



MOLEMOLE LOCAL MUNICIPALITY

ANNUAL REPORT 2009/10

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ACRONYMS/ABBREVIATIONS

ABET	: Adult Basic Education Training
AP	: Aerial Photograph
BBBEE	: Broad Based Black Economic Empowerment
CAPEX	: Capital Expenditure
CBO	: Community Based Organisation
CBP	: Community Based Planning
CDW	: Community Development Workers
CETA	: Construction Education and Training Authority
CFO	: Chief Financial Officer
CGE	: Commission on Gender Equality
CIDB	: Construction Industry Development Board
CLLR	: Councillor
CPTR	: Current Public Transport Record
CRR	: Capital Replacement Reserve
CSR	: Corporate Social Responsibility
DAC	: District Aids Council
DALA	: Department of Agriculture and Land Administration
DBSA	: Development Bank of Southern Africa
DEAT	: Department of Environmental Affairs and Tourism
DHSD	: Department of Health and Social Development
DPLG	: Department of Provincial and Local Government
DLGH	: Department of Local Government & Housing
DSAC	: Department of Sport, Arts and Culture
DWAF	: Department of Water Affairs and Forestry
ECT	: Electronic Communication Transaction
EEP	: Employment Equity Plan
EPWP	: Expanded Public Works Programme
FBW	: Free Basic Water
GAAP	: Generally Accepted Accounting Practices
GAMAP	: Generally Accepted Municipal Accounting Practices
GDP	: Gross Domestic Product
GDS	: Growth and Development Summit
GGP	: Gross Geographical Product
GIS	: Geographical Information System
GRAP	: Generally Recognised Accounting Practices
HR	: Human Resources

HRD	: Human Resource Development
ICT	: Information and Communications Technology
IDP	: Integrated Development Plan
IDT	: Independent Development Trust
IGR	: Inter-Governmental Relations
IMATU	: Independent Municipal Allied Trade Union
ISDF	: Integrated Spatial Development Framework
ITP	: Integrated Transport Plan
IWMP	: Integrated Waste Management Plan
KPA	: Key Performance Area
KPI	: Key Performance Indicator
LAC	: Molemole Local Municipality Aids Council
LED	: Molemole Local Municipality Economic Development
LGSETA	: Local Government Sector Education Training Authority
LIBSA	: Limpopo Business Support Agency
LLF	: Local Labour Forum
LM	: Local Municipality
MFMA	: Municipal Finance Management Act
MIG	: Municipal Infrastructure Grant
MLM	: Molemole Local Municipality
MM	: Municipal Manager
MOU	: Memorandum of Understanding
MSA	: Municipal Systems Act
MSP	: Master System Plan
NEMA	: National Environmental Management Act
NERSA	: National Electricity Regulator of South Africa
NGO	: Non Governmental Organisation
NMT	: Non Motorised Transport
NPI	: National Productivity Institute
NRA	: National Road Agency
NSDP	: National Spatial Development Perspective
OD	: Organisational Development
OPEX	: Operational Expenditure
PGDS	: Provincial Growth Development Strategy
PMS	: Performance Management Systems
RDP	: Reconstruction & Development Programme
S&LP	: Social and Labour Plans
SALGA	: South African Local Government Association

SAMAG	: South African Men Action Group
SAMWU	: South African Mine Workers Union
SAPS	: South African Police Services
SAYC	: South African Youth Commission
SCM	: Supply Chain Management
SDBIP	: Service Delivery and Budget Implementation Plan
SMME	: Small Micro Medium Enterprise
TDM	: Transport Demand Management
VIP	: Ventilated Improved Pits
WSA	: Water Services Authority
WSDP	: Water Services Development Plan
WSF	: Water Sorting Facility
WSP	: Water Services Provider

CHAPTER 1: INTRODUCTION AND OVERVIEW

FOREWORD BY THE MAYOR

The 2009/10 financial year represented a period of administrative alignment given the fact that it coincided with the 1st year of the newly elected provincial and national administration following the 2009 elections. The new political and administrative spectrum presented new and reviewed focal points, plans and targets.

It is during this period that the Honorable Minister of Cooperative Governance & Traditional Affairs launched the ten point plan for local government, initialising the Municipal Turn Around Strategy as it became known. It must be made clear immediately that, as a municipality, we have demonstrated unwavering commitment to this process and have benefited immensely from the exercise.

For us, these changes necessitated amongst others that we align our plans and operations to the dictates of the crafted national and provincial agendas whilst accelerating the provision of an array of municipal services for our communities.

Whilst approving the 2009/2010 IDP & Budget, we as, council collectively, expressed our belief and commitment to ensuring that the plans and resources we devised and translated into a set of visible deliverables that make a meaningful impact on the livelihood of our people.

For the 2009/2010 financial year I committed the municipal collective to continuous improvement from our previous performances whilst acknowledging the eminent impact and reality of the global economic downturn. We have, in view of these realities set for ourselves, priority measures that are key to unlocking our development path going forward.

The year under review was by no means plain sailing as we had to continue to grapple with and confront numerous challenges. Needless to say the task ahead is enormous; however, the journey we have travelled thus far into the current term of Council is commendable.

The sector has encountered during the year under review one of the most unprecedented and protracted industrial actions while, on the positive side, the year also contained a national moment of pride in the hosting of the FIFA World Cup from which a number of direct and indirect benefits were derived.

Generally, our fiscus remains limited in comparison to the backlog we seek to eliminate and are required to address. It is on this basis that the focus for the year was on optimal and economic use of resources to ensure that we achieve more outcomes and impact with fewer resources. Thus far, our assessment is that we are on course realising our strategic objective of bringing about a better life for our residents and we remain committed to pursuing this ideal with vigour.

We have notably benefited from support programmes and initiatives orchestrated by others, especially by external stakeholders including national and provincial spheres of government, the district municipality, as well as other agencies. The municipality has, on its own accord and in cooperation and partnership with others, continued to provide municipal services within the confines of the following key performance areas (KPA's):

1. Infrastructure and Service Delivery
2. Institutional Transformation & Development
3. Molemole Local Municipality Economic Development

4. Financial Viability
5. Good Governance & Public Participation

In the previous year we registered great improvement in relation to the achievements of these KPA's. In this report it will be noted that we have continued to ensure that we have made an effort to even do more. In summary, the following are some of the key achievements per KPA -

1. Institutional Transformation

- The municipality continued with the maintenance of conditions of service of both administrative staff and councillors within applicable legislations and policy prescripts.
- The municipality has reviewed and developed of the Integrated Development Plan as the strategic tool to reengineer institutional transformation and implementation.
- Challenges pertaining to development of key plans such as Institutional Plan and Infrastructure Plans hinder full realisation of the KPA objectives.

2. Service Delivery and Infrastructure

- The municipality has continued to provide water, roads, electricity and sanitation services.
- The municipality has embarked on and vigorously facilitated, the implementation of capital infrastructure development projects such gravel-to-tar roads projects for Eisleben/Ramokgopa, Matipana/Madikana and Mogwadi Traffic roads.
- The municipality has, in partnership with Capricorn District Municipality, continued to provide bulk and potable water services in their area of jurisdiction.
- Backlogs on provision of water, sanitation, electricity and waste management are some of the key challenges that threaten the ability of the municipality to eradicate the backlogs within the national targeted time frames.

3. Local Economic Development

- The municipality initiated and supported various economic projects with the potential of unlocking increased wealth such as mineral scanning, SMME registration and capacity development projects with a view to bolstering growth and job creation. These projects are discussed in detail in the later parts of the report.
- The municipality has strived to facilitate a conducive environment for private businesses and cooperatives to invest in a diverse economy with high potential social, communal and individual investment returns which will directly and indirectly positively enhance the municipal bottom line.
- The unavailability of the LED strategy as well as the unsustainable nature of some of the LED initiatives discounts the potential to fully address the dictates of the KPA.

4. Financial Viability

- The municipality embarked on projects to increase its capacity to account efficiently in its financial performance by introducing systems designed to ensure compliance with GRAP & GAMAP standards.
- We have further, as reflected in subsequent performance highlights, taken measures to increase the financial resource base by implementing projects and policies geared at improving the viability of the municipality by increasing the revenue base, amongst others.
- Internal capacity has been increased in terms of providing training programmes to impart requisite skills to the Budget & Treasury personnel as well as personnel from user departments who interact constantly with financial management.

- Challenges include the ever increasing debtors' book, disputes on MPRA tariffs, under-estimation of indigents, budget management and asset management that require urgent attention.

5. Good governance & Public Participation

- Key institutional structures such as council, council committees, ward committees, oversight committees, the management committee, IDP/Budget representative forums, LED forums LLF and other employee/employer stakeholder relations committees, to mention a few, were established to ensure coordinated implementation of municipal business.
- Functionality of various committees was enforced to ensure that various mandates and compliance requirements are adhered to.
- Various strategies, plans, policies and procedures were developed to mitigate identified challenges and facilitate delivery of the IDP.
- Customer care interventions were introduced to enable seamless attendance to client queries and suggestions.
- The municipal website is operational and frequently updated; further, there are noticeable improvements on general performance following the adoption of a performance management framework.
- Furthermore, the municipality engaged in various public participation initiatives widely covering the municipal area.
- Challenges for the KPA include unfavourable audit reports, lack of an internal audit unit and non functionality of the audit committee.

The achievements and limitations as contained in this report are attributable to the collective efforts of both staff, councillors and stakeholders of the municipality. I hereby acknowledge the contribution of each roleplayer in presenting the state of affairs in the municipality and affirm that our dream to provide meaningful services to our residents will not mature into reality unless all concerned devote themselves and act in a manner that facilitates, the realisation thereof.

As required by law I wish to present this report for the period between 1 July 2009 to 30 June 2010 as a reflection of the performance of the municipality during the period under review. The task is rather daunting but the determination to conquer is even greater. Together we can do and achieve more.

**M.M MOHALE
MAYOR**

EXECUTIVE REVIEW BY THE MUNICIPAL MANAGER

Section 127 of the Municipal Finance Management Act no 56 of 2003 prescribes that a municipality must develop an annual report for each financial year completed within stipulated time frames. The report is required to provide a fair presentation of the state of affairs during the prior financial year.

Although the annual report is backward looking it is deemed an instrument that informs planning and operations of the municipality going forward as it provides valuable assessments and a review of events. Given the above fact, contrary to popular belief, we view an annual report as one of the enabling instruments that reliably and directly influences our future activities.

Once again, it is that time of the year that we assess our level and standard of performance as a municipality against our entrusted mandate. It is worth noting that our performance must be contextualised within the conditions and environment in which we operated including considerations of the limited resources at hand and the substantially decreased affordability levels versus increases in service input costs.

Further, the report reflects a municipality that is heavily dependent on grants with a limited revenue base and its demographics are characterised by severe social and economic ills such as unemployment, high levels of poverty and dependency on social grants.

Besides the socio-economic conditions that our municipality had to endure during this review term, we were confronted with community protest against alleged poor service delivery and a mobilisation for rates payment boycotts.

Despite this and other pertinent factors our municipality has recorded major progress regarding the delivery of the objectives of the IDP and supplementary policies, plans and strategies. This will be explicitly substantiated in detail in subsequent areas of the reports. The capacity and support received through intergovernmental cooperation also enabled us to discharge our constitutional responsibilities with reasonable efficiency.

We are, as part of the overall government and development machinery, not immune to the challenges of unemployment and poverty, basic service backlogs, land shortages, dwindling business and other development opportunities at an individual, communal and organisational level. It is, therefore, imperative that we improve our institutional mechanisms to promote social cohesion and sustainable development for us to be able to discharge our mandate and derive direct monetary benefits.

Of particular concern to this administration is that whilst we have a low revenue base, there is an ever increasing debt level in that during the 2009/2010 financial year our rates and services charges debt stood at R 17 311 160.00 in comparison to R 14 759 338.00 for the prior year.

This, to a greater extent, compromises our revenue projections for the year and has a knock-on effect on the funding of planned interventions and projects funded from own revenue.

Our total revenue has increased from R 60 885 574.00 for the 2008/2009 financial year to R 85 437 974.00 for the year under review; revenue generated from municipal taxes and service charges increased from R 9 030 266.00 in the prior year to R 12 948 580.00 for the year under review.

To improve on our revenue shortfalls we will have to craft and implement a multi-faceted responsive debt recovery mechanism and controls that are considerate of our interests and the unique profile of our debtors. Options contemplated in this regard include legal enforcement, education campaigns, incentive schemes, payment options, user friendly payment systems and credible billing systems, amongst others.

We also have to quantify our backlogs in a variety of service areas, especially the basic services categories and that we have to ensure that they are captured and prioritised in the successive years' IDP's. It is, therefore, important that our community as partners in the planning process must, during the consultation phases, sharply raise, identify and prioritise projects geared towards addressing our service delivery backlogs.

Equally our development partners who offer any service in the municipal area must play their role in the planning and implementing of programmes to timeously eradicate existing backlogs within their service responsibilities.

Our collective resolve is to enhance the credibility status of our IDP programme to ensure that it is responsive to the needs and aspirations of the people of Molemole.

We have achieved, during the year under review, catalytic milestones that are set to propel positive performance outcomes. We have systems, policies and procedures in place to influence successful outcomes in pursuant of service delivery, cooperative governance and organisational stability.

T.D. NKOANA
MUNICIPAL MANAGER

MUNICIPAL OVERVIEW

GEOGRAPHICAL LOCATION OF MOLEMOLÉ LOCAL MUNICIPALITY

Molemole Municipality is located within the Capricorn District Municipality in the Limpopo Province about 60km north of Polokwane. Molemole Municipality's head office is situated in Mogwadi.

Molemole Municipality covers an area of 3,347 km² and is bordered to the south by Polokwane Municipality, to the north west by Blouberg & Aganang Municipalities, to the south east by Greater Letaba Municipality, and to the north by Makhado Municipality.

Molemole Municipality forms part of the five municipalities that make up Capricorn District Municipality, i.e. Blouberg Municipality, Aganang Municipality, Lepelle-Nkumpi Municipality and Polokwane Municipality, and, of course, Molemole Municipality.

Molemole Municipality comprises 37 settlements located within 13 wards. Molemole is predominantly rural and has two towns viz. Mogwadi and Morebeng.

DEMOGRAPHIC PROFILE

According to the 2007 Community Survey, the Molemole municipal area has a population of 100 404 and totals households of 27 889 with an average of 6 persons per household.

Table 1

Molemole Municipality	Population	No. of Households	Average Household Size
2001	109 445	28 923	4
2007	100 404	27 889	6

Source: Stats SA Census 2001 & Stats SA Community Survey 2007

AGE & GENDER PROFILE

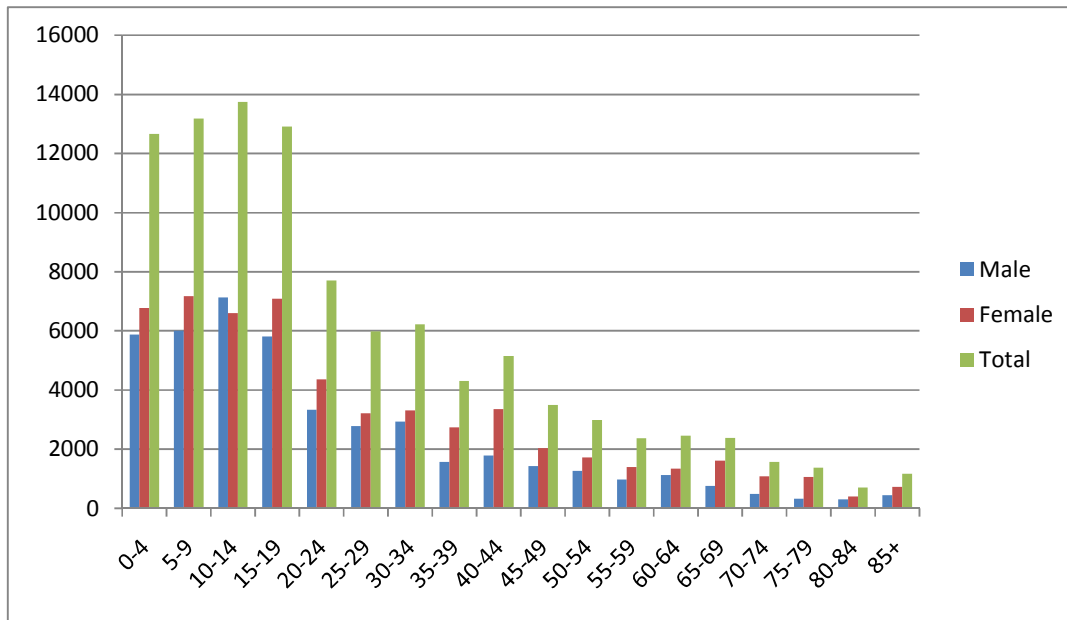
Table 2 indicates that the majority of the population in Molemole Municipality is in the age group of 0 – 19 years, which is made up of 52 486 children and youth. Over 50 percent of Molemole's population falls within this category and that poses a daunting challenge in terms of educational needs and employment opportunities. It is important to note that the majority in the age group are female (27 659), compared to males (24 827). The age group 20 – 39 comprises 24 229 people. The next age category 40 – 59 consists of 13 992 people. The last age category, 60 – 85+, is made up of fewer people (9 670). The prospects of a growing population have implications for planning, such as: provision for social, and health and welfare infrastructure.

Table 2 below shows a male: female ratio that is normal. Females are in the majority in most of the age groups. The male: female ratio indicates a high male absenteeism which suggests that a significant number of males in Molemole Municipality are working outside the municipality and Limpopo Province.

Table: 2

Age Group	Male	Female	Total
0-4	5 880	6 779	12 659
5-9	6 001	7 177	13 178
10-14	7 134	6 604	13 738
15-19	5 812	7 099	12 911
20-24	3 338	4 364	7 702
25-29	2 774	3 215	5 989
30-34	2 928	3 303	6 231
35-39	1 570	2 737	4 307
40-44	1 794	3 362	5 153
45-49	1 436	2 036	3 499
50-54	1 272	1 717	2 989
55-59	981	1 394	2 375
60-64	1 128	1 340	2 468
65-69	762	1 615	2 377
70-74	493	1 074	1 567
75-79	323	1 056	1 379
80-84	308	399	707
85+	451	721	1 172

Source: Community survey, 2007



Source: Community survey, 2007

RACE PROFILE

The overwhelming majority of the population - 99 765- is made up of black African nationals, (Community Survey, 2007). The statistics depicted by Table 3 show a decline in population densities for various groups, culminating in a decrease in the overall population.

Table: 3

RACE	2001	2007
Black	107 618	99 765
Coloured	30	-
Indians or Asians	93	-
Whites	1 704	639
TOTAL	10 9 445	100404

Source: Community survey, 2007

DEPENDENCY RATIO

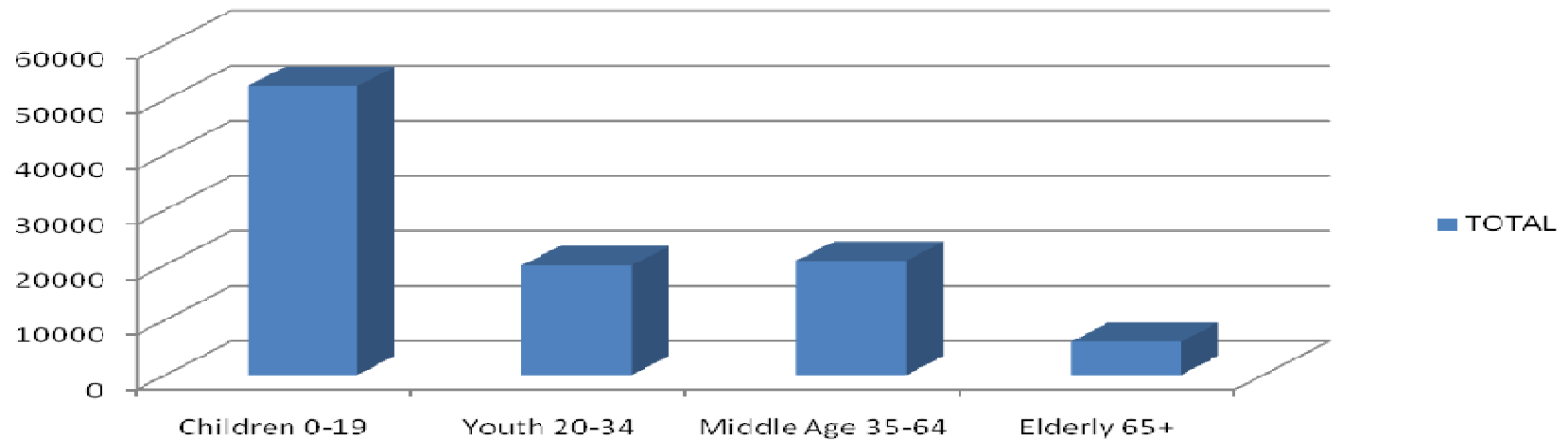
Table 4 indicates that 53% of Molemole's population is under the age of 20, and 6% comprise the elderly. The statistics indicate that the majority of the population - about 59% - is dependent on the income of others. The implication for planning is that child support grants, the housing scheme for orphaned children and other social and welfare infrastructure should be expanded to include this growing age group.

Table: 4

AGE	NUMBER	PERCENTAGE
Children 0-19	52 486	53%
Youth 20-34	19 922	20%
Middle Age 35-64	20 774	21%
Elderly 65+	6 030	6%
TOTAL	100 404	100%

Source: Community survey, 2007

Dependency Ratio for Molemole municipality



LEVEL OF EDUCATION

15.6% of the population in the municipal area have no formal education, (Community Survey, 2007). 67.8% of the total population have an education level below Grade 12 (see Table 5). These categories of people thus face restrictions in terms of employment opportunities. The municipality must facilitate the establishment of FET Colleges as an option for increasing opportunities for a number of school leavers with an education of less than Grade 12.

Table 5.

Income Category	2001	2007
No Income	35 245	26 691
R1 – R400	11 245	4 690
R401 – R800	7 203	8 958
R801 – R1 600	2 111	8 599
R1 601 – R3 200	1 655	1 129
R3 201 – R6 400	1 412	1 739
R6 401 - R12 800	379	1 443
R12 801 -R25 600	60	60
R25 601 – R51 200	39	-
R51201 – R102 400	12	-
R102 401 – R204 800	6	-
R204 801 or more	6	-
Response not given	-	194
Instructions	-	401
Total	60 047	53 904

Source: Community survey, 2007

EMPLOYMENT PROFILE

69% of the economically active population are unemployed which puts an adverse strain on the provision of free basic services. Largely, employment is provided by government, construction, agriculture, retail & trade, and household sectors.

Table: 6: EMPLOYMENT STATUS

Employed	17850
Unemployed	8562
Not economically active	26185
Unspecified	904
Institutions	405

Source: Community survey, 2007

ECONOMIC ANALYSIS

With the advent of democracy, the function of local government has expanded to include social and economic development of communities, sustainable service delivery and the promotion of a safe and healthy environment. By virtue of being close to the people, municipalities are expected to play a leading role in the country's struggle against poverty and underdevelopment. Municipalities derive their developmental mandate from the Constitution of South Africa, 1996.

Molemole Municipality is predominantly rural and characterised by high levels of poverty and inequalities. A large part of Molemole's economy depends on agriculture. The municipality produces the finest potatoes and tomatoes for both local and export markets. However, the agricultural sector has significantly contracted, resulting in many crop commercial farmers opting for game farming.

MACRO ECONOMIC INDICATORS

Macro -economic indicators show that agriculture is Molemole's largest contributor to the district's Gross Domestic Product. Overall, Molemole's economic contribution is the second largest to the Capricorn District Municipality's GDP.

Table: 7

Sector	Molemole
Agriculture	31.5
Mining	11.3
Manufacturing	12.7
Electricity/Water	19.4
Construction	15.3
Trade	16.6
Transport/Communication	26.9
Finance	23.4
Community	23.7
Total	15.8

Source: Statistics South Africa – July 2003

Agriculture is the largest economic sector, though showing a decline; of the 80% of agricultural land, 60% is utilized for subsistence farming and the remaining 40% is utilised for commercial farming. Agriculture employs 6.83% of the total labour force (see Table 8).

Table: 8 : Labour Force – Community Survey 2007

INDUSTRY	TOTAL
Agriculture, hunting, forestry and fishing	5537
Mining and quarrying	84
Manufacturing	1306
Electricity, gas and water supply	105
Construction	1046
Wholesale and retail	1909
Transport, storage and communications	539
Financial, insurance, real estate	1050
Community social and personal services	3454
Other and not adequately defined	1459
Unspecified	1361
Not applicable	35650
Institutions	405

BASIC SERVICE ANALYSIS

1. WATER.

Molemole Municipality is a water service provider on behalf of CDM. Table 9 shows a decline in the number of households accessing water. The total number of households with access to the service decreased from 23 007, according to the 2001 Census, to 21 722 according to the 2007 Community Survey translating in to a household backlog of 5574 who access water from rivers, springs and vendors.

The drop in the provision of water services can be a result of the lack of reliable water sources and drought (which affects the water table). Molemole relies entirely on groundwater for its water supply for primary and agricultural use. The high levels of unemployment and indigents make it difficult for the municipality to introduce cost recovery measures in the villages. According to Statistics South Africa (Non-Financial Census, 2008) 19 595 households receive free basic water.

The fact that some households rely on water vendors and other forms of water supply, which pose health risks, is a worrying factor. The exorbitant amounts water vendors charge have negative financial consequences for the already impoverished residents. The municipality may consider procuring additional water tankers. Inadequate management of water supply services is experienced resulting in high losses and high water use. The present water use exceeds the supply due to excessive losses, informal connections, wastage and high consumption.

Table: 9

Type of water by source	2001	2007
Piped water	21 563	17 321
Borehole	1 444	4 401
Spring	30	-
Dam/Pool	137	99
Water vendor	4 413	5 301
River/Stream	107	-
Rain water tank	36	-
Other	1 194	174
Total	28 924	27 296

Source: Community survey, 2007

2. Sanitation

The statistics as depicted by Table 10 show a steady increase in the proportion of households having access to sanitation. The number of households having no access to any form of sanitation facility has dropped from 5073 in 2001 to 1829 in 2007 (refer to Table 10).

Table: 10

Types of Sanitation	2001	2007
Flush toilet (connected to sewerage system)	1 946	2 382
Flush toilet (with septic tank)	1 937	2 163
Dry toilet facility	-	54
Pit toilet with ventilation (VIP)	4 313	785
Pit toilet without ventilation	15 186	20 083
Chemical toilet	315	-
Bucket toilet system	153	-
None	5 073	1 829

Source: Community survey, 2007

3. Energy.

Molemole Municipality holds the electrification license for Mogwadi and Morebeng towns. All the villages are serviced by Eskom. Table 11 below shows an improvement in the proportion of households having access to electricity. According to Census 2001 21 590 households had access to electricity and the number increased to 25 577 households according to the 2007 Community Survey. The service backlog stands at 1 739 households. 6 972 households have access to free basic electricity, according to Statistics South Africa (Non-Financial Census, 2008)

Table: 11

Energy type	2001	2007
Electricity	21 590	25 577
Gas	30	-
Paraffin	715	413
Candles	6 404	1 306
Solar	60	-
Other	125	-
Total	28 924	27 296

Source: Census 2001 and Community Survey 2007, Stats SA

4. Refuse Management

Refuse removal is a competency of the municipality, whereas waste management is a district function. Table 12 indicates the status quo with respect to refuse removal services within Molemole Municipality. 85% of the households have no access to refuse removal services according to the 2007 Community Survey (Stats SA). At present there are only 2 landfill sites (Mogwadi and Morebeng) which are not licensed. According to the 2008 Non-Financial Census 6 972 households have access to free basic refuse removal.

Table: 12

Different mechanisms for providing refuse removal	2001	2007
Removed by local authority once a week	2 055	3 860
Removed by local authority less often	183	365
Communal refuse dump	1 430	-
Own refuse dump	23 824	22 675
No rubbish disposal	-	396
Other	-	-
Total	28 925	27 296

Source: Census 2001 and Community Survey 2007, Stats Survey 2007, Stats SA

5. Roads

90 % of the road networks in Molemole are made up of gravel roads which are poorly maintained. Molemole contains about 398 km of roads of which only 10 km are tarred. The backlog is about 388 km of roads which require tarring.

There are four national roads which converge in Molemole Municipality and link the municipality with other local and district municipalities and other provinces. A number of roads have been identified for upgrading including:

- Eisleben/ Ramokgopa road D3142
- Matipane/ Madikana road D 1523
- Makgato/ N1 road
- N1/ Mangata/ Sekakene/ Leeukraal road D3132
- Overdyk/Devonia/GaManthata road D3332
- Morebeng/ N1/ Mogwadi roads
- Maupye Road D 3458
- Kanana / Westphalia road D3459

CHAPTER 2: PERFORMANCE OVERVIEW

The performance overview for the 2009/2010 financial year is based on the five KPA's applicable to local government as listed below. Analysis and overview of the key activities of the local municipality's performance are detailed in the synopsis of the five KPA's for the period under review as follows:

KPA1: INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY

As highlighted in the Mayor's executive summary, the municipality has, in terms of this KPA, performed activities associated with planning, resource allocation, implementation and reporting on the provision of municipal services. This covers functions such as the provision of water, sanitation and waste management including the planning, budgeting and implementation of operation & maintenance plans, recruitment & utilisation of human resources for the fulfilment of the legislative and consitutional mandates of the municipality.

KPA2: INSTITUTIONAL TRANSFORMATION

With regard to this KPA, the municipality ensured adherence to and implementation of legislation that impacts on organisational transformation requirements. This includes the review of organisational policy prescripts deemed to be hindering the transformational goals including skills development plans and supportive policies and procedures.

KPA3: LOCAL ECONOMIC DEVELOPMENT:

During the year under review we conducted a mineral scan to establish the prevalent mineral deposits within our area of jurisdiction with a view to attracting potential investors for the extraction and beneficiation of prevalent minerals. We have completed feasibility studies and layout plans of Mogwadi new township establishment (Extension 6) and are awaiting approval by the DLGH. All the processes pertaining to the development of a filling station have been concluded and we are finalising approval of the offramps to the filling station with SANRAL.

The municipal LUMS has been gazetted and is operationalised, including training of traditional authorities to ensure understanding and adherence to the municipal LUMS and SDF. We have facilitated registration and training of 50 cooperatives during the 2009/2010 financial year.

KPA4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT:

The municipality did not manage to gradually improve the audit opinion of the municipality qualification as set in the objectives for the year under review. This was as a result of, amongst others, the WSA vs WSP financial implications. The ever increasing debtors' book also added to the disclaimer of opinion. The municipality will employ the services of professional financial service providers seconded by Provincial Local Government and Housing to assist the municipality to eliminate the above issues, so that a clean audit can be achieved in 2011/2012.

The Financial Statements of the municipality will be compiled to become fully GRAP (Generally Recognised Accounting Practice) compliant. Only the road infrastructure is left to be unbundled in order for the municipality to become fully GRAP compliant by 30 June 2011. The accounting policies of the municipality are compiled to meet the acceptable standards and regulations.

In the budget performance for the year under review we have improved on our local SMME preferential procurement and thus improved our budget expenditure from 38% direct benefit to local SMME's in prior years to 55% during the year under review. Although we still have limitations in terms of adequate staffing we have provided training to personnel to establish adequate capacity within our means to ensure proper financial management.

KPA5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION:

The municipality has during the financial year consolidated and strengthened the functionality of institutional structures and made strides in improving the quality of public participation. We have, amongst others, trained ward committees, personnel, and political office bearers in key areas that facilitated improved governance and public participation.

We continued to evolve systems that enhance our capacity to attend to and derive benefit from customer care interventions. The municipality enhanced its public participation by engaging in targeted stakeholder engagement such as the Mayor Magoshi consultative forums as well as other sector and function specific forums. A performance management framework was adopted and implemented at senior management level. It is envisaged that in future the Performance Management System will be devolved to lower occupational categories and levels.

KPA: CROSS-CUTTING: SECTOR SUPPORT AND OUTREACH PROGRAMMES:

a. Health and HIV/AIDS:

The municipality has prioritised the establishment and support for the Aids Councils to steer implementation of programmes aimed at curbing the impact of the HIV/AIDS pandemic. To this end we supported, and participated, in various community initiatives.

b. Sports, Culture and Heritage:

The municipality has successfully held the Mayoral Cup soccer tournament and continued to support the development of various sporting codes in collaboration with the sports council.

c. Special Focus:

We focused on issues pertaining to older persons, children, gender and moral regeneration. Our approach has been to drive advocacy and awareness, information dissemination, skills development, economic development and social support programmes.

d. Education:

We have participated in the "take a girl child to work" programme and have continued to allocate mayoral study bursaries to academically deserving students for the year under review. We funded four students pursuing qualifications at tertiary institutions in the fields of Financial Management, Information Technology, Civil Engineering and Water Resource Management. Two of the students we have supported under the Mayoral Bursary Programme are currently undergoing internship in the municipality.

CHAPTER 3: HUMAN RESOURCES AND ORGANIZATIONAL MANAGEMENT

The Human Resources function is a support function that deals mainly with employment of personnel, implementation of conditions of service for staff as well as policy management. The Human Resources function is tasked with facilitating human resources planning, provisioning, utilisation, development, relations, discipline and payroll referrals. We report on key milestones for the function.

1. Human Resource Planning:

During the year under review we have determined staff requirements to support the delivery of various services and developed an organisational structure linked to IDP objectives. We have reconfigured post locations in alignment of posts to functions and responsibilities. We have further projected future personnel requirements for the organisation.

Table: 13: Head Count: Post Establishment Per Department

POST ESTABLISHMENT 2009 - 2010 FINANCIAL YEAR			
DEPARTMENT	FILLED POSITIONS	FUNDED VACANT POSITIONS	TOTAL FUNDED POSITIONS
Mayor's Office	3	2	5
Municipal Manager	4	5	9
Budget & Treasury	16	4	20
Corporate Services	21	12	33
Local Economic Development & Planning	4	3	7
Community Services	30	16	46
Technical Services	57	7	64
TOTAL	135	49	184

2. Human Resources Provisioning.

We have ensured adequate allocation on budget for employee related costs and have facilitated administration of employee benefits in compliance with applicable legislative prescripts. We have reviewed and implemented a remuneration structure that ensures reasonable competitiveness within the sector to avert a high labour turnover. The salary budget for 2009/2010 provided for 184 funded posts of which 135 were filled and 49 were vacant by the end of the financial year. There were no new appointments in the financial year. The staff complement was 141 at the beginning of the financial year and the total workforce declined to 135 by the end of the financial year.

Table: 14: Labour Turn Over

Resignations	Deaths	Normal Retirement	Ill Health Retirement	Dismissals
2	3	0	0	1

The municipality has facilitated membership, contributions and claims for pension and provident fund and medical aid benefits in line with applicable SALGBC collective agreements. Below is a summary of membership per fund and scheme:

Table: 15: Medical Aid Scheme Membership	
Scheme Name	Total Members
Bonitas	40
Hosmed	9
Key-Health	12
LA Health	3
Samwumed	12
Total	76

The municipality has in addition, administered direct fixed conditional benefits to various employees during the financial year as summarised below:

Table: 16: Pension / Provident Fund Membership	
Fund Name	Total Members
MCPF	23
MEPF	49
MGF	61
NFMW	2
SALA	2
SNPF	21
Total	158

Table: 17:

Benefit Type	Vehicle Allowance	Danger Allowance	Home Owners Allowance	Long Service Bonus
Total Employees in Receipt of the Benefit	21	9	9	4

3. Human Resources Utilisation.

The municipality has developed job specifications for each of the funded positions on the approved organisational structure. Further the municipality has kept work attendance records. We have coordinated variance reports to payroll in administration of work attendance. The long service recognition award benefit was extended to four employees in accordance with the SALGBC collective agreement.

4. Human Resources Development.

The municipality has developed, submitted and implemented its Workplace Skills Plan (WSP), thus developing the requisite skills to support the attainment of IDP objectives. Overall we implemented 75% of the planned training interventions for the 2009/2010 as per WSP and in doing so we have implemented 12 broad training and skills programmes covering 210 trainees. We have implemented training programmes for officials, councillors and members of the community. We have offered mayoral bursaries to academically and financially deserving students. We have developed and reviewed policies facilitating training and development. A training committee has been established, trained and charged with a responsibility to consult, facilitate & review training plans. Below is a summary of our training beneficiaries:

Table: 18

Category	Number of Beneficiaries	Number of Interventions
Officials	83	16
Councillors	10	5
Ward Committees	130	1
Bursaries	4	1
Traditional Authorities	0	0
Community	120	5
Totals	347	28

5. Employment Equity.

We have reported on time on employment equity as required by the Department of Labour. Our current employment equity profile reflects that there are areas that we are not far off from complying with national and provincial targets and in some areas we have exceeded the representation quota that are set for us. To attain workplace equity we need to improve our representativity across occupational categories in designated categories, in particular African Females and Disabled Persons. Our employment equity figures have generally declined in comparison to a similar period during the prior year. The demographic workforce profile reflects that males account for 59%,and females for 41% of the total workforce. Employees with disabilities represent 1.4% of the total workforce.

Table: 19: Equity Representation As Per Employment Category

CATEGORY	MALE	FEMALE	TOTAL
Top Management	0	0	0
Senior Management	3	1	4
Professionals	10	4	14
Technicians	7	9	16
Skilled / Clerical	35	25	60
Unskilled	25	16	41
Total	80	55	135

Table 20: Occupational Levels per Race & Gender

Occupational Levels	Males				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	3	0	0	0	1	0	0	0	4
Professionally qualified; experienced specialist & mid-management	10	0	0	0	4	0	0	0	14
Skilled technical; academically qualified workers; junior management; supervisors; foremen and superintendents	7	0	0	0	7	0	0	2	16
Semi-skilled & discretionary decision making	34	0	0	1	25	0	0	0	60
Unskilled & defined decision making	25	0	0	0	16	0	0	0	41
Total	79	0	0	1	53	0	0	2	135

6. Employee Relations & Discipline

The objective was to enhance productivity and capacity of human resources to facilitate service delivery. The core deliverables relate to the maintenance of labour harmony, the development, and enforcement of legislation, policies and facilitation of stakeholder engagement. The function ensures amongst others that compliance with key legislation, policy, practices and standards is attained and that, where applicable, corrective actions are enforced. The legislation includes Municipal Structures Act, Municipal Systems Act, Compensation of Occupational Injuries and Diseases Act, Occupational Health & Safety Act, Labour Relations Act and others.

6.1 Functionality of Local Labour Forum.

Four Local Labour Forum meetings were held during the period to discuss matters including the review of salaries, policies and job evaluation. The LLF constituted sub-committees on conditions of service and training which have held several meetings.

6.2 Policy Development & Management.

All municipal policies developed during prior years were reviewed and at least 9 new policies developed and adopted by Council. The municipality has also succeeded in gazetting 13 of its developed by-laws during the year under review which are set to be implemented during 2010/2011.

6.3 Advocacy & Capacity Development.

Workshops on internal policies and procedure aimed at enhancing common understanding were held during May 2009 and June 2010.

6.4 Discipline.

A total of 3 employees have been disciplined. The level of discipline has improved dramatically in comparison to the prior years.

7. Payroll Administration.

The main objective was to ensure effective and efficient payroll management. The municipality continues with the running of the payroll for all councillors, staff and interns. Furthermore, statutory deductions for the afore-mentioned are made to ensure compliance with statutory prescripts.

Table: 21. Salaries & Allowances

Classification	Workforce	Electronic Transfers	Manual Transfers	System Used
Officials	135	135	0	Payday
Councillors	23	23	0	Payday
Total Payroll	158	158	0	Payday
Total Transfers	158	158	0	Payday

CHAPTER 4: FINANCIAL MANAGEMENT

Annual Financial Statements

for

Molemole Municipality

for the year ended 30 June:

2010

Province:

Limpopo

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Municipal Manager:	SI Tjebane
Name of Chief Financial Officer:	MS Makgaba
Contact telephone number:	(015) 501 0243
Contact e-mail address:	info@molemole.gov.za
Name of contact at Provincial Treasury:	S Mulenga
Contact telephone number:	-
Contact e-mail address:	-
Name of relevant auditor:	Auditor-General South Africa
Contact telephone number:	-
Contact e-mail address:	-
Name of contact at National Treasury:	Thomas Matjeni
Contact telephone number:	thomas.matjeni@treasury.gov.za
Contact e-mail address:	012 315 5792

Molemole Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

General information

Members of the Council

MM Mohale	Mayor
TW Manthata	Speaker
MH Kataka	Chief Whip
KJ Selepe	Member of the Executive Committee
NG Mokgalo	Member of the Executive Committee
MS Mokgehle	Member of the Executive Committee
MK Mamotheti	Member of the Executive Committee



Acting Municipal Manager

S I Tjebane

Chief Financial Officer

M S Makgaba

Grading of Local Authority

2

Auditors

Auditor-General South Africa

Bankers

Nedbank Limited

Molemole Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

General information (continued)

Registered Office:

Mogwadi

Physical address:

303 Church Street
Mogwadi
0715

Postal address:

Private Bag X44
Mogwadi
0715

Telephone number:

(015) 501 0243

Fax number:

(015) 501 0419

E-mail address:

info@molemole.gov.za

Molemole Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 40, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Acting Municipal Manager:

DATE

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

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Appendix E: Statement of Financial Performance - Budget Vs Actual

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Molemole Municipality				
STATEMENT OF FINANCIAL POSITION : as at 30 June 2010				
Note	2010	2009		
	R	R		
ASSETS				
Current assets				
Cash and cash equivalents	1	7,184,570	-	
Trade and other receivables from exchange transactions	2	10,151,264	10,715,560	
Other receivables from non-exchange transactions	3	-	6,081,135	
Inventories	4	21,748	29,248	
Investments	6	-	14,678	
MIG projects - overspent	10	-	5,186,870	
Non-current assets				
Non-current receivables	7	-	24,262	
Investments	8	-	311	
Property, plant and equipment	9	69,672,431	46,585,274	
Total assets		87,030,013	68,637,338	
LIABILITIES				
Current liabilities				
Trade and other payables from exchange transactions	11	4,463,064	10,296,996	
Consumer deposits	12	431,040	418,583	
VAT payable	13	171,433	-	
Current provisions	14	3,160,638	-	

Bank overdraft	1	-	4,630,653
Unspent conditional grants and receipts	15	3,279,414	1,580,936
Non-current liabilities			
Other non-current financial liabilities	16	-	112,000
Total liabilities		11,505,589	17,039,168
Net assets		75,524,424	51,598,170
NET ASSETS			
Reserves		35,097,454	33,957,857
Accumulated surplus / (deficit)		40,426,970	17,640,313
Total net assets			51,598,170

Molemole Municipality			
STATEMENT OF FINANCIAL PERFORMANCE			
for the year ending 30 June 2010			
	Note	2010 R	2009 R
Revenue			
Property rates	17	3,503,020	1,463,306
Service charges	18	6,158,662	4,008,585
Rental of facilities and equipment	19	195,029	181,185
Interest earned - external investments	20	53,412	52,422
Interest earned - outstanding receivables	21	916,060	654,516
Fines		2,725,466	3,377,190
Government grants and subsidies	22	79,682,822	49,758,164
Public contributions and donations	32	732,684	-
Other income	23	623,529	1,090,207
Total revenue		94,590,683	60,585,574
Expenses			
Employee related costs	24	28,732,701	19,329,208
Remuneration of councillors	25	5,354,556	3,523,182
Bad debts		-	-
Depreciation and amortisation expense	26	4,453,482	4,407,560

Repairs and maintenance		5,211,487	4,462,854
Finance costs	27	198,724	-
Bulk purchases	28	5,934,225	2,248,432
General expenses	29	24,302,307	20,567,559
Total expenses		74,187,482	54,538,796
Gain / (loss) on sale of assets		-	-
Surplus for the period		20,403,201	6,046,778

Molemole Municipality
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2010

Note	Government Grant Reserve	Revaluation reserves	Other reserves	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
	R		R	R	R	R
Balance at 30 June 2008	26,288,594	-	1,291,176	27,579,770	17,971,621	45,551,391
Changes in accounting policy	-	-	-	-	-	-
Correction of prior period error	-	-	-	-	-	-
Restated balance	26,288,594	-	1,291,176	27,579,770	17,971,621	45,551,391
Surplus / (deficit) on revaluation of property of property, plant and equipment		-				-
Transfers to / from accumulated surplus/(deficit)	6,378,086	-		6,378,086	(6,378,086)	-
Surplus / (deficit) for the period		-			6,046,778	6,046,778
Prior year adjustment	(2,638,036)			(2,638,036)		
Restated Balance at 30 June 2009	30,028,644	-	1,291,176	31,319,820	17,640,313	48,960,133
Surplus on revaluation of property of property, plant and equipment	-	5,068,809	-	5,068,809	-	5,068,809
Other items	-	-	-	-	-	-
Other items	-	-	-	-	-	-
Transfers to / from accumulated surplus/(deficit)	-	-	(1,291,176)	(1,291,176)	1,291,176	-

Prior year adjustment on year end creditors		-	-	-	-	1,092,280	1,092,280
Surplus / (deficit) for the period				-	-	20,403,201	20,403,201
Balance at 30 June	2010	30,028,644	5,068,809			40,426,970	75,524,423

Molemole Municipality							
CASH FLOW STATEMENT							
as at 30 June 2010							
	Note	2010		2009			
		R		R			
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts		93,858,000		60,585,574			
	Ratepayers	13,205,705		14,090,557			
	Grants	79,682,822		45,788,079			
	Interest received	969,472		706,938			
	Other receipts						
Payments		(62,164,561)		(54,538,796)			
	Employee costs	(34,087,257)		(22,852,391)			
	Suppliers	(27,878,580)		(31,686,405)			
	Interest paid	(198,724)		-			
	Other payments						
Net cash flows from operating activities	31	31,693,438		6,046,778			
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of fixed assets		(2,791,686)		(4,540,636)			
Cost of construction for infrastructure		(16,974,529)		(15,358,434)			
Proceeds from sale of investments		-		1,010,839			

Decrease in loans and receivables	-	103,086
Net cash flows from investing activities	(19,766,216)	(18,785,145)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	-
Repayment of borrowings	(112,000)	-
Proceeds from finance lease liability	-	-
Increase in reserves	-	3,551,156
Net cash flows from financing activities	(112,000)	3,551,156
Net increase / (decrease) in net cash and cash equivalents	11,815,223	(9,187,211)
Net cash and cash equivalents at beginning of period	(4,630,653)	4,556,558
Net cash and cash equivalents at end of period	32 7,184,570	(4,630,653)

MOLEMOLE MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2010

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 the historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

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

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

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

PRESENTATION

1.2 CURRENCY

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

GOING CONCERN

1.3 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.

COMPARATIVE

1.4 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 audited annual financial statements.

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.

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

1.5 ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 8 Interest in Joint Ventures - issued August 2006

GRAP 18 Segment Reporting - issued March 2005

GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008

GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007

GRAP 103 Heritage Assets - issued July 2008

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

IAS 19 Employee Benefits - effective 1 January 2009

IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one 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. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

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

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

2.3 SUBSEQUENT MEASUREMENT - COST MODEL

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

Where the municipality replaces parts of an asset, it derecognizes the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure		Other	
Roads and Paving	36 years	Buildings	30 years
Electricity	45 years	Other vehicles	5 years
Water	20 years	Office equipment	5 years
Sewerage	20 years	Furniture and fittings	7 years
		Other items of plant and equipment	10 years
Community		Computer equipment	3 years
Buildings	30 years		
Recreational Facilities	20 years		
Security	20 years		
Halls	30 years		
Libraries	30 years		
Parks and gardens	30 years		

The residual value, the useful life of an asset and the depreciation method are reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

2.5 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.

3 INVENTORIES

3.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution 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. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory 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 the item on the date acquired.

3.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

FINANCIAL

4. INSTRUMENTS

4.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

SUBSEQUENT

4.2 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.

4.2.1

INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, 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.

4.2 TRADE AND OTHER RECEIVABLES

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

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.

4.2.

3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. 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.

4.2. CASH AND CASH 4 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.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

5 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but has no control over those policies. The municipality exercises judgment in the context of all available information to determine if it has significant influence over an investee.

The equity method involves recognising the investment initially at cost, then adjusting for any change in the investor's share of net assets of the associate since it acquired it. A single line-item in the Statement of Financial Performance presents the investor's share of the associate's surplus or deficit for the year.

The municipality commences accounting for an investment in an associate from the date that significant influence exists and discontinues the application of the equity method when it no longer has significant influence over an associate. Investments that are retained in whole or in part are subsequently accounted for in accordance with the accounting policies on subsidiaries, joint ventures or financial instruments depending on the nature of the retained investment.

The municipality uses the most recent available financial statements of the associate in applying the equity method. Where the reporting periods of the associate and the municipality are different, separate financial statements for the same period are prepared by the associate unless it is impracticable to do so. When the reporting dates are different, the municipality makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the municipality.

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.

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.

8 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.

S

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

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.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least: - the business or part of a business concerned; - the principal locations affected; - the location, function, and approximate number of employees who will be compensated for terminating their services; - the expenditures that will be undertaken; and - when the plan will be implemented; and
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1 LEASES

10.1

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.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

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.

10.2 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.

11 REVENUE

11.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions 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.

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

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

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

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.

11.2 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 property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

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.

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

11.3 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.

12

BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalize borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

13 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

IMPAIRMENT OF ASSETS

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

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

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

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

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

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

Molemole Municipality

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand			
Cash at bank		6,953,219	(4,630,653)
Call deposits		231,351	
		7,184	
		<u>,570</u>	<u>(4,630,653)</u>
The Municipality has the following bank accounts: -			
<u>Current Account (Primary Bank Account)</u>			
Nedbank Bank Limited - Polokwane Branch		3,382,219	(4,630,653)
<u>Current Account - Other</u>			
Nedbank Bank Limited - Polokwane Branch	3,571,000	-	
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS			
<u>Trade receivables as at 30 June 2010</u>			
Service debtors			
Rates		4,451,149	(1,564,880)
Electricity		1,685,082	(569,332)
Water		3,520,265	(1,310,794)
Sewerage		2,223,215	(8,029)
Refuse		2,201,746	(590,743)
Other		3,099,800	(2,551,822)
Total as at 30 June 2009		17,181,256	(6,595,600)
			10,151,264

Service debtors			
Rates	4,556,790	(1,564,880)	2,991,910
Electricity	1,557,286	(569,332)	987,954
Water	3,972,603	(1,310,794)	2,661,809
Sewerage	1,520,967	(8,029)	1,512,938
Refuse	1,783,644	(590,743)	1,192,901
Other	3,919,870	(2,551,822)	1,368,048
Total	17,311,160	(6,595,600)	10,715,560
<u>Rates: Ageing</u>			
Current (0 – 30 days)		256,192	109,798
31 - 60 Days		172,634	79,618
61 - 90 Days		159,285	70,785
91 - 120 Days		3,863,038	2,731,708
121 - 365 Days			-
+ 365 Days			-
Total		4,451,149	2,991,910
<u>Electricity, Water and Sewerage: Ageing</u>			
Current (0 – 30 days)		359,788	425,520
31 - 60 Days		257,790	270,252
61 - 90 Days		210,510	245,795
91 - 120 Days		6,389,485	10,825,861
121 - 365 Days			
+ 365 Days			
Total		7,217,573	11,767,428

Summary of Debtors by Customer Classification

Consumers Industrial / Commercial National and Provincial Government

	R	R	R
as at 30 June 2010			
Current (0 – 30 days)	762,518	85,585	8,867
31 - 60 Days	601,359	34,278	5,121
61 - 90 Days	529,684	29,749	5,041
91 - 120 Days	525,745	26,047	4,970
121 - 365 Days	14,250,501	196,903	114,911
+ 365 Days			
Sub-total	16,669,807	372,562	138,910
Less: Provision for doubtful debts			
	16,669,807	372,562	138,910
debtors by customer classification as at 30 June 2009			
Current (0 – 30 days)	528,234	2,651	4,431
31 - 60 Days	343,051	2,653	4,164
61 - 90 Days	309,761	2,653	4,164
91 - 120 Days	288,144	2,653	4,164
121 - 365 Days	12,871,296	153,877	237,442
+ 365 Days			
Sub-total	14,340,486	164,487	254,365
Provision for doubtful debts			
debtors by customer classification	14,340,486	164,487	254,365

2 Reconciliation of the doubtful debt provision

Balance at beginning of the year	6,595,600	6,595,600
Contributions to provision	-	-
Doubtful debts written off against provision	-	-
Reversal of provision	-	-
Balance at end of year	6,595,600	6,595,600

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

VAT	-	5,650,127
Other debtors	-	431,008
Total Other Debtors	-	6,081,135

4 INVENTORIES

Opening balance of inventories:

Consumable stores - at cost	21,748	29,248
Water	-	-
Water	-	-

Write-down / (reversal of write-down) to Net Replacement

5 Value (NRV) or Net Replacement Cost (NRC):

Consumable stores	-	-
Maintenance materials	-	-
Spare parts	-	-
Other goods held for resale	-	-
Water	-	-

Closing balance of inventories:

Consumable stores	21,748	29,248
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6 INVESTMENTS

Deposits	-	14,678
	-	14,678

7 NON-CURRENT RECEIVABLES

Car loans	-	24,262
Less : Current portion transferred to current receivables	-	-
Car loans	-	-
Total	-	24,262

8 INVESTMENTS

Financial Instruments

Fixed Deposits	-	311
	-	311

Molemole Municipality

NOTES TO THE FINANCIAL STATEMENTS: For the year ended 30 June 2010

9 PROPERTY, PLANT AND EQUIPMENT

9.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2009	145,423	8,568,969	26,297,769	2,174,676	-	9,398,437	-	46,585,274
Cost/Revaluation	145,423	9 432 384	35,791,475	2,790,387	-	16,408,483	-	64,568,152
Correction of error	-	-	-	-	-	-	-	-
Change in accounting policy	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	(863,415)	(9,493,706)	(615,711)	-	(7,010,046)	-	(17,982,878)
Acquisitions	-	-	428,161	819,380	-	1,544,145	-	2,791,686
Capital under Construction	-	-	16,952,405	-	-	-	-	16,952,405
Depreciation	-	(276,569)	(1,650,377)	(80,754)	-	(2,445,782)	-	(4,453,482)
Revaluation	-	-	7,796,547	-	-	-	-	7,796,547
Carrying value of disposals	-	-	(2,727,738)	-	-	-	-	(2,727,738)
Cost/Revaluation	-	-	(3,016,567)	-	-	-	-	(3,016,567)
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
as at 30 June 2010	145,423	6,640,636	51,662,833	2,201,470	-	8,505,786	-	69,672,431
Cost/Revaluation	145,423	7,817,679	62,512,616	2,413,005	-	17,964,955	-	92,108,791
Accumulated depreciation and impairment losses	-	(1,177,044)	(10,849,783)	(211,535)	-	(9,459,169)	-	(22,436,360)

Refer to Appendix B for more detail on property, plant and equipment

Molemole Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

9.1 Reconciliation of Carrying Value	Land and Buildings	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2008	8,987,346	-	26,420,240	2,255,430	-	8,785,182	-	46,448,198
Cost/Revaluation	9,577,807		34,326,623	2,790,387	-	13,328,699	-	60,023,516
Accumulated depreciation and impairment losses	(590,461)		(7,906,383)	(534,957)	-	(4,543,517)	-	(13,575,318)
Acquisitions	-	-	1,464,852	-	-	3,075,784	-	4,540,636
Fair value						4,000		4,000
Capital under Construction	-	-	13,667,103	1,691,331	-	-	-	15,358,434
Depreciation	(272,954)		(1,587,323)	(80,754)	-	(2,466,529)	-	(4,407,560)
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	(884)	-	(884)
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
as at 30 June 2009	8,714,392		26,297,769	2,174,676	-	9,398,437	-	46,585,274
Cost/Revaluation	9,577,807		35,791,475	2,790,387	-	16,408,483		64,568,152
Accumulated depreciation and impairment losses	(863,415)		(9,493,706)	(615,711)	-	(7,010,046)	-	(17,982,878)

Refer to Appendix B for more detail on property, plant and equipment

Molemole Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

				Note	2010	2009
					R	R
9.2	Capitalised expenditure					
	Roads construction				16,952,405	13,667,103
	Community hall				-	1,691,331
					16,952,405	15,358,434

9.3 Details of valuation

The effective date of the revaluations was 30 November 2009. Revaluations were performed by an independent valuer, Olwethu Engineering Consulting and Construction CC, and are not connected to the entity.

The electrical assets were unbundled and re-valued independently.

The valuation was performed using the depreciated replacement cost method.

These assumptions are based on current market conditions.

The carrying value of the revalued assets under the cost model would have been:

Infrastructure - Electrical	2,727,738	-
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Molemole Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note	2010 R	2009 R
10 MIG Projects – Overspent		
Municipal Infrastructure Grant	-	5,186,870
	-	5,186,870
11 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade creditors	2,322,167	3,849,420
Retentions	2,074,108	1,939,422
Staff leave accrual	-	1,063,190
Other creditors	66,790	3,444,964
Total creditors	4,463,064	10,296,996
12 CONSUMER DEPOSITS		
Electricity and Water	431,040	418,583
Total consumer deposits	431,040	418,583
13 VAT PAYABLE		
VAT payable	171,433	-
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
14 PROVISIONS		
Provision for leave	3,160,638	-
Total Provisions	3,160,638	-
Employees accrue 24 leave days per annum and the balance of their leave days at year end is accrued using their basic salary rate per leave day. The movement in current provisions are reconciled as follows: -		
as at 1 July 2009		
Contributions to provision	-	1,254,146
Expenditure incurred	-	1,906,491
as at 30 June 2010	-	3,160,638
15 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		

Unspent Conditional Grants from other spheres of Government

Financial Management Grant
Municipality Infrastructure Grants
Local Economic Development Grant
MSIG
Other

91,807	139,130
955,153	504,076
-	643,113
382,585	294,617
1,849,869	

Total Unspent Conditional Grants and Receipts

3,279,414	1,580,936
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Non-current unspent conditional grants and receipts

-	-
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Current portion of unspent conditional grants and receipts

3,279,414	1,580,936
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See Note 31 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investments until utilised.

16 OTHER FINANCIAL LIABILITIES

Other non-current financial liabilities

-	112,000
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17 PROPERTY RATES**Actual**

Residential
Commercial
Light Industries
Heavy Industries
State

3,503,020	1,463,306
-	-
-	-
-	-
-	-

Total property rates

3,503,020	1,463,306
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Property rates - penalties imposed and collection charges

-	-
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Total

3,503,020	1,463,306
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Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations.

The tariffs as approved in the tariff structure and rates policy by Council on the 31st May 2009 are used to calculate the property rates

Rates are levied and calculated on an annual basis, where the bills are issued on a monthly basis for a monthly portion to be paid

18 SERVICE CHARGES

Sale of electricity
New connections
Reconnections
Sale of water

3,417,798	2,213,135
55,134	93,210
8,162	14,092
891,693	670,358

Refuse removal	1,587,974	433,128
Levies	197,900	-
Sewerage and sanitation charges	-	584,662
Total Service Charges	6,158,662	4,008,585
19 RENTAL OF FACILITIES AND EQUIPMENT		
Rental of facilities	44,190	181,185
Rental of equipment	150,839	-
Total rentals	195,029	181,185
20 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	53,412	52,422
Total interest	53,412	52,422
21 INTEREST EARNED - OUTSTANDING RECEIVABLES		
Trade debtors	916,060	654,516
Total interest	916,060	654,516
22 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	46,994,737	34,346,448
MIG Grant	23,671,000	14,508,591
Other Government Grants and Subsidies	9,017,086	903,125
Total Government Grant and Subsidies	79,682,822	49,758,164
22.1 Equitable Share		
In terms of the Constitution, this grant is unconditional and used to subsidise the provision of basic services to indigent community members.	42,698,000	34,346,448
22.2 MIG Grant		
Balance unspent at beginning of year	-	2,943,635
Current year receipts	18,171,000	6,378,086
Conditions met - transferred to revenue	(17,215,847)	(14,508,591)
Conditions still to be met - remain liabilities (see note 15)	955,153	(5,186,870)
The grant was used to construct basic municipal infrastructure to provide basic services for the benefit of poor households.		
22.3 Other Government Grants and Subsidies		
Balance unspent at beginning of year	1,580,936	2,465,846
Current year receipts	5,356,000	1,235,000
Conditions met - transferred to revenue	(4,612,675)	(2,119,910)

Conditions still to be met - remain liabilities (see note 15)		2,324,261	1,580,936
23	OTHER INCOME		
23.1	Other income		
	Building plan fees	2,711	434,496
	Interest: Car loan	767	2,536
	Grave fees	19,304	21,684
	Sale of stands	285,000	339,883
	Sundry revenue	315,747	291,608
		623,529	1,090,207
24	EMPLOYEE RELATED COSTS		
	Employee related costs - Salaries and wages	16,729,223	14,220,214
	Employee related costs - Contributions for UIF, pensions and medical aids	3,782,268	2,725,777
	Travel, motor car, accommodation, subsistence and other allowances	3,269,148	1,319,162
	Housing benefits and allowances	194,405	-
	Overtime payments	1,084,988	1,064,055
	Performance and other bonuses	-	-
	Long-service awards	7,258	-
	Other employee related costs	-	-
	Total Employee Related Costs	25,067,289	19,329,208
	There were no advances to employees.		
	Remuneration of the Municipal Manager		
	Annual remuneration	455,201	587,750
	Travel, motor car, accommodation, subsistence and other allowances	298,423	120,000
	Total	753,624	707,750
	Remuneration of the Chief Finance Officer		
	Annual remuneration	462,400	70,667
	Travel, motor car, accommodation, subsistence and other allowances	216,000	36,000
	Back pay	76,629	-
	Total	755,029	106,667
	Remuneration of Individual Executive Directors		
		Technical Services	Corporate Services
		R	R
2010			
	Annual Remuneration	590,087	597,643

Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	99,000	129,357	209,437
Contributions to UIF, Medical and Pension Funds	-	-	-
Total	689,087	660,592	807,079
	Technical Services	Corporate Services	Community Services
2009			
Annual remuneration	400,240	400,644	400,240
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	166,411	146,135	166,411
Contributions to UIF, Medical and Pension Funds	-	-	-
Total	566,651	546,778	566,651
25 REMUNERATION OF COUNCILLORS			
Mayor		582,972	385,710
Chief Whip		378,228	294,192
Speaker		390,132	313,680
Executive Committee Members		808,716	638,442
Councillors		3,194,508	1,891,158
Total Councillors' Remuneration		5,354,556	3,523,182
26 DEPRECIATION AND AMORTISATION EXPENSE			
Property, plant and equipment		4,453,482	4,407,560
Total Depreciation and Amortisation		4,453,482	4,407,560
27 FINANCE COSTS			
Borrowings		198,724	-
Total Finance Costs		198,724	-
28 BULK PURCHASES			
Electricity		5,404,543	2,248,432
Water		529,682	-

	<u>5,934,225</u>	<u>2,248,432</u>
Total Bulk Purchases		
29 GENERAL EXPENSES		
Included in general expenses are the following:-		
Advertising, printing and stationery	295,073	1,115,357
Admin fees	1,719,633	-
Audit fees	1,788,642	637,000
Bank charges	193,558	-
Book publications and amendments	473,680	17,182
Bursaries	214,231	-
Cellphones	779,606	726,389
Cleaning	181,405	-
Connection charges	138,894	-
Consulting fees	1,736,188	-
Consumables	133,180	-
Depreciation	4,453,482	4,407,560
Departmental consumption	278,959	-
Entertainment	-	27,593
Events	292,865	144,490
Fuel and oil	1,215,820	1,566,067
Insurance	571,523	455,582
Legal expenses	634,880	-
Levies paid	235,739	-
License fees - vehicles	42,068	-
LED expenditure	95,107	132,596
Membership fees	352,146	-
Leave pay expense	1,906,491	-
Postage	441,651	632,083
Printing and stationery	608,501	-
Rental of buildings	109,875	488,892
Rental of office equipment	365,898	-
Security costs	1,153,153	1,120,179
Subscription & publication	473,680	-
Telephone cost	1,221,257	-
Town planning	-	33,600
Training	567,653	538,056

Travel and subsistence	1,162,229	566,402
Uniforms & overalls	123,362	-
IDP expenditure	134,778	218,138
Other	207,099	7,740,394
	24,302,307	20,567,559
31 CASH GENERATED BY OPERATIONS		
Surplus for the year	20,403,201	6,046,778
Adjustment for:-		
Depreciation and amortisation	4,453,482	4,407,560
Donated truck (profit on receipt)	(732,684)	-
Finance costs	198,724	-
Interest earned	(969,472)	706,938
Operating surplus before working capital changes:	22,673,981	11,161,276
Decrease in inventories	7,500	(7,500)
Decrease/ (increase) in trade receivables	564,296	(6,907,881)
(Increase)/decrease in other receivables	6,081,135	(4,533,478)
Decrease in overspent conditional grants and receipts	5,186,870	-
Decrease in long term receivables	24,262	-
	(5,833,932	
(Decrease)/increase in trade payables)	4,242,988
Increase in consumer deposits	12,457	10,547
Increase/(decrease) in unspent grant	1,698,478	(2,553,479)
Decrease in short term investments	14,678	-
Increase in VAT payable	171,433	-
Prior year adjustment on payables	1,092,280	
Cash generated by/(utilised in) operations	31,693,438	6,046,778
32 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	7,184,570	-
Bank overdrafts	-	(4,630,653)
Net cash and cash equivalents (net of bank overdrafts)	7,184,570	(4,630,653)
UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
33 DISALLOWED		
33.1 Unauthorised expenditure		

Reconciliation of unauthorised expenditure		
Opening balance	8,130,505	8,130,505
Unauthorised expenditure current year - Employee costs	2,983,275	-
- Remuneration to councillors	493,975	-
- Depreciation	1,570,126	-
- Bulk purchases	1,899,225	-
Approved by Council or condoned	(493,975)	-
Transfer to receivables for recovery		
Unauthorised expenditure awaiting authorisation	14,583,131	8,130,505
33.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening balance -	51,774	-
Interest and penalties	198,724	51,774
Salaries for suspended officials	753,624	-
Legal fees	634,880	-
Fruitless and wasteful expenditure awaiting condonement	1,639,001	51,774
Incident		
Interest charged by creditors for overdue accounts		
33.3 Irregular expenditure		
Reconciliation of irregular expenditure		
Opening balance	2,392,660	2,392,660
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
	(1,775,210)	-
Transfer to receivables for recovery – not condoned)	-
Irregular expenditure awaiting condonement	617,450	2,392,660
34 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
34.1 Audit fees		
Opening balance	184,177	-
Current year audit fee	1,788,642	637,000
	(1,944,863)	
Amount paid - current year)	(452,823)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	27,956	184,177

The balance unpaid represents the audit fee for an interim audit conducted during January to June 2010.

34.2 VAT

The balance for VAT input receivables and VAT output payables are shown in note 13. All VAT returns have been submitted by the due date throughout the year.

34.3 PAYE and UIF

Opening balance	-	-
Current year payroll deductions		2,835,094
Amount paid - current year		(2,835,094)
Amount paid - previous years		
Balance unpaid (included in payables)	-	-

The balance represents PAYE and UIF deducted from the June 2010 payroll. These amounts were paid during July 2010

35 CAPITAL COMMITMENTS

35.1 Commitments in respect of capital expenditure

- Approved and contracted for

	11,072,400	8,875,520
Electricity assets	900,000	109,520
Community	-	1,266,000
Roads	10,172,400	7,500,000
Other	-	-

- Approved but not yet contracted for

	6,163,137	-
Infrastructure	400,000	-
Community	3,250,000	-
Other	2,513,137	-

Total

17,235,537	8,875,520
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This expenditure will be financed from:

- Government grants	11,072,400	8,875,520
- Own resources	6,163,137	-
	17,235,537	8,875,520

36 CONTINGENT LIABILITY

36.1 Claim for damages

The Municipality is being sued by the dismissed Municipal Manager for R2 036 350 due to non-compliance with the terms of conditions of the employment contract. The court date is yet to be set.

2,036,350	-
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37 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received the following in-kind donations and assistance

Description

Truck from Capricorn District Municipality

732,683 -

38 EVENTS AFTER THE REPORTING DATE

There were no significant events after the balance sheet date

39 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment

Provision for doubtful debts

Provision for leave

The following areas involved judgments, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Depreciation of assets

Provisions

40 RISK MANAGEMENT

40.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Bank

7,184,570 -

Trade and other receivables	10,151,264	10,715,560
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These balances represent the maximum exposure to credit risk.

40.2 Liquidity risk

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 Year	Later than one year and not later than five years
2010		
Trade and other payables	4,463,064	-
Other - Unspent grant	3,279,414	-
	Less than 1 Year	Later than one year and not later than five years
2009		
Trade and other payables	10,296,996	-
Other	1,580,936	-

41 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E

Molemole Municipality
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2010

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2009	Received during the period	Redeemed / written off during the period	Balance at 30 June 2010	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
			R	R	R	R	R	R
LONG-TERM LOANS	None	-	112,000	-	112,000	-	-	-
Total long-term loans		-	112,000	-	112,000	-	-	-
TOTAL EXTERNAL LOANS		-	112,000	-	112,000	-	-	-

This was a loan from the Capricorn District Municipality which has been repaid

Molemole Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT: as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals/ Transfer out	Under Construction/ Revalued	Closing Balance	Opening Balance	Depreciation	Disposals/ Transfer out	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land	145,423	-	-	-	145,423	-	-	-	-	-	-	-	145,423
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-
	145,423	-	-	-	145,423	-	-	-	-	-	-	-	145,423
Buildings	7,817,679	-	-	-	7,817,679	(900,475)	(276,569)	-	-	(1,177,044)	-	-	6,640,636
Infrastructure													
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	3,236,482	-	-	16,952,405	16,952,405	(395,129)	(110,246)	-	-	(505,375)	-	-	16,447,030
Sewerage Mains & Purification	7,547,596	-	-	-	7,547,596	(2,065,929)	(299,304)	-	-	(2,365,233)	-	-	5,182,363
Electricity Mains	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Peak Load Equip	3,016,567	428,161	(3,016,567)	7,796,547	8,224,708	(230,326)	(156,355)	288,829	-	(97,852)	-	-	8,126,857
Water Mains & Purification	21,970,228	-	-	-	21,970,228	(6,796,851)	(1,084,473)	-	-	(7,881,324)	-	-	14,088,904
Reservoirs – Water	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-
	35,770,873	428,161	(3,016,567)	24,748,952	62,512,616	(9,488,235)	(1,650,377)	288,829	-	(10,849,783)	-	-	43,845,154
Community Assets													
Parks & Gardens	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	1,593,625	819,380	-	-	2,413,005	(130,781)	(80,754)	-	-	(211,535)	-	-	2,201,470
Civic Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-	-	-	-	-
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-
	1,593,625	819,380	-	-	2,413,005	(130,781)	(80,754)	-	-	(211,535)	-	-	2,201,470
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	45,327,600	1,247,541	(3,016,567)	24,748,952	72,888,723	(10,519,491)	(2,007,700)	288,829	-	(12,238,362)	-	-	52,832,682

Molemole Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	45,327,600	1,247,541	(3,016,567)	24,748,952	72,888,723	(10,519,491)	(2,007,700)	288,829	-	(12,238,362)	-	-	52,832,682
Other Assets													
Office Equipment	878,074	-	-	-	878,074	(479,961)	(130,462)	-	-	(610,423)	-	-	267,652
Furniture & Fittings	1,247,384	88,927	-	-	1,336,311	(622,429)	(168,710)	-	-	(791,139)	-	-	545,172
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	11,737,913	1,101,584	-	-	12,839,496	(4,537,644)	(1,561,825)	-	-	(6,099,469)	-	-	6,740,027
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	1,341,290	41,715	-	-	1,383,005	(637,071)	(343,717)	-	-	(980,788)	-	-	402,217
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	1,216,150	311,919	-	-	1,528,069	(736,282)	(241,068)	-	-	(977,350)	-	-	550,719
	16,420,810	1,544,145	-	-	17,964,955	(7,013,387)	(2,445,782)	-	-	(9,459,169)	-	-	8,505,786
Finance Lease Assets													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	61,748,410	2,791,686	(3,016,567)	24,748,952	90,853,678	(17,532,878)	(4,453,482)	288,829	-	(21,697,531)	-	-	61,338,468

Molemole Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2009

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R			
Land													
Land	145,423	-	-	-	145,423	-	-	-	-	-	-	-	145,423
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	145,423	-	-	-	145,423	-	-	-	-	-	-	-	145,423
Buildings	7,817,679	-	-	-	7,817,679	(627,521)	(272,954)	-	-	(900,475)	-	-	6,917,204
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	3,217,395	19,087	-	-	3,236,482	(287,349)	(107,780)	-	-	(395,129)	-	-	2,841,353
Sewerage Mains & Purification	7,547,596	-	-	-	7,547,596	(1,766,625)	(299,304)	-	-	(2,065,929)	-	-	5,481,667
Electricity Mains	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Peak Load Equip	1,570,802	1,445,765	-	-	3,016,567	(137,283)	(93,043)	-	-	(230,326)	-	-	2,786,241
Water Mains & Purification	21,970,228	-	-	-	21,970,228	(5,709,655)	(1,087,196)	-	-	(6,796,851)	-	-	15,173,377
Reservoirs – Water	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-
	34,306,021	1,464,852	-	-	35,770,873	(7,900,912)	(1,587,323)	-	-	(9,488,235)	-	-	26,282,638
Parks & Gardens	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	1,593,625	-	-	-	1,593,625	(50,027)	(80,754)	-	-	(130,781)	-	-	1,462,844
Civic Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-	-	-	-	-
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-
	1,593,625	-	-	-	1,593,625	(50,027)	(80,754)	-	-	(130,781)	-	-	1,462,844
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	43,862,748	1,464,852	-	-	45,327,600	(8,578,460)	(1,941,031)	-	-	(10,519,491)	-	-	34,808,109

Molemole Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2009

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Fair value	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	43,862,748	1,464,852	-	-	45,327,600	(8,578,460)	(1,941,031)	-	-	(10,519,491)	-	-	34,808,109
Other Assets													
Office Equipment	878,074	-	-	-	878,074	(338,241)	(141,720)	-	-	(479,961)	-	-	398,113
Furniture & Fittings	797,310	450,074	-	-	1,247,384	(394,431)	(227,998)	-	-	(622,429)	-	-	624,955
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	9,760,818	1,977,095	-	-	11,737,913	(3,007,997)	(1,529,647)	-	-	(4,537,644)	-	-	7,200,269
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	688,675	648,615	-	4,000	1,341,290	(305,822)	(330,365)	-	(884)	(637,071)	-	-	704,219
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	1,216,150	-	-	-	1,216,150	(500,367)	(235,915)	-	-	(736,282)	-	-	479,868
	13,341,026	3,075,784	-	4,000	16,420,810	(4,546,858)	(2,465,645)	-	(884)	(7,013,387)	-	-	9,407,423
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	57,203,774	4,540,636	-	4,000	61,748,410	(13,125,318)	(4,406,676)	-	(884)	(17,532,878)	-	-	44,215,532

Molemole Municipality
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Under Construction/ Revalued	Disposals/ Transfer out	Closing Balance	Opening Balance	For the year	Disposals/ Transfer out	Closing Balance	
	R	R	R	R	R	R	R	R	R	
Executive & Council	12,831,475	959,847	-	-	13,791,322	(4,468,021)	(456,656)	-	(4,924,678)	8,866,644
Finance & Admin	776,259	-	-	-	776,259	(443,173)	(167,375)	-	(610,548)	165,711
Planning & Development	763	-	-	-	763	(872)	(629,837)	-	(630,710)	(629,946)
Community & Social Services	163,901	819,380	-	-	983,281	(47,584)	(507,374)	-	(554,958)	428,323
Road Transport	26,754,444	-	16,952,405	-	43,706,850	(6,752,495)	(1,504,775)	-	(8,257,270)	35,449,580
Water	18,185,041	428,161	-	-	18,613,202	(6,030,904)	(158,876)	-	(6,189,779)	12,423,423
Electricity	3,036,526	-	7,796,547	(3,016,567)	13,849,640	(239,829)	(1,028,589)	288,829	(1,557,246)	12,292,394
Total	61,748,410	2,207,388	24,748,952	(3,016,567)	91,721,317	(17,982,878)	(4,453,482)	288,829	(22,725,189)	68,996,128

Molemole Municipality
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2010

2009			2010		
Actual Income	Actual Expenditure	Surplus / (Deficit)	Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R	R	R	R
34,524,267	(20,316,944)	14,207,323	47,727,420	(18,242,553)	29,484,867
3,587,515	(5,710,623)	(2,123,108)	8,054,888	(6,570,967)	1,483,921
1,284,990	(2,104,900)	(819,910)	1,134,050	(17,480,752)	(16,346,702)
3,379,228	(6,016,933)	(2,637,705)	4,146,100	(8,288,572)	(4,142,472)
11,939,377	(5,732,903)	,474	27,251,366	(13,755,540)	13,495,826
1,401,043	(1,146,300)	254,743	2,398,080	(3,541,868)	(1,143,789)
2,515,127	(6,364,326)	6,206849,199)	3,825,367	(6,307,230)	(2,481,863)
58,631,547	(47,392,929)	11,238,618	94,537,271	(74,187,482)	20,349,789
58,631,547	(47,392,929)	11,238,618	94,537,271	(74,187,482)	20,349,789

Executive & Council
Finance & Admin
Planning &
Development
Community & Social
Services
Road Transport
Water
Electricity
Sub-Total
Less: Inter-Department
Charges
Total

Molemole Municipality
Budget Versus Actual Financial performance
for the year ending 30 June 2010

Appendix E

	Actual	Budget	Change (R)	Change (%)	EXPLANATION
Revenue					
Property rates	3,503,020	3,250,000	253,020	8	
Service charges	6,158,662	6,773,597	(614,935)	-9	
Rental of facilities and equipment	195,029	797,482	(602,453)	-76	
Interest earned - external investments	-	-	-	0	
Interest earned - outstanding receivables	969,472	715,232	254,240	36	
Fines	2,725,466	4,500,000	(1,774,534)	-39	
Government grants and subsidies	79,682,822	70,586,288	9,096,534	13	
Public contributions and donations	732,684	-	732,684	0	
Other income	623,529	708,288	(84,759)	-12	
Total revenue	94,590,683	87,330,887	7,259,796		
Expenses					
Employee related costs	28,732,701	24,094,977	(4,637,724)	-19	
Remuneration of councillors	5,354,556	4,860,581	(493,975)	-10	
Bad debts	-	2,500,000	2,500,000	100	
Depreciation and amortisation expense	4,453,482	2,883,356	(1,570,126)	-54	
Repairs and maintenance	5,211,487	5,308,500	97,013	2	
Finance costs	198,724	-	(198,724)	100	
Bulk purchases	5,934,225	5,515,000	(419,225)	-8	
General expenses	24,302,307	18,794,563	(5,507,744)	-29	
Total expenses	74,187,482	63,956,977	(10,230,505)		
Surplus for the period	20,403,201	23,373,910	(2,970,709)		

AUDITOR'S REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATURE AND THE COUNCIL ON MOLEMOLE
LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying financial statements of the Molemole Local Municipality, which comprise the statement of financial position as at 30 June 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 100

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and in the manner required by the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 and section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) my responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the International Standards on Auditing and *General Notice 1570 of 2009*, issued in *Government Gazette No. 32758 of 27 November 2009*. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for a disclaimer of opinion

Revenue

4. The district municipality is a water authority in terms of section 84(1)(b) and 84(1)(d) of the Municipals Structures Act, 1998 (Act No.117 of 1998). The municipality has appointed local municipalities falling within its jurisdiction as service providers in terms of Section 78 of the Municipal Systems Act, 2000 (Act No 32 of 2000).
5. The local municipality incorrectly recognised water revenue for water services rendered on behalf of the district municipality. There were no proper systems and controls in place and, consequently, I could not determine the amount of revenue incorrectly recognised.
6. Consequently, I was not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for revenue, the surplus for the year or the accumulated surplus.

Trade and other receivables

7. The local municipality incorrectly recognised debtors for water services rendered on behalf of the district municipality. There were no proper systems and controls in place and consequently I could not determine the amount in terms of the debtors that was incorrectly recognised.
8. Consequently, I was not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for debtors, provision for bad debts, bad debts written off, the surplus for the year or the accumulated surplus.

Provision for doubtful debts

9. My recalculation of the impairment of doubtful debts, based on the municipality's debtor payment history, should be R16 350 740. Consequently, the impairment for doubtful debts is understated by R9 755 140 and accumulated surplus for the year overstated by R9 755 140.

Property plant and equipment

10. In terms of section 63(a) of the MFMA the accounting officer is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets. My findings below confirm that this section of the MFMA was not complied with:
 - Land owned by the municipality is not reflected in the asset register
 - Various assets identified in the asset register could not be physically verified
 - Various assets identified on the floor could not be traced to the asset register

- Completed capital projects not disclosed in the financial statements
- Properties identified in the valuation roll could not be traced to the asset register
- Prior year work in progress omitted from the financial statements

Value Added Tax (VAT)

11. The municipality could not provide appropriate reconciliations to support VAT amounting to R171 433,29 as disclosed in note 13 to the financial statements. The municipality's records did not permit the application of alternate procedures; consequently the impact on the VAT balance cannot be ascertained.

Financial statements

12. Significant unexplained and irreconcilable differences were identified between the balances in the statement of financial position, the statement of financial performance and the trial balance, as reflected by the examples in the table below:

Description of balance/figure	General ledger R	Financial statements R	Over/under statement R
Cash and cash equivalents	6 092 290	7 184 570	1 092 280
Property, plant and equipment	105 177 578	90 853 678	14 323 900
Capital expenditure on grant	17 898 114	16 952 405	945 709
Revaluations	5 022 121	7 796 547	2 774 376
Retention fees	2 037 401	2 074 108	36 706
Accounts receivable	13 006 299	17 181 256	4 174 957
Revenue	2 725 466	3 317 867	592 401

13. Disclosed in the table below, unexplained and irreconcilable significant differences were identified between the prior year's closing balances and the current year's opening balances

Description in the financial statements	Closing balance, as at 30 June 2009 R	Opening balance as at 01 July 2009 R	Difference R
Grants	2 171 228	1 249 861	921 367
Property, plant and equipment	61 372 037	64 568 152	3 196 115

Expenditure

14. The entity could not provide sufficient appropriate audit evidence for expenditure transactions amounting to R2 933 536. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all expenses were properly recorded. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the occurrence, completeness, accuracy, cut-off and classification of expenditure amounting to R2 933 536.
15. The local municipality incorrectly recognised expenses on water services rendered on behalf of the district municipality. There were no proper systems and controls in place and consequently I could not determine the amount of expenses that was incorrectly recognised.
16. Consequently, I was not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for expenditure, the surplus for the year or the accumulated surplus.

Inventory

17. Stands with a market value of R2 048 400 that were held for sale were not recorded in the accounting records and financial statements of the municipality. As a result, the inventory balance of R21 748 is understated by the said amount.

Basis for disclaimer

18. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

EMPHASIS OF MATTER

I draw attention to the matters below. My opinion is not modified in respect of these matters:

Unauthorised expenditure

19. As disclosed in note 33.1 to the financial statements, unauthorised expenditure to the amount of R14 583 131 was incurred, as a result of an overspending of the budget on employee cost and expenditure.

Fruitless and wasteful expenditure

20. As disclosed in note 33.2 to the financial statements fruitless and wasteful expenditure amounting to R1 639 001 was incurred on interest and penalties, salaries for suspended officials and legal fees.

ADDITIONAL MATTERS

I draw attention to the matter(s) below. My opinion is not modified in respect of these matters:

UNAUDITED SUPPLEMENTARY SCHEDULES

21. The supplementary information set out on pages 91 to 100 does not form part of the financial statements and is presented as additional information. I have not audited these schedule(s) and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

22. As required by the PAA and in terms *General Notice 1570 of 2009*, issued in *Government Gazette No. 32758 of 27 November 2009*, I include below my findings on the report on predetermined objectives, compliance with the following key laws and regulations and financial management (internal control).

Predetermined objectives

23. Material findings on the report on predetermined objectives, as set out on pages 109 to 164, are reported below:

Non-compliance with regulatory and reporting requirements

Quarterly performance reports not submitted to council

24. Monitoring and reporting of quarterly performance results were not adequate and consequently quarterly performance reports were not submitted to council and EXCO as required by section 41(e) of the Municipal Systems Act nor submitted to the municipal manager and performance audit committee as required by regulation 14(c) (i-ii) of the Local Government: Municipal Planning and Performance Management Regulations of 2001.

Usefulness of information

The following criteria were used to assess the usefulness of the planned and reported performance:

- **Measurability:** Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

The following audit findings relate to the above criteria:

Planned and reported performance targets not specific, measurable nor time bound

25. For the selected objectives, more than 51% of the of the planned and reported targets were not specific in clearly identifying the required level of performance;

Reliability of information

The following criteria were used to assess the reliability of the planned and reported performance:

- **Accuracy:** Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.

The following audit findings relate to the above criteria:

Reported actual achievement not reliable when compared to source information

26. For the selected objectives, 50% of the reported indicators were not accurate on the basis of the source information or evidence provided to support the reported indicators.

Compliance with laws and regulations

MFMA

Expenditure was incurred otherwise than in accordance with sections 15 and 11(3) of the MFMA resulting in unauthorised expenditure

27. Expenditure was not incurred in accordance with the approved budget of the municipality and exceeded the limits of the amounts appropriated for the different votes in the approved budget of the municipality.

Expenditure incurred was made in vain or could have been avoided resulting in fruitless and wasteful expenditure

28. Expenditure incurred was made in vain, and could have been avoided had reasonable care been exercised, as set out in section 1 the definition of “fruitless and wasteful expenditure” of the MFMA.

INTERNAL CONTROL

29. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the MFMA, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the deficiencies identified during the audit.

• **Leadership**

Oversight responsibility

The accounting officer does not exercise oversight responsibility over reporting and compliance with laws and regulations.

Tone at the top

Management’s philosophy and operating style do not promote effective control over reporting.

The accounting officer does not evaluate whether management has implemented effective internal controls by gaining an understanding of how senior management has met its responsibilities.

Action to mitigate risks

Actions are not taken to address risks relating to the achievement of complete and accurate financial and performance reporting.

• **Financial and performance reporting**

Quality reliable AFS

The financial statements and performance information were subjected to material amendments.

The financial statements and other information to be included in the annual report are not reviewed for completeness and accuracy prior to submission for audit.

Proper record keeping

Requested information was not always available and supplied without significant delay.

Adequate systems

General information technology controls are not designed to maintain the integrity of the information systems and the security of the data.

Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised, and are completely and accurately processed.

- **Governance**

- Risk identification*

- Risk identification does not have a formal risk assessment process

- Fraud prevention*

- A fraud prevention plan is not documented and used as per requirements of the applicable legislation

- Internal Audit*

- The municipality does not have an internal audit section

- Audit committee*

- The audit committee did not fulfil its responsibilities as set out in legislation and in accordance with accepted best practice

Auditor-General.

Polokwane
30 November 2010



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

CHAPTER 5: Infrastructure Development & Service Delivery

1. Summary of Performance Report.

This portion gives a summary of actual annual departmental performance against IDP objectives, SDBIP and Performance contracts.

TECHNICAL SERVICES DEPARTMENT ANNUAL PERFORMANCE REPORT

No	KPA	Strategic Initiative	Key Performance Indicator	2008/09 Baseline	2009/2010 Target	Evidence	Actual Performance
1.	Municipal Transformation and organization development	Performance Management System	Signing of performance agreement by the director	1	1	See attached contract	Contract signed by acting municipal manager
			Departmental PMS quarterly review conducted	4	4		3
			Individual PMS reviews conducted	4	4		3
		Staff recruitment	Number of vacant posts filled within the department		6	organogram	0
		HRD training and skills development	Number of staff trained in line with WSP within the department	11	15		7
		Departmental employment equity target	% of employment targets achieved within the department	16%	100%		90%
		IDP Review	Reviewed IDP	1	1	Approved IDP	1
2	Basic service delivery and infrastructure development	Access to water services	Number of households with new water connections	55%	15938		80 %
		Access to free basic water	Number of poor households receiving free basic water	40%	267		267
		Access to sanitation services	Number of new households provided with waterborne sanitation services	80%	500		143
		Access to rural sanitation Makgalong, Ramatjowe, Springs, Maphosa, sekonye, sekakene, Phasha, Skhokho/Matseke,	Number of households provided with access to sanitation according to RDP standards	66% of VIP's completed	1500		1500

	Polata, Wesphalia and Madikana					
	Refuse removal	Clean and healthy environment	55%	100%		70%
	Access to electricity services	Access to electricity	DME and CDM have already appointed consultants for projects	20859		19000
	House connections	Access to electricity	95%	300		300
	Access to free basic electricity service	Access to free basic electricity	95%	267		267
	Construction of new roads	Km of road tarred against total km of road planned to be tarred	20% complete; the contractor has just been appointed	5.5km		100%
		Km of road tarred against total km of road planned to be tarred	55% Completed	1.9km		100%
		Km of road tarred against total km of road planned to be tarred	50% complete	5.5km		
	D1200	Km of road tarred against total km of road planned to be tarred	55%	5.1km		
	Grading and regravelling of internal streets	Km of road tarred against total km of road planned to be tarred	10%	50%		
	Marama Taxi Rank project	Upgraded taxi rank	90%	100%		
	Morebend taxi rank	Upgraded taxi rank	90%	100%		
	Eisleben taxi rank	Upgraded taxi rank	20%	100%		
	Public facilities	Community Hall completed	75% completed	100% of Mogwadi hall		
	Number of highmasts constructed at Mogwadi against total highmasts planned	Evaluation complete	8 highmasts	35%; contractor to appointed		
	Number of highmasts	Evaluation complete	5 highmasts	35%;		

		constructed at Morebeng/Capricorn Park			contractor to be appointed		
		% completion of the Mogwadi Office Extension	60% complete offices	100% complete	100% to be fully completed		
3.	Local Economic Development	Local SMME's preferential procurement	% of local SMME's procured against total budget of contracted services				
		Job creation opportunities	Number of EPWP jobs created	0	150	Employment of project	150
			Number of EPWP learner to be trained				
4	Financial Viability Management	Utilisation of departmental budget	% capital budget expenditure against total capital budget allocation		100%	See attached payment certificate	90%
			% operational budget expenditure against total operational budget allocation		100%	See financial statements	100%
		Resolving audit queries from AG satisfactory and timeously	% of audit queries resolved within the department within ten days of receipt		100%	Responses to AG	All queries attended to
5	Good Governance And Public Participation	IDP public participation	Number of IDP public session attended		4	IDP attended register	3
			Number of IDP public issues resolved		70%	100%	95%
		Electricity Forum	Number of Electricity Forums held		100 %	10	10
		Water and Sanitation Forum	Informed committee members		100 %	10	10
		Policy Development	Number of policies developed			Number of policies adopted by municipal council	

2. Water Management

A. Water Projects

The overview of the area includes provision of affordable, clean bulk and potable water according to RDP standard to 100% of the population by 2008.

B. Water Operations & Maintenance

KPA	PROGRESS	CHALLENGES	REMEDIAL ACTIONS
Free basic water implementation (First order strategy)	<ul style="list-style-type: none"> Capricorn District Municipality is a water services authority. Molemole Municipality is appointed as a Water Service Provider. The 27296 households have access to water services. 	<p>Inefficient cost recovery for water services from the water authority and the client.</p> <p>The water access backlog of 5574 households.</p> <p>Unreliable water source, dependency on underground water source.</p> <p>No water treatment facility posing risks on water quality levels.</p> <p>Ageing water infrastructure and lack of maintenance plans.</p> <p>Inconsistent water supply.</p>	<p>Correct billing.</p> <p>Facilitate implementation of water infrastructure projects by CDM to reduce water access backlog.</p> <p>Facilitated for the identification of a reliable water source.</p> <p>Source funding for development of a treatment plant.</p> <p>Increase maintenance budget and develop maintenance plan.</p>
Free basic water implementation (Second order strategy)	<ul style="list-style-type: none"> Molemole Local Municipality has developed an indigent register for all the areas where cost recovery is implemented. The district is subsidizing the indigents in terms of paying back the money to the municipality for the six kilolitres consumed by the indigent population. 	<p>The challenges were that the management of free basic water provision by Molemole Local Municipality requires support from CDM in terms of further improving implementation of cost recovery in other areas.</p>	<p>The appointment of Molemole Local Municipality as a WSP and the technical support to be offered will assist in improving the challenges.</p> <p>Submission of FBW monthly returns by Molemole Local Municipality is a matter that requires an improvement.</p>
Operations and Maintenance of water schemes	<ul style="list-style-type: none"> The core responsibility of the division is to ensure sustainability in operations and maintenance of municipality water schemes. Five water tankers provide water. Electricity account for boreholes changed to CDM to accelerate payment and avoid electricity cut offs. Diesel engines mounted on trolleys to minimise theft. 	<p>Electricity cutoff due to non or late payment for electricity.</p> <p>Inadequate water tankers and communal tanks.</p> <p>Inadequate water storage facility.</p>	<p>Direct billing of electricity for water to CDM.</p> <p>Increase water tankers and communal tanks.</p> <p>Facilitate construction of water reservoirs.</p>

SANITATION

KPA	PROGRESS	CHALLENGES	REMEDIAL ACTIONS
SANITATION	<ul style="list-style-type: none"> Capricorn District Municipality is the authority and the municipality is the service provider. 23093 households have access to sanitation services. All villages make use of pit latrine sanitation facility. 	<ul style="list-style-type: none"> Lack of natural water sources to roll out waterborne sanitation. The municipality is threatened by waterborne disease, such as cholera. Lack of funding. 	Identify reliable water source. The municipality to collaborate with the district to increase and supplement.

REFUSE REMOVAL

KPA	PROGRESS	CHALLENGES	REMEDIAL ACTIONS
REFUSE REMOVAL	<ul style="list-style-type: none"> Refuse removal is the competency of the municipality, whereas waste management is a district function. About 3860 households, constituting 14,1% have access to removal. The backlog is huge, about 23 435 households, which represent 85,9%, do not have access to any form of refuse removal services (Community Survey, Stats SA 2007). 	Littering and the use of unlicensed dumping sites is a recipe for environmental disaster.	The municipality must put a budget aside to construct a standard, licensed landfill.

PUBLIC TRANSPORT AND ROADS

KPA	PROGRESS	CHALLENGES	REMEDIAL ACTIONS
Public transport	Eighty seven percent (87%) make use of public transport, in the form of taxis, buses and trains.	Poor maintenance of road facilities and inadequate accessibility to the majority of community	The municipality must facilitate the improvement of the transport system through the Department of Roads and Transport.

ROAD NETWORKS

KPA	PROGRESS	CHALLENGES	REMEDIAL ACTIONS
Roads	<ul style="list-style-type: none"> About 90 % of the road networks in Molemole are made up of gravel roads which are poorly maintained. Molemole has about 398 km of roads of which only 10 km are tarred. The backlog is about 388 km of roads which require tarring. The road networks in the municipality are in a sorry state. 	Lack of sufficient funding	<p>Proposals of all municipal roads and internal streets have been compiled and sent to MIG for consideration.</p> <p>Facilitate with the district and the Dept. of Roads and Transport to make funds available for district and national roads.</p>

I. Electricity

KPA	PROGRESS	CHALLENGES	REMEDIAL ACTIONS
Energy Services	<ul style="list-style-type: none"> • Molemole Municipality holds an electrification license in two towns, namely Mogwadi and Morebeng. In the villages Eskom is the service authority, • According to census 2001 about 21 590 households had access to electricity and the number increased to 25 577 households in 2007 (Community Survey, Stats SA). • The backlog is only 1 739 households. According to DME (2008), 25 849 households, representing 84,0%, have access to electricity. • The backlog is at 4942 households or 16,0%. • The majority of households in Molemole receive free basic electricity. However, there are a sizeable number of households who rely on firewood as a source of energy. • About 8 272 indigent households in areas supplied by Eskom have access to free basic electricity according to DME (2008). The municipality has electrified 725 at Maphosa, 100 at Mogwadi RDPs, and post-connection of 587 households. 	<p>A problem was the delay in ESKOM approving designs hence delays in implementation. In some instances ESKOM also cited lack of supply capacity which affected progress.</p> <p>The establishment or expansion of settlements without prior involvement of the municipality impedes proper planning and rollout of services.</p>	<p>Greater forward planning is required to ensure effective and efficient power supply.</p> <p>The municipality has to improve its relationship with Magoshi in order to enable smooth and timeous provision of services.</p>

LOCAL ECONOMIC DEVELOPMENT & PLANNING DEPARTMENT ANNUAL PERFORMANCE REPORT

No	KPA	Strategic Initiative	Key Performance Indicator	2008/09 Baseline	2009/2010 Target	Evidence	Actual Performance	Comments
1	LED	Detergent factory	Establishment of factory site at N1	Business plan developed	Completion of the building structure	Council resolution	Project deferred	Project deferred due to lack of funds.
2	LED	Letswatshehong Poultry Project	Drilling of water and installation of tank	Delapidated poultry	Completion of the project	Council resolution	Project deferred	Project deferred due to lack of funds.
3	LED	Mining and development of study	Mineral scan	No information on the available minerals in the municipality	Finalization of the document and approval by the council	Mineral scan document and Council resolution.	Mineral scan complete	
4	LED	Mohodi Arts Project	Establishment of arts project	Fencing completed	Completion of the building	Council resolution	Project deferred to 2010/2011	Project deferred due to lack of funds.
5	Transformation	Job creation opportunities	Number of EPWP jobs created	Update on job opportunities created	150	Employment records of projects	150	
6	Transformation	Training of EPWP learners	Trained EPWP learners	0	22	List of training interventions for learners	Trained 32	
7	LED	Register cooperatives	Number of registered cooperatives	0	50	List of registered cooperatives	50 cooperatives registered	
8	Financial Viability	Data for local service providers	A credible database	0	100% completion	Database	100% completion	
9	Transformation	Compile data for unemployed graduates	Credible database	0	100%	Unemployed graduates database	Compiled database for unemployed graduates	Some of the graduates have since been employed

10	Good Governance	LED forum functionality	Number of LED forum sittings held	Forum has been formed	4 LED forum session held	Attendance registers	4 LED session held	
11	Good Governance	Land Use Management Promulgation	Implementation of LUMS	0	100% completion	LUMS Gazette. Application forms	Trained traditional authorities; Promulgation of LUMS and administration of land use applications	
12	Financial Viability	Township Establishment Ext. 6	Demarcation of new erven	0	100% completion	See attached	Prepared layout and conducted feasibility study. Pegging and final approval outstanding.	Delays with the Tribunal Committee at DLGH to approve the layout.
13	LED	Filling station	Fully functional filling station	0	100% completion	Copies of adverts and EIA approval.	Advertised & appointed a service provider. Environmental Impact Analysis conducted and approved. Awaiting SANRAL approval on off-ramps leaving and entering the station.	Delays on the side of SANRAL in granting the approval.
14	Good Governance	Imbizos with Magoshi	Number of workshops on LUMS	Inadequate understanding of LUMS	100% completion of workshops	Attendance register	4 workshops held	
15	Good Governance	R188 application	Timeous issuing of PTO's	0	120	PTO applications	120	
16	Good Governance	Approval of building plans	% compliance of buildings constructed with NHBRC standard	0	10	Plans & proof of payment	10	

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B. Molemole Local Municipality Economic Development

Economic development is the third priority of the Molemole municipality. The objectives of this department are derived from organisational strategic objectives contained in the approved IDP for 2009/10 financial years. These objectives are as follows:

- To create and promote Molemole Local Municipality Economic Development (LED) initiatives in the SMME sector.
- To increase job creation in the municipality by 10% on a yearly basis.
- To support and promote major economic sectors in the municipality: agriculture, mining, tourism, manufacturing and construction.
- To promote the municipality as a tourism and investment destination area.
- To promote Broad Based Black Economic Empowerment (BBBEE) within the municipality.

Key areas of focus for the 2009/10 are therefore discussed below:

1. Support and Develop Manufacturing Sector

PROGRESS	CHALLENGES	REMEDIAL ACTIONS
a) A feasibility study and business plan for a detergent factory has been completed <ul style="list-style-type: none"> • Site for the detergent factory establishment has been identified at N1 (Machaka) • The Machaka tribal authority has released two hectares for the establishment of the factory • The study has been posted on the Molemole website to attract possible investors 	Lack of funding for the construction of the project	Rigorous advertisement of the factory to attract possible investors
b) Botlokwa Indigenous Food Processing <ul style="list-style-type: none"> • The construction and supply of machinery has been completed • Beneficiaries trained on indigenous food production • Production has commenced on peanut butter, marula jam and atchar, and prickly pear jam. • The beneficiaries have already secured LATS certification for standardised food production 	Production and sale of food is slow because of the lack of a local market and transport to the market.	Collaborate with the Department of Agriculture for financial assistance

2. Support and Development of Agricultural and other Sectors

PROGRESS	CHALLENGES	REMEDIAL ACTIONS
a) Molemole Agricultural Forum has been established <ul style="list-style-type: none"> • Three executive meetings have been held. • Members of the forum have visited land reform projects to identify challenges and suggest possible interventions 	Lack of commitment	The municipality, in collaboration with the Department of Agriculture, should encourage constant attendance by executive members.
b) Registered 53 co-operatives	Lack of funding	The department, in collaboration with LIBSA, to assist co-operatives to access funding
c) Completed Letswatshemong Poultry Project	Lack of sufficient funding production	The municipality, through LIBSA, has secured additional funding to ensure sustainability

3. Support and Development of Mining Sector

PROGRESS	CHALLENGES	REMEDIAL ACTIONS
a) Completed mineral scan. <ul style="list-style-type: none"> • Posted mineral scan on Molemole website for attraction of potential investors • Kumba Iron Ore and Arcelor Mittal South Africa have secured a 50:50 joint venture for Zandriverspoort Iron Project. • Assisted the Machaka Quarries to produce a partner for crush production 	<p>Lack of extensive marketing of the document</p> <p>Social labour plan not been developed</p> <p>The production has stopped because the partner has withdrawn the machinery</p>	<p>Make funds available to ensure adequate marketing.</p> <p>The Department of LEDP should facilitate the development of the social labour plan prior to the start of production for local communities to benefit</p> <p>Machaka community should be assisted to get a new partner.</p>

4. Partnership with LIBSA in Promoting and Supporting SMME

PROGRESS	CHALLENGES	REMEDIAL ACTIONS
<p>Trained 250 SMMEs</p> <ul style="list-style-type: none"> • Facilitated access to funding for two SMMEs 	<ul style="list-style-type: none"> • Lack of enough funding from the sector department • Lack of business plans 	LEDP to collaborate with the sector department to increase funding on training SMMEs. Collaborate with LIBSA to assist SMMEs in the development of business plans

5. EPWP Job Creation

PROGRESS	CHALLENGES	REMEDIAL ACTIONS
<p>Created 112 job opportunities</p> <ul style="list-style-type: none"> Facilitated access to funding for two SMMEs 	<ul style="list-style-type: none"> Lack of more labour intensive projects 	<p>Departments such as Infrastructure and Basic Services, LEDP and Community Services, should create more labour intensive job opportunities.</p>

6. Investor Attraction

PROGRESS	CHALLENGES	REMEDIAL ACTIONS
<p>a) A developer for Mogwadi garage and truck-inn has been procured.</p> <p>b) Mogwadi shopping complex tender has been advertised</p>	<ul style="list-style-type: none"> Delays in approval of off-ramp by SANRAL Delays in supply chain processes 	<p>LEDP to communicate with SANRAL to speed up approval</p> <p>Fast track the appointment of the developer</p>

C. Strategy and Planning

The overview includes activities associated with the promotion of integrated development planning in order to achieve integration and harmonization of service delivery. It highlights the achievements, challenges experienced, expenditure to date and proposed interventions to improve the future performance of the Unit.

The objectives of the Strategy and Planning was derived from the organisational strategic objectives in the IDP to perform and give support to the following functions:

- To coordinate integrated development planning;
- To facilitate development of sustainable policies and strategies for the municipality;
- To forge strategic partnerships to enhance service delivery and socio-economic development;
- To ensure community participation and involvement to ensure that sustainable communities are built;
- To conduct research for proper planning and service delivery in the municipality;
- To enhance co-ordination of departmental activities within Molemole Local Municipality by national and provincial departments.

A. Social Development

KPA	PROGRESS	CHALLENGES
	To engage programmes that foster participation, interaction and partnership between the municipality and its stakeholders for effective service provision and development of the municipality	

KPA	PROGRESS	CHALLENGES
<ul style="list-style-type: none"> Socio-economic Impact Study 	The project was at the tender stage. This is a multi year project that seeks to improve the socio-economic status of the citizens of the municipality.	University of Limpopo was appointed by the district
<ul style="list-style-type: none"> Community Based Planning (CBP) 	<ul style="list-style-type: none"> □ Ward planning was concluded in 11 wards of the municipality. □ The CBP/IDP linkage sessions including the IDP format write up ensured that the first draft IDP is inclusive of the CBP issues (ward plans) 	Inadequate resources to realise CBP

A. Regional & Town Planning Unit

KPA	PROGRESS	CHALLENGES
Land Use Management	Issued 150 PTOs certificates	Delay in approval of PTOs by DLG&H
Town Planning	Approved building plans	Rural residences do not submit their building plans for approval.

COMMUNITY SERVICES DEPARTMENT ANNUAL PERFORMANCE REPORT

No	KPA	Strategic Initiative	Key Performance Indicator	2008/09 Baseline	2009/2010 Target	Evidence	Actual Performance	Comments
1	Basic Services: Makgato Pre-School.	IDP / Budget Review	Completed pre-school at Makgato	No pre-school	Completed pre-school	Council resolution	Project deferred	Project deferred due to lack of funds.
2	Basic Services: Ramokgopa Park.	IDP/Budget Review	Established park	No park at Ramokgopa	Established park	Council resolution	Project deferred	Project deferred due to lack of funds.
3	Basic Services: Environmental Management	IDP/Budget Review	4 awareness campaigns held	Held two campaigns	4 campaigns held	Held two in Botlokwa and two in Mohodi	100%	We even developed the IEMP &F
4	Basic Services: Disaster Management	IDP/Budget Review	4 awareness campaigns held	Held two campaigns	4 campaigns held	Held two in Botlokwa & Mohodi	100%	Disaster management plan developed
5	Basic Services: Housing Provision	IDP/Budget Review	Credible waiting list	No waiting list	Waiting list available	Waiting list used when allocating Mogwadi RDP houses	100%	Waiting list is informing allocation of RDP houses by DLG&H
6	Basic Services: Health & Social Development	IDP/Budget Review	Functional structure	No coordinating structure	Established forum	Forum established in May 2009	100%	Forum is coordinating social issues
7	Basic Services: Facilities	IDP/Budget Review	Functional Thusong centers	Centers not functioning properly	Functional centers	Centers are functional and report monthly	100%	We still have a challenge of ownership of the circuit
8	Good Governance: Monthly Meetings	IDP/Budget Review	Monthly meetings held	Meetings held after long time	Monthly meetings held	Meetings are held and report to portfolio	100%	All sections are able to raise issues in the meeting
9	Basic Services: Crime Prevention	IDP/Budget Review	Established Community Safety Forum	No coordinating structure	Functional forum	Forum established & functional	100%	The chairperson and secretary are representatives in the district forum
10	Public Participation: Sports Activities	IDP/Budget Review	Community participate in sports events	Community participate in events organized by province	Organize mayor's tournament	Mayor's cup organized in December 2009	100%	Winners were given prizes

11	Public Participation: Arts and Crafts	IDP/Budget Review	Community participate in arts and craft events	No arts and craft events	Community participating in arts and craft	Community participated in Maphungubwe arts festival	100%	We had some of crafters selling items to tourists
12	Financial Viability: Law Enforcement & Licensing	IDP/Budget Review	% increase in revenue generation	Revenue generated minimally	An increase in revenue generation	Generated R4,2m in this financial year	100%	The grade of our municipality has increased
13	Financial Viability: Mogwadi DLTC	IDP/Budget Review	Functional DLTC	DLTC not functional & not registered	Registered & functional DLTC	DLTC registered & functional	100%	We started with renewal of licenses & will open other services after appointment of staff

D. Community Services

The Department of Community Services comprises of three units: Traffic Law Enforcement and Licensing, Social Services, and Public Facilities.

The Department is guided by the following IDP objectives in performing its duties: To facilitate access to sports, arts and culture facilities; facilitate access to health facilities; to facilitate access to education facilities; to ensure that there is proper maintenance and management of graves; to facilitate the reduction of crime in Molemole municipality; to enforce compliance with traffic laws and provide licensing services. This report addresses progress registered on 2009/10 financial year projects for the individual units:

A. Environmental Management

KPA	PROGRESS	CHALLENGES	REMEDIAL ACTIONS
Land-fill establishment at Ramokgopa	Land has been obtained and geotechnical and geohydrological studies completed	Tender re-advertized due to SCM challenges.	Speed-up appointment of contractor

b. Traffic and Licensing

KPA	PROGRESS	CHALLENGES	REMEDIAL ACTIONS
Traffic Policing <ul style="list-style-type: none"> Conduct 264 operations 	258 operations conducted	Plans hindered by unplanned escort duties	Escort programme be provided in time
<ul style="list-style-type: none"> Conduct 72 joint road blocks with SAPS, SANDF and provincial traffic officers 	21 joint road blocks conducted	Shortage of personnel and activities from the World Cup 2010	Appoint additional personnel and strengthen the relationship with the SAPS and SANDF.

• Develop charge book for traffic fines	Charge book developed and implemented	None	None
• Execution of warrant of arrests	80% of the authorized warrants were executed	Wrong addresses and some warrants are outside the province	AARTO will address the challenge
• Discontinue unroadworthy vehicles	24 unroadworthy vehicles were discontinued	None	None
• Maintenance of traffic equipment	All traffic equipment is serviced as required by NRTA	None	None
• Open Mogwadi DLTC	DLTC opened with only one E-Natis clerk	Shortage of examiners and other personnel	Appoint staff for the DLTC

c. Sports, Arts and Culture.

KPA	PROGRESS	CHALLENGES	REMEDIAL ACTIONS
Revived the Sports and Recreation Council	The Council is revived	Lack of commitment from members of the council	Ensure that elected members are trained and given action plans
Organize Mayor's tournament	Mayor's tournament organized	Lack of proper coordination	Appoint a Sports Officer to coordinate tournament
Functionalize sports hubs	Mohodi and Ramokgopa hubs are functional	Ramokgopa hub not fully functional	Fill the coordinator position

Budget & Treasury Office

Strategic Initiative	Key performance indicator	Annual target	Actual performance	Evidence	Comments
Performance Management System	Signing of performance agreement by the director	1	Signed	Performance contract	The scoring was based on the actual performance.
	Departmental PMS quarterly review conducted	4	2 performance reports submitted		The item is part of the overall performance area
	Individual PMS reviews conducted	4	1		
To develop SDBIP inline with MFMA requirements	Credible SDBIP	100 % Credible SDBIP	Credible SDBIP developed	SDBIP	
To submit monthly, quarterly, and half yearly reports to Exco, Council, portfolio, province and Treasury	100 % Financial reports submission	100 % Submission	Submitted monthly to exco, Council and Treasury Reports submitted to all stakeholders	Section 71 reports	Have gone beyond the expectation by developing a user friendly format for local use.
Staff Recruitment	Number of vacant posts filled within the department	100%	No positions were filled. This affects performance and compliance	Council resolution	
HRD Training and Skills Development	Number of staff trained in line with the WSP within the department	20	20 Employees	Training manual	Have trained employees in the department in a general understanding of overall department functions
Capacity building on CRM and Billing Processes Engineering to maximize revenue capacity	Number of staff trained against total staff planned to be trained		20 Employees trained	Training manual	
Development of MTREF in line with IDP and MFMA requirements	Credible MTREF	Credible MTREF budget	No multiyear plans provided in the IDP on projects to determine backlogs	IDP / Budget	Projects not planned on MTREF by Council
Strategic Initiative	Annual target	Actual performance	Evidence	Manager's Comments	

Review tariff and indigent policies	Annual revision of Tariff and indigent register	Policies adopted end May 2010	Council resolution	
To allocate resources for free basic services in the budget	30%	Allocation not made to the indigents,	Indigent register compiled	Not all areas in the municipality were included in the register; the towns will be finalised by 30 November 2010. Service provider was appointed by CDM
Strategic Initiative	Annual target	Actual performance	Evidence	Manager's Comments
Local SMME – preferential procurement	50%	55%	More preferential points allocated to local suppliers during appointment	
Job creation opportunities	50%	0		No EPWP projects were registered during 2009/2010
Ensure that 60 % of budget is spent on local HDSA SMMEs and BEE	50% of budget utilized	All projects were appointed on BEE scoring	Appointment letters and order forms	
To functionalize Bid Committee	All bids processed through Bid Committee	All Bid Committees are in in place and functional	Appointment letters for Bid Committee members	Previously there was no bid specification committee and currently they are in place in compliance with the Act. Non compliance with time frames allocated to finalised bids were as a result of irregularities such as contradictions between bid and adjudication committees
To establish functional SCM Unit	100 % operation SCM unit	SCM unit plan	SCM unit plan in place	
Strategic Initiative	Annual target	Actual performance	Evidence	Manager's Comments
Utilisation of Departmental budget	100%	Monthly cash flow monitored	Monthly reports to Council, Exco and	Repairs and maintenance budget overspent due to obsolete machinery and cars as well as continuous collapse of

			t budget and AFS 2009/2010	
	100%	115% spent on the operational budget	Monthly reports to council, exco and portfolio committee. Adjustment budget and AFS 2009/2010	minisubs and transformers, including overtime claims
Resolving audit queries from AG satisfactorily and timeously	100%	Only 80% of the audit queries were responded to	Management report	The non-availability of internal audit and audit committee to assist. Unavailability of key staff during the audit
To facilitate implementation of GRAP and GAMAP	100	AFS compiled on full GRAP	Annual Financial Statements 2009/2010	
Perform annual stock reconciliations	2 stock reconciliations	2 reconciliations performed	Reconciliation reports for January and June 2010	Done during December with AG and on 31 June 2010
To manage requisition and maintain stock levels	100%	100% per quarter	All requisitions are signed off by the HOD's, end budgets confirmed before orders are issued	Proper storeroom not in place for keeping stock levels. The non-appointment of the Head of Supply Chain Management
Develop a general valuation roll in line with Property and Rates Act no 6 of 2004	Completed valuation roll	General valuation roll submitted and adopted for implementation	General valuation roll implemented from 1 July 2009 in accordance with MPRA and implementation dates for low capacity municipalities	
To collect 100 % debt due to the municipality	50% debt reduction	20%		The suspension of rates payment by community due to uncertainties in the MPRA

				implementation
Budget expenditure monitoring			Reports sent to portfolio committee, Exco, Council, provincial and national treasury(s71)	Commitments for multi year projects made within 1 financial year
	100%	120%	Reports sent to portfolio committee, exco, council, provincial and national treasury(s71)	
Strategic Initiative	Annual target	Actual performance	Evidence	
GRAP and GAMAP compliant financial statement submitted timeously	Annual Financial Statement submitted by 31 August	AFS submitted on the 31st August 2010 to AG, PT and DLGH, 100 % compliance. AFS compiled using the SCOA format as recommended by national treasury	Annual Financial Statements	
To obtain Unqualified financial statements	Qualified audit opinion for 2009/2010	Audit in progress	Annual Financial statements	
To perform all financial reconciliations	100%	Reconcilliation on creditors, retentions and debtors done monthly,	Reconcilliation on creditors, retentions and debtors done monthly, including the clearance of suspense account	
To ensure that creditors are paid within < 30 days	100%	90%	Council, Exco and portfolio committee minutes	Creditors were paid late in June 2009 and February 2010 due to the unavailability of cash flow resulting in overcommitments in projects
Financial record keeping	100% record	100%	All recording placed and filed in proper locked file	

Strategic Initiative	Annual target	Actual performance	Evidence	
Review credit and debt control policies	Credit and control policy reviewed	Policies adopted in May for implementation in July	Council resolution	
To establish an asset and inventory management office	100 % Accountability of assets and inventory	Asset register compiled in line with GRAP 17	Fixed assets register. Report on unbundled electrical assets in Morebeng.	
Establish a credible and updated register	100 % updated register	Asset register compiled in line with GRAP 17, updated monthly	Fixed assets register	
Develop and implement asset management policy and procedures	Asset management policy adopted by municipal council	Adopted in May for implementation from July 2010	Council resolution	
Public participation in the budget and IDP process	5	IDP/Budget meetings held with the community	Attendance register and invitations to the meetings	

CORPORATE SERVICES DEPARTMENT

KPA	Strategic Initiative	2008/2009 'Baseline	2009/2010 'Annual Target	Actual Annual Performance	Annual Evidence	Comments
Good Governance	Fleet Maintenance	Fleet maintenance previously centralised and allocated R1 200 000 for whole municipal fleet; fleet maintenance decentralised for 2009/2010	Adherence and/or saving on maintenance budget provision as well as 100% adherence to fleet maintenance schedule	Saved 2.3% of budget. Adherence to maintenance schedule	Budget statement	
	Fleet Disposal	4 sedans and 2 bakkies have passed their usage period	Disposed off 4 obsolete vehicles i.e 4 sedans & 2 bakkies	No fleet disposed	Asset register	
	Fleet acquisition	2 x traffic bakkies, 5 x traffic sedans, 2 kombis, 1 x traffic trailer, 2 messenger services bakkies, 4 x messenger service sedans & 1 x mayoral vehicle	Purchase 1 x mayoral vehicle, 2 x bakkies and 2 x sedans	Purchased mayoral vehicle	Asset register	Inadequate budget allocation
	Fleet Control and Tracking	Fleet authority in place; gaps in tracking actual fleet movement	Installation of movement tracking device in 16 vehicles	Tracking devices installed on vehicles	Netstar invoices	
	Fuel Usage	Spent R 120 0000 on fuel during 2008/2009	100% compliance with budget provision for fuel	Saved 19.5%	Budget statement	

Integrated Administration System	Registry, Filing and Archiving	Filing cabinets, file plan, document register, photocopier and facsimile facilities in place	Private Bag mail system, fully functional filing and archiving system. Upgrade of registry and archives to meet the national registry and archives standard and courier services	Private Bag system in place. Draft registry policy waiting for approval.	Private Bag. Draft policy.	
	Customer Relations Management	Comments & complains book in place, no customer satisfaction surveys	Conduct 1 customer satisfaction survey, 75% Customer satisfaction ratio, improve complains response time and weekly referral of complains/comments/suggestions	Draft policy developed. Suggestion book in place	Draft Customer Relations Policy. Suggestion Book	
	Communication system	The telephone management system in place; policy in place.	100% implementation of the telephone and cellphone policy; reduction of telephone costs by 10% and recovery of monies for private calls	Telephone management system in place. Telephone Policy adopted	Telephone Policy and Telephone management system	
	Cleaning and Maintenance of premises	Cleaning services provided at all municipal premises daily	Increase the personnel capacity to support the service for the additional municipal service points; high level of cleanliness.	Cleaning roster developed. Additional staff not employed.	Cleaning roster	

	IT Network System	Computer hardware and software in place; servers available and functional and challenges with network capacity to support the internet and email facilities	Upgrade of ITC network; integration of ITC operating systems and installation of network for the remote municipal offices	Partitioning of server room and installed raised floor.	Invoice and letter stating liquidated service provider. Server room	Appointed service provider and who was later liquidated. Appointed 2nd service provider who completed 10% of work at the end of 2009/2010 financial year.
	Information Communication and Technology	No control measures or policy to regulate the use of ITC infrastructure and software	Development of municipal ITC policy; approval of ITC Policy and 100% implementation of ITC Policy	Completed draft policy	Draft ITC Policy; backup, and password policies	
	Security Services	Security company appointed to render the services at municipal premises	Evaluate the performance of the security service provider quarterly, authorise payment for services rendered by the security service provider, conduct a security assessment and develop a security plan for the municipality	Invoices paid within stipulated time as per SLA	Payment vouchers	
Council Support and Legal Services	Council Coordination	Secretarial services in place, Council agendas developed and circulated, Council meeting notices published, challenges with adherence to	Council meetings calendar adopted and published; timeous compilation and circulation of council agendas to members; coordination of	Meeting calendar adopted and publicised (website). Agendas circulated 7 days before. Notices issued in accordance with applicable legislation.	Meeting calendar. Agendas/ minutes/ attendance register.	

	legislated timelines	council meeting venues and issuing of notices of council meetings in accordance with applicable legislation and adoption of council support operating manual.			
Committees support and coordination	Adopted committee meetings calendar, publishing of meeting calendar, issue notices and invites for meetings, compile agendas, coordinate venues and logistics for the meetings, provide administrative support to committees	Compile, circulate and issue meeting calendars, notice of meetings, agendas and take and keep minutes for all portfolio committees, Executive committee, Oversight Committee, Audit Committee, Management Committee and all workplace committees in accordance with the rules and legislations of the applicable committees	Meeting calendar adopted and publicised (website). Agendas circulated 7 days before. Notices issued in accordance with applicable legislation.	Meeting calendar. Agendas/ minutes/ attendance register.	
Ward Committee support and coordination	Administrative support given to ward committees, challenges in capacity to give hands-on support to	Functional ward committees; appointment of ward committee coordinator; development of	Ward Committees meeting quarterly. Ward Committee Coordinator advertised and frozen. Ward plans developed	Newspaper clips	

	ward committees	ward plans; integration of ward plans into IDP			
Resolution administration	All resolutions scheduled and presented for consideration by management	Develop resolution flyers; refer all resolutions to responsible persons and supply extracts when required. Ensure that the Speaker has all the resolutions	Resolutions provided to Speaker, Exco and Council. Extracts given to third parties on request, e.g. MGF, Standard Bank, Nedbank, MEPF	Management committee meeting agenda and Executive Committee meeting agendas.	
Legal Services	1%	0% litigations against the municipality	2 pending cases against the municipality.	Summonses/Notice of Motion	
Minute Taking	All Council minutes are taken and kept by Council support; challenges in taking minutes for other Council committees and workplace committees	All minutes of Council, Council committees and workplace committees taken and kept by Council support and all minutes to be approved accordingly	Copies of minutes are kept by Council Support	Minutes	

Organisational Structure and Human Resources Administration	Filling of top management posts	5 positions of Section 57 managers filled. 1 vacant	Filling of 6 top management posts	4 positions filled, 2 vacant	Employment contracts of 4 Section 57 Managers	Position of Manager Technical Services advertised; no suitable candidate found after interviews. Position of Municipal Manager became vacant the during the last quarter of the year. Position of Manager Technical Services readvertised for filling during 2010/2011.
	Recruitment for vacant posts	The municipal organogram provides for 212 positions of which 183 are budgeted for with 142 posts filled and 41 posts funded and vacant	Fill all 41 vacant funded positions; all posts to be filled within 4 months of being vacant	All vacant funded positions advertised. Due to a moratorium on the appointments following an uncertain financial position no appointments were made. All posts readvertised for filling during 2010/2011	Advertisements and Council resolution	The moratorium on new appointments prevented the attainment of the target
	Employee Engagement	Induction sessions conducted on all newly appointed employees; lack of policy guideline on employee induction	All newly appointed employees inducted and engaged into payroll within 14 days of appointment; Adopted Induction Policy and Procedure	No new appointments; 4 temporary employees absorbed as permanent employees. 1 new Councillor engaged during the financial year.	Payroll system	The moratorium on new appointments rendered the target nul and void
	Benefit Administration	Provide employee benefits to all qualifying benefits	100% provision of benefits to all qualifying employees; approval of benefits for employees and provide for employee benefits	Benefits advanced to all qualifying employees	Payroll	

<p>Leave Management</p>	<p>Leave records recorded and updated on leave records cards. Leave provision developed annually. Leave application forms processed and filed in personnel files. Limitations with leave application process and accuracy of leave credits</p>	<p>Develop a leave management policy and procedure. Upload leave records on payroll system. Update leave records on record cards, personnel leave files and electronic leave record system within 7 days of receipt. Develop a master leave roster</p>	<p>1. Leave policy in place 2. Leave not yet uploaded on the payday system 3. Leave records updated</p>	<p>1. Policy adopted by Council 2. Leave record cards</p>	<p>Historic leave records still need to be loaded on Excel and configured into the system to give leave totals</p>
<p>Attendance Register Management</p>	<p>All departments issued with attendance registers, attendance registers monitored monthly to reconcile attendance with remunerations and absence, and late coming reported. Limitations in tracking clock-in times for employees</p>	<p>Development and allocation of attendance registers. Monthly reconciliation of work attendance and remunerations. Monthly reporting of absence without leave and late coming.</p>	<p>1. All departments issued with attendance registers 2. Attendance variation reports submitted to Budget & Treasury office</p>	<p>Attendance register</p>	
<p>Overtime Management</p>	<p>Overtime paid to qualifying employees. Payment of overtime limited to 40 hours per month. Limitation with high rate of overtime claims</p>	<p>Cap overtime employees at 40 hours per month. Reduce overtime expenditure by 20% from previous financial years expenditure. Develop overtime management policy. Provide for</p>	<p>1. Overtime paid up to 40 hours per employee per month 2. Overtime provided for on budget 3. Overtime expenditure within budget</p>	<p>1. Payslips 2. Budget 3. Expenditure statement</p>	

			overtime on salary budget and ensure 100% adherence to allocated budget			
	Payroll Referral	Human Resources related payment requests submitted to Budget and Treasury for payment. Referred payment request filed in personnel records. Employees advised on payroll deductions on salaries.	All payroll matters to be referred at least 5 days before payday	1. Payments referrals made and filed	1. Personnel file 2. Payroll and payslips	
Employment Equity	Women Employed in Top Management	Women representation is at 17% at top management level	Set numerical targets and goals for the occupational level. Increase women representation to 33% at top management level	1. Numerical goals and targets not set 2. Women representation at top management is at 25%	1. Top management has 4 top managers appointed of which 1 is a female 2. 2 Top managerial positions vacant	
	Women Employed at Middle Management & Supervisory Levels	Women representation at middle management level is at 22%	Set numerical targets and goals for the occupational level. At least 35% women representation at middle management positions	1. Numerical targets for the occupational level not set 2. 22% women representation maintained. 3. Draft EE Plan & Policy in place	1. Staff profile	

Women Employed in the total staff	Women representation for the current workforce is at 38%	Set numerical targets and goals for the occupational level. Increase women representation to at least 50% women representation of the total staff compliment	<ol style="list-style-type: none"> 1. Numerical goals and targets for the gender not set 2. Women representation stands at 41%. 3. Draft EE Plan & Policy in place 	1. Staff profile	Employment Equity Policy and Plan not adopted
People with Disabilities employed at Top Management	0% representation	Set numerical targets and goals for the occupational level. 1% representation of people with disabilities within the top management level	<ol style="list-style-type: none"> 1. Numerical targets and goals for the occupational level not set. 2. Representation of people with disability at top management level is at 0%. 3. Draft plan & policy in place 	1. Staff profile	Employment Equity Policy and Plan not adopted
People with disabilities Employed at Middle Management & Supervisory Levels	0% representation	Set numerical targets and goals for the occupational level. 2% representation of disabled persons within the workforce	<ol style="list-style-type: none"> 1. Numerical goals and targets for the occupational level not set 2. 0% representation of disabled persons within the occupational level 	1. Staff profile	Employment Equity Policy and Plan not adopted
People with disabilities employed in total staff	0% representation	Set numerical targets and goals for the occupational level. 2% representation of people with disabilities within the workforce	<ol style="list-style-type: none"> 1. Numerical targets and goals for the occupational level not set 2. Representation of people with disabilities is at 1.4% 		Employment Equity Policy and Plan not adopted
Workplace Equity and Redress	Adopted employment equity policy, plan and report	Submission of EE report to the Department of labour and 100%	1. EE report submitted	Confirmation of submission from Department of Labour and copy of	

			implementation of the EE targets		report	
	Organisational Structure Review	Adopted organisational structure	100% implementation of the approved and organisational structure, and budget provided	1. Budget provision made for the approved organisational structure 2. 75% of the organisational structure implemented	Organisational structure and budget for 2009/2010 financial year	Moratorium prevented attainment of the strategy
	Human Resources Policy Review, Development and Implementation / Administration	Develop HR policies and procedures	Adopted policies and procedures	HR policies developed	Adopted policies	
	HRD Strategy Development	Functional human resources strategy	Implementation of the HR strategy	HR strategy not developed		No funding allocated for the development of the strategy. Requires research.
Performance Management System	Performance Management System	Development stage of Performance Management System	Functional PMS	1. Performance reporting done for the 1st and 2nd quarter. 2. Performance Assessment Panel established		
	Performance Framework	Not in place	PMS Approved by council	Performance Management Framework adopted	Council resolution & framework	
	Performance Agreement	Applicable but not compliant with regulations	6 performance contracts developed and signed	6 Performance agreements signed	Copies of 2009/10 performance agreement	Require cascading to lower level
	Organisational/departmental Performance Reviews	Not conducted previously	4 reviews per annum for 6 departments	2 reviews conducted		

	Assessment Panel	Not conducted previously	Functional performance panel	Performance Assessments panel established and trained	DBSA provided training	
	Annual Performance Assessment	Not conducted previously	Conduct 4 assessments for Section 57 Managers	No assessments conducted despite submission	Submitted reports	Competency of MM
	Performance Reviews	Section 57 contracts signed	Conduct 4 performance reviews per year per department	1st quarter & 2nd quarter performance reporting done	Midyear performance report	
Skills Development and Capacity Building	Develop a sound WSP	Submitted Workplace Skills Plan and annual Training Report to LGSETA by 30 June 2010	100% implementation of the Workplace Skills Plan	Workplace Skills Plan implemented	Annual Training Report	
	Implement a WSP	Submitted all required reports	Submission of 12 monthly reports, 4 quarterly reports and 1 annual report	12 monthly reports, 4 quarterly reports and 1 annual report	Copies of reports	
	Recover Skills Levies	Improve on the recovery rate of Skills Levies	Recover at least 60% of the Skills Levy contributed to LGSETA	No recovery made. All reports submitted		Disputes with LGSETA & SARS over prior years' Skills Levy contributions.
	Educational Bursaries and Scholarships	4 students receiving bursaries	Allocate Mayoral bursaries to at least 6 learners	4 students allocated Mayoral bursaries	Proof of tuition payments for 4 students	Inadequate budget
	Employee Development	Draft Bursary Policy	Offer study assistance bursaries to employees	No study assistance bursaries allocated to employees		No budget allocation for Employee Assistance Bursary
	Operate Internships	Creation of an opportunity for graduates to serve as interns in the municipality	2 interns appointed directly and 1 allocated by the district	2 x finance interns on Molemole payroll	Appointment letters	

	Provide opportunities for training and experiential learning	Fully operational policy				
Employee Relations	Stakeholders Engagement	Functional Local Labour Forum and its sub-committees as guided by section 12.4 of Organisational Rights Agreement	4 LLF sittings per financial year	5 LLF sittings in the financial year	Attendance registers	
	Policy Development	14 policies in place	9 adopted policies	12 policies developed & 14 reviewed	Council agendas	
	Policy Management	Adherence to all adopted policies and reduced confusion.		Compliance with policy provisions		
	Policy Education	General understanding of policies by all personnel		Held 2 management and Councillor workshop. Conducted general policy induction for staff		
	Workplace Discipline	Functional disciplinary tribunal and departmental disciplinary hearings.	0% misconduct	2 cases of misconduct reported and handled during the financial year	Personnel files	
Employee Wellness	Education & Awareness Campaigns	2 campaigns	8 campaigns conducted	Provided trauma counselling to employees and Councillors		
	Employee Support	Not conducted previously	Functional Peer Support Group	No peer support programme		
Occupational Health & Safety	Safety Audit	Not conducted previously	100 % compliance with safety	No incidents reported		
	Safety Education	<1% incident rate	0% injury rate	0% workplace injury rate	Occupational Injury Register	

	Medical surveillance	Not conducted previously	All qualifying employees to undergo medical surveillance	No medical surveillance conducted		
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Corporate Services

A. Administration Division

The main objective is to provide support and auxiliary services to all Departments and the political component of the municipality.

KPA	PROGRESS
Office accommodation	New traffic offices at Mogwadi opened and equipment installed for operational purposes. All staff currently have office space.
Responsive and inviting customer care.	Suggestion books placed at reception areas in our offices. A 3-ring rule used for incoming calls. Referrals of complaints to relevant managers and feedback given to clients.
Reliable and efficient telecommunication service.	Telephone Management System operational in Mogwadi and Morebeng offices. Staff provided with pin codes and budgets allocated monthly. Monthly reports compiled electronically for statistical purposes.

B. Committees

The main objective is to provide secretariat and coordinatory support services to the decision making structures of the municipality.

KPA	PROGRESS
<ul style="list-style-type: none"> Availability of Secretariat Services to committees 	Secretaries of various departments augment the Corporate Services in the coordination and secretarial support to committees.
<ul style="list-style-type: none"> Reports/Schedules on progress made with regard to the implementation of resolutions. 	Schedules of resolutions were forwarded together with the agendas of management meetings. Progress on implementation is followed up and tabled in the management and EXCO meetings on progress. Schedules of resolutions incorporating progress

C. Information Technology

The main objective is to become a local information hub and e-municipality to enhance sustainable development within the municipal jurisdiction.

KPA	PROGRESS
Implemented Effective Document Management System. ICT Infrastructure and Network Systems	Records Management Policy adopted. File plan completed and incoming mail register used to record mail/faxes. Partial implementation of policy due to inadequate office space. Full implementation to be done in new office building once completed.
Improved IT Systems	Access control to the server room only for authorized staff. Network system (including Venus and Payday) running reliably and attended to by IT Officer promptly. Staff able to access e-mails (Outlook) and internet and synchronisation of documents done. Assistance from district and local government provided as and when necessary. All staff have usernames and passwords for document protection. Wireless system for Mogwadi Library office operational. Website developed and updated timeously by SITA.
Implemented integrated systems to support E-Municipality	Using Venus system for financial management of the municipality. Service level agreement entered into with Business Connexion. Continued operational support provided by the service provider. Staff trained on related programs to enable effective use of the system. Training funded internally and by SALGA

D. Legal Services

The objective is to provide legal and compliance support to the municipality.

a. Litigation and settlements.

KPA	PROGRESS
Litigation and settlements.	The case of Mr SJ Lethole the former Municipal Manager, contesting his dismissal, is still pending in the North Gauteng High Court. He is claiming an amount of R2,04 million rand. The municipality is defending the matter. There is also the matter of the eviction of another former Municipal Manager, Mr PM Hlako, from the council owned house. The matter has not been finalised.

b. Legal opinions.

KPA	PROGRESS
Legal opinions.	Several verbal legal opinions were given to various departments.

Municipal Manager's Office

KPA	Strategic Initiative	Key Performance Indicator	2008/09 Baseline	2009/2010 Target	Evidence	Actual Performance	Comments
Basic Services Delivery 15	1.1.Attend to queries and complaints by communities	All queries & complaints attended to.	Some queries not attended to	All queries & complaints attended to	All queries were attended to	Attended to queries	Mogwadi and Morebeng communities were addressed
	1.2.Training officials on customer care	Training conducted	No training on customer care	Train four officials on customer care	We trained four receptionists on customer care	Four officials trained on customer care	We are now receiving no complaints from the front desk
	1.3. Capital projects done.	All budgeted projects done	Projects start late	All budgeted projects done by 30 June 2010	All three roads projects were done	Budgeted projects done by 30 June 2010	MIG allocation for all projects was spent
Municipal Institutional Dev. & Transformation 15	2.1.Develop skills development plan for Council approval	Approved SDP	SDP in place and approved by Council	Approved SDP	Council approved SDP for 2009/10	SDP developed and approved by Council	SDP used to capacitate employees
	2.2. PMS policy reviewed	PMS policy reviewed	PMS policy in place but not reviewed	Review the existing PMS policy	PMS policy reviewed in May 2010	PMS policy reviewed	The assessments are in line with the reviewed policy
	2.3.Weekly plans and reporting	Section 57 managers have weekly plans and reports	No weekly plans and reports in place	Weekly plans are submitted weekly	Weekly plans were submitted to AMM	Weekly plans were in place	Managers managed to stick to their plans weekly
Local Economic Development	3.1. LED projects actualized	Implemented budgeted LED	Budgeted LED projects	Budgeted LED projects	Budgeted LED projects	100%	Budget for LED projects was spent

5		projects	implemented	implemented	were implemented		
4.1.Municipal Financial Viability	4.1.Budget compilation for 2009/10	Approved budget for 2010/11	Budget for 2009/10 approved by Council	Budget for 2010/11 approved by Council	Budget for 2010/11 was approved in May 2010	100%	The approved budget was submitted to Treasury
20	4.2.Tariff structure approved & implemented	Approved tariff structure for 2010/11	Approved tariff structure for 2009/10	Approved tariff structure for 2010/11	Tariff structure is in place and approved by Council	100%	Tariff structure is used presently
	4.3. Mid-year budget review	Approved adjustment budget by Jan 2010	Budget adjustments are tabled in Council every Jan	Approved adjustment budget by Jan 2010	Council approved adjustment budget on Jan 2010	100%	The adjusted budget was implemented as approved
	4.4. Annual Financial Statement compilation	Financial Statement tabled and approved by Sep 2010	AFS compiled according to regulations	AFS compiled by Sep 2010	Council approved AFS on Sep 2010	100%	Our municipality complied with regulations
	4.5. SCM reports submitted	Quarterly reports tabled in Council	Quarterly reports not submitted	Four quarterly reports submitted	Four quarterly reports were submitted	100%	The municipality complied with regulations
	4.6. Credit control & debt collection	% increase of revenue collection	Revenue collection is very low	% increase of revenue collection	Revenue collection increased by R4m to R6,1m	100%	The rates policy developed, and valuation roll compiled
	4.7. Creditors payment	Ensure that creditors are paid in	Creditors paid after 60 days and	Creditors are paid within	Creditors paid in time and queries were	100%	Minimal queries from our creditors

		time	more	thirty days	minimized		
Good Governance & Public Participation 25	5.1. Bathopele principles practised	Implementation of Bathopele principles	Bathopele not implemented	Bathopele principles observed by all staff members	Bathopele principle is practiced	100%	Minimum queries with regard to customer care
	5.2. SDBIPs prepared and performance contracts	SDBIPs and performance contracts signed by 28 June 2010	SDBIPs and contracts signed except MM	Ensure all performance contracts are signed by 28 June 2010	SDBIPs and performance contracts signed by 28 June 2010	100%	Mayor signed with AMM and AMM signed with all managers
	5.3. Performance and Audit Committees	Functional performance and Audit Committees	Performance & Audit Committees not functional	Functional Performance and Audit Committees	Tabled an item to council to re-establish the Audit Committee	80%	The matter is not yet finalized by Council
	5.4. Internal Auditor appointment	Internal Auditor appointed	Internal Auditor post vacant	Advertise and appoint Internal Auditor	Post advertised and Council imposed a moratorium on appointments	100%	The posts were put on hold by Council
	5.5. Functional ward committees	Functional ward committees	Some ward committees are not functional	Appoint ward committee coordinator	Post advertised and Council put moratorium on appointment	100%	The post was put on hold by Council

	5.6. Mayoral imbizos	Mayoral imbizos are held	Imbizos not held regularly	Two imbizos in 2009/10	Three imbizos was held due to financial constraints	100%	The imbizos were merged with IDP consultation process
	5.7. Management Meetings	Management meetings are held once a month	No regular management meetings	Manco held once per month	Manco was held three times a month on average	100%	Manco was able to implement Council resolutions
	5.8. Staff meetings	Staff meetings held quarterly	No staff meetings held	Quarterly staff meetings	Staff meetings were held with unions and entire staff	100%	Salary negotiations and wage curve were dealt with in those meetings
HIV / AIDS	6.1. Establish HIV / AIDS Council	Established HIV / AIDS Council	No council in place	Council established	Established technical team	100%	Technical team will coordinate the establishment of Council.
Youth	6.2. Appointment of youth coordinator	Youth coordinator post filled	Post is vacant	Fill the position of youth coordinator	Post advertised and Council imposed a moratorium on appointment	100%	The post was put on hold by Council
Disaster Management	6.3. Functionalize disaster management forum	Functional forum	Forum not functional	Functionalized the forum	Forum is functional and represents us in the district forum	100%	The forum dealt with disaster matters during the World Cup tournament; FPA is in place

People with Disability	6.4. Establish disability forum	Functional forum	Forum not functional	Functionalize the forum	Forum is functional; is needs support	100%	Youth coordinator was going to assist the forum
Support to political offices	6.5. Equip and support political offices	Equip offices with landlines and computers	No computers in political offices	Equipped offices with landlines and computers	Procured laptops for all three political offices	100%	The political office bearers were also given 3Gs
Council & IGR resolution	6.6. Implement Council & IGR resolutions	Resolutions are implemented and reports are submitted	Some Council & IGR resolutions are not implemented	Implement all Council & IGR resolutions	Resolutions were implemented in full	100%	Molemole started to receive good reports at IGR level

E. Executive and Council

I. MAYORS OFFICE

The function of Executive and Council within the municipality is meant to facilitate key core activities that ensure seamless interface between policy fomulation, the oversight function, and decision making role, of Council with compliance, implementation and monitoring role of the administration.

Further key deliverables administered for this function include:

- Overall administration of the office of the Mayor, offices of other political office bearers, Council structures and committees to create adequate capacity to ensure effective leadership of the institution.
- Promoting the culture of co-operative governance.
- Ensuring public participation.
- Ensuring maintenance of order during Council meetings.
- Co-ordinating Council activities and community interaction with various stakeholders
- Providing support to the Mayor and the Municipal Manager in the performance of their legislative functions.
- Overseeing risk management

- Ensuring compliance with applicable legislation, policies, procedure manuals and supervisory requirements.
- Providing an independent assurance as to the adequacy and effectiveness of internal controls, risk management and governance processes adopted by management.
- Creating a communication synergy and linkages among internal stakeholders and providing an environment for stakeholders to participate in the affairs of the municipality.
- Serving as a support structure for decision making in the municipality.
- Encouraging and presenting an enhanced corporate image of the municipality and give the municipality a competitive niche in the area of service delivery.
- Coordinating events and managing events on behalf of the municipality.
- Providing research support to the political structures within the municipality and ensuring development and review of policies and strategies in line with the national imperatives.

The Municipal Systems Act and other legislation require departments to report to various stakeholders regarding progress made in achieving set targets in implementing the IDP. In line with this requirement, the Municipal Manager's office is submitting the following reports, which encapsulate achievements and progress registered and the challenges for which corrective action is implemented and a way forward to ensure that the IDP objectives are achieved.

II. Management with Special Focus

A. Special Focus: Children

PROGRESS	CHALLENGES	REMEDIAL ACTION
School awareness campaigns on child trafficking took place in 3 schools. 4 Primary schools participated in the district children camp	No dedicated official dealing with children issues Limited budget	Divisional Head: Communication is assisting in this area. Appointment of special focus officer to be prioritized

B. Special Focus: Disability

KPA	PROGRESS
a. Local disability forum established on 18 August at Sefena Village	Integration of disability activities in the broader municipal activities
b. A municipality that contributes positively to nation building	Casual day - In support of the people with disabilities fund raising project on casual day; 400 stickers were bought

C. Special Focus: Gender

KPA	PROGRESS
a) Skilled women and men that actively participate in municipal programmes.	<p>Mayor hosted women staff for 2 days to capacitate them.</p> <ol style="list-style-type: none"> i. Provincial women's day –Participated in the programme at Fetakgomo municipality ii. District women's day – Participated in the programme at Aganang municipality iii. Take-a-girl-child-to-work – we could not celebrate because of industrial action by educators

D. Special Focus: Older Persons

KPA	PROGRESS
Mainstreamed older persons activities in the broader municipal activities.	<ol style="list-style-type: none"> 1. Mayor, together with MEC for Public Works hosted the older persons at Tsherane centre 2. Mayor donated fruit to the elderly at Tsherane centre and other centres within the municipality

E. Special Focus: Youth

KPA	PROGRESS
1) Mainstreamed youth activities in the broader municipal activities.	<ol style="list-style-type: none"> 1. 8 Youth Council meetings held 2. Local Youth Parliament held on the 17June at Molemole Hall 3. Delegates represented the municipality at Musina during a youth economic empowerment conference

F. Mayors Support

KPA	PROGRESS
1) Coordination of municipal events.	Together with Communications coordinated various events that concern the Offices of the Speaker and Chief Whip as well as the Office of the Mayor.
2) Effective decision making and collective leadership; efficient office support	We have managed to convene all the above governance meetings as per schedule.
3) Administrative support to political offices	The Mayor and councillors were supported through effective briefing and speaking notes containing key messages necessary to be communicated to the public. Sufficient media appearances were made. Follow up on implementation of resolutions/decisions of Council, Mayoral, senior management and management team meetings. Acknowledgment of letters and referred mail and written responses to correspondence. Safe and reliable transport was provided for the Mayor.
4) Good corporate governance (people management and leadership)	Communication with municipal stakeholders on cooperation has improved. Communication and interactions with DLGH has improved.
5) Implementation of effective governance to improve and sustain service delivery	Communication and interactions with DLGH has improved. Monthly reports provided.
6) Coordination of municipal events.	Together with Communications, coordinated various events that concern the Offices of the Speaker and Chief Whip

KPA	PROGRESS
7) Effective decision making and collective leadership Efficient office support	as well as the Office of the Mayor. We have managed to convene all the above governance meetings as per schedule.
8) Administrative support to political offices	The Mayor and councillors were supported through effective briefing and speaking notes containing key messages necessary to be communicated to the public. Sufficient media appearances were made. Follow up on implementation of resolutions/decisions of Council, Mayoral, senior management and management team meetings. Acknowledgment of letters and referred mail and written responses to correspondence. Safe and reliable transport was provided for the Mayor.

g. Performance Management Systems (PMS)

KPA	PROGRESS
I. Coordinated performance processes to facilitate service delivery	<ul style="list-style-type: none"> • Performance agreements were developed for all departments and signed by Section 57 managers within the legislated timeframes. • SDBIP's were developed and linked to the IDP & Performance plans. • Implementation of the IDP; SDBIP & Performance plans were monitored through monthly, quarterly, mid-year and annual reports, and are incorporated into the annual performance report. • Annual performance assessments for senior managers were conducted. • The performance review panel was established as per legislation and trained.

H. Audit Services

For the entire financial year the municipality did not have an in-house audit unit; this has to a greater extent adversely impacted on the functionality of the established Audit Committee. To this end, no Audit Committee meeting was held as planned. Despite this setback the municipality developed an audit implementation plan on the Auditor-General's findings of the preceeding financial year. We have addressed the majority of matters raised in the prior annual audit. The municipality recognises the pivotal role that an audit function plays in ensuring efficiency and compliance with set standards and practices. To this end, the municipality has committed itself to addressing our audit challenges by initialising key interventions during successive subsequent financial years to ensure functionality of the Audit Committee, prompt staffing of the audit unit, and performance of critical audit plans, functions and activities.

I. Risk

The main objective is to protect the municipality from potential risks through effective risk management. A risk analysis profile conducted for the previous years served as a basis for risk mitigation. The municipality still has to develop its risk management strategy and fraud prevention plan as currently the municipality relies heavily on the district municipality's anti-fraud hotline pending the development of a local mechanism. The municipality did not have an audit unit.

5.7. CONCLUSION

The 2009/2010 financial year has been one of the most exhilarating in the history of South Africa as we hosted one of the most successful soccer spectacles, the 2010 FIFA Soccer World Cup, and municipalities such as Molemole who were included were catalysts in providing the basic infrastructure and community mobilisation needed to ensure the success of the event.

During the financial year, the local government sector grappled with industrial actions that heavily impacted on the drive to fully realise set outcomes and objectives. 2009/2010 was a year in which the rest of the world, country, province, municipalities and communities attempted to deal with the impact of the economic meltdown.

With the resources at hand we forged ahead to achieve more with less, with a view to optimising the highest possible returns in the interest of our community. The task was daunting, nevertheless we remained resolute in attaining the best possible outcome within the prevalent conditions.

I take this opportunity to invite all our stakeholders to join in efforts to improve the quality of our people's lives as well as improving the capacity of the current administration in line with the developmental vision of Council, and Government, in general.

We acknowledge that, most certainly, we did not realise all of our resolves and as such going forward we must improve in those areas that we faltered on during the year under review. The key to a meaningful development, improved quality of the lives of our people, and the prospects of realising the ideals of our society, rest solely on our collective efforts.

We have to relentlessly make concerted efforts towards the realisation of a shared vision of our people with a view to ensuring that societal development does not remain a pipe dream for many of us. We approach the 2010/2011 financial year with more vigour and determination to perform even better.