CHAPTER 1: MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

This being my first term as Mayor of Molemole Local Municipality and the first annual report for the new term of Council, I have to acknowledge and thank my predecessors for steering this ship to where it is. We have recently emerged from a smooth and incident free political transition resulting in changes in faces constituting the Municipal Council; however, the strategic objective and philosophy of Council remain the same mainly to improve the quality of life of our people.

The 2011/2016 term of Council will strive to improve on the achievements of our predecessors and accelerate the provision of the much needed municipal services focusing on the five developmental local government key performance areas: Infrastructure and Service Delivery; Institutional Transformation and Development; Local Economic Development and Planning; Financial Viability, and Good Governance & Public Participation.

We can proudly state that we have taken the necessary steps and stance to fill all critical positions with suitable and competent men and women with a view to injecting the necessary expertise to better the performance our municipality. We have also reconsidered our systems and processes to ensure they efficiently contribute to the reduction and, ultimately, the eradication of our prevalent service backlogs.

We take seriously the values of good governance and believe we are capable of turning the tide on unfavorable audit opinions in pursuit of a clean audit as set by the “Operation Clean Audit of 2014” target. We need to inculcate in all concerned a culture of excellence, care, accountability and good governance. The turning point for a clean administration and, consequently, audit is not entirely lodged solely on the shoulders of administrators but requires of all of us i.e. Council, administration, business and residence to take part and assume our individual and collective responsibility with prestige, impunity and integrity.

Chapter 4 of the Municipal Systems Act, 2000 compels the municipality to create conditions for communities to participate in its affairs. Our municipality, as a client centered organization, values the role of its stakeholders. We have notably benefited from support programmes and initiatives by external stakeholders, Magoshi, religious groups and sector departments.

In view of all the basic service delivery backlogs within our municipality, our municipal officials, together with sector departments, have developed strategies and programmes to address the matter. The current status of basic services backlog shows a decrease in the number of people who do not have access to basic services. With these results to date, it clearly indicates that Molemole Municipality will be one of the municipalities to provide universal access to basic services in 2014. It is, therefore, my pleasure to present to you the following results with regards to basic services:

BASIC SERVICES

Water

Molemole relies entirely on groundwater for its water supply for primary and agricultural use. However, in the year under review we witnessed a significant decline in the number of household without water supply; a total of 11 745 households benefitted from the 2010/11 water supply projects implemented by CDM. According to Statistics South Africa (Non-Financial Census, 2008) it is confirmed that 19 595 households receive free basic water.

Sanitation

The 2007 community survey had shown a steady increase in the proportion of households having access to sanitation. Furthermore in the year under review significant progress was made with regard to reduction of households without sanitation facilities. A rural sanitation project for construction of 1000 VIP toilets was implemented benefitting 1000 households. In addition, Mogwadi waterborne sewerage reticulation was implemented with 1000 households connected to the waterborne sewer network.
Electricity

The municipality holds the electrification license for Mogwadi and Morebeng Town and all villages are serviced by Eskom. According to census 2001, 21590 households had access to electricity and the number increased to 25577 household according to the 2007 community survey. The service backlog stands at 1739 households and 6972 households have access to FBE according to Stats SA. Two projects have been implemented and energized during the 2010/2011 financial year benefitting 644 households.

Roads

Molemole Local Municipality has a road network of 398 km of roads consisting largely of gravel roads. This is one area in which Road Agency Limpopo, Capricorn District Municipality and Molemole Local Municipality must work hard to improve.

Economic Analysis.

The importance of providing support and opportunities to disadvantaged persons cannot be underestimated. It is thus important that we roll out targeted support programmes to provide the necessary skills and knowledge to organized groups and individuals to venture into relief programmes in order to address the poverty endemic amongst the community. This includes the promotion of self-help subsistence and livelihoods methods, facilitation of economic access and participation through cooperatives to improve the quality of life.

Performance Overview.

We have made positive strides in the right direction to ensure that sustainable municipal governance principles support our continuous drive to deliver municipal services which reflect our passion for our community needs, which will always be the catalyst to keep us focused on our mandate to serve with pride.

We acknowledge that:

- Our people need clean & drinkable water
- Our people need decent sanitation facilities
- Our roads need to be put in a condition suitable for promoting economic development
- We must create job opportunities for our people to lift themselves out of poverty.

Going forward, Council and communities must unequivocally strive towards the eradication of key municipal developmental and service delivery challenges. This calls for joint planning that prioritizes core challenges into implementable projects and interventions. I, therefore, beseech you, my Council, administration and my people to join me on this demanding, challenging, but conquerable journey.

Kopano ke Maatla, Go aga Setšhaba se kaone!

Wa lena

Hon. Mayor Pauline Makgato
Molemole Local Municipality
CHAPTER 1: EXECUTIVE REVIEW BY THE MUNICIPAL MANAGER

The importance and relevance of an annual report in an accountable, participatory and developmental orientated local government as a valuable assessment tool cannot be over-emphasised. The 2010/2011 financial year has come to an end and, as required by section 127 of the Municipal Finance Management Act no 56 of 2003, we must table and adopt an annual report for the eventful 2010/2011 financial year within the prescribed time frames.

The report is not only a compliance matter but provides a fair presentation of the performance of the municipality for the year under review. Our attitude to the annual report is that all our key stakeholders and partners i.e. Council, traditional & community leaders, administration, communities and business must take a keen interest in tracking and reviewing municipal performance. Thus the annual report provides one such an opportunity. This essential exercise is vital in shaping and influencing our individual and collective plans, processes and services in our future development.

The 2010/2011 Integrated Development Plan set objectives and targets to be realised during the financial year which provides the basis for performance monitoring, measurement and evaluation. The Integrated Development Plan has amongst others set objectives and targets to improve bulk water supply sources, water reticulation, electrification, access roads, financial viability, good governance and public participation.

The ministry and department of Cooperative Governance and Traditional Affairs have during the year under review rolled out the Local Government Turnaround Strategy initiatives in which we also participated.

In assessing our level and standard of performance as a municipality against our entrusted mandate we should do so in full cognisance of our unique context, prevalent environment and conditions, limited resources, global economic factors impacting at the levels of both Council and residents as well as increases in service input costs versus a decreasing revenue basket.

We remain heavily dependent on grant funding. The total realized revenue for 2010/2011 amounts to R 82 939 880.00 in comparison to R 85 437 974.00 for the prior year translating to 3% year on year decrease. The total value of grant funding for the year is R 67 389 013.00 translating to 81% of total revenue whilst own funding totaled R 15 550 867.00 representing 19% of total revenue.

The increase in bad debts is attributable to the general decline in affordability levels, residents’ rates boycott, increased unemployment, the poverty & social grant dependency rate and the low revenue base.

The ever increasing bad debts impact on the liquidity standing of the municipality. The low revenue collection rate compromised funding for planned projects and inherently limits the municipality from exploring reprieve mechanisms such as debt write-off.

The decline in revenue and the contrasting general price increases have had a knock-on effect on planned performance. These factors have adversely impacted on the ability to implement fully our committed plans and projects.

Of great significance to note are opportunities created by our supply chain management processes which contributed to the development of the local economy through procurement of services, thereby addressing a whole range of socio-economic challenges including unemployment.

In contrast to prior year experiences where we were confronted with multiple community service protests, for the year under review such occurrences have been halted, validated by general service improvements.

Notwithstanding the above specified factors and many socio-economic setbacks the municipality has recorded major progress in delivering the objectives of the IDP and supplementary policies, plans and strategies. This will be explicitly substantiated in detail in subsequent sections of this report. 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, poverty, basic service backlogs, land shortage, dwindling business and other developmental 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.

Going forward, to improve our financial performance we will gain immensely from ratepayers’ commitment i.e. business, government and residents’ commitment to payment of municipal service accounts, concerted efforts to enforce debt recovery mechanisms and controls that are considerate of our interests and the unique profile of our debtors.

For the financial year under review the municipality has provided access to free basic electricity to 6,972 households while two projects have provided 644 households with new electricity connections in the Eskom Reticulation area and 150 new connections on the Molemole Municipality licensed reticulation grid. We have spent R 838 065.70 in electricity repairs and maintenance works. Our immediate objective for the coming year is to upgrade our electricity infrastructure to minimise power supply interruptions.

We have substantially reduced the water access backlog and to this end we have implemented, in collaboration with our strategic partners, 10 water related projects worth R 26 500 000.00 aimed at providing water access to 13,123 households. We have embarked on water infrastructure maintenance at a total cost of R 1,855,545.22 for the year under review. The provision of uninterrupted water supply remains a challenge as a result of the shortage of underground water, infrastructure theft and equipment breakdown. These are areas we are committed to resolve within our subsequent IDP objectives and priorities.

Access to proper sanitation services bears the largest backlog in comparison to all basic municipal services. During the year under review 1000 households benefited from 1000 pit latrine toilets and we connected 1000 households to the waterborne sewer reticulation system at a cost of R 12,500,000.00. However, more work still needs to be done on this function.

We have a lot of ground to cover in our quest to improve the quality of life of our communities; we invite all partners to play a role in crafting the desired outlook of our communities. Administratively, we need to improve our operating systems, our organizational culture and instill values of a responsive and accountable administrative component.

There is a solid base to propel excellence even further. We are counting on Council to create an environment conducive enough for all parties to efficiently play a meaningful role and we depend on our community to provide the much needed support.

T.D. NKOANA
MUNICIPAL MANAGER
a) Population size and growth

In 2008, the population size of Molemole was 107,418, with a growth rate of -0.1%. (Global Insight Database, March 2010). According to Table 1 below, the population growth rate has been -1.0% for the last three years. This negative population growth rate means that the population size has been decreasing over the last 3 years. The reasons for the negative population growth rates could be due to the impact of HIV/AIDS, out-migration to other areas, and a low fertility rate.

Table 1: Population size and growth rate in Molemole

<table>
<thead>
<tr>
<th>Years</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population size</td>
<td>107,631</td>
<td>107,484</td>
<td>107,418</td>
</tr>
<tr>
<td>Population growth rate</td>
<td>-0.10%</td>
<td>-0.10%</td>
<td>-0.10%</td>
</tr>
</tbody>
</table>

*Source: Global Insight Database, March 2010*

*Figure 1: Population Growth Rate; Source: Global Insight Database, March 2010*
Figure 2: Molemole Local Municipality Population Pyramid, 2008
Source: Global Insight Database, March 2010

a) Population Pyramid for Molemole Local Municipality
Table 2: Molemole Population, 2008

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>00-04</td>
<td>7,346</td>
<td>6,961</td>
</tr>
<tr>
<td>05-09</td>
<td>7,206</td>
<td>6,246</td>
</tr>
<tr>
<td>10-14</td>
<td>7,171</td>
<td>6,573</td>
</tr>
<tr>
<td>15-19</td>
<td>7,084</td>
<td>7,315</td>
</tr>
<tr>
<td>20-24</td>
<td>5,244</td>
<td>4,860</td>
</tr>
<tr>
<td>25-29</td>
<td>2,880</td>
<td>3,292</td>
</tr>
<tr>
<td>30-34</td>
<td>2,259</td>
<td>3,046</td>
</tr>
<tr>
<td>35-39</td>
<td>1,784</td>
<td>2,869</td>
</tr>
<tr>
<td>40-44</td>
<td>1,656</td>
<td>2,714</td>
</tr>
<tr>
<td>45-49</td>
<td>1,539</td>
<td>2,437</td>
</tr>
<tr>
<td>50-54</td>
<td>1,700</td>
<td>2,491</td>
</tr>
<tr>
<td>55-59</td>
<td>1,506</td>
<td>1,947</td>
</tr>
<tr>
<td>60-64</td>
<td>966</td>
<td>1,895</td>
</tr>
<tr>
<td>65-69</td>
<td>904</td>
<td>1,213</td>
</tr>
<tr>
<td>70-74</td>
<td>524</td>
<td>1,182</td>
</tr>
<tr>
<td>75+</td>
<td>772</td>
<td>1,836</td>
</tr>
<tr>
<td>Total</td>
<td>50,541</td>
<td>56,877</td>
</tr>
</tbody>
</table>

According to Global Insight Database, March 2010, Molemole Local Municipality had a higher percentage of females (53%) than males (47%) in 2008.

In addition, a large percentage of the population (i.e. 52%) falls in the 00-19 Age Category, which implies a high dependency ratio, and a higher demand for services e.g. educational facilities.
b) Human development index (HDI)
The Human Development Index (HDI) is a composite, relative index that attempts to quantify the extent of human development of a community. It is based on measures of life expectancy, literacy and income. It is thus seen as a measure of people’s ability to live a long and healthy life, to communicate, to participate in the life of the community and to have sufficient resources to obtain a decent living.

The HDI is calculated as the average of indices of life expectancy at birth, adult literacy and per capita income. The HDI can assume a maximum level of 1, indicating a high level of human development, and a minimum value of 0.

Table 3: HDI – Molemole Local Municipality & Capricorn District Municipality

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDI: Capricorn District</td>
<td>0.52</td>
<td>0.50</td>
</tr>
<tr>
<td>HDI: Molemole</td>
<td>0.47</td>
<td>0.45</td>
</tr>
</tbody>
</table>

A comparison between the HDI figures for Molemole Local Municipality for 2001 and 2008 indicates that the HDI decreased from 0.47 to 0.45, which implies a slight decrease in human development in terms of life expectancy, literacy and income.

Molemole Local Municipality has a lower HDI of 0.45, when compared to Capricorn District’s HDI of 0.50, in 2008. This means that Molemole Local Municipality has a lower level of human development than Capricorn District Municipality.

c) Gini coefficient
The Gini coefficient is a summary statistic of income inequality, which varies from 0 (in the case of perfect equality where all households earn an equal income) to 1 (in the case where one household earns all the income and other households earn nothing). In practice the coefficient is likely to vary from approximately 0.25 to 0.70.

Table 4: Gini Coefficient

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gini- coefficient</td>
<td>0.63</td>
<td>0.62</td>
</tr>
</tbody>
</table>

The above table illustrates that Molemole had a relatively high level of income inequality in 2008 (Gini co-efficient of 0.62) When comparing 2001 and 2008, we can see that income equality has improved slightly from 0.63 to 0.62. This implies that the structure of income distribution has improved very slightly since 2001.

c) Poverty Rate
The poverty rate is the percentage of people living in households with an income less than the poverty income. The poverty income is defined as the minimum monthly income needed to sustain a household and varies according to household size; the larger the household the larger the income required to keep its members out of poverty. The monthly poverty incomes used are shown in Table 5 below:

Table 5: Monthly poverty income by household size (R per month)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>443</td>
<td>501</td>
<td>526</td>
<td>586</td>
<td>628</td>
<td>684</td>
<td>753</td>
<td>830</td>
<td>869</td>
<td>892</td>
<td>942</td>
<td>1,024</td>
<td>1,174</td>
</tr>
<tr>
<td>2</td>
<td>545</td>
<td>609</td>
<td>634</td>
<td>719</td>
<td>764</td>
<td>842</td>
<td>935</td>
<td>1,020</td>
<td>1,070</td>
<td>1,097</td>
<td>1,160</td>
<td>1,261</td>
<td>1,449</td>
</tr>
<tr>
<td>3</td>
<td>726</td>
<td>810</td>
<td>841</td>
<td>948</td>
<td>1,007</td>
<td>1,097</td>
<td>1,218</td>
<td>1,332</td>
<td>1,394</td>
<td>1,428</td>
<td>1,507</td>
<td>1,635</td>
<td>1,870</td>
</tr>
<tr>
<td>4</td>
<td>903</td>
<td>1,009</td>
<td>1,050</td>
<td>1,174</td>
<td>1,245</td>
<td>1,348</td>
<td>1,494</td>
<td>1,638</td>
<td>1,709</td>
<td>1,751</td>
<td>1,844</td>
<td>1,998</td>
<td>2,279</td>
</tr>
<tr>
<td>5</td>
<td>1,084</td>
<td>1,208</td>
<td>1,258</td>
<td>1,402</td>
<td>1,487</td>
<td>1,609</td>
<td>1,783</td>
<td>1,958</td>
<td>2,039</td>
<td>2,088</td>
<td>2,199</td>
<td>2,380</td>
<td>2,712</td>
</tr>
<tr>
<td>6</td>
<td>1,278</td>
<td>1,422</td>
<td>1,480</td>
<td>1,646</td>
<td>1,744</td>
<td>1,882</td>
<td>2,085</td>
<td>2,291</td>
<td>2,388</td>
<td>2,445</td>
<td>2,573</td>
<td>2,786</td>
<td>3,173</td>
</tr>
<tr>
<td>7</td>
<td>1,451</td>
<td>1,614</td>
<td>1,680</td>
<td>1,866</td>
<td>1,976</td>
<td>2,124</td>
<td>2,353</td>
<td>2,588</td>
<td>2,702</td>
<td>2,767</td>
<td>2,913</td>
<td>3,157</td>
<td>3,587</td>
</tr>
<tr>
<td>8+</td>
<td>1,770</td>
<td>1,967</td>
<td>2,046</td>
<td>2,267</td>
<td>2,400</td>
<td>2,560</td>
<td>2,836</td>
<td>3,123</td>
<td>3,239</td>
<td>3,312</td>
<td>3,476</td>
<td>3,751</td>
<td>4,254</td>
</tr>
</tbody>
</table>

Source: Global Insight Database, March 2010

Poverty rate in Molemole

In 2008, Molemole Local Municipality had a poverty rate of 41.3%, which translates into 44 317 of its people living in poverty. In comparison with Capricorn District which has a poverty rate of 46.3%, Molemole’s poverty rate is lower.

Figure 3: Poverty Rate Source: Global Insight Database, March 2010

The above graph illustrates that there has been an improvement in the poverty rate in Molemole, which has declined from 52.7% in 2001 to 41.3% in 2008.
CHAPTER 2: GOVERNANCE

Component A: Governance Structures.

The municipality has during the year under review established key governance structures to ensure that adequate internal mechanisms are employed to facilitate good governance.

- **Political Governance Structures.**
  A Municipal Council comprising of 25 elected public representatives (councillors) in the instance of the 2006/2011 term of Council and 27 elected public representative (councillors) for the 2011/2016 term of Council was in place and established in accordance with the Municipal Structures Act.

  Council established and elected councillors to serve on four portfolio committees in accordance with the Municipal Structures Act.

  Council established the positions of Mayor, Speaker and Chief Whip as fulltime office bearers; furthermore, Council established an Executive Committee comprising of the Mayor and 4 part-time councillors as chairpersons of the four portfolio committees and senior management.

  The following committees of Council were in place:
  (a) Oversight Committee
  (b) Rules Committee
  (c) Ward Committees
  (d) Mayor Magoshi Forum
  (e) Budget & IDP Representative Forum

- **Administrative Governance Structures.**
  The municipality established administration in accordance with the provisions of both the Municipal Structures Act and Municipal Systems Act with the Municipal Manager as head of administration and accounting officer.

  The following administrative structures were established to bolster good governance:
  (a) Senior Management Committee
  (b) Extended Management Committee
  (c) Local Labour Forum
  (d) Training Committee
  (e) Supply Chain Management Committees
  (f) Budget & IDP Steering Committee
  (g) Performance Audit Committee

Component B: Intergovernmental Relations
The municipality views intergovernmental relations (IGR) in a serious light as enshrined in Section 41 of the Constitution. It is from this perspective that we established an active relationship with other spheres of government. We understand that all government departments or sectors should complement each other instead of competing with one another and thus duplication and wastage of resources are avoided. As a result, the municipality participated in IGR structures including the following: MTAS, Premier IGR & EXCO Lekgotla, District IGR and Mayor/Magoshi Forum. IGR forums and committees ensured that sector based projects are not only reflected in the IDP, but are also aligned with the service delivery imperatives of our communities.

**Component C: Public Accountability and Participation**

**Public Meetings**

The year under review saw the intensification of outreach campaigns and more use of such platforms like imbizo’s and open Council meetings which were critical for the municipal leadership to remain in touch with the people to understand their concerns and more importantly address their needs. We were able to hold 2 mayoral imbizo’s where the community raised issues related to service delivery e.g. water shortage and roads. Four Council meetings were also opened to the public so that they were able to familiarize themselves with Council procedures. Five general meetings were held with SANCO in both Mogwadi and Morebeng.

**IDP Participation and Alignment**

We complied with Section 21 (a) of the Municipal Systems Act 32 of 2000 which requires the municipality to consult with its stakeholders during the reviewing of the IDP and Budget. All the residents and stakeholders within our municipality were encouraged to participate. However, we acknowledge that there is a need for improvement. Such meetings were held in accordance with the IDP process plan until the IDP and Budget were finally adopted by Council at Ramokgopa Stadium on the 28 April 2010.

**Component D: Corporate Governance**

**Risk Management**

In the past, the concept of risk management in Molemole did not receive adequate attention. This shortcoming has currently received dedicated attention to limit the impact of risk the municipality is facing. In setting the tone from the top, risk management and control are on the agenda of every manager’s daily activities. The municipality also approved a risk management strategy.

After we held our strategic planning session(s), we’ve also conducted risk assessment to form part of finalising the strategic planning and budget review process. The focus of the risk assessment was to identify the main risks associated with the Molemole Municipality’s strategy and operational objectives. The objective of this exercise was to produce the risk register for the Molemole Municipality.


**Risk measurement criteria**

The criteria used in assessing the probability of occurrence and impact for both inherent (before mitigating controls) and residual (after taking mitigating controls into account) risk are described below:
### Table 6: Risk measurement Criteria

<table>
<thead>
<tr>
<th>Likelihood Category Definition</th>
<th>Factor</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>The risk is already occurring, or is likely to occur more than once within the next 12 months</td>
<td>5</td>
<td>Common</td>
</tr>
<tr>
<td>The risk could easily occur, and is likely to occur at least once within the next 12 months</td>
<td>4</td>
<td>Likely</td>
</tr>
<tr>
<td>There is an above average chance that the risk will occur at least once in the next three years</td>
<td>3</td>
<td>Moderate</td>
</tr>
<tr>
<td>The risk occurs infrequently and is unlikely to occur within the next three years</td>
<td>2</td>
<td>Unlikely</td>
</tr>
<tr>
<td>The risk is conceivable but is only likely to occur in extreme circumstances</td>
<td>1</td>
<td>Rare</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Impact Category Definition</th>
<th>Factor</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative outcomes or missed opportunities that are of critical importance to the achievement of objectives</td>
<td>5</td>
<td>Critical</td>
</tr>
<tr>
<td>Negative outcomes or missed opportunities that are likely to have a relatively substantial impact on the ability to meet objectives</td>
<td>4</td>
<td>Major</td>
</tr>
<tr>
<td>Negative outcomes or missed opportunities that are likely to have a relatively moderate impact on the ability to meet objectives</td>
<td>3</td>
<td>Moderate</td>
</tr>
<tr>
<td>Negative outcomes or missed opportunities that are likely to have a relatively low impact on the ability to meet objectives</td>
<td>2</td>
<td>Minor</td>
</tr>
<tr>
<td>Negative outcomes or missed opportunities that are likely to have a relatively negligible impact on the ability to meet objectives</td>
<td>1</td>
<td>Insignificant</td>
</tr>
</tbody>
</table>

**Statement on previous audit opinion**

The municipality is still faced with major challenges especially regarding the issues of financial management, reporting and governance. These challenges have been confirmed by the disclaimer audit opinion from the Auditor General in the 2009/2010 financial years. More efforts have since been made and more resources are channeled towards improving our audit opinions and attaining the 2014 clean audit.

**Anti-Corruption and Fraud**

The Municipality adopted an Anti-Corruption and Fraud Strategy in 2009 and has committed to protecting its funds and other assets. The Municipality will continue not to tolerate corrupt or fraudulent activities whether internal or external to the organisation, and will vigorously pursue and prosecute any parties, by all legal means available, which engage in such practices or attempt to do so.

**Performance Management**

Performance assessments were conducted on a quarterly basis with each Senior Manager to evaluate service delivery in each department. The annual performance progress report was the culmination of work done for the year and reflected on our overall performance for the year. Quarterly reporting on the Municipal Turnaround Strategy (MTAS) to COGHSTA was done as required.
Supply Chain Management

The municipality complies with Chapter 11 of the MFMA which gives effect to Section 217 of the Constitution of the Republic of South Africa (Act 108 of 1996). The Municipality has policies that guide SCM processes. In the financial year under review, the municipality expended a total of R67,054,644.00 of which R11,368,015.00 was processed through the SCM system. The SCM unit ensures that these transactions are done in accordance with a system that is fair, equitable, transparent, competitive and cost-effective.

By-laws

The municipality has 13 by-laws in place. However, enforcement thereof remains a challenge. There is a need, moreover, to raise public education and awareness to ensure easy compliance and enforcement of approved by-laws. Through by-laws, the municipality must, in future, regulate other critical areas that remain unregulated currently to curb unfavorable practices and to protect the interests of residents, business, environment and the state.

Website

The municipality has a fully operational website which is updated timeously as and when the information becomes available. The important thing about using the website is that we are able to provide up-to-date information about municipal events to all our stakeholders. Our communities are now able to access our policies, upcoming events and, most importantly, information about where to access the various municipal services. We also have a link to encourage residents to quickly register their complaints literally at the click of a mouse. Our officials make sure complaints are checked every day and directed to the relevant departments for resolutions.

We also use our website to advertise vacancies, internships, learnerships and tenders. Our people are now able to download any government-related information, be it nationally or provincially without having to travel long distances to access government information.

We are encouraged by the high number of our people who use the website as their preferred source of municipal information. We shall continue improving the outlook of the website to make it worthwhile for every visit. We would also like to thank Sita (State Information Technology Agency) for their support in ensuring that ours is a website that provides up-to-date information to the communities out there. We know that providing timely information to the local communities is in line with section 21 of the Municipal Systems Act (Act no 32 of 2000).

Public satisfaction on municipal services

Customer care interventions were introduced to enable seamless attendance to community queries and suggestions. Our municipality participated fully in both the Presidential and Premiers’ hotlines whereby issues raised by communities e.g. electricity challenges, shortage of water and inadequate road infrastructure were either attended to by our administration or referred to relevant departments. Two staff members were identified to coordinate this function. We also used a suggestion and comments book which is placed at our reception to interact with our communities. Again, we acknowledge that there is still a need for improvement in this area.
### TABLE 7: ANNUAL PERFORMANCE REPORTING FINANCE DEPARTMENT – 2010/2011

#### INSTITUTIONAL TRANSFORMATION AND GOOD GOVERNANCE

<table>
<thead>
<tr>
<th>IDP Objective</th>
<th>Agreed Outcome</th>
<th>Baseline Information</th>
<th>Project / Output</th>
<th>Achievement (based on the indicator)</th>
<th>Targets</th>
<th>Progress (% to Target)</th>
<th>Corrective Action</th>
<th>Revised Target</th>
<th>Budget Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>To achieve a satisfactory collection level for taxes and levies each year</td>
<td>The collection of all taxes and levies from citizens, government and business within the billing year</td>
<td>40% Percentages of levies collected</td>
<td>60%</td>
<td>32%</td>
<td>Implementation of debt management and credit control policies. Issuing reminders to long outstanding debts</td>
<td>50%</td>
<td>R 0</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Implementation started in the 3rd quarter</td>
<td>100%</td>
<td>10%</td>
<td>Debt collector to be appointed during the 1st quarter</td>
<td>100%</td>
<td>R 0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0% Implementation of debt and credit control policy</td>
<td>100%</td>
<td>10%</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 Appointment of debt collectors</td>
<td>1</td>
<td>0</td>
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<tr>
<td>Establish functional bid committees</td>
<td>Composition of bid committees in terms of SCM policy and relevant regulations</td>
<td>Bid committee in place and functional</td>
<td>Transparent bid committee system</td>
<td>Accounting officer appointed formal bid committee members, rotation will take place every six month</td>
<td></td>
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<tr>
<td>0</td>
<td>0%</td>
<td>100%</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>0</td>
<td>Training of staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>Appointment of debtors clerk</td>
<td>1</td>
<td>0</td>
<td>Advertisement of position temporarily suspended by MM</td>
<td>0</td>
<td>R 0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 8: Financial Viability
<table>
<thead>
<tr>
<th>IDP Objective</th>
<th>Agreed Outcome</th>
<th>Baseline Information</th>
<th>Project / Output</th>
<th>Achievement (based on the indicator)</th>
<th>Targets</th>
<th>Progress (% to Target)</th>
<th>Corrective Action</th>
<th>Revised Target</th>
<th>Budget Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>To compile a GAMAP 17 compliant Asset Register</td>
<td>Audit opinion by auditor-general on the asset register for the financial year</td>
<td>Disclaimer</td>
<td>Improved Audit Outcome</td>
<td>Qualified Audit report</td>
<td>Qualified Audit report</td>
<td>Disclaimer</td>
<td>Implementation of action plan. Auditors to verify the correctness of the journal entries made during Audit to assist opening balance legacy issues in 2010/2011. Water dates and sales issues also cleared and water assets to be transferred to CDM</td>
<td></td>
<td>1000000.00</td>
</tr>
<tr>
<td>To compile a Multi-Year Capital and Operating Budget</td>
<td>Submission of budget for 2010/11 - 2012/13 for approval by end May 2010</td>
<td>Old format submitted to Council</td>
<td>Budget submitted to Council by end of May 2011 In new formats</td>
<td>All reports compiled on new budget tables format from July 2011</td>
<td>Future target</td>
<td>Done</td>
<td></td>
<td>R 0</td>
<td></td>
</tr>
<tr>
<td>To prepare GRAP compliant financial statements for each year in compliance with the MFMA and other relevant legislation</td>
<td>GAMAP/GRAP</td>
<td>Set of financial statements submitted on full GRAP</td>
<td>Fully GRAP</td>
<td>75%</td>
<td>Service provider to be appointed to assist including the training of staff on transactions and awareness of Audit outcomes by July 2011</td>
<td>R 800 000</td>
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</tr>
<tr>
<td>To settle liabilities timeously</td>
<td>The payment of creditors within specified time frames</td>
<td>Payments made late to creditors</td>
<td>Number of days within which Council creditors are paid</td>
<td>Number of days within which Council creditors are paid</td>
<td>Creditors paid within 30 days of invoice submission</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establishment of SCM unit</td>
<td>To ensure a well established SCM unit and SCM office</td>
<td>No unit head</td>
<td>Appointment of SCM Manager</td>
<td>1</td>
<td>1</td>
<td>Unit appointed.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>No storeroom in place</td>
<td>Establishment of storeroom</td>
<td>1</td>
<td>1</td>
<td>None</td>
<td>R 418,462</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R 50,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## LOCAL ECONOMIC DEVELOPMENT

<table>
<thead>
<tr>
<th>IDP Objective</th>
<th>Agreed Outcome</th>
<th>Baseline Information</th>
<th>Project / Output</th>
<th>Achievement (based on the indicator)</th>
<th>Targets</th>
<th>Progress (% to Target)</th>
<th>Corrective Action</th>
<th>Revised Target</th>
<th>Budget Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure that 60% of budget is spent on local HDSA SMMEs and BEE</td>
<td>Percentage budget utilized</td>
<td>Not clear</td>
<td>The provision to be included as part of the SCM policy</td>
<td>None</td>
<td></td>
<td>75%</td>
<td>The new SCM policy compiled and approved</td>
<td></td>
<td>R 0</td>
</tr>
</tbody>
</table>

## GOOD GOVERNANCE AND PUBLIC PARTICIPATION

<table>
<thead>
<tr>
<th>IDP Objective</th>
<th>Agreed Outcome</th>
<th>Baseline Information</th>
<th>Project / Output</th>
<th>Achievement (based on the indicator)</th>
<th>Targets</th>
<th>Progress (% to Target)</th>
<th>Corrective Action</th>
<th>Revised Target</th>
<th>Budget Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>To allocate resources for free basic services in the budget</td>
<td>Indigent register not updated and maintained annually</td>
<td>Indigent register last updated in 2006/2007</td>
<td>Compilation of new indigent register to provide fair allocation of equitable share</td>
<td>Complete indigent register by Feb 2011</td>
<td>75%</td>
<td></td>
<td>Indigent register compiled and approved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial record keeping</td>
<td>% of financial record available against total financial transaction conducted</td>
<td>80% of records files</td>
<td>Ensuring financial records of the municipality are kept and filed safely</td>
<td>100%</td>
<td>80%</td>
<td>The financial records are properly filed, and anyone requesting documents is made to sign for receiving and returning</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget expenditure monitoring</td>
<td>% Operational Budget spent</td>
<td>122%</td>
<td>Ensure that 25% is spent per quarter and in accordance with the budget to avoid unauthorised and fruitless expenditure</td>
<td>The operational expenditure is clearly monitored. Exception reports are being sent to the departmental heads on areas of possible overspending</td>
<td>48% / 50%</td>
<td>96%</td>
<td>Warning reports will continue to be sent to overspending departments, advising them to reduce spending and/or to make virements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To perform all financial reconciliations</td>
<td>% of financial record reconciled</td>
<td>Reconciliation not done previously</td>
<td>Reconciliation done monthly, suspense accounts are also cleared every month to avoid year-end confusions and frustrations</td>
<td></td>
<td>To be performed monthly</td>
<td>100%</td>
<td>Reconciliation performed monthly on major creditors, debit orders also reconciled through bank reconciliation. Investments register is also reconciled every month</td>
<td></td>
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</tr>
<tr>
<td>Resolving audit queries from AG satisfactorily and timeously</td>
<td>% of audit queries resolved within the department within ten days of receipt</td>
<td>Forms to be developed and details to be completed when the customers phone in for enquiries and when they come to the office to make payments to the office</td>
<td></td>
<td></td>
<td>60%</td>
<td>Forms to be developed and details to be completed when the customers phone in for enquiries and when they come to the office to make payments to the office</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**BASIC SERVICE DELIVERY**

<table>
<thead>
<tr>
<th>To allocate resources for free basic services in the budget</th>
<th>Indigent register not updated and maintained annually</th>
<th>Indigent register last updated in 2006/2007</th>
<th>Compilation of new indigent register to provide fair allocation of equitable share</th>
<th>Complete indigent register by Feb 2011</th>
<th>Not assessed</th>
<th>Indigent register developed</th>
</tr>
</thead>
</table>
To issue bills to customers in time and to correct addresses

To ensure that bills reach consumers in time

Some of the bills are sent to wrong addresses, thus being returned to the municipality

Development of consumer details update forms

Table 9: SOCIAL AND COMMUNITY SERVICES ANNUAL PERFORMANCE REPORT 2010/11

<table>
<thead>
<tr>
<th>IDP OBJECTIVE</th>
<th>AGREED OUTCOME</th>
<th>BASELINE INFORMATION</th>
<th>PROJECT / OUTPUT</th>
<th>ACHIEVEMENT (based on indicator)</th>
<th>TARGETS</th>
<th>PROGRESS (% to target)</th>
<th>CORRECTIVE ACTION</th>
<th>REVISED TARGET</th>
<th>BUDGET EXPENDITURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Education</td>
<td>Completed pre-school</td>
<td>No pre-school at Makgato</td>
<td>Makgato Pre-School</td>
<td>Consultant appointed</td>
<td>30th June 2011</td>
<td>20%</td>
<td>Urge contractor to employ more skilled labourers to fast-track project</td>
<td>30th March 2011</td>
<td>R199 673.36</td>
</tr>
<tr>
<td>Basic Services</td>
<td>Availability of bins</td>
<td>Old and few refuse bins</td>
<td>Refuse Bins</td>
<td>Bins delivered</td>
<td>31st Dec 2010</td>
<td>100%</td>
<td>None</td>
<td>30th March 2011</td>
<td>R345 000.00</td>
</tr>
<tr>
<td>Basic Education</td>
<td>Renovated pre-school</td>
<td>Old building</td>
<td>Boulast Pre-School</td>
<td>Completed</td>
<td>31st Dec 2010</td>
<td>100%</td>
<td>Contractor to buy material to complete the project</td>
<td>30th September 2011</td>
<td>R97 520.00</td>
</tr>
<tr>
<td>Community Facilities</td>
<td>Renovated hall</td>
<td>Old building</td>
<td>Nthabiseng Hall</td>
<td>Completed</td>
<td>31st Dec 2010</td>
<td>100%</td>
<td>None</td>
<td>None</td>
<td>R127 850-00</td>
</tr>
<tr>
<td>Env.</td>
<td>Trees</td>
<td>No programme</td>
<td>Greening Project</td>
<td>Trees planted</td>
<td>30th June 2010</td>
<td>10%</td>
<td>Finalize</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Management</td>
<td>planted in all wards</td>
<td>on tree planting two schools</td>
<td>2011</td>
<td>appointment with dept.</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Good Governance</td>
<td>Established forum</td>
<td>Forum not established</td>
<td>Educational Forum</td>
<td>Preparatory stage</td>
<td>30th March 2011</td>
<td>25%</td>
<td>Speed-up preparation</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Good Governance</td>
<td>Established forum</td>
<td>Scattered forums</td>
<td>Community Safety Forum / CPF</td>
<td>Forum established</td>
<td>30th Sep 2010</td>
<td>0%</td>
<td>Make forum functional</td>
<td>None</td>
<td>Opex</td>
</tr>
<tr>
<td>Good Governance</td>
<td>Functional forum</td>
<td>Forum not fully functional</td>
<td>Transport Forum</td>
<td>Appointed forum</td>
<td>31st Dec 2010</td>
<td>20%</td>
<td>None</td>
<td>None</td>
<td>Opex</td>
</tr>
<tr>
<td>Basic Services</td>
<td>Credible waiting list</td>
<td>No credible list</td>
<td>Housing Waiting List</td>
<td>Registration of beneficiaries</td>
<td>30th June 2011</td>
<td>10%</td>
<td>Publicize the registration</td>
<td>None</td>
<td>Opex</td>
</tr>
<tr>
<td>Good Governance</td>
<td>Established forum</td>
<td>Forum not established</td>
<td>Health Forum</td>
<td>Preparatory stage</td>
<td>30th March 2011</td>
<td>10%</td>
<td>Speed-up preparation</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Good Governance</td>
<td>No. of meetings held</td>
<td>No roster for meetings</td>
<td>Departmental Meetings</td>
<td>2nd meeting held on 21/01/11</td>
<td>30th June 2011</td>
<td>50%</td>
<td>Ensure adherence to roster</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Env. Management</td>
<td>No. of campaigns conducted</td>
<td>Campaigns not conducted</td>
<td>Environmental Management</td>
<td>1st campaign held in October at Mogwadi</td>
<td>30th June 2011</td>
<td>25%</td>
<td>Ensure that campaigns are held</td>
<td>None</td>
<td>Opex</td>
</tr>
<tr>
<td>Good Governance</td>
<td>Functional forum</td>
<td>Forum not fully functional</td>
<td>Disaster Management</td>
<td>Forum fully functional</td>
<td>30th Sep 2011</td>
<td>100%</td>
<td>Ensure adherence to roster</td>
<td>None</td>
<td>Opex</td>
</tr>
<tr>
<td>Good Governance</td>
<td>Functional DLTC</td>
<td>DLTC not functional</td>
<td>Mogwadi DLTC</td>
<td>Phase 1 functional</td>
<td>30th Sep 2011</td>
<td>100%</td>
<td>None</td>
<td>None</td>
<td>Opex</td>
</tr>
<tr>
<td>Good Governance</td>
<td>% increase in road-blocks</td>
<td>Minimal road-blocks</td>
<td>Law Enforcement</td>
<td>Road-blocks are held</td>
<td>30th June 2011</td>
<td>50%</td>
<td>Fill vacant posts</td>
<td>31st Dec 2010</td>
<td>Opex</td>
</tr>
<tr>
<td>Sports &amp; Recreation</td>
<td>Mayor's tournament &amp; marathon held</td>
<td>Event is held annually</td>
<td>Mayor's tournament &amp; marathon</td>
<td>Mayor's tournament held on 18/12/11</td>
<td>11th Dec 2010</td>
<td>100%</td>
<td>None</td>
<td>None</td>
<td>Opex</td>
</tr>
<tr>
<td>IDP Objective</td>
<td>Agreed Outcome</td>
<td>Baseline</td>
<td>Project Output</td>
<td>Achievement (based on Indicator)</td>
<td>Target</td>
<td>Progress To Date (%)</td>
<td>CORRECTIVE ACTION</td>
<td>REVISED TARGET</td>
<td>BUDGET EXPENDITURE</td>
</tr>
<tr>
<td>---------------</td>
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<td>-------------------</td>
</tr>
<tr>
<td>1</td>
<td>Fleet Maintenance</td>
<td>No maintenance schedule in place. Maintenance done based on manufacturer's guide</td>
<td>Maintenance Schedule</td>
<td>Adherence to maintenance schedule</td>
<td>Adherence and/or saving on maintenance budget provision as well as 100% adherence to fleet maintenance schedule</td>
<td>90%</td>
<td>Development of a comprehensive maintenance schedule by all departments. Reduce no. of trips through use of Information Technology for communication</td>
<td>A 30% reduction in maintenance costs - 2011/2012</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Fleet Disposal</td>
<td>4 sedans and 3 bakkies have passed their usage period</td>
<td>7 vehicles disposed</td>
<td>A list of vehicles to be disposed compiled. Auctioneer busy evaluating identified vehicles</td>
<td>Disposal of 7 obsolete vehicles i.e. 4 sedans &amp; 3 bakkies</td>
<td>75%</td>
<td>Auction to take place in 2011/2012 financial year. The objective to be transferred to Asset Management section for facilitation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Fleet acquisition</td>
<td>2x traffic bakkies, 5x traffic sedans, 2x Quantums, 1 x traffic trailer, 2x messenger services bakkies, 4x messenger service sedans &amp; 1x mayoral vehicle</td>
<td>Bought 3x bakkies, 3x sedans &amp; 1 Kombi</td>
<td>3x bakkies and 1 sedans purchased</td>
<td>Purchase 3 x bakkies 3 x sedans and 1 Kombi</td>
<td>80%</td>
<td>To purchase 1x bakkie, 1x sedan, 1x Mayor's car &amp; 1x Kombi - 2011/2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>Area</td>
<td>Details</td>
<td>Percentage</td>
<td>Goal/Action</td>
<td>Date</td>
<td>Amount</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----</td>
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</tr>
<tr>
<td>4</td>
<td>Fleet Control and tracking</td>
<td>Fleet authority in place; no fleet movement tracking device. Delivery schedule in place.</td>
<td></td>
<td>Finalize SLA for tracking device. Add fleet management for live tracking of vehicles - 2011/2012</td>
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</tr>
<tr>
<td>5</td>
<td>Fuel Usage</td>
<td>R 1, 512 000.00 allocated during 2009/10 financial year. Adherence to quarterly budget allocation. Overspent on allocated budget. 100% compliance with budget provision for fuel.</td>
<td>70%</td>
<td>Decentralize budget to each department for ease of monitoring.</td>
<td>2011/2012</td>
<td>R 1,132,000.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Records Management</td>
<td>Filing cabinets, file plan, document register, photocopier, facsimile facilities in place, approved records management policy and private bag mail system. SLA for courier services. Got quotes on rates from Speed Services.</td>
<td>20%</td>
<td>Expedite finalization of speed services contract and implement file reference numbers on correspondence</td>
<td>2011/2012</td>
<td></td>
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</tr>
</tbody>
</table>

Note: The table summarizes various actions and outcomes in different areas, including fleet control and tracking, fuel usage, and records management. Each entry provides a brief description of the action taken, the percentage completion, the goal or action required, and the date and amount associated with each entry.
<table>
<thead>
<tr>
<th></th>
<th>Customer Relations Management (CRM)</th>
<th>Communications system</th>
<th>Printing &amp; Stationery</th>
<th>Accommodation &amp; Meals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Comments &amp; complaints book in place; Online complaints register in place via our website</td>
<td>The telephone management system (TMS) in place, at Mogwadi and Morebeng offices. Not in place at Traffic and Nedbank offices. Policy in place.</td>
<td>Printing and publications performed</td>
<td>Expenditure on accommodation and meals within budget at current</td>
</tr>
<tr>
<td></td>
<td>Weekly reports on complaints handled.</td>
<td>Installed Telephone Management System in all municipal offices</td>
<td>Diaries, calendars, legislative and booklets</td>
<td>Adherence to budget allocation</td>
</tr>
<tr>
<td></td>
<td>Presidential, Premier hotline, website &amp; suggestion books suggestions and complaints referrals done.</td>
<td>Installed at Mogwadi and Morebeng Offices. Overspend by 3%</td>
<td>Purchase of 100 legislative booklets. Printing of 4 newsletters. Printing of 100 diaries and calendars</td>
<td>Spent 96.6% of the budget</td>
</tr>
<tr>
<td></td>
<td>Conduct 1 customer satisfaction survey, Improve complaints response time and weekly referral of complaints/comments/suggestions to HODs; Use of online feedback/complaints system</td>
<td>100% implementation of the telephone and cellphone policy, reduction of telephone costs by 10%.</td>
<td>30%</td>
<td>100% budget compliance with budget. 10% Rand value budget savings in comparison to previous year actual expenditure.</td>
</tr>
<tr>
<td></td>
<td>65%</td>
<td>75%</td>
<td>30%</td>
<td>95%</td>
</tr>
<tr>
<td></td>
<td>Designate an official to deal with complaints and suggestions from all sources. Customer service to be a standing item in Manco meetings.</td>
<td>Fast track installation at remaining points. Get new service provider for the TMS. Reduce the no. of officials able to make outgoing calls</td>
<td>Move the vote to MM's office to be expended by Communication Officer</td>
<td>R 96,859.29</td>
</tr>
<tr>
<td></td>
<td>Installation of one system at Mogwadi main office to control all municipal service points - 2011/2012</td>
<td>R 413,178.15</td>
<td>2011/2012</td>
<td>R 167,623.88</td>
</tr>
<tr>
<td></td>
<td>Travelling &amp; Subsistence</td>
<td>Expenditure on travel &amp; subsistence within budget at current</td>
<td>Adherence to budget allocation</td>
<td>Spent 96% of the budget. Target achieved</td>
</tr>
<tr>
<td>---</td>
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</tr>
<tr>
<td>6</td>
<td>Rental Office Machine</td>
<td>Photocopying machines rented</td>
<td>Adherence to budget allocation</td>
<td>Overspent by 9% of the allocated budget</td>
</tr>
<tr>
<td>7</td>
<td>Rental Office Machine Other</td>
<td>Fax machines on rental agreement</td>
<td>Adherence to budget allocation</td>
<td>Spent 53% of the budget</td>
</tr>
<tr>
<td>8</td>
<td>Rental Building</td>
<td>Two buildings on rental agreements</td>
<td>Adherence to budget allocation</td>
<td>67% of budget allocation spent</td>
</tr>
<tr>
<td>9</td>
<td>Cellphones</td>
<td>All contract cellphones held under the Employer’s liability</td>
<td>Contracts converted to personal liability.</td>
<td>Overspent by 30% of allocation</td>
</tr>
<tr>
<td></td>
<td>Books &amp; Publications</td>
<td>Subscribed with LexisNexis for traffic legislation amendments</td>
<td>Books procured</td>
<td>Purchased legislative books</td>
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</tr>
<tr>
<td>12</td>
<td>Public Participation</td>
<td>Public participation sessions held</td>
<td></td>
<td>% compliance with budget allocation. 12 public participation sessions held.</td>
</tr>
<tr>
<td>13</td>
<td>Refreshments</td>
<td>Refreshments procured</td>
<td>Refreshments procured</td>
<td>Provided refreshments for departmental meetings</td>
</tr>
<tr>
<td>14</td>
<td>Advertising Other</td>
<td>Advertising of public notices and tenders</td>
<td>Notices and tenders adverts</td>
<td>Spent 96% of the budget. Target achieved</td>
</tr>
<tr>
<td>15</td>
<td>Cleaning and Maintenance of premises</td>
<td>Cleaning services provided at all municipal premises daily; Draft Cleaning Procedure manual in place</td>
<td>Cleaning Procedure manual. Adherence to cleaning guide</td>
<td>Adherence to cleaning guide. Cleaning roster issued on a weekly basis</td>
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</tr>
<tr>
<td>16</td>
<td>Website</td>
<td>Offsite website maintenance</td>
<td>Monthly payments</td>
<td>Adherence to payment schedule</td>
</tr>
<tr>
<td></td>
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<tr>
<td>17</td>
<td>Information Technology Software</td>
<td>IT software currently procured within budget</td>
<td>IT Software</td>
<td>Spent 13.5% of the allocation</td>
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<tr>
<td>18</td>
<td>Information Technology Hardware</td>
<td>IT Hardware in place</td>
<td>Hardware purchased</td>
<td>96% of budget used</td>
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<tr>
<td>19</td>
<td>Information Communication and Technology (ICT)</td>
<td>No control measures or policy to regulate the use of ICT infrastructure and software</td>
<td>Draft policies on E-mail, Backup, Password</td>
<td>Draft policies on E-mail, Backup, Password</td>
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<tr>
<td>20</td>
<td>Security Services</td>
<td>Security company appointed to render the services at municipal premises</td>
<td>Performance reports/Security plan</td>
<td>Spent 85% of the allocated budget</td>
</tr>
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<tr>
<td>22</td>
<td><strong>Council Coordination</strong></td>
<td>Secretariat services in place, Council agendas developed and circulated, Council meetings' notices published; challenges with adherence to legislated timelines</td>
<td><strong>functional Council and committees</strong></td>
<td>Compliance with schedule</td>
</tr>
<tr>
<td>23</td>
<td><strong>Committees support and Coordination</strong></td>
<td>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</td>
<td><strong>functional Council and committees</strong></td>
<td>Compliance to schedule</td>
</tr>
<tr>
<td></td>
<td>Ward Committee Capacity Building</td>
<td>Ward committee members trained</td>
<td>Ward committee members trained</td>
<td>Trained all ward committees on public participation, project management, and IDP processes.</td>
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</tr>
<tr>
<td>25</td>
<td>Ward Committee Allowances</td>
<td>Sitting allowances paid at R50.00 tariff</td>
<td>Allowance paid</td>
<td>Sitting allowance paid</td>
</tr>
<tr>
<td>26</td>
<td>Ward Committee Conference</td>
<td>Conference held</td>
<td>Conference</td>
<td>None</td>
</tr>
<tr>
<td>27</td>
<td>Ward Committee Support and Coordination</td>
<td>Administrative support given to ward committees, challenges in capacity to give hands on support to ward committees</td>
<td>Support to ward committees</td>
<td>Minimal support to ward committees</td>
</tr>
<tr>
<td>28</td>
<td>Resolution Administration</td>
<td>All resolutions scheduled and presented for consideration by management</td>
<td>Implemented resolutions</td>
<td>Resolutions implemented on-going</td>
</tr>
<tr>
<td>29</td>
<td>Legal Services</td>
<td>1%</td>
<td>0% litigation against Municipality</td>
<td>1 case pending</td>
</tr>
<tr>
<td>30</td>
<td>Minute Taking</td>
<td>All Council minutes are taken and kept by Council support, challenges in taking minutes for other Council committees and workplace committees</td>
<td>Records of minutes kept</td>
<td>Minutes taken and kept</td>
</tr>
<tr>
<td>31</td>
<td>To ensure effective administration of employee benefits and provisioning</td>
<td>Labour Forecasting Conducted</td>
<td>Reviewed Organisational structure for 2011/2012</td>
<td>Personnel Needs Analysis done</td>
</tr>
</tbody>
</table>
| 32 | Filling of vacant posts | Recruitment / filling of vacant posts | The 2010/2011 municipal salary budget provides for 203 funded posts of which 135 are filled and 68 funded posts are vacant | Recruitment of suitable personnel into vacant posts | Advertised for vacant positions | Filling of 55 vacant funded positions and all posts that become vacant thereafter within 4 months of becoming vacant | 70% }

|  |  |  |  |  |  | R 69,667.84 |

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31
<table>
<thead>
<tr>
<th>#</th>
<th>Activity</th>
<th>Employee Engagement</th>
<th>Benefit Administration</th>
<th>Leave Management</th>
<th>Result</th>
<th>% Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>33</td>
<td>Induction of employees on municipal policy and operational requirements</td>
<td>Induction sessions conducted for all newly appointed employees; lack of policy guideline on employee induction</td>
<td>Conduct induction sessions and ensure policy understanding</td>
<td>None</td>
<td>All newly appointed employees inducted and engaged onto payroll within 14 days of appointment; Adopted of Induction Policy and Procedure</td>
<td>100%</td>
</tr>
<tr>
<td>34</td>
<td>To ensure effective administration of employee benefits and provisioning</td>
<td>Provide employee benefits to all qualifying beneficiaries</td>
<td>All qualifying employees granted applicable benefits</td>
<td>Benefits granted accordingly</td>
<td>100% provision of benefits to all qualifying employees, approval of benefits for employees and provision for employee benefits</td>
<td>100%</td>
</tr>
<tr>
<td>35</td>
<td>Proper management of leave</td>
<td>Leave records recorded and updated on leave records cards. Leave provision developed annually. Leave application forms processed and filled in personnel files. Limitations with leave application process and accuracy of leave credits</td>
<td>Accurate leave data &amp; efficient leave management system</td>
<td>Introduction of electronic leave management</td>
<td>Review the leave management policy and procedure. Upload historic leave records on payroll system. Update leave records on record cards, personnel leave files and electronic leave record system. Develop a master leave roster. Develop leave provision schedule</td>
<td>70%</td>
</tr>
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</tr>
<tr>
<td>36</td>
<td>Ensure work attendance and adherence to working hours by employees</td>
<td>Attendance Management</td>
<td>All departments issued with attendance registers, attendance registers monitored monthly to reconcile attendance with remuneration and absence and late coming reported. Limitations in tracking clock-in times for employees</td>
<td>Maintenance of attendance registers and attendance exception reports</td>
<td>Departmental heads &amp; line managers charged with responsibilities to manage staff attendance</td>
<td>Development and allocation of attendance registers. Monthly reconciliation of work attendance and remuneration. Monthly reporting of absence without leave and late coming. Installation of an electronic clocking system</td>
</tr>
<tr>
<td>37</td>
<td>Regulation of overtime in accordance with base legislation &amp; agreements</td>
<td>Overtime Management</td>
<td>Overtime paid to qualifying employees. Payment of overtime limited to 40 hours per month. Limitation with high rate of overtime claims</td>
<td>Overtime administered in accordance with applicable legislation</td>
<td>Compliance with overtime policy; collective agreement &amp; BCEA</td>
<td>Cap overtime employees at 40 hours per month. Reduce overtime expenditure by 20% from previous financial year expenditure. Develop overtime management policy. Provide for overtime in salary budget and ensure 100% adherence to allocated budget</td>
</tr>
<tr>
<td>38</td>
<td>Facilitate payroll activities</td>
<td>Payroll Referral</td>
<td>HR makes referrals to Payroll. There are challenges regarding information flow and</td>
<td>Efficient payroll administration</td>
<td>Prompt payment and administration of employee related costs</td>
<td>Implementation of all payroll referrals</td>
</tr>
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<td>39</td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td>Employment Equity Policy</td>
<td>No policy in place</td>
<td>Provide policy framework for the facilitation of Workplace Employment Equity</td>
<td>LLF adopted policy</td>
<td>Adopted Employment Equity Policy</td>
</tr>
<tr>
<td>40</td>
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<td>41</td>
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<tr>
<td></td>
<td></td>
<td>Employment Equity Plan</td>
<td>1st draft in place</td>
<td>Provide a multiyear Employment Equity Plan</td>
<td>Draft EE Plan developed and submitted for consultation</td>
<td>Adopted Employment Equity Plan</td>
</tr>
<tr>
<td>42</td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Employment Equity Reporting</td>
<td>Annual Employment Equity Report submitted</td>
<td>Annual reporting on Employment Equity in accordance with the Act</td>
<td>Submitted EE report</td>
<td>Submitted Employment Equity Reporting</td>
</tr>
<tr>
<td></td>
<td>Stakeholder Engagement</td>
<td>No Employment Equity Forum</td>
<td>Consultation conducted with the Forum on EE matters</td>
<td>LLF used as a consultative structure for employment equity</td>
<td>Established EE Forum and at least 4 EE Forum meetings held</td>
<td>50%</td>
</tr>
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</tr>
<tr>
<td>44</td>
<td>Workplace Employment Equity Education</td>
<td>Number of EE workshops held</td>
<td>Conduct EE training workshops</td>
<td>No workshop conducted</td>
<td>2 EE Education workshops held</td>
<td>0%</td>
</tr>
<tr>
<td>45</td>
<td>Human Resources Development Strategy</td>
<td>No HRD Strategy in place</td>
<td>Develop a comprehensive HRD strategy</td>
<td>Development of strategy requires external capacity and no funding allocated for HRD Strategy</td>
<td>Human Resources Development Strategy Adopted</td>
<td>0% Requires funding; not budgeted for during 2010/2011</td>
</tr>
<tr>
<td>46</td>
<td>To create an effective and efficient organisational structure aligned to the IDP objective</td>
<td>Develop Personal Development Plans (PDP) for the identified pool</td>
<td>Have succession plans in place</td>
<td>All employees have job descriptions and submission of skills audits that should serve as a base for succession planning</td>
<td>Develop PDP's and Succession Plans for all Senior Management, Middle Management and officer level positions. Develop succession plans</td>
<td>30%</td>
</tr>
<tr>
<td>47</td>
<td>Organisational Structure Re engineering</td>
<td>Organisational structure reviewed</td>
<td>Alignment of organisational structure to IDP priorities; operational requirements and powers &amp; functions of local government.</td>
<td>Departmental human capital needs analysis conducted</td>
<td>Reviewed organisational structure</td>
<td>100%</td>
</tr>
</tbody>
</table>

35
<table>
<thead>
<tr>
<th>Week</th>
<th>Description</th>
<th>Details</th>
<th>Status</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>48</td>
<td>Organisational Structure Review</td>
<td>Adopted organisational structure, Implementation of approved organisational structure, Advertised 29 of the vacant posts</td>
<td>70%</td>
<td>Dec-11</td>
</tr>
<tr>
<td>49</td>
<td>Performance Management System</td>
<td>Development stage of Performance Management system, Approved &amp; implemented Performance Management Framework, Performance contracts signed; personnel plans aligned to SDBIP &amp; Budget.</td>
<td>Functional PMS</td>
<td>100%</td>
</tr>
<tr>
<td>50</td>
<td>To enhance performance and create institutional capacity to analyse organisational performance</td>
<td>Performance Framework, Draft in place, Approved Performance Management Framework, Approved Performance Management Framework</td>
<td>Council approved Performance Management Framework and 100% compliance with the framework</td>
<td>100%</td>
</tr>
<tr>
<td>51</td>
<td>Performance Agreement</td>
<td>Applicable but not compliant with regulations, Signed compliant performance contracts, 6 performance contracts signed</td>
<td>6 performance contracts developed and signed</td>
<td>100%</td>
</tr>
<tr>
<td>52</td>
<td>Service Delivery Budget Implementation Plans</td>
<td>6 Service Delivery Budget Implementation Plans developed and approved, Approved SDBIP, 6 SDBIP's developed &amp; approved in accordance with legislation</td>
<td>6 Service Delivery Budget Implementation Plans developed and approved</td>
<td>100%</td>
</tr>
<tr>
<td>Page</td>
<td>Topic</td>
<td>Description</td>
<td>Status</td>
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<tr>
<td>54</td>
<td>Departmental Performance Reviews</td>
<td>Not conducted previously</td>
<td>Quarterly, midyear &amp; annual performance reviews conducted</td>
<td>75%</td>
</tr>
<tr>
<td>55</td>
<td>Performance Management Institutional Arrangements</td>
<td>Performance Panel established</td>
<td>Panel in place</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Stakeholder Engagement</td>
<td>Functional Local Labour Forum and its sub-committees as guided by section 12.4 of Organisational Rights Agreement</td>
<td>Functional LLF</td>
<td>2 LLF meetings held in the 1st quarter</td>
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<td>56</td>
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<tr>
<td>57</td>
<td>To maintain sound employee relations; create policy framework and establish internal capacity to administer discipline</td>
<td>Policy Development</td>
<td>14 policies in place</td>
<td>Development &amp; consultation on labour related policies</td>
</tr>
<tr>
<td>58</td>
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<tr>
<td>59</td>
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<td></td>
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<tr>
<td>60</td>
<td>Workplace Discipline</td>
<td>Functional disciplinary tribunal and departmental disciplinary hearings.</td>
<td>Establish internal capacity to handle disciplinary processes</td>
<td>2 officials trained on disciplinary procedures</td>
</tr>
<tr>
<td></td>
<td>Policy Education</td>
<td></td>
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<tr>
<td>61</td>
<td>To create adequate human capital capacity to support the delivery of the IDP objectives</td>
<td>2011/2012 Workplace Skills Development Plan</td>
<td>Submitted Workplace Skills Plan and annual Training Report to LGSETA by 30th June 2010</td>
<td>Submit 2011/2012 WSP within the provided deadline</td>
</tr>
<tr>
<td>62</td>
<td>Implement 2010/2011 Workplace Skills Plan</td>
<td>Submitted all required reports</td>
<td>Adherence to planned training</td>
<td>Training aligned to WSP and 3 monthly training reports for each of the months in the 1st quarter submitted to LGSETA</td>
</tr>
<tr>
<td>63</td>
<td>Recover Skills Levies</td>
<td>Improve on the recovery rate of skills levies</td>
<td>Recover levies paid for Skills Development</td>
<td>Skills levy contribution made and submitted monthly. Submitted training expenditure reports to facilitate payments to LGSETA.</td>
</tr>
<tr>
<td>64</td>
<td>Mayoral Bursaries</td>
<td>4 students receiving bursaries</td>
<td>Allocate study bursaries to learners</td>
<td>2 students supported through the study bursary</td>
</tr>
<tr>
<td>65</td>
<td>Employee Bursaries</td>
<td>No bursary allocated to employees</td>
<td>Allocate study bursaries to employees</td>
<td>No allocation made on budget for employee bursaries</td>
</tr>
<tr>
<td></td>
<td>Operate Learnerships</td>
<td>No learnership registered and operated</td>
<td>Register &amp; operate learners</td>
<td>Application for learnership for 2010/2011 not approved by LGSETA due to discrepancies in skills levy contributions</td>
</tr>
<tr>
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</tr>
<tr>
<td>66</td>
<td>Operate Internships</td>
<td>2 Interns appointed</td>
<td>Functional internship programme</td>
<td>Interns provided with a programme and given training</td>
</tr>
<tr>
<td>67</td>
<td>Provide opportunities for training and experiential learning</td>
<td>No policy on experiential training and voluntary work</td>
<td>Provide opportunity for experiential learning</td>
<td>4 students allocated experiential learning / training opportunity</td>
</tr>
<tr>
<td>68</td>
<td>HIV / AIDS Campaigns</td>
<td>No campaign conducted</td>
<td>Create workplace HIV/AIDS awareness</td>
<td>No workplace campaign conducted</td>
</tr>
<tr>
<td>69</td>
<td>To promote wellness amongst employees and ensure focused workforce</td>
<td>No campaign conducted</td>
<td>Provide employees with personal finance management skills</td>
<td>No workplace campaign conducted</td>
</tr>
<tr>
<td>70</td>
<td>Finance Management Campaigns</td>
<td>No campaign conducted</td>
<td>Create a workplace support programme for affected employees</td>
<td>No workplace campaign conducted</td>
</tr>
<tr>
<td>72</td>
<td>Policy Management</td>
<td>No Employee Wellness policy induction. Occupational Health &amp; Safety Policy in place</td>
<td>Create awareness of the Employee Wellness Policy &amp; Occupational Health &amp; Safety Policy</td>
<td>No induction conducted on Employee wellness &amp; Occupational Health &amp; Safety policies</td>
</tr>
<tr>
<td>73</td>
<td>Good Health &amp; Hygiene Awareness Campaigns</td>
<td>No campaign conducted</td>
<td>Promote general hygiene</td>
<td>No workplace campaign conducted</td>
</tr>
<tr>
<td>74</td>
<td>Counselling programmes</td>
<td>No referrals</td>
<td>Create a resource for counselling services</td>
<td>No counselling services required or provided</td>
</tr>
<tr>
<td>75</td>
<td>Safety Audit</td>
<td>Not conducted previously</td>
<td>Conduct a safety audit</td>
<td>Audit planned for April 2011</td>
</tr>
<tr>
<td>76</td>
<td>Safety Education</td>
<td>0%. Incident rate</td>
<td>Maintain a safe working environment</td>
<td>No occupational injury incident reported or occurred</td>
</tr>
<tr>
<td>77</td>
<td>Administration of Occupational Injury and Diseases cases</td>
<td>No occupational injury and diseases claim lodged for the financial year</td>
<td>Efficient administration of Occupational Injuries &amp; Diseases applications</td>
<td>No application lodged or reported</td>
</tr>
<tr>
<td>78</td>
<td>Stakeholder Engagement</td>
<td>No safety committee</td>
<td>Establish a safety committee</td>
<td>None</td>
</tr>
<tr>
<td>IDP OBJECTIVE</td>
<td>AGREED OUTCOME</td>
<td>BASELINE INFORMATION</td>
<td>PROJECT / OUTPUT</td>
<td>ACHIEVEMENT (based on indicator)</td>
</tr>
<tr>
<td>-----------------------</td>
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<td>----------------------------------------------------------------------------------------</td>
<td>--------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Letswatshemon Poultry</td>
<td>Upgrading of building, drilling of water borehole &amp; supply of chicken food</td>
<td>Poultry house dilapidated and no water reticulation</td>
<td>Complete project</td>
<td>Tender advertised, service provider appointed, service completely delivered</td>
</tr>
<tr>
<td>Mohodi Arts &amp; Culture</td>
<td>Completed building with equipments</td>
<td>Tribal Authority has given beneficiaries a site</td>
<td>Appoint service provider to erect fence</td>
<td>Erection of fence completed</td>
</tr>
<tr>
<td>Mogwadi Garage</td>
<td>Fully functional garage facilities</td>
<td>Private investor has been secured</td>
<td>Construction stage</td>
<td>EIA approved; Application submitted to SANRAL for access</td>
</tr>
<tr>
<td>Shopping Complex</td>
<td>Fully functional shopping complex</td>
<td>Tender was advertised</td>
<td>Appointment of developer</td>
<td>Tender advertised without consultation with RLCC as required by Restitution Act</td>
</tr>
</tbody>
</table>

Table 11: LED & PLANNING DEPARTMENT
<table>
<thead>
<tr>
<th>IDP OBJECTIVE</th>
<th>AGREED OUTCOME</th>
<th>BASELINE INFORMATION</th>
<th>PROJECT / OUTPUT</th>
<th>ACHIEVEMENT (based on indicator)</th>
<th>TARGETS</th>
<th>PROGRESS (% to target)</th>
<th>CORRECTIVE ACTION</th>
<th>REVISED TARGET</th>
<th>BUDGET EXPENDITURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment of Molemole Agri-forum</td>
<td>Functional Agri-forum</td>
<td>Non-existence of the forum</td>
<td>Functional Agri-forum</td>
<td>Forum operational</td>
<td>30 July 2010</td>
<td>100%</td>
<td>None</td>
<td>Opex</td>
<td></td>
</tr>
<tr>
<td>Facilitate access to funding for SMME’s</td>
<td>Sustainable businesses</td>
<td>Most enterprises are unsustainable because of lack of funding</td>
<td>Two(2) sustainable businesses</td>
<td>Two(2) business plans developed</td>
<td>31 December 2010</td>
<td>100%</td>
<td>Assist more SMME’s in business plan development</td>
<td>Opex</td>
<td></td>
</tr>
<tr>
<td>EPWP</td>
<td>Create job opportunities</td>
<td>Three(3) capital projects completed</td>
<td>10 labour intensive jobs to be created</td>
<td>50 people employed</td>
<td>31 December 2010</td>
<td>100%</td>
<td>Create more EPWP job opportunities</td>
<td>Opex</td>
<td></td>
</tr>
<tr>
<td>Assist projects beneficiaries to register their projects as per co-operative Act no. 14 of 2005</td>
<td>Register projects as co-operatives Act no. 14 of 2005</td>
<td>53 co-operatives registered</td>
<td>Registered 5 projects</td>
<td>5 registered projects as co-operatives</td>
<td>31 December 2010</td>
<td>100%</td>
<td>Assist more projects to register as co-operatives</td>
<td>Opex</td>
<td></td>
</tr>
<tr>
<td>Training of SMME’s</td>
<td>Competent beneficiaries</td>
<td>200 have already been trained</td>
<td>50 SMME’s to be trained</td>
<td>50 have been trained</td>
<td>31 December 2010</td>
<td>100%</td>
<td>Collaborate with sector departments</td>
<td>Opex</td>
<td></td>
</tr>
<tr>
<td>Approval of building plans</td>
<td>To ensure that all buildings constructed as per NHBRC</td>
<td>10</td>
<td>10 building plans to be approved</td>
<td>8 building plans approved</td>
<td>31 December 2010</td>
<td>80%</td>
<td></td>
<td>Opex</td>
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</table>

R188 Timeous issuing 150 100 applications to 119 applications 31 December 100% Collaborate with
<table>
<thead>
<tr>
<th>Departmental Meeting</th>
<th>Effective Planning &amp; Communication</th>
<th>6</th>
<th>3</th>
<th>3</th>
<th>31 December 2010</th>
<th>100%</th>
<th>DLG&amp;H for speedy approval</th>
<th>Opex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting with Stakeholders (Magoshi)</td>
<td>Well co-ordinated land-use</td>
<td>Traditional leaders demarcated sites without proper planning</td>
<td>Effective land-use</td>
<td>2 meetings</td>
<td>31 December 2010</td>
<td>100%</td>
<td>Understanding planning processes</td>
<td>Opex</td>
</tr>
<tr>
<td>Portfolio meetings</td>
<td>Effective service delivery</td>
<td>One monthly meeting</td>
<td>3</td>
<td>3</td>
<td>31 December 2010</td>
<td>100%</td>
<td>The Chief Whip to ensure that all councillors attend portfolio meeting regularly</td>
<td>Opex</td>
</tr>
<tr>
<td>Attraction of investors</td>
<td>Job creation and economic growth</td>
<td>High level of unemployment</td>
<td>Recruitment of one investor per quarter</td>
<td>2 investors recruited</td>
<td>31 December 2010</td>
<td>100%</td>
<td>Fast track partnership agreement by Council</td>
<td>Opex</td>
</tr>
</tbody>
</table>

**BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT: TECHNICAL UNIT: MOLEMOLE LOCAL MUNICIPALITY: ANNUAL 2010-11 FY**

<table>
<thead>
<tr>
<th>IDP OBJECTIVE</th>
<th>AGREED OUTCOME</th>
<th>BASELINE INFORMATION</th>
<th>PROJECT/ OUTPUT</th>
<th>ACHIEVEMENT (based on the indicator)</th>
<th>TARGETS</th>
<th>PROGRESS (% to target)</th>
<th>CORRECTIVE ACTION</th>
<th>REVISED TARGET</th>
<th>BUDGET EXPENDITURE</th>
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<tr>
<td><strong>BASIC SERVICES ROADS INFRASTRUCTURE</strong></td>
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<tr>
<td>Ramokgopa to Eisleben</td>
<td>Upgrade from gravel to tarred surface</td>
<td>Un-tarred district gravel roads</td>
<td>Complete project and start with the maintenance period</td>
<td>Completed 4,4km road now in use</td>
<td>August 2010</td>
<td>80% 100%</td>
<td>To start with the second phase; Second phase on tender stage.</td>
<td>Nil</td>
<td>R 19 024 125.87</td>
</tr>
<tr>
<td>Madikana to Matipane</td>
<td>Upgrade from gravel to tarred</td>
<td>Un-tarred district gravel roads.</td>
<td>Complete road now complete; only finish outstanding</td>
<td>Completed 4km of road</td>
<td>80%</td>
<td>Done</td>
<td>31/01/2011</td>
<td>R 16 038 086.77</td>
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<tr>
<td>Mogwadi Traffic Station Road</td>
<td>Upgrade from gravel to tarred</td>
<td>Un-tarred district gravel roads.</td>
<td>Complete road with pedestrian pavement</td>
<td>Complete. 1.8 km road completed and pedestrian</td>
<td>800m of pavement. Maintain 1.8km</td>
<td>100%</td>
<td>Outstanding payment to be done</td>
<td>Nil</td>
<td>R9 153 876.96</td>
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<tr>
<td>Project Description</td>
<td>Department Type</td>
<td>Start Date</td>
<td>Progress</td>
<td>Notes</td>
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<tr>
<td>Re-gravelling of internal street</td>
<td>Internal</td>
<td>2011-08-01</td>
<td>0%</td>
<td>Nil</td>
<td></td>
<td></td>
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<tr>
<td>Upgrading of gravel roads</td>
<td>O&amp;M</td>
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<td>Gravel roads</td>
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<tr>
<td>Road maintenance</td>
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<td>1km road re-gravelling</td>
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<td>2km by June 2011</td>
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<tr>
<td>Grading of internal and main streets and gravel yard</td>
<td>Internal</td>
<td>2011-06-30</td>
<td>60%</td>
<td>Grading programme; Implementation of grading program.</td>
<td></td>
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<tr>
<td>Grading of road</td>
<td>O&amp;M</td>
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<td>Gravel roads</td>
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<td>14 km have been graded</td>
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<td>22 km by June 2011</td>
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<tr>
<td>Introduction of grading programme</td>
<td>Internal</td>
<td>2011-05-22</td>
<td>60%</td>
<td>Grading programme; Implementation of grading program.</td>
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<td>Grading of road</td>
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<td>Gravel roads</td>
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<td>14 km have been graded</td>
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<td>BASIC SERVICES</td>
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<td>Mogwadi New Municipal Offices</td>
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<tr>
<td>Complete stalled building process</td>
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<tr>
<td>Building up to roof level; roof to be redone</td>
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<tr>
<td>Completed and ready to use building</td>
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<tr>
<td>Completed roof structure, electrical wiring 90% complete</td>
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<td>30 October 2010</td>
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<td>50%</td>
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<tr>
<td>To do cession payment to the sub-contractor, till we complete</td>
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<tr>
<td>Healthy eating</td>
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<tr>
<td>Morebeng, Ramokgopa, N1 &amp; Capricorn Park</td>
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<tr>
<td>Improve nighttime security with high-mast lighting</td>
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<tr>
<td>5 No. high-masts</td>
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<tr>
<td>To be re-advertised for the second time.</td>
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<tr>
<td>Complete by 30/05/2011</td>
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<td>R 400,000.00</td>
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</table>

**Notes:**
- O&M: Operations and Maintenance
<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
<th>Current Status</th>
<th>Completion Date</th>
<th>% Complete</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mogwadi &amp; Mohodi Highmast</td>
<td>Improve nighttime security with highmast lighting</td>
<td>8 No. highmasts</td>
<td>Tender closed on 15 December 2010, to appoint contractor by end January.</td>
<td>15%</td>
<td>N/A</td>
</tr>
<tr>
<td>Operation and maintenance of electricity</td>
<td>To improve access to electricity</td>
<td>Household reticulation</td>
<td>Operation and maintenance, connection</td>
<td>Operation and maintenance</td>
<td>0%</td>
</tr>
</tbody>
</table>

**BASIC SERVICES**

**WATER**

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
<th>Current Status</th>
<th>Completion Date</th>
<th>% Complete</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000L Jojo Tanks</td>
<td>Improve water supply in villages</td>
<td>Shortage of water</td>
<td>Reduce time of interrupted supply</td>
<td>Finalizing the specification on Jojo tanks</td>
<td>To supply 13 Wards by 30/03/2011</td>
</tr>
<tr>
<td>Bouwlust Borehole Development</td>
<td>Improved water supply</td>
<td>Insufficient water supply</td>
<td>Increase source output</td>
<td>New borehole and piping in place. Commissioned</td>
<td>100% supply</td>
</tr>
<tr>
<td>Mogwadi Borehole Development</td>
<td>Improved water supply</td>
<td>Insufficient water supply</td>
<td>Increase source output</td>
<td>New borehole in place.Commissioned</td>
<td>Complete borehole; Planning stage.</td>
</tr>
<tr>
<td>Brussels, Westphalia, Bouwlust</td>
<td>Improved water supply</td>
<td>Insufficient water supply</td>
<td>New borehole, water mains, repair tanks</td>
<td>Appointed consultant to do design of necessary works</td>
<td>Complete by 30 June 2011; Planning stage.</td>
</tr>
<tr>
<td>Eisleben (Ga-Joel)</td>
<td>Improved water supply</td>
<td>Insufficient water supply</td>
<td>New borehole, water mains</td>
<td>Planning and design are at 55%. Contractor</td>
<td>Complete by 2011-06-30; Never</td>
</tr>
<tr>
<td>Location</td>
<td>Improvement</td>
<td>Supply Adequacy</td>
<td>Construction Status</td>
<td>Date</td>
<td>Commission Percentage</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>------------------------------------------------------------------------------</td>
<td>-----------------------</td>
<td>---------------------</td>
<td>------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Mogwadi RWS</td>
<td>Improved water supply (quantity and quality)</td>
<td>Unreliable water</td>
<td>Under construction</td>
<td>2011-06-30</td>
<td>99%</td>
</tr>
<tr>
<td>Botlokwa WS</td>
<td>Improved water supply</td>
<td>Insufficient water</td>
<td>Planning 100%</td>
<td>2011-06-30</td>
<td>99% 100%</td>
</tr>
<tr>
<td>Molemole West GWS</td>
<td>Improved water supply</td>
<td>Poor water supply</td>
<td>Planning 100%</td>
<td>2011-06-30</td>
<td>99% 100%</td>
</tr>
<tr>
<td>Nthabiseng (Capricorn) WS</td>
<td>Improved water supply</td>
<td>Poor water supply</td>
<td>Commissioned</td>
<td>2011-06-30</td>
<td>95% 100%</td>
</tr>
<tr>
<td>Makgalong A and B GWS, Triest and Lissa</td>
<td>Improved water supply</td>
<td>Poor water supply</td>
<td>Completed</td>
<td>2011-06-30</td>
<td>100%</td>
</tr>
<tr>
<td>Botlokwa WS (Matseke, Maphosa, Polata)</td>
<td>Improved water supply</td>
<td>Insufficient water</td>
<td>Completed</td>
<td>2011-06-30</td>
<td>100%</td>
</tr>
<tr>
<td>Nthabiseng G/Water Improvement</td>
<td>Improved water supply</td>
<td>Insufficient water</td>
<td>Still under</td>
<td>2011-06-30</td>
<td>70% 100%</td>
</tr>
<tr>
<td>Ramokgopa RWS (Masedi, Dikgomong, Madiehe)</td>
<td>Improved water supply</td>
<td>Poor water supply</td>
<td>Completed, commissioned</td>
<td>2011-06-30</td>
<td>95% 100%</td>
</tr>
<tr>
<td>Ramokgopa RWS (Ga Joel, Ramoroko)</td>
<td>Improved water supply</td>
<td>Poor water supply</td>
<td>Completed</td>
<td>2011-06-30</td>
<td>85% 100%</td>
</tr>
</tbody>
</table>
CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Organisational Development Performance chapter mainly entails the broad human resources management function relating to personnel planning, service delivery support and linkage, skills development, job evaluation, remuneration, promotions, service terminations, performance management, personnel expenditure, employment equity / affirmative action, recruitment, promotions, injury on duty, labour relations, leave management, medical incapacity, benefits and conditions of service administration.

The Human Resources function is tasked with facilitating human resources planning, provisioning, utilisation, development, relations, discipline and payroll referrals. For the financial year under review we report on organisational achievements and challenges in relation to the identified areas.

Human Resource Planning:

During the year under review we have approved and implemented an organisational structure that supports the effective and economic delivery of planned services in terms of the long term organisational strategic plan. A link between the approved Integrated Development Plan and staff provisioning was realised following an organisational structure review process which took into account role alignment, personnel occupancy / utilisation rate assessment, individual post evaluation, cost benefit analysis and service impact ratio.

The reviewed structure has provided a basis for filling of funded positions. Table 12, below, reflects a summary of filled, vacant and unfunded positions.

Table: 12: Head Count: Post Establishment Per Department

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>FILLED POSITIONS</th>
<th>FUNDED VACANT POSITIONS</th>
<th>TOTAL FUNDED POSITIONS</th>
<th>UNFUNDED POSTS</th>
<th>TOTAL POSITIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal Manager</td>
<td>7</td>
<td>5</td>
<td>12</td>
<td>2</td>
<td>14</td>
</tr>
<tr>
<td>Budget &amp; Treasury</td>
<td>19</td>
<td>8</td>
<td>27</td>
<td>0</td>
<td>27</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>25</td>
<td>12</td>
<td>37</td>
<td>3</td>
<td>39</td>
</tr>
<tr>
<td>Local Economic Development &amp; Planning</td>
<td>6</td>
<td>2</td>
<td>8</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Community Services</td>
<td>31</td>
<td>15</td>
<td>46</td>
<td>2</td>
<td>48</td>
</tr>
<tr>
<td>Technical Services</td>
<td>55</td>
<td>10</td>
<td>65</td>
<td>0</td>
<td>65</td>
</tr>
<tr>
<td>TOTAL</td>
<td>143</td>
<td>52</td>
<td>195</td>
<td>8</td>
<td>202</td>
</tr>
</tbody>
</table>

Human Resources Provisioning.

The approved budget for 2010/2011 has allocated R 48 963, 963.00 to cover employee related costs of which R 34 677,075.62 has been expended by the end of the financial year. We have administered various employee benefits in accordance with applicable legislative prescripts. Part of the highlights for the year was the phasing in of the salary notch structure for lower level employees thus ensuring continued service recognition and a measure to ensure market competitiveness.

The approved organisational structure for 2010/2011 provided for 195 funded posts of which 143 were filled by the end of the financial year.

Table: 13: Labour Turn Over

<table>
<thead>
<tr>
<th>Appointments</th>
<th>Resignations</th>
<th>Deaths</th>
<th>Normal Retirement</th>
<th>Ill Health Retirement</th>
<th>Dismissals</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>6</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
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: 14: Medical Aid Scheme Membership**

<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Total Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonitas</td>
<td>33</td>
</tr>
<tr>
<td>Hosmed</td>
<td>10</td>
</tr>
<tr>
<td>Key-Health</td>
<td>12</td>
</tr>
<tr>
<td>LA Health</td>
<td>11</td>
</tr>
<tr>
<td>Samwumed</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
</tr>
</tbody>
</table>

**Table: 15: Pension / Provident Fund Membership**

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Total Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCPF</td>
<td>27</td>
</tr>
<tr>
<td>MEPF</td>
<td>45</td>
</tr>
<tr>
<td>MGF</td>
<td>62</td>
</tr>
<tr>
<td>NFMW</td>
<td>8</td>
</tr>
<tr>
<td>SALA</td>
<td>2</td>
</tr>
<tr>
<td>SNPF</td>
<td>21</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>165</strong></td>
</tr>
</tbody>
</table>

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

**Table: 16: Municipal Benefits**

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Vehicle Allowance</th>
<th>Danger Allowance</th>
<th>Home Owners Allowance</th>
<th>Long Service Bonus</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Employees in Receipt of the Benefit</strong></td>
<td>25</td>
<td>7</td>
<td>12</td>
<td>0</td>
</tr>
</tbody>
</table>

**Human Resources Utilisation.**

Each employee / position on the approved organisational structure has a job description and is assigned to a department with clear reporting lines. Employee work attendance registers are kept and monitored at all workplaces and monthly variance reports are generated for payroll reconciliation. Qualifying employees received their long service recognition award benefit in terms of the South African Local Government Bargaining Council Limpopo Divisional Agreement on Conditions of Service.

**Human Resources Development.**

The municipality has developed, submitted and implemented its Workplace Skills Plan (WSP) which was designed to address skills gaps required to realise the approved Integrated Development Plan objectives for the year under review.
Our capacity development initiatives targeted municipal officials, councillors, public representative structures and learners. Two inaugural mayoral bursary beneficiaries completed their respective qualifications during the year under review and have been placed on a training programme. We awarded two academically and financially deserving student beneficiaries with mayoral study bursaries for the 2011 academic year enrolment and beyond. Our capacity development initiatives are coordinated through a training committee which was established, trained and charged with the responsibility to consult, facilitate and review training plans. Below is a summary of our training beneficiaries:

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Beneficiaries</th>
<th>Number of Interventions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officials</td>
<td>45</td>
<td>15</td>
</tr>
<tr>
<td>Councillors</td>
<td>20</td>
<td>4</td>
</tr>
<tr>
<td>Ward Committees</td>
<td>130</td>
<td>1</td>
</tr>
<tr>
<td>Bursaries</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>207</strong></td>
<td><strong>22</strong></td>
</tr>
</tbody>
</table>

Employment Equity.

We have complied with employment equity reporting requirements as set by the Department of Labour. Our current employment equity profile depicts a fairly representative workforce with a few areas on which we still need to focus to ensure equitable workplace representation as the national and provincial targets. To attain workplace equity we need to improve our representativity across occupational categories - in particular African female and people with disabilities representation - particularly in the middle and senior management category. Our employment equity figures have generally regressed in comparison to a similar period during the prior year.

The demographic workforce profile reflects that males constitute 61% of the total workforce whilst females account for 39% of the total workforce. Employees with disabilities represent 2% of the total workforce. Gender and race representation reflects that African males constitute 61%, African female 38%, white male 1.3% and white female 1.3%.

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>MALE</th>
<th>FEMALE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Management</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Senior Management</td>
<td>4</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Middle Management</td>
<td>12</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Skilled technical; academically qualified workers; junior management; supervisors; foremen and superintendents</td>
<td>9</td>
<td>10</td>
<td>19</td>
</tr>
<tr>
<td>Skilled Field &amp; Clerical Workers</td>
<td>36</td>
<td>25</td>
<td>61</td>
</tr>
<tr>
<td>Unskilled / Elementary Workers</td>
<td>25</td>
<td>16</td>
<td>41</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>87</strong></td>
<td><strong>56</strong></td>
<td><strong>143</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Occupational Levels</th>
<th>Males</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>A</td>
<td>C</td>
<td>I</td>
</tr>
<tr>
<td>Senior Management</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Professionally qualified; experienced specialist &amp; mid-management</td>
<td>4</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Skilled technical; academically qualified workers; junior management; supervisors; foremen and superintendents</td>
<td>11</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
### 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.

### Functionality of Local Labour Forum

Two Local Labour Forum meetings and three management labour consultative meetings were held during the period under review to consider issues of mutual concern to management and labour. The Local Labour Forum became dysfunctional mid-year due to member unavailability.

### Policy Development & Management

All human resources management policies due for review have been reviewed and adopted by Council. In addition, new policies have been introduced to enhance governance and to ensure compliance and alignment with legislation, regulations and agreements. To establish understanding and compliance, policies have been workshopped with affected persons.

### Discipline.

The level of discipline has improved dramatically in comparison to the prior years. It has only been necessary to commence with disciplinary actions on 2 new matters and the remainder of the matters have been carried over from prior years.

#### Table 20:

<table>
<thead>
<tr>
<th>Formal Disciplinary Cases</th>
<th>Cases at Bargaining Council and Other External Labour Dispute Structures</th>
<th>Warning</th>
<th>Suspensions</th>
<th>Demotions</th>
<th>Dismissals</th>
<th>Settlements</th>
<th>Reinstatements</th>
<th>Total Disciplinary Incidences</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>7</td>
</tr>
</tbody>
</table>

### Payroll Administration.

The main objective was to ensure cost-effective and efficient payroll management. The municipality continues with the running of the payroll for all councillors, administrative officials and temporary employees. Furthermore, statutory deductions from the afore-mentioned are made to ensure compliance.
Table 21. Salaries & Allowances

<table>
<thead>
<tr>
<th>Classification</th>
<th>Workforce</th>
<th>Electronic Transfers</th>
<th>Manual Transfers</th>
<th>System Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officials</td>
<td>143</td>
<td>143</td>
<td>0</td>
<td>Payday</td>
</tr>
<tr>
<td>Councillors</td>
<td>27</td>
<td>27</td>
<td>0</td>
<td>Payday</td>
</tr>
<tr>
<td>Temporary Workers</td>
<td>7</td>
<td>0</td>
<td>7 (Cheque Payments)</td>
<td>Venus</td>
</tr>
<tr>
<td>Total Payroll</td>
<td>177</td>
<td>177</td>
<td>177</td>
<td>Payday</td>
</tr>
<tr>
<td>Total Electronic Transfers</td>
<td>170</td>
<td>170</td>
<td>170</td>
<td>Payday</td>
</tr>
</tbody>
</table>

Employee Costs Related Disclosure.

Total remuneration packages of managers and allowances of councillors for the period ending 30 June 2011 are disclosed in Table 22 below.

Table 22: Remunerations of Council, Top & Senior Management

<table>
<thead>
<tr>
<th>Designation</th>
<th>Total Actual Annual Remuneration Paid</th>
<th>Bonus Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayor</td>
<td>R 576 118</td>
<td>R 0.00</td>
</tr>
<tr>
<td>Speaker</td>
<td>R 441 152</td>
<td>R 0.00</td>
</tr>
<tr>
<td>Chief Whip</td>
<td>R 442 640</td>
<td>R 0.00</td>
</tr>
<tr>
<td>Exco</td>
<td>R 1 050 883</td>
<td>R 0.00</td>
</tr>
<tr>
<td>Part Time Councillors</td>
<td>R 3 194 508</td>
<td>R 0.00</td>
</tr>
<tr>
<td>Accounting Officer</td>
<td>R 438 928</td>
<td>R 0.00</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>R 780 710</td>
<td>R 0.00</td>
</tr>
<tr>
<td>Senior Manager Local Economic Development &amp; planning</td>
<td>R 645 193</td>
<td>R 0.00</td>
</tr>
<tr>
<td>Senior Manager Community Services</td>
<td>R 645 193</td>
<td>R 0.00</td>
</tr>
<tr>
<td>Senior Manager Corporate Services</td>
<td>R 646 526</td>
<td>R 0.00</td>
</tr>
<tr>
<td>Senior Manager Technical Services</td>
<td>R 504 760</td>
<td>R 0.00</td>
</tr>
</tbody>
</table>
CHAPTER 5: FINANCIAL PERFORMANCE

Annual Financial Statements

for

**Molemole Municipality**

for the year ended 30 June: 2011

Province: Limpopo

AFS rounding: R (i.e. only cents)

<table>
<thead>
<tr>
<th>Contact Information:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Municipal Manager:</td>
</tr>
<tr>
<td>Name of Chief Financial Officer:</td>
</tr>
<tr>
<td>Contact telephone number:</td>
</tr>
<tr>
<td>Contact e-mail address:</td>
</tr>
<tr>
<td>Name of contact at provincial treasury:</td>
</tr>
<tr>
<td>Contact telephone number:</td>
</tr>
<tr>
<td>Contact e-mail address:</td>
</tr>
<tr>
<td>Name of relevant Auditor:</td>
</tr>
<tr>
<td><strong>Name of contact at National Treasury:</strong></td>
</tr>
<tr>
<td>-----------------------------------------</td>
</tr>
<tr>
<td>Contact telephone number:</td>
</tr>
<tr>
<td>Contact e-mail address:</td>
</tr>
</tbody>
</table>
Molemole Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

General information

Members of the Council

MAKGATO M.P
MOABELO M.L
RAKUBU P
PAYA M.P
PAKGADI D
PHIHLELA A
MOSEAMO R
LEHONG D
SENOAMADI S
MAILA M
MALATJI C
MOYO T
MALEBATS A B
RAHLANA
MPHELO E
SEAKAMELA W
MALEMA M
TAWANA M
MATJEE C
RAMALEPE E
MAKGALO G
MEHALA P
HLAPA J
MAKGOKA A
NKOANA M

Mayor
Speaker
Chiefwhip
Member of the Executive Committee
Member of the Executive Committee
Member of the Executive Committee
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
MAPARA M  Member
MAHLOPHE A  Member

Council was inaugurated in June 2011

Municipal Manager
NKOANA T.D

Chief Financial Officer
MATLALA N.G

Grading of Local Authority
2

Auditors
Auditor-General

Bankers
NEDBANK

Molemole Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

General information (continued)

Registered Office:
| Physical address:       | 303 CHURCH STREET                        |
|                       | MOGWADI                                   |
|                       | 0715                                      |
| Postal address:       | PRIVATE BAG X 44                           |
|                       | MOGWADI                                   |
|                       | 0715                                      |
| Telephone number:     | 015 501 0243/4                            |
| Fax number:           | 015 501 0419                              |
| E-mail address:       | molemole.gov.za                           |
Molemole Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 35, 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 20 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.

__________________________________________________________________

Municipal Manager:

22-Sep-11
### Molemole Municipality

**STATEMENT OF FINANCIAL POSITION**

as at 30 June 2011

<table>
<thead>
<tr>
<th>Note</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

#### ASSETS

**Current assets**
- Cash and cash equivalents 1 12,283,343 7,006,632
- Trade and other receivables from exchange transactions 2 2,626,650 790,779
- Other receivables from non-exchange transactions 3 2,183,412 1,869,741
- Inventories 4 540,272 451,748
- Investments 5 311 311
- VAT receivable 9 1,712,799 1,782,102

**Non-current assets**
- Property, plant and equipment 6 76,176,687 61,618,700

**Total assets** 95,523,475 73,520,011

#### LIABILITIES

**Current liabilities**
- Trade and other payables from exchange transactions 7 14,145,938 9,292,539
- Consumer deposits 8 444,867 431,040
- Current portion of unspent conditional grants and receipts 10 2,198,407 2,511,339
- Current portion of finance lease liability 11 93,408 92,524

**Non-current liabilities**
- Non-current finance lease liability 11 507,691 601,099

**Total liabilities** 17,390,311 12,928,541

**Net assets** 78,133,164 60,591,470

#### NET ASSETS

- Accumulated surplus 73,064,355 55,522,661
- Revaluation reserves 5,068,809 5,068,809

**Total net assets**
### Molemole Municipality
#### STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2011

<table>
<thead>
<tr>
<th>Note</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property rates</td>
<td>12</td>
<td>3,810,519</td>
</tr>
<tr>
<td>Service charges</td>
<td>13</td>
<td>5,349,783</td>
</tr>
<tr>
<td>Rental of facilities and equipment</td>
<td>14</td>
<td>199,869</td>
</tr>
<tr>
<td>Interest earned - external investments</td>
<td>15</td>
<td>587,539</td>
</tr>
<tr>
<td>Interest earned - outstanding receivables</td>
<td>16</td>
<td>1,206,716</td>
</tr>
<tr>
<td>Fines</td>
<td></td>
<td>516,045</td>
</tr>
<tr>
<td>Licences and permits</td>
<td></td>
<td>2,676,088</td>
</tr>
<tr>
<td>Government grants and subsidies</td>
<td>17</td>
<td>67,389,013</td>
</tr>
<tr>
<td>Other income</td>
<td>18</td>
<td>2,169,854</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td></td>
<td>83,905,425</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related costs</td>
<td>19</td>
<td>29,285,812</td>
</tr>
<tr>
<td>Remuneration of councillors</td>
<td>20</td>
<td>5,391,264</td>
</tr>
<tr>
<td>Bad debts</td>
<td></td>
<td>3,907,662</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>21</td>
<td>4,282,926</td>
</tr>
<tr>
<td>Impairment loss</td>
<td></td>
<td>124,772</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td></td>
<td>3,524,859</td>
</tr>
<tr>
<td>Finance costs</td>
<td>22</td>
<td>316,474</td>
</tr>
<tr>
<td>Bulk purchases</td>
<td>23</td>
<td>3,959,130</td>
</tr>
<tr>
<td>General expenses</td>
<td>24</td>
<td>16,261,745</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td></td>
<td>67,054,644</td>
</tr>
<tr>
<td><strong>Surplus for the period</strong></td>
<td></td>
<td>16,850,781</td>
</tr>
<tr>
<td>Note</td>
<td>Revaluation Reserves</td>
<td>Accumulated Surplus/(Deficit)</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>----------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>Balance at 30 June 2009</td>
<td></td>
<td>17,327,222</td>
</tr>
<tr>
<td>Correction of prior period error</td>
<td></td>
<td>17,831,213</td>
</tr>
<tr>
<td><strong>Restated balance</strong></td>
<td></td>
<td>35,158,435</td>
</tr>
<tr>
<td>Surplus  on revaluation of property,</td>
<td></td>
<td>5,068,809</td>
</tr>
<tr>
<td>Fair value adjustment on unbundled assets</td>
<td></td>
<td>1,094,396</td>
</tr>
<tr>
<td>Surplus for the period</td>
<td></td>
<td>19,269,829</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2010</strong></td>
<td></td>
<td>5,068,809</td>
</tr>
<tr>
<td>Fair value adjustment on unbundled assets</td>
<td></td>
<td>690,914.18</td>
</tr>
<tr>
<td>Surplus for the period</td>
<td></td>
<td>16,850,781</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2011</strong></td>
<td></td>
<td>5,068,809</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Molemole Municipality  
CASH FLOW STATEMENT  
as at 30 June 2011

<table>
<thead>
<tr>
<th>Note</th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>77,604,592</td>
<td>85,078,587</td>
</tr>
<tr>
<td>Sales of goods and services</td>
<td>9,160,302</td>
<td>7,951,003</td>
</tr>
<tr>
<td>Grants</td>
<td>67,389,013</td>
<td>68,804,084</td>
</tr>
<tr>
<td>Interest received</td>
<td>1,794,254</td>
<td>224,170</td>
</tr>
<tr>
<td>Other receipts</td>
<td>5,561,856</td>
<td>4,063,650</td>
</tr>
<tr>
<td>Working capital changes</td>
<td>(6,300,833)</td>
<td>4,035,680</td>
</tr>
<tr>
<td>Payments</td>
<td>53,960,583</td>
<td>57,369,890</td>
</tr>
<tr>
<td>Employee costs</td>
<td>34,677,076</td>
<td>32,418,335</td>
</tr>
<tr>
<td>Suppliers</td>
<td>23,745,734</td>
<td>23,130,173</td>
</tr>
<tr>
<td>Interest paid</td>
<td>316,474</td>
<td>406,882</td>
</tr>
<tr>
<td>Working capital changes</td>
<td>(4,778,701)</td>
<td>1,414,499</td>
</tr>
<tr>
<td><strong>Net cash flows from operating activities</strong></td>
<td>25</td>
<td>23,644,008</td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM INVESTING ACTIVITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of fixed assets (PPE)</td>
<td>(18,274,773)</td>
<td>(16,691,975)</td>
</tr>
<tr>
<td>Proceeds from sale of fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td></td>
<td>14,678</td>
</tr>
<tr>
<td>Purchase of intangibles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease/(Increase) in Loans and receivables</td>
<td></td>
<td>24,262</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td><strong>Net cash flows from investing activities</strong></td>
<td>(18,274,773)</td>
<td>(16,653,035)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td></td>
<td>(112,000)</td>
</tr>
<tr>
<td>Proceeds from finance lease liability</td>
<td></td>
<td>693,623</td>
</tr>
<tr>
<td>Repayment of finance lease liability</td>
<td></td>
<td>(92,524)</td>
</tr>
<tr>
<td><strong>Net cash flows from financing activities</strong></td>
<td>(92,524)</td>
<td>581,623</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net increase / (decrease) in net cash and cash equivalents</strong></td>
<td>5,276,711</td>
<td>11,637,285</td>
</tr>
<tr>
<td><strong>Net cash and cash equivalents at beginning of period</strong></td>
<td>7,006,632</td>
<td>(4,630,653)</td>
</tr>
<tr>
<td><strong>Net cash and cash equivalents at end of period</strong></td>
<td>12,283,343</td>
<td>7,006,632</td>
</tr>
</tbody>
</table>

---

Molemole Municipality
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2011

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION
The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention 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.

1.2 PRESENTATION CURRENTY
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.

1.4 COMPARATIVE INFORMATION
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 ISSUED BUT NOT YET EFFECTIVE
1.5

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

- GRAP 18 Segment Reporting - issued February 2011
- GRAP 20 Related disclosure - issued June 2011
- GRAP 21 Impairment of non-cash generating assets - issued March 2009
- 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 25 Employee benefits - issued November 2009
Standards issued and not effective but available for accounting policy formulation

GRAP 21 Impairment of non-cash generating assets - issued March 2009
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 25 Employee benefits - issued November 2009
GRAP 26 Impairment of cash-generating assets - issued March 2009
GRAP 103 Heritage Assets - issued July 2008
GRAP 104 Financial instrument - issued October 2009
GRAP 105 Transfer of functions between entities under common control - issued November 2010
GRAP 106 Transfer of functions between entities not under common control - issued November 2010
GRAP 107 Mergers - issued November 2010

1.6 BUDGET INFORMATION
Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

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.

**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.

**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 derecognises 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:

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads and Paving</td>
<td>Buildings</td>
</tr>
<tr>
<td>36 years</td>
<td>5 years</td>
</tr>
<tr>
<td>Electricity</td>
<td>Other vehicles</td>
</tr>
<tr>
<td>45 years</td>
<td>5 years</td>
</tr>
<tr>
<td>Water</td>
<td>Office equipment</td>
</tr>
<tr>
<td>20 years</td>
<td>7 years</td>
</tr>
<tr>
<td>Sewerage</td>
<td>Furniture and fittings</td>
</tr>
<tr>
<td>20 years</td>
<td>years</td>
</tr>
<tr>
<td>Community</td>
<td>Other items of plant and equipment</td>
</tr>
<tr>
<td>Buildings</td>
<td>10 years</td>
</tr>
<tr>
<td>30 years</td>
<td>3 years</td>
</tr>
<tr>
<td>Recreational Facilities</td>
<td>Computer equipment</td>
</tr>
<tr>
<td>20 years</td>
<td>years</td>
</tr>
<tr>
<td>Security</td>
<td></td>
</tr>
<tr>
<td>20 years</td>
<td></td>
</tr>
<tr>
<td>Halls</td>
<td></td>
</tr>
<tr>
<td>30 years</td>
<td></td>
</tr>
<tr>
<td>Libraries</td>
<td></td>
</tr>
<tr>
<td>30 years</td>
<td></td>
</tr>
<tr>
<td>Parks and gardens</td>
<td></td>
</tr>
<tr>
<td>30 years</td>
<td></td>
</tr>
</tbody>
</table>

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

7.1 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.

SUBSEQUENT MEASUREMENT
7.2 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.

4 FINANCIAL INSTRUMENTS

4.1 INITIAL RECOGNITION
Financial instruments are initially recognised at fair value.

SUBSEQUENT MEASUREMENT
4.2 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.

4.2.2 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.

4.2.4 CASH AND CASH EQUIVALENTS
Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.
Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

5 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.

6 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), 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.

7 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.

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

9 LEASES

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

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.
10.1 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 are based on consumption. Meters are read on a monthly 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.

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 licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is 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.
10.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

Revenue from 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.

10.3 GRANTS, TRANSFERS AND DONATIONS

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

11 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 capitalise 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.

12 EMPLOYEE BENEFITS

Short-term employee benefits
When an employee has rendered service to an entity during a reporting period, the entity shall recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

(a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, an entity shall recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

(b) as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset (see, for example, the Standard of GRAP on Inventories, the Standard of GRAP on Property, Plant and Equipment, the Standard of GRAP on Intangible Assets and the Standard of GRAP on Heritage Assets).

Post employment 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.

13 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 amortisation is recognised 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 amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.
1. **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:
Cash on hand

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank</td>
<td>12,167,935</td>
<td>6,953,219</td>
</tr>
<tr>
<td>Call deposits</td>
<td>115,407</td>
<td>53,412</td>
</tr>
</tbody>
</table>

| Total               | 12,283,343 | 7,006,632 |

The Municipality has the following bank accounts:

- **Current Account (Primary Bank Account)**
  - Nedbank Bank Limited - Polokwane Branch

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash book balance at beginning of year</td>
<td>3,382,219</td>
<td></td>
</tr>
<tr>
<td>Cash book balance at end of year</td>
<td>10,936,244</td>
<td>3,382,219</td>
</tr>
<tr>
<td>Bank statement balance at beginning of year</td>
<td>7,754,918</td>
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</tr>
<tr>
<td>Bank statement balance at end of year</td>
<td>14,773,696</td>
<td>7,754,918</td>
</tr>
</tbody>
</table>

- **Current Account (Other Account)**
  - Nedbank Bank Limited - Polokwane Branch
Cash book balance at beginning of year 3,571,000
Cash book balance at end of year 6,219 3,571,000
Bank statement balance at beginning of year -
Bank statement balance at end of year -
Total cash and cash equivalents 12,283,343 7,006,632

## TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

<table>
<thead>
<tr>
<th>Gross Balances R</th>
<th>Provision for Doubtful Debts R</th>
<th>Net Balance R</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2 Trade receivables as at 30 June 2011</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service debtors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td>3,516,871</td>
<td>2,837,755</td>
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<tr>
<td>Rates</td>
<td>7,134,433</td>
<td>6,446,926</td>
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<tr>
<td>Refuse</td>
<td>2,190,828</td>
<td>1,736,587</td>
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<tr>
<td>Other</td>
<td>2,824,414</td>
<td>2,018,628</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,666,546</strong></td>
<td><strong>13,039,896</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gross Balances R</th>
<th>Provision for Doubtful Debts R</th>
<th>Net Balance R</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2 Trade receivables as at 30 June 2010</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service debtors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td>2,229,862</td>
<td>1,922,216</td>
</tr>
<tr>
<td>Rates</td>
<td>4,451,149</td>
<td>4,309,762</td>
</tr>
<tr>
<td>Refuse</td>
<td>2,039,258</td>
<td>1,732,002</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rates: Ageing</td>
<td>Current (0 – 30 days)</td>
<td>31 - 60 Days</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-----------------------</td>
<td>----------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>614,744</td>
</tr>
<tr>
<td></td>
<td></td>
<td>383,537</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>9,923,013</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Electricity</th>
<th>Current (0 – 30 days)</th>
<th>31 - 60 Days</th>
<th>61 - 90 Days</th>
<th>91 - 120 Days</th>
<th>121 - 150 Days</th>
<th>151 - 180 Days</th>
<th>181 - 210 Days</th>
<th>211 - 240 Days</th>
<th>241 - 270 Days</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>307,567</td>
<td>115,912</td>
<td>114,334</td>
<td>105,463</td>
<td>105,814</td>
<td>94,129</td>
<td>103,461</td>
<td>100,189</td>
<td><strong>7,134,433</strong></td>
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<td>195,012</td>
<td>73,494</td>
<td>72,493</td>
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<td>67,091</td>
<td>59,682</td>
<td>65,599</td>
<td>63,525</td>
<td><strong>4,451,149</strong></td>
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<td>Age Group</td>
<td>Refuse: Ageing</td>
<td>Other: Ageing</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Days</td>
<td>Current (0 – 30 days)</td>
<td>31 - 60 Days</td>
<td>61 - 90 Days</td>
<td>91 - 120 Days</td>
<td>121 - 150 Days</td>
<td>151 - 180 Days</td>
<td>181 - 210 Days</td>
<td>211 - 240 Days</td>
<td>241 - 270 Days</td>
</tr>
<tr>
<td></td>
<td></td>
<td>188,775</td>
<td>71,143</td>
<td>70,175</td>
<td>64,730</td>
<td>64,945</td>
<td>57,773</td>
<td>63,501</td>
<td>61,493</td>
<td>1,548,293</td>
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<tr>
<td></td>
<td></td>
<td>175,714</td>
<td>66,221</td>
<td>65,320</td>
<td>60,252</td>
<td>60,452</td>
<td>53,776</td>
<td>59,108</td>
<td>57,238</td>
<td>1,441,176</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>3,516,871</td>
<td>2,229,862</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refuse: Ageing</td>
<td></td>
<td>2,470,001</td>
<td>1,566,097</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other: Ageing</td>
<td></td>
<td>2,190,828</td>
<td>2,039,258</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2  Reconciliation of the doubtful debt provision

Balance at beginning of the year  
9,132,234  6,595,600

Contributions to provision  
3,907,662  2,536,634

Doubtful debts written off against provision  
-  -

Reversal of provision  
-  -

Balance at end of year  
13,039,896  9,132,234

3  OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Other debtors  
2,183,412  1,869,741

Total Other Debtors  
2,183,412  1,869,741

4  INVENTORIES

Closing balance of inventories:  
540,272  451,748

Consumable stores - at cost  
540,272  21,748

Stands held for sale  
-  430,000

5  INVESTMENTS

Deposits  
311  311
## Molemole Municipality
### NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

### 6 PROPERTY, PLANT AND EQUIPMENT

#### 6.1 Reconciliation of Carrying Value

<table>
<thead>
<tr>
<th></th>
<th>Land</th>
<th>Buildings</th>
<th>Infrastructure</th>
<th>Community</th>
<th>Other Assets</th>
<th>Finance lease assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>as at 1 July 2010</td>
<td>1,513,500</td>
<td>3,742,915</td>
<td>37,523,350</td>
<td>10,219,315</td>
<td>8,073,904</td>
<td>545,717</td>
<td>61,618,700</td>
</tr>
<tr>
<td>Cost/Revaluation</td>
<td>1,513,500</td>
<td>4,367,675</td>
<td>38,213,907</td>
<td>11,513,704</td>
<td>16,948,553</td>
<td>694,367</td>
<td>73,251,700</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment losses</td>
<td>(624,760)</td>
<td>(690,557)</td>
<td>(1,294,389)</td>
<td>(8,874,650)</td>
<td>(148,650)</td>
<td></td>
<td>(11,633,00)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>297,193</td>
<td>7,963,416</td>
<td>7,393,724</td>
<td>2,620,439</td>
<td>-</td>
<td>-</td>
<td>18,274,77</td>
</tr>
<tr>
<td>Capital under Construction</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(149,194)</td>
<td>(1,082,663)</td>
<td>(341,711)</td>
<td>(2,578,126)</td>
<td>(131,258)</td>
<td>(24,477)</td>
<td>(4,282,953)</td>
</tr>
<tr>
<td>Impairment loss</td>
<td></td>
<td>(100,295)</td>
<td>(24,477)</td>
<td>(124,772)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fair value adjustments</td>
<td>-</td>
<td>690,913</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>690,913</td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other movements</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>as at 30 June 2011</td>
<td>1,513,500</td>
<td>3,890,914</td>
<td>45,095,016</td>
<td>17,171,033</td>
<td>8,091,740</td>
<td>414,459</td>
<td>76,176,68</td>
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</tbody>
</table>
## Reconciliation of Carrying Value

### Molemole Municipality

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

### 6.1 Reconciliation of Carrying Value

<table>
<thead>
<tr>
<th></th>
<th>Land</th>
<th>Buildings</th>
<th>Infrastructure</th>
<th>Community</th>
<th>Other Assets</th>
<th>Finance lease assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>as at 1 July 2009</td>
<td>1,643,923</td>
<td>3,614,185</td>
<td>19,324,630</td>
<td>7,537,730</td>
<td>9,830,637</td>
<td>66,900</td>
<td>42,018,005</td>
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<tr>
<td>Cost/Revaluation</td>
<td>1,643,923</td>
<td>4,091,640</td>
<td>19,962,415</td>
<td>8,535,507</td>
<td>16,509,293</td>
<td>124,191</td>
<td>50,866,969</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment losses</td>
<td>(477,456)</td>
<td>(637,786)</td>
<td>(997,776)</td>
<td>(6,678,655)</td>
<td>(57,292)</td>
<td>(8,848,964)</td>
<td></td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
<td>13,471,511</td>
<td>1,887,254</td>
<td>763,034</td>
<td>570,175</td>
<td>-</td>
<td>16,691,975</td>
</tr>
<tr>
<td>Capital under Construction</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>(147,305)</td>
<td>(325,714)</td>
<td>(296,613)</td>
<td>(2,420,062)</td>
<td>(91,359)</td>
<td>-</td>
<td>(3,281,053)</td>
</tr>
<tr>
<td>Carrying value of disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(99,705)</td>
<td>-</td>
<td>(99,705)</td>
</tr>
<tr>
<td>Cost/Revaluation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(323,774)</td>
<td>-</td>
<td>(323,774)</td>
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<tr>
<td>Accumulated depreciation and impairment losses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>224,069</td>
<td>-</td>
<td>224,069</td>
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</tr>
<tr>
<td>Revaluation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>291,035</td>
<td>1,092,189</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>--------------------------------</td>
<td>---------</td>
<td>-----------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value adjustments</td>
<td>-</td>
<td>4,779,980</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers</td>
<td>(130,423)</td>
<td>(15,000)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>*Other movements</td>
<td>(272,943)</td>
<td>-</td>
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<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Fair value adjustments</th>
<th>4,779,980</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers</td>
<td>(130,423)</td>
<td>(15,000)</td>
</tr>
<tr>
<td>*Other movements</td>
<td>(272,943)</td>
<td>-</td>
</tr>
</tbody>
</table>

### as at 30 June 2010

<table>
<thead>
<tr>
<th></th>
<th>1,513,500</th>
<th>3,742,915</th>
<th>37,523,350</th>
<th>10,219,315</th>
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<th>545,717</th>
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<tr>
<td>Cost/Revaluation</td>
<td>1,513,500</td>
<td>4,367,675</td>
<td>38,213,907</td>
<td>11,513,704</td>
<td>16,948,553</td>
<td>694,367</td>
</tr>
<tr>
<td>Accumulated depreciation and</td>
<td>-</td>
<td>(624,760)</td>
<td>(690,557)</td>
<td>(1,294,389)</td>
<td>(8,874,650)</td>
<td>(148,650)</td>
</tr>
<tr>
<td>impairment losses</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tbody>
</table>

### 6.2 Reconciliation of other assets

<table>
<thead>
<tr>
<th></th>
<th>Computer Equipment</th>
<th>Furniture and Fittings</th>
<th>Machinery</th>
<th>Motor Vehicle</th>
<th>Office Equipment</th>
<th>Plant and Machinery</th>
<th>Other</th>
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</thead>
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<td>601,822</td>
<td>347,874</td>
<td>6,275,276</td>
<td>298,127</td>
<td>129,959</td>
<td>16,143</td>
<td>8,073,905</td>
</tr>
<tr>
<td>Cost/Revaluation</td>
<td>1,373,386</td>
<td>1,296,572</td>
<td>1,301,025</td>
<td>11,892,488</td>
<td>926,916</td>
<td>139,079</td>
<td>19,088</td>
<td>16,948,553</td>
</tr>
<tr>
<td>Accumulated depreciation and</td>
<td>(968,682)</td>
<td>(694,750)</td>
<td>(953,151)</td>
<td>(5,617,212)</td>
<td>(628,789)</td>
<td>(9,120)</td>
<td>(2,945)</td>
<td>(8,874,649)</td>
</tr>
<tr>
<td>impairment losses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions</td>
<td>121,832</td>
<td>124,846</td>
<td>2,300,172</td>
<td>73,589</td>
<td></td>
<td></td>
<td></td>
<td>2,620,439</td>
</tr>
<tr>
<td>Capital under Construction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>(288,542)</td>
<td>(169,488)</td>
<td>(192,420)</td>
<td>(1,767,271)</td>
<td>(138,894)</td>
<td>(18,784)</td>
<td>(2,727)</td>
<td>(2,578,126)</td>
</tr>
<tr>
<td>Impairment</td>
<td>(856)</td>
<td>(1,447)</td>
<td>(19,598)</td>
<td>(2,576)</td>
<td></td>
<td></td>
<td></td>
<td>(24,477)</td>
</tr>
</tbody>
</table>

### as at 30 June 2011

<table>
<thead>
<tr>
<th></th>
<th>237,137</th>
<th>555,732</th>
<th>135,857</th>
<th>6,808,176</th>
<th>230,248</th>
<th>129,959</th>
<th>16,143</th>
<th>8,113,252</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost/Revaluation</td>
<td>1,495,217</td>
<td>1,421,418</td>
<td>1,301,025</td>
<td>14,192,660</td>
<td>1,000,505</td>
<td>139,079</td>
<td>19,088</td>
<td>19,568,992</td>
</tr>
<tr>
<td>Accumulated depreciation and</td>
<td>(1,258,080)</td>
<td>(865,685)</td>
<td>(1,165,168)</td>
<td>(7,384,484)</td>
<td>(770,258)</td>
<td>(9,120)</td>
<td>(2,945)</td>
<td>(11,455,740)</td>
</tr>
<tr>
<td>impairment losses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Reconciliation of other assets

<table>
<thead>
<tr>
<th></th>
<th>Computer Equipment</th>
<th>Furniture and Fittings</th>
<th>Machinery</th>
<th>Motor Vehicle</th>
<th>Office Equipment</th>
<th>Plant and Machinery</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>as at 1 July 2009</td>
<td>700,915</td>
<td>721,259</td>
<td>578,137</td>
<td>7,431,709</td>
<td>379,747</td>
<td>-</td>
<td>18,870</td>
<td>9,830,637</td>
</tr>
<tr>
<td>Cost/Revaluation</td>
<td>1,325,880</td>
<td>1,247,313</td>
<td>1,301,025</td>
<td>11,737,912</td>
<td>878,074</td>
<td>-</td>
<td>19,088</td>
<td>16,509,293</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment losses</td>
<td>(624,965)</td>
<td>(526,054)</td>
<td>(722,888)</td>
<td>(4,306,204)</td>
<td>(498,327)</td>
<td>-</td>
<td>(218)</td>
<td>(6,678,653)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>47,506</td>
<td>49,258</td>
<td>0</td>
<td>478,350</td>
<td>48,842</td>
<td>139,079</td>
<td>-</td>
<td>763,034</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(343,717)</td>
<td>(168,696)</td>
<td>(230,263)</td>
<td>(1,535,078)</td>
<td>(130,462)</td>
<td>(9,120)</td>
<td>(2,727)</td>
<td>(2,420,062)</td>
</tr>
<tr>
<td>Carrying value of disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(99,705)</td>
<td>-</td>
<td>-</td>
<td>(99,705)</td>
</tr>
<tr>
<td>Cost/Revaluation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(323,774)</td>
<td>-</td>
<td>-</td>
<td>(323,774)</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment losses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>224,069</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>224,069</td>
</tr>
<tr>
<td>as at 30 June 2010</td>
<td>404,704</td>
<td>601,822</td>
<td>347,874</td>
<td>6,275,276</td>
<td>298,127</td>
<td>129,959</td>
<td>16,143</td>
<td>8,073,905</td>
</tr>
<tr>
<td>Cost/Revaluation</td>
<td>1,373,386</td>
<td>1,296,572</td>
<td>1,301,025</td>
<td>11,892,488</td>
<td>926,916</td>
<td>139,079</td>
<td>19,088</td>
<td>16,948,553</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment losses</td>
<td>(968,682)</td>
<td>(694,750)</td>
<td>(953,151)</td>
<td>(5,617,212)</td>
<td>(628,789)</td>
<td>(9,120)</td>
<td>(2,945)</td>
<td>(8,874,649)</td>
</tr>
</tbody>
</table>

### 6.3 Work in progress

Carrying value of work in progress included in property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>199,673</td>
<td>0</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>7,282,957</td>
<td>5,013,476</td>
</tr>
</tbody>
</table>
Community assets

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Trade and other payables from exchange transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade creditors</td>
<td>2,981,629</td>
<td>1,397,767</td>
</tr>
<tr>
<td>Payments received in advance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Retentions</td>
<td>3,172,710</td>
<td>2,037,401</td>
</tr>
<tr>
<td>Staff leave accrual</td>
<td>3,743,507</td>
<td>3,250,636</td>
</tr>
<tr>
<td>Bonus</td>
<td>928,929</td>
<td>922,411</td>
</tr>
<tr>
<td>Other creditors</td>
<td>3,319,162</td>
<td>1,684,323</td>
</tr>
<tr>
<td><strong>Total creditors</strong></td>
<td><strong>14,145,938</strong></td>
<td><strong>9,292,539</strong></td>
</tr>
</tbody>
</table>

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

8 CONSUMER DEPOSITS

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Consumer deposits</td>
<td>444,867</td>
<td>431,040</td>
</tr>
<tr>
<td><strong>Total consumer deposits</strong></td>
<td><strong>444,867</strong></td>
<td><strong>431,040</strong></td>
</tr>
</tbody>
</table>
9 VAT RECEIVABLE

VAT receivable

<table>
<thead>
<tr>
<th></th>
<th>1,712,799</th>
<th>1,782,102</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,712,799</td>
<td>1,782,102</td>
</tr>
</tbody>
</table>

VAT is payable on the invoice basis.

10 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

10.1 Unspent Conditional Grants from other spheres of Government

<table>
<thead>
<tr>
<th>Grants</th>
<th>-</th>
<th>655,650</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal Infrastructure Grants</td>
<td>-</td>
<td>655,650</td>
</tr>
<tr>
<td>Financial Management Grant</td>
<td>278,520</td>
<td>95,139</td>
</tr>
<tr>
<td>Municipal Support Improvement Grant</td>
<td>698,047</td>
<td>389,550</td>
</tr>
<tr>
<td>Capricorn District Municipality Grant</td>
<td>500,000</td>
<td></td>
</tr>
<tr>
<td>Integrated National Electrification Programme Grant</td>
<td>721,841</td>
<td>1,371,000</td>
</tr>
</tbody>
</table>

Total Unspent Conditional Grants and Receipts

|                      | 2,198,407 | 2,511,339 |

See Note 17 for reconciliation of grants and receipts.

11 FINANCE LEASE LIABILITY

2011

<table>
<thead>
<tr>
<th>Amounts payable under finance leases</th>
<th>Minimum lease payment R</th>
<th>Future finance charges R</th>
<th>Present value of minimum lease payments R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within one year</td>
<td>369,143</td>
<td>(275,734)</td>
<td>93,408</td>
</tr>
</tbody>
</table>
Within two to five years  

<table>
<thead>
<tr>
<th></th>
<th>868,753</th>
<th>(361,062)</th>
<th>507,691</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,237,895</td>
<td>(636,796)</td>
<td>601,099</td>
</tr>
</tbody>
</table>

Less: Amount due for settlement within 12 months (current portion)  

<table>
<thead>
<tr>
<th></th>
<th>93,408</th>
</tr>
</thead>
</table>

The average lease term is 3.5 years and the average effective borrowing rate is 4.2% per month. Lease payments are payable monthly in arrears and escalate 10% per annum. No arrangements have been entered into for contingent rent.

2010  

<table>
<thead>
<tr>
<th>Amounts payable under finance leases</th>
<th>Minimum lease payment R</th>
<th>Future finance charges R</th>
<th>of minimum lease payments R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within one year</td>
<td>432,179</td>
<td>(325,844)</td>
<td>106,336</td>
</tr>
<tr>
<td>Within two to five years</td>
<td>1,237,895</td>
<td>(650,608)</td>
<td>587,287</td>
</tr>
<tr>
<td></td>
<td>1,670,075</td>
<td>(976,452)</td>
<td>693,623</td>
</tr>
</tbody>
</table>

Less: Amount due for settlement within 12 months (current portion)  

<table>
<thead>
<tr>
<th></th>
<th>(92,524)</th>
</tr>
</thead>
</table>

The average lease term is 4.5 years and the average effective borrowing rate is 4.2%. Lease payments are payable monthly in arrears and escalate 10% per annum. No arrangements have been entered into for contingent rent.

12 PROPERTY RATES

<table>
<thead>
<tr>
<th>Actual</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property rates</td>
<td>3,810,519</td>
<td>3,503,020</td>
</tr>
<tr>
<td>Total</td>
<td>3,810,519</td>
<td>3,503,020</td>
</tr>
</tbody>
</table>
### Valuations

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>237,112,956</td>
</tr>
<tr>
<td>Commercial</td>
<td>56,299,512</td>
</tr>
<tr>
<td>State</td>
<td>22,194,819</td>
</tr>
<tr>
<td>Municipal</td>
<td>21,264,720</td>
</tr>
<tr>
<td>Farms</td>
<td>1,329,569,800</td>
</tr>
<tr>
<td>Church</td>
<td>11,165,100</td>
</tr>
<tr>
<td><strong>Total Property Valuations</strong></td>
<td><strong>1,677,606,907</strong></td>
</tr>
</tbody>
</table>

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.

Property rates are set according to consumer categories. Residential consumers are given an exemption of R35 000 on property value and a further 10% rebate. A 20% rebate is granted to state property owners. Rates are levied on an monthly basis on property owners.

Interest at 15% per annum is levied on outstanding rates.

### 13 SERVICE CHARGES

<table>
<thead>
<tr>
<th>Service</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of electricity</td>
<td>4,119,168</td>
<td>3,417,798</td>
</tr>
<tr>
<td>Service levies</td>
<td>411,826</td>
<td>197,900</td>
</tr>
<tr>
<td>Refuse removal</td>
<td>818,790</td>
<td>832,285</td>
</tr>
<tr>
<td><strong>Total Service Charges</strong></td>
<td><strong>5,349,783</strong></td>
<td><strong>4,447,983</strong></td>
</tr>
</tbody>
</table>
14 **RENTAL OF FACILITIES AND EQUIPMENT**

Rental of facilities | 171,909 | 247,105
Rental of equipment | 27,961 | -
Other rentals | - | -

**Total rentals** | **199,869** | **247,105**

---

15 **INTEREST EARNED - EXTERNAL INVESTMENTS**

Bank | 587,539 | 134,608

**Total interest** | **587,539** | **134,608**

---

16 **INTEREST EARNED - OUTSTANDING RECEIVABLES**

Consumer debtors | 1,206,716 | 89,563

**Total interest** | **1,206,716** | **89,563**

---

17 **GOVERNMENT GRANTS AND SUBSIDIES**

Equitable share | 57,082,624 | 46,994,737
MIG Grant | 7,047,650 | 17,828,480
Other Government Grants and Subsidies | 3,258,739 | 3,980,867

**Total Government Grant and Subsidies** | **67,389,013** | **68,804,084**

---

17.1 **Equitable Share**
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R85, which is funded from the grant.

### 17.2 MIG Grant

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance unspent at beginning of year</td>
<td>655,650</td>
<td>(5,186,870)</td>
</tr>
<tr>
<td>Current year receipts</td>
<td>6,392,000</td>
<td>23,671,000</td>
</tr>
<tr>
<td>Conditions met - transferred to revenue</td>
<td>(7,047,650)</td>
<td>(17,828,480)</td>
</tr>
<tr>
<td>Conditions still to be met - remain liabilities (see note 10)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### 17.3 FMG Grant

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance unspent at beginning of year</td>
<td>95,138</td>
<td>139,130</td>
</tr>
<tr>
<td>Current year receipts</td>
<td>1,000,000</td>
<td>750,000</td>
</tr>
<tr>
<td>Conditions met - transferred to revenue</td>
<td>(816,619)</td>
<td>(793,991)</td>
</tr>
<tr>
<td>Conditions still to be met - remain liabilities (see note 10)</td>
<td>278,519</td>
<td>95,138</td>
</tr>
</tbody>
</table>

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

### 17.4 MSIG Grant

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance unspent at beginning of year</td>
<td>389,550</td>
<td>504,076</td>
</tr>
<tr>
<td>Current year receipts</td>
<td>750,000</td>
<td>735,000</td>
</tr>
<tr>
<td>Conditions met - transferred to revenue</td>
<td>(441,504)</td>
<td>(849,527)</td>
</tr>
</tbody>
</table>
Conditions still to be met - remain liabilities (see note 10)

This grant was used to build in-house capacity to perform their functions and stabilize institutional and governance systems. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

17.5 Capricorn District Municipality Grant

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance unspent at beginning of year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current year receipts</td>
<td>1,851,457</td>
<td>2,337,350</td>
</tr>
<tr>
<td>Conditions met - transferred to revenue</td>
<td>(1,351,457)</td>
<td>(2,337,350)</td>
</tr>
<tr>
<td>Conditions still to be met - remain liabilities (see note 10)</td>
<td>500,000</td>
<td></td>
</tr>
</tbody>
</table>

17.6 Integrated National Electrification Grant

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance unspent at beginning of year</td>
<td>1,371,000</td>
<td></td>
</tr>
<tr>
<td>Current year receipts</td>
<td>(649,159)</td>
<td>1,371,000</td>
</tr>
<tr>
<td>Conditions met - transferred to revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conditions still to be met - remain liabilities (see note 10)</td>
<td>721,841</td>
<td>1,371,000</td>
</tr>
</tbody>
</table>

17.5 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

18 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS

18.1 Other income

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other income</td>
<td>2,169,854</td>
<td>773,139</td>
</tr>
<tr>
<td>Recovery of unauthorised, irregular, fruitless and wasteful expenditure</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Total Other Income

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,169,854</td>
<td>773,139</td>
</tr>
</tbody>
</table>

### Employee Related Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee related costs - Salaries and Wages</td>
<td>19,205,174</td>
<td>16,729,223</td>
</tr>
<tr>
<td>Employee related costs - Contributions for UIF, pensions and medical aids</td>
<td>4,586,529</td>
<td>3,782,268</td>
</tr>
<tr>
<td>Travel, motor car, accommodation, subsistence and other allowances</td>
<td>2,147,812</td>
<td>2,045,664</td>
</tr>
<tr>
<td>Housing benefits and allowances</td>
<td>240,745</td>
<td>157,692</td>
</tr>
<tr>
<td>Overtime payments</td>
<td>630,401</td>
<td>1,134,478</td>
</tr>
<tr>
<td>Performance and other bonuses</td>
<td>1,166,538</td>
<td>1,090,854</td>
</tr>
<tr>
<td>Long-service awards</td>
<td>40,226</td>
<td>7,258</td>
</tr>
<tr>
<td>Other employee related costs</td>
<td>1,268,388</td>
<td>2,116,343</td>
</tr>
<tr>
<td><strong>Employee Related Costs</strong></td>
<td><strong>29,285,812</strong></td>
<td><strong>27,063,779</strong></td>
</tr>
</tbody>
</table>

*Remuneration of section 57 managers included in employee related costs*

**Remuneration of the Municipal Manager**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Remuneration</td>
<td>372,923</td>
<td>455,201</td>
</tr>
<tr>
<td>Travel, motor car, accommodation, subsistence and other allowances</td>
<td>66,000</td>
<td>298,423</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>438,923</strong></td>
<td><strong>753,624</strong></td>
</tr>
</tbody>
</table>

**Remuneration of the Chief Finance Officer**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Remuneration</td>
<td>564,710</td>
<td>462,400</td>
</tr>
<tr>
<td>Travel, motor car, accommodation, subsistence and other allowances</td>
<td>216,000</td>
<td>216,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>780,710</strong></td>
<td><strong>678,400</strong></td>
</tr>
</tbody>
</table>
### Remuneration of Individual Executive Directors

<table>
<thead>
<tr>
<th></th>
<th>Technical Services R</th>
<th>LED and Planning Services R</th>
<th>Corporate Services R</th>
<th>Community Services R</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Remuneration</td>
<td>333,570</td>
<td>554,443</td>
<td>517,169</td>
<td>546,193</td>
</tr>
<tr>
<td>Travel, motor car, accommodation, subsistence and other allowances</td>
<td>72,000</td>
<td>99,000</td>
<td>60,000</td>
<td>99,000</td>
</tr>
<tr>
<td>Housing</td>
<td>99,000</td>
<td></td>
<td>69,357</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>504,570</td>
<td>653,443</td>
<td>646,526</td>
<td>645,193</td>
</tr>
<tr>
<td><strong>2010</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Remuneration</td>
<td>590,087</td>
<td>531,236</td>
<td>597,643</td>
<td></td>
</tr>
<tr>
<td>Travel, motor car, accommodation, subsistence and other allowances</td>
<td>99,000</td>
<td>129,357</td>
<td>209,437</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>689,087</td>
<td>660,593</td>
<td>807,080</td>
<td></td>
</tr>
</tbody>
</table>

### REMUNERATION OF COUNCILLORS

<table>
<thead>
<tr>
<th>Role</th>
<th>Technical Services R</th>
<th>Corporate Services R</th>
<th>Community Services R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayor</td>
<td>576,118</td>
<td>582,972</td>
<td></td>
</tr>
<tr>
<td>Chief Whip</td>
<td>442,640</td>
<td>378,228</td>
<td></td>
</tr>
<tr>
<td>Speaker</td>
<td>441,152</td>
<td>390,132</td>
<td></td>
</tr>
<tr>
<td>Executive Committee Members</td>
<td>1,030,883</td>
<td>808,716</td>
<td></td>
</tr>
<tr>
<td>Councillors</td>
<td>2,900,471</td>
<td>3,194,508</td>
<td></td>
</tr>
<tr>
<td><strong>Total Councillors’ Remuneration</strong></td>
<td><strong>5,391,264</strong></td>
<td><strong>5,354,556</strong></td>
<td></td>
</tr>
</tbody>
</table>
In-kind Benefits

The Mayor, Speaker and Chief Whip are full-time. Each is provided with an office and secretarial support at the cost of the Council.

21 DEPRECIATION AND AMORTISATION EXPENSE

<table>
<thead>
<tr>
<th>Description</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>4,282,926</td>
<td>3,281,053</td>
</tr>
<tr>
<td><strong>Total Depreciation and Amortisation</strong></td>
<td><strong>4,282,926</strong></td>
<td><strong>3,281,053</strong></td>
</tr>
</tbody>
</table>

22 FINANCE COSTS

<table>
<thead>
<tr>
<th>Description</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on late settlement</td>
<td>-</td>
<td>198,724</td>
</tr>
<tr>
<td>Lease liability</td>
<td>316,474</td>
<td>208,158</td>
</tr>
<tr>
<td><strong>Total Finance Costs</strong></td>
<td><strong>316,474</strong></td>
<td><strong>406,882</strong></td>
</tr>
</tbody>
</table>

23 BULK PURCHASES

<table>
<thead>
<tr>
<th>Description</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>3,959,130</td>
<td>3,030,332</td>
</tr>
<tr>
<td>Water</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Bulk Purchases</strong></td>
<td><strong>3,959,130</strong></td>
<td><strong>3,030,332</strong></td>
</tr>
</tbody>
</table>

24 GENERAL EXPENSES

Included in general expenses are the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>157,190</td>
<td>264,207</td>
</tr>
<tr>
<td>Audit fees</td>
<td>1,774,740</td>
<td>1,788,642</td>
</tr>
<tr>
<td>Bank charges</td>
<td>265,290</td>
<td>163,955</td>
</tr>
<tr>
<td>Expense</td>
<td>2021</td>
<td>2020</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Bursaries</td>
<td>-</td>
<td>214,231</td>
</tr>
<tr>
<td>Cleaning</td>
<td>146,554</td>
<td>169,662</td>
</tr>
<tr>
<td>Consulting fees</td>
<td>789,460</td>
<td>1,522,971</td>
</tr>
<tr>
<td>Departmental consumption</td>
<td>385,780</td>
<td>324,185</td>
</tr>
<tr>
<td>Financial management grant</td>
<td>259,471</td>
<td>614,921</td>
</tr>
<tr>
<td>Fuel and oil</td>
<td>1,156,760</td>
<td>1,190,093</td>
</tr>
<tr>
<td>Insurance</td>
<td>566,699</td>
<td>501,336</td>
</tr>
<tr>
<td>Legal expenses</td>
<td>424,539</td>
<td>624,222</td>
</tr>
<tr>
<td>Licence fees - vehicles</td>
<td>50,161</td>
<td>42,068</td>
</tr>
<tr>
<td>Membership fees</td>
<td>110,890</td>
<td>352,146</td>
</tr>
<tr>
<td>Postage and telephone</td>
<td>413,178</td>
<td>382,503</td>
</tr>
<tr>
<td>Printing and publication</td>
<td>200,804</td>
<td>587,431</td>
</tr>
<tr>
<td>Rental of buildings</td>
<td>108,590</td>
<td>101,896</td>
</tr>
<tr>
<td>Rental of office equipment</td>
<td>201,102</td>
<td>92,615</td>
</tr>
<tr>
<td>Security costs</td>
<td>1,023,339</td>
<td>1,117,749</td>
</tr>
<tr>
<td>Skills development levies</td>
<td>-</td>
<td>235,739</td>
</tr>
<tr>
<td>Subscription &amp; publication</td>
<td>81,763</td>
<td>103,908</td>
</tr>
<tr>
<td>Telephone cost - cellular</td>
<td>666,486</td>
<td>663,517</td>
</tr>
<tr>
<td>Training</td>
<td>230,254</td>
<td>134,384</td>
</tr>
<tr>
<td>Travel and subsistence</td>
<td>820,598</td>
<td>649,851</td>
</tr>
<tr>
<td>Uniforms &amp; overalls</td>
<td>140,806</td>
<td>123,362</td>
</tr>
<tr>
<td>Other</td>
<td>6,287,292</td>
<td>5,252,932</td>
</tr>
</tbody>
</table>
### 25 CASH GENERATED BY OPERATIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus/(deficit) for the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustment for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>4,282,926</td>
<td>3,281,053</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>124,772</td>
<td>-</td>
</tr>
<tr>
<td>Bad debts</td>
<td>3,907,662</td>
<td>2,536,634</td>
</tr>
<tr>
<td>Prior year adjustments</td>
<td></td>
<td>(11,899,032)</td>
</tr>
<tr>
<td>Other non-cash item</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating surplus before working capital changes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase)/decrease in inventories</td>
<td>(88,524)</td>
<td>(422,500)</td>
</tr>
<tr>
<td>(Increase)/decrease in trade receivables</td>
<td>(5,743,533)</td>
<td>7,388,147</td>
</tr>
<tr>
<td>(Increase)/decrease in other receivables</td>
<td>(313,671)</td>
<td>(1,438,733)</td>
</tr>
<tr>
<td>(Increase)/decrease in VAT receivable</td>
<td>69,302</td>
<td>3,868,025</td>
</tr>
<tr>
<td>Increase/(decrease) in conditional grants and receipts</td>
<td>(312,932)</td>
<td>6,117,273</td>
</tr>
<tr>
<td>Increase/(decrease) in trade payables</td>
<td>4,853,398</td>
<td>(1,004,457)</td>
</tr>
<tr>
<td>Increase/(decrease) in consumer deposits</td>
<td>13,827</td>
<td>12,457</td>
</tr>
<tr>
<td>Increase/(decrease) in VAT payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other asset</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other liability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash generated by/(utilised in) operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>23,644,008</td>
<td>27,708,697</td>
</tr>
</tbody>
</table>

### 26 CASH AND CASH EQUIVALENTS
Cash and cash equivalents included in the cash flow statement comprise the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank balances and cash</td>
<td>12,283,343</td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>7,006,632</td>
</tr>
<tr>
<td><strong>Net cash and cash equivalents (net of bank overdrafts)</strong></td>
<td>12,283,343</td>
</tr>
<tr>
<td></td>
<td>7,006,632</td>
</tr>
</tbody>
</table>

**27 CORRECTION OF ERROR**

During the year, errors relating to previous years’ audited financial statements were discovered. The impact of the errors is as follows:

**27.1 Service charges**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Previously reported</strong></td>
<td>6,158,662</td>
</tr>
<tr>
<td>Reclassification revenue to other income</td>
<td>105,997</td>
</tr>
<tr>
<td>Reversal of water related revenue billed on behalf of CDM</td>
<td>(1,816,677)</td>
</tr>
<tr>
<td><strong>Restated total</strong></td>
<td>4,447,982</td>
</tr>
</tbody>
</table>

**27.2 Rental of facilities**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Previously reported</strong></td>
<td>195,029</td>
</tr>
<tr>
<td>Straight lining of operating lease</td>
<td>1,943</td>
</tr>
<tr>
<td>Rental (squatters) revenue vote omitted on the audited AFS</td>
<td>50,133</td>
</tr>
<tr>
<td><strong>Restated total</strong></td>
<td>247,105</td>
</tr>
</tbody>
</table>

**27.3 Fines**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Previously reported</strong></td>
<td>2,725,466</td>
</tr>
<tr>
<td>27.4 License and permits</td>
<td></td>
</tr>
<tr>
<td>--------------------------</td>
<td>---</td>
</tr>
<tr>
<td>Previously reported</td>
<td></td>
</tr>
<tr>
<td>Revenue reclassified from fines</td>
<td>2,725,466</td>
</tr>
<tr>
<td>Recognition of traffic revenue</td>
<td>-</td>
</tr>
<tr>
<td>Restated total</td>
<td>3,043,406</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>27.5 Interest earned - external investments</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Previously reported</td>
<td></td>
</tr>
<tr>
<td>Interest revenue vote omitted on the audited AFS</td>
<td>81,195</td>
</tr>
<tr>
<td>Interest revenue vote omitted on the audited AFS</td>
<td>53,412</td>
</tr>
<tr>
<td>Restated total</td>
<td>134,607</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>27.6 Government grant revenue</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Previously reported</td>
<td></td>
</tr>
<tr>
<td>Reversal of incorrect journals - recognition of revenue</td>
<td>(9,516,125)</td>
</tr>
<tr>
<td>Recognition of revenue from grants</td>
<td>637,386</td>
</tr>
<tr>
<td>Reversal of CDM advance previously recorded as revenue</td>
<td>(2,000,000)</td>
</tr>
<tr>
<td>Restated total</td>
<td>68,804,083</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>27.7 Other Income</th>
<th></th>
</tr>
</thead>
</table>
### Previously reported

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognition of commission revenue from CDM Service Level Agreement</td>
<td>623,529</td>
</tr>
<tr>
<td>Reversal of free basic water diesel reimbursement from CDM incorrectly recognised as revenue</td>
<td>384,277</td>
</tr>
<tr>
<td>Recognition of insurance claims receipt</td>
<td>(136,170)</td>
</tr>
<tr>
<td>Reclassification from service charges</td>
<td>7,500</td>
</tr>
<tr>
<td></td>
<td>(105,997)</td>
</tr>
<tr>
<td><strong>Restated total</strong></td>
<td>773,139</td>
</tr>
</tbody>
</table>

### 27.8 Public contributions and donations

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previously reported</td>
<td>732,684</td>
</tr>
<tr>
<td>Reversal of donation wrongly recorded</td>
<td>(732,684)</td>
</tr>
<tr>
<td><strong>Restated total</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

### 27.9 Employee costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previously reported</td>
<td>28,732,701</td>
</tr>
<tr>
<td>Correction of leave provision</td>
<td>89,998</td>
</tr>
<tr>
<td>Clearing of salary suspense account and other adjustments</td>
<td>(1,758,921)</td>
</tr>
<tr>
<td><strong>Restated total</strong></td>
<td>27,063,778</td>
</tr>
</tbody>
</table>

### 27.10 Bad debt

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previously reported</td>
<td>-</td>
</tr>
<tr>
<td>Bad debt adjustment at year-end</td>
<td>2,536,634</td>
</tr>
<tr>
<td><strong>Restated total</strong></td>
<td>2,536,634</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Previously reported</th>
<th>Correction of depreciation</th>
<th>Restated total</th>
</tr>
</thead>
<tbody>
<tr>
<td>27.11</td>
<td>Depreciation and amortisation expenses</td>
<td>4,453,482</td>
<td>(1,172,402)</td>
<td>3,281,080</td>
</tr>
<tr>
<td>27.12</td>
<td>Repairs and maintenance</td>
<td>5,211,487</td>
<td>(309,041)</td>
<td>2,881,315</td>
</tr>
<tr>
<td>27.13</td>
<td>Finance costs</td>
<td>198,724</td>
<td>208,158</td>
<td>406,882</td>
</tr>
<tr>
<td>27.14</td>
<td>Bulk purchases</td>
<td>5,934,225</td>
<td>(2,352,225)</td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>Previously reported</td>
<td>Restated total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>---------------------</td>
<td>------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>General expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Previously reported</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reclassification of prepaid expenses</td>
<td>(25,237)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correction of input VAT incorrectly recorded</td>
<td>(1,161,051)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation duplicated</td>
<td>(4,453,482)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other corrections</td>
<td>(1,444,010)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Restated total</strong></td>
<td></td>
<td>17,218,526</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trade and other receivables</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Previously reported</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reversal of water debtors incorrectly recognised as municipal revenue - as</td>
<td>(4,816,612)</td>
<td>10,151,264</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 June 2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reversal of water revenue incorrectly recognised as municipal revenue - 2010</td>
<td>(2,071,012)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reversal of water receipts from water debtors</td>
<td>438,076</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reversal of interest charged on water debtors</td>
<td>(826,497)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for bad debt adjustment</td>
<td>(2,536,634)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recognition of debtors</td>
<td>27,180</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer debtors vote omitted on the audited AFS</td>
<td>425,014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Restated balance</strong></td>
<td></td>
<td>790,779</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other receivables from non-exchange transactions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Previously reported

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other debtors votes omitted on the audited AFS</td>
<td>2,443,190</td>
</tr>
<tr>
<td>Free basic electricity expenses incorrectly recognised as other debtors</td>
<td>(594,580)</td>
</tr>
<tr>
<td>CDM receivable: repairs and maintenance</td>
<td>21,131</td>
</tr>
<tr>
<td><strong>Restated balance</strong></td>
<td><strong>1,869,741</strong></td>
</tr>
</tbody>
</table>

27.18 Cash and cash equivalents

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previously reported</td>
<td>7,184,570</td>
</tr>
<tr>
<td>Reversal of deposits wrongly recognised</td>
<td>(177,939)</td>
</tr>
<tr>
<td><strong>Restated balance</strong></td>
<td><strong>7,006,631</strong></td>
</tr>
</tbody>
</table>

27.19 Inventory

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previously reported</td>
<td>21,748</td>
</tr>
<tr>
<td>Land held for sale not recognised</td>
<td>430,000</td>
</tr>
<tr>
<td><strong>Restated balance</strong></td>
<td><strong>451,748</strong></td>
</tr>
</tbody>
</table>

27.20 Investments

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previously reported</td>
<td>-</td>
</tr>
<tr>
<td>Investment vote omitted on the audited AFS</td>
<td>311</td>
</tr>
<tr>
<td><strong>Restated balance</strong></td>
<td><strong>311</strong></td>
</tr>
</tbody>
</table>

27.21 VAT receivable

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previously reported</td>
<td>(171,433)</td>
</tr>
</tbody>
</table>
## Correction of VAT iro water related transactions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correction of VAT iro water related transactions</td>
<td>792,483</td>
</tr>
<tr>
<td>Correction of Input VAT on expenses</td>
<td>1,161,051</td>
</tr>
<tr>
<td><strong>Restated balance</strong></td>
<td><strong>1,782,102</strong></td>
</tr>
</tbody>
</table>

### 27.22 Trade and other payables

**Previously reported**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reclassification of receipts and payments iro expenses incurred on behalf of CDM</td>
<td>4,463,064</td>
</tr>
<tr>
<td>Reclassification of provision for leave</td>
<td>3,250,636</td>
</tr>
<tr>
<td>Recognition of provision for bonus previously not recognised</td>
<td>922,411</td>
</tr>
<tr>
<td>Adjustment to retention</td>
<td>(36,706)</td>
</tr>
<tr>
<td>Free basic desiel expenses and revenue on behalf of CDM previously expensed</td>
<td>(392,753)</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>1,085,888</td>
</tr>
<tr>
<td><strong>Restated balance</strong></td>
<td><strong>9,292,540</strong></td>
</tr>
</tbody>
</table>

### 27.23 Unspent conditional grants

**Previously reported**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correction of opening balance - 2010</td>
<td>(9,646,814)</td>
</tr>
<tr>
<td>Reversal of wrong journals prepared to recognise transfer to revenue</td>
<td>9,516,125</td>
</tr>
<tr>
<td>Transfer to revenue - conditions met</td>
<td>(637,386)</td>
</tr>
<tr>
<td><strong>Restated balance</strong></td>
<td><strong>2,511,339</strong></td>
</tr>
</tbody>
</table>

### 27.24 Finance lease liability
Previously reported

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognition of finance leases - current portion</td>
<td>92,524</td>
</tr>
<tr>
<td>Recognition of finance leases - non-current portion</td>
<td>601,099</td>
</tr>
</tbody>
</table>

**Restated balance**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>693,623</td>
</tr>
</tbody>
</table>

27.25 Property, plant and equipment

Previously reported

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reversal of CDM asset wrongly capitalised</td>
<td>(732,684)</td>
</tr>
<tr>
<td>Corrections to accumulated depreciation</td>
<td>(211,374)</td>
</tr>
<tr>
<td>Reversal of water assets</td>
<td>(19,271,267)</td>
</tr>
<tr>
<td>Assets previously not recognised</td>
<td>12,161,593</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>61,618,699</td>
</tr>
</tbody>
</table>

27.26 Accumulated surplus

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets previously not recognised</td>
<td>39,703,492</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>1,360,783</td>
</tr>
<tr>
<td>Corrections relating to treatment of water transactions arising from CDM contract</td>
<td>(4,224,665)</td>
</tr>
<tr>
<td>Derecognition of water assets</td>
<td>(19,271,267)</td>
</tr>
<tr>
<td>Property held for sale not recognised</td>
<td>430,000</td>
</tr>
<tr>
<td>Property, plant and equipment not recognised</td>
<td>1,527,800</td>
</tr>
<tr>
<td>Deposits wrongly recognised</td>
<td>(177,939)</td>
</tr>
<tr>
<td>Provision for bonus previously not recognised</td>
<td>(922,411)</td>
</tr>
</tbody>
</table>
Eskom expenses incorrectly capitalised  

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net effect on accumulated surplus</td>
<td>17,831,213</td>
</tr>
</tbody>
</table>

### UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

#### 28.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>4,882,500</td>
</tr>
<tr>
<td>Correction of error - reversal of depreciation (non-cash item) incorrectly included in unauthorised expenditure</td>
<td>(1,570,126)</td>
</tr>
<tr>
<td>Unauthorised expenditure current year</td>
<td>906,784</td>
</tr>
<tr>
<td>Approved by Council or condoned</td>
<td>(1,677,879)</td>
</tr>
<tr>
<td>Transfer to receivables for recovery</td>
<td></td>
</tr>
<tr>
<td>Unauthorised expenditure awaiting authorisation</td>
<td>5,789,284</td>
</tr>
</tbody>
</table>

#### 28.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>1,639,001</td>
</tr>
<tr>
<td>Fruitless and wasteful expenditure current year</td>
<td>45,226</td>
</tr>
<tr>
<td>Condoned or written off by Council</td>
<td>1,587,227</td>
</tr>
<tr>
<td>To be recovered</td>
<td></td>
</tr>
<tr>
<td>Fruitless and wasteful expenditure awaiting condonement</td>
<td>1,684,227</td>
</tr>
</tbody>
</table>

#### 28.3 Irregular expenditure

Reconciliation of irregular expenditure

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>Current Year</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Opening balance</td>
<td>617,450</td>
</tr>
<tr>
<td>Irregular expenditure current year</td>
<td>3,350,569</td>
</tr>
<tr>
<td>Condoned or written off by Council</td>
<td></td>
</tr>
<tr>
<td>Transfer to receivables for recovery – not condoned</td>
<td></td>
</tr>
<tr>
<td>Irregular expenditure awaiting condonement</td>
<td>3,968,019</td>
</tr>
</tbody>
</table>

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

### 29.1 Audit fees

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Year</th>
<th>Previous Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>27,956</td>
<td>184,177</td>
</tr>
<tr>
<td>Current year audit fee</td>
<td>1,746,784</td>
<td>1,788,642</td>
</tr>
<tr>
<td>Amount paid - current year</td>
<td>(1,774,740)</td>
<td>(1,944,863)</td>
</tr>
<tr>
<td>Amount paid - previous years</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance unpaid (included in payables)</strong></td>
<td>(0)</td>
<td>27,956</td>
</tr>
</tbody>
</table>

### 29.2 VAT

VAT input receivables and VAT output payables are shown in note 9. All VAT returns have been submitted by the due date throughout the year.

### 29.3 PAYE and UIF

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Year</th>
<th>Previous Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current year payroll deductions</td>
<td>3,819,736</td>
<td>2,835,094</td>
</tr>
<tr>
<td>Amount paid - current year</td>
<td>(3,819,736)</td>
<td>(2,835,094)</td>
</tr>
<tr>
<td>Amount paid - previous years</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance unpaid (included in payables)</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
29.4 **Pension and Medical Aid Deductions**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td></td>
</tr>
<tr>
<td>Current year payroll deductions and Council Contributions</td>
<td>4,186,215</td>
</tr>
<tr>
<td>Amount paid - current year</td>
<td>(4,186,215)</td>
</tr>
<tr>
<td>Amount paid - previous years</td>
<td></td>
</tr>
<tr>
<td><strong>Balance unpaid (included in payables)</strong></td>
<td></td>
</tr>
</tbody>
</table>

30 **CAPITAL COMMITMENTS**

30.1 **Commitments in respect of capital expenditure**

<table>
<thead>
<tr>
<th>Category</th>
<th>Approved and contracted for</th>
<th>Approved but not yet contracted for</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>3,571,495</td>
<td>-</td>
<td>3,571,495</td>
</tr>
<tr>
<td>Community</td>
<td>11,072,400</td>
<td>400,000</td>
<td>11,472,400</td>
</tr>
<tr>
<td>Heritage</td>
<td>3,571,495</td>
<td>3,250,000</td>
<td>6,821,495</td>
</tr>
<tr>
<td>Other</td>
<td>2,513,137</td>
<td></td>
<td>2,513,137</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,571,495</td>
<td>17,235,537</td>
<td>20,807,032</td>
</tr>
</tbody>
</table>

This expenditure will be financed from:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Grants</td>
<td>3,571,495</td>
</tr>
<tr>
<td>Own resources</td>
<td>6,163,137</td>
</tr>
<tr>
<td>Own resources (other)</td>
<td></td>
</tr>
</tbody>
</table>
31 RETIREMENT BENEFIT INFORMATION

31.1 Defined contribution plan

Contributions to defined contribution plan have been expensed and are included in employee related costs for the year.

32 CONTINGENT LIABILITY

32.1 Disputes between Molemole Municipality and its managers

The Municipality is currently involved in labour disputes with some of its managers. Misconduct charges were levelled against senior managers. The other dispute relate to the eviction of former manager from council owned property. At 30 June 2011, the cases were not yet finalised and expected costs could not be reliably estimated.

33 RELATED PARTIES

The following parties are classified as related to the municipality:

- Members of key management
- Close family member of key management
- Other related party relationships
- Compensation to councillors and other key management (refer to note 19 & 20)

Related party transactions

No related party transaction took place other than compensation paid to councillors and key management.

34 EVENTS AFTER THE REPORTING DATE

The Accounting Officer is not aware of any significant material matter or circumstance that occurrence after year-end that warrant adjustment of or disclosure in the financial statements.
35 RISK MANAGEMENT

35.1 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.

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

<table>
<thead>
<tr>
<th></th>
<th>Not later than one year</th>
<th>Later than one year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank - Nedbank</td>
<td>12,283,343</td>
<td>7,006,632</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>2,626,650</td>
<td>790,779</td>
</tr>
<tr>
<td></td>
<td><strong>14,909,993</strong></td>
<td><strong>7,797,411</strong></td>
</tr>
</tbody>
</table>

These balances represent the maximum exposure to credit risk.

35.2 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 budget.

<table>
<thead>
<tr>
<th></th>
<th>Not later than one year</th>
<th>Later than one year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross finance lease obligations</td>
<td>369,143</td>
<td>868,753</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>14,145,938</td>
<td>-</td>
</tr>
<tr>
<td>Consumer deposits</td>
<td>444,867</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>14,959,947</strong></td>
<td><strong>868,753</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Not later than one year</th>
<th>Later than one year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross finance lease obligations</td>
<td>432,179</td>
<td>1,237,895</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>9,292,539</td>
<td>-</td>
</tr>
<tr>
<td>Consumer deposits</td>
<td>444,867</td>
<td>-</td>
</tr>
</tbody>
</table>
35.3 **Interest rate risk**

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

36 **COMPARISON WITH THE BUDGET**

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

37 **Operating lease commitments**

Municipality rents office equipment and buildings from third parties. Contracts are on a month to month basis.

---

**Molemole Municipality**

**APPENDIX A**

**STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION**

as at 30 June 2011

<table>
<thead>
<tr>
<th>Description</th>
<th>Original Budget</th>
<th>Budget Adjustments (i.t.o. s28 &amp; s31 Of The MFMA)</th>
<th>Virement (i.t.o. Council Approved By-law)</th>
<th>Final Budget</th>
<th>Actual Income</th>
<th>Unauthorised Expenditure</th>
<th>Variance</th>
<th>Actual Income As % Of Final Budget</th>
<th>Actual Outcome As % Of Original Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Performance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Rates</td>
<td>4,120,000</td>
<td>-</td>
<td></td>
<td>4,120,000</td>
<td>3,810,519</td>
<td></td>
<td>309,481</td>
<td>92</td>
<td></td>
</tr>
<tr>
<td>Service Charges</td>
<td>5,415,947</td>
<td></td>
<td></td>
<td>5,415,947</td>
<td>5,349,783</td>
<td></td>
<td>66,164</td>
<td>99</td>
<td></td>
</tr>
<tr>
<td>Investment Revenue</td>
<td>-</td>
<td>492,000</td>
<td>492,000</td>
<td>1,794,254</td>
<td>(1,302,254)</td>
<td>365</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers Recognised-Operational</td>
<td>62,833,000</td>
<td>62,833,000</td>
<td>57,082,624</td>
<td>5,750,376</td>
<td>91</td>
<td>91</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Own Revenue</td>
<td>4,442,090</td>
<td>4,442,090</td>
<td>5,561,856</td>
<td>(1,119,766)</td>
<td>125</td>
<td>125</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenue (Excluding Capital Transfers &amp; Contributions)</td>
<td>76,811,037</td>
<td>492,000</td>
<td>-</td>
<td>77,303,037</td>
<td>73,599,037</td>
<td>0</td>
<td>3,704,000</td>
<td>95</td>
<td>96</td>
</tr>
<tr>
<td>Remuneration Of Councillors</td>
<td>5,475,353</td>
<td>5,475,353</td>
<td>5,391,264</td>
<td>84,089</td>
<td>98</td>
<td>98</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Impairment</td>
<td>3,500,000</td>
<td>3,500,000</td>
<td>3,907,662</td>
<td>(407,662)</td>
<td>112</td>
<td>112</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation &amp; Asset Impairment</td>
<td>2,483,356</td>
<td>2,483,356</td>
<td>4,282,926</td>
<td>(1,799,570)</td>
<td>172</td>
<td>172</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance Charges</td>
<td>240,000</td>
<td>300,000</td>
<td>300,000</td>
<td>316,474</td>
<td>(16,474)</td>
<td>105</td>
<td>132</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials &amp; Bulk Purchases</td>
<td>3,730,959</td>
<td>3,730,959</td>
<td>3,959,130</td>
<td>(228,171)</td>
<td>106</td>
<td>106</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers &amp; Grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Expenditures</td>
<td>27,595,940</td>
<td>27,595,940</td>
<td>19,911,375</td>
<td>7,684,565</td>
<td>72</td>
<td>72</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>86,514,218</td>
<td>300,000</td>
<td>-</td>
<td>86,574,218</td>
<td>67,054,644</td>
<td>0</td>
<td>19,519,574</td>
<td>77</td>
<td>78</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>(9,703,181)</td>
<td>192,000</td>
<td>-</td>
<td>(9,271,181)</td>
<td>6,544,392</td>
<td>0</td>
<td>(15,815,573)</td>
<td>-71</td>
<td>-67</td>
</tr>
<tr>
<td>Transfers Recognised - Capital Contributions</td>
<td>16,392,000</td>
<td>20,814,457</td>
<td>20,814,457</td>
<td>10,306,389</td>
<td>10,508,068</td>
<td>50</td>
<td>63</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus/(Deficit) After Capital Transfers &amp; Contributions</td>
<td>6,688,819</td>
<td>21,006,457</td>
<td>-</td>
<td>11,543,276</td>
<td>16,850,781</td>
<td>0</td>
<td>(5,307,505)</td>
<td>81</td>
<td>252</td>
</tr>
<tr>
<td>Share Of Surplus/(Deficit) Of Associate</td>
<td>6,688,819</td>
<td>21,006,457</td>
<td>-</td>
<td>11,543,276</td>
<td>16,850,781</td>
<td>0</td>
<td>(5,307,505)</td>
<td>81</td>
<td>252</td>
</tr>
<tr>
<td>Capital Expenditure &amp; Funds Sources</td>
<td>Transfers</td>
<td>Recognised - Capital Public Contributions &amp; Donations</td>
<td>Borrowing</td>
<td>Internally Generated Funds</td>
<td>Total Sources Of Capital Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-----------</td>
<td>--------------------------------------------------------</td>
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<td>----------------------------</td>
<td>-----------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Cash From (Used) Operating</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Cash From (Used) Investing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Cash From (Used) Financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash/Cash Equivalents At The Year End</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The table shows the breakdown of capital expenditure and funds sources, as well as cash flows and cash equivalents at the year end.
## SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2011

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>(46,994,737)</td>
<td>12,070,543</td>
<td>(34,924,194)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(7,715,744)</td>
<td>31,714,869</td>
<td>23,999,125</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(350)</td>
<td>1,911,045</td>
<td>1,910,695</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3,344,249)</td>
<td>8,131,611</td>
<td>4,787,362</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(21,159,438)</td>
<td>9,453,902</td>
<td>(11,705,536)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3,825,367)</td>
<td>6,819,513</td>
<td>2,994,146</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2,398,088)</td>
<td>4,570,398</td>
<td>Trace</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(85,437,974)</td>
<td>74,671,882</td>
<td>(12,938,402)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

|               |                         |                         |                   |                         |                         |

| (85,437,974) | 74,671,882 | (12,938,402) | (85,437,974) | 74,671,882 | (12,938,402) |

Less: Inter-Department Charges

<table>
<thead>
<tr>
<th>Total</th>
<th>Actual Income</th>
<th>Actual Expenditure</th>
<th>Surplus / (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(25,762,528)</td>
<td>68,153,080</td>
<td>42,390,552</td>
<td></td>
</tr>
</tbody>
</table>

Executive & Council

Finance & Admin

Planning & Development
Health

Community & Social Services
Public Safety
Sport & Recreation
Environmental Protection

Road Transport

Electricity

Water

Other

Total

(25,762,528) 68,153,080  42,390,552
CHAPTER 6: AUDITOR GENERAL AUDIT FINDING

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 2011, 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 xx to xx.
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 the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa, section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and section 126(3) of the MFMA, 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 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Financial statement corresponding figures

4. Significant unexplained differences were noted between the amounts disclosed in note 27 to the financial statements, prior period errors, and the amounts disclosed on the statements of financial position and financial performance. The differences are shown as below:
<table>
<thead>
<tr>
<th>Note Number</th>
<th>Class of transaction / Account balance</th>
<th>Amount per the notes to the financial statements (R)</th>
<th>Amount per statements of financial performance / position (R)</th>
<th>Difference (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>27.9</td>
<td>Employee cost</td>
<td>28 732 701</td>
<td>27 063 779</td>
<td>1 668 922</td>
</tr>
<tr>
<td>27.15</td>
<td>General expenses</td>
<td>17 549 553</td>
<td>17 218 526</td>
<td>331 027</td>
</tr>
<tr>
<td>27.17</td>
<td>Other receivables from non-exchange transaction</td>
<td>1 848 610</td>
<td>1 869 741</td>
<td>(21 131)</td>
</tr>
<tr>
<td>27.21</td>
<td>VAT receivables</td>
<td>1 451 075</td>
<td>1 782 102</td>
<td>(331 027)</td>
</tr>
<tr>
<td>27.22</td>
<td>Trade and other payables</td>
<td>9 685 293</td>
<td>9 292 539</td>
<td>392 754</td>
</tr>
</tbody>
</table>
5. The municipality could not provide sufficient and appropriate supporting documentation or explanations to the following adjustments made to the prior year figures:

<table>
<thead>
<tr>
<th>AFS Component</th>
<th>Amount (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other receivables from exchange transactions</td>
<td>425 014</td>
</tr>
<tr>
<td>Other receivables from non-exchange transactions</td>
<td>2 443 190</td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>10 633 794</td>
</tr>
<tr>
<td>Trade and other payables from exchange transactions</td>
<td>(3 460 857)</td>
</tr>
<tr>
<td>Other Income</td>
<td>136 170</td>
</tr>
<tr>
<td>Rental of facilities and equipment</td>
<td>(50 133)</td>
</tr>
<tr>
<td>Interest earned-external investments</td>
<td>(81 196)</td>
</tr>
<tr>
<td>Employee related costs</td>
<td>(970 779)</td>
</tr>
<tr>
<td>Bulk purchases</td>
<td>(808 371)</td>
</tr>
<tr>
<td>General expenses</td>
<td>(8 411 567)</td>
</tr>
<tr>
<td>Accumulated Surplus</td>
<td>(144 721)</td>
</tr>
</tbody>
</table>
The municipality's records did not allow the application of alternative audit procedures regarding the verification of the corresponding figures. Consequently I was unable to obtain appropriate evidence to satisfy myself as to the correctness of the above corresponding figures.

6. The municipality corrected corresponding figures for the water transactions that were incorrectly accounted for in the 2010 financial year. The interest earned on outstanding receivables was reduced by R826 497. However, this amount is the cumulative interest charged on long outstanding water debtors up to 30 June 2010. A portion of this amount which relates to the 2009 financial year and prior should have been adjusted against accumulated surplus. Consequently, interest income for the 2010 financial year has been understated. The municipality's records did not permit the application of alternative audit procedures regarding the amount misstated. Consequently, I was unable to obtain appropriate evidence to satisfy myself as to the completeness and accuracy of the interest from outstanding receivables of R89 563 as stated in note 16 to the financial statements.
7. The municipality did not prepare the cash flow statement in terms of the Standards of Generally Recognised Accounting Practice, GRAP 2, Cashflow Statements. The amount of additions to fixed assets shown as “cash flow from investing activities” at 30 June 2010 of R25 213 959 did not agree to the actual additions disclosed per note 6 to the financial statements, R16 691 975, and as a result, the net cash flow from investing activities was understatement by an amount of R8 521 984. The cash flow from financing activities for the year ended 30 June 2010 did not take into account the movement on finance leases, between the 2009 and 2010 financial years, of R693 623, as per note 11 to the financial statements, and as a result cash flow from financing activities was understated by R693 623.

Revenue

8. The municipality has incorrectly recognised output VAT on prepaid electricity as revenue. There was no system of control over VAT on which I could rely for the purpose of my audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that output VAT and revenues is correctly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the accuracy of the prepaid electricity revenue included in sale of electricity of R4 119 168 (2010: R3 417 798) as per note 13 to the financial statements.
9. There was no system of control over revenue received from the agency services performed on behalf of the Department of Roads and Transport, and licenses and permits on which I could rely for the purpose of my audit. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all revenue received from agency services and licenses and permits were properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the occurrence, completeness, cut-off and classification of agency services income, and the licences and permits revenue of R2 676 088 (2010: R3 043 406). I could also not determine whether the payables due to the Department of Roads and Transport included in other payables of R3 319 162 (2010: R1 684 323) was properly valued.

10. The municipality did not account for the revenue from traffic fines in accordance with GRAP 9, which states that fines should be measured at the best estimate of the inflow of resources to the entity. The municipality has recognised revenues from traffic fines on a receipt basis and not on accrual basis as required by GRAP 9. There was no system of control over traffic fines revenue on which I could rely for the purpose of my audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all traffic fine revenue was properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness and occurrence of traffic fine revenue of R516 045.
11. Included in electricity revenues of R4 119 168 (2010: R3 417 798) as stated in note 13 to the financial statements, is an amount of R100 225 pertaining to revenues from new connections and reconnections for which there were no supporting documentation. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all revenue from new connections and reconnections of electricity were properly recorded. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the occurrence, accuracy, cut-off and classification of revenue amounting to R100 225.

Trade and other receivables

12. The municipality could not provide sufficient appropriate audit evidence regarding the existence and recoverability of other receivables from non-exchange transactions as disclosed in note 3 to the financial statements, R2 183 412 (2010: R1 869 741). Included in this receivables balance, are long outstanding loan receivables amounting to R950 706, unknown receivables of R578 694 and the remainder of the receivables amounting to R654 012. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all receivables from non-exchange transactions were properly recorded. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence and valuation of receivables from non-exchange transactions amounting to R2 183 412.

13. Included in receivables from exchange transactions of R2 626 650 (2010: R790 779) as stated in note 2 to the financial statements, are credit balances amounting to R262 496 which could not be verified. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence and valuation of receivables from exchange transactions amounting to R2 626 650 and trade and other payables from exchange transactions amounting to R3 3319 162 (2010: R1 684 323).
14. Included in other payables from exchange transactions balance of R3 319 162 (2010: R1 684 323) as stated in note 7 to the financial statements, are unallocated deposits amounting to R1 928 676 which were not allocated to respective debtors accounts. There were no satisfactory alternative audit procedures that I could perform to determine the amounts to be allocated to accounts receivable. Consequently, I could not obtain sufficient appropriate audit evidence to satisfy myself as to the existence and valuation of receivables from exchange transactions amounting to R2 626 650 and trade and other payables from exchange transactions amounting to R3 3319 162.

15. The municipality has charged interest on overdue debtors without considering the effect of unallocated receipts resulting in interest income and receivables from exchange transactions being overstated. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that interest has been correctly recorded. Consequently, I could not obtain sufficient appropriate audit evidence to satisfy myself as to the existence of receivables from exchange transactions of R2 626 650 and the occurrence and accuracy of interest on outstanding receivables of R1 206 716 (2010: R89 563).
Provision for doubtful debts

16. An allowance for doubtful debts of R3 907 662 (2010: R2 536 634) has been provided as disclosed in note 2 to the financial statements. Contrary to the requirements of South African Statements of Generally Accepted Accounting Practice, IAS 39 Financial Instruments: Recognition and measurement, this amount is based on a general provision rather than specific accounts in relation to their characteristics and payment record. The entity’s records did not permit the application of alternative audit procedures regarding existence, completeness, valuation and allocation of the allowance for doubtful debts. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation and allocation of the allowance for doubtful debts.
Property, plant and equipment

17. The municipality could not provide supporting documentation for additions to tangible capital assets amounting to R4 718 935. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all asset additions were properly recorded. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the valuation of additions to property, plant and equipment stated at R18 724 773 (2010: R16 691 975) in note 6 to the financial statements.

18. The municipality could not provide a reconciliation of the capital work in progress of R16 887 160 (2010: R 8 651 489), as disclosed in note 6.3 to the financial statements. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that additions from capital under construction are correctly recorded. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness and valuation of assets under construction and completed projects capitalised during the current year.

19. I was unable to verify the existence of movable and immovable assets amounting to R2 310 694 as disclosed in note 6 to the financial statements. The municipality's records did not permit the application of alternative audit procedures regarding the existence of these assets. Consequently, I was unable to obtain appropriate audit evidence to satisfy myself as to the existence of property, plant and equipment of R76 176 687 (2010: R61 618 700).
20. The municipality incorrectly expensed items which meet the definition of an asset as prescribed by Standard of Generally Recognised Accounting Practice, GRAP 17, Property, plant and equipment to repairs and maintenance to an amount of R110 050. The municipality's records did not allow the application of alternative audit procedures regarding the completeness and classification of assets. Consequently I was unable to obtain appropriate evidence to satisfy myself as to the completeness and classification of property, plant and equipment of R76 176 687 (2010: R61 618 700) and the occurrence and classification of the repairs and maintenance of R 3 524 859 (2010: R2 881 316) per the statement of financial performance.

21. The following material unexplained differences were identified between the property, plant and equipment recorded in the general ledger and financial statements:

<table>
<thead>
<tr>
<th>Vote number</th>
<th>Description</th>
<th>Final Amounts per the General Ledger (R)</th>
<th>Amounts per financial statements (R)</th>
<th>Difference (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9100/04/4/0 1/9001</td>
<td>Balance at the beginning of the year</td>
<td>63 172 036</td>
<td>73 251 706</td>
<td>-10 079 670</td>
</tr>
<tr>
<td>9100/04/4/0 1/9002</td>
<td>Additions</td>
<td>29 045 355</td>
<td>18 274 773</td>
<td>10 770 582</td>
</tr>
<tr>
<td></td>
<td><em>Cost of assets</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9100/04/4/0 2/0002</td>
<td>Additions</td>
<td>(26 287 261)</td>
<td>-</td>
<td>(26 287 261)</td>
</tr>
<tr>
<td>9100/04/4/0 2/0005</td>
<td>Transfers out</td>
<td>10 246 556</td>
<td>-</td>
<td>10 246 556</td>
</tr>
<tr>
<td></td>
<td><em>Accumulated Depreciation</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>-</td>
<td>(16 040 704)</td>
<td>16 040 704</td>
<td></td>
</tr>
<tr>
<td>--------------------------</td>
<td>---</td>
<td>--------------</td>
<td>-------------</td>
<td></td>
</tr>
<tr>
<td><strong>Fair value adjustments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value adjustments</td>
<td>-</td>
<td>690 913</td>
<td>-690 913</td>
<td></td>
</tr>
<tr>
<td><strong>Net book values</strong></td>
<td>76 176 687</td>
<td>76 176 687</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Consequently, I was unable to determine the valuation of assets of R76 176 687 (2010: R61 618 700) as disclosed in note 6 to the financial statements.

**Employee costs**

22. South African Statements of Generally Accepted Accounting Practice, IAS 19, *Employee Benefits*, paragraph 128(a) requires the measurement of 'Other long term employee benefits' using the projected credit unit method. This method spreads the benefits earned over the vesting period. The municipality's employees get additional 10, 20 and 30 leave days for every 10, 15 and each of 5 years after 15 years of service respectively. Based on recent occurrences, the municipality has paid employees a cash equivalent instead of awarding leave days. The municipality did not appoint an expert to determine the liability as at 30 June 2011 for employees in between the vesting periods. The records of the municipality did not allow the application of alternative audit procedures regarding the valuation of the liability. Consequently I was unable to obtain appropriate evidence to satisfy myself as to the valuation of the long service awards.
23. South African Statements of Generally Accepted Accounting Practice, IAS 19, *Employee Benefits*, requires all short term employee benefits to be recognised as a liability and as an expense in the financial statements. The municipality did not maintain accurate leave records during the year, resulting in the misstatement of the leave accrual at year end. Consequently, I was unable to obtain appropriate evidence to satisfy myself as to the occurrence and accuracy of the leave expense and the valuation of the leave accrual of R3 743 507 (2010: R3 250 636) included in trade and other payables from exchange transactions as disclosed in note 7 to the financial statements.

24. As disclosed in note 7 to the financial statements, the corresponding figure for bonus has been restated by R922 411 as a correction of the prior year misstatement. No supporting documentation was made available to substantiate the restatement. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation and allocation of obligations pertaining to the bonus accrual for the corresponding figure of R922 411.

25. The municipality did not account for the post employment medical benefit liability in terms of South African Statements of Generally Accepted Accounting Practice IAS 19, *Employee benefits*, by obtaining an actuarial valuation. The liability and the corresponding employee cost are therefore understated. The records of the municipality did not allow the application of alternative audit procedures regarding the valuation of the post employment medical benefit liability. Consequently, I was unable to obtain appropriate evidence to satisfy myself as to the valuation of the medical benefit liability.
Expenditure

26. The municipality could not provide supporting documentation for general expenses amounting to R568 177, included in R16 261 745 (2010: R17 218 526) per note 24 to the financial statements. 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, accuracy, cut-off and classification of general expenditure of R16 261 745 (2010: R17 218 526).

27. The municipality could not provide sufficient appropriate audit evidence to support journal entries amounting to R2 259 543 recorded as general expenses. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that general expenses were properly recorded. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the occurrence, accuracy, cut-off and classification of general expenses of R 16 261 745 (R17 218 526).

28. The municipality incorrectly classified certain repairs and maintenance expenses to general expenses amounting to R 220 333. There were no satisfactory alternative audit procedures I could perform to determine the amounts misclassified. Consequently, I was unable to obtain appropriate evidence to satisfy myself as to the classification of the repairs and maintenance of R 3 524 859 and general expenses of R16 261 745 (2010:R17 218 526).
29. The municipality could not provide supporting documentation for transactions recorded as repairs and maintenance. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all repairs and maintenance were properly recorded. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the occurrence and accuracy of the repairs and maintenance of R3 524 859 (2010: R2 881 316) as per the statement of financial performance.

Payables

30. The municipality could not provide supporting documentation for payables balances as disclosed in note 7 to the financial statements. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all payables were properly recorded. Consequently, I could not obtain sufficient appropriate audit evidence to satisfy myself as to the existence and valuation of other creditors of R 3 319 162 (2010: R1 684 323) included in trade and other payables from exchange transactions.

31. The municipality could not provide supporting documentation for subsequent payments amounting to R1 493 766. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all payables were properly recorded. Consequently, I could not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness and cut-off expenses, and completeness of payables as per note 7 to the financial statements, R2 981 629 (2010: R1 397 767).
32. The municipality could not provide supporting documentation for the opening balance of retention payables amounting to R2 037 401 included in note 7 to the financial statements. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all retention payables were properly recorded. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence and valuation of retention payables of R2 037 401.

33. The municipality could not provide contracts relating to projects that were in progress during the year. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that retentions were in accordance with the contracts. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of retention payables of R3 172 710 (2010: R2 037 401) as disclosed in note 7 to the financial statements.

34. The municipality could not provide sufficient appropriate audit evidence to verify the amount of repairs and maintenance on water infrastructure incurred by the municipality on behalf of district municipality. There were no satisfactory alternative audit procedures I could perform regarding to determine the amounts misclassified. Consequently I was unable to obtain appropriate evidence to satisfy myself as to the valuation of the advance payable to the municipality from district municipality included in other creditors of R3 319 162 (2010: R1 684 323) as stated in note 7 to the financial statements.
Provisions

35. A provision has not been made for the environmental rehabilitation costs of restoring the municipality’s landfill sites. A provision should be made for the municipality’s present obligation incurred as a consequence of its past use of the landfill sites in accordance with the Standard of Generally Recognised Accounting Practice, GRAP 19, *Provisions, contingent liabilities and contingent assets*. Consequently, the provisions in the financial statements are understated.
Commitments

36. No contract management system was in place for the identification and recognition of contracts and there were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all commitments were properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of commitments of R3 571 495 (2010: R17 235 537), as stated in note 30 to the financial statements.

37. The commitments as disclosed in note 30 to the financial statements, R3 571 495 (2010: R17 235 537) was overstated by an amount of R217 391. The municipality included the actual expenditure paid as commitments, and as a result overstated the commitments as at 30 June 2011.

Irregular expenditure

38. The municipality did not disclose irregular expenditure amounting to R21 708 853 in the financial statements as required in terms of section 125(d) of the MFMA. The municipality did not have systems in place for the identification and recognition of irregular expenditure and there were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all irregular expenditure was properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of irregular expenditure of R3 350 569 as disclosed in note 28.3 to the financial statements.
Value added tax (VAT)

39. The municipality did not claim VAT input on all qualifying expenditure in terms of Value Added Tax Act (Act no. 89 of 1991). The municipality's records did not permit the application of alternative audit procedures regarding the amount of VAT receivable. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness and valuation of VAT Receivable of R1 712 799 (2010: R1 782 102), as disclosed in note 9 to the financial statements.

40. In terms of VAT Act 89 of 1991, the municipality should not claim input VAT on purchases made from non-registered vendors and on disallowed capital expenditure as evidenced by transactions amounting to R24 866 and R21 374 respectively, which resulted in the overstatement of input VAT. There were no proper systems and controls in place that could enable me to determine valuation of value added tax receivables of R1 712 799 (2010: R1 782 102) as stated in note 9 to the financial statements.

41. An unexplained difference of R1 271 387 was noted between the VAT receivable per the financial statements and VAT statements received from South African Revenue Services. There were no satisfactory alternative procedures that I could perform to obtain reasonable assurance that value added tax was correctly accounted for. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence and valuation of the VAT receivable balance of R1 712 799 (2010: R1 782 102).
Emphasis of matter

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

Restatement of corresponding figures

43. As disclosed in note 27 to the financial statements, the corresponding figures for the year ended 30 June 2010 have been restated as a result of errors discovered during the 2011 financial year in the financial statements of the municipality at, and for the year ended 30 June 2010.

Unauthorised expenditure

44. As disclosed in note 28.3 to the financial statements unauthorised expenditure amounting to R906 784 were incurred as a result of the overspending of expenditure votes.

Material under spending of the conditional grant

45. As disclosed in note 10 to the financial statements, the municipality has materially under spent all of its conditional grants received to the amount of R2 198 407.
Additional matters

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

Unaudited supplementary schedules

46. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

47. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages X to X and material non-compliance with laws and regulations applicable to the municipality.
Predetermined objectives

Usefulness of information

48. The reported performance information was deficient in respect of the following criteria:
   - Measurability: Planned and reported targets are not specific and time bound.
   - Consistency: The reported objectives, indicators and targets are not consistent with the approved integrated development plan.

49. The following audit findings relate to the above criteria:
   - For the selected Technical Services programmes, twenty one percent (21%) of the planned and reported targets were not specific in clearly identifying the nature and the required level of performance as required by the national treasury guideline.
   - For the selected Technical and Community Services programmes, fifty three percent (53%) of the planned and reported targets were not time-bound in specifying the time period or deadline for delivery.
   - Reported performance against predetermined objectives is not consistent with the approved integrated development plan.
Reliability of information

50. The reported performance information was deficient in respect of the following criteria:

- Validity: The reported performance did not occur and does not pertain to the entity.
- Accuracy: Amounts, numbers, and other data relating to reported actual performance have not been recorded and reported appropriately.
- Completeness: All actual results and events that should have been recorded have not been included in the reported performance information.

51. The following audit findings relate to the above criteria:

- For the Technical Services programme, 80% of the reported indicators were not Accurate based on the source documentation provided for inspection.
Compliance with laws and regulations

Annual financial statements

52. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements identified by the auditors were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a disclaimer audit opinion.

53. The accounting officer did not submit the annual financial statements of the municipality for auditing, within two months after the end of the financial year as required by section 126(1)(a) of the MFMA.

Audit committee

54. No audit committee was in place as required by section 166(1) of the MFMA.

Internal audit

55. The municipality did not have an internal audit unit in place as required by section 165(1) of the MFMA.
Procurement and contract management

56. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids as per the requirements of SCM regulation 19(a) and 36(1). The preference point system was not applied in some instances of procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1)(a).

57. Contracts were extended or modified to the extent that competitive bidding processes were being circumvented contrary to the requirement of a fair supply chain management system in sec 112 of the MFMA.

Expenditure management

58. The accounting officer did not take reasonable steps to prevent irregular and unauthorised expenditure as required by section 62(1)(d) of the MFMA.

59. The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained a management, accounting and information system which accounted for creditors of the municipality, as required by section 65(2)(b) of the MFMA.

60. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA.
Revenue management

61. The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained a management, accounting and information system which accounted for receipts of revenue as required by section 64(2)(e) of the MFMA.

62. Revenue received by the municipality was not always reconciled at least on a weekly basis, as required by section 64(2)(h) of the MFMA.

Asset management

63. The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained an effective system of internal control for assets including an asset register reconciliation with general ledger, as required by section 63(2)(c) of the MFMA.

64. The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained a management, accounting and information system which accounts for the assets of the municipality as required by section 63(2)(a) of the MFMA.

Budgets

65. The municipality incurred expenditure in excess of the limits of the amounts provided for in the votes in the approved budget, in contravention of section 15 of the MFMA.
INTERNAL CONTROL

66. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

- The accounting officer and management did not, in some instances, exercise oversight responsibility over performance reporting and the enforcement of Supply Chain Management regulations.

- The accounting officer did not establish an IT governance framework that supports and enables the business, delivers value and improves performance.

- Management did not implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.

Financial and performance reporting

- The accounting officer did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.
• The accounting officer did not implement adequate controls over daily and monthly processing and reconciling of transactions.

• The accounting officer did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information.

• Management did not design and implement formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information.

**Governance**

• There was no appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention are conducted and that a risk strategy to address the risks is adequately monitored.

• The municipality operated without an internal audit unit for the whole financial year under review

• The municipality operated without an audit committee during the year under review.
Auditor General

13 January 2011

Polokwane

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence