

CACADU DISTRICT MUNICIPALITY

**Financial statements
for the year ended 30 June 2013**

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

General Information

<u>Legal form of Entity</u>	District Municipality (DC10)
<u>Jurisdiction</u>	Cacadu District
<u>Nature of business and principal activities</u>	Municipal services
<u>Registered office</u>	32 Govan Mbeki Ave Standard Bank Building Port Elizabeth 6001
<u>Postal address</u>	P O Box 318 Port Elizabeth 6000
<u>Auditors</u>	Office of the Auditor-General

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

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Abbreviations

CDA	Cacadu Development Agency
CDM	Cacadu District Municipality
DMA	District Management Area
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the financial statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Municipality and places considerable importance on maintaining a strong control environment. To enable the Municipality to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the financial year and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the spectrum. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2014 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on page 4 to 66, which have been prepared on the going concern basis, were approved by the Accounting Officer on 20 November 2013 and signed hereunder.



Municipal Manager
2013/11/20

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Statement of Financial Position as at 30 June 2013

Figures in Rand	Note(s)	2013	2012
Assets			
Current Assets			
Receivables from exchange transactions	5	558 293	594 204
Receivables from non-exchange transactions	6	502 841	1 441 762
VAT receivable	7	2 157 317	1 552 772
Deposits paid	8	15 410	22 910
Short-term investments	46	163 000 000	151 000 000
Cash and cash equivalents	9	90 850 366	117 613 446
		257 084 227	272 225 094
Non-Current Assets			
Investment property	10	14 880 500	14 525 500
Property, plant and equipment	11	36 689 350	33 994 421
Intangible assets	12	86 885	86 885
Heritage assets	44	33 357 500	31 907 000
Long-term receivables	4	22 930	7 862
		85 037 165	80 521 668
Total Assets		342 121 392	352 746 762
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	9 214 637	10 240 542
Short-term portion of post-employment medical benefit	16	3 765 127	3 674 884
Unspent conditional grants and receipts	13	20 404 622	30 401 453
Provisions	15	1 066 218	930 799
		34 450 604	45 247 678
Non-Current Liabilities			
Long-term portion of infrastructure levies	14	940 456	640 456
Short-term portion of post-employment medical benefit	16	59 716 794	54 374 371
		60 657 250	55 014 827
Total Liabilities		95 107 854	100 262 505
Total assets less liabilities		247 013 538	252 484 257
Net Assets			
Reserves			
Revaluation reserve	17	79 463 054	77 772 303
Unappropriated surplus	18	167 550 484	174 711 954
Total Net Assets		247 013 538	252 484 257

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Financial Statements for the year ended 30 June 2013

Statement of Financial Performance

Figures in Rand	Note(s)	2013	2012
Revenue			
Rental of facilities and equipment	22	1 076 549	1 107 673
Government grants & subsidies	21	89 706 218	91 681 555
		90 782 767	92 789 228
Other income			
Actuarial gain on post employment medical benefit	16	-	3 067 385
Fair value adjustments	10	365 578	773 987
Gains on disposal of assets	22	192 110	401 515
Income from agency services		31 871	20 941
Investment interest	22	15 399 324	17 158 977
Other revenue	22	3 857 399	5 172 801
		19 846 282	26 595 606
Operating expenses			
Actuarial loss on post employment medical benefit	16	(3 912 240)	-
Bad debts written off		(3 121)	(1 183 546)
Collection costs		-	(977)
Conditional grant expenditure	26	(11 385 952)	(17 496 177)
Contracted services		(2 796 732)	(2 673 975)
Depreciation	11	(1 314 871)	(1 451 917)
Discounting of post employment medical benefit	16	(4 821 006)	(5 234 074)
Employee costs	23	(42 105 721)	(38 226 621)
General expenses - other		(43 595 193)	(55 307 318)
Impairments		339 948	(169 821)
Increase / Reduction in debt impairment		(11 663)	(21 613 465)
Other grants and subsidies paid	26	(7 795 839)	(8 722 556)
Repairs and maintenance		(388 129)	(573 953)
		(117 790 519)	(152 654 400)
Operating deficit		(7 161 470)	(33 269 566)
Finance costs	25	-	(1 157)
Deficit for the year		(7 161 470)	(33 270 723)

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Unappropriated surplus	Total net assets
Opening balance as previously reported	78 307 028	210 672 303	288 979 331
Adjustments			
Prior year adjustments (refer to note 27)	-	(2 689 626)	(2 689 626)
Balance at 01 July 2011 as restated	78 307 028	207 982 677	286 289 705
Changes in net assets			
Deficit for the year	-	(35 073 223)	(35 073 223)
Revaluations (refer to note 17)	(134 480)	-	(134 480)
Reversal of impairment previously in revaluations (refer to note 17)	(362 500)	-	(362 500)
Prior year adjustments (refer to note 27)	-	1 802 500	1 802 500
Total changes	(496 980)	(33 270 723)	(33 767 703)
Balance at 01 July 2012	77 772 303	174 711 954	252 484 257
Changes in net assets			
Deficit for the year	-	(7 161 470)	(7 161 470)
Revaluations (refer to note 17)	1 690 751	-	1 690 751
Total changes	1 690 751	(7 161 470)	(5 470 719)
Balance at 30 June 2013	79 463 054	167 550 484	247 013 538
Note(s)			17

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Financial Statements for the year ended 30 June 2013

Cash Flow Statement

Figures in Rand	Note(s)	2013	2012
<u>Cash flows from operating activities</u>			
Receipts			
Grants		79 709 387	83 487 017
Interest income		15 676 298	17 425 441
Other receipts		5 059 132	12 546 283
		<u>100 444 817</u>	<u>113 458 741</u>
Payments			
Employee costs		(41 970 302)	(37 756 097)
Cash paid to suppliers		(21 978 073)	(28 892 708)
Finance costs		-	(1 157)
Other payments		(44 751 848)	(82 171 125)
		<u>(108 700 223)</u>	<u>(148 821 087)</u>
Net cash flows from operating activities	28	<u>(8 255 406)</u>	<u>(35 362 346)</u>
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	11	(3 513 643)	(1 724 752)
Proceeds from sale of property, plant and equipment	11	288 170	250 000
Decrease in deposits		7 500	(1 500)
Decrease in long term receivables		(15 068)	7 741
Net cash flows from investing activities		<u>(3 233 041)</u>	<u>(1 468 511)</u>
<u>Cash flows from financing activities</u>			
Repayment of other financial liabilities		(3 574 633)	(1 125 740)
Finance lease payments		-	(21 890)
Short-term investments		(12 000 000)	51 000 000
Increase in long-term infrastructure levies		300 000	640 456
Net cash flows from financing activities		<u>(15 274 633)</u>	<u>50 492 826</u>
Net increase/(decrease) in cash and cash equivalents		<u>(26 763 080)</u>	<u>13 661 969</u>
Cash and cash equivalents at the beginning of the year		117 613 446	103 951 477
Cash and cash equivalents at the end of the year	9	<u>90 850 366</u>	<u>117 613 446</u>

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Financial Statements for the year ended 30 June 2013

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2013											
Financial Performance											
Investment revenue	16 924 000	-	16 924 000	-	-	16 924 000	15 399 324		(1 524 676)	91 %	91 %
Transfers recognised - operational	95 388 613	5 940 608	101 329 221	-	-	101 329 221	89 706 218		(11 623 003)	89 %	94 %
Other own revenue	40 987 053	19 659 071	60 646 124	-	-	60 646 124	5 523 507		(55 122 617)	9 %	13 %
Total revenue (excluding capital transfers and contributions)	153 299 666	25 599 679	178 899 345			178 899 345	110 629 049		(68 270 296)	62 %	72 %
Employee costs	(44 969 500)	(1 441 042)	(46 410 542)	-	-	(46 410 542)	(36 440 697)		9 969 845	79 %	81 %
Remuneration of councillors	(5 244 800)	(93 400)	(5 338 200)	-	-	(5 338 200)	(5 665 024)		(326 824)	106 %	108 %
Debt impairment	(462 500)	-	(462 500)			(462 500)	(11 663)		450 837	3 %	3 %
Depreciation and asset impairment	(1 135 300)	-	(1 135 300)			(1 135 300)	(974 923)		160 377	86 %	86 %
Transfers and grants	(27 704 320)	6 592 030	(21 112 290)	-	-	(21 112 290)	(11 385 952)		9 726 338	54 %	41 %
Other expenditure	(73 783 246)	(30 657 267)	(104 440 513)	-	-	(104 440 513)	(63 312 260)		41 128 253	61 %	86 %
Total expenditure	(153 299 666)	(25 599 679)	(178 899 345)			(178 899 345)	(117 790 519)		61 108 826	66 %	77 %
Surplus/(Deficit)	-	-	-			-	(7 161 470)		(7 161 470)	DIV/0 %	DIV/0 %
Surplus/(Deficit) for the year	-	-	-			-	(7 161 470)		(7 161 470)	DIV/0 %	DIV/0 %
Capital expenditure and funds sources											
Total capital expenditure	(16 110 000)	(6 239 000)	(22 349 000)	-	-	(22 349 000)	(3 513 642)		18 835 358	16 %	22 %
Sources of capital funds	16 110 000	6 239 000	22 349 000	-	-	22 349 000	3 513 642		(18 835 358)	16 %	22 %
Internally generated funds											

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Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments and budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	1 134 000	(45 036 000)	(43 902 000)	-	-	(43 902 000)	(8 255 406)		35 646 594	19 %	(728)%
Net cash from (used) investing	(16 110 000)	(5 208 000)	(21 318 000)	-	-	(21 318 000)	(3 233 041)		18 084 959	15 %	20 %
Net cash from (used) financing	-	-	-	-	-	-	(15 274 633)		(15 274 633)	DIV/0 %	DIV/0 %
Net increase/(decrease) in cash and cash equivalents	(14 976 000)	(50 244 000)	(65 220 000)	-	-	(65 220 000)	(26 763 080)		38 456 920	41 %	179 %
Cash and cash equivalents at the beginning of the year	312 461 741	-	312 461 741	-	-	312 461 741	117 613 446		(194 848 295)	38 %	38 %
Cash and cash equivalents at year end	297 485 741	(50 244 000)	247 241 741	-	-	247 241 741	90 850 366		156 391 375	37 %	31 %

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Financial Statements for the year ended 30 June 2013

Accounting Policies

1. Reporting Entity

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

1.1 Basis of Preparation

Statement of compliance

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance.

These accounting policies are consistent with the previous period.

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) and the International Public Sector Accounting Standards (IPSAS), where applicable, in terms of Directive Five including any interpretations of such Statements issued by the Accounting Practices Board.

These accounting policies have been applied to ensure that the financial statements provide information that is relevant to the decision-making needs of users and are reliable.

Basis of measurement

The financial statements have been prepared on the accrual basis.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes.

Estimates and judgements are made to identify impairments required to made to assets. The condition of the assets are assessed together with the use of the asset to determine whether an impairment is required.

The useful life of an asset is reviewed annually and management assess the condition and the usefulness of the asset at each reporting date to determine the remaining useful life of the assets.

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Financial Statements for the year ended 30 June 2013

Accounting Policies

1.1 Basis of Preparation (continued)

Offsetting

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

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

1.2 Presentation of currency

These financial statements are presented in South African Rand.

1.3 Going concern assumption

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

1.4 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The municipality recognises a heritage asset as an asset 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.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

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Financial Statements for the year ended 30 June 2013

Accounting Policies

1.4 Heritage assets (continued)

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.5 Property, plant and equipment

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 period.

Recognition

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

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Financial Statements for the year ended 30 June 2013

Accounting Policies

1.5 Property, plant and equipment (continued)

Initial measurement

Property, plant and equipment is initially measured at cost.

The "initial measurement" of property, plant and equipment, upon its "initial recognition" refers to property, plant and equipment's value when the current basis of accounting was first adopted, i.e. 1 July 2005. The "cost" of property, plant and equipment upon "initial recognition" is either its cost or fair value at initial recognition. The "cost" of land and buildings on 1 July 2005 would constitute its fair value on that date as no cost is available. The "cost" of other assets would be its carrying amount (cost less accumulated depreciation) as at that date on the assumption that the carrying amount represents the asset's fair value at 1 July 2005 if the asset was acquired prior to this date.

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 management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

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.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Depreciation

Property, plant and equipment is depreciated on the straight line basis over its expected useful lives to their estimated residual value.

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Financial Statements for the year ended 30 June 2013

Accounting Policies

1.5 Property, plant and equipment (continued)

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

On acquisition of items of property, plant and equipment, the useful lives are assessed as follows:

	<u>Years</u>
Buildings	50
Specialised Vehicles	5-20
Electricity	5-30
Motor vehicles	5-10
Water	5-20
Office Equipment	2-10
Sewerage	15-20
Furniture and Fittings	7-15
Bins and Containers	5-10
Specialised plant and equipment	5-15
Computer equipment	2-10

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Impairment

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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Financial Statements for the year ended 30 June 2013

Accounting Policies

1.5 Property, plant and equipment (continued)

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

Gains and losses

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Provisions

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
- and
- a reliable estimate can be made of the obligation.

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30 and 31.

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Accounting Policies

1.7 Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged to the Statement of Financial Performance as they fall due. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the scheme is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefits

The municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the municipality for the remaining 70%. The medical aid contributions are charged to the Statement of Financial Performance as they fall due.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis on defined benefit contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds.

The municipality's net obligation in respect of defined benefit retirement and post retirement plans are calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. These benefits are discounted to determine their present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The actuarial valuation is performed by an independent qualified actuary on a regular basis, using the projected unit credit method. When the calculation results in a benefit to the municipality, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. The actuarial gain is transacted in full in the Statement of Financial Performance and not calculated and accounted for according to the "corridor" method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the Statement of Financial Performance on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Statement of Financial Performance.

Accrued leave pay

The leave pay accrual is calculated taking into account the actual number of days accrued and the remuneration as at 30 June.

Other short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered) is recognised in the period in which the service is rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Municipality as the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the Statement of Financial Position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Municipality as the lessee

Leases in terms of which the municipality assumes substantially all the risks and rewards of ownership are classified as finance leases and where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Upon initial recognition the finance leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments and the corresponding liabilities are raised. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease.

1.9 Investments

The municipality classifies its investments as "Loans and receivables".

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables, receivable within 12 months are included in cash and cash equivalents in the Statement of Financial Position.

Investments are initially measured at fair value and subsequently at amortised cost if material.

1.10 Receivables from exchange and non-exchange transactions

Receivables are classified as "Loans and receivables" and are initially recognized at fair value. Subsequent measurement is at amortised value if material. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified based on an assessment on the recoverability of the receivable. Amounts that are receivable within 12 months from the reporting date are classified as current.

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.11 Payables from exchange and non-exchange transactions

Payables are classified as "Liabilities at amortised cost" and are initially recognized at the fair value of the present obligation of a past event. Subsequent measurement is at amortised value if material.

1.12 Revenue

Revenue comprises the cost of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is measured at the fair value of the consideration received or receivable net of value added tax, estimated returns, rebates and discounts and after eliminated revenue within departments of the municipality. Revenue is recognised as revenue from exchange transactions and revenue from non-exchange transactions.

1.13 Revenue from exchange transactions

Interest and rentals are recognised on a time proportion basis.

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 gazetted tariff.

Income collected on behalf of "principals" is recognised on a monthly basis once the income collected on behalf of the principal has been quantified. The income recognised is in terms of the service level agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all the 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 is brought into use. Where public contributions have been received, but the municipality has not met the conditions, a liability is recognised.

All other revenue is recognised as it accrues.

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.14 Revenue from non-exchange transactions

Donations are recognised on a cash receipt basis, or where the donation is in the form of property, plant and equipment, at the cost of the consideration received or receivable.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received, but the municipality has not met the condition, a liability is recognised.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

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

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the criteria, conditions or obligations have not been met, a liability is recognised.

1.15 Grants, transfers and donations

Unconditional grants and receipts

Revenue from unconditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably. Since these grants are unconditional and there are no attached stipulations, the grants are recognised as revenue or, if the asset recognition criteria have been met, as assets in the reporting period in which they are received or receivable.

Conditional grants and receipts

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the criteria, conditions or obligations have not been met, a liability is recognised.

Interest earned on investments is treated in accordance with grant conditions. If interest is payable to the grantor, it is recognised as a liability and if not, it is recognised as interest earned in the statement of financial performance.

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.16 VAT

VAT is payable on the receipts basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act, in respect of the supply of goods or services except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or is out of scope for VAT purposes.

VAT is paid over to SARS only once payment is received from debtors and claimed from SARS once payment is made to a creditor.

The net VAT is either classified as "Loans and receivables" or "Financial liabilities at amortised cost".

Measurement

Initial measurement is at cost. Subsequent measurement is at amortised cost if material.

Derecognition

VAT is derecognised when the net payment is paid or received from SARS, whichever is applicable when the VAT return is presented.

1.17 Segmental information

The principal segments have been identified on a primary basis by classification of the revenue and expenditure and on a secondary basis by the classification of service of operations. The secondary basis is representative of the internal structure for both budgeting and management purposes.

The policy is not applicable to the current year.

1.18 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 the 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 in the Statement of Financial Performance and detailed further in the notes to the financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 Irregular expenditure

Irregular expenditure as defined in section 102 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.19 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned / written off.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.20 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and detailed further in the notes to the financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21 Comparative information

Budget information in accordance with GRAP 1 has been provided in the notes to these financial statements.

When the presentation or classification of items in the annual financial statements is amended, the prior period comparative amounts are restated and the nature and reason for the reclassification is disclosed. Where 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.

1.22 Finance costs

Finance costs are recognised as an expense in the period in which they are incurred.

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.23 Grants-in-aid

The Council transfers money, from time to time, to individuals, organisations and other sectors of government in accordance with the Municipal Finance Management Act 56 of 2003.

When making these transfers, CDM does not:

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

These transfers are recognised in the Statement of Financial Performance as an expense in the period with which the events giving rise to the transfer occurred.

1.24 Investment property

Initial recognition

Investment property includes land and a building, or part of a building, or both land or 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.

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.

Subsequent measurement - fair value model

Investment property is subsequently measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

Revaluation will take place every five years commencing from 1 July 2007. Should the need arise, the valuations would be performed more regularly.

Derecognition

Investment property is derecognised (eliminated from the Statement of Financial Position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses

Gains or losses arising from the derecognition of investment properties (difference between carrying amount less any revaluation surpluses and net disposal proceeds) are included in surplus or deficit.

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.25 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised 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.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost will be measured at fair value at the day of acquisition.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired, impairment to the asset will be made.

Reassessing the useful life of an intangible asset with a finite useful life, after it was classified as indefinite, is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

1.26 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.26 Financial instruments (continued)

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Cash and cash equivalents

Cash includes cash on hand and cash held at banks. Cash equivalents are short-term, liquid investments that are held with registered banking institutions with maturities of twelve months or less and are subject to an insignificant risk of change in value.

Cash and cash equivalents are classified as "Loans and receivables" and are initially measured at cost. Subsequent measurement is at face value or, if material, at amortised value.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.26 Financial instruments (continued)

Derecognition:

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 where:

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

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

1.27 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.28 Unutilised conditional grants

Initial recognition

Unutilised conditional grants are reflected on the Statement of Financial Position as a short-term portion of unspent conditional grants. They represent unspent government grants, subsidies and contributions from the public. The following conditions are set for the creation and utilisation of these creditors:

- The grant received is initially recognised at cost as unspent conditional grants.
- Whenever an item of property, plant and equipment is funded from a grant, an amount equal to the purchase price is transferred from the unspent conditional grants account to the operating account on the Statement of Financial Performance as revenue.
- Whenever operational expenditure is funded from a grant, an amount equal to the expenditure is transferred from the unspent conditional grants account to the operating account on the Statement of Financial Performance as revenue to offset the expenditure which was expensed through the operating account.
- The cash which backs the unspent portion is invested until utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If the grant conditions indicate that interest is payable to donors then interest earned on unutilised conditional grants is allocated to the funds and is not recognised in the Statement of Financial Performance.
- The unspent grant is classified as "Financial liabilities at amortised cost".

Subsequent measurement

Unspent conditional grants are subsequently measured at amortised cost if material.

Derecognition

Unspent conditional grants are derecognised when the balance was expended per the conditions as set for a grant.

1.29 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

1.30 Events after reporting date

Management conducts an assessment on any events occurring subsequent to the end of the reporting date and prior to the finalisation of the financial statements to identify any incidents that would provide the user with additional information that could influence decision-making and the usefulness of the financial statements. This information is then disclosed accordingly in the financial statements.

1.31 Effective interest rate

The entity uses the prime interest rate less 0.5% to discount future cash flows.

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.32 Capital commitments

Capital commitments disclosed in the financial statements represents the balance committed to capital projects at the reporting date that will be incurred subsequent to the reporting date. The capital commitment disclosed identifies awards entered into by the municipality against the capital projects as well as a commitment upon approval of a budget for a capital project.

1.33 Budget information

The approved budget is prepared on a cash basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2012/07/01 to 2013/06/30.

The Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.34 Related parties

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

All transactions with related parties are disclosed.

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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2. Changes in accounting policy

There were no changes in accounting policies during the financial year.

3. New standards and interpretations

3.1 Standards and interpretations effective in the current year

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

<u>Standard/ Interpretation:</u>	<u>Effective date: Years beginning on or after</u>	<u>Expected impact:</u>
GRAP 23: Revenue from Non-exchange Transactions	01 April 2012	A major portion of the municipality's revenue consists of grants and the principles of this standard has been adopted and applied.
GRAP 24: Presentation of Budget Information in the Financial Statements	01 April 2012	The standard has been adopted and applied. However, the information was included in the financial statements as an appendix and will now be included as a note to the financial statements
GRAP 21: Impairment of non-cash-generating assets	01 April 2012	A major portion of the municipality's assets are non-cash generating of nature. As there are no major changes to applying IPSAS 21, the standard has been adopted and applied.
GRAP 26: Impairment of cash-generating assets	01 April 2012	A major portion of the municipality's assets are non-cash generating of nature. As there are no major changes to applying IPSAS 21, the standard has been adopted and applied.
GRAP 104: Financial Instruments	01 April 2012	The effect on the financial statements is limited as the standard has been applied and adopted previously.

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand 2013 2012

4. Long-term receivables

Study advances	22 930	7 862
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Classified as a financial asset: Loans and receivables are subsequently measured at amortised cost.

Study advances relates to amounts paid on behalf of employees to tertiary institutions for the furthering of the employees' development. These advances are repaid monthly in terms of the agreements with the applicable employees in the event of the employees not passing their respective modules.

5. Receivables from exchange transactions

General debtors	30 192	40 840
Salaries and Wages Debtors	334 317	333 598
Accrued Rent	180 743	213 614
Rental	16 229	6 152
Allowance for impairment	(3 188)	-
	<u>558 293</u>	<u>594 204</u>

Receivables from exchange transactions past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2013, R 558 293 (2012: R 594 204) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Current (0 - 30 days)	234 996	266 663
31 - 60 days	-	169
61 - 90 days	323 297	327 372

Receivables from exchange transactions impaired

As of 30 June 2013, receivables from exchange transactions of R 3188 (2012: R -) were impaired and provided for.

The ageing of these receivables is as follows:

Over 6 months	3 188	-
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6. Receivables from non-exchange transactions

General	22 981 181	24 361 627
Prepayments	450 000	-
Department of Housing (housing scheme)	9 231 380	9 231 380
Allowance for impairment	(32 159 720)	(32 151 245)
	<u>502 841</u>	<u>1 441 762</u>

The general receivables from non-exchange transactions includes an amount of R21 987 000 owed to the municipality by National Treasury. This amount was withheld by National Treasury from the equitable share allocation for the 2011/2012 financial year. This relates to the input tax amount which was incorrectly retained in the conditional grant, instead of recognising the input tax as revenue. This has been corrected in the 2011/12 financial year.

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
6. Receivables from non-exchange transactions (continued)		
<u>Receivables from non-exchange transactions past due but not impaired</u>		
Receivables which are less than 3 months past due are not considered to be impaired.		
There were no receivables older than 3 months that were not considered to be impaired in the current financial year. However, as at 30 June 2012, there was an amount of R1 468 643 due by East Cape Department of Health that was due but not impaired. The full amount was subsequently received.		
The ageing of amounts past due but not impaired is as follows:		
2 months past due	-	56 093
>3 months past due	-	1 412 550
<u>Receivables from non-exchange transactions impaired</u>		
As of 30 June 2013, receivables of R 32 159 720 (2012: R 32 151 245) were impaired and provided for.		
The equitable share amounting to R21 987 000 has been withheld by National Treasury due to the previously incorrect treatment of VAT. Although National Treasury failed to acknowledge the debt, the municipality will be pursuing the full recoverability of the funds even though the amount is impaired.		
The ageing of these receivables is as follows:		
Current (0- 30 dys)	-	21 987 000
91 - 120 days	-	305 025
over 365 days	32 159 720	9 859 220
7. VAT receivable		
Value added taxation	2 157 317	1 552 772
All VAT returns have been submitted by their due dates throughout the year.		
VAT is accounted for on the invoice basis.		
No discounting was performed.		
8. Deposits paid		
Deposits - Electricity	5 000	5 000
Deposits - Parking	9 000	9 000
Deposits - Parking Grace Street	1 410	1 410
Deposits - Post Office	-	7 500
	<u>15 410</u>	<u>22 910</u>
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	6 100	6 100
Bank balances	5 007 479	(506 415)
Short-term deposits	85 836 787	118 113 761
	<u>90 850 366</u>	<u>117 613 446</u>

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
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9. Cash and cash equivalents (continued)

Short-term deposits

Cash and cash equivalents are classified as a financial asset under Loans and Receivables at amortised cost. All short-term deposits mature within 3 months after the reporting date.

No discounting was performed due to the short term nature of the cash turnover and the fact that all investments earned interest.

The fair value of cash and cash equivalents approximates their carrying amounts.

No cash deposits were ceded as collateral.

The return on investments for 2013 fluctuated between 4.97% and 5.70%. (2012: 5.45% and 6.75%).

Interest on investments accrued	836 787	1 113 761
Short-term deposits	78 000 000	112 000 000
Call Account Deposits	7 000 000	5 000 000
Total short-term deposits	85 836 787	118 113 761

Allocation of external investments

Surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-

Post employment medical benefit	63 481 921	58 049 255
Unspent Conditional Grants and Receipts	20 404 622	30 401 453
Infrastructure projects from Levies	1 674 624	2 575 213
Accrued leave pay	2 226 123	2 149 473
Unappropriated surplus	3 063 076	24 438 052
Total	90 850 366	117 613 446

CACADU DISTRICT MUNICIPALITY

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9. Cash and cash equivalents (continued)

CDM has the following bank account

Bank details	30 June 2013	30 June 2012	30 June 2011	30 June 2013	30 June 2012	30 June 2011
ABSA Limited	8 711 698	2 470 872	4 124 669	5 007 479	(506 415)	4 579 622
32 Govan Mbeki Avenue						
Port Elizabeth						
Current Account (Primary account):						
1640-000-062						

CACADU DISTRICT MUNICIPALITY
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10. Investment property

	2013		2012	
	Cost / Valuation	Carrying value Accumulated depreciation and accumulated impairment	Cost / Valuation	Carrying value Accumulated depreciation and accumulated impairment
Investment property	14 880 500	-	14 880 500	-
			14 525 500	14 525 500

Reconciliation of investment property - 2013

Investment property	Opening balance	Fair value adjustments	Total
	14 525 500	355 000	14 880 500

Reconciliation of investment property - 2012

Investment property	Opening balance	Fair value adjustments	Total
	14 253 500	272 000	14 525 500

A register containing the information required by section 63 of the Municipal Finance Management Act 56 of 2003 is available for inspection at the registered office of the Cacadu District Municipality.

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

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10. Investment property (continued)

Details of valuation

Investment Property was valued at 30 June 2013 and 30 June 2012 on the basis of willing buyer and willing seller by Suid Kaap Waardeers, a registered and independent valuator. A register is available for inspection at the Cacadu District Municipality Head Office in Govan Mbeki Avenue, Port Elizabeth.

The properties were valued in terms of Valuation Professionalism and the requirements of the Property Professions Act 47 of 2000 with particular reference to sections 45 and 46. In terms of section 45(1), the properties must be valued in accordance with generally recognised valuation practices, methods and standards, and the provisions of this Act. In terms of section 46(1), the market value of a property is the amount the property would have realised if sold on the date of the valuation in the open market by a willing seller to a willing buyer.

No operating expenditure was incurred by the municipality on the Investment Properties during the current and previous financial year.

Rental revenue received on investment properties for the year is R3 684 (2012: R3 684).

A register containing the information required by section 63 of the Municipal Finance Management Act 56 of 2003 is available for inspection at the registered office of the Cacadu District Municipality.

CACADU DISTRICT MUNICIPALITY

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11. Property, plant and equipment

	2013		2012			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	12 023 500	(3 484 500)	8 539 000	11 782 000	(3 525 000)	8 257 000
Buildings	24 043 260	(6 010 259)	18 033 001	23 499 397	(5 562 897)	17 936 500
Specialised plant and machinery	2 135 591	(1 027 190)	1 108 401	2 512 409	(1 322 422)	1 189 987
Furniture and fixtures	2 055 610	(823 650)	1 231 960	2 006 129	(704 373)	1 301 756
Motor vehicles	7 811 370	(2 491 730)	5 319 640	6 370 465	(2 921 869)	3 448 596
Office equipment	762 635	(438 673)	323 962	776 583	(415 636)	360 947
Computer equipment	4 201 611	(2 239 826)	1 961 785	3 379 054	(2 063 851)	1 315 203
Bins and containers	98 988	(24 456)	74 532	98 988	(16 521)	82 467
Specialised vehicles	275 159	(178 090)	97 069	275 159	(173 194)	101 965
Total	53 407 724	(16 718 374)	36 689 350	50 700 184	(16 705 763)	33 994 421

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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Revaluations	Fair value adjustments	Depreciation	Impairment loss	Impairment reversal	Total
Land	8 257 000	-	-	241 500	-	-	-	40 500	8 539 000
Buildings	17 936 500	137 954	-	404 191	10 578	(391 483)	(144 705)	79 966	18 033 001
Specialised plant and machinery	1 189 987	25 181	-	-	-	(106 394)	(373)	-	1 108 401
Furniture and fixtures	1 301 756	87 528	(4 734)	-	-	(146 004)	(6 586)	-	1 231 960
Motor vehicles	3 448 596	2 345 046	(52 317)	-	-	(421 685)	-	-	5 319 640
Office equipment	360 947	19 079	(9 519)	-	-	(45 124)	(1 421)	-	323 962
Computer equipment	1 315 203	898 855	(29 490)	-	-	(191 350)	(31 433)	-	1 961 785
Bins and containers	82 467	-	-	-	-	(7 935)	-	-	74 532
Specialised vehicles	101 965	-	-	-	-	(4 896)	-	-	97 069
	33 994 421	3 513 643	(96 060)	645 691	10 578	(1 314 871)	(184 518)	120 466	36 689 350

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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Impairment loss	Impairment reversal	Total
Land	8 903 000	-	(44 000)	-	(505 500)	-	(112 316)	15 816	8 257 000
Buildings	17 586 000	-	-	(1 092 526)	(219 979)	(364 174)	(38 924)	2 066 103	17 936 500
Specialised plant and machinery	940 202	451 244	(23 219)	-	-	(178 240)	-	-	1 189 987
Furniture and fixtures	1 265 702	187 455	(69)	-	-	(137 476)	(13 856)	-	1 301 756
Motor vehicles	4 134 709	532 055	(347 604)	(357 501)	-	(513 063)	-	-	3 448 596
Office equipment	386 405	33 826	(64)	(1 001)	-	(57 441)	(778)	-	360 947
Computer equipment	942 733	571 491	(39 453)	-	-	(155 620)	(3 948)	-	1 315 203
Bins and containers	1 082	88 168	-	-	-	(6 783)	-	-	82 467
Specialised vehicles	166 052	-	48 515	(73 482)	-	(39 120)	-	-	101 965
	34 325 885	1 864 239	(405 894)	(1 524 510)	(725 479)	(1 451 917)	(169 822)	2 081 919	33 994 421

Disposals/Transfers of Property, Plant and Equipment

Due to the disestablishment of the District Management Area (DMA), all property, plant and equipment allocated to the DMA, were transferred to the various Local Municipalities on 1 July 2011. These assets were derecognised in the prior year.

On 1 January 2011, the Primary Health Care (PHC) function has been provincialised. All PPE utilised in the operations of the PHC has been transferred to the ECDoH on 1 January 2011. These assets were transferred at no cost and had nil book values at 1 January 2011. Vehicles relating to the PHC were still in the name of the CDM as registration in the name of the ECDoH has not occurred in the prior year. These vehicles have been transferred and derecognised subsequently. A loss on derecognition of assets to the value of R8 005 has been recorded in the prior year.

CACADU DISTRICT MUNICIPALITY

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11. Property, plant and equipment (continued)

Revaluations

Land and buildings were valued at 30 June 2012 and 30 June 2013 on the basis of willing buyer and willing seller by Suid Kaap Waardeerders, a registered and independent valuator. A register is available for inspection at the Cacadu District Municipality Head Office in Govan Mbeki Avenue, Port Elizabeth, which includes the methods and significant assumptions applied in estimating the properties' fair values.

The carrying value of properties are measured at fair value as these properties were taken at fair value and not at cost. The carrying value of these properties, if measured under the cost model, could not be calculated.

Refer appendix A for more details.

Pledged as security

No assets were pledged as security during the current and previous year.

Other information

There are no assets on the fixed asset register that are fully depreciated and still in use. All assets that are fully depreciated or impaired are separately located and will be disposed off in terms of a Council resolution.

The fixed asset register is available at the Cacadu District Municipality office for inspection.

CACADU DISTRICT MUNICIPALITY

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12. Intangible assets

	2013		2012		
Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	-	86 885	86 885	-	86 885

Computer software

CQS Software

CQS Software (Caseware) is used as an aid in the preparation of the annual financial statements. The implementation of the software consist of two components i.e. template and annual licence fees. The template is an once off purchase and has an infinite lifespan. The annual licence fee is required to operate the template and is expensed annually.

2013

2012

86 885

86 885

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13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

- National government grants	6 175 633	9 934 747
- Provincial grants and subsidies	13 061 259	19 770 020
- 3rd Party grants and subsidies	1 167 730	696 686
Long-term unspent conditional grants	20 404 622	30 401 453

The application for the conditional grant rollover has been made to National Treasury and the relevant departments for the Municipal Systems Improvement Grant for the current year.

See note 46 and 47 for disclosure requirements in terms of section 123 (1) of the MFMA.

A complete list of all conditions are available at the Cacadu District Municipality during office hours.

14. Payables from exchange transactions

Trade payables	677 133	640 180
Sundry creditors	79 948	106 108
Accrued expenses	5 451 643	5 108 861
Employee costs	42 430	297 971
Payments in advance - Other	2 601	2 601
Unidentified deposits	591	591
Accrued leave pay *	2 226 123	2 149 473
Infrastructure levies	734 168	1 934 757
	9 214 637	10 240 542

* Not financial liabilities.

Normal terms of payment is 30 days and no amortisation was calculated.

The carrying amount of financial liabilities approximates their fair value due to their short-term nature.

Infrastructure levies

The infrastructure levies included in payables from exchange transactions is short-term in nature and is expected to be utilised within a 12 month period.

The long-term portion of the infrastructure levies is classified under non-current liabilities as the amount is not expected to be utilised within the next 12 months due to uncertainties surrounding the related projects.

CACADU DISTRICT MUNICIPALITY

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15. Provisions

Reconciliation of provisions - 2013

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	557 264	584 947	(50 188)	(507 076)	584 947
Long service bonus	373 535	481 271	(134 175)	(239 360)	481 271
Balance at end of year	930 799	1 066 218	(184 363)	(746 436)	1 066 218

Reconciliation of provisions - 2012

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	402 582	557 264	(99 572)	(303 010)	557 264
Long service bonus	57 693	373 535	(55 734)	(1 959)	373 535
	460 275	930 799	(155 306)	(304 969)	930 799

Performance bonus provision

Performance bonuses are calculated based on performance agreements, which are linked to key performance indicators determined in the Service Delivery and Budget Implementation Plan. Bonuses are expected to be paid during the following financial year dependent on the outcome of the performance reviews and council approval.

Long service bonus provision

Long service bonuses are calculated based on SALGA regulations. These bonuses are payable in the financial year in which the employees reach the required number of years of service.

16. Post-employment medical benefit

Provision for Post-employment medical benefit	63 481 921	58 049 255
Short-term portion of post -employment medical benefit	(3 765 127)	(3 674 884)
Total Non-Current Provisions	59 716 794	54 374 371

Post employment medical benefit

Provision is made for post employment medical benefits in the form of health care plans for eligible employees and pensioners.

Retirement fund benefits

Employees and council contribute to the Cape Joint Retirement Fund on the basis of a fixed contribution, which is charged against income as incurred. Additional text

The District Municipality's net obligation in respect of post employment medical benefits was calculated by Independent Actuaries and Consultants as at 30 June 2012 and 30 June 2013. The provision was established for the purpose of generating interest that is utilised to fund the yearly medical scheme commitments in respect of post employment medical benefits. The expected future outflows is dependent upon the life expectancy of existing members and their spouses.

90 Principle members are currently covered by the fund (2012 : 93 members)

CACADU DISTRICT MUNICIPALITY

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16. Post-employment medical benefit (continued)

Valuation method

Pre-Retirement benefit

The death in-service benefit is regarded as a post-employment liability under the requirements of IAS 19.

Post retirement benefits

The method of accrual that has been used in the valuation is based on the length of service at the valuation date relative to total potential service until the expected retirement date. The future-service liability is the difference between the total liability and the past-service liability.

Accrued defined benefit obligation

The accrued liability is the value of the employer's share of the contribution - based liability.

Current service cost

The current service cost for the following year is determined as the amount assumed to accrue to the member over the next twelve months.

Valuation assumptions:

Rate of Interest

Medical aid inflation rate	7.69% p.a.
Investment return	7.71% p.a.

The discount rate was deduced from the yield of the R186 government Bond of 7.71% at 31 May 2013 (the R186 government bond is a fixed interest government bond with a maturity date between 2025 and 2027). Where the market in such bonds in a country is limited, the market yield on government bonds is used as the medical aid inflation rate.

A Health Care inflation rate of 7.69% has been assumed. The market's pricing of inflation has been estimated by comparing the yields on index linked government bonds and long term government bonds, adjusting for an inflation risk premium of 0.6% per annum. This implied inflation assumption is therefore 6.19% per annum for future inflation. Future subsidies can be expected to increase in line with medical inflation. It is assumed that medical inflation will exceed general inflation by 1.5% per annum.

The net discount rate has reduced from 1.03% per annum to a rate of 0.02% per annum, which derives from a discount rate of 7.71% and the expected medical inflation rate of 7.69%.

The next contribution increase was assumed to occur with effect from 1 January 2014.

Mortality rates

Mortality for pre-retirement benefits has been based on the SA 85-90 mortality table rated down three years for females and on the PA (90) -1 ultimate mortality table for post retirement benefits.

Normal retirement age

The Normal Retirement Ages for the Municipality are 65 years for male employees and 60 years for female employees. An average retirement age of 63 years for male employees and 60 years for female employees has been assumed.

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

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16. Post-employment medical benefit (continued)

Family profile

It was assumed that 90% of those in-service members who remain on the health care arrangements will be married at retirement. Further, it has been assumed that in-service husbands will be three years older than their wives and that employees will not have any dependent children once they retire. For current retired members, actual marital status was used and the potential for remarriage was ignored.

Changes in the present value of the defined benefit obligation are as follows:

Balance at beginning of year	58 049 255	59 174 995
Expected benefit payments	(3 574 632)	(3 539 146)
Current service cost	274 052	246 717
Actuarial (gain)/loss	3 912 240	(3 067 385)
Discounting	4 821 006	5 234 074
	63 481 921	58 049 255

The estimated expected timing of resulting outflows of post employment medical benefits are:

Within one year	3 765 127	3 674 884
Later than one year, not later than five years	17 356 314	17 694 016
Later than five years	42 360 480	36 680 355
	63 481 921	58 049 255

The present value of the defined benefit obligation for the current annual period compared to the previous four annual periods are as follows:

Financial period 2008/2009	49 830 455
Financial period 2009/2010	54 272 471
Financial period 2010/2011	59 174 995
Financial period 2011/2012	58 049 255
Financial period 2012/2013	63 481 921

Accumulative actuarial gain/(loss)

Balance at the beginning of the year	(10 625 385)	(13 692 770)
Projected during the year	(3 912 240)	3 067 385
Accumulated balance at the end of the year	(14 537 625)	(10 625 385)

Withdrawals

Withdrawal rates were not provided as the valuator believes that the membership is too small to derive specific rates of withdrawals.

Medical aid contributions at retirement

It is assumed that all of the members will remain members of the medical aid scheme after retirement and that members would be in the same contribution category in all future years as on the valuation date.

CACADU DISTRICT MUNICIPALITY

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16. Post-employment medical benefit (continued)

Contractual obligations

There were no contractual obligations that have arisen during the year from any of the municipality's informal practices.

17. Revaluation Reserve

Land and Buildings were valued at 30 June 2012 and 30 June 2013 using the income capitalisation, comparable sales of sectional title office developments and comparable sales methods by Suid Kaap Waardeerders, a registered and independent valuator.

The revaluation surplus is reconciled as follows:

Balance at beginning of the year	77 772 303	78 307 028
Revaluation during the year	1 690 751	(496 980)
Balance at the end of the year	79 463 054	77 772 303

18. Unappropriated surplus

The unappropriated surplus is reserved for the following purpose:

General	167 550 484	174 711 954
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The cash backed portion of the unappropriated surplus is ring fenced for the following purpose:

General	120 387 576	127 560 709
Allowance for impairment	32 162 908	32 151 245
Restructuring grant funds allocated to surplus	15 000 000	15 000 000
	167 550 484	174 711 954

19. Financial Instruments - Financial assets by category

Financial Instruments are classified into the following categories:

Financial Assets: Loans and Receivables

Financial Liabilities: At amortised cost

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired or liabilities assumed

2013

	Loans and receivables	Total
Receivables from exchange transactions	558 293	558 293
Receivables from non-exchange transactions	523 344	523 344
Deposits	15 410	15 410
Short-term investments	163 000 000	163 000 000
Cash and cash equivalents	90 850 366	90 850 366
Intangible assets	-	-
	254 947 413	254 947 413

CACADU DISTRICT MUNICIPALITY

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19. Financial Instruments - Financial assets by category (continued)

2012

	Loans and receivables	Total
Receivables from exchange transactions	594 204	594 204
Receivables from non-exchange transactions	1 441 762	1 441 762
Deposits	22 910	22 910
Short-term investments	151 000 000	151 000 000
Cash and cash equivalents	117 613 446	117 613 446
	270 672 322	270 672 322

20. Financial Instruments: Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2013

	Financial liabilities at amortised cost	Non financial liabilities	Total
Post employment medical benefit	-	59 716 794	59 716 794
Short-term portion of unspent conditional grants	20 404 622	-	20 404 622
Long-term portion of infrastructure levies	940 456	-	940 456
Provisions	-	1 066 218	1 066 218
Payables from exchange transactions	9 214 637	-	9 214 637
Short-term portion of the post employment medical benefit	-	3 765 127	3 765 127
	30 559 715	64 548 139	95 107 854

2012

	Financial liabilities at amortised cost	Non financial liabilities	Total
Post employment medical benefit	-	54 374 371	54 374 371
Long-term portion of infrastructure levies	640 456	-	640 456
Provisions	-	930 799	930 799
Payables from exchange transactions	10 240 542	-	10 240 542
Short-term portion of unspent conditional grants	30 401 453	-	30 401 453
Short-term portion of post employment medical benefit	-	3 674 884	3 674 884
	41 282 451	58 980 054	100 262 505

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
21. Government grants and subsidies		
Equitable share	71 325 000	67 220 000
Provincial subsidy - pensioners	4 538 001	3 741 623
Grant funding - expenditure reimbursement	13 796 519	19 573 168
Ikwezi Local Municipality - co-funding	46 698	1 146 764
	89 706 218	91 681 555

Equitable Share

In terms of the Constitution, this grant is used to finance the operations of the institution.

DORA

Balance unspent at beginning of year	221 180	6 337 253
Current-year receipts	3 250 000	3 040 000
Conditions met - transferred to revenue	(3 191 484)	(9 156 073)
Total Government Grants	279 696	221 180

Conditions still to be met - remain liabilities (see note 13).

The following grants were received through the DORA allocations during the financial year:

- R1 250 000 - Finance Management Grant (FMG)
- R1 000 000 - Municipal Systems Improvement Grant (MSIG)
- R1 000 000 - Expanded Public Works Programme Grant (EPWPG)

All of the conditions of the MSIG has not been met at the reporting date. An amount of R279 696 was therefore not transferred to revenue. The municipality has complied with the Rollover application requirements of National Treasury to ensure that the grant balance can be rolled over into the 2013/14 financial year.

The conditions of the FMG and the EPWPG has been met and the full amounts were transferred to revenue during the year.

CACADU DISTRICT MUNICIPALITY

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22. Total Revenue - includes		
<u>Other revenue:</u>		
Settlement discount received	33 750	-
Contribution from skills development fund	407 711	193 648
Infrastructure projects funded from infrastructure contingency fund	1 947 922	2 631 668
Insurance claims	92 170	29 647
Tender deposits	15 744	17 868
Value added taxation	953 184	645 981
Other	406 918	1 653 989
Total other Revenue	<u>3 857 399</u>	<u>5 172 801</u>
Revenue from Exchange Transactions		
Rental	1 076 549	1 107 673
Investment interest	15 399 324	17 158 163
Other interest	-	814
Income from agency services	31 871	20 941
Total revenue from exchange transactions (excl VAT)	<u>16 507 744</u>	<u>18 287 591</u>
Revenue from non exchange transactions		
Government grants and subsidies	89 706 218	91 681 555
Fair value gain on revaluation of investment property	365 578	773 987
Actuarial gain on post employment medical benefits	-	3 067 385
Gain on disposal of assets	192 110	401 515
Other revenue	3 857 399	5 172 801
Total revenue from non exchange transactions	<u>94 121 305</u>	<u>101 097 243</u>
Total revenue from exchange and non exchange transactions	<u>110 629 049</u>	<u>119 384 834</u>
Revenue	1 076 549	1 107 673
Other income	<u>109 756 144</u>	<u>118 277 161</u>
Total revenue from exchange and non exchange transactions	<u>110 629 049</u>	<u>119 384 834</u>

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Notes to the Financial Statements

Figures in Rand	2013	2012
23. <u>Employee costs</u>		
Remuneration of employees	36 440 697	32 980 758
Remuneration of Councillors (Refer Note 24)	5 665 024	5 245 863
Total Employee Costs	42 105 721	38 226 621

The remuneration of employees are determined in accordance with the task grade and the applicable notch allocated to the employees in their positions. The municipality is graded as a Category 5 municipality which effects the remuneration ranges of positions of employees. The municipality operates in accordance with the Collective Agreements entered into between the municipality and Bargaining Council.

Set out below are the details for remuneration paid to Directorate Heads:

Remuneration of Municipal Manager

Annual remuneration	961 855	990 871
Car allowance	156 000	156 000
Performance bonuses	50 188	57 140
	1 168 043	1 204 011

Mr T Pillay is the Municipal Manager and was re-appointed on 1 January 2012 for a period of 5 years.

Remuneration of the Director Finance and Corporate Services

Annual remuneration	816 881	774 674
Car allowance	144 000	144 000
Performance bonuses	-	42 432
	960 881	961 106

Mr D De Lange is the Director : Finance and Corporate Services and was re-appointed on 1 January 2012 for a period of 5 years.

Remuneration of the Director Infrastructure Services and Planning (8 months : 2012)

Annual remuneration	836 745	514 850
Car allowance	144 000	94 000
	980 745	608 850

Mr B Makedama is the Director : Infrastructure Services and Planning and was appointed on 1 November 2011 for a period of 5 years.

Ms M Nohashe was appointed as Acting Director : Infrastructure Services and Planning for a 7 month period from 1 April 2011 to 31 October 2011. 4 Months of the acting period forms part of the previous financial year.

Remuneration of the Acting Director Infrastructure Services and Planning - 4 months : 2012

Remuneration	-	238 192
Car allowance	-	23 328
	-	261 520

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23. Employee costs (continued)

Remuneration of the Director Economic Development - Mr P Kate (9 months : 2012)

Annual remuneration	750 541	524 865
Car allowance	120 000	90 000
	<u>870 541</u>	<u>614 865</u>

Mr P Kate is the Director : Economic Development and was appointed on 1 October 2011 for a period of 5 years.

Mr DM Magxwalisa was appointed as Acting Director : Economic Development for a 15 month period from 1 July 2010 to 30 September 2011. 3 Months of the acting period forms part of the previous financial year.

Remuneration of the Acting Director Economic Development (3 months : 2012)

Remuneration	-	112 154
Car allowance	-	17 496
	-	<u>129 650</u>

24. Remuneration of councillors

Executive Mayor	725 046	681 583
Mayoral committee members	2 667 568	2 556 690
Speaker	564 830	522 157
Councillors	1 707 580	1 485 433
	<u>5 665 024</u>	<u>5 245 863</u>

In-kind benefits

The Executive Mayor and the Mayoral committee members are full time Councillors and are provided with offices and secretarial support at the cost of the Council.

The Executive Mayor has use of a council owned vehicle for official duties.

25. Finance costs

Finance leases	-	<u>1 157</u>
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During the previous financial period, all three finance lease agreements ended and the rental machines were either returned or are being leased on an operating lease basis.

CACADU DISTRICT MUNICIPALITY

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Notes to the Financial Statements

Figures in Rand	2013	2012
26. <u>Conditional grants expenditure and other grants and subsidies paid</u>		
Under conditional grant expenditure	11 385 952	17 496 177
Under salaries and wages	1 235 500	1 184 704
Under general expenses	-	50 796
Under salaries maintenance and general (disaster management operating expenses)	-	1 000 000
Total conditional grants and subsidies paid	12 621 452	19 731 677
 <u>Other grants and subsidies paid</u>		
Sundries	123 055	160 308
Koukamma flood damage interest	172 780	327 862
Kouga Development Agency (KDA)	-	1 148 021
Environmental health subsidies	7 500 004	7 086 365
Total other grants and subsidies paid	7 795 839	8 722 556

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Figures in Rand	2013	2012
27. <u>Restatement of prior year figures</u>		
<u>Summary of changes to the surplus opening balance 2012:</u>		
Rental adjusted		399
Gain on disposal of assets		48 519
General expenses adjusted		245 386
Impairment loss adjusted		(5 316)
Employee related costs		17 880
Depreciation adjusted		101 630
Other income adjusted		1 394 002
		<u>1 802 500</u>
<u>Summary of changes to the financial position</u>		
VAT		1 437
Trade and other receivables from non-exchange transactions		(44 897)
Trade and other receivables from exchange transactions		2 617
Reserves		(39 185)
Unspent conditional grants		285 511
Trade and other payables from exchange transactions		2 166 828
Property plant and equipment		(34 525 981)
Heritage assets		31 907 000
Long-term portion of infrastructure levies		(640 456)
		<u>(887 126)</u>
<u>Summary of changes to the surplus opening balance 2011:</u>		
General expenses adjusted		157 231
Loss on disposal of fixed assets		(2 803 000)
Other income adjusted		(43 857)
		<u>(2 689 626)</u>
<u>Details of changes to the surplus opening balance 2012:</u>		
Conditional grant expenditure incorrectly allocated to general expenditure		(285 511)
Raise revenue not accounted for in debtors		(989)
Reversal of cheque not presented to bank		10 000
Reversal of rental amount previously raised due to termination of lease		1 037
Infrastructure Creditors Fund balances transferred to Accumulated Surplus as conditions have been met		(1 403 012)
Accumulated depreciation on an asset not accounted for as part of a disposal in the prior year		(48 519)
Auditor General account paid relating to prior year charge		40 125
Reversal of overprovision of WCA		(17 297)
Reversal of VAT incorrectly charged on rental of residential accommodation		(1 436)
Reversal of councillors UIF		(584)
Reversal of depreciation in recognition of heritage assets		(101 630)
Raise impairment on disposal of property, plant and equipment		5 316
		<u>(1 802 500)</u>
<u>Details of changes to the surplus opening balance 2011:</u>		
Reversal of overprovision of WCA		(157 231)
Reversal of revenue not collectable from Sundays River Valley Municipality		43 857
Raise disposal on properties that was transferred		2 803 000
		<u>2 689 626</u>

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27. Leases (Effects of transitional provisions) (continued)		
<u>Details of changes to the financial position:</u>		
Reversal of VAT charged on residential accomodation		(1 437)
Effect on revaluations on recognition of heritage assets		39 185
Recognition of infrastructure levies long-term liabilities		640 456
Reclassification of infrastructure levies as long-term liabilities		(640 456)
Conditional grant expenditure incorrectly allocated to general expenditure		(285 511)
Infrastructure Creditors Fund balances transferred to Accumulated Surplus as conditions have been met		(1 403 012)
Accumulated depreciation on an asset not accounted for as part of a disposal in the prior year		(48 519)
Reversal of overprovision of WCA		(174 527)
Reversal of debtor amount owed by Sundays River Valley Municipality		43 859
Reversal of amount not presented to the bank		10 000
Invoices paid for prior year expenditure		39 588
Reclassification of property plant and equipment to heritage assets		34 574 500
Recognition of heritage assets		(31 907 000)
		887 126
		-

<u>Revenue</u>	Restated 2012	As previously stated 2012
Rental	1 107 673	1 107 274
Investment interest	17 158 977	17 158 977
Income from agency services	20 941	20 941
Other income	5 172 801	3 778 799
Government grants and subsidies	91 681 555	91 681 555
Gain on disposal of assets	401 515	352 996
Fair value adjustment	773 987	773 987
Actuarial Gain on valuation of Post Retirement benefits	3 067 385	3 067 385
	119 384 834	117 941 914
<u>Expenses</u>		
Employee related costs	38 226 621	38 244 501
Collection costs	977	977
Depreciation	1 451 917	1 553 547
Repairs and maintenance	573 953	573 953
Increase / reduction in debt impairment	21 613 465	21 613 465
Bad debts written off	1 183 546	1 183 546
Contracted services	2 673 975	2 673 975
Conditional grant expenditure	17 496 177	17 496 177
Other grants and subsidies paid	8 722 556	8 722 556
General expenses - other	55 307 318	55 552 704
Discounting of post retirement benefit obligation	5 234 074	5 234 074
Impairment loss	169 821	164 505
Finance costs	1 157	1 157
	152 655 557	153 015 137
<u>Deficit for the year</u>	(33 270 723)	(35 073 223)

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Figures in Rand	2013	2012
27. <u>Restatement of prior year figures (continued)</u>		
	Restated	As previously stated
	2012	2012
Assets		
Current Assets		
Short term portions of long-term receivables		
Trade and other receivables from exchange transactions	594 204	591 587
Trade and other receivables from non exchange transactions	1 441 762	1 486 659
VAT	1 552 772	1 551 335
Deposits paid	22 910	22 910
Cash and cash equivalents and short-term investments	<u>268 613 446</u>	<u>268 613 446</u>
	<u>272 225 094</u>	<u>272 265 937</u>
Non-current assets		
Property plant and equipment	33 994 421	68 520 402
Long term receivables	7 862	7 862
Investment property	14 525 500	14 525 500
Heritage assets	31 907 000	
Intangible assets	<u>86 885</u>	<u>86 885</u>
	<u>80 521 668</u>	<u>83 140 649</u>
Total Assets	<u>352 746 762</u>	<u>355 406 586</u>
Liabilities		
Short-term portion of post-employment medical benefit	3 674 884	3 674 884
Payables from exchange transactions	10 240 542	12 407 370
Unspent conditional grants	30 401 453	30 686 964
Provisions	<u>930 799</u>	<u>930 799</u>
	<u>45 247 678</u>	<u>47 700 017</u>
Non-current liabilities		
Long-term portion of post-employment medical benefit	54 374 371	54 374 371
Long-term portion of infrastructure levies	<u>640 456</u>	
	<u>55 014 827</u>	<u>54 374 371</u>
Total Liabilities	<u>100 262 505</u>	<u>102 074 388</u>
Total assets less liabilities	<u>252 484 257</u>	<u>253 332 198</u>
Reserves	77 810 048	77 770 863
Unappropriated surplus	<u>174 674 209</u>	<u>175 561 335</u>
Total Net Assets	<u>252 484 257</u>	<u>253 332 198</u>

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28. <u>Cash used in operations</u>		
Deficit	(7 161 470)	(33 270 723)
<u>Adjustments for:</u>		
Depreciation	1 314 871	1 451 917
(Gain) / loss on disposal of property, plant and equipment	(192 110)	(401 515)
Fair value adjustments	(365 578)	(773 987)
Discounting of post employment medical benefit obligation	4 821 006	5 234 074
Impairment	(339 948)	169 821
Debt impairment	11 663	21 613 465
Contributions to provisions	135 419	470 524
Service costs	274 052	246 717
Prior year corrections	(1 439)	(23 913 497)
(Profit) / loss on actuarial valuation for post employment medical benefits	3 912 240	(3 067 385)
<u>Changes in working capital:</u>		
Receivables from exchange transactions	35 911	220 627
Receivables from non-exchange transactions	938 921	841 402
Consumer debtors	(11 663)	-
Payables from exchange transactions	(1 025 905)	(1 390 032)
VAT receivable	(604 545)	5 400 784
Unspent conditional grants and receipts	(9 996 831)	(8 194 538)
	<u>(8 255 406)</u>	<u>(35 362 346)</u>

29. Finance Leases Reconciliation

Cacadu District Municipality had no external loans in the form of finance leases during the current year.

30. Contingent liabilities

A possible liability exists in respect of an obligation in terms of a development and construction contract. The pleadings in the case have not yet closed.

476 632 476 632

The following contingent liability was transferred to the municipality upon the liquidation of Kouga Development Agency (KDA):

Great Force Investments (Pty) Ltd, the developer appointed by KDA to develop the mandated area, issued a letter to the district municipality whereby the developer seeks to continue with the development of the mandate area and would like the appointment to be honoured. Should the developer not be allowed to continue, the developer indicated that they would institute legal action against the parent municipality, for all damages. To date, no legal action has been instituted and therefore the contingent amount is unknown.

31. Contingent Asset

A possible asset exists in respect of a claim in terms of defective workmanship and overpayment for work done.

2 000 000 2 000 000

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32. <u>Unauthorised, irregular, fruitless and wasteful expenditure</u>		
Unauthorised expenditure		
No unauthorised expenditure was incurred in the current and previous financial years.		
Fruitless and wasteful expenditure		
No fruitless and wasteful expenditure was incurred in the current financial year.		
Prior year		
A penalty of R35 000 was charged by the Department of Economic Development and Environmental Affairs for initiating a project prior to receiving the Record of Decision. Council has condoned the fruitless and wasteful expenditure at their council meeting held on 25 January 2012.		
Irregular expenditure		
Refer to Note 45		
33. <u>Additional disclosure in terms of Municipal Finance Management Act</u>		
<u>Contributions to organised local government</u>		
Council subscription	400 000	259 273
Amount paid - current year	(400 000)	(259 273)
Amount paid - 2013/14 year	(450 000)	-
Amount paid in advance (included in receivables)	(450 000)	-
<u>External Audit fees</u>		
Current year audit fee	1 848 788	2 383 604
Current year audit fee - KDA	136 810	-
Audit Planning fees for the following year	346 969	267 492
Amount paid - current year	(2 332 567)	(2 651 096)
Balance due (included in debtors)	-	-
<u>PAYE, UIF and SDL</u>		
Current year payroll deductions	7 697 636	7 272 529
Amount paid - current year	(7 697 636)	(7 272 529)
	-	-
<u>Pension and Medical Aid Deductions</u>		
Current year payroll deductions and Council Contributions	3 156 101	2 944 091
Amount paid - current year	(3 156 101)	(2 944 091)
	-	-
<u>VAT</u>		
VAT receivable	2 157 317	1 552 772

All VAT returns have been submitted by the due date throughout the year. All returns submitted for the year were VAT input claims and therefore no VAT output payments were made during the year.

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34. In-kind donations and assistance

No donations have occurred in the current year.

35. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Stringent cash management procedures are in place. These include cash flow forecasting.

A sensitivity analysis has not been performed and included as the municipality is not exposed to foreign exchange risk or interest rate risk. The municipality does not enter into any foreign exchange transactions and since the municipality effect payment on presentation of invoices, no interest rate charges are applicable. It would thus be misleading to provide a sensitivity analysis.

The following table details the municipality's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both estimated interest and principal cash flows.

	1-3 months	> 3 months	Between 2 and 5 years	Over 5 years
At 30 June 2013				
Payables from exchange transactions	10 078 757	-	-	-
Other Payables	-	25 235 967	-	-
At 30 June 2012				
Payables from exchange transactions	12 407 370	-	-	-
Other Payables	-	35 292 647	-	-

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35. Risk management (continued)

Interest rate risk

The current account and the call account expose the municipality to an interest rate risk on cash flows. Deposits attract interest at a rate that varies according to the prime banking rate.

The municipality manages this interest rate risk by ensuring that all surplus funds are invested in fixed rate instruments and by maintaining the minimum possible balance in the current account.

The interest rates on the fixed deposits are fixed, but varies from investment to investment.

Should the prime rate vary by 1% either direction, the effect on the cash balance would be R2.5 million in each way.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and debtors. The municipality only deposits cash with banks which have an equity above R10 billion with a good credit rating.

The most significant concentration of credit risk is the outstanding National Treasury (Equitable Share) and Department of Housing (Housing Scheme) receivables.

Management believes that the Allowance for impairment adequately addresses the credit risk involved.

36. Events after the reporting date

Management is not aware of any events after the reporting date.

37. Compliance with the Municipal Finance Management Act

The Municipality has implemented additional controls to ensure compliance with the MFMA. The area of concentration during the current year was the Supply Chain Management policy. The Municipality has improved the controls significantly during the year to ensure compliance with the policy and regulations. The controls have been implemented and are being implemented and monitored.

Management is not aware of any additional non-compliance by the municipality that would require disclosure in the financial statements.

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38. Related parties

Kouga Development Agency

The Kouga Development Agency (KDA) was established as a multi- jurisdictional service utility in terms of the Local Government Systems Act, 2000 in 2004 in a joint venture between the Cacadu District Municipality and the Kouga Local Municipality .

KDA, funded by the parent municipalities and the Industrial Development Corporation, aimed to leverage public and private resources for development around opportunities which offer investment, employment, economic and development potential in the Kouga area.

CDM has made no contribution during the current financial year (2012: R1 127 941) towards the operating costs of KDA.

A decision was taken by the council of CDM and Kouga Local Municipality to disestablish the KDA and to form a District Development Agency. The annual financial statements for 2011/2012 financial year has been audited on the liquidation basis. All assets and liabilities were transferred to the Cacadu District Municipality in the prior year.

No transactions was entered into with KDA during the current financial year.

Cacadu Development Agency

At the time when the Council of CDM resolved to disestablish KDA, the Council also resolved to establish a District Development Agency.

The Cacadu Development Agency was legally formed in September 2012. The municipal entity will commence operations on 1 July 2013.

At the reporting date, the Cacadu Development Agency had no assets and liabilities.

Post retirement medical aid benefit plan

The municipality, as part of the conditions of service of employees, keeps on contributing its portion of the contributing members to medical aid funds at the retirement of these employees for as long as this member is alive and contributing his or her portion.

The medical aid schemes involved are as follows:

- Bonitas
- Hosmed/ Key Health
- LA Health
- Samwumed

Transactions with these schemes amounted to R1 928 202 (2012: R1 700 664)

Councillors and employees

Councillors and employees have declared no interest or gain in or from any transaction entered into with CDM by any organisation or business.

The following interests in institutions have been declared, but no transactions have been entered into:

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38. Related parties (continued)

<u>Staff Member/ Councillor</u>	<u>Entity Name</u>	<u>Transactions</u>
Mr and Mrs de Lange	Humerail Bed and Breakfast CC	None
Mrs M Nohashe	Empuma Investment Partners	None
	Empuma Consortium	None
	Molo Namhla Trading	None
Mrs UF Bokveldt	Fezudumo Trading CC t/a M&M DVD Rentals	None
Mr P Mtengwane	At Your Sport Trading CC	None
Mrs T Mafongosi	Endleleni Liquor Stores	None
Mr R Lorgat	RNL Business & Property Consultants	None
	RNL Investments (Pty) Ltd	None

Key management personnel

The following are persons having authority and responsibility for planning, directing and controlling the activities of the municipality, directly or indirectly, including any director of Cacadu District Municipality:

Executive Mayor
Speaker
Mayoral Committee members
Councillors
Municipal Manager
Director: Infrastructure Services and Planning
Director: Economic Development
Director: Finance and Corporate Services

39. Significant estimates and judgements

The preparation of CDM's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the municipality's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements

Bridging funding for housing projects is judged to be virtually irrecoverable from the Department of Provincial Housing due to problems locating and obtaining "happy letters" from participants in these projects. The amount of R 9 231 380 (2012: R 9 231 380) was included in the provision for bad debts.

The municipality has impaired the debt amounting to R21 987 000, owed to the municipality by National Treasury, in the prior year. The municipality has not written off the debt as irrecoverable as the municipality has confirmed that the debt is owed to the municipality by National Treasury. The impairment was however not reversed as the timing of the settlement of the debt is unknown.

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39. Significant estimates and judgements (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Post Employment Medical Benefit

The cost of post employment medical benefit is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, medical aid inflation rate, future salary increases, mortality rates and future medical aid premiums, future subsidies payable to dependants, working life time of employees, gender and spouse assumptions and child dependence and withdrawals. Such estimates are subject to significant uncertainty relating actuarial assumptions. The net employee liability at 30 June 2013 is R 62 481 921 (2012: R 58 049 255). Further details are given in Note 16.

The estimates and associated assumptions are based on the historical experience and management's estimation of conditions. Limited changes were made to the useful lives of property, plant and equipment, as management mainly assessed that the estimated useful lives in the prior years, are still appropriate.

Residual values

Residual values of property, plant and equipment are based on the nature of the assets, quotes obtained from suppliers and management's estimation of the condition of the assets. Limited changes were made to the useful lives of property, plant and equipment, as management assessed that the estimated residual values determined in the prior year, remained appropriate.

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40. Standards of GRAP issued but not yet effective

The following standards have been issued but are not yet effective:

GRAP 18:	Segment reporting
GRAP 25:	Employee Benefits
GRAP 105:	Transfer of functions between entities under common control
GRAP 106:	Transfer of functions between entities not under common control
GRAP 107:	Mergers

GRAP 18: Segment reporting

As CDM is mainly in a supporting function to the municipalities within its jurisdiction the application of this standard is not expected to have a major impact on the accounting procedures and disclosures.

GRAP 25: Employee Benefits

The effect on the financial statements of introducing this standard do not seem to be serious as most of the principles in the standard is already applied or the information readily available.

GRAP 105: Transfer of functions between entities under common control

The effect on the financial statements of introducing this standard do not seem to be serious as most of the principles in the standard is already applied or the information readily available.

GRAP 106: Transfer of functions between entities not under common control

The effect on the financial statements of introducing this standard do not seem to be serious as most of the principles in the standard is already applied or the information readily available.

GRAP 107: Mergers

The effect on the financial statements of introducing this standard do not seem to be serious as most of the principles in the standard is already applied or the information readily available.

41. Irregular expenditure

Opening balance	50 925 021	27 822 897
Add: Irregular Expenditure - current year	16 646 705	9 554 701
Add: Irregular Expenditure - prior year	-	13 547 423
Less: Expenditure certified as irrecoverable / written off by Council	(67 571 726)	-
	-	<u>50 925 021</u>

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41. Irregular expenditure (continued)		
<u>Details of irregular expenditure</u>		
For purchases between R2 000 to R30 000, the supply chain management policy requires certain declarations and information to be supplied before appointing the service provider. 93 Suppliers were not registered on the database where all the required information was provided and declared and thus important information was not submitted. Only quotations were considered in terms of pricing.	-	674 671
Preferential procurement points were not used for 16 purchases between R30 000 to R200 000. Procurement only considered the lowest prices quoted.	-	1 178 404
For purchases between R2 000 to R10 000, the supply chain management policy requires certain declarations and information to be supplied before appointing the service provider. 9 Suppliers were not registered on the database and thus important information was not submitted. Quotations were only considered in terms of pricing.	-	66 465
1 transaction where 3 quotes was not obtained.	-	10 000
Tenders of a long term nature that were not advertised for at least 30 days.	3 132 669	2 530 181
Tenders that were not evaluated in accordance with the preferential procurement points system. The correct formulae was not applied to 1 award.	-	562 014
The evidence for tender specifications committee was not available for 1 tender.	-	897 341
Bids awarded in prior years did not comply with the supply chain management regulations as follows: Bids of a long term nature that was not advertised for at least 30 days. Bids were not evaluated in accordance with the preferential procurement points system. The evidence for bid specifications committee was not available.	13 489 526	17 183 048
1 Quote awarded not fully compliant to the supply chain management regulations ie. advert not placed on website	24 510	-
	16 646 705	23 102 124

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42. Deviations

The following deviations from the supply chain management policy were approved by the municipal manager during the financial year:

<u>Reasons for deviating</u>	<u>No. of incidents</u>		
Emergency	11	678 721	95 110
Goods or services are produced or available from a single provider	21	488 904	1 246 775
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	77	6 693 406	10 337 358
		7 861 031	11 679 243

43. Change in estimate

Property, plant and equipment

The municipality has reassessed the useful lives and residual values of property, plant and equipment which resulted in certain furniture and fittings' remaining useful lives being reduced to 2 years based on the condition of the assets. The residual values of certain assets have been reassessed and adjusted accordingly. The effect of the change in accounting estimate has resulted in an increase in depreciation amounting to R 56 663 for the current period (2012: R 78 046). The effect on future periods could not reasonably be determined.

44. Heritage assets

	2013			2012		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Conservation areas	32 953 500	404 000	33 357 500	31 907 000	-	31 907 000

45. Short-term investments

All short-term deposits that will mature more than 3 months after the reporting date is classified as short-term investments and do not form part of cash and cash equivalents.

Short-term deposits	163 000 000	151 000 000
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46. Commitments

Authorised capital expenditure

Approved and contracted for

- Property, plant and equipment 19 015 168 12 208 039

Approved, but not yet contracted

- Property, plant and equipment 19 842 788 1 762 720

This committed expenditure relates to plant and equipment and will be financed by conditional grants and retained surpluses.

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47. Conditional grants and receipts, grants and receipts

	UNSPENT BALANCE 30 JUNE 2012 RAND	CONTRIBUTIONS/ ADJUSTMENTS RAND	INTEREST ALLOCATED RAND	VALUE ADDED TAXATION RAND	CURRENT YEAR RECEIPTS RAND	TRANSFER TO REVENUE RAND	CONTRIBUTIONS /TRANSFERS RAND	UNSPENT BALANCE 30 JUNE 2013 RAND
CAMDEBOO: ERADICATION OF VIP TOILETS	1 848 939	-	-	-	-	-	-	1 848 939
DBSA LED: STRATEGY AND INSTITUTIONAL	-	-	-	-	1 167 730	-	-	1 167 730
DEPARTMENT OF HEALTH	1 114 246	-	-	-	-	-	-	1 114 246
DROUGHT RELIEF 2010/2011	2 949 180	-	-	-124 025	-	-1 724 302	-	1 100 853
FINANCE MANAGEMENT GRANT	-	-	-	-	1 250 000	-1 250 000	-	-
GIS SUPPORT TO CDM BY DWAF	84 370	-	-	-	-	-	-	84 370
HOUSING PROJECTS	842 068	-	-	-	-	-	-	842 068
IDP SUPPORT GRANT FOR LM'S AND DM'S	422 800	-	-	-	-	-412 000	-	10 800
KOU KAMMA LM TURNAROUND PLAN - INTEREST	1 770 933	-	-	-	-	-747 617	-	1 023 316
KOU KAMMA STRENGTHENING THE CAPACITY	232 880	-	-	-	-	-	-	232 880
KOUKAMMA - WOODLAND FLOWER PROJECT	497 090	-	-	-	-	-497 090	-	-
LED FUNDING	50 346	-	-	-6 183	-	-44 163	-	-
LIBRARIES - MUNICIPALITIES	5 756 304	-	-	-592 288	-	-4 895 351	-	268 666
MIG-KOUKAMMA	3 041 813	-	-	-	-	-258 456	-	2 783 357
MULTIANNUAL ACTION PLANS - MAAP	1 508 190	-	-	-35 175	-	-251 250	-1 221 765	-
MUNICIPAL GRANT LED	275 407	-	-	-	-	-	-	275 407
MUNICIPAL PERFORMANCE MANAGEMENT	94 681	-	-	-11 627	-	-83 054	-	-
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	221 180	-	-	-74 411	1 000 000	-867 073	-	279 696
PASSENGER TRANSPORT PLANS AND FACILITIES	1 128 418	-	-	-	-	-75 000	-	1 053 418
PEOPLE HOUSING PROJECT	7 521 412	-	-	-	-	-	-	7 521 412
RAIN HARVESTING PATERSON	550 000	-	-	-	-	-136 688	-	413 312
YOUTH CENTRE - SOMERSET EAST	180 112	-	-	-6 608	-	-47 200	-	126 304
KOUKAMMA INFORMATION SYSTEMS	257 850	-	-	-	-	-	-	257 850
EXPANDED PUBLIC WORKS PROGRAMME	-	-	-	-	1 000 000	-1 000 000	-	-
JANSENVILLE WATER TREATMENT - IKWEZI CONTI	53 236	-	-	-6 538	-	-46 698	-	-
	30 401 453	-	-	-856 855	4 417 730	-12 335 942	-1 221 765	20 404 622

CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

Figures in Rand

48. Disclosure of grants and subsidies in terms of section 123 of MFMA, 56 of 2003

Name of Grant	Name of Organ of state	2012/2013 Quarterly Receipts			2012/2013 Quarterly Expenditure			2012/2013 Grants and Subsidies Delayed/withheld		Reason for delay/ withholding funds	Comply to DORA Y/N	Reason non Compliance
		Sept	Dec	Mar	June	Sept	Dec	Mar	June			
DBSA: LED Strategy and Institutional	Other	77 214	-	1 090 515	-	-	-	-	-	N/A	Yes	N/A
Drought Relief	Provincial Government	-	-	-	339 845	764 396	648 382	95 705	-	N/A	Yes	N/A
Finance Management Grant	National Government	1 250 000	-	-	180 103	98 429	795 132	176 336	-	N/A	Yes	N/A
Jansenville water treatment - Ikwezi contribution	Local Municipality	-	-	-	53 236	-	-	-	-	N/A	Yes	N/A
Koukamma LM turnaround Plan - Interest	National Government	-	-	-	-	-	-	747 617	-	N/A	Yes	N/A
Koukamma Information Systems	Provincial Government	-	-	-	-	-	309 500	187 590	-	N/A	Yes	N/A
Libraries - Municipalities	Provincial Government	-	-	-	889 822	1 472 640	1 970 596	1154580.66	-	N/A	Yes	N/A
MIG - Kou Kamma	National Government	-	-	-	-	-	258 456	-	-	N/A	Yes	N/A
Multi Annual Action Plan - MAAP	National Government	-	-	-	171 855	-	-	114 570	-	N/A	Yes	N/A
Passenger Transport Plans and Facilities	Provincial Government	-	-	-	-	-	-	75 000	-	N/A	Yes	N/A
Municipal Performance Management	Provincial Government	-	-	-	-	-	-	94 681	-	N/A	Yes	N/A
Municipal System Improvement Grant	National Government	-	-	-	1 000 000	53 363	76 001	812 120	-	N/A	Yes	N/A
Rain harvesting Paterson	Provincial Government	-	-	-	-	-	65 636	71 052	-	N/A	Yes	N/A
Youth Centre Somerset East	Provincial Government	-	-	-	-	53 808	-	-	-	N/A	Yes	N/A
IDP Support Grant For LM's and DM's	Provincial Government	-	-	-	-	-	-	412 000	-	N/A	Yes	N/A
Expanded Public Works Programme	National Government	400 000	300 000	300 000	433 639	476 258	90 103	-	-	N/A	Yes	N/A
LED Funding	Provincial Government	-	-	-	-	-	-	50 346	-	N/A	Yes	N/A
		1 727 214	300 000	1 390 515	1 000 000	2 918 894	4 213 807	3 991 597	-			

CACADU DISTRICT MUNICIPALITY
APPENDIX B

June 2013

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, HERITAGE, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS AS AT 30 JUNE 2013
Accumulated Depreciation

	Opening Balance Rand	revaluations Rand	Additions Rand	Disposals/ transfers Rand	Closing Balance Rand	Opening Balance Rand	Depreciatio n Rand	Depr on sale Rand	Impairment Rand	Closing Balance Rand	Carrying Value Rand
Land											
Investment Property	13 913 000	370 000	-	-	14 283 000	-	-	-	-	-	14 283 000
PPE	11 646 000	241 500	-	-	11 887 500	3 525 000	-	40 500	-	3 484 500	8 403 000
Take - On Heritage	136 000	-	-	-	136 000	2 274 000	-	404 000	-	1 870 000	136 000
	31 428 000	532 500	-	-	31 960 500	-	-	-	-	-	30 090 500
Buildings											
Investment Property	612 500	-15 000	-	-	597 500	-	-	-	-	-	597 500
PPE	23 499 398	184 022	137 954	-	23 821 374	5 562 898	391 482	166 007	-	5 788 373	18 033 001
Heritage	3 071 313	572 130	-	-	3 643 443	318 313	59 847	1 717	-	376 443	3 267 000
Furniture and Fixtures											
PPE	2 006 130	-	87 528	38 047	2 055 610	704 373	146 004	33 314	-6 586	823 650	1 231 961
Specialised Vehicles											
PPE	275 159	-	-	-	275 159	221 712	4 897	-	48 519	178 090	97 069
Office Equipment											
PPE	776 583	-	19 079	33 027	762 635	415 637	45 123	23 509	-1 422	438 673	323 962
Computer Equipment											
Intangible Asset	86 885	-	-	-	86 885	-	-	-	-	-	86 885
PPE	3 379 054	898 855	76 299	76 299	4 201 611	2 063 851	191 350	46 809	-31 433	2 239 826	1 961 785
Bins and Containers											
PPE	98 988	-	-	-	98 988	16 521	7 935	-	-	24 456	74 532
Motor Vehicles											
PPE	6 370 465	2 345 046	904 141	904 141	7 811 370	2 921 869	421 685	851 824	-	2 491 730	5 319 640
Specialised Plant and Machinery											
PPE	2 512 410	25 181	402 000	402 000	2 135 591	1 322 422	106 394	401 998	-371	1 027 190	1 108 400
	99 811 885	1 885 152	3 513 642	1 453 514	103 757 166	19 346 597	1 374 717	1 357 454	620 929	18 742 931	85 014 235

APPENDIX B
June 2013

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, HERIATGE, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS AS AT 30 JUNE 2013
Cost/Revaluation
Accumulated Depreciation

	Opening Balance Rand	revaluations Rand	Additions Rand	Disposals/ transfers Rand	Closing Balance Rand	Opening Balance Rand	Depreciatio n Rand	Depr on sale Rand	Impairment Rand	Closing Balance Rand	Carrying Value Rand
Land	57 123 000	1 144 000	-	-	58 267 000	-	-	-	444 500	5 354 500	52 912 500
Buildings	27 183 211	741 152	137 954	-	28 062 317	-	451 329	-	167 724	6 164 816	21 897 501
Furniture and fittings	2 006 130	-	87 528	38 047	2 055 610	704 373	146 004	33 314	-6 586	823 650	1 231 961
Specialised vehicles	275 159	-	-	-	275 159	221 712	4 897	-	48 519	178 090	97 069
Office equipment	776 583	-	19 079	33 027	762 635	415 637	45 123	23 509	-1 422	438 673	323 962
Computer equipment	3 465 939	-	898 855	76 239	4 288 496	2 063 851	191 350	46 809	-31 433	2 239 826	2 048 670
Bins and containers	98 988	-	-	-	98 988	16 521	7 935	-	-	24 456	74 532
Motor vehicles	6 370 465	-	2 345 046	904 141	7 811 370	2 921 869	421 685	851 824	-	2 491 730	5 319 640
Specialised Plant and machinery	2 512 410	-	25 181	402 000	2 135 591	1 322 422	106 394	401 998	-371	1 027 190	1 108 400
Total	99 811 885	1 885 152	3 513 642	1 453 514	103 757 166	19 346 597	1 374 717	1 357 454	620 929	18 742 931	85 014 235

CACADU DISTRICT MUNICIPALITY
APPENDIX C
 June 2013

SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, HERITAGE, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2013

	Cost / Revaluations						Accumulated Depreciation					
	Opening Balance	Revaluation	Additions	Impairment	Disposals	Closing Balance	Opening Balance	Depreciation	Impairment	Disposals	Closing Balance	Carrying Value
	01 July 2012					30 June 2013	01 July 2012					30 June 2013
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Executive and Council	3 320 651	-	1 083 493	-	725 110	3 679 034	1 614 637	214 725	-10 567	699 465	1 140 464	2 538 570
Finance and Admin	89 236 468	1 885 152	995 801.64	-	247 629	91 869 793	13 906 071	762 892	637 197	197 178	13 834 589	78 035 204
Housing	40 135	-	-	-	-	40 135	30 312	710	-321	-	31 343	8 792
Planning and Development	3 070 455	-	468 433	-	287 898	3 250 990	1 675 564	121 668	-1 003	268 656	1 529 580	1 721 410
Public Safety	4 123 217	-	965 915	-	192 877	4 896 255	2 102 459	274 239	-4 197	192 155	2 188 741	2 707 514
Roads	14 022	-	-	-	-	14 022	13 020	132	-178	-	13 330	692
Water	6 937	-	-	-	-	6 937	4 533	351	-	-	4 884	2 053
Total	99 811 886	1 885 152	3 513 642	-	1 453 514	103 757 166	19 346 597	1 374 717	620 929	1 357 454	18 742 931	85 014 235

CACADU DISTRICT MUNICIPALITY

APPENDIX C

June 2013

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	2012		2013		2013 Surplus/ (Deficit) Rand
	Actual Income Rand	Actual Expenditure Rand	Actual Income Rand	Actual Expenditure Rand	
Executive and Council	6 454 419	31 120 101	4 822 489	29 537 067	(24 714 578)
Finance and Administration	93 158 244	52 571 002	92 255 784	34 425 854	57 829 930
Planning and Development	6 524 782	22 853 537	3 908 138	18 142 103	(14 233 965)
Health	(15 909)	9 457 457	-	9 532 883	(9 532 883)
Community and Social services	3 825 637	5 179 777	5 180 861	6 294 261	(1 113 400)
Housing	103 947	438 565	-	345 442	(345 442)
Public safety	-	14 477 085	-	10 945 847	(10 945 847)
Sport and Recreation	-	536 128	-	69 522	(69 522)
Waste Management	-	486 896	-	158 244	(158 244)
Road Transport	4 891 207	6 711 931	1 081 073	3 738 748	(2 657 675)
Water	4 442 507	8 823 078	3 380 704	4 600 548	(1 219 844)
Total	119 384 834	152 655 557	110 629 049	117 790 519	(7 161 470)

CACADU DISTRICT MUNICIPALITY

APPENDIX E

June 2013

INVESTMENTS PORTFOLIO AS AT 30 JUNE 2013

FINANCIAL INSTITUTION	ACCOUNT NUMBER	PERIOD MNTHS	% INT RATE	DATE INVESTED	DATE MATURING	INVEST/MATURE 2012/2013	BALANCE 30 JUNE 2013
FIRST RAND BANK	71214140271	7	5.67%	07-Dec-11	06-Jul-12	3 000 000	
STANDARD BANK	088430537152	7	5.57%	06-Dec-11	06-Jul-12	3 000 000	
ABSA GROUP	2071925049	7	5.75%	06-Dec-11	09-Jul-12	8 000 000	
NEDCOR BANK	7881501480000114	9	5.69%	18-Oct-11	18-Jul-12	6 000 000	
INVESTEC	DA912290	12	6.08%	28-Jul-11	26-Jul-12	3 000 000	
FIRST RAND BANK	71265602395	12	6.03%	28-Jul-11	27-Jul-12	6 000 000	
NEDCOR BANK	7881501480000112	10	5.74%	27-Sep-11	27-Jul-12	10 000 000	
STANDARD BANK	088430537150	12	6.08%	28-Jul-11	27-Jul-12	5 000 000	
STANDARD BANK	088430537153	8	5.80%	13-Dec-11	12-Aug-12	7 000 000	
ABSA GROUP	2071941538	8	5.78%	13-Dec-11	13-Aug-12	8 000 000	
FIRST RAND BANK	71235652403	8	5.73%	13-Dec-11	13-Aug-12	5 000 000	
INVESTEC	HZ11121300079	8	5.82%	13-Dec-11	13-Aug-12	2 000 000	
NEDCOR BANK	7881501480000117	8	5.75%	13-Dec-11	13-Aug-12	4 000 000	
NEDCOR BANK	7881501480000113	11	5.76%	27-Sep-11	27-Aug-12	10 000 000	
ABSA GROUP	2071925057	9	5.79%	06-Dec-11	06-Sep-12	12 000 000	
FIRST RAND BANK	71201472603	11	5.69%	18-Oct-11	18-Sep-12	8 000 000	
INVESTEC	RK12012402556	8	5.95%	24-Jan-12	24-Sep-12	3 000 000	
STANDARD BANK	088430537154	8	5.73%	24-Jan-12	24-Sep-12	4 000 000	
FIRST RAND BANK	71230113666	6	5.78%	27-Mar-12	27-Sep-12	5 000 000	
NEDCOR BANK	7881501480000115	12	5.74%	18-Oct-11	17-Oct-12	6 000 000	
NEDCOR BANK	7881501480000116	11	5.85%	06-Dec-11	06-Nov-12	6 000 000	
NEDCOR BANK	7881501480000119	6	5.82%	07-May-12	07-Nov-12	6 000 000	
FIRST RAND BANK	71220880423	10	5.94%	24-Jan-12	24-Nov-12	17 000 000	
INVESTEC	RK11120644C77C	12	5.89%	06-Dec-11	04-Dec-12	4 000 000	
ABSA GROUP	2072214398	9	5.89%	27-Mar-12	27-Dec-12	18 000 000	
FIRST RAND BANK	71265602395	3	4.97%	27-Sep-12	27-Dec-12	5 000 000	
INVESTEC	RK12092720506	3	5.08%	27-Sep-12	27-Dec-12	3 000 000	
INVESTEC	RK12071115104	6	5.65%	12-Jul-12	14-Jan-13	1 000 000	
STANDARD BANK	088430537157	10	6.01%	27-Mar-12	27-Jan-13	7 000 000	
ABSA GROUP	2072324872	10	5.87%	07-May-12	07-Feb-13	8 000 000	
ABSA GROUP	2072118188	12	6.03%	21-Feb-12	19-Feb-13	5 000 000	
FIRST RAND BANK	71238977816	12	6.03%	21-Feb-12	19-Feb-13	2 000 000	
INVESTEC	RK12022104544	12	6.08%	21-Feb-12	19-Feb-13	10 000 000	
STANDARD BANK	088430537156	12	6.13%	21-Feb-12	19-Feb-13	6 000 000	
FIRST RAND BANK	71226405019	8	5.65%	27-Jun-12	27-Feb-13	5 000 000	
STANDARD BANK	088430537161	8	5.63%	27-Jun-12	27-Feb-13	6 000 000	
ABSA GROUP	2072389668	9	5.80%	29-May-12	28-Feb-13	9 000 000	
STANDARD BANK	088430537164	7	5.11%	23-Aug-12	23-Mar-13	7 000 000	
FIRST RAND BANK	74371532993	7	5.20%	23-Aug-12	25-Mar-13	6 000 000	
INVESTEC	MM12032707161	12	6.13%	27-Mar-12	26-Mar-13	5 000 000	
NEDCOR BANK	7881501480000118	12	6.12%	27-Mar-12	26-Mar-13	2 000 000	
NEDCOR BANK	7881501480000123	6	5.10%	27-Sep-12	27-Mar-13	3 000 000	

FINANCIAL INSTITUTION	ACCOUNT NUMBER	PERIOD MNTHS	% INT RATE	DATE INVESTED	DATE MATURING	INVEST/MATURE 2012/2013	BALANCE 30 JUNE 2013
INVESTEC	JP12120625394	4	5.22%	06-Dec-12	05-Apr-13	6 000 000	
STANDARD BANK	088430537158	11	6.10%	07-May-12	07-Apr-13	5 000 000	
NEDCOR BANK	7881501480000120	9	5.64%	11-Jul-12	11-Apr-13	4 000 000	
NEDCOR BANK	7881501480000122	8	5.22%	23-Aug-12	23-Apr-13	7 000 000	
STANDARD BANK	088430537159	12	6.18%	07-May-12	05-May-13	10 000 000	
STANDARD BANK	088430537160	12	6.05%	29-May-12	28-May-13	14 000 000	
FIRST RAND BANK	71208232373	10	5.32%	07-Aug-12	07-Jun-13	7 000 000	
FIRST RAND BANK	71214140271	11	5.64%	11-Jul-12	11-Jun-13	9 000 000	
ABSA GROUP	2072638794	10	5.26%	23-Aug-12	24-Jun-13	8 000 000	
ABSA GROUP	2072519310	12	5.70%	11-Jul-12	10-Jul-13		12 000 000
STANDARD BANK	088430537162	12	5.68%	11-Jul-12	10-Jul-13		11 000 000
STANDARD BANK	088430537163	12	5.58%	07-Aug-12	07-Aug-13		5 000 000
NEDCOR BANK	7881501480000121	12	5.36%	07-Aug-12	07-Aug-13		16 000 000
ABSA GROUP	2073048770	7	5.21%	24-Jan-13	26-Aug-13		7 000 000
NEDCOR BANK	7881501480000125	9	5.33%	06-Dec-12	06-Sep-13		5 000 000
ABSA GROUP	2073048615	8	5.25%	24-Jan-13	23-Sep-13		6 000 000
FIRST RAND BANK	71192212978	8	5.24%	24-Jan-13	24-Sep-13		4 000 000
ABSA GROUP	2072743498	12	5.23%	27-Sep-12	26-Sep-13		5 000 000
INVESTEC	JP13030130500	7	5.40%	01-Mar-13	27-Sep-13		7 000 000
FIRST RAND BANK	71238977816	7	5.23%	01-Mar-13	01-Oct-13		3 000 000
FIRST RAND BANK	71201472603	11	5.35%	06-Dec-12	06-Nov-13		20 000 000
NEDCOR BANK	7881501480000124	12	5.27%	15-Nov-12	14-Nov-13		17 000 000
ABSA GROUP	2072924379	12	5.37%	06-Dec-12	05-Dec-13		6 000 000
ABSA GROUP	2073221506	9	5.31%	27-Mar-13	27-Dec-13		5 000 000
FIRST RAND BANK	71185358325	9	5.30%	27-Mar-13	27-Dec-13		13 000 000
INVESTEC	RK13032031648	12	5.53%	24-Jan-13	23-Jan-14		3 000 000
INVESTEC	RK13032732101	10	5.50%	27-Mar-13	27-Jan-14		10 000 000
STANDARD BANK	088430537166	10	5.39%	27-Mar-13	27-Jan-14		10 000 000
ABSA GROUP	2073152949	12	5.33%	01-Mar-13	28-Feb-14		19 000 000
STANDARD BANK	088430537165	12	5.33%	01-Mar-13	28-Feb-14		11 000 000
INVESTEC	JP13041833533	12	5.40%	18-Apr-13	17-Apr-14		5 000 000
NEDCOR BANK	7881501480000126	12	5.32%	18-Apr-13	17-Apr-14		4 000 000
STANDARD BANK	088430537167	12	5.25%	18-Apr-13	17-Apr-14		4 000 000
NEDCOR BANK	7881501480000127	12	5.17%	16-May-13	15-May-14		5 000 000
STANDARD BANK	088430537168	12	5.31%	16-May-13	15-May-14		6 000 000
FIRST RAND BANK	74341532993	12	5.86%	20-Jun-13	19-Jun-14		10 000 000
STANDARD BANK	088430537170	12	5.89%	20-Jun-13	19-Jun-14		12 000 000
							241 000 000

CACADU DISTRICT MUNICIPALITY

**Performance Report
For the year ended 30 June 2013**

**KEY PERFORMANCE AREAS, KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES
2012/2013**

Objective	Key Performance Indicator	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
DEVELOPMENT PRIORITY 1: INFRASTRUCTURE INVESTMENT						
To provide support to LMs on planning and implementation of bulk water supply projects, contributing to the reduction of the backlog to 5% by 2017	Drilling of 7 boreholes for augmentation of water supply to Jansenville	7 Boreholes drilled	Water	The project is complete.	Completed	
	Installation of 24 Zone Meters in Jansenville	24 Zone Meters installed	Water	This project has been lagging for various reasons. The project was envisaged to be completed by June 2013. As at June 2013, the project was approximately 30% complete. Some of the construction work for housing the zone meters had to be demolished due to poor workmanship. The contractor was given until August 2013 to complete the work. This was based on the advice of the Consulting Engineers who had designed the work and overseeing the implementation thereof. As at August 2013, the work was still not complete. Despite the fact that the Council is giving the contractors every opportunity to complete the work, the latest indication is that the service of the	Lagging	The appointment of a new contractor will add to the costs of the project, and will be done following the SCM processes. We are in the process of terminating the contract, but this requires that you give due notices and if the contractor does not comply a final letter of termination will be issues. The appointment of a new contractor will be finalized in February 2014 and the project will be completed in June 2014.

				contractor will be terminated.		
	Install 720 Water-tanks in Paterson	720 Water-tanks installed	Water	1115 water tanks have been installed in KwaZenzele & Moreson Locations and the project is complete.	Completed	
	Completed O&M Study by Ndlambe	Submission of O&M Study to Ndlambe for adoption	Water	The project is complete.	Completed	
To provide support to LMs on planning and implementation of bulk water supply projects, contributing to the reduction of the backlog to 5% by 2017	Upgrade and increase the capacity of the Waste Water Treatment Works for the community of Nieu-Bethesda	Appointment of the Contractor	Sanitation	Contractor has been appointed.	On target	
	Connection of 116 houses and 1 school to the sewer system	Connection of 116 houses and 1 school to the sewer system	Sanitation	However following consultation with the Ikwezi Municipality, the municipality requested that houses in Klipplaat be connected to the sewer system. The material was purchased by the Cacadu DM through a tender process, and Ikwezi LM appointed the labour (local contractors) to do the job. Once the job commenced it became evident that more material and piping was required. Additional material was subsequently procured and given to the contractors. As the labourers are regarded as "emerging contractors" continuous	Lagging	The work has subsequently been completed early in the 2013/14 financial year.

				monitoring was required by both Cacadu DM and Ikwezi to ensure that the work was properly done. One of the goals of the project (in addition to the sewer connection) was job creation for the local contractors.		
	EIA's completed for the purpose to eradicate Bucket-system in Makana	EIA's completed	Sanitation	The contractor will be appointed during July 2013 by Makana LM.	Lagging	Contractor appointment to be confirmed by Makana LM. Project to be completed by June 2014.
	Installation of Rietbron Solar Water Heating in Rietbron	Subsidised houses in Rietbron fitted with Solar Water Heating	Planning & Development	The project is complete.	Completed	

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Ensure that WSA/WSP function is correctly placed by 2015	Assessment of WSA function in all 9 LM's	WSA Assessment complete in 9 LM's	Water	This task is currently being undertaken by Consultants. The initial delay in the project was due to the Terms of Reference for the Assessment being supported by all 9 LM's in the District. As a result this delayed the appointment of the Consultant. The work is currently on the go. It involves amongst other things extensive analysis of the water authority function (the bylaws tariffs, the capacity of LM officials, the Water Services Development Plans, various funding streams, analysis of backlogs, capacities, bulk infrastructure assessments, repairs and maintenance plans and the like. This requires extensive interaction with various LM officials, who are not always available (due to various reasons including vacancies at the LM level).	Lagging	Continued effort was made to highlight concerns at the District Wide Infrastructure Forum and other intergovernmental forums with the LM's. Ongoing interaction with the Consultants are occurring on a monthly basis to gauge progress and deal with any challenges and problems being experienced by the consultants in obtaining the information from LM's. Project will be completed in December 2013.

To ensure that all transport plans for all LMs are in place and are annually reviewed	Complete Reviewal of the ITP and adopted by Council	District ITP Reviewed and adopted by Council	Planning & Development	The primary reason why the project was not implemented in the 2012/13 financial year. It was decided to move the project to be done in the 2013/2014 financial year. Whilst the most ideal scenario is to review the Integrated Transport Plan annually, this is not an absolute necessity or a legal requirement. If there are unlikely to be major changes to the transport environment, the reviewed can be done every two years or every three years..	Lagging	Following consultation with the Department of Transport Project will commence in the 2013/14 financial year after approval of rollover by Council.
To promote integration between spatial planning and transportation planning to achieve sustainable human settlements	1 km of Sidewalks and walkways constructed in Krakeel in Koukamma	500m of Sidewalks and walkways constructed in Krakeel in Koukamma	Roads	Originally the project was envisaged and planned for Krakeel. However, the initial planning was done by the CDM, the LM requested that the sidewalks and walkways in Kareedouw, the largest town in KouKamma, as well as the seat of the Municipality, needed attention. This request by the LM delayed the project.	Lagging	The project is being managed in house and is anticipated to be completed by November 2013.

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
To promote integration between spatial planning and transportation planning to achieve sustainable human settlements	Provision of Inter-City Bus Terminal in Graaff Reinet	50% Construction of Bus-terminal Complete	Road Transport	There are various reasons for the delay in getting this project off the ground. The site of the bus terminal had to be identified; It needed the support of all the stakeholders; It was envisaged that the Shell garage in the city of Graaff Reinet would relocate to the site, which would have affected the planning thereof; The various associations views had to be canvassed; and Following all various interactions / consultations, the Camdeboo Council eventually gave the final approval for the site.	Lagging	Extensive meetings, on-going participations, interactions with the LM and the various stakeholders have eventually resulted in obtaining the approval. The abovementioned functions were outside the control of the CDM. The designs and tender documents are complete and were adopted by stakeholders in Camdeboo. The project is going out on tender during the month of November 2013.
	Drafting of Spatial Development Framework	Drafting of Spatial Development Framework completed and adopted by Council	Planning & Development	Draft District SDF has been adopted by Council. The delay was due to data being released late by STATS SA in March 2013.	Lagging	Final District SDF will be adopted by next Council Meeting in August 2013.

Objective	Key Performance Indicator	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
To provide roads infrastructure from basic service to a higher level in key strategic areas for at least 10 kms per annum over 5 years	Upgrade of Rietbron Roads & Stormwater Infrastructure	500m of internal access roads paved, and 80 work opportunities created	Roads	Approx. 1200m of internal road complete.	On target	
	Streets paved and storm water drainage complete in Somerset East (Phase 2)	Phase 2 completed	Roads	The project is complete and on retention period.	Completed	
To provide support on cleanliness of the towns and townships and to mitigate health risks posed by each landfill site in all the 9 LMs by 2017	Legal Waste sites Licenced for Kou-kamma and Kouga achieved	2 Legal Waste sites Licenced and completed for Kou-kamma and Kouga	Environmental Health	Consultant to be appointed.	Lagging	Develop terms of reference and appointment of consultant by September 2013.

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
DEVELOPMENT PRIORITY 2: CAPACITY BUILDING AND SUPPORT TO LM'S						
Improve effectiveness in municipal financial management	Provision of assistance to 5 LMs in respect to GAMAP/GRAP compliance (Financial Statements) (Phase 1)	Provide assistance to 5 LM's through 1 training workshops held in GMAPP/GRAP compliance and by making available a financial management improvement plan to the 5 LM's	Finance and Admin	The audit reports and management letters of all the LM'S were analysed to identify the root causes of the audit outcome. The information was presented to municipalities at workshops where projects were identified relating to issues identified that needs attention to improve audit outcomes. This phase was completed in May2013. Specific GRAP training was done in June 2013. The Ernst and Young teams are at municipalities were they are now providing specific advice and services focused on issues by AG.	On target	Balance rolled over to 2013/14. Project will be completed early in the new financial year.

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Improve effectiveness in municipal financial management	GRAP Tender - Service Provider Appointed (Phase 2)	GRAP Tender - Service Provider Appointed Phase 2 - Implementation of FMIP	Finance and Admin	The project was initially delayed due to lack of response by the LM'S. The new approach has been welcomed by municipalities who are benefitting from the focused assistance and support.	Complete	No action required.
Well capacitated Municipalities on Governance and administration as per DLGTA section 46 assessment	Review of HR, ICT and Security Policies at Kouga	Reviewed policies at Kouga	Other	In May the CDM MM met with Director Corporate Services and only then the list of policies was finalised. SC tried to obtain quotes but was not successful. Also the MM of Kouga was requested to submit certain docs but to date nothing was received. Eventually the LM indicated a list of policies that needed attention. This list was rejected as it was apparent the focus was not on the main or primary policies that needed attention, but policies that did not warrant attention (Eg when an employee is arrested; etc).	Not started	The budget for the LM was rolled over. The above delays were outside the original plan to get the project completed on time. With the co-operation of the LM, the project can be back on track.

Objective	Key Performance Indicator	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Well capacitated Municipalities on Governance and administration as per DLGTA section 46 assessment	Reviewed Rules and Orders, Roles and Responsibilities and development of a Delegations Register for 5 LM's	Reviewed Rules and Orders, Roles and Responsibilities and development of a Delegations Register for 5 LM's	Other	Project is 95% percent complete.	On Target	
	Review of By Laws at SRV	Reviewed by laws at SRV	Other	Project complete only awaiting invoice from SRV.	Completed	
Well capacitated Municipalities on Governance and administration as per DLGTA section 46 assessment	To conduct GGS at Koukamma, SRV and Baviaans	GGS at Koukamma, SRV and Baviaans conducted	Other	Project nearly complete awaiting final report from service provider.	On Target	
	Compilation of Stakeholder Audit Report	Stakeholder Audit and People Assembly Report	Other	Project complete.	Completed	
To assist Municipalities to achieve and sustain clean audits by 2014 and annually thereafter.	Implementation of the Automated CDM PMS System	Performance Management Support (PMS) Support to the 9 LM's in CDM with the implementation of the Automated CDM PMS System based on readiness for the system.	Other	System is available to all LM's. Training was done for LM's: Baviaans, Ndlambe, Makana, SRV, Kouga and Camdeboo. MM and Directors plans are loaded for these LM's. Koukamma, BCR and Ikwezi challenges to be addressed in new FY. However, the project is on-going and support is provided to LM's when required.	On Target	

DEVELOPMENT PRIORITY 3: ECONOMIC DEVELOPMENT

Increase agricultural income to achieve a 1% year on year growth in the agriculture and agro-processing sectors.	Determine the feasibility of an exotic fruit and / or vegetable agri-incubator in BCRM	Feasibility study complete	REDI	Delays in procurement.	Lagging	Service provider to be appointed, pending approval of budget adjustment in Q1 2013/14.
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Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Broaden economic participation and inclusion by increasing the number and support to small enterprises by 10%	Mobilise Funding Partners for the implementation of the Pellet Factory	To mobilise funding for the Pellet Factory	LED	One application submitted to ECDC Job's stimulus and unsuccessful. An application submitted to Dept. of Rural Development and Land reform, Awaiting results. Enquiry to submit proposals to NDA has been made unfortunately only registered companies can do so. ECDC is currently assisting to register the Pellet Factory as a Cooperative. 2 PSCs been held over this period	Lagging	PSC took place on the 29th January 2013. Social Development could not finalise Project registration as a legal entity as requested. Sighting a concern on Commercial Farmers being members of a COOP. 2nd attempt to call for Quotation for PM of the Pellet Factory also failed. Quotations received exceeded amount available. 2nd funding application attempt also has been placed with Rural Develop. Awaiting response,

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Broaden economic participation and inclusion by increasing the number and support to small enterprises by 10%	Revise existing Business Plan	Revised existing Business Plan in place	LED	SRV LM appointed SP to revise the project original business focus. A meeting between SRV and CDM took place on the 14th November 2012 and resolved on the following: Formalisation of the Coop; Business Plan establishment and Institutional development support to Kouga Cooperative.	Lagging	CDM will enter into a SLA with SRV to implement the project on our behalf.
	Implementation of the mohair micro-manufacturer business development support	5 micro-manufacturers trained in mohair textile production	LED	Project could not take off due to delays and non-action to resolve the SLA between Ikwezi LM and CSIR.	Lagging	The activity will be re-considered as part of CDM financial support package to the Mohair International Summit proposal.
	Baviaanskloof Tourism Development Plan complete	At least five tourism micro-enterprises identified	REDI	Project completed	Completed	

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Broaden economic participation and inclusion by increasing the number and support to small enterprises by 10%	5 SMME and Cooperatives development programmes implemented.	2 SMME programmes from LMs supported. 3 Cooperatives developments plans supported.	LED	District Cooperative Conference convened. 9 LCFs established and District Coo Forum launched. 3 LMs projects in Makana, Ndlambe and SMME programme in BCRM is approved and SLAs signed. Funds transferred for implementation.	On Target	Final report to be submitted to Mayoral Committee of the 7th August 2013 establishment of LCFs and DCF's.
Invest in natural capital to contribute to government's target of creating 20,000 "green" jobs by 2020.	Establishment of sustainable institutional arrangements to manage Fonteinsbos NR	Management plan adopted by Camdeboo Municipality Council	REDI	Project implementation action plan complete and submitted to DEDEAT.	On target	The implementation of the project is the responsibility of Camdeboo Municipality, as the funding for implementation from DEDEAT was transferred directly to Camdeboo Municipality.
	Council resolution on ownership and expression of interest solicited through open tender and cons with LMs	Nature Reserve ownership declared. PPP/ or LMs	Tourism	A decision was taken by the Council to transfer this project to the CDA. The implementation of the project will commence when the CDA is suitably capacitated to commence operations.	Lagging	The CDA will be responsible for the implementation of this action, as per the Council Resolution.

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Invest in natural capital to contribute to government's target of creating 20,000 "green" jobs by 2020.	Determine the feasibility of an integrated waste to energy cluster	Feasibility study complete	REDI	Agreement with Nelson Mandela Bay Municipality in process and therefore delay in procurement.	Lagging	Service provider to be appointed, pending approval of budget adjustment in Q1 2013/14.
	To support at least 1 tourism infrastructure projects by installing signage for the Greater Addo Tourism Route	1 tourism infrastructure projects supported- Greater Addo Tourism Route	Tourism	Project rolled-over to 2013/14 financial year.	Lagging	To be implemented in 2013/14 after phase 1 has been carried out.
	To conduct review and implementation of tourism marketing strategy	Tourism marketing strategy reviewed and implemented	Tourism	Some activities were executed in-house.	On target	Service Provider appointed in April 2013, Participated in Tourism Indaba 2013, Winter campaign Rolled-out, Kirkwood Wildlife, Biltong and National Arts Festivals, 7 wonders winter piloted in Social Media, Biltong and Wildlife Festivals.
	To support at least 3 LTO's i.e. Preference be given to Koukamma, Ndlambe & SRV LTO's	Three LTO's supported	Tourism	Most time spent on formerly establishing SRV, Koukamma and Ndlambe LTO's (establishment done in house). Reviving and re-institutionalising Kouga LTO.	Completed	Kou-kamma, Ndlambe and Sundays River Valley LTO's supported. The programme extended to Baviaans, Camdeboo, Makana, Ikwezi, Blue Crane Route, Kouga, LTO's.

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Invest in natural capital to contribute to government's target of creating 20,000 "green" jobs by 2020.	Install billboard in Tsitsikamma	Billboard installed	Tourism	Proposals received not in line with specifications.	Lagging	Calling other companies to submit proposals in Q1 2013/14.
	To host one tourism month domestic awareness event/tour	Domestic awareness event/tour hosted	Tourism	Project completed in September 2012.	Completed	Project completed in September 2012.
	Funding Support to Wilderness Foundation Training Programme (Umzi Wethu) for 6 district participants	Umzi Wethu supported through transfer of funding for skills development and capacity building	Tourism	Agreement signed with Wilderness Foundation, funds transferred.	Completed	Agreement signed with Wilderness Foundation, funds transferred.
	To collect tourism stats in Ndlambe, Sundays River Valley, Blue Crane	Visitor Information uploaded in tourism statistics system	Tourism	Project rolled-over to 2013/14 financial year.	Lagging	Project rolled-over to 2013/14 financial year.
Regenerating at least four core towns as service and economic hubs	Establish a local multi-stakeholder partnership in Kirkwood	Local multi-stakeholder partnership SLA signed	REDI	SRV SMME & IGR Forum established.	On target	

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Building local and regional networks and collaboration through the creation of partnerships with (a) government, (b) the private sector and (c) education / research.	3 LATs are established. 2 Learning encounters including one study visits	3 LATs are established. 1 Learning encounters including one study visit conducted.	LED	Target not fully achieved.	Lagging	Support Koukamma LM for establishment of its LED forum/LAT in 1st Q and work with Makana LM to resurrect its LAT and provide support. Reinforce the recently launched SRV IGR structure with the LAT elements/character. Respond to Kouga only by invitation.
	Establish working relationship with NMMU and Rhodes University	Signed MOA with two HEI	REDI	MOA with NMMU signed.	On target	Meetings with NMMU and Rhodes University scheduled for April 2013.
	Establish a working relationship with the private sector in Cacadu	Establishment of district-wide business platform	REDI	Meetings convened in Camdeboo Municipality.	Lagging	Graaff-Reinet Small Town Development Initiative to be continued upon appointment of the Camdeboo Municipality's Municipal Manager post (owing to the current void in LED function).
	Host Investors Conference	Successful Investors Conference hosted	Trade and Investment	Investment portfolio complete	Lagging	CDA to fulfil investment promotion function.

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Developing skills and education base by increasing the number of semi-skilled and skilled by 10%.	Mentorship programme institutionalized and evaluated in 6 LMs	12 Emerging farmers projects mentored in 7 LM and experiences documented	Planning & Development	2 projects are delayed due to Land/Commonage SLA not signed.	Lagging	CDM will hold follow-up meetings with the concerned LM's to resolve the Land/Commonage and SLA issues.
Create opportunities for designated groups to participate in Local Economic and Rural Development	Cooperative Registration, Financial and Project Management in 3 LM's	Registration of cooperatives for young people in all 3 Local Municipalities.	Other	Project completed	On Target	
Improving connectivity infrastructure in all nine local municipalities	Provision of a New Community Library in Riebeeck East	Construction of Library Complete	Planning & Development	The project is 65% complete and the project was delayed due to the Contractor having problems with SARS.	Lagging	The project is anticipated to be completed by end September 2013.
	Provision of a Community Library in Somerset East	Construction of Library Complete	Planning & Development	The project was completed during April 2013.	Completed	
	Provision of a New Community Library in Alexandria	Construction of Library Complete	Planning & Development	Project advertised however bidders did not meet the specification.	Lagging	Project will re-tender for during August 2013.
	Additions and Alterations of a Community Library in Kirkwood	Extensions and alterations of existing library complete	Planning & Development	The project was completed during March 2013.	Completed	

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
DEVELOPMENT PRIORITY 4: COMMUNITY AND SOCIAL SERVICES						
To provide effective fire fighting to all LMs in the district by 2017	Restored and standardised Fire Hydrants in Kouga and Ndlambe	Standardised Hydrants in place for Kouga and Ndlambe	Public Safety	The project is complete.	Completed	
	Satellite station upgraded	Refurbishment of a satellite station Complete	Public Safety	Architect appointed and designs developed. Challenges were faced in the finalisation of the tender for a panel of service providers, it was then decided that a separate quotation be advertised for this project.	Lagging	The project is anticipated to be advertised in August 2013 and construction to commence in October 2013.
	Construction of fire station in BCRM	Fire station Constructed	Public Safety	The contract has been awarded. Challenges were faced in the finalisation of the tender for a panel of service providers.	Lagging	Construction will commence in September 2013 and be completed in June 2014.
Enhance understand of CDM communities around the 5KPA of the district annually	Implementation of POA of MRM	100% Implementation of POA of MRM	Other	Project also most complete, only outstanding is the MRM payments. To date only 4 out of 9 LMs were completed.	On Target	
To facilitate HIV Counselling and Testing (HCT) of 87 000 community members in all LMs annually	100% Implementation of the HIV and AIDS Plan	Implementation of the HIV and AIDS Plan	Other	Project completed.	Completed	

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
DEVELOPMENT PRIORITY 5: INSTITUTIONAL DEVELOPMENT						
To improve performance management system to include organizational performance by 2013	PMS Support to 9 LM's	PMS Support to 9 LM's to their support requirements	Other	CDM committed to support Koukamma and Ikwezi to the amounts of 25k and 65k respectively. However, after numerous reminders and discussions with the two LM's MM's, no appointments of service providers were appointed by them.	Lagging	This support will be put in abeyance until further communication for the support is received from the 2 LM's in 2013/14.

KEY PERFORMANCE AREAS, KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES 2011/2012

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
DEVELOPMENT PRIORITY 1: INFRASTRUCTURE INVESTMENT						
To Assist LMs to provide adequate potable water and adequate sanitation by 2010	Completed O&M Study by Ndlambe	Adopted O&M Study by Ndlambe	Water	Final report will be available in August 2012.	Complete	Budgeted 2012/13 financial year.
To ensure that there is an adequate bulk sustainable water source in the CDM region.	Rehabilitating the existing 2 reservoirs and installation of 15 bulk meters in Jansenville	Fifteen Bulk Water Meters installed and 2 reservoirs rehabilitated	Water	The programme is on target, two (2) projects have been completed and the final site inspections were held on 19 June 2012. Monies for Retention will be rolled over.	Complete	
	Upgrade and increase the capacity of the waste water treatment plant for the community of Nieu-Bethesda	50% Upgraded and increased capacity treatment plant operational	Water	Delays were encountered on Section 24G Application and EIA Processes from DEA (National & Provincial). EIA process is anticipated to be granted during January 2013.	Lagging	Project can only continue when the EIA has been granted by DEA (National & Provincial). Consultant will finalise in Dec '12.
	Upgrading of sanitation system in the DMA through the construction of VIP Toilet Structures in Miller(14), Vondeling(19), Wolwefontein(12), Kleinpoort(9) and Glenconner(16)	VIP Toilets Operational	Planning & Developm.	All contractors for construction of VIP Structures for Kleinpoort, Miller, Glenconner, Wolwefontein and Vondeling have been appointed, however the contractor for Vondeling absconded. Miller, Wolwefontein, Kleinpoort & Glenconner are complete. Quotations for Vondeling and demolishing of existing structures will be sourced during August 2012.	Lagging	Quotations for Vondeling and demolishing of existing structures will be sourced during August 2012.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
	Upgrade sanitation system of Nieu-Bethesda from VIP's to waterborne toilets	Project complete	Planning & Developm.	The project is complete. Handover Meeting was to be held on 28 June 2012.	Complete	
	Subdivision and Renovation of transferred settlements to beneficiaries names (depended on the transfer of settlements from Transnet to CDM)	Transfer of houses for Miller, Kleinpoort, Wolwefontein and Vondeling Communities	Housing	This project should be transferred to Department of Finance & Cooperate Services as the Legal Officer is dealing with transfer of DMA Settlement. Thereafter the IS & P Department will subdivide the Ervin and renovate the houses.	Lagging	A Sale Agreement has been signed. We have appointed land surveyors to conduct a subdivision where after the transfer of land will be effected to CDM. Only after that land is transferred to CDM that we will be able to then transfer it to the beneficiaries.
	Provide support to LM's to Improve on project planning, expenditure and implementation through the appointment of a consultant for EIA, Feasibility Studies and Business Plans	100% Funds spent on project planning	Planning & Developm.	Letters were sent to all LM's regarding planning assistance in order to commit the funds fully; however the Applications from LM's were received late. Not all funds will be spent by end June 2012.	Lagging	Projects will be screened by the Department during August 2012 in order to commit the funds fully.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
	Installation of Rietbron Solar Water Heating	All households in the DMA fitted with Solar Water Heating	Planning & Developm.	Project completed.	Complete	
	Installation of Rainwater Tanks in Paterson	1000 Rainwater Tanks installed in Paterson	Water	The contractor has been appointed for the installation of the 400 units on 1 March 2012 and to date 141 units are fully complete. The remaining 720 units will be done by the local community with the supervision of the District and SRVM. The project encountered several challenges namely: community conflicts, involvement of SRVM, establishment of PSC, delivery of tanks and price increase of material.	Lagging	The Department is planning to advertise for the services of the contractor to install the water tanks instead of appointing the local community directly during August 2012.
To provide effective and sustainable infrastructural maintenance plans	Streets paved and storm water drainage complete	Planning and Infrastructure Services	Roads	Delays encountered due to poor performance of the contractor and slow delivery of pavers by the Supplier.	Lagging	Interventions were made with the Contractor and the Supplier. The project is being fast-tracked.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
	Upgrade of Reborn roads & storm water infrastructure - EPWP project	500m of internal access roads paved, and 100 work opportunities created	Roads	Project completed.	Complete	
	Finalisation of Housing Transfer & Beneficiary Management in the DMA - Rietbron	500 transfers effected	Housing	There was no performance in this project due to Finance and Corporate and Planning and Infrastructure could not resolve in which department the project must be situated.	Lagging	This project will be dealt with as an operational project in 2012/13 and will not be included in the SDBIP henceforth.
To provide infrastructure development and service delivery support to LMs	Provision of a new Community Library in Reinbeck East	Construction of Library Complete	Planning & Developm.	The project was delayed by the local municipality due to land availability problems. Building Plans have been completed, sent to Makana Municipality during 2011 and awaiting approval. Tender Documentation has been prepared.	Lagging	The Department has been liaising with Makana Municipality and is anticipating advertising for the services of the contractor in August 2012.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
	Provision of a Community Library in Somerset East	Construction of Library Complete	Planning & Developm.	The project was delayed by BCRM as they wanted to include the library in the Multi-Purpose Community Centre. However the project was advertised and the tender evaluation report has been submitted to BAC and was awaiting approval.	Lagging	The project will be re-advertised in July 2012 as the recommended contractor wanted to increase the tendered amount
	Additions and Alterations of a Community Library in Kirkwood	Extensions and alterations of existing library complete	Planning & Developm.	BAC process delayed as the evaluation report was submitted to BAC during January 2012, however the contract was awarded on 28 March 12. There were not enough funds for tenders received until April 2012. The contractor was appointed on 11 April 2012 and construction commenced during May 2012. The project is 40% complete.	Lagging	The contractor is fast-tracking the construction and it is anticipated that the project will be completed by end September 2012.
To promote an integration between spatial planning and transportation planning to achieve sustainable human settlements	Provision of Inter-City Bus Terminal	Construction of Bus-terminal Complete	Road Transport	Camdeboo informed us that we could not commence with project as another development was being considered on the same site as that of the bus terminus. On 24 May 2012 Camdeboo Municipality informed us that we can go ahead with the project.	Lagging	Delays in the evaluation of this tender due to additional information that was required from the bidder's. The evaluation report is currently being finalised for submission in the next BAC. A service provider for the designs of this project will be selected from this panel for 2012/13 FY.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
DEVELOPMENT PRIORITY 2: CAPACITY BUILDING AND SUPPORT TO LM'S						
Maximise the potential of CDM LMs and District Municipality to effectively and efficiently deliver services to their communities	Provision of assistance to 5 LMs in respect to GAMAP/GRAP compliance (Financial Statements) (Phase 1)	Provide assistance to 5 LM's through 1 training workshops held in GMAPP/GRAP compliance and by making available a financial management improvement plan to the 5 LM's	Finance and Admin	The participating local municipalities now have FMIP'S. SRVLM and Baviaans municipalities withdrew as they had appointed consultants. Monies were diverted late in the financial year to Koukamma and Makana municipalities.	On Target	
	GRAP Tender - Service Provider Appointed (Phase 2)	GRAP Tender - Service Provider Appointed Phase 2 - Implementation of FMIP	Finance and Admin	Caseware budget system introduced as well as budget related policies have been developed. SCM policy developed for the district.	On Target	
To provide infrastructure development and service delivery support to LMs	Water quality monitoring (in conjunction with Environmental Health) of all identified water sources through testing and sampling for all LM's	Monitoring in accordance with DWA Database	Water	Project completed.	Complete	

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Maximise the potential of CDM LMs and District Municipality to effectively and efficiently deliver services to their communities	Collaboration with CSIR on the Road Hierarchy, Road Accident Database and Freight Transport	All 3 Studies complete	Planning & Developm.	No funding received from CSIR for implementation in 2011/12.	Lagging	Project need to be closed AS CSIR do not have funding. A final meeting will be held with CSIR in Oct '12 where a way forward will be decided.
To ensure mainstreaming of designated groups through integrated planning in the Cacadu District	To conduct GGS at BCR, Makana, Camdeboo and Ikwezi	GGS conducted at 4 LM's	Other	GGS conducted at Ikwezi. Fieldwork undertaken, focus groups held and draft report in the next Mayco.	On target	
	Review of HR, ICT and Security Policies at Koukamma	Reviewed policies at 1 LM	Other	Project completed.	Complete	
	Reviewed Rules and Orders, Roles and Responsibilities and development of a Delegations Register for Koukamma, SRV, Camdeboo, BCR, Ndlambe, Ikwezi and Baviaans	Reviewed Rules and Orders, Roles and Responsibilities and development of a Delegations Register for 7 LM's	Other	To move on with the project the LMs needed to be workshopped on the new system amendment act, rules and procedures for appointment of MM and section 57, code of conduct for councillors.	Lagging	Workshops completed and the project will continue in 2012/13 FY. New project plan has been developed.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
To increase effectiveness and promote a district-wide approach to IDPs and performance management	PMS Support to Ikwezi, BCR, Camdeboo and Koukamma to their PMS Support Requirements	Ikwezi, BCR, Camdeboo and Koukamma supported	Other	BCR, Camdeboo, and Koukamma were supported. Ikwezi was not supported. Further support was requested by Koukamma.	Lagging	Ikwezi and Koukamma will be supported in 2012/13.
	To provide Performance Management Support (PMS) Support to the 9 LM's in CDM with the implementation of the Automated CDM PMS System based on readiness for the system.	Performance Management Support (PMS) Support to the 9 LM's in CDM with the implementation of the Automated CDM PMS System based on readiness for the system.	Other	Due to the lack of response by LM's, the system could not be implemented at LM's in 2011/12. Subsequently 5 LM's responded to have the system implemented in 2011/12. BCR, SRV, Kouga, Makana and Camdeboo (not in writing as yet). The other 4 LM's responded in writing.	Lagging	System implementation will start in July 2012/13 at the 5 LM's e.g., BCR, SRV, Kouga, Makana and Camdeboo.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
DEVELOPMENT PRIORITY 3: ECONOMIC DEVELOPMENT						
Achieve Economic Growth by developing Strategic Sectors of the District Economy	Establish and Sustain partnership for Economic Development through engagements with Province, The Metro, other Districts and the CDM area.	Increase in new business and partnership/inkages in the District through Business Conferences	Tourism	Supported National Arts Festival Cacadu Productions programme, Biltong Festival Local Artists development, Commissioned Investment portfolio project packaging.	On Target	Investment portfolio project packaging is on progress.
	Feasibility study and Business Plan developed for establishment of District Development Agency	Council resolve on the Establishment of the District Agent	Planning & Developm.	The new DDA is currently undergoing legal registration as a Private Company. The Council has approved the Business Case and stakeholder's consultations are being rolled-out.	Lagging	As soon as CIPC confirms the registration of the entity the following stages will be pursued: 1) Advertisement for the appointment of Board Members and 2) the appointment of the CEO by the Board.
To achieve year-on-year economic growth by developing strategic sectors in the district	Tourism marketing and Trade Investment Promotion in the whole of CDM through Project Management, Implementation and Monitoring	Marketing Strategy implemented	Tourism	Participated at Tourism Indaba, Winter Campaign rolled out on Facebook, Placed advert on Explore SA and Getaway magazines, Supported National Arts and Biltong Festivals, Advertised National Arts, Biltong and Kirkwood Wildlife Festivals in Cape Town Jazz Festival 2012.	On Target	

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					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
	Install 7 wonders destination branding signage in Jeffrey's Bay for the 4th wonder of our world	Branding sign installed	Tourism	Jeffrey's Bay & St Francis sign installed (4th wonder).	On Target	
	Tourism Statistics System On-line application developed	Online application stats system integrated into travel Cacadu web-site	Tourism	Tourism stats system on-line application developed and functional.	On Target	
	Provision of support Local Municipalities' Tourism Development Initiatives	5 tourism development projects supported	Tourism	Makana and Kouga LMs supported. Sundays River Valley LM project approved by the Mayco.	On Target	Finalising specification for the appointment of service provider to execute the technical plan for SRV.
	Support to LTOs by establishing LTO's legally and Supporting their Tourism Destination Marketing programmes in - SRV - Ndlambe - Koukamma	3 established LTOs at SRV, Ndlambe and Koukamma to be supported for marketing and destination branding support project application	Tourism	Supported Baviaans, Makana, Koukamma, Camdeboo, Blue Crane Route & Ikwezi LTO's, SRV LTO registration completed.	On Target	Funding Agreement for SRV being finalised.

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					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
	Sustainably managed nature reserves in the District	Maintenance plan of the nature reserves adopted and implemented	Tourism	Rapid Assessment and recommendations submitted to Mayco.	On Target	Mayco requested the project to wait for the completion of the establishment of the CDA.
	Tourism Education and Awareness Programme	Enhancement of service excellence and tourism business growth	Tourism	Training on progress, progress report submitted.	On Target	The programme only ends in July then graduation follows in August.
	SMME and Co-op Support Programme (SMME Strategy)	District-wide and structured strengthening of SMMEs & Co-ops	Planning & Development	CDM hosted the 2011/12 Imbizo in April 2012 - Prepare tender, presented to BAC for appointment of SP for Cooperative development plan, database development and Status quo analysis. Only approved in June 2012. Mayco approved project funding for Mpondo Brick that could not be procured due to year end.	Lagging	SP is appointed. Funding for both projects is rolled over. SP is appointed. On approval of rollover in August 2012, call for quotations to purchase machinery for Mpondo brick will kick-start.

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					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
	Capacitating Local Agricultural Commodity Group through transferring skills in capacity (project selection, preparing TOR's Selection of mentors and M&E) for the purpose managing the mentorship programme in 6 LM's(Kouga, Camdeboo, Ikwezi, BCR, Ndlambe, Bavians)	9 Emerging Farmer Projects mentored in 6 LM's	Planning & Developm .	11 emerging farmers projects mentored in 7 Local Municipalities: Aberdeen piggery, Mimosadale (Camdeboo), Bafazi Phambili, Uitkomst, Klipplaat Hydroponics (Ikwezi), Vukuzenzele (BCRM), Rockville, Lamoney (Ndlambe), Khanya (Kouga), Woodlands (Koukamma), Sakkies (Bavians)	On target	

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	Woodlands Communal Property Association's Essential Oil Initiative	Woodlands Communal Property Association producing essential oils	LED	On receipt and on completion of the Business Plan and registration of the Cooperative, CDM presented an ITEM to Mayco to approve the transfer of the grant to the project beneficiaries for the implementation. Project Appraisal meetings with the members and LM has taken place 24th May 2012 in Woodlands, KKM LM. The implementation of this project will be rolled over into the new year. The delay in the implementation has been caused by incapacity in the department due to LED function taking on Acting-Director role for 15 months.	Lagging	Project roll over has been requested. B/plan completed. Mentor appointed. PSC established. Awaiting approval by council on Rollover.
	District-wide LED Institutional Support	LED Support Structure (DST) established and enabled to implement the LED Framework	LED	1 meeting has been undertaken over this period for DST. 5 LED encounters including an international study tour was undertaken by DST members and these encounters proved success.	On Target	Budgeted in the 2012/13

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	Development of business plans for at least two agro-processing enterprises	Business plan for at least two agro-processing enterprises developed	LED	(1) Aquaculture agro-processing business plan complete. (2) Grain feasibility delayed due to uncertainty of OR Tambo DM participation (which has been resolved).	Lagging	Feasibility study draft to be submitted October 2012.
To develop and enhance technical and life skills in line with labour market demands of the district in strategic sectors and the region at large	Leather craft in Kleinpoort established and operational	Leather craft project set up	LED	Project is closed due to change of priorities by local communities. CDM has facilitated a process to purchase land and property by SRV LM to use as a means to facilitate a holistic and integrated socio economic plan for the area. This is a result of a project review engagement with the community in January 2012 where it was confirmed that more social pressing needs should be prioritised more importantly access to land. SRV has submitted applications to purchase to the Dept. of Rural Development and Land reform. Application is under consideration Parallel to that there are engagements with commercial farmers to look at still social enterprise initiative for local youth for job creation, skills transfer and poverty alleviation.	Not Started	Project handed over to leadership of SRV Local Municipality.

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	Pellet Factory established in Reborn	Co funding agreement signed and factory set up	LED	<p>The target for this quarter is still far from attainment. The project requires at least R5m to implement. The appointment of Project Champions to drive and lead the process, design and securing funding is the 1st step. TORs were completed to appoint two resources: Mentor and Project Manager. Call for quotation was submitted as per SCM into an open bid. That closed on the 1 June 2012. Only three prospective bidders tendered.</p> <p>Unfortunately the 2 bidders from the area needed to submit all necessary documents which were posted separately from the fax quotation which delayed evaluation. BAC will consider that item in August.</p>	Lagging	Will appoint two project champions and CLO from Rietbron community by end September 2012.

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To build appropriate internal and external institutional capacity necessary to improve integration, alignment and coordination of economic development programmes	Economic Growth and Development Strategy adopted by Council	Council resolution to adopt reviewed EGDS	Planning & Developm.	Draft strategy approved by Council.	Lagging	Public participation in process. Final draft to be submitted to Council in September 2012 for approval.
	Rolling out SMME support with SEDA according to revised SLA	Rolling out SMME support with SEDA according to revised SLA	LED	The management of this partnership with Seda has been seriously affected by the incapacity of the departments to follow due processes that will ensure the relationship is managed well within agreed milestones and reports are submitted timeously. This did not happen as a result only at the end of the 2nd quarter that SLA was tabled and only at the end of the 4th Quarter that the 1st report for work done by Seda was submitted to CDM for consideration and approval. As a result funds could not be transferred but work has been delivered by the agency. Seda/CDM partnership is now been reviewed and meeting took place between CDM and Seda on the 5th June in EL. CDM/SEDA partnership comes to an end 30 June 2012 as per the current status quo.	Lagging	Funding due to Seda as per the 2011/12 FY are rolled over. Final report submitted to Mayco 8/08/2012 for approval.

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DEVELOPMENT PRIORITY 4: COMMUNITY AND SOCIAL SERVICES						
To improve the health status of the community as per the principles of the district health system model	Upgrade of Kwazamukucing a clinic in Jansenville	Additions and alterations to clinic complete	Health (PHC)	Project completed.	Complete	
	Implementation of the CDM HIV and Aids Plan Priority Areas of Prevention and mainstreaming	Successful Implementation of identified priority areas	Community & Social Services	In May 2012 an HIV campaign was conducted in Baviaans. Ndlambe, Makana, Kouga, SRV and BCR were also done for 2011/12.	On Target	
To provide effective fire fighting in the district	Restored and standardised Fire Hydrants in the district	Standardise Hydrants in place for 2 LM's	Public Safety	171 fire hydrants have been installed in Kouga Local Municipality. Funds available were a limitation.	Complete	
To ensure mainstreaming of designated groups through integrated planning in the Cacadu District	Empowerment of people with disabilities through linkages with various empowerment institutions	Revive Disability Empowerment Forum in each LM	Community & Social Services	1 disable group were assisted and are registered in Sundays River Valley Municipality. Three additional disability forums were not established due to non-submission of dates from municipalities.	Lagging	The outstanding un-established forums will be established in the new financial year 2012/13 in the first quarter

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	Development of Youth through linkages with various development institutions	Formal partnership with Youth Development Agencies and a Flagship programme in all 9 LM's and Reviving of Forums	Community & Social Services	1 forum was established in Baviaans municipality and Sundays River valley Municipality keep on postponing the dates.	Lagging	Interaction with portfolio councillor for special projects has been done and the forum will be established in the new financial year 2012/13 in the first quarter.
	Women Empowerment through linkages with various women development institutions	Two legacy projects for the district	Community & Social Services	Women's Forums was established in Makana on 10 July 2012. Baviaans was established on 12 July 2012. 2 Legacy projects were identified in Kouga and Ikwezi through donating one container to each LM.	On Target	