

CHAPTER 1: INTRODUCTION AND OVERVIEW

1.1 EXECUTIVE MAYOR`S FOREWORD

I am privileged to have the opportunity as Executive Mayor of Waterberg District Municipality to introduce the Annual Report for the 2009/ 2010 financial year.

The 2009/ 2010 financial year was very exciting and eventful. The report presents the progress made by Waterberg District Municipality with provision and expansion of services, coordination and support to Local Municipalities, as well as how the challenges encountered along the way were overcome and addressed.

1.1.1 Achievements

The Council has made tremendous strides towards achieving its objectives in all five key performance areas which are outlined in this report. The key performance areas are as follows:

- Municipal Institutional Transformation and Development
- Basic Service Delivery and Infrastructure Development
- Local Economic Development
- Municipal Financial Viability and Management
- Good Governance and Public Participation
- Spatial Rationale

Key achievements over the review period include the following:

- a) Achieving a clean audit opinion from the Office of the Auditor-General during 2008/2009 financial year.
- b) Improving integrated planning and performance management.
- c) Establishing an efficient, effective and accountable administration.
- d) Improving public participation in planning, development and decision making during IDP processes, as well as strengthening the IGR Forum, Municipal Manager`s Forum and Cluster committees.
- e) Celebrating the successful and well organized 2010 FIFA World Cup tournament ever hosted on the African continent by our country.

- f) Organizing a successful Public Viewing Area (PVA) at Ga-Shongoane Sports Complex during 2010 FIFA World Cup in partnership with Lephalale Local Municipality.
- g) Embarking on the establishment of Anti-Fraud and Corruption hotline district-wide.

1.1.2 The year ahead

Despite progress made during the 2009/ 2010 financial year, the Municipality is aware of many challenges that await, as listed below:

- a) Implementation of plans, policies and strategies.
- b) Resolving the issue of roads classification.
- c) Lack of staff in certain functional areas.
- d) Establishment of a functional WEDA.
- e) Follow-up on Public Participation programmes.
- f) Lack of investment in LED infrastructure.
- g) Retaining the unqualified audit report.
- h) All other challenges which are detailed in this report.

I would like to thank all members of the Council, officials and the public for their support.

LE P GWANGWA
EXECUTIVE MAYOR

1.2 OVERVIEW OF WATERBERG DISTRICT MUNICIPALITY

Waterberg District Municipality is one of the five district municipalities found in the Limpopo Province, South Africa. It is positioned on the Western part of the Province and comprises of six local municipalities namely, Bela- Bela, Lephalale, Modimolle, Mogalakwena, Mookgophong and Thabazimbi. It strategically positioned – not far from Gauteng Province, Northwest Province and also not far from Botswana either.

Like all the other district municipalities in the Limpopo Province, it is still facing developmental challenges and does not have adequate resources to provide basic services as enshrined in the Constitution, Vision 2014 and the Millennium Development Goals.. Waterberg District Municipality is not a water services authority. It therefore provides services such as municipal health, fire fighting and disaster management. The population in terms of Census 2001 is 614 041, as compared to the 514 044 of Community Survey of 2007. In all these statistics, the majority is the Africans and they live in the 198 villages.

Despite all the development challenges, Waterberg District Municipality is the undiscovered Gem of South African Treasures, land of intense beauty and color reflected in the environment and its people. It has comparative advantages in mining, tourism and agriculture which cannot be matched by any district in the province. The development of Medupi power station in Lephalale has the potential to influence the lives of the communities of Waterberg in a positive way.

POWERS AND FUNCTIONS

Currently Waterberg District Municipality performs the following core- functions only:

- Municipal Health Services
- Fire Fighting Services
- Local Economic Development & Tourism
- Municipal Planning
- Air Pollution
- Municipal Abattoir
- Disaster Management

Local Municipality	Number of Wards
1. Bela-Bela	8
2. Lephalale	12
3. Modimolle	8
4. Mogalakwena	32
5. Mookgophong	4
6. Thabazimbi	10
TOTAL	74

Population Statistics: Census 2001

Local Municipality	Population	No of Households	% of District Municipality
Bela_ Bela	52 122	12 279	8,4
Lephalale	96 074	23 401	15,6
Modimolle	72 797	17 536	11,9
Mogalakwena	298 419	68 010	48,6
Mookgophong	30 746	6 977	5,0
Thabazimbi	63 881	20 280	10,4
WATERBERG	614 041	148 483	100

Source : Statistics South Africa: Community survey: 2007

Labour force

	2001 Census	2007 Community survey
Employed	140 377	141 170
Unemployed	62 621	141 170
Not economically active	165 485	154 514

Income distribution

Monthly income	Number of people	Percentage
No income	244 390	42,25
R1- R400	137 601	23,79
R401- R800	40 662	7,03
R801- R1 600	83 763	14,48
R1 601- R3 200	24 357	4,21
R3 201- R6 400	22 054	3,81
R 6 401—R12 800	16 405	1,00
R12 801- R25 600	5 799	1,00
R25 601-R51 200	2 097	0,36
R51 201- R102 400	852	0,15
R102 401-R 204 800	507	0,09
Over R204 801	333	0,06

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Source : Statistics South Africa : Community Survey 2007

Council Composition

Waterberg District Council has 33 seats and one of which remains vacant. The Council comprises of 32 councillors of which 13 are directly elected whilst 19 are indirectly elected. Three traditional leaders attend the councillors represented hereunder are reflected as from March 2006 to date. The erstwhile Executive Mayor is now MEC: Roads and Transport and was replaced in May 2009.

Members of Council

Executive Mayor	:	Councillor LEP Gwangwa
Speaker	:	Councillor ZE Moeletsi
Chief Whip	:	Councillor MM Lamola

Members of Mayoral Committee	:	Councillor MD Mabote
		Councillor SJ Madela
		Councillor MJ Makhafole
		Councillor SM Molekwa
		Councillor RE Mothibi
		Councillor MJ Rakgwale

Councillors	:	Councillor AE Basson
		Councillor MP Kekana
		Councillor MP Kekana
		Councillor ME Lefawana
		Councillor VB Machine
		Councillor SK Makgae
		Councillor RJ Makgoba
		Councillor LS Manamela
		Councillor GS Matsietsa
		Councillor MP Modiba
		Councillor TE Mokhonoana
		Councillor MAD Monama
		Councillor RN Monene
		Councillor ML Moremi
		Councillor TP Mphahlele
		Councillor LR Seanego
		Councillor M Selomo
		Councillor MA Setlhare
		Councillor PH Tsebe
		Councillor LW Van Aswegen

Councillor JD Van Heerden

Traditional leaders:

**Kgosi PT Matlala
Kgosi MS Ledwaba
Kgosi PD Seleka**

Section 80 Committees:

SOCIAL DEVELOPMENT & COMMUNITY SERVICES	
Chairperson : Councillor MJ Rakgwale	Members : Councillor TP Mphahlele Councillor ML Moremi Councillor L Seanego Councillor M Selomo
INFRASTRUCTURE DEVELOPMENT	
Chairperson : Councillor RE Mothibi	Members : Councillor MAD Monama Councillor RN Monene Councillor SM Molekwa Councillor J Vreugdenburg Councillor RJ Makgoba
BUDGET & TREASURY	
Chairperson : Councillor SJ Madela	Members : Councillor MM Lamola Councillor AE Basson Councillor MP Modiba Councillor SK Makgae
PLANNING & ECONOMIC DEVELOPMENT	
Chairperson : Councillor SM Molekwa	Members : Councillor LW Van Aswegen Councillor PH Tsebe Councillor ME Lefawane Councillor GS Matsietsa Councillor MP Kekana
GENDER,SPORTS,ARTS & CULTURE	
C hairperson : Councillor MJ Makhafola	Members : Councillor KN Ramohlale Councillor MA Setlhare Councillor JD Van Heerden Councillor TE Mokhonoana
TRANSFORMATION & ADMINISTRATION	

Chairperson : MD Mabote

**Members : Councillor OO Modise
Councillor VB Machine
Councillor LS Manamela
Councillor MP Kekana**

1.3. EXECUTIVE SUMMARY

This is the third annual report which gravitates the municipality towards the end of term of office of the current Municipal Council which started on 1 March 2010. It gives council an opportunity to genuinely and honestly reflect on the impact of the municipality on the lives of the community. It further contains the important milestones which the municipality was able to achieve and areas which need attention in the new financial year- 2010/11 and even beyond.

This year South Africa was able to showcase her ability to hold big events one of which is the soccer world tournament. The hosting was done with great distinction. Waterberg District Municipality was given a responsibility to manage the Public Viewing Area at Ga- Monyeki in Lephalale Municipality. The commitment and hard work was clearly seen by all and can be translated into dealing with service delivery matters.

The current council will be remembered for obtaining clean audits in their tenure. From 2007 to date, Waterberg District Municipality was able to obtain unqualified audit reports consistently. In more ways than one, it has been possible to consolidate internal controls and to deal with the audit queries. This commitment has earned WDM its status of the Clean Audit Ambassador in 2009.

This report also marks a significant change in that performance in 2009/10 has improved by 20% when compared to 2008/9. The implementation of rollover project has improved by 30% . The municipality is on course in its attempts to deal with rollover projects. This improvement was largely caused by starting with SCM process in advance. There is an opportunity not only to open the accountability chain in the form of reporting but also to be responsive to the needs of the community to the extent that the strategic agenda of local government was implemented over the years.

Unlike the Annual Report of 08/09, this report has addressed the performance related queries and has successfully linked the Annual Report to the Midyear Performance Assessment Report. In short the Mid –year Report is contingent on the Annual report.

Department of Local Government and Housing has advised all the municipalities in the province to use chapter five format in which case the departments in municipalities will

record their achievements to name but few issues. The involvement of the Oversight Committee and Audit Committee is a necessary vanguard against a temptation of self appraisal and serves to improve the objectivity levels of the report.

The success of Waterberg lies in its people. The various stakeholders have all contributed to this success. This report is a true reflection of the activities of the municipality under period of review. Indeed the challenge of success lies in its sustainability. The success story of Waterberg cannot be separated from its people. It is true that leadership was able to focus on the top line while management focused on the bottom line.

In less than 8 months, local communities will be renewing their confidence in the local sphere of government by going to the polls. The determination to deepen local democracy is derived also from the kind of service which was offered by local municipalities. In as much as the leadership wants to maximize votes, the local communities want to maximize service value.

This report is true reflection of the activities of the municipality for the period under review. It is my pleasure to present it to the people of Waterberg and other interested stakeholders.

MV LETSOALO

MUNICIPAL MANAGER

CHAPTER 2: PERFORMANCE HIGHLIGHTS

The performance of the municipality is measured against its targets which were enshrined in the SDBIP and relates also to the Mid- Year Report which was submitted in January 2010. The capital projects are contained in the IDP.

2.1 Key Performance Indicators

KPA	2008/9 Actual result	2009/10 Targets	Strategic Objectives	KPI	2009/10 Actual result	Evidence	Remedial action
TOD	10	4	To strengthen district capacity to provide services	Number of policies reviewed	10	Attendance register and Minutes/resolutions	NA
	0	6	To strengthen district capacity to provide services	Number of municipalities supported through capacity building on PMS	4	IPM Closure Report	NA
	7%	5%	To strengthen capacity to provide services	% decrease in personnel turnover	3%	HR Report	NA
	4	4	To strengthen district capacity to provide services	Number of quarterly reports submitted to Council	0	Annual Report	Follow Performance Assessment Schedule
	0	2	To strengthen district capacity to provide services	Review of PMS framework and policy	2	Council Resolution	NA
	4	4	To strengthen district capacity to provide services	Number of performance assessments done	4	Municipal Managers Report	NA
	1	1	To strengthen district capacity to provide services	High credible IDP document	1	MEC Report	NA

	7	7	To strengthen district capacity to provide services	Number of S57 Staff with signed performance agreements(PAs)	5	Signed Performance Agreements	Sign PA one Month after appointment
	90%	95%	To strengthen district capacity to provide services	% of people from employment equity target groups employed in three highest levels of management	95%	EE Report	NA
	R300 000	R350 000	To strengthen district capacity to provide services	R- value of training budget spent	R174 000	WSP	Use Training Schedule to Monitor the implementation Of WSP
	100%	100%	To strengthen district capacity to provide services	% of job descriptions developed for new posts	100%	Signed job descriptions	NA
	6	12	To strengthen district capacity to provide services	Number of Labour Forum meetings held	4	Minutes and attendance register	Use sub-committees to Comply with ORA
	0	3	To strengthen district capacity to provide services	Number of contract management reports submitted	2	Contract management report	NA
BSD	100%	100%	To provide environmental framework and municipal health services to the community	Percentage of waterborne diseases investigated within 5 days	150%	Performance Plan	NA
	0	0	 To provide environmental framework and municipal health	Number of district areas affected by poor water quality	0	Performance Plan	NA

			services to the community				
	80%	80%	To provide environmental framework and municipal health services to the community	Percentage of food samples complying to standards	80%	Performance Plan & Performance files	NA
	100%	100%	To provide environmental framework and municipal health services to the community	Percentage of landfill sites monitored for compliance	100%	Performance Plan & Performance files	NA
	80%	100%	To provide environmental framework and municipal health services to the community	Percentage of municipal health complaints resolved within 5 days	100%	Performance Plan & Performance files	NA
	100%	100%	To provide environmental framework and municipal health services to the community	Percentage of food samples complying to standards	100%	Performance Plans	NA
	-	100%	To provide environmental framework and municipal health services to the community	Percentage of food poisoning cases investigated	100%	Performance Plans	NA
	4	11	To provide environmental framework and municipal health services to the community	Number of food control committee meetings held	17	Performance Plans	NA
	100%	100%	To provide environmental framework	Percentage of hygiene awareness	100%	Performance plans	NA

			and municipal health services to the community	campaigns supported			
	4	4	To provide environmental framework and municipal health services to the community	Number of health and hygiene awareness campaigns held	15	Performance plans	NA
	100%	100%	To provide environmental framework and municipal health services to the community	Percentage of health facilities inspected for compliance	100%	Performance Plans	NA
	100%	100%	To provide environmental framework and municipal health services to the community	Percentage of schools visited	100%	Performance Plans	NA
	4	4	To provide environmental framework and municipal health services to the community	Number of district health meetings attended	4	Performance Plans	NA
	100%	100%	To provide environmental framework and municipal health services to the community	Percentage of schools monitored on health conditions	100%	Performance Plans	NA
	100%	100%	To provide environmental framework and municipal health services to the	Percentage reduction in disaster	100%	Performance Plans	NA

			community				
	100%	100%	To provide environmental framework and municipal health services to the community	Percentage	100%	Performance plans	NA
	4	4	To facilitate provision of basic services including roads and transport infrastructure.	Number of energy forum meetings held	4	Performance Plans	NA
	4	4	To facilitate provision of basic services including roads and transport infrastructure.	Number of MIG co ordination meetings	4	Performance plans	NA
LED	1	1	To unlock and stimulate the mining, tourism and agriculture potential	Number of EPWP projects implemented	1	Performance plans	NA
	60	70	To unlock and stimulate mining, tourism and agriculture potential	Number of jobs created through capital infrastructure projects	91	Performance Plans	NA
	10	40	To unlock and stimulate mining, tourism and agriculture potential	Number of jobs created through LED projects	30	Performance Plans	NA
FVM	100%	34%	To provide financial management services that enhance viability and meet the	Percentage of MSIG utilisation	53%	Performance Plans	Monitor Implementation of Activity Plan

			requirements of the MFMA				
	10%	10%	To provide financial management services that enhance viability and meet the requirements	Less than 10% variance on capital works plan	34%	Performance Plans	Use of Contract management reports
	10%	10%	To provide financial management services that enhance viability and meet the requirements	Less than 10% variance on operating budget	17%	Performance plans	Filling of vacant posts
	100%	100%	To provide financial management services that enhance viability and meet the requirements	Percentage of GRAP Compliance of Asset Register	100%	Performance plans	NA
	100%	100%	To provide financial management services that enhance viability and meet the requirements	Percentage of debt coverage	NA	S71 Reports	NA
	40%	40%	To provide financial management services that enhance viability and meet the requirements	Percentage of service debtors to revenue	48%	S66 Reports	Long outstanding debts have been handed over to lawyers
	100%	100%	To provide financial management services that enhance	Percentage of cost coverage	451%	SDBIP Performance Report	Savings were committed to the 10/11 IDP

			viability and meet the requirements				
	12	12	To provide financial management services that enhance viability and meet the requirements	Number of project status report on capital budget spent	12	Project Status Report	NA
	-	3	To provide financial management services that enhance viability and meet the requirements	Number of contract management reports submitted	3	Contract Management Reports	NA
	1	1	To provide financial management services that enhance viability and meet the requirements	Submission of AFS by 31 August	1	Submitted on 29 August 2010	NA
	12	12	To provide financial management services that enhance viability and meet the requirements	Number of MFMA s71 reports submitted	12	Performance Plans	NA
	4	4	To provide financial management services that enhance viability and meet the requirements	Number of MFMA s52 reports submitted	4	Performance Plans	NA
	4	4	To provide financial management services that	Number of MFMA s 66 reports submitted	4	Performance Plans	NA

			enhance viability and meet the requirements				
	1	1	To provide financial management services that enhance viability and meet the requirements	Number of MFMA annual reports submitted	1	Performance Plans	NA
	12	12	To provide financial management services that enhance viability and meet the requirements	Number of monthly finance management grant reports	12	Performance Plans	NA
	12	12	To provide financial management services that enhance viability and meet the requirements	Number of Municipal Systems Improvement Grant reports submitted	12	Performance Plans	NA
	-	100%	To provide financial management services that enhance viability and meet the requirements	Percentage of tenders adjudicated within 90 days of closure of tender	100%	Performance Plans	NA
	-	40%	To provide financial management services that enhance viability and meet the requirements	Percentage of contracts awarded to HDI	66%	Performance Plans	NA
	-	5%	To provide financial management	Percentage of contracts awarded to	30%	Annual Economic Empowerment Report	NA

			services that enhance viability and meet the requirements	Youth			
	-	5%	To provide financial management services that enhance viability and meet the requirements	Percentage of contracts awarded to women	44%	Annual Empowerment	NA
	-	1%	To provide financial management services that enhance viability and meet the requirements	Percentage of contracts awarded to People with disabilities	0%	Performance Plans	Established District Council for PWDs to Enhance participation in the economy
GGPP	-	100%	To strengthen District capacity to provide services	Percentage of IGR resolutions implemented	70%	Performance Plans	Follow up on Resolutions Report
	100%	100%	To strengthen District capacity to provide services	Percentage of Council resolutions implemented	80%	Performance Plans	Follow up on Resolutions Schedule
	3	4	To strengthen District capacity to provide services	Number of District Municipal Managers Forum meeting held	3	Resolutions Report and Attendance Register	Follow IGR Schedule
	100%	100%	To strengthen District capacity to provide services	Percentage of local imbizo issues resolved	80%	Performance Plans	Follow IGR Schedule
	100%	100%	To strengthen District capacity to provide services	Percentage of Provincial imbizo issues raised	100%	Performance Plans	
					57%	Audit Query	Commitment to

	100%	100%	To strengthen District capacity to provide services	Percentage of audit queries resolved		Resolution Plan	implement plan
	4	4	To strengthen District capacity to provide services	Number of Audit Committee Meetings held	4	Performance Plans	NA
	4	4	To strengthen District capacity to provide services	Number of G& A cluster meetings held	4	Performance Plans	NA
	4	4	To strengthen District capacity to provide services	Number of Economic cluster meeting held	4	Performance Plans	NA
	4	4	To strengthen District capacity to provide services	Number of Infrastructure cluster meeting held	4	Performance Plans	NA
	4	0	To strengthen District capacity to provide services	Number of social cluster meeting held	1	Performance Plans	Follow Social Cluster schedule
	4	1	To strengthen District capacity to provide services	Number of CFO forum meeting held	4	Performance Plans	Reduce target to 2 meetings
	100%	100%	To strengthen District capacity to provide services	Percentage of identified risks addressed	50%	Risk Report	Commitment to implement Plan
	3	4	To strengthen District capacity to provide services	Number of IDP Representative Forum meetings held	3	Performance Plans	Follow IDP Process Plan
	6	4	To strengthen	Number of IDP	4	Performance Plans	NA

			District capacity to provide services	road shows held			
	4	4	To strengthen District capacity to provide services	Number of Communicators forum meeting held	2	Performance Plans	Develop and follow CCF
	4	4	To strengthen District capacity to provide services	Number of ordinary council meeting held	4	Performance Plans	NA
	1	4	To strengthen District capacity to provide services	Number of Speakers Forum meeting held	1	Performance Plans	Develop and follow IGR Schedule
	4	1	To strengthen District capacity to provide services	Number of Chief Whip Forum meeting held	1	Performance Plans	Develop and follow IGR Schedule
	-	4	To strengthen District capacity to provide services	Number of District HIV/AIDS Council meetings held	1	Performance Plans	Develop and follow Schedule
	-	4	To strengthen District capacity to provide services	Number of District Disability Desk meetings held	3	Performance Plans	Develop and follow Schedule
	-	4	To strengthen District capacity to provide services	Number of newsletters published	3	Performance Plans	Unblock SCM related delays
	1	1	To strengthen District capacity to provide services	Number of customer satisfaction surveys conducted	0	Performance Plans	Commitment to implement plan
	1	4	To strengthen District	Number of gender reports	1	Performance Plans	Use Performance

			capacity to provide services	submitted			Plan for Special Projects
	100%	100%	To strengthen District capacity to provide services	Percentage of DIF (IGR) resolutions implemented	70%	Performance Plans	Follow up on resolutions not executed

2.2 2009 /10 Capital Projects

KPA	Name of project	08/09 Budget	2009/ 10 IDP Budget	Objectives	Target	Actual budget spent	Actual result	Evidence
TOD	Procurement of movable assets	-	R1 000 000	To strengthen District capacity to provide services	100%	R433 105	43%	Project Status Report
	IFMS	R 2000 000	R2000 000	To strengthen District capacity to provide services	100%	Deferred to 10/11 IDP	0%	Project Status Report
	PMS	R	R500 000	To strengthen District capacity to provide services	100%	R489 506 Savings	97%	Project Status Report
	Upgrade of main storeroom	-	R600 000	To strengthen District capacity to provide services	100%	R487 535	81% Savings	Project Status Report
	Cabling of Lephalale Disaster Centre	-	R150 000	To strengthen District capacity to provide services	100%	R133 587 Savings	100%	Project Status Report
	IT MSP	-	R500 000	To strengthen District capacity to provide services	100%	R376 663 Savings	100%	Project Status Report
	Team building	-	R300 000	To strengthen District capacity to provide services	100%	R300 000	0%	Project Status Report
	Training of volunteer fire fighters	R300 000	R150 000	To strengthen District capacity to provide services	100%	R67 536	100% Savings	Certificates of competence
BSD	Municipal Health plan	-	R 1000 000	To provide environmental framework and municipal services to the	100%	R662 754	100% savings	Project Status Report

				community				
	Mogalkwena-Rescuer Pumper vehicle	-	R2 632 000	To provide disaster management and fire fighting services.	100%	R2 386 342	100%	Project Status Report & Rescue Pumper
	Mogalakwena-Medium Pumper Vehicle	-	R 1900 500	To provide disaster management and fire fighting services.		R 1 557 872	100% Savings	Project Status Report & Pumper Vehicle
	Mogalakwena- skid Units	-		To provide disaster management and fire fighting services.	100%	R 398 550	100%	Project Status Report
	Modimolle-Vehicle & Equipment	-	R 265 000	To provide disaster management and fire fighting services.	100%	R 245 907	100% Savings	Project Status Report Vehicle & Equipment
	Lephalale- Skid Unit and water tank	-	R265 000	To provide disaster management and fire fighting services.	100%	R279 614	100%	Skid unit & water tank
	Water Sampling Software	-	R1 000 000	To provide environmental framework and municipal health services to the community	100%	R123 700	100% Savings	Project Status Report and Software system
	WDM- Standby-Generator	-	R600 000	To provide disaster management and fire fighting services.	100%	R537 585	100% Savings	Project Status Report
	Thabazimbi Fire truck	-	R1 500 000	To provide disaster management and fire fighting services.	100%	R 906 527	100% Savings	Fire Truck
	Bela- Bela Equipment	-	R61 500	To provide disaster management and fire fighting services.	100%	R47 674	100% Savings	Equipment
	Waterberg- 4x4 LDV		R300 000	To provide disaster management	100%	R287 889	100% Savings	LDV

				and fire fighting services.				
	Review of Disaster management and Framework	-	R200 000	To provide disaster management and fire fighting services.	100%	R173 750	100% Savings	Reviewed Management Plan & Framework
	Wendy Houses	-		To provide disaster management and fire fighting services.	100%	R434 00		
	Maintenance of landfill sites	-	R2 000 000		100%	R 1 144 316	100% Savings	Project Status Report
LED	Coordination of District wide LED	-	R200 000	To unlock & stimulate mining,tourism & agricultural potential	100%	R180 768	80% Savings	Project Status Report
	Tourism development	-	R1 088 487	To unlock & stimulate mining,tourism & agricultural potential	100%	R680 733	62% Savings	Project Status Report
	Biosphere Meander	-		To unlock & stimulate mining,tourism & agricultural potential	100%	R419 065	100% Savings	Project Status report
	WEDA	-	R150 000	To unlock & stimulate mining,tourism & agricultural potential	100%	R21 294	14% Savings	Project Status Report
	Signage	-	R750 000	To unlock & stimulate mining,tourism & agricultural potential	100%	R4 040	0,53% Savings	Project Status Report
	Modimolle-Security Cameras	-	R800 000	To unlock & stimulate mining,tourism & agricultural potential	100%	R800 000	100%	Project Ststus Report
	2010 World Cup Coordination	-	R1 050 000	To provide disaster management and fire fighting services.	100%	R171 311	16% Savings	Project Status Report
	Biosphere Development	-	R50 797	To unlock & stimulate	100%	R50 797	0%	Project Status Report

	Strategy			mining,tourism & agricultural potential				
	Land use development policy	-	R650 000	To unlock & stimulate mining,tourism & agricultural potential	100%	R637 680	100% Savings	Project Status Report
FVM	Donor funding strategy	-	R200 000	To provide financial management services that enhance and meet the requirements of MFMA	100%	R200 000	100%	Donor Funding Strategy
	BEE Scorecard	-	R200 000	To provide financial management services that enhance and meet the requirements of MFMA	100%	R177 103	100% Savings	BBBEE scorecard
GGPP	District Public Participation –IDP	-	R600 000	To strengthen District capacity to provide services	100%	R600 000	100%	Printed documents
	District Public Participation- EMO	-	R1 000 000	To strengthen District capacity to provide services	100%	R714 550	100% Savings	Programmes
	Learning & Sharing	-	R200 000	To strengthen District capacity to provide services	100%	R20 000	20% Savings	Project Status Report
	Moral regeneration	-	R150 000	To strengthen District capacity to provide services	100%	R6 900	5% Savings	Project Status Report
	Gender	-	R200 000	To strengthen District capacity to provide services	100%	R101 665	51 % Savings	Project Status Report
	HIV/AIDS	-	R150 00	To strengthen District capacity to provide services	100%	R90 664	60% Savings	Project Status Report
	People with Disability	-	R100 000	To strengthen District capacity to provide	100%	R50 000	50% Savings	Project Status Report

				services				
	Youth	-	R200 000	To strengthen District capacity to provide services	100%	R200 000	100%	Project Status Report
	Anti Fraud hotline	-	R150 000	To strengthen District capacity to provide services	100%	R42 168	28% Roll over	Project Status Report
	Golf and life skills	-	R	To strengthen District capacity to provide services	100%	R207 000		
	Co ordination of sports	-	R800 000	To strengthen District capacity to provide services	100%	R477 586	59%	Project Status report
SR	Land use development policy	-	R650 000	To unlock & stimulate mining, tourism & agricultural potential	100%	R637 680	100% savings	Project Status Report
Total		-	R25 205 000		100%	R15 076 076	66%	

2.3 Roll over projects

KPA	Name of Project	08/09 Budget	2009/10 Projected budget	Strategic objectives	Target	2009/10 Actual budget	Actual result	Evidence
TOD 1	Procurement of movable assets	R988 944.67	R988.944.67	To ensure effective corporate services	100%	R988 944.67	100%	Project Status Report
2	Performance Management System	R 3 685 053.08	R3 685	To ensure effective corporate services	100%	R3 865 053.08	100%	Project Status Report
3	Integrated Financial Management System	R 2 500 000	R2 500 000	To ensure effective corporate services	100%	R13 054.68	0,32%	Project Status Report
4	Master IT Plan	R347 214.10	R347 214.10	To ensure effective corporate services	100%	R347 214,10	100%	Project Status Report

5	Conveyancing	R458 024.05	R458 024.05	To ensure effective corporate services	100%	R458 024.05	100%	Project Status Report
BSD	Northam Sewer	R354 098.80	R354 098.80	To implement District municipal services	100%	R354 098.80	100%	Project Status Report
6	Modimolle Disatser Management centre	R995 061.71	R995 061.71	To implement District municipal services	100%	R995 061.71	100%	Project Status Report
7	Lephalale Disaster Management Centre	R1 789 772.73	R1 789 772.73	To implement District municipal services	100%	R1 789 772.73	100%	Project Status Report
8	Rust de winter bridge	R 3 186 478.69	R3 186 478.69	To implement District municipal services	100%	R3 186 478.69	100%	Project Status Report
9	Land fill sites	R 1 613 054.01	R1 613 054.01	To implement District municipal services	100%	R1 613 054.01	100%	Project Status Report
LED 10	Upgrading of abattoir	R 1 814 434.99	R1 814 434.99	To implement District municipal services	100%	R 1 814 434.99	100%	Project Status Report
11	Wildlife centre	R2 980 615.30	R 2 980 625.30	To implement District municipal services	100%	R2 581 359.51	100%	Project Status Report
12	Tourism development	R249 358	R249 358	To promote management capacity in district municipal area	100%	R249 358	100%	Project Status Report
13	Biosphere Development Strategy	R699 203	R699 203	To promote management capacity in district municipal area	0%	R699 203	100%	Project Status Report
14	Integrated Transport Plan	R366 052	R366 052	To promote management capacity in district municipal area	90%	R329 851	100%	Project Status Report
15	Integrated Financial Management	.32	.32	To promote management	100%	.32	100%	Project Status Report

FVM	System			capacity in district municipal area				
16 GGPP	Public Participation- IDP	R119 463.75	R119 463.75	To promote management capacity in district municipal area	100%	R119 463.75	100%	Project Status Report
17	Communication	R 660 238.43	R660 238.43	To promote management capacity in district municipal area	100%	R660 238		Project Status Report
18	Safety and Security Summit	R88 660	R88 660	To promote management capacity in district municipal area	100%	R88 660	100%	Project Status Report
19	Service delivery Summit	R351 340	R351 340	To promote management capacity in district municipal area	100%	R351 340 Roll over	100%	Project Status Report
20	Sports, Arts and Culture	R 685 840.48	R685 840.48	To promote management capacity in district municipal area	100%	R685 840.48	100%	Project Status Report
21 SR	Review of SDF	R 21 930	R21 930	To provide a sound district regulatory framework	100%	R21 930	100%	Project Status Report
SR	Total	R22 068 757.95				R21 561 441	89%	Project Status Report

2.4 External Service provider

Legend

1= Failure

2= Neither nor success

3= Limited success

4= Successful

5= Very successful

HDI	Name of Service provider	Type of service	Date awarded	Completion date	Amount awarded	Rating of service	Reason for poor service
1	Volkswagen	Supply of Mayoral vehicle	29 July 2009	30 June 2010	R581 931.32	5	
2	Xuma Technologies	Supply of IT equipments	22 July 2009	30 June 2010	R204 993.96	4	
3	Lesmer Civils and Projects	Rehabilitation of landfill sites	06 July 2009	31 March 2010	R312 750	4	
4	Ariano 4 CC	Upgrading of main storage room	03 September 2009	31 March 2010	R485 635.08	2	Poor quality of work
5	DL Consulting	Health Plan	03 September 2009	23 March 2010	R662 784	5	
6	Fire & Emergency Vehicles (PTY) Ltd	Supply and delivery of skid units	03 September 2009	15 December 2009	R398 550	5	
7	E & D motors	Supply and delivery of skid units	03 September 2009	12 February 2010	R434 737	5	
8	Fire & Emergency (PTY)	Supply and delivery of Medium Pumper	03 September 2009	30 October 2009	R1 813 059	3	Extension of time frame
9	Marce Fighting Technologies	Supply and delivery of Medium pumper	03 September 2009	30 June 2010	R1 577 872.20	5	
10	Fire & Emergency Vehicles(PTY) Ltd	Supply and delivery of skid units and fire	03 September 2009	30 June 2010		3	

		equipments					
11	Immaculate Management Services		11 September 2009	31 March 2010	R693 225.15	2	
12	Lepelle Waste Management	Rehabilitation of landfill sites	11 September 2009	31 March 2010	R316 500	3	
13	First National Bank	Banking service	03 September 2009	Ongoing	Schedule	4	
14	Taemane Blue & Ermex	Compilation of BBBEE scorecard	03 September 2009	24 June 2010	R250 315	5	
15	Mma Otlie Communications	Network cabling	03 September 2009	11 Dec 2009	R133 857.36	4	
16	Disaster Management Solutions	Review of Disaster Management Framework and Plan	03 September 2009	15 December 2010	R173 750	5	
17	E & D Motors	Supply of 4x4 LDV	03 September 2009	12 February 2010	R287 881.31	3	Extension of time frame
18	Prism Architects	Modimolle Disaster Management centre	03 September 2009	31 March 2010	R366 070	2	
19	Deloitte & Touche	Anti fraud service	03 September 2009	Ongoing	R464 997	3	
20	Zambe Press	Production of newsletter	03 September 2009	ongoing	R655 596.01	4	
21	Fawcett Security Services	Security services	02 November 2009	ongoing	R961 199.76	3	
22	AON south Africa	Insurance service	03 September 2009	Ongoing	R356 064.32	4	
23	Global Business solutions	Donor Funding	03 September 2009	10 February 2010	R425 700	4	
24	Leboyile Investments	Supply of Standby Generator	02 November 2009	10 June 2010	R299 990	4	

25	Leboyile Investments	Supply of standby generator	25 November 2009	10 June 2010	R292 990	4	
26	Interwaste(PTY) Ltd	Rehabilitation of landfill sites	25 November 2009	31 March 2010	R651 306.42	3	
27	Wingood Construction CC	Rehabilitation of landfill sites	02 November 2009	31 March 2010	R718 439.40	3	
28	Q soft technologies	Supply of ICT equipments	21 December 2009	30 June 2010	R288 095	3	
29	BAM Strategic marketing	Brand signage	21 December 2009	Ongoing	R550 000	2	Land negotaiatio
30	Be my guest Trading	Civil engineering	30 November 2009	31 March 2010	R385 310	2	
31	4 Brothers General Trading	Supply of wendy houses	13 April 2010	21 June 2010	R868 000	3	
32	Open Spatial Solutions	Supply of Municipal Health Information Systems	14 April 2010	29 June 2010	R241 470	5	
33	Madijo Trading Enterprises	Refurbishment of Chevrolet	13 April 2010	31 march 2010	R245 907	4	
34	Maborotho Trading Enterprise	Renovation of Council Foyer	13 April 2010	30 June 2010	R288 824	5	
35	G & C Consulting	Professional fees	13 April 2010	31 March 2010	R773 902	2	
37	KV3	Abattoir	04 April 2010	30 June 2010	R297 000	2	
38	Taemane Blue & Ernex	BBBEE scorecard	04 April 2010	24 June 2010	R103 362	4	
39	Contour Projects Managers CC	Biosphere Management Plan	28 June 2010	30 June 2010	R657 450	2	
					R20 765 170.01		

2.5.Long term contracts

No	Name of service provider	Type of service	Date awarded	Completion date	Amount awarded	Rating of service	Reason for poor service
1	Minolta	Leasing of photocopying machines	1 February 2008	31 July 2010	Schedule	2	Servicing of machines
2	Three Diamonds T/A	Supply, installatio and delivery of telephone	1 February 2008	Ongoing	Schedule	3	
3	Fawcett Security	Provision of security services	13 February 2009	12 June 2012	R74 715 per month	3	
4	Institute for Performance Management	Development and implementation of automated system	13 March 2009	12 June 2012	R 7 899 140	4	
5	Badiredi Travel	Provision of accommodation and travel services	27 May 2008	11 June 2011	Schedule	3	
6	Verveen Attorneys	Provision of legal services	04 June 2008	11 June 2011	Schedule	4	
7	AON Risk Services	Provision of insurance services	30 June 2009	12 June 2012	Schedule	3	
8	First National Bank	Provision of banking services	2 September 2009	14 October 2014	Schedule	5	
9	Deloitte & Touche	Provision of anti fraud hotline service	19 October 2009	12 March 2012	R464 997	4	
10	Fawcett Security	Extension and provision of security service	02 November 2009	12 February 2012	R961 199	4	
11	AON Risk	Extension of insurance cover	02 November 2009	12 June 2012	R356 064	4	
12	Global Business	Provision of donor funding	2 November 2009	12 November 2012	R425 700		

	Solutions	services					
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2.6. Progress report on of auditing of 2008/09 performance information

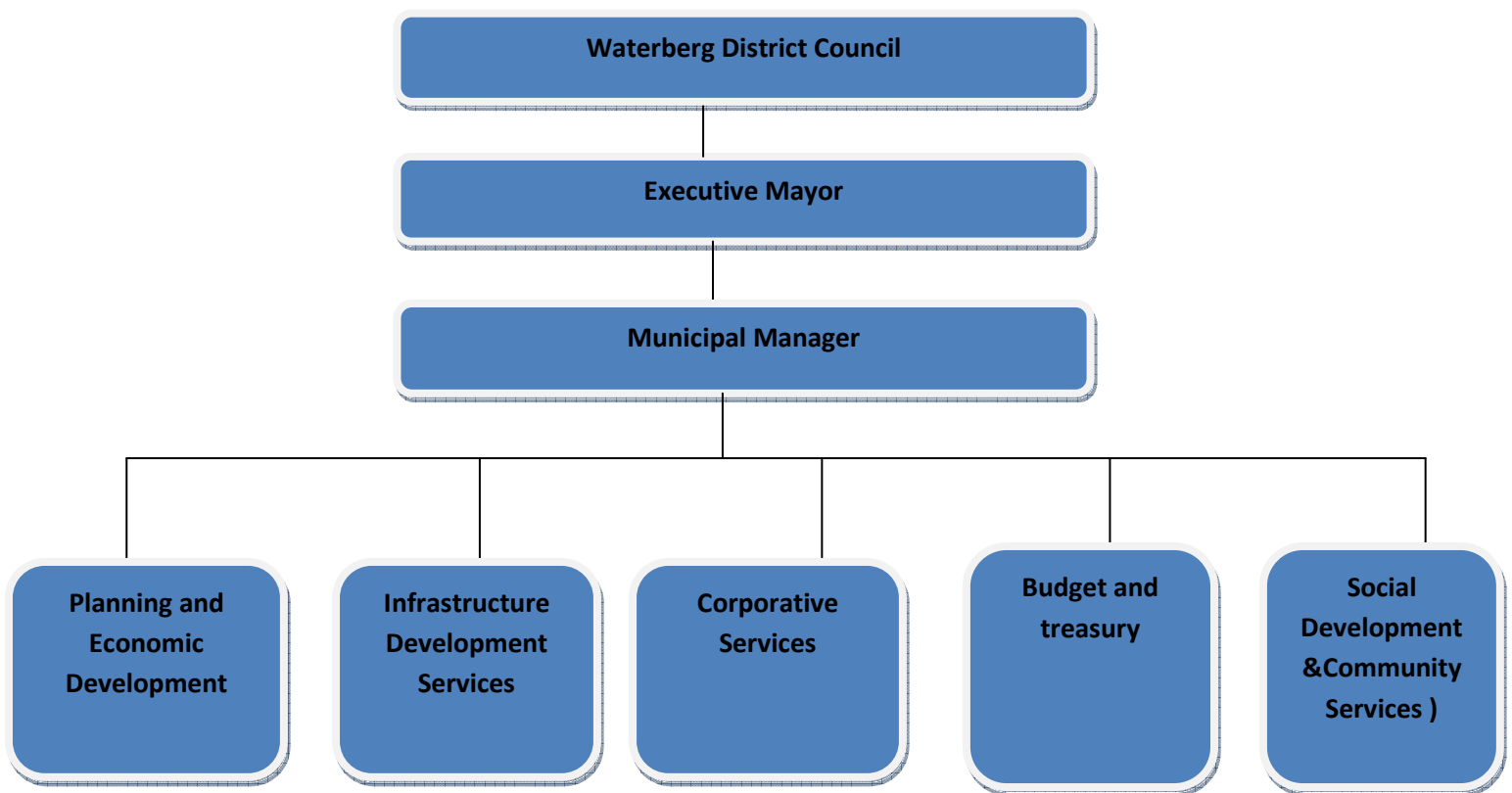
Performance information query	Progress	Evidence
1. Non involvement of the public in the IDP processes	3 IDP Representative Forum meetings convened	Minutes and attendance register Public notices
2. IDP document did not include all applicable General KPIs	KPIs on WSP, financial viability and Employment Equity included	2009/10 SDBIP and IDP
3. Content of Mid-year and Performance Assessment Report did not comply with section 72 of the MFMA	2009/10 Mid Year and Performance Report is complying	Mid-year and Performance assessment report signed on 21 January 2010
4. PMS policies and procedures were not developed	PMS framework and policy reviewed and adopted by Council	Council resolution and PMS documents
5. Internal audit of performance measures	Not completely resolved lack of staff	Internal audit reports
6. Usefulness and reliability of performance information	Ongoing	Quarterly Performance Files
7. Inconsistent reporting	Schedule developed but followed closely	Schedule and reports
8. Reported performance information not reliable	Ongoing but still to be improved	SDBIP
9. Reported information not compared to previous years	Improved comparison of actual results of 2008/09 and 2009/10	Performance chapter of the Annual Report
10. Source of information not accurate	Every senior manager keeps a portfolio of evidence	Managers' files
11. Lack of appropriate	PMS automated	IPM PMS system

information system		
12. Reported information not relevant	Interpretation of performance measures improved	SDBIP

CHAPTER 3 : HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT

3.1. Organisational Structure

Council approved the current organizational structure in 2007. An alignment between the Integrated Development Plan and the Organisational Structure still needs to be improved to accommodate changes in priorities. The plans to review the organizational structure in view of the realities of internal audit and other divisions are afoot and will be concluded during the adjustments budget in 2011. 90% of the budgeted positions were filled at the end of 2009/10 Financial Year.



3.2. Staff Information

Department	Total number of budgeted posts	Number of filled posts	Number of vacancies
Office of the Municipal Manager	12	9	3
Budget and Treasury Office	13	12	1
Corporate Support and Shared Services	20	16	4
Planning and Economic Development	27	26	1
Infrastructure Development	4	4	0
Social Development and Community Services	36	31	5
Office of the Executive Mayor	11	9	2
TOTAL	126	114	12

3.3. Employment Equity

Workforce as at 30 June 2010

Occupational levels	Male					Female				Total
	A	C	W	I		A	C	W	I	
Top Management	1									1
Senior Management	2			1		1		1		5
Professionally qualified and experienced specialists and mid management	13		3			9		2		27
Skilled	11		2			15				28

technical and academically qualified workers junior management,										
Semi- skilled and discretionary decision making	7					7				14
Unskilled and defined decision making	15					20	1			36
Total	49		5	1		52	1	3		114

3.4.Proposed numerical goals for 10/11

The numerical goals are informed by an Equity Plan which was adopted in 2007 and will be reviewed in 2011/12.

Occupational levels	Male					Female				Total
	A	C	W	I		A	C	W	I	
Top Management	1	0	0	0		0	0	0	0	1
Senior Management	4	0	0	1		1	0	1	0	6
Middle-Management	8	0	1	0		4	0	2	0	15
Skilled labour	2		1			2	1	0	1	6
Semi-skilled labour	25	1	5	1		26	2	6		71
Unskilled labour	6	0	10	1		7	1	11	1	20
Contract labour	7	2	2	2		8	3	4	2	30
Total	53	3	19	5		48	6	24	4	149

3.5.Skills Development Programme(WSP)

The Annual Training Report regarding the implementation of the Workplace Skills Plan was submitted to Local Government Sector Education and Training (LGSETA) on 30 June 2010.

Programme	Number of beneficiaries	Budget spent
Executive Leadership	4	R00
CPMD	2	R00
Business Communication	10	R59 000
Project Management	14	R70 000
Fleet Management	1	R10 000
Chairing disciplinary hearing	2	R6 000
Public Relations	1	R13 500
Law enforcement/Peace Officer Corpse	14	R40 501
Skills Development	7	R81 000
Diversity Management	106	R108 000
10	160	R388 000

3.6. Personnel expenditure

Financial year	R000	% of total expenditure
2005/06	16 737 306	14,2
2006/07	16 674 562	32,8
2008/09	32 052 559	31,1
2009/10	32 171 388	31,3

3.7. Pension and Provident Fund

Name of fund	Number of employees
Officials	
SAMWU National Provident Fund	1
Municipal Gratuity Fund	53
National Pension Fund for Municipal Workers	• 47
National Provident Fund for Municipal Workers	15
Municipal Employee Pension Fund	19
Government Employees Pension Fund	1
Councillors	
Municipal Councillors Pension Fund	20
TOTAL	161

NB. Some of the staff members belong to both a Pension Fund and a Provident Fund.

3.8. Medical Funds

Name of medical fund	Number of members
Key Health	19
Bonitas	23
Hosmed	1
LA Health	34
Parmed	1
TOTAL	78

The Municipality's actual expenditure for 2009/10 in respect of employers contribution for both pension and medical aid amounted to R????

3.9. Arrears owed

No loans were granted for councilors for the period under review and outstanding debts prior to the promulgation of the Municipal Finance Management Act were written off.

3.10. Salary disclosure

3.10.1 Councillors

Councillor	2007/08	2008/09	2009/10
Full time Executive Mayor	R435 199	R538 575	R576 275
Full time Speaker	R362 058	R430 860	R461 020
Full time Mayoral Committee Member	R251 637	R403 931	R432 206
6 Part time Mayoral Committee Members	R670 624	R714 565	R796 586
24 Part time Councillors	R1 146 221	R1 164 559	R1 183 369
Traditional Leaders	R00	R00	R00
TOTAL Council Contribution	R331 500	R372 806	R378 698

Over and above the salaries, full time receive a monthly cell phone of R1 425 whilst part time councilors receive a monthly cell phone allowance of R889.

3.10.2.Senior Management

Position	2007/08	2008/09	2009/10
Municipal Manager	780 000	R844 740	R929 214
Chief Financial Officer	666 600	750 000	R825 000
Manager: Corporate	690 000	747 270	R821 997

Support & Shared Services			
Manager: Infrastructure Development	R600 000	R649 800	R714 780
Manager: Planning & Economic Development	R594 000	R643 302	R707 633
Manager: Social Development and Community Services	R593 328	R584 093	R700 000
Manager : Office of the Executive Mayor	R508 800	R551 031	R606 135

Over and above the senior managers receive a monthly cell phone allowance of R1 000

3.11. Human Resources issues

- The turnover rate is now stabilized at average acceptance level of 3% .
- HRD cannot measure Return on investment(ROI).
- Recruitment of people with disabilities is lagging behind.
- Capacity building in scarce skills.
- Delays in implementation of new Job Evaluation System.
- Review of the organizational structure to accommodate the growth of the Internal Audit.

3. 12 . MUNICIPALITY ENTITY –WATERBERG ECONOMIC DEVELOPMENT AGENCY (WEDA)

The Waterberg Economic Development Agency was established in 2008.and its Board of Directors was established in terms section 23(f) of the Municipal Systems Act 32 of 2000. It is governed in terms of Companies Act 71 of 2008 which became operative in 2010.

The members of the nominated and appointed are Messrs: D Kyriakon, M Mogale, P Barthram, B Shibambo and Ms M Mahlare. The chairperson of the board is Mr M Kekana..

The charter of the WEDA and Service Level Agreement and operating budget were available. At least 2 meetings were convened but t the post of the CEO is still vacant.

3. 13 . INFORMATION TECHNOLOGY SYSTEMS

The important role which technology in driving strategy of organizations cannot be taken for granted. In modern organizations an extensive use of information technology enables municipalities to create management information.

In terms of King 111 Report the IT governance and risks that go with it should be taken into consideration.

The municipality has 10 Information Systems of which 8 are fully utilised

SYSTEMS	TYPE OF SERVER	UTILIZATION %
Kobus Becker Financial System	Financial Server	100
Symantec Backup Exec	Used for backing up systems to tape media	100
Orbit	Electronic Document Management System	0
Symantec Endpoint	Antivirus & Spam filter system	100
Windows Server 2003 R2	Used for authentication of users, Data Server	100
GEMC3	Disaster Management System	0
Squid Proxy Server	Internet Access	100
Exchange 2007	E-mail System	100
Webfocus	Reporting & analysis tool	100
Tshumishano	SCM Database system	100
Office 2007	Word, Excel, PowerPoint, Access, Project Management	100
Windows Vista, XP	Operating systems used by users	100
Performance Management System	Web based	50%

3. 14. KEY CHALLENGES

Although the district is not a basic service provider, it has a fair understanding of the key challenges that all municipalities faced and still faces in their attempts to provide these services.

KPA 1: Municipal Institutional Development & Transformation

- Provision of inadequate support to local municipalities.
 - Implementation of plans, policies and strategies.
 - Implementation of a district-wide Performance Management System.
 - Lack of ways to measure return on investment in training.
 - Lack of staff in certain functional areas.
 - Inadequate revenue and grant dependency
 - Limited resources to implement municipal health services up to required standards.
 - Lack of funding to have a regional solid waste site.
-
- District roads are not funded because the issue of road classification is not resolved.
 - Alternative finance resources to replace RSC levy are unavailable.
 - Abattoir is running at a loss.
 - Perennial existence of roll over projects.

KPA 2: Basic Services & Infrastructure Development

Solid Waste Management

- Establishment of a regional landfill site.
- Licensing of land fill sites.
- Identification and Rehabilitation of existing dumping sites.

Municipal Health

- Inadequate funding to provide the municipal health services.
- Provision of the services on a lower standard.
- Air quality licensing

KPA 3: LED

- Unsatisfactory implementation of LED Strategies
- High unemployment rate in the district.
- Lack of funds to implement Spatial Development Projects
- Lack of investment in LED Infrastructure
- Ineffective functioning and establishment of WEDA
- Unsatisfactory participation of stakeholders in tourism

KPA 4: Financial Viability and Management

- Inadequate revenue

KPA 5: Public Participation & Good Governance

- Ineffective IGR structures
- Development and implementation of Public Participation Strategy
- Ineffective implementation of Anti- corruption strategies
- Poor follow-up on imbizos programme

KPA 6: Spatial rationale

- Poor implementation of and lack of funds to implement SDF projects
- Changing of town planning
- Unresolved land claims

KEY SUCCESSES

- Received an unqualified report in 08/09.
- Marketing of destination brand intensified.
- Conducted performance reviews for s56 Managers consistently.
- Improvement in functionality of IGR clusters.
- Access to Disaster Management services.
- Improvement legislative compliance of local government.
- Development of credible IDP and SDBIP.
- Reduction o employee turnover rate to 3%. .
- Maintenance and update of a user friendly and informative website.
- Early compliance with minimum competency levels gazette targets.

CHAPTER 4: AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

4.1. Report of the Chief Financial Officer

4.1.1. Introduction

The promulgation of the Municipal Finance Management Act (Act No 56 of 2003) and implementation of GRAP were key milestones in ensuring that local government finances are placed on a sustainable footing in order to meet their constitutional obligations and reported accurately in the annual financial statements.

This is the second year that the Waterberg District Municipality has prepared the financial statements in compliance with the provisions of the Generally Recognised Accounting Practise (GRAP), the four years before that the financial statements were prepared in compliance with the provisions of the Generally Accepted Municipal Accounting Practise (GAMAP). This is the second year that the accounting standards are implemented in full without utilising the exemption allowed in *Government Gazette* no. 30013 of 29 June 2007. The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practises (GRAP) and other standards issued by the Accounting Standards Board and prescribed by the Minister of Finance. The municipality is still utilising the measurement exemptions of GRAP 17 Property, Plant and Equipment as allowed by Directive 4.

Over the past number of years the Waterberg District Municipality has proved that it is committed to sound financial management by receiving clean audit reports for the past 3 consecutive years (06/07, 07/08 and 08/09).

The Annual Financial Statements are presented in South African Rand, which is the functional currency of the municipality.

4.1.2. Review of operating results

The 2009/10 budget was approved by Council on 29 May 2009 and the adjustment budget was approved by Council on 26 February 2010. The 2009/10 final adjusted budget figures are included in this report. The Statement on Financial Performance reflects a summary of income and expenditure. The overall operating results for the year ended 30 June 2010 is as follows:

	Budget 2009/2010	Actual 2009/2010	Variance Actual/ Budget	Actual 2008/200 9	Variance Year on Year
	R	R	%	R	%
INCOME					
Opening surplus		119 618		110 108	
Change in accounting policies		429		820	
		-		-	
Operating income for the year	103 150 436	102 690 459	(0.45%)	93 303 307	10.06%
Changes in net assets					
TOTAL	103 150 436	222 308 888		203 412 127	
EXPENDITURE					
Operating expenditure for the year	96 799 213	79 040 533	(18.35%)	83 793 698	(5.67%)
Changes in net assets		-		-	
Closing surplus	6 351 223	143 268 355		119 618 429	
TOTAL	103 150 436	222 308 888		203 412 127	

The largest year on year increase on revenue occurred in government grants. The largest decrease year on year and budget to actual on expenditure occurred in remuneration.

The total 10/11 employee related costs comprises 43.40% (2009/10 – 48.80%, 2008/09 - 43.56%) of the total operating expenditure (including operating expenditure projects on the IDP and excluding Councillor Remuneration).

A benchmark of less than 35% is acceptable.

4.1.3. Acquisition of Property, Plant & Equipment

The total expenditure incurred with regard to Property, Plant and Equipment additions amounted to R 12 337 752 as compared to R 7 368 111 for the previous financial year. Included in this amount is an amount of R 3 312 601 (2009 – R 5 118 137) which comprises of R 1 821 574 for the construction of the Lephalale Disaster Management Centres and R 1 491 027 (2009 – R 1 408 732) for the upgrade of the Abattoir.

	Actual 2009/2010	Budget 2009/2010	Actual 2008/2009	Variance Actual/ Budget
	R	R	R	%
Buildings	3 855 591	4 799 283	5 764 151	(19.66) %
Furniture and Equipment	527 318	1 528 146	205 680	(65.49) %
Office equipment	151 984	650 000	179 841	(76.62) %
Vehicles	5 655 451	6 690 683	616 125	(15.47) %
Land	-	-	-	- %
Machinery and equipment	1 445 630	1 543 216	2 120	(6.32) %
Computer Equipment	701 778	1 107 214	600 194	(36.62) %
Total	12 337 752	16 318 542	7 368 111	

Resources used to finance the property, plant and equipment were as follows:

	Actual 2009/2010	Budget 2009/2010	Actual 2008/2009	Variance Actual/ Budget
	R	R	R	%
Equitable share	12 337 752	16 318 542	6 913 891	(24.39) %
Grants: FMG	-	-	16 720	0.00 %
Other	-	-	-	0.00 %
Donations	-	-	437 500	0.00 %
Other	-	-	-	0.00 %
Total	6 673 543	12 022 028	7 969 517	

4.1.4. Investments & Cash

Investment and cash as at 30 June 2010 amounted to R 109 721 541 (2009 – R 102 150 632). The breakdown of investments and cash is as follows:

	Actual 2009/2010	Actual 2008/2009
	R	R
Current account	8 319 197	4 657 595
Petty cash	2 200	2 200
Call accounts	3 054 696	3 017 014
Other short term investments	76 242 704	84 385 056

6 month investments	22 102 744	10 088 767
Total	109 721 541	102 150 632

The municipality has no loans or overdrafts.

Additional information regarding investment and cash is disclosed per notes 1 and 5 to the financial statements.

4.1.5. Debtors

Details regarding debtors are disclosed per notes 2, 3 and 6 to the financial statements.

All outstanding ex-Councillor debts for old cell phone accounts have been written off.

4.1.6. Accounting ratios

4.1.6.1. Current asset ratio

The current asset ratio mainly involves the financial resources used in the operating cycle of a local authority. Operating capital represents the surplus of current assets over current liabilities. This is a useful indicator when determining the ability to fund operating expenditure. This ratio measures the extent to which the current liabilities are covered by the current assets. A larger coverage means a lower risk, since short-term debt can be

paid out of short-term assets. The following table shows the calculation of the operating capital ratio:

	Actual 2009/2010	Actual 2008/2009
	R	R
Current assets	113 975 862	104 156 756
Current liabilities	9 030 894	14 126 142
Current ratio	12.62	7.37

The ratio increased slightly from 2008/2009 to 2009/2010. This is because the current liabilities decreased by 36% whereas the current assets increased by 9%. The increase in current assets can mainly be ascribed to the increase in cash and investments. The decrease in current liabilities is mainly due to a significant decreased in unspent conditional grants and trade and other payables.

In the 2008/09 financial year post retirement benefit liabilities were accounted for under liabilities for the first time.

The private sector sets a ratio of 2:1 as being acceptable, but a norm for local government is currently not available.

4.6.1.6.2 Quick asset ratio

This ratio is a more accurate test of a local authority's ability to settle its short-term debt. When calculating this ratio, only assets that can be converted into cash are taken into

account. Inventory is for the local authority's own use and is not for sale, therefore they are not included in the calculations. The following table shows the calculation of the quick asset ratio:

	Actual 2009/2010	Actual 2008/2009
	R	R
Current assets excluding inventory	113 895 248	104 055 424
Current liabilities	9 030 894	14 126 142
Current ratio	12.61	7.37

The amount of inventory is so immaterial (R 80 614 in 2010 and R 101 332 in 2009) that it does not affect the ratio.

The private sector sets a ratio of 1:1 as being acceptable, but a norm for local government is currently not available.

4.1.6.3 Solvability

In this ratio, the total assets are compared to the total liabilities, and it shows the ability of the Municipality to meet its obligations in the long term. A ratio of less than one is an indication of insolvency. The following table shows the calculation of the solvency ratio as shown overleaf:

	Actual 2009/2010	Actual 2008/2009
--	-----------------------------	-----------------------------

	R	R
Total assets	161 904 674	143 193 147
Total liabilities	18 636 319	23 574 718
Solvability ratio	8.69	6.07

4.1.6.3 Solvability (*continued*)

The ratio increased from 2008/2009 to 2009/2010. This is because the total liabilities decreased by 21% whereas the total assets increased by 13%. The increase in total assets can mainly be ascribed to the increase in cash and investments and property, plant and equipment. The decrease in total liabilities is mainly due to an decrease in unspent conditional grants and trade and other payables.

Property, plant and equipment is utilised to render services and for administrative support and all acquisitions are cash-backed, no loans are utilised, therefore contributing to the highly liquid position.

4.1.7. EXPRESSION OF APPRECIATION

A special word of appreciation to all parties involved for their support, assistance and commitment during the year.

NADINE LAUBSCHER CA(SA)

CHIEF FINANCIAL OFFICER

4.2. REPORT OF THE AUDIT COMMITTEE

The Audit Committee is pleased to present the report for the financial year ended 30 June 2009 as recommended by the Municipal Finance Management Act No.: 56 of 2003.

4.2.1. Audit Committee Members and Attendance

The Audit Committee was established on 29 August 2007. The Audit Committee consists of the members listed hereunder and will meet at least four times a year or more when the need arise. During the current year, three meetings were held. In terms of section 166 (4) b of the MFMA and the approved Audit Committee charter, meetings held were on the following dates: 25 August 2009, 30 November 2009, 12 March 2010 and 30 June 2010.

Name of the Members	Number of Meetings attended
Mr. V Chauke (Chair)	4
Mr. B Mona	4
Mr. Z Sonpra	2

4.2.3.AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its roles and responsibilities as outlined by section 166 of the MFMA and the approved charter. The Audit Committee also reports that it has adopted appropriate formal terms of reference as contained in the Audit Committee charter approved by the Municipal Council and has regulated its affairs in compliance with the charter and has discharged its responsibilities as contained therein.

4.2.4. INTERNAL CONTROL

The system control is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and king 111 Report on Corporate Governance

requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors it was noted that the system of internal control was not entirely effective for the year under review, as compliance with prescribed policies and procedures were lacking in certain instances. During the year under review, several instances of non compliance were reported by internal auditors that resulted from a breakdown in the functioning.

4.2.4. INTERNAL AUDITING

The Internal Auditing provides a supportive role to management and the Audit Committee to achieve their objectives by assisting in the management of risk within the Municipality.

The Internal Audit department is responsible for objective evaluation of the Council's system of internal control at a detailed level and to bring any significant business risks and exposures to the attention of management and the committee through the provision of comprehensive internal audit reports.

4.2.5 EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the financial statements preceding its submission to the Auditors General.

On behalf of the Audit Committee

V. Chauke

Chairperson of the Audit Committee

4.3. UNAUDITED ANNUAL FINANCIAL STATEMENTS

4.3.1. BASIS OF ACCOUNTING

4.3.1.1. BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, but some components are measured at fair value as indicated in subsequent accounting policy notes.

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

- *Government Notice 991 of 2005, issued in Government Gazette no. 28095 of 15 December 2005;*
Government Notice 992 of 2005, issued in Government Gazette no. 28095 of 15 December 2005;
and
- *Government Notice 516 of 2008, issued in Government Gazette no. 31021 of 9 May 2008.*

The standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

Directives and Guidelines form part of the GRAP Reporting Framework. The ASB Directive and Guidelines applicable to Waterberg District Municipality comprise the following:

Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 4	Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities

Directive 5	Determining the GRAP Reporting Framework
Directive 7	The Application of Deemed Cost on the Adoption of the Standards of GRAP

4.3.1.2. BASIS OF PRESENTATION (*continued*)

Effective accrual based IPSASs considering the provisions in paragraphs 16 to 19 of Directive 5 applicable to Waterberg District Municipality comprise the following:

IPSAS 20	Related Party Disclosures
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Effective IFRSs and IFRICs that are applied considering the provisions in paragraphs 21 to 27 of Directive 5 applicable to Waterberg District Municipality comprise the following:

IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 4	Determining whether an Arrangement contains a Lease
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

As from 1 July 2008, all GAMAP Standards have been retracted. Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with section 29 of ASB Directive 5 or paragraph 12 of GRAP 3. Exemptions that were given from complying with certain standards in terms of clause 2(2) of Government Notice 522 issued in *Government Gazette* no. 30013 of 29 June 2007, have been lifted since the 2008/09 financial year.

GAMAP 9 Revenue Section 29 to 54 pertaining to revenue from rates, fines, government grants, other grants, donations received and levies are not yet withdrawn as GRAP 9 only applies to exchange revenue and GRAP 23 Revenue from non-exchange transactions is not yet effective.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

The accounting policies applied are consistent with those used in the previous financial year, unless explicitly stated.

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

4.3.2. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

Standards of GRAP that may be used in developing an accounting policy:

GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from non-exchange transactions
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

Standards of GRAP that may be used to interpret the requirements of other Standards of

GRAP:

GRAP 24	Presentation of Budget Information in Financial Statements
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4.3.2.STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

Approved Standards of GRAP that entities are not required to apply:

GRAP 18	Segment Reporting
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The impact of GRAP standards issued but not yet effective on the financial statements of Waterberg District Municipality in the future are as follows:

GRAP 18 - This does not deal with the accounting treatment of any particular transaction of events but merely with the re-arrangement of information already presented and disclosed. The impact on the municipality's financial statements would be minimal.

GRAP 21 - Assessment at every reporting date whether there are indicators that any assets have been impaired, the measurement of impairment losses and reversal of impairment losses. The impact of this Standard is not at this stage reasonably estimable.

GRAP 23 - The method or recognition and measurement of revenue from non-exchange transactions, specifically taxes and transfers. The municipality does not have taxes and the accounting policy for the disclosure and measurement of transfers implemented currently by the municipality already adheres to these requirements: -

Revenue is recognized to the extent that conditions have been met;

- A liability is recognized to the extent that the present conditions have not yet been met.
- An asset acquired through a non-exchange transaction is initially measured at its fair value as at the date of acquisition.

GRAP 24 - A comparison of budget and actual amounts as additional budget columns in the primary financial statements and a disclosure note on the explanations of changes between the approved and final budget is required. The impact on the municipality's financial statements would be minimal.

GRAP 25 - The Standard on Employee Benefits will have no material impact on the financial statements of the municipality as the municipality is adhering to IAS 19 and there is no material changes from IAS19 to GRAP25 that is affecting this municipality.

GRAP 26 - Assessment at every reporting date whether there are indicators that any assets have been impaired, the measurement of impairment losses and reversal of impairment losses. This Standard will be applicable to the Abattoir assets and the impact of this Standard would be minimal at this stage as the abattoir is currently undergoing an upgrade.

GRAP 103 - This Standard will have no impact on the municipality as the municipality currently has no heritage assets.

GRAP 104 - The Standard on financial instruments will have no material impact on the financial statements of the municipality as the municipality is adhering to IAS32 and IAS39 and

the changes from IAS32 and IAS39 to GRAP104 is not applicable to this municipality.

The municipality shall apply these Standards of GRAP for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1) (b) of the Public Finance Management Act, Act No. 1 of 1999, as amended.

4.4. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

4.5. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

4.6. COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the annual financial statements. Budgeted amounts have been included in the annual financial statements for the current financial year only.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. 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.

5. RESERVES

As GRAP 9 does not require that the below reserves be disclosed separately on the Statement of Financial Position, they are disclosed as part of Accumulated Surplus And Other Reserves, but are disclosed separately on the Statements of Changes in Net Assets and note 30.

5.1 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus / (deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset from this reserve to the accumulated surplus/ (deficit).

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus / (deficit).

5.2 Donation and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donation and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus / (deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment, financed from Donations and Public Contributions is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus / (deficit).

6 PROPERTY, PLANT AND EQUIPMENT

7.1 Initial recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost.

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

7.2 Subsequent measurement – cost model

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

Subsequent expenditure is capitalised when it increases the capacity of future economic benefits associated with the asset.

7.3 Depreciation and impairment

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

	<u>Years</u>
Buildings	7 to 30
Motor Vehicles	2 to 5
Office Equipment	1 to 5
Furniture and Fittings	5 to 7

Machinery	1 to 7
Specialised vehicles	10 to 20

The municipality has taken advantage of the transitional provisions provided in GRAP 17 Property, Plant and Equipment whereby in terms of Section 77 of Directive 4 municipalities are not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, Plant and Equipment. GRAP 17 was initially adopted on 1 July 2008. The balance on the financial statements which is affected by this transitional provision is Property, Plant and Equipment.

The progress towards achieving full compliance with the measurement requirements of GRAP 17 Property, Plant and Equipment and IAS36 Impairment of assets are that an annual asset count was conducted to confirm the completeness and validity of the asset register. The asset register will be adjusted when a financial system is procured that can accommodate the new requirements. The municipality is currently in the process of procuring a new financial system. The depreciation and net book value of assets will be reviewed to correct comparative figures in the financial statements ending 30 June 2011.

7. 3 PROPERTY, PLANT AND EQUIPMENT (continued)

7..4 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. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

8 INTANGIBLE ASSETS

8..1 Initial recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

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

- the municipality intends to complete the intangible asset for use or sale;

- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

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

8.2 Subsequent measurement – cost model

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

8.3 Amortisation

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

	<u>Years</u>
Computer software	3 to 25 years depending on the individual review of each asset's useful life

8.3 INTANGIBLE ASSETS (*continued*)

8.3 Amortisation (*continued*)

The municipality has not taken advantage of the transitional provisions provided in GRAP 102 Intangible Assets whereby in terms of Section 112 of GRAP 102 municipalities are not required to measure intangible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Intangible Assets. The balance on the financial statements which is affected by this transitional provision is Intangible Assets. The net realizable value, residual values and useful lives of intangible assets were reviewed with this first time adoption of GRAP 102 Intangible Asset in the 08/09 financial year and again in the current financial year.

8.4 Derecognition

Intangible assets 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. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

9 NON-CURRENT ASSETS HELD FOR SALE

9.1 Initial recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered 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.

9.2 Subsequent measurement

Non-current assets held for sale (or disposal group) are measured at the lower of 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.

The municipality has taken advantage of the transitional provisions provided in GRAP 100 Non-Current Assets Held for Sale whereby in terms of Section 45 of GRAP 100 provisions of the standard was applied prospectively in 08/09. The balance on the financial statements which is affected by the transitional provision is Non-Current Assets Held for Sale.

10 INVENTORY

10.1 Initial recognition

Inventories comprise current assets held for consumption during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

INVENTORY (*continued*)

10.2 Subsequent measurement

Inventories, consisting of consumables are valued at the lower of cost and net realisable value. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

11. FINANCIAL INSTRUMENTS

11.1 Initial recognition

Financial instruments are initially recognized at fair value.

11.2 Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the municipality has the positive intention and ability to hold to maturity. The investments are disclosed as Held-to-maturity investments which are subsequently measured at amortised cost.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Amortised cost is calculated using the effective interest method.

11.3 Investments

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

FINANCIAL INSTRUMENTS (*continued*)

11.4 Trade and other receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current. The carrying amount of trade and other receivables is a reasonable approximation of fair value.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

11.5 Trade and payables

Financial liabilities consist of trade and other payables. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the

initial carrying amount, less repayments, plus interest. Amounts that are payable within 12 months from the reporting date are classified as current. The carrying amount of trade and other payables is a reasonable approximation of fair value.

11.6 Cash and cash equivalents

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

12 PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

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

13 LEASES

13.1 Municipality as lessee

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease. The average payments over the period of the lease are expensed and any difference between the average and actual payment is disclosed as a debtor or creditor in the Statement of Financial Position.

Contingent rentals are not straight-lined or included in the projected future minimum operating lease expenses / receipts in the note to the financial statements.

13.2 Municipality as lessor

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

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

14 REVENUE

14.1 Revenue from exchange transactions

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

Interest is recognised on a time proportion basis, using the effective interest method.

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

Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff.

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

REVENUE (*continued*)

14..1 Revenue from exchange transactions (*continued*)

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

GRAP 9 Revenue from Exchange Transactions only applies to exchange revenue. Therefore, the provision of GAMAP 9 Revenue Section 42 to 49 still applies pertaining to revenue from grants and donations received.

14.2 Revenue from non-exchange transactions

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

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality.

Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

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

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 councilors or officials is virtually certain.

14.3 Grants, transfers and donations

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

Revenue from grants is recognized to the extent that there has been compliance with any restrictions associated with the grant.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Unutilised conditional grants are reflected in the Statement of Financial Position as a current liability and are always cash backed.

15 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 where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

16 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17 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 where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18 EMPLOYEE BENEFITS

18.1 Provision for employee benefits

Provision is made in the financial statements for all employee benefits.

Liabilities for wages and salaries, including non-monetary benefits, bonuses and annual leave obliged to be settled within 12 months of the reporting date, are recognized in other payables or provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognized when the leave is taken and measured at the rates paid or payable.

The liability for long service leave for which settlement can be deferred beyond 12 months from the reporting date is recognized in the non-current liability for employee benefits and measured as the present value of expected future payment to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows.

EMPLOYEE BENEFITS (*continued*)

18.2 Pensions and other post-retirement benefits

The municipality provides retirement benefits for its employees and councilors. The municipality has accounted for the defined contribution plan in terms of IAS19 Employee Benefits. A defined contribution plan is a pension plan under which the municipality pays fixed contributions into a separate entity.

For defined contribution plans, the municipality pays contributions on a mandatory, contractual or voluntary basis. The municipality has no further payment obligations once the contributions have been paid. Accordingly, the Municipality recognises the contributions to the scheme as an expense when the employees and councilors have rendered the employment service or served office entitling them to the contributions.

The municipality provides post-retirement medical benefits to qualifying retirees. They are recognized in accordance with IAS 19 on defined benefit plans.

The cost of providing health care is charged to the income statement so as to recognize current and past service costs, interest cost on defined benefit obligations, and the effect of any curtailments of settlements, net of expected returns on plan assets. Actuarial gains and losses are recognized in full directly in the statement of financial performance. Additional benefits are expensed as past service cost in the period in which the benefit is granted to the extent that it is not covered by a surplus to contributions funded by the municipality. The municipality has no plan assets. A liability is consequently recognized in the statement of financial position based on the present value of defined benefit obligations, less any unrecognized past service costs.

Municipalities were previously exempted from IAS19 defined benefit accounting as far as it relates to defined benefit plans in terms of the exemptions of Government Gazette no. 30013 of 29 June 2007. The exemption no longer applies since the 08/09 financial year and the change in accounting policy was implemented retrospectively in 08/09.

18.3 STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Note	2010 R	2009 R
ASSETS			
Current assets		113 975 862	104 156 756
Cash and cash equivalents	1	87 618 797	92 061 865
Trade and other receivables from exchange transactions	2	26 932	41 775
Other receivables from non-exchange transactions	3	1 398 063	269 540
Inventory	4	80 614	101 332
Held-to-maturity investments	5	22 102 744	10 088 767
VAT receivable	6	2 721 962	1 567 952
Non-current assets held for sale	7	26 750	25 525
Non-current assets		47 928	39 036
		812	391

Non-current receivables	8	2 025	39 877
Property, plant and equipment	9	46 995 540	37 872 915
Intangible assets	10	931 247	1 123 599
Total assets		161 904 674	143 193 147
LIABILITIES			
Current liabilities		9 030 894	14 126 142
Trade- and other payables	11	5 599 869	7 508 565
Consumer deposits	12	7 100	10 865
Provisions	13	179 830	172 254
Unspent conditional grants and receipts	14	2 173 462	5 379 439
Current portion of retirement health care liability	15	913 953	919 049
Current portion of long service awards liability	16	156 680	135 970
Non-current liabilities		9 605 425	9 448 576
Retirement health care liability	15	8 789 926	8 712 615
Long service awards liability	16	815 499	735 961
Total liabilities		18 636 319	23 574 718
Net assets		143 268 355	119 618 429
NET ASSETS			
Retained surplus and other reserves		143 268 355	119 618 429
Accumulated surplus and other reserves	30	143 268 355	119 618 429
Total net assets		143 268 355	119 618 429

**18.4 STATEMENT OF FINANCIAL
PERFORMANCE FOR THE YEAR ENDED 30
JUNE 2010**

	Note	2010 R	2009 R
REVENUE			
Regional Services Levies - turnover	-	-	205 215
Service charges	17	833 918	961 714
Rental of facilities and equipment	18	-	28 803
Interest earned - external investments	19	8 628 145	12 198 488
Interest earned - outstanding receivables	20	34 753	40 495
Government and other grants	21	93 075 424	78 865 121
Public contributions and donations	22	-	437 500
Bad debts recovered		1 446	-
Other income		116 773	121 031
Total Revenue		102 690 459	92 858 367
EXPENDITURE			
Employee related costs	23	(32 171 368)	(28 904 459)
Remuneration of councillors	24	(3 791 832)	(3 648 254)
Post-retirement health care expenditure	15	(469 682)	(962 463)
Long-service award expenditure	16	(190 978)	(190 192)
Provision for doubtful debt		(44 786)	(86 311)
Depreciation and amortisation	25	(2 933 430)	(2 272 001)
Repairs and maintenance		(486 445)	(460 296)
Contracted services	26	(5 904 908)	(3 293 905)
General expenses	27	(11 239 867)	(11 917 663)
Project expenditure		(21 590 715)	(30 443 189)
MIG expenditure			(1 614 965)

		-	
Total Expenditure		<u>(78 824 011)</u>	<u>(83 793 698)</u>
Gain / (Loss) on sale of assets	28	(216 522)	93 150
Reversal of impairment loss	29	-	351 790
SURPLUS FOR THE YEAR		<u>23 649 926</u>	<u>9 509 609</u>

Refer to Appendix E(1) for the comparison with the approved budget\

18.5 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	<u>Revaluation</u>	<u>Government</u>	<u>Donor</u>
	<u>Reserve</u>	<u>Grant</u>	<u>PPE</u>
Note	R	R	Re
2009			
Balance at 1 July 2008	-	1 181 026	1 9
Net surplus for the year			
Capital grants used to obtain PPE		16 720	
Donated/contributed PPE			4
Disposal of assets		(3 870)	(1
Offsetting of Depreciation		(112 411)	(3
Balance at 30 June 2009	<u>-</u>	<u>1 081 465</u>	<u>1 8</u> <u>523</u>
2010			
Balance as at 1 July 2009	-	1 081 465	1 8

Net surplus for the year			
Capital grants used to obtain PPE		-	
Donated/contributed PPE		-	
Disposal of assets		(5)	(
Offsetting of Depreciation		(83 280)	(2
Balance at 30 June 2010	-	998 180	1 6

18.6. CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010	2009
		R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts:			
Sales of goods and services		750 130	1 354 318
Grants		89 869 449	81 019 423
Interest received		8 662 898	12 238 983
Other receipts		115 394	114 448
Payments:			
Employee costs		(36 314 497)	(32 052 559)
Suppliers		(10 296 420)	(8 132 778)
Project expenditure		(23 656 936)	(30 386 553)
Interest paid		-	-

Fire fighting expenditure		(4 974 164)	(2 790 973)
Vat		(1 154 010)	(724 490)
Other payments		(3 387 335)	(4 107 692)

Net cash flows from operating activities	31	19 614 509	16 532 127
---	----	------------	------------

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment		(12 337 752)	(6 930 611)
Purchase of intangible assets		(94 700)	(887 516)
Proceeds on sale of property, plant and equipment		351 000	247 632
Proceeds from recovery of investments		-	468 584
Decrease/(Increase) in held-to-maturity investments		(12 013 977)	3 038 959
Decrease/(Increase) in long term receivables		37 852	(4 050)

Net cash flows from investing activities		(24 057 577)	(4 067 002)
---	--	---------------------	--------------------

Net increase in net cash and cash equivalents		(4 443 068)	12 465 125
--	--	--------------------	-------------------

Net cash and cash equivalents at beginning of year		(92 061 865)	(79 596 740)
---	--	---------------------	---------------------

Net cash and cash equivalents at end of year	32	87 618 797	92 061 865
---	----	-------------------	-------------------

	2010 R	2009 R
CASH AND CASH EQUIVALENTS		
The municipality has the following bank accounts:		
<u>Current Account (Primary Bank Account)</u>		
First National Bank - Modimolle branch Account number 53170034748		
Cash book balance at beginning of year	4 657 595	1 963 350
Cash book balance at end of year	8 319 197	4 657 595
Bank statement balance at beginning of year	9 018 155	6 275 415
Bank statement balance at end of year	14 231 024	9 018 155
<u>Other accounts</u>		
Investments:		
Call deposits	3 054 696	3 017 014
14 Days fixed deposits	-	-
32 Days fixed deposits	-	-
60 Days fixed deposits	21 088 101	12 042 984
90 Days fixed deposits	55 154 603	72 342 072
	79 297 400	87 402 070
Cash on hand:		
Petty cash	2 200	2 200
Total cash and cash equivalents	87 618 797	92 061 865

A portion of cash represents restricted cash as it serves as security for unspent conditional grants.

TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables

RSC levies	-	-
Abattoir	420 533	386 800
Gross Balance	420 533	386 800
Less: Provision for doubtful debts	(393 601)	(348 815)
Net Balance	26 932	37 985

Other receivables

Councillor cell phones

Gross Balance

Less: Provision for doubtful debts

Net Balance**Total Net Balance**

-	32 309
-	32 309
-	(28 519)
-	3 790
26 932	41 775

Abattoir: Ageing

Current (0 - 30 days)

31 - 60 days

61 - 90 days

91 - 365 days

+ 365 days

Total

10 809	26 670
14 974	5 055
6 268	6 259
26 010	310 060
362 472	38 756
420 533	386 800

2010
R2009
R**TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS***(continued)***RSC levies: Ageing**

Current (0 - 30 days)

31 - 60 days

61 - 90 days

91 - 365 days

+ 365 days

Total

-	-
-	-
-	-
-	-
-	-
-	-

Councillor cell phone: Ageing

Current (0 - 30 days)

31 - 60 days

61 - 90 days

91 - 365 days

-	3 790
-	-
-	-
-	-

+ 365 days	-	28 519
Total	-	32 309

Summary of debtors by Customer Classification

	Consumers R	National and Provincial Government R
as at 30 June 2010		
Current (0 - 30 days)	10 809	-
31 - 60 days	14 974	-
61 - 90 days	6 268	-
91 - 365 days	26 010	-
+ 365 days	362 472	-
Sub-total	420 533	-
Less: Provision for doubtful debts	(393 601)	-
Total debtors by customer classification	26 932	-

as at 30 June 2009		
Current (0 - 30 days)	30 460	-
31 - 60 days	5 055	-
61 - 90 days	6 259	-
91 - 365 days	310 060	-
+ 365 days	67 275	-
Sub-total	419 109	-
Less: Provision for doubtful debts	(377 334)	-
Total debtors by customer classification	41 775	-

	2010 R	2009 R
<u>Reconciliation of the doubtful debt provision</u>		
Balance at beginning of the year	377 334	637 249
Contributions/(Reversal) to provision	44 786	84 920
Bad debts written off	(28 519)	(344 835)
Balance at end of year	393 601	377 334

The fair value of trade and other receivables approximates their carrying amounts.

	2010 R	2009 R
OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Investments under liquidation	142 748	142 748
Prepayments	921 530	5 800
Sundry debtors	333 785	120 992
Total Other Debtors	1 398 063	269 540

An investment amounting to R 572 713 capital is held with New Republic Bank, which is under receivership. An investment amounting to R325 904 capital is held with Regal Treasury Bank which is under liquidation. The investments were written down to fair value:

New Republic Bank Limited	142 748	142 748
Regal Treasury Private Bank Limited	-	-

INVENTORY

Consumables:

Opening balance	101 332	-
Additions	80 614	570 278
Issued (expensed)	(101 332)	(468 946)
Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net Replacement Cost (NRC)	-	-
Closing balance	80 614	101 332

No inventory is pledged as security. No circumstances or events existed that would have led to the write-down of the reversal of a write-down of inventories.

HELD-TO-MATURITY INVESTMENTS

6 Month fixed deposits	22 102 744	10 088 767
------------------------	------------	------------

VAT

VAT receivable	2 721 962	1 567 952
----------------	-----------	-----------

VAT is accounted for on the payment basis.

NON-CURRENT ASSETS HELD FOR SALE

Computer equipment	17 889	17 888
Office equipment	1 164	274
Furniture and fittings	7 697	7 363
Property, plant and equipment	<u>26 750</u>	<u>25 525</u>

These assets are no longer being utilised by the municipality and has been approved by council for disposal. An auction is to be held to dispose of the assets in the short term.

NON-CURRENT RECEIVABLES

Deposit water and electricity	<u>2 025</u>	<u>39 877</u>
-------------------------------	--------------	---------------

These are deposits paid for water and electricity services. Deposits for Thusang and Pienaarsrivier was donated to Mookgophong and Bela Bela Local Municipality, respectively, during the year.

PROPERTY, PLANT & EQUIPMENT

Reconciliation of Carrying Value	Land and Buildings		Other Assets	
	R		R	
Carrying values at 1 July 2009	27 656 854		10 216 061	
Cost	30 398 405		16 316 900	
Accumulated Depreciation	(2 741 551)		(6 100 839)	
Acquisitions	542 991		8 482 160	
Capital under Construction	3 312 601		-	
Depreciation	(779 210)		(1 867 169)	
Carrying value of disposals	-		(568 748)	
Cost	-		(1 692 393)	
Accumulated depreciation	-		1 123 645	
Carrying values at 30 June 2010	30 733 236		16 262 304	
Cost	34 253 997		23 106 667	

Accumulated Depreciation	(3 520 761)		(6 844 363)	
Reconciliation of Carrying Value	Land and Buildings		Other Assets	
	R		R	
Carrying values at 1 July 2008	22 237 046		10 504 602	
Cost	24 634 254		15 362 237	
Accumulated Depreciation	(2 397 208)		(4 857 635)	
Acquisitions	646 014		1 603 960	
Capital under Construction	5 118 137		-	
Depreciation	(344 343)		(1 712 494)	
Carrying value of disposals	-		(180 007)	
Cost	-		(649 297)	
Accumulated depreciation	-		469 290	
Carrying values at 30 June 2009	27 656 854		10 216 061	
Cost	30 398 405		16 316 900	
Accumulated Depreciation	(2 741 551)		(6 100 839)	

Refer to Appendix B for more detail on property, plant and equipment, including those in the process of being constructed.

20.CORRECTION OF PRIOR PERIOD ERRORS

20.1 Vat on tender document sales

During the year, the municipality discovered that output Vat is not declared on the sale of tender document. The correction was also made on tender document sales of the 08/09 financial year as agreed with SARS.

The effect on the 2009 balances are as follows:

Corrected	Adjustment	Previous
-----------	------------	----------

	R	R	R
Statement of Financial Performance			
Other income	(121 031)	9 272	(130 303)
Statement of Financial Position			
VAT balance to the municipality	1 567 952	(9 272)	1 577 224

20.2 Accrued interest on investments

During the current year the municipality discovered that the amount accrued for interest on the Nedbank investment on 30 June 2009 was incorrectly calculated at 9.20% instead of 8.20%.

The effect on the 2009 balances are as follows:

	Corrected R	Adjustment R	Previous R
Statement of Financial Performance			
Interest earned - external investments	(12 198 488)	6 707	(12 205 195)
Statement of Financial Position			
Cash and cash equivalents	92 061 865	(6 707)	92 068 572

20.3 Long service leave accrual

During the current year the municipality discovered that the one of the 08/09 long service leave accruals for long service leave awarded, but not taken, was not provided for.

The effect on the 2009 balances are as follows:

	Corrected R	Adjustment R	Previous R
Statement of Financial Performance			
Employee related cost	28 904 459	7 827	28 896 632
Statement of Financial Position			
Trade and Other Payables	(7 508 565)	(7 827)	(7 500 738)

21 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

**2010
R** **009
R**

21..1 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening Balance	66 315	146 174
Fruitless and wasteful expenditure awaiting condonement	-	-
To be recovered - Contingent Asset	66 315	146 174
Fruitless and wasteful expenditure current year	20 288	-
Fruitless and wasteful expenditure recovered during the current year	(9 759)	
Condoned or written off by Council	-	(79 859)
Closing balance	76 844	66 315
Fruitless and wasteful expenditure awaiting condonement	10 529	-
To be recovered - Contingent Asset	66 315	66 315

Current year

One cattle was lost at a value of R 10 529, the amount was reimbursed to client. Four sheep and one cattle was stolen at the abattoir at a value of R 9 759, the clients were reimbursed and the value of the theft was recovered from the WDM security company.

Prior year

The R 66 315 expenditure arose from late payment to a contractor on an MIG project. The disciplinary case against the employee responsible was finalised in December 2006. The municipality is still in the process of recovering the cost from the dismissed employee.

The R 79 859 expenditure arose from an additional payment to a service provider due to the reprinting of communications flyers because of an error on the first batch. Disciplinary hearing was initiated, manager subsequently resigned. Council wrote off the expenditure in the previous financial year.

21.2 Irregular expenditure

Reconciliation of irregular expenditure:

Opening Balance	366 070	-
Irregular expenditure current year	794 134	366 070

Condoned or written off by Council	-	-
To be recovered - Contingent Asset	-	-
Irregular expenditure awaiting condonement	<u>1 160 204</u>	<u>366 070</u>

Current year

The Office of the Municipal Manager extended the services of the service provider for the Performance Management System without following the requirements of the WDM SCM Policy. Subsequent payment without an order to an amount of R 794,134 was made and this deviation from the WDM SCM Policy and SCM Regulations constitute irregular expenditure.

Prior year

The Infrastructure Department incurred irregular expenditure of R 366 070 on the consulting fees of the construction project on the Modimolle Disaster Centre. The fees of the contractor was adjusted without a subsequent adjustment to the consulting fees which lead to irregular expenditure at the conclusion of the contract. The matter is disclosed as an adjusting post-balance sheet date event as the irregular expenditure was confirmed subsequent to year end but before the conclusion of the financial statements. Investigation will occur.

	2010 R	2009 R
UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (<i>continued</i>)		

21.3 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening Balance	-	-
Unauthorised expenditure current year	-	-
Condoned or approved by Council	-	-
To be recovered - Contingent Asset	-	-
Unauthorised expenditure awaiting authorisation	<u>-</u>	<u>-</u>

Current year

There were no material incidents of irregular expenditure in the current financial year.

Prior year

There were no material incidents of irregular expenditure in the previous financial year.

22

ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

22.1 Contributions to organised local government

Opening Balance	37 802	-
Council subscriptions	264 732	204 370
Amount Paid - current year	(264 732)	(166 568)
Amount paid - previous years	<u>(37 802)</u>	<u>-</u>
Balance unpaid (included in payables)	<u>-</u>	<u>37 802</u>

22.2 Audit fees

Opening balance	-	-
Current year audit fees - statutory	1 231 388	951 633
Prior year audit fee - forensic	-	11 101
Amount paid - current year	(1 231 388)	(951 633)
Amount paid - previous years	<u>-</u>	<u>(11 101)</u>
	<u>-</u>	<u>-</u>

22.3 VAT

VAT input receivables and VAT output payables are shown in note 6. All VAT returns have been submitted by the due date throughout the year.

22.4 PAYE

Opening Balance	-	-
Current year payroll deductions	5 778 848	4 720 110
Amount Paid - Current year	(5 778 848)	(4 720 110)
Amount paid - previous years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE
MANAGEMENT ACT**

**2010
R**

**2009
R**

22.5 PENSION AND MEDICAL AID DEDUCTIONS

Opening balance

-

-

Current year payroll deductions and council contributions

8,270,426

7,440,370

Amount Paid - Current year

(8 270 426)

(7 440 370)

Amount Paid - Previous years

-

-

-

-

23 REMUNERATION OF AUDIT COMMITTEE MEMBERS

Remuneration

55 819

40 632

3 Members serve on the Audit Committee. The members are paid an allowance per day and are reimbursed for travel expenses.

24 CAPITAL COMMITMENTS

24.1 Commitments in respect of capital expenditure:

Approved and contracted for

- Computer software

117 770

-

- Vehicles

906 530

-

- Infrastructure

92 496

3 175 188

1 116 796

3 175 188

The expenditure will be financed from:

- Own resources

1 116 796

3 175 188

24.2 Commitments in respect of operating project expenditure:

Approved and contracted for

- Disaster Management

434 000

-

- Communication & Community Participation

896 082

-

- Sports, Arts & Culture	149 611	-
- Infrastructure	-	2 518 735
- Solid waste and environment	-	1 089 621
- Local Economic Development	1 207 450	2 581 360
- Land development	-	79 930
- Institutional development	120 965	3 356 626
	2 808 108	9 626 272

The expenditure will be financed from:

- Own resources	2 258 108	5 544 912
- Government Grants	550 000	4 081 360
	2 808 108	9 626 272

	2010	2009
	R	R
CAPITAL COMMITMENTS (continued)		

24.3 Commitments in respect of operating leases:

At the reporting date the municipality has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year	16 621	49 863
In the second to fifth year inclusive	-	-
Total	16 621	49 863

Operating lease payments represent rentals payable by the municipality for copiers and faxes with Minolta and Nashua. The Minolta leases expired in the 09/10 financial year and was extended on a month-to-month basis until 31 July 2010.

The contingent rental for telephones is based on the prime interest rate. This contingent rental is not included in the future minimum lease payments.

There are no renewal or purchase options and no restrictions have been placed on the lease payments.

25 RELATED PARTIES

Municipal Entity
Key Management

Waterberg Economic Development Agency
Refer to note 23

There are no other related party transactions or balances for the current year. Waterberg Economic Development Agency is currently dormant.

26 EVENTS AFTER THE REPORTING DATE

There are no material events that occurred after the balance sheet date.

27 RISK MANAGEMENT

The main risks of the Municipality are interest rate risk, liquidity risk, credit risk and the fair value of financial instruments.

27.1 *Cash flow interest rate risk*

The municipality's interest rate risk arises from investments. Investments at variable rates expose the municipality to cash flow interest rate risk. Investments at fixed rates expose the municipality to fair value interest rate risk. The municipal policy is to not invest more than 35% of funds with one institution and to invest at different maturity dates over the short term to alleviate major fluctuations in the interest rates. The majority of investments are fixed rate investments.

2010
R

2009
R

RISK MANAGEMENT (*continued*)

27.1 *Cash flow interest rate risk (continued)*

At year-end, financial instruments exposed to interest rate risk were as follows:

- Current bank account	8,319,197	4,657,595
- Call deposits	3,054,696	3,017,014
- 14 days fixed deposits	-	-
- 30 days fixed deposits	-	-
- 60 days fixed deposits	21,088,101	12,042,984
- 90 days fixed deposits	55,154,603	72,342,072
- 6 month fixed deposits	<u>22,102,744</u>	<u>10,088,767</u>
	<u>77 257 347</u>	<u>82 430 839</u>

27.2 *Currency risk*

The Municipality does not have currency risk as in terms of section 163 of the Municipal Finance Management Act, No.56 of 2003, no municipality may incur a liability or risk payable in a foreign currency.

27.3 *Liquidity risk*

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality's strong credit profile and diversified funding sources ensure that sufficient liquid funds are maintained to meet its daily cash requirements. The Municipality's policy on counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

30 June 2010	Not later than one month	One to three months
Trade and other payables	1 628 857	-
Consumer deposits	-	-
Provisions		-
Unspent conditional grants & receipts	50 000	1 099 169

	Later than three months	One to five years
Trade and other payables	1 626 556	2 344 456
Consumer deposits	-	7 100
Provisions	179 830	-
Unspent conditional grants & receipts	773 093	251 200

RISK MANAGEMENT (*continued*)

27..4 *Credit risk*

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors.

To manage the risk the Municipality has a credit control policy. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

Counterparties:

The Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. The Municipality has no significant concentration of credit risk with any single counterparty or a group of counterparties.

27.5 *Fair value of financial instruments*

At year end the carrying amounts of cash and short-term deposits, trade and other receivables and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities.

28 RESTATEMENT OF COMPARATIVE INFORMATION

Various comparative figures have been restated in terms of the prior period errors note 33. The effect of the restatement is summarised in this note.

COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2).

4.3. .REPORT OF THE AUDITOR GENERAL

4.4. OVERSIGHT REPORT FOR THE YEAR ENDED 30 JUNE 2010

4.4.1. Resolutions and Statement

In terms of Section 129(1) of the Municipal Finance Management Act 56 of 2003, Council resolves that

- That Council has not fully considered the annual report of the representations thereof and did not adopt the Oversight Report.
- Council refers back the report for revisions of the components listed on pages 50- 52 of the Oversight Report.
- Council request the Executive Mayor to report to Council on the actions required as a result of these resolutions.

4.4.2. Summaries of components required to be revised

- IT Governance part of the Audit Report
- Performance Report
- Technical aspects of the report
- Organogram
- Municipal entity

4.4.3. Annexures

- Summary of the process followed in the review of the Annual Report
- Copies of minutes of the Oversight Committee.
- Summary of written representation.
- Responses to questions provided by the Accounting Officer

CHAPTER 5: FUNCTIONAL AREA SERVICE DELIVERY REPORTING

5.1 .District wide service delivery assessment

Waterberg does not provide basic service but the locals are doing fairly well in the provision of such services. Without resources, the local municipalities may not be able to achieve the targets of the millennium development goals especially with regard to refuse removal.

Indicator	Baseline	Backlogs
% of household with access to basic level of water	93%	7%
% of household with access to basic level of sanitation	94%	6%
% of household with access to basic level of refuse removal	40%	60%
% of household with access to electricity	81%	19%

5.2. Internal Departments

Function :	Executive and Council
Sub function:	Committee & Council , IGR & Protocol and Community Participation
Reporting Detail Level	
Overview	Overall coordination of council activities

Description of the Activity.	• Overall administration of the Office of the Executive Mayor and to contribute to its effectiveness in leading the institution. • Promote good governance, public participation & communication.
	Strategic objectives : • To ensure effective intergovernmental relations between spheres of government. • To mainstream the disabled and gender functions of the municipality.

	• To develop and implement HIV/AIDS Strategy. • To ensure that Senior Managers implement Council Resolutions timeously and effectively.

Analysis of function	Number and cost to employer of all Executive Mayor's Office personnel	
	The total number of personnel employed	
	Total number of Councillors	33
	Number of Councillors on the Mayoral Committee • Council Meetings ○ Ordinary 4 ○ Special • Mayoral Committee Meetings ○ Ordinary 2 ○ Special 4 • Portfolio Committee Meetings ○ Budget & Treasury 7 ○ Transformation & Administration 5 ○ Planning & Economic Development 5 ○ Infrastructure Development ○ Social Development & Community Services • District Intergovernmental Forum Meetings 2 • Speaker's Forum 1 • Chief Whip's Forum 1	

Key Performance Area	Performance during the Year
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	ACHIEVEMENTS
Good Governance and Public Participation	• Effective functioning of the Oversight Committee. • Launching of Disability Councils in all local municipalities. • Awarding of MTN Cheque of R100 000 to Waterberg Care Centre

	in Vaalwater. • No audit queries relating to the department.
Special Programmes	• Successful hosting of Executive Mayor's Soccer Tournament.

Function: BUDGET & TREASURY Sub Functions: Income, Expenditure and Supply Chain Management	
Reporting level	Detail
Overview	• To provide financial support and ensure that public funds are utilized efficiently, effectively and economically, thus improving the lives of the communities. • Formulate and enforce policies, rules and regulations to facilitate financial sustainability. • Implement and ensure compliance with the Municipal Finance Management Act, other relevant legislation and governance practices and National Treasury reforms ensuring the continuance of local government reforms.
Description of the Activity.	The Budget & Treasury Office comprises of the following divisions: • Revenue • Expenditure • Reporting and • Supply Chain Management
	Strategic objectives : • To find new sustainable sources of revenue. • To complete accurate, valid and complete Fixed Asset Register. • To review SCM Policy and reduce deviations from SCM Policy. • To report effectively and timely.
	Achievements

	• All exemptions of Gazette 30013 were resolved and implemented in terms of GRAP and other reporting standards authorized by the Minister of Finance. • 100% of 08/09 Audit queries were resolved. • Successful implementation of financial policies. • Successful implementation of 3 part Supply Chain bid system. • CFO as CA (SA) and other finance officials comply with the Gazetted Minimum Competency Targets. • 90% of SDBIP was implemented successfully.
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Analysis of Function	1. Number and cost to employer of all financial personnel The total number of personnel employed Financial interns appointed		
	2. Debtor analysis: amount outstanding over 30, 60,90 and 120 plus days: Abattoir • 30 days • 60 days • 90 days • 120 plus days		R (000s)
Analysis of Function	1. Number and cost to employer of all financial personnel The total number of personnel employed Financial interns appointed	13 00	
	2. Debtor analysis: amount outstanding over 30,60,90 and 120 days: Abattoir • 30 days • 60 days • 90 days • 120 plus days		R(000s) 30 460 5 055 6 259 26 010
Analysis of Function	3. Write off of debts: number and value of debts written off:		

(cont.)	Abattoir		44 786
	4. Credit payments: Creditors are paid within a period of 30 days		
	5. Supply Chain Management The Supply Chain Management Policy was reviewed on 29 June 2010.. Details of Bid Adjudication Committee activities. • Total number of BID Adjudication Committee meetings held during the year • Total number of bids considered • Total number of bids approved • Total value of bids approved • Total value of bids awarded • Value of bids awarded to: - HDI - Women - Waterberg District Area - Limpopo - National	4 39 39 44%	R000 20 765 450
	6. External Loans: No loans were taken up during the year.		R000

Key Performance Area : Performance during the Year, Performance Targets Against Actual Achieved an Plans to Improve Performance	
Function : Office of the Municipal Manager	
Sub-function : Strategic Planning, Internal Audit & Disaster Management	
Reporting level	Detail
Overview	The office of the Municipal Manager provides strategic support , deals with IDP/PMS issues and risk management , disaster management and internal auditing.
Description of the Activity	The main functions of the department are : • Strategic support & planning • Internal Audit • Disaster Management

Sub-functions	Strategic objectives • To provide a sound district regulatory framework. • To promote management capacity in the district municipal area. • To implement an effective PMS. • To establish an effective Internal Audit Unit. • To ensure that Disaster Management centres are SETA accredited.
Achievements	• Conducted performance reviews of Section 56 Managers. • 5 local municipalities participate in PMS. • Highly credible IDP status. • Management of PVA during soccer world cup. • Provided support to local municipalities. • Established Fire Protection Associations. • Launched Monitoring and Evaluation Forum.
Function	: Corporate Support & Shared Services
Sub Function :	Human Resources, Legal & Administration , Information & Communications Technology.

Reporting Level	Detail
Overview	The Corporate Support and Shared Services provides internal support services to the municipality.
Description of the Activity	The main functions of the department (functional areas) are: • Human Resources Management • Legal and Administration • Information & Communication Technology
	Strategic objectives : • To ensure effective corporate services. • To review skills development plan. • To provide a safe and secure environment for staff and protect Council's assets. • To develop by-laws and policies.
	ACHIEVEMENTS • Completed 80% of IDP projects. • Reduced employee turnover rate from 15% to 7%.

	• Solicited and implemented legal opinions on Council matters. • Maintain a user friendly and informative website. • Provided support to local municipalities
Analysis of Function	Number and cost of employer of all municipal staff employed: • Professional (Managers/Specialists) 19 • Field (Supervisors) 0 • Office (Clerical/Administrative) 29 • Non-professional 12 • Temporary staff 4 • Contract staff 0 TOTAL 64
	Key appointments and staff turnover during the year: Appointments Managers 2 Assistant managers 2 Senior officers 1 TOTAL 5 Staff turnover Managers 3 Assistant managers 3 Senior officers 0 TOTAL 6

Function:	Planning and Development
Sub function	Economic Development and Development Planning
Reporting Level	Detail
Overview	The department of Economic Development & Planning deals with economic development and issues of spatial and town planning.
Analysis of function	Strategic objectives : - To implement IDP projects. - To attract tourists. - To provide support to local municipality.

	ACHIEVEMENTS • Implemented 75% of IDP projects. • Intensified the marketing of the destination brand. • Improved exposure of Waterberg District as tourist destination of choice. • Development of Biosphere Meander Route website.
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Function :	Social Development and Community Services
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Reporting Level	Detail
Overview	The main focus is on prevention of spread of communicable diseases, investigation of reported cases, control of outbreaks, and compliance with legislation, and promoting integration of environmental management.
Municipal Health	• To provide services in terms of the Health Act,1997(No.63 of 1977) as follows: ○ Vector control ○ Waste management ○ Food control ○ Health Surveillance of Premises ○ Prevention of communicable diseases ○ Pollution control ○ Disposal of the dead ○ Chemical safety • ACHIEVEMENTS • No incident of food poisoning in all premises visited. • Compliance of water samples quality . • Managed to implement programmes and campaigns. • To provide services in terms of Disaster Management Act 57 of 2002 as follows: ○ Disaster risk assessment ○ Disaster risk reduction ○ Response and recovery ○ Information management and communication ○ Funding arrangements for disaster risk management • To provide services in terms of Fire Brigade Services Act 99 of 1987 as follows:

	○ Prevent veld, forest and domestic fires
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Function :	Infrastructure Development
Sub Functions:	Water & Sanitation Roads & Stormwater Electricity Municipal Infrastructure Grant Programme
Reporting Level	Detail

Overview	Provision of technical support in ensuring that the services provided by the Municipality in realizing the strategic focus areas of Infrastructure Development are being done efficiently and effectively
Description of the Activity	Infrastructure Development Department is comprised of the following functional areas: 1. Water & Sanitation 2. Roads & Stormwater 3. Electricity
	Strategic objectives : • To provide municipal services • To comply with legislation on sewer plants. • To provide roads infrastructure to residents. • To provide landfill services to residents. ACHIEVEMENTS • Co-ordination of District Energy Forum • Co-ordination of the MIG Programme • Participation in the establishment of the Catchment Management Agency • Provide technical support to local municipalities • Partnership agreement entered into with Roads & Agency Limpopo for Implementation of the roads project.

	Organisation of District-wide Water Summit.
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APPENDIX A
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 2009/6/30	Received during the period	Redeemed written off during the period	Balance at 2010/6/30
TOTAL EXTERNAL LOANS			-	-	-	-

APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010

	Cost/Revaluation					Accumulated Depreciation	
	Opening Balance R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Depreciation R
Land and Buildings							
Land	1 165 500	-	-	-	1 165 500	-	-
Buildings	29,232,905	542 990	3 312 601	(4 650)	33 083 846	2 741 551	779 210
	30 398 405	542 990	3 312 601	(4 650)	34 249 346	2 741 551	779 210
Other Assets							
Motor Vehicles	10,234,053	5 655 451	-	(941 023)	14 948 481	2 630 065	936 722
Computer equipment	2,675,448	701 778	-	(160 488)	3 216 738	1 234 430	485 692
Office equipment	1,080,388	151 984	-	(538 532)	693 840	837 747	76 639
Furniture and Fittings	1,767,198	527 318	-	(46 550)	2 247 966	1 045 863	212 195
Machinery	559,813	1 445 630	-	(1 150)	2 004 293	352 734	155 921

	16 316 900	8 482 161	-	(1 687 743)	23 111 318	6 100 839	1 867 169
TOTAL	46 715 305	9 025 151	3 312 601	(1 692 393)	57 360 664	8 842 390	2 646 379

Assets under construction includes the Lephalale Disaster Centre and the upgrade of the Abattoir.

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	Cost					
	Opening Balance R	Additions R	Under Construction R	Disposals R	Transfers R	Closing Balance R
Budget & Treasury Office	470	148	-	(64	(59	49
	604	991	-	674)	207)	71
Municipal Manager	170	42	-	-	4	21
	128	998	-	-	718	84
Corporate Support & Shared Services	12 727	785	-	(685	729	13 55
	157	861	-	726)	478	77
Planning and Economic Development	114	37	-	(6	82	22
	292	071	-	596)	536	30
Infrastructure Development	335	7	-	(57	(46	23
	626	460	-	615)	913)	55
Executive Mayor's Office	1 930	1 309	-	(823	(45	2 37
Social Development & Community Services	165	264	-	583)	629)	21
	142	23	-	(	(15	15
	274	407	-	264)	231)	18
Fire fighting	26 335	6 670	-	(30	516	35 31
	579	099	1 821 574	000)	754	00
Environmental Health	1 710	-	-	(23	(1 171	51
	336	-	-	935)	655)	74
PIMSS	-	-	-	-	-	-
Abattoir	2 779	-	1 491 027	-	5	4 27
	144	-	-	-	149	32
TOTAL	46 715 305	9 025 151	3 312 601	(1 692 393)	-	57 360 664

APPENDIX D SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R		2009 Actual Income R
80 734	6 430			
005	751	74 303 254	Budget & Treasury	88 05
747	4 209	(3 462		
345	795	450)	Municipal Manager	1 74
755	11 630	(10 874		
982	169	187)	Corporate Support & Shared Services	29
1 213	12 588	(11 374		
950	377	427)	Planning and Economic Development	3 54
1 710	19 548	(17 837		
459	151	692)	Infrastructure Development	54
194	12 164	(11 970		
792	939	147)	Executive Mayor's Office	2
	2 136	(2 136		
-	500	500)	Social Development & Community Services	
462	4 039	(3 577		
053	227	174)	Disaster Management	15
6 438	8 084	(1 646		
204	468	264)	Environmental Health	7 45
1 062	2 953	(1 890		
495	493	998)	Abattoir	86
93 319	83 785			
285	870	9 533 415	TOTAL	#####

UNAUDITED INFORMATION - A

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)

REVENUE	<u>2010</u> <u>Actual</u> R	<u>2010</u> <u>Budget</u> R	<u>2010</u> <u>Variance</u> R
Abattoir service charges	833 918	1 024 500	(190 582)
Rental of facilities and equipment	-	45 000	(45 000)
Interest earned - external investments	8 628 145	7 915 000	713 145
Interest earned - outstanding debtors	34 753	30 000	4 753
Government grants and subsidies	93 075 424	94 063 684	(988 260)

Other income	116 773	72 252	44 521
Reversal on provision for bad debt	1 446	-	1 446
Total Revenue	102 690 459	103 150 436	(459 977)
EXPENDITURE			
Employee related costs	(32 171 368)	(38 580 824)	6 409 456
Remuneration of Councillors	(3 791 832)	(3 797 525)	5 694
Post-retirement health care expenditure	(469 682)	-	(469 682)
Long-service award expenditure	(190 978)	-	(190 978)
Bad debt	(44 786)	(50 000)	5 214
General expenses	(11 239 867)	(13 932 583)	2 692 716
Repairs & Maintenance	(486 445)	(527 380)	40 935
Fire Fighting	(5 904 908)	(8 803 741)	2 898 833
Project expenditure	(21 590 715)	(28 089 160)	6 498 445
Depreciation and amortisation	(2 933 430)	(3 018 000)	84 570
Loss on disposal of Property, Plant and Equipment	(216 522)	-	(216 522)
Total Expenditure	(79 040 533)	(96 799 213)	17 758 681
NET SURPLUS FOR THE YEAR	23 649 926	6 351 223	17 298 703

UNAUDITED INFORMATION - APPENDIX

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)

2010
Actual

2010
Under

2010
Revaluation

2010
Total

2010
Budget

V

	R	<u>Construction</u> R		<u>Additions</u> R	R	
Land and Buildings						
Land	-	-	-	-	-	-
Buildings	542,990	3 312 601	-	3 855 591	4 799 283	69
Other Assets						
Motor Vehicles	#####	-	-	5 655 451	6 690 683	(1 23
Computer Equipment	701,778	-	-	701 778	1 107 214	43
Office Equipment	151,984	-	-	151 984	650 000	01
Furniture and Fittings	527,318	-	-	527 318	1 528 146	(1 82
Machinery	#####	-	-	1 445 630	1 543 216	58
TOTAL	<u>#####</u>	<u>3 312 601</u>	<u>-</u>	<u>12 337 752</u>	<u>16 318 542</u>	<u>(3 79</u>