoral	PR	87	13
Cllr. AO Moremong	PT	Policy & Institutional, MPAC	PR	60	40
Cllr. KG Mthukwane	PT	Policy & Institutional Development	PR	100	0
Cllr. ZJ Mpampi	PT	Infrastructure Development	PR	0	100
Cllr. PJ Nel	PT	Policy & Institutional Development	PR	20	80
Cllr. T Nicholas	FT	Planning & Development, Mayoral	PR	93	7
M.I Pholoholo	PT	Infrastructure Development, MPAC	PR	27	73
Cllr K. Riiffles	FT	Policy Development & Mayoral	PR	53	47
Cllr. MB Silingile	FT	Infractucture Development, Mayoral	PR	87	13
Cllr. L Steyn	PT	Infrastructure Development, MPAC	PR	27	73
Cllr. J Smit	PT	Finance, MPAC	PR	67	33
Cllr. B Springbok	PT	Finance	PR	93	7
Cllr. E Tsimakwane	PT	Social	PR	100	0
Cllr. DJP van der Merwe	PT	Finance, MPAC	PR	93	7
Cllr. PJ Vorster	PT	Infrastructure Development	PR	100	0
Cllr. S Witkoei	PT	Finance	PR	53	47
Cllr. BV Ximba	PT	Infrastructure Development, MPAC	PR	53	47

Appendix B - Committees & Committee Purposes

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

Appendix C - Functions of Municipality

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

Appendix D - Recommendations of the Municipal Audit Committee 2015/16

Municipal Audit Committee Recommendations		
Date of Committee	**Committee recommendations during 2015/16**	**Recommendations adopted (enter Yes) If not adopted (provide explanation)**
2015/07/16	The committee further advised that the financial statements be reviewed by internal audit unit and the Audit & Risk committee before submission to the Auditor-General.	The recommendations have been implemented.
	The committee indicated that more engagements should be conducted with MPAC and that irregular, fruitless and wasteful expenditure be a standing item in all committee meetings.	
	The committee raised concerns that the ICT Framework used by the municipality was not the latest issue and advised the municipality to align the framework to the latest issue.	The draft ICT framework has been developed and is to be submitted to the ICT steering committee to make recommendation to council for approval in 2016/17 FY.
	It was recommended that the relationship for the outsourced functions be included as part of the internal audit methodology.	The recommendation was implemented.
2015/08/24	Management to correct the draft AFS with recommendations made by internal audit and the audit, performance and risk committee.	The recommendations have been implemented.
	It was recommended that internal audit focus on the areas where targets were not achieved and that those targets are supported by appropriate evidence.	
2015/11/09	Quarterly report on section 52(d) of the MFMA to be reported to APRC.	The recommendations have been implemented.
	A risk on lack of the budget spending to be included in the risk register and to develop an improvement plan.	
	APRC will report twice a year to council on performance management in accordance with Municipal Planning and Performance Regulations of 2001.	
	To report on the status of risk maturity in FBDM; whistle blowing processes; and updated strategic risk register.	
	Management to consider establishment of the committee that deals with financial misconduct.	
2016/01/14	It was recommended that the audit, performance and risk committee members should have a view of the operational of internal audit and risk management unit to understand the objectives of these two units.	The recommendations have been implemented.
	It was recommended that reporting should be done on actual amount spent vs actual work done vs budget allocated in order to give a true reflection of actual performance.	
	It was further recommended that the infrastructure projects be broken into phases in order to monitor and report on actual work done.	
	It was recommended that the usage of language should be refined on the internal audit report.	

Municipal Audit Committee Recommendations		
Date of Committee	**Committee recommendations during 2015/16**	**Recommendations adopted (enter Yes) If not adopted (provide explanation)**
2016/02/03	The ratio/percentage variance should be revisited for accuracy and the Municipal Manager should consult with treasury officials and confirm as to whether the formulas provided by National treasury are correct.	The recommendations have been implemented.
	The consistent use of the correct grammar, decimal, numeracy accuracy etc. should be corrected.	
	Oversight committee should inquire as to why some of the councillors attended less than 50 % of the scheduled meetings for 2014/2015 financial year.	
	The audit report included in the annual report should be signed by the Office of the Auditor General.	
	The APRC further recommends the 2014/15 draft annual report with the adjustments/corrections to the oversight committee and MPAC committee.	
2016/05/16	The municipality to consider developing a strategy on how it will assist the municipalities.	Currently the memorandum of agreements are been signed where full support functions are received by the local municipalities such as internal audit and risk management.
	The final draft budget will be submitted to the audit committee for comments before it is submitted to council for adoption.	The recommendations have been implemented.
	The municipality to look at an early adoption of GRAP 16 and 17.	Adoption was considered during the financial year end on compilation of the AFS.
	Projects must be funded viably and co-funding must also be taken to consideration on revision.	The recommendations have been implemented.
	That the policies follow the development processes of the municipality for adoption by council.	
	That an analysis for the need to provide risk management services to the municipalities be exercised.	Support has previously been offered as per specific requests by Municipalities.
	That the CAE implement systems to monitor and report on productivity as well as on hours utilized versus planned audit hours per cycle.	The recommendations have been implemented.
	To ensure that the 2016/17 internal audit plan matches the legislative requirements and the available resources capacity.	
2016/06/28	GRAP 17 and its amendments should be considered with the adoption of mSCOA and to ensure that useful life of assets are accurately recorded.	The recommendation was implemented.
	Internal audit to look at the eight phases of implementation for monitoring purposes.	On-going reviews are done by internal audit as part of the implementation team until such that assurance can be provided before the implementation date of 1st July 2017.
	The APRC reiterated the need to convene a separate meeting to deal with risk management and that risk owners present their risk registers.	Currently risk meetings are still combined with ordinary meetings.
	The risk management processes should be incorporated on management functions.	The recommendations have been implemented.
	The high risk of disaster management should be included as the strategic risk as this is a compliance matter.	

Appendix E - Disclosures of Financial Interests

Disclosures of Financial Interests		
Period 1 July 2015 to 30 June 2016 of 2015/16		
Position	**Name**	**Description of Financial interests* (Nil / Or details)"**
(Executive) Mayor	M.M. Moloi	None
Member of MayCo / Exco	B.M. Maribe	None
	W. Johnson	None
	P.R. Molefi	None
	T. Nicholas	None
	K. Rifles	None
	M.B. Silingile	Close Corporation - Sekhudu Thamaga Trading Enterprise (50%) - not active
Councillor	E.K. Hale	Frances Baard Enterprise Trading shares - 35%
	A Boqo	None
	J.Z. Mpampi	• Department of Health, Snr. Administrative Officer (Risk Management) • Ward councillor at Sol Plaatje Municipality
	L Steyn	None
	G.T Koopman	None
	B. Springbok	None
	E.T. Tsimakwane	None
	O.C. Fourie	1580 shares in Roodeheuwel Sand, Garies
	P.J. Vorster	• Kimberley Academy of Music (Section 21) - Reg. Nr.: 2005/024023/08 - NGO • Musical Moments (Private) • Private house (Kimberley) • Old Mutual Investments • Councillor at Sol Plaatje Municipality
	D.J.P. v d Merwe	None
	K.G. Mthukwane	None
	S. Witkoei	• Witkoei & Kin Transport (close corporation) • Corbym General Trading - 50% (close corporation)
	A.O. Moremong	None
	P.J Nel	None
	V.B. Ximba	Atang Magareng Women Enterprise - 50%
	M. Kaars	None
	G.R. Kok	None
	C.J Adams	• Close Corporation - Ntsimbi Transport CC (33%) • Cape Joint Pension Fund • Member of advisory committee to the Minister of Water Affairs & Environment
	M.I. Pholoholo	• Director - Merero Mining (100%) • Big Time Mining (100%) • Pholoholo Family Trust
	J. Smit	• Owner - NC Debt Collectors and Tracers (Reg. No: 0031254/08 • Lecturer - Northern Cape FET College, Moremogolo Campus (Emp. Nr: 54282241)

Appendix E - Disclosures of Financial Interests

Disclosures of Financial Interests		
Period 1 July 2015 to 30 June 2016 of 2015/16		
Position	**Name**	**Description of Financial interests* (Nil / Or details)"**
Municipal Manager	M.M. Bogatsu	• Private house (Mahikeng) • Pension from GEPF not claimed yet (Worked for Northern Cape Provincial Administration until 31 October 2012)
Chief Financial Officer (Acting)	O Moseki	None
Other S57 Officials	F. Mdee	• Private house (Kimberley) • Cape Joint Retirement Fund
	P. van der Walt	Verso Investment

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

Revenue Collection Performance by Vote R' 000						
Vote Description	**2014/15**	**Current Year: 2015/16**			**2015/16 Variance**	
	Actual	**Original Budget**	**Adjusted Budget**	**Actual**	**Original Budget**	**Adjustments Budget**
Vote 1 - Executive & Council	4 733	–	500	388	–	-22.44%
Vote 2 - Budget & Treasury	91 223	100 012	100 412	–	–	–
Vote 3 - Corporate Services	3 315	630	700	350	-44.44%	-50.00%
Vote 4 - Planning & Development	889	940	940	894	-4.90%	-4.90%
Vote 5 - Project Management Services	10 242	15 555	21 911	19 013	22.23%	-13.22%
Total Revenue by Vote	**110 402**	**117 137**	**124 463**	**20 645**	**-82.38%**	**-83.41%**

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

Revenue Collection Performance by Source R '000						
Description	**2014/15**	**2015/16**			**2015/16 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	972	1 072	1 072	644	-66.52%	-66.52%
Interest earned - external investments	6 882	5 443	5 843	7 866	30.80%	25.72%
Interest earned - outstanding debtors	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–
Fines	–	–	–	–	–	–
Licences and permits	–	–	–	–	–	–
Agency services	–	–	–	–	–	–
Transfers recognised - operational	102 395	106 509	113 435	110 413	3.54%	-2.74%
Other revenue	153	4 053	4 053	2 135	-89.83%	-113.25%
Gains on disposal of PPE	–	60	60	–	–	–
Total Revenue (excluding capital transfers and contributions)	**110 402**	**117 137**	**124 463**	**121 058**	**3.24%**	**-2.81%**

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	10 002	10 002	10 002	–	–	–
Equitable Share - Levy replacement	88 934	88 934	88 934	–	–	–
Finance Management	1 250	1 250	1 250	–	–	–
Municipal Systems Improvement	940	940	940	–	–	–
Roads asset management	2 153	2 153	2 153	–	–	–
Kgotso Pula Nala	0	4 000	4 000	–	–	–
NEAR Control Centre	315	315	350	–	–	–
SETA - Skills Grant	200	200	90	–	–	–
NCPA - EPWP	1 000	1 000	1 000	–	–	–
Tourism Grant	0	0	200	–	–	–
NCPA- Housing Grants	1 400	3 756	3 300	–	–	–
NCPA - Firefighting Equipment	315	315	350	–	–	–
Total	**106 509**	**112 865**	**112 569**	–	–	–

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

Capital Expenditure - New Assets Programme* R '000							
Description	**2014/15**	**2015/16**			**Planned Capital expenditure**		
	Actual	**Original Budget**	**Adjustment Budget**	**Actual Expenditure**	**FY + 1**	**FY + 2**	**FY + 3**
Capital expenditure by Asset Class	–	–	–	–	–	–	–
Heritage assets - Total	–	–	–	–	–	–	–
Buildings	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–
Investment properties - Total	–	–	–	–	–	–	–
Housing development	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–
Other assets	1 836	12 031	10 199	4 643	16 134	–	–
General vehicles	840	1 070	1 270	1 244	3 800	–	–
Specialised vehicles		6 614	4 168	–	–	–	–
Plant & equipment	8	9	3	20	–	–	–
Computers - hardware/ equipment	284	62	66	329	53	–	–
Furniture and other office equipment	702	277	692	–	49	–	–
Abattoirs	–	–	–	–	–	–	–
Markets	–	–	–	–	–	–	–
Civic Land and Buildings	–	–	–	–	12 000	–	–
Other Buildings	–	–	–	–	–	–	–
Other Land	–	4 000	4 000	3 051	–	–	–
Surplus Assets - (Investment or Inventory)	–	–	–	–	–	–	–
Other	–	–	–	–	232	–	–
Intangibles	–	–	–	–	10	–	–
Computers - software & programming	–	–	–	–	10	–	–
Total Capital Expenditure on new assets	1 917	12 031	10 199	4 643	16 144	–	–
Specialised vehicles	–	**6 614**	–	–	**3 800**	–	–
Refuse	–	–	–	–	–	–	–
Fire	–	6 614	4 168	–	3 800	–	–
Conservancy	–	–	–	–	–	–	–
Ambulances	–	–	–	–	–	–	–

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

Capital Expenditure - Upgrade/Renewal Programme*							R '000
Description	**2014/15**	**2015/16**			**Planned Capital expenditure**		
	Actual	**Original Budget**	**Adjustment Budget**	**Actual Expenditure**	**FY + 1**	**FY + 2**	**FY + 3**
Capital expenditure by Asset Class							
Investment properties	**–**	**–**		**–**	**–**	**–**	**–**
Housing development	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–
Other assets	**1 289**	**1 425**	**1 236**	**862**	**2 892**	**820**	**1 020**
General vehicles	484	617	617	512	1 720	700	900
Specialised vehicles	–	–	–	–	359	–	–
Plant & equipment	13	69	69	–	150	–	–
Computers - hardware/ equipment	148	298	298	312	594	120	120
Furniture and other office equipment	–	441	252	38	70	–	–
Abattoirs	–	–	–	–	–	–	–
Markets	–	–	–	–	–	–	–
Civic Land and Buildings	18	–	–	–	–	–	–
Other Buildings	–	–	–	–	–	–	–
Other Land	–	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)	–	–	–	–	–	–	–
Other	49	–	–	–	–	–	–
Intangibles	**–**	**100**	**–**	**–**	**–**	**–**	**–**
Computers - software & programming	–	100	100	–	–	–	–
Other (list sub-class)	–	–	–	–	–	–	–
Total Capital Expenditure on renewal of existing assets	**1 289**	**1 425**	**1 236**	**862**	**2 892**	**820**	**1 020**
Specialised vehicles	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Refuse	–	–	–	–	–	–	–
Fire	–	–	–	–	–	–	–
Conservancy	–	–	–	–	–	–	–
Ambulances	–	–	–	–	–	–	–
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)							

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

Declaration of Loans and Grants made by the municipality: 2014/15				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	**Nature of project**	**Conditions attached to funding**	**Value 2015/16 R' 000**	**Total Amount committed over previous and future years**
Dikgatlong Municipality	Maintenance- Electricity	Grant	281	Determined according to the needs of the municipalities specified in the IDP and availability of funding by FBDM.
Dikgatlong Municipality	Maintenance- Street and Storm Water	Grant	695	
Dikgatlong Municipality	Maintenance- Water and Sanitation	Grant	1 523	
Dikgatlong Municipality	The procurement of a Refuse Truck	Grant	2 001	
Dikgatlong Municipality	"The replacement of steel / asbestos pipes in the water reticulation network in the CBD of Barkly West (phase 1)."	Grant	256	
Dikgatlong Municipality	Electricity Master Plan	Grant	201	
Dikgatlong Municipality	Dikgatlong - Waste Water Operator Rooms (Retention)	Grant	170	
Magareng Municipality	Maintenance- Electricity	Grant	252	
Magareng Municipality	Maintenance- Street and Storm Water	Grant	1 412	
Magareng Municipality	Maintenance- Water and Sanitation	Grant	836	
Magareng Municipality	The Provision of a Sewer Reticulation Network for 558 Sites in Warrenvale (phase 2)	Grant	7 773	
Magareng Municipality	The procurement of a TLB	Grant	854	
Magareng Municipality	The procurement of a sanitation truck	Grant	1 020	
Phokwane Municipality	Maintenance- Electricity	Grant	40	
Phokwane Municipality	Maintenance- Street and Storm Water	Grant	134	
Phokwane Municipality	Maintenance- Water and Sanitation	Grant	2 325	
Phokwane Municipality	The Refurbishment of the old Oxidation Pond System at the Jan Kempdorp WWTW	Grant	1 100	
Phokwane Municipality	The Upgrading of the Outflow pipeline at the Jan Kempdorp WWTW	Grant	1 200	
Phokwane Municipality	The replacement of the fence of the Hartswater WTW	Grant	1 299	
Phokwane Municipality	Provision of Water and Sanitation for 608 stands in Guldenskat (phase 1)	Grant	2 834	
Phokwane Municipality	Compilation of a Water Conservation and Demand Management Strategy	Grant	874	
Phokwane Municipality	Completion of a Master Plan for Bulk Water and Sanitation Infrastructure and a Maintenance Plan	Grant	974	
Phokwane Municipality	Resealing of raw water storage dam	Grant	125	
Phokwane Municipality	Master Plan: Roads infrastructure and maintenance plan	Grant	679	
Sol Plaatje Municipality	Maintenance- Electricity	Grant	–	
Sol Plaatje Municipality	Maintenance- Street and Storm Water	Grant	1 500	
Sol Plaatje Municipality	Maintenance- Water and Sanitation	Grant	1 000	
Sol Plaatje Municipality	Provision of bulk water supply upgrades in Ritchie/Modderrivier	Grant	5 000	
FBDM	District Integrated Transport Plan	Grant	660	
FBDM	Rural road asset management	Grant	2 153	
FBDM	Kgotso Pula Nala - O&M amenities	Grant	2 000	
* Loans/Grants - whether in cash or in kind				

VOLUME II
ANNUAL FINANCIAL STATEMENTS

FRANCES BAARD DISTRICT MUNICIPALITY

AUDITED

FINANCIAL STATEMENTS

30 JUNE 2016

FRANCES BAARD DISTRICT MUNICIPALITY

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FRANCES BAARD DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

GENERAL INFORMATION

NATURE OF BUSINESS

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

GRADING

Grade 2

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 4*
Phokwane	*Grade 2*
Dikgatlong	*Grade 2*
Magareng	*Grade 2*

MANAGEMENT STRUCTURE

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

MUNICIPAL MANAGER

Ms. ZM Bogatsu

ACTING CHIEF FINANCIAL OFFICER

Ms. O Moseki

OTHER HEADS OF DEPARTMENTS

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

REGISTERED OFFICE

51 Drakensberg Avenue
Carters Glen
Kimberley

AUDITORS

External Auditors

Auditor General
Private Bag X5013
Kimberley

Telephone number	053 8380911
Fax number	053 8611538
Email	frances.baard@fbdm.co.za

Internal Audit

The Internal Audit section is fully staffed and operational as per the municipal policy. 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. WMS Calitz	Chairperson
Mr. GR Botha	Member
Mr. T Mogoli	Member

FRANCES BAARD DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

PRINCIPAL BANKER

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

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no. 56 of 2003)
Division of Revenue Act
The Income Tax Act (Act no. 58 of 1962)
Value Added Tax Act (Act no. 89 of 1991)
Municipal Structures Act (Act no. 117 of 1998)
Municipal Systems Act (Act no. 32 of 2000)
Municipal Planning and Performance Management Regulations
Housing Act (Act no. 107 of 1997)
Skills Development Levies Act (Act no. 9 of 1999)
Employment Equity Act (Act no. 55 of 1998)
Unemployment Insurance Act (Act no. 30 of 1966)
Basic Conditions of Employment Act (Act no. 75 of 1997)
Supply Chain Management Regulations, 2005
Disaster Management Act of 2016
National Health Act of 2003
Spatial Planning and Land Use Management Act 16 of 2013

MEMBERS OF THE FRANCES BAARD DISTRICT MUNICIPALITY

COUNCILLORS

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

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

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2016, which are set out on pages 1 to 83 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 fairly 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 2017 and am satisfied that the municipality can continue in operational existence for the foreseeable future.

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

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

Ms. ZM Bogatsu
Municipal Manager

31-Aug-16
Date

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

Report on the financial statements

Introduction

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

Accounting officer's responsibility for the financial statements

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

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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

Emphasis of matter

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

Irregular expenditure

8. As disclosed in note 35.3 to the financial statements, the municipality incurred irregular expenditure of R329 050 during the year under review mainly due to non-compliance with supply chain management requirements. The total amount of irregular expenditure recorded in the annual financial statements at 30 June 2016 amount to R329 050. In addition, the full extent of irregular expenditure is still in the process of being determined.

Additional matters

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

Unaudited supplementary schedules

10. The supplementary information set out on pages 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 thereon.

Unaudited disclosure notes

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

Report on other legal and regulatory requirements

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and

the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected development priorities presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2016:

    - Development priority 1: Sustainable Municipal Infrastructure Development and Basic Services Delivery on pages X to X

    - Development priority 3: Municipal Institutional Development and Transformation on pages X to X

14. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following development priorities:

    - Development priority 1: Sustainable Municipal Infrastructure Development and Basic Services Delivery

    - Development priority 3: Municipal Institutional Development and Transformation.

Additional matter

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

Achievement of planned targets

18. Refer to the annual performance report on pages X to X; X to X for information on the

achievement of the planned targets for the year.

Compliance with legislation

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

Internal control

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

Auditor General

Kimberley

30 November 2016

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Notes	2016 R (Actual)	2015 R (Restated)
NET ASSETS AND LIABILITIES			
Net Assets		**83 757 120**	**95 267 411**
Net Assets and Reserves	**1**	83 757 120	95 267 411
Non-Current Liabilities		**32 374 632**	**33 379 360**
Long-term Liabilities	**2**	4 660 722	6 698 727
Employee benefits	**3**	27 713 911	26 680 633
Current Liabilities		**22 960 946**	**22 578 680**
Payables from exchange transactions	**6**	8 458 171	10 535 373
Current Portion of Long-term Liabilities	**2**	1 988 393	1 734 990
Unspent Conditional Government Grants and Receipts	**7**	3 073 659	1 177 558
Current Employee benefits	**5**	9 440 722	9 130 759
Total Net Assets and Liabilities		**139 092 698**	**151 225 451**
ASSETS			
Non-Current Assets		**56 066 740**	**48 809 149**
Long-Term Receivables	**14**	8 598 000	9 475 393
Property, Plant and Equipment	**10**	46 096 870	37 812 162
Intangible Assets	**11**	740 454	890 178
Heritage Assets	**12**	631 417	631 417
Current Assets		**83 025 958**	**102 416 302**
Cash and Cash Equivalents	**18**	69 275 054	87 482 573
Current Investments	**13**	5 550 000	5 250 000
Receivables from non-exchange transactions	**16**	1 757 951	1 531 082
Taxes	**9**	5 393 830	6 862 911
Operating Lease Asset	**17**	5 000	2 754
Current Portion of Long-term Receivables	**14**	741 000	963 324
Inventory	**15**	303 121	323 658
Total Assets		**139 092 698**	**151 225 451**

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 (Actual) R	2015 (Restated) R
REVENUE			
Revenue from Non-exchange Transactions		**110 413 264**	**102 394 822**
Transfer Revenue		**110 413 264**	**102 394 822**
Government Grants and Subsidies	**19**	110 413 264	102 379 822
Public Contributions and Donations	**20**	-	15 000
Revenue from Exchange Transactions		**10 644 834**	**8 006 697**
Rental of Facilities and Equipment		643 770	971 687
Interest Earned - external investments / current account		7 866 135	6 882 359
Other Income	**21**	2 134 929	152 651
Total Revenue		**121 058 098**	**110 401 519**
EXPENDITURE			
Employee related costs	**22**	52 743 677	47 112 666
Remuneration of Councillors	**23**	5 987 653	5 690 954
Depreciation and Amortisation	**25**	3 960 969	3 769 090
Repairs and Maintenance		3 520 611	3 254 275
Actuarial losses		965 593	1 210 719
Finance Charges - External Funding	**27.1**	884 112	1 052 381
Finance Charges - Employee benefits	**27.2**	1 513 138	1 328 389
Grants and Subsidies	**28**	54 621 447	37 275 977
General Expenses	**29**	13 141 331	12 063 939
Loss on disposal of Property,Plant and Equipment		216 455	110 505
Total Expenditure		**137 554 987**	**112 868 896**
NET SURPLUS (DEFICIT) FOR THE YEAR		**(16 496 889)**	**(2 467 377)**

FRANCES BAARD DISTRICT MUNICIPALITY

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

	Revaluations Reserve	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 JULY 2014	**15 323 973**	**8 182 081**	**73 425 979**	**96 932 033**
Correction of error Note 30	498 094	-	301 906	800 000.00
Restated Balance at 1 JULY 2014	**15 822 067**	**8 182 081**	**73 727 885**	**97 732 033**
Net Deficit for the year	-	-	(2 467 377)	(2 467 377)
Transfer to Capital Replacement Reserve	-	3 129 360	(3 129 360)	-
Property, plant and equipment purchased	-	(2 124 642)	2 124 642	-
Offsetting of depreciation	(207 412)	-	207 412	-
Correction of error Note 30	(45 283)		48 037	2 754
Balance at 30 JUNE 2015	**15 569 372**	**9 186 800**	**70 511 239**	**95 267 411**
Net Deficit for the year	-	-	(16 496 889)	(16 496 889)
Revaluation of Land & Buildings	4 986 599	-	-	4 986 599
Transfer to Capital Replacement Reserve	-	11 677 000	(11 677 000)	-
Property, plant and equipment purchased	-	(5 582 005)	5 582 005	-
Offsetting of depreciation	(252 695)	-	252 695	-
Balance at 30 JUNE 2016	**20 303 275**	**15 281 795**	**48 172 050.05**	**83 757 120**

FRANCES BAARD DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Notes	30 JUNE 2016 Actual R	30 JUNE 2015 Restated R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		2 291 944	39 196
Government		112 569 249	103 405 099
Interest		7 866 135	6 882 359
Payments			
Suppliers and employees		(78 891 440)	(67 915 919)
Finance charges	**27**	(884 112)	(1 052 381)
Transfers and Grants		(54 621 447)	(37 275 977)
Net cash flow from operating activities	**31**	**(11 669 670)**	**4 082 377**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**10**	(5 505 354)	(1 872 187)
Proceeds on Disposal of Fixed Assets		-	9 605
Purchase of Intangible Assets		(76 651)	(252 455)
Increase in Long-term Receivables	**14**	1 099 717	37 828
Decrease/(Increase) in Current Investments	**13**	(300 000)	(850 000)
Net Cash flow from Investing activities		**(4 782 288)**	**(2 927 208)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(1 784 602)	(1 606 934)
Net Cash flow from financing activities		**(1 784 602)**	**(1 606 934)**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(18 236 560)**	**(451 765)**
Cash and Cash Equivalents at the beginning of the year		87 482 573	87 934 339
Cash and Cash Equivalents at the end of the year	**32**	69 275 054	87 482 573
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(18 207 519)**	**(451 766)**

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Buget)	2016 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	3 275 054	2 965 533	309 522	Variance due to savings on salaries, allowances and capital expenditure.
Call investment deposits	66 000 000	57 427 000	8 573 000	Variance due to savings on salaries, allowances and capital expenditure.
Other Receivables	7 151 781	2 000 000	5 151 781	Late payment of VAT by SARS
Current portion of long-term receivables	741 000	900 000	(159 000)	Overbudget due to uncertainty of actual figures
Inventory	303 121	300 000	3 121	-
Operating Lease Asset	5 000	-	5 000	Refer to note 30.
Total current assets	77 470 957	63 592 533	13 878 424	
Non current assets				
Long-term receivables	8 598 000	8 678 501	(80 501)	Variance due to decrease in number of members.
Investments	5 550 000	-	5 550 000	Disclosed under budget as cash & cash equivalents in annual budget
Property, plant and equipment	46 096 870	38 333 394	7 763 475	Revaluation of land and buildings realised during the financial year
Intangible Assets	740 454	442 517	297 937	Budgeted amount understated
Heritage Assets	631 417	-	631 417	-
Total non current assets	61 616 740	47 454 412	14 162 328	
TOTAL ASSETS	139 087 697	111 046 945	28 040 752	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	1 988 393	1 694 000	294 393	Current portion not adjusted in annual budget
Trade and other payables	11 531 830	7 000 000	4 531 830	Projects not started on time resulted in increases in payables
Provisions and Employee Benefits	9 440 722	8 000 000	1 440 722	Underbudget due to unavailability of post service benefits when compiling the budget.
Total current liabilities	22 960 946	16 694 000	6 266 946	
Non current liabilities				
Borrowing	4 660 722	6 649 450	(1 988 728)	Current portion not included in budgeted figure
Provisions and Employee Benefits	27 713 911	22 000 000	5 713 911	Underbudget due to unavailability of post service benefits when compiling the budget.
Total non current liabilities	32 374 632	28 649 450	3 725 182	
TOTAL LIABILITIES	55 335 578	45 343 450	9 992 128	
NET ASSETS	55 335 578	45 343 450	9 992 128	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	83 757 120	41 400 134	42 356 986	Actual expenditure less than budgeted amounts
Reserves	-	24 303 361	(24 303 361)	Increase in revaluation reserve due to revaluation. Capital expenditure not realised.
TOTAL COMMUNITY WEALTH/EQUITY	83 757 120	65 703 495	18 053 626	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Buget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	2 142 929	822 604	2 965 533	Adjustment to actual audited figures for 2016
Call investment deposits	59 600 000	(2 173 000)	57 427 000	Adjustment to actual audited figures for 2016
Other Receivables	2 000 000	-	2 000 000	
Current portion of long-term receivables	900 000	-	900 000	
Inventory	300 000	-	300 000	
Total current assets	64 942 929	(1 350 396)	63 592 533	
Non current assets				
Long-term receivables	8 678 501	-	8 678 501	
Property, plant and equipment	46 098 354	(7 764 960)	38 333 394	Decrease in capital budget in disaster management
Intangible Assets	442 517	-	442 517	-
Heritage Assets	-	-	-	
Total non current assets	55 219 372	(7 764 960)	47 454 412	
TOTAL ASSETS	120 162 301	(9 115 356)	111 046 945	
LIABILITIES				
Current liabilities				
Borrowing	1 694 000	-	1 694 000	-
Trade and other payables	7 000 000	-	7 000 000	-
Provisions and Employee Benefits	8 000 000	-	8 000 000	-
Total current liabilities	16 694 000	-	16 694 000	
Non current liabilities				
Borrowing	6 649 450	-	6 649 450	-
Provisions and Employee Benefits	22 000 000	-	22 000 000	-
Total non current liabilities	28 649 450	-	28 649 450	
TOTAL LIABILITIES	45 343 450	-	45 343 450	
NET ASSETS	74 818 851	(9 115 356)	65 703 495	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	48 468 795	(7 068 661)	41 400 134	Adjustment based on previous year performance
Reserves	26 350 056	(2 046 695)	24 303 361	Provision for current year contributions
TOTAL COMMUNITY WEALTH/EQUITY	74 818 851	(9 115 356)	65 703 495	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Buget)	2016 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Rental of facilities and equipment	643 770	1 072 000	(428 230)	Variance due to decrease in usage of the grader
Interest earned - external investments	7 866 135	5 843 350	2 022 785	Based on actual performance of investments
Government Grants and Subsidies - Operating	110 413 264	112 934 646	(2 521 382)	All projects was not completer before year end
Other revenue	2 134 929	4 552 800	(2 417 871)	Based on actual performance
Gains on disposal of PPE	-	60 000	(60 000)	Based on actual performance
Total Operating Revenue	121 058 098	124 462 796	(3 404 698)	
EXPENDITURE BY TYPE				
Employee related costs	52 743 677	57 549 150	(4 805 473)	Underspending due to vacant positions not filled accordingly
Remuneration of councillors	5 987 653	6 336 840	(349 187)	Budgeted amounts more than the cazeted amounts
Debt impairment	-	3 000	(3 000)	-
Depreciation & asset impairment	3 960 969	5 615 000	(1 654 031)	Decreased capital expenditure
Finance Charges - External Funding	884 112	764 000	120 112	-
Finance Charges - Employee benefits	1 513 138	2 290 000	(776 862)	Lower interest and actuarial losses
Other materials	3 520 611	4 694 686	(1 174 075)	Decrease in actual needs in relation to maintenance cost.
Grants and subsidies paid	54 621 447	66 320 906	(11 699 459)	Under performance with regards to budget estimates and roll overs
Other expenditure	14 106 924	20 906 402	(6 799 478)	Savings on budgeted estimates.
Loss on disposal of PPE	216 455	210 000	6 455	Under budgeted estimates
Total Operating Expenditure	137 554 987	164 689 984	(27 134 997)	
Operating Deficit for the year	(16 496 889)	(40 227 188)	23 730 299	
Net Deficit for the year	(16 496 889)	(40 227 188)	23 730 299	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)	Reasons for material adjustments
REVENUE BY SOURCE				
Rental of facilities and equipment	1 072 000	-	1 072 000	Not budgeted for in the approved budget.
Interest earned - external investments	5 443 350	400 000	5 843 350	Additional revenue generated.
Government Grants and Subsidies - Operating	106 509 000	6 425 646	112 934 646	Un - gazetted grants not budgeted for
Other revenue	4 052 800	500 000	4 552 800	Adjustment as result Actuarial losses realised
Gains on disposal of PPE	60 000	-	60 000	Adjustment based on actual receipt
Total Operating Revenue	117 137 150	7 325 646	124 462 796	
EXPENDITURE BY TYPE				
Employee related costs	57 549 150	-	57 549 150	-
Remuneration of councillors	6 336 840	-	6 336 840	-
Debt impairment	3 000	-	3 000	-
Depreciation & asset impairment	5 615 000	-	5 615 000	-
Finance charges	3 054 000	-	3 054 000	-
Bulk purchases	-	-	-	
Other materials	3 955 716	738 970	4 694 686	Based on actual needs
Contracted services	-	-	-	
Grants and subsidies paid	56 991 970	9 328 936	66 320 906	Un - gazetted grants not budgeted for
Other expenditure	21 386 232	(479 830)	20 906 402	Expected savings on general expenses
Loss on disposal of PPE	210 000	-	210 000	
Total Operating Expenditure	155 101 908	9 588 076	164 689 984	
Net Deficit for the year	(37 964 758)	(2 262 430)	(40 227 188)	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Buget)	2016 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	2 291 944	5 124 800	(2 832 856)	Based on actual performance
Government - operating	112 569 249	106 579 000	5 990 249	All projects was not completer before year end
Interest	7 866 135	5 443 350	2 422 785	More interest earned due to higher than expected cash balances
Payments				
Suppliers and Employees	(78 891 440)	(83 210 453)	4 319 014	Variance mainly due to vacant positions on the staff establishment of the municipality
Finance charges	(884 112)	(1 054 000)	169 888	
Transfers and Grants	(54 621 447)	(54 578 382)	(43 065)	Not material
NET CASH FROM/(USED) OPERATING ACTIVITIES	-11 669 670	-21 695 685	-	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	60 000	(60 000)	-
Decrease/(increase) in non-current receivables	1 099 717	-	1 099 717	-
Decrease/(increase) in Current investments	(300 000)	5 250 000	(5 550 000)	-
Payments				
Capital assets	(5 582 005)	(9 633 164)	4 051 159	Savings on purchases
NET CASH FROM/(USED) INVESTING ACTIVITIES	(4 782 288)	(4 323 164)	-459 124	
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments				
Repayment of borrowing	(1 784 602)	(1 111 453)	(673 149)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 784 602)	(1 111 453)	(673 149)	
NET INCREASE/(DECREASE) IN CASH HELD	(18 236 560)	(27 130 302)	(1 132 273)	
Cash and Cash Equivalents at the beginning of the year	87 482 573	87 482 573	-	
Cash and Cash Equivalents at the end of the year	69 275 054	60 393 412	8 881 643	Increase in cash due to expenditure nat realised

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	5 124 800	-	5 124 800	-
Government - operating	106 509 000	70 000	106 579 000	Not Material
Interest	5 443 350	-	5 443 350	-
Payments				
Suppliers and Employees	(83 177 413)	(33 040)	(83 210 453)	Not Material
Finance charges	(1 054 000)	-	(1 054 000)	-
Transfers and Grants	(54 578 382)	41 140	(54 537 242)	Not Material
NET CASH FROM/(USED) OPERATING ACTIVITIES	(21 732 645)	78 100	(21 654 545)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Decrease/(increase) in non-current receivables	60 000	-	60 000	-
Payments				
Capital assets	5 250 000	-	5 250 000	-
NET CASH FROM/(USED) INVESTING ACTIVITIES	5 310 000	-	5 310 000	
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments				
Repayment of borrowing	-	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	
NET INCREASE/(DECREASE) IN CASH HELD	(16 422 645)	78 100	(16 344 545)	
Cash and Cash Equivalents at the beginning of the year	94 016 011	(6 533 437)	87 482 573	Based on actual results
Cash and Cash Equivalents at the end of the year	66 992 929	(6 599 517)	60 393 412	Un - gazetted grants not budgeted for

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures are rounded to the nearest Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies are disclosed below. These accounting policies are consistent with the previous period.

1.2. GOING CONCERN

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

1.3. COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.4. MATERIALITY

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

1.5. RESERVES

1.5.1.Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/deficit to the CRR. The cash in the CRR can only be utilized to finance items of

property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

1.5.2. Revaluations Reserve

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

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

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

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.6. LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.6.1. Operating lease - Lessee

Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.6.2. Operating lease - Lessor

Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.7. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

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

1.8. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the statement of financial position. The asset is recognised when the municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

1.9. UNSPENT PUBLIC CONTRIBUTIONS

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

Unspent public contributions are financial liabilities that are separately reflected on the statement of financial position. They represent unspent contributions from the public.

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

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

1.10. PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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

a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- When the plan will be implemented.

b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.11. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

1.11.1. Post-Retirement Medical Obligations

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

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

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

1.11.2. Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the statement of financial performance as employee benefits upon valuation.

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

1.11.3. Ex gratia Gratuities

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

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the statement of financial performance in the

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

1.11.4. Provision for Staff Leave

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

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

Accumulated leave is vesting.

1.11.5. Staff Bonuses Accrued

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

1.11.6. Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 54A and 56 employees, is recognised as it accrue. The performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.11.7. Pension and retirement fund obligations

The municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the statement of financial performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the statement of financial performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.12. PROPERTY, PLANT AND EQUIPMENT

1.12.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an

asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

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

1.12.2. Subsequent Measurement – Cost Model

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

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

1.12.3. Subsequent Measurement – Revaluation Model

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

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

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

1.12.4. Depreciation and Impairment

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

Property, plant and equipment	**Years**
Buildings	5 – 32
Computer equipment	5 – 27
Emergency equipment	5 – 27
Furniture and fittings	4 – 30
Land	Indefinite
Motor vehicles	5 – 15
Office equipment	5 – 27
Plant and machinery	4 – 17
Security measures	5 – 10

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the statement of financial performance is the excess of the carrying value over the recoverable amount.

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

1.12.5. De-recognition

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

1.13. INTANGIBLE ASSETS

1.13.1. Initial Recognition

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

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

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

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

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

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

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

1.13.2. Subsequent Measurement – Cost Model

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

1.13.3. Amortisation and Impairment

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

Intangible assets	**Years**
Computer software	10

Computer software licenses	10

1.13.4. De-recognition

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

1.14. HERITAGE ASSETS

1.14.1. Initial Recognition

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

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

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

1.14.2. Subsequent Measurement – Cost Model

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

1.14.3. Depreciation and Impairment

Heritage assets are not depreciated

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

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

1.14.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between

the sales proceeds and the carrying value of the heritage asset and is recognised in the statement of financial performance.

1.14.5. Application of deemed cost - Directive 7

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

1.15. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.15.1. Cash-generating assets

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

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

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

a) External sources of information

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

b) Internal sources of information

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

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur

when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

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

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

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

1.15.2. Non-cash-generating assets

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

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

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

a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the municipality operates.

b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the municipality have taken place during the period, or are expected to take place in the near future, in

the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.

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

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

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

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

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

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

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

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any

impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

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

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

1.16. INVENTORIES

1.16.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

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

1.16.2. Subsequent Measurement

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

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

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

1.17. FINANCIAL INSTRUMENTS

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

1.17.1. Initial Recognition

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

1.17.2. Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and Cash Equivalents	Financial assets measured at amortised cost
Current Investments	Financial assets measured at amortised cost
Receivables from non-exchange transactions	Financial assets measured at amortised cost
Long-Term Receivables	Financial assets measured at amortised cost

The Municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Long-term Liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

1.17.3. Subsequent Measurement

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

1.17.3.1. *Receivables*

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

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

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

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

1.17.3.2. *Payables and Annuity Loans*

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.17.3.3. *Cash and Cash Equivalents*

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

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.17.3.4. *Non-Current Investments*

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

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

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of financial performance.

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

1.17.4. De-recognition of Financial Instruments

1.17.4.1. *Financial Assets*

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

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

1.17.4.2. *Financial Liabilities*

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

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

1.17.5. Offsetting of Financial Instruments

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

1.18. TAXES – VALUE ADDED TAX

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

1.19. REVENUE

1.19.1. Revenue from Non-Exchange Transactions

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

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

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

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

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

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

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

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

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

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

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

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

1.19.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

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

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

At the time of initial recognition the full amount of revenue is recognised where the municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the municipality does not successfully

enforce its obligation to collect the revenue this would be considered a subsequent event.

Interest revenue is recognised using the effective interest rate method.

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

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

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

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

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

The amount of revenue arising on a transaction is usually determined by agreement between the municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the municipality.

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

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

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

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

1.20. BORROWING COSTS

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

It is inappropriate to capitalise borrowing costs when there is clear evidence that it is difficult to link the borrowing requirement of the municipality directly to the nature of the expenditure to be funded. In such cases, the municipality expense those borrowing costs related to a qualifying asset directly to the statement of financial performance.

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

1.21. RELATED PARTIES

The municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

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

The following are regarded as related parties of the municipality:

a) A person or a close member of that person's family is related to the municipality if that person:

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

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

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the municipality or an entity related to the municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

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

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

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

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

Management personnel include:

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

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

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

1.22. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

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

Management judgement is required when recognising and measuring contingent liabilities.

1.26. PRESENTATION OF BUDGET INFORMATION

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

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2015 to 30 June 2016. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

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

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

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

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

1.27. CAPITAL COMMITMENTS

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

1.28. EVENTS AFTER REPORTING DATE

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

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

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

1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

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

1.29.2. Impairment of Receivables

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

1.29.3. Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical

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

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

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

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

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

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

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

1.29.4. Intangible Assets

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

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

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

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

1.29.5. Investment Property

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

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

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

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

1.29.6. Provisions and Contingent Liabilities

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

1.29.7. Revenue Recognition

Accounting Policy 1.21.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.21.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality.

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

1.29.8. Provision for Staff leave

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

1.29.9. Provision for Performance bonuses

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

1.29.10. Componentisation of Infrastructure assets

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

1.30. NEW STANDARDS AND INTERPRETATIONS

1.30.1. Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

1.30.1.1. GRAP 21 (as amended 2015): Impairment of Non-cash-generating Assets

The following amendments were made to the standard:

- editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP;
- general definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP;
- additional commentary has been added to clarify the objective of cash-generating assets and non-cash generating assets, and consequential amendments made to the definition of cash-generating assets;
- the indicators of internal sources of information were amended to include obsolescence as an indication that an asset may be impaired. In line with the amendments made to IPSAS 21 on Impairment of Non-cash-generating Assets (IPSAS 21) in 2011, an amendment has been made to include another indicator of impairment i.e., where an asset's useful life has been reassessed as finite rather than indefinite;
- where the recoverable service amount is value in use, disclosure requirements have been added about whether an independent valuer is used to determine value in use together with the methods and significant assumptions applied in determining the value in use have been added to the disclosure requirements; and
- appendices with illustrative examples of indications of impairment and measurement of impairment losses have been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality has adopted the standard for the first time in the 2016 annual financial statements. The impact of the standard is not material.

1.30.1.2. *GRAP 26 (as amended 2015): Impairment of Cash-generating Assets*

The following amendments were made to the standard:

- editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP;
- general definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP;
- additional commentary has been added to clarify the objective of cash-generating assets and non-cash generating assets, and consequential amendments made to the definition of cash-generating assets and cash generating unit;
- in line with the amendments made to IPSAS 26 on Impairment of Cash-generating Assets (IPSAS 26) in 2010, an amendment has been made to include another indicator of impairment in relation to the internal sources of information;
- where the recoverable amount is value in use, disclosure requirements have been added about whether an independent valuer is used to determine value in use together with the methods and significant assumptions applied in determining the value in use have been added to the disclosure requirements; and
- appendices with illustrative examples on using present value techniques to measure value in use and illustrative guidance have been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality has adopted the standard for the first time in the 2016 annual financial statements. The impact of the standard is not material.

1.30.1.3. *Improvements to the Standards of GRAP (2013)*

Amendments were made to the following standards of GRAP:

- GRAP 1 - Presentation of Financial Statements;
- GRAP 2 - Cash Flow Statements;
- GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors;
- GRAP 7 - Investments in Associates;
- GRAP 10 - Financial Reporting in Hyperinflationary Economies;
- GRAP 11 - Construction Contracts;
- GRAP 13 - Leases;
- GRAP 17 - Property, Plant and Equipment;
- GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets;
- GRAP 21 - Impairment of Non-cash-generating Assets (refer to separate note);
- GRAP 24 - Presentation of Budget Information in Financial Statements;
- GRAP 25 - Employee Benefits;
- GRAP 26 - Impairment of Cash-generating Assets (refer to separate note);
- GRAP 31 - Intangible Assets;
- GRAP 103 - Heritage Assets; and

- GRAP 104 - Financial Instruments.

The amendments relate mainly to editorial and other changes to the original text to ensure consistency with other Standards of GRAP and deletion of the appendices with illustrative guidance and examples from the standards, as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the improvements is for years beginning on or after 01 April 2015.

The municipality has adopted the improvements for the first time in the 2016 annual financial statements. The impact of the improvements is not material.

1.30.1.4. *GRAP 23 (as amended 2015): Revenue From Non-exchange Transactions*

The following amendments were made to the standard:

- editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP;
- the scope paragraph has been amended to exclude non-exchange revenue from construction contracts from this Standard;
- commentary has been added to clarify that discounts, volume rebates or other reductions in the quoted price of assets are exchange transactions that should be treated in accordance with the Standard of GRAP on Revenue from Exchange Transactions;
- the Standard was amended to make it mandatory for entities to recognise services in-kind to the extent that the services in-kind are significant to an entity's operations and/or service delivery objectives and to the extent that the recognition criteria have been met;
- commentary has been added to clarify that services in-kind are not limited to the provision of services by individuals but also include the right to use assets. Examples have been added to illustrate this amendment; and
- the appendix with illustrative examples has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality has adopted the standard for the first time in the 2016 annual financial statements. The impact of the standard is not material.

1.30.2. Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2016 or later periods:

1.30.2.1. *GRAP 18: Segment Reporting*

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which the municipality reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of the municipality that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by the municipality within a particular region.

This Standard has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more presentation and disclosure than is currently provided in the annual financial statements.

1.30.2.2. *GRAP 20: Related Parties*

The objective of this standard is to ensure that a reporting municipality's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

A municipality that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting municipality) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between the municipality and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the municipality. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;

- is a member of the management of the entity or its controlling entity.

- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - The entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

The standard requires that remuneration of management must be disclosed per person and in aggregate.

The standard has been approved by the Accounting Standards Board, but the effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard but has already formulated an accounting policy for this reporting period based on the Standard.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

1.30.2.3. *GRAP 32: Service Concession Arrangements: Grantor*

The standard applies to a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator providing the mandated function on behalf of the grantor can either be a private party or another public sector entity. The standard applies to the grantor only.

Public Private Partnership agreements that are governed and regulated in terms of the MFMA, are some of the arrangements that fall within the scope of GRAP 32. For any other arrangements that meet the control criteria as set out in paragraph .07 of GRAP 32 the principles in the standard on accounting for such arrangements will apply.

An asset provided by the operator, or an upgrade to an existing asset, is recognised as a service concession asset with a corresponding liability, being the performance obligation, if certain criteria and conditions are met.

The standard has been approved by the Accounting Standards Board, but the effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard. It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

1.30.2.4. *GRAP 108: Statutory Receivables*

GRAP 108 only deals with those receivables that arise from legislation or an equivalent means, such as regulations, bylaws or other documents issued in terms of legislation, such as ministerial orders and cabinet or municipal council decisions. Therefore in order to be statutory in nature specific legislation should require the municipality to undertake the transactions, such as outlining who should be taxed and at what rates and amounts

Statutory receivables are not contractual receivables, the latter of which would normally meet the definition of a financial asset and will be within the scope of the Standard of GRAP on Financial Instruments. Statutory receivables are not voluntarily entered into as with contractual receivables, because they arise as a result of specific legislative requirements.

Statutory receivables are initially measured at their transaction amount and subsequently using the cost method.

Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

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

The standard has been approved by the Accounting Standards Board, but the effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard but has already formulated an accounting policy for this reporting period based on the Standard.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

1.30.2.5. IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

This interpretation concludes on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The interpretation has been approved by the Accounting Standards Board, but the effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard. It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

1.30.2.6. GRAP 16 (as amended 2015): Investment Property

Amendments made to the standard are:

- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- the encouraged disclosures were deleted; and
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements is now required.

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality expects to adopt the standard for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

1.30.2.7. *GRAP 17 (as amended 2015): Property, Plant and Equipment*

Amendments made to the standard are:

- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- encouraged disclosures were deleted; and
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements are now required.

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality expects to adopt the standard for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

1.30.2.8. *GRAP 109: Accounting by Principals and Agents*

The objective of this Standard is to outline principles to be used by the municipality to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when the municipality is a principal or an agent.

The standard has been approved by the Accounting Standards Board, but the effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard. The impact of this standard is currently being assessed.

		2016 R	2015 R
1	**NET ASSET RESERVES**		
	Capital Replacement Reserve	15 281 795	9 186 800
	Accumulated Surplus/(Deficit)	48 172 050	70 511 239
	Revaluations Reserve	20 303 275	15 569 372
	Total Net Asset Reserves	**83 757 120**	**95 267 411**
2	**LONG-TERM LIABILITIES**		
	Annuity Loans - At amortised cost	6 649 115	8 433 717
		6 649 115	**8 433 717**
	Current Portion transferred to Current Liabilities	**1 988 393**	**1 734 990**
	Annuity Loans - At amortised cost	1 988 393	1 734 990
		4 660 722	**6 698 727**
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	**4 660 722**	**6 698 727**

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	2 659 315	2 659 207
Payable within two to five years	7 977 946	10 637 261
	10 637 261	13 296 469
Less: Future finance obligations	(3 988 146)	(4 862 751)
Present value of annuity obligations	**6 649 115**	**8 433 717**

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.

3	**EMPLOYEE BENEFITS**		
	Post Retirement Healthcare Benefits - Refer to Note 4.1	17 395 000	15 661 878
	Roads Post Retirement Healthcare Benefits - Refer to Note 4.1	8 598 000	9 475 393
	Long Service Awards - Refer to Note 4.2	1 599 000	1 416 872
	Ex-Gratia Pension Benefits - Refer Note 4.3	121 910	126 490
	Total Non-current Employee Benefit Liabilities	**27 713 911**	**26 680 633**

In terms of the agreement with the Northern Cape Provincial Government, these amounts will be recoverable from the Provincial Government on payment to the affected employees. Refer note 14.

Post Retirement Healthcare Benefits

Balance 1 July	26 916 547	25 036 299
Contribution for the year	580 573	394 998
Interest Cost	2 237 572	2 069 487
Expenditure for the year	(1 704 902)	(1 574 620)
Actuarial Loss/(Gain)	(237 790)	990 383
Total post retirement benefits 30 June	**27 792 000**	**26 916 547**
Less: Transfer of Current Portion - Note 5	(1 799 000)	(1 779 276)
Balance 30 June	**25 993 000**	**25 137 271**

Post Retirement Benefits: Frances Baard

Balance 1 July	16 477 830	14 559 754
Contribution for the year	580 573	394 998
Interest Cost	1 381 299	1 212 119
Expenditure for the year	(942 221)	(802 805)
Actuarial Loss/(Gain)	955 519	1 113 764
Total post retirement benefits 30 June	**18 453 000**	**16 477 830**
Less: Transfer of Current Portion - Note 5	(1 058 000)	(815 952)
Balance 30 June	**17 395 000**	**15 661 878**

	2016 R	2015 R
Post Retirement Benefits: Roads		
Balance 1 July	10 438 717	10 476 545
Balance previously reported	-	10 652 239
Contribution for the year		-
Interest Cost	856 273	857 368
Expenditure for the year	(762 681)	(771 815)
Actuarial Loss/(Gain)	(1 193 309)	(123 381)
Total post retirement benefits 30 June	**9 339 000**	**10 438 717**
Less: Transfer of Current Portion - Note 5	(741 000)	(963 324)
Balance 30 June	**8 598 000**	**9 475 393**
Long Service Awards		
Balance 1 July	1 608 516	1 321 976
Contribution for the year	201 377	141 985
Interest Cost	121 389	105 022
Expenditure for the year	(130 296)	(42 346)
Actuarial Loss/(Gain)	(8 986)	81 879
Total long service 30 June	**1 792 000**	**1 608 517**
Less: Transfer of Current Portion - Note 5	(193 000)	(191 645)
Balance 30 June	**1 599 000**	**1 416 872**
Ex-Gratia Pensions		
Balance 1 July	160 580	168 345
Interest Cost	10 450	11 248
Expenditure for the year	(34 090)	(34 090)
Actuarial Loss/(Gain)	19 060	15 076
Total long service 30 June	**156 000**	**160 580**
Less: Transfer of Current Portion - Note 5	(34 090)	(34 090)
Balance 30 June	**121 910**	**126 490**
TOTAL NON-CURRENT EMPOLYEE BENEFITS		
Balance 1 July	28 685 643	26 526 621
Contribution for the year	781 950	536 983
Interest cost	2 369 411	2 185 757
Expenditure for the year	(1 869 288)	(1 651 056)
Actuarial Loss/(Gain)	(227 716)	1 087 338
Total employee benefits 30 June	**29 740 000**	**28 685 644**
Less: Transfer of Current Portion - Note 5	(2 026 090)	(2 005 011)
Balance 30 June	**27 713 911**	**26 680 633**

4 EMPLOYEE BENEFITS (CONTINUE)

3.1 Post Retirement Healthcare Benefits

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

In-service (employee) members	62	67
In-service (employee) non-members	36	32
Continuation members (e.g. Retirees, widows, orphans)	46	49
Total Members	**144**	**148**

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

In-service members	6 712 000	6 746 836
Continuation members	21 080 000	20 169 711
Total Liability	**27 792 000**	**26 916 547**

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

	2014 R	2013 R	2012 R
In-service members	5 048 295	4 453 000	2 940 292
Continuation members	19 988 004	18 877 000	19 823 482
Total Liability	**25 036 299**	**23 330 000**	**22 763 774**

Experience adjustments were calculated as follows:	2016 R	2015 R	2014 R	2013 R
Liabilities: (Gain) / loss	(237 790)	1 422 000	1 122 000	41 000

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:
Bonitas
Keyhealth
LA Health
ProSano
SAMWU Medical Aid

Key actuarial assumptions used:

i) Rate of interest

Discount rate	Yield curve	8.59%
Health Care Cost Inflation Rate	Equal to CPI + 1	7.76%
Net Effective Discount Rate	Yield curve based	0.77%

	2016 R	2015 R

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

ii) Mortality rates

Mortality before retirement is based on SA 85-90 mortality tables. Mortality for pensioners was based on the PA 90 ultimate mortality rates.

iii) Normal retirement age

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

iv) Valuation reports

The last valuation was performed on 30 June 2016.

v) Actuarial Valuation Method

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

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

Present value of fund obligations	25 993 000	25 137 271
Total Liability	**25 993 000**	**25 137 271**

The fund is wholly unfunded.

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	26 916 547	25 036 299
Total expenses	1 113 243	889 865
Current service cost	580 573	394 998
Interest Cost	2 237 572	2 069 487
Benefits Paid	(1 704 902)	(1 574 620)
Actuarial (gains)/losses	(237 790)	990 383
Present value of fund obligation at the end of the year	27 792 000	26 916 547
Less: Transfer of Current Portion - Note 5	(1 799 000)	(1 779 276)
Balance 30 June	**25 993 000**	**25 137 271**

Sensitivity Analysis on the Accrued Liability

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

Sensitivity Analysis on the Future Service Cost and Interest

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption					
Health care inflation	1%	717 000	3 059 000	31 316 000	13%
Health care inflation	-1%	455 000	2 405 000	24 865 000	-11%
Withdrawal Rate	20%	521 000	2 480 000	25 582 000	-8%
Withdrawal Rate	-20%	627 000	2 986 000	30 626 000	10%

3.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.	99	99

Key actuarial assumptions used:	2016 %	2015 %
i) Rate of interest		
Discount rate	Yield curve	8.01%
General Salary Inflation (long-term)	Equal to CPI + 1	7.11%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	Yield curve based	0.84%

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

ii) Valuation reports

The last valuation was preformed on 30 June 2016.

iii) Actuarial Valuation Method

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

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

Present value of fund obligations	1 599 001	1 416 872
Net liability	**1 599 001**	**1 416 872**

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

	2014 R	2013 R	2012 R
Total Liability	1 278 285	1 051 590	1 021 384

Experience adjustments were calculated as follows:	2016	2015	2014
Liabilities: (Gain) / loss	(8 986)	86 901	79 290

	2016 R	2015 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	1 608 517	1 321 976
Total expenses	192 470	204 661
Current service cost	201 377	141 985
Interest Cost	121 389	105 022
Benefits Paid	(130 296)	(42 346)
Actuarial (gains)/losses	(8 986)	81 879
Present value of fund obligation at the end of the year	1 792 001	1 608 517
Less: Transfer of Current Portion - Note 5	(193 000)	(191 645)
Balance 30 June	**1 599 001**	**1 416 872**

Sensitivity Analysis on the Future Service Cost and Interest

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central assumptions					
General salary inflation	1%	242 000	165 000	1 924 000	7%
General salary inflation	-1%	200 000	143 000	1 673 000	-7%
Withdrawal rates	20%	143 000	196 000	1 676 000	-6%
Withdrawal rates	-20%	248 000	166 000	1 924 000	7%

3.3 Provision for Ex-Gratia Pension Benefits

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

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

Key actuarial assumptions used:

i) Rate of interest

	2016 R	2015 R
Discount rate	7.78%	7.27%

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

ii) Valuation reports

The last valuation was preformed on 30 June 2015.

iii) Actuarial Valuation Method

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

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

	2016 R	2015 R
Present value of fund obligations	121 910	126 490
Net liability/(asset)	**121 910**	**126 490**

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

	2014 R	2013 R	2012 R
Members	135 891	142 310	575 936
Total Liability	**135 891**	**142 310**	**575 936**

	2016 R	2015 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	160 580	168 345
Total expenses	(23 640)	(22 842)
Interest Cost	10 450	11 248
Benefits Paid	(34 090)	(34 090)
Actuarial (gains)/losses	19 060	15 076
Present value of fund obligation at the end of the year	**156 000**	**160 580**
Less: Transfer of Current Portion to Current Employee Benefits - Note 5	(34 090)	(34 090)
Balance at end of year	**121 910**	**126 490**

	2016 R	2015 R	2014 R
Experience adjustments were calculated as follows:			
Liabilities: (Gain) / loss	19 060	14 596	(16 012)

3.4 Retirement funds

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

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

		2016 R	2015 R

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

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 101.4% (30 June 2014 - 106.2%).

Contributions paid recognised in the Statement of Financial Performance		5 447 016	4 745 719

DEFINED CONTRIBUTION FUNDS

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

Contributions paid recognised in the Statement of Financial Performance

Municipal Councillors Pension Fund		195 246	351 402
SAMWU National Provident Fund		22 192	122 289
		217 438	**473 691**

5 CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Healthcare Benefits - Note 3	1 058 000	815 952
Roads - Current Portion of Post Retirement Healthcare Benefits - Note 3	741 000	963 324
Current Portion of Long-Service Provisions - Note 3	193 000	191 645
Current Portion of Ex-Gratia Pension - Note 3	34 090	34 090
Provision for Staff Leave	5 548 577	5 196 735
Provision for Performance Bonuses	423 018	509 040
Staff Bonuses accrued	1 443 038	1 419 974
Total Current Employee Benefits	**9 440 722**	**9 130 759**

The movement in current employee benefits are reconciled as follows:

Provision for Staff Leave

Balance at beginning of year	5 196 734	4 306 007
Contribution to current portion	1 674 221	1 437 153
Expenditure incurred	(1 322 380)	(546 426)
Balance at end of year	**5 548 576**	**5 196 734**

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

Provision for Performance Bonuses

Balance at beginning of year	509 040	565 027
Contribution to current portion	361 557	485 248
Expenditure incurred	(447 579)	(541 235)
Balance at end of year	**423 018**	**509 040**

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

Staff Bonuses accrued

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

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

		2016 R	2015 R
6	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Other Payables	**8 458 171**	**10 535 373**
	Payments received in advance	126 171	14 355
	Retentions	479 108	601 835
	Insurance control account	1 435	-
	Sundry Creditors	7 761 832	9 855 462
	Deposit-rent buildings	2 394	-
	Standard Bank fleet card	83 962	63 721
	Salary Control: - SITE / PAYE	3 269	-
	Total Trade Payables	**8 458 171**	**10 535 373**

Payables are being recognised net of any discounts.

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

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

7	**UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**		
	Unspent Grants	3 073 659	1 177 558
	National and Provincial Government Grants	3 073 659	1 177 558
	Balance Previously Reported	3 073 659	1 177 558
	Total Conditional Grants and Receipts	**3 073 659**	**1 177 558**

Reconciliation of total grants and receipts

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

8	**UNSPENT PUBLIC CONTRIBUTIONS**		

Reconciliation of public contributions

ABSA

Opening balance	-	15 000
Contributions received	-	-
Conditions met - Transferred to revenue	-	(15 000)
Closing balance	-	-

Brief description of contribution and conditions attached

9	**TAXES**		
	NET VAT RECEIVABLE/(PAYABLE)	5 393 830	6 862 911

VAT is receivable/payable on the cash basis.

10 PROPERTY, PLANT AND EQUIPMENT

10.1 Refer to note 10 on page 66

10.2 Assets pledged as security:

No assets are pledged as security.

10.3 Third party payments received for losses incurred:

Payments received (Excluding VAT)	301 493	24 737

10.4 Impairment of property plant and equipment for the year

Impairment charges on Property, plant and equipment recognised in statement of financial performance

Land and Buildings - impairment	29 040	-
Land and Buildings - reversal of impairment	(1 800 637)	-
	(1 771 597)	**-**

		2016 R	2015 R
	Cumulative impairment charges included in major balances		
	Land and Buildings	16 797 500	18 569 097
		16 797 500	**18 569 097**

10.5 Effect of changes in accounting estimates

disposal the remaing useful life was assessed as 1year. The remaining useful life of assets not identified for disposal where reassessed if the remaining useful life in the prior was 2years of less. The residual values were reassed to be nil, this is based on past trends which indicate that the municipality most likely will not receive any funds on disposal date.
for the current and future periods.

The effect of this revision is an decreased the depreciation charges	(719 426)	-

10.6 Revaluation of property

The revaluation of council's land and buildings was done by an independent professional valuator, Valu Data, during the current year on the method of
- value indicated by recent sales of comparable properties in the market,
- value of the property's earning power based on a capitalisation of the first year income or projected future income, and
- the current cost of reproducing or replacing the improvements less loss in value from depreciation plus the value of land.

11 INTANGIBLE ASSETS

Computer Software

Net Carrying amount at 1 July	**890 178**	**776 683**
Cost	1 431 195	1 178 740
Accumulated Amortisation	(541 017)	(402 057)
Additions	76 651.00	252 455
Disposals: Cost	(59 570)	-
Amortisation	(184 973)	(138 960)
Impairments	(27 792)	-
Disposals: Amortisation	45 960	-
Net Carrying amount at 30 June	**740 454**	**890 178**
Cost	1 448 276	1 431 195
Accumulated Amortisation	(707 822)	(541 017)

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

Description	Remaining Amortisation Period	Carrying Value	
Computer programmes	10	740 454	890 178

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

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

12 HERITAGE ASSETS

Net Carrying amount at 1 July	**631 417**	**631 417**
Cost	631 417	631 417
Acquisitions	-	-
Net Carrying amount at 30 June	**631 417**	**631 417**
Cost	631 417	631 417

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

		2016 R	2015 R

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There were no Heritage Assets pledged as security for liabilities for the 2015/16 financial year.

13 CURRENT INVESTMENTS

Bank Deposits	5 550 000	5 250 000
Total Current Investments	**5 550 000**	**5 250 000**

Fixed deposit at Standard Bank until 27 June 2017 at 7.09% interest.

14 LONG-TERM RECEIVABLES

Roads Post Retirement Healthcare Benefits - Refer to Note 4.1	9 339 000	10 438 717
Opening Balance	10 438 717	10 476 545
Current year movements	(1 099 717)	(37 828)
Total post retirement benefits 30 June	**9 339 000**	**10 438 717**
Less: Transfer of Current Portion	(741 000)	(963 324)
Balance 30 June	**8 598 000**	**9 475 393**

The municipality managed an agency service on behalf of the Department of Roads & Public Works until 30 June 2011. The service has been transferred back to the department from 01 July 2011. As per agreement, the municipality will continue payment of the post service medical aid premiums of the retired employees to the service provider. The department will refund the employers portion of the instalment and the members will be responsible for the employee portion. Outstanding amounts are treated as receivables from non-exchange transactions.

15 INVENTORY

Consumable Stores - Stationery and materials - At cost	303 121	323 658
Total Inventory	**303 121**	**323 658**
Inventory recognised as an expense during the year	**357 798**	**352 500**

No inventory assets were pledged as security for liabilities.

16 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Other Receivables	**1 757 951**	**1 531 082**
Sundry Services	565 493	535 439
Payments Made in Advance	676 586	680 791
Interest on investment	222 938	209 597
Other Sundry Debtors	288 057	73 307
Salary Control:-Main Account	1 126	-
Salary Control - Traffic Fines	-	200
Salary Control: - Unclaimed Salaries	360	-
Insurance Control Account	-	20 547
Recoverable Amounts	3 391	11 200
Total Receivables from Non-Exchange Transactions	**1 757 951**	**1 531 082**
Less: Allowance for Doubtful Debts	-	-
Total Net Receivables from Non-Exchange Transactions	**1 757 951**	**1 531 082**

Reconciliation of Provision for Bad Debts

Balance at beginning of year	-	10 695
Contribution to provision/(Reversal of provision)	-	-
Bad Debts Written Off	-	(10 695)
Balance at end of year	**-**	**-**

The entire provision for bad debts relates to outstandig levies for post service medical aid contributions.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

		2016 R	2015 R
17	**OPERATING LEASE ARRANGEMENTS**		
	The Municipality as Lessor (Asset)		
	Balance on 1 July	2 754	-
	Correction of error	-	2 754
	Movement during the year	2 247	-
	Balance on 30 June	**5 000**	**2 754**
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it		
	Up to 1 Year	22 526	20 855
	1 to 5 Years	57 558	80 082
	More than 5 Years	-	-
	Total Operating Lease Arrangements	**80 085**	**100 937**
	This lease income was determined from contracts that have a specific conditional income and does not		
	The municipality does not engage in any sub-lease arrangements.		
	The municipality did not receive any contingent rent during the year		
18	**CASH AND CASH EQUIVALENTS**		
	Assets		
	Call Investment Deposits	66 000 000	84 500 000
	Primary Bank Account	3 271 754	2 979 273
	Cash Floats	3 300	3 300
	Total Cash and Cash Equivalents - Assets	**69 275 054**	**87 482 573**
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	The municipality has the following bank accounts:		
	Current Accounts		
	Standard Bank Kimberley Business Centre - Account Number 04 007 955 4	3 271 754	2 979 273
		3 271 754	**2 979 273**
	Standard Bank Kimberley Business Centre - Account Number 04 007 955 4		
	Cash book balance at beginning of year	2 979 273	9 921 183
	Cash book balance at end of year	3 271 754	2 979 273
	Bank statement balance at beginning of year	3 211 552	10 111 546
	Bank statement balance at end of year	3 275 264	3 211 552
	ABSA Bank Kimberley (Central Business District) - Account Number 940 000 327		
	Cash book balance at beginning of year	-	9 856
	Cash book balance at end of year	-	-
	Bank statement balance at beginning of year	-	9 856
	Bank statement balance at end of year	-	-
	New primary bank account has been opened at Standard bank. The account at ABSA was closed on 14 July 2014.		
	Call Investment Deposits		
	Call investment deposits consist out of the following accounts:		
	Absa Bank		**17 500 000**
	93-1387-7406		7 000 000
	20-7565-5193		6 000 000
	20-7591-8307		4 500 000
	Rand Merchant		**12 500 000**
	244513/0		4 000 000
	MUY6T10003/0		4 000 000
	244399/0		4 500 000
	Nedcor		**20 500 000**
	03/7662011402/000107		10 000 000
	03/7662011402/000105		4 500 000
	03/7662011402/000102		6 000 000
	Standard Bank		**15 500 000**
	48 472 468 106		6 000 000
	48 472 468 104		4 500 000
	48 472 468 108		5 000 000
			66 000 000

Absa Bank	**19 000 000**
20-7449-2590	9 000 000
	4 500 000
20-7506-4106	5 500 000
First Rand	**15 500 000**
PVH5311041	10 000 000
PVH56MA00	5 500 000
Nedcor	**22 000 000**
CALL - 7662011402 / 000076	9 500 000
03 / 7662011402 / 89	7 000 000
03 / 7662011402 / 92	5 500 000
Standard Bank	**28 000 000**
048472468 084	10 000 000
048472468 085	8 000 000
048472468 089	4 500 000
048472468 091	5 500 000
	84 500 000

19 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants	**98 936 000**	**97 428 000**
Equitable Share	98 936 000	97 428 000
Conditional Grants	**11 477 263**	**4 966 755**
National Government	3 234 135	1 924 115
Provincial Government	8 243 127	3 027 640
Public Contributions	-	15 000
Total Grants and Subsidies	**110 413 263**	**102 394 755**
Government Grants and Subsidies - Operating	110 413 263	102 394 824
	110 413 263	**102 394 824**

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

Equitable share	98 936 000	97 428 000
Executive & Council	387 794	49 610
Budget & Treasury	1 392 481	1 327 097
Planning & Development	6 046 939	1 895 115
Housing	3 300 051	1 380 000
Public Safety	350 000	315 000
	110 413 264	**102 394 822**

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

19.01 Equitable share

Opening balance	-	-
Grants received	98 936 000	97 428 000
Gross Funding	**98 936 000**	**97 428 000**
Conditions met - transferred to revenue	(98 936 000)	(97 428 000)
Conditions still to be met	**-**	**-**

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

19.02 Financial Management Grant

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

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

		2016 R	2015 R
19.03	**Municipal Systems Improvement Grant**		
	Opening balance	259 885	179 068
	Grants received	940 000	934 000
	Gross Funding	**1 199 885**	**1 113 068**
	Conditions met - transferred to revenue	(893 937)	(674 047)
	Transferred to sundry revenue		(68)
	Transferred back to National Treasury	(259 885)	(179 068)
	Conditions still to be met	**46 063**	**259 885**

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

19.04	**District Aids Council**		
	Opening balance	550 390	100 000
	Grants received	-	500 000
	Gross Funding	**550 390**	**600 000**
	Conditions met - transferred to revenue	(387 794)	(49 610)
	Grant expenditure to be recovered	**162 596**	**550 390**

The grant is from Department of Health to finance the costs of District Aids Councils in the campaign against AIDS and also to provide HIV /AIDS prevention care programs and services in the region.

19.05	**NEAR Control Centre**		
	Opening balance	-	-
	Grants received	350 000	315 000
	Gross Funding	**350 000**	**315 000**
	Conditions met - transferred to revenue	(350 000)	(315 000)
	Grant expenditure to be recovered	**-**	**-**

The grant is used to maintain effective functioning of the NEAR control centres and provide additional funds for training NEAR personnel.

19.06	**NCPA - Housing Accreditation Grant**		
	Opening balance	-	-
	Grants received	1 050 000	1 380 000
	Gross Funding	**1 050 000**	**1 380 000**
	Conditions met - transferred to revenue	(1 050 000)	(1 380 000)
	Conditions still to be met	**-**	**-**

The grant is used to enable the district municipality to obtain full accreditation to administer national housing programmes in terms of the delegation of functions from Department of Cooperative Governance, Human Settlements & Traditional Affairs.

19.07	**NCPA Firefighting Equipment**		
	Opening balance	315 000	-
	Grants received	350 000	315 000
	Gross Funding	**665 000**	**315 000**
	Conditions met - transferred to revenue	-	-
	Conditions still to be met	**665 000**	**315 000**

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

19.08	**SETA - Skills Grant**		
	Opening balance	-	-
	Grants received	90 198	77 099
	Gross Funding	**90 198**	**77 099**
	Conditions met - transferred to revenue	(90 198)	(77 099)
	Conditions still to be met	**-**	**-**

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

		2016 R	2015 R
19.09	**NCPA: EPWP**		
	Opening balance	-	-
	Grants received	1 000 000	1 006 000
	Gross Funding	**1 000 000**	**1 006 000**
	Conditions met - transferred to revenue	(1 000 000)	(1 006 000)
	Conditions still to be met	**-**	**-**
	The grant is used for clearance and vegetation control of areas in the DMA.		
19.10	**NCPA: Environmental Health Recycling Project**		
	Opening balance	52 283	52 283
	Grants received	-	-
	Gross Funding	**52 283**	**52 283**
	Conditions met - transferred to revenue	(52 283)	-
	Conditions still to be met	**-**	**52 283**
	Grant is used for Frances Baard Recycling projects.		
19.11	**NCPA - Tourism Grant**		
	Opening balance	-	-
	Grants received	200 000	200 000
	Gross Funding	**200 000**	**200 000**
	Conditions met - transferred to revenue	-	(200 000)
	Conditions still to be met	**200 000**	**-**
19.12	**NCPA: Operation Kgotso Pula Nala**		
	Opening balance		
	Grants received	4 000 000	
	Gross Funding	**4 000 000**	**-**
	Conditions met - transferred to revenue	(2 000 001)	
	Conditions still to be met	**1 999 999**	**-**
19.13	**Rural Roads Asset Management System**		
	Opening balance		
	Grants received	2 153 000	
	Gross Funding	**2 153 000**	**-**
	Conditions met - transferred to revenue	(2 153 000)	
	Conditions still to be met	**-**	**-**
19.14	**NCPA Housing Project**		
	Opening balance	**-**	
	Grants received	2 250 051	
	Gross Funding	**2 250 051**	**-**
	Conditions met - transferred to revenue	(2 250 051)	
	Conditions still to be met	**-**	**-**
19.15	**Total Government Grants & Subsidies**		
	Opening balance	1 177 558	331 350
	Grants received	112 569 249	103 405 099
	Gross Funding	**113 746 806**	**103 736 449**
	Transferred to sundry revenue	-	(68)
	Transferred back to National Treasury	(259 885)	(179 068)
	Conditions met - transferred to revenue	(110 413 263)	(102 379 757)
	Conditions still to be met/(Grant expenditure to be recovered)	**3 073 659**	**1 177 558**

		2016 R	2015 R
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	3 073 659	1 177 558
		3 073 659	**1 177 558**

20 Public Contributions & Donations

20.1 ABSA

Opening balance	-	15 000
Grants received	-	-
Gross Funding	**-**	**15 000**
Conditions met - transferred to revenue	-	(15 000)
Conditions still to be met	**-**	**-**

Private contribution to fund commemorative day celebrations

20.2 Total Public Contributions & Donations

Opening balance	-	15 000
Grants received	-	-
Gross Funding	**-**	**15 000**
Conditions met - transferred to revenue	-	(15 000)
Conditions still to be met/(Grant expenditure to be recovered)	**-**	**-**

21 OTHER INCOME

Commission: Insurance Payments	11 532	21 303
Private telephone calls / photo copies	32 241	38 530
Rentals	25 677	9 879
Discount on SALGA membership fees		37 500
Recovered Unauthorised, Fruitless & Wasteful Expenditure		10 128.31
Insurance Claims / Replace Stolen Assets	301 493	24 737
Reversal of impairment	1 713 113	-
Tender fees	38 628	-
Motor vehicle usage		5 500
Other	12 245	5 075
Total Other Income	**2 134 929**	**152 651**

Other income represents income such as insurance claims, private telephone calls and other sundry income.

22 EMPLOYEE RELATED COSTS

Employee related costs – Salaries and Wages	34 334 808	30 918 010
Employee related costs – Contributions for UIF, pensions and medical aids	7 172 698	6 451 426
Motor car and other allowances	4 305 063	3 671 632
Housing benefits and allowances	389 658	265 399
Leave benefit	1 674 221	1 437 153
Annual Bonus	2 527 155	2 407 275
Performance bonus	361 557	485 248
Compulsory cost:- Skills Levy; Workmen's Compensation; Industrial Council Contributions	720 414	507 658
Group Insurance	476 154	431 882
Long Service Bonus	201 377	141 985
Post-Retirement Medical Aid	580 573	-
Post-Retirement Pension fund	-	394 998
	52 743 677	**47 112 666**
Total Employee Related Costs	**52 743 677**	**47 112 666**

KEY MANAGEMENT PERSONNEL

The Municipal Manager and all other directors are appointed on a 5-year fixed term contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

		2016 R	2015 R
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	Remuneration of the Municipal Manager - Ms ZM Bogatsu		
	Annual Remuneration	1 776 349	1 647 598
	Performance Bonuses	301 252	235 689
	Total	**2 077 601**	**1 883 287**
	Remuneration of the Acting Director Financial Services - Ms O Moseki		
	Annual Remuneration	751 275	884 075
	Performance Bonuses	104 005	-
	Total	**855 280**	**884 075**
	Remuneration of the Director Administration - Ms NG Kgantsi		
	Annual Remuneration	-	160 315
	Performance Bonuses	-	101 849
	Total	**-**	**262 163**
	Resigned on 22 August 2014		
	Remuneration of Executive Director: Infrastructure Services - Mr PJ van der Walt		
	Annual Remuneration	1 188 651	1 173 607
	Performance Bonuses	104 005	97 199
	Total	**1 292 656**	**1 270 806**
	Remuneration of Executive Director: Planning & Development - Mr FS Mdee		
	Annual Remuneration	1 265 247	1 173 607
	Performance Bonuses	104 005	101 849
	Total	**1 369 252**	**1 275 456**
23	**REMUNERATION OF COUNCILLORS**		
	Mayor	807 929	766 897
	Speaker	650 515	617 690
	MPAC Chairperson	337 003	320 391
	Mayoral Committee Members	2 821 013	2 679 253
	Councillors	1 280 775	1 236 981
	Other Obligatory Contributions (Skills Levy, etc.)	90 418	69 742
	Total Councillors' Remuneration	**5 987 653**	**5 690 954**
	In-kind Benefits		
	The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Mayor is provided with secretarial support and an office at the cost of the Council.		
	The Executive Mayor makes use of a municipal vehicle for official duties.		
24	**DEBT IMPAIRMENT**		
	Trade Receivables from non-exchange transactions - Note 16	-	-
	Total Contribution to Debt Impairment	**-**	**-**
			-
	Debt impairment recognised in statement of financial performance	-	**-**
25	**DEPRECIATION AND AMORTISATION**		
	Property Plant and Equipment	3 775 996	3 630 130
	Intangible Assets	184 973	138 960
		3 960 969	**3 769 090**
26	**IMPAIRMENTS**		
	Property Plant and Equipment	(1 771 597)	-
	Intangible assets	27 792	-
		(1 743 806)	**-**
27	**FINANCE CHARGES**		
27.1	Long-term Liabilities	884 112	1 052 381
	Finance leases	-	-
	Total finance charges: long-term Liabilities	**884 112**	**1 052 381**
27.2	Employee Benefits	1 513 138	1 328 389
	Total finance charges	**2 397 250**	**2 380 770**

		2016 R	2015 R
28	**GRANTS AND SUBSIDIES**		
28.1	**Grants and subsidies paid to other municipalities**		
	Infrastructure grants paid to other municipalities	**36 187 382**	**27 435 011**
	Dikgatlong Municipality	**4 956 323**	**4 734 558**
	Streets & Storm Water	-	573 636
	Refuse	2 000 636	-
	Electricity	200 641	2 444 535
	Sanitation	-	1 310 547
	Water	256 293	405 840
	Maintenance Projects	2 498 753	-
	Magareng Municipality	**12 146 650**	**7 500 210**
	Water	-	5 000 000
	Trucks & Equipment	1 873 900	-
	Sanitation	7 772 751	-
	Maintenance Projects	2 500 000	2 500 210
	Phokwane Municipality	**10 609 963**	**8 374 432**
	Sanitation	-	1 510 530
	Streets & Stormwater	678 625	251 200
	Water	7 432 307	1 624 790
	Maintenance Projects	2 499 032	4 987 912
	Sol Plaatje Municipality	**8 474 445**	**6 825 811**
	Water	5 974 445	4 325 811
	Maintenance Projects	2 500 000	2 500 000
	Total Grants and subsidies paid to other municipalities	**36 187 382**	**27 435 011**

The municipality makes allocations to participating bodies within its area of jurisdiction. Such allocations are primarily for infrastructure development and are treated as grants in kind. Assets with regard to property, plant and equipment funded becomes the property of the participating body who controls the asset.

28.2	**Other grants paid and special projects**		
	Other grants paid and special projects	**18 434 065**	**9 840 966**
	Grants paid to other organs of state	**135 000**	**135 000**
	Northern Cape Tourism Authority	135 000	135 000
	Other special projects	**18 299 065**	**9 705 966**
	Council - Special Projects in the Office of the Mayor and Speaker	101 134	102 032
	Special Projects: Office of The Municipal Manager	-	10 964
	Youth unit	368 467	-
	Communications - Communication Projects	-	112 662
	Internal Audit	357 376	91 546
	Political Office Admin	450 537	
	Financial Management & Support Programmes	1 577 491	2 728 420
	Information Technology Projects	553	866
	Employee wellness programmes	151 764	476 570
	Project Management Projects	1 798 877	7 001
	Tourism Projects	2 027 416	1 885 981
	Operation Khotso Pula Nala	2 000 002	-
	GIS Projects	599 991	594 414
	Spatial Planning Projects	2 025 184	63 021
	Planning & Development projects	825 910	760 365
	IDP / PMS Projects	42 457	44 258
	Other special projects continue		
	Local Economic Development	2 636 426	2 079 508
	Environmental Health Projects	115 132	273 217
	Disaster Management	926 908	392 898
	Housing Awareness	2 293 442	82 244
	Total Other grants paid and special projects	**18 434 065**	**9 840 966**
	Summary of Grants and Subsidies Paid		
	Infrastructure grants paid to other municipalities	36 187 382	27 435 011
	Grants paid to other organs of state	135 000	135 000
	Other special projects	18 299 065	9 705 966
	Total Grants and Subsidies	**54 621 447**	**37 275 977**

		2016 R	2015 R
29	**GENERAL EXPENSES**		
	Accommodation	843 589	1 127 291
	Audit Fees	1 762 995	1 887 149
	Bank Charges	48 118	48 325
	Books, Printing & Stationery	697 272	671 597
	Cellphones	66 756	71 358
	Cleaning Materials	57 400	54 959
	Cleaning Motor Vehicles	13 780	14 079
	Conferences and Seminars	147 783	219 808
	Consultancy	1 345 867	469 369
	Entertainment / Refreshments	229 421	224 778
	General Expenses	399 410	313 061
	General Notices	946 917	1 019 572
	Gifts	3 139	4 036
	Insurance	402 638	340 250
	Motor vehicle operating cost	524 837	837 803
	Municipal Services & Taxes	2 266 507	1 428 580
	Office Requirements	4 360	5 516
	Pauper Burials	12 000	13 200
	Postage	13 901	26 742
	Protective Clothing	32 791	28 120
	Relocation Costs	119 571	221 186
	SALGA Membership Fees	628 254	587 261
	IA membership fees	8 079	7 523
	Security Services	589 826	589 826
	Study Bursaries	73 367	79 935
	Training	938 984	794 400
	Telephone / Data Lines	380 389	448 533
	Transportation	583 380	529 683
	General Expenses	**13 141 331**	**12 063 939**

30	**CORRECTION OF ERROR IN TERMS OF GRAP 3**	
30.1	**Accumulated Surplus**	
	1 July 2014 - Opening Balance	
	Balance Previously Reported	**73 425 979**
	Recognise off-set of revaluation surplus relating to 2012 revaluation reserve opening balance	644 654
	Reverse depreciation off-set on land	(93 620)
	Realise remaining revaluation surplus of land and buildings transferred to NCPA	(249 128)
	Reverse revaluation surplus realised for land incorrectly derecognised	(800 000)
	Reverse carrying value of land incorrectly derecognised as part of transferred land to NCPA	800 000
	Restated Accummulated surplus at 30 June 2014	**73 727 885**
	1 July 2015 - Opening balance	
	Balance Previously Reported	**70 463 202**
	Straight lining correction of MTN lease agreement in terms of GRAP 13 Leases	2 754
	Recognise off-set of revaluation surplus relating to 2012 revaluation reserve opening balance	92 093
	Reverse depreciation off-set on land	(46 810)
	Res Restated accumulated surplus at 30 June 2015	**70 511 239**
30.2	**Revaluation Reserve**	
	Balance Previously Reported	15 323 973
	Restatement of prior year depreciation offset	452 811
	Restated Balance	**15 776 784**

		2016 R	2015 R
31	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**		
	Surplus/(Deficit) for the year	**(16 496 889)**	**(2 467 377)**
	Adjustments for:		
	Depreciation	3 775 996	3 630 130
	Amortisation of Intangible Assets	184 973	138 960
	Loss on disposal of property, plant and equipment	216 455	110 505
	Contribution from/to Employee Benefits - Current	4 443 054	4 329 675
	Contribution from/to Employee Benefits - Current - Expenditure incurred	(3 908 046)	(3 225 747)
	Contribution from/to Employee Benefits - Non-Current	3 151 361	2 722 740
	Contribution from/to Employee Benefits - Non-Current - Expenditure incurred	(1 869 288)	(1 651 056)
	Actuarial Losses	(227 716)	1 087 338
	Grader cost	-	(891 005)
	Grader cost	(275 164)	891 005
	Grants Received	112 569 249	103 405 097
	Grant Expenditure	(110 673 149)	(102 573 890)
	Operating lease income accrued	(2 247)	-
	Operating Surplus/(Deficit) before changes in working capital	**(10 855 216)**	**5 506 377**
	Changes in working capital	**(814 454)**	**(1 424 000)**
	Increase/(Decrease) in Trade and Other Payables	(2 077 202)	4 278 123
	(Increase)/Decrease in Taxes	1 469 081	(5 655 193)
	(Increase)/Decrease in Inventory	20 536	(31 864)
	(Increase)/Decrease in Trade and other receivables	(226 870)	(15 067)
	Cash generated/(absorbed) by operations	**(11 669 670)**	**4 082 377**
32	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 18	66 000 000	84 500 000
	Cash Floats - Note 18	3 300	3 300
	Bank - Note 18	3 271 754	2 979 273
	Total cash and cash equivalents	**69 275 054**	**87 482 573**
33	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - Note 32	69 275 054	87 482 573
	Investments - Note 13	5 550 000	5 250 000
		74 825 054	**92 732 573**
	Less:	**50 972 552**	**50 843 690**
	Unspent Committed Conditional Grants - Note 7	3 073 659	1 177 558
	Payables from exchange transactions	8 458 171	10 535 373
	Current Employee benefits	9 440 722	9 130 759
	Cash Reserves to Cover Expenditure for Three Months	30 000 000	30 000 000
	Resources available for working capital requirements	**23 852 502**	**41 888 884**
	Allocated to:		
	Capital Replacement Reserve	15 281 795	9 186 800
	Employee Benefits	27 713 911	26 680 633
	Resources available for working capital requirements	**(19 143 203)**	**6 021 451**
34	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**		
	Long-term Liabilities - Note 2	6 649 115	8 433 717
	Used to finance property, plant and equipment - at cost	(6 649 115)	(8 433 717)

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

BUDGET COMPARISONS

		2016 R (Actual)	2016 R (Budget)	2016 R (Variance)	2016 (%)
34.1	**Operational**				
	Revenue by source				
	Government Grants and Subsidies - Operating	110 413 264	112 934 646	(2 521 382)	-2%
	Rental of Facilities and Equipment	643 770	1 072 000	(428 230)	-40%
	Interest Earned - external investments / current account	7 866 135	5 843 350	2 022 785	35%
	Other Income	2 134 929	4 552 800	(2 417 871)	-53%
	Gain on disposal of Property, Plant and Equipment	-	60 000	(60 000)	-100%
		121 058 098	**124 462 796**	**(3 404 698)**	**-3%**

Expenditure by nature

Employee Related Costs	52 743 677	57 549 150	(4 805 473)	8%
Remuneration of Councillors	5 987 653	6 336 840	(349 187)	6%
Debt Impairment	-	3 000	(3 000)	100%
Depreciation and Amortisation	3 960 969	5 615 000	(1 654 031)	29%
Repairs and Maintenance	3 520 611	4 694 686	(1 174 075)	25%
Finance Charges - Employee Benefits	1 513 138	2 000 000	(486 862)	24%
Finance Charges - External Funding	884 112	1 054 000	(169 888)	16%
Grants and Subsidies	54 621 447	66 320 906	(11 699 459)	18%
General Expenses	14 106 924	20 906 402	(6 799 478)	33%
Loss on disposal of Property, Plant and Equipment	216 455	210 000	6 455	-3%
	137 554 987	**164 689 984**	**(27 134 997)**	**16%**
Net Surplus for the year	**(16 496 889)**	**(40 227 188)**	**(30 539 695)**	**76%**

	2016 R (Actual)	2016 R (Budget)	2016 R (Variance)	2016 (%)

34.2 Expenditure by Vote

Executive & Council	22 293 543	26 659 230	(4 365 687)	-16%
Budget & Treasury	20 742 647	23 981 223	(3 238 576)	-14%
Corporate Services	15 353 289	18 926 192	(3 572 903)	-19%
Planning & Development	64 779 400	77 031 879	(12 252 479)	-16%
Housing	6 780 984	8 716 636	(1 935 652)	-22%
Public Safety	5 117 529	6 504 404	(1 386 875)	-21%
Environmental Protection	2 487 595	2 870 420	(382 825)	-13%
	137 554 987	**164 689 984**	**(27 134 997)**	**-16%**

	2016 R (Actual)	2016 R (Budget)	2016 R (Variance)	2016 (%)

34.3 Capital expenditure by vote

Executive & Council	29 811	166 880	(137 069)	-82%
Budget & Treasury	1 952 827	2 143 460	(190 633)	-9%
Corporate Services	365 348	504 493	(139 145)	-28%
Planning & Development	631 582	1 188 233	(556 651)	-47%
Housing	-	-	-	0%
Public Safety	2 592 796	7 655 120	(5 062 324)	-66%
Environmental Protection	9 640	20 411	(10 771)	-53%
	5 582 005	**11 678 597**	**(6 096 592)**	**-52%**

35 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

35.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	-	695 884
Unauthorised expenditure current year - capital	-	-
Unauthorised expenditure current year - operating	6 455	-
Written off by council	-	(695 884)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	**6 455**	**-**

2016

Incident	Disciplinary steps/criminal proceedings
Under budget on loss on sale of fixed assets.	Non-cash item that will be tabled to council during 2016 / 2017 financial year

2015

No unauthorised expenditure was incurred for 2014/15 financial year.

35.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	216 856	275 664
Fruitless and wasteful expenditure current year	42 077	58 602
Written off by council / Recovered	(186 583)	(117 410)
Transfer to receivables for recovery	(66 740)	-
Fruitless and wasteful expenditure awaiting further action	**5 610**	**216 856**

Recoverability of all fruitless and wasteful expenditure will be evaluated by Council in terms of section 32 of MFMA. The Accounting Officer wrote letters to officials and the Speaker to councillors. Consolidated responses were taken to MPAC for further investigations.

		2016 R	2015 R
35.3	**Irregular expenditure**		
	Reconciliation of irregular expenditure:		
	Opening balance	-	582 330
	Irregular expenditure current year	329 050	-
	Written off by council	-	(582 330)
	Transfer to receivables for recovery	-	-
	Irregular expenditure awaiting further action	**329 050**	**-**

Incident	Disciplinary steps/criminal proceedings	
Invalid deviation from supply chain management policy	The extent of the irregular expenditure will be investigated. Further instances relating to procurement of goods and services and capital expenditure are under investigation.	329 050
		329 050

			-
35.4	**Material Losses**		
	No material losses occurred during the year.		
36	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**		
36.1	**Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**		
	Opening balance	-	-
	Council subscriptions	628 254	587 261
	Amount paid - current year	(628 254)	(587 261)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	**-**	**-**
36.2	**Audit fees - [MFMA 125 (1)(b)]**		
	Opening balance	-	-
	Current year audit fee	1 762 995	1 887 149
	Amount paid - current year	(1 762 995)	(1 887 149)
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	**-**	**-**
36.3	**VAT - [MFMA 125 (1)(b)]**		
	Opening balance	6 862 911	1 193 819
	Amounts received - current year	(4 854 334)	-
	Amounts received - previous years	(4 973 929)	-
	Amounts claimed - current year	8 362 199	5 669 092
	Closing balance - Receivable	**5 396 847**	**6 862 911**

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

36.4	**PAYE, SDL and UIF - [MFMA 125 (1)(b)]**		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	10 523 848	8 960 851
	Amount paid - current year	(10 520 579)	(8 960 851)
	Balance unpaid (included in creditors)	**3 269**	**-**
36.5	**Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]**		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	9 356 677	8 511 637
	Amount paid - current year	(9 356 679)	(8 511 637)
	Balance unpaid (included in creditors)	**(2)**	**-**
36.6	**Other non-compliance (MFMA 125(2)(e))**		
	None		
36.7	**Deviations approved by the Municipal Manager**		

Supply Chain Management Policy has been amended and adopted by Council with an effective date of 23 September 2015 for implementation.

		2016 R	2015 R

The following deviations were allowed in terms of the Supply Chain Policy for the year under review.

Supplier	Service	Amount	
2016			
Summat Training institute	MFMA internship programme / training	279 300	
Sage VIP Payroll	VIP payroll upgrade	114 717	
Mubesko Africa	Review annual fanancial statements	146 661	
Celebrity Heating and Cooling	Service and maintenance of air conditioners	12 433	
Tletse Trading Enterprises	Catering for district youth summit	49 500	
Ous Meisies	Year end function	49 750	
Lexis Nexis	On-line library package	53 210	
Letsebele Transport and Trading	Razor mech fence	847 440	
Total		**1 553 011**	
2015			
Quantec Research (PTY) LTD	Annual data subscription		104 844
The Signature Hotel	Hosting of year-end function programme		57 342
Cheesy lifestile Entertainment	Catering for youth day programme		54 000
Madibuseng Trading	Extension of work on painting of council chambers		9 260
Deloitte Consulting	Job description writing training		53 798
Wolters Kluwer Tax & Accounting Services	Teammate software for internal audit work		191 241
Price Waterhouse Coopers / Combined Systems	Data clensing, upload of final asset register to Baud		59 280
Total		**-**	**529 765**

37 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% (2016 - 0.5%) Increase in interest rates	551 703	358 249
0.5% (2016 - 0.5%) Decrease in interest rates	(275 852)	(358 249)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

	2016 R	2015 R
Long-term Receivables and Other Debtors are individually evaluated annually at Statement of Financial Position date for impairment.		
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	9 339 000	10 438 717
Receivables from non-exchange transactions	1 757 951	1 531 082
Cash and Cash Equivalents	69 275 054	87 482 573
Current Investments	5 550 000	5 250 000
	85 922 006	104 702 372

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2016	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities - Annuity Loans	2 705 066	5 377 449	-	-
Capital repayments	1 988 393	4 660 772	-	-
Interest	716 673	716 677	-	-
Trade and Other Payables	8 458 171	-	-	-
Unspent conditional government grants and receipts	3 073 659	-	-	-
Cash and Cash Equivalents	-			
	14 236 896	5 377 449	-	-

2015	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities - Annuity Loans	2 505 184	8 132 077	-	-
Capital repayments	1 734 990	6 698 727	-	-
Interest	770 194	1 433 350	-	-
Trade and Other Payables	10 521 018	-	-	-
Unspent conditional government grants and receipts	1 162 558	-	-	-
Cash and Cash Equivalents	-		-	-
	14 188 760	8 132 077	-	-

38 FINANCIAL INSTRUMENTS

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

38.1 Financial Assets	Classification		
Investments			
Bank Deposits	Financial instruments at amortised cost	5 550 000	5 250 000
Receivables			
Receivables from non-exchange transactions	Financial instruments at amortised cost	1 757 951	1 531 082
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	66 000 000	84 500 000
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	3 271 754	2 979 273
Cash Floats and Advances	Financial instruments at amortised cost	3 300	3 300
		76 583 006	**94 263 655**

			2016 R	2015 R
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		76 583 006	94 263 655
	At amortised cost		**76 583 006**	**94 263 655**
38.2	**Financial Liability**	**Classification**		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	4 660 722	6 698 727
	Capitalised Lease Liability	Financial instruments at amortised cost	-	-
	Payables from exchange transactions			
	Other Payables	Financial instruments at amortised cost	8 458 171	10 535 373
	Other Payables			
	Government Subsidies and Grants	Financial instruments at amortised cost	3 073 659	1 177 558
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	1 988 393	1 734 990
			18 180 945	**20 146 648**
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		**18 180 945**	**20 146 648**
39	**STATUTORY RECEIVABLES**			
	Taxes			
	VAT Receivable		5 393 830	6 862 911
	Receivables from Non-Exchange Transactions			
	Fines		-	-
	Total Statutory Receivables		**5 393 830**	**6 862 911**

40 EVENTS AFTER THE REPORTING DATE

The municipality has erroneously paid the outgoing councillors salaries from 11 August 2016 to 28 August 2016. Processes will be implemented to ensure that the monies are recovered from the affected parties.

41 IN-KIND DONATIONS AND ASSISTANCE

A member of the Audit Committee is employed by the office of the premier and is not remunerated by the municipality.

42 PRIVATE PUBLIC PARTNERSHIPS

The municipality has not entered into any private public partnerships during the financial year.

43 CONTINGENT LIABILITY

43.1 Labour Disputes

After dismissal, an employer tried to obtain a court ruling for unfair dismissal and to be re-instated in the position that she occupied before. The Labour Court ruled in her favour and ruled that she must be re-instated and that her backdated salary should be paid to her accordingly.

The municipality has resubmitted the case to the Labour Appeal Court and awating final ruling.

If the court of appeal rules in favour of the employee, an amount of R 1 703 424 may be payable to the employee.

44 RELATED PARTIES

Key management and councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

44.1 Related Party Loans

None

44.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 22 to the annual financial statements.

44.3 Other related party transactions

None

10 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2016

Reconciliation of Carrying Value	Cost					Accumulated Depreciation and Impairment Losses					Carrying Value
	Opening Balance	Additions	Revaluation Adjustment	Disposals	Closing Balance	Opening Balance	Depreciation Charge	Disposals	Revaluation / Impairment Movements	Closing Balance	
	R	R		R	R	R	R	R		R	R
Community Assets	**1 202 724**	**-**		**-**	**1 202 724**	**706 837**	**150 712**	**-**	**-**	**857 549**	**345 175**
Land & Buildings	151 676			-	151 676	92 452	9 241	-	-	101 694	49 982
Security Measures	1 051 048				1 051 048	614 385	141 471		-	755 856	295 192
Other Assets	**70 539 129**	**5 505 354**	**3 683 479**	**1 190 967**	**78 536 992**	**33 222 854**	**3 625 284**	**988 122**	**(3 074 717)**	**32 785 298**	**45 751 693**
Land & Buildings	47 500 086	3 051 119	3 683 479		54 234 681	20 188 434	500 811	-	(3 074 717)	17 614 528	36 620 153
Office Equipment	3 871 188	86 981		298 039	3 660 130	2 375 706	432 435	259 811	-	2 548 330	1 111 800
Furniture & Fittings	3 105 649	158 956		32 502	3 232 103	2 312 795	221 563	27 615	-	2 506 744	725 359
Plant & Machinery	2 297 405	19 744			2 317 149	1 609 263	228 963	-	-	1 838 225	478 924
Emergency Equipment	1 292 209			14 154	1 278 055	838 646	128 955	13 371	-	954 230	323 825
Motor Vehicle	7 659 903	1 755 448		352 240	9 063 110	2 807 139	1 551 980	242 060	-	4 117 058	4 946 052
Computer Equipment	4 812 689	433 106		494 033	4 751 762	3 090 871	560 577	445 265	-	3 206 183	1 545 579
	71 741 853	**5 505 354**	**3 683 479**	**1 190 967**	**79 739 716**	**33 929 691**	**3 775 996**	**988 122**	**(3 074 717)**	**33 642 848**	**46 096 868**

30 JUNE 2015

Reconciliation of Carrying Value	Cost				Accumulated Depreciation and Impairment Losses					Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation Charge	Disposals	Correction of Error - Disposal	Closing Balance	
	R	R	R	R	R	R	R		R	R
Community Assets	**1 121 141**	**81 583**	**-**	**1 202 724**	**503 208**	**203 629**	**-**	**-**	**706 837**	**495 887**
Land & Buildings	106 676	45 000	-	151 676	85 341	7 112	-	-	92 452	59 223
Security Measures	1 014 465	36 583		1 051 048	417 867	196 518		-	614 385	436 664
Other Assets	**69 751 548**	**1 835 603**	**1 048 021**	**70 539 129**	**30 814 532**	**3 336 233**	**927 910**	**-**	**33 222 854**	**37 316 275**
Land & Buildings	47 500 088			47 500 086	19 679 077	509 357		-	20 188 434	27 311 652
Balance Previously Rreported	46 795 656			46 795 654	19 684 377	599 625		-	20 284 001	26 511 652
Classification correction	(95 568)			(95 568)	(5 300)	(90 267)			(95 568)	-
Correction of Error - Transferred to Department of Transport - Note 30	800 000			800 000						
Office Equipment	3 338 405	612 801	80 018	3 871 188	2 023 823	430 062	78 178	-	2 375 706	1 495 482
Furniture & Fittings	3 036 775	89 638	20 763	3 105 649	2 047 363	285 514	20 081	-	2 312 795	792 854
Plant & Machinery	1 996 576	8 386		2 004 962	1 421 293	193 516	5 546	-	1 609 263	395 699
Plant & Machinery - Residual Value	298 000		5 558	292 443	-	-		-	-	292 443
Emergency Equipment	1 336 057		43 848	1 292 209	700 924	181 589	43 867	-	838 646	453 563
Motor Vehicle	5 169 761	425 443	271 613	5 323 592	2 070 664	1 008 007	271 533	-	2 807 139	2 516 453
Motor Vehicle - Residual Value	2 029 861	414 850	108 400	2 336 311	-	-		-	-	2 336 311
Computer Equipment	5 046 025	284 486	517 822	4 812 689	2 871 388	728 189	508 705	-	3 090 871	1 721 818
	70 872 689	**1 917 187**	**1 048 021**	**71 741 853**	**31 317 740**	**3 539 862**	**927 910**	**-**	**33 929 691**	**37 812 162**

APPENDIX A - Unaudited
FRANCES BAARD DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30 JUNE 2014	Redeemed written off during the period	Balance at 30 JUNE 2015
ANNUITY LOANS					
DBSA - Frances Baard Council Chamber & Offices	103363/1	10 Years	8 433 717	1 784 602	6 649 115
TOTAL EXTERNAL LOANS			**8 433 717**	**1 784 602**	**6 649 115**

APPENDIX B - Unaudited

FRANCES BAARD DISTRICT MUNICIPALITY

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2016

	Cost					ACCUMULATED DEPRECIATION							Carrying Value
	Balance at 1 JULY 2015	Additions	Revaluation Movements / Impairments	Disposals	Balance at 30 JUNE 2016	Balance at 1 JULY 2015	Additions	Impairment	Impairment Reversal	Disposals	Revaluation Adjustment	Balance at 30 JUNE 2016	
Municipal Governance & Administration	**63 480 815**	**3 855 930**	**3 710 479**	**1 196 269**	**69 850 955**	**28 510 130**	**2 805 314**	**56 832**	**1 800 637**	**986 961**	**(1 303 120)**	**27 281 557**	**42 569 398**
Executive & Council	**2 391 634**	**192 370**	**-**	**101 726**	**2 482 278**	**1 638 291**	**215 267**			**92 966**	**-**	**1 760 592**	**721 686**
Mayor & Council	1 784 212	36 880		18 918	**1 802 174**	1 406 440	129 197			17 024		**1 518 612**	**283 561**
Office of the Municipal Manager	607 422	155 490		82 808	**680 104**	231 852	86 070			75 942		**241 980**	**438 124**
Budget & Treasury Office	**53 096 308**	**3 317 459**	**3 669 772**	**495 421**	**59 588 117**	**22 601 664**	**1 775 316**		**1 800 637**	**373 688**	**(1 295 274)**	**20 907 381**	**38 680 737**
Corporate Services	**7 992 874**	**346 101**	**40 707**	**599 122**	**7 780 560**	**4 270 174**	**814 732**	**56 832**	**-**	**520 307**	**(7 846)**	**4 613 585**	**3 166 975**
Human Resources	190 856	22 423	-	17 204	**196 075**	142 546	17 097	-		15 510	-	144 133	51 942
Information Technology	5 024 842	216 106	17 467	248 500	**5 009 915**	2 627 063	604 146	27 792		215 216	(7 846)	3 035 939	1 973 976
Other Admin	2 777 176	107 571	23 240	333 418	**2 574 570**	1 500 565	193 489	29 040		289 581	-	1 433 513	1 141 057
Community Services & Public Safety													
Community & Social Services	**4 770 590**	**1 605 818**	**-**	**18 720**	**6 357 688**	**2 296 836**	**599 963**	**-**	**-**	**15 578**	**-**	**2 881 221**	**3 476 467**
Community Services	22 721	-	-	-	**22 721**	151	4 670	-	-	-	-	**4 821**	**17 900**
Public Safety - Civil Defense	4 417 252	1 605 818	-	18 215	**6 004 855**	2 128 599	550 508	-	-	15 124	-	**2 663 984**	**3 340 871**
Housing	**330 617**			**505**	**330 112**	**168 085**	**44 785**			**454**		**212 416**	**117 696**
Economic & Environmental Services	**5 553 061**	**120 257**	**(27 000)**	**35 549**	**5 610 770**	**3 561 558**	**555 692**			**31 543**	**-**	**4 085 707**	**1 525 060**
Planning & Development	5 553 061	120 257	(27 000)	35 549	**5 610 770**	3 561 558	555 692			31 543		**4 085 707**	**1 525 060**
Environmental Protection												**()**	**0**
TOTAL PER STANDARD CLASSIFICATION	**73 804 467**	**5 582 005**	**3 683 479**	**1 250 537**	**81 819 413**	**34 368 524**	**3 960 969**	**56 832**	**1 800 637**	**1 034 082**	**(1 303 120)**	**34 248 485**	**47 570 925**

APPENDIX C - Unaudited

FRANCES BAARD DISTRICT MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2016

Actual Income 2015 R	Actual Expenditure 2015 R	Surplus / (Deficit) 2015 R		Actual Income 2016 R	Actual Expenditure 2016 R	Surplus / (Deficit) 2016 R
95 955 859	**(52 831 966)**	**43 123 893**	**Municipal Governance & Administration**	**100 801 167**	**(58 389 479)**	**42 411 688**
4 732 610	(18 484 851)	(13 752 241)	Executive & Council	387 794	(22 293 543)	(21 905 749)
4 732 610	(8 485 808)	(3 753 198)	Mayor & Council	-	(8 671 166)	(8 671 166)
-	(9 999 043)	(9 999 043)	Office of the Municipal Manager	387 794	(13 622 377)	(13 234 583)
91 223 249	(19 992 325)	71 230 924	Budget & Treasury Office	100 413 373	(20 742 647)	79 670 727
-	(14 354 790)	(14 354 790)	Corporate Services	-	(15 353 289)	(15 353 289)
-	(3 358 689)	(3 358 689)	Human Resources	-	(3 998 641)	(3 998 641)
-	(4 117 530)	(4 117 530)	Information Technology	-	(3 489 493)	(3 489 493)
-	(6 878 571)	(6 878 571)	Other Admin	-	(7 865 155)	(7 865 155)
1 695 000	**(9 111 530)**	**(7 416 530)**	**Community Services & Public Safety**	**3 650 051**	**(11 898 513)**	**(8 248 462)**
315 000	(4 295 019)	(3 980 019)	Community & Social Services	350 000	(5 117 529)	(4 767 529)
315 000	(4 295 019)	(3 980 019)	Public Safety - Civil Defense	350 000	(5 117 529)	(4 767 529)
1 380 000	(4 816 511)	(3 436 511)	Housing	3 300 051	(6 780 984)	(3 480 933)
12 750 660	**(50 925 401)**	**(38 174 741)**	**Economic & Environmental Services**	**16 606 880**	**(67 266 995)**	**(50 660 115)**
9 750 660	(48 578 567)	(38 827 907)	Planning & Development	16 606 880	(64 779 400)	(48 172 520)
3 000 000	(2 346 833)	653 167	Environmental Protection	-	(2 487 595)	(2 487 595)
110 401 519	**(112 868 896)**	**(2 467 377)**	**SUB TOTAL**	**121 058 098**	**(137 554 987)**	**(16 496 889)**
110 401 519	**(112 868 896)**	**(2 467 377)**	**TOTAL**	**121 058 098**	**(137 554 987)**	**(16 496 889)**

APPENDIX D - Unaudited

FRANCES BAARD DISTRICT MUNICIPALITY

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 JUNE 2015	Correction of error	Balance 1 JULY 2015	Grants Received	Write Offs/ Transfers	Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2016
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	**R**	**R**	**R**	**R**		**R**	**R**
Equitable Share	-	-	-	98 936 000	-	98 936 000	-
Financial Management Grant	-	-	-	1 250 000	-	1 250 000	-
Municipal Systems Improvement Grant	259 885	-	259 885	940 000	259 885	893 937	46 063
DWA - Sanitation (Mvula Trust)	-	-	-	-	-	-	-
NC Tourism - Contribution Tourism Month	-	-	-	-	-	-	-
Department of Public Works: Expanded Public Works Program Inc	-	-	-	-	-	-	-
District Aids Council	550 390	-	550 390	-	-	387 794	162 596
NEAR Control Centre	-	-	-	350 000	-	350 000	-
NCPA - Housing Accreditation Grant	-	-	-	1 050 000	-	1 050 000	-
NCPA Firefighting Equipment	315 000	-	315 000	350 000	-	-	665 000
NCPA - Eradication of Bucket System	-	-	-	-	-	-	-
MIG - Projects	-	-	-	-	-	-	-
SETA - Skills Grant	-	-	-	90 198	-	90 198	-
NCPA: Vuna Awards	-	-	-	-	-	-	-
DWA: Backlogs in Water & Sanitation at Clinics and Schools	-	-	-	-	-	-	-
NCPA: EPWP	-	-	-	1 000 000	-	1 000 000	-
NCPA: Environmental Health Recycling Project	52 283	-	52 283	-	-	52 283	-
NCPA - Tourism Grant	-	-	-	200 000	-	-	200 000
NCPA: Operation Kgotso Pula Nala	-	-	-	4 000 000	-	2 000 001	1 999 999
Rural Roads Asset Management System	-	-	-	2 153 000	-	2 153 000	-
NCPA Housing Project	-	-	-	2 250 051	-	2 250 051	-
ABSA	-	-	-	-	-	-	-
Total	**1 177 558**	**-**	**1 177 558**	**112 569 249**	**259 885**	**110 413 263**	**3 073 659**

FRANCES BAARD DISTRICT MUNICIPALITY

APPENDIX E

APPROPRIATION STATEMENT FOR THE YEAR ENDED ON 30 June 2016

BUDGET SUMMARY

Description	2015/16								2014/15			
R	Original Budget	Budget Adjustments	Final adjust-ments budget	Actual Outcome	Unau-thorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unau-thorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Financial Performance												
Investment revenue	5 443	400 000	5 843 350	7 866 135	-	2 022 785	134.6%	144.5%				6 882 359
Transfers recognised - operational	106 509	6 425 646	112 934 646	110 413 264	-	(2 521 382)	97.8%	103.7%				102 394 822
Other own revenue	5 185	500 000	5 684 800	2 778 699	-	(2 906 101)	48.9%	53.6%				1 124 338
Total Revenue (excluding capital transfers and contributions)	**117 137**	**7 325 646**	**124 462 796**	**121 058 098**	**-**	**(3 404 698)**	**97.3%**	**103.3%**				**110 401 519**
Employee costs	57 549 150	-	57 549 150	52 743 677	-	(4 805 473)	91.6%	91.6%	26 740	-	26 740	47 112 666
Remuneration of councillors	6 336 840	-	6 336 840	5 987 653	-	(349 187)	94.5%	94.5%	-	-	-	5 690 954
Debt impairment	3 000	-	3 000	-	-	(3 000)	-	-	-	-	-	-
Depreciation & asset impairment	5 615 000	-	5 615 000	3 960 969	-	(1 654 031)	70.5%	70.5%	-	-	-	3 769 090
Finance charges	3 054 000	-	3 054 000	2 397 250	-	(656 750)	78.5%	78.5%	2 760	-	2 760	2 380 770
Materials and bulk purchases	3 955 716	738 970	4 694 686	3 520 611	-	(1 174 075)	75.0%	89.0%	-	-	-	3 254 275
Transfers and grants	56 991 970	9 328 936	66 320 906	54 621 447	-	(11 699 459)	82.4%	95.8%	-	-	-	37 275 977
Other expenditure	21 596 232	(479 830)	21 116 402	14 323 380	6 455	(6 793 022)	67.8%	66.3%	27 094	-	27 094	13 385 164
Total Expenditure	**155 101 908**	**9 588 076**	**164 689 984**	**137 554 987**	**6 455**	**(27 134 997)**	**83.5%**	**88.7%**	56 594	-	56 594	**112 868 896**
Surplus/(Deficit)	**(37 964 758)**	**(2 262 430)**	**(40 227 188)**	**(16 496 889)**	**(6 455)**	**23 730 299**	**41.0%**	**43.5%**				**(2 467 377)**
Transfers recognised - capital	-	-	-	-	-	-	-	-				-
Contributions recognised - capital & contributed asse	-	-	-	-	-	-	-	-				-
Surplus/(Deficit) after capital transfers & contributions	**(37 964 758)**	**(2 262 430)**	**(40 227 188)**	**(16 496 889)**	**(6 455)**	**23 730 299**	**41.0%**	**43.5%**				**(2 467 377)**
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-				-
Surplus/(Deficit) for the year	**(37 964 758)**	**(2 262 430)**	**(40 227 188)**	**(16 496 889)**	**(6 455)**	**23 730 299**	**41.0%**	**43.5%**				**(2 467 377)**
Capital expenditure & funds sources												
Capital expenditure												
Internally generated funds	13 555 691	(1 877 094)	11 678 597	5 582 005	-	(6 096 592)	47.8%	41.2%				2 124 642
Total sources of capital funds	**13 555 691**	**(1 877 094)**	**11 678 597**	**5 582 005**	**-**	**(6 096 592)**	**47.8%**	**41.2%**				**2 124 642**
Cash flows												
Net cash from (used) operating	(21 732 645)	36 960	(21 695 685)	(11 669 670)		(466 846)	53.8%	-				4 082 377
Net cash from (used) investing	(4 178 984)	(144 180)	(4 323 164)	(4 782 288)		(137 069)	110.6%	-				(2 927 209)
Net cash from (used) financing	(1 111 453)	-	(1 111 453)	(1 784 602)		(190 633)	160.6%	-				(1 606 934)
Cash/cash equivalents at the year end	**66 992 929**	**6 599 517**	**60 352 272**	**69 275 054**		(139 145)	**114.8%**	**-**				**87 482 577**

FRANCES BAARD DISTRICT MUNICIPALITY

APPENDIX E

APPROPRIATION STATEMENT FOR THE YEAR ENDED ON 30 June 2016

FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION

Description	2015/16								2014/15			
R	Original Budget	Budget Adjustments	Final adjust-ments budget	Actual Outcome	Unau-thorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unau-thorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Revenue - Standard												
Governance and administration	**100 012 150**	**900 000**	**100 912 150**	**100 801 334**	**-**	**(110 816)**	**99.9%**	**100.8%**				**95 955 859**
Executive and council	-	500 000	500 000	387 794		(112 206)	77.6%	#DIV/0!				4 732 610
Budget and treasury office	100 012 150	400 000	100 412 150	100 413 540		1 390	100.0%	100.4%				91 223 249
Community and public safety	**2 030 000**	**2 425 646**	**4 455 646**	**3 650 051**	**-**	**(805 595)**	**81.9%**	**179.8%**				**1 695 000**
Public safety	630 000	70 000	700 000	350 000		(350 000)	50.0%	55.6%				315 000
Housing	1 400 000	2 355 646	3 755 646	3 300 051		(455 595)	87.9%	235.7%				1 380 000
Economic and environmental services	**15 095 000**	**4 000 000**	**19 095 000**	**16 606 880**	**-**	**(2 488 120)**	**87.0%**	**110.0%**				**12 750 660**
Planning and development	15 095 000	4 000 000	19 095 000	16 606 880		(2 488 120)	87.0%	110.0%				9 750 660
Total Revenue - Standard	**117 137 150**	**7 325 646**	**124 462 796**	**121 058 265**		**(3 404 531)**	**97.3%**	**103.3%**				**110 401 519**
Expenditure - Standard												
Governance and administration	**67 262 610**	**2 304 035**	**69 566 645**	**58 389 646**	**6 455**	**(11 176 999)**	**83.9%**	**86.8%**	**56 594**	**–**	**56 594**	**52 831 966**
Executive and council	26 015 800	643 430	26 659 230	22 293 543	-	(4 365 687)	83.6%	85.7%	2 827		2 827	18 484 851
Budget and treasury office	23 864 378	116 845	23 981 223	20 742 814	6 455	(3 238 409)	86.5%	86.9%	29 500		29 500	19 992 325
Corporate services	17 382 432	1 543 760	18 926 192	15 353 289	-	(3 572 903)	81.1%	88.3%	24 268		24 268	14 354 790
Community and public safety	**13 350 964**	**1 870 076**	**15 221 040**	**11 898 513**	**-**	**(3 322 527)**	**78.2%**	**89.1%**	**–**	**–**	**-**	**9 111 530**
Public safety	6 832 964	(328 560)	6 504 404	5 117 529	-	(1 386 875)	78.7%	74.9%			-	4 295 019
Housing	6 518 000	2 198 636	8 716 636	6 780 984	-	(1 935 652)	77.8%	104.0%			-	4 816 511
Economic and environmental services	**69 635 134**	**5 501 345**	**75 136 479**	**63 898 547**	**-**	**(11 237 932)**	**85.0%**	**91.8%**	**–**	**–**	**-**	**50 925 401**
Planning and development	66 968 514	5 297 545	72 266 059	61 410 952	-	(10 855 107)	85.0%	91.7%			-	48 578 567
Environmental protection	2 666 620	203 800	2 870 420	2 487 595	-	(382 825)	86.7%	93.3%			-	2 346 833
Other	**4 853 200**	**(87 380)**	**4 765 820**	**3 368 448**	**-**	**(1 397 372)**	**70.7%**	**69.4%**			**-**	
Total Expenditure - Standard	**155 101 908**	**9 588 076**	**164 690**	**137 555 154**	**6 455**	**(27 134 830)**	**83.5%**	**88.7%**	**56 594**	**–**	**56 594**	**112 868 896**
Surplus/(Deficit) for the year	**(37 964 758)**	**(2 262 430)**	**(40 227 188)**	**(16 496 889)**	**(6 455)**	**23 730 299**	**41.0%**	**43.5%**	**(56 594)**	**–**	**(56 594)**	**(2 467 377)**

FRANCES BAARD DISTRICT MUNICIPALITY

APPENDIX E

APPROPRIATION STATEMENT FOR THE YEAR ENDED ON 30 June 2016

BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE

Description	2015/16								2014/15			
R	Original Budget	Budget Adjust-ments	Final adjust-ments budget	Actual Outcome	Unau-thorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unau-thorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Revenue by Vote												
Vote 1 - Executive & Council	-	500 000	500 000	387 794	-	(112 206)	77.6%	#DIV/0!				4 732 610
Vote 2 - Budget & Treasury	100 012 150	400 000	100 412 150	100 413 540	-	1 390	100.0%	100.4%				91 222 789
Vote 3 - Corporate Services	630 000	70 000	700 000	350 000	-	(350 000)	50.0%	55.6%				3 315 000
Vote 4 - Planning & Development	940 000	-	940 000	893 937	-	(46 063)	95.1%	95.1%				889 115
Vote 5 - Project Management & Advisory Services	15 555 000	6 355 646	21 910 646	19 012 994	-	(2 897 652)	86.8%	122.2%				10 242 005
						–	-	-				
Total Revenue by Vote	**117 137**	**7 325 646**	**124 462 796**	**121 058 265**	**-**	**(3 404 531)**	**97.3%**	**103.3%**				**110 401 519**
Expenditure by Vote to be appropriated												
Vote 1 - Executive & Council	26 015 800	643 430	26 659 230	22 293 543	-	(4 365 687)	83.6%	85.7%	2 827	-	2 827	18 474 155
Vote 2 - Budget & Treasury	23 864 378	116 845	23 981 223	20 742 814	6 455	(3 238 409)	86.5%	86.9%	29 500	-	29 500	19 952 276
Vote 3 - Corporate Services	26 882 016	1 419 000	28 301 016	22 958 414	-	(5 342 602)	81.1%	85.4%	24 268	-	24 268	21 046 928
Vote 4 - Planning & Development	22 205 319	(31 060)	22 174 259	18 342 467	-	(3 831 792)	82.7%	82.6%			-	14 674 995
Vote 5 - Project Management & Advisory Services	56 134 395	7 439 861	63 574 256	53 217 916	-	(10 356 339)	83.7%	94.8%			-	38 720 543
											–	
Total Expenditure by Vote	**155 101 908**	**9 588 076**	**164 689 984**	**137 555 154**	**6 455**	**(27 134 830)**	**83.5%**	**88.7%**	**56 594**	**-**	**56 594**	**112 868 897**
Surplus/(Deficit) for the year	**(37 964 758)**	**(2 262 430)**	**(40 227 188)**	**(16 496 889)**	**(6 455)**	**23 730 299**	**41.0%**	**43.5%**				**-2 467 378**

FRANCES BAARD DISTRICT MUNICIPALITY

APPENDIX E

APPROPRIATION STATEMENT FOR THE YEAR ENDED ON 30 June 2016

BUDGETED FINANCIAL PERFORMANCE

Description	2015/16								2014/15			
R	Original Budget	Budget Adjust-ments	Final adjust-ments budget	Actual Outcome	Unau-thorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unau-thorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Revenue By Source												
Rental of facilities and equipment	1 072 000	-	1 072 000	643 770	-	(428 230)	60.1%	60.1%				971 687
Interest earned - external investments	5 443 350	400 000	5 843 350	7 866 135	-	2 022 785	134.6%	144.5%				6 882 359
Transfers recognised - operational	106 509 000	6 425 646	112 934 646	110 413 264	-	(2 521 382)	97.8%	103.7%				102 394 822
Other revenue	4 052 800	500 000	4 552 800	2 134 929	-	(2 417 871)	46.9%	52.7%				152 651
Gains on disposal of PPE	60 000	-	60 000	-	-	(60 000)	-	-				
Total Revenue (excluding capital transfers and contributions)	**117 137 150**	**7 325 646**	**124 462 796**	**121 058 098**	**-**	**(3 404 698)**	**97.3%**	**103.3%**				**110 401 519**
Expenditure By Type							-	-				
Employee related costs	57 549 150	-	57 549 150	52 743 677	-	(4 805 473)	91.6%	91.6%	26 740	-	26 740	47 112 666
Remuneration of councillors	6 336 840	-	6 336 840	5 987 653	-	(349 187)	94.5%	94.5%	-	-	-	5 690 954
Debt impairment	3 000	-	3 000	-	-	(3 000)	-	-	-	-	-	-
Depreciation & asset impairment	5 615 000	-	5 615 000	3 960 969	-	(1 654 031)	70.5%	70.5%	-	-	-	3 769 090
Finance charges	3 054 000	-	3 054 000	2 397 250	-	(656 750)	78.5%	78.5%	2 760	-	2 760	2 380 770
Other materials	3 955 716	738 970	4 694 686	3 520 611	-	(1 174 075)	75.0%	89.0%	-	-	-	3 254 275
Transfers and grants	56 991 970	9 328 936	66 320 906	54 621 447	-	(11 699 459)	82.4%	95.8%	-	-	-	37 275 977
Other expenditure	21 386 232	(479 830)	20 906 402	14 106 924	-	(6 799 478)	67.5%	66.0%	-	-	-	13 274 658
Loss on disposal of PPE	210 000	-	210 000	216 455	6 455	6 455	103.1%	103.1%	27 094	-	27 094	110 505
Total Expenditure	**155 101 908**	**9 588 076**	**164 689 984**	**137 554 987**	**6 455**	**(27 134 997)**	**83.5%**	**88.7%**	**56 594**	**-**	**-56 594**	**112 868 896**
							-	-				
Surplus/(Deficit)	**(37 964 758)**	**(2 262 430)**	**(40 227 188)**	**(16 496 889)**	**(6 455)**	**23 730 299**	**41.0%**	**43.5%**				**(2 467 377)**
Transfers recognised - capital	-	-	-	-		-	-	-				-
Contributions recognised - capital	-	-	-	-		-	-	-				-
Contributed assets	-	-	-	-		-	-	-				-
Surplus/(Deficit) after capital transfers & contributions	**(37 964 758)**	**(2 262 430)**	**(40 227 188)**	**(16 496 889)**	**(6 455)**	**-**	**-**	**-**				**(2 467 377)**
Taxation	-	-	-	-	-	-	-	-				-
Surplus/(Deficit) after taxation	**(37 964 758)**	**(2 262 430)**	**(40 227 188)**	**(16 496 889)**	**(6 455)**	**-**	**-**	**-**				**(2 467 377)**
Attributable to minorities	-	-	-	-	-	-	-	-				-
Surplus/(Deficit) attributable to municipality	**(37 964 758)**	**(2 262 430)**	**(40 227 188)**	**(16 496 889)**	**(6 455)**	**-**	**-**	**-**				**(2 467 377)**
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-				-
Surplus/(Deficit) for the year	**(37 964 758)**	**(2 262 430)**	**(40 227 188)**	**(16 496 889)**	**(6 455)**	**-**	**-**	**-**				**(2 467 377)**

FRANCES BAARD DISTRICT MUNICIPALITY

APPENDIX E

APPROPRIATION STATEMENT FOR THE YEAR ENDED ON 30 June 2016

BUDGETED CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Description	2015/16								2014/15			
R	Original Budget	Budget Adjust-ments	Final adjust-ments budget	Actual Outcome	Unau-thorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unau-thorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Capital expenditure - Vote												
Single-year expenditure												
Vote 1 - Executive & Council	164 850	2 030	166 880	29 811	-	(137 069)	18%	18%	–		–	310 928
Vote 2 - Budget & Treasury	1 923 500	219 960	2 143 460	1 952 827	-	(190 633)	91%	102%	–		–	936 106
Vote 3 - Corporate Services	10 408 781	-2 228 757	8 180 024	2 967 785	-	(5 212 239)	36%	29%	–		–	738 977
Vote 4 - Planning & Development	32 000	136 760	168 760	139 588	-	(29 172)	83%	436%	–		–	44 680
Vote 5 - Project Management & Advisory Services	1 026 560	-7 087	1 019 473	491 994	-	(527 479)	48%	48%	–		–	93 952
											–	
Capital single-year expenditure	**13 555 691**	**(1 877 094)**	**11 678 597**	**5 582 005**	**-**	**(6 096 592)**	**48%**	**41%**	**-**	**-**	**-**	**2 124 642**
Total Capital Expenditure - Vote	**13 555 691**	**(1 877 094)**	**11 678 597**	**5 582 005**	**-**	**(6 096 592)**	**48%**	**41%**	**-**	**-**	**-**	**2 124 642**
Capital Expenditure - Standard												
Governance and administration	**2 751 200**	**63 633**	**2 814 833**	**2 347 987**	**-**	**(466 846)**	**83%**	**85%**	**–**	**–**	**–**	**1 935 131**
Executive and council	164 850	2 030	166 880	29 811		(137 069)	18%	18%			–	310 927
Budget and treasury office	1 923 500	219 960	2 143 460	1 952 827		(190 633)	91%	102%			–	936 105
Corporate services	662 850	(158 357)	504 493	365 348		(139 145)	72%	55%			–	688 099
Community and public safety	**9 725 520**	**(2 070 400)**	**7 655 120**	**2 592 796**	**-**	**(5 062 324)**	**34%**	**27%**	**–**	**–**	**–**	**62 324**
Public safety	9 725 520	(2 070 400)	7 655 120	2 592 796		(5 062 324)	34%	27%			–	36 583
Economic and environmental services	**1 078 971**	**129 673**	**1 208 644**	**641 222**	**-**	**(567 422)**	**53%**	**59%**	**–**	**–**	**–**	**127 113**
Planning and development	1 058 560	129 673	1 188 233	631 582		(556 651)	53%	60%			–	112 819
Road transport	-	-	-	-		-	-	-			–	
Environmental protection	20 411	-	20 411	9 640		(10 771)	47%	47%			–	14 294
Trading services	**-**	**-**	**-**	**120 257**	**-**	**120 257**	#DIV/0!	#DIV/0!	**–**	**–**	**–**	
Other	-		-	120 257		**120 257**	#DIV/0!	#DIV/0!			–	
Total Capital Expenditure - Standard	**13 555 691**	**(1 877 094)**	**11 678 597**	**5 822 519**	**-**	**(5 856 078)**	**50%**	**43%**	**–**	**–**	**–**	**2 124 568**
Funded by:							-	-				
Internally generated funds	**13 555 691**	**(1 877 094)**	**11 678 597**	**5 822 519**	**-**	**(5 856 078)**	**50%**	**43%**				2 124 568
Total Capital Funding	**13 555 691**	**(1 877 094)**	**11 678 597**	**5 822 519**	**-**	**(5 856 078)**	**50%**	**43%**				**2 124 568**

FRANCES BAARD DISTRICT MUNICIPALITY

APPENDIX E

APPROPRIATION STATEMENT FOR THE YEAR ENDED ON 30 June 2016

Description	2015/16							2014/15
R	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	5 124 800	-	5 124 800	2 291 944	(2 832.86)	44.7%	44.7%	39 198
Government - operating	106 509 000	70 000	106 579 000	112 569 249	5 990.25	105.6%	105.7%	103 405 097
Interest	5 443 350	-	5 443 350	7 866 135	2 422.79	144.5%	144.5%	6 882 359
Payments								
Suppliers and employees	(83 177 413)	(33 040)	(83 210 453)	(78 891 440)	4 319.01	94.8%	94.8%	(67 915 919)
Finance charges	(1 054 000)		(1 054 000)	(884 112)	169.89	83.9%	83.9%	(1 052 381)
Transfers and Grants	(54 578 382)	-	(54 578 382)	(54 621 447)	(43.07)	100.1%	100.1%	(37 275 977)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**(21 732 645)**	**36 960**	**(21 695 685)**	**(11 669 670)**	**10 026.02**	**53.8%**	**53.7%**	**4 082 377**
								-
CASH FLOWS FROM INVESTING ACTIVITIES								-
Receipts								-
Proceeds on disposal of PPE	60 000	-	60 000	-	(60.00)	-	-	9 605
Decrease (Increase) in non-current debtors	-	-	-	1 099 717	1 099.72	0.0%	0.0%	37 828
Decrease (increase) in non-current investments	5 250 000	-	5 250 000	(300 000)	(5 550.00)	-5.7%	-5.7%	(850 000)
Payments								
Capital assets	(9 488 984)	(144 180)	(9 633 164)	(5 582 005)	4 051.16	57.9%	58.8%	(2 124 642)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(4 178 984)**	**(144 180)**	**(4 323 164)**	**(4 782 288)**	**(459.12)**	**110.6%**	**114.4%**	**(2 927 209)**
						-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES								-
Payments								-
Repayment of borrowing	(1 111 453)		(1 111 453)	(1 784 602)	(673.15)	160.6%	160.6%	(1 606 934)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(1 111 453)**	**-**	**(1 111 453)**	**(1 784 602)**	**(673.15)**	**160.6%**	**160.6%**	**(1 606 934)**
NET INCREASE/ (DECREASE) IN CASH HELD	**(27 023 082)**	**(107 220)**	**(27 130 302)**	**(18 236 560)**				**(451 766)**
Cash/cash equivalents at the year begin:	94 016 011	-6 533 437	87 482 573	69 275 054				87 934 343
Cash/cash equivalents at the year end:	66 992 929	6 599 517	60 352 272	69 275 054	8 922.78	114.8%	103.4%	87 482 577

Notes

PRIVATE BAG X6088, KIMBERLEY 8300
51 DRAKENSBERG AVENUE, CARTERS GLEN,
KIMBERLEY 8301
TEL: 053 - 838 0911 * FAX: 053 - 861 1538
WEBSITE: francesbaard.gov.za
E-MAIL: frances.baard@fbdm.co.za