

2015

**ANNUAL FINANCIAL  
STATEMENTS AS AT 30 JUNE  
2015**

**KAROO HOOGLAND LOCAL  
MUNICIPALITY**

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## Annual Financial Statements for the year ended 30 June 2015

### General Information

Local Municipality

#### Members of the Council

JP Julies:	Mayor
CM Fortuin:	Councillor Resigned: 4 December 2014
JJ van der Colff:	Councillor
JE Davids:	Councillor
G Beukes:	Councillor
AC van Wyk:	Councillor
E Vermeulen:	Councillor
K Koopman:	Councillor Appointed: 1 April 2015

#### Auditors

Auditor-General  
Private Bag X 5013  
Monument Heights  
Kimberley  
8301

#### Banker

ABSA Bank	Standard Bank
Fraserburg	Williston
8930	8920

#### Attorneys

GW Kempen & De Wet Nel  
Johannes G Coetzee & Seuns  
Honey Attorneys  
Van de Wall en vennote

#### Registered Office

Mulder Street  
Williston  
8920

Tel: 053 391 3003/3182/3985  
Fax: 053 391 3294

#### Municipal Manager

GW von Möllendorf

#### Chief Financial Officer

MK Botha:	Resigned:	30 November 2014
S Myburgh (Acting)	Appointed:	19 January 2015

#### Legal Form

Category B Local Municipality as envisaged in section 155(1)(b) of the Constitution

## Jurisdiction

Greater Karoo Hoogland area which includes Williston, Fraserburg and Sutherland

## Relevant Legislation

Constitution of the Republic of South Africa (Act no 108 of 1996)  
 Municipal Finance Management Act (Act no 56 of 2003)  
 Division of Revenue Act (Act no 10 of 2014)  
 The Income Tax Act (Act no 58 of 1962)  
 Value Added Tax Act (Act no 89 of 1991)  
 Municipal Structures Act (Act no 117 of 1998)  
 Municipal Systems Act (Act no 32 of 2000)  
 Water Services Act (Act no 108 of 1997)  
 Housing Act (Act no 107 of 1997)  
 Municipal Property Rates Act (Act no 6 of 2004)  
 Electricity Act (Act no 41 of 1987)  
 Skills Development Levies Act (Act no 9 of 1999)  
 Employment Equity Act (Act no 55 of 1998)  
 Unemployment Insurance Act (Act no 30 of 1966)  
 Basic Conditions of Employment Act (Act no 75 of 1997)

## Members of the Karoo Hoogland Municipality

Councillor	Ward		
CM Fortuin	1	Resigned	4 December 2014
JP Julies (Mayor)	2		
JJ van der Kolff	3		
JE Davids	4		
G Beukes	Proportional		
AC van Wyk	Proportional		
E Vermeulen	Proportional		
K Koopman	1	Appointed	1 April 2015

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2015, which are set out on pages 1 to 75 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on. I have reviewed the Municipality's cash flow forecast for the year to 30 June 2016 and I am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

.....  
**GW von Möllendorf**  
**Municipal Manager**

.....  
**Date**

**Report of the Auditor General**

**Report of the Auditor- General**

With the compilation of the AFS the report of the Auditor General was still outstanding.  
To be included in the annual report.

**Report of the Chief Financial Officer (Acting)**

It gives me great pleasure to present the financial position of Karoo Hoogland Municipality for the fiscal year 2014/15

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

Again a deficit was reported for the year ended 30 June 2015.

**Key Financial Indicators**

The impact of the economic downturn is clearly reflecting on the ability of consumers to honour their municipal accounts.

**Financial Statement ratios**

Indicator	30 June 2015	30 June 2014	%
Expenditure Categories as a percentage of Total Expenses:			
Employee related costs	17 127 653	17 140 952	-1%
Remuneration of Councillors	1 905 710	1 691 001	13%
Debt Impairment	1 571 037	120 865	1200%
Depreciation and Amortisation	11 269 202	10 802 884	4%
Repairs and Maintenance	2 177 261	772 000	182%
Finance Charges	2 169 900	1 753 475	19%
Bulk Purchases	6 488 302	6 541 859	1%
Grants and Subsidies Paid	0	2 900	(100)%
Other Operating Grant Expenditure	3 427 328	6 223 968	(45)%
General Expenses	9 081 680	2 704 632	236%

**Operating Results**

Details of the operating results per category of expenditure are included in Note.36.2

The overall operating results for the year ended 30 June 2015 are as follows:

Details	Actual 2015 R	Actual 2014 R	Percent Variance %	Budgeted 2015	Variance Act/Bud %
Operating income for the year	(51 519 543)	(48 419 064)	6%	(49 186 547)	5%
Operating expenditure for the year	55 218 073	47 754 536	16%	62 802 386	(12)%
(Surplus) / Deficit	5 142 203	(696 796)		13 615 839	

**Capital Expenditure**

The expenditure on property, plant and equipment during the year amounted to R10 699 523 (2014/2013: R 10 318 064) and in percentage terms amounts to 102% of budget. Full details of property, plant and equipment are disclosed in note number 10 to the financial statements.

**Long Term Liabilities**

	<b>2015</b>	<b>2014</b>
	<b>R</b>	<b>R</b>
The outstanding amount at 30 June was:	2 529 318	2 701 696

No new loans were taken out during the financial year.

**Non-current Employee Benefits**

Liability for post-retirement medical benefits	2 854 000	2 612 000
Liability for long-service awards	1 475 000	1 211 000

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

Refer to note number 3 for more detail.

**Current Liabilities**

Current liabilities are made up as follows:

	<b>2015</b>	<b>2014</b>
	<b>R</b>	<b>R</b>
Consumer deposits	168 100	284 575
Current Employee benefits	1 533 329	1 824 130
Provisions	21 835 207	20 748 470
Taxes	514 369	787 008
Current Portion of Long-term Liabilities	294 965	270 521
Payables from Exchange Transactions	8 397 477	6 204 978
Unspent Conditional Government Grants and Receipts	0	349 714
Total current liabilities as at 30 June	<u>32 743 446</u>	<u>30 819 110</u>

**Property, plant and equipment**

The net value of property, plant and equipment at 30 June	<u>281 533 258</u>	<u>282 295 835</u>
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Refer to note 10 for more detail.

**Investment Property**

	<b>2015</b>	<b>2014</b>
	<b>R</b>	<b>R</b>
The net value of investment property at 30 June:	25 252 145	25 602 580

Refer to note 11 for more detail.

**Intangible Assets**

The net value of intangible assets as at 30 June 308 994      319 980

These are assets without physical value and are all in respect of computer software.

Refer to note 12 for more detail.

**Long-term Receivables**

The net value of long term receivables at 30 June: 3 474 691      3 342 513

Refer to note 13 for more detail.

**Current Assets**

Current assets are made up as follows:

	<b>2015</b>	<b>2014</b>
	R	R
Inventory	7 900	21 890
Receivables from exchange transaction	4 951 132	4 739 098
Receivables from non-exchange transactions	1 220 788	1 156 923
Unpaid Conditional grants	186 534	379 522
Cash and cash equivalents	<u>2 918 473</u>	<u>3 149 182</u>
Total current assets as at 30 June	<u>9 284 826</u>	<u>9 446 615</u>

**Inter-Governmental Grants**

The municipality plays a significant role in improving the lives of the poor and in sustaining and improving infrastructure for all its citizens in applying grants received from government and other organisations for the attainment of aforementioned objectives.

Refer to note 19 for more detail.

**Events after the Reporting Date**

Full details of all known events after the reporting date are disclosed in note 43 to the financial statements.

**Expression of Appreciation**

I am very grateful for the support of the Councillors, the managers and staff of the municipality throughout the process of compiling the Financial Statements and Audit file.

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**S Myburgh**  
**Acting Chief Financial Officer**

.....  
**Date**