

Contents

Chapter 1

Introduction and overview

Foreword by the Executive Mayor	3
Executive review by the Municipal Manager	4
Overview of the Municipality	5

Chapter 2

Performance highlights

Free basic services	9
Service delivery backlogs	9
Key Challenges	10
Key Successes	12

Chapter 3

Human resources and organisational management

Organisational structure	13
Staffing information	14
Employment equity	14
Skills development	15
Personnel expenditure trends	15
Pension and medical aid funds	16
Arrears owed by councillors and staff	16
Salary disclosures	17

Chapter 4

Audited statements and related financial information

Report of the Chief Financial Officer	18
Report of the Audit Committee	22
Report of Auditor-General on Performance Measurement	24
Report of the Auditor General on the Financial Statements	27
Audited financial statements	
Statement of Financial Position	30
Statement of Financial Performance	31
Statement of Changes in Net Assets	32
Cash Flow Statement	33
Accounting Policies	34
Notes to Financial Statements	39

Chapter 5

Functional service delivery reporting

Executive and Council	57
Finance and Procurement	59
Corporate Services (HR, IT, other)	61
Planning and Development	63
Sport and Recreation	66
Education	67
Public Safety	68
Environmental Health	69
Technical Services	70

CHAPTER 1: INTRODUCTION AND OVERVIEW

Foreword by the Executive Mayor

In presenting the 2004/2005 Annual Report we do so with a sense of pride and vindication that the policies and programmes we have employed are bearing fruits. In recent months local government has come to rank amongst issues which dominate public discourse in our province and country.

Whatever the differences relating to the characterization of the fundamental causes of the challenges we face today, the debate is coalescing around the need and ways to find the most efficient ways by which to run the affairs of our municipalities in a transparent and accountable manner.

The year been reviewed has seen us registering strides and milestones, amongst others we have trained, capacitated and ensured the functionality of 130 ward committee members across the district, availed 1500 bicycles to learners in farming areas who were walking long distances to and from schools, tarred, paved and continuously re-gravelled our access roads in our townships and rural areas, set up a number of forums to ensure community participation in government programmes. I applaud the Municipal Manager, his management team and staff for a journey well travelled.

Indeed many of our local municipalities are still grappling with such challenges as redressing significant levels of service delivery backlogs, redressing significantly higher levels of municipal infrastructure backlogs as well as overcoming the problems caused by the paucity of financial management skills.

The existence of these and other challenges should never obscure our perspective as to the fundamental causes of the problems we face today; they should instead motivate us to vigorously advance service delivery programmes to our people.

The 2004/2005 Annual Report positions and elevates Waterberg District Municipality to a different trajectory.

M G MOLEKWA
EXECUTIVE MAYOR

Executive Review by the Municipal Manager

For us the year under review was significant in that it marked the end of the first five years of democratic developmental local government. It also meant traversing into the beginning of the sustainability phase as we enter the second term. It was also a year in which we bid farewell to outgoing Executive Mayor Cllr Maesela Godfrey Molekwa

Armed with the vision to actualize our mandate to provide bulk infrastructure for provision of basic services, provide framework for LED and Spatial Development, Develop sector plans for the provision of bulk services, Strengthen capacity and provide ongoing support to local municipalities and coordinate Intergovernmental Relations activities in the district.

The year under review has seen a greater degree of professionalism and the strengthening of our administrative impetus but there are still major challenges in our endeavour to make a reality the right of all citizens under our municipal jurisdiction to access services. Product and service innovations included, building and strengthening the supply chain management unit, strengthening the work of Council and Council Committees, giving support to activities of the Executing Authority, Implementing intergovernmental and regional integration programmes.

Complementing these efforts during the year under review was a breakthrough in extending the district co-ordinating role and as a result we have improved internal control systems –Internal Audit Unit established, sustained support to local municipalities with the PIMSS playing a central role in this regard, we had a smooth transformation process for devolution of water and sanitation functions to local municipalities and attaining unqualified audit report within one year of filling key management positions.

Making all these achievements possible has been the unremitting attention to effective and efficient administrative support that the management team and staff provided.

This Annual Report sets out the details of what was done by Waterberg District Municipality during the financial year 2004/2005, of utmost vitality the report contains the audited financial statements, Audit Committee report and other related reports.

As Waterberg District Municipality we have consolidated our programmes however our institutional arrangements need further strengthening to ensure long-term sustainability.

**M P SEBATJANE
MUNICIPAL MANAGER**

Overview of the Municipality

The Waterberg District Municipality is in the western section of the Limpopo Province sharing the provincial border with Botswana. There are five border control posts with Botswana at Groblersbrug, Stockpoort, Derdepoort, Zanziba and Platjan. Within the province, it shares its borders with Capricorn District Municipality to the north and Sekhukhune District to the east. The south-western boundary of the district abuts the Northwest Province and the south-eastern boundary the Gauteng Province. Entry points (roads) to the district from Sekhukhune are the N11, Gauteng the N1 (national road) and R101, from Northwest the R159 and R133.



Waterberg District Municipality covers an area of approximately 4 951 882ha. The municipal area consists mainly of commercial farms, game farming, etc. and only approximately 0,43% of the total area is used for settlement purposes (i.e. towns and villages).

Approximately 69% of all the settlements (i.e. towns and villages) in the Waterberg District Municipality area are located within Mogalakwena Local Municipality. Approximately 68% of all the larger settlements with 5 000 people and more are also located within this local municipality. The problem is, however, that both Mogalakwena and Lephalale Local Municipalities have a large number of small villages, being villages with less than 1 000 people. These low population densities have serious implications to improve the levels of service provision to communities.

The cost associated with respect to the provision of service infrastructure is very high. This problem within the Waterberg District Municipality is further exacerbated by the fact that at least 50% of the population are located within Mogalakwena Local Municipality, meaning that the majority of the population are located in relative small settlements, which are scattered over a large area.

The district comprises of six local municipalities. These local municipalities are as follows:

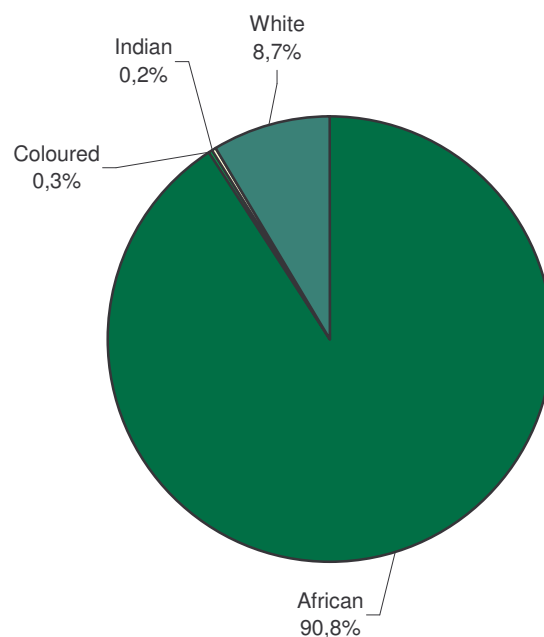
Municipality	Number of wards
1.Bela-Bela Local Municipality	7
2.Lephalale Local Municipality	11
3.Modimolle Local Municipality	7
4.Mogalakwena Local Municipality	31
5.Mookgophong Local Municipality	4
6.Thabazimbi Local Municipality	8
TOTAL	68

Population figures for Local Municipalities in the Waterberg District Municipality Area

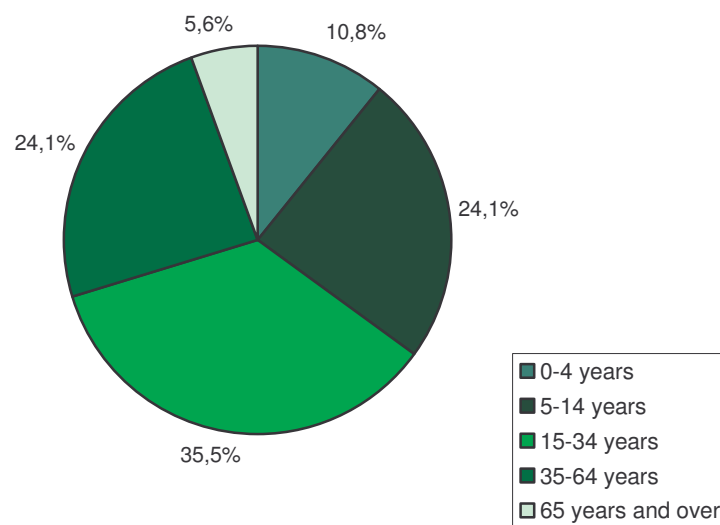
Local municipality	Estimated Population	No. of Households	Average Household Size	% of District Municipality
Bela-Bela	52 122	12 279	4.2	8.48
Lephalale	96 074	23 401	4.1	15.64
Modimolle	72 797	17 536	4.2	11.85
Mogalakwena	298 419	68 010	4.4	48.58
Mookgophong	30 746	6 977	4.4	5.05
Thabazimbi	63 883	20 280	3.2	10.40
TOTAL	614 041	148 483	4.1	100

Source: SSA 2001 Census

According to Census 2001 information the gender distribution is almost equal with 51,9% female and 48,1% male. The breakdown in terms of population groups is reflected in the chart below.



The age distribution of the population in the district area is as follows (Census 2001):



Labour force (Census 2001)

Employed	140 374
Unemployed	62 622
Not economically active	165 480

According to the 2001 census, individual monthly income statistics were as follows:

Monthly income	Number of people	%
None	414 966	69,49
R1 - R400	53 993	9,04
R401 - R800	71 612	11,99
R801 - R1 600	24 656	4,13
R1 601 - R3 200	20 986	3,51
R3 201 - R6 400	6 964	1,17
R6 401 - R12 800	2 569	0,43
R12 801 - R25 600	656	0,11
R25 601 - R51 200	270	0,05
R51 201 - R102 400	239	0,04
R102 401 - R204 800	83	0,01
Over R204 801	158	0,03

CHAPTER 2: PERFORMANCE HIGHLIGHTS

FREE BASIC SERVICES

The District does not directly render water, sanitation and electricity services to residents but only performs a coordinating role and providing project management assistance to the six local municipalities.

The following information was obtained from the PIMS database in the district. It should be noted that the purpose for including this information in the Annual Report is to provide a district picture of progress made during the previous financial year in rendering basic services to indigent households.

Local municipality	Total number of households *	Number of indigent households benefiting from free basic services #		
		Water	Sanitation	Electricity
Bela-Bela	12 279	9 500	0	9 500
Lephalale	23 401	7 500	140	2 500
Modimolle	17 536	13 000	4 500	13 000
Mogalakwena	68 010	38 148	2 148	1 107
Mookgophong	6 977	2 800	0	3 100
Thabazimbi	20 280	6 498	0	492
Total	614 041	77 446	6 788	29 699

*Total number of households according to 2001 Census

Information provided by local municipalities

Service Delivery Backlogs

Access to Services

Service	1996 (117 615 Households)		2001 (168 071 Households)		2005 (222 569 Households)	
	Basic and above	Below basic	Basic and above	Below basic	Basic and above	Below basic
Water¹	86 241	31 374	145 316	22 754	148 546	74 023
Sanitation	104 448	13 167	142 638	25 433	66 153	156 416
Electricity	53 579	64 036	109 752	58 319	118 483	104 086
Refuse Removal	37 612	80 003	54 553	113 517	60 345	162 224
Housing²	83 217	34 400	131 252	36 823	50 810	171 759
Telephones³	85 131	32 484	147 901	20 170	n/a	n/a

Notes:

1. 2001 figures – Basic and above include pipe water within a village, which is not included in 1996 and 2005.
2. Housing figures only include housing delivered by government.
3. Telephone statistics for 2005 were not available.

KEY CHALLENGES

The following challenges have been identified impacting on the provision of basic infrastructure and services in the various local municipalities.

Electricity

- Coping with the challenges of the electricity reform process
- Upgrading electricity supply to meet the demand and development of business operations
- Ensuring access to free basic electricity in villages and farming communities
- Propagate, register and supply all deserving beneficiaries

Water

- Finalization of the Section 78 Process
- Recruitment and retention of technical skills for project planning, implementation and supervision
- Budget required to eradicate the backlogs
- Water Resources and water demand
- Development of Cost Recovery Systems
- Maintenance and Operations of transferred DWAF Schemes
- Provision of water to industrial users to unlock economic development
- Synergy across the three spheres of government in budget allocation, project implementation and monitoring
- Capacity of emerging service providers

Refuse removal (solid waste)

- Ensuring that all municipalities that operate with non permitted land fill sites acquire the necessary permission from the relevant department to operate such.
- Ensure that all land fill sites are managed according to the required standards
- Identification of new and rehabilitation of existing dumping sites

Roads

- The Provincial Government has assigned the responsibility for district roads to the Waterberg District Municipality.
- The Waterberg District Municipality, in its response, has established a project called the Development of the Road Management Plan.
- The preliminary report of the Roads Management Plan Project is that :
 - A total of 4 362 km of the District Roads Network are Numbered, and of these, 7.3% are surfaced (paved) and 92.7% are gravel (unpaved)
 - A total of 11 404 km of the District Roads Network are Unnumbered.
 - An initial budget of R600 000.00 has been put aside to survey and document these unnumbered roads.
 - The capital requirement to keep the district roads in an acceptable standard are R 32 million (paved roads) and R 501 million (unpaved roads).
- Poor water drainage due to the topography of the area;
- Maintenance of existing roads due to ageing of infra structure

Housing

- Approval of beneficiaries
- Capacity of Developers / Contractors
- Sub-contracting by Developers
- Problems by Developers with acquisition of building material
- Honoring of agreements / Developers starting on time as per agreements
- Existence of informal dwellings on building sites
- Illegal occupation
- Funding for township establishments
- Housing not a competency of a municipality, therefore do not have the capacity to provide the service

KEY SUCCESSES

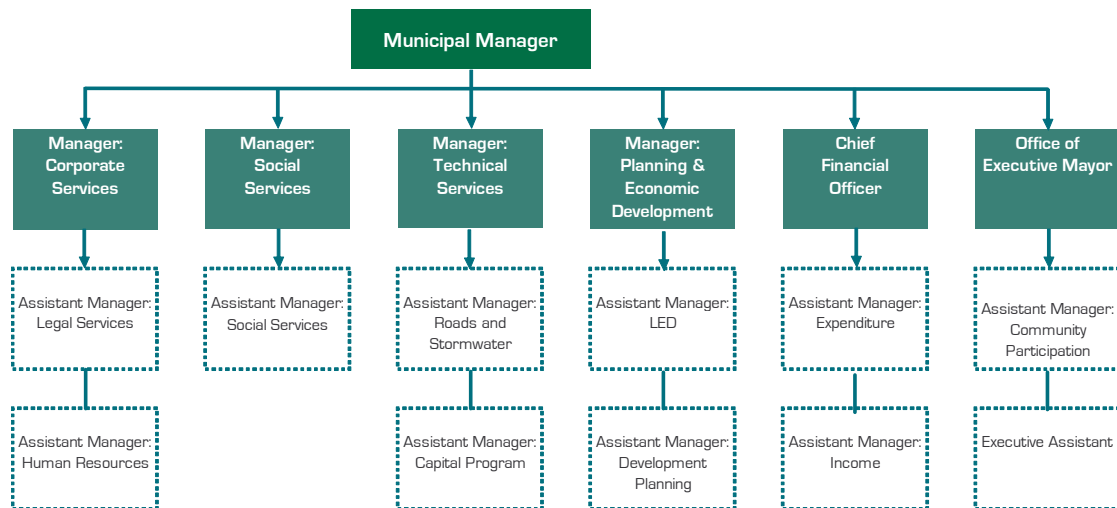
The key successes relating to the performance of the District Municipality, include the following amongst other:

- ▶ Conversion of accounting system and reporting to GAMAP/GRAP
- ▶ Application to National Treasury for reclassification as a medium capacity municipality
- ▶ Training of 130 ward committee members in all local municipalities
- ▶ HIV/AIDS awareness campaigns conducted
- ▶ Completion of district LED plan and district Marketing and Investment Strategy
- ▶ Provision of free bicycles or subsidised transport for learners in farming areas
- ▶ Developed District Disaster Management Plan
- ▶ Acquisition of land for construction of Disaster Centres in Modimolle and Lephalale
- ▶ Established District Water and Sanitation & Energy Forums
- ▶ Re-gravelled and paved identified local access roads

CHAPTER 3

HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

Executive Organisational Structure



Staffing information

The table below indicates the total number of posts per function as per the approved organisational structure as well as the number of posts filled and the vacancies per function.

Function	Total no. of posts	No. of filled posts	No. of vacancies
Office of the Mayor	10	8	2
Office of the Municipal Manager	8	7	1
Budget and Treasury Office	13	13	0
Corporate Services	20	14	6
Technical Services	7	2	5
Social Services	17	14	3
Planning and Development	8	3	5
Total	83	61	22

Employment equity statistics

Workforce profile as at 30 June 2005

Occupational category	Male				Female				Total
	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	9				1		1	2	13
Professionals									
Technicians and associate professionals									
Clerks	12				14			8	34
Service and sales workers	7				1				8
Skilled agricultural and fishery workers									
Craft and related trade workers									
Plant and machine operators and assemblers				1					
Elementary occupations					5				5
TOTAL	28			1	21		1	10	61

Proposed numerical goals for 2005/06

Occupational category	Male				Female				Total
	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	2			1	3		1	2	9
Professionals	3			1	2			1	7
Technicians and associate professionals					1			1	2
Clerks								2	2
Service and sales workers									
Skilled agricultural and fishery workers									
Craft and related trade workers									
Plant and machine operators and assemblers	3								3
Elementary occupations	10			3	4			5	22
TOTAL	18			5	10		1	11	45

Skills development programmes

Training and skills development interventions	No. of staff trained	Cost in rand R
Management department programme	1	11 250
Effective Report writing	1	2 400
Financial Risk Management	3	2 500
Personnel Manager Training	1	2 100
Salaries system	2	2 000
Tools & Techniques of Internal Auditing	1	4 385
Leave Workshop	2	1 500
In-Year Reporting	4	2 333
Promotion to access to Information	2	2 631
Exploring methods of Detecting and preventing fraud & corruption	1	7 712
TOTAL	18	38 811

Personnel expenditure trends

Financial year	R'000	% of total expenditure
2000/01	3 501 696	8.1%
2001/02	6 393 729	14.1%
2002/03	10 684 975	14.5%
2003/04	13 094 024	17.2%
2004/05	16 336 377	14.1%

Pension and medical aid funds

Pension and provident funds

Name of fund	No. of members
Municipal Gratuity Fund	40
National Pension Fund For Municipal Workers	6
National Provident Fund for Municipal Workers	33*
Municipal Employee Pension Fund	11
TOTAL	90*

* Note there are staff members who belong to both a pension/gratuity fund and the National Provident Fund.

Medical aid funds

Name of fund	No. of members
Munimed	32
Bonitas	21
Hosmed	1
TOTAL	54

The municipality's actual expenditure for the 2004/05 financial year in respect of employer's contributions for both pension and medical aid amounted to R 2 109 000.

Arrears owed by staff and councillors

Not applicable

Salary disclosures

Councillors Actual (Remuneration of Public Office Bearers Act)

	Amount R
Executive Mayor	268 743
Speaker	224 628
Mayoral Committee Members (6)	449 922
Councillors	524 227
Councillors' pension contributions	132 419
Councillors' medical contributions	29 094
Travelling allowances	198 853

Senior Management (Section 57 employees)

Designation	Remuneration package per annum R
Municipal Manager	619 700
Chief Financial Officer	524 365
Manager Corporate Services	524 365
Manager Social Services	489 179
Manager Planning and Economic Development (resigned 31/05/05)	447 968
Manager Technical Services	495 340

CHAPTER 4

AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

Report of the Chief Financial Officer

1. Introduction

The implementation of the Municipal Finance Management Act as from 1 July 2004 resulted in many challenges in ensuring accountability and transparency in the financial system.

There has been a change in accounting policy from funding accounting standards to Generally Accepted Municipal Accounting Practice/Generally Recognised Accounting Practice standards. Due to the change in accounting policy, A Government Grant Reserve and Public Contribution and Donation Reserve were formed. A further result of the change in accounting policy had the effect of Property, Plant and Equipment being reflected in the annual financial statements at their carrying value which is calculated after the deduction of accumulated depreciation from the original cost of acquisition.

2. Operating results

The Statement on Financial Performance reflects a summary of income and expenditure, whilst the operating results per department are reflected in Appendix D. The overall operating results for the year ended 30 June 2005 is as follows:

	Actual 2003/2004	Actual 2004/2005	Variance 2004/2005	Budget 2004/2005	Variance Actual/ Budget
	R	R	%	R	%
INCOME					
Opening surplus	87 140 509	96 862 998			
Operating income for the year	85 641 155	111 376 783	(36%)	113 945 245	3%
Changes in net assets					
TOTAL	172 781 664	208 239 781		113 945 245	
EXPENDITURE					
Operating expenditure for the year	76 230 117	115 854 922	(61%)	140 377 270	17%
Changes in net assets	127 762	1 702 519			
Closing surplus	96 423 785	90 682 340			
TOTAL	172 781 665	208 239 781		140 377 270	

2. ACQUISITION AND FINANCING OF PROPERTY, PLANT AND EQUIPMENT

The total expenditure incurred with regard to Property, Plant and Equipment amounted to R2 625 673 as compared to R896 678 for the previous financial year and consists of the following:

	Actual 2004/2005	Budget 2004/2005	Actual 2003/2004	Variance Actual/ Budget
	R	R	R	R
Buildings	-	-	336 591	
Furniture and Equipment	217 462	222 500	70 950	2%
Office equipment	495 655	267 000	177 436	(86%)
Vehicles	1 905 513	850 000	-	(124%)
Land	-	-	239 861	
Machinery and equipment	7 043	60 000	71 840	
Total	2 625 673	1 399 500	896 678	

Assets amounting to R1 258 026 were donated by the Province. Resources used to finance the property, plant and equipment were as follows:

	Actual 2004/2005	Budget 2004/2005	Actual 2003/2004	Variance Actual/ Budget
	R	R	R	R
Levy income	1 097 834	879 000	702 158	(25%)
Grants: MSIG	185 276	235 000	138 080	21%
MIG	84 537	285 500	-	70%
Donations	1 258 026	-	-	(100%)
Other	-	-	26 860	
Accumulated surplus	-	-	29 580	
Total	2 625 673	1 399 500	896 678	

3. INVESTMENTS AND CASH

Investment and cash as at 30 June 2005 amounted to R98 726 900 (2004 – R96 991 286). Additional information regarding investments is disclosed per notes 6 and 9 to the financial statements.

4. RESERVES

Due to the change in accounting policy, amounts previously reflected as Funds and Reserves have being restated to comply with accounting policies 1 and 4.

EXPRESSION OF APPRECIATION

I am grateful to the Executive Mayor, Speaker, Finance Committee, Members of Council, the Municipal Manager and Managers for their support during the financial year.

A special word of appreciation to the officials in the Finance Department for their support and assistance during the year.

N MOSAM
CHIEF FINANCIAL OFFICER

Report of the Audit Committee

The Audit Committee is pleased to present the report for the financial year ended 30 June 2005 as recommended by the Municipal Finance Management Act No.: 56 of 2003.

1. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consists of the members listed hereunder and meets at least four times a year or more when the need arise. During the current year meetings were held on four occasions in terms of section 166 (4) b of the MFMA and the approved Audit Committee charter. Meetings were held on the following dates: 07 February 2005 as the first and the inauguration meeting, 19 February 2005, 30 March 2005 and 09 May 2005.

Name of the Members	Number of Meetings attended
Mr. IW Modisha	4
Mr. M.D Poopedi	4
Mr. M.J Madiga	4

2. 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.

3. INTERNAL CONTROL

The system of internal control is partially effective as the various reports of the Internal Audit, the Audit report on the annual financial statements and the management letter of the Auditor General have reported certain significant and housekeeping matters of non compliance and control nature. However, nothing significant has come to the attention of the Audit Committee to indicate that any material breakdown in the functioning of internal controls, procedures and systems has occurred during the period under review.

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 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.

5. RISK MANAGEMENT

The Waterberg District Municipality has developed a risk management strategy. The Audit Committee has recommended that the strategy be approved by the Council as it will be the foundation for a continuous risk assessment process and for managing and monitoring of risks on an ongoing basis.

6. EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

- Reviewed the financial statements prior its submission to the Auditors General.
- Reviewed and discussed the Auditor General Management letter and the Audit report with the Management and the Internal Audit.

The Audit Committee concurs and accepts the conclusion of the Auditor General on the annual financial statements and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor General.

I.W MODISHA
CHAIRPERSON
20 DECEMBER 2005

REPORT OF THE AUDITOR-GENERAL ON THE RESULTS OF WATERBERG DISTRICT MUNICIPALITY'S PERFORMANCE MEASUREMENT FOR THE YEAR ENDED 30 JUNE 2005

1. AUDIT ASSIGNMENT

The compilation, presentation and publishing of performance measurements and the implementation, management and internal control of supporting systems, are the responsibility of the accounting officer of Waterberg District Municipality.

My responsibility is to provide an assessment of the controls implemented by the accounting officer to develop and manage the district municipality's performance management system as required by section 45(b) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

My role is not to assess or comment on the municipality's actual performance, but rather to assess the processes followed during the implementation of the performance management system.

2. NATURE AND SCOPE

I have performed the procedures agreed with management and described below regarding the performance management system of Waterberg District Municipality. The assignment was undertaken in accordance with the statements of South African Auditing Standards applicable to agreed-upon procedures engagements.

The responsibility of determining the adequacy or otherwise of the procedures agreed to be performed is that of Waterberg District Municipality. My procedures were solely performed to evaluate the controls implemented by the accounting officer regarding the district municipality's performance management system against the criteria set out in:

- chapter 6 of the Municipal Systems Act, 2000;
- the Local Government: Municipal Planning and Performance Management Regulations, 2001 (No. R. 796); and
- international good practices,

so as to report on the applicable compliance with legislation and to assist in identifying possible areas for improvement.

The procedures performed during our assignment were based on the feedback received from the completion of the high-level overview checklist by the accounting officer and included a review of the following aspects:

- Integrated Development Plan;
- Performance Management System;
- Key Performance Indicators;
- Actual targets;
- Actual service delivery;
- Internal monitoring;
- Internal control;
- Performance measurement and reporting; and
- Revision of strategies and objectives.

3. FINDINGS

I report my findings below:

3.1 Development of an integrated development plan

The district municipality adopted and followed a formal process for the amendment of the integrated development plan (IDP). Community participation in respect of the IDP process as required by section 28(2) of the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000) had been complied with during the year under review and appears to be on a sound basis.

3.2 Development and implementation of Performance Management System

Although a performance management system (PMS) was adopted by the council on 27 January 2004 as required by section 39(c) of the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000), it was not implemented for the 2004-05 financial year. The main reason was that the PMS was not aligned with the IDP.

A process was initiated to rectify this aspect during the 2005-06 financial year by the appointment of a service provider to review the PMS.

3.3 Key Performance Indicators

The district municipality in terms of its IDP set key performance indicators (KPI's), as a yardstick for measuring performance, including outcomes and impact as required by section 41(1)(a) of the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000) in the 2004-05 IDP. The local communities through their municipal wide structure for community participation were allowed to participate in the setting of these KPI's.

The effectiveness of setting the KPI's set might be minimal in the absence of a PMS.

3.4 Setting of targets for key performance indicators

The district municipality, in the absence of a PMS did set performance targets in the IDP as required by section 41(1)(b) of the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000). Local communities, through municipal wide structures for community participation, were given the opportunity to participate in the setting of these performance targets for the 2004-05 financial year.

3.5 Actual service delivery

Although progress reports were compiled for projects undertaken, and performance agreements concluded with the section 57 managers, mechanisms were not in place to monitor and review the performance of all staff members and service providers rendering service on behalf of the district municipality as required by section 40 of the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000) for 2004-05 financial year.

3.6 Internal monitoring

A PMS coordinator, in the absence of a PMS was appointed in October 2004 to monitor, measure and review performance as required by section 41(1)(c) of the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000).

3.7 Internal control

The district municipality as part of its internal control do have an internal audit activity and a performance audit committee, however, as the PMS was not implemented an audit was not performed as required by section 45(a) of the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000).

3.8 Performance measurement and reporting

The district municipality as part of the development of its PMS must develop the district municipality's cycle and processes of performance reporting as required by regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 (No. R.796). By the time of writing this report the performance management report was not available which resulted in the district municipality not complying with the regulations.

3.9 Revision of strategies and objectives.

The review process of the PMS was not done, since the system had not been implemented yet.

4. Conclusion

Because the above procedures do not constitute either an audit or a review made in accordance with statements of South African Auditing Standards, we do not express any assurance on any performance measurement as at 30 June 2005.

An audit of the financial statements in accordance with statements of South African Auditing Standards was concluded and a report to this effect was included in the annual report.

This report relates only to the specific phases of the performance management system as specified above, and does not extend to any financial statements of Waterberg District Municipality, taken as a whole.

5. APPRECIATION

The assistance rendered by the staff of Waterberg District Municipality during the audit of the results of performance measurement is sincerely appreciated.

MC Ledwaba, *for Auditor-General*

Polokwane

14 December 2005



A U D I T O R - G E N E R A L

REPORT OF THE AUDITOR-GENERAL TO THE MEMBERS OF THE COUNCIL ON THE FINANCIAL STATEMENTS OF WATERBERG DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2005

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 30 to 56, for the year ended 30 June 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

I believe that the audit provides a reasonable basis for my opinion.

Although the effective dates of application of the Standards of Generally Recognised Accounting Practice (GRAP) and Generally Accepted Municipal Accounting Practice (GAMAP) referred to in my audit opinion in paragraph 3 below have not yet been gazetted by the Minister of Finance, they have been recommended for implementation by the Accounting Standards Board and National Treasury.

3. AUDIT OPINION

In my opinion the financial statements fairly present, in all material respects, the financial position of Waterberg District Municipality at 30 June 2005 and the results of its operations and cash flows for the year then ended, in accordance with GRAP and GAMAP and in the manner required by the Local Government: Municipal Finance Management Act, 2003 [Act No. 56 of 2003].

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

4.1 Project expenditure

- (a) The district municipality's main purpose is to consolidate the needs and priorities of the local municipalities and communities within its district and incorporate these into an Integrated Development Plan (IDP) and ensure that these needs are implemented.

For the 2004/05 financial year, R111.1 million has been budgeted for projects, funded from the municipal infrastructure grant and levies. For the current year R87.8 million was spent, resulting in R23.3 million or 21 per cent being unspent. This has resulted in an aggregate total of R66.2 million, which has been unspent over a few years, being 38 per cent of what was budgeted for.

Furthermore, R10.2 million has been re-allocated to other projects from prior years' unspent projects which were financed out of own income.

- (b) The three main key priorities of the district municipality's IDP are the following:
- Water and sanitation;
 - Roads and Stormwater; and
 - Economic Development.

R24.1 million of the R66.2 million of the above three key priorities have been unspent.

4.2 Fire-fighting service

The district municipality has been authorized in terms of section 85 of the Local Government: Municipal Structures Act, 1998, (Act No. 117 of 1998) to perform fire-fighting services in the area of the district. In terms thereof the district municipality is the service authority, effective 1 July 2003. Prior to 1 July 2003 the fire-fighting services were rendered by the six local municipalities in the area of the district.

The council approved the appointment of the six local municipalities to act as the service providers of the services in accordance with section 85(1)(b) read with 85(6) of the Local Government: Municipal Structures Act, 1998, (Act No. 117 of 1998) and section 76(b) read with sections 41, 80 and 81 of the Local Government: Municipal Systems Act, 2000, (Act No. 32 of 2000).

- (a) The district municipality reimbursed the local municipalities R2.4 million for the fire-fighting services comparing to R2.1 million the prior financial year. R82 473 (2004: R103 717) was received as income from the local municipalities.

Section 76(b) of the Local Government: Municipal Structures Act, 1998, (Act No. 117 of 1998) allows a municipality to provide a municipal service in its area through an external mechanism by entering into a service delivery agreement with another municipality. Of the six local municipalities service delivery agreements (SDA) for Mogalakwena and Lephalale Municipalities could be submitted. The agreements have been concluded and signed on 30/6/2004 and 9/11/2004, respectively.

- (b) Clause 8.5.1 of the generic SDA stipulates that *"The transfer of the assets and liabilities linked to the Services coinciding with the functions and powers allocated to the District in terms of the section 12 notice and in accordance with section 85(6)(b) of the Structures Act from the Municipality to the District precede the implementation of this agreement. In terms thereof the Municipality shall, where applicable, transfer all fixed and movable assets, including vehicles and equipment, and all liabilities related thereto to the District."*

Fixed and movable assets have not yet been transferred to the district municipality. The carrying value, as at 30 June 2005, of the transferable assets totaled R67 527.

- (c) Section 81 of the Local Government: Municipal Structures Act, 1998, [Act No. 117 of 1998] states the responsibilities of the municipality when providing services through a service delivery agreement. The district municipality remains responsible and must in terms of section 81(1)(d) of the Local Government: Municipal Structures Act, 1998, [Act No. 117 of 1998], *inter alia*, within a tariff policy determined by the municipal council in terms of section 74, control the setting and adjustment of tariffs by the service provider.

From the budget approval I was not able to confirm that the district municipality did consider and set/approve the tariffs for the fire fighting service.

4.3 Disaster recovery plan

The district municipality does not have a formally documented and tested disaster recovery plan in place for the recovery of the various application systems in the event of a disaster. Should a disaster occur, the users of the financial systems might not have access to the various application systems for a considerable period of time.

5. APPRECIATION

The assistance rendered by the staff of district municipality during the audit is sincerely appreciated.

NA Dzuguda
for Auditor-General

Polokwane

30 November 2005



A U D I T O R - G E N E R A L

WATERBERG DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2006

	Note	2005 R	2004 R
NET ASSETS AND LIABILITIES			
Net assets		92 512 622	96 990 761
Government Grant Reserve		286 032	73 327
Donations and Public Contribution Reserve		1 112 253	54 436
Revaluation Reserve		431 997	-
Accumulated surplus		90 682 340	96 862 998
Current liabilities		24 347 959	16 680 342
Consumer deposits	1	12 620	10 770
Creditors	2 & 15	6 762 536	1 908 654
VAT	9	276 228	-
Unspent conditional grants and receipts	3	17 296 575	14 760 918
TOTAL NET ASSETS AND LIABILITIES		<u>116 860 581</u>	<u>113 671 103</u>
ASSETS			
Non-current assets		12 840 866	11 247 711
Property, plant and equipment	4	12 546 295	9 976 707
Long term receivables	5	294 571	1 271 004
Current assets		104 019 715	102 423 392
Consumer debtors	6	4 443 270	3 711 931
Other debtors	7 & 15	678 850	738 785
Current portion of long term debtors	5	170 696	630 969
Call investment deposits	8	97 451 894	94 900 000
VAT	9	-	350 421
Bank balances and cash	10	1 275 005	2 091 286
TOTAL ASSETS		<u>116 860 581</u>	<u>113 671 103</u>

WATERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

BUDGET			ACTUAL	
2004 R	2005 R		Note 2005 R	2004 R
		REVENUE		
24 375 000	28 252 580	Regional Services Levies - turnover	28 014 910	29 884 631
13 125 000	12 145 665	Regional Services Levies - remuneration	12 592 092	12 489 842
6 500 000	6 200 000	Interest earned - external investments	7 876 422	8 646 603
100 000	75 000	Interest earned - outstanding debtors	116 749	106 188
1 768 500	1 847 000	Abattoir - Income	1 781 393	1 711 793
284 000	90,000	Other income	228 301	890 103
31 843 000	66 700 000	Government grants and subsidies	## 59 057 434	31 775 934
-	-	Public contributions, donated, revalued and contributed property, plant and equipment	1 690 024	136 061
-	-	Gain on disposal of Property, Plant and Equipment	19 458	-
77 995 500	115 310 245	Total Revenue	111 376 783	85 641 155
		EXPENDITURE		
12 388 913	15 383 555	Employee related costs	## 16 336 377	13 094 024
1 918 087	2 071 535	Remuneration of councillors	## 1 845 934	1 987 395
-	-	Bad debt	106 314	-
2 911 500	7 680 015	General expenses	6 825 102	3 893 167
234 000	257 200	Repairs & Maintenance	223 367	149 562
310 000	879 000	Contributions to Fixed Assets	-	-
10 000	160 000	Contribution to Funds	-	-
2 467 471	2 851 965	Fire Fighting	2 424 966	2 168 199
26 632 529	53 825 000	Project Expenditure	37 895 658	31 825 474
24 100 000	58 634 000	MIG Expenditure	49 088 077	20 070 188
-	-	Depreciation	1 099 791	813 012
-	-	Loss on disposal of Property, Plant and Equipment	9 336	-
-	-	Provision for loss on investment	-	2 229 096
70 972 500	141 742 270	Total Expenditure	115 854 922	76 230 117
7 023 000	(26 432 025)	(DEFICIT)/SURPLUS FOR THE YEAR	(4 478 139)	9 411 038

WATERBERG DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2005

	Note	<u>Pre-GAMAP Reserves and Funds</u>	<u>Government Grant Reserve</u>	<u>Donations and Public Contributions Reserve</u>	<u>Revaluation Reserve</u>	<u>Accumulated Surplus</u>	<u>Total</u>
		R	R	R	R	R	R
2004							
Balance at 1 July 2003		3 502 228				13 873 445	17 375 673
Implementation of GAMAP	14	(3 502 228)				13 395 268	9 893 040
Correction of errors						59 871 796	59 871 796
Restated balance		-				87 140 509	87 140 509
Net surplus for the year						9 411 038	9 411 038
Capital grants used to purchase property, plant and equipment			77 186			(77 186)	
Donated and contributed property, plant and equipment				58 875		(58 875)	
Offsetting of Depreciation			(3 859)	(4 439)		8 298	
Balance at 30 June 2004		-	73 327	54 436	-	96 423 784	96 551 547
2005							
Correction of error [Note 15]		-				439 214	439 214
Restated balance		-	73 327	54 436	-	96 862 998	96 990 761
Net (deficit)/surplus for the year						(4 478 139)	(4 478 139)
Capital grants used to purchase property, plant and equipment			269 813			(269 813)	
Donated and contributed property, plant and equipment				1 258 027		(1 258 027)	
Asset disposals			(16 402)			16 402	
Offsetting of Depreciation			(40 706)	(200 210)		240 916	
Revaluation of land					431 997	(431 997)	
Balance at 30 June 2005		-	286 032	1 112 253	431 997	90 682 340	92 512 622

WATERBERG DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 R	2004 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		123 403 180	78 161 607
Cash paid to suppliers and employees		<u>(127 293 162)</u>	<u>(73 049 776)</u>
Cash generated from operations	16	(3 457 985)	5 111 830
Interest received		7 876 422	8 646 603
NET CASH FROM OPERATING ACTIVITIES		<u>4 418 437</u>	<u>13 758 433</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3 873 424)	(896 679)
Proceeds on disposal of property, plant and equipment		214 166	-
Decrease in Long Term Receivables		976 434	1 008 629
Increase in Call Investment Deposits		<u>(2 551 894)</u>	<u>(22 556 315)</u>
NET CASH FROM INVESTING ACTIVITIES		<u>(5 234 718)</u>	<u>(22 444 365)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(816 281)	(8 685 932)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2 091 286	10 777 217
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	<u>(1 275 005)</u>	<u>(2 091 286)</u>

WATERBERG DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

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, except for the revaluation of land, which is carried at fair value.

The Municipality has adopted standards of Generally Accepted Municipal Accounting Practices (GAMAP) and Generally Recognised Accounting Practice (GRAP), during the financial year issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No.56 of 2003). GAMAP and GRAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP and GRAP is set out in Note 14.

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

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

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

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

4. RESERVES

4.1 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 in accordance with a directive (budget circular) issued by National Treasury. 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 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 Government Grants.

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).

4.2 Public Contributions and Donations 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 Public Contributions and Donations Reserve equal to the Public Contributions and Donations Reserve recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Public Contributions and Donations 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 Public Contributions and Donation.

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

4.3 Revaluation Reserve

The surplus arising from the revaluation of the land is credited to a non-distributable reserve.

5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land, which is revalued as indicated below. Similarly, land is not depreciated as it is deemed to have an indefinite life.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary asset, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

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	30
Motor Vehicles	5
Office Equipment	5 - 7
Furniture and Fittings	7
Machinery	5 - 7

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.

6. INVESTMENTS

Fixed deposits and short-term deposits are invested in registered commercial banks and are stated at cost.

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.

7. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

8. TRADE CREDITORS

Trade creditors are stated at their nominal value.

9. REVENUE RECOGNITION

9.1 Revenue from Exchange Transactions

Interest is recognised on a time proportion basis.

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

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

9.2 Revenue from non-exchange transactions

Revenue from Regional Levies, both those based on turnover as well as those based on remuneration, is recognised on the payment due basis. Where declarations have not been submitted, estimated levies based on average data is accrued.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use. Contributed property, plant and equipment are recognized when such items of property, plant and equipment are brought into use.

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 recognized when the recovery thereof from the responsible councillors or officials is virtually certain.

10. CONDITIONAL GRANTS AND RECEIPTS

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. To the extent that the criteria, conditions or obligations have not been met a liability is recognized.

Unutilised conditional grants are reflected in the Statement of Financial Position as a creditor. They represent unspent grants and are always cash backed.

11. PROVISIONS

Provisions are recognised when the Municipality has a present 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 reporting date and adjusted to reflect the current best estimate.

12. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments 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 and investments in financial instruments, net of bank overdrafts.

13. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act [Act No. 56 of 2003]. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as a debtor in the Statement of Financial Position.

14. 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.

15. COMPARATIVE INFORMATION

15.1 Current year comparatives

Budgeted amounts have been included in the annual financial statements.

15.2 Prior year comparatives

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

16. RETIREMENT BENEFITS

The municipality contributes towards retirement benefits for its employees and councillors.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	R	R
1		
CONSUMER DEPOSITS		
Abattoir	<u>12 620</u>	<u>10 770</u>
2		
CREDITORS		
Trade creditors	4 852 577	946 123
Other creditors	59 791	603 091
Leave Provision	900 625	727 525
Retentions	540 713	-
Payments received in advance	408 830	-
	<u>6 762 536</u>	<u>2 276 739</u>
3		
UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Conditional Grants from other spheres of Government		
Municipal Infrastructure Grant	12 373 011	11 446 794
Sports Grant	1 500 000	-
Transitional Grant	63 303	81 750
District Transport Plan	64 741	71 821
Municipal Systems Improvement Grant	1 668 610	1 149 188
Finance Management Grant	607 274	879 222
LGSETA learnership	19 746	-
Drought relief	950 000	-
NER funds Vaalwater	-	751 409
Public Works - Krause school	-	11 161
Public Works - Nkontla school	6 761	15 070
Public Works - Uitsight bakery	12 069	22 815
Public Works - Mokamole agriculture farm	31 060	331 688
Total Conditional Grants and Receipts	<u>17 296 575</u>	<u>14 760 918</u>

See note 11 for reconciliation of grants from other spheres of government.

4 PROPERTY, PLANT & EQUIPMENT

Reconciliation of Carrying Value	Land and Buildings	Other	Total
	R	R	R
Carrying values at 1 July 2004	8 043 927	1 932 780	9 976 707
Cost	9 137 828	3 448 672	12 586 500
Accumulated Depreciation	(1 093 901)	(1 515 892)	(2 609 793)
Acquisitions	-	2 625 673	2 625 673
Capital under Construction	815 754		815 754
Increase in Revaluation	431 997		431 997
Depreciation	(314 613)	(785 178)	(1 099 791)
Carrying value of disposals		(204 045)	(204 045)
Cost		(412 900)	(412 900)
Accumulated depreciation		208 855	208 855
Carrying values at 30 June 2005	8 977 065	3 569 230	12 546 295
Cost	10 385 579	5 661 445	16 047 024
Accumulated Depreciation	(1 408 514)	(2 092 215)	(3 500 729)
Reconciliation of Carrying Value	Land and Buildings	Other	Total
Carrying values at 1 July 2003	6 986 654	2 906 388	9 893 042
Cost	7 662 605	4 086 869	11 749 474
Accumulated Depreciation	(59 651)	-	(59 651)
	(616 300)	(1 180 481)	(1 796 781)
Acquisitions	576 452	320 226	896 678
Depreciation	(254 875)	(558 138)	(813 013)
Carrying values at 30 June 2004	7 308 231	2 668 476	9 976 707
Cost	8 239 057	4 407 095	12 646 152
Correction of error	(59 651)	-	(59 651)
Accumulated Depreciation	(871 175)	(1 738 619)	(2 609 794)

Land was revalued to fair value. The effective date of the revaluation was 30 June 2005. The revaluation was done by Johan Enslin, a registered and independent valuer.

	2005	2004
	R	R
5 LONG TERM RECEIVABLES		
Car loans	382 492	1 708 073
Loans - rural areas	13 699	81 253
Loans - large towns	38 611	56 533
Loans - smaller towns	-	25 649
Deposit water and electricity	30 465	30 465
	<u>465 267</u>	<u>1 901 973</u>
Less Current portion transferred to current receivables	170 696	630 969
Car loans	139 217	522 972
Loans - rural areas	12 650	64 426
Loans - large towns	18 829	17 922
Loans - smaller towns	-	25 649
Total	<u><u>294 571</u></u>	<u><u>1 271 004</u></u>
Car loans		
Senior staff were previously entitled to car loans which attract interest between 7.95% and 13.1% and are repayable over a maximum period of 6 years. These loans are repayable in the year 2009.		
Other loans		
These are loans granted to the local municipalities and attract interest between 1% and 5%. These loans are repayable in the year 2007.		
6 CONSUMER DEBTORS		
RSC levies	4 309 875	3 473 975
Abattoir	239 709	237 956
Less: Provision for bad debts	(106 314)	-
Total	<u><u>4 443 270</u></u>	<u><u>3 711 931</u></u>
RSC levies	<u><u>4 309 875</u></u>	<u><u>3 473 975</u></u>
Abattoir: Ageing		
Current (0 - 30 days)	129 652	129 720
31 - 60 days	1 773	2 834
61 - 90 days	896	533
+ 91 days	107 388	104 869
Total	<u><u>239 709</u></u>	<u><u>237 956</u></u>
7 OTHER DEBTORS		
Investments	2 229 097	2 229 097
Investment interest	322 298	626 188
Vehicle loans	235 235	-
Irregular expenditure (note 17)	73 030	-
Study loans	9 524	27 179
Other debtors	38 763	14 290
Less Provision for loss in investment	(2 229 097)	(2 229 097)
	<u><u>678 850</u></u>	<u><u>667 657</u></u>

		2005	2004
		R	R
8	CALL INVESTMENT DEPOSITS		
	Other Deposits	<u>97 451 894</u>	<u>94 900 000</u>
9	VAT		
	VAT refundable	<u>-</u>	<u>350 421</u>
	VAT payable	<u>276 228</u>	<u>-</u>
	VAT is payable on the payment basis. Only once payment is received from debtors is VAT paid over to SARS.		
10	BANK BALANCES AND CASH		
	The municipality has the following bank account:		
	<u>Current Account (Primary Bank Account)</u>		
	First National Bank - Modimolle branch		
	Account number 53170034748		
	Cash book balance at beginning of year	<u>2 089 586</u>	<u>10 776 017</u>
	Cash book balance at end of year	<u>1 273 305</u>	<u>2 089 586</u>
	Bank statement balance at beginning of year	<u>4 062 585</u>	<u>14 393 473</u>
	Bank statement balance at end of year	<u>5 660 097</u>	<u>4 062 585</u>
	Petty cash	<u>1 700</u>	<u>1 700</u>
11	GOVERNMENT GRANTS		
	Equitable share	4 915 968	7 022 812
	Municipal Infrastructure Grant	50 075 926	20 070 188
	Transitional Grant	18 447	18 250
	District Transport Plan	7 080	222 477
	Municipal Systems Improvement Grant	2 630 578	3 212 172
	Finance Management Grant	271 948	120 778
	LED learnership	55 254	-
	Public Works - Krause pre school	11 161	170 806
	Public Works - Nkontla pre school	8 309	265 114
	Public Works - Uitsight brakery	10 746	279 146
	Public Works - Mokamole agricultural farm	300 608	268 312
	NER Vaalwater	751 409	125 879
		<u>59 057 434</u>	<u>31 775 934</u>

	2005 R	2004 R
11 GOVERNMENT GRANTS (continued)		
11.1 Equitable share		
The equitable share is an unconditional grant and is utilised to fund fire fighting services.		
11.2 Municipal Infrastructure Grant		
Balance unspent at beginning of year	11 446 794	3 627 982
Current year receipts	51 002 143	27 889 000
Conditions met - transferred to income	(50 075 926)	(20 070 188)
Conditions still to be met - transferred to liabilities	<u>12 373 011</u>	<u>11 446 794</u>
The grant was used to construct infrastructure assets in the local municipalities. A portion of the grant was also utilised to fund the Project Management Unit (PMU).		
11.3 Sports Grant		
Balance unspent at beginning of year	-	-
Current year receipts	1 500 000	-
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	<u>1 500 000</u>	<u>-</u>
The grant was allocated for the construction of a sporting facilities in Lephalale Municipality. No funds were spent during the year.		
11.4 Transitional grant		
Balance unspent at beginning of year	81 750	100 000
Current year receipts	-	-
Conditions met - transferred to income	(18 447)	(18 250)
Conditions still to be met - transferred to liabilities	<u>63 303</u>	<u>81 750</u>
The grant was utilised to finance changes on the financial system.		
11.5 District Transport Plan		
Balance unspent at beginning of year	71 821	236 650
Current year receipts	-	57 648
Conditions met - transferred to income	(7 080)	(222 477)
Conditions still to be met - transferred to liabilities	<u>64 741</u>	<u>71 821</u>
The grant was utilised to develop the current public transport record system.		
11.6 Municipal Systems Improvement Grant		
Balance unspent at beginning of year	1 149 188	1 411 360
Current year receipts	3 150 000	2 950 000
Conditions met - transferred to income	(2 630 578)	(3 212 172)
Conditions still to be met - transferred to liabilities	<u>1 668 610</u>	<u>1 149 188</u>
The grant was utilised to fund the PIMSS unit and assist the municipalities with implementation of new legislation and the IDP review process.		

	2005	2004
	R	R
11 GOVERNMENT GRANTS (continued)		
11.7 Finance Management Grant		
Balance unspent at beginning of year	879 222	-
Current year receipts	-	1 000 000
Conditions met - transferred to income	(271 948)	(120 778)
Conditions still to be met - transferred to liabilities	<u>607 274</u>	<u>879 222</u>
The grant was utilised for the appointment of the financial interns and assist with the implementation of the MFMA.		
11.8 LED Learnership		
Balance unspent at beginning of year	-	-
Current year receipts	75 000	-
Conditions met - transferred to income	(55 254)	-
Conditions still to be met - transferred to liabilities	<u>19 746</u>	<u>-</u>
The grant was utilised for the training of LED learners.		
11.9 Drought Relief		
Balance unspent at beginning of year	-	-
Current year receipts	950 000	-
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	<u>950 000</u>	<u>-</u>
The grant will be utilised for emergency drought relief in the District. The projects will be identified by the local municipalities. No funds were spent during the year.		
11.10 Public Works - Krause pre school		
Balance unspent at beginning of year	11 161	181 967
Current year receipts	-	-
Conditions met - transferred to income	(11 161)	(170 806)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>11 161</u>
11.11 Public Works -Nkontla pre school		
Balance unspent at beginning of year	15 070	280 184
Current year receipts	-	-
Conditions met - transferred to income	(8 309)	(265 114)
Conditions still to be met - transferred to liabilities	<u>6 761</u>	<u>15 070</u>
11.12 Public Works - Uitsight brakery		
Balance unspent at beginning of year	22 815	301 961
Current year receipts	-	-
Conditions met - transferred to income	(10 746)	(279 146)
Conditions still to be met - transferred to liabilities	<u>12 069</u>	<u>22 815</u>

		2005	2004
		R	R
11	GOVERNMENT GRANTS (continued)		
11.13 Public Works - Mokamole agricultural farm			
Balance unspent at beginning of year		331 688	-
Current year receipts		-	600 000
Conditions met - transferred to income		(300 608)	(268 312)
Conditions still to be met - transferred to liabilities		<u>31 080</u>	<u>331 688</u>
11.14 National Electricity Regulator Grant			
Balance unspent at beginning of year		751 409	877 288
Current year receipts		-	-
Conditions met - transferred to income		(751 409)	(125 879)
Conditions still to be met - transferred to liabilities		<u>-</u>	<u>751 409</u>
12	EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and wages		12 338 290	9 118 391
Employee related costs - Social contributions		2 433 614	2 173 045
Travel and other allowances		1 306 479	1 537 515
Housing benefits and allowances		111 356	116 871
Overtime allowances		146 638	148 202
		<u>16 336 377</u>	<u>13 094 024</u>
Remuneration of the Municipal Manager			
Annual Remuneration		373 105	154 950
Travel allowance		150 009	75 004
Council contributions		96 586	44 542
Total		<u>619 700</u>	<u>274 496</u>
Remuneration of the Chief Financial Officer			
Annual Remuneration		335 641	128 248
Travel allowance		108 000	53 800
Council contributions		80 724	37 638
Total		<u>524 365</u>	<u>219 686</u>
Remuneration of Individual Managers	30	Technical Services	Corporate Services
June 2005			
Annual Remuneration		383 587	318 309
Travel allowance		110 693	134 970
Council contributions		1 060	71 088
Total		<u>495 340</u>	<u>524 367</u>
		Planning & Econ Devel	Social Services
Annual Remuneration		273 482	297 591
Travel allowance		113 665	106 480
Council contributions		60 821	85 108
Total		<u>447 968</u>	<u>489 179</u>

		2005 R	2004 R
12	EMPLOYEE RELATED COSTS (continued)		
	Remuneration of Individual Managers 30 June 2004	Technical Services	Corporate Services
	Annual Remuneration	344 780	291 185
	Travel allowance	110 693	134 970
	Council contributions	6 564	60 046
	Total	462 037	486 201
		Planning & Econ Devel	Social Services
	Annual Remuneration	268 818	268 359
	Travel allowance	124 032	105 420
	Council contributions	60 200	81 978
	Total	453 050	455 757
13	REMUNERATION OF COUNCILLORS		
	Executive Mayor	282 529	321 834
	Speaker	268 743	267 411
	Mayoral Committee members	495 652	564 814
	Councillors	622 948	686 750
	Council's contributions	176 062	146 586
	Total Councillors Remuneration	1 845 934	1 987 395
	In kind benefits		
	The Executive Mayor and Speaker are full time councillors. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has use of a Council owned vehicle and has a driver.		
14	CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP		
	The following adjustments were made to amounts previously reported in the annual financial statements of the District Municipality.		
14.1	<u>Statutory Funds</u>		
	Balance previously reported: -		
	Study Loan Fund		71 403
	Rural Loan Fund - CDF		347 108
	Equity Plan		3 083 717
	Total		3 502 228
	Implementation of GAMAP		
	Transferred to Accumulated Surplus - (see 14.4 below)		3 502 228

	2005	2004
	R	R
14	CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP (continued)	
14.2	<u>Loans Redeemed and Other Capital Receipts</u>	
Balance previously reported		<u>11 689 821</u>
Implementation of GAMAP		
Transferred to Accumulated Surplus - (see 14.4 below)		<u>11 689 821</u>
14.3	<u>Accumulated Depreciation</u>	
Balance previously reported: -		<u>-</u>
Implementation of GAMAP		
Backlog depreciation: Land & Buildings		616 300
Backlog depreciation: Motor Vehicles		258 753
Backlog depreciation: Office Equipment		370 265
Backlog depreciation: Furniture & Fittings		269 170
Backlog depreciation: Other Assets		282 293
Total debited to Accumulated Surplus (See 14.4 below)		<u>1 796 781</u>
14.4	<u>Accumulated Surplus (Deficit)</u>	
Implementation of GAMAP		
Transfer from Statutory Funds (See note 14.1 above)		3 502 228
Transfer from Loans redeemed and Other Capital Receipts (See 14.2 above)		11 689 821
Backlog depreciation (See 14.3 above)		(1 796 781)
		<u>13 395 268</u>
15	CORRECTION OF ERROR	
15.1	During the previous financial years all intended project expenditure were accrued, resulting in the overstatement of project expenditure in the financial statements.	
	The comparative amounts have been restated as follows.	
Correction of Project expenditure		
- Attributable to the 2003 Financial Year	-	59 871 796
Net effect on Surplus/(Deficit) for the year	<u>-</u>	<u>59 871 796</u>

	2005 R	2004 R
15 CORRECTION OF ERROR (continued)		
15.2 During the 2004 financial year other debtors were understated.		
The comparative amount has been restated as follows:		
Correction of Other debtors		
- Attributable to the 2004 Financial Year	-	71 128
Net effect on Surplus/(Deficit) for the year	<u>-</u>	<u>71 128</u>
15.3 During the 2004 financial year creditors were overstated		
The comparative amount has been restated as follows:		
Correction of creditors		
- Attributable to the 2004 Financial Year	-	368 086
Net effect on Surplus/(Deficit) for the year	<u>-</u>	<u>368 086</u>
16 CASH GENERATED FROM OPERATIONS		
Net (deficit)/surplus for the year	(4 478 139)	9 411 038
Adjustment for: -		
Depreciation	1 099 791	813 012
Investment Income	(7 876 422)	(8 646 603)
Loss on disposal of property, plant and equipment	9 336	
Gain on disposal of property, plant and equipment	(19 458)	
Operating (deficit)/surplus before working capital changes	<u>(11 264 892)</u>	<u>1 577 447</u>
(Increase)/Decrease in Debtors	(731 339)	(3 403 871)
(Increase)/Decrease in Other Debtors	59 935	(130 534)
(Increase)/Decrease in current portion of Long Term Debtors	460 273	(25 801)
(Increase)/Decrease in VAT	626 649	(224 679)
Increase/(Decrease) in Unspent Conditional Grants and Receipts	2 535 657	7 743 527
Increase/(Decrease) in Creditors	4 853 882	(429 159)
Increase/(Decrease) in Consumer Deposits	1 850	4 900
Cash generated by / (utilised in) operations	<u>(3 457 985)</u>	<u>5 111 830</u>

	2005	2004
	R	R
17 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
Reconciliation of fruitless and wasteful expenditure		
Opening Balance	-	755 381
Fruitless and wasteful expenditure current year	66 315	-
Condoned or written off by Council	-	(755 381)
To be recovered - Contingent Asset	-	-
Fruitless and wasteful expenditure awaiting condonement	<u>66 315</u>	<u>-</u>
Prior year		
This expenditure arose from the awarding of tenders of the Northam Sewer Projects and the subsequent fruitless legal expenditure of the competing contractors' attorney to the value of R85 595. Councils own legal expenditure in this regards amounted to R669 786. Council approved the expenditure incurred per item A120/2004 dated 20 May 2004.		
2005		
This expenditure arose from late payment to a consultant on an MIG project.		
Reconciliation of irregular expenditure		
Opening Balance	-	-
Irregular expenditure current year	73 030	-
Condoned or written off by Council	-	-
Transfer to receivable for recovery (note 7)	(73 030)	-
Irregular expenditure awaiting condonement	<u>-</u>	<u>-</u>
This expenditure arose from the granting of conditional bursaries which is regarded as contravening the MFMA.		
18 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT		
18.1 Contributions to organised local government		
Opening Balance	-	66 899
Council subscriptions	345 968	238 522
Amount Paid - current year	<u>(345 968)</u>	<u>(305 421)</u>
	<u>-</u>	<u>-</u>
18.2 Audit fees		
Opening balance	7 533	-
Current year audit fees	408 294	324 412
Amount paid - current year	<u>(415 827)</u>	<u>(316 879)</u>
Balance unpaid (included in creditors)	<u>-</u>	<u>7 533</u>

	2005	2004
	R	R
18		
ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT (continued)		
18.3 VAT		
VAT input receivables and VAT output receivables are shown in note 9. All VAT returns have been submitted by the due date throughout the year.		
18.4 PAYE & UIF		
Opening Balance	-	-
Current year payroll deductions	3 302 281	2 256 959
Amount Paid - Current year	<u>(3 302 281)</u>	<u>(2 256 959)</u>
	<u>-</u>	<u>-</u>
18.5 Pension and Medical Aid deductions		
Opening Balance	-	-
Current year payroll deductions	3 468 575	2 622 233
Amount Paid - Current year	<u>(3 468 575)</u>	<u>(2 622 233)</u>
	<u>-</u>	<u>-</u>
19		
CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved and contracted for		
- Land and buildings	<u>7 576 610</u>	<u>-</u>
The expenditure will be financed from:		
- Own resources	<u>7 576 610</u>	<u>-</u>

**APPENDIX A
SCHEDULE OF EXTERNAL LOANS**

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 2004/06/30	Received during the period	Redeemed written off during the period	Balance at 2005/06/30	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
ANNUITY LOAN								
TOTAL EXTERNAL LOANS			0	0	0	0	0	0

APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2005

	Cost						Accumulated Depreciation			
	Opening Balance	Additions	Revaluation	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance
Land and Buildings										
Land	160 003	-	431 997	-	-	592 000	-	-	-	-
Buildings	8 977 825	-	-	815 754	-	9 793 579	1 093 901	314 613	-	1 408 514
	9 137 828	-	431 997	815 754	-	10 385 579	1 093 901	314 613	-	1 408 514
Other Assets										
Motor Vehicles	876 231	1 905 513	-	-	393 604	2 388 140	411 852	357 678	205 961	563 569
Office Equipment	1 443 547	495 655	-	-	19 296	1 919 906	603 141	282 619	2 894	882 866
Furniture and Fittings	885 450	217 462	-	-	-	1 102 912	385 379	108 755	-	494 134
Machinery	243 444	7 043	-	-	-	250 487	115 520	36 126	-	151 646
	3 448 672	2 625 673	-	-	412 900	5 661 445	1 515 892	785 178	208 855	2 092 215
TOTAL	12 586 500	2 625 673	431 997	815 754	412 900	16 047 024	2 609 793	1 099 791	208 855	3 500 729

APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	Cost						Accumulated Depreciation			
	Opening Balance	Additions	Revaluation	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance
Financial	256 982	197 584				454 566	176 888	33 536		210 424
Municipal Manager	280 625	27 543				308 168	103 155	53 601		156 756
Corporate	8 932 490	322 264	431 997		62 087	9 624 664	1 245 565	422 762	54 688	1 613 639
Planning and Economic Develop	84 682	253 879				338 561	34 402	16 492		50 894
Technical	259 923	102 275				362 198	112 444	45 551		157 995
Executive Mayor's Office	1 082 474	561 731			341 165	1 303 040	308 103	191 213	153 524	345 792
Social	141 192	17 034			9 648	148 578	95 828	18 243	643	113 428
Fire fighting	-	941 503		815 754		1 757 257	-	172 608		172 608
PIMSS	275 941	190 927				466 868	127 536	75 355		202 891
Abattoir	1 272 191	10 933				1 283 124	405 872	70 430		476 302
TOTAL	12 586 500	2 625 673	431 997	815 754	412 900	16 047 024	2 609 793	1 099 791	208 855	3 500 729

APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

2004 Actual Income	2004 Actual Expenditure	2004 (Surplus)/ Deficit		2005 Actual Income	2005 Actual Expenditure	2005 (Surplus)/ Deficit
R	R	R		R	R	R
55 153 380	6 264 529	48 888 851	Financial	53 861 206	8 033 792	45 827 414
7 000	1 616 303	(1 609 303)	Municipal Manager	-	1 739 192	(1 739 192)
7 000	2 596 260	(2 589 260)	Corporate	766 778	5 927 128	(5 160 350)
224 098	3 923 434	(3 699 336)	Planning and Economic Develop	386 078	2 993 600	(2 607 522)
27 817 884	55 329 456	(27 511 572)	Technical	46 698 779	75 930 415	(29 231 636)
-	4 107 551	(4 107 551)	Executive Mayor's Office	2 359	6 631 134	(6 628 775)
-	-	-	Social	1 038 583	6 795 716	(5 757 133)
-	-	-	Fire fighting	82 473	2 597 575	(2 515 102)
720 000	758 414	(38 414)	PIMSS	5 771 285	2 520 657	3 250 628
1 711 793	1 634 170	77 623	Abattoir	1 781 393	1 782 401	(1 008)
-	-	-	Project Management Unit	987 849	903 312	84 537
85 641 155	76 230 117	9 411 038	TOTAL	111 376 783	115 854 922	(4 478 139)

APPENDIX E[1]
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2005

REVENUE	2005 Actual R	2005 Budget R	2005 Variance R	2005 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Regional Services Levies - turnover	28 014 910	28 252 580	(237 670)	-0.84	
Regional Services Levies - remuneration	12 592 092	12 145 665	446 427	3.68	
Interest earned - external investments	7 876 422	6 200 000	1 676 422	27.04	Investment portfolio increased
Interest earned - outstanding debtors	116 749	75 000	41 749	55.67	Interest charged on arrear accounts
Abattoir income	1 781 393	1 847 000	(65 607)	-3.55	
Government grants and subsidies	59 057 434	66 700 000	(7 642 566)	-11.46	Grants not spent
Other income	228 301	90 000	138 301		
Public contributions, donated and contributed property, plant and equipment	1 690 024	-			
Gain on disposal of property, plant and equipment	19 458	-			
Total Revenue	111 376 783	115 310 245	(5 642 944)		
EXPENDITURE					
Employee related costs	16 336 377	15 383 555	952 822	6.19	
Remuneration of Councillors	1 845 934	2 071 535	(225 601)	-10.89	Savings on councillors allowances
Bad debt	106 314				
General expenses	6 825 102	7 680 015	(854 913)	-11.13	Savings on expenditure votes
Repairs & Maintenance	223 367	257 200	(33 833)	-13.15	Increase in repairs to buildings
Contributions to Fixed Assets	-	879 000	(879 000)	-100.00	GAMAP conversion
Contribution to Funds	-	160 000	(160 000)	-100.00	GAMAP conversion
Fire Fighting	2 424 966	2 851 965	(426 999)	-14.97	Claims from local municipalities
Project expenditure	37 895 658	53 825 000	(15 929 342)	-29.59	Large rollover of projects to next year.
MIG project expenditure	49 088 077	58 634 000	(9 545 923)	-16.28	Projects rolled over to next year
Depreciation	1 099 791	-	1 099 791		
Loss on disposal of Property, Plant and Equipment	9 336	-	9 336		
Total Expenditure	115 854 922	141 742 270	(25 993 662)		
NET SURPLUS/(DEFICIT) FOR THE YEAR	(4 478 139)	(26 432 025)	20 350 718		

APPENDIX E(2)
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2005

	<u>2005</u> <u>Actual</u>	<u>2005</u> <u>Under</u> <u>Construction</u>	<u>2005</u> <u>Revaluation</u>	<u>2005</u> <u>Total</u> <u>Additions</u>	<u>2005</u> <u>Budget</u>	<u>2005</u> <u>Variance</u>	<u>2005</u> <u>Variance</u>	<u>Explanation of Significant Variances</u> <u>greater than 5% versus Budget</u>
	R	R		R	R	R	%	
Land and Buildings								
Land	-		431 997	431 997	-	-	0.00	Land revalued during the year
Buildings	-	815 754		815 754	-	815 754	100.00	Additions funded from project
Other Assets								
Motor Vehicles	1 905 513			1 905 513	450 000	1 455 513	323.45	Fire fighting vehicles donated from Province
Office Equipment	495 655			495 655	212 000	283 655	133.80	Equipment donated from Province
Furniture and Fittings	217 462			217 462	157 000	60 462	38.51	Assets purchased for PMU
Machinery	7 043			7 043	60 000	(52 957)	(88.26)	Underspending at the Abattoir
TOTAL	<u>2 625 673</u>	<u>815 754</u>	<u>431 997</u>	<u>3 873 424</u>	<u>879 000</u>	<u>2 994 424</u>		

CHAPTER 5

FUNCTIONAL SERVICE DELIVERY REPORTING

Function :		Executive and Council	
Sub function:		Executive Mayor's Office	
Reporting Level		Detail	
Overview		Overall coordination of council activities	
Description of the Activity.		• Overall administration in the office of the Executive Mayor and to contribute to its effectiveness in leading the Institution. • Promoting the culture of co-operative governance. • Ensure Public Participation in Municipal issues. • Enter into twinning agreement with Foreign Countries District Municipalities. • Facilitate the District Learning Network. • Co-ordinate Sports, Arts and Cultural activities. • Facilitation of safety and security issues in the district. • Ensuring maintenance of order during Council meetings. • Co-ordinate Council Sub-Committee meetings. • Compilation of agenda and render Secretarial Services to Mayoral Committee and Council. • Co-ordination with communities and interaction with various stakeholders. The Strategic objectives of the above functions are as follow : 1. To ensure 60% of all public institutions and households within rural areas have access to communication facilities within 5 years. 2. To promote interdepartmental linkages and alignment both on a horizontal and vertical basis annually. 3. To improve the level of safety and security by reducing the incidents of identified crime by 8% within the District Municipality annually 4. To ensure 100% accessibility to schools for all learners and 50% decrease in the learner/educator and learner/classroom ratio within the next 5 years. 5. To ensure that 25% of young people's talents are identified, nurtured and developed within 5 years. 6. To ensure effective co-ordination and management of sports within municipalities in a year. 7. Promotion and awareness of cultural diversity.	
Analysis of function		Total number of Councillors	28
		Number of Councillors on the Mayoral Committee	7
		Number and type of Council and Committee Meetings	
		• Council Meetings	
		o Ordinary	4
		o Special	3

	• Mayoral Committee Meetings	
	○ Ordinary	5
	○ Special	4
	• Portfolio Committee Meetings	
	○ Finance Committee	12
	○ Labour and Administration Committee	5
	○ Planning & Economic Development Committee	2
	○ Infrastructure Committee	7
	○ Special Projects	6
	○ Community Services	8

Key Performance Area	Performance during the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Media and communications	• Developed and Implemented Media through which the district interacted with staff members and communities. • 45 000 copies of external newsletters distributed. • 4 000 copies of internal newsletters distributed. • Imbizo event with ±2 000 farm dwellers and workers held. • District communication forum established meeting on a monthly basis. • Establishment of tele-centres in progress.
Ward committee capacity building	• 130 ward committee members trained in all local municipalities • Active participation by all ward committees
Education, Sports, Arts and Culture	• Transport for learners in farming areas (1 500 bicycles provided to learners in 69 farm schools) • Annual District Sporting Event organized with approximately 816 athletes participating • Annual Music and Arts Festival held with approximately 2 500 participants; Arts and Culture structures established at local and district levels. • Construction of District Multi-purpose Sports Facility (Consultative meetings held and Master Plan to be finalised).
Special programmes	• HIV/AIDS awareness campaigns: consultative meetings held and committees established. • Youth Empowerment through mining, tourism and agriculture: Youth summit held; Establishment of Forum and Youth Development Strategy to be finalised.

Function :	Finance and Administration
Sub functions:	Finance Procurement (Supply Chain Management)

Reporting Level	Detail
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Overview	The Finance Department's mission is to provide financial support and ensure that public funds are utilised efficiently, effectively and economically, thus improving the lives of the communities.
Description of the Activity.	The Finance Department comprises of the following divisions: • Income • Expenditure • Reporting The Strategic objectives of the function are the following: • Revenue management • Expenditure management and Supply Chain Management • Financial reporting • Budget compilation and control • Adherence to legislative requirements The key issues for 2004/05 were: • Collect levies due to the District • Establishment of the Bid Committee • Comply with the requirements of the Municipal Finance Management Act • Regular reporting in terms of MFMA

Analysis of function	1 Debtor analysis: amount outstanding over 30, 60, 90 and 120 plus days: R Abattoir • 30 days 130 000 • 60 Days 2 000 • 90 Days 1 000 • 120 plus days 107 000 2 Write off of debts: number and value of debts written off: <i>No debts were written off during the year</i> 3 Regional Service Council (RSC) levies: R • Number and value of returns 51 • Total Establishment levy 28 015 000 • Total Services levy 12 592 000 • Levies collected for the current year 36 713 000
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Analysis of function (cont.)	4 Creditor Payments:
	<i>Creditors are paid within a period of 30 days.</i>
	5 Details of Bid Committee activities
	The Committee came into effect as from 1 July 2004 - Total number of Tender Committee meetings during the year 18 - Total number of tenders considered 43 - Total number of tenders approved 42
	6 External Loans:
	<i>No loans were taken up during the year</i>

Key Performance Area	Performance during the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
GAMAP/GRAP	The District converted to GAMAP/GRAP and aligned its accounting policy with Generally Accepted Municipal Accounting Practice/Generally Recognised Accounting Practice and the annual financial statements were prepared in this format.
MFMA implementation	The District was classified as a low capacity municipality. An implementation plan was prepared and various sections of the Act were implemented. An application was made to National Treasury for reclassification as a medium capacity municipality
Governance Relations	The Finance Portfolio Committee met regularly during the year to discuss matters relating to finances.
Budget Reform	Two financial interns were appointed in terms of the conditions of the Municipal Finance Management Grant.

Function :	Finance and Administration
Sub function:	Finance and admin (HR, IT, other) (Corporate Services)

Reporting Level	Detail
Overview	The department of Corporate Services provides an internal support service to the municipality in order to enable it to fulfil its constitutional mandate of providing sustainable services to the communities and ensuring socio-economic development.
Description of the Activity	The main functions of the department [functional areas] are: • Human resources management • Administrative and auxiliary services • Legal services During the year under review the department undertook several projects aimed at achieving the general objectives of the department. These projects and other activities undertaken by the department will be presented in this section of this report.
Human resources	The Strategic objectives of the departments are the following : • To ensure adequate supply of the human resources in order to enable the municipality to discharge its constitutional mandate and legal obligations in the most effective, efficient, fair and transparent manner. • To render economic, effective and efficient administration of the human resources of the municipality. • To develop and provide work designs and organizational development services to the municipality. • To promote sound labour relations and foster a peaceful working environment. • To effectively and efficiently control and manage the performance of the staff of the organisation. • To coordinate and administer the training and development of the officials and councillors to enable them to execute their roles and responsibilities in the most effective and efficient way. • To ensure the occupational health and safety of the officials and councillors of the municipal
Administrative and auxiliary services	• To provide general administrative and auxiliary support to the other functional areas of the municipality in order to ensure effective and efficient rendering of services. • To ensure a healthy and safe working environment. • To provide state-of-the-art equipment, systems and machinery for service delivery.
Legal services	• To ensure compliance with the legal and constitutional requirements and obligations. • To protect the legal interests of the municipality. To ensure that the municipality performs its functions and exercises its powers within the parameters of the law.

Analysis of function	Number and cost to employer of all municipal staff employed:		
	• Professional(Managers/Specialists)		
	• Field (Supervisors)	14	
	• Office (Clerical/ Administrative)	6	
	• Non-professional	24	
	• Temporary staff	13	
	• Contract staff	4	
	Total	18	
		79	R16,336,377
	Key appointments and staff turnover during the year:		
	Appointments		
	Managers		
	Assistant managers	0	
	Senior officers	3	
	Total	1	
		4	
	Staff turnover		
	Managers		
	Assistant managers	1	
	Senior officers	1	
	Total	0	
		2	

Key Performance Area	Performance during the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Human resource management	• Reviewed performance management system • Developed human resource development plan • Developed workplace skills plan • Bursary allocations to 13 officials
Administrative and auxiliary services	• Implemented IT system • Developed and updated website • Installed security system • Developed anti-fraud and anti-corruption strategy • Developed and installed electronic records management system
Legal services	Developed generic contracts for consultants and contractors

Function :	Planning and Development
Sub function:	Economic Development and Planning
Reporting Level	Detail
Overview	The department overview includes all activities associated with Economic Development and Planning initiatives in the district and this includes: The stimulation and the promotion of economic growth in the district particularly in areas that are identified as key growth sectors of mining, tourism, agriculture, construction and manufacturing. Coordination of all the spatial planning and land management issues in the district.
Description of the Activity.	The functions of economic planning/ development within the municipality is administered as follows and includes: • Formulate, develop and implement economic development policy and Local Economic Development (LED) strategies; • Facilitate research on economic development and maintain database; • Stimulate the local economy by promoting job creation, investment and the development of SMMEs; • Mobilize investments both nationally and internationally; • Enhance LED through sectoral development focusing especially on agriculture, tourism, manufacturing and mining development and marketing; • Leverage government and international donor funds to support the LED program; • Foster partnerships with other stakeholders in support of poverty reduction, job creation projects and infrastructure provision; • Manage the implementation of LED initiatives in accordance with the IDP; • Technical support to category B municipalities. • Administration and development of the District Spatial Development Framework (SDF); • Develop and maintain GIS System; Assist in the implementation of the IDP; • Assist category B Municipalities with land use management and development planning; • Formulation of development Policies, strategies and action plans

**Description of
the Activity
(cont.)**

The Strategic objectives are as follow :

- To create an environment conducive to economic growth and development in the district;
- To formulate sector development plans, including SMMEs that take advantage of the economic strength of the district;
- To facilitate private and public sector investment in both the labour and capital-intensive projects;
- To ensure that all these objectives are geared towards rolling back the frontiers of poverty;
- To formulate and implement a poverty reduction strategy for the empowerment of youth and women;
- To guide, coordinate and implement spatial planning and land use management activities within the district;
- To improve access to spatial information for planning purposes;
- To formulate development policies; strategies and action plans;
- To create sustainable human settlements, quality urban and rural environments

The key issues for 2004/05 were:

- Completion of the district LED plan;
 - Compilation of the district Marketing and Investment strategy;
 - Established working committee to deal with issues of human settlement around Hwibi;
 - Initiate the compilation of Poverty reduction plans for the district;
 - Initiate the compilation of Agricultural strategy plans for the district;
 - Initiate the compilation of Tourism development strategy and implementation plans for the district; and
 - Established task team to develop criteria to deal with aspects of finalization of land claim in the district
-

Analysis of function	Number and cost to employer of all economic development personnel:	R1,107,679
	• Professional(Directors/Managers) (3) • Non-professional(Clerical/Administrative) (1) • Temporary (0) • Contract (2) The following rural development strategies were initiated by the department: • Poverty Reduction Plan; • Agricultural Development Strategy; • Fast Tracking of Land Claims; • Land Tenure Upgrading; • SMME Development; • Modimolle Agricultural Training Centre; and • Establishment of Co-operatives	

Key Performance Area	Performance during the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Formulation of Sector Strategies	LED Plan, Spatial Framework, Marketing and Investment sector strategies were successfully completed.
Coordination of LED activities in the District and Capacity building,	Increased coordination of LED activities in the district by assisting local municipalities to establish their LED divisions Establishment of LED task teams and forums <i>The variance has been that not all six municipalities managed to establish fully fledged LED divisions and that the forum was not as functional as expected.</i>
Poverty Alleviation and Job creation; Spatial Planning Coordination in district	Poverty related projects were successfully implemented such as registration of coops, agricultural training centre and SMME. Municipalities are beginning to understand their roles and responsibilities regarding spatial planning.
Tourism Promotion	Tourism was successfully promoted in the district through events such as Waterberg Biosphere Awareness Day and the WildLife expo.

Function :	Sports and Recreation
Sub function:	

Reporting Level	Detail
Overview	Coordination and facilitation of Sports Arts and Culture Activities to unleash young people's talents
Description of the Activity.	- To establish a structure that co-ordinates sports activities within the district - To ensure the construction and maintenance of sports facilities - To coordinate annual sports festivals - To ensure that municipalities in cooperation with federations contribute to the development of sports programmes - Municipalities and other stakeholders to mobilise funding for coaching programmes The Strategic objectives of the above functions are to : - Ensure that 25% of young people's talents are identified within the next 5years. - Ensure effective co-ordination and management of Sports, Arts and Culture within local municipalities. The key highlights for 2004/05 were: - District sports Council established - Arts and Cultural events/festival held

Key Performance Area	Performance during the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Sport	- Conducted feasibility study and plan for District Multi Purpose Sports, Arts & Culture Facility - Organised, developed sporting codes and coordinated district sporting events
Arts and culture	Created cultural desk within municipalities for coordination of activities
Maintenance and upgrading	Identification, upgrading, maintenance, protection and promotion of all heritage sites

Function :	Social Services
Sub function:	Education
Reporting Level	Detail
Overview	To ensure that all learners have access to education
Description of the Activity.	To encourage partnerships between the relevant sectoral departments and the municipality in identifying infrastructure needs The Strategic objective of the above functions is to : Ensure that all learners in farm areas have access to education The key highlights for 2004/05 were: • Bicycles provided to learners at different schools
Key Performance Area	Performance during the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Education in farming communities	• Provision of free bicycles or subsidised transport for learners in farming areas • Subsidised transport for learners within farming areas

Function :	Public Safety
Sub function:	

Reporting Level	Detail
Overview	To improve the level of safety and security by reducing the incidents of identified crime and ensuring that disaster management plans are in place.
Description of the Activity.	- To ensure that proper co ordination of safety and security campaigns within the district - Supporting local municipalities to have capacity to render a disaster management function The Strategic objectives of the above functions are to : 1. Reduce or eradicate incidences of crime in the District by 5% before 31 March 2006 2. To empower local municipalities to render a disaster management function 3. Disaster prevention and preparedness 4. Improvement of disaster management communication network The key highlights for 2004/05 were: - Coordination of safety and security activities undertaken - Developed District Disaster Management Plan - Capacity building for fire fighters from district to community level - Acquisition of land for construction of WDM Disaster Centres in Modimolle and Lephalale - Deployment of fire fighting equipment donated by Province to improve service delivery

Key Performance Area	Performance during the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Safety and security	- Provided safety and security awareness through community policing - Launched awareness campaign on women and child abuse
Arts and culture	Created cultural desk within municipalities for coordination of activities
Maintenance and upgrading	Identification, upgrading, maintenance, protection and promotion of all heritage sites

Function :	Environmental Health
Sub function:	

Reporting Level	Detail
Overview	The main focus is on prevention of spread of communicable diseases, investigation of reported cases, control of outbreaks, monitoring and ; meat quality and compliance with legislation; promoting integration of environmental management.
Description of the Activity.	• To provide services in terms of the Health Act, 1997 (No. 63 of 1977) • Monitor compliance with Occupational Health and Safety Act to ensure that appropriate preventive and remedial measures are implemented. • Waste management • Abattoir The Strategic objectives of the above functions are to : 1. To prevent the spread of disease, raise health and hygiene awareness; and protect the natural environment; thereby contributing to the social and environmental stability of the District 2. Management of the Abattoir to ensure that the meat slaughtered is good for human consumption The key issues for 2004/05 were: • Environmental systems and resources • Rehabilitation of dumping sites • Management of landfill sites

Key Performance Area	Performance during the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Environmental health	Workshop to discuss Environmental Management Systems and Resources provided for effective delivery of services
Waste management	• Rehabilitation of Bela-Bela dumping site • Rehabilitation and closure of Mahwereleng dumping site
Management of Abattoir	• Pigs : 8 320 per year • Cows : 9 600 per year • Sheep : 100 per year

Function :	Technical Services
Sub functions:	Water Waster water Road transport Electricity

Reporting Level	Detail
Overview	The mission of the Department is to provide technical support in ensuring that the services provided by the Municipality is realizing the strategic focus areas of Technical Services are being done efficiently and effectively.
Description of the Activity	Technical Services is comprised of the following functional areas: 1. Water and Sanitation 2. Roads and Stormwater 3. Electricity 4. MIG Progoramme The Strategic objectives are as follow : • Coordination of water and sanitation development. • Ensuring proper management of the district road network • Co-ordination of the provision of the electricity services • Management, administration and coordination of the MIG Programme • The key issues for 2004/05 were: • Establish and convene a Monthly District Water and Sanitation Forum • Re-gravel/Pave identified local access roads • Establish and convene a Monthly District Energy Forum • Develop a business plan for financing the management of the MIG Programme • Establish the MIG Project Management Unit

Analysis of function

- Water and Sanitation
 - DWAF has established Area Planning Forum for the Waterberg District Municipality for the coordination of the planning and development of water and sanitation activities. Waterberg District Municipality is a stakeholder in the forum
 - Four Area Planning Forums and two Catchments Management Agencies meeting were hosted for the year
 - A total of 16 old water and sanitation projects were managed for the year
- 2. Roads and Stormwater
 - A total of 13 local access roads were re-gravelled/paved for the year
 - Only about 30% of the work towards the development of the roads management and information system was done
- 3. Electricity
 - Four District Energy Forums were held for the year
 - A total of 3 old electricity capital projects were managed for the year
- 4. MIG Programme
 - R1.9m was allocated to the Waterberg District Municipality towards the financing of the management of the MIG Programme worth R58.0m
 - The MIG Project Management Unit was established in January 2005
 - A total of 10 old CMIP projects and 18 new MIG projects were managed for the year

Key Performance Area	Performance during the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
Water and sanitation coordination	It was established that DWAF was also coordinating the planning and development of water and sanitation services via the Area Planning Forum.
Roads management system	The road function was devolved to the district as at July 2004. The District engaged with RAL to acquire information and database of the Waterberg District Road Network.
Re-gravelling/Paving of roads	Due to lack of knowledge and information on the district road network, the District continued to re-gravel/pave local access roads. Development of the Roads Management System is expected to be complete by June 2005.
Electricity coordination	The major issue in the electricity services is the restructuring of the electricity business which will have a major impact on Local Municipalities. The sub-issues that were identified are the ring-fencing of the electricity business by the Local Municipalities and the handing over of the electricity distribution licence from Eskom to Local Municipalities.
MIG Programme	The District was able to develop and establish the MIG Programme Management System: the PMU, the MIS Reporting; the District Monthly MIG Forum. The District MIG Programme will however cease to exist as at April 2006. The District has employed two technical assistants (PMU Technicians) towards the strengthening of the capacity to manage the Levy Capital Programme as well.