



# Beaufort-West Municipality

Draft Annual Report

2015/16

# Content

CHAPTER 1 .....	4	3.2	Introduction to strategic and municipal performance for 2015/16.....	41
COMPONENT A: MAYOR'S FOREWORD .....	4	3.3	Component A: Basic services .....	51
Component B: Executive Summary .....	6	3.4	Component B: Road transport .....	68
1.1 Municipal Manager's overview .....	6	3.5	Component C: Planning and local economic development .....	72
1.2 Municipal overview .....	7	3.6	Component D: Community And social services .....	73
1.3 Municipal functions, population and environmental overview.....	7	3.7	Component E: Security and safety.....	75
1.4 Service delivery overview .....	15	3.8	Component F: Sport and recreation .....	77
1.5 Financial health overview.....	16	3.9	Component G: Corporate policy offices and other services.....	78
1.6 Auditor-General report .....	18	3.10	Component H: Service delivery priorities for 2016/17 .....	87
Chapter 2 .....	19	CHAPTER 4 .....	92	
Component A: Political and Administrative Governance .....	19	4.1	National KPI – Municipal transformation And organisational development .....	92
2.1 Governance structure .....	19	4.2	Introduction to the municipal workforce .....	92
Component B: Intergovernmental Relations.....	22	4.3	Managing the municipal workforce.....	94
2.2 Intergovernmental relations.....	22	4.4	Capacitating the municipal workforce.....	96
Component C: Public Accountability and Participation .....	23	4.5	Managing the Municipal workforce expenditure .....	99
2.3 Public meetings .....	24	CHAPTER 5 .....	101	
2.4 Ward committees .....	24	Component A: Statements Of Financial Performance	101	
2.5 Functionality of Ward Committees .....	27	5.1	Financial summary .....	101
2.6 Representative forums.....	27	5.2	Financial performance per municipal function .....	107
Component D: Corporate Governance .....	28	5.3	Grants.....	112
2.7 Risk management.....	28	5.4	Financial ratios based on Key Performance Indicators .....	114
2.8 Anti-corruption and anti-fraud .....	30	Component B: Cash Flow Management And Investments .....	119	
2.9 Audit and Performance Audit Committee.....	30	5.5	Cash Flow.....	119
2.10 Internal audit.....	31	5.6	Gross outstanding debtors per service .....	120
2.11 By-laws and policies .....	32	5.7	Total debtors age analysis .....	121
2.12 Communication.....	32	5.8	Borrowing and investments .....	122
2.13 Website .....	33	CHAPTER 6 .....	123	
2.14 Supply chain management.....	34			
CHAPTER 3 .....	39			
3.1 Overview of performance within the organisation .....	39			



# Content



Component A: Auditor-General Opinion 2014/15.....	123	List of Tables .....	125
6.1 Auditor-General report 2014/15 .....	123	List of Figures .....	132
Component B: Auditor-General Opinion 2015/16.....	123	List of Graphs .....	132
6.2 Auditor-General report 2015/16 .....	123	List of Abbreviations .....	133

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## CHAPTER 1

### COMPONENT A: MAYOR'S FOREWORD

I am pleased to present the Beaufort West Municipality's 2015/2016 Annual Report covering the period 1 July 2015 to 30 June 2016. This report tracks the Municipality's operational performance in the context of the priorities reflected in its approved 2015/16 Integrated Development Plan (IDP) and 2015/16 Service Delivery and Budget Implementation Plan (SDBIP).



This Annual Report presents to our communities our achievements and challenges during the year under review, in the context of the Municipality's strategic objectives and in this the year of the implementations of our current five year IDP (2011/2016).

I am proud of the fact that the Municipality continues to prioritize the needs of the poor and the vulnerable though the Municipality is hampered by financial constraints. The financial outlook of the municipality remains a challenge. To mitigate the financial challenges we have adopted and implemented financial turnaround strategy. Despite these challenges we remain committed to bring services especially to the previously neglected communities and to transform our society. We are also pleased to announce that the municipality has once again obtained a unqualified report for the 2015/2016 financial year, however we strive towards getting a clean audit.

The provision of basic services within Beaufort West remained relatively static. There has been improvement in refuse removal over this period.

Statistic has shown that Beaufort West Municipality outperforms the Western Cape's average basic access to water, sanitation and housing, but lags in terms of refuse removal and energy.

Like all South African cities and towns, Beaufort West Municipality faces the triple challenge of unemployment, poverty and inequality. In this regard the institution continuous to prioritize job creation especially through Expanded Public Works Programme (EPWP) projects.

In terms of poverty eradication the Municipality supports  $\pm$  5000 indigent households with free services (water, sanitation, electricity and refuse removal).

A number of many institutional achievements are reflected below:

- Upgrade of Peters Street
- Upgrade of Pastorie and Voortrekker Street intersection in Murraysburg
- Placing gabions in Protea Street
- Replacing existing Stormwater system in Hillside
- Service of 242 units
- Upgrade of Mandlenkosi Wheely Wagon (library)



# Chapter 1: Executive Summary

I am also pleased to report that our ward committees have been intact and functional over the year. The ward committee system is a vital prerequisite for full public participation in the planning and decision making process of Local Government. The ward committee system represents democracy in action and we are heartened by this development. The ward committee members have been fully inducted, trained and understands their roles fully.

Oversight in Council processes are key in ensuring that the institution is transparent and accountable and strengthening the trust our communities have in the institution as an effective service delivery arm of government. A spectrum of committee structures exist to fulfil this oversight and monitoring function on behalf of Council, such as the multi-party Municipal Public Accounts Committee (MPAC) which is not fully functional and the Audit Committee.

The accomplishments reflected in this annual report are results of the combined efforts of the political leadership, administrative management and all municipal officials, many of whom spend long hours and make many sacrifices to ensure that our residents community services delivery needs are met.

**EXECUTIVE MAYOR**

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# Chapter 1: Executive Summary

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1 MUNICIPAL MANAGER'S OVERVIEW



The Municipality has for the past two years developed its annual report in line with the new directives regarding the format and content of National Treasury. It is submitted in compliance with various pieces of legislation, such as Section 46 of the Local Government Municipal Systems Act (MSA) and Section 121 and 127 (2) of the Local Government Finance Management Act (MFMA).

The Municipality is continuously striving to improve its administrative and governance standards, pursuing both national and provincial benchmarks for governance excellence.

Following a long period of functioning without a Chief Financial Officer (CFO) and Director: Corporate Services, I am pleased to report that the Municipality's administrative leadership has been stabilized through the appointment of the CFO and Director: Corporate Services.

The position of Director: Community Services still remains vacant and is in the recruitment and selection process.

Critical vacancies are continuously being filled. We are grateful for the support we received from provincial departments and National Treasury. The Municipality will continue to take part in all platforms created to ensure the functioning of the Municipality. Forums such as B2B, Municipal Managers Forums, IDP Managers Forum and CFO Forum are critical.

Some of the challenges facing the institution includes the following:

- Limited water resources
- Lack of funding
- Growing indigent register

The Municipality has shown some improvement over the years especially in terms of the economic growth and IDP per capital which indicates that the citizens benefits from economic growth. Despite positive economic development, there are a number of social and environmental challenges that the Municipality face to become sustainable from a development perspective.

Finally I would like to record my sincere appreciation for the support received from the political leadership in Council. Administratively, I would like to thank my management team and their staff for their hard work and efforts in delivering the progress reported in this annual report.

Collectively, we remain committed to efficient services, delivery to the people and communities of Beaufort West.

#### MUNICIPAL MANAGER

Jafta Booysen



# Chapter 1: Executive Summary

## 1.2 MUNICIPAL OVERVIEW

This report addresses the performance of Beaufort West Municipality (BWM) in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the Council of the Municipality provides regular and predictable reporting on program performance and the general state of affairs in their locality.

The annual report reflects on the performance of the Municipality for the period 1 July 2015 to 30 June 2016. The report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), of which the Municipality must prepare an annual report for each financial year.

### 1.2.1 Vision and mission

The Municipality committed itself to the following vision and mission:

#### Vision:

*“Beaufort West, land of space in the Great Karoo, strives to improve the lives of all its residents by being a sustainable, expanding and safe town”*

#### Mission:

To reflect the will of the South African people as reflected in the Constitution and by Parliament:

- An effective municipal system, maintained at the highest standard
- To create affordable and sustainable infrastructure for all residents and tourists
- Business initiatives and the optimisation of tourism (local and foreign)
- Empowerment of personnel, management and Council members for effective service delivery
- Creating and maintaining an effective financial management system
- To develop the region as the sport and recreational mecca of the Karoo
- To create a crime-free, safe and healthy environment
- Agricultural business to improve the potential for job creation
- Creation of employment to reduce unemployment to acceptable levels
- To reduce poverty and promote the empowerment of women
- To involve HIV/Aids sufferers in economic and household responsibilities

## 1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### 1.3.1 Population

It is estimated that about 49 586 (88%) of the people living in the Central Karoo District — with a total population of 71 011 — resides within the Beaufort West municipal area. The increase in the number of people residing in the municipal area, is due to the merging of administrative areas, i.e. the Beaufort West municipal area, the District Management Area (DMA) and in-migration from other provinces. The total population in 2001, was 43 284 people of which 6 183 resided in the then DMA. Hence, the population increased at a relatively high rate over the 10 past years from 2001 to 2011 from 43 284 to 49 586 (12% increase). In the context of a remotely located semi-arid rural area, this represents a significant growth of more than 6 000.



# Chapter 1: Executive Summary

It is estimated that the annual population growth since 2001 has been 1.36%. Although population growth is expected to decline, it will still have a significant impact on the demand and the level of service delivery, especially in Beaufort West. The population density is at 0.3 people per km<sup>2</sup> and the urban segment of the municipal population is expected to rise.

The table below illustrates the population in the municipal area as per census 2001 – 2011:

Population	2001	2011
Number of people residing in the Beaufort West municipal area	43 284	49 586
<i>Census 2001 and 2011</i>		

**Table 1.: Demographic information of the municipal area – Total population**

## 1.3.2 Population by race

The table below reflects on the race classification of the population within the Beaufort West area:

Year	Black African	%	Coloured	%	Indian or Asian	%	White	%	Other	%	Total
2001	6 923	16	31 792	73.4	42	0.1	4 528	10.5	0	0	43 284
2011	8 103	16.3	36 433	73.5	241	0.5	4 539	9.2	270	0.5	49 586
<i>Census 2001 and 2011</i>											

**Table 2.: Population by race**

## 1.3.3 Population by age

The table below includes data about the composition of the population per age category. In this regard, the population pyramid shows that a significant portion (± 7%) of the population is younger than 20 years, which is not uncommon for a rural community.

Year	0 – 18	19 – 30	31 – 40	41 – 50	51 – 65	66 – 120	Total
2001	17 938	7 848	6 048	4 896	4 321	2 233	43 284
2011	19 132	9 162	6 508	6 030	6 091	2 663	49 586
<i>Census 2001 and 2011</i>							

**Table 3.: Population by age**





# Chapter 1: Executive Summary

## 1.3.4 Households

The number of households within the municipal area increased from 13 864 households in the 2014/15 financial year to 14 107 households in the 2015/16 financial year. This indicates an increase of about 1.72% in the total number of households within the municipal area over the two year period and represents a household size of about 5 people per household (if Census 2011 is used).

Households	2012/13	2013/14	2014/15	2015/16
Number of households	13 384	13 603	13 864	14 107

Table 4.: Total Number of Households

The graph below is a graphical illustration of the growth in population over the past 4 years:

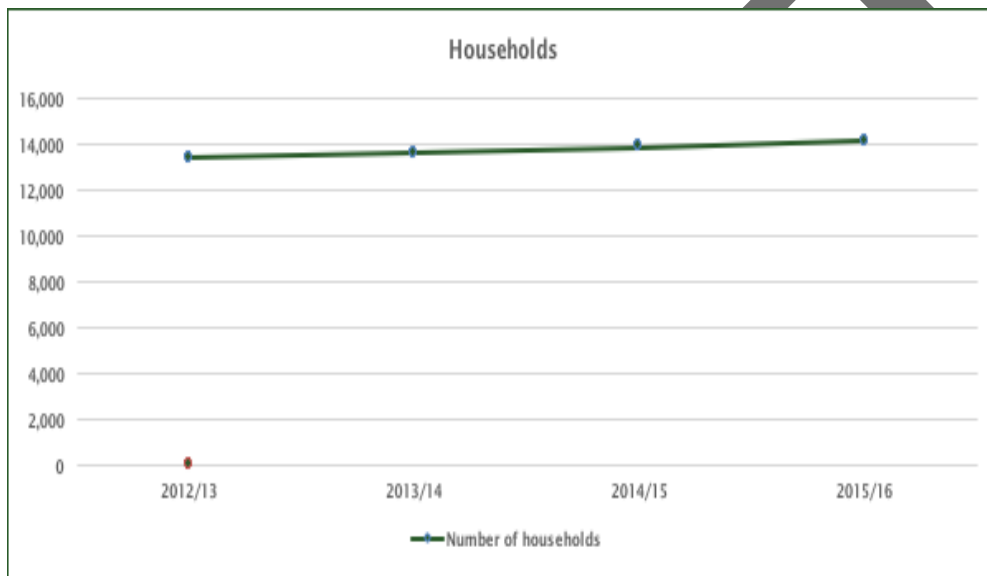


Figure 1.: Number of households

## 1.3.5 Demographic Information

### a) Municipal Geographical Information

Towering mountains and rolling plains welcome you to the Beaufort West region. Beaufort West, the oldest and largest town in the Central Karoo, lies in an ancient area which was a swamp, now a semi-desert area named “thirst land”, making it rich in history. This ancient area of the Karoo is considered one of the world’s most interesting arid zones and holds intrigue for scientist, historians and the eco-tourist and fondly referred to as place of the pioneers. In February 1837, BWM became South Africa’s first and therefore oldest municipality. It is the centre of an agricultural district based mainly on sheep farming and meat production. Strategically positioned on the N1 national road, which links Cape Town with the interior and northern parts of South Africa, BWM maintains a minimal but steady amount of growth due to the high volume of passing road traffic.

The nearby Karoo National Park is a national asset which aims to reclaim the original flora of the Karoo and is one of the chief tourist attractions in the region, boasting a wide variety of endemic wildlife. The municipal area covers approximately 16 330 km<sup>2</sup> with the town situated 851 meters above sea level between the Gamka and Kuils Rivers. The town lies just south of a ridge of hills and north of the Nuweveld Mountains in the Central Karoo where rocks date back some 230 million years. Not only was the first reptile fossil discovered near here, but Beaufort West has been described



# Chapter 1: Executive Summary

as the world's richest collecting ground for fossils. The town's historic centre displays an electric mix of historical architecture that makes a stop-over here essential.

Summer rains normally begin with light showers around October. Rain is very sporadic and mostly occurs in the form of thunderstorms. Snowfalls can occur as late as September and the first snowfalls reached ground level in 2011. Temperatures increase dramatically during November and remain high until February, reaching highs of between 38 and 48 degrees. The mid-winter months of June and July are cold and dry with temperatures falling well below zero.

In the year 2000, the smaller rural towns of Merweville and Nelspoort were incorporated into the BWM, and since June 2011 the town of Murraysburg has also been a DMA of the Municipality.



## b) Wards

The Municipality is structured into the following 7 wards:

Ward	Areas
1	Murraysburg and Murraysburg rural areas
2	Nelspoort, Nelspoort rural, Noord Einde, part of Hillside, central town, part of rural areas of Beaufort West and part of Hospital Hill
3	Part of Rustdene, Essopville and Nieuvelid Park
4	Part of Kwa Mandlenkosi, De Lande, part of central town and southern part of Hospital Hill
5	Part of Kwa Mandlenkosi, part of Rustdene, Paddavlei, Hooyvlakte, New Lands and New Town
6	Part of Rustdene and Prince Valley
7	Part of rural Beaufort West, part of Hillside I and II, Toekomsrus, Merweville and rural parts of Merweville

*Table 5.: Municipal Wards*



# Chapter 1: Executive Summary

Below is a map that indicates the municipal area and wards:

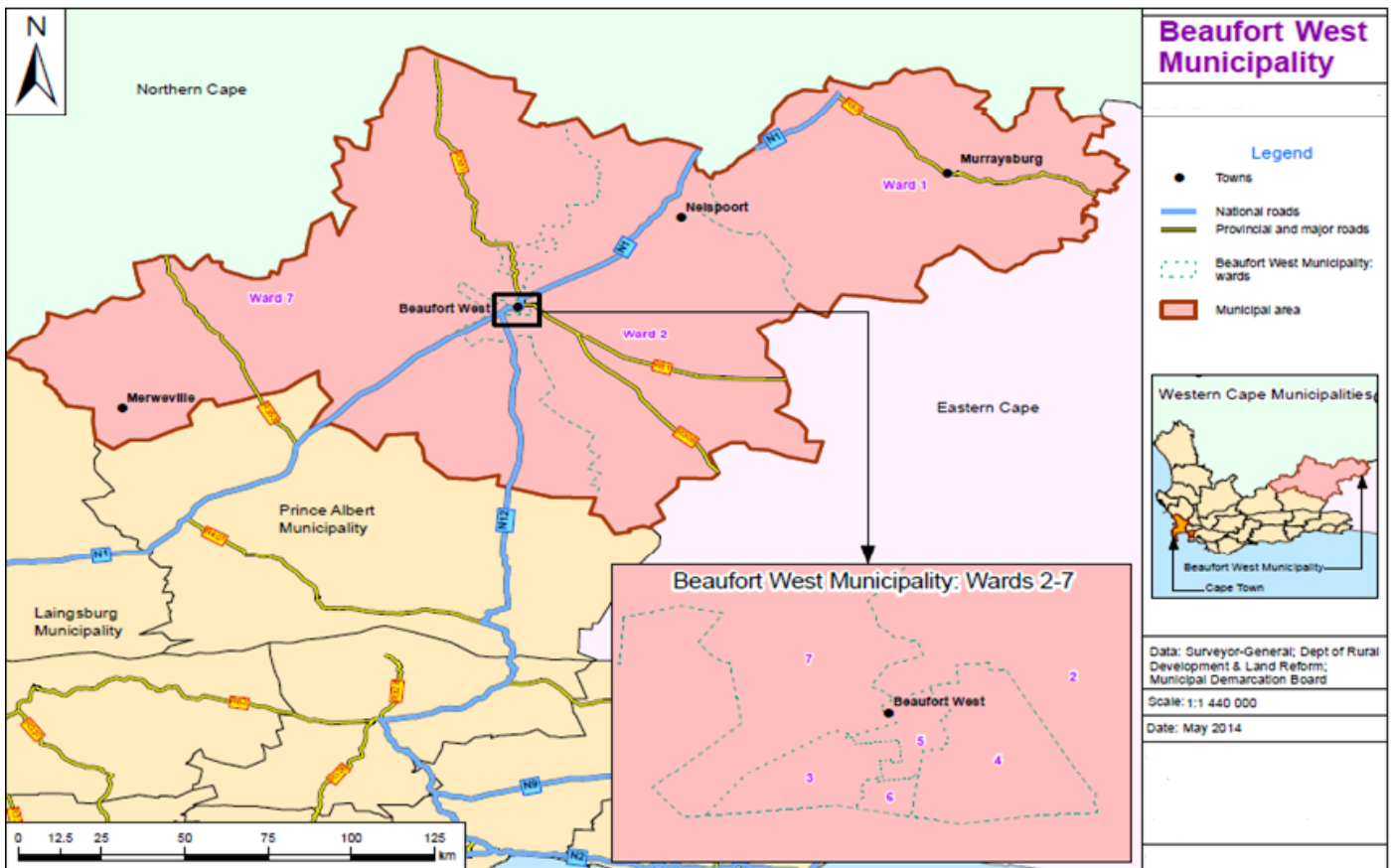


Figure 2.: Beaufort West municipal area and wards

## Merweville

Merweville is a small town situated 160 km south-west of Beaufort West and 40 km from Prince Albert Road station. This Central Karoo town lies in a picturesque area of plains often linked to the Nevada Desert region of the United States. It was established around 1897 on the farm of Jacobus van der Bijl, a jack of many trades: farmer, shopkeeper, postmaster, magistrate and justice of the peace. He built a church that was later used as a school. Merweville lies in the Koup, which means "caul fat", and was so named by early indigenous inhabitants who felt that the patches of golden veld grass, interspersed by dark brown soil, resembled the fat and blood vessels surrounding a sheep's liver. The reason for this name is quite apparent at the onset of winter when the veld is less lush and the gold and brown patches become evident. Merweville maintains a great deal of the charm of earlier days and is an ideal spot to rest, relax and unwind from the pressures of modern-day city life.



# Chapter 1: Executive Summary

The image below reflects the historic church in Merweville:



## Murraysburg

Murraysburg, a typical old-world Great Karoo town that lies 160 km north-east of Beaufort West, became Ward 1 with the new demarcation and as a result became a DMA of the BWM, after it was previously a DMA of the Central Karoo District Municipality. Murraysburg, located at the foot of the Sneeuwberg Mountains in a scenic mix of mountains and plains, offers tranquility for environmentalists and eco-watchers. In the late 18th century a bloody and vicious war of revenge and retaliation raged for many years between the San and farmers. Farms were attacked, houses set alight and herdsmen murdered. Farmers went out on punitive missions and killed many of the San, who hunted the livestock of the farmers. The region was very unsettled by stock theft, murders and reprisal expeditions against the San. At the beginning of the 19th century, the San began to move towards the Kalahari and eventually the farm *Eenzaamheid* was bought from Mr Kootjie Burger whereafter the farm became the town of Murraysburg. It was a “church town”, meaning that the Dutch Reformed Church (DRC) exercised full control over the town and its inhabitants. The new town was named after Reverend Andrew Murray, minister of the DRC in Graaff-Reinet. The “burg” derives from the Dutch word meaning “place of safety”.



# Chapter 1: Executive Summary

Below we can see the snowfall that can fall in the Murraysburg area:



## Nelspoort

Nelspoort, situated 56 km north of Beaufort West, is a small community in the depths of the Central Karoo. The Bushmen and Khoi visited the surrounding heads and left their mark in rock engravings. Long since the Bushmen, the area became a haven for those with chest ailments. As early as 1836, Beaufort West's dour but well loved Dr John Christie appealed to people to "breathe" the air of the Nuweveld Mountains. White farmers later established their homes here and for a while the sanatorium brought peace and healing to many tuberculosis (TB) sufferers. Established in 1924 through the efforts of Dr Alfred Jasper Anderson and John Garlick, a philanthropist, the Nelspoort area was identified as an ideal location for "the first chest hospital on the African continent." By 1969, the first psychiatric patients were admitted. The disastrous socio-economic effects of tuberculosis had decreased by then and the disease could be treated with drugs at home. The old magic mountain method of healing with good food and fresh air was a thing of the past and thus Nelspoort devoted itself to psychiatric patients, maintaining only one TB ward. Today, both roles have declined.



# Chapter 1: Executive Summary

Picturesque image from above of Nelspoort:



## c) Key economic activities

Agriculture forms the backbone of Beaufort West economy and accounts for the largest labour to date. Despite the harsh climate and poor carrying capacity of the veldt, it still offers opportunities for growth and employment creation. The Municipality is dependent upon the following main economic activities:

Key economic activities	Description
Agriculture and agri-processing	Fresh meat (mutton, game, karoo lamb, ostrich, goat, beef)
	Processed meat (biltong, cold meats, "droë wors")
	Fresh fruit and vegetables (figs, olives, apricots, grapes, herbs)
	Processed fruit and vegetables (chutney, dried figs, olives, jams)
	Animal bi-products (skins, hides, wool, mohair, milk)
	Processed animal bi-products (leather products, dairy products, wool and mohair products)
	Other (traps for problem animals - manufacturing and servicing)
Transportation	The transportation sector in the Central Karoo is one of the strongest contributors to the regional economy and completely dominated by Beaufort West, which contributes 86.4% of the total gross domestic product in this sector
Tourism	Wide-open spaces, magnificent landscapes, panoramas and the sense of solitude attractions
	Historic and cultural attractions

*Table 6.: Key economic activities*



# Chapter 1: Executive Summary

## 1.4 SERVICE DELIVERY OVERVIEW

### 1.4.1 Highlights: Basic services delivery performance

The table below shows the Municipality's achievement with regards to service delivery:

Highlight	Description
Blue Drop Award 2014/15	Beaufort West received a Blue Drop award for 2014/15 during the 2015/16 financial year
Water pressure management	In the 2015/16 financial year the whole of Beaufort West was placed under water pressure management
Upgrade Nelspoort Waste Water Treatment Works (WWTW)	Nelspoort WWTW was upgraded. A new primary pond was constructed as well as a new evaporation pond. All primary ponds have been lined
Internal controls - Fleet management	New software to manage fleet which resulted in control over costing, licencing, fund, availability of fleet, petrol control and variance reports (monthly and annual)
Upgrade streets in Murraysburg	Upgraded gravel roads to paved roads with associated stormwater systems
Upgrade Dliso and Matshaka Street	

Table 7.: Basic services delivery highlights

### 1.4.2 Challenges: Basic services delivery

The Municipality faced the following challenges during the year:

Service Area	Challenge	Actions to address
Water	Lack of funding to upgrade bulk water supply within the area	Apply for additional funding
Waste water (sanitation)	Vandalism to WWTW projects	Security services to be appointed
Electricity	High cost of electricity	Implementation of energy efficient products
	Service delivery	Appoint more experienced personnel and manage the maintenance of services and networks more closely
	Funding	More funds must be made available for the maintenance of existing and ageing networks. National Energy Regulator of South Africa (NERSA) is benchmark must be followed
	Discipline	The Municipality must implement and drive the disciplinary processes
Waste management	Illegal dumping on open spaces and vacant plots	Illegal dumping sign boards on open spaces and vacant plots
	Regular repairs and maintenance of refuse removal trucks	Buy new refuse removal truck in the 2016/17 financial year

Table 8.: Basic services delivery challenges



# Chapter 1: Executive Summary

## 1.4.3 Proportion of households with access to basic services

The table below indicates the Municipality's performance relating to basic services provided:

Description	2014/15	2015/16
Electricity service connections	100%	100%
Water - available within 200m from dwelling	98%	98%
Sanitation - Households with at least Ventilated Improved Pit (VIP) services	98%	96%
Waste collection - kerbside collection once a week	100%	100%

Table 9.: Households with minimum level of basic services

## 1.5 FINANCIAL HEALTH OVERVIEW

### 1.5.1 Highlights: Financial viability

The table below shows the Municipality's achievement with regards to financial viability:

Highlight	Description
Implementation of municipal Standard Chart of Accounts (mSCOA)	As per the regulations of National Treasury, all municipalities must implement a new and uniform SCOA on 1 July 2017. The process has started and progress is good
Provincial and national government support	Received significant financial support from the Western Cape Provincial Government for hands-on support from both provincial and national government to rebuild internal controls and procedures in the finance department
Innovation in the organisation	Developed own integrated financial dashboard. Implemented cellular meter reading devices, a bulk 'sms' service in debtors department and upgraded all our service points in wards to improve service delivery

Table 10.: Financial viability highlights

### 1.5.2 Challenges: Financial viability

Challenge	Action to address
Cash flow position	Our financial position remains vulnerable and it requires swift intervention from Council
Office space	Redesign and upgrade of office facilities in order to cater for our changing needs
Safety	In the process of acquiring security services for office buildings
Accessibility	Make cashier pay points universally accessible for all
Vacancies in critical positions.	Advertisement of posts to be filled

Table 11.: Financial viability challenges

### 1.5.3 National key performance indicators – Municipal financial viability and management (Ratios)

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators (KPI) required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These KPI's are linked to the National Key Performance Area (KPA) namely: Municipal financial viability and management.

KPA and Indicator	2014/15	2015/16
Debt coverage ((Total operating revenue-operating grants	24 times	25 times





# Chapter 1: Executive Summary

KPA and Indicator	2014/15	2015/16
received):debt service payments due within the year)		
Service debtors to revenue – (Total outstanding service debtors: revenue received for services)	24.2%	19.94%
Cost coverage ((Available cash+ investments): Monthly fixed operating expenditure	0.7 times	0.6 times

Table 12.: National KPI's for Financial viability and management

## 1.5.4 National key performance indicators - Good governance and public participation

The following table indicates the municipality's performance in terms of the National KPI's required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and Section 43 of the MSA. This KPI is linked to the National KPA - Good governance and public participation.

KPA and Indicators	Municipal achievement	Municipal achievement
	2014/15	2015/16
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan (After roll over projects)	211%	50.55%

Table 13.: National KPIs - Good governance and public participation performance

## 1.5.5 Financial overview

The table below indicates the Municipality's financial overview for the financial year:

Details	Original budget	Adjustment budget	Actual
	R'000		
Income			
Grants (transfer recognition)	115 324	124 627	110 558
Taxes, Levies and tariffs (property and services)	130 645	132 678	124 192
Other (investments and own)	27 851	59 230	75 359
<b>Sub total</b>	<b>273 820</b>	<b>316 535</b>	<b>310 110</b>
Less expenditure	268 715	300 305	319 333
<b>Net surplus/(deficit)</b>	<b>5 105</b>	<b>16 230</b>	<b>9 223</b>

Table 14.: Financial overview

## 1.5.6 Total capital expenditure

The table below indicates the Municipality's capital expenditure for the financial year:

Detail	2014/15	2015/16
	R'000	
Original budget	29 286	20 024
Adjustment budget	43 899	36 429
Actual	*92 797	18 487
<b>% Spent</b>	<b>211</b>	<b>51</b>

\*Additional R52 million received from the Department of Rural Development for the development of infrastructure

Table 15.: Total capital expenditure



# Chapter 1: Executive Summary

## 1.6 AUDITOR-GENERAL REPORT

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. In short, the Auditor-General checks the spending of public money by looking at whether it has been used ideally and for the purposes intended. This is done by annually checking all government spending.

The Auditor-General's annual audit examines 3 areas:

- Fair presentation and absence of significant misstatements in financial statements
- Reliable and credible performance information for predetermined objectives
- Compliance with all laws and regulations governing financial matters.

There can be 5 different outcomes to an audit, once the municipality has submitted their financial statements to the Auditor-General, which can be simply defined as follows:

- **A clean audit:** The financial statements are free from material misstatements and there are no material findings on reporting on predetermined objectives or non-compliance with legislation.
- **Unqualified audit with findings:** The financial statements contain material misstatements. Unless a clean audit outcome is expressed, findings will be raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects.
- **Qualified audit opinion:** The financial statements contain material misstatements in specific amounts, or there is insufficient evidence to conclude that specific amounts included in the financial statements are not materially misstated.
- **Adverse audit opinion:** The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements.
- **Disclaimer of audit opinion:** Insufficient evidence was provided in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements.

BWM implemented MGRO as initiated by Provincial Treasury. MGRO is a Municipal Governance and Review Outlook plan to monitor the performance of municipalities within certain focus areas to ensure clean administration within the Western Cape.

### 1.6.1 Audited outcomes

Year	2013/14	2014/15	2015/16
Opinion received	Unqualified	Unqualified	Unqualified

Table 16.: Audit outcomes



## CHAPTER 2

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### 2.1 GOVERNANCE STRUCTURE

#### 2.1.1 Political governance structure

The Council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, councillors are also actively involved in community work and the various social programs in the municipal area.

##### a) Council

The Council comprised of 13 elected councillors prior to the Local Government elections in May 2011, made up from 7 Ward Councillors and 6 Proportional Representation (PR) Councillors. The portfolio committees are made up of councillors selected from all political parties.

Below is a table that categorise the councillors within their specific political parties and wards for the 2015/16 financial year:

Council members	Capacity	Political Party	Ward representing or proportional	Number of meetings attended
H Prince	Executive Mayor	ANC	Proportional	8
L Deyce	Councillor	ANC	Ward 1	10
A Slabbert	Councillor	DA	Ward 2	9
G de Vos	Councillor	ANC	Ward 3	10
S Motsoane	Speaker	ANC	Ward 4	10
M Furmen	Councillor	ANC	Ward 5	9
G Adolph	Full-time Councillor	ANC	Ward 6	10
J Bostander	Councillor	ANC	Ward 7	7 [resigned in March 2016]
E Beyers	Deputy Executive Mayor	ICOSA	Proportional	7 [resigned 15 April 2016]
J Diedericks	Deputy Executive Mayor	ICOSA	Proportional	2 [appointed 20 April 2016]
G Murray	Councillor	DA	Proportional	5
R van der Linde	Councillor	DA	Proportional	4 [dismissed in March 2016]
L Basson	Councillor	DA	Proportional	2 [appointed in March 2016]



## Chapter 2: Good Governance

Council members	Capacity	Political Party	Ward representing or proportional	Number of meetings attended
D Welgemoed	Councillor	DA	Proportional	6 [resigned end March 2016]
S Qwina	Councillor	DA	Proportional	1 [Appointed 20 April 2016 and resigned on 29 April 2016]
A Willemse	Councillor	DA	Proportional	3 [resigned December 2015]
R Hugo	Councillor	DA	Proportional	4 [appointed 08 December 2015]
<i>Councillor J Diedericks appointed as Executive Deputy Mayor 26 April 2016</i>				

**Table 17.: Council**

The table below indicates the Council meeting attendance for the 2015/16 financial year:

Meeting dates	Council meetings attendance	Apologies for non-attendance
28 July 2015	11	1 (1)
25 August 2015	11	2
29 September 2015	11	1 (1)
27 October 2015	12	1
24 November 2015	10	2 (1)
08 December 2015	9	2 (2)
26 January 2016	11	1(1)
31 March 2016	11	1
26 April 2016	11	1
31 Mei 2016	11	1
<i>Numbers between brackets indicate non-attendance without apology</i>		

**Table 18.: Council meetings**

### b) Executive Mayoral Committee

The Executive Mayor of the Municipality, Alderman T Prince, assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. He has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by Council, as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.



## Chapter 2: Good Governance

The name and portfolio of each member of the Mayoral Committee is listed in the table below for the period 01 July 2015 to 30 June 2016:

Name of member	Capacity
H Prince	Executive Mayor
E Beyers	Deputy Executive Mayor [resigned 15 April 2016]
G Adolph	Full-time Councillor
J Diedericks	Deputy Executive Mayor [elected 29 April 2016]

*Table 19.: Mayoral Committee members*

The table below indicates the dates of the Mayoral Committee meetings and the number of reports submitted to Council for the 2015/16 financial year:

Meeting date	Number of reports submitted to Council
20 January 2016	1

*Table 20.: Executive Mayoral Committee meetings*

### c) Portfolio Committees

The MSA, 1998, provides for the establishment of section 79 and section 80 committees.

Section 79 committees are Council committees, appointed by Council for a specific purpose and accounting to Council section 79 committees must be composed in such a way as to reflect the way in which parties and interest are reflected in Council.

Council has established the following section 79 committees:

- Financial and Development Committee
- Corporate Services and Social Development Committee
- Human Resource Management and Development Committee
- Municipal Services and Infrastructure Committees

The portfolio committee meetings for the 2015/16 financial year were as follows:

Financial Services and Development Committee			
Chairperson	Other members	Number of minutes submitted to Council	Meeting dates
H Prince	G de Vos	3	7 July 2015 2 September 2015 18 March 2016
	M Furmen		
	E Beyers		
	D Welgemoed		
	R van der Linde		
Corporate Services and Social Development Committee			
S Motsoane	G Adolph	4	8 July 2015 9 September 2015 17 February 2016 17 March 2016
	J Bostander		
	E Beyers		
	A Willemse		
	A Slabbert		



## Chapter 2: Good Governance

Human Resource Development Committee			
M Furmen	M Furmen	0	n/a
	GP Adolph		
	A Slabbert		
	G Murray		
Municipal Services and Infrastructure Committee [Community Development and Technical Services Committee]			
G de Vos	G de Vos	3	8 July 2015 9 September 2015 17 February 2016
	H Prince		
	S Motsoane		
	D Welgemoed		

Table 21.: Portfolio Committees

### 2.1.2 Administrative governance structure

The Municipal Manager is the accounting officer of the Municipality. He is the head of the administration and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the management team, whose structure is outlined in the table below:

Name of official	Department	Performance agreement signed
		Yes/No
J Booysen	Municipal Manager	Yes
Vacant since (1 September 2014)	Director: Community Services	n/a
F Sabbat	Director: Financial Services	Yes
A Makendlana	Director: Corporate Services	Yes
J Smit	Director: Engineering Services	Yes
R van Staden	Director: Electro Technical Services	Yes

Table 22.: Administrative governance structure

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.2 INTERGOVERNMENTAL RELATIONS

In terms of the Constitution of South Africa, all spheres of government and all organs of state must co-operate with one another in mutual trust and good faith fostering friendly relations. They must assist and support one another, inform and consult one another on matters of common interest, coordinate their actions, adhere to agreed procedures and avoid legal proceedings against one another.

#### a) Intergovernmental structures

To adhere to the principles of the Constitution as mentioned above, the Municipality participates in the following intergovernmental structures:

Name of structure	Members	Outcomes of engagements/topics discussed
Municipals Managers Forum	SALGA, neighbouring municipalities' Municipal Managers	District based initiatives
Premiers Coordinating Forum	Municipal Manager and the Executive Mayor	Responsive, effective and efficient local government system



## Chapter 2: Good Governance

Name of structure	Members	Outcomes of engagements/topics discussed
SALGA Working Groups	All Councillors participates in the different Salga working groups	Cooperative governance, consultation, coordination and participative decision-making
Integrated Development Plan (IDP) Managers Forum	IDP Manager	IDP process plans adopted, progress with regards to joint planning initiatives as agreed upon by the Municipality and sector departments
LED Managers Forum	IDP manager	Department of Economic Development to assist in review of the LED strategy
SCM Forum	Manager SCM	Enhanced municipal financial and administrative capability
Integrated Waste Management Forum	Waste Management: Superintended	Waste minimization and campaigns
IDP Indabas	IDP Manager and all directors	Agree on joint priorities and commit resources to implement these priorities
Provincial Public Participation and Communication Forum	Personal assistant to the Speaker	Ensure the coordinated and coherent implementation and establishment of the ward participatory process to encourage the involvement of communities and organisations in matters of local government
Provincial Skills Development Forum	Skills Development Facilitator	Ensure and improve training delivery system in the province
HR Practitioner's Forum	Manager: HR	Educational attainment, skills development, science and innovation and labor market / employment policies

*Table 23.: Intergovernmental structures*

### b) Joint projects and functions with sector departments

All the functions of government are divided between the different spheres of government. The Municipality therefore share their area and community with other spheres of government and their various sector departments and have to work closely with national and provincial departments to ensure the effective implementation of various projects and functions.

The table below provides detail of such projects and functions:

Name of project/function	Expected outcomes of the project	Sector departments involved	Contribution of sector department
Agri-parks	Revival of agricultural projects	Department of Rural Development	Funding
Youth-hub	Skills development centre , swimming pool, gym and community hall	Department of Rural Development	Funding and Human Resources
Redesign and review of organizational structure	New organogram	Department of Local Government	Funding

*Table 24.: Joint projects and functions*

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the MSA refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. It must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:



## Chapter 2: Good Governance

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the performance management system;
- monitoring and review of performance, including the outcomes and impact of such performance; and
- preparation of the municipal budget.

### 2.3 PUBLIC MEETINGS

The table below indicates the public meetings arranged and dates that it took place on:

Nature and purpose of meeting	Date of events
Mayoral public participation meetings	12 April 2016
	13 April 2016
Budget public meetings	20 April 2016
	21 April 2016
	5 May 2016
	11 May 2016
	12 May 2016
	6 June 2016
	28 June 2016

Table 25.: Public meetings

### 2.4 WARD COMMITTEES

Ward committees supports the ward councillor who receives reports on development, participate in development planning processes and facilitate wider community participation. To this end, the Municipality constantly strives to ensure that all ward committees function optimally with community information provision, convening of meetings, ward planning, service delivery, IDP formulation and performance feedback to communities.

The tables below indicate each ward with their associated members and dates of meetings during the financial year:

a) Ward 1: Murraysburg and Murraysburg rural areas

Name of representative	Capacity representing	Dates of meetings held during the year
L Deyce	Ward Councillor	11 August 2015 18 September 2015 7 October 2015 12 November 2015 30 January 2016 29 February 2016 25 May 2016
M Sibhozo	Unemployment	
N Tshikolo	Welfare	
G Douglas	Religion	
M Saba	Women	
G Zahela	Senior citizen	
F Tshikolo	Environmental interest group	
S Bans	Health	
D Booysen	Community based organization	
S Pieterse	Youth	

Table 26.: Ward 1: Committee meetings





## Chapter 2: Good Governance

b) Ward 2: Nelspoort, Nelspoort Rural, Noord Einde, part of Hillside, central town, part of rural areas of Beaufort West and part of Hospital Hill

Name of representative	Capacity representing	Dates of meetings held during the year
A Slabbert	Ward Councillor	21 July 2015 18 August 2015 22 September 2015 24 November 2015 3 December 2015 26 January 2016 24 February 2016 22 March 2016 26 April 2016 24 May 2016 22 June 2016
J Lodewyk	Community safety	
T Horn	Health	
F Maxegwana	Sport	
J de Bruyn	Women	
M Breda	Religion	
T Platjies	Community-based organisation	
S Solomons	Education	
J Jonas	Women	
E Booysen	Youth	

Table 27.: Ward 2: Committee meetings

c) Ward 3: Part of Rustdene, Essopville and Nieuveld Park

Name of representative	Capacity representing	Dates of meetings held during the year
G de Vos	Ward Councillor	31 July 2015 27 August 2015 15 September 2015 28 October 2015 28 November 2015 2 December 2015 24 February 2016 13 March 2016 28 April 2016 2 May 2016
P Williams	People with disabilities	
C Berg	Employment	
L Bosman	Welfare	
J Frieslaar	Community safety	
L Simon	Labour (workers)	
J Williams	Sport	
J Knecht	Religion	
C Snyman	Health	
E Williams	Environment	
A Johannes	Youth	

Table 28.: Ward 3: Committee meetings

d) Ward 4: Part of Kwa Mandlenkosi, De Lande, part of central town and southern part of Hospital Hill

Name of representative	Capacity representing	Dates of meetings held during the year
S Motsoane	Ward Councillor	9 July 2015 24 August 2015 22 September 2015 21 October 2015 23 November 2015 9 December 2015 5 February 2016 16 March 2016 16 May 2016 27 June 2016
M Menziwa	Health	
N Ngqandela	Community safety	
S Ntsulelo	Senior citizen	
J Diedericks	Women	
S Ngqwala	Religion	
E Lawrence	Housing	
B Kedama	Business	
J Platjies	Education	

Table 29.: Ward 4: Committee meetings



## Chapter 2: Good Governance

e) Ward 5: Part of Kwa Mandlenkosi, part of Rustdene, Paddavlei, Hooyvlakte, New Lands and New Town

Name of representative	Capacity representing	Dates of meetings held during the year
M Furmen	Ward Councillor	9 July 2015 21 August 2015 10 September 2015 17 October 2015 6 November 2015 10 December 2015 25 January 2016 14 February 2016 8 May 2016 1 June 2016
K Grant	Women	
G Metsing	Youth	
S Nguqu	Community safety	
J Maloy	Senior citizen	
K Siwa	Religion	
E Biesies	Health	
G Louw	Welfare	
H Dick	Community-based organization	
S Phillips	Unemployment	
B Vumazonke	People with disabilities	

Table 30.: Ward 5: Committee meetings

f) Ward 6: Part of Rustdene and Prince Valley

Name of representative	Capacity representing	Dates of meetings held during the year
G Adolph	Ward Councillor	30 July 2015 27 August 2015 30 September 2015 29 October 2015 30 November 2015 23 February 2016 30 March 2016 26 April 2016 26 May 2016
C Arendse	Health	
F Martin	Religion	
E Lottering	Welfare	
A Dassie	Government services	
J Jacobs	Unemployment	
S Arries	Women	
G October	Sport	

Table 31.: Ward 6: Committee meetings

g) Ward 7: Part of rural Beaufort West, part of Hillside I and II, Toekomsrus, Merweville and rural parts of Merweville

Name of representative	Capacity representing	Dates of meetings held during the year
J Bostander	Ward Councillor	2 August 2015 18 September 2015 18 October 2015 24 November 2015 6 December 2015 1 March 2016 16 April 2016 19 May 2016 13 June 2016
S Nkanyezi	Sport and culture	
J Mdudumani	Business	
E Lottering	Sport	
A Minnie	Youth	
R van Wyk	Women	
K Links	Caring hands	
H Willemse	Transport	
M Damon	Safety and security	
E Hough	Women and safety	
E Roman	Women and children	

Table 32.: Ward 7: Committee meetings



# Chapter 2: Good Governance

## 2.5 FUNCTIONALITY OF WARD COMMITTEES

The purpose of a ward committee is:

- to get better participation from the community to inform Council decisions;
- to make sure that there is more effective communication between the Council and the community; and
- to assist the ward Councillor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward councillor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward Councillor who makes specific submissions directly to the administration. These committees play a very important role in the development and annual revision of the IDP of the area.

The table below provides information on the establishment of ward committees and their functionality:

Ward number	Committee established Yes / No	Number meetings held during the year	Committee functioning effectively (Yes / No)
1	Yes	7	Yes
2	Yes	11	Yes
3	Yes	10	Yes
4	Yes	10	Yes
5	Yes	10	Yes
6	Yes	9	Yes
7	Yes	9	Yes

Table 33.: Functioning of ward committees

## 2.6 REPRESENTATIVE FORUMS

### 2.6.1 Labour Forum

The table below specifies the members of the Labour Forum for the 2015/16 financial year:

Name of representative	Capacity	Meeting dates
H Prince	Councillor	11 November 2015 19 November 2015 30 November 2015 17 February 2016 7 June 2016
J Bostander	Councillor	
G de Vos	Councillor	
G Adolph	Councillor (Chairperson)	
G Murray	Councillor	
J Booysen	Municipal Manager	
J Smit	Director: Engineering Services	
H Maans	SAMWU Chairperson	
A Sopete	SAMWU (Deputy)	
T Jolingana	SAMWU	
S Gouws	SAMWU	
I Jacobs	SAMWU	
G Daniels	SAMWU	



## Chapter 2: Good Governance

Name of representative	Capacity	Meeting dates
G Cedras	IMATU	
W van der Horst	IMATU	

Table 34.: Labour Forum

### COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

#### 2.7 RISK MANAGEMENT

To maintain an overall positive perception of the Municipality and confidence in the Municipality from the public and other stakeholders, well planned goals and objectives should be coordinated and achieved within the municipality. Section 62(1) of the MFMA stipulates that the Accounting Officer must take all reasonable steps to ensure that the Municipality has and maintains an effective, efficient and transparent system of financial and risk management, internal control as well as the effective, efficient and economical use of the resources of the municipality. BWM has instituted a systematic and formalized process in order to identify, assess, manage and monitor risks which effectively ensures achievement of those planned goals and objectives. Risk management is essentially a good governance measure instituted to ensure the Municipality accomplish its vision, mission and strategic plans.

The Municipality has an approved Risk Management Policy, Framework and Implementation Plan. The policy is regularly reviewed by the Risk Committee and submitted to Council for approval.

The risk management function is facilitated internally by the internal audit division to ensure the following functions are performed:

- Assisting management to develop the Risk Management Policy, Strategy and Implementation Plan
- Coordinating risk management activities
- Facilitating the identification and assessment of risks
- Recommending risk responses to management
- Developing and disseminating risk reports

##### a) Risk assessment process

Risk assessments are conducted to identify and categorize risks into the following groups:

- Operational risks
- Strategic risks

Risks identified are classified into high, medium and low risks to determine the risk rating. The risk rating is determined by a 10 X 10 risk matrix.

##### b) Top strategic risks

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



## Chapter 2: Good Governance

After the residual risks have been determined it will be categorized again according to high, medium and low risks, whereafter management determines which of the risk requires further actions to mitigate the impact it may have

The top ten risks of the Municipality for the financial year were as follow:

Risk level	Risk	Directorate	Impact	Likelihood	Risk rating
Medium	Financial feasibility in the long term – Resources not growing with the population, service demands and escalation costs	Strategic	9	9	81
Medium	Bribery – unauthorised issuing of drivers and learners licenses	Community Services	9	9	81
Medium	Inadequate control with regards to leave, absenteeism and time-keeping	Strategic	9	9	81
Medium	Non-existent reserves to replace infrastructure/assets should uninsured damages occur	Strategic	9	10	90
Medium	Lack of funding - need to expand the landfill site in the near future	Community Services	9	10	90
Medium	Lack of funding resulting in insufficient maintenance, far below NERSA standards	Electro Technical Services	8	10	80
Medium	Failure to attract, appoint and retain skilled and competent workforce	Strategic	9	9	81
Medium	Ageing and overstretched fire vehicles and equipment hampering service delivery	Community Services	9	9	81
High	Inaccurate billing database resulting in billing errors	Financial Services	9	9	81
Medium	Ageing and overstretched equipment/infrastructure (Hillside network and older parts of town)	Electro Technical Services	9	10	90

Table 35.: Strategic risks

### c) Organisational risk assessment

The table below reflects the annual risk assessments for the past two financial years, reflecting the change in the risk profile:

2014/15			2015/16		
Risk categories	Risks	% of all risk	Risk categories	Risks	% of all risks
High rated	22	47	High rated	71	24
Medium rated	24	51	Medium rated	192	65
Low rated	1	2	Low rated	31	11
<b>Total</b>	<b>47</b>	<b>100</b>	<b>Total</b>	<b>294</b>	<b>100</b>

Table 36.: Risk profile

### d) Risk Committee

The role of the Risk Committee is to provide timely and useful enterprise risk management reports to the Audit Committee of the municipality. The report contains the top risks of the Municipality, which includes:

- Key strategic and financial risks facing the municipality (all extreme and high risk exposures)
- Key operational risks per strategic goal (top 5 risks per objective as per risk exposure from high to low)



## Chapter 2: Good Governance

Further detail of the roles of the Risk Committee is included in the approved Risk Committee Charter.

The Risk Committee consists of the following members:

Name of Committee Member	Capacity	Meeting dates
L Hawker	Member	No risk committee meetings held.
A Makendlana	Member	
J Booyesen	Chairperson	
F Sabbat	Member	
L Smit	Member	
R van Staden	Member	
R Klink	Member	
R Naidoo	Member	

Table 37.: Members of the Risk Committee

### 2.8 ANTI-CORRUPTION AND ANTI-FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, Section 112(1)(m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favoritism and unfair and irregular practices. Section 115(1) of the MFMA states that the Accounting Officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

a) Developed strategies

Name of strategy	Developed Yes/No	Date Adopted
Anti-Fraud and Corruption Strategy and Response Plan	Yes	24 November 2014

Table 38.: Strategies and response plan

### 2.9 AUDIT AND PERFORMANCE AUDIT COMMITTEE

a) Functions of the Audit and Performance Audit Committee (APAC)

The APAC have the following main functions as prescribed in Section 166(2)(a-e) of the MFMA, and the Local Government Municipal and Performance Management Regulation:

- To advise Council on all matters related to compliance and effective governance
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, Division of Revenue Act (DoRA) and other applicable legislation
- Respond to Council on any issues raised by the Auditor-General in the audit report
- Carry out investigations into the financial affairs of the municipality as Council may request
- Review the quarterly reports submitted by internal audit
- Evaluate audit reports pertaining to financial, administrative and technical systems
- Evaluate the compliance to existing policies and relevant legislation
- Review the performance management system and make recommendations in this regard to Council



## Chapter 2: Good Governance

- Assess whether the performance indicators are sufficient
- Determine possible reasons for discrepancies between performance and targets
- Identify major risks to which Council is exposed and determine the extent to which risks have been minimized
- To review the annual report of the municipality
- Investigating cases of fraud, misbehaviour and conflict of interest involving employees
- Review the plans of internal audit and, in doing so, ensure that the plan addresses the high-risk areas and ensure that adequate resources are available
- Review audit results and action plans implemented by management
- Provide support to internal audit
- Ensure that no restrictions or limitations are placed on internal audit

### b) Members of the APAC

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

Name of representative	Capacity	Meeting dates
A Hooker	Chairperson	10 September 2015
K McKay	Member	22 October 2015
T Solomon	Member	31 March 2016
L Hawker	Member	17 May 2016 23 June 2016

Table 39.: Members of the APAC

### 2.10 INTERNAL AUDIT

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

- internal audit;
- internal controls;
- accounting procedures and practices;
- risk and risk management;
- performance management;
- loss control;
- compliance with this Act, the annual Division of Revenue Act and any other applicable legislation, and
- perform other duties as may be assigned to it by the accounting officer.

The Municipality has an in-house internal audit function.

### a) Annual audit plan

The table below provides detail on audits completed:

Description	Date completed
<b>Phase 1</b>	
Operational and strategic risk assessment	27 June 2016
<b>Phase 2</b>	



## Chapter 2: Good Governance

Description			Date completed
Compilation of Risk Based Audit Plan (RBAP)			31 March 2016
Phase 3			
Type of audit engagement	Department	Detail	Date completed
Quarterly audit of predetermined objectives: 07 March 2016 and 16 May 2016	All directorates	Quarterly audit of performance information	June 2016
Ad-hoc investigation	Financial Services	The salaries of May 2016 not paid	May 2016
Ad-hoc investigation	Engineering Services	Maintenance on proclaimed main roads	March 2016
Review of internal audit policies	Internal Audit	Review of Internal Audit, AC and PAC Charters	May 2016
Internal audit report	Community Services	Follow-up of previous findings - processing of traffic fines	June 2016

**Table 40.: Internal audit plan**

### 2.11 BY-LAWS AND POLICIES

Section 11 of the MSA gives a Council the executive and legislative authority to pass and implement by-laws and policies.

Below is a list of the by-laws developed and reviewed during the financial year:

By-law developed/revise	Date proclaimed	Public participation conducted prior to adoption of by-Law Yes/No
By-law on Municipal Land Use Planning	19 June 2015	Yes

**Table 41.: By-laws developed and reviewed**

### 2.12 COMMUNICATION

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community.

Below is a communication checklist of the compliance to the communication requirements:

Communication activities	Yes/No
Communication Strategy	yes
Communication Policy	yes
Functional complaint management systems	yes

**Table 42.: Communication Activities**

Additional communication channels utilised

Channel	Yes/No	Number of people reached
SMS system	Yes	n/a

**Table 43.: Additional Communication Channels**





## Chapter 2: Good Governance

### 2.13 WEBSITE

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of Section 75 of the MFMA and Section 21A and B of the MSA as amended.

The table below gives an indication about the information and documents that are published on our website:

Description of information and/or document	Yes/No and/or Date Published
<b>Municipal contact details (Section 14 of the Promotion of Access to Information Act)</b>	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical and postal address of the Municipality	Yes
<b>Financial information (Sections 53, 75, 79 and 81(1) of the MFMA)</b>	
Draft budget 2015/16	Yes
Adjusted budget 2015/16	Yes
Asset Management Policy	Yes
Customer Care, Credit control and Debt collection Policy	Yes
Indigent Policy	Yes
Funds and Reserves Policy	Yes
Investment and Cash Management Policy	Yes
Rates Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
Virement Policy	Yes
Petty Cash Policy	Yes
Travel and Subsistence Policy	Yes
Long-term Financial Policy	Yes
Borrowing Policy	Yes
SDBIP 2015/16	Yes
<b>IDP and public participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)</b>	
Reviewed IDP for 2015/16	Yes
<b>SCM (Sections 14(2), 33, 37 and 75(1)(e) and (f) and 120(6)(b) of the MFMA and Section 18(a) of the National SCM Regulation)</b>	
List of capital assets that have been disposed	Yes
Long-term borrowing contracts	Yes
SCM contracts above R 30 000	Yes
Service delivery agreements	n/a
Public invitations for formal price quotations	Yes
<b>Reports (Sections 52(d), 71, 72 and 75(1)(c) and 129(3) of the MFMA)</b>	
Annual Report of 2014/15	Yes



## Chapter 2: Good Governance

Description of information and/or document	Yes/No and/or Date Published
Oversight reports	Yes
Mid-year budget and performance assessment	Yes
Quarterly reports	Yes
Monthly budget statement	Yes
<b>LED (Section 26(c) of the MSA)</b>	
Economic profile	Yes
<b>Performance management (Section 75(1)(d) of the MFMA)</b>	
Performance agreements for employees appointed as per S57 of MSA	Yes

Table 44.: Website checklist

### 2.14 SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Policy of the BWM is deemed to be fair, equitable, transparent, competitive and cost-effective as required by Section 217 of the Constitution.

#### 2.14.1 Competitive bids in excess of R200 000

##### a) Bid Committee meetings

The following table details the number of Bid Committee meetings held for the 2015/16 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
12	8	9

Table 45.: Bid Committee meetings

The members of the Bid Committees are:

Bid Specifications Committee	Bid Evaluation Committee	Bid Adjudication Committee
C de Koker	C de Koker	C de Koker
M Lawrence	M Lawrence	M Lawrence
D le Roux	D le Roux	D le Roux
A Makendlana	A Makendlana	A Makendlana
E Klink	F Sabbat	F Sabbat
F Sabbat	R Eland	E Klink
S Pothberg	S Pothberg	S Pothberg
J Smit	J Smit	J Smit
E v Staden	E Klink	R Eland
P Strümpher	P Strümpher	P Strümpher
R van Staden	R van Staden	R van Staden
E van Staden	E van Staden	E van Staden
C Wright	C Wright	C Wright
V Ruiters	V Ruiters	V Ruiters
R Naidoo	R Naidoo	R Naidoo
H Meintjies	H Meintjies	H Meintjies



## Chapter 2: Good Governance

Bid Specifications Committee	Bid Evaluation Committee	Bid Adjudication Committee
R Summers	R Summers	R Summers
J Abrahams	J Abrahams	J Abrahams
J van Wyk	J van Wyk	
R Eland		

*Table 46.: Members of Bid Committees*

### b) Awards made by the Bid Adjudication Committee

The ten highest bids awarded by the bid adjudication committee are as follows:

Bid number	Date of award	Title of bid	Successful bidder	Value of bid awarded R
SCM 32/2015	18/08/2015	Upgrading of Nelspoort WWTW	De Jagers Loodgieters	4 257 074
SCM 01/2016	18/12/2015	Reseal of roads	Martin & East (Pty) Ltd	3 868 589
SCM 08/2016	11/12/2015	Construction and installation of water network pressure management infrastructure in the Beaufort West CBD	A2 Loodgieters	4 037 743
SCM 10/2016	18/12/2015	Contract for the upgrading of Fabriek Street	De Jagers Loodgieters	3 373 974
SCM 17/2016	20/06/2016	Professional services for the paving of gravel roads	Quantra Civil Engineering Consultants	523 800
SCM 19/2016	28/06/2016	Contract for the refurbishment of primary sub stations (22/11kv) for Beaufort West Municipality	Rivigan Infrastructure Solutions	35 540 633
SCM 29/2016	12/07/2016	Professional services for the upgrading of Merweville Sport Ground and other sport grounds	V3 Consulting Engineers (Pty) Ltd	639 500
SCM 27/2016	11/05/2016	Supply and delivery of New 1.4 Diesel Sedan motor	Williams Hunt	304 344
SCM 18/2016	11/05/2016	Professional services: Sanitation services	V3 Consulting Engineers (Pty) Ltd	236 500
SCM 16/2016	11/05/2016	Professional services: Water services.	Neil Lyners & Associates (RF) (Pty) Ltd	226 000

*Table 47.: Ten highest bids awarded by Bid Adjudication Committee*



## Chapter 2: Good Governance

c) Awards made by the accounting officer

The following award was made by the accounting officer of the Municipality:

Bid number	Date of award	Title of bid	Successful bidder	Value of bid awarded R
SCM 19/2016	28/06/2016	Contract for the refurbishment of primary sub stations (22/11kv) for Beaufort West Municipality	Rivigan Infrastructure Solutions	35 540 633

Table 48.: Awards made by the Accounting Officer

d) Appeals lodged by aggrieved bidders

No appeals have been received for the 2015/16 financial year. Only enquiries on tender outcomes.

### 2.14.2 Deviation from normal procurement processes

The following table provides a summary of deviations approved on an annual and monthly basis respectively:

Type of deviation	Number of deviations	Percentage of total deviations number	Value of deviations R	Percentage of total deviations value
Emergency	6	3	578 605	10%
Sole Supplier	75	39	3 885 518	67.5%
Any other exceptional case where it is impossible or impractical to follow the official procurement process	111	58	1 292 985	22.5%
<b>Total</b>	<b>192</b>	<b>100</b>	<b>5 757 108</b>	<b>100%</b>

Table 49.: Summary of deviations

Clause 36(1)(a)(v)- Deviations- impractical and or impossible:

Type of deviation	Number of deviations	%	Value of deviations R
Any contract relating to the publication of notices and advertisements by the Municipality	17	13.8	272 245
Any contract with an organ of state, a local authority or a public utility corporation or company	13	10.6	178 900
The appointment of any person to provide professional advice or services, where the value of such appointment is less than R200 000	45	36.6	1 110 017
Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for	48	39	541 670



## Chapter 2: Good Governance

Type of deviation	Number of deviations	%	Value of deviations R
bids			
<b>Total</b>	<b>123</b>	<b>100</b>	<b>2 102 832</b>

Table 50.: Clause 36(1)(a)(v)- deviations- impractical and or impossible

### 2.14.3 Logistics management

The system of logistics management must ensure:

- the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Each stock item at the municipal stores are coded and are listed on the financial system. Monthly monitoring of patterns of issues and receipts are performed by the storekeeper.

Inventory levels are set at the start of each financial year. These levels are set for normal operations. In the event that special projects are being launched by departments, such information must be communicated timely to the stores section in order for them to order stock in excess of the normal levels.

Internal controls are in place to ensure that goods and service that are received are certified by the responsible person.

Regular checking of the condition of stock is performed. Quarterly stock counts are performed at which surpluses, deficits, damaged and redundant stock items are identified and reported to Council.

As at 30 June 2016, the value of stock at the municipal stores amounted to R3 618 839.30 (R2 924 398.73 in 2014/15). For the 2015/16 financial year no surpluses, no deficits and no damaged stock items were reported.

The system of disposal management must ensure the following:

- Immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise, as community value makes up for the lower market value
- Movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- Firearms are not sold or donated to any person or institution within or outside the republic unless approved by the National Conventional Arms Control Committee



## Chapter 2: Good Governance



- Immovable property is let at market related rates except when the public interest or plight of the poor demands otherwise;
- All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed
- Where assets are traded in for other assets, the highest possible trade-in price is negotiated
- In the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

Assets must be disposed of in terms of Council's Asset Management and Immoveable Property Management Policy

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## CHAPTER 3

This chapter provides an overview of the key service achievements of the municipality that came to fruition during 2015/16 in terms of the deliverables achieved compared to the key performance objectives and indicators in the IDP. It furthermore, includes an overview on achievement in 2015/16 compared to actual performance in 2014/15.

### 3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for local government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

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

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

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget via the service delivery and the budget implementation plan (SDBIP).

Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and municipal entities. This framework, *inter alia*, reflects the linkage between the IDP, budget, SDBIP and individual and service provider performance.

The municipality adopted a performance management framework that was approved by Council on in 2009.



## 3.1.1 Legislative requirements

In terms of Section 46(1)(a) of the MSA a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

## 3.1.2 Organisational performance

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

This report highlight the strategic performance in terms of the municipality's Top Layer SDBIP per strategic objective and the National Key Performance Indicators prescribed in terms of Section 43 of the MSA, 2000.

## 3.1.3 The performance system followed for 2015/16

### a) The IDP and the budget

The reviewed IDP and budget for 2015/16 was approved by Council on 29 May 2015.

### b) The SDBIP

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and at directorate levels.

The Top Layer SDBIP was approved by the Executive Mayor on 18 June 2015

The Top Layer SDBIP was revised with the adjustments budget in terms of Regulation 26(2)(c) of the Municipal Budget and Reporting Regulations and approved by the Council on 26 January 2016.

## 3.1.4 Performance management

### a) Organisational performance

The organisational performance is monitored and evaluated via the SDBIP and the performance process can be summarised as follows:

- The Top Layer SDBIP was approved by the Mayor on 18 June 2015 and the information was loaded on an electronic web based system.
- The web-based system send automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against key performance indicator targets by the pre-determined day of every month for the previous month's performance.
- Additionally, the performance system administrator reminded all departments on a monthly basis to update their actual performance on the web-based system.





## Chapter 3: Service Delivery Performance

- The first quarterly report was submitted to Council on 27 October 2015 and the second quarterly report on 26 January 2016. The Section 72 report in terms of the MFMA, was submitted to Council on 26 January 2016. The third quarter report was submitted to Council on 31 May 2016.

### b) Individual performance management

#### i) Municipal Manager and managers directly accountable to the Municipal Manager

The MSA prescribes that the Municipality must enter into performance agreements with all S57-employees and that performance agreements must be reviewed annually. This process and format is further regulated by Regulation 805 (August 2006). The performance agreements for the 2015/16 financial year were signed as follows:

Performance Agreement	Date
Director: Corporate Services	01 July 2015
Director: Engineering Services	29 July 2015
Director: Financial Services	18 August 2015
Director: Electro Technical Services	10 July 2015
Municipal Manager	29 July 2015

*Table 51.: Performance agreement: Signed date*

The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The final evaluation of the 2014/15 financial year (1 January 2015 to 30 June 2015) took place on 22 September 2015. The mid-year evaluation of the 2015/16 financial year (1 July 2015 to December 2015) took place on 16 March 2016. The final evaluation of the 2015/16 financial year (1 January 2016 to 30 June 2016) is scheduled to take place on 22 September 2016.

## 3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2015/16

### 3.2.1 Strategic SDBIP (Top Layer)

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section should provide an overview on the strategic achievement of a municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer SDBIP is the municipality's strategic plan and shows the strategic alignment between the different documents. (IDP, budget and performance agreements.

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

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

Category	Rating	Explanation
KPI Not Yet Measured	Not yet measured	KPI's with no targets or actuals in the selected period
KPI Not Met	KPI Not Met	0% > = Actual/Target < 75%
KPI Almost Met	KPI Almost Met	75% > = Actual/Target < 100%
KPI Met	KPI Met	Actual/Target = 100%

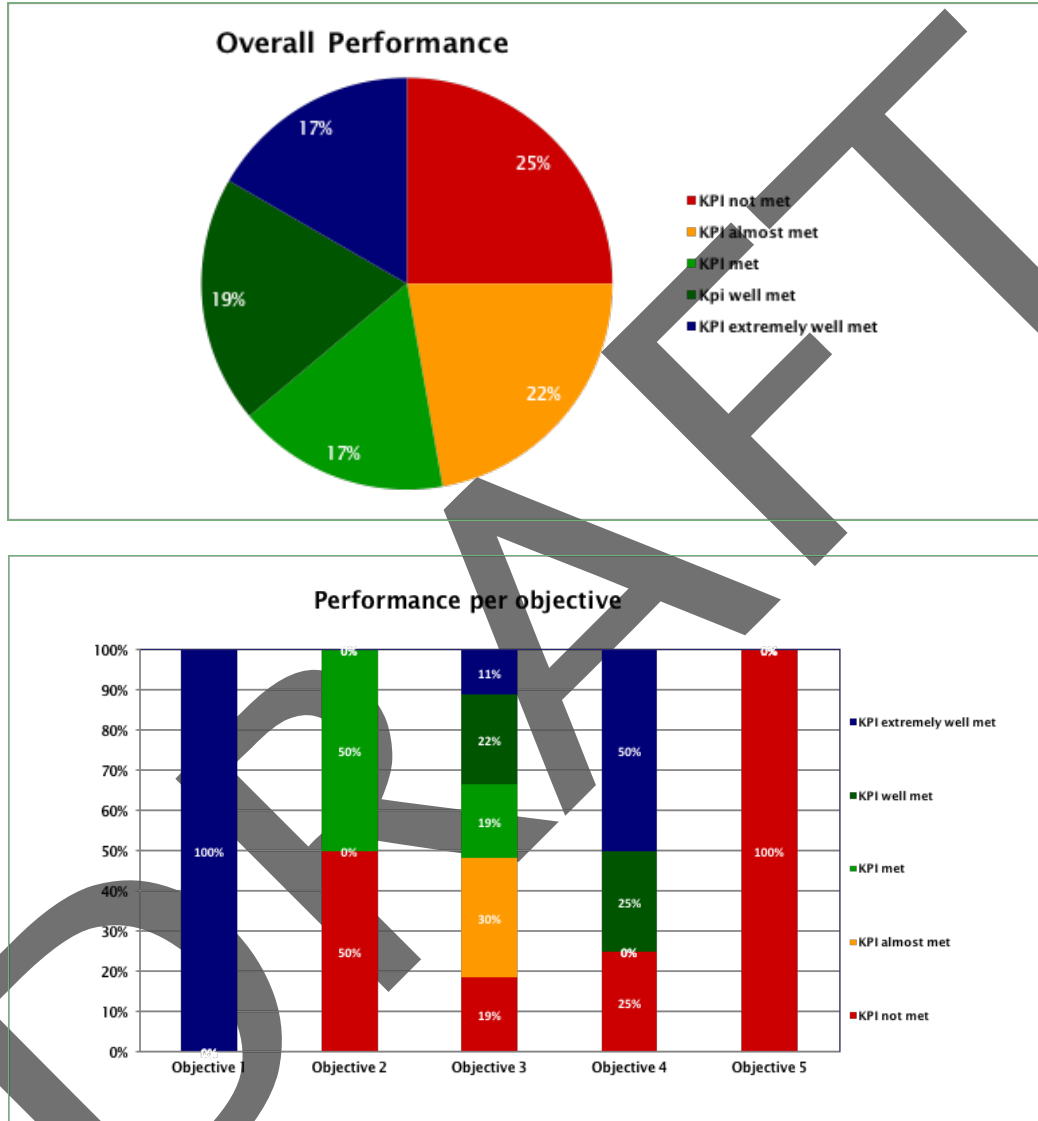


# Chapter 3: Service Delivery Performance

Category	Rating	Explanation
KPI Well Met	KPI Well Met	100% > Actual/Target < 150%
KPI Extremely Well Met	KPI Extremely Well Met	Actual/Target > = 150%

Figure 3.: SDBIP measurement categories

The graph below displays the overall performance in terms of the Top Layer SDBIP per strategic objectives for 2015/16:



## Chapter 3: Service Delivery Performance

Measurement Category	Objective 1	Objective 2	Objective 3	Objective 4	Objective 5
	To develop a local economic development strategy that responds to food security, social infrastructure, health environment, education and skills development and the gender balances in society	To embark on a turnaround strategy to address the administrative and financial challenges facing the municipality	To improve and maintain current basic service delivery and infrastructure development through the provision of basic services and specific infrastructural development projects	To improve the financial viability of the municipality	To promote good governance through ongoing communication between the council and citizens through community participation, effective information dissemination and communication and ward based consultation
KPI Not Met	0	1	5	1	2
KPI Almost Met	0	0	8	0	0
KPI Met	0	1	5	0	0
KPI Well Met	0	0	6	1	0
KPI Extremely Well Met	1	0	3	2	0
<b>Total</b>	<b>1</b>	<b>2</b>	<b>27</b>	<b>4</b>	<b>2</b>

Graph 1.: Overall performance per strategic objective

### 3.2.2 Detail actual performance for 2015/16 KPI's per Strategic Objectives

- a) To develop a local economic development strategy that responds to food security, social infrastructure, health environment, education and skills development and the gender balances in society

Ref	KPI	Unit of measurement	Wards	Actual performance of 2014/15	Overall performance 2015/16						Actual	
					Target					Actual		
					Q1	Q2	Q3	Q4	Annual			
TL10	Create temporary job opportunities in terms of EPWP projects by 30 June 2016	Number of temporary jobs opportunities created by 30 June 2016	All	1 253	100	50	200	150	500	1 373	B	

Table 52.: To develop a local economic development strategy that responds to food security, social infrastructure, health environment, education and skills development and the gender balances in society

- b) To embark on a turnaround strategy to address the administrative and financial challenges facing the municipality

Ref	KPI	Unit of measurement	Wards	Actual performance of 2014/15	Overall performance 2015/16						Actual	
					Target					Actual		
					Q1	Q2	Q3	Q4	Annual			
TL11	Appoint people from the employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people appointed in the three highest levels of management	All	0	0	0	0	0	0	0	N/A	
TL12	0.10% of the municipality's personnel budget spent on	% of the municipality's personnel budget spent	All	0.06%	0%	0%	0%	0.10%	0.10%	0%	R	



## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of measurement	Wards	Actual performance of 2014/15	Overall performance 2015/16						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	implementing its workplace skills plan by 30 June 2016 ((Actual amount spent on training/total personnel budget)x100)	on implementing its workplace skills plan by 30 June 2016									
<b>Corrective measure</b>		Financial constraints did not allow further spending on skills development ( cashflow)									
TL35	Develop a policy on the appointment of temporary staff and submit to Council by 30 June 2016	Policy on the appointment of temporary staff developed and submitted to Council by 30 June 2016	All	New KPI for 2015/16. No comparative audited results available	0	0	0	1	1	1	G

Table 53.: To embark on a turnaround strategy to address the administrative and financial challenges facing the municipality

- c) To improve and maintain current basic service delivery and infrastructure development through the provision of basic services and specific infrastructural development projects

Ref	KPI	Unit of measurement	Wards	Actual performance of 2014/15	Overall performance 2015/16						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL1	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and which are billed for water or have pre paid meters as at 30 June 2016	Number of residential properties which are billed for water or have pre paid meters as at 30 June 2016	All	13 519	0	0	0	13 069	13 069	13 551	G2
TL2	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2016	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2016	All	12 045	0	0	0	11 958	11 958	11 935	O
<b>Corrective measure</b>		All households information that get billed for municipal services differ during the financial year as owners or tenants change. All significant variances will however be investigated									
TL3	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective	Number of residential properties which are billed for sewerage as at 30 June 2016	All	11 760	0	0	0	13 402	13 402	10 832	O



## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of measurement	Wards	Actual performance of 2014/15	Overall performance 2015/16						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	of the number of water closets (toilets) which are billed for sewerage as at 30 June 2016										
<b>Corrective measure</b>		All households information that get billed for municipal services differ during the financial year as owners or tenants change. All significant variances will however be investigated									
TL4	Number of formal residential properties for which refuse is removed once per week and which are billed for refuse removal as at 30 June 2016	Number of residential properties which are billed for refuse removal as at 30 June 2016	All	11 567	0	0	0	10 857	10 857	10 995	G2
TL5	Provide free basic water to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2016	Number of indigent households receiving free basic water as at 30 June 2016	All	5 551	0	0	0	6 139	6 139	4 929	O
<b>Corrective measure</b>		All households information that get billed for municipal services differ during the financial year as owners or tenants change. All significant variances will however be investigated									
TL6	Provide free basic electricity to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2016	Number of indigent households receiving free basic electricity as at 30 June 2016	All	5 903	0	0	0	4 317	4 317	4 350	G2
TL7	Provide free basic sanitation to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2016	Number of indigent households receiving free basic sanitation as at 30 June 2016	All	4 366	0	0	0	4 327	4 327	3 613	O
<b>Corrective measure</b>		All households information that get billed for municipal services differ during the financial year as owners or tenants change. All significant variances will however be investigated									
TL8	Provide free basic refuse removal to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2016	Number of indigent households receiving free basic refuse removal as at 30 June 2016	All	1 774	0	0	0	929	929	1 290	G2
TL9	The percentage of the municipal capital budget spent by 30 June 2016 ((Actual amount spent /Total amount budgeted for capital projects)X100)	% of capital budget spent by 30 June 2016	All	89%	0%	0%	0%	75%	75%	50.55%	R



## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of measurement	Wards	Actual performance of 2014/15	Overall performance 2015/16						Actual
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
<b>Corrective measure</b>		The under performance is mainly due to delays with an infrastructure project in Merweville and additional funding received during March 2016 from the Government. All these projects are however multi-year projects and will be completed during 2017									
TL17	Limit unaccounted water to less than 15% between source and sector meters	% of water unaccounted for between source and sector meters	All	4.21%	15%	15%	15%	15%	15%	3.55%	B
TL18	Maintain 95% water quality quarterly as per SANS 241 physical and micro parameters	% water quality level	All	94.83%	95%	95%	95%	95%	95%	95%	G
TL19	Maintain 90% quality quarterly of final waste water outflow	% quality level	All	98%	90%	90%	90%	90%	90%	92.90%	G2
TL20	90% of the roads and stormwater assets maintenance budget spent by 30 June 2016 ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100)	% of budget spent by 30 June 2016	All	104.17%	20%	40%	60%	90%	90%	89.03%	O
<b>Corrective measure</b>		The budget could not be spent in it entirety due to cost saving measures that was put in place									
TL21	90% of the sanitation assets maintenance budget spent by 30 June 2016 ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100)	% of budget spent by 30 June 2016	All	100.20%	20%	40%	60%	90%	90%	49.49%	R
<b>Corrective measure</b>		The budget could not be spent in it entirety due to cost saving measures that was put in place									
TL22	90% of the parks and recreation maintenance budget spent by 30 June 2016 ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100)	% of budget spent by 30 June 2016	All	91.37%	20%	40%	60%	90%	90%	80.55%	O
<b>Corrective measure</b>		Budget could not be spent due to late submission of quotation. Work will be finalised in the 2016/17 financial year									
TL23	90% of the water assets maintenance budget spent by 30 June 2016 ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100)	% of budget spent by 30 June 2016	All	150.61%	20%	40%	60%	90%	90%	219.10%	B
TL24	Construct new roads in Dliso avenue and Mshaka road by 30	Project completed by 30 June 2016	All	New KPI for 2015/16. No comparative	0	0	0	1	1	1	G



# Chapter 3: Service Delivery Performance

Ref	KPI	Unit of measurement	Wards	Actual performance of 2014/15	Overall performance 2015/16						Actual
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	June 2016			audited results available							
TL25	Rehabilitate Setlaars weg, Pearl and Paarden street by 30 June 2016	Project completed by 30 June 2016	1	New KPI for 2015/16. No comparative audited results available	0	0	0	1	1	1	G
TL26	95% of the approved project budget spent to upgrade the sport facilities in Kwa Mandlenkosi by 30 June 2016 ((Actual expenditure divided by the total approved project budget)x100)	% of budget spent by 30 June 2016	All	20.06%	0%	0%	0%	95%	95%	95.15%	G2
TL28	Complete the waste water pump station in area S8 by 30 June 2016	Project completed by 30 June 2016	6	New KPI for 2015/16. No comparative audited results available	0	0	0	1	1	1	G
TL29	Upgrade the Sports ground of Merweville by 30 June 2016	Project completed by 30 June 2016	7	New KPI for 2015/16. No comparative audited results available	0	0	0	1	1	0	R
<b>Corrective measure</b>		Project could not be completed due to additional funds required. Has been registered as a new project on the 2016/17 financial year									
TL31	Completed 234 Top structures for the housing project by 30 June 2016	Number of top structures completed	6	New KPI for 2015/16. No comparative audited results available	0	0	0	1	1	1	G
TL32	Purchase land for future housing development by 30 June 2016	Land purchased by 30 June 2016	2; 7	0	0	0	0	1	1	0	R
<b>Corrective measure</b>		This was delayed by the negotiations between the Municipality and Transnet but which is hoped to be finalised by 30 June 2017									
TL34	Purchase a Waste Compactor for the Vaalkoppies Landfill Site by 30 June 2016	Waste Compactor purchased by 30 June 2016	All	New KPI for 2015/16. No comparative audited results available	0	0	0	1	1	0	R
<b>Corrective measure</b>		The percentage of the Waste Compactor was cancelled due to financial constraints and re-prioritising within the Municipality									
TL36	Limit the % electricity unaccounted for quarterly to less than 12% {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of	% electricity unaccounted for	All	8.40%	12%	12%	12%	12%	12%	10.93%	G



## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of measurement	Wards	Actual performance of 2014/15	Overall performance 2015/16						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	Electricity Units Purchased and/or Generated) × 100}										
TL37	90% of the electricity maintenance budget spent by 30 June 2016 ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100)	% of the electricity maintenance budget spent	All	67.91%	0%	0%	0%	90%	90%	76.46%	O
<b>Corrective measure</b>		The full capital budget could not be spent due to financial constraints									
TL38	95% of Energy Efficiency Demand Side Management (EEDSM) budget spent by 30 June 2016 (Total expenditure on project/ Approved budget for the project)x100	% of budget spent by 30 June 2016	All	New KPI for 2015/16. No comparative audited results available	0%	0%	0%	95%	95%	81.89%	O
<b>Corrective measure</b>		Budget spent									

Table 54.: To improve and maintain current basic service delivery and infrastructure development through the provision of basic services and specific infrastructural development project

### d) To improve the financial viability of the municipality

Ref	KPI	Unit of measurement	Wards	Actual performance of 2014/15	Overall performance 2015/16						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL13	Financial viability measured in terms of the municipality's ability to meet its service debt obligations (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	Ratio achieved	All	18.1	0	0	0	2	2	25	B
<b>Corrective measure</b>		Target will be changed to previous years actual to become the base									
TL14	Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services)	% outstanding service debtors to revenue	All	32%	0%	0%	0%	32%	32%	19.90%	B
TL15	Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Cash and Cash Equivalents - Unspent Conditional	Ratio achieved	All	0.6	0	0	0	0.2	0.2	0.6	B





## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of measurement	Wards	Actual performance of 2014/15	Overall performance 2015/16						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	Grants - Overdraft) + Short Term Investment) / (Monthly Fixed Operational Expenditure excluding, Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))										
TL16	Achieve an annual average payment percentage of not less than 90% by 30 June 2016 (Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue x 100	Payment % achieved by 30 June 2016	All	91%	0%	0%	0%	85%	85%	86.60%	G

Table 55.: To improve the financial viability of the municipality

- e) To promote good governance through ongoing communication between the council and citizens through community participation, effective information dissemination and communication and ward based consultation

Ref	KPI	Unit of measurement	Wards	Actual performance of 2014/15	Overall performance 2015/16						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL39	Compile the Risk based audit plan and submit to Audit committee for consideration by 30 September 2015	Risk based audit plan submitted to Audit committee for consideration by 30 September 2015	All	1	1	0	0	0	1	0	R
<b>Corrective measure</b>		The risk based audit plan which includes the strategic plan (2016-2018) and the operational plan (2016/2017) was submitted to the Audit Committee on 17 May 2016									
TL40	70% of the RBAP for 2015/16 implemented by end June 2016 [(Number of audits and tasks completed for the period/ Number of audits and tasks identified in the RBAP )x100]	(Number of audits completed for the period/ audits planned for the period)x100	All	68%	0%	0%	0%	70%	70%	0%	R
<b>Corrective measure</b>		28% of the RBAP for 2015/2016 was implemented by 30 June 2016									

Table 56.: To promote good governance through ongoing communication between the council and citizens through community participation, effective information dissemination and communication and ward based consultation



# Chapter 3: Service Delivery Performance

## 3.2.3 Municipal functions

The municipal functional areas are as indicated below:

Municipal function	Municipal function Yes / No
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	Yes
Building regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes
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	No
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	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
<b>Constitution Schedule 5, Part B functions:</b>	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes



Municipal function	Municipal function Yes / No
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Table 57.: Municipal functions

## 3.3 COMPONENT A: BASIC SERVICES

### 3.3.1 Water services

#### a) Introduction to water and sanitation services

Beaufort West is dependent on three different water sources:

- Surface water (Gamka Dam, Springfontein Dam and Walker Dam)
- Boreholes (36 boreholes in 6 aquifers)
- Water reclamation plan

The water sources mentioned above are used to adhere to the demand of the community. The demand is approximately 6.3 mega liters per day. This figure varies depending on the weather conditions. In the summer months the water consumption is much higher than in the winter.

During high consumption periods, usage is balanced by abstracting water from the Gamka Dam, boreholes and the reclamation plant. During low consumption periods, only boreholes and the reclamation plant is used to adhere to the demand of the community.

The water quality of Beaufort West, Nelspoort, Merweville and Murraysburg is of a good standard.

Water losses are limited by using source to sector meters. There is however a loss of approximately 52% from sector meters to billing. A water meter audit was performed which indicated challenges with regards to billing. Water losses also exist due to leakages found in the water pipe networks. The following tables indicates the highlights and challenges experienced during the financial year:

#### b) Highlights: Water Services

Highlights	Description
Blue Drop award 2014/15	The Municipality received a Blue Drop award for 2014/15 during the 2015/16 financial year
Water pressure management	Beaufort West was placed under pressure management during the 2015/16 financial year

Table 58.: Water services highlights

#### c) Challenges: Water Services

Description	Actions to address
Water losses	Water losses during the billing process must be addressed by the Financial Department

Table 59.: Water services challenges



## Chapter 3: Service Delivery Performance

### d) Total use of water by sector

The table below indicates the total use of water per sector:

Total use of water by sector (cubic meters)				
Financial Year	Agriculture	Forestry	Industrial	Domestic
2014/15	0	0	42 139	2 517 862
2015/16	0	0	46 276	2 437 973

Table 60.: Total use of water by sector (cubic meters)

### e) Water services delivery levels

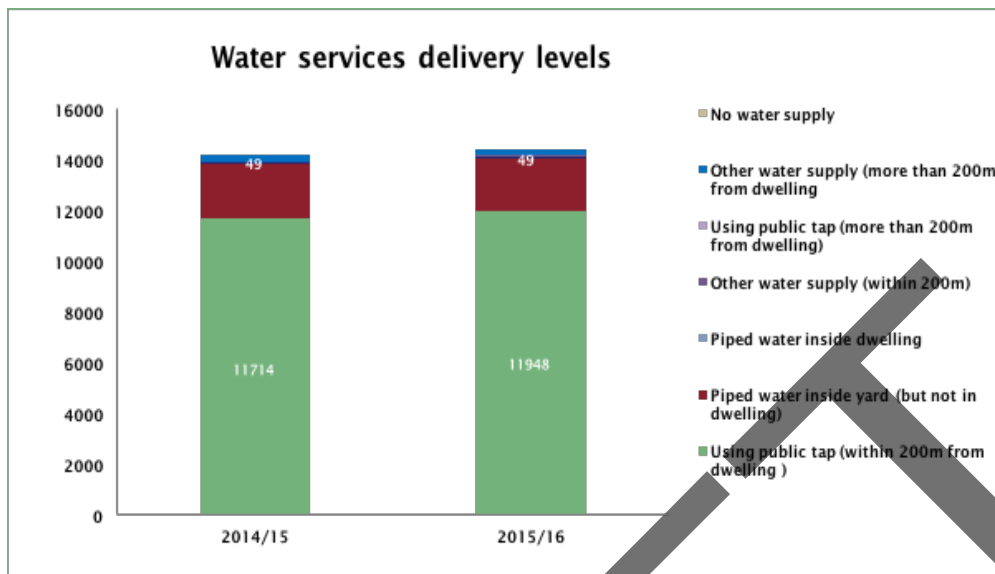
The table below indicates the service delivery levels for water services:

Households		
Description	2014/15	2015/16
	Actual	Actual
	No.	No.
Piped water inside dwelling	11 714	11 948
Piped water inside yard (but not in dwelling)	2 122	2 122
Using public tap (within 200m from dwelling )	49	49
Other water supply (within 200m)	31	31
<b>Minimum Service Level and Above sub-total</b>	<b>13 916</b>	<b>14 150</b>
<b>Minimum Service Level and Above Percentage</b>	<b>98</b>	<b>98</b>
<b>Water: (below min level)</b>		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	260	260
No water supply	0	0
<b>Below Minimum Service Level sub-total</b>	<b>260</b>	<b>260</b>
<b>Below Minimum Service Level Percentage</b>	<b>2</b>	<b>2</b>
<b>Total number of households</b>	<b>14 176</b>	<b>14 410</b>
<i>Include informal settlements</i>		

Table 61.: Water service delivery levels: Households



## Chapter 3: Service Delivery Performance



Graph 2.: Water services delivery levels

### f) Access to water

The table below indicates the number of households that has access to water:

Financial Year	Number of households with access to water points*	Proportion of households with access to piped water	Number of households receiving 6 kl free#
2014/15	13 916	98%	6 144
2015/16	14 150	98%	6022

\* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute  
# 6 000 litres of potable water supplied per formal connection per month

Table 62.: Access to water

### g) Employees: Water Services

The table below indicates the number of staff employed within the unit:

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
Top management	21	0	0	0	0
Senior management		0	0	0	0
Middle management and professionals		1	0	1	100
Skilled technically, superintendents, etc.		3	3	0	0
Semi-skilled		9	7	2	22.22
Unskilled		12	11	1	8.33
	21	25	21	4	16



# Chapter 3: Service Delivery Performance

Table 63.: Employees: Water services

## h) Capital expenditure: Water Services

The table below indicates the capital expenditure incurred:

Capital projects	2015/16			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Other assets - plant and equipment	50,000	50,000	33 236	16 764
Infrastructure - water reticulation	3 266 000	6 048 054	382 891	5 665 163
Other assets - furniture and other office equipment	0	0	38,122	(38 122)
Infrastructure - purification	0	100,000	0	100 000
Other assets - other	700,000	0	0	0
<b>Total all</b>	<b>3 316 000</b>	<b>6 098 054</b>	<b>454 249</b>	<b>5 743 805</b>

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

Table 64.: Capital expenditure 2015/16: Water services

## 3.3.2 Waste water (sanitation) services

### a) Introduction to waste water (sanitation) services

The Municipality has four Waste Water Wreatment Works (WWTW) plants that are situated in Beaufort West, Nelspoort, Merweville and Murraysburg. The WWTW of Beaufort West and Merweville are operating within the design capacity and the final effluent is of a good quality.

A study was conducted at the Nelspoort and Murraysburg WWTW. The report indicated that both treatment facilities requires urget upgrades. Both these projects have been registered on the Municipal Infrastructure Grant (MIG) Program to ensure funding for these projects. Upgrade of the Nelspoort WWTW will be done in the 2015/16 financial year.

A investigation was done at the Beaufort West WWTW to determine if the biological filter can be repaired as one segment of the treatment plant is busy sagging.

The WWTW of Beaufort West consists of two processes, an activated sludge process and a biological trickle filter process. The effluent from the activated sludge process is redirected to the water reclamation plant and the effluent from the biological trickle filters are used for irrigation purposes.

The WWTW in Nelspoort, Merweville and Murraysburg are evaporation ponds. The tables below reflects the highlights and challenges experienced during the financial year:

### b) Highlights: Waste water (sanitation) services

Highlights	Description
Upgrade of Nelspoort WWTW	A new primary and evaporation pond was constructed as well as a new evaporation pond. All primary ponds have been lined

Table 65.: Waste water (sanitation) services highlights

### c) Challenges: Waste water (sanitation) services

Description	Actions to address
Vandalism at WWTW	Fencing is being stolen and pump stations are vandalised. Require funds to upgrade security controls

Table 66.: Waste water (sanitation) services challenges



# Chapter 3: Service Delivery Performance

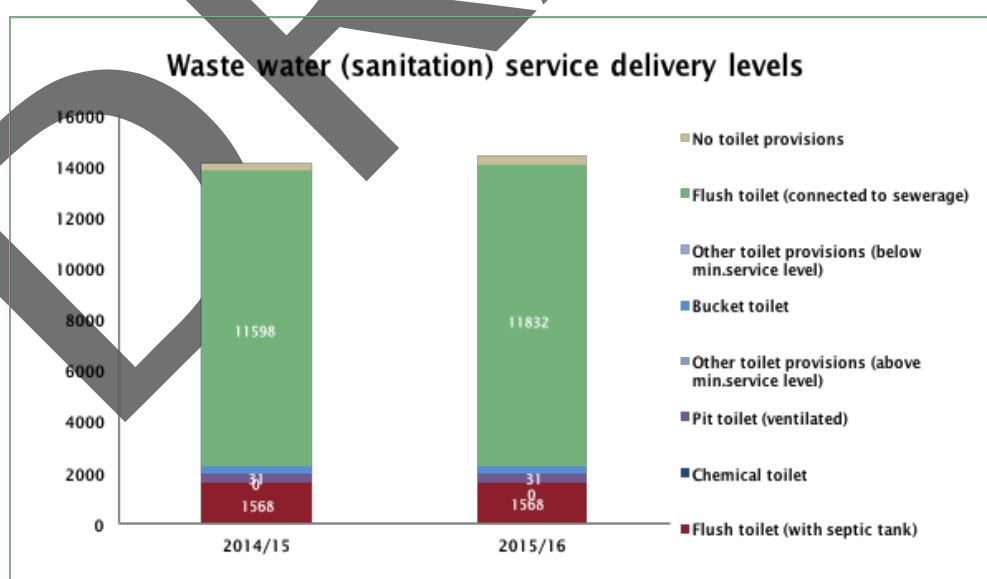
## d) Waste water (sanitation) service delivery levels

The table below indicates the service delivery levels for waste water (sanitation):

Households		
Description	2014/15	2015/16
	Actual	Actual
	No.	No.
<b><i>Sanitation/sewerage: (above minimum level)</i></b>		
Flush toilet (connected to sewerage)	11 598	11 832
Flush toilet (with septic tank)	1 568	1 568
Chemical toilet	0	0
Pit toilet (ventilated)	355	355
Other toilet provisions (above min.service level)	31	31
<b><i>Minimum Service Level and Above sub-total</i></b>	<b>13 552</b>	<b>13 786</b>
<b><i>Minimum Service Level and Above Percentage</i></b>	<b>96</b>	<b>96</b>
<b><i>Sanitation/sewerage: (below minimum level)</i></b>		
Bucket toilet	309	309
Other toilet provisions (below min.service level)	0	0
No toilet provisions	305	305
<b><i>Below Minimum Service Level sub-total</i></b>	<b>614</b>	<b>614</b>
<b><i>Below Minimum Service Level Percentage</i></b>	<b>4</b>	<b>4</b>
<b>Total households</b>	<b>14 166</b>	<b>14 400</b>

*Including informal settlements*

Table 67.: Waste water (sanitation) service delivery levels



Graph 3.: Waste water (sanitation) service delivery levels



## Chapter 3: Service Delivery Performance

### e) Employees: Waste water (sanitation) services

The table below indicates the number of staff employed within the unit:

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
	Number				
Top management	20	0	0	0	0
Senior management		0	0	0	0
Middle management and professionals		0	0	0	0
Skilled technically, superintendents, etc.		1	0	1	100
Semi-skilled		9	8	1	11.11
Unskilled		14	11	3	21.43
	20	24	19	5	20.83

Table 68.: Employees Waste water (sanitation) services

### f) Capital expenditure: Waste water (Sanitation) Services

The table below indicates the capital expenditure incurred:

Capital projects	2015/16			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Other assets - plant and equipment	70 000	70 000	884	69 116
Infrastructure - reticulation	8 288 008	0	0	0
Other assets - furniture and other office equipment	0	14 331	11 786	2 545
Infrastructure - sewerage purification	0	8 906 347	8 025 710	880 637
<b>Total all</b>	<b>8 358 008</b>	<b>8 990 678</b>	<b>8 038 380</b>	<b>952 298</b>

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

Table 69.: Capital expenditure 2015/16: Waste water (sanitation) services

### 3.3.3 Electricity services

#### a) Introduction to electricity services

Local Government plays a very important role in the provision of electricity. Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social support.

The distribution of electricity in Beaufort West started in 1919 when the railway supplied the municipality with electricity. The cost was 4,5 pennies per unit. During 1924, the municipality started building their own power station. On 1 November 1925 the power station was officially opened and ever since, electricity has grown to be a huge industry, supplying energy to businesses and the community. The department is licensed by the National Electricity Regulator (NER) to supply electricity within its approved area of supply. The department is responsible for the





## Chapter 3: Service Delivery Performance

distribution and supply of electricity for Beaufort West, Nelspoort, Merweville and surrounding rural areas. Eskom is responsible for the distribution of electricity in Merweville and partially in Murraysburg.

The department takes supply from Eskom at 132 000 volt at Katjieskop substation and distribute 11 000 volt to the supply areas.

Electricity purchases for the 2015/16 financial year amounted to R 52.33 million (Incl. VAT) for 56 695 109 KwH. The electricity is sold to industrial/commercial and domestic customers. Approximately 33.9% of the electricity is sold to industrial/commercial customers, 46.4% to domestic customers, 2.5% for street lighting, 4.3% for own use and 0.3% electricity theft. Energy losses during the financial year amounted to 10.93%.

There are no backlogs in the provision of service connections. Applications for connections are processed as they are received and the necessary connection fees collected. All electricity customers receive a full service, but are differentiated in terms of connection size in relation to connection fees paid.

### i) Service backlogs

Due to the lack of financial resources over the past number of years, a backlog in repair and maintenance, as well as refurbishment and network expansion has increased. This backlog can only be addressed by sufficient capital investment into the electricity infrastructure.

### ii) Infrastructure

Although the municipality has been able to assist all applicants by providing electricity, the low level of investment in the upgrade, refurbishment and expansion of the electricity infrastructure has led to a situation that new developments can no longer be accommodated without major capital investment. It is therefore absolutely essential that the municipality direct more of the surplus generated by the sale of electricity to the capital requirements of the electrical department.

### b) Highlights: Electricity services

The table below indicates the highlights of the financial year:

Highlights	Description
LED high mast lighting: Beaufort West	5 X 30m high mast lights were erected in the previously disadvantaged areas to improve on safety and quality of life. Replacement of 400 High mast lights with new LED high mast lights
High mast lighting : Nelspoort	2 X 30m high mast lights were erected in the previously disadvantaged areas to improve on safety and quality of life
Electrification of newly built houses	Installation of high and low voltage network; electrification of 234 newly built houses and erection of 2 X 30 m high mast lights
Energy saving: Rustdene Sport Field A	Replacement of 25 lamps with new LED lamps. Saving of 50% on electricity use

Table 70.: Electricity highlights



## Chapter 3: Service Delivery Performance

### c) Challenges: Electricity Services

The table below indicates the challenges faced during the financial year:

Description	Actions to address
High cost of electricity	Develop and implement energy efficient products
Service delivery	Manage the maintenance of services and networks more closely
Availability of funds	More funds made available for the maintenance of ageing networks.

Table 71.: Electricity challenges

### d) Electricity service delivery levels

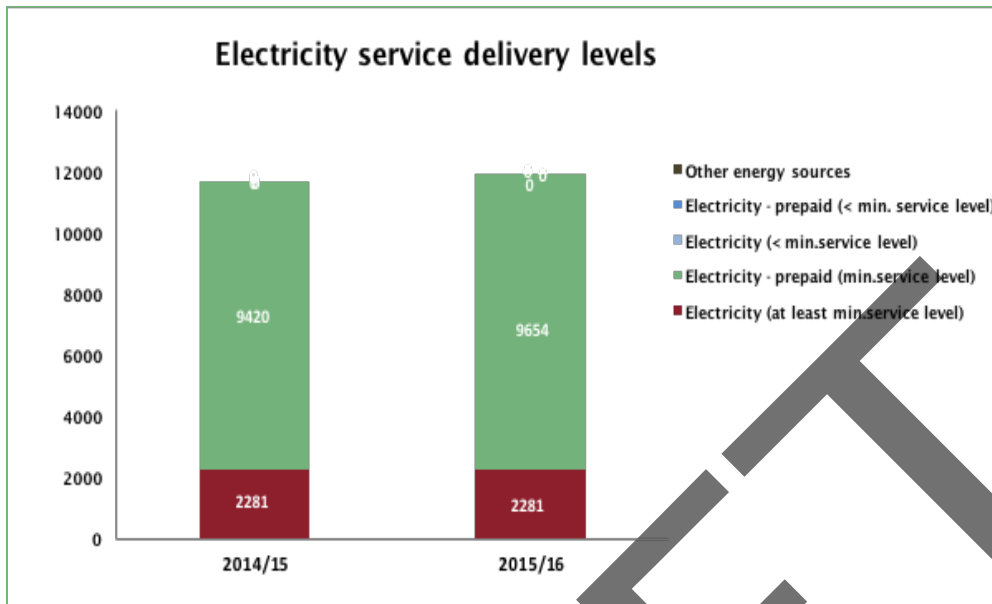
The table below indicates the service delivery levels for electricity:

Households		
Description	2014/15	2015/16
	Actual	Actual
	No.	No.
<b>Energy: (above minimum level)</b>		
Electricity (at least min.service level)	2 281	2 281
Electricity - prepaid (min.service level)	9 420	9 654
<b>Minimum Service Level and Above sub-total</b>	<b>11 701</b>	<b>11 935</b>
<b>Minimum Service Level and Above Percentage</b>	<b>100</b>	<b>100</b>
<b>Energy: (below minimum level)</b>		
Electricity (<min.service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
<b>Below Minimum Service Level sub-total</b>	<b>0</b>	<b>0</b>
<b>Below Minimum Service Level Percentage</b>	<b>0</b>	<b>0</b>
<b>Total number of households</b>	<b>11 701</b>	<b>11 935</b>

Table 72.: Electricity service delivery levels



## Chapter 3: Service Delivery Performance



Graph 4.: Electricity service delivery levels

### e) Employees: Electricity services

The table below indicates the number of staff employed within the unit:

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
	Number				
Top Management	24	0	0	0	0
Senior Management		0	0	0	0
Middle Management and Professionals		0	0	0	0
Skilled Technical, Superintendents etc		6	6	0	0
Semi-skilled		15	9	7	46.67
Unskilled		10	8	2	20
<b>Total</b>	<b>24</b>	<b>31</b>	<b>23</b>	<b>9</b>	<b>29.03</b>

Table 73.: Employees: Electricity services

### f) Capital expenditure: Electricity

The table below indicates the capital expenditure incurred:

Capital projects	2015/16			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Other assets - general vehicles	0	35 595	35 593	2



## Chapter 3: Service Delivery Performance

Capital projects	2015/16			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Infrastructure - transmission and reticulation	975 000	9 170 000	1 142 767	8 027 233
Infrastructure - street lightening	0	500 000	1 475 389	(975 389)
Other assets - plant and equipment	68 350	68 350	46 910	21 440
<b>Total all</b>	<b>1 043 350</b>	<b>9 773 945</b>	<b>2 700 658</b>	<b>7 073 287</b>
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>				

Table 74.: Capital expenditure 2015/16: Electricity

### 3.3.4 Waste management (refuse collections, waste disposal, street cleaning and recycling)

#### a) Introduction: Waste management

##### i) Service delivery

Our department provides a weekly door to door waste removal service to households and bi-weekly to businesses. Domestic and garden waste is removed on daily basis and placed either in the 85 litre refuse bins or bags. Medical waste generated from hospitals, clinics, and general practitioners are collected by a private company. The private company is responsible for spillage removal along the N1 National Road transversing the Beaufort West Area. Builders rubble is removed by the community itself and the Municipality removes only when it is dumped illegally. General workers are responsible for litter removal and sweeping of streets. Street bins along pavements are emptied on a daily basis by waste removal trucks.

##### ii) Landfill site disposal sites

The four waste management facilities within the Beaufort West Municipal Area are situated in:

- Vaalkoppies
- Merweville
- Nelspoort
- Murraysburg

In addition, Beaufort West has a recycling facility which requires upgrades. All landfill sites are operational of which one has a permit.

##### iii) Waste minimisation

The Municipality developed a waste minimisation strategy in 2002 in partnership with Southern Cape Recycling which was made possible by contributions from the Department of Environmental Affairs. The initiative targeted the high income residential areas. Blue bags were supplied to all households to collect only cardboard boxes, cans, paper and newspapers. Recyclable waste is collected once a week and taken to the reclamation depot where it is sorted, baled and transported to Cape Town or Outshoorn.



## Chapter 3: Service Delivery Performance

### iv) Waste awareness and education

Waste awareness and education is currently done through the distribution of pamphlets on a quarterly basis. The target for these initiatives are schools and communities.

### b) Highlights: Waste management

The following table indicates the highlights of the financial year:

Highlights	Description
Education and awareness is conducted on waste minimization by the Youth Job in Waste participants on a monthly basis	Educational material is handed over to educators and learners at schools. Learners at schools develop products using the recyclable materials collected from home placing stalls. Pamphlets are distributed at the traffic junctions to by passing visitors of the town. Door-to-door education is conducted to households and businesses

Table 75.: Waste Management highlights

### c) Challenges: Waste management

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Illegally dumped refuse at vacant sites and nearby rivers	Cleaning of the affected sites and rivers. Provide training to affected residence in the nearby area. Pamphlets distributed to the community. Illegal dumping sign boards irrected at affected sites
Pollution in and around Vaalkoppies Waste Disposal Facility due to lack of cover material, equipment and machinery on site	Trenches/cells to be opened. Waste to be dumped inside, covered with builders rubbles and compacted on a daily basis
Closure of abattoir and general waste site	Submit abattoir action plan to the Department of Environmental Affairs Development and Planning before 23 August 2016 Budget allocation for the appointment of an experienced Environmental Assessment Practitioner for the closure and rehabilitation process during the 2016/17 financial year

Table 76.: Waste Management challenges

### d) Waste management service delivery levels

The table below indicates the service delivery levels for waste management:

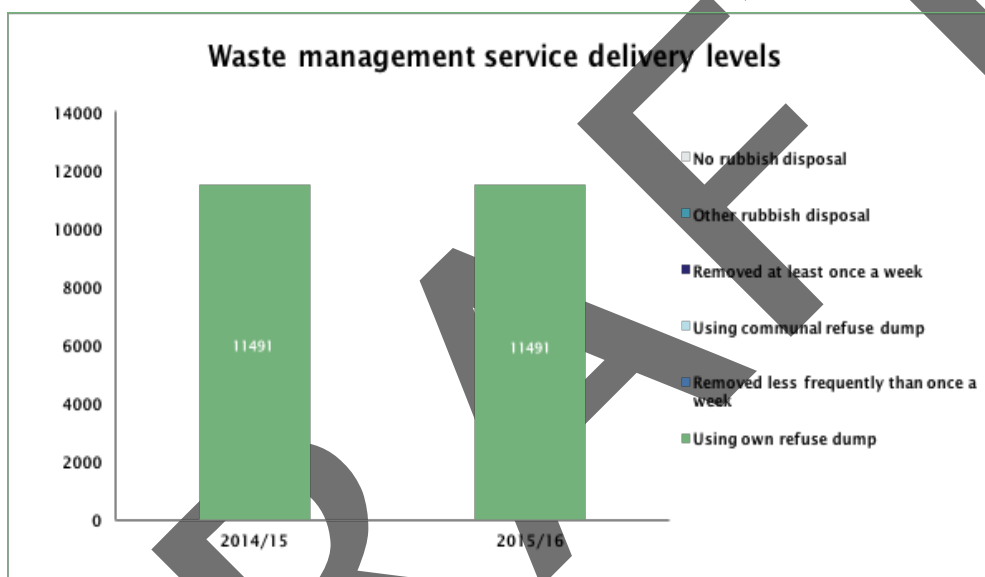
Description	Households	
	2014/15	2015/16
	Actual	Actual
	No.	No.
<b>Solid Waste Removal: (Minimum level)</b>		
Removed at least once a week	11 491	11 491
<b>Minimum Service Level and Above sub-total</b>	<b>11 491</b>	<b>11 491</b>
<b>Minimum Service Level and Above percentage</b>	<b>100</b>	<b>100</b>
<b>Solid Waste Removal: (Below minimum level)</b>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0



## Chapter 3: Service Delivery Performance

Description	Households	
	2014/15	2015/16
	Actual	Actual
	No.	No.
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
<b>Below Minimum Service Level sub-total</b>	<b>0</b>	<b>0</b>
<b>Below Minimum Service Level percentage</b>	<b>0</b>	<b>0</b>
<b>Total number of households</b>	<b>11 491</b>	<b>11 491</b>

Table 77.: Waste management service delivery levels



Graph 5.: Waste management service delivery levels

### e) Employees: Waste management

The table below indicates the number of staff employed within the unit:

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
	Number				
Top management	42	0	0	0	0
Senior management		0	0	0	0
Middle management and professionals		0	0	0	0
Skilled technically, superintendents, etc.		7	7	0	0
Semi-skilled		2	1	1	50
Unskilled		36	31	5	13.89



## Chapter 3: Service Delivery Performance

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
	Number				
Total	42	45	39	6	13.33

Table 78.: Employees: Waste management

### f) Capital expenditure: Waste management

The table below indicates the capital expenditure incurred:

Capital projects	2015/16			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Other assets - plant and equipment	26 100	26 100	1 314	24 786
Infrastructure - refuse	469 067	337 842	0	337 842
<b>Total all</b>	<b>495 167</b>	<b>363 942</b>	<b>1 314</b>	<b>362 628</b>

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

Table 79.: Capital expenditure 2015/16: Waste management

### 3.3.5 Employees: Basic services: Merweville, Murraysburg and Nelspoort

The table below indicates the number of staff employed within the unit:

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
	Number				
Top management	41	0	0	0	0
Senior management		0	0	0	0
Middle management and professionals		0	0	0	0
Skilled technically, superintendents, etc.		5	4	1	20
Semi-skilled		11	10	1	9.09
Unskilled		22	20	2	9.09
<b>Total</b>		<b>41</b>	<b>38</b>	<b>34</b>	<b>4</b>

Table 80.: Employees: Basic services: Merweville, Murraysburg and Nelspoort

### 3.3.6 Housing

#### a) Introduction to housing

The municipality wishes to stimulate local economic development through the identification of land that would meet the strengths and anticipated future demands of the economy. A strong and vibrant economy is necessary in leading towns such as Beaufort West and in pursuit of this objective, a holistic perspective of development is required.



## Chapter 3: Service Delivery Performance

Against the background of the holistic perspective of integrated residential development approach, it was decided to primarily place strategic focus on two components of the land use spectrum namely:

- Finance Linked Individual Subsidy Program (FLISP), also known as Gap Subsidy Housing
- Integrated Residential Development Program (IRDP) - Project Linked Subsidy Housing

### i) Housing need

The need for an integrated residential development approach that addresses the whole spectrum of residential needs has been identified and the following main income categories have been considered:

- IRDP Subsidy Housing - R3 500 per month.
- Gap Subsidy Housing - R3 501 – R15 000 per month

Given the strategic decision to focus first on IRDP and GAP housing, these housing needs can be summarized as follows:

<b>Subsidy</b>	4 615 - units according to recent estimates of the housing demand data base (Includes Beaufort West, Murraysburg, Merweville and Nelspoort)
<b>GAP</b>	483 - potential applicants have registered on our database system

*Table 81.: Housing needs*

### b) Prioritised IRDP housing sites

The prioritised IRDP housing site figures for the financial year is indicated in the table below:

Site	Property	Units
<b>Subsidy: Priority 1</b>		
S8	IRDP Project Linked Subsidy	235
<b>Total</b>		<b>235</b>
<b>Subsidy Priority 2</b>		
S1	Transnet	Not available at this stage
<b>Subsidy Priority 3</b>		
S2	Commonage	Not available at this stage
<b>Total</b>		
<b>Subsidy Grand Total</b>		

*Table 82.: Prioritised housing sites*

### c) GAP housing sites

The table below indicates the GAP housing sites of the municipality and the amount of units built:

Site	Property	Units
<b>GAP: Priority 1</b>		
G2	Erf 2851 – P.O.S	Not available at this stage
<b>GAP Total</b>		

*Table 83.: GAP housing sites*





## Chapter 3: Service Delivery Performance

### d) Highlights: Housing

The following table indicates the highlights of the financial year:

Highlights	Description
S8 235 housing project	Theft and vandalism minimal as compared to the Mandela Square 509 housing project
	Apron around houses makes houses look neat
	Easy access to new area due to tarred roads and street lighting
	Electricity in houses on Handover Street
	Every house has a ceiling

Table 84.: Housing: Highlights

### e) Challenges: Housing

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Municipal point for purchasing pre-paid water and electricity is far from the newly built area	Contractor must assist in the construction of a new pay point closer to the people in the new area
<b>Individual housing subsidy program:</b> Circular C1 of 2015: 2.1.1- minimum of 10 years in order to be eligible for selection	For municipalities with a subsidy database of more than 10 years, the applicable minimum registration date for people 60 and above, must be 3 years
<b>GAP housing:</b> Unable to assist income group between R3501 - 7000	Approve applicants subsidy forms and provide evidence of the approved subsidised amount in order to submit to the bank for housing loan/bond

Table 85.: Housing: Challenges

### f) Households with access to basic housing

The table below indicates the statistics of households with access to basic housing:

Number of households with access to basic housing			
Financial Year	Total households (including formal and informal settlements)	Households in formal settlements	Percentage of households in formal settlements
2014/15	11 963	11 938	99
2015/16	12 198	12 173	83

Table 86.: Households with access to basic housing

### g) Housing waiting list

The following table shows the increase in the number of people on the housing waiting list. There are currently approximately 5 098 housing units on the waiting list.

Financial Year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2014/15	4 841	14.04
2015/16	5 098	25

Table 87.: Housing waiting list



## Chapter 3: Service Delivery Performance

### h) Housing allocation

A total amount of R 25 205 250 was allocated to build houses during the 2015/16 financial year. A summary of houses built, includes:

Financial Year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2014/15	27 123	12 845	47.36	0	242
2015/16	25 205	25 205	100	235	242

Table 88.: Houses built in 2015/16

### i) Employees: Housing

The table below indicates the number of staff employed within the unit:

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
	Number				
Top management	3	0	0	0	0
Senior management		0	0	0	0
Middle management and professionals		0	0	0	0
Skilled technically, superintendents, etc.		0	0	0	0
Semi-skilled		4	3	1	25
Unskilled		0	0	0	0
<b>Total</b>		<b>3</b>	<b>4</b>	<b>3</b>	<b>1</b>

Table 89.: Employees: Housing

### 3.3.7 Free basic services and indigent support

#### a) Introduction

The free basic services were funded from the "equitable share" grant received from National Treasury plus an amount from the Municipality's own income as budgeted for during the 2015/16 financial year.

The Municipality is one of the first municipalities in the country to implement free basic services to its indigent households. A debtor is considered indigent if the total monthly household income equals two times the amount of state funded social pensions or less (currently R2 860 per month). All indigent households receives 6kl water and 50kWh electricity free each month. Furthermore, an indigent debtor also receives a subsidy on refuse removal and sewerage, depending on the household income.

All indigents have to renew their applications bi-annually in order to qualify for the benefits.

The table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved indigent policy of the municipality, all households earning less than R 2 860 per month will receive the free basic services as prescribed by the national policy.



## Chapter 3: Service Delivery Performance

### b) Households: Free basic services

The tables below indicate the number of households that received free basic services in the 2014/15 and 2015/16 financial years:

Financial Year	Number of households								
	Total no of HH	Free basic electricity		Free basic water		Free basic sanitation		Free basic refuse removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2014/15	13 864	4 627	33	6 342	45	2 898	21	3 378	24
2015/16	14 107	5 310	37	6 477	45	2 962	21	3 385	24

Table 90.: Free basic services: Number of households

Electricity									
Financial Year	Indigent households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value
			R'000			R'000			R'000
2014/15	5 507	50	3 427	289	50	228	50	50	48
2015/16	6 022	50	4 225	289	50	320	50	50	55

Table 91.: Free basic services: Electricity

Water						
Financial Year	Indigent Households			Non-indigent households		
	No. of HH	Unit per HH (kl)	Value	No. of HH	Unit per HH (kl)	Value
			R'000			R'000
2014/15	5 682	6	7 460	1 004	6	405
2015/16	6 022	6	7 953	1 463	6	720

Table 92.: Free basic services: Water

Sanitation						
Financial Year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
2014/15	3 653	68	2 506	0	0	0
2015/16	3 717	844	3 137	0	0	0

Table 93.: Free basic services: Sanitation

Refuse removal						
Financial Year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
2014/15	1 424	1	760	0	0	0
2015/16	2 573	1	1 787	0	0	0

Table 94.: Free basic services: Refuse removal



# Chapter 3: Service Delivery Performance

## 3.4 COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

### 3.4.1 Roads

#### a) Introduction to Roads

The Municipality is responsible for pothole repairs, whilst contractors undertake the construction of new paved roads. These projects are done according to the Expanded Public Works Program (EPWP) standards to create job opportunities. Road construction is done by a main contractor and a nominated sub-contractor who is responsible for the labour part. The main contractor coaches the sub-contractor in all aspects of safety and construction.

Although 600m gravel roads were upgraded to paved roads in Beaufort West, the general maintenance of tarred and gravel roads were respectively neglected due to budget constraints and unreliable machinery. A refurbishing company upgraded the grader to a standard whereby it can be operational to grade roads. The tables below reflect the highlights and challenges experienced during the financial year:

#### b) Highlights: Roads

Highlights	Description
Upgrade streets in Murraysburg	Upgrade gravel roads to paved roads with associated stormwater
Upgrade Dliso and Matshaka Street	Upgrade of gravel roads to paved roads with associated stormwater

Table 95.: Roads highlights

#### c) Challenges: Roads

Description	Actions to address
Reseal of roads	Apply for funds in the new financial year to implement maintenance of roads
Unreliable machinery	Upgrade old machinery to match current standards

Table 96.: Roads challenges

#### d) Gravel roads infrastructure: Kilometers

The table below indicates the amount of gravel roads constructed, maintained and upgraded during the financial year:

Gravel roads infrastructure: Kilometres				
Financial Year	Total Km's gravel roads	New gravel roads constructed	Gravel roads upgraded to paved	Gravel roads graded/maintained
2014/15	58 507	0	600	57 907
2015/16	57 600	0	907	57 600

Table 97.: Gravel road infrastructure



## Chapter 3: Service Delivery Performance

### e) Tarred road infrastructure: Kilometers

The table below indicates the amount of tarred/paved roads constructed, maintained and upgraded during the financial year:

Tarred/Paved road infrastructure: Kilometres					
Financial Year	Total tarred/paved roads	New paved roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar/paved roads maintained
2014/15	104.6	1 511	0	0	104.6
2015/16	105.5	907	0	0	104.6

Table 98.: Tarred road infrastructure

### f) Cost of maintenance and construction of roads

The table below shows the costs involved for the maintenance and construction of roads within the municipal area:

Financial year	New and replacements	Resealed	Maintained
	R'000		
2014/15 (main roads)	321	826	120
2014/15 (other roads)	0	0	0
2015/16 (main roads)	3 750	0	0
2015/16 (other roads)	4 174	0	8 624

The cost for maintenance include stormwater

Table 99.: Cost of construction/maintenance of roads and stormwater

### g) Employees: Roads and Stormwater

The table below indicates the number of staff employed within the unit:

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
	Number				
Top management	34	0	0	0	0
Senior management		0	0	0	0
Middle management and professionals		1	0	1	100
Skilled technically, superintendents, etc.		9	6	3	33.33
Semi-skilled		8	7	1	12.50
Unskilled		26	19	7	26.92
<b>Total</b>		<b>34</b>	<b>44</b>	<b>32</b>	<b>12</b>

Table 100.: Employees: Roads and stormwater



## Chapter 3: Service Delivery Performance

### h) Capital expenditure: Roads and Stormwater

The table below indicates the capital expenditure incurred:

Capital projects	2015/16			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Infrastructure - roads, pavements and bridges	2 220 313	5 710 747	3 666 621	2 044 126
Infrastructure - storm water	0	133 137	194 797	(61 660)
Other assets - plant and equipment	180 800	180 800	35 347	145 453
Other assets - furniture and other office equipment	5 945	5 945	2 385	3 560
<b>Total all</b>	<b>2 407 058</b>	<b>6 030 629</b>	<b>3 899 151</b>	<b>2 131 478</b>

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

Table 101.: Capital expenditure 2015/16: Roads and stormwater

### 3.4.2 Waste water (stormwater drainage)

The tables below reflect the highlights and challenges experienced during the financial year:

#### a) Highlights: Waste water (stormwater drainage)

Highlights	Description
Stormwater stone pitching at Merweville	New stone pitching channels constructed

Table 102.: Waste water (stormwater drainage) highlights

#### b) Challenges: Waste water (stormwater drainage)

Description	Actions to address
Insufficient personnel	Fill vacant posts
Stormwater master plan	Update master plan and submit to Portfolio Committee for approval
Insufficient stormwater system in Hillside	Replace or upgrade stormwater system

Table 103.: Waste water (stormwater drainage) challenges

#### c) Stormwater infrastructure: Kilometers

The table below shows the total kilometers of stormwater infrastructure maintained, upgraded and the kilometers of new stormwater pipes installed:

Stormwater infrastructure: Kilometres				
Financial Year	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2014/15	Master Plan outdated	0.88	0	3.50
2015/16	Master Plan outdated	0	0	8.86

Table 104.: Stormwater infrastructure



## Chapter 3: Service Delivery Performance

### d) Cost of stormwater infrastructure

The table below indicates the amount of money spend on stormwater maintenance:

Financial year	Stormwater measures		
	New R'000	Upgraded R'000	Maintained R'000
2014/15	Part of new road construction and roads and stormwater maintenance budget	0	Part of roads
2015/16	Part of new road construction and roads and stormwater maintenance budget	0	11

*Table 105.: Cost of construction/maintenance of stormwater systems*

R409 757 was made available to create jobs through stormwater maintenance. Material was purchased with savings from the operating and maintenance budget.

Personell appointed for these projects:

Description	Female	Male	Youth
Data Capturer	1	0	0
Supervisor	1	0	0
Labourers	6	2	7

*Table 106.: Additional job creation*

### 3.4.3 Employees: Fleet management

The table below indicates the number of staff employed within the unit:

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
Top management	7	0	0	0	0
Senior management		0	0	0	0
Middle management and Professionals		1	1	0	0
Skilled technically, superintendents, etc.		1	1	0	0
Semi-skilled		6	6	0	0
Unskilled		0	0	0	0
<b>Total</b>		<b>7</b>	<b>8</b>	<b>8</b>	<b>0</b>

*Table 107.: Employees: Fleet Management*



# Chapter 3: Service Delivery Performance

## 3.5 COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT

### 3.5.1 Planning and building control

Due to the growing beneficiary list for subsidized housing, planning for residential areas to accommodate IRDP and GAP housing, was performed by a turnkey contractor. The aforementioned planning was done in conjunction with the officials of the Municipality.

#### a) Additional service statistics: Planning and building control

The table below indicates the performance statistics for planning and building control:

Type of service	2014/15	2015/16
Building plans application processed	155	117
Total surface (m2 )	11 563.37	13 063.62
Approximate value (Rand)	34 690 098	39 190 857
Residential extensions	136	112
Land use applications processed	42	28
Rural applications	234	796

Table 108.: Additional performance statistics: Planning and building control

#### b) Employees: Planning and building control

The table below indicates the number of staff employed within the unit:

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
		Number			
Top management	8	0	0	0	0
Senior management		0	0	0	0
Middle management and professionals		1	1	0	0
Skilled technically, superintendents, etc.		2	2	0	0
Semi-skilled		5	5	0	0
Unskilled		1	0	1	100
<b>Total</b>		<b>8</b>	<b>9</b>	<b>8</b>	<b>1</b>

Table 109.: Employees: Planning and building control





## Chapter 3: Service Delivery Performance

### 3.5.2 Local Economic Development (including tourism and market places)

The Local Economic Development (LED) Strategy was reviewed during the 2009/10 financial year, but not approved. The LED forum has been established, but is not functional.

The sectors that are contributing the most to the town's economy are transport and communication (25.3%), wholesale and retail trade (16.8%), general government services (14.4%), manufacturing (10.9%) and agriculture (7.7%). The ability of the local economy to create jobs is limited and is reflected in the current high unemployment figure of 35.5% compared to the provincial unemployment rate of 15.9%, this situation is further aggravated by the inability of the current markets to pay wages to household with an income estimated between R850 and R1500 per month.

The high unemployment coupled with the low skills level of the labour force have been identified as of critical importance at the Regional Growth and Development Summit that was held for the district during March 2007. Local government, therefore, also has to play a role in the development of skills of the local labour force. The challenge for the Municipality is therefore not only to grow the economy and tax base, but to also develop skills so that the jobs that are created through the growing economy can be taken up by the local unemployed residents.

The LED Strategy has not been reviewed in three years, making it difficult to measure progress in terms of economic development. The LED Unit is under staffed and needs to be addressed as a matter of urgency.

### 3.6 COMPONENT D: COMMUNITY AND SOCIAL SERVICES

#### 3.6.1 Libraries

##### a) Highlights: Libraries

The table below indicates the highlights of the financial year:

Highlights	Description
Library week	Libraries in Beaufort West celebrated library week through various programs for schools, children and adults
Exhibitions	Exhibitions organised for Youth Day, Valentines Day, Africa Day, Fathers Day, World Aids Day, Women's Abuse, Women's Day and 16 Day Of Activism
Programs	Libraries conducted various programs such as alcohol abuse, drug abuse, careers and HIV/Aids awareness. Mimosa Library donated shoes to schools for those learners in need. Mimosa Library provides services to inmates in the Beaufort West Prison
Partnerships	The libraries formed a partnership with UNISA. The aim of the partnership is to assist students of UNISA to have access to study material by using the libraries' internet services
Mandela Day	Pamphlets were handed out to the public in commemoration of Nelson Mandela

Table 110.: Libraries Highlights

##### b) Challenges: Libraries

The table below indicates the challenges faced during the financial year:

Challenge	Description
Return of library material	Non return of library material by library users resulting in a high outstanding bill for libraries
Limited access to the internet	Libraries does not have sufficient devices with internet access to deal with the demand of library users

Table 111.: Libraries Challenges



## Chapter 3: Service Delivery Performance

### c) Service statistics for libraries

The table below indicates the service statistics for library services:

Type of service	2014/15	2015/16
Library members	10 662	14 262
Books circulated	137 511	154 420
Exhibitions held	144	144
Internet users	41 580	67 200
New library service points or wheelie wagons	1	0
Visits by school groups	72	84

Table 112.: Service statistics for libraries

### d) Employees: Libraries

The table below indicates the number of staff employed within the unit:

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
	Number				
Top management		0	0	0	0
Senior management		0	0	0	0
Middle management and professionals		1	1	0	0
Skilled technically, superintendents, etc.	20	3	3	0	0
Semi-skilled		19	18	1	5.26
Unskilled		0	0	0	0
<b>Total</b>	<b>20</b>	<b>23</b>	<b>22</b>	<b>1</b>	<b>4.35</b>

Table 113.: Employees: Libraries

### e) Capital expenditure: Libraries

The table below indicates the capital expenditure incurred:

Capital projects	2015/16			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Community - libraries	0	777 421	615 076	162 345
Other assets - general vehicles	0	0	266 969	(266 969)
Other assets - furniture and other office equipment	0	0	294 749	(294 749)
<b>Total all</b>	<b>0</b>	<b>777 421</b>	<b>1 176 794</b>	<b>(399 373)</b>

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

Table 114.: Capital expenditure 2015/16: Libraries



## Chapter 3: Service Delivery Performance

### 3.6.2 Cemeteries

There are enough burial ground in all the towns under the jurisdiction of Beaufort West, but new cemeteries will have to be developed in the 2016/17 financial year.

#### a) Challenges: Cemeteries

Vandalism is a big concern for the municipality at the cemeteries and requires the security controls to be upgraded.

### 3.7 COMPONENT E: SECURITY AND SAFETY

#### 3.7.1 Traffic services and law enforcement

##### a) Highlights: Traffic services and law enforcement

The following table indicates the highlights of the financial year:

Highlights	Description
First female vehicle examiner	The traffic officer underwent training as examiner of vehicles to test vehicles for roadworthiness

*Table 115.: Traffic services and law enforcement highlights*

##### b) Challenges: Traffic services and law enforcement

The table below indicates the challenges faced during the financial year:

Challenges	Actions to adress
Poor supervision	Enhance control measures to improve supervision and develop standard operating procedure document
Lakc of discipline	Communicate disciplinary procedures with HR and resolve matters within documented guidelines

*Table 116.: Traffic services and law enforcement challenges*

##### c) Service statistics for traffic services and law enforcement

The table below indicates performance statistics for traffic and law enforcement services:

Details	2014/15	2015/16
Motor vehicle licenses processed	11 067	11 067
Learner driver licenses processed	487	504
Driver licenses processed	567	695
Driver licenses issued	1 553	1 594
Fines issued for traffic offenses	52 419	93 441
R-value of fines collected	6 512 667	14 361 800
Roadblocks held	12	41
Complaints attended to by Traffic Officers	26	11
Awareness initiatives on public safety	0	0

*Table 117.: Service statistics for traffic services*



## Chapter 3: Service Delivery Performance

### d) Employees: Traffic services and law enforcement

The table below indicates the number of staff employed within the unit:

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
	Number				
Top management	20	0	0	0	0
Senior management		0	0	0	0
Middle management and professionals		1	1	0	0
Skilled technically, superintendents, etc.		1	1	0	0
Semi-skilled		20	17	3	15
Unskilled		2	1	1	50
<b>Total</b>	<b>20</b>	<b>24</b>	<b>20</b>	<b>4</b>	<b>16.67</b>

Table 118.: Employees: Traffic services and law enforcement

### 3.7.2 Fire services and disaster management

#### a) Service statistics for fire services and disaster management

The table below indicates performance statistics of fire services and disaster management services:

Details	2014/15	2015/16
Operational call-outs	176	90
Reservists and volunteers trained	0	0
Awareness initiatives on fire safety	1	9

Table 119.: Service statistics for fire services and disaster management

#### b) Employees: Fire services and disaster management

The table below indicates the number of staff employed within the unit:

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
	Number				
Top management	13	0	0	0	0
Senior management		0	0	0	0
Middle management and professionals		0	0	0	0
Skilled technically, superintendents, etc.		5	5	0	0.
Semi-skilled		9	7	2	22.22
Unskilled		0	0	0	0
<b>Total</b>	<b>13</b>	<b>14</b>	<b>12</b>	<b>2</b>	<b>14.29</b>

Table 120.: Employees: Fire services and disaster management



# Chapter 3: Service Delivery Performance

## 3.8 COMPONENT F: SPORT AND RECREATION

### 3.8.1 Sport and recreation

The community loves their sport, but the main challenge is to raise enough funds to develop different sport fields as only 15% of the MIG funds are available for the development of recreational and sport facilities.

All sport and recreation areas are mowed and irrigated on a regular basis.

#### a) Challenges: Sport and recreation

Vandalism and theft is a big concern for the Municipality at the sport and recreation facilities and we will have to invest in upgrading security controls at each of these facilities.

#### b) Service statistics for sport and recreation

The table below indicates performance statistics of sport and recreation services:

Type of service	2014/2015	2015/2016
<b>Community parks</b>		
Number of parks with play park equipment	8	8
Number of wards with community parks	7	7
<b>Swimming pools</b>		
Number of visitors per annum	0	0
R-value collected from entrance fees	0	0
<b>Sport fields</b>		
Number of wards with sport fields	7	7
R-value collected from utilization of sport fields	123 066	98 077
<b>Sport halls</b>		
Number of wards with sport halls	7	7
Number of sport associations utilizing sport halls	5	5
R-value collected from rental of sport halls	11 143	10 535

Table 121.: Service statistics for sport and recreation

#### c) Employees: Sport and recreation

The table below indicates the number of staff employed within the unit:

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
Number					
Top management	30	0	0	0	0
Senior management		0	0	0	0
Middle management		1	1	0	0



## Chapter 3: Service Delivery Performance

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
		Number			
and professionals					
Skilled technically, superintendents, etc.		7	5	2	28.57
Semi-skilled		10	9	1	10
Unskilled		21	13	8	38.10
<b>Total</b>	<b>30</b>	<b>39</b>	<b>28</b>	<b>11</b>	<b>28.21</b>

Table 122.: Employees: Sport and Recreation

### d) Capital expenditure: Sport and recreation

The table below indicates the capital expenditure incurred:

Capital projects	2015/16			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Community - sport field and stadia	0	2 270 010	928 488	1 341 522
Other assets - plant and equipment	70 000	254 040	100 984	153 056
Community - other	2 399 612	0	0	0
<b>Total all</b>	<b>70 000</b>	<b>2 524 050</b>	<b>1 029 472</b>	<b>1 494 578</b>

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

Table 123.: Capital expenditure 2015/16: Sport and Recreation

## 3.9 COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.9.1 Corporate Services

#### a) Challenges: Corporate Services

The following table indicates the challenges faced during the financial year:

Description	Actions to address
Postponement of Council and Standing Committee meetings and late distribution of agendas	Speaker to ensure adherence to the schedule as adopted by Council
The Council Chambers not suited to host Council meetings (Council and public attendance)	Alternative venue to be identified and purchased by the Municipality
Council meeting rotation to various community halls with inappropriate furniture	Council to consider purchasing own equipment to be able to host Council meetings apart from those hosted in the Council chambers

Table 124.: Corporate Services challenges



## Chapter 3: Service Delivery Performance

### b) Employees: Corporate Services

The following tables represents the number of employees in administration, Council support, Thusong Service Centre and municipal management

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
	Number				
Top management	8	0	0	0	0
Senior management		0	0	0	0
Middle management and professionals		1	1	0	0
Skilled technically, superintendents, etc.		0	0	0	0
Semi-skilled		4	3	1	25
Unskilled		2	2	0	0
<b>Total</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>14.29</b>

Table 125.: Employees: Administration

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
	Number				
Top management	5	0	0	0	0
Senior management		0	0	0	0
Middle management and professionals		1	0	1	100
Skilled technically, superintendents, etc.		2	0	1	50
Semi-skilled		3	3	0	0
Unskilled		1	1	0	0
<b>Total</b>	<b>5</b>	<b>7</b>	<b>4</b>	<b>2</b>	<b>28.57</b>

Table 126.: Employees: Councillor Support and Thusong Service Centres

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
	Number				
Top Management	8	1	1	0	0
Senior Management		5	4	1	20
Middle Management and Professionals		4	3	1	25
Skilled Technical, Superintendents etc		1	1	0	0
Semi-skilled		1	1	0	0
Unskilled		0	0	0	0
<b>Total</b>	<b>8</b>	<b>12</b>	<b>10</b>	<b>2</b>	<b>16.67</b>

Table 127.: Employees: Municipal management



# Chapter 3: Service Delivery Performance

## 3.9.2 Financial Services

### a) Highlights: Financial Services

The following table indicates the highlights of the financial year:

Highlights	Description
Implementation of municipal Standard Chart of Accounts (mSCOA)	As per the regulations of National Treasury, all municipalities must implement a new and uniform SCOA on 1 July 2017. The process has started and progress is good
Provincial and national government support	Received significant financial support from the Western Cape Provincial Government for hands-on support from both provincial and national government to rebuild internal controls and procedures in the finance department
Innovation in the organisation	Developed own integrated financial dashboard. Implemented cellular meter reading devices, a bulk 'sms' service in debtors department and upgraded all our service points in wards to improve service delivery

Table 128.: Financial Services highlights

### b) Challenges: Financial Services

The following table indicates the challenges faced during the financial year:

Description	Actions to address
Cash flow position	Our financial position remains vulnerable and it requires swift intervention from Council
Office space	Redesign and upgrade of office facilities in order to cater for our changing needs
Safety	In the process of acquiring security services for office buildings
Accessibility	Make cashier pay points universally accessible for all
Vacancies in critical positions.	Advertisement of posts to be filled

Table 129.: Financial Services challenges

### c) Debt recovery statistics

The table below indicates the debt recovery statistics for the financial year:

Details of the types of account raised and recovered	2014/15			2015/16			2016/17		
	Billed In Year	Actual for accounts billed in year	Pro-portion of accounts value billed that were collected in the year	Billed in Year	Actual for accounts billed in year	Pro-portion of accounts value billed that were collected	To be billed in Year	Estimated turnout for accounts to be billed in year	Estimated Proportion of accounts to be billed that will be collected
	R'000	%	R'000	%	R'000	%			
Property Rates	21 714	19 259	89	23 234	21 956	94.5	23 386	20 941	89
Electricity	41 480	41 480	100	46 540	43 980	94.5	44 426	44 828	101
Water	11 209	10 194	91	11 993	11 333	94.5	13 446	11 992	89
Sanitation	11 530	8 424	73	12 337	11 658	94.5	12 449	8 845	71
Refuse	4 892	3 178	65	5 234	4 946	94.5	5 362	3 180	59

Table 130.: Debt recovery





## Chapter 3: Service Delivery Performance

### d) Employees: Financial Services

The table below indicates the number of staff employed within the unit:

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
		Number			
Top management	40	0	0	0	0
Senior management		0	0	0	0
Middle management and professionals		6	3	3	50
Skilled technically, superintendents, etc.		3	3	0	0
Semi-skilled		32	31	1	3.13
Unskilled		2	2	0	0
<b>Total</b>		<b>40</b>	<b>43</b>	<b>39</b>	<b>4</b>

Table 131.: Employees: Financial Services

### 3.9.3 Human Resources (HR)

#### a) Highlights: HR

The following table indicates the highlights of the financial year:

Highlights	Description
Staff appointments	During the 2015/16 financial year, several candidates were interviewed. 9 new appointments, 10 employees appointed in higher T-grades and 8 relief staff were employed
Health and safety representatives	Nominations for health and safety representatives for all the sections in the different departments were received

Table 132.: HR highlights

#### b) Challenges: HR

The table below indicates the challenges faced during the financial year:

Description	Actions to address
2 Local Labour Forum (LLF) meetings were postponed	At least 6 meetings must be held during the year
Health and Safety Committee meetings not taking place	At least 1 meeting to be held per quarter
Outdated HR policies	HR Policies to be workshopped with directors, unions and councillors
Leave not processed on system	Staff members appointed from 1 July 2016 to receive training to capture leave on the system

Table 133.: HR challenges



## Chapter 3: Service Delivery Performance

### c) Employees: HR Services

The table below indicates the number of staff employed within the unit:

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
	Number				
Top management	1	0	0	0	0
Senior management		0	0	0	0
Middle management and professionals		1	1	0	0
Skilled technically, superintendents, etc.		0	0	0	0
Semi-skilled		1	0	1	100
Unskilled		0	0	0	0
<b>Total</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>50</b>

Table 134.: Employees: HR

### 3.9.4 Information and Communication Technology (ICT) services

#### a) Introduction to ICT services

The ICT services of the municipality is outsourced to an external service provider.

#### b) Highlights: ICT services

The following table indicates the highlights of the financial year:

Highlights	Description
Publication of new website	The Municipality migrated from an html-based website to the new standardised municipal website platform designed in Drupal, as part of the Western Cape Government initiative to standardise municipal websites in the Western Cape
Upgrade of Wireless Area Network (WAN)	The total WAN connecting the different offices of the Municipality, were upgraded with carrier class routers in preparation of the proposed implementation of mSCOA on 1 July 2017 and to enable the municipality to comply with backup and disaster recovery requirements
Upgrade of workstations	On 1 July 2015, 60 computers were equipped with XP Professional operating systems and Office 2003. All these computers were upgraded to I3 and I5 motherboard standard and equipped with Windows 8.1 Pro and Office 2013
Implementation of ICT Governance Policies	Several ICT Governance Policies were accepted and are implemented in order to ensure that the Municipality's ICT Governance comply with the Public Service Corporate Governance of ICT Policy Framework

Table 135.: ICT services highlights



## Chapter 3: Service Delivery Performance

### c) Challenges: ICT services

The table below indicates the challenges faced during the financial year:

Description	Description
Cost of compliance	To comply with national standards and requirements and to keep up with the ever increasing development of technology is becoming an ever increasing financial demand for the Municipality. A balance between compliance and the affordability of the cost of compliance needs to be investigated
Limited available funding	Funds made available in the budget is not sufficient to implement policy requirements

Table 136.: ICT Services challenges

### d) Capital expenditure: ICT Services

The table below indicates the capital expenditure incurred:

Capital projects	2015/16			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Intangibles - computer: software and programming	0	560 814	274 840	285 974
Other assets - computers; hardware/equipment	549 460	791 311	291 781	499 530
<b>Total all</b>	<b>549,460</b>	<b>1 352 125</b>	<b>566 621</b>	<b>785 504</b>

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

Table 137.: Capital expenditure 2015/16: ICT Services

## 3.9.5 Procurement services

### a) Highlights: Procurement services

The following table indicates the highlights of the financial year:

Highlights	Description
Centralised Supplier Database (CSD)	National Treasury has issued MFMA Circular 81 pertaining to a web-based CSD for the registration of prospective suppliers. All suppliers who intend to do business with municipalities, must be registered on the CSD, including all current suppliers of the Municipality
Supply Chain Management (SCM) District Forum	The aim of the SCM District Forum is to assist on issues pertaining to transformation within SCM, developing coherent policies, setting norms and standards for service delivery, enhancing interdepartmental SCM relations and the exchange of information. The first SCM District Forum took place on 1 June 2016 and was attended by SCM officials from Beaufort West, Laingsburg, Prince Albert and Central Karoo District Municipalities
mSOCA	This new integrated system will enhance procurement and minimize risk for irregular, fruitless and wasteful expenditure within the Municipality
Organizational review of SCM Unit	A service provider was appointed to do an assessment and review of current organizational structure of the Municipality and to compile a proposed organizational structure to address the needs of the Municipality

Table 138.: Procurement services highlights



## Chapter 3: Service Delivery Performance

### b) Challenges: Procurement Services

The table below indicates the challenges faced during the financial year:

Description	Actions to address
CSD	Working in conjunction with Provincial Treasury to conduct roadshows on how the CSD process works and to inform and register suppliers
Decentralised SCM Unit	Centralisation of the Procurement Unit after the review of the organisational structures has been completed

Table 139.: Procurement services challenges

### c) Service statistics for procurement services

The following table indicates the performance statistics of procurement services:

Description	Total No	Monthly average	Daily average
Requests processed	39	3	1
Orders processed	3 388	283	15
Requests cancelled or referred back	3	1	0
Extensions	0	0	0
Bids received (number of documents)	179	15	1
Bids awarded	29	3	1
Bids awarded below R200 000	22	2	1
Appeals registered	0	0	0
Successful appeals	0	0	0

Table 140.: Service statistics for procurement services

### d) Details of deviations for procurement services

The following table indicates the detail of deviations incurred during the financial year:

Type of deviation	Number of deviations	Percentage of total deviations number	Value of deviations R	Percentage of total deviations value
Emergency	6	3	578 605	10
Sole supplier	75	39	3 885 518	67.50
Acquisition of special works of art or historical objects where specifications are difficult to compile	0	0	0	0
Any other exceptional case where it is impossible or impractical to follow the official procurement process	111	58	1 292 985	22.50
<b>Total</b>	<b>192</b>	<b>100</b>	<b>5 757 108</b>	<b>100</b>

Table 141.: Statistics of deviations: Procurement services



# Chapter 3: Service Delivery Performance

## 3.9.6 Municipal buildings

### a) Introduction to municipal buildings

Maintenance on municipal buildings are done on an adhoc basis due to financial constraints. The following tables indicates the highlights and challenges experienced during the financial year:

### b) Highlights: Municipal buildings

Highlights	Description
Renovation of municipal buildings	Outside renovations done to the rectory, museum and mayoral office. Inside and outside renovations done to Kwa Mandlenkosi Sport Ground caretaker house, ablution facilities and clubhouse

Table 142.: Municipal buildings highlights

### c) Challenges: Municipal buildings

Description	Actions to address
Vandalism to municipal buildings	Security service provider to be appointed at municipal building

Table 143.: Municipal buildings challenges

### c) Cost of maintenance of municipal buildings

The table below shows the costs involved for the maintenance of buildings within the municipal area:

Maintenance details	2014/15 R	2015/16 R
Municipal	4 586 859	5 402 228
<b>Total</b>	<b>4 586 859</b>	<b>5 402 228</b>

Table 144.: Cost of maintenance of municipal buildings

### d) Employees: Municipal buildings

The table below indicates the number of staff employed within the unit:

Occupational Level	2014/15	2015/16			
		Budgeted Posts	Employees	Vacancies	Vacancies (as a % of total Budgeted Posts)
Number					
Top management	15	0	0	0	0
Senior management		0	0	0	0
Middle management and professionals		0	0	0	0
Skilled technically, superintendents, etc.		2	2	0	0.00
Semi-skilled		6	6	0	0.00
Unskilled		9	7	2	22.22
<b>Total</b>	<b>15</b>	<b>17</b>	<b>15</b>	<b>2</b>	<b>11.76</b>

Table 145.: Employees: Municipal building



# Chapter 3: Service Delivery Performance

## 3.9.7 Fleet management

### a) Introduction to fleet management

i) The goal:

Provide a safe, reliable and cost effective fleet to different departments in a manner that the service to the community can be delivered in a timely manner.

The fleet consist of 80 vehicles, including:

- Motor vehicles;
- Light duty vehicles;
- Trucks and tractors;
- Earth moving vehicle; and
- Compressors and small plants

ii) Objective:

Key objectives for the Fleet Management Unit have been set as follow:

- Effectively maintain cost regarding fleet
- Prevent fraud, fruitless and wasteful expenditure
- Implement Council policies to deliver efficient services to the community
- Share values, norms and expectations
- Provide a safe and reliable fleet
- Ensuring vehicles are replaced
- Building a cohesive and cooperative team to perform optimally
- Keep record of vehicle history, logs, petrol usage, vehicles issued and availability of fleet
- Report writing that is transparent and accessible

The functions of the Fleet Management Unit are as follow:

- Vehicle maintenance and repairs
- Driver management
- Vehicle financing
- Fuel management
- Monthly, quarterly and annual reports
- Licencing and road worthiness of fleet vehicles

### b) Highlights: Fleet management

The following table indicates the highlights of the financial year:

Highlights	Description
Internal controls	New software to manage fleet to improve control over costing, licencing, funds, availability of fleet, petrol control, deferent reports (monthly and annually) and many other functions
Fleet budgeting	The annual budget makes provision for maintenance, repairs, licencing and roadworthiness of fleet. Amount budgeted was R4 460 500, which includes vehicles from Merweville and Murraysburg
Availability of fleet	Fleet was available between 80% and 95% of the time



## Chapter 3: Service Delivery Performance

Highlights	Description
Licencing and roadworthiness of fleet	Licences and roadworthy tests were done on time ensuring a safe and reliable fleet available at all times

Table 146.: Fleet management highlights

### c) Challenges: Fleet management

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Aging Fleet	75% of the fleets lifespan ranges from 16 to 66 years of age which brings a high maintenance risk in terms of cost and repairs. Council needs to adopt a Fleet Replacement Policy and replace old outdated fleet
Misuse of fleet	Disciplinary procedures needs to be put in place to ensure employees are held accountable for not complying with Council standards
Policies	A Fleet Management Policy needs to be developed and approved by Council
Disparities between different departments	Procedures needs to be put in place and the acknowledgement of line functions clearly set out
Payment of suppliers	Council need to make provision and see that suppliers get paid within 30 days after submitting invoices

Table 147.: Fleet management challenges

### 3.10 COMPONENT H: SERVICE DELIVERY PRIORITIES FOR 2016/17

The main development and service delivery priorities for 2015/16 forms part of the municipality's top layer SDBIP for 2016/17 and are indicated in the table below:

#### 3.10.1 To develop a local economic development strategy that responds to food security, social infrastructure, health environment, education and skills development and the gender balances in society

Ref	KPI	Unit of measurement	Wards	Annual target
TL10	Create temporary job opportunities in terms of EPWP projects by 30 June 2017	Number of temporary jobs opportunities created by 30 June 2017	All	40

Table 148.: Service Delivery Priority for 2016/17: To develop a local economic development strategy that responds to food security, social infrastructure, health environment, education and skills development and the gender balances in society

#### 3.10.2 To embark on a turnaround strategy to address the administrative and financial challenges facing the Municipality

Ref	KPI	Unit of measurement	Wards	Annual target
TL11	Appoint people from the employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people appointed in the three highest levels of management	All	1
TL12	0.10% of the municipality's personnel budget spent on implementing its workplace skills plan by 30 June 2017 ((Actual amount spent on training/total personnel budget)x100)	% of the municipality's personnel budget spent on implementing its workplace skills plan	All	0.10%
TL32	Construct a new Kwa Mandlenkosi pay office by 30 June 2017	Construction completed	1	1
TL33	Limit vacancy rate to 30% of budgeted post by	% vacancy rate	All	30%



## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of measurement	Wards	Annual target
	30 June 2017 (Number of funded posts vacant divided by number of budgeted funded posts)			

Table 149.: Service Delivery Priority for 2016/17: To embark on a turnaround strategy to address the administrative and financial challenges facing the Municipality

### 3.10.3 To improve and maintain current basic service delivery and infrastructure development through the provision of basic services and specific infrastructural development projects

Ref	KPI	Unit of measurement	Wards	Annual target
TL1	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and which are billed for water or have pre paid meters as at 30 June 2017	Number of residential properties which are billed for water or have pre paid meters as at 30 June 2017	All	13 500
TL2	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2017	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2017	All	12 462
TL3	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) which are billed for sewerage as at 30 June 2017	Number of residential properties which are billed for sewerage as at 30 June 2017	All	11 870
TL4	Number of formal residential properties for which refuse is removed once per week and which are billed for refuse removal as at 30 June 2017	Number of residential properties which are billed for refuse removal as at 30 June 2017	All	11 346
TL5	Provide free basic water to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2017	Number of indigent households receiving free basic water as at 30 June 2017	All	6 153
TL6	Provide free basic electricity to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2017	Number of indigent households receiving free basic electricity as at 30 June 2017	All	5 094
TL7	Provide free basic sanitation to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2017	Number of indigent households receiving free basic sanitation as at 30 June 2017	All	5 953
TL8	Provide free basic refuse removal to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2017	Number of indigent households receiving free basic refuse removal as at 30 June 2017	All	2 480
TL9	The percentage of the municipal capital budget spent by 30 June 2017 ( (Actual amount spent /Total amount budgeted for capital projects)X100)	% of capital budget spent by 30 June 2017	All	75%
TL17	Limit unaccounted for water to less than 15% during 2016/17 {(Number of Kilotres Water Purchased or Purified - Number of Kilotres Water Sold (incl free basic water) / Number of Kilotres Water Purchased or Purified × 100}	% unaccounted water by 30 June 2017	All	15%
TL18	95% of water samples in the Beaufort West jurisdiction area comply with SANS241 micro	% of water samples compliant	All	95%





## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of measurement	Wards	Annual target
	biological indicators			
TL19	90% of waste water samples in the Beaufort West jurisdiction area comply with outflow water permit values	% of test results within permit values	All	90%
TL20	90% of the roads and stormwater assets maintenance budget spent by 30 June 2017 ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100)	% of budget spent by 30 June 2017	All	90%
TL21	90% of the sanitation assets maintenance budget spent by 30 June 2017 ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100)	% of budget spent by 30 June 2017	All	90%
TL22	90% of the parks and recreation maintenance budget spent by 30 June 2017 ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100)	% of budget spent by 30 June 2017	All	90%
TL23	90% of the water assets maintenance budget spent by 30 June 2017 ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100)	% of budget spent by 30 June 2017	All	90%
TL24	95% of the approved project budget spent by 30 June 2017 to upgrade the Sport field in Merweville ((Actual expenditure divided by the total approved project budget)x100)	% of budget spent by 30 June 2017	7	95%
TL25	Upgrade the Beaufort West Rugby Field by 30 June 2017	Upgrade completed by 30 June 2017	3; 4; 5; 6; 7	1
TL26	Upgrade the Kwa-Mandlenkosi sport field by 30 June 2017	Upgrade completed by 30 June 2017	4; 5	1
TL27	95% of the approved project budget spent by 30 June 2017 to upgrade Protea Street and Oak Street from gravel to paved in Beaufort West	% of budget spent by 30 June 2017	5	95%
TL28	Complete the upgrade 410m of Konkrete & Fabriek Street to paved road by 30 June 2017	Meters paved	2	410
TL29	95% of the approved project budget spent by 30 June 2017 to upgrade Michael de Villiers/ James Smith Street from gravel to paved ((Actual expenditure divided by the total approved project budget)x100)	% of budget spent by 30 June 2017	6	95%
TL30	95% of the approved project budget spent by 30 June 2017 to develop tennis courts in Beaufort West ((Actual expenditure divided by the total approved project budget)x100)	% of budget spent by 30 June 2017	1	95%
TL31	95% of the approved project budget spent by 30 June 2017 to upgrade the Waste Water Treatment Works in Murraysburg ((Actual expenditure divided by the total approved project budget)x100)	% of budget spent by 30 June 2017	1	95%
TL38	Spend 100% of the grant for the maintenance of library services by 30 June 2017 (Actual expenditure divided by the total grant received)	% of grant spent for library services	All	100%
TL39	Limit unaccounted for electricity to less than 12% by 30 June 2017 {(Number of Electricity	% unaccounted electricity	All	12%



## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of measurement	Wards	Annual target
	Units Purchased and/or Generated - Number of Electricity Units Sold (incl Free basic electricity) / Number of Electricity Units Purchased and/or Generated) × 100}			
TL40	80% of the electricity maintenance budget spent by 30 June 2017 ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100)	% of the electricity maintenance budget spent	All	80%
TL41	95% of the approved project budget spent by 30 June 2017 to upgrade the main substation in Loch road ((Actual expenditure divided by the total approved project budget)x100)	% of budget spent	All	95%
TL42	95% of the approved project budget spent by 30 June 2017 to install high mast lightening in Beaufort West ((Actual expenditure divided by the total approved project budget)x100)	% of budget spent	3; 4; 5; 6; 7	95%
TL43	95% of the approved project budget spent by 30 June 2017 to upgrade the electricity network in Murraysburg ((Actual expenditure divided by the total approved project budget)x100)	% of budget spent	1	95%

**Table 150.:** *Service Delivery Priority for 2016/17: To improve and maintain current basic service delivery and infrastructure development through the provision of basic services and specific infrastructural development projects*

### 3.10.4 To improve the financial viability of the Municipality

Ref	KPI	Unit of measurement	Wards	Annual target
TL13	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2017 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	Debt to Revenue as at 30 June 2017	All	45%
TL14	Financial viability measured in terms of the outstanding service debtors as at 30 June 2017 (Total outstanding service debtors/ revenue received for services)	Service debtors to revenue as at 30 June 2017	All	30%
TL15	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2017 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Cost coverage as at 30 June 2017	All	1
TL16	Achieve an annual average payment percentage of not less than 90% by 30 June 2017 (Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue x 100	Payment % achieved by 30 June 2017	All	90%

**Table 151.:** *Service Delivery Priority for 2016/17: To improve the financial viability of the Municipality*



## Chapter 3: Service Delivery Performance

### 3.10.5 To promote good governance through ongoing communication between the Council and citizens through community participation, effective information dissemination and communication and ward based consultation

Ref	KPI	Unit of measurement	Wards	Annual target
TL34	Facilitate the meeting of ward committees	Number of ward committee meetings held	All	28
TL35	Compile and submit the final annual report and oversight report for 2015/16 to Council by 31 March 2017	Final annual report and oversight report for 2015/16 submitted to Council	All	1
TL36	Submit the Top layer SDBIP for the 2017/18 budget for approval by the Mayor within 14 days after the budget has been approved	Top Layer SDBIP for the 2017/18 budget submitted to the Mayor within 14 days after the budget has been approved	All	1
TL37	Draft the annual performance report for 2015/16 and submit to the Auditor General by 31 August 2016	Annual performance report for 2015/16 drafted and submitted to the Auditor General	All	1
TL44	Compile the Risk based audit plan for 2017/18 and submit to Audit committee for consideration by 30 June 2017	Risk based audit plan submitted to Audit committee	All	1
TL45	70% of the Risk based audit plan for 2016/17 implemented by 30 June 2017 [(Number of audits and tasks completed for the period/ Number of audits and tasks identified in the RBAP )x100]	% of the Risk Based Audit Plan implemented	All	70%

**Table 152.:** *Service Delivery Priority for 2016/17: To promote good governance through ongoing communication between the Council and citizens through community participation, effective information dissemination and communication and ward based consultation*



# Chapter 4: Organisational Development Performance

## CHAPTER 4

### 4.1 NATIONAL KPI – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The following table indicates the municipality's performance in terms of the National KPI required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These KPI's are linked to the National KPA – Municipal Transformation and Organisational Development.

KPA and Indicators	Municipal achievement	Municipal achievement
	2014/15	2015/16
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	2	3
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	0.06	0

Table 153.: National KPIs- Municipal transformation and organisational development

### 4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The BWM currently employs 438 (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of the Municipality's objectives. The primary objective of HR Management is to render an innovative HR service that addresses both skills development and an administrative function.

#### 4.2.1 Employment equity

The Employment Equity Act (1998) Chapter 3, Section 15(1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The National KPA also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"

##### a) Employment equity targets/actual

African		Coloured		Indian		White	
Target June	Actual June	Target June	Actual June	Target June	Actual June	Target June	Actual June
112	91	170	231	0	0	62	22

Table 154.: 2015/16 EE targets/actual by racial classification

Males (including disability)		Females (including disability)	
Target June	Actual June	Target June	Actual June
162	231	182	113

Table 155.: 2015/16 EE targets/actual by gender classification



## Chapter 4: Organisational Development Performance

### b) Specific occupational categories - Race

The table below indicates the number of employees(excluding vacancies) by race within the specific occupational categories:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	0	1	0	0	0	0	0	0	1
Senior management	1	1	0	2	0	0	0	0	4
Professionally qualified and experienced specialists and mid- management	2	4	0	2	0	4	0	1	13
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	8	26	0	3	4	4	0	1	46
Semi-skilled and discretionary decision making	21	57	0	4	16	49	0	9	156
Unskilled and defined decision making	28	71	0	0	12	13	0	0	124
<b>Total permanent</b>	<b>60</b>	<b>160</b>	<b>0</b>	<b>11</b>	<b>32</b>	<b>70</b>	<b>0</b>	<b>11</b>	<b>344</b>
Non-permanent employees	4	10	0	3	3	17	0	1	38
<b>Grand total</b>	<b>64</b>	<b>170</b>	<b>0</b>	<b>14</b>	<b>35</b>	<b>87</b>	<b>0</b>	<b>12</b>	<b>382</b>

Table 156.: Occupational categories

### 4.2.2 Vacancy rate

The approved organogram for the municipality had 438 posts for the 2015/16 financial year. 94 Posts were vacant at the end of the 2015/16 financial year, resulting in a vacancy rate of 21.46%.

Below table indicates a breakdown of vacancies within the municipality:

Per post level		
Post level	Filled	Vacant
Municipal Manager and MSA Section 57 and 56	5	1
Middle management (T14-T19)	7	2
Admin officers (T4-T13)	214	44
General workers (T3)	118	47
<b>Total</b>	<b>344</b>	<b>94</b>
Per functional level		
Functional area	Filled	Vacant
Municipal Manager	10	2
Corporate Services	31	5
Financial Services	40	5
Community Services	72	19
Engineering Services	144	51
Electro Technical Services	23	8
Murraysburg	24	4



## Chapter 4: Organisational Development Performance

Per post level		
Post level	Filled	Vacant
<b>Total</b>	<b>344</b>	<b>94</b>

Table 157.: Vacancy rate per post and functional level

### 4.2.3 Turnover rate

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality. The turnover rate shows a decrease from 6.79% in 2014/15 to 5.68% in 2015/16.

The table below indicates the turn-over rate over the last two years:

Financial year	Appointments at the end of each Financial Year	New appointments	Terminations during the year	Turn-over Rate
2014/15	352	19	20	5.68%
2015/16	344	10	18	5.23%

Table 158.: Turnover rate

## 4.3 MANAGING THE MUNICIPAL WORKFORCE

Managing the municipal workforce refers to analyzing and coordinating employee behavior.

### 4.3.1 Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The number of injuries decreased for the 2015/16 financial year.

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

Directorates	2014/15	2015/16
Municipal Manager	1	0
Corporate Services	1	0
Financial Services	1	0
Community Services	5	4
Engineering Services	9	4
Electro Technical Services	0	2
<b>Total</b>	<b>17</b>	<b>10</b>

Table 159.: Injuries

### 4.3.2 Sick leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.



## Chapter 4: Organisational Development Performance

The total number of employees that have taken sick leave during the 2015/16 financial year shows a increase when compared with the 2014/15 financial year.

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

Department	2014/15	2015/16
Municipal Manager	10	6
Corporate Services	340	369
Financial Services	392	452
Community Services	1 136	1 675
Engineering Services	1 345	1 507
Electro Technical Services	58	46
<b>Total</b>	<b>3 281</b>	<b>4 055</b>

Table 160.: Sick Leave

### 4.3.3 HR policies and plans

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved and still needs to be approved:

Approved policies	
Name of policy	Date approved/ revised
Employment Policy	All policies to be reviewed
Internal Conditions of Service	
Sexual harassment	
Subsistence and Travelling	
Training and Development	
Language	
Support Staff	
Cell Phone	
Induction Training and Staff Orientation	
Internal control: Salaries and grants	
Study	
IT	
HIV/AIDS	
Induction programme	
Draft policies	
Name of policy	Action to address and approve
Recruitment and Selection	All draft policies to be approved/reviewed
Employment Equity	
Incapacity / Ill-Health	
Substance Abuse	



## Chapter 4: Organisational Development Performance

### Approved policies

Smoking Policy	
Overtime	
Retirement Planning	
Unauthorized Absence	
Uniform Protective Clothing	
Vetting	

Table 161.: HR policies and plans

#### 4.4 CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that municipality must develop its HR capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the HR capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

##### 4.4.1 Skills matrix

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year (2015/16)	Number of Employees that received training (2015/16)
Municipal Manager and Section 57	Female	0	0
	Male	9	9
Legislators, senior officials and managers	Female	0	0
	Male	0	0
Associate professionals and technicians	Female	0	0
	Male	0	0
Professionals	Female	0	0
	Male	0	0
Clerks	Female	10	10
	Male	17	17
Service and sales workers	Female	0	0
	Male	0	0
Craft and related trade workers	Female	0	0
	Male	8	8
Plant and machine operators and assemblers	Female	0	0
	Male	3	3
Elementary occupations	Female	8	8
	Male	45	45
Sub-total	Female	26	26
	Male	74	74
Total		100	100





## Chapter 4: Organisational Development Performance

Table 162.: Skills matrix

### 4.4.2 Skills development – Training provided

The Skills Development Act (1998) and the MSA, (2000), require employers to supply employees with the necessary training in order to develop its HR capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Occupational categories	Gender	Training provided within the reporting period (2015/16)	
		Learnerships	
		Target	Actual
Municipal Manager and Section 57	Female	0	0
	Male	0	0
Legislators, senior officials and managers	Female	0	0
	Male	0	0
Professionals	Female	0	0
	Male	0	0
Technicians and associate professionals	Female	0	0
	Male	0	0
Clerks	Female	0	0
	Male	0	0
Service and sales workers	Female	101	101
	Male	87	87
Craft and related trade workers	Female	178	178
	Male	187	187
Plant and machine operators and assemblers	Female	0	0
	Male	0	0
Elementary occupations	Female	31	31
	Male	22	22
Sub-total	Female	310	310
	Male	296	296
Total		606	606

Table 163.: Skills development



## Chapter 4: Organisational Development Performance

### 4.4.3 Skills development - Budget allocation

The table below indicates the budget allocated towards the workplace skills plan:

Financial year	Total personnel budget	Total allocated	Total spent	% Spent
	R'000			
2014/15	76 749	279	136	48.89
2015/16	81 281	357	144	40.34

*Table 164.: Budget allocated and spent for skills development*

### 4.4.4 MFMA competencies

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the MFMA. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 in terms of Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

The table below provides details of the financial competency development progress as required by the regulation:

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial officials</b>				
Accounting Officer	1	1	1	1
Chief Financial Officer	1	1	1	1
Senior managers	3	1	3	3
Any other financial officials	4	1	4	4
<b>SCM officials</b>				
Heads of SCM Units	1	1	1	1
SCM senior managers	2	1	2	2
<b>Total</b>	<b>12</b>	<b>6</b>	<b>12</b>	<b>12</b>

*Table 165.: MFMA competencies*



## Chapter 4: Organisational Development Performance

### 4.5 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

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

#### 4.5.1 Personnel expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years and that the municipality is well within the national norm of between 35% to 40%:

Financial year	Total expenditure salary and allowances	Total operating expenditure	Percentage
	R'000		
2014/15	77 782	256 655	30.31
2015/16	84 402	320 265	26.35

Table 166.: Personnel expenditure

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

Financial year	2014/15	2015/16		
	Actual	Original budget	Adjusted budget	Actual
Description	R'000			
<b>Councillors (political office bearers plus other)</b>				
Salary	3 078	3 289	3 289	3 286
Pension contributions	289	251	251	287
Medical-aid contributions	41	46	46	45
Motor vehicle allowance	676	790	790	642
Cell phone allowance	271	400	400	262
Housing allowance	0	0	0	0
Other benefits or allowances	0	0	0	0
In-kind benefits	0	0	0	0
<b>Sub Total</b>	<b>4 355</b>	<b>4 776</b>	<b>4 776</b>	<b>4 522</b>
<b>% increase/ (decrease)</b>		<b>0</b>	<b>0</b>	<b>(5.32)</b>
<b>Senior managers of the Municipality</b>				
Pension contributions	3 910	4 724	4 724	4 157
Pension contributions	546	562	562	581
Medical-aid contributions	26	27	27	28
Motor vehicle allowance	423	444	444	517
Cell phone allowance	0	0	0	0
Housing allowance	0	0	0	0
Performance Bonus	392	513	513	480
Other benefits or allowances	0	0	0	47



## Chapter 4: Organisational Development Performance

Financial year	2014/15	2015/16		
Description	Actual	Original budget	Adjusted budget	Actual
	R'000			
In-kind benefits	0	0	0	0
<b>Sub Total</b>	<b>5 297</b>	<b>6 270</b>	<b>6 270</b>	<b>5 810</b>
<b>% increase/ (decrease)</b>		<b>0</b>	<b>0</b>	<b>(7.34)</b>
<b>Other municipal staff</b>				
Basic salaries and wages	51 683	58 050	58 012	55 991
Pension contributions	7 461	9 494	9 281	7 969
Medical-aid contributions	1 159	1 255	1 255	1 310
Motor vehicle allowance	1 285	1 618	1 618	1 370
Cell phone allowance	0	0	0	0
Housing allowance	271	270	272	902
Overtime	3 196	1 935	1 935	2 800
Other benefits or allowances	3 075	2 638	2 638	3 727
<b>Sub-total</b>	<b>68 130</b>	<b>75 260</b>	<b>75 011</b>	<b>74 069</b>
<b>% increase/ (decrease)</b>		<b>9.47</b>	<b>(0.33)</b>	<b>(1.26)</b>
<b>Total Municipality</b>	<b>77 782</b>	<b>86 306</b>	<b>86 057</b>	<b>84 402</b>
<b>% increase/ (decrease)</b>		<b>9.88</b>	<b>(0.29)</b>	<b>(1.92)</b>

Table 167.: Councillor and staff benefits



## Chapter 5: Financial Summary

### CHAPTER 5

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

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The statement of financial performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

#### 5.1 FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2015/16 financial year:

Financial summary						
R'000						
Description	2014/15	2015/16		2015/16 % variance		
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
<b>Financial performance</b>						
Property rates	25 057	26 807	26 807	26 584	(0.84)	(0.84)
Service charges	88 399	103 838	105 872	97 608	(6.38)	(8.47)
Investment revenue	1 893	1 240	1 240	1 883	34.16	34.16
Transfers recognised - operational	76 782	98 681	95 976	96 002	(2.79)	0.03
Other own revenue	60 324	26 611	57 990	73 476	63.78	21.08
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>252 455</b>	<b>257 177</b>	<b>287 884</b>	<b>295 553</b>	<b>12.98</b>	<b>2.59</b>
Employee costs	73 426	81 529	81 281	79 879	(2.07)	(1.75)
Remuneration of Councillors	4 356	4 776	4 776	4 522	(5.61)	(5.61)
Depreciation and asset impairment	15 038	16 064	16 064	15 347	(4.67)	(4.67)
Finance charges	5 425	1 539	1 539	5 754	73.26	73.26
Materials and bulk purchases	61 527	85 609	83 865	72 155	(18.65)	(16.23)
Transfers and grants	64	60	60	35	(72.02)	(72.02)
Other expenditure	96 951	79 138	112 721	141 639	44.13	20.42
<b>Total expenditure</b>	<b>256 786</b>	<b>268 715</b>	<b>300 305</b>	<b>319 333</b>	<b>15.85</b>	<b>5.96</b>
<b>Surplus/(deficit)</b>	<b>(4 331)</b>	<b>(11 538)</b>	<b>(12 421)</b>	<b>(23 779)</b>	<b>51.48</b>	<b>47.77</b>
Transfers recognised - capital	37 652	16 643	28 500	14 486	(14.89)	(96.74)
Contributions recognised - capital and contributed assets	52,296	0	151	70	100	(115.02)



## Chapter 5: Financial Summary

Financial summary						
R'000						
Description	2014/15	2015/16		2015/16 % variance		
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
<b>Surplus/(deficit) after capital transfers and contributions</b>	<b>85 618</b>	<b>5 105</b>	<b>16 230</b>	<b>(9 223)</b>	<b>155.36</b>	<b>275.98</b>
<b>Capital expenditure and funds sources</b>						
<b>Capital expenditure</b>						
Transfers recognised - capital	37 652	16 643	28 500	14,486	(14.89)	(96.74)
Public contributions and donations	52 296	0	151	70	100	(115.02)
Borrowing	790	0	2 460	2 509	100	1.96
Internally generated funds	2 058	3 381	5 318	1 421	(137.95)	(274.22)
<b>Total sources of capital funds</b>	<b>92 797</b>	<b>20 024</b>	<b>36 429</b>	<b>18 487</b>	<b>(8.32)</b>	<b>(97.05)</b>
<b>Financial position</b>						
Total current assets	66 874	44 660	60 078	57 867	22.82	(3.82)
Total non-current assets	468 991	420 403	490 203	471 957	10.92	(3.87)
Total current liabilities	52 685	37 342	52 520	59 047	36.76	11.05
Total non-current liabilities	64 108	46 543	46 411	60 928	23.61	23.83
Community wealth/equity	419 072	381 179	451 350	409 849	7	(10.13)
<b>Cash flows</b>						
Net cash from (used) operating	42 284	22 347	30 037	19 627	13.85	(53.03)
Net cash from (used) investing	(38 337)	(20 024)	(36 533)	(18 599)	(7.66)	(96.42)
Net cash from (used) financing	(2 768)	(1 978)	(837)	(1 200)	(64.75)	30.28
<b>Cash/cash equivalents at the year end</b>	<b>1 179</b>	<b>345</b>	<b>(7 333)</b>	<b>(172)</b>	<b>300.32</b>	<b>(4 162.28)</b>
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available	13 116	3 954	5 783	12 944	69.45	55.32
Application of cash and investments	(11 731)	(3 566)	(1 925)	(8 061)	55.77	76.12
<b>Balance - surplus (shortfall)</b>	<b>1 385</b>	<b>389</b>	<b>3 858</b>	<b>4 883</b>	<b>92.04</b>	<b>21</b>
<b>Asset management</b>						
Asset register summary (WDV)	467 255	414 978	488 363	470 109	11.73	(3.88)



## Chapter 5: Financial Summary

Financial summary						
R'000						
Description	2014/15	2015/16			2015/16 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
Depreciation and asset impairment	15 038	16 064	16 064	15 347	(4.67)	(4.67)
Renewal of existing assets	0	0	0	0	0	0
Repairs and maintenance	18 143	28 355	26 610	24 108	(17.62)	(10.38)
Free services						
Cost of free basic services provided	15 109	0	0	0	0	0
Revenue cost of free services provided	16 102	0	0	0	0	0
Households below minimum service level						
Water	260	0	0	0	0	0
Sanitation/sewerage	614	0	0	0	0	0
Energy	0	0	0	0	0	0
Refuse	0	0	0	0	0	0
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual</i>						

**Table 168.:** Financial performance 2015/16

The table below shows a summary of performance against budgets:

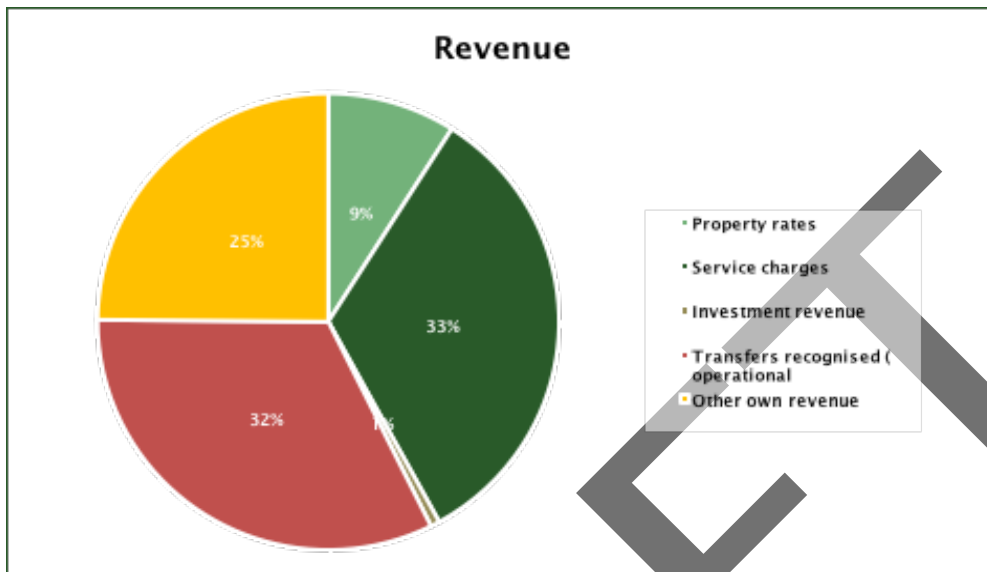
Financial year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2014/15	294 422	342 404	47 982	16.24	264 481	256 786	7 695	(2.12)
2015/16	316 536	310 110	(6 426)	(2)	300 305	319 333	(19 028)	(6)

**Table 169.:** Performance against budgets



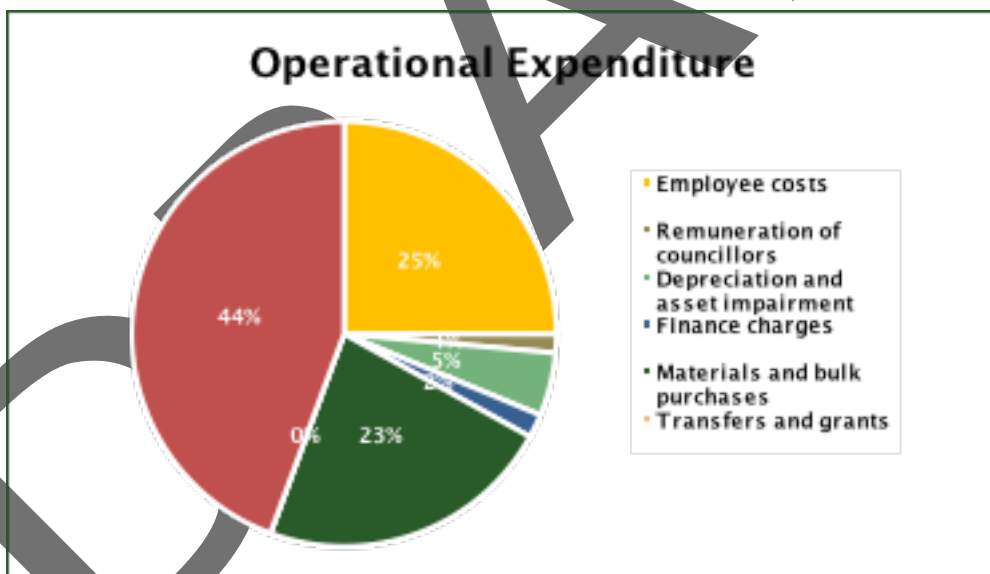
# Chapter 5: Financial Summary

The following graph indicates the various types of revenue items in the municipal budget for 2015/16



Graph 6.: Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2015/16



Graph 7.: Operating expenditure





## Chapter 5: Financial Summary

### 5.1.1 Revenue collection by vote

The table below indicates the revenue collection performance by vote:

Vote description	2014/15	2015/16		2015/16 % variance		
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000					
Vote 1 - Municipal Manager	1 067	0	688	302	100	(128.01)
Vote 2 - Director: Corporate Services	82 241	35 321	36 280	37 850	6.68	4.15
Vote 3 - Director: Financial Services	37 923	34 386	39 359	38 036	9.60	(3.48)
Vote 4 - Director: Engineering Services	66 274	55 725	59 517	56 143	0.74	(6.01)
Vote 5 - Director: Community Services	59 200	48 653	79 460	94 664	48.61	16.06
Vote 6 - Director: Electrical Services	95 699	99 736	101 233	83 115	(20)	(21.80)
<b>Total revenue by vote</b>	<b>342 404</b>	<b>273 820</b>	<b>316 536</b>	<b>310 110</b>	<b>11.70</b>	<b>(2.07)</b>

*Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual*

Table 170.: Revenue by vote

### 5.1.2 Revenue collection by source

The table below indicates the revenue collection performance by source for the 2015/16 financial year:

Description	2014/15	2015/16		2015/16 % variance		
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000					
Property rates	24 583	26 187	26 187	26 031	(0.60)	(0.60)
Property rates - penalties and collection charges	474	620	620	553	(12.07)	(12.07)
Service charges - electricity revenue	57 777	71 893	71 893	63 226	(13.71)	(13.71)
Service charges - water revenue	13 386	13 147	15 130	15 590	15.67	2.95
Service charges - sanitation revenue	11 288	12 416	12 416	12 372	(0.35)	(0.35)
Service charges - refuse revenue	5 947	6 383	6 434	6 420	0.58	(0.22)
Service charges - other	0	0	0	0	0	0
Rentals of facilities and equipment	1 676	1 146	1 225	1 085	(5.64)	(12.94)
Interest earned - external investments	1 893	1 240	1 240	1 883	34.16	34.16
Interest earned - outstanding debtors	1 969	2 135	2 135	2 041	(4.62)	(4.62)
Dividends received	0	0	0	0	0	0
Fines	45 969	16 135	46 058	59 217	72.75	22.22
Licences and permits	539	588	588	563	(4.44)	(4.44)



## Chapter 5: Financial Summary

Description	2014/15	2015/16			2015/16 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000					
Agency services	609	670	670	660	(1.59)	(1.59)
Transfers recognised - operational	76 782	98 681	95 976	96 002	(2.79)	0.03
Other revenue	9 563	5 937	7 314	9 912	40.10	26.21
Gains on disposal of PPE	0	0	0	0	0	0
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>252 455</b>	<b>257 177</b>	<b>287 884</b>	<b>295 553</b>	<b>12.98</b>	<b>2.59</b>

*Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual*

Table 171.: Revenue by source

### 5.1.3 Operational services performance

The table below indicates the operational services performance for the 2015/16 financial year:

Description	2014/15	2015/16			2015/16 variance	
	Actual (audited outcome)	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
	R'000				%	
<b>Operating cost</b>						
<b>Governance and administration</b>	<b>47 509</b>	<b>47 328</b>	<b>52 125</b>	<b>60 290</b>	<b>21.50</b>	<b>13.54</b>
Executive and Council	14 731	15 494	15 890	16 033	3.36	0.89
Budget and treasury office	17 672	17 477	20 649	27 990	37.56	26.23
Corporate Services	15 107	14 356	15 586	16 266	11.74	4.18
<b>Community and public safety</b>	<b>63 250</b>	<b>54 547</b>	<b>87 771</b>	<b>107 838</b>	<b>49.42</b>	<b>18.61</b>
Community and social services	7 663	9 792	10 946	9 373	(4.48)	(16.79)
Sport and recreation	6 244	7 566	7 636	6 131	(23.41)	(24.55)
Public safety	44 839	13 867	44 826	65 702	78.89	31.77
Housing	4 504	23 321	24 364	26 633	12.43	8.52
<b>Economic and environmental services</b>	<b>23 159</b>	<b>28 345</b>	<b>25 404</b>	<b>23 738</b>	<b>(19.41)</b>	<b>(7.02)</b>
Planning and development	4 115	4 846	4 962	4 414	(9.79)	(12.42)
Road transport	19 043	23 499	20 442	19 324	(21.61)	(5.79)
<b>Trading services</b>	<b>122 869</b>	<b>138 098</b>	<b>134 567</b>	<b>127 466</b>	<b>(8.34)</b>	<b>(5.57)</b>
Electricity	80 066	93 387	86 531	79 906	(16.87)	(8.29)
Water	20 562	22 160	24 143	25 739	13.91	6.20
Waste water management	8 216	9 017	9 771	8 295	(8.70)	(17.80)



## Chapter 5: Financial Summary

Description	2014/15	2015/16			2015/16 variance	
	Actual (audited outcome)	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
	R'000				%	
Waste management	14 025	13 535	14 123	13 526	(0.07)	(4.41)
Other	0	397	436	0	0	0
<b>Total expenditure</b>	<b>256 786</b>	<b>268 715</b>	<b>300 305</b>	<b>319 333</b>	<b>15.85</b>	<b>5.96</b>

*In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual*

Table 172.: Operational services performance

### 5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

The tables below indicates the municipality's performance with regards to each municipal function:

#### 5.2.1 Water services

Description	2014/15	2015/16			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	25 391	24 109	27 957	27 283	11.63
<b>Expenditure</b>					
Employees	5 406	5 239	5 239	5 335	1.80
Repairs and maintenance	3 436	2 347	2 827	6 194	62.11
Other	11 720	14 574	16 076	14 210	(2.56)
Total operational expenditure	20 562	22 160	24 143	25 739	13.91
<b>Net operational (service)</b>	<b>4 829</b>	<b>1 949</b>	<b>3 814</b>	<b>1 544</b>	<b>(26.29)</b>

*Variances are calculated by dividing the difference between the actual and original budget by the actual*

Table 173.: Financial performance: Water services

#### 5.2.2 Waste water (sanitation) services

Description	2014/15	2015/16			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	25 990	23 413	24 967	24 157	3.08
<b>Expenditure</b>					
Employees	3 453	4 355	4 355	3 450	(26.25)
Repairs and maintenance	554	960	960	527	(82.21)
Other	4 209	3 702	4 456	4 318	14.28
Total operational expenditure	8 216	9 017	9 771	8 295	(8.70)



## Chapter 5: Financial Summary

Description	2014/15	2015/16			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
<b>Net operational (service)</b>	17 774	14 396	15 196	15 862	9.24

*Variances are calculated by dividing the difference between the actual and original budget by the actual*

**Table 174.:** Financial performance: Waste water (sanitation) services

### 5.2.3 Electricity

Description	2014/15	2015/16			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	95 699	99 736	101 233	83 115	(20.00)
<b>Expenditure:</b>					
Employees	6 463	7 558	7 558	6 873	(9.97)
Repairs and maintenance	4 939	11 916	10 993	8 406	(41.76)
Other	68 664	73 913	67 980	64 628	(14.37)
Total operational expenditure	80 066	93 387	86 531	79 906	(16.87)
<b>Net operational (service)</b>	<b>15 633</b>	<b>6 349</b>	<b>14 702</b>	<b>3 209</b>	<b>(97.88)</b>

*Variances are calculated by dividing the difference between the actual and original budget by the actual*

**Table 175.:** Financial performance: Electricity

### 5.2.4 Waste Management

Description	2014/15	2015/16			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	7 864	8 473	8 171	8 218	(3.10)
<b>Expenditure</b>					
Employees	7 188	6 716	6 952	6 987	3.87
Repairs and maintenance	1 964	2 630	2 469	2 099	(25.26)
Other	4 873	4 189	4 702	4 440	5.65
Total operational expenditure	14 025	13 535	14 123	13 526	(0.07)
<b>Net operational (service)</b>	<b>(6 161)</b>	<b>(5 062)</b>	<b>(5 951)</b>	<b>(5 308)</b>	<b>4.63</b>

*Variances are calculated by dividing the difference between the actual and original budget by the actual*

**Table 176.:** Financial performance: Waste management



## Chapter 5: Financial Summary

### 5.2.5 Housing

Description	2014/15	2015/16			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
<b>Total operational revenue</b>	3 380	22 203	23 197	25 441	12.73
<b>Expenditure</b>					
Employees	757	881	881	858	(2.74)
Repairs and maintenance	215	105	153	242	56.77
Other	3 532	22 335	23 330	25 533	12.52
<b>Total operational expenditure</b>	4 504	23 321	24 364	26 633	12.43
<b>Net operational (service)</b>	<b>(1 125)</b>	<b>(1 119)</b>	<b>(1 167)</b>	<b>(1 192)</b>	<b>6.15</b>

*Variances are calculated by dividing the difference between the actual and original budget by the actual*

**Table 177.: Financial performance: Housing**

### 5.2.6 Road transport

Description	2014/15	2015/16			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
<b>Total operational revenue</b>	12 755	4 670	3 357	3 059	(52.67)
<b>Expenditure</b>					
Employees	8 896	10 318	9 918	10 418	0.96
Repairs and maintenance	3 092	5 072	3 330	2 965	(71.09)
Other	7 055	8 109	7 194	5 941	(36.48)
<b>Total operational expenditure</b>	19 043	23 499	20 442	19 324	(21.61)
<b>Net operational (service)</b>	<b>(6 289)</b>	<b>(18 829)</b>	<b>(17 085)</b>	<b>(16 265)</b>	<b>(15.76)</b>

*Variances are calculated by dividing the difference between the actual and original budget by the actual*

**Table 178.: Financial performance: Road transport**

### 5.2.7 Planning and development

Description	2014/15	2015/16			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
<b>Total operational revenue</b>	494	494	402	1 179	719
<b>Expenditure</b>					
Employees	3 179	3 549	3 549	3 605	1.55
Repairs and maintenance	109	122	122	80	(52.49)



## Chapter 5: Financial Summary

Description	2014/15	2015/16			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Other	827	1 174	1 291	729	(61.19)
Total operational expenditure	4 115	4 846	4 962	4 414	(9.79)
<b>Net operational (service)</b>	<b>(3 621)</b>	<b>(4 444)</b>	<b>(3 783)</b>	<b>(3 695)</b>	<b>(20.28)</b>

*Variances are calculated by dividing the difference between the actual and original budget by the actual*

**Table 179.: Financial performance: Planning and development**

### 5.2.8 Community and social services

Description	2014/15	2015/16			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	6 403	6 332	7 637	7 264	12.83
<b>Expenditure</b>					
Employees	6 128	6 308	6 729	6 938	9.08
Repairs and maintenance	599	810	1 173	645	(25.56)
Other	936	2 674	3 044	1 790	(49.42)
Total operational expenditure	7 663	9 792	10 946	9 373	(4.48)
<b>Net operational (service)</b>	<b>(1 260)</b>	<b>(3 461)</b>	<b>(3 309)</b>	<b>(2 109)</b>	<b>(64.11)</b>

*Variances are calculated by dividing the difference between the actual and original budget by the actual*

**Table 180.: Financial performance: Community and social services**

### 5.2.9 Public safety

Description	2014/15	2015/16			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	45 995	16 183	46 035	59 111	72.62
<b>Expenditure</b>					
Employees	6 821	7 663	7 663	8 011	4.34
Repairs and maintenance	487	710	710	401	(76.93)
Other	37 532	5 494	36 452	57 290	90.41
Total operational expenditure	44 839	13 867	44 826	65 702	78.89
<b>Net operational (service)</b>	<b>1 156</b>	<b>2 316</b>	<b>1 209</b>	<b>(6 591)</b>	<b>135.13</b>

*Variances are calculated by dividing the difference between the actual and original budget by the actual.*

**Table 181.: Financial performance: Public safety**



## Chapter 5: Financial Summary

### 5.2.10 Sport and recreation

Description	2014/15	2015/16			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	2 083	3 547	2 635	1 281	(176.84)
<b>Expenditure</b>					
Employees	4 035	5 065	4 965	4 408	(14.90)
Repairs and maintenance	1 368	1 436	1 606	1 254	(14.49)
Other	840	1 066	1 066	469	(127.29)
Total operational expenditure	6 244	7 566	7 636	6 131	(23.41)
<b>Net operational (service)</b>	<b>(4 160)</b>	<b>(4 020)</b>	<b>(5 002)</b>	<b>(4 850)</b>	<b>17.12</b>

*Variances are calculated by dividing the difference between the actual and original budget by the actual*

Table 182.: Financial performance: Sport and recreation

### 5.2.11 Executive and Council

Description	2014/15	2015/16			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	25 594	29 448	29 645	30 914	4.74
<b>Expenditure</b>					
Employees	3 697	4 089	4 128	4 371	6.45
Repairs and maintenance	2	13	13	1	(1 107.69)
Other	11 032	11 789	12 185	11 661	(1.10)
Total operational expenditure	14 731	15 891	16 327	16 033	0.89
<b>Net operational (service)</b>	<b>10 863</b>	<b>13 556</b>	<b>13 318</b>	<b>14 881</b>	<b>8.90</b>

*Variances are calculated by dividing the difference between the actual and original budget by the actual*

Table 183.: Financial performance: Executive and Council

### 5.2.12 Budget and Treasury Office

Description	2014/15	2015/16			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	37 887	34 972	39 325	37 991	7.95
<b>Expenditure</b>					
Employees	10 055	11 962	11 517	11 049	(8.26)
Repairs and maintenance	203	374	374	258	(45.02)



## Chapter 5: Financial Summary

Description	2014/15	2015/16			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Other	7 414	5 142	8 758	16 684	69.18
Total operational expenditure	17 672	17 477	20 649	27 990	37.56
<b>Net operational (service)</b>	<b>20 216</b>	<b>17 494</b>	<b>18 676</b>	<b>10 001</b>	<b>(74.93)</b>

*Variances are calculated by dividing the difference between the actual and original budget by the actual*

Table 184.: Financial performance: Budget and Treasury Office

### 5.2.13 Corporate Services

Description	2014/15	2015/16			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	52 870	335	1 198	1 557	78.49
<b>Expenditure</b>					
Employees	7 348	7 825	7 825	7 577	(3.27)
Repairs and maintenance	1 176	1 861	1 881	1 036	(79.57)
Other	6 583	4 670	5 880	7 653	38.97
Total operational expenditure	15 107	14 356	15 586	16 266	11.74
<b>Net operational (service)</b>	<b>37 763</b>	<b>(14 022)</b>	<b>(14 389)</b>	<b>(14 710)</b>	<b>4.68</b>

*Variances are calculated by dividing the difference between the actual and original budget by the actual*

Table 185.: Financial performance: Corporate Services

## 5.3 GRANTS

### 5.3.1 Grant performance

The Municipality spent a total amount of R 96 002 000 on infrastructure and other projects available which was received in the form of grants from National and provincial governments during the 2015/16 financial year. The performance in the spending of these grants is summarised as follows:

Description	2014/15	2015/16			2015/16 variance	
	Actual (audited outcome)	Budget	Adjustments budget	Actual	Original budget	Adjustments budget
	R'000				%	
<b>Operating transfers and grants</b>						
National government:	66 802	71 733	63 720	63 475	(13.01)	(0.39)
Equitable share	38 990	44 160	44 160	44 160	0	0
Finance management grant	1 420	1 600	1 600	1 444	(10.78)	(10.78)





## Chapter 5: Financial Summary

Description	2014/15	2015/16			2015/16 variance	
	Actual (audited outcome)	Budget	Adjustments budget	Actual	Original budget	Adjust- ments budget
	R'000				%	
<b>Operating transfers and grants</b>						
Electrification of Central Karoo (INEP)	19 031	15 000	6 805	5 223	(187.17)	(30.28)
Expanded public works program	1 834	1 743	1 743	1 736	(0.40)	(0.40)
Municipal systems improvement grant	719	930	1 112	924	(0.68)	(20.42)
MIG - Project management unit	271	300	300	264	(13.57)	(13.57)
Electricity demand side grant	3 648	8 000	8 000	6 931	(15.42)	(15.42)
Accelerated community water supply-DWAF	888	0	0	2 792	100	100
<b>Provincial government:</b>	<b>9 395</b>	<b>26 948</b>	<b>31 779</b>	<b>31 965</b>	<b>15.69</b>	<b>0.58</b>
Housing	3 196	22 080	23 074	25 210	12.41	8.47
Main-road subsidy	696	0	30	0	0	0
Community development workers operating grant	304	198	234	205	3.48	(14.07)
Library grant	3 585	4 570	4 570	4 231	(8.01)	(8.01)
Thusong centre operating grant	0	100	322	327	69.45	1.63
IDP review	124	0	266	76	100	(252.12)
Municipal capacity building grant	0	0	250	250	100	0
Municipal infrastructure support grant	0	0	450	96	100	(369.10)
Organizational structure review	0	0	500	427	100	(17.09)
Financial management support grant	1 490	0	2 082	1 143	100	(82.21)
<b>District municipality:</b>	<b>360</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Shared Services (CKDM)	0	0	0	0	0	0
Expanded public works program (CKDM)	360	0	0	0	0	0
<b>Other grant providers:</b>	<b>226</b>	<b>0</b>	<b>477</b>	<b>563</b>	<b>100</b>	<b>15.24</b>
Eskom	226	0	317	313	100	(1.40)
Private farmers contributions	0	0	160	250	100	36.04
<b>Total operating transfers and grants</b>	<b>76 782</b>	<b>98 681</b>	<b>95 976</b>	<b>96 002</b>	<b>(2.79)</b>	<b>0.03</b>

Table 186.: Operating grant performance



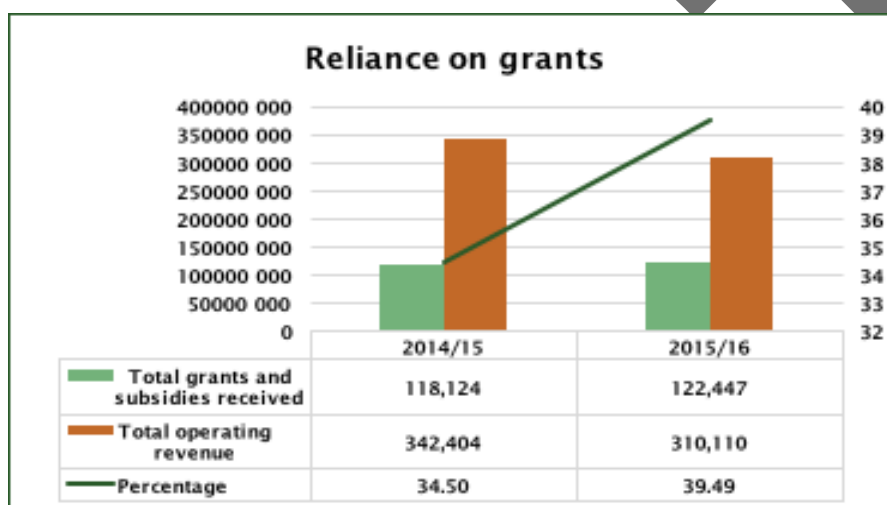
## Chapter 5: Financial Summary

### 5.3.2 Level of reliance on grants and subsidies

Financial year	Total grants and subsidies received	Total operating revenue	Percentage
	R'000		%
2014/15	118 124	342 404	34.50
2015/16	122 447	310 110	39.49

Table 187.: Reliance on grants

The following graph gives a visual relationship between the two financial years and the trend based on grant received and operating revenue



Graph 8.: Reliance on grants

### 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

The graphs and tables below indicates the Municipality's performance in relation to the financial ratios:

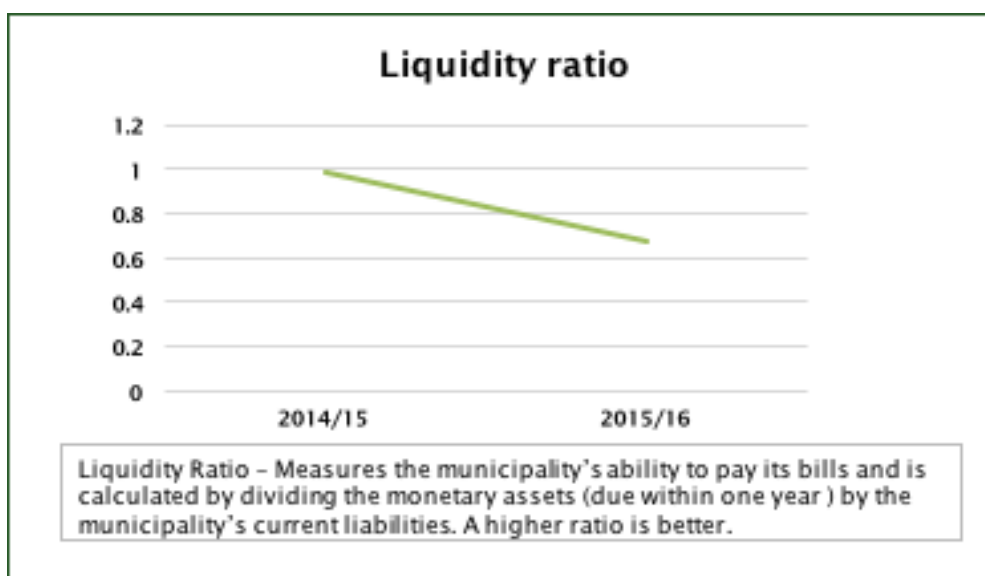
#### 5.4.1 Liquidity ratio

Description	Basis of calculation	2014/15	2015/16
		Audited outcome	Audited outcome
Current ratio	Current assets/current liabilities	1.27	0.98
Current ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities		
Liquidity ratio	Cash and equivalents/Trade creditors and short term borrowings	0.98	0.67

Table 188.: Liquidity financial ratio



## Chapter 5: Financial Summary



Graph 9.: Liquidity ratio

### 5.4.2 IDP regulation financial viability indicators

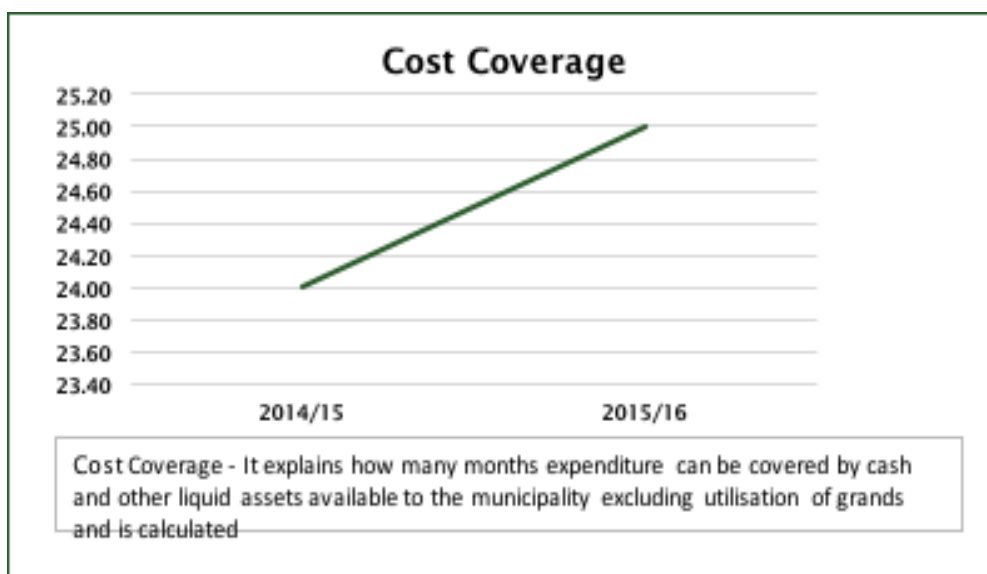
Description	Basis of calculation	2014/15	2015/16
		Audited outcome	Audited outcome
Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.7 times	0.6 times
Total outstanding service debtors to revenue	Total outstanding service debtors/annual revenue received for services	24.21%	19.94%
Debt coverage	(Total operating revenue - operating grants)/Debt service payments due within financial year)	24 times	25 times

Table 189.: Financial viability national KPAs

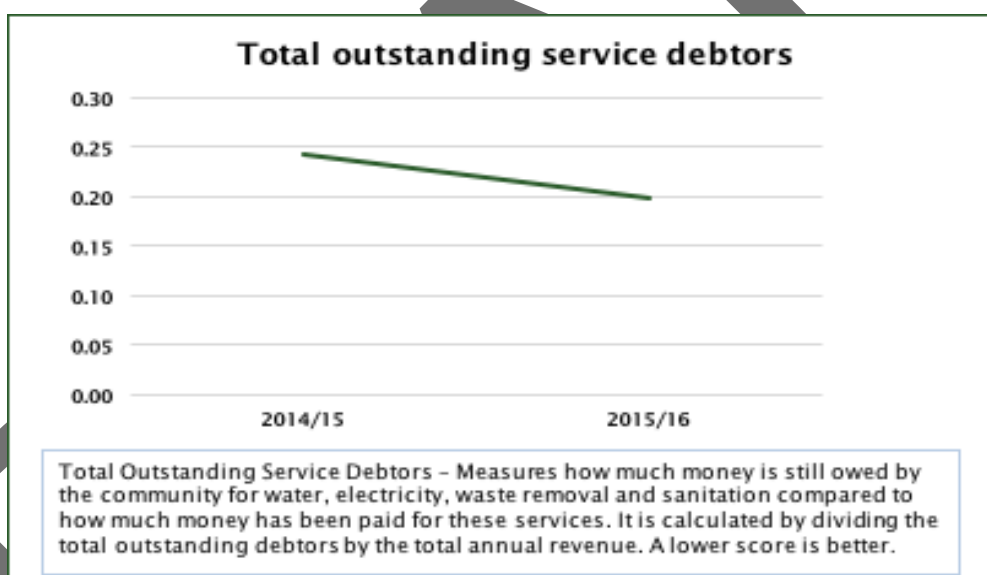


## Chapter 5: Financial Summary

The following graphs illustrates the compared financial viability indicators for the past two financial years:



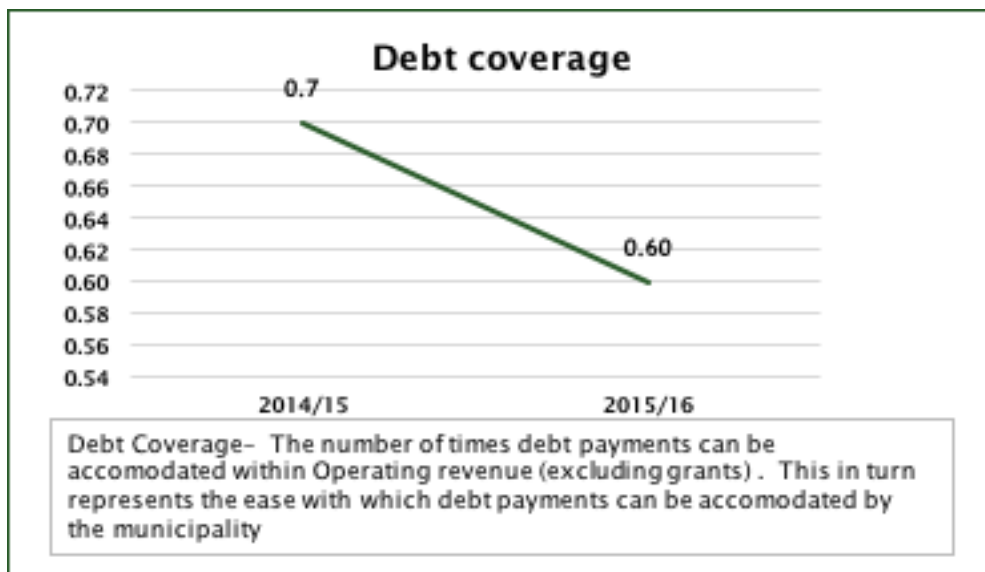
Graph 10.: Cost coverage



Graph 11.: Outstanding service debtors to revenue



## Chapter 5: Financial Summary



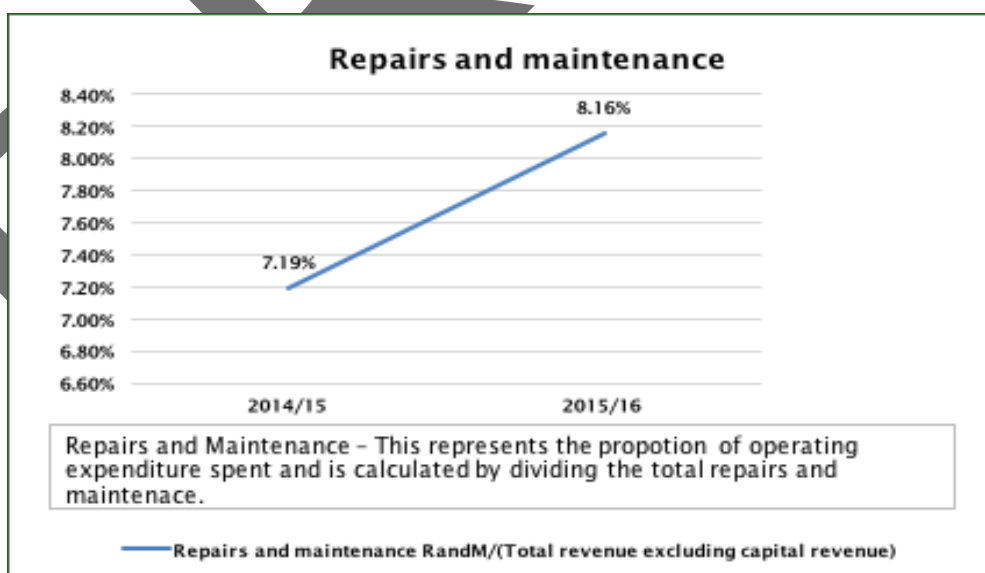
Graph 12.: Debt coverage

### 5.4.3 Repairs and maintenance

The following table and graph illustrates the Municipality's proportion of operating expenditure in relation to repairs and maintenance:

Description	Basis of calculation	2014/15	2015/16
		Audited outcome	Audited outcome
Repairs and maintenance	RandM/(Total revenue excluding capital revenue)	7.19%	8.16%

Table 190.: Repairs and maintenance



## Chapter 5: Financial Summary

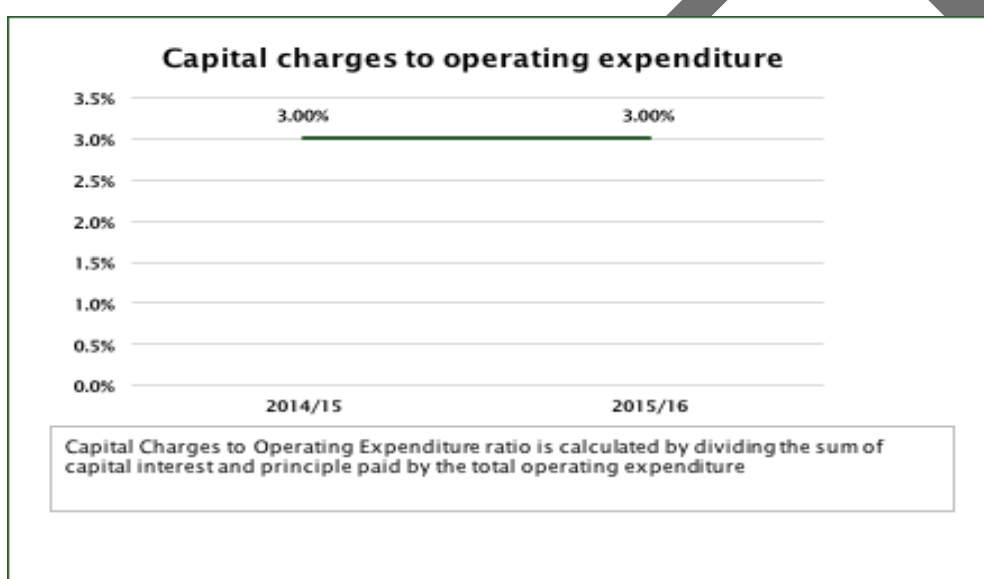
Graph 13.: Repairs and maintenance

### 5.4.4 Borrowing management

The following table and graph illustrates the Municipality's proportion of capital charges in relation to operating expenditure:

Description	Basis of calculation	2014/15	2015/16
		Audited outcome	Audited outcome
Capital charges to operating expenditure	Interest and principal paid /Operating expenditure	3%	3%

Table 191.: Borrowing management



Graph 14.: Capital charges to operating expenditure

### 5.4.5 Employee costs

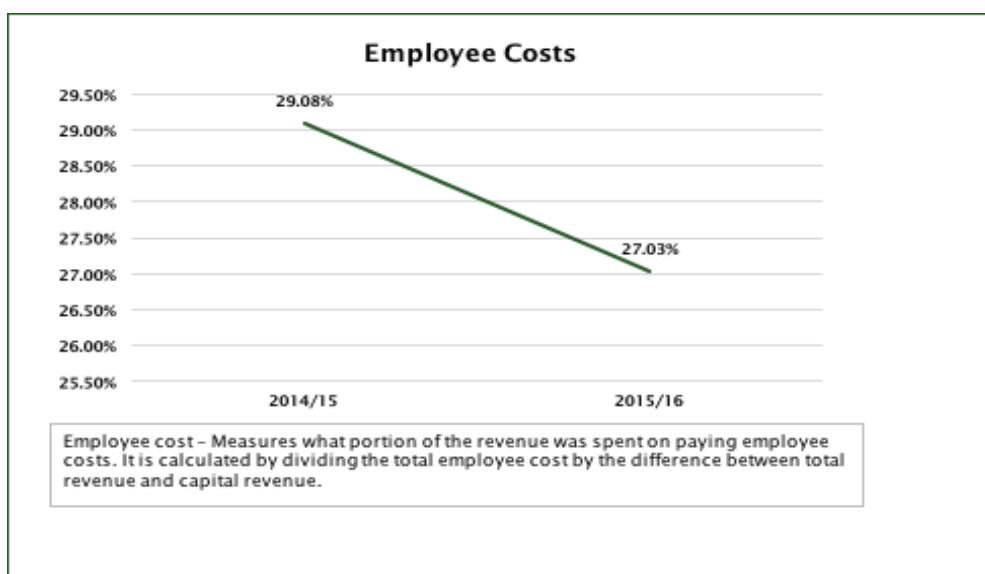
The table and graph below illustrates the Municipality's portion of revenue spent on employee costs for the past two financial years:

Description	Basis of calculation	2014/15	2015/16
		Audited outcome	Audited outcome
Employee costs	Employee costs/(Total revenue - capital revenue)	29.08%	27.03%

Table 192.: Employee costs



## Chapter 5: Financial Summary



Graph 15.: Employee costs

### COMPONENT B: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the Council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

#### 5.5 CASH FLOW

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

Cash flow outcomes				
R'000				
Description	2014/15	2015/16		
	Audited outcome	Original budget	Adjusted budget	Actual
<b>Cash flow from operating activities</b>				
<b>Receipts</b>				
Rate-payers and other	120 117	149 107	151 236	201 328
Government - operating	80 471	98 681	93 879	107 961
Government - capital	37 652	16 643	26 908	14 486
Interest	3 861	3 375	3 375	3 924
Dividends	0	0	0	0
<b>Payments</b>				
Suppliers and employees	(194 329)	(243 861)	(243 762)	(302 283)
Finance charges	(5 425)	(1 539)	(1 539)	(5 754)



## Chapter 5: Financial Summary

Cash flow outcomes				
R'000				
Description	2014/15	2015/16		
	Audited outcome	Original budget	Adjusted budget	Actual
Transfers and grants	(64)	(60)	(60)	(35)
<b>Net cash from/(used) operating activities</b>	<b>42 284</b>	<b>22 347</b>	<b>30 037</b>	<b>19 627</b>
<b>Cash flows from investing activities</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	222	0	0	(0)
Decrease (increase) other non-current receivables	1 941	0	(104)	(112)
<b>Payments</b>				
Capital assets	(40 500)	(20 024)	(36 429)	(18 487)
<b>Net cash from/(used) investing activities</b>	<b>(38 337)</b>	<b>(20 024)</b>	<b>(36 533)</b>	<b>(18 599)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts</b>				
Short-term loans	0	0	0	0
Borrowing long-term/refinancing	790	0	0	2 802
Increase (decrease) in consumer deposits	0	0	147	0
<b>Payments</b>				
Repayment of borrowing	(3 558)	(1 978)	(984)	(4 003)
<b>Net cash from/(used) financing activities</b>	<b>(2 768)</b>	<b>(1 978)</b>	<b>(837)</b>	<b>(1 200)</b>
<b>Net increase/ (decrease) in cash held</b>	<b>1 179</b>	<b>345</b>	<b>(7 333)</b>	<b>(172)</b>
<b>Cash/cash equivalents at the year begin:</b>	<b>11 937</b>	<b>3 610</b>	<b>13 116</b>	<b>13 116</b>
<b>Cash/cash equivalents at the yearend:</b>	<b>13 116</b>	<b>3 954</b>	<b>5 783</b>	<b>12 944</b>

Table 193.: Cash flow

### 5.6 GROSS OUTSTANDING DEBTORS PER SERVICE

The table below reflects the debtors analysis per service for the previous financial years:

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and water)	(Sanitation and refuse)			
	R'000	R'000	R'000	R'000	R'000	R'000
2014/15	5 931	11 443	14 810	81	104 720	136 985
2015/16	12 938	17 858	17 121	65	72 503	120 486
Difference	7 007	6 415	2 311	(16)	(32 216)	(16 499)
<b>% growth year on year</b>	<b>118</b>	<b>56</b>	<b>16</b>	<b>(20)</b>	<b>(31)</b>	<b>(12)</b>





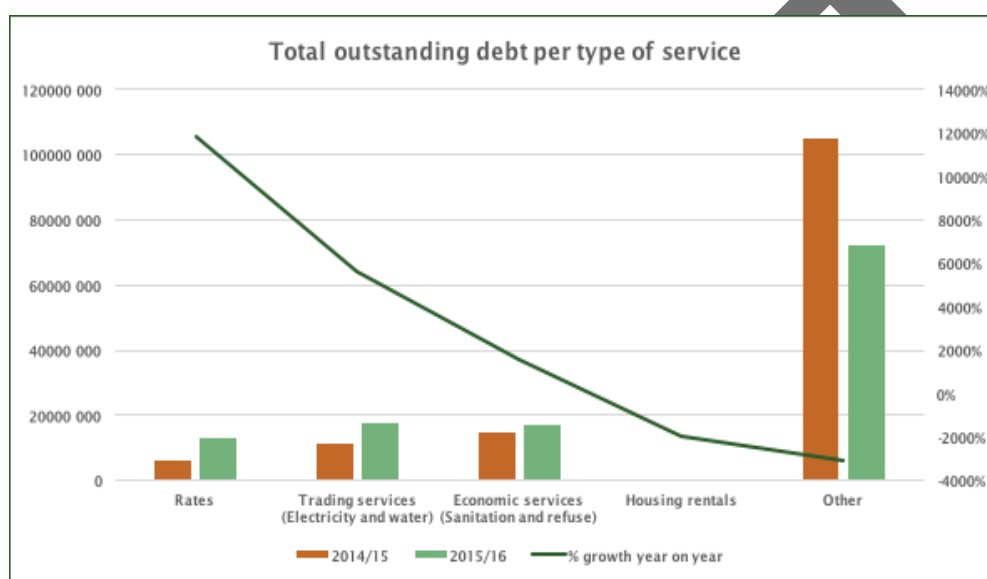
## Chapter 5: Financial Summary

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and water)	(Sanitation and refuse)			
	R'000	R'000	R'000	R'000	R'000	R'000

Note: Figures exclude provision for bad debt

Table 194.: Gross outstanding debtors per service

The following graph indicates the total outstanding debt per type of service for 2015/16



Graph 16.: Debt per type of service

### 5.7 TOTAL DEBTORS AGE ANALYSIS

The table below reflects the Municipality's debtors age analysis for the past two financial years

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2014/15	20 255	2 362	2 306	112 062	136 985
2015/16	15 852	3 039	2 069	99 525	120 486
Difference	(4 403)	677	(236)	(12 537)	(16 499)
% growth year on year	(22)	29	-10	(11)	(12)

Note: Figures exclude provision for bad debt.

Table 195.: Service debtor age analysis



## Chapter 5: Financial Summary

### 5.8 BORROWING AND INVESTMENTS

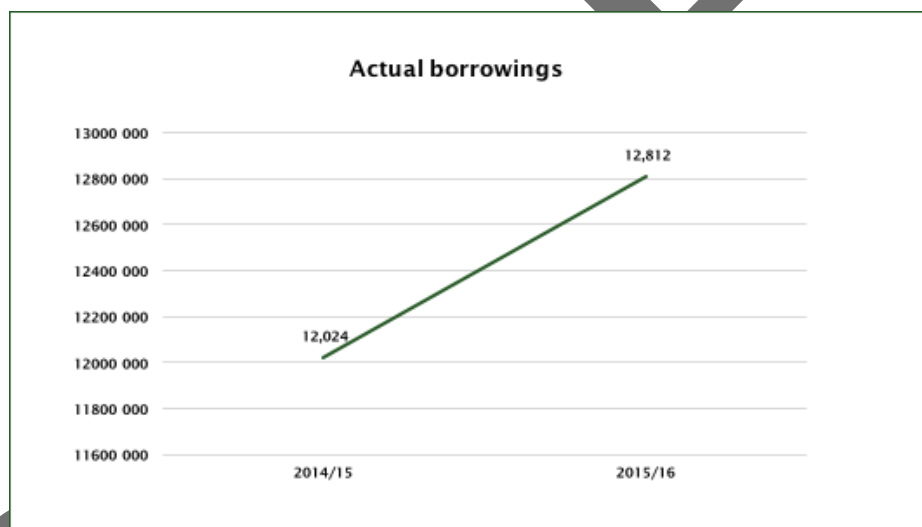
Infrastructure needs to be replaced and therefore borrowings for periods of 15 years are taken up to lessen the impact on consumers.

#### 5.8.1 Actual borrowings

The table and graph below reflects the municipality's financial positions relating to borrowings:

Actual borrowings R' 000		
Instrument	2014/15	2015/16
Long-term loans (annuity/reducing balance)	12 024	12 812
Financial leases	3 282	1 294
<b>Total</b>	<b>15 306</b>	<b>14 106</b>

Table 196.: Actual borrowings



Graph 17.: Actual borrowings

#### 5.8.2 Municipal investments

Actual investments R'000		
Investment type	2014/15 Actual	2015/16 Actual
Deposits - bank	15 036	18 037
<b>Total</b>	<b>15 036</b>	<b>18 037</b>

Table 197.: Municipal investments



## CHAPTER 6

### COMPONENT A: AUDITOR-GENERAL OPINION 2014/15

#### 6.1 AUDITOR-GENERAL REPORT 2014/15

##### 6.1.1 Audit report status: Unqualified with emphasis of matter

Main issues raised under emphasis of matter	Corrective steps implemented / to be implemented
Disclosure of error in the annual report: Revision of the previously issued financial statements. The financial statements indicates that the previously issued financial statements for the year ended 30 June 2014, on which I issued an auditor's report dated 28 November 2014, were incorrect and have been reissued.	The municipality erroneously published the incorrect version of the 2013/14 annual financial statements as part of the annual report of 2013/14. The document was corrected and this note is merely disclosing the fact and impact thereof on the comparative numbers.
The corresponding figures for 30 June 2014 have been restated as a result of errors discovered during 2014-15 in the financial statements of Beaufort West Municipality at, and for the year ended, 30 June 2014.	Ensure that the disclosure of corresponding figures are accurate in the financial statements.
The municipality suffered material water losses of 50.32% or 1 391 276 kiloliters during the year under review.	Management must implement a system to minimize material water losses.
Debt impairment to the amount of R40 million were provided for by the municipality as a result of the impairment of irrecoverable trade receivables.	Management will implement a system to take into account the appropriate factors when determining the provision for debt impairment amount and enforced to improve the collection of traffic fines.
The municipality has materially underspent its capital budget to the amount of R19 million.	The procurement plan will be enforced to ensure that all capital projects are spent during the financial year. The heads of department will be tasked to plan for purchases of all capital items in their respective departments within the financial period.
Material losses to the amount of R3 million were incurred as a result of impairment of capitalized restoration costs.	Management will implement a system to minimize impairment of capitalized restoration costs.

Table 198.: Auditor-General report 2014/15

### COMPONENT B: AUDITOR-GENERAL OPINION 2015/16

#### 6.2 AUDITOR-GENERAL REPORT 2015/16

##### 6.2.1 Audit report status: Unqualified with emphasis of matter

Main issues raised under emphasis of matter	Corrective steps implemented / to be implemented
The corresponding figures for 30 June 2015 have been restated as a result of errors discovered during the 2015-16 financial year in the financial statements of the Beaufort West Municipality at, and for the year ended, 30 June 2015	Being addressed
The Municipality incurred water losses of 50.53% or 1 350 633 kiloliters during the year under review	Corrective steps are implemented during the 2016/2017 financial year to reduce the water losses
The municipality incurred electricity losses of 10.93% or 6 196 904 Kwh during the year under review	Corrective steps are implemented during the 2016/2017 financial year to reduce the water losses
The municipality has provided for impairment of trade and other receivables from exchange transactions amounting to R45. 5 million (77%)	The debt collection policy should be tightened in the future to reduce outstanding debts
The municipality has provided for impairment of trade and other receivables from non-exchange transactions amounting to R46, 7 million (75%)	Management must implement a system to take into account the appropriate factors when determining the provision for debt impairment amount and enforced to improve the collection of traffic fines



## Chapter 6: Auditor-General

Main issues raised under emphasis of matter	Corrective steps implemented / to be implemented
The municipality has materially underspent its capital budget to the amount of R17. 9 million	The procurement plan will be enforced to ensure that all capital projects are spent during the financial year. The heads of department will be tasked to plan for purchases of all capital items in their respective departments within the financial period
The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, current liabilities, revenue and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and/or the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion	In future senior staff members will be tasked to review the AFS for completeness and accuracy prior to submission for audit

*Table 199.: Auditor-General report 2015/16*

The table above reflects only the main issues raised during the audit performed by the Auditor-General. For the detailed audit findings and action plans, please refer to Annexure C of this report.

### 6.2.2 Auditor-General Report on the Financial Statements 2015/16

The report of the Auditor-General is attached as Annexure B to this report and the Annual Financial Statements attached as Annexure A.

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## LIST OF TABLES

Table 1.:	Demographic information of the municipal area - Total population.....	8
Table 2.:	Population by race .....	8
Table 3.:	Population by age .....	8
Table 4.:	Total Number of Households .....	9
Table 5.:	Municipal Wards .....	10
Table 6.:	Key economic activities .....	14
Table 7.:	Basic services delivery highlights .....	15
Table 8.:	Basic services delivery challenges .....	15
Table 9.:	Households with minimum level of basic services .....	16
Table 10.:	Financial viability highlights .....	16
Table 11.:	Financial viability challenges .....	16
Table 12.:	National KPI's for Financial viability and management .....	17
Table 13.:	National KPIs - Good governance and public participation performance.....	17
Table 14.:	Financial overview.....	17
Table 15.:	Total capital expenditure .....	17
Table 16.:	Audit outcomes .....	18
Table 17.:	Council .....	20
Table 18.:	Council meetings .....	20
Table 19.:	Mayoral Committee members .....	21
Table 20.:	Executive Mayoral Committee meetings .....	21
Table 21.:	Portfolio Committees .....	22
Table 22.:	Administrative governance structure .....	22
Table 23.:	Intergovernmental structures .....	23
Table 24.:	Joint projects and functions .....	23
Table 25.:	Public meetings .....	24
Table 26.:	Ward 1: Committee meetings .....	24
Table 27.:	Ward 2: Committee meetings .....	25
Table 28.:	Ward 3: Committee meetings .....	25
Table 29.:	Ward 4: Committee meetings .....	25
Table 30.:	Ward 5: Committee meetings .....	26



# Content

Table 31.:	Ward 6: Committee meetings .....	26
Table 32.:	Ward 7: Committee meetings .....	26
Table 33.:	Functioning of ward committees .....	27
Table 34.:	Labour Forum .....	28
Table 35.:	Strategic risks .....	29
Table 36.:	Risk profile .....	29
Table 37.:	Members of the Risk Committee .....	30
Table 38.:	Strategies and response plan .....	30
Table 39.:	Members of the APAC .....	31
Table 40.:	Internal audit plan .....	32
Table 41.:	By-laws developed and reviewed .....	32
Table 42.:	Communication Activities .....	32
Table 43.:	Additional Communication Channels.....	32
Table 44.:	Website checklist .....	34
Table 45.:	Bid Committee meetings .....	34
Table 46.:	Members of Bid Committees .....	35
Table 47.:	Ten highest bids awarded by Bid Adjudication Committee .....	35
Table 48.:	Awards made by the Accounting Officer.....	36
Table 49.:	Summary of deviations.....	36
Table 50.:	Clause 36(1)(a)(v)- deviations- impractical and or impossible.....	37
Table 51.:	Performance agreement: Signed date .....	41
Table 52.:	To develop a local economic development strategy that responds to food security, social infrastructure, health environment, education and skills development and the gender balances in society .....	43
Table 53.:	To embark on a turnaround strategy to address the administrative and financial challenges facing the municipality .....	44
Table 54.:	To improve and maintain current basic service delivery and infrastructure development through the provision of basic services and specific infrastructural development project .....	48
Table 55.:	To improve the financial viability of the municipality.....	49
Table 56.:	To promote good governance through ongoing communication between the council and citizens through community participation, effective information dissemination and communication and ward based consultation.....	49
Table 57.:	Municipal functions.....	51



# Content

Table 58.: Water services highlights .....	51
Table 59.: Water services challenges .....	51
Table 60.: Total use of water by sector (cubic meters) .....	52
Table 61.: Water service delivery levels: Households .....	52
Table 62.: Access to water .....	53
Table 63.: Employees: Water services .....	54
Table 64.: Capital expenditure 2015/16: Water services .....	54
Table 65.: Waste water (sanitation) services highlights .....	54
Table 66.: Waste water (sanitation) services challenges .....	54
Table 67.: Waste water (sanitation) service delivery levels .....	55
Table 68.: Employees Waste water (sanitation) services .....	56
Table 69.: Capital expenditure 2015/16: Waste water (sanitation) services .....	56
Table 70.: Electricity highlights .....	57
Table 71.: Electricity challenges .....	58
Table 72.: Electricity service delivery levels .....	58
Table 73.: Employees: Electricity services .....	59
Table 74.: Capital expenditure 2015/16: Electricity .....	60
Table 75.: Waste Management highlights .....	61
Table 76.: Waste Management challenges .....	61
Table 77.: Waste management service delivery levels .....	62
Table 78.: Employees: Waste management .....	63
Table 79.: Capital expenditure 2015/16: Waste management .....	63
Table 80.: Employees: Basic services: Merweville, Murraysburg and Nelspoort .....	63
Table 81.: Housing needs .....	64
Table 82.: Prioritised housing sites .....	64
Table 83.: GAP housing sites .....	64
Table 84.: Housing: Highlights .....	65
Table 85.: Housing: Challenges .....	65
Table 86.: Households with access to basic housing .....	65
Table 87.: Housing waiting list .....	65
Table 88.: Houses built in 2015/16 .....	66



# Content

Table 89.: Employees: Housing.....	66
Table 90.: Free basic services: Number of households .....	67
Table 91.: Free basic services: Electricity .....	67
Table 92.: Free basic services: Water .....	67
Table 93.: Free basic services: Sanitation.....	67
Table 94.: Free basic services: Refuse removal.....	67
Table 95.: Roads highlights .....	68
Table 96.: Roads challenges .....	68
Table 97.: Gravel road infrastructure .....	68
Table 98.: Tarred road infrastructure.....	69
Table 99.: Cost of construction/maintenance of roads and stormwater .....	69
Table 100.: Employees: Roads and stormwater.....	69
Table 101.: Capital expenditure 2015/16: Roads and stormwater .....	70
Table 102.: Waste water (stormwater drainage) highlights.....	70
Table 103.: Waste water (stormwater drainage) challenges.....	70
Table 104.: Stormwater infrastructure .....	70
Table 105.: Cost of construction/maintenance of stormwater systems .....	71
Table 106.: Additional job creation.....	71
Table 107.: Employees: Fleet Management .....	71
Table 108.: Additional performance statistics: Planning and building control .....	72
Table 109.: Employees: Planning and building control .....	72
Table 110.: Libraries Highlights.....	73
Table 111.: Libraries Challenges.....	73
Table 112.: Service statistics for libraries.....	74
Table 113.: Employees: Libraries .....	74
Table 114.: Capital expenditure 2015/16: Libraries.....	74
Table 115.: Traffic services and law enforcement highlights .....	75
Table 116.: Traffic services and law enforcement challenges .....	75
Table 117.: Service statistics for traffic services.....	75
Table 118.: Employees: Traffic services and law enforcement .....	76
Table 119.: Service statistics for fire services and disaster management.....	76





# Content

Table 120.: Employees: Fire services and disaster management.....	76
Table 121.: Service statistics for sport and recreation.....	77
Table 122.: Employees: Sport and Recreation .....	78
Table 123.: Capital expenditure 2015/16: Sport and Recreation.....	78
Table 124.: Corporate Services challenges.....	78
Table 125.: Employees: Administration.....	79
Table 126.: Employees: Councillor Support and Thusong Service Centres.....	79
Table 127.: Employees: Municipal management.....	79
Table 128.: Financial Services highlights .....	80
Table 129.: Financial Services challenges.....	80
Table 130.: Debt recovery .....	80
Table 131.: Employees: Financial Services.....	81
Table 132.: HR highlights .....	81
Table 133.: HR challenges .....	81
Table 134.: Employees: HR.....	82
Table 135.: ICT services highlights .....	82
Table 136.: ICT Services challenges.....	83
Table 137.: Capital expenditure 2015/16: ICT Services .....	83
Table 138.: Procurement services highlights.....	83
Table 139.: Procurement services challenges.....	84
Table 140.: Service statistics for procurement services .....	84
Table 141.: Statistics of deviations: Procurement services .....	84
Table 142.: Municipal buildings highlights .....	85
Table 143.: Municipal buildings challenges .....	85
Table 144.: Cost of maintenance of municipal buildings.....	85
Table 145.: Employees: Municipal building .....	85
Table 146.: Fleet management highlights .....	87
Table 147.: Fleet management challenges .....	87
Table 148.: Service Delivery Priority for 2016/17: To develop a local economic development strategy that responds to food security, social infrastructure, health environment, education and skills development and the gender balances in society.....	87



# Content

Table 149.: Service Delivery Priority for 2016/17: To embark on a turnaround strategy to address the administrative and financial challenges facing the Municipality .....	88
Table 150.: Service Delivery Priority for 2016/17: To improve and maintain current basic service delivery and infrastructure development through the provision of basic services and specific infrastructural development projects .....	90
Table 151.: Service Delivery Priority for 2016/17: To improve the financial viability of the Municipality .....	90
Table 152.: Service Delivery Priority for 2016/17: To promote good governance through ongoing communication between the Council and citizens through community participation, effective information dissemination and communication and ward based consultation .....	91
Table 153.: National KPIs- Municipal transformation and organisational development .....	92
Table 154.: 2015/16 EE targets/actual by racial classification .....	92
Table 155.: 2015/16 EE targets/actual by gender classification .....	92
Table 156.: Occupational categories .....	93
Table 157.: Vacancy rate per post and functional level .....	94
Table 158.: Turnover rate .....	94
Table 159.: Injuries .....	94
Table 160.: Sick Leave .....	95
Table 161.: HR policies and plans .....	96
Table 162.: Skills matrix .....	97
Table 163.: Skills development .....	97
Table 164.: Budget allocated and spent for skills development .....	98
Table 165.: MFMA competencies .....	98
Table 166.: Personnel expenditure .....	99
Table 167.: Councillor and staff benefits .....	100
Table 168.: Financial performance 2015/16 .....	103
Table 169.: Performance against budgets .....	103
Table 170.: Revenue by vote .....	105
Table 171.: Revenue by source .....	106
Table 172.: Operational services performance .....	107
Table 173.: Financial performance: Water services .....	107
Table 174.: Financial performance: Waste water (sanitation) services .....	108
Table 175.: Financial performance: Electricity .....	108



# Content

Table 176.: Financial performance: Waste management.....	108
Table 177.: Financial performance: Housing.....	109
Table 178.: Financial performance: Road transport.....	109
Table 179.: Financial performance: Planning and development.....	110
Table 180.: Financial performance: Community and social services.....	110
Table 181.: Financial performance: Public safety.....	110
Table 182.: Financial performance: Sport and recreation.....	111
Table 183.: Financial performance: Executive and Council.....	111
Table 184.: Financial performance: Budget and Treasury Office.....	112
Table 185.: Financial performance: Corporate Services.....	112
Table 186.: Operating grant performance.....	113
Table 187.: Reliance on grants.....	114
Table 188.: Liquidity financial ratio.....	114
Table 189.: Financial viability national KPAs.....	115
Table 190.: Repairs and maintenance.....	117
Table 191.: Borrowing management.....	118
Table 192.: Employee costs.....	118
Table 193.: Cash flow.....	120
Table 194.: Gross outstanding debtors per service.....	121
Table 195.: Service debtor age analysis.....	121
Table 196.: Actual borrowings.....	122
Table 197.: Municipal investments.....	122
Table 198.: Auditor-General report 2014/15.....	123
Table 199.: Auditor-General report 2015/16.....	124



## LIST OF FIGURES

Figure 1.: Number of households .....	9
Figure 2.: Beaufort West municipal area and wards .....	11
Figure 3.: SDBIP measurement categories .....	42

## LIST OF GRAPHS

Graph 1.: Overall performance per strategic objective .....	43
Graph 2.: Water services delivery levels .....	53
Graph 3.: Waste water (sanitation) service delivery levels .....	55
Graph 4.: Electricity service delivery levels .....	59
Graph 5.: Waste management service delivery levels .....	62
Graph 6.: Revenue .....	104
Graph 7.: Operating expenditure .....	104
Graph 8.: Reliance on grants .....	114
Graph 9.: Liquidity ratio .....	115
Graph 10.: Cost coverage .....	116
Graph 11.: Outstanding service debtors to revenue .....	116
Graph 12.: Debt coverage .....	117
Graph 13.: Repairs and maintenance .....	118
Graph 14.: Capital charges to operating expenditure .....	118
Graph 15.: Employee costs .....	119
Graph 16.: Debt per type of service .....	121
Graph 17.: Actual borrowings .....	122



# Abbreviations

## LIST OF ABBREVIATIONS

AG	Auditor-General
CAPEX	Capital Expenditure
CBP	Community Based Planning
CFO	Chief Financial Officer
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
EE	Employment Equity
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IMFO	Institute for Municipal Finance Officers
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MAYCOM	Executive Mayoral Committee
MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MSA	Municipal Systems Act No. 32 of 2000
MTECH	Medium Term Expenditure Committee
NGO	Non-governmental organisation
NT	National Treasury
OPEX	Operating expenditure
PMS	Performance Management System
PT	Provincial Treasury
SALGA	South African Local Government Organisation



# Abbreviations

<b>SAMDI</b>	South African Management Development Institute
<b>SCM</b>	Supply Chain Management
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>SDF</b>	Spatial Development Framework12/1

Draft



**ANNEXURE A**  
**FINANCIAL STATEMENTS**

# Beaufort West

MUNICIPALITY



[These financial statements have been audited]

## ANNUAL FINANCIAL STATEMENTS

30 JUNE 2016



# BEAUFORT WEST LOCAL MUNICIPALITY

## Index

General Information	1
Approval of the Financial Statements	2
Report of the Auditor General	N/A
Report of the Chief Financial Officer	3 - 7
Statement of Financial Position	8
Statement of Financial Performance	9
Statement of Changes In Net Assets	10
Cash Flow Statement	11
Statement of comparison of budget and actual amounts - Statement of financial position	12 - 13
Statement of comparison of budget and actual amounts - Statement of financial performance	14 - 15
Statement of comparison of budget and actual amounts - Cash flow statement	16 - 17
Accounting Policies	18 - 50
Notes to the Financial Statements	51 - 88
<b>APPENDICES - Unaudited</b>	
A Schedule of External Loans	89 - 91
B Segmental Statement of Financial Performance - Municipal Votes	92
C Segmental Statement of Financial Performance - Municipal GFS	93
D Disclosure of Grants and Subsidies In Terms of Section 123 of the MFMA	94 - 95
E National Treasury Appropriation Statements	96 - 100

# BEAUFORT WEST LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Beaufort West Municipality is a local municipality performing the functions as set out in the Constitution (Act no 108 of 1996).

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998).

#### JURISDICTION

The Beaufort West Municipality includes the following areas:

*Beaufort West*  
*Nelspoort*  
*Merweville*  
*Murraysburg*

#### MUNICIPAL MANAGER

*Mr. J. Booysen*

#### CHIEF FINANCIAL OFFICER

*Mr. F. Sabbat*

#### REGISTERED OFFICE

*112 Donkin Street*  
*BEAUFORT WEST*  
*6970*

#### AUDITORS

Office of the Auditor General (WC)

#### PRINCIPLE BANKERS

Nedbank, Beaufort West

#### ATTORNEYS

*Crawford Attorneys, Beaufort West*  
*Van Niekerk Attorneys, Beaufort West*

#### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Remuneration of Public Office Bearers Act (Act no 20 of 1998)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALGBC Leave Regulations

# BEAUFORT WEST LOCAL MUNICIPALITY

## MEMBERS OF THE BEAUFORT WEST LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	L Deyce
2	A.M. Slabbert
3	G. de Vos
4	S.M. Motsoane
5	M. Furmen
6	G.P. Adolph
7	Vacant
Proportional	J. Diedericks
Proportional	G.T. Murray
Proportional	T. Prince
Proportional	R.T. Hugo
Proportional	L. Basson
Proportional	P. Simon

### Councillors which resigned during the 2015/2016 Financial Year.

WARD	COUNCILLOR
7	J. Bostander
Proportional	E.A.J. Beyers
Proportional	R. van der Linde
Proportional	D.E. Welgemoed
Proportional	A.D. Willemse

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2016, which are set out on pages 1 to 100 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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

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

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

  
\_\_\_\_\_  
Mr. J. Booysse  
Municipal Manager

28 November 2016  
\_\_\_\_\_  
Date

**BEAUFORT WEST LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2016

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**1. INTRODUCTION**

It gives me great pleasure to present the financial position of BEAUFORT WEST LOCAL MUNICIPALITY for the fiscal year

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the Municipal Manager and Senior Management to manage their budgets and ensure the effective application of financial resources in rendering services to the community.

Beaufort West Municipality is now compliant with the requirements of GRAP. It has been a long, difficult and very expensive process, the worth of which is at best minimal. In times when municipalities are battling to balance their budgets and when there is little or no local economic growth, to be able to know what the depreciated replacement cost of a pipe buried three metres under the ground beggars belief. It was once said that municipal financials were opaque and there was truth in that statement, but in making them less opaque and embracing transparency, we have assumed that people will understand them better and, even more so, that they actually care about what they are reading. People, just like banks and credit agencies, want to know what the budget is, what the debtors are like and have you got cash to pay your creditors. Nothing we have done in the last six years, in order to reach GRAP compliance, changes that.

**2. KEY FINANCIAL INDICATORS**

The economic downturn and the Eskom issues continue to play havoc with good financial management. The Beaufort West economy has been battered of late and all indications are that it will get worse before it gets better.

This is not because of bad or incompetent management, but because it is the nature of the business and the economy. I would therefore hope that National and Provincial bureaucrats take heed of this fact before making any incorrect or ill-conceived statements or judgements.

**Financial Statement Ratios:**

INDICATOR	2015/2016	2014/2015
Surplus / (Deficit) for the year before Appropriations	(11 246 623)	85 788 508
Accumulated Surplus / (Deficit) at the end of the Year	400 486 220	402 966 600
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	24.92%	28.56%
Remuneration of Councillors	1.41%	1.69%
Debt Impairment	21.62%	15.60%
Collection Cost	0.00%	0.17%
Depreciation and Amortisation	4.77%	5.84%
Impairments	0.00%	0.00%
Repairs and Maintenance	7.52%	7.06%
Actuarial losses	0.00%	0.08%
Finance Charges	1.80%	2.11%
Bulk Purchases	14.95%	16.92%
Contracted services	3.73%	3.11%
Stock Adjustments	2.62%	2.61%
Operating Grant Expenditure	0.80%	0.29%
General Expenses	15.86%	15.62%
Loss on disposal of Property, Plant and Equipment	0.01%	0.33%
Fair Value Adjustments	0.00%	0.00%
Current Ratio:		
Creditors Days	82	105
Debtors Days (Excluding Traffic Fines)	208	202

One indicator needing comment is that of repairs and maintenance. In recent years there has been made much comments as to how low this ratio is. It should be noted that the ratio improvement has been achieved despite the massive increases in Eskom charges.

### 3. OPERATING RESULTS

The overall operating results for the year ended 30 June 2016 are as follows:

DETAILS	Actual	Actual	Percentage	Budgeted	Variance actual/ budgeted
	2015/2016	2014/2015		Variance	
	R	R	%	R	%
<b>Income:</b>					
Opening surplus / (deficit)	402 966 602	322 761 913	24.85%	419 368 888	-3.91%
Operating income for the year (incl. gains in disposal of assets)	309 321 333	342 908 545	-9.79%	316 535 535	-2.28%
Appropriations for the year	8 766 242	(5 583 819)	-256.99%	11 955 287	-26.67%
	721 054 177	660 086 639	9.24%	747 859 710	-3.58%
<b>Expenditure:</b>					
Operating expenditure for the year	320 567 956	257 120 037	24.68%	300 305 049	6.75%
Sundry transfers	-	-	0.00%	-	-
Closing surplus / (deficit)	400 486 221	402 966 602	-0.62%	447 554 661	-10.52%
	721 054 177	660 086 639	9.24%	747 859 710	-3.58%

### 4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 18 486 675 (2014/2015: R 40 500 198 ), and in percentage terms amounts to 50.75% of budget. Full details of Property, Plant and Equipment are disclosed in note numbers 13 & 15 to the Annual Financial Statements.

The capital expenditure of R 18 486 675 (2015/16) was financed as follows:

DETAILS	Actual	Budgeted	Percentage	Source of
	2015/2016	2015/2016	Variance	funding as %
	R	R	%	of total Cap exp
Appropriation Account (Own Funds)	1 420 984	5 317 668	26.72%	7.69%
External Loans	2 265 301	-	-	-
Grants and Subsidies	14 486 188	28 500 121	50.83%	78.36%
Leased Assets	243 958	2 460 000	9.92%	1.32%
Public Contributions	70 243	151 040	47%	0.38%
	18 486 675	36 428 829	50.75%	100.00%

### 5. RECONCILIATION OF BUDGET TO ACTUAL

#### 5.1 Operating Budget:

DETAILS	2015/2016
<i>Variance per Category:</i>	
Budgeted surplus before appropriations	(27 477 109)
Revenue variances	6 880 527
Expenditure variances:	
Executive & Council	145 058
Budget & Treasury	7 341 815
Corporate Services	662 194
Planning & Development	(548 159)
Health	-
Community & Social Services	(1 573 384)
Housing	2 269 110
Public Safety	18 335 730
Sport & Recreation	(1 505 232)
Environmental Protection	-
Waste Management	(595 937)
Waste Water Management	(1 476 313)
Road Transport	(1 117 989)
Water	1 329 025
Electricity	(2 566 527)
Other	(436 484)
Actual surplus before appropriations	(333 675)

DETAILS	2015/2016
<i>Variance per Expenditure by Type:</i>	
Budgeted surplus before appropriations	(27 477 109)
Employee related costs	(1 401 602)
Remuneration of councillors	(253 636)
Debt impairment	32 078 212
Depreciation & asset impairment	(783 802)
Finance charges	4 215 317
Bulk purchases	(938 295)
Other materials	(2 502 281)
Contracted services	3 259 963
Grants and subsidies paid	(25 121)
Impairments	-
Other expenditure	(13 409 126)
Loss on disposal of PPE	23 278
Actual surplus before appropriations	<u>(7 214 202)</u>

Details of the operating results per segmental classification of expenditure and of operational results per category of expenditure, together with an explanation of variances of more than 1% from budget, are included in Statement of Comparisons of Budget and Actual Amounts

#### 5.2 Capital Budget:

DETAILS	Actual 2015/2016 R	Budgeted 2015/2016 R	Variance actual/ budgeted R
Vote 1 - Municipal Manager	48 102	40 000	8 102
Vote 2 - Director: Corporate Service	1 630 262	1 637 552	(7 290)
Vote 3 - Director: Financial Services	292 424	48 165	244 259
Vote 4 - Director: Engineering Services	13 782 495	24 306 225	(10 523 730)
Vote 5 - Director: Community Services	32 733	622 942	(590 209)
Vote 6 - Director: Electrical Services	2 700 658	9 773 945	(7 073 287)
	<b>18 486 675</b>	<b>36 428 829</b>	<b>(17 942 154)</b>

Refer to Note numbers 13, 15 and 44 for more detail.

#### 5. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June was :

2016 R	2015 R
<b>11 120 035</b>	<b>11 542 433</b>
<b>2 802 456</b>	<b>4 092 471</b>

New loans taken up during the financial year to enable the municipality to finance part of its capital requirements.

Refer to Note number 3 and Appendix "A" for more detail.

## 6. NON-CURRENT PROVISIONS AND NON-CURRENT EMPLOYEE BENEFITS

	2016	2015
	R	R
Non-current Provisions and Employee Benefits at 30 June are made up as follows:	<u>49 906 018</u>	<u>52 565 894</u>
Provision for Post Retirement Benefits	26 108 508	24 304 277
Provision for Ex-Gratia Pension Benefits	24 781	23 756
Provision for Long Service Awards	3 723 388	3 361 279
Provision for Rehabilitation of Landfill-sites	20 049 341	24 876 582
Provision for Clearing of Alien Vegetation	-	-
	<u>49 906 018</u>	<u>52 565 894</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Notes number 4 and 5 for more detail.

## 7. CURRENT LIABILITIES

Current Liabilities are made up as follows:

Consumer Deposits	Note Number 6	1 292 897	1 227 349
Current Employee benefits	Note Number 7	8 401 419	7 979 706
Provisions	Note Number 8	5 264 718	-
Payables from exchange transactions	Note Number 9	31 501 911	33 278 344
Unspent Conditional Government Grants and Receipts	Note Number 10	11 091 769	4 709 333
Unspent Public Contributions	Note Number 11	80 747	145 955
Cash and Cash Equivalents	Note Number 23	520 342	1 932 245
Current Portion of Long-term Liabilities	Note Number 3	2 985 579	3 763 632
		<u>61 139 381</u>	<u>53 036 564</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason to why the municipality will not be able to meet its obligations.

Refer to the indicated Note numbers for more detail.

## 8. INTANGIBLE ASSETS

The net value of Intangible Assets is: 470 701      316 106

These are assets which cannot physically be identified and verified and are all in respect of computer software.

Refer to Note Number 15 for more detail.

## 9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment is: 456 270 397      452 853 343

Refer to Note Number 13 for more detail.

## 10. INVESTMENT PROPERTY

The net carrying value of Investment Property is: 8 149 775      8 399 030

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The cost model in terms of GRAP 16 is being applied on Investment Property.

Cost at implementation of GRAP 16 was determined by valuation roll of 1 July 2009. Impairment was calculated based on valuation roll of 1 July 2013.

Refer to Note Number 13 for more detail.

## 11. CAPITALISED RESTORATION COST

The net value of Capitalised Restoration Cost is: 170 735      1 160 239

Refer to Note Number 16 for more detail.

**12. HERITAGE ASSETS**

<b>2016</b>	<b>2015</b>
<b>R</b>	<b>R</b>
<b>5 225 000</b>	<b>5 225 000</b>

The net value of Heritage Assets is:

Refer to Note Number 17 for more detail.

**13. INVESTMENTS**

The municipality held Investments to the value of :

<b>18 037 268</b>	<b>15 036 392</b>
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These investments are ring-fenced for purposes of either the security for and repayment of Long-term Liabilities, Unspent Conditional Grants and Capital Commitments.

Refer to Note Number 23 for more detail.

**14. CURRENT ASSETS**

Current Assets are made up as follows:

Inventory	Note Number 19	3 728 621	2 991 660
Receivables from exchange transactions	Note Number 20	13 967 550	18 830 684
Receivables from non-exchange transactions	Note Number 21	15 660 680	21 928 697
Unpaid Conditional Government Grants and Receipts	Note Number 10	1	913 053
Operating Lease Asset	Note Number 22	53 002	15 412
Taxes	Note Number 12	6 041 900	6 444 459
Cash and Cash Equivalents	Note Number 23	18 049 520	15 048 617
		<b>57 501 274</b>	<b>66 172 582</b>

Refer to the indicated Note numbers for more detail.

**15. INTER-GOVERNMENTAL GRANTS**

The municipality plays the major role in the upliftment of the poor and in sustaining and improving infrastructure for all its citizens for which it uses grants received from government and other organisations, and thus it has a big responsibility as custodian of these funds.

Refer to note 10 and 17 for more detail

**16. EVENTS AFTER THE REPORTING DATE**

Full details of all events after reporting date are disclosed in note 49.

**17. DISCLOSURE ISSUES**

Possible outflow of recourses due to the contingent liability disclosed in note 52.

**18. EXPRESSION OF APPRECIATION**

I am grateful to the Municipal Manager, Directors and Heads of Departments for the support they extended during the financial year.

The work involved in producing these financial statements just gets more detailed each year and therefore my heartfelt thanks goes to my own staff at all levels and in all departments, for their hard work and dedication.



Mr. F Sabbat  
CHIEF FINANCIAL OFFICER

28 November 2016

Date



**BEAUFORT WEST LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016**

	Notes	2016 R (Actual)	2015 R (Restated)
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>407 470 284</b>	<b>418 716 887</b>
Capital Replacement Reserve	2	3 078 397	10 491 152
Housing Development Fund	2	3 903 397	4 062 271
Self Insurance Reserve	2	2 270	1 196 864
Accumulated Surplus		400 486 220	402 966 600
<b>Non-Current Liabilities</b>		<b>61 026 053</b>	<b>64 108 327</b>
Long-term Liabilities	3	11 120 035	11 542 433
Employee benefits	4	29 856 677	27 689 312
Non-Current Provisions	5	20 049 341	24 876 582
<b>Current Liabilities</b>		<b>61 139 381</b>	<b>53 036 564</b>
Consumer Deposits	6	1 292 897	1 227 349
Current Employee benefits	7	8 401 419	7 979 706
Provisions - current portion	8	5 264 718	-
Payables From Exchange Transactions	9	31 501 911	33 278 344
Unspent Conditional Government Grants and Receipts	10	11 091 769	4 709 333
Unspent Public Contributions	11	80 747	145 955
Cash and Cash Equivalents	23	520 342	1 932 245
Current Portion of Long-term Liabilities	3	2 985 579	3 763 632
<b>Total Net Assets and Liabilities</b>		<b>529 635 718</b>	<b>535 861 778</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>472 134 444</b>	<b>469 689 196</b>
Property, Plant and Equipment	13	456 270 397	452 853 343
Investment Property	14	8 149 775	8 399 030
Intangible Assets	15	470 701	316 106
Capitalised Restoration Cost	16	170 735	1 160 239
Heritage Assets	17	5 225 000	5 225 000
Long-Term Receivables	18	1 847 836	1 735 478
<b>Current Assets</b>		<b>57 501 274</b>	<b>66 172 582</b>
Inventory	19	3 728 621	2 991 660
Trade Receivables from exchange transactions	20	13 967 550	18 830 684
Other Receivables from non-exchange transactions	21	15 660 680	21 928 697
Unpaid Conditional Government Grants and Receipts	10	1	913 053
Operating Lease Asset	22.1	53 002	15 412
Taxes	12	6 041 900	6 444 459
Cash and Cash Equivalents	23	18 049 520	15 048 617
<b>Total Assets</b>		<b>529 635 718</b>	<b>535 861 778</b>

**BEAUFORT WEST LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 (Actual) R	2015 (Restated) R	Correction of error R	2015 (Previously reported) R
<b>REVENUE</b>					
<b>Revenue from Non-exchange Transactions</b>		<b>197 492 336</b>	<b>237 977 415</b>	<b>694 211</b>	<b>237 283 204</b>
<b>Taxation Revenue</b>		<b>26 031 092</b>	<b>24 583 024</b>	<b>-</b>	<b>24 583 024</b>
Property taxes	24	26 031 092	24 583 024	-	24 583 024
<b>Transfer Revenue</b>		<b>110 558 233</b>	<b>166 731 201</b>	<b>0</b>	<b>166 731 201</b>
Government Grants and Subsidies - Capital	25	14 556 431	37 652 483	0	37 652 483
Government Grants and Subsidies - Operating	25	96 001 801	76 782 411	-	76 782 411
Contributed PPE		-	52 296 307	-	52 296 307
<b>Other Revenue</b>		<b>60 903 011</b>	<b>46 663 190</b>	<b>694 211</b>	<b>45 968 979</b>
Actuarial Gains	4	506 605	-	-	-
Fines		60 208 467	45 968 979	-	45 968 979
Reversal of Impairment		35 932	538 062	538 062	-
Rehabilitation Income		152 007	156 149	156 149	-
Gain on disposal of PPE		-	-	-	-
<b>Revenue from Exchange Transactions</b>		<b>111 828 997</b>	<b>104 931 130</b>	<b>(7 636)</b>	<b>104 938 766</b>
Property Rates - penalties imposed and collection charges		553 226	473 809	-	473 809
Service Charges	26	97 609 062	88 399 264	-	88 399 264
Rental of Facilities and Equipment		1 084 577	1 675 920	(1 665)	1 677 585
Interest Earned - external investments		1 883 282	1 892 682	-	1 892 682
Interest Earned - outstanding debtors		2 040 656	1 968 539	-	1 968 539
Licences and Permits		563 139	538 676	-	538 676
Agency Services		659 511	609 253	-	609 253
Other Income	27	7 435 544	9 372 987	(5 971)	9 378 958
<b>Total Revenue</b>		<b>309 321 333</b>	<b>342 908 545</b>	<b>686 575</b>	<b>342 221 970</b>
<b>EXPENDITURE</b>					
Employee related costs	28	79 879 565	73 425 608	-	73 425 608
Remuneration of Councillors	29	4 522 248	4 355 922	-	4 355 922
Debt Impairment	30	69 311 226	40 121 041	-	40 121 041
Collection Cost		7 200	444 454	-	444 454
Depreciation and Amortisation	31	15 280 200	15 014 002	(30 191)	15 044 193
Impairments	32	-	5 971	(3 164 985)	3 170 956
Repairs and Maintenance	33	24 107 663	18 143 202	-	18 143 202
Actuarial losses	4	-	216 003	-	216 003
Finance Charges	34	5 754 200	5 424 525	971 136	4 453 389
Bulk Purchases	35	47 916 083	43 515 095	156 834	43 358 262
Contracted services	36	11 956 991	7 999 251	-	7 999 251
Grants and Subsidies Paid	37	34 879	64 452	-	64 452
Stock Adjustments	35	8 400 222	6 715 073	158 848	6 556 224
Other Operating Grant Expenditure		2 539 411	676 407	-	676 407
Loss on disposal of PPE		23 278	841 434	-	841 434
General Expenses	38	50 834 790	40 157 597	167 486	39 990 111
<b>Total Expenditure</b>		<b>320 567 956</b>	<b>257 120 037</b>	<b>(1 740 872)</b>	<b>258 860 909</b>
<b>Operating Surplus for the Year</b>		<b>(11 246 623)</b>	<b>85 788 508</b>	<b>2 427 447</b>	<b>83 361 061</b>
Loss on disposal of Property, Plant and Equipment/Investment Property		-	-	-	-
Gain on disposal of Property, Plant & Equipment/Investment Property		-	-	-	-
Fair Value Adjustments		-	-	-	-
<b>NET SURPLUS FOR THE YEAR</b>		<b>(11 246 623)</b>	<b>85 788 508</b>	<b>2 427 447</b>	<b>83 361 061</b>

**BEAUFORT WEST LOCAL MUNICIPALITY**

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

	<b>Self Insurance Reserve</b>	<b>Housing Development Fund</b>	<b>Capital Replacement Reserve</b>	<b>Accumulated Surplus/ (Deficit)</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Balance at 1 July 2014</b>	<b>1 118 685</b>	<b>4 198 159</b>	<b>4 849 606</b>	<b>341 591 646</b>	<b>351 758 096</b>
Correction of error - See Note 39.02	-	-	-	(18 829 732)	(18 829 732)
<b>Restated Balance at 1 July 2014</b>	<b>1 118 685</b>	<b>4 198 159</b>	<b>4 849 606</b>	<b>322 761 913</b>	<b>332 928 363</b>
Net Surplus/(Deficit) for the year	-	-	-	83 361 061	83 361 061
Correction of error - See Note 39.01	-	-	-	2 427 445	2 427 445
Contribution to Insurance Reserve	367 738	-	-	(367 738)	-
Insurance claims processed	(289 559)	-	-	289 559	-
Transfer to CRR	-	-	7 699 667	(7 699 667)	-
Property, Plant and Equipment purchased	-	-	(2 058 121)	2 058 121	-
Transfer to Housing Development Fund	-	(135 888)	-	135 888	-
Rounding	-	-	-	18	18
<b>Balance at 30 JUNE 2015</b>	<b>1 196 864</b>	<b>4 062 271</b>	<b>10 491 152</b>	<b>402 966 600</b>	<b>418 716 887</b>
<b>Restated Balance at 1 July 2015</b>	<b>1 196 864</b>	<b>4 062 271</b>	<b>10 491 152</b>	<b>402 966 600</b>	<b>418 716 887</b>
Net Surplus/(Deficit) for the year	-	-	-	(11 246 623)	(11 246 623)
Transfer to/from CRR	-	-	(5 991 771)	5 991 771	-
Property, Plant and Equipment purchased	-	-	(1 420 984)	1 420 984	-
Contribution to Insurance Reserve	(1 047 539)	-	-	1 047 539	-
Insurance claims processed	(147 055)	-	-	147 055	-
Transfer to Housing Development Fund	-	(158 874)	-	158 874	-
Rounding	-	-	-	21	21
<b>Balance at 30 June 2016</b>	<b>2 270</b>	<b>3 903 397</b>	<b>3 078 397</b>	<b>400 486 220</b>	<b>407 470 284</b>

**BEAUFORT WEST LOCAL MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 R	2015 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other		199 144 951	120 621 813
Government		122 447 181	118 123 555
Interest		3 923 938	3 861 221
<b>Payments</b>			
Suppliers and employees		(295 514 716)	(194 833 233)
Finance charges	34	(5 754 200)	(5 424 525)
Transfers and Grants		(34 879)	(64 452)
<b>Net Cash from Operating Activities</b>	<b>40</b>	<b>24 212 275</b>	<b>42 284 379</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(18 211 835)	(40 355 974)
Proceeds on Disposal of Fixed Assets		(0)	222 377
Purchase of Intangible Assets		(274 841)	(144 224)
(Increase)/Decrease in Long-term Receivables		(112 358)	1 941 109
<b>Net Cash from Investing Activities</b>		<b>(18 599 033)</b>	<b>(38 336 712)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New loans raised		2 802 456	789 592
New loans (repaid)		(4 002 908)	(3 558 036)
Rounding		17	12
<b>Net Cash from Financing Activities</b>		<b>(1 200 435)</b>	<b>(2 768 431)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>4 412 806</b>	<b>1 179 236</b>
Cash and Cash Equivalents at the beginning of the year		13 116 372	11 937 136
Cash and Cash Equivalents at the end of the year	41	17 529 178	13 116 372
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>4 412 806</b>	<b>1 179 236</b>

**BEAUFORT WEST LOCAL 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	2016 R	2016 R	
	(Actual)	(Final Budget)	(Variance)	Explanations for material variances
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	12 230	783 283	(771 053)	Cash flow constraints
Call investment deposits	18 037 290	5 000 000	13 037 290	Unspent conditional grants and CRR contributions
Consumer debtors	13 967 550	30 579 100	(16 611 550)	Increase in provision for bad debts
Other Receivables	21 755 583	20 543 997	1 211 586	
Inventory	3 728 621	3 171 160	557 461	
<b>Total current assets</b>	<b>57 501 274</b>	<b>60 077 540</b>	<b>(2 576 266)</b>	
<b>Non current assets</b>				
Long-term receivables	1 847 836	1 839 607	8 229	
Investment property	8 149 775	8 381 248	(231 473)	
Property, plant and equipment	456 270 397	472 026 874	(15 756 477)	Underspending of the capital budget
Intangible Assets	470 701	826 883	(356 182)	
Other non-current assets	5 395 735	7 128 294	(1 732 559)	Additional accumulated depreciation shortened useful life
<b>Total non current assets</b>	<b>472 134 444</b>	<b>490 202 906</b>	<b>(18 068 462)</b>	
<b>TOTAL ASSETS</b>	<b>529 635 718</b>	<b>550 280 446</b>	<b>(20 644 728)</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	520 342	-	520 342	Cash flow problems and increase in payables
Borrowing	2 985 579	2 779 743	205 836	
Consumer deposits	1 292 897	1 374 349	(81 452)	
Trade and other payables	42 674 427	35 366 972	7 307 455	
Provisions and Employee Benefits	13 666 136	12 998 497	667 639	
<b>Total current liabilities</b>	<b>61 139 381</b>	<b>52 519 561</b>	<b>8 619 820</b>	
<b>Non current liabilities</b>				
Borrowing	11 120 035	11 546 769	(426 734)	
Provisions and Employee Benefits	49 906 018	34 864 455	15 041 563	Reallocation of provision in terms of actual rehabilitation costs
<b>Total non current liabilities</b>	<b>61 026 053</b>	<b>46 411 224</b>	<b>14 614 829</b>	
<b>TOTAL LIABILITIES</b>	<b>122 165 434</b>	<b>98 930 785</b>	<b>23 234 649</b>	
<b>NET ASSETS</b>	<b>407 470 283</b>	<b>451 349 661</b>	<b>(43 879 378)</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	400 486 220	447 554 661	(47 068 441)	Under performance wrt Revenue ie Grants, Fines, Additional Debt Impairment
Reserves	6 984 064	3 795 000	3 189 064	Additional contribution to CRR
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>407 470 284</b>	<b>451 349 661</b>	<b>(43 879 377)</b>	

**BEAUFORT WEST LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016**

**ADJUSTMENTS TO APPROVED BUDGET**

	2016 R	2016 R	2016 R	
	(Approved Budget)	(Adjustments)	(Final Budget)	Explanations for material adjustments
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	950 000	(166 717)	783 283	Decrease in available cash
Call investment deposits	3 004 382	1 995 618	5 000 000	Unspent conditional grant funds
Consumer debtors	32 252 237	(1 673 137)	30 579 100	Increase in payment percentage
Other Receivables	4 815 000	15 728 997	20 543 997	Traffic fines into IGRAP1
Inventory	3 638 000	(466 840)	3 171 160	Decrease in stock movement
<b>Total current assets</b>	<b>44 659 619</b>	<b>15 417 921</b>	<b>60 077 540</b>	
<b>Non current assets</b>				
Long-term receivables	3 933 948	(2 094 341)	1 839 607	Expected decrease in arrangements with debtors
Investment property	8 336 455	44 793	8 381 248	
Property, plant and equipment	406 541 898	65 484 976	472 026 874	PPE corrections
Intangible Assets	100 078	726 805	826 883	Additional ICT equipment for SCOA and Disaster Recovery
Other non-current assets	1 491 052	5 637 242	7 128 294	Increase in capitalization restoration costs
<b>Total non current assets</b>	<b>420 403 431</b>	<b>69 799 475</b>	<b>490 202 906</b>	
<b>TOTAL ASSETS</b>	<b>465 063 050</b>	<b>85 217 396</b>	<b>550 280 446</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowing	3 953 229	(1 173 486)	2 779 743	Settlement of loans and finance leases
Consumer deposits	1 373 880	469	1 374 349	
Trade and other payables	23 995 611	11 371 361	35 366 972	Mainly unspent conditional grants
Provisions and Employee Benefits	8 018 860	4 979 637	12 998 497	Post employee benefits and landfill sites
<b>Total current liabilities</b>	<b>37 341 580</b>	<b>15 177 981</b>	<b>52 519 561</b>	
<b>Non current liabilities</b>				
Borrowing	15 084 877	(3 538 108)	11 546 769	Settlement of loans
Provisions and Employee Benefits	31 457 642	3 406 813	34 864 455	Post employee benefits and landfill sites
<b>Total non current liabilities</b>	<b>46 542 519</b>	<b>(131 295)</b>	<b>46 411 224</b>	
<b>TOTAL LIABILITIES</b>	<b>83 884 099</b>	<b>15 046 686</b>	<b>98 930 785</b>	
<b>NET ASSETS</b>	<b>381 178 951</b>	<b>70 170 710</b>	<b>451 349 661</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	369 863 699	77 690 962	447 554 661	Net of all reasons
Reserves	11 315 252	(7 520 252)	3 795 000	Adjustment to reflect cash funded
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>381 178 951</b>	<b>70 170 710</b>	<b>451 349 661</b>	

**BEAUFORT WEST LOCAL 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 Budget)	2016 R (Variance)	Explanations for material variances
<b>REVENUE BY SOURCE</b>				
Property rates	26 031 092	26 186 768	(155 676)	
Property rates - penalties & collection charges	553 226	620 000	(66 774)	
Service charges	97 609 062	105 871 925	(8 262 863)	Less income received from electricity than anticipated
Rental of facilities and equipment	1 084 577	1 224 916	(140 339)	
Interest earned - external investments	1 883 282	1 240 000	643 282	More cash available to be invested
Interest earned - outstanding debtors	2 040 656	2 135 000	(94 344)	
Fines	60 208 467	46 057 550	14 150 917	More fines revenue recognised into IGRAP1
Licences and permits	563 139	588 150	(25 011)	
Agency services	659 511	670 000	(10 489)	
Government Grants and Subsidies - Operating	96 001 801	95 975 961	25 840	
Other revenue	8 130 088	7 314 104	815 984	Mainly sold of municipal land and buildings (Kwa-Mand Clinic)
<b>Total Operating Revenue</b>	<b>294 764 901</b>	<b>287 884 374</b>	<b>6 880 527</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	79 879 565	81 281 167	(1 401 602)	Mainly due to vacancies
Remuneration of councillors	4 522 248	4 775 884	(253 636)	Mainly due to few resignations
Debt impairment	69 311 226	37 233 014	32 078 212	Change in debt impairment methodology on trade debtors and IGRAP1 on traffic fines
Depreciation & asset impairment	15 280 200	16 064 002	(783 802)	Underspent on capital budget
Finance charges	5 754 200	1 538 883	4 215 317	Additional interest on non-current provisions and employee benefits
Bulk purchases	56 316 305	57 254 600	(938 295)	
Other materials	24 107 663	26 609 944	(2 502 281)	Less repairs due to cash flow
Contracted services	11 956 991	8 697 028	3 259 963	Mainly additional security services and Traffic Fines Commission
Grants and subsidies paid	34 879	60 000	(25 121)	
Impairments	-	-	-	
Other expenditure	53 381 401	66 790 527	(13 409 126)	Less expenditure due to cash flow
Loss on disposal of PPE	23 278	-	23 278	
<b>Total Operating Expenditure</b>	<b>320 567 956</b>	<b>300 305 049</b>	<b>20 262 907</b>	
<b>Operating Deficit for the year</b>	<b>(25 803 055)</b>	<b>(12 420 675)</b>	<b>(13 382 380)</b>	
Government Grants and Subsidies - Capital	14 556 431	28 651 161	(14 094 730)	Less capital grants received and expensed than anticipated
<b>Net Surplus/(Deficit) for the year</b>	<b>(11 246 623)</b>	<b>16 230 486</b>	<b>(27 477 109)</b>	

**BEAUFORT WEST LOCAL 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	2016 R	2016 R	
	(Approved Budget)	(Adjustments)	(Final Budget)	Reasons for material adjustments
<b>REVENUE BY SOURCE</b>				
Property rates	26 186 768	-	26 186 768	
Property rates - penalties & collection charges	620 000	-	620 000	
Service charges	103 838 449	2 033 476	105 871 925	Anticipated more electricity sales
Rental of facilities and equipment	1 145 792	79 124	1 224 916	
Interest earned - external investments	1 240 000	-	1 240 000	
Interest earned - outstanding debtors	2 135 000	-	2 135 000	
Fines	16 135 050	29 922 500	46 057 550	Due to implementation of IGRAP1 on traffic fines
Licences and permits	588 150	-	588 150	
Agency services	670 000	-	670 000	
Government Grants and Subsidies - Operating	98 681 000	(2 705 039)	95 975 961	Less grants received
Other revenue	5 937 104	1 377 000	7 314 104	Additional income from sale of land and buildings
<b>Total Operating Revenue</b>	<b>257 177 313</b>	<b>30 707 061</b>	<b>287 884 374</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	81 529 399	(248 232)	81 281 167	
Remuneration of councillors	4 775 884	-	4 775 884	
Debt impairment	7 191 014	30 042 000	37 233 014	Change in debt impairment methodology on trade debtors and IGRAP1 on traffic fines
Depreciation & asset impairment	16 064 002	-	16 064 002	
Finance charges	1 538 883	-	1 538 883	
Bulk purchases	57 254 600	-	57 254 600	
Other materials	28 354 544	(1 744 600)	26 609 944	Due to cash flow constraints
Contracted services	4 750 820	3 946 208	8 697 028	Mainly additional security services and Traffic Fines Commission
Grants and subsidies paid	60 000	-	60 000	
Other expenditure	67 195 753	(405 226)	66 790 527	
<b>Total Operating Expenditure</b>	<b>268 714 899</b>	<b>31 590 150</b>	<b>300 305 049</b>	
<b>Operating Deficit for the year</b>	<b>(11 537 586)</b>	<b>(883 089)</b>	<b>(12 420 675)</b>	
Government Grants and Subsidies - Capital	16 643 000	12 008 161	28 651 161	Additional grants received
<b>Net Surplus for the year</b>	<b>5 105 414</b>	<b>11 125 072</b>	<b>16 230 486</b>	



**BEAUFORT WEST LOCAL 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 Budget)	2016 R (Variance)	Explanations for material variances
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	199 144 951	151 235 555	47 909 396	Movement of prior year outstanding traffic fines revenue
Government - operating	107 960 992	93 878 905	14 082 087	More grants received than anticipated
Government - capital	14 486 188	26 908 000	(12 421 812)	Mainly unspent capital grant expenditure re grant revenue
Interest	3 923 938	3 375 000	548 938	Increase in cash available for investments
<b>Payments</b>				
Suppliers and Employees	(295 514 716)	(243 761 819)	(51 752 897)	Mainly due to movement in Trade Payables, Unspent Grants, Debt Impairment
Finance charges	(5 754 200)	(1 538 883)	(4 215 317)	Additional interest on non-current provisions and employee benefits
Transfers and Grants	(34 879)	(60 000)	25 121	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<u>24 212 275</u>	<u>30 036 758</u>	<u>(5 824 483)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of Assets	(0)	-	(0)	
Decrease/(increase) in non-current receivables	(112 358)	(104 129)	(8 229)	
<b>Payments</b>				
Capital assets	(18 486 676)	(36 428 829)	17 942 153	Less Grant Funding were utilized.
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<u>(18 599 033)</u>	<u>(36 532 958)</u>	<u>17 933 924</u>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing	2 802 456	-	2 802 456	Take up of new loan
Increase/(decrease) in consumer deposits	-	147 000	(147 000)	
<b>Payments</b>				
Repayment of borrowing	(4 002 908)	(983 889)	(3 019 019)	Take up of new loan
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<u>(1 200 452)</u>	<u>(836 889)</u>	<u>-363 563</u>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	4 412 789	(7 333 088)	11 745 877	Net of all reasons
Cash and Cash Equivalents at the beginning of the year	13 116 372	13 116 372	-	
Cash and Cash Equivalents at the end of the year	17 529 178	5 783 284	11 745 894	

**BEAUFORT WEST LOCAL 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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	149 107 417	2 128 138	151 235 555	Anticipated more electricity sales
Government - operating	98 681 000	(4 802 095)	93 878 905	Less grants received
Government - capital	16 643 000	10 265 000	26 908 000	Additional grants received
Interest	3 375 000	-	3 375 000	
<b>Payments</b>				
Suppliers and Employees	(243 861 000)	99 181	(243 761 819)	
Finance charges	(1 538 883)	-	(1 538 883)	
Transfers and Grants	(60 000)	-	(60 000)	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<u>22 346 534</u>	<u>7 690 224</u>	<u>30 036 758</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Decrease/(increase) in non-current receivables	-	(104 129)	(104 129)	
<b>Payments</b>				
Capital assets	(20 024 200)	(16 404 629)	(36 428 829)	Additional grants received
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<u>(20 024 200)</u>	<u>(16 508 758)</u>	<u>(36 532 958)</u>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	147 000	147 000	
<b>Payments</b>				
Repayment of borrowing	(1 977 698)	993 809	(983 889)	Take up of new loan
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<u>(1 977 698)</u>	<u>1 140 809</u>	<u>(836 889)</u>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	344 636	(7 677 724)	(7 333 088)	Net of all reasons
Cash and Cash Equivalents at the beginning of the year	3 609 746	9 506 626	13 116 372	
Cash and Cash Equivalents at the end of the year	<u>3 954 382</u>	<u>1 828 902</u>	<u>5 783 284</u>	
	-	-	-	

**1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

**1.1. BASIS OF PREPARATION**

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

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

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

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

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

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

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

In terms of Directive 11: "Changes in Measurement Bases following the Initial Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality did not elect to change the measurement bases selected for Property, Plant and Equipment, Investment Property, Intangible Assets and Heritage Assets on the initial adoption of Standards of GRAP.

**1.2. PRESENTATION CURRENCY**

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

**1.3. GOING CONCERN ASSUMPTION**

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**1.4. COMPARATIVE INFORMATION**

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

**1.5. AMENDED DISCLOSURE POLICY**

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

**1.6. MATERIALITY**

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

**1.7. PRESENTATION OF BUDGET INFORMATION**

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

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

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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

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

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2015/16 financial year.

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

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
<b>GRAP 20</b> <b>(Original – June 2011)</b>	<p><b>Related Party Disclosure</b></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	<b>Unknown</b>
<b>GRAP 32</b> <b>(Original – Aug 2013)</b>	<p><b>Service Concession Arrangements: Grantor</b></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<b>Unknown</b>
<b>GRAP 108</b> <b>(Original – Sept 2013)</b>	<p><b>Statutory Receivables</b></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	<b>Unknown</b>
<b>GRAP 109</b>	<p><b>Accounting by Principles and Agents</b></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the</p>	<b>Unknown</b>

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	Municipality's current treatment is already in line with the Standards treatment.	
<b>IGRAP17</b>	<p><b>Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset</b></p> <p>This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	<b>Unknown</b>

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

**1.9. RESERVES**

**1.9.1 Capital Replacement Reserve (CRR)**

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

**1.9.2 Housing Development Fund**

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress, as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

**1.9.3 Self Insurance Reserve**

A Self Insurance Reserve has been established and, subject to external insurance where deemed necessary, covers claims that may occur. Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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- Contributions to the fund by Business Units are transferred via the Statement of Changes in Net Assets to the reserve in line with amounts budgeted for in the operating budget. The contributions to the reserve are charged to the Business Units based on the previous year's insured value of the assets under their control.
  - The Council determines annually to contribute to the Self Insurance Reserve.
  - The total amount of insurance premiums paid to external insurers are regarded as expenses and must be shown as such in the Statement of Financial Performance. These premiums do not affect the Self Insurance Reserve.
  - Claims received from external insurers are recognised as revenue in the Statement of Financial Performance.
  - Claims received to meet repairs of damages on assets are reflected as income in the Statement of Financial Performance.
  - Repair and replacement costs not fully covered by external insurance are financed from the insurance reserve. The repair and replacement cost is regarded as an expense and is reflected in the Statement of Financial Performance. An amount equal to the expense is transferred from the Insurance Reserve to the Accumulated Surplus via the Statement of Changes in Net Assets.
  - Amounts paid on behalf of employees in respect of medical costs for injuries sustained whilst on duty are regarded as expenses and are recorded in the Statement of Financial Performance when incurred. An amount equal to these expenses is transferred from the Insurance Reserve to the Accumulated Surplus account via the Statement of Changes in Net Assets.

**1.10. LEASES**

**1.10.1 Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**1.10.2 Municipality as Lessor**

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

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

**1.11. BORROWING COST**

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

**1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

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

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

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

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

**1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

**1.14. UNSPENT PUBLIC CONTRIBUTIONS**

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

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

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 an individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

**1.15. PROVISIONS**

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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- (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.

**1.16. EMPLOYEE BENEFITS**

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

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

**1.16.1 Post Retirement Medical Obligations**

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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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.

**1.16.2 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.

**1.16.3 Provision for Staff Leave**

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

**1.16.4 Staff Bonuses Accrued**

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

**1.16.5 Provision for Performance Bonuses**

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

**1.16.6 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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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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.

**1.17. PROPERTY, PLANT AND EQUIPMENT**

**1.17.1 Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

**1.17.2 Subsequent Measurement – Cost Model**

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

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

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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

**1.17.3 Depreciation and Impairment**

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

	<b>Years</b>		<b>Years</b>
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	5-130	Buildings	15-105
Pedestrian Malls	10-30	Specialist vehicles	3-70
Electricity	6-130	Other vehicles	3-70
Water	10-130	Office equipment	3-25
Sewerage	10-130	Furniture and fittings	2-30
Housing	30	Watercraft	15
		Bins and containers	5
		Specialised plant and	
		Equipment	3-40
<b><u>Community</u></b>		<b><u>Other plant and</u></b>	
Buildings	10-105	Equipment	3-40
Recreational Facilities	15-105	Landfill sites	10-100
Security	30	Quarries	5-25
Halls	30-105	Emergency equipment	3-30
Libraries	20-105	Computer equipment	3-20
Parks and gardens	20-105		
Other assets	7-105		
<b><u>Finance lease assets</u></b>			
Office equipment	3-9		
Other assets	3-9		

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

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

**1.17.4 De-recognition**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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

**1.17.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)**

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

**1.18. INTANGIBLE ASSETS**

**1.18.1 Initial Recognition**

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

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

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

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

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

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

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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

**1.18.2 Subsequent Measurement – Cost Model**

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

**1.18.3 Amortisation and Impairment**

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

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	3 - 10

**1.18.4 De-recognition**

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

**1.18.5 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. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2010.

**1.19. INVESTMENT PROPERTY**

**1.19.1 Initial Recognition**

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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

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

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

**1.19.2 Subsequent Measurement – Cost Model**

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

**1.19.3 Depreciation and Impairment – Cost Model**

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

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

**1.19.4 De-recognition**

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

**1.19.5 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



## **1.20 HERITAGE ASSETS**

### **1.20.1 Initial Recognition**

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

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

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

### **1.20.2 Subsequent Measurement – Cost Model**

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

### **1.20.3 Depreciation and Impairment**

Heritage assets are not depreciated.

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

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

### **1.20.4 De-recognition**

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

### **1.20.5 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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010.

**1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.21.1 Cash-generating assets**

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

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

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

- (a) External sources of information
  - During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
  - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the 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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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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.

**1.21.2 Non-cash-generating assets**

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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- 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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

**1.22. INVENTORIES**

**1.22.1 Initial Recognition**

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

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

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

**1.22.2 Subsequent Measurement**

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

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

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

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

**1.23. FINANCIAL INSTRUMENTS**

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

**1.23.1 Initial Recognition**

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

**1.23.2 Subsequent Measurement**

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

**1.23.2.1 Receivables**

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

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

**1.23.2.2 Payables and Annuity Loans**

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

**1.23.2.3 Cash and Cash Equivalents**

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

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

**1.23.2.4 Non-Current Investments**

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

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

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

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

**1.23.3 De-recognition of Financial Instruments**

**1.23.3.1 Financial Assets**

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

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

**1.23.3.2 Financial Liabilities**

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

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

**1.23.4 Offsetting of Financial Instruments**

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

**1.24 STATUTORY RECEIVABLES**

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

**1.24.1 Initial Recognition**

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

**1.24.2 Measurement**



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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

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

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

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

**1.24.3 De-recognition**

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
  - (i) de-recognise the receivable; and
  - (ii) recognise separately any rights and obligations created or retained in the transfer.

**1.25. REVENUE**

**1.25.1 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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

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

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

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

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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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.

**1.25.2 Revenue from Exchange Transactions**

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

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

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

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

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

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

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

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

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

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

**1.26. 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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

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

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

Management personnel include:

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

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

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.

**1.27. 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.

**1.28. 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),

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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the Remuneration of Public Office Bearers Act (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.

**1.29. 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.

**1.30. 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 measured with sufficient reliability.

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

Management judgement is required when recognising and measuring contingent liabilities.

**1.31. 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:

**1.31.1 *Post-retirement medical obligations and Long service awards***

The cost of post-retirement medical obligations and long service awards 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.

**1.31.2 *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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**1.31.3 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 an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

**1.31.4 Intangible Assets**

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

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

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



**1.31.5 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 valuers to support the useful life of buildings.

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

**1.31.6 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.

**1.31.7 Revenue Recognition**

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

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

**1.31.8 Provision for Landfill Sites**

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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Management referred to the following when making assumptions regarding provisions:

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

**1.31.9 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.

**1.31.10 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.

**1.31.11 Pre-paid electricity estimation**

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days worth of unused electricity.

**1.31.12 Componentisation of Infrastructure assets**

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

**1.32. 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.

**1.33. 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.

**1.34. 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:

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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- 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.

**1.35. TAXATION**

**1.35.1 *Current tax assets and liabilities***

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

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

**1.35.2 *Deferred tax assets and liabilities***

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

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

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

**1.35.3 *Tax expenses***

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

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

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
<b>2 NET ASSET RESERVES</b>		
RESERVES	6 984 064	15 750 287
Capital Replacement Reserve	3 078 397	10 491 152
Housing Development Fund	3 903 397	4 062 271
Self Insurance Reserve	2 270	1 196 864
<b>Total Net Asset Reserve and Liabilities</b>	<b>6 984 064</b>	<b>15 750 287</b>

The above balances are represented by cash of R223 521 for the current year and R219 642 (2015) and is invested together with the other investments of the municipality (See Note 42)

	2016 R	2015 R
<b>3 LONG TERM LIABILITIES</b>		
Annuity Loans - At amortised cost	12 811 532	12 023 739
Balance previously reported	-	12 028 075
Correction of Error - Note 39.05	-	(4 336)
Capitalised Lease Liability - At amortised cost	1 294 082	3 282 326
	<b>14 105 614</b>	<b>15 306 065</b>
<b>Less:</b> Current Portion transferred to Current Liabilities	<b>2 985 579</b>	<b>3 763 632</b>
Annuity Loans - At amortised cost	2 002 658	1 575 262
Capitalised Lease Liability - At amortised cost	982 921	2 188 370
<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>11 120 035</b>	<b>11 542 433</b>

Annuity loans at amortised cost is calculated at 6.8%-14.00% interest rate, with last maturity date of 31 July 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

Finance Lease loans at amortised cost is calculated at 8.50%-20.50% interest rate, with last maturity date of 30 May 2019. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

	2016 R	2015 R
Payable within one year	3 267 038	2 779 743
Payable within two to five years	8 407 216	7 479 172
Payable after five years	8 677 448	9 872 319
	20 351 702	20 131 235
<b>Less:</b> Future finance obligations	(7 540 170)	(8 103 160)
<b>Present value of annuity obligations</b>	<b>12 811 532</b>	<b>12 028 075</b>

The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

	2016 R	2015 R
Payable within one year	1 045 984	2 382 345
Payable within two to five years	327 741	1 148 367
Payable after five years	-	-
	1 373 725	3 530 712
<b>Less:</b> Future finance obligations	(79 643)	(248 386)
<b>Present value of lease obligations</b>	<b>1 294 082</b>	<b>3 282 326</b>

Leases are secured by property, plant and equipment - Note 13

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3 LONG TERM LIABILITIES (CONTINUED)

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Eqstra	CZ 8282 Isuzu KB250D Fleetside A/C P/U S/C	8.50%	0%	3 Years	2016/02/28
Eqstra	CZ 8340 Isuzu KB250D Fleetside A/C P/U S/C	8.50%	0%	3 Years	2016/02/28
Eqstra	CZ 8341 Isuzu KB250D Fleetside A/C P/U S/C	8.50%	0%	3 Years	2016/02/28
Eqstra	CZ 8343 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/02/28
Eqstra	CZ 8408 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/04/30
Eqstra	CZ 8410 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/04/30
Eqstra	CZ 8414 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/04/30
Eqstra	CZ 8415 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/04/30
Eqstra	CZ 8418 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/04/30
Eqstra	CZ 8419 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/04/30
Eqstra	CZ 8421 Toyota Yaris Zen3 Acs	8.50%	0%	3 Years	2016/04/30
Eqstra	CZ 8422 Toyota Yaris Zen3 Acs	8.50%	0%	3 Years	2016/04/30
Panasonic	Machine Photocopy Kyocera Fs1128	9.00%	0%	5 Years	2016/08/30
Panasonic	Machine Photocopy Kyocera Fs 6025	9.00%	0%	5 Years	2016/07/30
Panasonic	PABX Telephone System	9.00%	15%	5 Years	2016/03/30
Panasonic	CCTV Camera's	20.50%	0%	3 Years	2015/09/30
Eqstra	CZ 2078 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 2477 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 4155 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 8684 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 8685 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 8686 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 8687 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 5753 Sedan Toyota Etios	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 5136 Sedan Toyota Etios	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 6192 Sedan Toyota Etios	8.50%	0%	3 Years	2016/09/30
Eqstra	CZ 8563 Isuzu KB250D Fleetside A/c P/u S/c	8.50%	0%	3 Years	2016/06/30
Eqstra	CZ 1096 Isuzu KB250D Leed Fleetside P/u S	8.50%	0%	3 Years	2016/11/30
Eqstra	CZ 5366 Isuzu KB250D Leed Fleetside P/u S	8.50%	0%	3 Years	2016/10/30
Eqstra	CZ 4898 Isuzu KB250D Leed Fleetside P/u S	8.50%	0%	3 Years	2016/10/30
Eqstra	CZ 4296 Isuzu KB250D Leed Fleetside P/u S	8.50%	0%	3 Years	2016/10/30
Eqstra	CZ 2295 Isuzu KB250D Leed Fleetside P/u S	8.50%	0%	3 Years	2016/10/30
Eqstra	CZ 1461 Isuzu KB250D Leed Fleetside P/u S	8.50%	0%	3 Years	2016/10/30
Eqstra	CZ 8728 Sedan Toyota Etios	8.50%	0%	3 Years	2016/10/30
Eqstra	CZ 6743 Isuzu KB250D Leed Fleetside P/u S	8.50%	0%	3 Years	2016/11/30
Wesbank	CZ 3697 Truck Nissan UD 90B F/C C/C	8.50%	0%	3 Years	2017/01/30
Ricoh	Machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	Machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	Machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	Machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	Machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	Machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	Machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	Machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Minolta	Machine Photocopy Konica Minolta	8.50%	0%	3 Years	2017/03/30
Minolta	Machine Photocopy Konica Minolta	8.50%	0%	3 Years	2017/03/30
Minolta	Machine Photocopy Konica Minolta	8.50%	0%	3 Years	2017/03/30
Eqstra	CZ 9005 Isuzu KB250D Leed Fleetside P/u S	9.00%	0%	3 Years	2017/05/30
Eqstra	CZ 4033 Isuzu KB250D Leed Fleetside P/U S/C	9.25%	0%	3 Years	2017/09/30
Fintech	Machine Franking Neopost IJ - 40	9.25%	0%	3 Years	2017/06/30
Nashua	Machine Photocopy Nashua MP 2501SPF	9.25%	0%	3 Years	2017/11/10
Nashua	Machine Photocopy Nashua MPC6502SP	9.25%	0%	3 Years	2018/03/30
Eqstra	CZ 7488 Isuzu KB 250D Leed Fleetside P/U S/C	9.25%	0%	3 Years	2018/04/30
Eqstra	CZ 9327 Isuzu KB 250D Leed Fleetside P/U S/C	9.25%	0%	3 Years	2018/04/30
Minolta	Machine Photocopy Samsung Pro Xpress	9.75%	0%	3 Years	2018/10/30
Nashua	Machine Photocopy Nashua	9.50%	0%	3 Years	2018/08/30
Eqstra	CZ 2168 Sedan Toyota ETIO'S	9.25%	0%	3 Years	2018/08/30
Fintech	Machine Photocopy Ricoh MP 301 spf	9.75%	0%	3 Years	2019/05/30
Fintech	Machine Photocopy Ricoh MP 301 spf	9.75%	0%	3 Years	2019/05/30
Fintech	Machine Photocopy Ricoh MP 301 spf	9.75%	0%	3 Years	2019/05/30
Fintech	Machine Photocopy Ricoh MP 301 spf	9.75%	0%	3 Years	2019/05/30
Nashua	Machine Photocopy MPC2003SP	9.75%	0%	3 Years	2018/10/30

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 R	2015 R
<b>4 EMPLOYEE BENEFITS</b>			
Post Retirement Benefits	4.1	26 108 508	24 304 277
Long Service Awards	4.2	3 723 388	3 361 279
Pension Murraysburg		24 781	23 756
<b>Total Non-current Employee Benefit Liabilities</b>		<b>29 856 677</b>	<b>27 689 312</b>
<b><u>Post Retirement Benefits</u></b>			
Balance 1 July		25 147 337	23 541 177
Contribution for the year		(854 217)	(856 858)
Expenditure for the year		3 091 258	2 857 764
Actuarial Loss/(Gain)		(429 270)	(394 746)
<b>Total post retirement benefits 30 June</b>		<b>26 955 108</b>	<b>25 147 337</b>
<b>Less:</b> Transfer of Current Portion	7	(846 600)	(843 060)
<b>Balance 30 June</b>		<b>26 108 508</b>	<b>24 304 277</b>
<b><u>Long Service Awards</u></b>			
Balance 1 July		3 826 752	3 568 981
Contribution for the year		(308 833)	(473 104)
Expenditure for the year		604 046	552 132
Actuarial Loss/(Gain)		(77 335)	178 743
<b>Total long service 30 June</b>		<b>4 044 630</b>	<b>3 826 752</b>
<b>Less:</b> Transfer of Current Portion	7	(321 242)	(465 473)
<b>Balance 30 June</b>		<b>3 723 388</b>	<b>3 361 279</b>
<b><u>Pension Murraysburg</u></b>			
Balance 1 July		23 756	30 393
Expenditure for the year		1 025	(6 637)
<b>Balance 30 June</b>		<b>24 781</b>	<b>23 756</b>
<b><u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u></b>			
Balance 1 July		28 997 845	27 140 551
Contribution for the year		(1 163 050)	(1 329 963)
Expenditure for the year		3 696 329	3 403 259
Actuarial Loss/(Gain)		(506 605)	(216 003)
<b>Total employee benefits 30 June</b>		<b>31 024 519</b>	<b>28 997 845</b>
<b>Less:</b> Transfer of Current Portion	7	(1 167 842)	(1 308 533)
<b>Balance 30 June</b>		<b>29 856 677</b>	<b>27 689 312</b>

**4.1 Post Retirement Benefits**

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

In-service (employee) members	56	56
In-service (employee) non-members	284	299
Continuation members (e.g. Retirees, widows, orphans)	26	25
<b>Total Members</b>	<b>366</b>	<b>380</b>

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

In-service (employees) members	11 420 656	10 307 427
In-service (employees) non-members	3 040 795	2 809 035
Continuation (retirees and widows) members	12 493 657	12 030 875
<b>Total Liability</b>	<b>26 955 108</b>	<b>25 147 337</b>

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**4 EMPLOYEE BENEFITS (CONTINUED)**

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	8 824 030	7 815 266	8 183 241
Continuation members	2 666 600	1 997 976	2 080 071
Continuation (retirees and widows) members	12 050 547	10 165 274	11 261 395
<b>Total Liability</b>	<b>23 541 177</b>	<b>19 978 516</b>	<b>21 524 707</b>

	2016 Rm	2015 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	(0.427)	(0.104)
Assets: Gain / (loss)	-	-

Experience adjustments were calculated as follows in respect of periods commencing prior to the comparative year:

	2014 Rm	2013 Rm	2012 Rm
Liabilities: (Gain) / loss	1.004	(3.061)	1.678
Assets: Gain / (loss)	-	-	-

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

LA Health;  
Sammumed; and  
Keyhealth.

The Municipality's Accrued Unfunded Liability at 30 June 2016 is estimated at R26 955 108. The Current-service Cost for the year ending 30 June 2016 is estimated at R891 406. It is estimated to be R948 164 for the ensuing year.

	2016 %	2015 %
Key actuarial assumptions used:		
<b>i) Rate of interest</b>		
Discount rate	9.05%	8.89%
Health Care Cost Inflation Rate	8.17%	8.01%
Net Effective Discount Rate	0.82%	0.82%

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

**ii) Mortality rates**

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

**iii) Normal retirement age**

It has been assumed that in-service members will retire at age 63 for males and 58 for females, which then implicitly allows for expected rates of early and ill-health retirement.

	2016 R	2015 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	26 955 108	25 147 337
<b>Total Liability</b>	<b>26 955 108</b>	<b>25 147 337</b>

The fund is wholly unfunded.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4 EMPLOYEE BENEFITS (CONTINUED)	2016 R	2015 R
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	25 147 337	23 541 177
Total expenses	2 237 041	2 000 906
Current service cost	891 406	793 176
Interest Cost	2 199 852	2 064 588
Benefits Paid	(854 217)	(856 858)
Actuarial (gains)/losses	(429 270)	(394 746)
Present value of fund obligation at the end of the year	26 955 108	25 147 337
<b>Less:</b> Transfer of Current Portion - Note 7	(846 600)	(843 060)
<b>Balance 30 June</b>	<b>26 108 508</b>	<b>24 304 277</b>

**Sensitivity Analysis on the Accrued Liability**

Assumption	Change	In-service members liability (R'000)	Continuation members liability (R'000)	Total liability (R'000)	% change
<b>Central Assumptions</b>		14.461	12.494	26.955	
Health care inflation		17.435	13.853	31.288	16%
Health care inflation		12.103	11.331	23.434	-13%
Discount Rate		12.138	11.348	23.486	-13%
Discount Rate		17.440	13.855	31.295	16%
Post-retirement mortality	-1 year	14.977	12.991	27.968	4%
Average retirement age	-1 year	15.465	12.494	27.959	4%
Continuation of membership at retirement		10.343	12.494	22.836	-15%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
<b>Central Assumption</b>		891 400	2 199 900	3 091 300	
Health care inflation		1 113 200	2 556 400	3 669 600	19%
Health care inflation		720 000	1 910 100	2 630 100	-15%
Discount rate		729 200	2 129 900	2 859 100	-8%
Discount rate		1 103 300	2 269 400	3 372 700	9%
Post-retirement mortality	-1 year	922 000	2 284 000	3 206 000	4%
Average retirement age	-1 year	964 200	2 281 600	3 245 800	5%
Continuation of membership at retirement		558 500	1 863 400	2 421 900	-22%

4.2 Long Service Bonuses	2016 R	2015 R
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The Long Service Bonus plans are defined benefit plans. As at year end, 340 employees were eligible for Long Service Bonuses.

The Employer's Unfunded Accrued Liability at 30 June 2016 is estimated at R4 044 630. The Current-service Cost for the year ending 30 June 2016 is estimated at R315 183. It is estimated to be R334 569 for the ensuing year.

Key actuarial assumptions used:

**i) Rate of interest**

	2016 %	2015 %
Discount rate	8.57%	8.03%
General Salary Inflation (long-term)	7.23%	7.08%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.25%	0.89%

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



BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4 EMPLOYEE BENEFITS (CONTINUED)

	2016 R	2015 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	4 044 630	3 826 752
<b>Net liability/(asset)</b>	<b>4 044 630</b>	<b>3 826 752</b>

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

	2014 R	2013 R	2012 R
Present value of fund obligations	3 568 981	3 478 317	3 246 547
<b>Total Liability</b>	<b>3 568 981</b>	<b>3 478 317</b>	<b>3 246 547</b>

Experience adjustments were calculated as follows:

	2016 R	2015 R
Liabilities: (Gain) / loss	33 820	133 705
Assets: Gain / (loss)	-	-

Experience adjustments were calculated as follows in respect of periods commencing prior to the comparative year:

	2014 Rm	2013 Rm	2012 Rm
Liabilities: (Gain) / loss	(124 179)	(110 128)	(5 747)
Assets: Gain / (loss)	-	-	-

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	3 826 752	3 568 981
Total expenses	295 213	79 028
Current service cost	315 183	283 215
Interest Cost	288 863	268 917
Benefits Paid	(308 833)	(473 104)
Actuarial (gains)/losses	(77 335)	178 743
Present value of fund obligation at the end of the year	4 044 630	3 826 752
<b>Less:</b> Transfer of Current Portion - Note 7	(321 242)	(465 473)
<b>Balance 30 June</b>	<b>3 723 388</b>	<b>3 361 279</b>

**Sensitivity Analysis on the Unfunded Accrued Liability**

Assumption	Change	Liability (Rm)	% change
Central assumptions		4.045	
General salary inflation	1%	4.316	7%
General salary inflation	-1%	3.799	-6%
Discount Rate	1%	3.788	-6%
Discount Rate	-1%	4.333	7%
Average retirement age	-2 yrs	3.426	-15%
Average retirement age	2 yrs	4.736	17%
Withdrawal rates	-50%	4.712	16%

**Sensitivity Analysis on Current-service and Interest Costs for year ending 30/06/2015**

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
<b>Central Assumption</b>		315 200	288 900	604 100	
General salary inflation		343 700	309 800	653 500	8%
General salary inflation		289 900	270 000	559 900	-7%
Discount rate		291 700	302 600	594 300	-2%
Discount rate		342 100	272 400	614 500	2%
Average retirement age	- 2 years	276 400	245 300	521 700	-14%
Average retirement age	+2 years	362 000	338 500	700 500	16%
Withdrawal rates		413 000	342 200	755 200	25%

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

4	<b>EMPLOYEE BENEFITS (CONTINUED)</b>	<b>2016</b> <b>R</b>	<b>2015</b> <b>R</b>
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**4.3 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 claims that the pensioner data is confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

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

**CAPE RETIREMENT FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 112.1% (30 June 2014 - 112.2%).

**CAPE JOINT PENSION FUND**

The contribution rate payable is 9% by members and 18% by Council. The latest available 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%).

**SALA PENSION FUND**

The contribution rate payable is 8.60% by members and 20.78% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in an sound financial position with a funding level of 100% (30 June 2014 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.

**SAMWU PROVIDENT FUND**

The contribution rate payable is 7.50% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in an sound financial position with a funding level of 100% (30 June 2014 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.

5	<b>NON-CURRENT PROVISIONS</b>	<b>2016</b> <b>R</b>	<b>2015</b> <b>R</b>
	Provision for Rehabilitation of Landfill-sites	20 049 341	24 876 582
	<b>Total Non-current Provisions</b>	<b>20 049 341</b>	<b>24 876 582</b>

The rehabilitation cost provision is for the rehabilitation of four landfill sites in the Beaufort West region. It is required from the municipality to execute an environmental management program to restore the landfill sites after its useful life. Provision has been made for this cost based on the estimated present value of future cash flows arising from the rehabilitation cost expected as at the estimated decommission dates listed below.

<u>Landfill Sites</u>	<u>Notes</u>	<u>2016</u> <u>R</u>	<u>2015</u> <u>R</u>
Balance 1 July		24 876 582	24 219 012
Balance previously reported			5 676 153
Correction of Error - Note 39.03			(5 676 153)
Correction of Error - Note 39.03			24 219 012
Increase in Estimate		(1 038 250)	(610 942)
Balance previously reported			3 627 969
Correction of Error - Note 39.03			(3 627 969)
Correction of Error - Note 39.03			(610 942)
Unwinding of discounted interest		1 475 727	1 268 512
Balance previously reported			297 376
Correction of Error - Note 39.03			(297 376)
Correction of Error - Note 39.03			1 268 512
<b>Total provision 30 June</b>		<b>25 314 058</b>	<b>24 876 582</b>
<b>Less:</b> Transfer of Current Portion to Provisions		(5 264 718)	-
Balance previously reported			(4 399 815)
Correction of Error - Note 39.03			4 399 815
<b>Balance 30 June</b>		<b>20 049 341</b>	<b>24 876 582</b>

<u>Location</u>	<u>Estimated decommission date</u>	<u>Cost of</u> <u>rehabilitation</u>	<u>Cost of</u> <u>rehabilitation</u>
		<u>2016</u> <u>R</u>	<u>2015</u> <u>R</u>
Beaufort West	2022	13 540 170	13 496 591
Murraysburg	2016	5 264 718	5 116 467
Nelspoort	2035	3 589 580	3 459 147
Merweville	2029	2 919 590	2 804 377
		<b>25 314 058</b>	<b>24 876 582</b>

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5 NON-CURRENT PROVISIONS (CONTINUED)

Material Assumptions used

	2016	2015
Discount Rate used	5.93%	5.24%

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

6 CONSUMER DEPOSITS

	2016 R	2015 R
Water & Electricity	1 292 897	1 227 349
<b>Total Consumer Deposits</b>	<b>1 292 897</b>	<b>1 227 349</b>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

7 CURRENT EMPLOYEE BENEFITS

	2016 R	2015 R
Current Portion of Post Retirement Benefits - Note 4	846 600	843 060
Current Portion of Long-Service Provisions - Note 4	321 242	465 473
Performance Bonuses	593 065	560 850
Bonuses	2 004 896	1 886 650
Staff Leave	4 635 616	4 223 673
<b>Total Current Employee Benefits</b>	<b>8 401 419</b>	<b>7 979 706</b>

The movement in current employee benefits are reconciled as follows:

**Provision for Performance Bonuses**

Balance at beginning of year	560 850	481 518
Contribution to current portion	512 366	471 763
Expenditure incurred	(480 151)	(392 431)
Balance at end of year	<b>593 065</b>	<b>560 850</b>

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by an executive performance committee.

**Bonuses**

Balance at beginning of year	1 886 650	1 753 146
Contribution to current portion	3 822 031	3 415 686
Expenditure incurred	(3 703 785)	(3 282 182)
Balance at end of year	<b>2 004 896</b>	<b>1 886 650</b>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year-end represents a portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

**Provision for Staff Leave**

Balance at beginning of year	4 223 673	4 016 026
Contribution to current portion	761 004	622 106
Expenditure incurred	(349 061)	(414 459)
Balance at end of year	<b>4 635 616</b>	<b>4 223 673</b>

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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
<b>8 PROVISIONS</b>		
Current Portion of Rehabilitation of Landfill-sites - Note 5	5 264 718	-
Balance previously reported		4 399 815
Correction of Error - Note 39.03		(4 399 815)
<b>Total Provisions</b>	<b>5 264 718</b>	<b>-</b>

	2016 R	2015 R
<b>9 PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Payables	18 691 436	21 356 050
Balance previously reported	-	27 075 160
Correction of error - Note 39.07	-	(5 719 110)
Deposits: Other	1 549 501	1 383 002
Retention	2 603 886	4 223 421
Payments received in advance	1 369 472	276 887
Receivable accounts with credit balances	3 350 701	2 500 017
Sundry Creditors	2 572 831	1 754 883
Pensionfund SALA	1 364 084	1 784 084
<b>Total Trade Payables</b>	<b>31 501 911</b>	<b>33 278 344</b>

Payables are not being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.

All payments are unsecured.

	2016 R	2015 R
<b>10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>		
<b>Unspent Grants</b>	11 091 769	4 709 333
National and Provincial Government Grants	11 091 769	4 709 333
<b>Less:</b> Unpaid Grants	1	913 053
National and Provincial Government Grants	1	913 053
Balance previously reported	-	1 614 319
Correction of error - Note 39.10	-	(701 266)
<b>Total Conditional Grants and Receipts</b>	<b>11 091 768</b>	<b>3 796 280</b>

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. Grants amounting to R112 708 were withheld.

**10.01 Equitable share**

Grants received	44 160 000	38 990 000
Conditions met - Operating	(44 160 000)	(38 990 000)
Conditions still to be met	-	-

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

**10.02 National Grants**

Opening balance	(492 798)	4 800 070
Grants received	30 351 925	36 868 000
Interest on investment (Only if condition)	-	-
Nett Transfers	(20 000)	-
Conditions met - Own Income	(2 579 536)	(4 826 416)
Conditions met - Operating	(19 050 501)	(27 540 763)
Conditions met - Capital	(483 671)	(9 793 690)
Conditions still to be met	7 725 420	(492 798)

National Grants received with conditions to be met.

**10.03 Provincial Grants**

Opening balance	4 167 191	2 246 880
Grants received	31 971 250	24 935 085
Interest on investment (Only if condition)	306 176	226 238
Nett Transfers	20 000	-
Conditions met - Own Income	(850 928)	(314 026)
Conditions met - Operating	(31 964 515)	(9 394 972)
Conditions met - Capital	(1 806 720)	(13 419 318)
Refund to Donor	-	(112 708)
Conditions still to be met	1 842 454	4 167 180

Provincial Grants received with conditions to be met.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

10	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS (continued)	2016 R	2015 R
<b>10.04 Municipal Infrastructure Grant</b>			
	Opening balance	1	-
	Grants received	15 647 000	16 745 000
	Nett Transfers	-	-
	Conditions met - Own Income	(1 663 161)	(2 034 320)
	Conditions met - Operating	(264 150)	(271 205)
	Conditions met - Capital	(12 195 798)	(14 439 475)
	Conditions still to be met	<u>1 523 892</u>	<u>-</u>
	Municipal Infrastructure Grant received with conditions to be met.		
<b>10.05 Local Economic Development</b>			
	Opening balance	34 929	32 944
	Interest on investment (Only if condition)	21 454	1 982
	Conditions met - Own Income	(56 383)	-
	Conditions still to be met	<u>-</u>	<u>34 926</u>
	Local Economic Development received with conditions to be met.		
<b>10.06 ESKOM</b>			
	Opening balance		
	Grants received	317 005	225 695
	Interest on investment (Only if condition)		
	Nett Transfers		
	Conditions met - Own Income	(4 368)	
	Conditions met - Operating	(312 637)	(225 695)
	Conditions still to be met	<u>-</u>	<u>-</u>
<b>10.07 Central Karoo District Municipality Funds</b>			
	Opening balance	86 971	86 554
	Grants received	-	359 775
	Interest on investment (Only if condition)	303	417
	Nett Transfers	-	-
	Conditions met - Own Income	(87 274)	-
	Conditions met - Operating	-	(359 775)
	Conditions still to be met	<u>0</u>	<u>86 971</u>
	Central Karoo District Municipality Funds received with conditions to be met.		
<b>10.08 Total Conditional Grants and Receipts</b>			
	Opening balance	3 796 294	7 166 449
	Grants received	78 287 181	78 907 860
	Interest on investment (Only if condition)	327 933	228 636
	Nett Transfers	-	-
	Conditions met - Own Income	(5 241 650)	(7 174 761)
	Conditions met - Operating	(51 591 803)	(37 566 715)
	Conditions met - Capital	(14 486 188)	(37 652 483)
	Refund to Donor	-	(112 708)
	Conditions still to be met	<u>11 091 768</u>	<u>3 796 280</u>
	Total Conditional Grants and Receipts received with conditions to be met.		

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**11 UNSPENT PUBLIC CONTRIBUTIONS**

**11.01 Public Contributions**

Opening balance	145 955	139 052
Grants received	250 000	-
Interest on investment (Only if condition)	6 742	6 903
Net Transfers	-	-
Conditions met - Own Income	(1 707)	-
Conditions met - Operating	(250 000)	-
Conditions met - Capital	(70 243)	-
Conditions still to be met	<u>80 747</u>	<u>145 955</u>

Public Contributions received with conditions to be met.

**11.02 Total Unspent Public Contribution**

80 747                      145 955

Public Contributions and Receipts  
Other Sources

80 747	145 955
-	-

The Unspent Public Contributions are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

**12 TAXES**

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
VAT	452 005	2 372 612
Provision for Debt Impairment of trade receivables from exchange transactions	5 589 895	4 071 847
	<u>6 041 900</u>	<u>6 444 459</u>

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

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

13 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Cost					Accumulated Impairment R	Accumulated Depreciation			Carrying Value R	
	Opening Balance R	Additions R	Transfers/WIP R	Disposals R	Closing Balance R		Opening Balance R	Depreciation Charge R	Disposals/Transfers R		Closing Balance R
<b>30 June 2016</b>											
<b>Land and Buildings</b>	109 525 864	1 543 564	-	-	111 069 428	9 465 481	1 457 149	666 595	-	2 123 745	99 480 203
Land	43 392 280	-	-	-	43 392 280	8 196 620	-	-	-	-	35 195 660
Buildings	66 133 584	1 543 564	-	-	67 677 148	1 268 861	1 457 149	666 595	-	2 123 745	64 284 543
<b>Infrastructure</b>	390 955 454	10 106 448	4 781 727	-	405 843 629	-	64 734 679	11 047 714	-	75 782 393	330 061 235
Stormwater Network	40 768 815	81 148	-	-	40 849 963	-	9 884 146	1 453 261	-	11 337 407	29 512 556
Road Network	125 461 379	1 424 967	2 265 301	-	129 151 648	-	22 387 983	3 488 950	-	25 876 933	103 274 715
Sanitation Network	72 799 894	8 136 231	-	-	80 936 124	-	8 324 904	1 765 087	-	10 089 991	70 846 134
Electricity Network	87 371 893	211 988	2 406 167	-	89 990 048	-	9 036 568	2 118 849	-	11 155 417	78 834 631
Water Network	62 671 400	252 114	110 258	-	63 033 772	-	14 710 784	2 176 395	-	16 887 179	46 146 593
Refuse Network	1 882 073	-	-	-	1 882 073	-	390 295	45 172	-	435 467	1 446 606
<b>Community Assets</b>	16 495 768	-	-	-	16 495 768	557 800	2 146 350	429 116	-	2 575 467	13 362 501
Taxi Rank	-	-	-	-	-	-	-	-	-	-	-
Museum	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	17 200	-	-	-	17 200	-	1 366	167	-	1 533	15 667
Community centres	9 196 783	-	-	-	9 196 783	349 709	1 371 043	259 959	-	1 631 002	7 216 072
Recreation sites	6 724 308	-	-	-	6 724 308	186 621	727 762	163 094	-	890 856	5 646 831
Libraries	557 477	-	-	-	557 477	21 470	46 179	5 897	-	52 076	483 931
<b>Lease Assets</b>	7 026 946	243 958	-	-	7 270 904	-	2 990 509	1 308 725	-	4 299 234	2 971 670
Office Equipment (Lease)	1 079 093	129 667	-	-	1 208 760	-	465 283	184 121	-	649 404	559 356
Vehicles (Lease)	5 947 853	114 291	-	-	6 062 144	-	2 525 226	1 124 603	-	3 649 830	2 412 314
<b>Other Assets</b>	18 921 351	1 469 395	66 742	(68 338)	20 389 149	-	8 720 071	1 319 352	(45 061)	9 994 363	10 394 787
Computer hardware	3 251 026	291 781	-	(59 457)	3 483 349	-	1 615 025	289 342	(40 756)	1 863 611	1 619 738
Air conditioners	634 071	62 650	-	(961)	695 760	-	399 640	37 780	(442)	436 978	258 782
Chairs	348 228	6 790	-	-	355 018	-	218 417	19 227	-	237 644	117 374
Concrete Mixer	11 938	-	-	-	11 938	-	9 667	284	-	9 951	1 987
Desks & Tables	403 701	7 755	-	-	411 456	-	231 330	26 180	-	257 510	153 946
Compactors	30 731	-	-	-	30 731	-	25 472	728	-	26 200	4 531
Compressors	218 751	-	-	-	218 751	-	65 047	9 450	-	74 497	144 254
Tools	1 099 651	325 898	-	-	1 425 548	-	512 109	88 625	-	600 735	824 814
Electronic Equipment	853 695	132 567	-	-	986 262	-	465 295	58 628	-	523 923	462 338
Fire Brigade Equipment	156 700	-	-	-	156 700	-	51 319	6 535	-	57 854	98 846
Lawn Equipment	300 590	3 510	-	-	304 100	-	210 018	11 509	-	221 527	82 573
Trucks/LDV	6 025 601	-	-	-	6 025 601	-	2 497 514	357 149	-	2 854 664	3 170 938
Motor Vehicles	433 061	200 227	66 742	-	700 030	-	221 021	32 088	-	253 109	446 921
Office Equipment	872 369	187 463	-	-	1 059 832	-	421 495	68 492	(378)	489 609	569 418
Office Furniture	973 741	215 161	-	(7 092)	1 181 811	-	541 532	68 567	(3 474)	606 625	575 186
Trailers	661 840	35 593	-	-	697 433	-	309 778	52 731	-	362 509	334 924
Trackers	1 436 524	-	-	-	1 436 524	-	423 917	90 771	-	514 688	921 836
Toolbox	360 314	-	-	-	360 314	-	194 391	25 213	-	219 604	140 710
Gym Equipment	411 878	-	-	-	411 878	-	75 835	53 137	-	128 972	282 907
Generators	187 130	-	-	-	187 130	-	68 000	7 676	-	75 677	111 453
Radio Equipment	249 811	-	-	(24)	249 787	-	163 250	15 240	(11)	178 479	71 308
	542 925 382	13 363 366	4 848 469	(68 338)	561 068 879	10 023 281	80 048 759	14 771 503	(45 061)	94 775 201	456 270 397

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

13 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation					Carrying Value
	Opening Balance R	Additions R	Transfers/WIP R	Disposals R	Closing Balance R	Accumulated Impairment R	Opening Balance R	Depreciation Charge R	Disposals/Transfers R	Closing Balance R	
<b>30 June 2015</b>											
<b>Land and Buildings</b>	57 994 154	52 000 000	-	(468 290)	109 525 864	9 465 481	1 044 597	432 892	(20 340)	1 457 149	98 603 234
Land	43 621 230	-	-	(228 950)	43 392 280	8 194 002	-	-	-	-	35 198 278
Balance previously reported	43 445 230	-	-	(228 950)	43 216 280	8 698 520	-	-	-	-	34 517 760
Correction of error. Refer note 39.09	176 000	-	-	-	176 000	(504 518)	-	-	-	-	680 518
Buildings	14 372 924	52 000 000	-	(239 340)	66 133 584	1 271 479	1 044 597	432 892	(20 340)	1 457 149	63 404 956
<b>Infrastructure</b>	353 516 220	9 630 274	27 808 960	-	390 955 454	-	53 948 772	10 785 907	-	64 734 679	326 220 775
Stormwater Network	40 417 967	56 712	294 136	-	40 768 815	-	8 343 368	1 540 779	-	9 884 146	30 884 669
Balance previously reported	40 417 967	350 848	-	-	40 768 815	-	8 343 368	1 540 779	-	9 884 146	30 884 669
Correction of error. Transfer to WIP	-	(294 136)	294 136	-	-	-	-	-	-	-	-
Road Network	117 813 657	5 508 519	2 139 203	-	125 461 379	-	18 969 698	3 418 284	-	22 387 983	103 073 397
Balance previously reported	117 813 657	7 647 722	-	-	125 461 379	-	18 969 698	3 418 284	-	22 387 983	103 073 397
Correction of error. Transfer to WIP	-	(2 139 203)	2 139 203	-	-	-	-	-	-	-	-
Sanitation Network	57 194 323	1 586 236	14 019 334	-	72 799 894	-	6 692 594	1 632 310	-	8 324 904	64 474 990
Balance previously reported	57 194 323	15 605 570	-	-	72 799 894	-	6 692 594	1 632 310	-	8 324 904	64 474 990
Correction of error. Transfer to WIP	-	(14 019 334)	14 019 334	-	-	-	-	-	-	-	-
Electricity Network	75 544 598	2 092 260	9 735 035	-	87 371 893	-	7 084 672	1 951 896	-	9 036 568	78 335 325
Balance previously reported	75 544 598	11 827 295	-	-	87 371 893	-	7 084 672	1 951 896	-	9 036 568	78 335 325
Correction of error. Transfer to WIP	-	(9 735 035)	9 735 035	-	-	-	-	-	-	-	-
Water Network	60 793 622	386 546	1 491 232	-	62 671 400	-	12 518 277	2 192 507	-	14 710 784	47 960 616
Refuse Network	1 752 053	-	130 020	-	1 882 073	-	340 164	50 131	-	390 295	1 491 778
Balance previously reported	1 752 053	130 020	-	-	1 882 073	-	340 164	50 131	-	390 295	1 491 778
Correction of error. Transfer to WIP	-	(130 020)	130 020	-	-	-	-	-	-	-	-
<b>Community Assets</b>	16 668 182	335 586	-	(508 000)	16 495 768	557 800	1 746 085	440 652	(40 386)	2 146 350	13 791 617
Taxi Rank	-	-	-	-	-	-	-	-	-	-	-
Museum	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	17 200	-	-	-	17 200	-	1 198	168	-	1 366	15 834
Community centres	9 704 783	-	-	(508 000)	9 196 783	349 709	1 130 915	280 515	(40 386)	1 371 043	7 476 031
Recreation sites	6 388 721	335 586	-	-	6 724 308	186 621	573 790	153 972	-	727 762	5 809 925
Libraries	557 477	-	-	-	557 477	21 470	40 182	5 997	-	46 179	489 827
<b>Lease Assets</b>	6 367 882	789 593	-	(130 529)	7 026 946	-	1 365 030	1 706 304	(80 825)	2 990 509	4 036 437
Office Equipment (Lease)	797 780	281 313	-	-	1 079 093	-	280 437	184 846	-	465 283	613 810
Vehicles (Lease)	5 570 102	508 280	-	(130 529)	5 947 853	-	1 084 593	1 521 458	(80 825)	2 525 226	3 422 627
<b>Other Assets</b>	16 990 983	2 087 868	-	(157 500)	18 921 351	-	7 687 529	1 091 497	(58 956)	8 720 071	10 201 280
Computer hardware	2 559 981	698 545	-	(7 500)	3 251 026	-	1 390 954	230 486	(6 415)	1 615 025	1 636 001
Air conditioners	597 745	36 326	-	-	634 071	-	361 859	37 781	-	399 640	234 431
Chairs	299 643	48 585	-	-	348 228	-	203 440	14 977	-	218 417	129 811
Concrete Mixer	11 938	-	-	-	11 938	-	9 342	325	-	9 667	2 271
Desks & Tables	328 523	75 178	-	-	403 701	-	215 571	15 759	-	231 330	172 370
Compactors	30 731	-	-	-	30 731	-	24 623	849	-	25 472	5 259
Compressors	218 751	-	-	-	218 751	-	54 901	10 146	-	65 047	153 704
Tools	1 064 031	35 620	-	-	1 099 651	-	421 422	90 687	-	512 109	587 542
Electronic Equipment	830 114	23 581	-	-	853 695	-	402 948	62 347	-	465 295	388 399
Fire Brigade Equipment	156 700	-	-	-	156 700	-	44 179	7 140	-	51 319	105 381
Lawn Equipment	300 590	-	-	-	300 590	-	196 568	13 450	-	210 018	90 572
Trucks/LDV	5 963 254	212 347	-	(150 000)	6 025 601	-	2 241 724	308 331	(52 540)	2 497 514	3 528 087
Motor Vehicles	433 061	-	-	-	433 061	-	191 195	29 825	-	221 021	212 041
Office Equipment	536 806	335 563	-	-	872 369	-	380 106	41 389	-	421 495	450 874
Office Furniture	894 291	79 450	-	-	973 741	-	486 634	54 898	-	541 532	432 210
Trailers	414 242	247 598	-	-	661 840	-	283 195	26 583	-	309 778	352 062
Trackers	1 436 524	-	-	-	1 436 524	-	339 483	84 434	-	423 917	1 012 607
Toolbox	360 314	-	-	-	360 314	-	164 059	30 332	-	194 391	165 923
Gym Equipment	116 803	295 075	-	-	411 878	-	71 363	4 472	-	75 835	336 044
Generators	187 130	-	-	-	187 130	-	59 723	8 277	-	68 000	119 130
Radio Equipment	249 811	-	-	-	249 811	-	144 240	19 010	-	163 250	86 561
	451 537 421	64 843 321	27 808 960	(1 264 319)	542 925 382	10 023 281	65 792 014	14 457 253	(200 508)	80 048 759	452 853 342



BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

13	<b>PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>	<b>2016</b>	<b>2015</b>
		<b>R</b>	<b>R</b>
	<b>Impairment of property plant and equipment</b>		
	Impairment charges on Property, plant and equipment recognised in statement of financial performance		
	Land and Buildings	-	(504 518)
	Community Assets	-	-
		-	(504 518)

Assessment of impairment of assets was performed on other assets.

**Details of property plant and equipment carried at fair value**

No property, plant and equipment are carried at fair value.

14	<b>INVESTMENT PROPERTY</b>	<b>2016</b>	<b>2015</b>
		<b>R</b>	<b>R</b>
	<b>Net Carrying amount at 1 July</b>	<b>8 399 030</b>	<b>8 647 603</b>
	Cost	11 222 424	11 222 424
	Accumulated Depreciation	(2 356 812)	(2 108 239)
	Accumulated Impairment	(466 582)	(466 582)
	Reversal of Impairment for the year	-	-
	Depreciation for the year	(249 254)	(248 573)
	Balance previously reported	-	(266 355)
	Correction of error. Refer to note	-	17 782
	<b>Net Carrying amount at 30 June</b>	<b>8 149 775</b>	<b>8 399 030</b>
	Cost	11 222 424	11 222 424
	Accumulated Depreciation	(2 606 067)	(2 356 812)
	Accumulated Impairment	(466 582)	(466 582)
	Revenue derived from the rental of investment property:		
	Sanlam Building	201 779	181 582
	Operating expenditure incurred on properties generating revenue	22 723	48 584

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The cost model in terms of GRAP 16 is being applied on Investment Property.

Cost at implementation of GRAP 16 was determined by valuation roll of 1 July 2009. Impairment was calculated based on valuation roll of 1 July 2013.

15	<b>INTANGIBLE ASSETS</b>		
	<b>Computer System &amp; Software</b>		
	<b>Net Carrying amount at 1 July</b>	<b>316 106</b>	<b>268 770</b>
	Cost	1 218 238	1 074 013
	Accumulated Amortisation	(902 132)	(805 243)
	Acquisitions	274 841	144 224
	Amortisation for the year	(120 246)	(96 889)
	<b>Net Carrying amount at 30 June</b>	<b>470 701</b>	<b>316 106</b>
	Cost	1 493 079	1 218 238
	Accumulated Amortisation	(1 022 378)	(902 132)

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

<u>Description</u>	<u>Remaining Amortisation</u> <u>Period</u>	<u>Carrying Value</u>	
		<b>2016</b>	<b>2015</b>
		<b>R</b>	<b>R</b>
Sebata System	2	79 138	159 150

No intangible asset were assessed as having an indefinite useful life.  
There are no intangible assets whose title is restricted.  
There are no intangible assets pledged as security for liabilities

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
<b>16 CAPITALISED RESTORATION COST</b>		
<b>Net Carrying amount at 1 July</b>	<b>1 160 239</b>	<b>1 798 744</b>
Cost	5 025 731	5 480 524
Balance previously reported		2 653 085
Correction of Error - Note 39.04		(2 653 085)
Correction of Error - Note 39.04		5 480 524
Accumulated Depreciation	(3 543 972)	(3 332 688)
Balance previously reported		(894 623)
Correction of Error - Note 39.04		894 623
Correction of Error - Note 39.04		(3 332 688)
Accumulated Impairments	(321 520)	(349 092)
Balance previously reported		(94 461)
Correction of Error - Note 39.04		94 461
Correction of Error - Note 39.04		(349 092)
Disposals	(886 243)	(454 794)
Balance previously reported		3 627 969
Correction of Error - Note 39.04		(3 627 969)
Correction of Error - Note 39.04		(454 794)
Under Construction - Cost Disposals	-	-
Depreciation for the year	(139 193)	(211 284)
Balance previously reported		(223 693)
Correction of Error - Note 39.04		223 693
Correction of Error - Note 39.04		(211 284)
Reversal of Impairment - Note 32	35 932	27 573
Balance previously reported		(3 164 984)
Correction of Error - Note 39.04		3 164 984
Correction of Error - Note 39.04		27 573
<b>Net Carrying amount at 30 June</b>	<b>170 735</b>	<b>1 160 239</b>
Cost	4 139 488	5 025 731
Accumulated Depreciation	(3 683 165)	(3 543 972)
Accumulated Impairments	(285 588)	(321 520)
<b>17 HERITAGE ASSETS</b>		
<b>Net Carrying amount at 1 July</b>	<b>5 225 000</b>	<b>5 225 000</b>
<b>Net Carrying amount at 30 June</b>	<b>5 225 000</b>	<b>5 225 000</b>
<p>The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in May 2010. All heritage assets were measured in terms of GRAP 103 during the year under review.</p>		
<b>18 LONG-TERM RECEIVABLES</b>		
Housing Loans	461 643	461 643
Receivables with arrangements	1 998 607	1 788 784
<b>Less:</b> Current portion transferred to Trade and other receivables from exchange transactions	(612 414)	(514 949)
<b>Total Long Term Receivables</b>	<b>1 847 836</b>	<b>1 735 478</b>
<b>ARRANGEMENTS</b>		
<p>Municipal account holders can make arrangements with the Municipality, agreeing to pay the outstanding accounts over a predetermined period at a fixed monthly instalment. When a monthly instalment is not paid, the account is transferred back to Trade receivables where it will be included in the calculation of Provision for Impairment.</p>		
<b>HOUSING LOANS</b>		
<p>The outstanding amount relates to prior years and is still collectable. General public were entitled to housing loans which attract interest at 13,5% per annum and which are repayable over a maximum period of 30 years. These loans are repayable in the year 2026.</p>		
<b>19 INVENTORY</b>		
Consumable Stores - Stationery and materials - At cost	3 664 888	2 924 399
Water – at cost	63 733	67 261
<b>Total Inventory</b>	<b>3 728 621</b>	<b>2 991 660</b>
Consumable stores materials written down due to losses as identified during the annual stores counts.	-	-
Consumable stores materials surpluses identified during the annual stores counts.	128	288
<p>No inventory assets were pledged as security for liabilities.</p>		

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
20 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS		
<b><i>Service Receivables</i></b>		
Water	6 765 883	6 186 439
Electricity	11 092 282	9 864 847
Housing Rentals	65 401	81 471
Refuse	6 611 676	5 941 893
Sewerage	10 509 096	8 867 758
<b>Total Service Receivables</b>	<b>35 044 339</b>	<b>30 942 408</b>
Less: Provision for Debt Impairment	(22 408 871)	(17 281 223)
<b>Net Service Receivables</b>	<b>12 635 468</b>	<b>13 661 185</b>
<b><i>Other Receivables</i></b>		
Other Arrears	24 440 929	21 460 146
<b>Total Other Receivables</b>	<b>24 440 929</b>	<b>21 460 146</b>
Less: Provision for Debt Impairment	(23 108 846)	(16 290 647)
<b>Net Other Receivables</b>	<b>1 332 083</b>	<b>5 169 499</b>
<b>Total Net Receivables from Exchange Transactions</b>	<b>13 967 550</b>	<b>18 830 684</b>
<p>Consumer debtors are payable within 30 days. 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 receivables on initial recognition is not deemed necessary.</p>		
<b>Ageing of Receivables from Exchange Transactions</b>		
<b><u>(Electricity): Ageing</u></b>		
Current (0 - 30 days)	8 202 002	7 257 405
31 - 60 Days	474 239	283 783
61 - 90 Days	149 186	101 211
+ 90 Days	2 266 855	2 222 448
<b>Total</b>	<b>11 092 282</b>	<b>9 864 847</b>
<b><u>(Water): Ageing</u></b>		
Current (0 - 30 days)	2 625 968	2 526 865
31 - 60 Days	291 852	629 280
61 - 90 Days	234 105	211 438
+ 90 Days	3 613 958	2 818 856
<b>Total</b>	<b>6 765 883</b>	<b>6 186 439</b>
<b><u>(Refuse): Ageing</u></b>		
Current (0 - 30 days)	604 141	522 909
31 - 60 Days	249 695	225 127
61 - 90 Days	221 531	206 789
+ 90 Days	5 536 309	4 987 068
<b>Total</b>	<b>6 611 676</b>	<b>5 941 893</b>
<b><u>(Sewerage): Ageing</u></b>		
Current (0 - 30 days)	1 097 224	953 801
31 - 60 Days	418 620	328 919
61 - 90 Days	369 486	295 757
+ 90 Days	8 623 767	7 289 281
<b>Total</b>	<b>10 509 096</b>	<b>8 867 758</b>
<b><u>(Housing Rentals Debtors): Ageing</u></b>		
Current (0 - 30 days)	5 280	5 385
31 - 60 Days	795	1 869
61 - 90 Days	998	1 329
+ 90 Days	58 328	72 888
<b>Total</b>	<b>65 401</b>	<b>81 471</b>
<b><u>(Other Debtors): Ageing</u></b>		
Current (0 - 30 days)	666 369	1 486 537
31 - 60 Days	1 022 411	544 463
61 - 90 Days	762 224	875 510
+ 90 Days	21 989 926	18 553 636
<b>Total</b>	<b>24 440 929</b>	<b>21 460 146</b>

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R		
<b>21 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>				
<b>Service Receivables</b>				
Taxes - Rates	12 937 916	12 489 593		
Other Receivables	49 457 252	72 092 733		
<b>Total Service Receivables</b>	<b>62 395 168</b>	<b>84 582 326</b>		
Less: Provision for Debt Impairment	(46 734 488)	(62 653 629)		
<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>15 660 680</b>	<b>21 928 697</b>		
<b>Ageing of Receivables from Non-Exchange Transactions</b>				
<b>(Rates): Ageing</b>				
Current (0 - 30 days)	2 650 956	1 943 623		
31 - 60 Days	581 696	348 701		
61 - 90 Days	331 814	613 624		
+ 90 Days	9 373 450	9 583 645		
<b>Total</b>	<b>12 937 916</b>	<b>12 489 593</b>		
<b>(Other Receivables): Ageing</b>				
Current (0 - 30 days)	-	-		
31 - 60 Days	-	-		
61 - 90 Days	-	-		
+ 90 Days	49 457 252	72 092 733		
Balance Previously Reported	-	72 092 733		
Correction of error Note 39.06	-	-		
<b>Total</b>	<b>49 457 252</b>	<b>72 092 733</b>		
<b>Summary of Receivables by Customer Classification</b>				
	<b>Residential, Industrial &amp; Commercial R</b>	<b>Other Debtors R</b>	<b>National and Provincial Government R</b>	<b>Total R</b>
<b>2016</b>				
Total Receivables	116 074 565	3 166 044	2 639 826	121 880 435
Less: Provision for doubtful debts	(89 334 794)	(2 917 411)	-	(92 252 205)
<b>Total Recoverable debtors by customer classification</b>	<b>26 739 771</b>	<b>248 633</b>	<b>2 639 826</b>	<b>29 628 230</b>
<b>Summary of Receivables by Customer Classification</b>				
	<b>Residential, Industrial &amp; Commercial R</b>	<b>Other Debtors R</b>	<b>National and Provincial Government R</b>	<b>Total R</b>
<b>2015</b>				
Total Receivables	136 485 868	-	499 012	136 984 880
Less: Provision for doubtful debts	(96 225 499)	-	-	(96 225 499)
<b>Total Recoverable debtors by customer classification</b>	<b>40 260 369</b>	<b>-</b>	<b>499 012</b>	<b>40 759 381</b>
<b>Trade and other receivables impaired</b>				
<b>2016</b>				
		<b>Exchange Transactions R</b>	<b>Non-Exchange Transactions R</b>	<b>Total R</b>
Total		(45 517 717)	(46 734 488)	(92 252 205)
<b>2015</b>				
		<b>Exchange Transactions R</b>	<b>Non-Exchange Transactions R</b>	<b>Total R</b>
Total		(33 571 870)	(62 653 629)	(96 225 499)

Debts on rates are required to be settled after 30 days, interest is charged after this date at prime +1%.  
The fair value of trade and other receivables approximates their carrying amounts.

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**Reconciliation of the Total Provision for Debt Impairment**

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
Balance at beginning of the year	96 225 499	59 494 567
Contributions to provision	69 311 226	40 121 041
VAT Contributions to provision	1 518 048	302 461
Additional interest/corrections transferred to/from provision	3 544	2 958
Doubtful debts written off against provision	(74 806 112)	(3 695 528)
<b>Balance at end of year</b>	<b>92 252 205</b>	<b>96 225 499</b>

In determining the recoverability of a trade receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

**22 OPERATING LEASE ARRANGEMENTS**

**22.1 The Municipality as Lessor**

**Notes**

<b>Balance on 1 July</b>	15 412	10 008
Operating Lease Asset previously not recognised - Note 25.23 and Note 39.06	-	2 881
<b>Restated Balance on 1 July</b>	<b>15 412</b>	<b>12 889</b>
Operating Lease Asset previously not recognised - Note 25.23 and Note 39.06	-	-
Operating Lease Asset for the current year	37 590	2 523
<b>Balance on 30 June</b>	<b>53 002</b>	<b>15 412</b>

Beaufort West Municipality is leasing land to rate payers for periods of 24 to 119 months with various escalations per year.

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

Up to 1 Year	491 429	492 660
1 to 5 Years	554 119	763 871
More than 5 Years	154 844	156 594
<b>Total Operating Lease Arrangements</b>	<b>1 200 391</b>	<b>1 413 125</b>

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land being leased out for a period until 2109

**23 CASH AND CASH EQUIVALENTS**

**Assets**

Call Investments Deposits	18 037 290	15 036 387
Primary Bank Account	-	-
Cash Floats	12 230	12 230
<b>Total Cash and Cash Equivalents - Assets</b>	<b>18 049 520</b>	<b>15 048 617</b>

<b>2016</b>	<b>2015</b>
<b>R</b>	<b>R</b>

**Liabilities**

Primary Bank Account	(520 342)	(1 932 245)
<b>Total Cash and Cash Equivalents - Liabilities</b>	<b>(520 342)</b>	<b>(1 932 245)</b>

Call Investments Deposits to an amount of R11 091 768 are held to fund the Unspent Conditional Grants (2015: R4 709 333).

Bank overdraft of R5 000 000 exists at Nedbank and the Municipality has a facility of R 854 000 for Fleet Cards at Nedbank.

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

23	<b>CASH AND CASH EQUIVALENTS (CONTINUED)</b>	<b>2016</b> <b>R</b>	<b>2015</b> <b>R</b>
	The municipality has the following bank account:		
	<b><u>Current Account</u></b>		
	<b><i>Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account):</i></b>		
	Cash book balance at beginning of year	(1 932 245)	-
	Cash book balance at end of year	(520 342)	(1 932 245)
	Bank statement balance at beginning of year Nedbank-Account Number 10 7428 0318	3 046 652	-
	Bank statement balance at beginning of year ABSA-Account Number 405 0538 936	458 675	2 151 835
	Bank Accounts balance at beginning of year	<b>3 505 326</b>	<b>2 151 835</b>
	Bank statement balance at end of year Nedbank-Account Number 10 7428 0318	(1 166 224)	3 046 652
	Bank statement balance at end of year ABSA-Account Number 405 0538 936	(150 182)	458 675
	Bank Accounts balance at end of year	<b>(1 316 405)</b>	<b>3 505 326</b>
	<b><u>Call Investment Deposits</u></b>		
	Call investment deposits consist out of the following accounts:		
	Investec	4 536 535	2 804 217
	ABSA	5 034 228	3 966 864
	Standard Bank	3 895 843	273 084
	Nedbank	4 570 662	7 992 228
		<b>18 037 268</b>	<b>15 036 392</b>

24	<b>PROPERTY RATES</b>		
	<b><u>Actual</u></b>		
	<b>Rateable Land and Buildings</b>	28 885 130	27 215 031
	Residential, Commercial Property, State	28 885 130	27 215 031
	<b>Less: Rebates</b>	(2 854 038)	(2 632 007)
	<b>Total Assessment Rates</b>	<b>26 031 092</b>	<b>24 583 024</b>
	<b><u>Valuations on 30 June 2016:</u></b>		
	Residential	1 126 632 080	1 146 872 730
	Commercial	263 229 800	269 361 000
	Governments	49 299 700	7 960 300
	Schools	46 978 100	46 821 100
	PSI	41 221 900	41 246 900
	Non profitable	83 666 150	83 022 150
	Exemptions (Municipal)	197 507 250	189 577 750
	Agricultural	1 720 778 060	1 715 323 060
	Vacant Erven	-	-
	Building Clause	10 735 928	10 345 928
	<b>Total Property Valuations</b>	<b>3 540 048 968</b>	<b>3 510 530 918</b>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. Rebates were granted on land with buildings used solely for dwellings purposes as follows: Residential - The first R19 000 on the valuation is exempted.

Rates are levied monthly and payable by the 12th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

25	GOVERNMENT GRANTS AND SUBSIDIES	2016 R	2015 R
	<b>Unconditional Grants</b>	<b>44 160 000</b>	<b>38 990 000</b>
	Equitable Share - Refer to Note 25.1	44 160 000	38 990 000
	<b>Conditional Grants</b>	<b>66 398 233</b>	<b>75 444 894</b>
	Municipal Infrastructure Grant	12 195 798	14 439 475
	Finance Management Grant	1 457 866	1 460 327
	Department of Water Affairs and Forestry	-	-
	Department of Mineral and Energy	12 624 805	32 639 828
	ESKOM	312 637	-
	ACIP	2 791 790	887 934
	Municipal System Improvement Grant	923 693	719 364
	Public Transport Infrastructure Program (PTIP)	-	81 150
	Provincial Administration Western Cape (PAWC)	33 566 097	21 733 260
	Neighbourhood Development Programme (NDP)	264 150	271 205
	Donations and Public Contributions	320 243	-
	Subsidies	-	696 316
	Job Creation	-	359 776
	Expended Public Works Program National (EPWP)	1 736 017	1 834 000
	Regional Bulk Infrastructure Grant : Capital (RBIG)	-	18 695
	Community Development Workers	205 137	303 564
	<b>Total Government Grants and Subsidies</b>	<b>110 558 233</b>	<b>114 434 894</b>
	Government Grants and Subsidies - Capital	14 556 431	37 652 483
	Government Grants and Subsidies - Operating	96 001 801	76 782 411
		<b>110 558 233</b>	<b>114 434 894</b>
	Revenue recognised per vote as required by Section 123 (c) of the MFMA		
	Executive & Council	26 740 798	22 026 089
	Budget & Treasury	5 410 470	5 972 432
	Corporate Services	543 362	205 022
	Planning & Development	631 856	398 101
	Community & Social Services	6 663 612	5 156 570
	Housing	25 209 541	3 195 587
	Sport & Recreation	998 731	1 837 626
	Waste Management	946 971	1 033 455
	Waste Water Management	10 991 068	13 916 313
	Road Transport	2 164 927	11 923 757
	Water	11 640 329	11 957 211
	Electricity	18 616 568	36 812 731
		<b>110 558 233</b>	<b>114 434 894</b>

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

25.1 **Equitable share**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned

See Appendix D & note 10 for a reconciliation of all grants.

26 **SERVICE CHARGES**

Electricity	63 227 351	57 777 162
Service Charges - Electricity	67 085 160	61 204 206
Less: Rebates	(3 857 809)	(3 427 044)
Water	15 589 880	13 386 412
Service Charges - Water	24 073 528	21 421 823
Less: Rebates	(8 483 648)	(8 035 411)
Refuse removal	6 465 133	5 947 327
Service Charges - Refuse	7 412 104	6 850 762
Less: Rebates	(946 971)	(903 435)
Sewerage and Sanitation Charges	12 326 698	11 288 363
Service Charges - Sewerage	15 292 056	14 031 381
Less: Rebates	(2 965 358)	(2 743 018)
<b>Total Service Charges</b>	<b>97 609 062</b>	<b>88 399 264</b>

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
<b>27 OTHER REVENUE</b>		
Insurance excess revenue	242 541	129 007
VAT portion of Grants that the Municipality may recognized as own income	4 453 366	7 077 277
Selling of burial sites	205 952	164 518
Fees: swimming pool	138 392	104 669
Commission on insurances	90 611	97 856
Re-connections	53 106	58 047
Building plans	89 101	96 735
Sale of land	95 606	62 324
Reversal: Impairment	-	-
Contribution Capital Replacement Grant	807 136	-
Other income represents sundry income such as administration income, sale of sand and photocopies.		
	1 259 733	1 582 554
<b>Total Other Income</b>	<b>7 435 544</b>	<b>9 372 987</b>
<b>28 EMPLOYEE RELATED COSTS</b>		
Standby Allowances	1 358 369	1 306 857
Housing Subsidy	902 454	270 703
Performance Bonus	512 366	-
Bonus	3 822 031	3 887 448
Essential Users	1 320 048	1 228 782
Overtime	2 798 769	3 195 939
Long Service Awards	14 000	6 000
Salaries	54 499 274	49 896 392
Acting Allowance	2 078 464	2 199 365
Uniform Allowance	53 061	58 960
Leave Reserve Fund	761 004	622 106
Transport Allowance	566 014	479 861
Group Insurance	51 246	57 439
Medical Aid Contribution	1 337 469	1 185 296
Provident Fund SAMWU	561 851	577 250
Pension Fund Contribution	7 436 351	6 919 728
Occupational Health/Safety	48 045	33 090
Unemployment Fund	552 160	509 551
Long Service Bonus	315 183	640 702
Post Retirement Medical	891 406	3 684
Housing	-	346 455
<b>Total Employee Related Costs</b>	<b>79 879 565</b>	<b>73 425 608</b>
<b>KEY MANAGEMENT PERSONNEL</b>		
The Municipal Manager, Director Corporate Services and the CFO are appointed on 5-year fixed contracts and the Directors Electrical Services and Engineering Services are permanently employed. The Director Community Services is vacant and is filled by an acting employee.		
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
<b>Remuneration of the Municipal Manager: J Booyesen</b>		
Annual Remuneration	1 052 227	899 194
Performance Bonuses	140 963	132 000
Car Allowance	118 968	119 334
Contributions, Medical and Pension Funds	199 989	188 020
Function Committee Allowance	-	-
<b>Total</b>	<b>1 512 147</b>	<b>1 338 548</b>
<b>Remuneration of the Director Financial Services: F Sabbat</b>		
Annual Remuneration	821 155	683 333
Performance Bonuses	86 167	-
Car Allowance	192 000	100 000
Acting allowance	-	9 917
<b>Total</b>	<b>1 099 322</b>	<b>793 250</b>
<b>Remuneration of the Director Electrical Services: RE van Staden</b>		
Annual Remuneration	643 012	595 610
Performance Bonuses	86 213	80 731
Car Allowance	72 000	72 000
Contributions, Medical and Pension Funds	123 604	116 143
Leave pay-out	57 113	-
Acting Allowance	10 606	25 784
<b>Total</b>	<b>992 548</b>	<b>890 268</b>



BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

28	EMPLOYEE RELATED COSTS (CONTINUED)	2016 R	2015 R
	<i>Remuneration of the Director Community Services: AC Makendiana (01/07/2014 - 31/08/2014)</i>		
	Annual Remuneration	-	118 250
	Car Allowance	-	10 000
	Contributions, Medical and Pension Funds	-	23 059
	Acting Allowance	-	5 950
	Telephone	-	1 000
	<b>Total</b>	<b>-</b>	<b>158 259</b>
	<i>Remuneration of the Acting Director Community Services: RE Klink</i>		
	Acting Allowance	415 358	264 795
	<b>Total</b>	<b>415 358</b>	<b>264 795</b>
	<i>Remuneration of the Director Engineering Services: JCL Smit</i>		
	Annual Remuneration	692 396	639 920
	Performance Bonuses	92 037	86 185
	Car Allowance	72 000	72 000
	Contributions, Medical and Pension Funds	132 749	124 784
	Acting Allowance	-	1 983
	<b>Total</b>	<b>989 182</b>	<b>924 872</b>
	<i>Remuneration of the Director Corporate Services: AC Makendiana</i>		
	Annual Remuneration	795 126	613 668
	Performance Bonuses	74 771	93 514
	Car Allowance	60 000	50 000
	Contributions, Medical and Pension Funds	152 546	119 665
	Acting Allowance	13 884	45 620
	Telephone	6 000	5 000
	<b>Total</b>	<b>1 102 327</b>	<b>927 468</b>
29	REMUNERATION OF COUNCILLORS		
	<i>Remuneration of Councillor: H.T. Prince</i>		
	Annual Remuneration	426 967	406 379
	Telephone Allowance	20 868	20 868
	Travelling	175 719	167 239
	Tools of trade	3 600	3 600
	Pension	61 964	57 744
	Medical	45 115	41 432
	<b>Total</b>	<b>734 233</b>	<b>697 262</b>
	<i>Remuneration of Councillor: S.M. Motsoane</i>		
	Annual Remuneration	371 760	353 243
	Telephone Allowance	20 868	20 868
	Travelling	141 953	134 552
	Tools of trade	3 600	3 600
	Pension	54 099	50 413
	<b>Total</b>	<b>592 280</b>	<b>562 676</b>
	<i>Remuneration of Councillor: G.P. Adolph</i>		
	Annual Remuneration	399 242	378 429
	Telephone Allowance	20 868	20 868
	Travelling	74 755	71 788
	Tools of trade	3 600	3 600
	Pension	58 325	54 355
	<b>Total</b>	<b>556 791</b>	<b>529 040</b>
	<i>Remuneration of Councillor: J. Bostander</i>		
	Annual Remuneration	93 609	132 466
	Telephone Allowance	13 912	20 868
	Travelling	35 657	50 457
	Tools of trade	2 400	3 600
	Pension	13 360	18 906
	<b>Total</b>	<b>158 938</b>	<b>226 297</b>
	<i>Remuneration of Councillor: M. Furmen</i>		
	Annual Remuneration	213 939	201 829
	Telephone Allowance	20 868	20 868
	Tools of trade	3 600	3 600
	<b>Total</b>	<b>238 407</b>	<b>226 297</b>

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

29	REMUNERATION OF COUNCILLORS (CONTINUED)	2016 R	2015 R
	<b>Remuneration of Councillor: G. De Vos</b>		
	Annual Remuneration	160 454	151 372
	Telephone Allowance	20 868	20 868
	Travelling	53 485	50 457
	Tools of trade	3 600	3 600
	<b>Total</b>	<b>238 407</b>	<b>226 297</b>
	<b>Remuneration of Councillor: J. Diedericks</b>		
	Annual Remuneration	96 775	-
	Telephone Allowance	3 895	-
	Tools of trade	672	-
	<b>Total</b>	<b>101 342</b>	<b>-</b>
	<b>Remuneration of Councillor: A.M. Slabbert</b>		
	Annual Remuneration	160 454	151 372
	Telephone Allowance	20 868	20 868
	Travelling	53 485	50 457
	Tools of trade	3 600	3 600
	<b>Total</b>	<b>238 407</b>	<b>226 297</b>
	<b>Remuneration of Councillor: D.E. Welgemoed</b>		
	Annual Remuneration	113 842	132 466
	Telephone Allowance	15 651	20 868
	Travelling	44 571	50 457
	Tools of trade	2 700	3 600
	Pension	15 104	18 906
	<b>Total</b>	<b>191 868</b>	<b>226 297</b>
	<b>Remuneration of Councillor: A.D. Willemse</b>		
	Annual Remuneration	66 953	151 372
	Telephone Allowance	8 695	20 868
	Travelling	22 318	50 457
	Tools of trade	1 500	3 600
	<b>Total</b>	<b>99 466</b>	<b>226 297</b>
	<b>Remuneration of Councillor: G.T. Murray</b>		
	Annual Remuneration	213 933	201 829
	Telephone Allowance	20 868	20 868
	Tools of trade	3 600	3 600
	<b>Total</b>	<b>238 401</b>	<b>226 297</b>
	<b>Remuneration of Councillor: R. vd Linde</b>		
	Annual Remuneration	120 341	151 372
	Telephone Allowance	15 651	20 868
	Travelling	40 114	50 457
	Tools of trade	2 700	3 600
	<b>Total</b>	<b>178 805</b>	<b>226 297</b>
	<b>Remuneration of Councillor: L. Deyce</b>		
	Annual Remuneration	186 824	176 622
	Telephone Allowance	20 868	20 868
	Tools of trade	3 600	3 600
	Pension	27 115	25 207
	<b>Total</b>	<b>238 407</b>	<b>226 297</b>
	<b>Remuneration of Councillor: E.A.J. Beyers</b>		
	Annual Remuneration	402 552	446 407
	Telephone Allowance	16 521	20 868
	Tools of trade	2 850	3 600
	Pension	56 702	63 772
	<b>Total</b>	<b>478 624</b>	<b>534 646</b>
	<b>Remuneration of Councillor: R.T. Hugo</b>		
	Annual Remuneration	114 163	-
	Telephone Allowance	10 434	-
	Tools of trade	1 800	-
	<b>Total</b>	<b>126 397</b>	<b>-</b>
	<b>Remuneration of Councillor: L. Basson</b>		
	Annual Remuneration	71 313	-
	Telephone Allowance	6 956	-
	Tools of trade	1 200	-
	<b>Total</b>	<b>79 469</b>	<b>-</b>
	<b>Remuneration of Councillor: P. Simon</b>		
	Annual Remuneration	28 720	-
	Telephone Allowance	2 801	-
	Tools of trade	483	-
	<b>Total</b>	<b>32 005</b>	<b>-</b>

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

29	<b>REMUNERATION OF COUNCILLORS (CONTINUED)</b>	2016 R	2015 R
	<b><i>Total Remuneration of Councillors</i></b>		
	Annual Remuneration	3 241 841	3 035 157
	Telephone Allowance	261 460	271 284
	Travelling	642 057	671 946
	Tools of trade	45 105	46 800
	Pension	286 670	289 302
	Medical	45 115	41 432
	<b>Total</b>	<b><u>4 522 248</u></b>	<b><u>4 355 921</u></b>
	<b><i>In-kind Benefits</i></b>		
	The Executive Mayor, Deputy Executive Mayor, Speaker and one other councillor are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has the use of a Council owned vehicle for official duties.		
30	<b>DEBT IMPAIRMENT</b>		
	Trade Receivables from exchange transactions - Note 20	36 146 107	29 015 797
	Other Receivables from non-exchange transactions - Note 21	33 165 119	11 105 244
	<b>Total Contribution to Impairment Provision</b>	<b><u>69 311 226</u></b>	<b><u>40 121 041</u></b>
31	<b>DEPRECIATION AND AMORTISATION</b>		
	Depreciation PPE	14 771 503	14 457 253
	Depreciation Investment Properties	249 254	248 573
	Depreciation Capitalised Restoration Cost	139 193	211 284
	Amortisation	120 246	96 889
	<b>Total depreciation and amortisation expenditure</b>	<b><u>15 280 196</u></b>	<b><u>15 013 998</u></b>
32	<b>IMPAIRMENTS</b>		
	Property Plant & Equipment	-	-
	Investment Properties	-	-
	Capitalised Restoration Cost	(35 932)	5 971
	Balance Previously Reported		3 170 956
	Correction of error		(3 164 985)
	<b>Total Impairments</b>	<b><u>(35 932)</u></b>	<b><u>5 971</u></b>
33	<b>REPAIRS AND MAINTENANCE</b>		
	Repairs and maintenance expenditure per vote		
	Executive & Council	1 093	2 471
	Budget & Treasury	257 611	202 825
	Corporate Services	1 036 223	1 175 765
	Planning & Development	80 285	109 448
	Community & Social Services	645 326	598 952
	Housing	242 226	214 768
	Public Safety	401 172	486 619
	Sport & Recreation	1 253 826	1 368 216
	Waste Management	2 099 325	1 964 100
	Waste Water Management	526 899	553 699
	Road Transport	2 964 568	3 091 529
	Water	6 193 525	3 435 732
	Electricity	8 405 584	4 939 078
	<b>Total repairs and maintenance expenditure</b>	<b><u>24 107 663</u></b>	<b><u>18 143 202</u></b>
34	<b>FINANCE CHARGES</b>		
	Long-term Liabilities	2 928 145	2 631 273
	Finance leases	206 611	325 383
	Post Retirement Charges	2 488 715	2 333 505
	Overdraft Facilities	130 729	134 364
	<b>Total finance charges</b>	<b><u>5 754 200</u></b>	<b><u>5 424 525</u></b>

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
<b>35 BULK PURCHASES</b>		
Electricity	50 648 141	44 106 353
Water	5 668 164	6 123 815
<b>Total Bulk Purchases</b>	<b>56 316 305</b>	<b>50 230 168</b>
Stock Adjustments	(8 400 222)	(6 715 073)
<b>Total Bulk Purchases excluding Stock Adjustments</b>	<b>47 916 083</b>	<b>43 515 095</b>
<b>36 CONTRACTED SERVICES</b>		
Accountancy Services	134 963	349 937
Finance Management Grant	649 858	521 845
IDP PAWK	-	112 597
SDBIP	401 558	166 452
Security Services	3 516 440	3 051 405
Speed Camera	7 183 404	3 667 025
Valuation cost	70 768	129 990
<b>Total Contracted services</b>	<b>11 956 991</b>	<b>7 999 251</b>
<b>37 GRANTS AND SUBSIDIES</b>		
Donations	34 879	64 452
<b>Total Grants and Subsidies</b>	<b>34 879</b>	<b>64 452</b>
<b>38 GENERAL EXPENSES</b>		
Advertisement Costs	342 674	411 075
Banking Charges	625 150	326 537
Bursaries	184 726	166 131
Community Development Workers Organisations	207 470	303 565
Insurance	1 484 677	1 356 413
Asset Management Plan	815 439	1 182 970
Licences/ Agreements	-	90 773
Printing & Stationary	1 293 689	1 515 733
Subsistence & Travel	901 968	816 517
Audit fees	976 131	1 171 067
Telephone Costs	2 460 057	2 319 739
Training Costs	1 562 530	1 443 988
Water service development program	143 524	475 684
Ward Committee	184 933	113 539
Vehicle Cost	691 676	618 063
Postage	85 831	333 200
Digging of graves	532 358	457 416
Job Creation	255 193	200 694
Legal expenses	(1 890)	445 322
Rental Fees	164 468	86 693
Deeds Registrations	74 517	1 126 164
Mayoral Golf Tournament	18 725	11 623
Public Functions	97 242	48 247
Publicity	178 442	57 589
Tracking Device	26 473	15 795
Deficit Rental Mun. Dwelling	75 281	80 425
Licences Vehicles	193 574	181 729
Consulting Fees	157 996	185 531
Workmans Compensation	1 466 791	274 987
Collection Charges	1 987 890	-
SCOA Implementation	166 056	56 949
Basic service delivery rebattes	1 022 601	46 965
Youth and gender	374 440	563 841
Literacy Program	33 637	15 670
Housing	23 612	20 918
Electricity network	25 209 541	3 195 586
MIG PMU	5 273 441	19 256 399
Other expenditure	48 368	69 051
<b>General Expenses</b>	<b>1 495 559</b>	<b>1 115 009</b>
	<b>50 834 790</b>	<b>40 157 597</b>

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial Performance. This include items such as telecommunications, travelling, legal fees and auditing fees.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

39	CORRECTION OF ERROR IN TERMS OF GRAP 3	Notes	2015 R
39.01	<b>Changes to Statement of Financial Performance</b>		
	<b>Balance previously reported</b>		83 361 061
	Incorrect amount on calculation of Landfill site provision increase against finance charges during 2014/15	39.03	3 925 345
	Incorrect amount on calculation of acquisitions on Capitalised Restoration Cost during 2014/15	39.03	(3 627 969)
	Correct amount on calculation of Landfill site provision increase against finance charges during 2014/15	39.03	(1 268 512)
	Correct amount on calculation of Landfill site provision Increase in Estimate during 2014/15	39.03	610 942
	Incorrect amount on calculation of depreciation on Capitalised Restoration Cost during 2014/15	39.04	223 693
	Incorrect amount on calculation of impairment on Capitalised Restoration Cost during 2014/15	39.04	3 164 984
	Correct amount on calculation of additions on Capitalised Restoration Cost during 2014/15	39.04	(454 794)
	Correct amount on calculation of depreciation on Capitalised Restoration Cost during 2014/15	39.04	(211 284)
	Correct amount on calculation of impairment on Capitalised Restoration Cost during 2014/15	39.04	27 573
	Correct amount on calculation of reversel of Operating Lease during 2014/15	39.07	(1 665)
	Correct amount on calculation of impairment on Land during 2014/15	39.09	504 518
	Correction of error for difference of Outstanding Creditors ito 2014/15		(131 141)
	Correction of error for invoices recorded in wrong financial year of Trade Payables ito 2014/15		(352 027)
	Correct amount on calculation of depreciation on Investment Properties during 2014/15	39.02	17 782
	<b>Total</b>		<b><u>85 788 506</u></b>
39.02	<b>Accumulated Surplus/(Deficit)</b>		<b>341 591 646</b>
	<b>Balance previously reported</b>		
	Incorrect amount of Landfill site provision contribution against accumulated surplus as at 30 June 2014	39.03	3 023 068
	Correct amount of Landfill site provision contribution against accumulated surplus as at 30 June 2014	39.03	(18 738 488)
	Incorrect amount on calculation of accumulated depreciation on Capitalised Restoration Cost as at 30 June 2014	39.04	894 623
	Incorrect amount on calculation of accumulated impairment on Capitalised Restoration Cost as at 30 June 2014	39.04	94 461
	Correct amount on calculation of accumulated depreciation on Capitalised Restoration Cost as at 30 June 2014	39.04	(3 332 688)
	Correct amount on calculation of accumulated impairment on Capitalised Restoration Cost as at 30 June 2014	39.04	(349 092)
	Correct amount on calculation of reversel of Operatinnng Lease during as at 30 June 2014	39.07	2 881
	Correction of error for difference of Outstanding Creditors ito 2013/14	39.01	96 432
	Correction of long outstanding unpaid conditional grants 2013/2014	39.10	(701 266)
	Add Land towards asset register not recognized prior years	39.09	176 000
	Redemption ito Standard Bank Loan not recognized in 2013/2014		4 337
	<b>Total</b>		<b><u>322 761 913</u></b>
39.03	<b>Non-Current Provisions</b>		
	<b>Balance previously reported</b>		<b>9 601 499</b>
	Incorrect amount of Landfill site provision contribution against accumulated surplus as at 30 June 2014	39.02	(3 023 068)
	Incorrect amount of Landfill site provision contribution against Capitalised Restoration Cost as at 30 June 2014	39.04	(2 653 085)
	Incorrect amount on calculation of Landfill site provision increase against finance charges during 2014/15	39.01	(3 925 345)
	Correct amount of Landfill site provision contribution against accumulated surplus as at 30 June 2014	39.02	18 738 488
	Correct amount of Landfill site provision contribution against Capitalised Restoration Cost as at 30 June 2014	39.04	5 480 524
	Correct amount on calculation of Landfill site provision increase against finance charges during 2014/15	39.01	1 268 512
	Correct amount on calculation of Landfill site provision Increase in Estimate during 2014/15	39.01	(610 942)
	<b>Total</b>		<b><u>24 876 582</u></b>
39.04	<b>Capitalised Restoration Cost</b>		
	<b>Balance previously reported</b>		<b>1 903 294</b>
	Incorrect amount of Landfill site provision contribution against Capitalised Restoration Cost as at 30 June 2014	39.03	(2 653 085)
	Incorrect amount on calculation of accumulated depreciation on Capitalised Restoration Cost as at 30 June 2014	39.02	894 623
	Incorrect amount on calculation of accumulated impairment on Capitalised Restoration Cost as at 30 June 2014	39.02	94 461
	Incorrect amount on calculation of Acquisitions on Capitalised Restoration Cost as at 30 June 2014/15	39.01	(3 627 969)
	Incorrect amount on calculation of depreciation on Capitalised Restoration Cost during 2014/15	39.01	223 693
	Incorrect amount on calculation of impairment on Capitalised Restoration Cost during 2014/15	39.01	3 164 984
	Correct amount of Landfill site provision contribution against Capitalised Restoration Cost as at 30 June 2014	39.03	5 480 524
	Correct amount on calculation of accumulated depreciation on Capitalised Restoration Cost as at 30 June 2014	39.02	(3 332 688)
	Correct amount on calculation of accumulated impairment on Capitalised Restoration Cost as at 30 June 2014	39.02	(349 092)
	Correct amount on calculation of additions on Capitalised Restoration Cost during 2014/15	39.01	(454 794)
	Correct amount on calculation of depreciation on Capitalised Restoration Cost during 2014/15	39.01	(211 284)
	Correct amount on calculation of impairment on Capitalised Restoration Cost during 2014/15	39.01	27 573
	<b>Total</b>		<b><u>1 160 239</u></b>

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
<b>39.05 Long-term Liabilities</b>		
<b>Balance previously reported</b>		12 028 075
Redemption into Standard Bank Loan not recognized in 2013/2014	39.02	(4 336)
<b>Total</b>		<b>12 023 739</b>
<b>39.06 Operating Lease Asset</b>		
<b>Balance previously reported</b>		14 196
Correct amount on calculation of reversal of Operating Lease during 2014/15	39.02	2 881
Correct amount on calculation of reversal of Operating Lease during 2014/16	39.01	(1 665)
<b>Total</b>		<b>15 412</b>
<b>39.07 Trade Payables</b>		
<b>Balance previously reported</b>		27 075 160
Retention	9	(4 223 421)
Sundry Creditors	9	(1 754 883)
Other Deposits	9	(133 327)
Correction of error for difference of Deposits Other into 2013/14		5 785
Correction of error for difference of Trade Payables into 2013/14		(96 432)
Correction of error for invoices recorded in wrong financial year of Trade Payables into 2014/15		352 027
Correction of error for difference of Trade Payables into 2014/15		131 141
<b>Total</b>		<b>21 356 050</b>
<b>39.08 Other Deposits</b>		
<b>Balance previously reported</b>		1 255 460
Trade Payables	9	127 542
<b>Total</b>		<b>1 383 002</b>
<b>39.09 Property, Plant and Equipment</b>		
<b>Balance previously reported</b>		452 172 824
Add Land towards asset register not recognized prior years		176 000
Correct amount on calculation of impairment on Land during 2014/15		504 518
<b>Total</b>		<b>452 853 342</b>
<b>39.10 Unpaid Conditional Government Grants and Receipts</b>		
<b>Balance previously reported</b>		1 614 319
Correction of long outstanding unpaid conditional grants 2013/2014		(701 266)
<b>Total</b>		<b>913 053</b>
<b>39.11 Trade Receivables from exchange transactions</b>		
<b>Balance previously reported</b>		28 018 610
Correction of outstanding Rates disclosed as outstanding Other Debtors during 2014/2015	20	(6 558 464)
<b>Total</b>		<b>21 460 146</b>
<b>39.12 Other Receivables from non-exchange transactions</b>		
<b>Balance previously reported</b>		5 931 129
Correction of outstanding Rates disclosed as outstanding Other Debtors during 2014/2015	21	6 558 464
<b>Total</b>		<b>12 489 593</b>
<b>40 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus for the year	(11 246 623)	85 788 508
<b>Adjustments for:</b>		
Depreciation	15 159 954	14 917 113
Amortisation of Intangible Assets	120 246	96 889
(Gain)/Loss on disposal of property, plant and equipment	23 278	841 434
Contributed PPE	-	(52 296 307)
Impairments	(35 932)	(532 091)
Contribution from/to employee benefits - non-current	(1 163 050)	(1 329 963)
Contribution from/to employee benefits - non-current - expenditure incurred	3 696 329	3 403 259
Contribution from/to employee benefits - non-current - actuarial losses	(506 605)	(216 003)
Contribution from/to provisions - non-current	437 476	657 570
Contribution to employee benefits – current	5 095 401	4 509 555
Contribution to employee benefits – current - expenditure incurred	(4 532 997)	(4 089 072)
Contribution to provisions – Debt Impairment	69 311 226	40 121 041
Impairment written off	(74 806 112)	(3 695 528)
(Increase)/Decrease in Capitalised Restoration Cost	886 243	454 794
Additional debt Impairment transactions	3 544	2 958
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	6 382 436	(2 426 230)
Increase/(Decrease) in Unspent Conditional Public Contributions and Receipts	(65 208)	6 903
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	913 052	(943 941)
Operating lease income accrued	(37 590)	(2 523)
Operating Surplus/(Deficit) before changes in working capital	9 635 069	85 268 366
Changes in working capital	14 577 206	(42 983 987)
Increase/(Decrease) in Trade and Other Payables	(1 776 433)	6 739 975
Increase/(Decrease) in Taxes	1 920 607	(2 209 984)
(Increase)/Decrease in Inventory	(736 961)	(200 210)
Increase/(Decrease) in Consumer Deposits	65 548	88 534
(Increase)/Decrease in Trade Receivables from exchange transactions	(7 082 714)	(8 914 855)
(Increase)/Decrease in Other Receivables from non-exchange transactions	22 187 158	(38 487 447)
<b>Cash generated/(absorbed) by operations</b>	<b>24 212 275</b>	<b>42 284 379</b>

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
<b>41 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 23	18 037 290	15 036 387
Cash Floats - Note 23	12 230	12 230
Bank overdraft - Note 23	(520 342)	(1 932 245)
<b>Total cash and cash equivalents</b>	<b>17 529 178</b>	<b>13 116 372</b>
<b>42 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 41	17 529 178	13 116 372
Less:	17 529 178	13 116 372
	9 989 752	1 941 091
Unspent Committed Conditional Grants - Note 10	11 091 769	4 709 333
Unspent Public Contribution - Note 11	80 747	145 955
Unpaid Committed Conditional Grants - Note 10	(1)	(913 053)
Staff Leave - Note 7	4 635 616	4 223 673
VAT - Note 12	(6 041 900)	(6 444 459)
Cash Portion of Housing Development Fund - Note 2	223 521	219 642
<b>Net cash resources available for internal distribution</b>	<b>7 539 426</b>	<b>11 175 281</b>
<b>Allocated to:</b>		
Capital Replacement Reserve	3 078 397	10 491 152
<b>Resources available for working capital requirements</b>	<b>4 461 029</b>	<b>684 129</b>
<b>43 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 3	14 105 614	15 306 065
Used to finance property, plant and equipment - at cost	(14 105 614)	(15 306 065)
	-	-

Annuity loans at amortised cost is calculated at 6.8%-14.00% interest rate, with last maturity date of 31 July 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

	2016 R	2015 R
<b>44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>44.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure:		
Opening balance	28 487 953	47 144 485
Unauthorised operating expenditure current year	27 431 018	12 653 211
Unauthorised capital expenditure current year	252 361	15 834 742
Approved by Council or written off	-	(47 144 485)
Unauthorised expenditure awaiting further action	<b>56 171 331</b>	<b>28 487 953</b>

Incident	Disciplinary steps/criminal proceedings
Actual vs Budgeted spending	None

	2016 R (Actual)	2016 R (Budget)	2016 R (Variance)	2016 R (Unauthorised)
<b>Unauthorised expenditure current year - operating</b>				
Vote 1 - Municipal Manager	4 311 087	4 946 976	(635 889)	-
Vote 2 - Director: Corporate Service	28 563 328	28 772 796	(209 468)	-
Vote 3 - Director: Financial Services	28 086 985	20 827 943	7 259 042	7 259 042
Vote 4 - Director: Engineering Services	67 915 550	71 671 777	(3 756 227)	-
Vote 5 - Director: Community Services	107 726 467	87 554 491	20 171 976	20 171 976
Vote 6 - Director: Electrical Services	83 964 539	86 531 066	(2 566 527)	-
	<b>320 567 956</b>	<b>300 305 049</b>	<b>20 262 907</b>	<b>27 431 018</b>

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

<u>Unauthorised expenditure current year - capital</u>	2016 R (Actual)	2016 R (Budget)	2016 R (Variance)	2016 R (Unauthorised)
Vote 1 - Municipal Manager	48 102	40 000	8 102	8 102
Vote 2 - Director: Corporate Service	1 630 262	1 637 552	(7 290)	-
Vote 3 - Director: Financial Services	292 424	48 165	244 259	244 259
Vote 4 - Director: Engineering Services	13 782 495	24 306 225	(10 523 730)	-
Vote 5 - Director: Community Services	32 733	622 942	(590 209)	-
Vote 6 - Director: Electrical Services	2 700 658	9 773 945	(7 073 287)	-
	<b>18 486 675</b>	<b>36 428 829</b>	<b>(17 942 154)</b>	<b>252 361</b>

44	<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)</b>	2016 R	2015 R
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**44.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	159 670	-
Fruitless and wasteful expenditure current year	44 809	159 670
Written off by Council	-	-
Transfer to receivables for recovery - not written off	-	-
Fruitless and wasteful expenditure awaiting further action	<b>204 479</b>	<b>159 670</b>

<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>		
During the year under review it was discovered that some cell phone accounts of former employees and councillors are still debited against the municipality's bank account	None	44 809	79 800
During the year under review it was discovered that debit orders were going off against the municipality's bank account for payments to Homechoice, Multichoice, Truworths, etc	None	-	79 870

**44.3 Irregular expenditure**

Reconciliation of irregular expenditure:

Opening balance	15 906 727	35 000
Irregular expenditure prior years	-	15 321 593
Irregular expenditure current year	1 046 113	550 134
Written off supported by Council	-	-
Transfer to receivables for recovery - not written off	-	-
Irregular expenditure awaiting further action	<b>16 952 840</b>	<b>15 906 727</b>

<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>
2012 - Suppliers identified as having members/directors/owners who are in the service of the state with no evidence of this disclosed to the municipality. R6 170	None
2012 - Awards made to close family members of persons in the service of the state. (declaration has been signed) R10 094	None
2014 - Open tender request sent after event. R35 000	None
2015 - SCM procedures not followed current year. R550 134.06	None
Irregular Expenditure incurred to Contracting for Traffic Services: 2011/2012 Financial Year - R3 025 588.67 2012/2013 Financial Year - R5 725 559.70 2013/2014 Financial Year - R6 570 444.36	None
2016 - SCM procedures not followed current year. R1 046 112.55	None

**44.4 Material Losses**

**Electricity distribution losses**

Units purchased (Kwh)	56 695 109	55 426 999
- Units lost during distribution (Kwh)	6 196 904	4 566 252
- Percentage lost during distribution	10.93%	8.24%

**Water distribution losses**

Kilolitres purified	2 672 800	2 764 904
- Kilolitres lost during distribution	1 350 633	1 391 276
- Percentage lost during distribution	50.53%	50.32%



BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

45	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2016 R	2015 R
45.1	<b><u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u></b>		
	Opening balance	-	-
	Council subscriptions	829 780	782 675
	Amount paid - current year	(829 780)	(782 675)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
45.2	<b><u>Audit fees - [MFMA 125 (1)(c)]</u></b>		
	Opening balance	-	-
	Current year audit fee	2 460 057	2 244 837
	External Audit - Auditor-General	2 460 057	2 244 837
	Amount paid - current year	(2 460 057)	(2 244 837)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
45.3	<b><u>VAT - [MFMA 125 (1)(c)]</u></b>		
	VAT	<b>(6 041 900)</b>	<b>(6 444 459)</b>
	VAT is payable on the payments basis. Only once payment is received from debtors is VAT paid over to SARS.		
45.4	<b><u>PAYE, SDL and UIF - [MFMA 125 (1)(c)]</u></b>		
	Opening balance	776 782	565 172
	Current year payroll deductions and Council Contributions	9 432 541	8 499 151
	Amount paid - current year	(9 482 504)	(8 287 541)
	<b>Balance unpaid (included in creditors)</b>	<b>726 820</b>	<b>776 782</b>
45.5	<b><u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u></b>		
	Opening balance	967 228	-
	Current year payroll deductions and Council Contributions	14 658 512	13 648 703
	Amount paid - current year	(13 447 964)	(12 681 475)
	Amount paid - previous year	(967 228)	-
	<b>Balance unpaid (included in creditors)</b>	<b>1 210 548</b>	<b>967 228</b>
45.6	<b><u>Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</u></b>		
	The following Councillors had arrear accounts for more than 90 days at 30 June 2016 financial year:		
		2016 R	2015 R
		<b>Outstanding more than 90 days</b>	<b>Outstanding more than 90 days</b>
	Councillor HT Prince (010956/010957)	5 663	-
	Councillor L. Deyse (510271/000768)	-	3
	Councillor J Diedericks (020895/015754)	11 721	-
	Councillor GPJ Simon (000291/000292, 005103/005104, 024545/024546)	66 141	-
	<b>Total Councillor Arrear Consumer Accounts</b>	<b>83 525</b>	<b>3</b>
45.7	<b><u>Non-Compliance with Chapter 11 of the Municipal Finance Management Act</u></b>		
	In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council.		
	<b>Range of Deviations approved by Municipal Manager</b>	<b>Total Deviations</b>	<b>Amount</b>
	Deviations between 0 - 10 000	234	1 075 514
	Deviations between 10 001 - 30 000	61	1 040 374
	Deviations between 30 001 - 200 000	36	2 451 737
	Deviations greater than 200 001	6	2 979 477

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

		2016	2015
		R	R
45	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)</b>		
45.8	<b><u>Other non-compliance</u></b>		
	<b>MFMA Section 65(2)(b)</b> Adequate management, accounting and information system was not in place which accounted for creditors.		
	<b>MFMA Section 65(2)(e)</b>  The municipality had experienced cash flow problems during the year as a result of which creditors were not always paid within 30 days of date of statement or invoice as required.		
	<b>MFMA Section 15</b> Expenditure was not only incurred in terms of an approved budget and within the limits of the amounts approved for the different votes in an approved budget.		
	<b>MFMA Section 32(4)</b> Report pertaining to unauthorised, irregular, fruitless and wasteful expenditure have not been submitted to all relevant parties.		
46	<b>CAPITAL COMMITMENTS</b>		
	<b>Commitments in respect of capital expenditure:</b>		
	Approved and contracted for:	35 218 871	5 971 139
	Infrastructure	35 218 871	5 971 139
	<b>Total</b>	<b>35 218 871</b>	<b>5 971 139</b>
	This expenditure will be financed from:		
	Government Grants	35 218 871	5 971 139
		<b>35 218 871</b>	<b>5 971 139</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

47 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 and cash flow interest rate 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.

	2016 R	2015 R
The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
0.5% (2015 - 0.5%) Increase in interest rates	17 057	8 313
0.5% (2015 - 0.5%) Decrease in interest rates	(17 057)	(8 313)

(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.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

The ageing of amounts past due and not impaired is as follows:

	Non-Exchange Receivables R	Exchange Receivables R	Total R
<b>2016</b>			
1 month past due	129 474	479 373	608 847
2 + month past due	396 314	1 015 979	1 412 293
<b>Total</b>	<u>525 788</u>	<u>1 495 352</u>	<u>2 021 140</u>
<b>2015</b>			
1 month past due	211 101	2 088 716	2 299 817
2 + month past due	-	6 656 806	6 656 806
<b>Total</b>	<u>211 101</u>	<u>8 745 522</u>	<u>8 956 623</u>

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

47 FINANCIAL RISK MANAGEMENT (CONTINUED)

All rates and services are payable within 30 days from invoice date. Refer to note 20 and 21 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

Balances past due not impaired:

	2016 %	2016 R	2015 %	2015 R
<u>Non-Exchange Receivables</u>				
Rates	100.00%	525 788	0.00%	211 101
<u>Exchange Receivables</u>				
Electricity	36.61%	547 506	7.28%	636 261
Water	26.30%	393 310	13.67%	1 195 596
Refuse	3.68%	55 007	3.53%	309 053
Sewerage	12.41%	185 533	2.56%	223 658
Housing Rentals	0.00%	-	0.08%	7 364
Other	21.00%	313 996	72.88%	6 373 590
	100.00%	1 495 352	100.00%	8 745 522

No receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 20 & 21 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2016 %	2016 R	2015 %	2015 R
<u>Non-Exchange Receivables</u>				
Rates	23.30%	10 890 015	7.42%	4 646 238
Fines	76.70%	35 844 473	92.58%	58 007 391
	100.00%	46 734 488	100.00%	62 653 629
<u>Exchange Receivables</u>				
Electricity	5.73%	2 606 329	2.36%	791 471
Water	8.66%	3 940 737	7.81%	2 621 859
Refuse	13.65%	6 214 241	16.78%	5 634 751
Sewerage	21.06%	9 584 987	24.31%	8 161 924
Housing Rentals	0.14%	62 578	0.21%	71 217
Other	50.77%	23 108 846	48.52%	16 290 647
	100.00%	45 517 717	100%	33 571 870

Bad debts written off per debtor class:

<u>Non-Exchange Receivables</u>				
Rates and Other Receivables	100.00%	69 871 267	0.00%	-
<u>Exchange Receivables</u>				
Services	100.00%	4 934 845	100.00%	3 695 528
	100.00%	4 934 845	100.00%	3 695 528

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**47 FINANCIAL RISK MANAGEMENT (CONTINUED)**

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 entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at the Statement of Financial Position date for impairment.

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

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
Long term receivables	1 847 836	1 735 478
Trade receivables and other receivables	29 628 230	40 759 381
Cash and Cash Equivalents	18 049 520	15 048 617
Unpaid conditional grants and subsidies	1	913 053
	<u>49 525 587</u>	<u>58 456 530</u>

**(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.

	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Between 5 and 30 years</b>
<b>2016</b>			
Long Term liabilities	4 313 022	8 734 957	8 677 448
Capital repayments	2 985 579	4 731 158	6 388 877
Interest	1 327 443	4 003 799	2 288 572
Trade and Other Payables	30 132 439	-	-
Unspent conditional government grants and receipts	11 091 768	-	-
	<u>45 537 229</u>	<u>8 734 957</u>	<u>8 677 448</u>
<b>2015</b>			
Long Term liabilities	5 162 088	8 627 539	9 872 319
Capital repayments	3 767 966	5 175 011	6 367 423
Interest	1 394 122	3 452 528	3 504 896
Trade and Other Payables	33 001 457	-	-
Unspent conditional government grants and receipts	3 095 014	-	-
	<u>41 258 559</u>	<u>8 627 539</u>	<u>9 872 319</u>

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2016 R	2015 R
48	<b>FINANCIAL INSTRUMENTS</b>		
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:		
	The fair value of financial instruments approximates the amortised costs as reflected below.		
48.1	<b>Financial Assets</b>		
	<b>Classification</b>		
	<b>Long-term Receivables</b>		
	Receivables with arrangements	1 847 836	1 735 478
	<b>Consumer Debtors</b>		
	Trade receivables from exchange transactions	12 635 468	13 661 185
	Other receivables from exchange transactions	1 332 083	5 169 499
	Other receivables from non-exchange transactions	15 660 680	21 928 697
	<b>Unpaid Conditional Grants and Receipts</b>		
	Other Spheres of Government	1	913 053
	<b>Short-term Investment Deposits</b>		
	Call Deposits	18 037 290	15 036 387
	<b>Bank Balances and Cash</b>		
	Bank Balances	-	-
	Cash Floats and Advances	12 230	12 230
		<b>49 525 587</b>	<b>58 456 530</b>
	<b>SUMMARY OF FINANCIAL ASSETS</b>		
	<b>Financial instruments at amortised cost</b>	<b>49 525 587</b>	<b>58 456 530</b>
48.2	<b>Financial Liability</b>		
	<b>Classification</b>		
	<b>Long-term Liabilities</b>		
	Annuity Loans	10 808 874	10 448 477
	Capitalised Lease Liability	311 161	1 093 956
	<b>Trade Payables</b>		
	Trade creditors	30 132 439	33 001 457
	<b>Unspent Conditional Grants and Receipts</b>		
	Other Spheres of Government	11 091 769	4 709 333
	Public Contributions	80 747	145 955
	<b>Bank Balances and Cash</b>		
	Bank Balances	520 342	1 932 245
	<b>Current Portion of Long-term Liabilities</b>		
	Annuity Loans	2 002 658	1 575 262
	Capitalised Lease Liability	982 921	2 188 370
		<b>55 930 911</b>	<b>55 095 055</b>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>		
	<b>Financial instruments at amortised cost</b>	<b>55 930 911</b>	<b>55 095 055</b>

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**49 EVENTS AFTER THE REPORTING DATE**

The municipality did not have any event after the reporting date.

**50 IN-KIND DONATIONS AND ASSISTANCE**

The municipality did not receive any in-kind donations, but receive in-kind assistance from the GTAC Programme, funded by the National Treasury, (Mr. C.J. Kymdell) during the year under review.

**51 PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year.

**52 CONTINGENT LIABILITY**

The following guarantees also qualify as contingent liabilities:

NAME / REG NO	GUARANTEE ISSUED TO	2016 R	2015 R
Nedbank	South African Post Office	50 000	50 000
Nedbank	Eskom	34 700	34 700
Nedbank	Eskom: Supply Electricity - Nelspoort		
		<u>41 000</u>	<u>41 000</u>
<b>Total</b>		<b><u>125 700</u></b>	<b><u>125 700</u></b>

Contingent liabilities - claims against the municipality

The municipality has a claim against them whereby a child was injured in a playing park due to the negligence of the municipality. An indication of the possible claim and legal fees was received from Crawford attorney's.

235 055 -

On 15 July 2012 a fire destroyed a private property within the Beaufort West municipal area. Although the owner of the property previously indicated that he was unhappy with the performance of the Fire Department of the municipality he gave no intent of claiming against the municipality. On 21 October 2015, however, the affected party's lawyers issued a letter to the municipality that the affected party have issued a summons for damages for alleged negligence on the part of the Fire Department of the municipality. An indication of the possible claim and legal fees was received from messrs Crawfords.

1 036 927 1 036 927

**1 271 982** **1 036 927**

**53 CONTINGENT ASSETS**

BANK / FIRM	PURPOSE	REG NO	2016 R	2015 R
First National Bank	Electricity supply	147	2 020	2 020
FNB/Shoprite	Electricity Supply	88	12 265	12 265
FNB/Ackermans	Electricity Supply	91	2 080	2 080
Lombard Insurance Group/AGMS	Housing Project: Merweville	248	210 450	210 450
Lombard Insurance Group/SWANSA	Reclamation Plant	261	260 068	260 068
Rand Merchant Bank o.b.o De Jagers	Performance guarantee: Tender SCM	299		
Loodgieters kontrakteurs	10/2016: Upgrading of Fabriek Street.		173 778	-
Nedbank o.b.o A2 Loodgieters	Notice No.99/2015: Tender SCM 08/2016:	295	258 345	-
ABSA Bank	W&E Service Erf no. 7401 (BW Mall)	270	222 000	222 000
Renasa Insurance Company LTD	30 Meter High Mast Pole - Floodlighting	266	853 876	853 876
Rand Merchant Bank o.b.o De Jagers	Guarantee No.G900/0583662/GLO:	297		
Loodgieters kontrakteurs	Notice No. 104/2015: Tender SCM		347 556	-
Rand Merchant Bank o.b.o De Jagers	Guarantee no. G900/0588505/GLO:	298		
Loodgieters kontrakteurs	Notice No.62/2015: Tender SCM 32/2015:		247 452	-
Investec Bank o.b.o S.A Tolling: Guarantee DT	Guarantee No: DT 0186/2014: 1.	289		
0186/2014	Remainder of portion B.of the farm		-	4 470 475
Guardrisk nms. Benvir Civils + Plant Hire CC	Suretyship: No SUR 20150320/002:	290		
	Contract No SCM 13/2015 : Contract for		183 676	183 676
	the upgrading of Diliso and Matshaka			
Fusion Guarantees o.b.o De Jager Plumbing	Guarantee No: FUS 501638 JHB: Notice	291		
Contractors (Pty) Ltd	No. 109/2014 : SCM 12/2015 :Contract for		213 723	213 723
	the upgrading of streets in Murraysburg			
New National Assurance Company Limited:	Performance guarantee: Tender SCM	271		
ACE obo Benver Civils and Plant Hire CC	10/2012: Construction of pedestrian		59 850	-
	walkways in Murraysburg.			
Suretyship Guarantee 20120113/002 - ACE	Performance guarantee: Tender SCM	269		
	94/2011: Upgrading of streets in		314 544	-
	Murraysburg: Phase 1.			
Amos Colin Makendlana	Housing guarantee between BWM and	215		
	ABSA Bank ito AC Makendlana.		15 000	-
	Guarantee No:33739501: Wayleave cable			
	duct requirement WC Government: Install			
	dual protection metro fibres from NLD			
	POP to SITA Beaufort West POP to TFR			
Nedbank o.b.o Neotel (Pty) Ltd.	Prop - Beaufort West	296	50 000	-
<b>Total</b>			<b><u>3 426 683</u></b>	<b><u>6 430 633</u></b>

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**54 RELATED PARTIES**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

**54.1 Related Party Transactions**

	Rates - Levied 1 July 2015 - 30 June 2016	Service Charges - Levied 1 July 2015 - 30 June 2016	Other - Levied 1 July 2015 - 30 June 2016	Outstanding Balances 30 June 2016
<b>Year ended 30 June 2016</b>				
<b>Councillors</b>	<b>24 102</b>	<b>94 525</b>	<b>1</b>	<b>90 705</b>
Councillor D Slabbert (010137/011832)	5 179	18 563	1	2 286
Councillor D Slabbert (028981/031495)	3 302	3 057	-	534
Councillor L Basson (024298/024299)	206	634	-	210
Councillor G de Vos (014633/014634)	4 977	2 785	-	0
Councillor G de Vos (014914/014634)	-	9 719	-	800
Councillor GP Adolph (021180/032194)	715	1 901	-	-
Councillor HT Prince(012338/010957)	-	30 769	-	-
Councillor HT Prince(010956/010957)	4 080	5 437	-	7 552
Councillor GPJ Simon (000291/000292, 005103/005104, 008196/)	1 844	4 819	-	78 625
Councillor L Deyce (510271/000768)	950	1 227	-	181
Councillor M Furmen (023379/023380)	222	4 912	-	207
Councillor R van der Linde (020002/020003)	2 037	4 391	-	-
Councillor R van der Linde (070128/020003)	-	-	-	-
Councillor SM Motsoane (022661/022662)	224	3 803	-	311
Councillor RT Hugo (006510/041717)	68	767	-	-
Councillor J Diedericks (021191/021192)	175	1 216	-	709
Councillor J Diedericks (020895/015754)	124	526	-	12 371
<b>Municipal Manager and Section 57 Employees</b>	<b>46 105</b>	<b>121 730</b>	<b>-</b>	<b>3 645</b>
Municipal Manager : J Booysen(020051/020052)	-	1 206	-	-
Municipal Manager : J Booysen(018115/018116)	197	-	-	-
Municipal Manager : J Booysen(010964/032381)	2 538	26 692	-	-
Municipal Manager : J Booysen(019924/032381)	5 309	43 219	-	-
Director : A Makendlana (012180/029959)	8 161	1 901	-	-
Director : R van Staden (011989/011990)	9 715	6 814	-	-
Director : JCL Smit (011486/011487)	9 337	13 757	-	261
Acting Director : R Klink (510285/000794)	2 533	1 224	-	-
Director : F Sabbat (011439/031423)	8 317	26 917	-	3 383

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.

Provincial Treasury allocate a grant towards the municipality as a bursary in respect of Director : F Sabbat to complete his MBA Degree.

**54.2 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 18 to the Annual Financial Statements.

**54.3 Compensation of key management personnel**

The compensation of key management personnel is set out in note 28 to the Annual Financial Statements.

**54.4 Other related party transactions**

The following purchases were made during the year where a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months:

Business	Amount	Interest
Karoo Motors Workshop	727 584	Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health Services
Tokkie se Slaghuis	48 806	Spouses, Mr. J Van Heerden is currently employed at the Department of Correctional Services.
B&B Sweiswerke	300 426	Son, Mr. A.C Du Plessis is currently employed by Department of Education as a teacher.
Ingozi Construction & General Services	22 675	Spouses, Mr. F Pleters and Mr. B Visser is currently employed at the Beaufort West Municipality.
Central Karoo Events	161 766	Sons, Mr. P.J Julies and Mr. J Julies is employed as Vehicle Inspections & Traffic Officer and machine operator at electrical and traffic services at the Beaufort
Sonneblom Bloemiste	40 495	Son, Mr. H Jack is currently employed at the Beaufort West Municipality on a contract basis.
BN Chalmers	9 500	Spouse, Mr. M. Chalmers employed with the Department of Correctional Services as Corrections Officer.
Karoo Beton Werke	44 077	Spouses, Mr. A Swanepoel and Mrs. E Klazen are employed with the Department of Correctional Services and Education
Beaufort West Luxury Coaches	67 908	Son, Warren Johnson, is employed at the Beaufort West Municipality. Daughter in law, B Johnson is employed as a traffic officer at Department of Community Safety.
Karoo Drukkery	25 935	Wife, Mrs. S Munro is employed at the Department of Health.
Beaufort West Lugreeling & Verkoeling	50 097	Mrs. S Munro is employed at the Department of Health.
Dukeisha Manufacture & Maintenance	85 522	Spouse, Mrs C Esterhuizen, are currently employed by the Education Department
GOUWS ACCOUNTANTS	120 600	Lesly-Ann Gouws, director and shareholder of Gouws Accountants, was appointed at the municipality as an internal auditor during the 2015 financial period.



**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

The following purchases were made during the year where Councillors or Management have an interest:

Councillor/Staff Member

Mr. T Prince (a council member of the Beaufort West Municipality) is the president of Beaufort West Local Football Association. The property on which the Football Association is built belongs to the municipality and is leased to the Football Association at an annual amount of R36,000. At 30 June 2016 an amount of R252 056 was outstanding in respect of the lease payments. Further interests include the Central Karoo Soccer and Rustdene Sportpub with outstanding balances amounting to R864 487.

**55 FINANCIAL SUSTAINABILITY**

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

**Financial Indicators**

The current ratio decreased to 0.94:1 from 1.25:1 in the prior year.

The municipality have budgeted for a surplus of R16 230 486 for the 2015/2016 financial year. The municipality is also budgeting for net surpluses of R2 282 668 and R3 453 496 for 2016/2017 and 2017/2018 respectively.

The average debtors' payment days decreased to 349 days from 427 days.

A bank overdraft facility is utilised amounting to R 5 000 000.

The outstanding balances in respect of external loans amounts to R12 811 532 (2015 - R12 028 075)

**Other Indicators**

Possible outflow of resources due the contingent liability disclosed in note 52

**APPENDIX A - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016**

EXTERNAL LOANS	Rate	Institution	Loan Number	Term	Balance at	Correction of	Balance at	Received	Redeemed	Balance at
					30 June 2015	Error	30 June 2015	during the	written off	30 June 2016
					R	R	R	R	R	R
<b>ANNUITY LOANS</b>										
<b>General</b>										
Sanlam Building RB21/10/03 IT 5.44	10.5%	DBSA	101257/1	2019/12/31	751 304	-	751 304	-	138 429	612 875
Tata Truck 2 Ton CZ 6388	8.6%	STANDARD	73702013/0003	2016/08/31	42 866	-	42 866	-	36 475	6 391
Case Tractor 2WD CZ 6311	8.6%	STANDARD	73702013/0004	2016/08/31	46 782	-	46 782	-	39 807	6 975
Upgr. Fencing & Alarm System	9.7%	F N B	2012/001	2017/06/01	61 302	-	61 302	-	29 460	31 842
Caterpillar Digger/Loader CZ 5169	9.7%	F N B	2012/002	2017/06/01	279 225	-	279 225	-	134 155	145 070
Sod Cutter	9.7%	F N B	2012/003	2017/06/01	13 027	-	13 027	-	6 252	6 775
Lawn Mower Tractor Attached	9.7%	F N B	2012/004	2017/06/01	12 312	-	12 312	-	5 909	6 403
Lawn Mower Gholf Course	9.7%	F N B	2012/005	2017/06/01	4 400	-	4 400	-	2 055	2 345
Sewerage Farm Merweville	6.8%	DBSA	103464/2	2025/06/30	2 048 679	-	2 048 679	-	159 757	1 888 922
Case Tractor CZ 7397	9.7%	F N B	2012/006	2017/06/01	72 451	-	72 451	-	34 813	37 638
Tata Truck 2 Ton Tipper CZ 5339	9.7%	F N B	2012/007	2017/06/01	76 139	-	76 139	-	36 611	39 528
Refuse Truck CZ 3484	10.9%	DBSA	103465/3	2017/06/30	328 085	-	328 085	-	155 371	172 714
Archimedes Sewerage Pump	9.7%	F N B	2012/008	2017/06/01	129 506	-	129 506	-	62 218	67 288
Entrance Road Industrial Area	10.2%	NEDBANK	5/7831033947/1		-	-	-	2 558 498	188 561	2 369 936
<b>Electricity</b>										
Load control syst RB12/5/98 IT.2	14.0%	DBSA	10619	2019/03/31	1 101 062	-	1 101 062	-	221 975	879 087
Dyna Cherry Picker CZ 4930	9.5%	ABSA	80343235	2015/11/01	44 773	-	44 773	-	44 774	-
Compressor CZ 4860	9.5%	ABSA	80164276	2015/10/01	14 966	-	14 966	-	14 966	-
Truck with crane CZ 2954	10.9%	DBSA	103464/3	2017/06/30	257 119	-	257 119	-	121 781	135 338
Toyota Hilux 2L CZ 10975	8.6%	STANDARD	73702013/0001	2016/07/31	21 855	(4 336)	17 519	-	17 518	1
20MVA Transformer	10.9%	DBSA	103464/1	2029/07/31	4 082 939	-	4 082 939	-	119 435	3 963 504
<b>Water Works</b>										
Farm Hansrivier	10.9%	DBSA	103464/1	2029/07/31	1 808 540	-	1 808 540	-	60 013	1 748 527
Pressure Control System	10.9%	DBSA	103464/1	2029/07/31	580 886	-	580 886	-	17 315	563 571
Trailer CZ 6253	8.6%	STANDARD	72702013/0002	2016/07/31	6 880	-	6 880	-	6 328	552
Telemetry System	9.7%	F N B	2012/009	2017/06/01	174 549	-	174 549	-	83 884	90 665
Water Purification Fencing	9.7%	F N B	2012/010	2017/06/01	68 428	-	68 428	-	32 843	35 585
<b>Total Annuity Loans</b>					<b>12 028 075</b>	<b>(4 336)</b>	<b>12 023 739</b>	<b>2 558 498</b>	<b>1 770 706</b>	<b>12 811 532</b>

**APPENDIX A - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016**

EXTERNAL LOANS	Rate	Institution	Loan Number	Term	Balance at	Correction of	Balance at	Received	Redeemed	Balance at
					30 June 2015	Error	30 June 2015	during the	written off	30 June 2016
					R	R	R	R	R	R
<b>LEASE LIABILITY</b>										
CZ 8282 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Street works & Storm Water	2016/02/28	34 255	-	34 255	-	34 255	-
CZ 8340 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	3	Water Reticulation	2016/02/28	35 204	-	35 204	-	35 204	-
CZ 8341 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	3	Water Reticulation	2016/02/28	34 254	-	34 254	-	34 254	-
CZ 8343 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Municipal Buildings	2016/02/28	34 254	-	34 254	-	34 254	-
CZ 8408 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	2	Reticulation High	2016/04/30	42 904	-	42 904	-	42 904	-
CZ 8410 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Recreation Sites	2016/04/30	30 413	-	30 413	-	30 413	-
CZ 8414 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Dir: Engineers Services	2016/04/30	38 007	-	38 007	-	38 007	-
CZ 8415 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	3	Water Reticulation	2016/04/30	42 905	-	42 905	-	42 905	-
CZ 8418 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	3	Water Reticulation	2016/04/30	42 906	-	42 906	-	42 906	-
CZ 8419 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	3	Water Reticulation	2016/04/30	47 643	-	47 643	-	47 643	-
CZ 8421 TOYOTA YARIS ZEN3 ACS	8.50%	1	Dir: Financial Services	2016/04/30	29 981	-	29 981	-	29 981	-
CZ 8422 TOYOTA YARIS ZEN3 ACS	8.50%	1	Building Control	2016/04/30	29 982	-	29 982	-	29 982	-
Machine Photocopy Kyocera FS1128	9.00%	1	Thusong Centre	2016/08/30	25 718	-	25 718	-	21 877	3 841
Machine Photocopy Kyocera FS 6025	9.00%	1	Thusong Centre	2016/07/30	32 089	-	32 089	-	29 509	2 580
PABX TELEPHONE SYSTEM	9.00%	1	Thusong Centre	2016/03/30	13 237	-	13 237	-	13 237	-
CCTV CAMERA'S	20.50%	1	Dir: Financial Services	2015/09/30	3 456	-	3 456	-	3 456	-
CZ 2078 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Street works & Storm Water	2016/09/30	63 918	-	63 918	-	50 588	13 331
CZ 2477 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Murraysburg Refuse Removal	2016/09/30	63 918	-	63 918	-	50 588	13 331
CZ 4155 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Murraysburg Water Reticulation	2016/09/30	68 585	-	68 585	-	54 281	14 304
CZ 8684 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Street works & Storm Water	2016/09/30	68 585	-	68 585	-	54 281	14 304
CZ 8685 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	3	Water Reticulation	2016/09/30	68 585	-	68 585	-	54 281	14 304
CZ 8686 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Street works & Storm Water	2016/09/30	68 585	-	68 585	-	54 281	14 304
CZ 8687 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	1	Recreation Sites	2016/09/30	68 585	-	68 585	-	54 281	14 304
CZ 5753 SEDAN TOYOTA ETIO'S	8.50%	1	Dir: Traffic Services	2016/09/30	50 918	-	50 918	-	40 299	10 619
CZ 5136 SEDAN TOYOTA ETIO'S	8.50%	1	Dir: Traffic Services	2016/09/30	50 918	-	50 918	-	40 299	10 619
CZ 6192 SEDAN TOYOTA ETIO'S	8.50%	1	Dir: Traffic Services	2016/09/30	50 918	-	50 918	-	40 299	10 619
CZ 8563 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%	3	Water Purification	2016/06/30	48 949	-	48 949	-	45 022	3 927
CZ 1096 ISUZU KB250D LEED FLEETSIDE P/U S	8.50%	3	Water Reticulation	2016/11/30	78 970	-	78 970	-	54 752	24 218
CZ 5366 ISUZU KB250D LEED FLEETSIDE P/U S	8.50%	1	Street works & Storm Water	2016/10/30	72 904	-	72 904	-	53 899	19 005
CZ 4898 ISUZU KB250D LEED FLEETSIDE P/U S	8.50%	1	Municipal Buildings	2016/10/30	68 635	-	68 635	-	50 743	17 892

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SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016**

EXTERNAL LOANS	Rate	Institution	Loan Number	Term	Balance at	Correction of	Balance at	Received	Redeemed	Balance at
					30 June 2015	Error	30 June 2015	during the	written off	30 June 2016
					R	R	R	R	R	R
CZ 4296 ISUZU KB250D LEED FLEETSIDE P/U S	8.50%	3	Water Purification	2016/10/30	62 120	-	62 120	-	45 926	16 194
CZ 2295 ISUZU KB250D LEED FLEETSIDE P/U S	8.50%	1	Fire Brigade	2016/10/30	65 836	-	65 836	-	48 674	17 163
CZ 1461 ISUZU KB250D LEED FLEETSIDE P/U S	8.50%	1	Refuse Removal	2016/10/30	74 582	-	74 582	-	55 140	19 443
CZ 8728 SEDAN TOYOTA ETIO'S	8.50%	1	Housing Office	2016/10/30	48 367	-	48 367	-	35 758	12 608
CZ 6743 ISUZU KB250D LEED FLEETSIDE P/U S	8.50%	3	Water Purification	2016/11/30	82 919	-	82 919	-	57 490	25 429
CZ 3697 TRUCK NISSAN UD 90B F/C C/C	8.50%	1	Refuse Removal	2017/01/30	570 571	-	570 571	-	351 409	219 162
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Dir: Financial Services	2017/03/30	11 174	-	11 174	-	6 182	4 992
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Dir: Financial Services	2017/03/30	11 174	-	11 174	-	6 182	4 992
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Kwa Mandlenkosi Office	2017/03/30	11 174	-	11 174	-	6 182	4 992
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Dir: Financial Services	2017/03/30	11 174	-	11 174	-	6 182	4 992
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Dir: Traffic Services	2017/03/30	11 174	-	11 174	-	6 182	4 992
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Dir: Traffic Services	2017/03/30	11 174	-	11 174	-	6 182	4 992
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Traffic Court	2017/03/30	11 174	-	11 174	-	6 182	4 992
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Housing Office	2017/03/30	11 174	-	11 174	-	6 182	4 992
MACHINE PHOTOCOPY RICOH MP2501spf	8.50%	1	Fire Brigade	2017/03/30	11 174	-	11 174	-	6 182	4 992
MACHINE PHOTOCOPY KONICA MINOLTA	8.50%	1	General Expenses	2017/03/30	4 387	-	4 387	-	2 427	1 960
MACHINE PHOTOCOPY KONICA MINOLTA	8.50%	1	Dir: Community Services	2017/03/30	30 675	-	30 675	-	16 970	13 705
MACHINE PHOTOCOPY KONICA MINOLTA	8.50%	2	Admin: Electrical	2017/03/30	16 472	-	16 472	-	9 113	7 359
CZ 9005 ISUZU KB250D LEED FLEETSIDE P/U S	9.00%	1	Dir: Community Services	2017/05/30	107 696	-	107 696	-	53 879	53 817
CZ 4033 ISUZU KB 250D LEED FLEETSIDE P/U S/C	9.25%	1	Dir: Traffic Services	2017/09/30	124 260	-	124 260	-	52 061	72 199
MACHINE FRANKING NEOPOST IJ - 40	9.25%	1	Dir: Financial Services	2017/06/30	41 616	-	41 616	-	16 834	24 782
MACHINE PHOTOCOPY NASHUA MP 2501SPF	9.25%	1	Dir: Financial Services	2017/11/10	16 783	-	16 783	-	6 253	10 530
MACHINE PHOTOCOPY NASHUA MPC6502SP	9.25%	1	Dir: Corporate Services	2018/03/30	194 205	-	194 205	-	64 999	129 207
CZ 7488 ISUZU KB 250D LEED FLEETSIDE P/U S/C	9.25%	2	Reticulation Low	2018/04/30	165 545	-	165 545	-	53 562	111 983
CZ 9327 ISUZU KB 250D LEED FLEETSIDE P/U S/C	9.25%	2	Reticulation High	2018/04/30	165 545	-	165 545	-	53 562	111 983
MACHINE PHOTOCOPY SAMSUNG PRO XPRESS	9.75%	1	Murraysburg: Admin	2018/10/30	-	-	-	8 132	1 608	6 524
MACHINE PHOTOCOPY NASHUA	9.50%	1	Dir: Financial Services	2018/08/30	-	-	-	11 700	2 924	8 776
CZ 2168 SEDAN TOYOTA ETIO'S	9.25%	1	Dir: Financial Services	2018/08/30	-	-	-	114 291	28 566	85 726
MACHINE PHOTOCOPY RICOH MP301spf	9.75%	1	Dir: Financial Services	2019/05/30	-	-	-	15 810	380	15 430
MACHINE PHOTOCOPY RICOH MP301spf	9.75%	1	Church Street Library	2019/05/30	-	-	-	15 810	380	15 430
MACHINE PHOTOCOPY RICOH MP301spf	9.75%	1	Church Street Library	2019/05/30	-	-	-	15 810	380	15 430
MACHINE PHOTOCOPY RICOH MP301spf	9.75%	1	Mimosa Library	2019/05/30	-	-	-	15 810	380	15 430
MACHINE PHOTOCOPY MPC2003SP	9.75%	1	Municipal Manager	2018/10/30	-	-	-	46 594	9 214	37 380
<b>Total Lease Liabilities</b>					<b>3 282 326</b>	<b>-</b>	<b>3 282 326</b>	<b>243 958</b>	<b>2 232 202</b>	<b>1 294 082</b>
<b>TOTAL EXTERNAL LOANS</b>					<b>15 310 401</b>	<b>(4 336)</b>	<b>15 306 065</b>	<b>2 802 456</b>	<b>4 002 908</b>	<b>14 105 614</b>

**APPENDIX B - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**  
**MUNICIPAL VOTES CLASSIFICATION**

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
1 111 581	(2 806 467)	(1 694 886)	Admin: Commun Serv	977 410	(3 251 033)	(2 273 623)
53 005 847	(9 106 239)	43 899 608	Admin: Corp Serv	277 949	(9 673 922)	(9 395 973)
23 232 571	(23 817 631)	(585 060)	Admin: Electrical	6 848 420	(17 801 729)	(10 953 309)
273 845	(3 278 655)	(3 004 810)	Admin: Engineering Serv	556 240	(3 561 039)	(3 004 799)
10 316 562	(13 451 714)	(3 135 152)	Admin: Fin Serv	8 729 115	(23 164 986)	(14 435 871)
4 544	(629 813)	(625 269)	Admin: Nelspoort	8 216	(496 960)	(488 744)
45 994 585	(42 144 643)	3 849 942	Admin: Traffic	60 102 836	(60 174 928)	(72 092)
114 968	(2 788 379)	(2 673 411)	Admin: Water	133 948	(5 215 156)	(5 081 208)
96 184	(730 972)	(634 788)	Building Control	87 400	(854 217)	(766 817)
165 173	(565 196)	(400 023)	Cemetries	210 041	(361 036)	(150 995)
-	(1 902 393)	(1 902 393)	Fire Brigade	-	(1 953 556)	(1 953 556)
24 897 943	(11 388 937)	13 509 006	General Expenses	30 690 002	(11 822 217)	18 867 785
3 195 587	(4 288 237)	(1 092 650)	Housing Office	25 209 541	(26 420 302)	(1 210 761)
124 256	(191 675)	(67 419)	IDP: Co-Ordinator	75 616	(97 807)	(22 191)
-	(1 616 730)	(1 616 730)	Information Technology	265 413	(1 539 709)	(1 274 296)
7 995	(56 307)	(48 312)	Irrigation Water	7 754	(57 591)	(49 837)
17 300	(84 987)	(67 687)	Kwa-Mand Comm Hall	18 554	(105 692)	(87 138)
-	(608 157)	(608 157)	Kwa-Mand Office	-	(865 173)	(865 173)
1 554 464	(1 480 821)	73 643	Library Church Street	2 361 584	(1 683 525)	678 059
1 349 706	(1 264 342)	85 364	Library Mimosa	1 748 252	(1 622 890)	125 362
266 690	(167 027)	99 663	Library Nelspoort	197 957	(213 370)	(15 413)
696 316	(1 029 572)	(333 256)	Main Road	-	-	-
-	(1 907 064)	(1 907 064)	Mechanical Workshop	-	(1 964 186)	(1 964 186)
358 922	(4 763 179)	(4 404 257)	Municipal Buildings	407 920	(5 430 079)	(5 022 159)
328 196	(2 198 514)	(1 870 318)	Municipal Manager	-	(2 485 257)	(2 485 257)
22 957 370	-	22 957 370	Municipal Rates	24 359 329	-	24 359 329
1 374	(15 455)	(14 081)	Pound	1 187	(20 993)	(19 806)
1 727	-	1 727	Private Work	420	-	420
1 736 408	(6 329 869)	(4 593 461)	Recreation Sites	1 135 984	(6 054 163)	(4 918 179)
7 006 136	(10 191 527)	(3 185 391)	Refuse Removal	7 315 772	(9 850 582)	(2 534 810)
6 394 327	(3 245 735)	3 148 592	Reticulation: H Volt	470 160	(3 458 292)	(2 988 132)
61 628 773	(47 746 326)	13 882 447	Reticulation: L Volt	70 674 488	(56 926 004)	13 748 484
18 259	(53 005)	(34 746)	Rustdene Comm Hall	26 752	(61 339)	(34 587)
-	(308 878)	(308 878)	Rustdene Office	-	(571 623)	(571 623)
(16 136)	-	(16 136)	S/E 1 Rustdene	17 166	-	17 166
169 604	(185 524)	(15 920)	S/E 4 Rustdene	174 136	(172 608)	1 528
20 911	(20 912)	(1)	S/E 8 Rustdene	27 155	(27 156)	(1)
9 597	(9 597)	-	S/E 9 Rustdene	12 598	(12 598)	-
200 327	(265 672)	(65 345)	Service Connections	138 753	(221 819)	(83 066)
-	(4 137 504)	(4 137 504)	Sewerage Farm	8 025 710	(4 769 693)	3 256 017
25 561 591	(4 853 617)	20 707 974	Sewerage System	15 418 273	(4 428 483)	10 989 790
84 911	(1 861 377)	(1 776 466)	Stores	135 796	(2 089 949)	(1 954 153)
-	(1 586 525)	(1 586 525)	Street Cleansing	-	(1 640 424)	(1 640 424)
780 606	(4 775 589)	(3 994 983)	Street Lightening	1 510 136	(5 353 433)	(3 843 297)
11 248 876	(13 394 171)	(2 145 295)	Street works & Storm Water	1 209 732	(14 556 904)	(13 347 172)
59 628	(360 004)	(300 376)	Swimming Pool Birds	96 086	(458 411)	(362 325)
47 784	(397 302)	(349 518)	Swimming Pool Nieuveld	41 961	(502 717)	(460 756)
-	(334 748)	(334 748)	Tourism	-	(369 518)	(369 518)
9 691	(83 882)	(74 191)	Town Commonage	17 504	(118 923)	(101 419)
-	(838 495)	(838 495)	Traffic Court	-	(1 088 360)	(1 088 360)
-	(55 701)	(55 701)	Traffic Lights	-	(4 036)	(4 036)
39 450	(187 352)	(147 902)	Vacuum Services	45 523	(194 577)	(149 054)
649 197	(388 592)	260 605	Vehicle Registration	705 985	(419 939)	286 046
160 215	(386 476)	(226 261)	Vehicle Testing Station	164 177	(522 115)	(357 938)
18 695	(12 300 424)	(12 281 729)	Water Purification	-	(12 288 957)	(12 288 957)
24 025 434	(6 943 570)	17 081 864	Water Reticulation	26 026 623	(9 486 135)	16 540 488
126 224	(508 491)	(382 267)	Internal Audit	155 362	(662 375)	(507 013)
488 545	(640 915)	(152 370)	Labour Relations	70 607	(705 230)	(634 623)
2 898 458	(1 203 035)	1 695 423	Murraysburg Administration	1 886 925	(1 017 462)	869 463
3 460 635	(4 672 007)	(1 211 372)	Murraysburg Electricity	3 473 664	(5 441 986)	(1 968 322)
709 602	(592 583)	117 019	Murraysburg Library	583 528	(630 174)	(46 646)
1 625 654	-	1 625 654	Murraysburg Municipal Rates	1 671 763	-	1 671 763
236 950	(127 645)	109 305	Murraysburg Recreation Site	-	(139 347)	(139 347)
388 994	-	388 994	Murraysburg Sewerage	667 180	(13 206)	653 974
857 661	(2 246 889)	(1 389 228)	Murraysburg Refuse Removal	902 675	(2 035 759)	(1 133 084)
-	(2 296 652)	(2 296 652)	Murraysburg Street Works & Storm Water	979 251	(2 149 849)	(1 170 598)
2 667	(59 715)	(57 048)	Murraysburg Swimming Pool	7 308	(12 384)	(5 076)
1 223 924	(1 695 017)	(471 093)	Murraysburg Water Works	1 114 238	(1 465 719)	(351 481)
962 634	(537 971)	424 663	Thusong Centre	243 949	(597 723)	(353 774)
195 069	(156 792)	38 277	Wheely Wagon Kwa Mandlenkosi	488 065	(218 631)	269 434
50 907	(339 700)	(288 793)	Murraysburg - Thusong Centre	376 068	(339 715)	36 353
343 155 914	(268 643 087)	74 512 827	Sub Total	309 321 333	(332 936 629)	(23 615 296)
-	11 275 683	11 275 683	Less Inter-Departmental Charges	-	12 368 673	12 368 673
343 155 914	(257 367 404)	85 788 510	Total	309 321 333	(320 567 956)	(11 246 623)

**APPENDIX C - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
25 593 539	(14 824 236)	10 769 303	Executive & Council	30 915 971	(16 044 597)	14 871 374
37 887 499	(18 062 974)	19 824 525	Budget & Treasury	36 791 144	(28 206 183)	8 584 961
53 374 460	(15 570 030)	37 804 430	Corporate Services	968 786	(16 762 633)	(15 793 847)
494 285	(4 201 302)	(3 707 017)	Planning & Development	719 256	(4 513 063)	(3 793 807)
6 402 759	(8 104 541)	(1 701 782)	Community & Social Services	7 268 523	(10 127 049)	(2 858 526)
3 379 563	(4 504 270)	(1 124 707)	Housing	25 440 596	(26 632 664)	(1 192 068)
45 994 585	(44 885 531)	1 109 054	Public Safety	60 102 836	(63 216 844)	(3 114 008)
2 083 437	(7 274 535)	(5 191 098)	Sport & Recreation	1 281 339	(7 167 022)	(5 885 683)
7 863 797	(14 024 941)	(6 161 144)	Waste Management	8 218 447	(13 526 765)	(5 308 318)
25 990 035	(9 178 473)	16 811 562	Waste Water Management	24 156 686	(9 405 959)	14 750 727
12 754 604	(19 402 527)	(6 647 923)	Road Transport	3 059 145	(19 612 993)	(16 553 848)
25 391 016	(23 783 697)	1 607 319	Water	27 282 563	(28 513 558)	(1 230 995)
95 698 966	(84 578 661)	11 120 305	Electricity	83 116 041	(89 207 299)	(6 091 258)
						-
342 908 545	(268 395 718)	74 512 827	Sub Total	309 321 333	(332 936 629)	(23 615 296)
-	11 275 683	11 275 683	Less Inter-Departmental Charges	-	12 368 673	12 368 673
342 908 545	(257 120 035)	85 788 510	<b>Total</b>	309 321 333	(320 567 956)	(11 246 623)

**APPENDIX D - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 July 2015	Correction of error	Restated balance 1 July 2015	Transfer in	Contributions during the year	Interest on Investments (Only if a condition)	Interest Transferred to Revenue	VAT Transferred to Revenue	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Refund to Donor	Transfer out	Balance 30 June 2016	Unspent 30 June 2016 (Creditor)	Unpaid 30 June 2016 (Debtor)
	R	R	R	R	R	R	R	R	R	R		R	R	R	R
<b>UNSPENT/UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>															
<b>NATIONAL</b>															
Finance Management Restruc.	(266 767)	266 767	-	-	1 600 000	-	-	142 134	1 444 355	13 511	-	-	-	-	-
Electrification of Central Karoo	(701 117)	-	(701 117)	-	15 000 000	-	-	946 265	5 223 440	470 160	-	-	7 659 018	7 659 018	-
MSIG	182 293	-	182 293	-	930 000	-	-	122 197	923 693	-	-	-	66 403	66 403	-
Expanded Public Works Programme	(95 942)	95 942	-	-	1 743 000	-	-	6 983	1 736 017	-	-	-	-	-	-
Exploration Aquifers	157 653	-	157 653	-	-	-	157 653	-	-	-	-	-	-	-	-
Energy efficiency demand (EEDMS)	(131 626)	-	(131 626)	-	8 000 000	-	-	917 169	6 931 205	-	-	20 000	-	-	-
Install Pre-paid Water Meters	-	-	-	-	3 078 925	-	-	287 136	2 791 790	-	-	-	-	-	-
<b>PROVINCIAL</b>															
Performance Management Grant	-	-	-	-	-	2 300	294	229	1 776	-	-	-	-	-	-
Human settlements development grant (Beneficiaries) - Housin	34 450	-	34 450	-	25 205 250	2 388	36 837	-	25 205 250	-	-	-	-	-	-
Housing Consumer Education Programme	91 039	-	91 039	-	-	3 183	89 931	-	4 291	-	-	-	-	-	-
Library Services	777 421	-	777 421	-	4 570 000	112 662	-	-	4 231 194	1 132 664	-	-	96 225	96 225	-
Community Development Workers (CDW) operational support	(195 230)	172 981	(22 249)	-	234 000	1 151	-	7 764	205 137	-	-	-	1	1	-
Thusong (Multi-Purpose) Centre grant	222 000	-	222 000	-	100 000	8 923	-	3 579	327 344	-	-	-	-	-	-
Municipal Infrastructure Support Grant	510 814	-	510 814	20 000	550 000	41 743	-	54 053	95 928	292 090	-	-	680 486	680 486	-
Municipal Capacity Building Grant	-	-	-	-	250 000	-	-	-	250 000	-	-	-	-	-	-
Western Cape Management Support Grant	1 192 168	-	1 192 168	-	1 062 000	77 805	-	163 507	1 140 966	116 552	-	-	910 948	910 948	-
Disaster Recovery Plan	303 886	-	303 886	-	-	7 183	-	45 656	-	265 413	-	-	-	-	-
Project Provisional Funds	32 434	-	32 434	-	-	1 118	33 552	-	-	-	-	-	-	-	-
Project Preparation Grant Planning	165 396	-	165 396	-	-	5 700	171 096	-	-	-	-	-	-	-	-
Public Transport Infrastructure	21 575	-	21 575	-	-	-	21 575	-	-	-	-	-	-	-	-
Rezoning Scheme Regulations	14 291	-	14 291	-	-	493	14 784	-	-	-	-	-	-	-	-
Sanitation Master Plan	10 806	-	10 806	-	-	372	11 179	-	-	-	-	-	-	-	-
Tourism Potential Nelspoort	71 333	-	71 333	-	-	7 879	79 212	-	-	-	-	-	-	-	-
Tourism Tokens	7 907	-	7 907	-	-	273	8 180	-	-	-	-	-	-	-	-
Upgrading Elec Network Nelspoort	146 000	-	146 000	-	-	8 438	-	-	-	-	-	-	154 439	154 439	-
Organisational Structure Review	500 000	-	500 000	-	-	14 431	-	87 419	427 012	-	-	-	-	-	-
Upgrade Sport Facilities Murraysburg	357	-	357	-	-	-	-	-	-	-	-	-	357	357	-
IDP Review	66 257	-	66 257	-	-	9 400	-	41	75 616	-	-	-	-	-	-
Water Masterplan	13 560	-	13 560	-	-	467	14 028	-	-	-	-	-	-	-	-
Soup Kitchens	7 745	-	7 745	-	-	267	8 012	-	-	-	-	-	-	-	-

**APPENDIX D - Unaudited  
BEAUFORT WEST LOCAL MUNICIPALITY  
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 July 2015	Correction of error	Restated balance 1 July 2015	Transfer in	Contributions during the year	Interest on Investments (Only if a condition)	Interest Transferred to Revenue	VAT Transferred to Revenue	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Refund to Donor	Transfer out	Balance 30 June 2016	Unspent 30 June 2016 (Creditor)	Unpaid 30 June 2016 (Debtor)
<b>MIG</b>															
Upgrade Sport Stadium Kwa-Mandlenkosi	-	-	-	-	879 612	-	-	61 443	-	732 262	-	85 907	-	-	-
Sewerage Pump Station AREA 8	-	-	-	-	3 500 741	-	-	399 121	-	2 850 866	-	250 754	-	-	-
PMU	-	-	-	2 273	262 914	-	-	1 036	264 150	-	-	-	-	-	-
Upgarde Rustdene Sports Ground	-	-	-	383 000	-	-	-	23 258	-	196 226	-	-	-	-	-
New High Mast Lightening (Nelspoort)	-	-	-	-	500 000	-	-	-	-	-	-	-	-	-	-
Upgrade Sport Facilities : Merweville Sport Grounds	-	-	-	-	1 500 000	-	-	-	-	-	-	1 500 000	-	-	-
New Refuse Transfer Station	-	-	-	-	532 067	-	-	-	-	-	-	532 067	-	-	-
Upgrade/Extention of Water Supply Murraysburg	1	-	1	693	125 000	-	-	15 436	-	110 258	-	-	(1)	-	(1)
Investigation Aquifers	-	-	-	104 232	1 537 568	-	-	14 480	-	103 428	-	-	1 523 892	1 523 892	-
Pressure Reduction Water (PRV's)	-	-	-	99 858	-	-	-	12 263	-	87 595	-	-	-	-	-
High Mast Lights Greater Beaufort West	(62 825)	62 825	-	1 681 943	-	-	-	206 554	-	1 475 389	-	-	-	-	-
Nelspoort Bulk Water	(102 751)	102 751	-	72 516	-	-	-	8 905	-	63 611	-	-	-	-	-
Rehabilitate Oxidation Ponds : Nelspoort	-	-	-	696 483	5 202 839	-	-	724 478	-	5 174 844	-	-	-	-	-
Upgrade Setlaars, Paarden Perl Streets Murraysburg	-	-	-	-	1 125 100	-	-	137 095	-	979 251	-	8 754	-	-	-
Upgrade Dliso & Matshaka Road Kwa-Mandlenkosi	-	-	-	-	481 159	-	-	59 090	-	422 069	-	1	-	-	-
<b>LOCAL ECONOMIC DEVELOPMENT</b>															
Arts & Crafts	34 929	-	34 929	-	-	21 454	56 383	-	-	-	-	-	-	-	-
<b>ESKOM</b>															
Electrification Central Karoo	-	-	-	-	317 005	-	-	4 368	312 637	-	-	-	-	-	-
<b>LOTTERY</b>															
Upgrading Rustdene Sport Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CKDM</b>															
Website	8 783	-	8 783	-	-	303	9 086	-	-	-	-	-	-	-	-
Expanded Public Works Programme	(58 060)	-	(58 060)	-	-	-	(58 060)	-	-	-	-	-	-	-	-
Multi Purpose Centre - Murraysburg	136 249	-	136 249	-	-	-	136 249	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3 095 030</b>	<b>701 266</b>	<b>3 796 295</b>	<b>3 060 998</b>	<b>78 287 181</b>	<b>327 933</b>	<b>789 992</b>	<b>4 451 659</b>	<b>51 591 803</b>	<b>14 486 188</b>	<b>-</b>	<b>3 060 998</b>	<b>11 091 768</b>	<b>11 091 768</b>	<b>(1)</b>
<b>UNSPENT/UNPAID CONDITIONAL PUBLIC CONTRIBUTION</b>															
<b>PRIVAAT</b>															
Disaster Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electrification Central Karoo	-	-	-	-	250 000	-	-	-	250 000	-	-	-	-	-	-
Beneficiaries Merweville Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Merweville Library Alteration	145 955	-	145 955	-	-	6 742	-	1 707	-	70 243	-	-	80 747	80 747	-
<b>Total</b>	<b>145 955</b>	<b>-</b>	<b>145 955</b>	<b>-</b>	<b>250 000</b>	<b>6 742</b>	<b>-</b>	<b>1 707</b>	<b>250 000</b>	<b>70 243</b>	<b>-</b>	<b>-</b>	<b>80 747</b>	<b>80 747</b>	<b>-</b>
<b>Total Receipts</b>	<b>3 240 984</b>	<b>701 266</b>	<b>3 942 250</b>	<b>3 060 998</b>	<b>78 537 181</b>	<b>334 675</b>	<b>789 992</b>	<b>4 453 366</b>	<b>51 841 803</b>	<b>14 556 431</b>	<b>-</b>	<b>3 060 998</b>	<b>11 172 515</b>	<b>11 172 516</b>	<b>(1)</b>



**APPENDIX E (1) - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**  
**REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

Description	2015/16							2014/15
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b>Revenue - Standard</b>								
<b>Governance and administration</b>	64 754	5 413	70 167	68 676	(1 491)	97.9%	106.1%	117 103
Executive and council	29 448	197	29 645	30 916	1 271	104.3%	105.0%	25 841
Budget and treasury office	34 972	4 353	39 325	36 791	(2 533)	93.6%	105.2%	37 887
Corporate services	335	863	1 198	969	(229)	80.9%	289.4%	53 374
<b>Community and public safety</b>	48 263	31 240	79 503	94 093	14 590	118.4%	195.0%	57 860
Community and social services	6 332	1 305	7 637	7 269	(368)	95.2%	114.8%	6 403
Sport and recreation	3 547	(912)	2 635	1 281	(1 353)	48.6%	36.1%	2 083
Public safety	16 183	29 853	46 035	60 103	14 068	130.6%	371.4%	45 995
Housing	22 203	994	23 197	25 441	2 244	109.7%	114.6%	3 380
Health	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	5 072	(536)	4 536	3 778	(758)	83.3%	74.5%	13 249
Planning and development	402	777	1 179	719	(460)	61.0%	178.9%	494
Road transport	4 670	(1 313)	3 357	3 059	(298)	91.1%	65.5%	12 755
Environmental protection	-	-	-	-	-	-	-	-
<b>Trading services</b>	155 731	6 598	162 328	142 774	(19 555)	88.0%	91.7%	154 944
Electricity	99 736	1 497	101 233	83 116	(18 117)	82.1%	83.3%	95 699
Water	24 109	3 848	27 957	27 283	(674)	97.6%	113.2%	25 391
Waste water management	23 413	1 555	24 967	24 157	(811)	96.8%	103.2%	25 990
Waste management	8 473	(302)	8 171	8 218	47	100.6%	97.0%	7 864
<b>Other</b>	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	<b>273 820</b>	<b>42 715</b>	<b>316 536</b>	<b>309 321</b>	<b>(7 214)</b>	<b>97.7%</b>	<b>113.0%</b>	<b>343 156</b>
<b>Expenditure - Standard</b>								
<b>Governance and administration</b>	47 328	4 798	52 125	60 274	8 149	115.6%	127.4%	47 825
Executive and council	15 494	396	15 890	16 035	145	100.9%	103.5%	15 065
Budget and treasury office	17 477	3 171	20 649	27 990	7 342	135.6%	160.2%	17 672
Corporate services	14 356	1 230	15 586	16 249	662	104.2%	113.2%	15 089
<b>Community and public safety</b>	54 547	33 225	87 771	105 298	17 526	120.0%	193.0%	63 250
Community and social services	9 792	1 154	10 946	9 373	(1 573)	85.6%	95.7%	7 663
Sport and recreation	7 566	70	7 636	6 131	(1 505)	80.3%	81.0%	6 244
Public safety	13 867	30 959	44 826	63 161	18 336	140.9%	455.5%	44 839
Housing	23 321	1 042	24 364	26 633	2 269	109.3%	114.2%	4 504
Health	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	28 345	(2 941)	25 404	23 738	(1 666)	93.4%	83.7%	23 159
Planning and development	4 846	116	4 962	4 414	(548)	89.0%	91.1%	4 115
Road transport	23 499	(3 057)	20 442	19 324	(1 118)	94.5%	82.2%	19 043
Environmental protection	-	-	-	-	-	-	-	-
<b>Trading services</b>	138 495	(3 491)	135 004	131 258	(3 746)	97.2%	94.8%	123 134
Electricity	93 387	(6 856)	86 531	83 965	(2 567)	97.0%	89.9%	80 066
Water	22 160	1 983	24 143	25 472	1 329	105.5%	114.9%	20 827
Waste water management	9 017	754	9 771	8 295	(1 476)	84.9%	92.0%	8 216
Waste management	13 535	588	14 123	13 527	(596)	95.8%	99.9%	14 025
<b>Other</b>	397	40	436	-	(436)	-	-	-
<b>Total Expenditure - Standard</b>	<b>268 715</b>	<b>31 590</b>	<b>300 305</b>	<b>320 568</b>	<b>20 263</b>	<b>106.7%</b>	<b>119.3%</b>	<b>257 367</b>
<b>Surplus/(Deficit) for the year</b>	<b>5 105</b>	<b>11 125</b>	<b>16 230</b>	<b>(11 247)</b>	<b>(27 477)</b>	<b>-69.3%</b>	<b>-220.3%</b>	<b>85 789</b>

**APPENDIX E (2) - Unaudited  
BEAUFORT WEST LOCAL MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016  
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

Description	2015/16							2014/15
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b>Revenue by Vote</b>								
Executive and Council	29 448	197	29 645	30 916	1 271	104.3%	105.0%	25 841
Budget and Treasury Office	34 972	4 353	39 325	36 791	(2 533)	93.6%	105.2%	37 887
Corporate Services	335	863	1 198	969	(229)	80.9%	289.4%	53 374
Community and Social Services	6 332	1 305	7 637	7 269	(368)	95.2%	114.8%	6 403
Sport and Recreation	3 547	(912)	2 635	1 281	(1 353)	48.6%	36.1%	2 083
Public Safety	16 183	29 853	46 035	60 103	14 068	130.6%	371.4%	45 995
Road Transport	4 670	(1 313)	3 357	3 059	(298)	91.1%	65.5%	12 755
Electricity	99 736	1 497	101 233	83 116	(18 117)	82.1%	83.3%	95 699
Water	24 109	3 848	27 957	27 283	(674)	97.6%	113.2%	25 391
Waste Water Management	23 413	1 555	24 967	24 157	(811)	96.8%	103.2%	25 990
Waste Management	8 473	(302)	8 171	8 218	47	100.6%	97.0%	7 864
Environmental Protection	-	-	-	-	-	-	-	-
Other	22 605	1 771	24 376	26 160	1 784	107.3%	115.7%	3 874
Example 14 - Vote14			-	-	-	-	-	-
Example 15 - Vote15			-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>273 820</b>	<b>42 715</b>	<b>316 536</b>	<b>309 321</b>	<b>(7 214)</b>	<b>97.7%</b>	<b>113.0%</b>	<b>343 156</b>
<b>Expenditure by Vote to be appropriated</b>								
Executive and Council	15 494	396	15 890	16 035	145	100.9%	103.5%	15 065
Budget and Treasury Office	17 477	3 171	20 649	27 990	7 342	135.6%	160.2%	17 672
Corporate Services	14 356	1 230	15 586	16 249	662	104.2%	113.2%	15 089
Community and Social Services	9 792	1 154	10 946	9 373	(1 573)	85.6%	95.7%	7 663
Sport and Recreation	7 566	70	7 636	6 131	(1 505)	80.3%	81.0%	6 244
Public Safety	13 867	30 959	44 826	63 161	18 336	140.9%	455.5%	44 839
Road Transport	23 499	(3 057)	20 442	19 324	(1 118)	94.5%	82.2%	19 043
Electricity	93 387	(6 856)	86 531	83 965	(2 567)	97.0%	89.9%	80 066
Water	22 160	1 983	24 143	25 472	1 329	105.5%	114.9%	20 827
Waste Water Management	9 017	754	9 771	8 295	(1 476)	84.9%	92.0%	8 216
Waste Management	13 535	588	14 123	13 527	(596)	95.8%	99.9%	14 025
Environmental Protection	-	-	-	-	-	-	-	-
Other	28 564	1 198	29 762	31 046	1 284	104.3%	108.7%	8 620
Example 14 - Vote14			-	-	-	-	-	-
Example 15 - Vote15			-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>268 715</b>	<b>31 590</b>	<b>300 305</b>	<b>320 568</b>	<b>20 263</b>	<b>106.7%</b>	<b>119.3%</b>	<b>257 367</b>
<b>Surplus/(Deficit) for the year</b>	<b>5 105</b>	<b>11 125</b>	<b>16 230</b>	<b>(11 247)</b>	<b>(27 477)</b>	<b>-69.3%</b>	<b>-220.3%</b>	<b>85 789</b>

**APPENDIX E (3) - Unaudited  
BEAUFORT WEST LOCAL MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016  
REVENUE AND EXPENDITURE**

Description	2015/16							2014/15
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b>Revenue By Source</b>								
Property rates	26 187	–	26 187	26 031	(156)	99.4%	99.4%	24 583
Property rates - penalties & collection charges	620	–	620	553	(67)	89.2%	89.2%	474
Service charges	103 838	2 033	105 872	97 609	(8 263)	92.2%	94.0%	88 399
Rental of facilities and equipment	1 146	79	1 225	1 085	(140)	88.5%	94.7%	1 676
Interest earned - external investments	1 240	–	1 240	1 883	643	151.9%	151.9%	1 893
Interest earned - outstanding debtors	2 135	–	2 135	2 041	(94)	95.6%	95.6%	1 969
Dividends received	–	–	–	–	–	–	–	–
Fines	16 135	29 923	46 058	60 208	14 151	130.7%	373.2%	45 969
Licences and permits	588	–	588	563	(25)	95.7%	95.7%	539
Agency services	670	–	670	660	(10)	98.4%	98.4%	609
Transfers recognised - operational	98 681	(2 705)	95 976	96 002	26	100.0%	97.3%	76 782
Other revenue	5 937	1 377	7 314	8 130	816	111.2%	136.9%	10 067
Gains on disposal of PPE	–	–	–	–	–	0.0%	0.0%	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>257 177</b>	<b>30 707</b>	<b>287 884</b>	<b>294 765</b>	<b>6 881</b>	<b>937.5%</b>	<b>114.6%</b>	<b>252 960</b>
<b>Expenditure By Type</b>								
Employee related costs	81 529	(248)	81 281	79 880	(1 402)	98.3%	98.0%	73 426
Remuneration of councillors	4 776	–	4 776	4 522	(254)	94.7%	94.7%	4 356
Debt impairment	7 191	30 042	37 233	69 311	32 078	186.2%	963.9%	40 121
Depreciation & asset impairment	16 064	–	16 064	15 280	(784)	95.1%	95.1%	15 014
Finance charges	1 539	–	1 539	5 754	4 215	373.9%	373.9%	5 425
Bulk purchases	57 255	–	57 255	47 916	(9 339)	83.7%	83.7%	43 515
Other materials	28 355	(1 745)	26 610	24 108	(2 502)	90.6%	85.0%	18 143
Contracted services	4 751	3 946	8 697	11 957	3 260	137.5%	251.7%	7 999
Transfers and grants	60	–	60	35	(25)	58.1%	58.1%	64
Other expenditure	67 196	(405)	66 791	61 782	(5 009)	92.5%	91.9%	48 216
Loss on disposal of PPE	–	–	–	23	23	#DIV/0!	#DIV/0!	841
<b>Total Expenditure</b>	<b>268 715</b>	<b>31 590</b>	<b>300 305</b>	<b>320 568</b>	<b>20 263</b>	<b>950.6%</b>	<b>119.3%</b>	<b>257 120</b>
<b>Surplus/(Deficit)</b>	<b>(11 538)</b>	<b>(883)</b>	<b>(12 421)</b>	<b>(25 803)</b>	<b>(13 382)</b>	<b>207.7%</b>	<b>223.6%</b>	<b>(4 160)</b>
Transfers recognised - capital	16 643	11 857	28 500	14 556	(13 944)	51.1%	87.5%	37 652
Contributions recognised - capital	–	151	151	–	(151)	–	–	–
Contributed assets	–	–	–	–	–	0.0%	0.0%	52 296
<b>Surplus/(Deficit) for the year</b>	<b>5 105</b>	<b>11 125</b>	<b>16 230</b>	<b>(11 247)</b>	<b>(27 477)</b>	<b>-69.3%</b>	<b>-220.3%</b>	<b>85 789</b>

**APPENDIX E (4) - Unaudited  
BEAUFORT WEST LOCAL MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016  
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Description	2015/16							2014/15
	Original Budget	Budget Adjustments (i. t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b>Capital expenditure - Vote</b>								
<b>Single-year expenditure</b>								
Executive and Council	181	(161)	20	53	33	265.4%	29.4%	16
Budget and Treasury Office	53	(4)	48	292	244	607.1%	555.9%	125
Corporate Services	690	264	953	518	(436)	54.3%	75.1%	328
Community and Social Services	105	703	808	1 189	380	147.1%	1129.7%	480
Sport and Recreation	2 470	54	2 524	1 029	(1 495)	40.8%	41.7%	883
Public Safety	175	-	175	20	(155)	11.3%	11.3%	635
Road Transport	2 407	3 624	6 031	3 994	(2 036)	66.2%	165.9%	6 690
Electricity	1 043	8 731	9 774	2 701	(7 073)	27.6%	258.8%	9 514
Water	4 016	1 835	5 851	651	(5 200)	11.1%	16.2%	5 433
Waste Water Management	8 358	979	9 337	8 038	(1 299)	86.1%	96.2%	5 612
Waste Management	495	(131)	364	1	(363)	0.4%	0.3%	1 780
Environmental Protection	-	-	-	-	-	-	-	-
Other	33	511	543	-	(543)	-	-	2
Example 14 - Vote14	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure</b>	<b>20 024</b>	<b>16 405</b>	<b>36 429</b>	<b>18 487</b>	<b>(17 942)</b>	<b>51%</b>	<b>92%</b>	<b>31 499</b>
<b>Total Capital Expenditure - Vote</b>	<b>20 024</b>	<b>16 405</b>	<b>36 429</b>	<b>18 487</b>	<b>(17 942)</b>	<b>51%</b>	<b>92%</b>	<b>31 499</b>
<b>Capital Expenditure - Standard</b>								
<b>Governance and administration</b>	<b>923</b>	<b>99</b>	<b>1 022</b>	<b>863</b>	<b>(158)</b>	<b>84.5%</b>	<b>93.5%</b>	<b>470</b>
Executive and council	181	(161)	20	53	33	265.4%	29.4%	16
Budget and treasury office	53	(4)	48	292	244	607.1%	555.9%	125
Corporate services	690	264	953	518	(436)	54.3%	75.1%	328
<b>Community and public safety</b>	<b>2 762</b>	<b>757</b>	<b>3 519</b>	<b>2 238</b>	<b>(1 282)</b>	<b>63.6%</b>	<b>81.0%</b>	<b>1 998</b>
Community and social services	105	703	808	1 189	380	147.1%	1129.7%	480
Sport and recreation	2 470	54	2 524	1 029	(1 495)	40.8%	41.7%	883
Public safety	175	-	175	20	(155)	11.3%	11.3%	635
Housing	13	-	13	-	(13)	-	-	-
Health	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>2 427</b>	<b>4 134</b>	<b>6 561</b>	<b>3 994</b>	<b>(2 567)</b>	<b>60.9%</b>	<b>164.6%</b>	<b>6 692</b>
Planning and development	20	511	531	-	(531)	-	-	2
Road transport	2 407	3 624	6 031	3 994	(2 036)	66.2%	165.9%	6 690
Environmental protection	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>13 913</b>	<b>11 414</b>	<b>25 327</b>	<b>11 392</b>	<b>(13 935)</b>	<b>45.0%</b>	<b>81.9%</b>	<b>22 339</b>
Electricity	1 043	8 731	9 774	2 701	(7 073)	27.6%	258.8%	9 514
Water	4 016	1 835	5 851	651	(5 200)	11.1%	16.2%	5 433
Waste water management	8 358	979	9 337	8 038	(1 299)	86.1%	96.2%	5 612
Waste management	495	(131)	364	1	(363)	0.4%	0.3%	1 780
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>20 024</b>	<b>16 405</b>	<b>36 429</b>	<b>18 487</b>	<b>(17 942)</b>	<b>51%</b>	<b>92%</b>	<b>31 499</b>
<b>Funded by:</b>								
National Government	16 613	10 195	26 808	12 679	(14 129)	47.3%	76.3%	23 707
Provincial Government	30	1 662	1 692	1 807	115	106.8%	6022.4%	163
District Municipality	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>16 643</b>	<b>11 857</b>	<b>28 500</b>	<b>14 486</b>	<b>(14 014)</b>	<b>51%</b>	<b>87%</b>	<b>23 869</b>
<b>Public contributions &amp; donations</b>	<b>-</b>	<b>151</b>	<b>151</b>	<b>70</b>	<b>(81)</b>	<b>46.5%</b>	<b>#DIV/0!</b>	<b>363</b>
<b>Borrowing</b>	<b>-</b>	<b>2 460</b>	<b>2 460</b>	<b>2 509</b>	<b>49</b>	<b>102.0%</b>	<b>#DIV/0!</b>	<b>4 093</b>
<b>Internally generated funds</b>	<b>3 381</b>	<b>1 936</b>	<b>5 318</b>	<b>1 421</b>	<b>(3 897)</b>	<b>26.7%</b>	<b>42.0%</b>	<b>3 173</b>
<b>Total Capital Funding</b>	<b>20 024</b>	<b>16 405</b>	<b>36 429</b>	<b>18 487</b>	<b>(17 942)</b>	<b>51%</b>	<b>92%</b>	<b>31 499</b>

**APPENDIX E (5) - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**  
**CASH FLOWS**

Description	2015/16							2014/15
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Ratepayers and other	149 107	2 128	151 236	199 145	47 909	131.7%	133.6%	120 622
Government - operating	98 681	(4 802)	93 879	107 961	14 082	115.0%	109.4%	80 471
Government - capital	16 643	10 265	26 908	14 486	(12 422)	53.8%	87.0%	37 652
Interest	3 375	-	3 375	3 924	549	116.3%	116.3%	3 861
Dividends	-	-	-	-	-	-	-	-
<b>Payments</b>								
Suppliers and employees	(243 861)	99	(243 762)	(295 515)	(51 753)	121.2%	121.2%	(194 833)
Finance charges	(1 539)	-	(1 539)	(5 754)	(4 215)	373.9%	373.9%	(5 425)
Transfers and Grants	(60)	-	(60)	(35)	25	58.1%	58.1%	(64)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>22 347</b>	<b>7 690</b>	<b>30 037</b>	<b>24 212</b>	<b>(5 824)</b>	<b>80.6%</b>	<b>108.3%</b>	<b>42 284</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>					(11 649)	-	-	
Proceeds on disposal of PPE	-	-	-	(0)				222
Decrease (Increase) in non-current debtors	-	-	-	-				-
Decrease (increase) other non-current receivables	-	(104)	(104)	(112)	(8)	107.9%	#DIV/0!	1 941
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-
<b>Payments</b>								
Capital assets	(20 024)	(16 405)	(36 429)	(18 487)	17 942	50.7%	92.3%	(40 500)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(20 024)</b>	<b>(16 509)</b>	<b>(36 533)</b>	<b>(18 599)</b>	<b>17 934</b>	<b>50.9%</b>	<b>92.9%</b>	<b>(38 337)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	2 802	2 802	#DIV/0!	#DIV/0!	790
Increase (decrease) in consumer deposits	-	147	147	-	(147)	-	-	-
<b>Payments</b>								
Repayment of borrowing	(1 978)	994	(984)	(4 003)	(3 019)	406.8%	202.4%	(3 558)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1 978)</b>	<b>1 141</b>	<b>(837)</b>	<b>(1 200)</b>	<b>(364)</b>	<b>143.4%</b>	<b>60.7%</b>	<b>(2 768)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>345</b>	<b>(7 678)</b>	<b>(7 333)</b>	<b>4 413</b>	<b>11 746</b>	<b>-60.2%</b>	<b>1280.4%</b>	<b>1 179</b>
Cash/cash equivalents at the year begin:	3 610	9 507	13 116	13 116	-	100.0%	363.4%	11 937
Cash/cash equivalents at the year end:	3 954	1 829	5 783	17 529	11 382	303.1%	443.3%	13 116

**ANNEXURE B**  
**REPORT OF THE AUDITOR-GENERAL**

# **Report of the Auditor-General to the Western Cape Provincial Parliament and the council on the Beaufort West Municipality**

## **Report on the financial statements**

### **Introduction**

1. I have audited the financial statements of the Beaufort West Municipality set out on pages 8 to 88, 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 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 Beaufort West 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 matters**

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

## **Restatement of corresponding figures**

8. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of errors discovered during the 2015-16 financial year in the financial statements of the Beaufort West Municipality at, and for the year ended, 30 June 2015.

## **Material losses**

9. As disclosed in note 44.4 to the financial statements, the municipality incurred water losses of 50,53% or 1 350 633 kilolitres during the year under review.
10. As disclosed in note 44.4 to the financial statements, the municipality incurred electricity losses of 10,93% or 6 196 904 Kwh during the year under review.

## **Material impairments**

11. As disclosed in note 20 to the financial statements, the municipality has provided for impairment of trade and other receivables from exchange transactions amounting to R45,5 million.
12. As disclosed in note 21 to the financial statements, the municipality has provided for impairment of trade and other receivables from non-exchange transactions amounting to R46,7 million.

## **Material underspending of the budget**

13. As disclosed in note 44.1 to the financial statements, the municipality has materially underspent its capital budget to the amount of R17,9 million.

## **Additional matters**

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

## **Unaudited supplementary schedules**

15. The supplementary information set out on pages 89 to 100 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

16. 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

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives 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

18. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objective presented in the annual performance report of the municipality for the year ended 30 June 2016:
  - Development objective 3: to improve and maintain current basic service delivery and infrastructure development through the provision of basic services and specific infrastructural development projects on pages 9 to 12
19. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned objectives. 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 Framework for Managing Programme Performance Information.
20. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
21. I did not identify any material findings on the usefulness and reliability of the reported performance information for the development objective: to improve and maintain current basic service delivery and infrastructure development through the provision of basic services and specific infrastructural development projects

## Additional matters

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

## Achievement of planned targets

23. Refer to the annual performance report on pages 9 to 12 for information on the

achievement of the planned targets for the year.

## Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Development objective: To improve and maintain current basic service delivery and infrastructure development through the provision of basic services and specific infrastructural development projects. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

## Unaudited supplementary schedules

25. The supplementary information set out on pages 14 to 70 does not form part of the annual performance report and is presented as additional information. We have not audited this information and, accordingly, we do not express a conclusion on them.

## Compliance with legislation

26. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

## Financial statements, performance and annual reports

27. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, current liabilities, revenue and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.
28. The oversight report adopted by the council on the 2014-15 annual report was not made public, as required by section 129(3) of the MFMA.
29. The annual performance report for the year under review did not include measures taken to improve performance as required by section 46(1)(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

## Procurement and contract management

30. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of Supply Chain Management (SCM) regulation 17(a) and (c).
31. Bid adjudication committees were not always composed in accordance with SCM regulation 29(2).

## Expenditure management

32. Reasonable steps were not taken to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

## Conditional grants received

33. The municipality did not evaluate its performance in respect of programmes funded by the Municipal Infrastructure Grant and Human Settlement Development Grant allocations, as required by section 12(5) of the DoRA.
34. The municipality did not evaluate its performance in respect of programmes funded by the Human Settlement Development Grant allocation, as required by section 12(5) of the DoRA.

## Liability management

35. An adequate management, accounting and information system which accounts for liabilities was not in place, as required by section 63(2)(a) of the MFMA.

## Consequence management

36. Unauthorised and irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) and (b), respectively, of the MFMA.

## Internal control

37. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

## Leadership

38. The accounting officer did not exercise adequate oversight over financial reporting and related internal control processes and, in addition, did not ensure that a proper review of the financial statements and annual performance report was performed prior to their submission for audit purposes, resulting in errors not being identified and corrected in the financial statements and annual performance report. Management did not identify and mitigate the risk of unauthorised expenditure as part of its budget and expenditure management. Management have not implemented sufficient documented policies and procedures to guide the operations of the municipality, resulting in numerous instances of non-compliance with the MSA, the MFMA and the SCM Regulations.

## Financial and performance management

39. The financial statements submitted to audit contained numerous material misstatements. This was mainly due to staff members not fully understanding the requirements of the financial reporting framework. The annual performance report was

not reviewed for completeness and accuracy by management prior to submission for audit purposes. A key contributing factor in this regard is that the municipality does not have individuals who fully understand the performance management requirements. The performance of consultants and the status of accounting functions that are contracted out are not reviewed and effectively monitored. Systems to ensure compliance with laws and regulations have not been put in place and alternative review and monitoring by management has not occurred.

## Governance

40. The internal audit unit is understaffed. The internal auditor was appointed during the year under review and therefore has limited experience and training as an auditor. The audit committee did not carry out its duties as set out in section 166(2) of the MFMA and the Municipal Planning and Performance Regulations. Appropriate risk management activities were not adopted by the municipality to ensure that a regular risk assessment in respect of performance information and compliance with laws and regulations are conducted and that a risk strategy to address the risks is developed and monitored.

## Other reports

41. I draw attention to the following engagements that could potentially impact on the municipality's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

## Investigations

42. The internal audit unit performed an investigation, at the request of the municipal manager, into the alleged irregular activities regarding the collection and processing of traffic income in Murraysburg. The investigation was concluded on 23 August 2016. The case has been handed over to the South African Police Services as the internal auditor recommended that the monies should be recovered from the cashier.

*Auditor-General*

Cape Town

30 November 2016



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*