VISION STATEMENT

Waterberg... the cradle of rural growth and development.

MISSION STATEMENT

To provide a municipal governance framework that ensures sustainable service delivery towards a better life for all.

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CHAPTER 1

INTRODUCTION AND OVERVIEW

Foreword

The year 2009 saw the electorate going to the polls and electing a government of their choice which means the mandate to lead the country for another five years was confirmed. This does not only deepen democracy but it also places huge Constitutional responsibilities on government in general and municipalities in particular. The municipalities as the sphere closest to the people should be alive to the challenges of service delivery. Examples abound throughout the country of communities who are becoming impatient with municipalities that do not deliver the basic services to them.

From 2007 to date, Waterberg District Municipality was able to produce a credible Integrated Development Plan and the Service Delivery and Budget Implementation Plan. The two above mentioned documents are the heart of the service delivery mandate and are meant to direct and monitor performance of the municipality against its performance targets. The IDP as a five year strategic document is and must be a living document. Although it was adopted in 2006 when the current Council came into power, it is reviewed annually since then, to accommodate the changes that can keep it relevant and responsive.

Section 127 of the Municipal Finance Management Act provides that within seven months after the end of a financial year, the Mayor must table in the Municipal Council the Annual Report of the municipality. The submission of the Annual Report is therefore a legal requirement and its format is highly prescriptive.

The annual Report of Waterberg District Municipality is a public document. In the process of drafting it, public participation is a sine qua non. The communities' inputs are solicited and the Oversight Committee, which in part comprises of community representatives, sits and peruses the tabled report. We have chosen to be open and transparent in this matter, so that we can learn important lessons from our mistakes. The community members are even at this stage encouraged to interact with this document and give us feedback. Whatever amount of success the municipality has achieved, it can only be the efforts of a team of which I am its leader.

I am therefore indebted to the fellow Councillors, Managers and every official who is in the employ of the Waterberg District Municipality.

It is our hoped that Waterberg District Municipality will move from strength to strength and become the theatre of planning and the master of coordination.

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CLLR LEP GWANGWA
EXECUTIVE MAYOR

EXECUTIVE SUMMARY

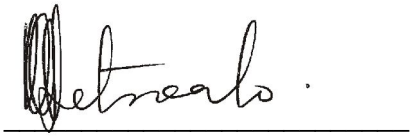
Waterberg District Municipality (WDM) was able to achieve an unqualified audit report in 2008 – it was the achievement which befits the efforts and collective leadership which is in abundance in our municipality. It was in 2008 that Waterberg District received the Provincial Vuna Award and the Premiers Excellence Award. In more ways than one, we did well.

Like all the other municipalities in the country, Waterberg District Municipality is compelled to submit an Annual Report to the Provincial and National Departments. WDM has succeeded in keeping the process to develop our annual reports open and transparent to the public. Before the approval of the Annual Report, it was presented to the Oversight Committee which satisfied itself by going through it and made the necessary amendments.

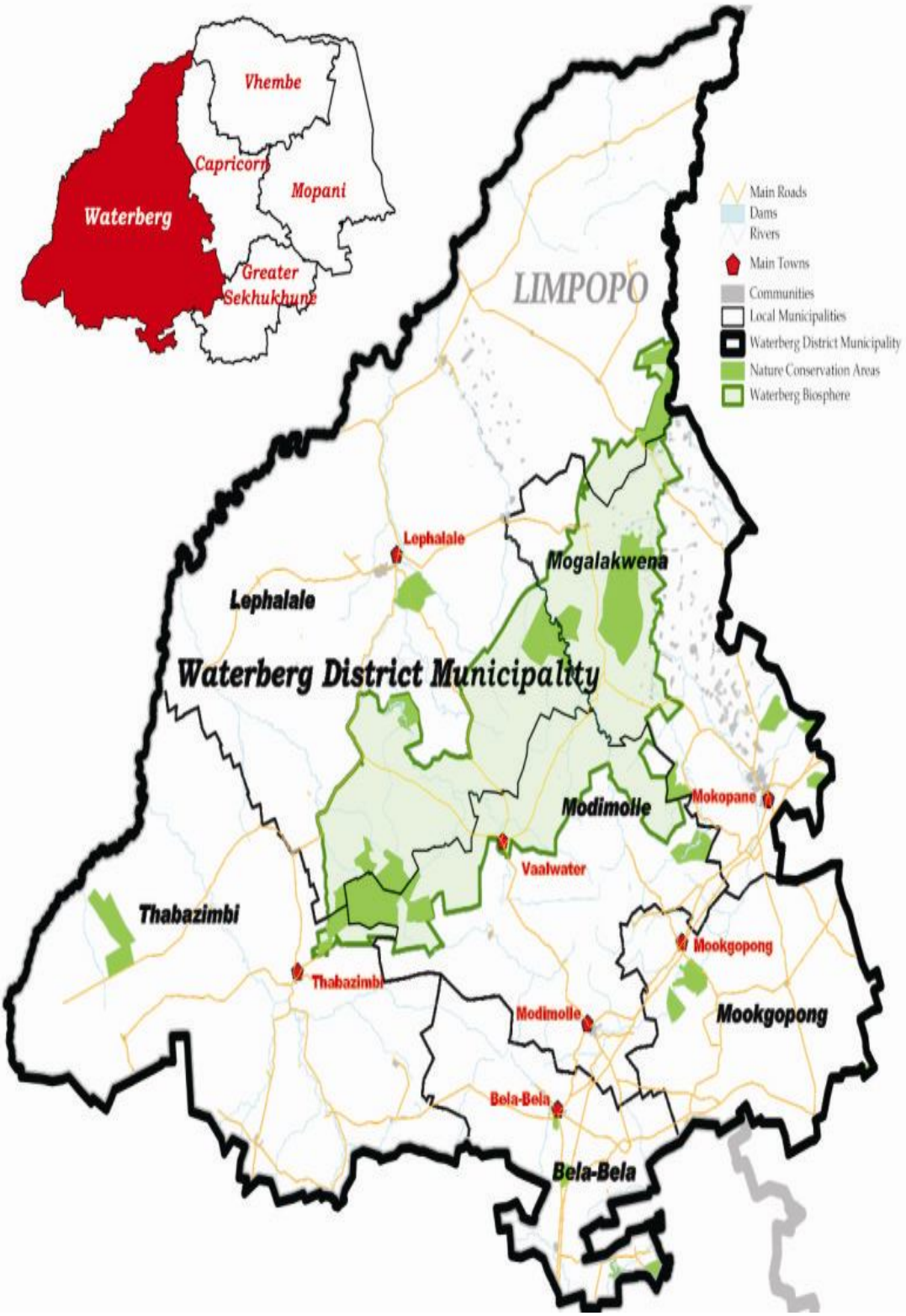
It is pleasing to report that Waterberg District Municipality was able to use Service Delivery and Budget Implementation Plan to monitor the performance of individuals and the organization against its IDP targets. Important and valuable lessons in performance were learned in the past year. In developing a credible performance management will go a long way in addressing some performance weaknesses. Indeed, our performance management system is bound to mature. Chapter Two of this is a fair reflection of the performance of the municipality for the year under review

Waterberg District confined itself to co-ordination and lending support to the local municipalities in the form of forum and cluster meetings, in line with its current powers and functions, WDM was able to provide disaster management, fire fighting and municipal health services- the quality of these services must still be improved. The determination of collective council leadership has started to breathe fresh air into Intergovernmental Relations and District –wide Planning Forum.

We want to thank the Council leadership, Senior Managers and all other officials for serving Waterberg District Municipality and its communities with dedication and commitment. We should continue to be servants of service delivery. Just like Michel Jordan says: **Individual talent wins games but team work and intelligence win championships.**



M V LETSOALO
MUNICIPAL MANAGER


Vhembe
Capricorn
Mopani
Waterberg
Greater Sekhukhune
LIMPOPO
Main Roads
Dams
Rivers
Main Towns
Communities
Local Municipalities
Waterberg District Municipality
Nature Conservation Areas
Waterberg Biosphere
Lephalale
Mogalakwena
Lephalale
Waterberg District Municipality
Modimolle
Mokopane
Vaalwater
Thabazimbi
Mookgopong
Thabazimbi
Modimolle
Mookgopong
Bela-Bela
Bela-Bela

Overview of the Waterberg District Municipality

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

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

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

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

Population Statistics: Census 2001

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

Statistics South Africa: Community survey: 2007

Labour force

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

Council Composition

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

Members of Council

Executive Mayor	:	Councillor LEP Gwangwa
Speaker	:	Councillor YE Lorgat
Chief Whip	:	Councillor MM Lamola
Members of Mayoral Committee	:	Councillor MD Mabote
		Councillor SJ Madela
		Councillor MJ Makhafola
		Councillor SM Molekwa
		Councillor RE Mothibi
		Councillor MJ Rakgwale
Councillors	:	Councillor AE Basson
		Councillor MP Kekana
		Councillor MP Kekana
		Councillor ME Lefawana
		Councillor VB Machine
		Councillor SK Makgae
		Councillor RJ Makgoba
		Councillor LS Manamela
		Councillor GS Matsietsa
		Councillor MP Modiba
		Councillor TE Mokhonoana
		Councillor MAD Monama
		Councillor RN Monene
		Councillor ML Moremi
		Councillor TP Mphahlele
		Councillor LR Seanego
		Councillor M Selomo
		Councillor MA Setlhare
		Councillor PH Tsebe
		Councillor LW Van Aswegen
		Councillor JD Van Heerden
Traditional leaders:		Kgosi PT Matlala
		Kgosi MS Ledwaba
		Kgosi PD Seleka

Section 80 Committees:

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

CHAPTER 2: PERFORMANCE REPORT

In terms of chapter 12 of the Municipal Finance Management Act 56 0f 2003 and section 46 of the Municipal Systems Act 32 of 2000 the municipality is required to report on annual performance reflecting (a) the performance of the municipality and of each external service provider during the financial year (b) a comparison of the performance referred to in paragraph (a) with targets for and performances in the previous financial year and (c) measures taken to improve performance.

The performance for 08/09 Financial Year is derived from the implementation of the 08/09 Service Delivery and Budget Implementation Plan. The internal Audit Unit was able to audit the performance reports and report to the Performance Audit Committee.

KPA & PROJECTS	**Performance Indicator**	**07/08**	**08/09**	**Performance Result/Out-come 08/09**	**Remedial action/ Explanation**	**Amount budgeted R00**	**Amount spent R00**
KPA: MUNICIPAL TRANSFOR-MATION	Number of policies developed and reviewed Number of by-laws drafted	10 0	4 5	4- Target achieved 5- Target achieved	None Assistance from DLGH on promulgation of by-laws	00 00	00 00
	Number of Municipal Managers Forum Meetings held	4	3	1- Target not achieved	Implementation of IGR schedule	15,000	11,600
	Number of IGR cluster meetings held	12	12	10- Target not achieved	Compliance with IGR schedule /protocol	00	00
	Number of people from the employment equity target group employed in the three highest levels of management in compliance with a A municipality's approved employment equity plan	5	8	5-Target not achieved	Review and implement current Employment Equity Plan	00	00
	% of a municipality's budget actually spent on implementing its workplace skills plan	100%	100%	Target achieved	None	703,000	703,000

KPA & PROJECTS	Indicator	07/08	08/09	Performance Result/Outcome 08/09	Remedial action/ Explanation	Amount budgeted R00	Amount spent R00
	Number of Performance Agreements signed	7	7	6- Target not achieved	Compliance with Performance regulations of 2006 and filling vacancies	00,00	00
	Number of performance reviews conducted	4	4	4-Target achieved	None	00,00	R00
	Number of annual surveys conducted	0	1	1-Target achieved	None	00,00	R00
PROJECTS	Final Section 78 Report	0	1	Project Completed	None	400,000	400,000
	Training of fire fighting	30	50	Project Completed	None	330,000	321,900
	Implementation of MSP projects	1	1	Project Completed	None	7,000,000	6,662,785
	Partitioning of Existing Offices	1	4	Project completed	None	340,000	304,691
	Upgrading of survellaince camera	1	4	Project completed	None	100,000	72,933
	Institutional study	1	1	Project completed	Roll over Project : 2008	300,000	400,000
	Integrated Development Plan	1	1	Project completed	None	400,000	274,889
	Procurement of assets	1	1	Project completed-	Some funds were saved	4,066,000	3,006,618
	Employee Assistance programme	1	1	Project completed	None	250,000	300,000
	Anti-Fraud & Corruption Strategy	1	1	Project completed	None	00,000	00,000
	Internal Audit Plan	1	1	Project completed	None	00,000	00,000
BASIC SERVICES	% reduction of monthly electricity bill	10%	10%	4%-Target not achieved	Electricity savings plan activities to be intensified	00,000	00,000
	Number of waterborne sanitation connections	-	1300	660- Project not completed	Lack of funds only 660 connections made	00	00
	Number of km of gravel road upgraded to tar	-	14km	6km- Project not completed	Due to funds 8km could not be upgraded.	5,100,00	5,100,000

KPA & PROJECTS	Indicator	07/08	08/09	Performance Result/Outcome 08/09	Remedial action/ Explanation	Amount budgeted R00	Amount spent R00
	Number of landfill sites completed	11	11	3-Project not completed	Municipalities prioritized only 3 which were in the worst state	2 ,780 ,289	1,690,669
	Number of jobs created through EPWP	-	30	52-Project completed	Target exceeded	00,00	00,00
	Number of monitoring and PAC Meeting conducted	-	24	20-Target not achieved	Comply with Performance plan	00,00	00,00
	Number of capacity building for project beneficiaries	4	4	0	Comply with Performance Plan	00,00	00,00
	Number of capacity building campaigns on Environment Legislation	4	4	3- Target not met	N one	00,00	00,00
	Number of mortuaries / funeral undertakers evaluated	60	51	9- Target not met	None	00,00	00,00
	Number of food premises evaluated	-	240	203- Target not met	Lack of staff	00,000	00,000
	Number of water samples analysed	60	88	28- Target exceeded	None	00,000	00,000
PROJECTS	Northam sewerage	1	1	Roll over project		9,195,000	8,837,812
	Bakenberg Road	1	1	Project completed		5,100,000	5,100,000
	Landfill sites	-	11	Roll over project	Roll over: 2008	4,166,142	1,701,546
	Municipal Health Plan	1	1	Project not completed	Due to lack of funds it was discontinued	3,892,000	3,892,000
	Review of air quality plan	1	1	Project completed	Due to lack of funds-	441,000	440,992
	Fire Fighting by-laws	5	5	Project completed	The by-laws must still be promulgated	00,000	00,000
	Modimolle Disaster Management Centre	1	1	Project completed	Roll over Project: 2008	1,771,290	14, 323,16

KPA & PROJECTS	Indicator	07/08	08/09	Performance Result/Outcome 08/09	Remedial action/ Explanation	Amount budgeted R00	Amount spent R00
	Lephalale Disaster Management Centre	1	1	Project not completed	Delays in electrification of the building: Roll Over project : 2008	5,277,938	2,9335,17
	Reconstruction of Rust de Winter bridge	1	1	Project not completed	Roll-over project: 2008	3,550,000	917,441
	Upgrading of abattoir			Project not completed	Roll over project: 2008	3,824,097	875,601
LOCAL ECONOMIC DEVELOP-MENT	Number of land use applications responded to	-	4	16- Target exceeded	None	00,000	00,000
	Number of jobs created	-	50	23- Target not met	Improve on implementation of LED strategy	00,000	00,000
	Number of Agricultural Forum Meetings held	4	4	4- Target met	None	00,000	00,000
	Number of CTAs established	6	6	6- Target met	None	00'00	00,00
	Number of Transport Forum Meetings held	4	4	4- Target met	None	357,000	27,148
	Number of applications processed	0	6	12- Target exceeded	None	00,000	00,000
	Number of communities to benefit from project	4	4	29- Target exceeded	None	00,000	00,000
	Number of LED reports submitted	4	4	4- Target met	None	00,000	00,00
	% of brand exposure	100%	100%	Target met	None	1,250,000	1,090,641
PROJECTS	Review SDF	1	1	Project completed	None	500,000	425,559
	Transport Plan	1	1	Project not completed	implementation of ITP	357,000	329,851
	Biosphere Meander	1	1	Project not started	Delays caused by re-advertisement of the tender	900,000	900,000
	Honey Bee	1	1	Project completed	None	500,000	500,000
	Wild life feasibility study	1	1	Project not completed	Delays caused by re-advertisement of tender	3,000,000	12.453

KPA & PROJECTS	Indicator	07/08	08/09	Performance Result/Outcome 08/09	Remedial action/ Explanation	Amount budgeted R00	Amount spent R00
	Lephalale Agricultural Corridor	1	1	Project not competed	Delays in implementation	3,000,000	3,000,000
	Land Use Policy	1	1	Project completed	None	350,000	168,371
	Promotion of WDM icons	1	1	Project completed	None	100,000	100,000
	Madisha/ Dipudi Goat	1	1	Project completed	None	850,000	850,000
	Tourism Development	1	1	Project completed	None Roll over Project: 2008	1,250,00 931,241	1,090,641 931,241
	Government complex-Township Establishment	0	0	Project not completed	New project created during adjustment budget	760,000	760,000
	District-wide LED	1	1	Project completed	None	400,000	203,560
FINANCIAL MANAGE-MENT	Number of policies developed and reviewed	5	5	5- Target met	None- emphasis is on implementation of policies	00,000	00,000
	Number of CFO Forums meetings held	4	4	2-Target not achieved	Comply with CFO's schedule	00,000	00,000
	Number of project status reports submitted	12	12	12- Target met	None	00,000	00,000
	% of Audit queries resolved	100%		80%-Target not achieved	Performance related queries relies on the development of a PMS	00'000	00'000
	% of variance on departmental budget	1	Less than 10%	16,2%	None	00,000	00,000
	% of capital budget spent	5	100%	48%- Target not achieved	Develop a strategy to improve spending	25,997,383	12,525,348
	Number of risk reports submitted to Audit Committee	4	4	3-Target not achieved	None	00,000	00,000
	Number of annual asset conducted	1	1	1-Target achieved	None	00,000	00,000
	Number of Monthly Financial Grant Reports submitted	12	12	12- Targets achieved	None	735, 000	735,000

KPA & PROJECTS	Indicator	07/08	08/09	Performance Result/Outcome 08/09	Remedial action/ Explanation	Amount budgeted R00	Amount spent R00
	Number of annual reports submitted	1	1	2-Target achieved	None	00,000	00,000
	Number of MFMA s71 reports submitted	12	12	12- Targets achieved	None	00,000	00,000
	Number of MFMA s52 reports submitted	12	12	12- Target achieved	None	00,000	00,000
	Number of s66 MFMA reports submitted	12	12	12- Target achieved	None	00,000	00,000
	Number of MFMA Yearly Reports submitted	1	1	1-Target achieved	None	00,000	00,000
	Tabling of Annual Budget/IDP by 31 March 2009	1	1	1-Target achieved	None	00,000	00,000
	Approval of Budget/IDP Process Plan by 31 August 200	1	1	1-Target achieved	None	00,000	00,000
	Approval of Annual Budget/IDP by 31 May 2009	1	1	1-Target achieved	None	00,000	00,000
	Debt coverage ratio	100%	100%	No debtors	None	00,000	00,000
	Service debtors to ratio	60%	60%	40%- Target exceeded	None	00,000	00,000
	Cost coverage	100%	100%	234%- Target exceeded	None	00,000	00,000
	Unqualified audit report	1	1	Target achieved	None	00,000	00,00
PROJECTS	Donor Strategy	0	1	Project not completed	Tender was advertised without getting a successful bidder	200,000	200,000
FINANCE MANAGE-MENT SYSTEM	1	1	Project not completed	Project was discontinued	2 2,500,000	13,054	
GOOD GOVERNANCE & PUBLIC PARTICIPATION	% of Council Resolutions implemented	100%	100%	95%- Some resolutions were not implemented	Improve on using the Council Resolution Progress Template	00,000	00,000
	Number of IGR meetings held as per schedule	4		0-Target not achieved	Comply with IGR schedule		00,000

KPA & PROJECTS	Indicator	07/08	08/09	Performance Result/Outcome 08/09	Remedial action/ Explanation	Amount budgeted R00	Amount spent R00
	Number of Communications Forum Meeting	4	4	2-Target not achieved	None	00,000	00,000
	Number of imbizos held	6	6	6-Target met	None	00,000	00,000
	Number of cultural festivals held	1	1	1-Target met	None	00,000	00,000
	Number of programmes towards development of sports, arts and culture.	3	3	2 -Target not achieved	Only Mayors Cup & OR Tambo Games were held due to lack of funds	00,000	00,000
	Number of Council meetings held	4	4	7-Target exceeded	3 Special Council meetings were held	00,000	00,000
	Number of HIV/AIDS campaigns conducted	4	4	1- Target not achieved	Budget was used to co-ordinate HIV/AIDS Council meetings	150,000	137,441
	Number of local disability desks established	7	7	7-Target achieved	None	00,000	00,000
	Number of gender reports submitted	4	4	0-Target not achieved	None	00,000	00,000
	Number of sets of resolutions monitored	4	4	4-Target met	None	00,000	00,000
	Formalisation of District House of Traditional Leadership	0	1	Project completed	None	00,000	00,000
	Mayoral Golf	0	1	Project discontinued	Postponed to November 2009 due to lack of funds	200,000	200,000
	Communication newsletter	0	4	Target not met	Delays in appointing service provider	300,000	300,000
District Learning network	2		Project discontin-ued	Funds diverted to Councillors S& T allowances	00	00	
SPECIAL PROJECTS	Youth Indaba	0		Project discontinued	Diverted to other projects	00	00
	Gender Programme	0		Project not completed		00	00

KPA & PROJECTS	Indicator	07/08	08/09	Performance Result/Outcome 08/09	Remedial action/ Explanation	Amount budgeted R00	Amount spent R00
	HIV/AIDS Strategy	1		Project discontinued	Shortage of funds- funds used to convene HIV/AIDS Councils	00	00

External Service Provider

NAME OF THE SERVICE PROVIDER	SERVICE	APPOINTMENT DATE	COMPLETION DATE	SERVICE/TENDER AMOUNT	PERFOMANCE REMARKS
1.Sechele Incorpotrated	Provision of Legal Services	4th June 2008	4th May 2011 (3 year contract)	Fee Structure	Not satisfactory Contract terminated
2.Verveen Attorneys	Provision of Legal Services	4th June 2008	4th May 2011 (3 year contract)	Fee Structure	Satisfactory
3.Badiredi Travel	Provision of Travel and Accommodation Services	27th MAY 2008	27th April 2011 (3 year contract)	Fee Structure	Satisfactory
4.Nothern Telecom	Supply, install and delivery of telephone system	1st February 2008	1st January 2011 (3 year contract)	R 241 000-00 or R5 013.06 p.m on 0% prime rate	Satisfactory
5.Elda Motors	Procurement of 5 pool vehicles	03 July 2008	03 August 2008	R703 636.50 (VAT exclusive)	Not Satisfactory
6.Immaculate Management Services	Lephalale Fire Station & Disaster Centre	29 July 2008	June 2009 (extended)	R3 072647.09 (VAT exclusive)	80% complete Internal investigation by CFO and MM and delays in obtaining Variation order
7.Standard Bank	Provision of banking service	21 August 2008 (only starting in February 2009)	February 2014 (5 year contract)	Fee Structure	Cancelled
8.Honey Bee Management	Bee Keeping Project	03 September 2008	March 2009	R500 000.00 (VAT exclusive)	Satisfactory
9.BAM Strategic Management	Destination Brand Activation	03 September 2008	March 2009	R1 100 000.00 (VAT exclusive)	Satisfactory

NAME OF THE SERVICE PROVIDER	SERVICE	APPOINTMENT DATE	COMPLETION DATE	SERVICE/TENDER AMOUNT	PERFOMANCE REMARKS
10.CSIR Built Environment	Development of policy on land use	21 October 2008 (commence 17 Nov `09)	17 March 2009	R307 017.54	Satisfactory
11.Gondwana Environmental solutions	Air quality management plan	21 October 2008	April 2009	R437 100.00 (VAT exclusive)	Satisfactory
12.EOH Public Sector	S78 Municipal Health Services	30 October 2008 (commence 10 Nov `08)	10 March 2009	R437 414.91 (VAT exclusive)	Satisfactory
13.BC Gildenhuys & Associates	Spatial Development Framework	30 October 2008 (Commence 6 Nov 2009)	06 April 2009	R438 596.49 (VAT exclusive)	Satisfactory
14.Mafafo Construction J/V	Upgrading of the abbatoir	30 October 2008	May 2009 (extended)	R2 768 898 (VAT exclusive	Not satisfactory/time had to be extended
15.Nambiti Technologies Pty Ltd	Supply & delivery of Microsoft Office Professional Licenses 2007	30 October 2008	30 November 2008	R526 953.67 (VAT exclusive)	Satisfactory
16.Mametse Investments CC	Institutional Study	03 December 2008	May 2009	R333 333.33 (VAT Exclusive)	Satisfactory
17.IT MASTER / IKANDO CC	Supply of MS Exchange Server &Project Management 2007 Software & Licenses	03 December 2008	31 January 2009	R354 062.28 (vat Exclusive)	Satisfactory
18.Le`cec Events Management	Office Partitioning of the WDM Offices	07 January 2009	31 February 2009	R220 877.19 (VAT Exclusive)	Satisfactory
19.Selby Construction CC	Northam Sewer Reticulation Network	08 January 2009	July 2009	R6 632 718.67 (VAT Exclusive)	Satisfactory
20.FAWCETT SECURITY	Security Services for 3 years period	13 February 2009	March 2012	R74 715.10 Per Month (VAT Inclusive)	Satisfactory
21.Sauppy Trading	District Wide Skills Audit	22 October 2009	31 January `09	R148 500.00 plus R51 250.00 (vat Inclusive)	Satisfactory

NAME OF THE SERVICE PROVIDER	SERVICE	APPOINTMENT DATE	COMPLETION DATE	SERVICE/TENDER AMOUNT	PERFOMANCE REMARKS
22.Institute of Performance Management	Performance Management System (3 years old)	12 March 2009 (commence 01 July 2009)	June 2012	R6 929 070.10(VAT exclusive)	10% progress
23.Ikando trading as IT Master	ICT Equipments*	23 March 2009	30 April 2009	R270 237.59 (vat Exclusive)	Satisfactory
24.Africon	Feasibility Study on Wildlife	25 March 2009	30 Sept 2009	R2 581 360.00(VAT exclusive)	5% completed
25.P.Verveen Professional Accountant (SA)	VAT Review and Recovery	07 April 2009	30 May 2010	20% commission rate(VAT Inclusive)	1% progress
26.Golf Sudio	Annual Mayoral Golf day Event and Sponsorship	07 April 2009	30 June 2009 (postponed)	30% Commission(VAT Inclusive)	0% completed
27.Lesmer Civils &Projects	Rehabilitation of the Vaalwater Landfill sites Project (Contractor)	09 April 2009	30 Sept 2009	R1, 300 146.39(VAT exclusive)	50% completed
28.Lepelle Waste Managemnet	Rehabilitation of the Modimolle Landfill sites Project (Contractor)	09 April 2009	30 Sept 2009	R610 995.00(VAT exclusive)	50% completed
29.Interwaste t/a Enviro-Fill Waste Management Services	Rehabilitation of the Thabazimbi Landfill sites Project (Contractor)	09 April 2009	30 Sept 2009	R869 148.00(VAT exclusive)	50% completed
30.Suwil Rudolph Valuers	Fixed Assets valuations	08 May 2009	30 June 2009	Fee Structure	Satisfactory
32.AON South Africa pty ltd	Insurance Cover for(3 years period contract)	23 June 2009	30 June 2012	Fee Structure	Satisfactory
33.Selby Construction CC	Extension of the Northam Sewer Reticulation Network	22 May 2009	July 2009 (extended)	R662 425 (VAT Exclusive)	Satisfactory
GRAND TOTAL				**R34 913 046.17 (Excluding structured fees appointments)**	

Legend:

Good - Project completed on time and within the terms and conditions of contract

Satisfactory - Project completed but not within terms and conditions of contract

MUNICIPALITY ENTITY –WATERBERG ECONOMIC DEVELOPMENT AGENCY (WEDA)

The Waterberg Development Economic Agency was established in 2008. Its board of directors was established in terms section 23(f) of the Municipal Systems Act 32 of 2000. The members of the nominated and appointed are Messrs: D Kyriacon, M Mogale, P Barthram, B Shibambo and Ms M Mahlare. The erstwhile chairperson of the board Mr. M Kekana resigned and was replaced by Mr. B Shibambo .

The charter of the WEDA and Service Level Agreement and operating budget were available. At least 5 meetings were convened but the Plan of action was not implemented to the extent that the CEO was not appointed.

INFORMATION TECHNOLOGY SYSTEMS

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

POWERS AND FUNCTIONS

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

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

KEY CHALLENGES

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

KPA 1: Municipal Institutional Development & Transformation

- Provision of inadequate support to local municipalities.
- Implementation of plans, policies and strategies.
- Implementation of a district-wide Performance Management System.
- Lack of ways to measure return on investment in training.
- Lack of staff in certain functional areas.
- Inadequate revenue and grant dependency
- Limited resources to implement municipal health services up to required standards.
- Lack of funding to have a regional solid waste site.

- District roads are not funded because the issue of road classification is not resolved.
- Alternative finance resources to replace RSC levy are unavailable.
- Abattoir is running at a loss.
- Perennial existence of roll over projects.

KPA 2: Basic Services & Infrastructure Development

Solid Waste Management

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

Municipal Health

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

KPA 3: LED

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

KPA 4: Financial Viability and Management

- Inadequate revenue

KPA 5: Public Participation & Good Governance

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

KPA 6: Spatial rationale

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

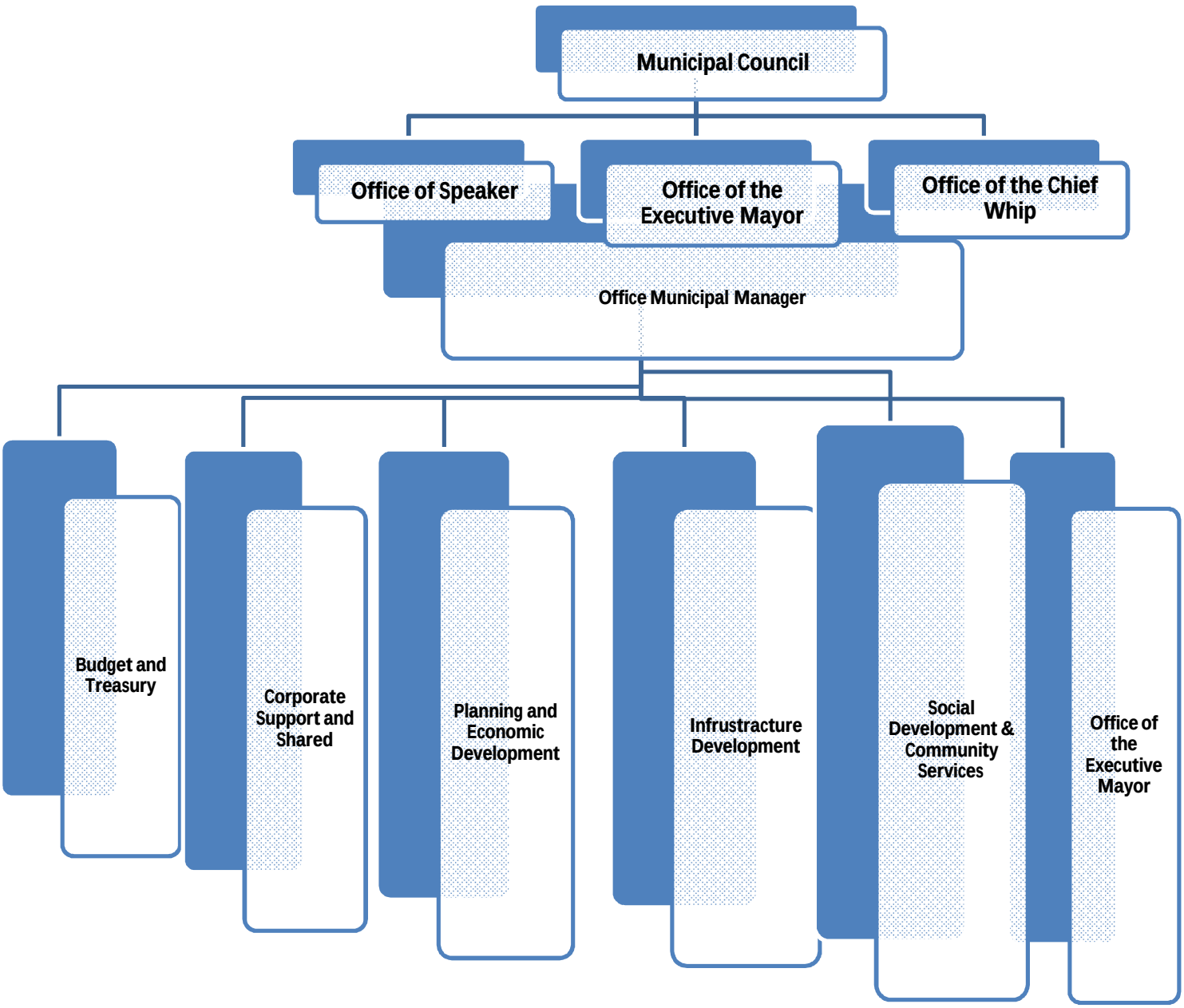
KEY SUCCESSES

- Received an unqualified report in 07/08.
- Marketing of destination brand intensified.
- Conducted performance reviews for s56 Managers consistently.
- Improvement in functionality of IGR clusters.
- Overall Provincial Vuna Award Winner in 2007/08:
- Provincial Vuna Award KPA 4 & 5
- Access to Disaster Management services.
- Improvement legislative compliance of local government.
- Development of credible IDP and SDBIP.
- Reduction o employee turnover rate by more than 50% .
- Maintenance and update of a user friendly and informative website.
- Early compliance with minimum competency levels gazette targets.

CHAPTER 3: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

Council approved the current organizational structure in 2007. There were still some challenges in aligning it fully with the principal strategy of the municipality, namely the Integrated Development Plan (IDP). The outcome of the Institutional Study has a profound effect on the current organizational structure.

Organisational structure



Staff Information

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

Department	**Total Number of Posts**	**Number of filled posts**	**Number of Vacancies**
Office of the Mayor	14	7	7
Office of the Municipal Manager	12	9	3
Budget & Treasury Office	13	13	0
Corporate Support & Shared Services	22	20	2
Infrastructure Development	7	4	3
Social Development & Community Services	33	27	6
Planning & Economic Development	21	17	4
TOTAL	**122**	**97**	**25**

Employment equity

Workforce Profile as at 30 June 2009

Occupational category	**Male**				**Female**				**Total**
	A	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**18**
Legislators, senior officials and managers	11		1		4			2	26
Professionals	10			5	11				3
Technicians & associate professionals	1			1	1				32
Clerks	11				19			3	
Service & sales workers	0								0
Skilled agricultural & fishery workers	0								0

Proposed numerical goals for 2008/09

Occupational category	Male				Female					Total
	A	C	I	W	A	C	I	W		
Legislators,senior officials and managers	1	0	0	0	1	0	0	0		2
Professionals	1	0	0	2	1	0	0	0		4
Technicians & associate professionals	1	0	0	0	1			1		
Clerks	1	1	0	1	1	1	0	1		5
Service & sale workers	0	0	0	0	0	0	0	0		
Skilled agricultural and fishers workers	0	0	0	0	0	0	0	0		0
Craft and related workers	0	0	0	0	0	0	0	0		0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0		0
Elementary occupations	1	0	0	1	3	0	1	0		0
Total	5	1	0	3	7	1	1	2		20

Skills Development Programmes

Training & skills development interventions	Number of staff trained	Cost in Rand
ABET	4	R00
Budget & GRAP	20	R67,000
Supply Chain Management	15	R27,500
Project Management	15	R156,000
Executive Leadership	3	R45,,000
Basic Fire Fighting	50	R300,000
Water Quality Monitoring	12	R160,000
Disciplinary Hearing	5	R10,000
Powerpoint	7	R8,000
Excel	3	R8,000
Advanced Power Point	9	R16,000
Total		R797,500

Four (4) Managers were trained using mandatory grant.

Personnel Expenditure

Financial year	R,000	% of total expenditure
2004/05	16,336,377	14.1%
2005/06	16,737,306	14.2%
2006/07	16,674,562	32.8%
2007/08	24,455,697	31.1%

The table shows that over the years, personnel expenditure has increased significantly as a result mainly of the devolution of the municipal health services.

Pension and medical funds

Name of Pension Fund	**Number**
Municipal Gratuity Fund	53
National Pension Fund for Municipal Workers	47*
Municipal Employee Pension Fund	15
Government Employee Pension fund	19
Joint Municipal Pension Fund	1
Name of Medical Fund	
Municipal Councillors Medical Fund	19
Bonitas	23
Hosmed	1
LA Health	34
LA health Parmed	1
TOTAL	**78**

Note: There are staff members who belong to both a pension fund and a provident fund.

Arrears owed by staff and councilors

In line with section 164 of the MFMA, no loan was granted to both Councillor and the official alike.

Salary disclosures

Councillor	**07/08** **R**	**08/09** **R**
Executive Mayor	435,199	538,575
Speaker	362,058	430,860
Full time Mayoral Committee Member	251,673	403,931
Mayoral Committee Members(6)	670,624	714,565
Councillors (24)	1,146,221	1.164,559
Traditional leaders(3)	00	00
Council's contribution	331,500	372,806

In addition to the above, the full time councilors received a monthly cellphone allowance of **R1, 332** and part time councilors received a cell phone allowance of **R831.**

Senior Management (Section 56 employees)

Designation	**Remuneration package 07/08** **R**	**Remuneration package 08/09** **R**
Municipal Manager	780,000	844,740
Chief Financial Officer	666,600	750,000
Manager: Corporate Support & Shared Services	690,000	747,270
Manager : Planning & Economic Development	594,000	643,302
Manager: Social Development & Community Services	539,328	584,093
Manager: Infrastructure Development	600,000	649,800
Manager : Executive Mayors Office	508,800	551,031

CHAPTER 4

AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

Report of the Chief Financial Officer

Introduction

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

This is the fifth year that the Waterberg District Municipality has prepared the financial statements in compliance with the provisions of the Generally Recognised Accounting Practice (GRAP), Generally Accepted Municipal Accounting Practice (GAMAP) and South African Generally Accepted Accounting Practice (SA GAAP). This is the first year that the accounting standards are implemented in full without utilising the exemption allowed in *Government Gazette* no. 30013 of 29 June 2007 but the majority of these exemptions have been implemented retrospectively in these financial statements ending 30 June 2009. The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP) and other standards issued by the Accounting Standards Board and prescribed by the Minister of Finance.

Over the past number of years the Waterberg District Municipality has proved that it is committed to sound financial management by receiving clean audit reports for the past 2 consecutive years (06/07 and 07/08).

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

1. Review of operating results

The 2008/09 budget was approved by Council on 29 May 2008 and the adjustment budget was approved by Council on 31 March 2009. The 2008/09 adjusted budget figures are included in this report. The Statement on Financial Performance reflects a summary of income and expenditure. The overall operating results for the year ended 30 June 2009 is as follows:

	Budget 2008/2009	Actual 2008/2009	Variance Actual/ Budget	Actual 2007/2008	Variance Year on Year
	R	R	%	R	%
INCOME					
Opening surplus		109 575 688		116 648 324	
Change in accounting policies				(7 891 921)	
Operating income for the year	84 952 363	92 881 786	109.33%	80 964 692	114.72%
Changes in net assets					
TOTAL	**84 952 363**	**202 457 474**		**189 721 095**	
EXPENDITURE					
Operating expenditure for the year	122 520 375	83 354 071	68.03%	80 145 407	104.00%
Changes in net assets		-		-	
Closing surplus		119 103 403		109 575 688	
TOTAL	**122 520 375**	**202 457 474**		**189 721 095**	

The largest increase on revenue occurred in government grants. The largest increase on expenditure occurred in remuneration.

The actual expenditure on remuneration expressed as a percentage of the total expenditure shows an increase from 30.32% in 2007/08 to 34.67% in 2008/09. A benchmark of less than 35% is acceptable.

3. Acquisition of Property, Plant & Equipment

The total expenditure incurred with regard to Property, Plant and Equipment amounted to R 6 673 543 as compared to R 7 969 517 for the previous financial year. Included is an amount of R 3 452 337 (2008 – R 1 910 846) which is the construction of the Disaster Management Centres in Modimolle and Lephalale and R 1 408 732 (2008 – R 0) for the upgrade of the Abattoir.

	Actual 2008/2009	Budget 2008/2009	Actual 2007/2008	Variance Actual/ Budget
	R	R	R	%
Buildings	5 069 583	9 959 828	1 926 296	50.90%
Furniture and Equipment	205 680	220 000	285 428	93.49%
Office equipment	179 841	190 000	29 656	94.65%
Vehicles	616 125	650 000	4 512 553	94.79%
Land	-	-	-	-%
Machinery and equipment	2 120	2 200	241 929	96.36%
Computer Equipment	600 194	1 000 000	973 655	60.02%
Total	**6 673 543**	**12 022 028**	**7 969 517**	

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

	Actual 2008/2009	Budget 2007/2008	Actual 2007/2008	Variance Actual/ Budget
	R	R	R	%
Equitable share	6 656 823	11 972 028	6 368 522	55.60%
Levy income	-	-	-	0.00%
Grants: FMG	16 720	50 000	-	33.44%
Fire Fighting	-	-	1 094 145	0.00%
Donations	-	-	506 850	0.00%
Other	-		-	0.00%
Total	**6 673 543**	**12 022 028**	**7 969 517**	

4. Investments & Cash

Investment and cash as at 30 June 2009 amounted to R100 174 518 (2008 – R 92 724 466). The breakdown of investments and cash is as follows:

	Actual 2008/2009	Actual 2007/2008
	R	R
Current account	2 674 774	1 963 350
Petty cash	2 200	1 700
Call accounts	3 017 014	18 183 808
Other short term investments	84 931 763	59 447 882
6 month investments	10 088 767	13 127 726
Total	**100 174 518**	**92 724 466**

The municipality has no loans or overdrafts.

Additional information regarding investment and cash is disclosed per notes 1 and 4 to the financial statements.

5. Debtors

Details regarding debtors are disclosed per notes 2, 3 and 7 to the financial statements.

All outstanding RSC Levy debtors have been written off.

6. Accounting ratios

6.1 Current asset ratio

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

	Actual 2008/2009	Actual 2007/2008
	R	R
Current assets	101 935 297	94 627 662
Current liabilities	11 192 009	8 703 417
Current ratio	9.11	10.87

The ratio decreased slightly from 2007/2008 to 2008/2009. This is because the current liabilities increased by 28.59% whereas the current assets increased by 7.72%. The increase in current assets can mainly be ascribed to the increase in cash and investments. The increase in current liabilities is mainly due to an increase in unspent conditional grants.

In the 2008/09 financial year post retirement benefit liabilities were accounted for under liabilities for the first time. However, the 2007/08 figures were restated accordingly.

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

6.2 Quick asset ratio

This ratio is a more accurate test of a local authority's ability to settle its short-term debt. When calculating this ratio, only assets that can be converted into cash are taken into account. Inventory is for the local authority's own use and is not for sale, therefore they are not included in the calculations. The private sector sets a ratio of 1:1 as being acceptable. As the municipality has no inventory, the ratio remains the same as the Current Asset Ratio in 6.1.

6.3 Solvability

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

	Actual - 2008/2009	Actual - 2007/2008
	R	R
Total assets	139 743 988	127 323 252
Total liabilities	20 640 585	17 747 564
Solvability ratio	6.77	7.17

The ratio increased slightly from 2007/2008 to 2008/2009. This is because the total liabilities increased by 16.30% whereas the total assets increased by 9.76%. The increase in total assets can mainly be ascribed to the increase in cash and investments, property, plant and equipment and intangible assets. The increase in total liabilities is mainly due to an increase in unspent conditional grants.

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

EXPRESSION OF APPRECIATION

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

NADINE LAUBSCHER CA (SA)
CHIEF FINANCIAL OFFICER

WATERBERG DISTRICT MUNICIPALITY

REPORT OF THE AUDIT COMMITTEE

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

1. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee was established on 29 August 2007. The Audit Committee consists of the members listed hereunder and will meet at least four times a year or more when the need arise. During the current year, three meetings were held. In terms of section 166 (4) b of the MFMA and the approved Audit Committee charter, meetings held were on the following dates: 25 August 2008, 26 November 2008, 23 February 2009 and 25 May 2009.

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

A system control is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and king 11 Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors it was noted that the system of internal control was not entirely effective for the year under review, as compliance with prescribed policies and procedures were lacking in certain instances. During the year under review, several instances of non compliance were reported by internal auditors that resulted from a breakdown in the functioning of internal controls.

INTERNAL AUDITING

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

5. EVALUATION OF FINANCIAL STATEMENTS

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

On behalf of the Audit Committee
V. Chauke
Chairperson of the Audit Committee

ANNUAL FINANCIAL STATEMENTS

1. BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

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

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

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

The standards comprise of the following:

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

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

Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 4	Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities
Directive 5	Determining the GRAP Reporting Framework

Effective accrual based IPSASs considering the provisions in paragraphs 15 to 19 of Directive 5 applicable to Waterberg District Municipality comprise the following:

IPSAS 20	Related Party Disclosures
IPSAS 21	Impairment of Non Cash-Generating Assets

1.1 BASIS OF PRESENTATION *(continued)*

Effective IFRSs and IFRICs that are applied considering the provisions in paragraphs 20 to 26 of Directive 5 applicable to Waterberg District Municipality comprise the following:

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

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

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

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

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

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

1.2 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

GRAP 18	Segment Reporting
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from non-exchange transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets

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

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

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

1.2 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE *(continued)*

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

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

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

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

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

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

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

1.3 PRESENTATION CURRENCY

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

1.4 GOING CONCERN ASSUMPTION

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

1.5 COMPARATIVE INFORMATION

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

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

2 RESERVES

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

2.1 Government Grant Reserve

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

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

2.2 Donation and Public Contributions Reserve

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

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

3 PROPERTY, PLANT AND EQUIPMENT

3.1 Initial recognition

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

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

3 PROPERTY, PLANT AND EQUIPMENT *(continued)*

3.2 Subsequent measurement – cost model

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

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

3.3 Depreciation and impairment

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

	Years
Buildings	7 to 30
Motor Vehicles	2 to 5
Office Equipment	1 to 5
Furniture and Fittings	5 to 7
Machinery	1 to 7
Specialised vehicles	10 to 20

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

The progress towards achieving full compliance with the measurement requirements of GRAP 17 Property, Plant and Equipment and IAS36 Impairment of assets are that an annual asset count was conducted to confirm the completeness and validity of the asset register and a service provider was appointed in 08/09 year to assess the net realizable value and useful lives of all assets and assign residual values to all assets. The depreciation and net book value of assets will be reviewed according to the outcome of this assessment to correct comparative figures in the financial statements ending 30 June 2010.

3.4 Derecognition

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INTANGIBLE ASSETS

4.1 Initial recognition

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

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

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

Intangible assets are initially recognised at cost.

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

4.2 Subsequent measurement – cost model

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

4.3 Amortisation

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

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

The municipality has not taken advantage of the transitional provisions provided in GRAP 102 Intangible Assets whereby in terms of Section 112 of GRAP 102 municipalities are not required to measure intangible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Intangible Assets. The balance on the financial statements which is affected by this transitional provision is Intangible Assets. The net realizable value, residual values and useful lives of intangible assets were reviewed with this first time adoption of GRAP 102 Intangible Asset in the current financial year. The nature and amount of the change in accounting policy is disclosed in Note 32.

4 INTANGIBLE ASSETS *(continued)*

4.4 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5 NON-CURRENT ASSETS HELD FOR SALE

5.1 Initial recognition

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

5.2 Subsequent measurement

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

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

The municipality has taken advantage of the transitional provisions provided in GRAP 100 Non-Current Assets Held for Sale whereby in terms of Section 45 of GRAP 100 municipalities shall apply the provisions of the standard prospectively. The balance on the financial statements which is affected by the transitional provision is Non-Current Assets Held for Sale. The nature and amount of the measurement period adjustment recognized is disclosed in Note 6.

6 INVENTORY

6.1 Initial recognition

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

6.2 Subsequent measurement

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

6 INVENTORY *(continued)*

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

7 FINANCIAL INSTRUMENTS

7.1 Initial recognition

Financial instruments are initially recognized at fair value.

7.2 Subsequent measurement

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

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

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

Amortised cost is calculated using the effective interest method.

7.3 Investments

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

7.4 Trade and other receivables

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

7 FINANCIAL INSTRUMENTS *(continued)*

7.4 Trade and other receivables *(continued)*

12 months from the reporting date are classified as current. The carrying amount of trade and other receivables is a reasonable approximation of fair value.

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

7.5 Trade and payables

Financial liabilities consist of trade and other payables. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest. Amounts that are payable within 12 months from the reporting date are classified as current. The carrying amount of trade and other payables is a reasonable approximation of fair value.

7.6 Cash and cash equivalents

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

8 PROVISIONS

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

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

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

9 LEASES

9.1 Municipality as lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of

the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

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

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

The effect of the compliance with the requirement of “Smoothing” of operating lease expenses/revenues in the Statement of Financial Performance which was previously exempted in terms of the exemptions of Government Gazette no. 30013 of 29 June 2007 does not have any impact on the current year or comparative figures on the financial statements.

9.2 Municipality as lessor

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

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

10 REVENUE

10.1 Revenue from exchange transactions

Revenue from exchange transactions is recognized at fair value and refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.
Interest is recognised on a time proportion basis, using the effective interest method.
Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

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

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

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

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

10.2 Revenue from non-exchange transactions

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

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

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

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

The provision of GAMAP 9 Revenue Section 50 to 54 still applies pertaining to revenue from levies. Revenue from RSC 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 in the reporting period when payment was due, estimated levies based on average data is determined. Changes to estimates made when more reliable information becomes available is processed as an adjustment to levies revenue.

10.3 Grants, transfers and donations

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

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

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

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

11 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12 IRREGULAR EXPENDITURE

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

13 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.

14 EMPLOYEE BENEFITS

14.1 Provision for employee benefits

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

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

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

14.2 Pensions and other post-retirement benefits

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

For defined contribution plans, the municipality pays contributions on a mandatory, contractual or voluntary basis. The municipality has no further payment obligations once the contributions have been paid.

Accordingly, the Municipality recognises the contributions to the scheme as an expense when the employees and councilors have rendered the employment service or served office entitling them to the contributions.

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

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

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

The nature and amount of the change in accounting policy is disclosed in Note 33.

WATERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Note	2009 R	2008 R
ASSETS			
Current assets		104 172 735	94 627 662
Cash and cash equivalents	1	92 068 572	79 596 740
Trade and other receivables from exchange transactions	2	41 775	
Other receivables from non-exchange transactions	3	269 540	826 845
Inventory	4	101 332	-
Held-to-maturity investments	5	10 088 767	13 127 726
VAT receivable	6	1 577 224	843 462
Non-current assets held for sale	7	25 525	-
Non-current assets		39 036 391	33 228 722
Non-current receivables	8	39 877	
Property, plant and equipment	9	37 872 915	32 741 648
Intangible assets	10	1 123 599	451 247
Total assets		143 209 126	127 856 384
LIABILITIES			
Current liabilities		14 118 316	8 703 417
Trade- and other payables	11	7 500 738	4 209 456
Consumer deposits	12	10 865	
Provisions	13	172 254	-
Unspent conditional grants and receipts	14	5 379 439	3 753 372
Current portion of retirement health care liability	15	919 049	621 899
Current portion of long service awards liability	16	135 970	107 825
Non-current liabilities		9 448 576	9 044 147
Retirement health care liability	15	8 712 615	8 387 866
Long service awards liability	16	735 961	656 281
Total liabilities		23 566 891	17 747 564
Net assets		119 642 235	110 108 820
NET ASSETS			
Retained surplus and other reserves		119 642 235	110 108 820
Accumulated surplus and other reserves	30	119 642 235	110 108 820
Total net assets		119 642 235	110 108 820

WATERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
REVENUE			
Regional Services Levies - turnover		205 215	252 557
Service charges	17	961 714	1 702 880
Rental of facilities and equipment	18	28 803	162 770
Interest earned - external investments	19	12 205 195	11 016 163
Interest earned - outstanding receivables	20	40 495	59 090
Government and other grants	21	78 865 121	67 029 738
Public contributions and donations	22	437 500	506 850
Reversal of provision for doubtful debt		-	30 858
Other income		130 303	186 316
Total Revenue		**92 874 346**	**80 947 222**
EXPENDITURE			
Employee related costs	23	(28 896 632)	(24 289 209)
Remuneration of councillors	24	(3 648 254)	(3 197 239)
Post-retirement health care expenditure	15	(962 463)	(1 330 328)
Long-service award expenditure	16	(190 192)	(166 945)
Provision for doubtful debt		(86 311)	-
Depreciation and amortisation	25	(2 272 001)	(1 772 006)
Repairs and maintenance		(460 296)	(481 386)
Contracted services	26	(3 293 905)	(3 113 932)
General expenses	27	(11 917 663)	(10 502 226)
Project expenditure		(30 443 189)	(34 314 716)
MIG expenditure		(1 614 965)	(405 586)
Total Expenditure		**(83 785 871)**	**(79 573 573)**
Gain / (Loss) on sale of assets	28	93 150	(38 702)
Reversal of impairment loss	29	351 790	17 470
SURPLUS FOR THE YEAR		**9 533 415**	**1 352 417**

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

WATERBERG DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Note	Revaluation Reserve R	Government Grant R	Donations and Public Reserve R	Accumulated Surplus R	Accumulated Surplus and Other Reserves R	Total R
2008							
Balance at 1 July 2007		431 997	164 730	1 863 968	114 619 626	116 648 324	117 080 321
Correction of prior period error							
Land Accounting Policy correction	33	(431 997)			431 997	431 997	-
Change in accounting policy:							
Intangible assets recognition	32				259 906	259 906	259 906
Defined benefit healthcare liability recognition	32				(7 964 531)	(7 964 531)	(7 964 531)
Defined benefit long service awards liability	32				(619 293)	(619 293)	(619 293)
Restated balance		-	164 730	1 863 968	106 727 705	108 756 403	108 756 403
Net surplus for the year					1 352 417	1 352 417	1 352 417
Balance at 30 June 2008		-	1 181 026	1 993 284	106 934 510	110 108 820	110 108 820
2009							
Balance as at 1 July 2008		-	1 181 026	1 993 284	106 934 510	110 108 820	110 108 820
Net surplus for the year					9 533 415	9 533 415	9 533 415
Balance at 30 June 2009		-	1 081 465	1 886 523	116 674 247	119 642 235	119 642 235

WATERBERG DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts:			
Sales of goods and services		1 354 318	2 365 590
Grants		81 019 423	64 165 311
Interest received		12 245 690	11 075 253
Other receipts		123 720	27 413
Payments:			
Employee costs		(32 052 559)	(26 743 596)
Suppliers		(8 132 778)	(7 071 759)
Project expenditure		(30 386 553)	(34 186 979)
Interest paid		-	-
Fire fighting expenditure		(2 790 973)	(3 064 500)
Vat		(733 762)	(45 061)
Other payments		(4 107 692)	(3 535 077)
Net cash flows from operating activities	31	16 538 834	2 986 595
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(6 930 611)	(7 962 600)
Purchase of intangible assets		(887 516)	(171 439)
Proceeds on sale of property, plant and equipment		247 632	170 000
Proceeds from recovery of investments		468 584	17 470
Decrease in held-to-maturity investments		3 038 959	6 877 299
Increase in long term receivables		(4 050)	(5 362)
Net cash flows from investing activities		(4 067 002)	(1 074 632)
Net increase in net cash and cash equivalents		12 471 832	1 911 963
Net cash and cash equivalents at beginning of year		(79 596 740)	(77 684 778)
Net cash and cash equivalents at end of year	32	92 068 572	79 596 740

		2009 R	2008 R
1	**CASH AND CASH EQUIVALENTS**		
	The municipality has the following bank accounts:		
	Current Account (Primary Bank Account)		
	First National Bank - Modimolle branch Account number 53170034748		
	Cash book balance at beginning of year	1 963 350	5 204 458
	Cash book balance at end of year	4 657 595	1 963 350
	Bank statement balance at beginning of year	6 275 415	7 271 132
	Bank statement balance at end of year	9 018 155	6 275 415
	Other accounts		
	Investments:		
	Call deposits	3 017 014	18 183 808
	14 Days fixed deposits	-	-
	32 Days fixed deposits	-	9 041 079
	60 Days fixed deposits	12 042 984	7 056 096
	90 Days fixed deposits	72 348 779	43 350 707
		87 408 777	77 631 690
	Cash on hand:		
	Petty cash	2 200	1 700
	Total cash and cash equivalents	92 068 572	79 596 740
	A portion of cash represents restricted cash as it serves as security for unspent conditional grants.		
2	**TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACT IONS**		
	Trade receivables		
	RSC levies	-	580 560
	Abattoir	386 800	261 059
	Gross Balance	386 800	841 619
	Less: Provision for doubtful debts	(348 815)	(637 249)
	Net Balance	37 985	204 370
	Other receivables		
	Councillor cell phones	32 309	28 519
	Gross Balance	32 309	28 519
	Less: Provision for doubtful debts	(28 519)	-
	Net Balance	3 790	28 519
	Total Net Balance	41 775	232 889
	Abattoir: Ageing		
	Current (0 - 30 days)	26 670	100 791
	31 - 60 days	5 055	96 189
	61 - 90 days	6 259	7 390
	91 - 365 days	310 059	21 186
	+ 365 days	38 756	35 503
	Total	386 800	261 059

		2009 R	2008 R
2	**TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTI ONS (continued)**		
	RSC levies: Ageing		
	Current (0 - 30 days)	-	4 632
	31 - 60 days	-	4 176
	61 - 90 days	-	3 973
	91 - 365 days	-	3 973
	+ 365 days		563 806
	Total	-	580 560
	Councillor cell phone: Ageing		
	Current (0 - 30 days)	3 790	-
	31 - 60 days	-	-
	61 - 90 days	-	-
	91 - 365 days	-	-
	+ 365 days	28 519	28 519
	Total	32 309	28 519

Summary of debtors by Customer Classification

	Consumers R	National and Provincial Government R
as at 30 June 2009		
Current (0 - 30 days)	30 461	-
31 - 60 days	5 055	-
61 - 90 days	6 259	-
91 - 365 days	310 059	-
+ 365 days	67 275	-
Sub-total	419 109	-
Less: Provision for doubtful debts	(377 334)	-
Total debtors by customer classification	41 775	-
as at 30 June 2008		
Current (0 - 30 days)	105 359	64
31 - 60 days	100 301	64
61 - 90 days	11 308	55
91 - 365 days	25 104	55
+ 365 days	620 195	7 633
Sub-total	862 267	7 871
Less: Provision for doubtful debts	(629 377)	(7 871)
Total debtors by customer classification	232 889	-

	2009 R	2008 R
Reconciliation of the doubtful debt provision		
Balance at beginning of the year	637 249	668 107
Contributions/(Reversal) to provision	84 920	(30 858)
Bad debts written off	(344 835)	-
Balance at end of year	377 334	637 249

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

		2009 R	2008 R
3	**OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**		
	Investments under liquidation	142 748	259 541
	Prepayments	5 800	39 069
	Sundry debtors	120 992	528 235
	Total Other Debtors	269 540	826 845
	An investment amounting to R 572 713 capital is held with New Republic Bank, which is presently under receivership. An investment amounting to R325 904 capital is held with Regal Treasury Bank which is presently under liquidation. The investments were written down to fair value:		
	New Republic Bank Limited	142 748	259 541
	Regal Treasury Private Bank Limited	-	-
4	**INVENTORY**		
	Consumables:		
	Opening balance	-	-
	Additions	570 278	603 481
	Issued (expensed)	(468 946)	(603 481)
	Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net Replacement Cost (NRC)	-	-
	Closing balance	101 332	-
	No inventory is pledged as security.		
	No circumstances or events existed that would have led to the write-down of the reversal of a write-down of inventories.		
5	**HELD-TO-MATURITY INVESTMENTS**		
	6 Month fixed deposits	10 088 767	13 127 726
6	**VAT**		
	VAT receivable	1 577 224	843 462
	VAT is accounted for on the payment basis.		
7	**NON-CURRENT ASSETS HELD FOR SALE**		
	Computer equipment	17 888	-
	Office equipment	274	-
	Furniture and fittings	7 363	-
	Property, plant and equipment	25 525	-
	These assets are no longer being utilised by the municipality and has been approved by council for disposal. An auction is to be held to dispose of the assets in the short term.		
8	**NON-CURRENT RECEIVABLES**		
	Deposit water and electricity	39 877	35 827
	These are deposits paid for water and electricity services.		

9 PROPERTY, PLANT & EQUIPMENT

Reconciliation of Carrying Value	Land and Buildings	Other Assets	Total
	R	R	R
Carrying values at 1 July 2008	22 237 046	10 504 602	32 741 648
Cost	24 634 254	15 362 237	39 996 491
Accumulated Depreciation	(2 397 208)	(4 857 635)	(7 254 843)
Acquisitions	646 014	1 603 960	2 249 974
Capital under Construction	5 118 137	-	5 118 137
Depreciation	(344 343)	(1 712 494)	(2 056 837)
Carrying value of disposals	-	(180 007)	(180 007)
Cost	-	(649 297)	(649 297)
Accumulated depreciation	-	469 290	469 290
Carrying values at 30 June 2009	27 656 854	10 216 061	37 872 915
Cost	30 398 405	16 316 900	46 715 305
Accumulated Depreciation	(2 741 551)	(6 100 839)	(8 842 390)

Reconciliation of Carrying Value	Land and Buildings	Other Assets	Total
	R	R	R
Carrying values at 1 July 2007	19 988 129	6 171 065	26 159 194
Cost	22 050 427	10 206 225	32 256 652
Change in accounting policy (note 32) - cost	-	(160 998)	(160 998)
Change in accounting policy (note 32) - accumulated depreciation	-	47 384	47 384
Accumulated Depreciation	(2 062 298)	(3 921 546)	(5 983 844)
Acquisitions	15 450	5 885 624	5 901 074
Capital under Construction	2 568 376	-	2 568 376
Depreciation	(334 909)	(1 343 385)	(1 678 294)
Carrying value of disposals	-	(208 702)	(208 702)
Cost	-	(568 612)	(568 612)
Accumulated depreciation	-	359 910	359 910
Carrying values at 30 June 2008	22 237 046	10 504 602	32 741 648
Cost	24 634 254	15 362 237	39 996 491
Accumulated Depreciation	(2 397 208)	(4 857 635)	(7 254 843)

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

		2009 R	2008 R
10	**INTANGIBLE ASSETS**		
10.1	Reconciliation of carrying value	Computer Software	Total
	as at 1 July 2008	451 247	451 247
	Cost	657 008	657 008
	Accumulated amortisation and impairment losses	(205 761)	(205 761)
	Acquisitions	887 516	887 516
	Amortisation	(215 164)	(215 164)
	Carrying value of disposal	-	-
	Cost	-	-
	Accumulated amortisation	-	-
	as at 30 June 2009	1 123 599	1 123 599
	Cost	1 544 524	1 544 524
	Accumulated amortisation and impairment losses	(420 925)	(420 925)
10.2	Reconciliation of carrying value	Computer Software	Total
	as at 1 July 2007	373 520	373 520
	Cost	485 569	485 569
	Accumulated amortisation and impairment losses	(112 049)	(112 049)
	Acquisitions	171 439	171 439
	Amortisation	(93 712)	(93 712)
	Carrying value of disposal	-	-
	Cost	-	-
	Accumulated amortisation	-	-
	as at 30 June 2008	451 247	451 247
	Cost	657 008	657 008
	Accumulated amortisation and impairment losses	(205 761)	(205 761)
11	**TRADE AND OTHER PAYABLES**		
	Trade creditors	3 919 288	894 845
	Accruals	3 216 693	2 796 493
	Sureties	-	51 223
	Retentions	364 757	466 895
		7 500 738	4 209 456
	The fair value of trade and other payables approximates their carrying amounts.		
12	**CONSUMER DEPOSITS**		
	Abattoir	10 865	10 865
	Guarantees held in lieu of abattoir deposits	12 000	12 000

		2009 R	2008 R
13	**PROVISIONS**		
	Performance bonus	172 254	-
		172 254	-

Performance bonuses are paid one year in arrears when the municipality has an present obligation as a result of a past event which is the services rendered and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. As the assessment of eligible employees has not taken place at the reporting date, the amount of the performance bonus has not yet been confirmed.

The movement is reconciled as follows:		
Balance at beginning of year	-	268 601
Contributions/(reversals) to provision	172 254	(268,601)
Expenditure incurred	-	-
Balance at year end	172 254	-

The assumptions and basis of calculation was done in terms of the requirements of the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Manager, 2006. Provision for Peformance bonuses are calculated as per the performance agreements & brackets indicated in Section 32(2) of the above Performance Regulations. The maximum exposure was calculated based on the final score of each individual manager at year end and in which bracket those scores fall.

14	**UNSPENT CONDITIONAL GRANTS AND RECEIPTS**		
	Conditional Grants from other spheres of Government		
	Municipal Infrastructure Grant	-	1 614 965
	Integrated Transport Plan	57 424	351 989
	Municipal Systems Improvement Grant	217 694	114 528
	Finance Management Grant	527 087	595 515
	Drought relief	-	94 084
	Community Based Public Works Program	547 884	547 884
	Fire Fighting Grant	155 855	155 855
	IT Municipal Systems Plan Grant	92 260	-
	LG SETA Grant	-	208 552
	Wildlife Centre Grant	2 980 615	-
	VUNA Awards	750 000	-
	Total Unspent Conditional Grants and Receipts from other spheres of Government	5 328 819	3 683 372
	Other conditional grants		
	Mayor's Bursary Grant	25 000	25 000
	Disaster Grant	25 620	45 000
	Total Unspent Other Conditional Grants and Receipts	50 620	70 000
	Total Unspent Conditional Grants and Receipts	5 379 439	3 753 372

See note 21 for reconciliation of grants.

15 RETIREMENT BENEFITS

The municipality contributes to a number of defined contribution schemes for pension of all permanent employees and councillors. The funds are governed by the Pension Funds Act of 1956.

The following are defined contributions plans:
- Samwu Provident Fund
- National Fund for Municipal Workers
- Municipal Gratuity Fund
- Municipal Employee Fund
- Joint Municipal Pension Fund
- Municipal Councillors Pension Fund
- Government Employee Pension Fund
- National Fund for Municipal Workers

The municipality also provides certain post-retirement medical benefits to qualifying pensioners. All post-retirement medical benefits are unfunded.

The following are defined benefit plans:
- LA Health
- Discovery Health
- Bonitas Medical Fund
- Key Health Medical Scheme
- Hosmed

In accordance with prevailing legislation, the defined benefit funds are actuarially valued at intervals of not more than two years. The Projected Unit Credit valuation method is used.

The first actuarial valuation of post-retirement medical benefits was completed on 30 June 2009. Previously, the municipality was exempted from the IAS 19 accounting for defined benefit plans in terms of the Government Gazette 30013 issued 29 June 2007. The change in accounting policy is implemented retrospectively.

The municipality has no legal obligation to settle this liability with any immediate contributions or additional once-off contributions. The municipality intends to continue to contribute to each defined benefit post-retirement medical scheme in accordance with the latest recommendations of the actuary to each scheme.

The accumulated defined benefit obligation in respect of the post-retirement medical contributions are provided, based on calculations of independent actuaries, using methods and assumptions consistent with IAS 19 as follows:

Movement in the employee health-care benefit liabil ity:	2009 R	2008 R
Liability as at 1 July	9 009 765	7 964 531
Benefits paid	(563 962)	(442 236)
Plan participants contributions	223 398	157 142
Current service cost	378 815	242 500
Interest	956 344	648 289
Actuarial (gains) / losses recognised in Statement of Financial Performance	(372 696)	439 539
Unfunded accrued liability as at 30 June	9 631 664	9 009 765
Current portion of liability as at 30 June	919 049	621 899
Non-current portion of liability as at 30 June 2009	8 712 615	8 387 866

		2009 R	2008 R
15	**RETIREMENT BENEFITS (continued)**		
	The liability as at 30 June consists of:		
	In-service members	3 715 708	3 111 821
	Continuation members	5 915 956	5 897 944
		9 631 664	9 009 765
	Expense recognised in (profit) or loss:		
	Current service cost	378 815	242 500
	Interest cost	956 344	648 289
	Past service cost	-	-
	Actuarial (gains) or losses	(372 696)	439 539
		962 463	1 330 328
	Principal actuarial assumptions of valuation model used:		
	Discount rate	9.15%	10.81%
	Salary inflation rate	10.5%	7.9%
	Health care cost inflation rate	7.86%	9.65%
	Average remaining future working lifetime	19.5 years	19.5 years

The effect of a 1% movement in the assumed medical cost trend rate is as follows:

	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost	19%	-15%
Effect on the defined benefit obligation	16%	-13%

The Municipality's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date is R 352 200.

16 LONG SERVICE AWARDS LIABILITY

The municipality provides long-service awards to its permanent employees.

The benefit of long-service award is provided in the form of annual leave and a gift to a certain monetary value.

In accordance with prevailing legislation, the provision is actuarially valued at intervals of not more than two years. The Projected Unit Credit valuation method is used.

The first actuarial valuation of long-service awards was completed on 30 June 2009. Previously, the municipality was exempted from the IAS 19 accounting for defined benefit plans in terms of the Government Gazette 30013 issued 29 June 2007. The change in accounting policy is implemented retrospectively.

The municipality has no legal obligation to settle this liability with any immediate contributions or additional once-off contributions.

The accumulated defined benefit obligation in respect of the long-service awards are provided, based on calculations of independent actuaries, using methods and assumptions consistent with IAS 19 as follows:

Movement in the long-service award liability:	2009 R	2008 R
Liability as at 1 July	764 106	620 793
Benefits paid	(82 367)	(23 632)
Current service cost	139 786	82 634
Interest	78 918	50 989
Actuarial (gains)/losses recognised in Statement of Financial Performance	(28 512)	33 322
Unfunded accrued liability as at 30 June	871 931	764 106
Current portion of liability as at 30 June	135 970	107 825
Non-current portion of liability as at 30 June 2009	735 961	656 281

		2009 R	2008 R
16	**LONG SERVICE AWARDS LIABILITY (continued)**		
	Expense recognised in (profit) or loss:		
	Current service cost	139 786	82 634
	Interest cost	78 918	50 989
	Past service cost	-	-
	Actuarial (gains) or losses	(28 512)	33 322
		190 192	166 945
	Principal actuarial assumptions of valuation model used:		
	Discount rate	9.16%	10.97%
	General salary inflation rate	6.57%	9.09%
	The effect of a 1% movement in the assumed general salary inflation rate is as follows:		
		Increase	Decrease
	Effect on the aggregate of the current service cost and interest cost	6%	-5%
	Effect on the defined benefit obligation	6%	-5%
	The Municipality's best estimate of benefits expected to be paid to the plan during the annual period beginning after the balance sheet date is R 91 238.		
17	**SERVICE CHARGES**		
	Abattoir services	961 714	1 702 880
18	**RENTAL OF FACILITIES AND EQUIPMENT**		
	Rental of facilities	28 803	162 770
	Rental of equipment	-	-
	Total rentals	28 803	162 770
19	**INTEREST EARNED - EXTERNAL INVESTMENTS**		
	Bank	12 205 195	11 016 163
	Financial Assets	-	-
	Other	-	-
	Total interest	12 205 195	11 016 163
20	**INTEREST EARNED - OUTSTANDING RECEIVABLES**		
	RSC Levies	-	44 028
	Abattoir	37 944	9 701
	Deposits	2 551	5 361
	Total interest	40 495	59 090

		2009 R	2008 R
21	**GOVERNMENT AND OTHER GRANTS**		
	Equitable share	67 436 105	56 783 634
	Municipal Infrastructure Grant	1 614 965	405 585
	Integrated Transport Plan	294 565	5 437
	Municipal Systems Improvement Grant	631 834	1 230 300
	Finance Management Grant	568 428	478 439
	Drought Relief Grant	94 084	775 096
	Public Works - Mokamole agricultural farm	-	23 450
	Umsobomvu Youth Grant	194 792	605 528
	Community Based Public Works Programme	-	-
	Fire Fighting Grant	-	1 094 145
	DBSA Grant	-	188 176
	IT Municipal Systems Plan Grant	407 740	2 129 000
	LG SETA Grant	304 756	148 487
	Municipal Health Grant	6 379 087	3 162 461
	Wildlife Centre Grant	19 385	-
	LIBSA Grant	900 000	-
	VUNA Awards	-	-
	Mayor's Bursary Grant	-	-
	Disaster Grant	19 380	-
		78 865 121	67 029 738
21.1	Equitable share		
	The equitable share is an unconditional grant and is utilised to fund disaster management services, environmental health services, projects and operating expenditure.		
21.2	Municipal Infrastructure Grant		
	Balance unspent at beginning of year	1 614 965	2 020 550
	Current year receipts	-	-
	Conditions met - transferred to income	(1 614 965)	(405 585)
	Conditions still to be met - transferred to liabilities	-	1 614 965
	The grant was used to construct infrastructure assets in the local municipalities. The conditions of the grant were met. There were no delays or withholding of the grant.		
21.3	Integrated Transport Plan		
	Balance unspent at beginning of year	351 989	357 426
	Current year receipts	-	-
	Conditions met - transferred to income	(294 565)	(5 437)
	Conditions still to be met - transferred to liabilities	57 424	351 989
	The grant was utilised to develop the current public transport record system and to review the transport plan and the balance is utilised to implement the integrated transport plan.		
21.4	Municipal Systems Improvement Grant		
	Balance unspent at beginning of year	114 528	344 828
	Current year receipts	735 000	1 000 000
	Conditions met - transferred to income	(631 834)	(1 230 300)
	Conditions still to be met - transferred to liabilities	217 694	114 528
	The grant is utilised for the implementation of new legislation, skills development and the GRAP compliance of the fixed asset register. The conditions of the grant were met. No funds have been withheld.		

		2009 R	2008 R
21	**GOVERNMENT GRANTS (continued)**		
21.5	Finance Management Grant		
	Balance unspent at beginning of year	595 515	573 954
	Current year receipts	500 000	500 000
	Conditions met - transferred to income	(568 428)	(478 439)
	Conditions still to be met - transferred to liabilities	527 087	595 515
	The grant is utilised for the appointment of financial and audit interns, financial training and assist with the implementation of the MFMA and compliance with GAMAP/GRAP. The conditions of the grant were met. No funds have been withheld.		
21.6	Drought Relief		
	Balance unspent at beginning of year	94 084	869 180
	Current year receipts	-	-
	Conditions met - transferred to income	(94 084)	(775 096)
	Conditions still to be met - transferred to liabilities	-	94 084
	The grant was utilised for emergency drought relief in the District. The projects were be identified by the local municipalities.		
21.7	Public Works - Mokamole agricultural farm		
	Balance unspent at beginning of year	-	23 450
	Current year receipts	-	-
	Conditions met - transferred to income	-	(23 450)
	Conditions still to be met - transferred to liabilities	-	-
	These funds were utilised for LED projects. Balance was transferred to Mogalakwena Local Municipality who is now responsible for this project.		
21.8	Umsobomvu Youth Grant		
	Balance unspent at beginning of year	-	80 320
	Current year receipts	194 792	525 208
	Conditions met - transferred to income	(194 792)	(605 528)
	Conditions still to be met - transferred to liabilities	-	-
	The grant was utilised to fund youth advisors at the local municipalities.		
21.9	Community Based Public Works Program		
	Balance unspent at beginning of year	547 884	547 884
	Current year receipts	-	-
	Conditions met - transferred to income	-	-
	Conditions still to be met - transferred to liabilities	547 884	547 884
	The grant will be utilised to fund infrastructure projects. The conditions were met. No funds have been withheld.		
21.10	Fire Fighting Grant		
	Balance unspent at beginning of year	155 855	1 250 000
	Current year receipts	-	-
	Conditions met - transferred to income	-	(1 094 145)
	Conditions still to be met - transferred to liabilities	155 855	155 855
	The grant was utilised to fund the acquisition of fire fighting equipment.		

		2009 R	2008 R
21	**GOVERNMENT GRANTS (continued)**		
21.11	DBSA Grant		
	Balance unspent at beginning of year	-	-
	Current year receipts		188 176
	Conditions met - transferred to income	-	(188 176)
	Conditions still to be met - transferred to liabilities	-	-
	The grant was utilised to fund the training of finance officials in the Finance Departments of the District and Local Municipalities.		
21.12	IT Municipal Systems Plan Grant		
	Balance unspent at beginning of year	-	-
	Current year receipts	500 000	2 129 000
	Conditions met - transferred to income	(407 740)	(2 129 000)
	Conditions still to be met - transferred to liabilities	92 260	-
	The grant was utilised to fund the IT Master Systems Plan of the municipality. The remaining balance is utilised to implement the recommendation of the IT Master Systems Plan.		
21.13	LG SETA Grant		
	Balance unspent at beginning of year	208 552	-
	Current year receipts	96 204	357 039
	Conditions met - transferred to income	(304 756)	(148 487)
	Conditions still to be met - transferred to liabilities	-	208 552
	The grant is utilised for training of officials in the District Municipality.		
21.14	Municipal Health Grant		
	Balance unspent at beginning of year	-	-
	Current year receipts	6 379 087	3 162 461
	Conditions met - transferred to income	(6 379 087)	(3 162 461)
	Conditions still to be met - transferred to liabilities	-	-
	The grant us utilised to fund the Environmental Health function that was devolved to the District Municipality during the previous financial year.		
21.15	Wildlife Centre Grant		
	Balance unspent at beginning of year	-	-
	Current year receipts	3 000 000	-
	Conditions met - transferred to income	(19 385)	-
	Conditions still to be met - transferred to liabilities	2 980 615	-
	The grant is utilised to fund the feasibility study of a district wildlife centre.		
21.16	LIBSA Grant		
	Balance unspent at beginning of year	-	-
	Current year receipts	900 000	-
	Conditions met - transferred to income	(900 000)	-
	Conditions still to be met - transferred to liabilities	-	-
	The grant was utilised to fund the development of the Lephalale Agricultural Corridor.		

		2009 R	2008 R
21	**GOVERNMENT GRANTS (continued)**		
21.17	VUNA Awards		
	Balance unspent at beginning of year	-	-
	Current year receipts	750 000	-
	Conditions met - transferred to income	-	-
	Conditions still to be met - transferred to liabilities	750 000	-
	The VUNA Awards grant will be utilised to fund tourism signage to be erected in the district.		
21.18	Mayor's Bursary Grant		
	Balance unspent at beginning of year	25 000	25 000
	Current year receipts	-	-
	Conditions met - transferred to income	-	-
	Conditions still to be met - transferred to liabilities	25 000	25 000
	The grant will be utilised to fund study bursaries.		
21.19	Disaster Grant		
	Balance unspent at beginning of year	45 000	45 000
	Current year receipts	-	-
	Conditions met - transferred to income	(19 380)	-
	Conditions still to be met - transferred to liabilities	25 620	45 000
	The grant is utilised to fund relief operations after disasters in the District.		
21.20	Changes in levels of government grants		
	Based on the allocations as set out in the Division of Revenue Act, (Act No 12 of 2009), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
22	**PUBLIC CONTRIBUTIONS AND DONATIONS**		
	Donations	437 500	506 850
	Total public contributions and donations	437 500	506 850
23	**EMPLOYEE RELATED COSTS**		
	Employee related costs - Salaries and wages	19 318 120	16 210 303
	Employee related costs - Contributions for UIF, pension and medical aid & other statutory contributions	5 246 957	4 237 479
	Travel and other allowances	3 692 512	3 803 470
	Housing benefits and allowances	271 945	213 331
	Overtime allowances	194 844	93 227
	Performance and other bonuses	172 254	(268 601)
	Total Employee Related Costs	28 896 632	24 289 209
	(Refer to Appendix E1)		
	There were no advances to employees.		

		2009 R	2008 R
23	**EMPLOYEE RELATED COSTS (continued)**		
	Remuneration of the Municipal Manager		
	Annual Remuneration	650 388	335 194
	Performance- and other bonuses	-	-
	Travel allowance	163 553	91 000
	Contributions to UIF, Medical and Pension Funds	1 497	873
	Total	815 438	427 067
	The Municipal Manager was appointed on 1 December 2007 and resigned on 31 July 2009.		
	Remuneration of the Chief Financial Officer		
	Annual Remuneration	615 183	481 534
	Performance- and other bonuses	105 000	-
	Travel allowance	133 320	120 669
	Contributions to UIF, Medical and Pension Funds	1 497	1 473
	Total	855 000	603 676
	The Chief Financial Officer was appointed on 11 June 2007.		
	Remuneration of Individual Managers:		
	Infrastructure Development		
	Annual Remuneration	399 462	366 040
	Performance- and other bonuses	-	-
	Travel allowance	162 094	145 160
	Contributions to UIF, Medical and Pension Funds	83 357	76 798
	Total	644 913	587 998
	The Infrastructure Development Manager was appointed on 9 July 2007.		
	Planning & Economic Development		
	Annual Remuneration	394 446	290 134
	Performance- and other bonuses	-	-
	Travel allowance	121 853	68 438
	Contributions to UIF, Medical and Pension Funds	93 324	75 205
	Total	609 623	433 777
	The Planning & Economic Development Manager was appointed on 1 March 2008.		
	Corporate Support & Shared Services		
	Annual Remuneration	467 598	312 952
	Performance- and other bonuses	67 254	-
	Travel allowance	121 882	74 600
	Contributions to UIF, Medical and Pension Funds	129 155	61 536
	Total	785 889	449 088
	The Corporate Support & Shared Services Manager was appointed on 1 January 2008.		

		2009 R	2008 R
23	**EMPLOYEE RELATED COSTS (continued)**		
	Remuneration of Individual Managers (continued) :		
	Social Development & Community Services		
	Annual Remuneration	192 830	345 560
	Performance- and other bonuses	-	-
	Travel allowance	55 459	95 274
	Contributions to UIF, Medical and Pension Funds	50 291	95 841
	Total	298 580	536 675
	The Social Development and Community Services Manager was appointed on 1 August 2005 and resigned on 17 December 2008.		
	Executive Mayor's Office		
	Annual Remuneration	196 920	315 232
	Performance- and other bonuses	-	-
	Travel allowance	61 207	89 531
	Contributions to UIF, Medical and Pension Funds	64 373	92 037
	Resignation settlement	275 516	-
	Total	598 016	496 800
	The Manager in the Executive Mayor's Office was appointed on 1 December 2006 and resigned on 16 February 2009.		
	There are no post-employment benefits, other long-term benefits or termination benefits provided to Section 57 managers.		
24	**REMUNERATION OF COUNCILLORS**		
	Executive Mayor	356 260	323 759
	Speaker	299 729	270 026
	Full time Mayoral Committee member	242 627	165 861
	Mayoral Committee members	537 845	480 572
	Councillors	881 810	814 845
	Councillors' pension, medical aid contributions and other statutory contributions	416 837	331 500
	Councillors' allowances	913 146	810 676
	Total Councillors' Remuneration	3 648 254	3 197 239
	In kind benefits		
	The Executive Mayor, Speaker and a Mayoral Committee member 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 for official duties and has a driver. The previous Executive Mayor resigned on 30 April 2009 and the new Executive Mayor was appointed on 1 May 2009.		
25	**DEPRECIATION AND AMMORTISATION**		
	Property, plant and equipment	2 056 837	1 678 294
	Intangible assets	215 164	93 712
	Total Depreciation and Amortisation	2 272 001	1 772 006

		2009 R	2008 R
26	**CONTRACTED SERVICES**		
	Contracted service for:		
	Fire Fighting	3 293 905	3 113 932
	(performed by local municipalities)	3 293 905	3 113 932
27	**GENERAL EXPENSES**		
	Included in general expenses are the following:		
	Advertising	263 820	255 338
	Audit fees	962 734	1 459 795
	Bank charges	40 186	30 699
	Bursaries	21 305	78 489
	Cleaning	45 163	32 813
	Consumables	29 814	69 764
	Debt collection commission	68 579	19 021
	Delegations	69 915	89 516
	Entertainment	234 715	167 958
	Financial management grant	284 419	302 688
	Insurance	501 603	429 665
	Legal expenses	447 876	83 965
	Membership fees	236 657	122 913
	Municipal systems improvement grant	628 807	236 070
	Postage	6 879	2 937
	Printing and stationery	415 328	570 667
	Professional fees	26 688	145 767
	Rental of office equipment	256 799	345 555
	Security costs	380 859	171 198
	Subscription and publication	15 145	18 032
	Telephone & cell phone expenses	637 014	777 662
	Training	579 879	314 476
	Travel and subsistence	1 700 978	1 294 508
	Umsobomvu youth expenditure	444 872	1 121 073
	Vehicle costs	520 568	363 832
	Other	3 097 061	1 997 825
		11 917 663	10 502 226
28	**GAIN / (LOSS) ON SALE OF ASSETS**		
	Property, plant and equipment	93 150	(38 702)
	Intangible assets	-	-
	Total Gain / (Loss) on Sale of Assets	93 150	(38 702)
29	**REVERSAL OF IMPAIRMENT LOSS**		
	Other financial assets		
	An investment amounting to R1 041 296 capital is held with New Republic Bank, which is presently under receivership. The investment was written down to fair value. Subsequently, an additional liquidation dividend was received.	351 790	-
	An investment amounting to R325 904 capital is held with Regal Treasury Bank which is presently under liquidation. The investment was written off. Subsequently, in the prior year, an additional liquidation was received.	-	17 470
	Total Reversal of Impairment loss	351 790	17 470

			2009 R	2008 R
30	**ACCUMULATED SURPLUS AND RESERVES**			
	As the individual classification of the following reserves are not required in terms of GRAP 9, the following split is not disclosed on the face of the Statement of Financial Position and is merely utilised for internal reporting:			
	Government Grant Reserve		1 081 465	1 181 026
	Donations and Public Contributions Reserve		1 886 523	1 993 284
	Accumulated Surplus		116 674 247	106 934 510
			119 642 235	110 108 820
31	**CASH GENERATED FROM OPERATIONS**			
	Net surplus for the year		9 533 415	1 352 417
	Adjustment for non-cash movements:			
	Depreciation and amortisation		2 272 001	1 772 006
	(Gain) / Loss on sale of assets		(93 151)	38 702
	Donated property, plant & equipment		(437 500)	(506 850)
	Reversal of investment loss		(351 790)	(17 470)
	Movement in retirement health care liability		621 899	1 045 234
	Movement in long service awards liability		107 825	143 313
	Contributions to provisions - current		172 254	-
	Operating surplus before working capital changes	11	824 953	3 827 352
	Decrease in trade receivables		191 113	156 693
	Decrease/(Increase) in other receivables		440 512	(563 105)
	Increase in inventory		(101 332)	-
	Increase in VAT receivable		(733 762)	(45 061)
	Increase in trade payables		3 291 283	1 948 434
	Increase in consumer deposits		-	1 500
	Increase/(Decrease) in Unspent Conditional Grants and Receipts		1 626 068	(2 339 218)
	Cash generated from operations		16 538 834	2 986 595
32	**CASH AND CASH EQUIVALENTS**			
	Cash and cash equivalents in the cash flow statement comprise the following statements of amounts indicating financial position:			
	Bank balance		4 657 595	1,963,350
	Short-term investment deposits		87 408 777	77,631,690
	Petty cash		2 200	1,700
			92 068 572	79 596 740

33 CHANGE IN ACCOUNTING POLICY

The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and changes to existing accounting policies:

33.1 Intangible Assets

During the 08/09 financial year, the municipality changed its accounting policy to recognise intangible assets. In previous years, the exemption Gazette 30013 was utilised. The new Standard on Intangible Assets GRAP 102 only became effective in the current year. The recognition of intangible assets has been implemented retrospectively in terms of the transitional provision of the standard and ASB Directive 4. The municipality now capitalises intangible assets rather than expensing it.

The comparative amounts for 2008 have been restated to conform to the changed policy.

The effect on the 2007 and 2008 balances are as follows:	Corrected R	Adjustment R	Previous R
Accumulated Surplus as at 1 July 2007	116 908 230	259 906	116 648 324
Intangible assets	373 519	373 519	-
Property, Plant and Equipment	32 337 151	(113 614)	32 450 765

This is the amount of the adjustment related to period prior to 1 July 2007.

Statement of Financial Performance

Depreciation	1 733 037	(45 333)	1 778 370
General expenses	10 502 226	(13 840)	10 516 066
Amortisation	93 712	93 712	-

Statement of Financial Position

Property, Plant and Equipment	32 224 885	(112 266)	32 337 151
Intangible assets	451 247	77 727	373 520

33.2 Defined benefit plans

During the 08/09 financial year, the municipality changed its accounting policy to recognise defined benefit plans for post-employment benefits and other long term benefits. In previous years, the exemption Gazette 30013 was utilised. The recognition of defined benefit plans have been adopted retrospectively in terms of the transitional provisions of IAS 19 Employee Benefits. The municipality now recognises a liability for the future commitment.

The comparative amounts for 2008 have been restated to conform to the changed policy.

The effect on the 2007 and 2008 balances are as follows:

Defined benefit plan - medical aid	Corrected R	Adjustment R	Previous R
Accumulated Surplus as at 1 July 2007	108 943 699	(7 964 531)	116 908 230
Post-employment health care liability	7 964 531	7 964 531	-

This is the amount of the adjustment related to period prior to 1 July 2007.

33 CHANGE IN ACCOUNTING POLICY (continued)

33.2 Defined benefit plans (continued)

Defined benefit plan - medical aid	Corrected R	Adjustment R	Previous R
Statement of Financial Performance			
Current service cost	242 500	242 500	-
Interest cost	648 289	648 289	-
Contribution paid	-	(285 094)	285 094
Actuarial loss	439 539	439 539	-
Statement of Financial Position			
Post-employment health care liability	9 009 765	1 045 234	7 964 531

Defined benefit plan - long service awards	Corrected R	Adjustment R	Previous R	
Accumulated Surplus as at 1 July 2007	108 324 406	(619 293)	108 943 699	
Post-employment long service awards liability	619 293	619 293	-	
Long service awards accrued expenses	9 000	(1 500)		10

This is the amount of the adjustment related to period prior to 1 July 2007.

Statement of Financial Performance				
Current service cost	82 634	82 634	-	
Interest cost	50 989	50 989	-	
Contribution paid	-	(23 632)	23 632	
Actuarial loss	33 322	33 322	-	
Long service awards	6 000	(1 500)		7
Statement of Financial Position				
Post-employment long service awards liability	764 106	144 813	619 293	
Long service awards accrued expenses	-	(3 000)	3 000	

33.3 Non-current assets held for sale

During the 08/09 financial year, the municipality changed its accounting policy to recognise Non-current assets held for sale. The new Standard on Non-Current Assets Held for Sale GRAP 100 only became effective in the current year. The recognition of Non-current assets held for sale has been adopted prospectively in terms of the transitional provision of the standard. The municipality now capitalises non-current assets held for sale rather than expensing it.

The adoption of this standard has no effect on the comparative statement for 2008 as the change is implemented prospectively.

33 CHANGE IN ACCOUNTING POLICY (continued)

33.4 Smoothing of operating leases

During the 08/09 financial year, the municipality changed its accounting policy to smooth operating leases in terms of the requirements of GRAP 13 Leases. In previous years, the exemption Gazette 30013 was utilised. The new Standard GRAP 13 only became effective in the current year. The adoption of the smoothing of operating leases policy has had no impact on the financial statements of the municipality as all lease are already straight-lined or are contingent rentals. No comparative information thus had to be restated.

34 CORRECTION OF ERROR

34.1 Accounting policy for measurement of land

During the current year the municipality discovered that the accounting policy for land was incorrect. The interpretation of GAMAP 17 Property, Plant and Equipment at date of conversion in 2004/05 was incorrect. According to the transitional provisions any asset that was donated or received at nominal amount should be included in the Statement of Financial Performance at a cost amounting to its fair value. The fair value cost price of property donated was erroneously included in Revaluation Reserve instead of Accumulated Surplus in terms of the transitional provisions of GAMAP 17. The transitional provisions of GRAP 17 is consistent with that of GAMAP 17. The accounting policy of land has been corrected to state that subsequent measurement is at cost.

The effect on the 2007 and 2008 balances are as follows:	Corrected R	Adjustment R	Previous R
As at 1 July 2007			
Revaluation Reserve	-	(431 997)	431 997
Accumulated Surplus	108 756 403	431 997	108 324 406

This is the amount of the adjustment related to period prior to 1 July 2007.

The correction of this error has no effect on the Statement of Financial Performance or Statement of Financial Position of 2008.

34.2 Work-in-Progress

During the current year the municipality discovered that the amount capitalised to Work-in-Progress for the Modimolle Disaster Centre was understated. The addition was erroneously included in operating project expenditure instead of work-in-progress.

The effect on the 2007 and 2008 balances are as follows:	Corrected R	Adjustment R	Previous R
As at 1 July 2007			
Accumulated Surplus	108 756 403	-	108 756 403
Statement of Financial Performance			
Project expenditure	34 677 848	(124 399)	34 802 247
Statement of Financial Position			
Property, Plant and Equipment	32 349 284	124 399	32 224 885

34 CORRECTION OF ERROR (continued)

34.3 Disposal of Prado motor vehicle

During the current year the municipality discovered that the Prado motor vehicle that was traded in on a Tuareq in December 2007 was not removed from the asset register. The Tu areq was included at the correct cost price but the trade in value of the Prado was erroneously deducted from project expenditure.

The effect on the 2007 and 2008 balances are as folows:	Corrected R	Adjustment R	Previous R
Statement of Financial Performance			
Depreciation	1 678 294	(54 743)	1 733 037
Project expenditure	34 847 848	170 000	34 677 848
Loss on sale of assets	38 702	25 512	13 190
Statement of Financial Position			
Property, Plant and Equipment	32 208 516	(140 768)	32 349 284

34.4 Capitalisation of work-in-progress

During the year under review the design for the upgrade of the abattoir conducted in the 2008 year was adopted and a contractor was appointed commence the construction. The costs related to the design on the upgrade in the prior year which was previous expensed as project expenditure has thus been corrected to be capitalised to work-in-progress.

The effect on the 2007 and 2008 balances are as folows:	Corrected R	Adjustment R	Previous R
Statement of Financial Performance			
Project expenditure	34 314 716	(533 132)	34 847 848
Statement of Financial Position			
Property, Plant and Equipment	32 741 648	533 132	32 208 516

		2009 R	2008 R
35	**CHANGE IN ESTIMATE**		
	RSC levies		
	Change to the Statement of Financial Performance	-	91 506
	Total net effect on Surplus for the year	-	91,506

The change in accounting estimate relates to unpaid RSC levies that was estimated as at 30 June 2006. The actual receipts on those debtors during the prior year was less than what was estimated. During the current year all outstanding balance were summoned and the balance unpaid at 30 June 2009 was written off as bad debt.

There will be no effect in future periods as RSC Levies has been abolished.

36 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

36.1 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening Balance	146 174	66 315
Fruitless and wasteful expenditure awaiting condonement	-	-
To be recovered - Contingent Asset	146 174	66 315
Fruitless and wasteful expenditure current year		79 859
Condoned or written off by Council	(79 859)	-
Closing balance	66 315	146 174
Fruitless and wasteful expenditure awaiting condonement	-	-
To be recovered - Contingent Asset	66 315	146 174

Current year

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

Prior year

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

		2009 R	2008 R
36	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (continued)**		

36.2 Irregular expenditure

Reconciliation of irregular expenditure:

Opening Balance	-	-
Irregular expenditure current year	366 070	-
Condoned or written off by Council	-	-
To be recovered - Contingent Asset	-	-
Irregular expenditure awaiting condonement	366 070	-

Current year

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

Prior year

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

36.3 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening Balance	-	175 167
Unauthorised expenditure current year	-	-
Condoned or approved by Council	-	(175 167)
To be recovered - Contingent Asset	-	-
Unauthorised expenditure awaiting authorisation	-	-

Current year

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

Prior year

The Abattoir department overspent by R 175 167 on the 06/07 departmental budget. Damaged meat claims was paid out to customers due to malfunctioning of equipment. The abattoir is currently being upgraded to address this issue. Legal fees were overspent due to a disciplinary hearing. Municipal accounts were overspent due to difficulty in estimation of water and electricity usage. Council condoned this expenditure in the prior year.

		2009 R	2008 R
37	**ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT**		
37.1	Contributions to organised local government		
	Opening Balance	-	-
	Council subscriptions	204 370	92 077
	Amount Paid - current year	(166 568)	(92 077)
	Amount paid - previous years	-	-
	Balance unpaid (included in payables)	37 802	-
37.2	Audit fees		
	Opening balance	-	-
	Current year audit fees - statutory	951 633	665 247
	Prior year audit fee - forensic	11 101	794 548
	Amount paid - current year	(951 633)	(1 459 795)
	Amount paid - previous years	(11 101)	-
		-	-
37.3	VAT		
	VAT input receivables and VAT output payables are shown in note 6. All VAT returns have been submitted by the due date throughout the year.		
37.4	PAYE		
	Opening Balance	-	-
	Current year payroll deductions	4 720 110	3 891 293
	Amount Paid - Current year	(4 720 110)	(3 891 293)
	Amount paid - previous years	-	-
		-	-
37.5	PENSION AND MEDICAL AID DEDUCTIONS		
	Opening balance	-	-
	Current year payroll deductions and council contributions	7,440,370	6,215,227
	Amount Paid - Current year	(7 440 370)	(6 215 227)
	Amount Paid - Previous years	-	-
		-	-
38	**REMUNERATION OF AUDIT COMMITTEE MEMBERS**		
	Remuneration	40 632	29 716
	3 Members serve on the Audit Committee. The members are paid an allowance per day and are reimbursed for travel expenses.		

		2009 R	2008 R
39	**CAPITAL COMMITMENTS**		
39.1	Commitments in respect of capital expenditure:		
	Approved and contracted for		
	- Infrastructure	3 175 188	1 347 732
	The expenditure will be financed from:		
	- Own resources	3 175 188	1 347 732
39.2	Commitments in respect of operating project exp enditure:		
	Approved and contracted for		
	- Infrastructure	2 518 735	1 444 651
	- Solid waste and environment	1 089 621	-
	- Local Economic Development	2 581 360	792 448
	- Land development	79 930	-
	- Institutional development	3 356 626	-
		9 626 272	2 237 099
	The expenditure will be financed from:		
	- Own resources	5 544 912	2 237 099
	- Government Grants	4 081 360	-
		9 626 272	2 237 099
39.3	Commitments in respect of operating leases:		
	At the reporting date the municipality has outstanding commitments under operating leases which fall due as follows:		
	Operating leases - lessee		
	Within one year	49 863	199 926
	In the second to fifth year inclusive	-	49 863
	Total	49 863	249 789

Operating lease payments represent rentals payable by the municipality for copiers and faxes with Minolta, Panasonic and Nashua. The Panasonic lease expired in August 2008.

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

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

40 RELATED PARTIES

Municipal Entity	Waterberg Economic Development Agency
Key Management	Refer to note 23

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

41 EVENTS AFTER THE REPORTING DATE

A dispute relating to final balances owed on the construction of the Modimolle Disaster Centre was concluded in September 2009. As a result, final payments were made on invoices outstanding at year end. The additions on land and buildings and trade payables have been adjusted to include the R 536 212 (excluding Vat) paid to the consultant and the R 253 988 (excluding Vat) paid to the contractor. The Infrastructure Department incurred unauthorised expenditure of R 366 070 on the consulting fees of this project. The fees of the contractor was adjusted without a subsequent adjustment to the consulting fees which lead to unauthorised expenditure at the conclusion of the contract. The matter is disclosed as an adjusting post-balance sheet date event as the settlement expenditure was confirmed subsequent to year end but before the conclusion of the financial statements.

42 RISK MANAGEMENT

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

42.1 Cash flow interest rate risk

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

	2009 R	2008 R
At year-end, financial instruments exposed to interest rate risk were as follows:		
- Current bank account	4,657,595	1,963,350
- Call deposits	3,017,014	18,183,808
- 30 days fixed deposits	-	9,041,079
- 60 days fixed deposits	12,042,984	7,056,096
- 90 days fixed deposits	72,348,779	43,350,707
- 6 month fixed deposits	10,088,767	13,127,726
	82 437 546	56 478 433

42.2 Currency risk

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

42.3 Liquidity risk

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

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

42 RISK MANAGEMENT (continued)

42.3 Liquidity risk (continued)

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

30 June 2009	Not later than one month	One to three months
Trade and other payables	3 541 612	216 693
Consumer deposits	-	3 766
Provisions	-	-
Unspent conditional grants & receipts	275 118	344 967

	Later than three months	One to five years
Trade and other payables	1 364 757	2 000 000
Consumer deposits	-	7 099
Provisions	172 254	-
Unspent conditional grants & receipts	2 011 470	2 747 884

42.4 Credit risk

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

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

Counterparties:

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

42.5 Fair value of financial instruments

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

43 RESTATEMENT OF COMPARATIVE INFORMATION

Various comparative figures have been restated in terms of the change in accounting policy note 33 and prior period errors note 34. The effect of the restatement are summarised in these notes.

44 COMPARISON WITH THE BUDGET

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

CHAPTER 5: FUNCTIONAL SERVICE DELIVERY REPORT

FUNCTION: EXECUTIVE AND COUNCIL	
Sub function: Committee & Council, IGR & Protocol and Community Participation	
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. • Promote good governance, public participation & communication.
	Strategic objectives : • To provide municipal services. • To ensure effective intergovernmental relations between spheres of government. • To mainstream the disabled and gender functions. • To develop and implement HIV/AIDS Strategy. • To ensure that Senior Managers implement Council Resolutions timeously and effectively.

Analysis of function	Number and cost to employer of all Executive Mayor's Office personnel The total number of personnel employed	 9
	Total number of Councillors	33
	Number of Councillors on the Mayoral Committee • Council Meetings o Ordinary o Special • Mayoral Committee Meetings o Ordinary o Special • Portfolio Committee Meetings o Budget & Treasury o Transformation & Administration o Planning & Economic Development o Infrastructure Development o Social Development &Community Services • District Intergovernmental Forum Meetings • Speaker's Forum • Chief Whip's Forum	 4 2 5 0 7 6 5 8 7 0 1 1

Key Performance Area	**Performance during the Year**

	ACHIEVEMENTS
	• Effective functioning of the Oversight Committee. • Provincial Vuna Award winner on KPA 5: Good Governance & Public Participation. • Launching of Disability Councils in all local municipalities.
Special Programmes	- Women in Sport - Youth against crime

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

	Achievements • 08/09 GAMAP/GRAP compliant annual financial statements were submitted timely. • Received an unqualified 08/09 Audit Report. • All exemptions of Gazette 30013 were resolved and implemented in terms of GRAP and other reporting standards authorized by the Minister of Finance. • Winner of Limpopo Vuna Awards for KPA 4: Financial Management and Viability. • 80% of 07/08 Audit queries were resolved. • Successful implementation of financial policies. • Successful implementation of 3 part Supply Chain bid system. • CFO as CA (SA) and other finance officials comply with the Gazetted Minimum Competency Targets. • 90% of SDBIP was implemented successfully.

Analysis of Function	**1. Number and cost to employer of all financial personnel** The total number of personnel employed Financial interns appointed	 13 1	
	2. Debtor analysis: amount outstanding over 30, 60,90 and 120 plus days: Abattoir • 30 days • 60 days • 90 days • 120 plus days		R (000s) 27 5 6 349
Analysis of Function	**1. Number and cost to employer of all financial personnel** The total number of personnel employed Financial interns appointed	 14 1	
	2. Debtor analysis: amount outstanding over 30,60,90 and 120 days: **Abattoir** • 30 days • 60 days • 90 days • 120 plus days		R(000s)
Analysis of Function (cont.)	**3. Write off of debts: number and value of debts written off:** Abattoir RSC levy		 2 344

	4. Credit payments: Creditors are paid within a period of 30 days		
	5. Supply Chain Management The Supply Chain Management Policy was reviewed in March 2009. Details of Bid Adjudication Committee activities. • Total number of BID Adjudication Committee meetings held during the year • Total number of bids considered • Total number of bids approved • Total value of bids approved • Total value of bids awarded • Value of bids awarded to: - HDI - Women - Waterberg District Area - Limpopo - National	 20 28 28	 33 444 24 483 11 750 3 304 17 606 11 534
	6. External Loans: No loans were taken up during the year.		

Key Performance Area: Performance during the Year, Performance Targets Against Actual Achieved an Plans to Improve Performance	
FUNCTION : OFFICE OF THE MUNICIPAL MANAGER	
Sub-function : Strategic Planning, Internal Audit & Disaster Management	
Reporting level	Detail
Overview	The office of the Municipal Manager provides strategic support , deals with IDP/PMS issues and risk management and internal auditing.
Description of the Activity	The main functions of the department are : • Strategic support & planning • Internal Audit • Disaster Management
Sub-functions	**Strategic objectives** • To provide a sound district regulatory framework. • To promote management capacity in the district municipal area. • To implement an effective PMS. • To establish an effective Internal Audit Unit. • To ensure that Disaster Management centres are SETA accredited.
Achievements	• Conducted performance reviews of Section 56 Managers. • Secured PMS funds from DBSA. • Highly credible IDP document • Responded to disaster management incidents. • Implemented audit plan. • Provided support to local municipalities. • Trained 50 Fire Fighting Volunteers. • Established Fire Protection Associations. • Established Cholera Outbreak Teams.
FUNCTION : CORPORATE SUPPORT & SHARED SERVICES	
Sub function: Human Resources, Legal & Administration , Information &Communications Technology.	

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

Analysis of Function	**Number and cost of employer of all municipal staff employed:** • Professional (Managers/Specialists) 19 • Field (Supervisors) 0 • Office (Clerical/Administrative) 29 • Non-professional 12 • Temporary staff 4 • Contract staff 0 **TOTAL** **64**
	Key appointments and staff turnover during the year: Appointments Managers 2 Assistant managers 2 Senior officers 1 **TOTAL** **5** Staff turnover Managers 3 Assistant managers 3 Senior officers 0 **TOTAL** **6**

FUNCTION: PLANNING AND DEVELOPMENT	
Sub function: Economic Development and Development Planning	
Reporting Level	**Detail**
Overview	The department of Economic Development & Planning deals with economic development and issues of spatial and town planning.
Analysis of function	**Strategic objectives :** - **To implement IDP projects.** - **To attract tourists.** - **To provide support to local municipality.**
	ACHIEVEMENTS • **Implemented 75% of IDP projects.** • **Intensified the marketing of the destination brand.** • **Improved exposure of Waterberg District as tourist destination of choice.**

FUNCTION: SOCIAL DEVELOPMENT AND COMMUNITY SERVICES	
Sub function: Municipal health	
Reporting Level	**Detail**
Overview	The main focus is on prevention of spread of communicable diseases, investigation of reported cases, control of outbreaks, and compliance with legislation, and promoting integration of environmental management.

Municipal Health	• **To provide services in terms of the Health Act,1997(No.63 of 1977) as follows:** o Vector control o Waste management o Food control o Health Surveillance of Premises o Prevention of communicable diseases o Pollution control o Disposal of the dead o Chemical safety **ACHIEVEMENTS** • No incident of food poisoning in all premises visited. • Compliance of water samples quality. • Managed to implement programmes and campaigns. • **To provide services in terms of Disaster Management Act 57 of 2002 as follows:** o Disaster risk assessment o Disaster risk reduction o Response and recovery o Information management and communication o Funding arrangements for disaster risk management • **To provide services in terms of Fire Brigade Services Act 99 of 1987 as follows:** o Prevent veld, forest and domestic fires

FUNCTION : INFRASTRUCTURE DEVELOPMENT	
Sub Functions: Water & Sanitation, Roads & Stormwater and Electricity	
Reporting Level	**Detail**

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

WATERBERG DISTRICT MUNICIPALITY

APPENDIX A
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 6/30/2008	Received during the period	Redeemed written off during the period	Balance at 6/30/2009	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
TOTAL EXTERNAL LOANS			-	-	-	-	-	-

WATERBERG DISTRICT MUNICIPALITY

APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost/Revaluation					Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Transfers	
	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings											
Land	728 000	-	-	-	728 000	-	-	-	-	-	728 000
Buildings	23,906,254	646 014	5 118 137	-	29 670 405	2 397 208	344 343	-	2 741 551	-	26 928 854
	24 634 254	646 014	5 118 137	-	30 398 405	2 397 208	344 343	-	2 741 551		27 656 854
Other Assets											
Motor Vehicles	9,856,295	616 125	-	(238 367)	10 234 053	1 759 222	954 729	(83 886)	2 630 065	-	7 603 988
Computer equipment	2,366,397	600 194	-	(291 143)	2 675 448	1 086 140	421 545	(273 255)	1 234 430	-	1 441 018
Office equipment	938,154	179 841	-	(37 607)	1 080 388	805 969	69 110	(37 332)	837 747	-	242 641
Furniture and Fittings	1,643,698	205 680	-	(82 180)	1 767 198	933 598	187 082	(74 817)	1 045 863	-	721 335
Machinery	557,693	2 120	-	-	559 813	272 706	80 028	-	352 734	-	207 079
	15 362 237	1 603 960	-	(649 297)	16 316 900	4 857 635	1 712 494	(469 290)	6 100 839		10 216 061
TOTAL	39 996 491	2 249 974	5 118 137	(649 297)	46 715 305	7 254 843	2 056 837	(469 290)	8 842 390	-	37 872 915

Assets under construction refers to the Lephalale Disaster Centre and the upgrade of the abattoir. The Modimolle Disaster Centre was completed during the year and transferred to assets.

Certain computer assets has been reclassified to Intangible Assets in the current year. All opening balances and prior year information has been restated to reflect this reclassification. The prior period errors in Buildings and Motor Vehicles has also been corrected.

WATERBERG DISTRICT MUNICIPALITY

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost						Accumulated Depreciation					Carrying
	Opening Balance R	Additions R	Under Construction R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Transfers R	Closing Balance R	Value R
Budget & Treasury Office	774 848	75 530		(49 382)	(330 392)	470 604	475 438	51 580	(49 376)	(169 060)	308 582	162 022
Municipal Manager	117 230	21 035		-	31 863	170 128	83 064	22 247	-	14 489	119 800	50 328
Corporate Support & Shared Services	11 218 482	533 838		(306 510)	843 847	12 289 657	3 511 872	757 371	(286 448)	516 202	4 498 997	7 790 660
Planning and Economic Development	388 181	16 438		(15 654)	(274 673)	114 292	226 689	17 199	(13 836)	(169 664)	60 388	53 904
Infrastructure Development	348 629	19 466		-	(32 469)	335 626	185 199	44 639	-	(25 306)	204 532	131 094
Executive Mayor's Office	1 766 198	196 530		(27 144)	(5 419)	1 930 165	764 542	280 954	(25 325)	(929)	1 019 242	910 923
Social Development & Community Services	294 956	13 956		(4 955)	(161 683)	142 274	104 331	19 926	(4 046)	(58 864)	61 347	80 927
Fire fighting	22 469 814	612 428	4 242 537	(4 954)	(546 746)	26 773 079	1 033 321	553 958	(4 046)	(129 147)	1 454 086	25 318 993
Environmental Health	437 591	758 472		(182 730)	697 003	1 710 336	60 655	262 046	(28 247)	186 994	481 448	1 228 888
PIMSS	216 068	-		-	(216 068)	-	159 453	-		(159 453)	-	-
Abattoir	1 964 494	2 281	875 600	(57 968)	(5 263)	2 779 144	650 279	46 917	(57 966)	(5 262)	633 968	2 145 176
TOTAL	39 996 491	2 249 974	5 118 137	(649 297)	-	46 715 304	7 254 843	2 056 837	(469 290)	-	8 842 390	37 872 915

APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R
68 864 135	6 560 808	62 303 327	Budget & Treasury	80 734 005	6 430 751	74 303 254
-	2 831 486	(2 831 486)	Municipal Manager	747 345	4 209 795	(3 462 450)
2 278 907	11 263 599	(8 984 692)	Corporate Support & Shared Services	755 982	11 630 169	(10 874 187)
38 887	5 866 222	(5 827 335)	Planning and Economic Development	1 213 950	12 588 377	(11 374 427)
1 275 547	25 181 425	(23 905 878)	Infrastructure Development	1 710 459	19 548 151	(17 837 692)
605 528	12 006 874	(11 401 346)	Executive Mayor's Office	194 792	12 164 939	(11 970 147)
-	2 182 042	(2 182 042)	Social Development & Community Services	-	2 136 500	(2 136 500)
1 148 183	3 979 108	(2 830 925)	Disaster Management	462 053	4 039 227	(3 577 174)
3 669 311	6 169 287	(2 499 976)	Environmental Health	6 438 204	8 084 468	(1 646 264)
1 230 299	1 265 794	(35 495)	PIMSS	-	-	-
1 853 895	2 305 630	(451 735)	Abattoir	1 062 495	2 953 493	(1 890 998)
80 964 692	79 612 274	1 352 417	TOTAL	93 319 286	83 785 871	9 533 415

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED INFORMATION - APPENDIX E(1)
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

REVENUE	2009 Actual R	2009 Budget R	2009 Variance R	2009 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Regional Services Levies - turnover	205 215	205 215	-	0%	
Abattoir service charges	961 714	1 339 500	(377 786)	-28%	Abattoir income is lower than budgeted due to the loss of one of the biggest clients and the tenant.
Rental of facilities and equipment	28 803	73 500	(44 697)	-61%	The lessee gave notice in August 2008 and no replacement tenant has been found to date.
Interest earned - external investments	12 205 195	4 964 785	7 240 410	146%	The increase is due to surplus funds invested at competitive rates and an increase in the interest rate. Surplus funds due to underspending on the IDP projects.
Interest earned - outstanding debtors	40 495	14 500	25 995	179%	Client and tenant that gave notice at the abattoir did not settle their account on departure.
Government grants and subsidies	78 865 121	78 253 363	611 758	1%	
Other income	130 303	101 500	28 803	28%	Additional income received on increased number of tender documents sold.
Gain on disposal of property, plant and equipment	93 150	-	93 150		Disposals of property, plant and equipment was not budgeted for.
Reversal of impairment loss	351 790	-	351 790		The investment was written off as irrecoverable, but subsequently received 8th dividend.
Total Revenue	93 319 286	84 952 363	8 366 923		
EXPENDITURE					
Employee related costs	(28 896 632)	(32 453 745)	3 557 113	-11%	The underspending is due to vacancies that existed in the departments.
Remuneration of Councillors	(3 648 254)	(3 796 291)	148 037	-4%	
Post-retirement health care expenditure	(962 463)	-	(962 463)		The effect of implementation of IAS 19 Employee Benefits defined benefit valuations were not budgeted.
Long-service award expenditure	(190 192)	-	(190 192)		The effect of implementation of IAS 19 Employee Benefits defined benefit valuations were not budgeted.
Bad debt	(86 311)	(40 000)	(46 311)	116%	Client and tenant that gave notice at the abattoir did not settle their account on departure.
General expenses	(11 917 663)	(15 055 541)	3 137 878	-21%	Mainly due to underspending on delegation expenses, grant expenditure and operational projects not completed. Waterberg Economic Development Agency was budgeted in the current year but formal establishment was not completed by year end.
Repairs & Maintenance	(460 296)	(541 100)	80 804	-15%	Savings on repairs and maintenance of computers as many old computers & programs have been replaced during the past year.
Fire Fighting	(3 293 905)	(4 175 220)	881 315	-21%	Mainly due to under claiming or over budgeting of Lephalale Local Municipality.
Project expenditure	(30 443 189)	(62 500 513)	32 057 324	-51%	Under spending of projects rolled over from the 2007/08 IDP and under spending of projects on the 08/09 IDP.
MIG project expenditure	(1 614 965)	(1 614 965)	-	0%	
Depreciation	(2 272 001)	(2 343 000)	70 999	-3%	
Total Expenditure	(83 785 871)	(122 520 375)	38 734 504		
NET SURPLUS FOR THE YEAR	9 533 415	(37 568 012)	47 101 426		

UNAUDITED INFORMATION - APPENDIX E(2)
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLAN T AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual	2009 Under Construction	2009 Revaluation	2009 Total Additions	2009 Budget	2009 Variance	2009 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R	R		R	R	R	%	
Land and Buildings								
Land	-	-	-	-	-	-	-	
Buildings	646,014	5 118 137	-	5 764 151	9 959 828	(4 195 677)	-42%	Delays experienced in projects of Lephalale Disaster Centre and Upgrade of the Abattoir.
Other Assets								
Motor Vehicles	616,125		-	616 125	650 000	(33 875)	-5%	
Computer Equipment	600,194		-	600 194	1 000 000	(399 806)	-40%	Computer equipment purchased on behalf of local municipalities is not capitalised.
Office Equipment	179,841		-	179 841	190 000	(10 159)	-5%	
Furniture and Fittings	205,680		-	205 680	220 000	(14 320)	-7%	
Machinery	2,120		-	2 120	2 200	(80)	-4%	
TOTAL	2 249 974	5 118 137	-	7 368 111	12 022 028	(4 653 917)		

WATERBERG DISTRICT MUNICIPALITY

APPENDIX F

A33/2010 REPORT OF THE OVERSIGHT COMMITTEE

Item 5/30/03/2010

Resolved:

THAT:

1. The report of the Executive Mayor regarding the Draft 2010/11 Annual Report of the Waterberg District Municipality adopts the oversight report.

2. Council approves the 2008/09 Annual Report without reservations.

WATERBERG DISTRICT MUNICIPALITY

APPENDIX G

REPORT OF THE OVERSIGHT COMMITTEE

Item 5

1. PURPOSE

The purpose of this report is to present to council the report of the Oversight Committee regarding the 2008/09 Draft Annual Report of the Waterberg District Municipality for consideration and approval.

2. STATUTORY / LEGAL REQUIREMENTS

- Constitution of the Republic of South Africa Act no. 106 of 1996
- Municipal Finance Management Act No. 56 of 2006
- Local Government Municipal Systems Act No. 32 of 2000
- Local Government Municipal Structures Act No. 118 of 1998

3. BACKGROUND / EXPOSITION / FACTS AND PROPOSALS

The Waterberg District Municipal council is vested with the responsibility to oversee the performance of the municipality as required by the Constitution, the Municipal Finance Management Act and the Local Government Municipal Systems Act. The oversight responsibility of council is particularly important for the process of considering the annual reports. The Municipal Finance Management Act and the Local Government Systems Act further emphasize the critical role that council has to play in ensuring better performance by its municipal departments.

Council meeting of the Waterberg District Municipality held on the 28th February 2008, established the Oversight Committee as per Resolution No. A197/2008 and the provisions of Sections 33 and 79 of the Municipal Structures Act of 1998 constituted by the following members:

(a) Cllr. R.Z. Moeletsi
(b) Cllr. M.M. Lamola
(c) Cllr. T.P. Mphahlele
(d) Cllr. A.E. Basson
(e) Cllr. M.P. Kekana
(f) Cllr. M.A.D. Monama

The Oversight Committee meeting held on the 10th April 2008 resolved to restructure the committee in order to comply with the provisions of the MFMA Circular No. 32. The meeting further resolved that the committee should encompass one representative from the following role players:

(g) Organized Labour – one, each from SAMWU and IMATU
(h) Organized business – Waterberg Chamber of Business
(i) Civic organization – Waterberg SANCO

Council meeting of the Waterberg District Municipality met on the 3rd December 2009 and resolved as per Resolution No. A 303/2009 as follows:

THAT:

1. The 2008/2009 Draft Annual Reports as contained in the agenda be noted.
2. The Draft 2008/2009 Annual report be advertised for public comments.
3. An Oversight Committee Meeting be convened to appraise the Draft Annual Report and report to Council before 31 January 2010.
4. Management should prepare action plan with clear time lines to respond to issues raised in the Auditor General's Report.
5. After receiving the final report, the necessary amendments be effected by the Oversight Committee before tabling the Annual Report for approval

The Oversight Committee meeting was then convened on the 26th January 2010 and decided to refer the Draft Annual Report back to Management pending further information and clarity. Management responded positively to the queries raised by the Oversight Committee as outlined in the report. Subsequent meeting was then held on the 23rd march 2010 which was attended by the above mentioned stakeholders to extensively consider the contents of the 2008/09 Draft Annual Report of the Waterberg District Municipality.

After thorough considerations, the Oversight Committee then proposed that council approves the 2008/09 Draft Annual Report.

4. STAFF IMPLICATIONS

- None