



Molemole Municipality

2012-2013

ANNUAL REPORT

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CHAPTER 1: MAYOR`S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR`S FOREWORD

It is an immense honour and opportunity for me as Mayor of Molemole Municipality to present to you the third annual Report (2012/2013) of our term of office. Our mandate is guided by objects of local government as clearly articulated by section 152 of the Constitution of the Republic of South Africa. We are in this section required to concentrate on five key areas including good governance, service provision, socio-economic development, provision of clean environment and public participation. The report is an exposition of our efforts in achieving our expectations based on these imperatives.

In response to the needs of our communities and the quest for excellence in achievement of our mandates as required by legislation, a thorough stakeholder consultation was conducted in the form of four imbizos in strategic centres of our municipal area, where priority needs from communities were collated and carefully crafted into our strategic document, i.e. the Integrated Development Plan (IDP). The IDP set out priorities and targets for the attainment of desired objective, of creating a better life for our communities.

We seriously take into consideration values of good governance despite our failure to adhere to annual report submission deadline and the subsequent disclaimer audit outcome. It is our outmost desire to always overcome the capacity constraints that impedes compliance to important legislative requirements. We remain committed to ensuring that we turn the tide in pursuit of favourable audit opinions as set out by "operation clean audit of 2014".

To that effect, we have established Operation Clean Audit Steering Committee, constituted by all Senior Managers and external stakeholders like COGHSTA, Treasury (provincial), and Capricorn District Municipality. Let me also indicate that as at the end of the financial year, the Municipal Manager remained suspended, which created administrative constraints in the

effective administration of the institution.

In marking the second year of our term of office we have completed amongst others, the tarring of Matipane-Madikana road, Morebeng Internal Streets and upgrading of Mogwadi stormwater. We also completed the construction of Sekwena Arts and Craft Centre and construction of Dipateng pre-school.

Lack of reliable water sources, impacts negatively on provision of water by Capricorn District Municipality. Hence with our continued collaboration with Capricorn District Municipality the quest for solution to this challenge will in the ultimate end, be attained. A solution to effective sanitation model has to be sought, as most of the VIP toilets constructed by our District Municipality are full and there is no maintenance mechanism in place.

We do take cognisance, of the decline in our population in the year under review as a result of mining and rapid industrial development in other growth points within our province like Lephalale, Musina and Tubatse. Emigration patterns are largely influenced by this factor, as more job opportunities are created in those economic development zones.

These developments require us to determine our economic potential, in attracting investment which will ultimately create jobs and retain skills. To that effect, we have packaged an investment opportunity brochure and DVD, through which we expose investment opportunities in the municipal area, to potential investors.

In partnership with COGHSTA we have enrolled 1100 participants into Community Works Programme. We will continue to lobby for more opportunities as this helps to reduce the level of poverty and unemployment within the municipality. In the course of implementation of our own projects, 250 jobs were created during the period under review.

We have made positive strides in the right direction, to ensure sustainable municipal governance principles which reflects our passion for community needs. We have partnered with sector departments on programmes such as Library week, Arrive Alive and Establishment of Molemole AIDS Council.

Five students from needy families, were enrolled in various institutions of higher learning, through our Mayoral bursary fund. Five unemployed Agriculture graduates from within our municipality were enrolled into an internship programme, whereby they are placed in various commercial farms in order to acquire practical farming skills.

We believe and are committed to honour our programme of action for 2013/2014 financial year as outlined in our Service Delivery and Budget Implementation Plan. I am making an appeal to all councillors, officials and the community at large to join me in an effort to build the municipality as a common responsibility we all share.

KOPANO KE MAATLA GO AGA SECHABA SE SE KAONE

Kind regards

HER WORSHIP HON.MAYOR PAULINA MAKGATO
MOLEMOLE MUNICIPALITY.

COMPONENT B: EXECUTIVE SUMMARY

MUNICIPAL MANAGER'S OVERVIEW

Municipal councils are obliged by section 127 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) to table and adopt an annual report at the end of every financial year within a prescribed period.

It is with humility and honour that I present the Annual Report for the 2012/13 Financial Year. This report seeks to demonstrate a fair presentation of the organization-wide performance for the year under review but also to enable all key stakeholders such as Council, Traditional and Community Leaders, Administration, members of the community and business to partake in reviewing municipal performance. In moving towards improved governance, the Council of Molemole adopted various cross-cutting policies geared at ensuring that the necessary controls remain in place and enable a conducive climate for accelerated service delivery characterized by principles of good governance that will eventually improve the quality of lives of our communities.

A number of policies tailor-made to suit our locality were crafted and successfully adopted by Council including but not limited to ICT Change Management, Disaster Recovery, Continuity Management, ICT User Account Management, Bereavement, Laptop Allowance, Petty Cash, Virement, Staff Retention and Contingent Liability Manual.

Interestingly, and as part of institutional development and transformation, Organizational Process Re-engineering is being undertaken and is on course in terms of implementation phase. The thrust of this initiative is to overhaul the processes of the municipality for accelerated delivery of objectives, an exercise which should have been implemented years ago as a stepping stone towards developing a credible HR Strategy for the municipality.

In our quest for organisational renewal, it became necessary and essential that the Municipality identify programmes that have not been implemented but have the potential to enhance institutional performance. The re-engineering project is prioritized as part of organizational development and transformation, regrettably the project has taken longer than anticipated to conclude. However, it is hoped that in the long term it will have the desired impact on the effectiveness and efficiency of the municipality. Through this process, the Municipal Council adopted a new compensation system based on task grades.

The new compensation system recognizes employees' years of service but it also enables the municipality, small and remote as it is to attract, retain scarce skills in order to optimize proper placement of personnel to meet key objectives and respond to changes in the external environment. The re-engineering process further proposed and recommended an organizational structure that will enable effective attainment of institutional strategic objectives. Other initiatives include new post titles per the needs of the

municipality, well researched Workplace Skills Plan (WSP), job descriptions for all established posts, training for job evaluation committee and moderation committee and skills audit for the entire personnel.

Our Integrated Development Plan (IDP) document has clearly set out objectives and targets for the realization of six (6) objects of local government. This principal strategic planning instrument also lay the basis for performance monitoring, measurement and evaluation. However, it goes further to guide and inform all planning, budgeting, management and decision-making processes in the municipality. It enabled the achievements of 90% of the targets set for this Financial Year.

Through forward planning the municipality achieved milestones such as successfully completing five (5) mega community projects in the financial year namely:

1. Sekwena Arts & Crafts: intended at enabling local Youth to showcase their artistry in a way reducing unemployment but also discouraging them from engaging in social ills like substance abuse and teenage pregnancy;
2. Dipateng Pre-school: for early childhood learning;
3. Upgrading of Mogwadi CBD Storm-Water System;
4. Morebeng Internal Streets and Storm-Water and
5. Madikane-Matipana Gravel to Tar Road: to enable smooth transportation of goods and services within the municipality but also in the region in order to enhance our local economy.

Although some of the projects experienced isolated setbacks and challenges, the screws are being tightened to ensure that adequate monitoring and evaluation is done by highly competent employees who have some sense of selflessness, servitude, ethos of Ubuntu and who understand the plight of our communities.

Various service delivery oriented studies conducted during the financial year under review, such as the Infrastructure Master plan are to be merged with inputs sought during IDP consultation process and will be taken to the next level in the coming financial year to reprioritize our targets and specifically strive to attain some of the needs identified by some of this lengthy and comprehensive study which covered every single household within the borders of Molemole jurisdiction. Alternative and additional funding sources are to be explored in order to fully address such community needs, including but not limited to water and sanitation. Shortage of underground water, infrastructure theft, equipment breakdown and maintenance of ageing infrastructure remain a major challenge requiring long-term well researched integrated solution and a lasting or sustainable funding model because the repercussions have made it somewhat difficult to deliver basic services, such as water to satisfactory levels.

Council together with Management of the institution established various committees including Ethics, Rules & Integrity, Mayoral Events Management, Employment Equity, training and development, bereavement, Operation Clean Audit, ICT Steering, Risk and security committee. Without exception, these essential committees should be strengthened and consolidated such that they can effectively execute their core mandates for a more efficient service delivery machine within our locality.

The municipality is steadfast in its resolve towards growing local economy through establishment of a new state of the art shopping mall along R521 road, a filling station and truck-in centre. The area remains a strategic gateway to Africa through one of the busiest border post in the Southern Region Beitbridge & Groblers bridge border posts linking South Africa, Zimbabwe and Botswana.

Although delivery of basic services and revenue generation still remain a challenge, the municipality embarked on a mission to convert conventional metres to prepaid metres in Mogwadi town, a project which is being extended to Morebeng town. Dispute resolution committee has been set-up and has been addressing areas of disputes to unblock non-payment of municipal services. The rationale behind this committee was to put in place a more integrated service delivery machine within our locality which will not only address disputes but also anticipate service delivery related priorities outside of normal public participation forums and to enable more effective follow-ups to promises being made during consultation. The need still remains to re-convene the committee in order to enhance the cross-pollination of ideas that existed and the versatility of solutions that involved active home-grown citizen representative participation system.

Functional council structures like Municipal Public Accounts (MPAC) and Risk & Audit Committees continue to play a very instrumental part in their oversight role, assisting both Council and its executive arm to fulfil its corporate governance responsibilities and being alert to high priority areas that might make it difficult for the municipality to attain its prime objectives.

Human Resources Management and Development initiatives have yielded acceptable results in that the municipality managed to fill a total of twenty five (25) vacancies and out of the said number, six (6) were filled by internal candidates. Development initiatives, particularly skills enhancement programmes were extended to more than sixty two (62) employees in order to enhance their competency levels, eventually contributing towards improved performance of the municipality. Turnover rate remains a worrying factor in the municipality but with the reengineering project on course, this may be a thing of the past. Beyond training programmes provided to employees but in keeping with the National Treasury's regulation of the minimum competency levels (National Treasury Regulation No. R493-gazetted on 15 June 2007), a total of eight (8) employees are enrolled for Municipal Finance Management Programme (MFMP) in order to address gaps in competency levels of those officials in Finance and SCM.

Regarding debts, the increase in bad debts is attributed to the decline in affordability levels, residents rates boycott, increased unemployment, high rate of poverty and social grant dependency and low revenue base which impacts on the financial viability of the municipality. The low revenue collection rate compromised funding for planned projects and inherently restricted the institution from exploring reprieve mechanisms such as debt write off, etc.

It will be very ungrateful not to appreciate the relentless support we have been getting over the years and in the financial year under reporting from our partners, particularly Capricorn District Municipality, COGHSTA and Provincial Treasury. They have been our pillars of strength during the most turbulent times. “Wherever we are and whatever we do, we should ensure that our actions contribute to the attainment of a free and just society, the upliftment of all our people and the development of a South Africa that belongs to all who live in it. The interests of our people should take precedence over our desires as individuals”.

M.H Madibana

Acting Municipal Manager

CHAPTER 1: SERVICE DELIVERY OVERVIEW

Population Details									
Population `000									
Age	2010/11			2011/12			2012/13		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0-4	5 880	6 779	12 659	5 880	6 779	12 659	5 880	6 779	12 659
5-9	6001	7 177	13 178	6001	7 177	13 178	6001	7 177	13 178
10-19	7 134	6 604	13 738	7 134	6 604	13 738	7 134	6 604	13 738
20-29	2 774	3 215	5 989	2 774	3 215	5 989	2 774	3 215	5 989
30-39	1 570	2 737	4 307	1 570	2 737	4 307	1 570	2 737	4 307
40-49	1 436	2 036	3 499	1 436	2 036	3 499	1 436	2 036	3 499
50-59	981	1 394	2 375	981	1 394	2 375	981	1 394	2 375
60-69	762	1 615	2 375	762	1 615	2 375	762	1 615	2 375
70+	493	1 074	1 567	493	1 074	1 567	493	1 074	1 567
Source: Statistics SA									T1.2.2

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment rate	Proportion of households with no income	Proportion of population in low-skilled employment	HIV/AIDS prevalence	Illiterate people older than 14 years
2009/10	850	-	-	-	8% of the population tested positive	6.9% of the population
2010/2011	850	-	-	-	11% of the population tested positive	6.9% of the population
2011/12	1350	-	-	-	11% of the population tested positive	6.9% of the population
2012/2013	-	-	-	-	11% of the population tested positive	6.9% of the population
T1.2.4						

Natural Resources	
Major Natural Resource	Relevance to Community
Granite	Crusher stone mining(contributing to local GDP)
Sand mining	Construction activities
Dimension stones(Iron, Gold, Copper, Nickel, Lithium)	Economic opportunity potential
Iron Ore	Economic opportunity potential
Wetland(Morebeng)	Used as water catchment during drought
Machaka Nature Reserve and Tropic of Capricorn needle	Tourism potential
T1.2.7	

COMMENT ON BACKGROUND DATA:

Though diversity of 20 mineral deposits exists in the municipality, their size is so small that it renders them uneconomical or unsuitable for exploration. Mining in the municipality has been static, registering gross value-added of less than R50m for the past ten years. Mining activities in the municipality have over the years mainly been in the form of quarries which produced granite.

Visible mining activities over the years are dimension stones (granite) and crusher stone. The value of granite and its potential to stimulate the economy is miniature. The crusher stone has potential for growth in supplying various national, provincial and local government infrastructure projects in the municipality and beyond.

The other mining activity which has the potential is sand. Currently, the bricks for building inexpensive houses are sourced from outside the municipality as a result of lack of high magnitude for sand exploration in the municipality. There is a need for local entrepreneurs to apply for mining permits for building sand and building bricks.

There is a potential for the exploration of Iron Ore minerals in the Zandriverspoot area. Currently, there are two companies, Sekoko Resources and Sishen Iron Ore Company (trading as Polokwane Iron Ore Company, a partnership between Kumba Resources and AcelorMittal) which are evaluating economic potential of these iron ore mineral deposits. It is estimated that production will start in 2019.

Machaka Game Reserve is a 1100ha game reserve set in the beautiful mountains and offers visitors great game drives, nature trails, quad bike and rock climbing adventures. Institutional framework for operationalisation of the resource impedes development and operation of the facility to its full potential.

Tropic of Capricorn needle marks the furthest point south at which the sun can be seen directly overhead at noon. This provides an opportunity for tourism development in the area. Its proximity to Machaka Nature Reserve is an added advantage.

A wetland in Morebeng is another important natural resource which serves as a water source during drought after catchment water can be diverted for storage.

Every municipality must give priority to the basic needs of their communities and at the same time making provision for the development of the local community whilst ensuring that municipal basic services are accessible and equitable.

We have been able to provide water and electricity to our communities though the District Municipality is still a water service authority. As a local municipality we only deal with Operation and Maintenance. The municipality is only responsible for both Morebeng and Nthabiseng Townships in terms of electricity. We are busy replacing our aging infrastructure in the two towns.

The tiring of the two roads namely Matipane-Madikana and Ramokgopa Eisleben are complete on their first phase. The challenges we are facing from water is the unreliable source as the municipality totally depend on ground water.

On indigents the municipality is having an indigent register and provide free basic water and electricity to our indigents.

T 1.3.

1.2. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The municipality draws its mandate from the Municipal Finance management Act (MFMA) (Act 56 of 2003) based on chapter 13 of the constitution. The specific mandate is the implementation of the financial plan and the actual execution and reporting on the financial aspects of the overall Service Delivery Budget and Implementation Plan of the municipality. The municipality is comfortably liquid and have not experienced any cash-flow problem. The municipality has successfully closed its books on time and submitted its annual financial statements in accordance with section 126 of the MFMA.

The Municipality will continue to:

- Communicate performance achievements throughout all levels in the organization when it is adhering to the timely submission of section 71 reports, a section of the Municipal Finance Management Act (Act 56 of 2003) and annual reporting according to section 126 of the same act.
- Maintain integrity when it ensures compliance with all the Municipal Supply Chain Regulations as dictated by the Preferential Procurement Policy Frame Act (Act No. 5 of 200) as amended and all the relevant Regulations and Practice notes.
- Report its activities objectively and transparently when it periodically report to the Co-operative Governance Human Settlement and Traditional Affairs (CoGHSTA) and Treasury as the primary stakeholders in the public sector.
- Keep the public informed when it publishes its results as a major and important portion of the annual report of the municipality.

The Municipality is recruiting relevantly skilled and experienced staff, recruiting and continue training interns for continuity purposes. This is coupled with improving the information technology environment when the Municipality acquired latest reporting and asset tracking technology.

It remains a belief of the Municipality that whole clean administration in government is an achievable goal.

Financial Overview – 2012/13

R`000

Details	Original Budget	Adjustment Budget	Actual
Income	82,848,00	83,549,732	76,725,721
Grants	71, 198,00	72,586,00	68,128,00
Taxes, Levies & Tariffs	52,777,917	53,593,425	53,398,80
Other	21,841,847	18,740,136	7,559,908
Sub Total	157,467,764	155,883,293	137,683,809
Less Expenditure	104,155,053	100,098,745	106,591,868
Net Total	53,312,709	55,784,548	31,091,941
*Note: surplus/(deficit)			T1.4.2

Operating Ratios

Detail	%
Employee Cost	47%
Repairs & Maintenance	2%
Finance Charges & Depreciation	0%
T1.4.3	

Total Capital Expenditure 2010/11, 2011/12 & 2012/13

R`000

Detail	2010/11	2011/12	2012/13
Original budget	17,145	35,944	53,011
Adjustment budget	22,163	33,046	55,668
Actual	16,784	13,721	39,982
T1.4.4			

1.3. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

Council approved an organisational structure provided for 204 funded posts from which 163 posts are filled and 41 funded vacant posts filled translating to 88% post occupancy rate.

The municipality adopted and implemented a workplace skills programme with 62 employees and 1 unemployed learnership programmes benefiting 5 unemployed learners.

A total of 19 appointments were made of which resulted in 5 promotions of employed personnel.

T1.5.1

1.4. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT 11/12

Delete Directive note once comment's completed – State the type of opinion given (disclaimer; adverse opinion; qualified opinion; unqualified opinion with 'other matters'; and an unqualified opinion) and briefly explain the issues leading to that opinion. In terms of a disclaimer you must state that 'the accounts of this municipality were too deficient in essential detail for the Auditor General to form an opinion as the financial viability or rectitude of this municipality'. If opinion is unqualified, briefly explain the key steps taken to accomplish and maintain (where appropriate) this important achievement.

T 1.6.1

1.5. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 th quarter Report for previous financial year	
4	Submit draft Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	

16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	January
T1.7.1		

COMMENT ON THE ANNUAL REPORT PROCESS:

The deadlines are important as they make the processes easy and consultation of all stakeholders is done. The municipality is able to reflect on the successes, failures and challenges of the previous financial year. This then prepares planners to come up with clear strategies to improve on where we did not do well as a municipality.

The importance of alignment is that there is common understanding and approach towards service delivery of the municipality as outlined in the IDP which is the strategic document of the municipality. The IDP sets broader objectives; narrows the objectives to the departmental level and performance monitoring monitors the indicators of our objective areas.

T1.7.1.1

CHAPTER 2 – GOVERNANCE

2. INTRODUCTION TO GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

Our municipality has twenty seven (27) councillors. We have an Executive Committee which is comprised of five (5) councillors and chaired by the Mayor. The portfolios that we have are Corporate Services, Community Services, Finance Department and Local Economic Development and Infrastructure. Council remains the highest decision making body. Decisions are taken through council resolutions. The Portfolio Committees recommends to EXCO and then EXCO requests approval from Council.

The municipality has an Audit Committee which is chaired by an outside independent person. The committee gives technical advices on financial matters. We are also having an internal audit committee which is chaired by our internal auditor. There are relevant policies developed to deal with issues of internal control. Performance Assessments are done quarterly to all our Senior Managers. Recommendations to both financial matters and performance assessment are done through audit committee resolutions.

Municipal Public Accounts Committee has been established. Members of MPAC are not serving in either of the council sub committees. The MPAC is the custodian of the Annual Report. They get expression on the annual report and also head community or public participation on the annual report.

T2.1.

Decisions are taken through council resolutions. The portfolio committee discusses issues before they can recommend to EXCO. The executive after some careful considerations then recommend to council for approval. The resolutions are then signed by the Municipal Speaker and kept in the Council resolutions register. The resolutions are then distributed to relevant departments for implementation.

T2.1.3

2.2 ADMINISTRATIVE GOVERNANCE.

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE.

ROLES OF THE MUNICIPAL MANAGER.

The municipal manager is the head of administration of the municipality and is amongst other issues responsible for the policy direction of the municipal council and also accountable for:

- * The formation and development of an economical, effective, efficient and accountable administration.
- * carry out the task of implementing the municipality's integrated development plan in accordance with chapter 5 of the Municipal Systems Act 32 of 2000.
- * Manage the Performance Management System of the municipality in accordance with chapter 6 of Municipal Systems Act 32 of 2000.
- * Responsible for the community needs and make sure that the community participates in the affairs of the municipality.
- * Manage the provision of services to the local communities in an equitable and sustainable manner.
- * The appointment of staff other than those referred to in section 56.
- * Maintenance of discipline of staff.
- * Manage communication channels between the municipality's administration and its political structures and political office bearers.
- * Carry out decisions of the political structures and political office bearers of the municipality.
- * Responsible for all income and expenditure of the municipality, all assets and the

Discharge of all liabilities of the municipality.

- * Proper and diligent compliance with the Municipal Finance Management Act.

ROLES OF EXECUTIVE DIRECTORS

- * These are the managers appointed by the Municipal Council after consultation with the Municipal Manager.
- * They are responsible to carry out the mandates of their respective departments.
- * They are also responsible to manage the budgets and personnel within their departments.
- * Coordination of their Portfolio committees before executive and council could decide on particular matters.
- * Manage the performance of their respective departments.

HOW THE MUNICIPAL MANAGER AND EXECUTIVE DIRECTORS WORK TOGETHER CORPARATELY IN THEIR THEMATIC AND SERVICE GROUP ROLES TO MAKE THE GREATEST IMPACT ON SERVICE DELIVERY

All executive directors account to the municipal manager as head of administration. Meetings of Senior Management are the ones which maps the way forward in terms of administrative duties of the municipality. The senior Executives are responsible to convene their Departmental Middle Management Committee Meetings so as to communicate decisions of Senior Management Committee Meetings and the direction that we need to take as an institution guided by our Integrated Development Plan.

There are quarterly extended management committee meetings whereby the municipal manager reflects on the status of the municipality and the direction that we are taking. The meeting involves Senior Managers, Middle Managers and those positions which are seen as key even though they don't fall in either of the above categories. Staff General Meetings are convened Mid-Yearly.

TOP ADMINISTRATIVE STRUCTURE

Function

MUNICIPAL MANAGER

Mr T.D Nkoana

Municipal Manager

SENIOR MANAGER:

Mr E.K Moloko

Chief Financial Officer.

SENIOR MANAGER:

Mr. M.H Madibana

Corporate Services

SENIOR MANAGER:

Mr. N.N Keetse

Local Economic Development and Planning.

SENIOR MANAGER:

Mr. D.M Masipa

Technical Services

SENIOR MANAGER:

Ms. M.P Moabelo

Community Services

T2.2.2

COMPONENT B: INTERGOVERNMENTAL RELATIONS.

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTER GOVERNMENTAL RELATIONS:

Molemole views cooperative governance and intergovernmental Relations (IGR) in a very serious light as enshrined in section 41 of the Constitution. Taken together both the formal and informal components of the IGR system shapes the incentives for good governance and integrated service delivery. Keeping the relationship with other spheres of government as harmonious as possible remains a key factor in driving service delivery priorities in a more integrated manner hence our municipality continues to actively partake in both District and Provincial IGR forums not only to share common local government service delivery bottlenecks but also share best practices.

Sharing of limited resources including expertise between Molemole and some sector departments continues to accelerate service delivery within our local communities and the contributions made by other departments on how we run processes as a municipality changes the phase of the municipality. The role that COGHSTA, Provincial Treasury to list but a few departments play in our municipality is enormous and without their intervention from time to time on policy, IT, Training interventions, Finance management related interventions and other governance related issues, it will be difficult to completely do without them hence this unbreakable intergovernmental relations grows from strength to strength year after year.

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTER GOVERNMENTAL STRUCTURES.

It is mainly SALGA initiated forums such as National IGR, Premier's IGR forums which from time to time enable various municipalities to interchange or share best practice models on a whole range of issues geared at accelerating service delivery for a better life. To a limited extent, institute for Local Government Management also does once in a while initiate meetings between municipalities. It goes without saying greater involvement of National and Provincial sector departments is still necessary in the development of IDP's and the involvement thereof should be of more senior representatives within this IDP processes.

T2.3.1

PROVINCIAL INTER GOVERNMENTAL STRUCTURE.

Our municipality participates in IGR meetings (Provincial and District) beyond Mayoral Imbizo's where the District Municipality is a key stakeholder; other stakeholders in all Imbizo's are departments such as Home Affairs, Safety Security and Liaison, SAPS, GCIS, COGHSTA and Health. CFO's forum, debt forum, other meetings such as those involving Department of Public Works and National Department of Home Affairs in matters of mutual interest on lease agreements enable a more improved communication method amongst affected stakeholders and may lead to easier resolutions to existing challenges. The role played by both COGHSTA and Provincial Treasury has never been underestimated when it comes to policy interventions in our municipality.

T.3.2

RELATIONSHIP WITH MUNICIPAL ENTITIES

The municipality in its decision making is not only guided by the provisions of Chapter 3 of the Constitution of the Republic but also the provisions of chapter 4 of the Municipal Systems Act 32 of 2000 which requires of us to develop a conducive culture of community participation. Through various public participation initiatives channelled through Mayoral Imbizo's and Ward participatory systems of local governance which ensures that governance is taken right down to community level and that all citizens in the local municipality are represented in the decision-making cycle. This increases resident's sense of belonging, accountability and empowerment and rightfully involves them in directly participating in issues affecting their municipality and ultimately their lives.

Ward Councillors and Ward Committee members play a pivotal role in the communication process between the communities they represent and the council, reporting back regularly through Ward meetings and assisting the community to identify needs and priority areas of development which are fed into the municipality's planning process.

The Municipality is in a better position to acquire inputs or views of all relevant stakeholders i.e. CBO's, NGO's, Farmers including but not limited to development and transformation priorities. In crafting some of the policies directly affecting local community, there will be consultative forums to source as more inputs as possible. These are ward committees responsible for each and every single ward and councillors to ensure that most decisions affecting local communities have been discussed with them through these local structures and their concerns are easily channelled for interventions.

DISTRICT INTER GOVERNMENTAL STRUCTURES

Beyond the above mentioned section, section 40 of the constitution on co-operative government also requires of all spheres of government despite their distinctiveness work interdependently. That they should not only assist each other but learn from each other to avoid competition and improve service delivery through a more integrated approach. As a result of these approaches, the Municipality participates in IGR structures including the following: MTAS, Premier's IGR and EXCO Lekgotla, District IGR and Mayoral Magoshi Forum. IGR Forums and committees ensured that sector-based projects are not only reflected in the IDP but are also aligned with Service Delivery imperatives of our local communities.

T2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION:

Municipality uses the media to inform the community of any information.

Municipality has established a ward committee wherein each and every ward committee member has to communicate to the community with regards to the services that are expected from the municipality and also revert back to the municipality with the feedback thereof.

Municipality also give feedback to communities through Imbizos, outreach programs and open council. Invitations to the meetings are through flyers, radio, web-sites and through Traditional Authority offices.

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS.

Public communication is done through public participation, council outreach such as Mayoral on progress, looking at goals set in the IDP of that Financial year. This is why it is essential that the community at large gets involved in IDP consultations, as this is where concerns are voiced and taken on by the municipality. The municipality uses the media to inform the community of these public participations. Institutions to these meetings are also advertised on the Municipal website at the municipal offices as well as Traditional Authority offices.

T2.4.1

WARD COMMITTEES.

Ward Committees serve as advisory body to the ward councillor. Take community issues to the council through ward councillor. Convene community feedback meetings in consultation with the Ward Councillor.

T2.4.2

PUBLIC MEETINGS 2012/2013					
Nature and purpose of meeting	Date of Events	Number of participating Municipal Councillors	Number of participating Municipal administrators	Number of Community members attending	Date and manner of feedback given to community
Mayoral Imbizos	(a) 10 November 2012, Mphakane Sportsground	09	30	402	IDP/Budget adoption at Ga-Phaha on 29/05/2013
	(b) 17 November 2012, Mohodi Sportsground	08	07	560	
IDP consultative meetings	(a) 18 April 2013, Dipateng Community Hall	05	13	418	
	(b) 19 April 2013, Maponto Community Hall	06	20	156	
	(c) 23 April 2013, Ramokgopa Tribal Hall	08	16	234	
Council Outreach Meeting					

Open Council Meetings	(a) 24 January 2013, Manthata Tribal Hall	21	10	410	
	(b) 29 May 2013, Ga-Phasha Pre School	23	20	801	

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD.

- The turnout/audience at the events exceeded expected targets by bigger margins.
- Stakeholders who participated in the above public meetings include in the main, Traditional Leaders, Ward Committees, CDW's, Sector Departments, NGO's, CBO's, and the community members from various constituencies.
- Feedback on most issues raised was responded to immediately by the Political and Administrative leadership while some issues were referred to their relevant departments for further attention.
- In the period under review, there were no community protests, petitions or unrests directed at the municipality.

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	No
Does the budget align directly to the KPIs in the strategic plan?	No
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	T2.5.1

COMPONENT D: CORPORATE GOVERNANCE.

OVERVIEW OF CORPORATE GOVERNANCE:

Through a well-established Office of the Municipal Manager in collaboration with Corporative Services department, it is ensured that a high level of accountability, sound administration, transparency, responsibility and fairness amongst majority of employees are instilled for improved performance of the municipality in all aspects. Continuation to instil employees the need to convert and align their duties with the values of the municipality so that they on their own could spontaneously want to work without being pushed remain a priority. Section 45 and 46 of Code of Conduct of Municipal employees of the Local government Laws Amendments Act, 51 of 2002, gives direction of how municipal employees should conduct themselves during and after working hours.

Efforts of putting in place integrated governance processes that will not only ensure but enforce compliance with applicable prescripts amongst employees are probed timeously so that aspects of organisational efficiency, effectiveness and world-class administration do not remain a pipedream but are converted into reality through full and effective utilization of available but limited material and human resources.

Objects of local government as stipulated in Chapter 7 of the Constitution of the republic of South Africa of 1996 (Act 108 of 1996), including critical sections such as Section 15, 16 and 18 of the Municipal Systems Act of 2000 (Act 32 of 2000) serves as supreme guides to the overall governance framework of the municipality. The role of oversight including but not limited to Audit Committees continue to play a major role in ensuring alignment of municipal plans into more integrated realistic targets enabling each responsible stakeholder accountable through applicable forums from SDBIP perspective as encapsulated in the IDP document of the municipality enables a more focused approach to predetermine targets.

All efforts being geared at assisting all employees identify with the values of the values of the municipality and getting each of them to maximize their performance therefore improving overall performance to enable this institution to become an employer of choice.

T2.6.0

2.6 RISK MANAGEMENT.

During the 2012/2013 Financial Year Molemole had a functional Risk Management unit and the Risk Management Committee which is chaired by an external independent person. The following policies were approved and implemented with regard to the effective and efficient operation of the unit. Risk Management Policy, Risk Management Strategy and Risk Management Plan. The municipality also maintained a risk register during the year.

The following risks were identified as top five (5) risks for the municipality:

1. Ineffective Asset Management System.
 2. None compliance with Supply Chain Management Policy and regulations.
 3. Inadequate inventory Management.
 4. Substandard Buildings.
 5. Inadequate Planning.
- T2.6.

2.7 ANTI-CORRUPTION AND FRAUD.

FRAUD AND ANTI-CORRUPTION STRATEGY

The municipality does not tolerate any corrupt or fraudulent activities whether internal or external to the organisation, and will vigorously pursue and prosecute any party, by legal means available, which engage in such practices or attempt to do so.

In an effort to fight Fraud and Corruption the municipality has approved and implemented the Fraud Prevention Policy, Fraud Prevention Strategy and the Fraud Prevention Plan. The municipality has also kept the Fraud Risk register to ensure the Fraud risks are controlled effectively.

The municipality also uses the review by the internal audit unit and the Office of the Auditor General on the control environment to the municipality to detect any corrupt and fraudulent activities. The oversight by the MPAC and the Audit Committee also add value in the fight against fraud and corruption. The Anti-Fraud hotline by the Capricorn District Municipality and Premier's fraud hotline are other measures that the municipality utilised in their fight against Fraud and Corruption.

T2.7.1

2.8 SUPPLY CHAIN MANAGEMENT:

Section 217(1) of the Constitution of South Africa requires that every organ of the state and all public institutions and related structures shall contract for goods and services in accordance with a system which is:

- ✚ Fair
- ✚ Equitable
- ✚ Transparent
- ✚ Competitive and Cost effective

The above principles are ushered and are made alive through a range of legislation and supply chain management is governed and enforced in compliance with the constitutional principles through the procurement policy framework Act (Act 5 of 2005) as amended and the appropriate SCM regulations and related public practise notes.

Procurement is governed by an approved policy that has been formed through the above framework and is slowly in the process of in-keeping with the recent legislation and other pieces of legislation(s) that discourages fraud, corruption and money laundering and other anti-social behaviours related to financial impropriety and tax evasion.

Preferential treatment is practiced by the organ of the state in order to protect and assist in the protection or advancement of persons or categories of persons disadvantaged by unfair discrimination.

COMMENT ON BY-LAWS:

There is a total of thirteen (13) Council adopted by-laws in the Municipality. Efforts to communicate the said by-laws was carried out by the previous Council but the need still remains to educate, communicate and create awareness to community members on

existing by-laws so as to improve compliance and enforcement. Through by-laws, the municipality must in future regulate other critical areas that currently remain unregulated so as to curb/ alleviate unfavourable practices and to protect the interests of residents, business, environment and the state. There are by-laws that are currently at implementation phase and communication was channelled to the affected stakeholders like by-laws on straying domestic animals.

T2.9.1.1

2.9 WEBSITES

Municipal website: content and currency of material		
Documents published on the municipality's /entity's website	Yes/No	Publishing date
Current annual and adjustment budgets and all budget related documents	Yes	Monthly
All current budget related policies	Yes	1 st July
The previous annual report (2012/13)	Yes	
The annual report (2012/13) published / to be published	Yes	
All current performance agreements required in terms of section 57 (1) (b) of the MSA and resulting score cards	Yes	On appointment
All service delivery agreements (2012/13)		
All long term borrowing contracts (2013/14)		
All supply chain management contracts above a prescribed value (give value) for (2012/13)	No	
An information statement containin a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during (2012/13)	Yes	
Contracts agreed in 2013/14 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
PPP agreements referred to in section 120 made in (2012/13)		
All quartely reports tabled in the council in terms of section 52 (d) during (2012/13)		

Note: MFMA S75 sets out the information that a municipality must include in its website as detailed above. Municipalities are of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments

T2.10.1

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

Molemole municipality conforms to section 21 of the Municipal Systems Act, 2000 (Act 32 of 2000 as amended) and section 75 of the Municipal Finance Management Act, 2003 (Act 56 of 2003), whose main objective it is to notify the community about municipal events or any statutory matter which is of public interest.

During the financial year the municipal website was used to publicise notices on mayoral outreach programmes, section 71 reports, Quarterly reports, all budget related reports in the spirit of openness, accountability and transparency as espoused in section 195 of the Constitution of 1996, (Act 108 of 1996).

Although we believe a lot is being publicised in terms of MFMA (2003), we still believe a lot needs to be done to ensure full compliance to section 75 of the Act, especially on issues relating to supply chain contracts above R 100 000.00 and most importantly on contracts that have a bearing on the subsequent financial years (section 33 of the MFMA). In the coming financial years the municipality is planning to upgrade its website to be a hub of information for our residents. This will include an interactive system to enable our residents to share their service delivery experiences with the Mayor of the municipality. Customer satisfaction surveys will be conducted online to take advantage of its speed of response as well as lower drop out rate usually experienced with manual surveys. Residents will also be able to download important information on government-wide policies and other service delivery programmes. Social media platforms like Facebook and Twitter will be introduced to heighten our interaction with communities!

T2.10.1.1

2.10. PUBLIC SATISFACTION SURVEY ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

The municipality is working with the presidency and premier's office to deal with submitted complaints through the presidential and premier's hotlines. We are pleased to state that the municipality has managed to resolve 55 complains on both the presidential and premier's hotlines.

We appluad residents for highlighting service shortcomings and once more makes a clarion call to our communities to continue working with the municipality.

We also have the suggestion book in all our service points wherein residents can make walk in suggestion book and / or box provided at all our entrances.

As stated above the municipality is in the process of using its website to increase interaction with the communities on service delivery concerns. Once again, our residents are encourgated to report any misconduct by our field workers to Mayor , Ward Councillor or even the Municipal

Manager. Working together as a team we can ensure we reduce abuse of municipal resources for personal gain and restore confidence in the administration of the municipality in particular, and democratic governance in general.

T2.11.1

COMMENT ON SATISFACTION LEVELS:

Although the municipality did not commission any customer surveys in the year under review we are hoping to appropriate budget allocations in the subsequent financial years. Conducting a primary survey cannot be overemphasized as its findings can give us unique statistical information related to conditions around the municipality. Total complaints received in the 2012/13 financial year is 55 and they were all resolved

Funds are planned for allocation during 2013 / 2014 to conduct a community satisfaction survey to re-evaluate progress made.

T2.11.2.2

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

3. INTRODUCTION

The report presents the performance achievements for 2012/13 financial year.

3.1. CORPORATE SERVICES DEPARTMENT

3.1.1. Administration

Description	Achievements	Challenges	Interventions
Telephone Management system at Morebeng	VOIP lines installed at three municipal offices at Morebeng.	There is no network link between Morebeng and Mogwadi which makes it impossible to link the systems between the two offices	Requested a dataline from SITA to link Morebeng offices with Mogwadi head office
Network and Internet Connection at Morebeng	Wireless link network installed at Morebeng municipal offices and Library.	Network not yet functional at Morebeng due to unavailability of data line	Requested a dataline from SITA to link Morebeng offices with Mogwadi head office

3.1.2. Human Resources Management

Description	Achievements	Challenges	Interventions
Vacancies	Started a process of filling critical vacant positions for Divisional Heads: Internal Audit, Human Resources Management, Project Management Unit and Information Technology.	None	None
Local Labour Forum	One meeting was held on 17 th September 2013	None	None
Training Committee	One meeting was held on 09 September 2013	None	None
Termination	Three resignations during the quarter for: DH internal Audit Intern: Internal Audit and Registry Clerk	Shortage of staff for vacated office will derail municipal activities	Recruitment to fill the posts in process and to be finalized during the 2 nd quarter.

3.1.3. Council Support and Legal Services

Description	Achievements	Challenges	Interventions
Council Meeting	Held one ordinary Council Meeting on the 30 th August 2013	None	None

3.2. COMMUNITY SERVICES DEPARTMENT

3.2.1. Public & Social Amenities

Description	Achievements	Challenges	Interventions
Establishment of Mogwadi Park	None	Insufficient capacity	Request has been submitted to SCM for outsourcing of project specifications and scaled drawings.
Mogwadi Beautification Plan	Landscaping designs and specifications have been drafted.	Delays in advertising of the tender bid.	The tender bid will be advertised in the 2 nd quarter.
Eisleben Cross Taxi Rank	None	Insufficient capacity	Request has been submitted to SCM for outsourcing of project specifications and scaled drawings.
Refurbishment of Ramokgopa Stadium	Specifications for upgrading of electrification at the facility have been drafted.	Delays in advertising of the tender bid	Delays in advertising of the tender bid
Construction of Passenger Shelters	Specifications have been drafted	Delays in advertising of the tender bid	Delays in advertising of the tender bid

3.2.2. Waste & Environmental Management

Description	Achievements	Challenges	Interventions
Fencing of Morebeng dumping site	Specifications have been drafted	Delays in advertisement of the tender bid	The tender bid will be advertised in the 2 nd quarter
Purchasing of crane truck with cherry picker	Specifications have been drafted	Delays in advertising of the tender bid.	The tender bid will be advertised in the 2 nd quarter
6m3 bulk refuse containers	Specifications have been drafted	Delays in advertising of the tender bid.	The tender bid will be advertised in the 2 nd quarter

3.2.3. Traffic & Licensing

Description	Achievements	Challenges	Interventions
Mobile Office at Sekgosese Driving Licesne Testing Centre (DLTC)	Specifications have been drafted	Delays in advertising of the tender bid	The tender bid will be advertised in the 2 nd quarter

3.3. TECHNICAL SERVICES DEPARTMENT

3.3.1. Electrical & Mechanical

Achievements:

- Advertised for the appointment of a service provider for Refurbishment of Morebeng LV and MV overhead lines and replacement of poles and services connections at Mogwadi Ext 3.

Challenges:

- Struggling with specifications for Solar High mast lights as we are trying to benchmark with other municipalities with the same project.
- Breakdowns on our maintenance machineries and fleet.
- Electricity backlog in the villages.

Interventions:

- Research on solar high mast lights and accessibility for maintenance purposes.
- To have an in-house mechanic to attend to our minor mechanical breakdowns
- Facilitation for more funds allocation from DOE.
- Liaison with CDM to provide more funds to address electrification backlog.

3.3.2. Roads & Storm water

Achievements:

- Advertisement for the Procurement of the new Grader
- Advertisement for the Construction of change rooms and store rooms.

Challenges:

- None.

Interventions:

- None.

3.4. LOCAL ECONOMIC DEVELOPMENT AND PLANNING DEPARTMENT

3.4.1. Local Economic Development

Achievements:

- Drafted service level agreement for the Capacity building for 5 unemployed Agriculture graduates
- Drafted the concept document for the project of hosting Agricultural Indaba
- Consultative process with stakeholders for the Establishment of a packhouse is in progress
- Developed Specifications for Rehabilitation and commercialization of Mogwadi poultry farm
- Reviewing the Memorandum of Understanding for capacitating 30 SMME's is ongoing.
- Drafted terms of reference for implementation of Career skills expo in Molemole Municipality
- Drafted Terms of reference for the agreements to formalize partnership with 6 major investors in the areas of agriculture, mining, tourism and manufacturing.

Challenges:

- Lack of funds from COGTA to execute the project of creating 1000 job opportunities through Community Works Programmes.
- Lack of Personnel to execute projects within the department.

Interventions:

- COGTA should allocate more funds for the Community Works Programme
- The municipality should appoint adequate personnel in the department

3.5. Planning

Achievements:

- 100% Geographic Information System data updated

Challenges:

- No challenges encountered

Interventions:

- No interventions required

3.4. BUDGET AND TREASURY

3.4.1. CFO's Office

Achievements:

- Submission of AFS on time besides impossible time frame of receipt of final 2012/13 audited report.
- Overall expenditure transaction cycle (from commitments, through ordering to payment) is now automated on Venus.
- Alternative Funding Strategy is complete and submitted for comment by management and Portfolio committee.
- Improved MFMA Section 71 Reports Integrity/credibility (July, August & Sept 2013).
- Overall liquidity of Municipality improved significantly.
- Collection rate improved by 3 digit points.
- Successfully and timely audit response and minimal limitation of scope exceptions.
- Finance Portfolio of evidence in all departments is submitted timorously.

Challenges:

- a) Unfulfilled need for formal training on Venus data extraction on Assets, Income function.
- b) Continual keeping of manual Asset Register and non-automatic integration with Venus system.
- c) Inability to change the archaic Fin. Acc. Software (Venus) which is contingent on finalization of SCOA Regulation.
- d) Continual lack of automatic integration between the accounting software (Venus) and AFS.

Interventions:

- a) Budget is available although capacity (consultants) of supplier to avail training service remains.
- b) Further Formal Training on other Venus arranged and budgeted.
- c) Have performance Information ready to be published on the website but capacity of PMS staff to consolidate remains.
- d) CFO and resident accountant reviews and sign all clearing and control accounts monthly.

3.4.2. Budgets & Reporting

Achievements:

- July, August and September MFMA Section 71 Reports compiled and submitted to various stakeholders.
- July , August and September grant registers compiled
- July , August and September Budget Statements maintained and submitted to Senior managers to monitor their budgets
- July, August and September bank reconciliations performed.
- July , August and September investment registers compiled

Challenges:

- e) Section 71 reports performed manually, which takes time.

Interventions:

- e) To get a software that will assist us in downloading section 71 reports systematically.

3.4.3. Revenue & Income Managements**Achievements:**

- Revenue generated from electricity as a source of income has increased due to implementation of prepaid electricity meters plan.
- Receivables from exchange and non-exchange transactions are now separated and fully aged on categories for compliance with Grap 19 and 23 respectively.
- Meter readings data/information is being collected accurately and reliable statements are being issued to municipal rate payers.
- Proper linking of income is being performed accurately for completeness of Cash and cash equivalent and compliance with accounting standard (GRAP 104)
- Plans advanced to keep performance Information kept as portfolio of evidence in CFO's office.
- Indigent Register is now fully compiled with and kept in compliance with an approved municipal indigent policy.

- Municipal accounts are being issued to municipal rate payers on monthly basis
- Proper reporting is being maintained properly to up-date CDM water account and monitoring of the commission received from sale of water transactions.

Challenges:

- a) Collection rate has improved to 33.42 % but lower than desirable due to historical culture of non-payment.
- b) Community by-in on payment of property rates has not yet being finalised for improvement of revenue generation.
- c) Some household locked their premises at the time of meter readings or data collection for billing purpose.

Interventions:

- a) On-line vending solution implementation is in process which will reduce our debts by 50% and increase our revenue by 50%.
- b) Notices and reminders will be issued continuously on monthly basis as an ongoing standard procedure.

3.4.4. Asset

Achievements

1. The Fixed Assets Register is updated monthly in line with the GRAP standards.
2. Structured assets votes in the Venus system
3. Integrated assets register with the structured assets votes

Challenges

1. The Fixed Assets Register still on excel spread sheet
2. Dilapidated community Assets (impaired community assets)

Intervention

1. Feasibility study to be undertaken to determine the budget for uploading the register on Venus System.

2. The Fixed Assets Register to be uploaded on the Venus system
3. Mini project to be undertaken in the second quarter to identify impaired community assets for repairs.

3.5. MUNICIPAL MANAGERS OFFICE

3.5.1. Good Governance

Achievements:

- Performed an audit on Billing and Meter readings
- Performed an audit on Cash and bank

Challenges	Interventions
Lack of communication between Audit Committee and Council	The audit committee to report quarterly to the Council
Capacity of internal audit unit	To be improved in the next financial year

3.5.2. PMU

Achievements:

- Morebeng Internal Street & Stormwater phase 2 had been completed earlier than expected within budgeted costs and is of good quality.
- Consultant for phase 2 had been long appointed to ensure speedy execution of the project.

Challenges	Interventions
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Only one PMU technician in the PMU is responsible for the execution and implementation of all projects whereby at times this impact negatively on projects.

The post for PMU manager had been advertised.

3.5.3. Communication

Achievements:

- Municipal news articles reaching a wider audience through print media
- Improved relations with print media and radio.

Challenges	Interventions
Delays in the process of advertising and appointment of service providers, which often leads to delayed delivery of publications	Early advertising for all due publication for the current year and service providers have already been secured.

3.5.4. Mayor's Office

Achievements

- Re-establishment of AIDS Council meetings
- Two stakeholder meetings with Magoshi
- Two meetings with Molemole SAYC

Challenges	Intervention
Insufficient funds to implement special focus programme	None

No special focus personnel to perform duties of special focus on daily basis	None
Technical Aids committee not functional	Reported the matter to the Mayor and office of Municipal Manager

3.6. The financial performance report of the municipality for financial year 2012/2013:

3.6.1. REVENUE

The adjusted budget for 2012/2013 amounts to R155,883,293.00 and Actual revenue collected as at 30 June 2013 Amounts to R122,711,990.00(79%) compared to the proportional percentage of 100%.The 79% revenue recognized is based on accrual based accounting concept. Collection levels for own revenue from service charges is considerably low. From July 2012 to June 2013 ,The Municipality billed R18,812,703.30 and only collected R4,328,882.34 which translates to 23% collection rate, R101,505,829.94 received from grants and subsidies , R4,890,020.60 from licenses and permits, R126,825.00 from traffic fines, other revenue amounts to R660,997.The Municipality is highly depending on grants with the percentage of 64% against the total collection of R122,711,990.00.

Description	Total Annual Budget	Twelve Months budget	Twelve months Actual	Twelve months % expenditure	Variance from twelve months budget	Reasons for variance
	R	R	R	%	R	

Description	Total Annual Budget	Twelve Months budget	Twelve months Actual	Twelve months % expenditure	Variance from twelve months budget	Reasons for variance
<u>Revenue By source</u>						
Property rates	5,599,749	5,599,749	8,741,081	156	-3,141,332	Under budgeted
Service Charges- electricity revenue including selling of prepaid electricity	5,661,800	5,661,800	4,610,504	81	1,051,296	None
Service charges- water revenue	3,931,157	3,931,157	2,415,192	61	1,515,974	None
Service charges- sanitation revenue	73,183	73,183	68,579	4,604	None	
Service charges- refuse revenue	946,972	946,972	1,412,046	149	-465,074	Under budgeted
Rental of facilities and equipment	126,227	126,227	130,269	103	-4,042	Under budgeted
Interest earned- external investments	800,000	800,000	530,728	66	269,272	None

Description	Total Annual Budget	Twelve Months budget	Twelve months Actual	Twelve months % expenditure	Variance from twelve months budget	Reasons for variance
Interest earned-outstanding debtors	2,000,000	2,000,000	2,555,268	128	-555,268	Under budgeted
Fines	500,000	500,000	126,825	25	373,175	Not all issued fines recognized
License and permits	4,000,000	4,000,000	4,890,021	122	-890,021	Under budgeted
Transfers recognized-operational	83,549,732	83,549,732	74,204,830	89	9,344,902	Revenue recognition not yet done on some of the grants.
Transfers recognized-capital	38,385,494	38,385,494	24,601,000	64	13,784,494	Revenue recognition not yet done on some of the grants.
Other revenue	10,308,979	10,308,979	687,719	7	9,921,260	Non payment by ratepayers
Total revenue (including capital transfers)	155,883,293	155,883,293	122,711,990	79	33,171,303	Non payment by ratepayers

3.7.

OPERATING EXPENDITURE

The adjusted budget for 2012/2013 amounts to **R100, 098,745**. Actual expenditure as at 30 June 2013 amounts to R77, 184,783. On average 100% of the allocated budget should be spent by the end of 2012 /2013 financial year, The Municipality has only spent 77% on operating expenditure inclusive of staff benefits.

Actual expenditure is as follows:

SUMMARY OF EXPENDITURE PER BUDGET CATEGORY AS AT 30 JUNE 2013

Description	Total Annual Budget	Twelve Monthly Actual	Twelve Months Actual	Twelve Months % Expenditure	Variance from twelvemonths budget	Reason for variance
Salaries And Allowances(including councilors)	53,206,466	53,206,466	48,549,031	91	4,657,435	Not all vacant and funded posts are being filled.
Electric Purchases	6,624,844	6,624,844	6,051,755	91	573,089	None
General Expenses	34,862,961	34,862,961	24,797,401	71	65,560	None
Repairs and maintenance	6,810,318	6,810,318	3,060,120	45	3,750,198	None
Interdepartmental Charges	619,000	619,000	778,231	126	-159,231	Under budgeted

Description	Total Annual Budget	Twelve Monthly Actual	Twelve Months Actual	Twelve Months % Expenditure	Variance from twelvemonths budget	Reason for variance
Depreciation	4,600,000	4,600,000	0	0	4,600,000	Depreciation not updated
GRAND TOTAL	100,098,745	100,098,745	77,184,783	77	22,913,962	

Capital expenditure

Description	Total Annual Budget	Twelve Months Budget	Twelve Months Actual	Twelve Months % expenditure	Variance from twelve months budget	Reason for variance
Assets from Own Funds	18,346,468	18,346,468	10,032,696	55	8,313,772	Projects rolled over to the next financial year
Assets From Grants And Subsidies	37,321,636	37,321,636	26,103,567	70	11,218,069	Retention amounts not yet capitalized
TOTAL CAPITAL EXPENDITURE	55,668,104	55,668,104	36,136,263	60	19,531,841	

Payments in respect of Capital Projects funded internally up to 30 June 2013 amounts to R10, 032,696

00 against twelve months budget of R18, 346,468.

Payments in respect of capital projects funded by grants up to 30 June 2013 amounts to R26,103,567.00 against twelve months budget of R37,321,636.00

Total payments of capital projects is R36,136,263.00 as at 30 June 2013 against twelve months budget of R55,668,104.00

DEBTORS

Comprehensive analysis of services debtors

The net outstanding service debtors as at 30 June 2013 amounts to Rand is made up as follows:

Current Debt	Amount
30 Days	1,591,888
60 Days	1,448,856

90 Days	1,451,771
120+ Days	48,202,717

<u>Plus Journals</u>	0
Sub Total	52,695,232
<u>Less: Credit Amounts</u>	0
Total	52,695,232

The outstanding amount of R52, 695,232 is divided as follows:

Category	Amount
Government	29,067,620
Business	17,892,412
Households	5,375,200
Total	52,695,232

3.1. BASIC SERVICES

WATER

The municipality is a water service provider under Capricorn District Municipality as a Water Service Authority. The municipality was responsible for operations and maintenance of infrastructure, as well as water supply. Molemole relies solely on bore holes or

ground water for its water supply for both primary and agricultural use. 25% of Municipal households have access to water through water infrastructure while 47% of households have access to water through stand pipes and 28% of households are supplied through water tankers as they do not have water sources and reticulation. The District Municipality has in 2012/13 FY extended water reticulation and bulk water supply to villages in Mohodi, Maponto, Mokomene and Eisleben.

There is generally a major decline in the number of households without water supply. There is however a common challenge of water shortages especially in the villages as boreholes are running dry. Contingency plans have been put in place and seems to be functioning well. Statistics South Africa (Non- Financial Census, 2008) confirmed that 19 595 households received free basic water.

SANITATION

The municipality is responsible for supplying sanitation services in Morebeng and Mogwadi, while the District Municipality is responsible for sanitation provision in the rural areas. The District Municipality managed to construct 300 VIP toilets in 2012/13 through MIG funding. The local municipality is only responsible for operations and maintenance on sanitation infrastructure in Mogwadi and Morebeng. There is no sewer reticulation in the villages/rural areas, hence there is construction of VIP toilets.

ELECTRICITY

The Municipality holds the electrification license for Mogwadi and Morebeng towns and all villages are serviced by ESKOM. Our strategic objective is to provide, operate and maintain effective electricity services in order to improve the lives of our people. We are also working together with other sector department to address electricity backlogs i.e Capricorn District Municipality (CDM), Department of Energy (DoE) and ESKOM.

Our main strategic objective is to provide, operate and maintain effective electricity services in order to improve the lives of our people. We are also working together with other sector department to address electricity backlogs i.e Capricorn District Municipality (CDM), Department of Energy (DoE) and Eskom. In 2012 we have managed through CDM to provide electrification project to Rheiland, Schoenveld and Ga-Mokganya village. In the year under review we also managed to apply for additional funding from DoE. Like any other Municipalities our major challenge we are facing is the lack of funding. We therefore through IDP and other sector department strive to provide electricity services to our communities. Molemole Municipality is responsible to provide electricity only in Mogwadi and Morebeng towns; however Eskom is responsible to provide electricity in all villages within the municipal jurisdiction.

ROADS.

The municipality is responsible for upgrading, operations and maintenance of roads and stormwater infrastructure. Our strategic objective for roads and stormwater is to improve/upgrade conditions of municipal roads and adequate maintenance of roads to enable economic growth. The maintenance of gravel road is done through continuous grading and re-graveling, the upgrading of gravel to tar is done through Municipal Infrastructure Grant (MIG) as the municipality is unable to fund capital projects internally.

The municipality is having a road network of 629 Km, which consists of National Road (N1), Provincial Roads and Municipal roads. Only municipal roads are the responsibility of the local municipality for upgrading, operations and maintenance. The municipality managed to upgrade 4 km of roads in the 2012/13 FY

HOUSING

Housing is the core competency of COGHSTA. The municipality is only assisting in providing lists of beneficiaries for RDP houses. However we are still faced with a huge backlog for the provision of RDP houses.

WASTE MANAGEMENT

Refuse removal services are only rendered at the two townships which are Mogwadi and Morebeng. Collection is done on a weekly basis as per the schedule that is well known by the community members. The municipality has permitted Landfill Site at Mogwadi. In Morebeng we only have a disposal site that does not comply with the minimum requirements of the disposal facilities. Due to financial constraints we are unable to render refuse removal services in our rural areas.

Households				
Description	2010/11	2011/12	2012/13	2013/14
	Actual No.	Actual No.	Actual No.	Actual No.
Water: (above min level)	-	1376	1389	-
<i>Piped water inside dwelling</i>	-	-	-	-
<i>Piped water inside yard (but not dwelling)</i>	-	15067	15080	-
<i>Using public tap (stand pipes)</i>	-	6513	6539	-

<i>Other water supply (within 200m)</i>	-			-
	-	51%	53%	-
Minimum service level and above percentage				
Water; (below min level)		15120	16235	
Using public tap (more than 200m from dwelling)		15067	16166	
Other water supply (more than 200m from dwelling)		5756	6214	
No water supply				
Below minimum service level sub-total		49 %	47 %	
Below minimum service level percentage				
Total number of households*				

Employees; Water Services					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies fulltime	Vacancies (as a %
	No.	No.	No.	equivalence)	of total posts)
				No.	%
0-3	-2	1	-1	-1	-50%
4-6	-	0	-	-	-
7-9	-12	1	-12	-2	-10%
10-12	-	5	-	-	-
13-15	-	17	-	-	-
16-18	-	7	-	-	-
19-20	-	0	-	-	-
Total	-14	31	-13	-3	-10%

	-		-		-
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Financial Performance 2012/13; Water services R`000					
Details	2011/12	2012/13		Actual	Variance to Budget
	Actual	Original Budget	Adjustment Budget		
Total operational revenue (excluding tariffs)					
Expenditure;		R813 434 000	R 50 000	R 999 533,77	R 763 806.23
Employees					
Repairs and Maintenance		R 466 887,79	R 64 054.00	R 4 346 313.82	R 386 619.18
Other		R 168 000	R 0	R 181 920.94	R 1 498 079.06
Total operational expenditure		R 8 468 879.00	R 764 054	R 4 528 234.76	R 4 704 698.24
Net operational (service) expenditure		R 334 539	R 264 054	R 3 528 700.99	R 3 528 700.99

3.2 WASTE WATER (SANITATION) PROVISION.

Sanitation Service Delivery Levels Households				
Description	2009/10	2010/11	2011/12	2012/13
	Outcome No.	Outcome No.	Outcome No.	Actual No.

<u>Sanitation/sewerage; (above minimum level)</u>			2121	2121
Flush toilet (connected to sewerage)			455	455
Flush toilet (with septic tank)			111	111
Chemical toilet			5857	6157
Pit toilet (ventilated)				
Other toilet provisions (above min. service level)			14433	14729
Minimum service level and above sub-total			22.97 %	24 %
Minimum service level and above percentage				
<u>Sanitation/sewerage; (below minimum level)</u>				
Bucket toilet			None	None
Other toilet provisions (below min service level)			5667	5367
No toilet provisions			2922	2629
Below Minimum service level sub-total			8589	8289
Below Minimum service level percentage				
Total Households				

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The Capricorn District Municipality as the Water Services Authority managed to construct 300 VIP toilets in the Molemole Local Municipality villages. As the Water Services Provider we are only responsible for maintaining the existing sanitation infrastructure in Mogwadi and Morebeng towns, there is no sanitation infrastructure in the villages hence there is construction of VIP toilets.

3.3 ELECTRICITY

Electricity Service Delivery Levels (complete the outer years)				
Households				
Description	2009/10	2010/11	2011/12	2012/13
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: (above minimum level)	-	-	-	30485
Electricity (at least min. service level)	-	-	-	-
Electricity – prepaid (min. service level)	-	-	-	-
Minimum service level and above sub- total				
Minimum service level and above percentage				
Energy: (below minimum level)	-	-	-	1081
Electricity (< min. service level)	-	-	-	-
Electricity – prepaid (<min. service level)	-	-	-	-
Other energy sources	-	-	-	-
Below minimum service level sub-total	-	-	-	-
Below minimum service level percentage	-	-	-	-
Total number of households				
T3.3.3				

Households – Electricity service delivery levels below the minimum (Complete outer years)						
Households						
	2009/10	2010/11	2011/12	2012/13		Actual No.
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	
Formal settlements	-	-	-	-	-	

Total households	-	-	-	-	-	1081
Households below minimum service level						
Proportion of households below minimum service level						
Informal settlements	-	-	-	-	-	-
Total households	-	-	-	-	-	-
Households below minimum service level						
Proportion of households below minimum service level						
T3.3.4						

Employees; Electricity Services					
Job Level	2011/12	2012/13			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	-	1	1	-0	-0

4-6	-	-	-	-	-
7-9	-	2	2	-0	-0
10-12	-			-	-
13-15	-			-	-
16-18	-	1	1	-0	-0
19-20	-			-	-
Total	-	4	4	-0	-0

Financial performance 2012/13; Electricity Services(Replace the existing one)

R`000

Details	2012/13	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue (excluding tariffs)	-	6,661 800	1,000,000	4,838,333.86	823,466.14
Expenditure	-	-	-	-	-
Employees	-	1,634,368	30,000	1,409,156.02	255,211.98
Repairs and Maintenance	-	550,000	100,000	489,470.00	160,530.00
Other	-	35 000	50,000	265,435.79	350,435.79
Total Operational Expenditure	-	2,219,368	180,000	2,164,061.80	766,177.77
Net Operational (service) expenditure	-	4,442,432	820,000	2,674,272.06	57,288.37

Capital Expenditure 2012/13; Electricity Services

R`000

Capital Projects	2012/13	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
	Budget				
Total All	600,000	-	205,987.68	394,012.32	

	4,000,000	(3,860,000)	119,700.00	20,300.00	
Project A Electrical Network	12,000	-	-	12,000	

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The Municipality had no capital project budget for the year under review and no 5 year plan due to the fact that there was no electrification project within the IDP of the municipality and also unavailability of funds.

T3.3.9

3.4

Households: Solid Waste Service Delivery Levels Below The Minimum.						
Households						
Description	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
	4	4	4	-		4
Informal settlements	-	-	-	-	-	-
Total households	-	-	-	-	-	-
Households below minimum service level						
Proportion of household below minimum service level						

Employees; solid waste management services					
Job Level	2011/12	2012/13			
	Employee No.	Posts No.	Employees No.	Vacancies (fulltime equivalent) No.	Vacancies (as a % of total posts) %
0-3			-	-0	-0

4-6	1	-	1	-0	-0
7-9	-	-	-	-0	-0
10-12	-	-	-	-	-
13-15	2	-	2	-0	-0
16-18	12	-	12	-0	-0
19-20	-	-	-	-	-
Total	15	-	15	-0	-0

5 HOUSING

INTRODUCTION TO HOUSING:

Housing is the core competency of COGHSTA. The municipality, through ward councillors, only assists in providing lists of legible beneficiaries for low cost housing. Normalisation process which started in 2012 is in its final stage as title deeds will soon be given to all legible beneficiaries. The Municipality was allocated 250 low cost house units for 2012. We are still waiting for COGSTA to build those houses. We have submitted waiting list of 1300 beneficiaries to COGSTA for consideration.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Molemole Municipality is providing its debts collection and credit policy for indigent debtors in any manner that is consistent with its rates and tariffs policies and any national policy on indigents as regulated by section 97(1)(c) of the local government Municipal System Act 2000.

Molemole Municipality believes that everyone has a right to access health care services, sufficient food, water and social security, If they are unable to support themselves and their dependents as stipulated by section 27 of the South African Constitution Act 1996(Act 108 of 1996).

Free basic services to low income households

Number of households

	Total	Households earnings less than R2 700 per month									
		Free basic water			Free sanitation		Free electricity		Free basic refuse		
		Total	Access	%	Access	%	Access	%	Access	%	
2010/11	5982	266	266	4%	266	4%	266	4%	266	4%	
2011/12	6143	266	266	4%	266	4%	266	4%	266	4%	
2012/13	5756	266	266	4%	266	4%	266	4%	266	4%	
T3.6.3											

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

Free basic water and electricity is being provided to low income earnings who applied at the Municipality. For the household to qualify according to the approved policy of Molemole Municipality the total household income must be R2,500.00 or less per month subject to periodic adjustments by Council .The total expenditure for both water and electricity is R2,677,320.00 an only 50 households benefitted for the financial year under review.

T3.6.6

COMPONENT B: ROADS & STORMWATER:

This component includes: roads; transport; and waste water (storm water drainage)

3.7 ROADS

INTRODUCTION

The municipality is responsible for operations and maintenance of roads and stormwater infrastructure. The strategy for roads and stormwater is to improve/upgrade conditions of municipal roads and adequate maintenance of roads to enable economic growth. The maintenance of gravel road is done through continuous grading and re-graveling, the upgrading of gravel to tar is done through Municipal Infrastructure Grant (MIG).

T3.7.1

Gravel road infrastructure Kilometers

	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2009/10	629.6 km	-	6.0 km	629.6 km
2010/11	623.6 km	-	5.1 km	623.6 km
2011/12	618.5 km	-	-	618.5 km
2012/13	613.2 km	-	5.3 km	613.2 km

T3.7.2

Asphalted Road Infrastructure

	Total Asphalted roads	New asphalt roads	Existing asphalt roads re-asphalted	Existing asphalt roads re-sheeted	Asphalt roads maintained
2009/10	4.5 km	4.5 km	-	-	-
2010/11	6.2 km	6.2km	-	-	-

2011/12	-	-	-	-	-
2012/13	5.3 km	5.3 km	-	-	-
T3.7.3					

Road service policy objectives taken from IDP:									
Service Objectives Service indicators (i)	Outline service targets (ii)	2010/11		2011/12			2012/13	2013/14	
		Target	Actual	Target		Actual	Target		
		*Previous year		*Previous year	*Current year		*Current year	*Current year	*following year
		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service objectives: To improve and maintain roads to enable economic growth and transportation system.									
	-	-	-	-	-	-	275 km to graded quarterly	-	-

Employees: roads services & Stormwater					
Job level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	-	-	-	-0	-0

4-6	-	-	-	-0	-0
7-9	1	1	1	-0	-0
10-12	5	5	5	-0	-0
13-15	-	-	-	-0	-0
16-18	3	3	3	-0	-0
19-20	-	-	-	-0	-0
Total	9	9	9	-0	-0

Financial performance 2012/13 Road services & Storm water (Replace the existing one)					
R`000					
Details	2011/12	2012/13		Actual	Variance to budget
	Actual	Original budget	Adjustment budget		

Total operational revenue (excluding tariffs)	-	-	-	-	-
Expenditure:	-	-	-	-	-
Employees	-	1,697	-	1,809	-0.112
Total operational revenue (excluding tariffs)	-	1,830	1,815	0,674	1,141
Other:	-	2,038	1,693	2,455	-0,762
Total operational revenue (excluding tariffs)		5,565	3,508	1,812	0,270
Net expenditure to be consistent with summary table T51.2 in chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual					
T3.7.8					

Capital expenditure 2012/13: Road Services & Storm Water					
R`000					
Capital Projects	2012/13				
	Budget	Adjustment	Actual	Variance from	Total project

		Budget	Expenditure	original budget	value
Total all					
Construction of change rooms	0,400	-	0,197	0,203	0,197
Purchase of new grader	0	1,982	1,739	0,243	1,739
Compactor roller	0,100	0,050	0,125	0,025	0,125
Morebeng Internal Street & Stormwater	10,000	0.000	9,999	0.000	10,000
Makgato Internal Street & Stormwater	12,500	0.000	12,499	0.000	12,500
Sefoloko Low level Bridge	0,844	0.000	0.000	0.000	0,844
Madikana Matipane gravel to tar phase 2	13,553	0.000	12,743	0.000	13,553
Upgrading of Mogwadi CBD stormwater	1,180	0.000	0,986	0.000	1,180
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)					
T3.7.9					

3.8 TRANSPORT.

INTRODUCTION TO TRANSPORT:

The Municipality is having three taxi ranks, three taxi associations and five bus operators that are providing services for public bus operators

COMPONENT C: PLANNING AND DEVELOPMENT :

This component includes: planning and Local Economic Development.

3.10 LOCAL ECONOMIC DEVELOPMENT AND PLANNING

INTRODUCTION TO PLANNING

The two major service delivery priorities achieved were:

Demarcation of sites at Ga-Chewe RDP Township.

Demarcation of sites at Sekonye, RDP Township along N1 Makhado and Mokokome.

An analysis of the regional and local context of Molemole Local Municipality has revealed a Municipality as mentioned earlier that is characterised by a fragmented spatial structure comprising of small, low density, spatially segregated settlements with limited economic and social opportunities which have created unviable and unsustainable settlements.

The potential for mining activities, vegetable and livestock farming provide opportunities for backward and forward linkages which will open up job opportunities and more economic opportunities in other sectors such as agro-processing, beneficiation projects, etc. This scenario is likely to help the municipality to have balance of economic growth in primary, secondary and tertiary sector. The LED

strategy provides an indication of LED programmes, projects, stakeholders and the institutional requirements to implement the LED strategy.

The dominant economic sectors (mining, tourism and subsistence farming) characterizing Molemole local municipality should be protected and exploited via appropriate spatial allocation. Similarly, there is a need for the diversification of the economy by focusing on all economic sectors (e.g. tourism), and not just the primary sector (e.g. mining). Such an approach would render Molemole local municipality less vulnerable to external pressures.

Overview of neighborhoods within Molemole Municipality	
Settlements Type	Population
Towns	
Morebeng	1004
Mogwadi	4045
Sub-Total	5049
Townships	
Nthabiseng	2679
Capricorn Park	1366
Sub-total	4045
Rural Settlements	
Madikana	3668
Mohodi	13125
Ga-Maponto	4530
Molemole NU	6545
Westphalia	1026
Ga Moleele	596
Moshasha	77
Schellenburg	352
Koekoek	421

Ga-Mokwele	174
Ga-Mabotha	113
Shashe	382
Ga-Poopedi	343
Tshitale	654
Manthata	450
Ga-Mokgehle	555
Brussels/Ga Tibu	803
Schoonveld	577
Sakoleng	584
Ga-Sako	520
Ga-Phasha	1896
Sekakene	3744
Mangata	1508
Mphakane	20438
Sefene	3949
Ramatjowe	2403
Matseke	6150
Ramokgopa	14859
Makgalong	373
Ga-Makgato	3160
Eisleben	4840
Ga-Kgara	407
Sub-total	99222
Informal Settlements	
Not applicable	0
Sub-total	0

Total	108316
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COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

There were no capital projects on the period under review.
T3.10.7

3.11 LOCAL ECONOMIC DEVELOPMENT

Economic Activity by Sector: R`000			
Sector	2010/11	2011/12	2012/13
Agric, forestry and fishing	12%	14%	16%
Mining and quarrying	2%	3%	3%
Manufacturing	4%	6%	8%
Wholesale and retail trade	12%	14%	15%
Finance, property, etc.	24%	23%	24%
Govt, community and social services	21%	22%	24%
Infrastructure services	11%	13%	14%
Total			
T3.11.2			

COMMENT ON LOCAL JOB OPPORTUNITIES:

The success of agriculture will depend mainly on the ability of various institutions such as Department of Agriculture, Limpopo Economic Development Agency (LEDA) and Capricorn District Municipality, that support emerging business are operating in Molemole local municipality, to encourage local people in rural areas to form economic entities and enterprises that are viable so that they will be able to shake off poverty and have a stable income later.

Nevertheless, there are opportunities to beneficiate some of the local produce through agro-processing. However, there is a need to conduct a detail feasibility to see which produce are going to be viable. Nevertheless key in this regard would be potatoes since they are produced in abundance locally.

Furthermore, the ability of support institutions to learn when working with various communities and also the business entities, either cooperatives or private entities, within Molemole local municipality is critical. Some of the critical lessons that have been learned, such as recognising the format and limitation of cooperative governance issues during the incorporation of entities as cooperatives should also be addressed.

The Municipality has potential for vegetable and livestock commercial farming which needs to be supported by relevant authorities with appropriate interventions and strategies; Machaka Game Reserve, Motumo trading Post and Capricorn Observation Point present tourism opportunities whose tourism impact need to optimised through provision of other initiatives and facilities and marketing.

Employees: Local Economic Development and Planning Services

Job level	2011/12	2012/13
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	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	03	03	03		0
4-6	-	-	-	-	-
7-9	01	01	01		0
10-12	-	-	-	-	-
13-15	-	-	-	-	-
16-18	-	-	-	-	-
19-20	-	-	-	-	-
Total	04	04	04		0

Financial performance 2012/13: Economic Development and Planning Services					
R` 000					
Details	2011/12	2012/13			Variance to budget
	Actual	Original budget	Adjustment budget	Actual	
Total operational revenue (excluding tariffs)	R1 893.26	R125 000	R25 000	R3 348.40	R100 000
Expenditure:	-	-	-	-	-
Other Employees	R2 574 254.85	R9 359 094	R8 412 273	R8 260 180.60	R946 821
Repairs & Maintenance	-	-	-	-	-
Other	-	-	-	-	-
Total operational expenditure	R2 709 341.05	R3 979 787	R3 469 787	R2 506 371.62	R510 000

Capital expenditure 2012/13: Economic Development and Planning Services					
R`000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total all					
Project A Mohodi Arts and Crafts.	R 500 000	R 600 000	R 800 000		R 800 000
Geographic Information System	R 500 000		R401 758.08		R500 000
Repegging of sites	R0	R215 000	R21 560		

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

The municipality was able to introduce and implement the following:

- Unemployed graduates programme
- Formed partnerships with farmers to capacitate the youth in agriculture
- Promotion of entrepreneurship, Cooperatives and SMME's development
- Development of investment promotion material;

- Projects due for implementation by developers,
- Development of shopping complex
- Development of Solar plant treatment
- Establishment of organic fertilizer and compost treatment plant
- Prospecting for Wayland Iron Ore Mine

Prospecting of Kumba Iron Ore Mine

Construction of Photovoltaic Plant for electricity generation and associated structures

COMPONENT D: COMMUNITY & SOCIAL SERVICES:

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

T3.52.0

3.52 LIBRARIES; COMMUNITY FACILITIES; OTHER

INTRODUCTION TO LIBRARIES; COMMUNITY FACILITIES

The municipality has two libraries, one at Mogwadi and another one at Morebeng. We also assist four mobile libraries which operate in some of our villages. Library services are core competencies of the Department of Sports, Arts and Culture. The department has seconded two some personnel to assist in our two libraries.

We have two cemeteries, one at Mogwadi and another one at Morebeng towns. We fenced both cemeteries during the financial year under review. Our Technical Services department is assist by grading roads that lead to cemeteries in our villages. We have built three community halls/pre-schools at Makgato, Pasha and Sako villages.

T3.52.1

SERVICE STATISTICS FOR LIBRARIES; COMMUNITY FACILITIES;

T3.52.2

Service Objectives Service indicators (i)	Outline service targets (ii)	2010/11		2011/12			2012/13
		Target	Actual	Target		Actual	Target
		*Previous year (iii)	(iv)	*Previous year (v)	*Current year (vi)	(vii)	*Current year (viii)
Mogwadi and Morebeng libraries	To provide service to youth by encouraging them to read	9000	5689		10500	7819	<ul style="list-style-type: none"> Fully constructed pre-schools/community halls at Molemole.

Employees: Libraries & Community Facilities, other		
Job level	2012/13	2012/13

	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	-	-	-	-	-
4-6	-	-	-	-	-
7-9	02	02	02	-0	-0
10-12	-	-	-	-	-
13-15	-	-	-	-	-
16-18	-	-	-	-	-
19-20	-	-	-	-	-
Total	02	02	02	-0	-0

Financial performance 2012/13: Libraries, Community Facilities, other

R`000

Details	2011/12	2012/13			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)	R831 573.82	R6 260 472	R6 706 272	R 3 946 904.41	R445 800
Expenditure:					
Employees	R7 830 918.79	R11 787 038	R10 502 038	R8 748 031.27	R1 285 000
Repairs & Maintenance	R202 114.42	R1 500 000	R1 050 000	R106 297.15	R450 000
Other	R718 751.38	R395 000	R410 000	R237 238.99	R15 000
Total operational expenditure	R8 751 784.59	R13 682 038	R11 962 038	R9 091 567.41	R1 720 000

Capital expenditure 2012/13:, Community facilities

R`000

Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total all					
Project A Phasha Pre-School	R0	R230 930	R120 999.99	-	R120 999.99
Project B Sako Pre-School	R0	R137 930	R 0	-	R0
Project C Makgato Pre-School	R0	R429 725	R114 719.77	-	R114 719.77
Project D Dipateng Pre-School	R2 200 000	-	R1 762 005.31	-	R1 762 005.31
Brussels E Pre-School	R2 200 000	-	R1 619 688.49	-	R1 619 688.49
Project F Mogwadi graveyard	R150 000	R300 000	R103 553.61	R150 000	R103 553.61
Project G Morebeng graveyard	R150 000	R302 771	R176 487.20	R152 771	R176 487.20
Mogwadi H Community hall	R0	R197 229	R173 008	-	R173 008
Mogwadi I Taxi Rank	R0	R160 000	R158 319	-	R158 319
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate) T3.52.6					

COMMENT ON THE PERFORMANCE OF LIBRARIES & COMMUNITY FACILITIES

OVERALL:

The municipality intends to build more community halls/crèches as per approved IDP .The two libraries are well maintained. The library policy is in place and is reviewed on a yearly basis.

T3.52.7

3.55 CEMETORIES

INTRODUCTION TO CEMETORIES

The Municipality services and maintains two cemeteries at Mogwadi and Morebeng. The two cemeteries were fenced in the financial year under review. Currently the municipality does not have any crematoriums.

T3.55.1

SERVICE STATISTICS FOR CEMETORIES

The municipality services and maintains two cemeteries at Mogwadi and Morebeng. The two cemeteries were fenced in the 2011/2012 financial year. Currently the municipality does not have any crematoriums.

T3.55.2

COMMENT ON THE PERFORMANCE OF CEMETORIES

To ensure compliance with relevant environmental legislation, the 2 cemeteries at Mogwadi and Morebeng have been refurbished. The Waste and Environmental Management also provides for services of digging of graves as required by residents. The municipality does not have provision for crematorium services.

T3.55.7

3.56 CHILD AND AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD AND AGED CARE; SOCIAL PROGRAMMES

The Municipality does not offer child care services but only assist by building community halls which are coupled with pre schools. The Molemole Local Aids Council Technical Committee was inaugurated sometime in September 2012.

T3.56.1

SERVICE STATISTICS FOR CHILD CARE

The function is a key competency for the Department of Health and Social Welfare. Capricorn District Municipality is assisting with the programmes that deal with child care. We are having HIV infected children within our municipality. These centres are financially assisted by the Department of Health.

T3.56.2

COMPONENT E: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

INTRODUCTION TO SPORT AND RECREATION

Sports and Recreation are key competencies of the Department of Sports, Arts and Culture. However, the municipality has the responsibility of coordinating sports within its community.

The availability of the Ramokgopa Stadium in Molemole East (what about Mohodi Sports Centre, Tennis Court and swimming pool in Mogwadi. Is it not important to give an expression about their status and future plans even though not functional at present) accords both the youth and the community opportunity to engage in sporting and other activities. The municipality envisage to establish a park (where) in the 2012/2013 financial year.

T3.68.0

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

The non functionality of the Molemole Sports and Recreation Council is impacting negatively on the general performance of this unit. There is a need for proper coordination between the Municipality and sporting federations. The Municipality has participated in almost all Provincial games during the year under review.

T3.68.

COMPONENT F: CORPORATE POLICY OFFICES AND OTHER SERVICES:

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

INTRODUCTION TO CORPORATE POLICY OFFICES, Etc

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

T3.69.2

Employees: The Executive and Council					
Job level	2011/12	2012/13			
Job Level	Employees	Posts	Employees	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
	No.	No.	No.		
0-3	27	27	27	0	0
4-6	-	-	-	-	-
7-9	-	-	-	-	-
10-12	-	-	-	-	-
13-15	-	-	-	-	-
16-18	-	-	-	-	-
19-20	-	-	-	-	-
Total	27	27	27	-0	-0

Debt recovery								
Details of the types of account raised and recovered	2010/11		2011/12			2012/13		
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Billed in year	Estimated outturn for accounts billed in year	Estimated proportion of accounts billed that were collected %
Property Rates	-	-	24,273,965.95	1,029,336.47	0.04	9,524,734.57	5,599,749.00	0.59
Electricity – B	-	-	75,596.16	66,448.00	0.88	167,290.42	-	-
Electricity - C	-	-	3,932,853.06	1,961,732.92	0.50	2,770,083.46	6,661,800.00	2.40
Water – B	-	-	-	3,150.34	-	-	-	-
Water – C	-	-	2,361,901.66	686,981.89	0.29	2,304,479.36	-	-
Sanitation	-	-	298,963.51	86,281.11	0.29	267,662.85	-	-
Refuse	-	-	-	-	-	-	-	-
Other			5,338,716.	1,069,45		2,887,032		

			69	0.14	0.20	.92	668,900.00	0.23
B-Basic, C-Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them								T3.70.2

Employees: Financial Services					
Job level	2011/12	2012/13			
Job Level	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	04	04	04	0	0
4-6	05	05	05	0	0
7-9	03	03	03	0	0
10-12				0	0
13-15	09	09	09	01	1%
16-18				0	0
19-20				0	0
Total	21	21	21	0	1%

Financial performance 2012/13: Financial Services
R`000

Details	2011/12	2012/13			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)	R180 462 768.74	R99 251 658	R94 181 871	R91 164 316.42	R5 069779
Expenditure:					
Other Employees	R5 713 575.77	R7 475 634	R6 638 070	R6 484 906.52	R837 564
Repairs & Maintenance					
Other					
Total operational expenditure	R8 889 165.90	R27 192 017	R27 118 844	R44 996 681.23	R73 173

Capital expenditure 2012/13: Financial Services
R`000

Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total all					
Unbundling of roads and storm water	R0	R265 100	R265 100		R265 100

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL

The municipality is responsible to implement the service delivery and budget implementation plan (SDBIP) of the municipality. This is done with the going concern and sustainable liquidity and cash flow as its main driver.

The municipality has not experienced any threat to its immediate cash flow or working capital diminishing threats in the medium term. Division of Revenue Act (DoRA) remains the sole source of working capital and this municipality is currently developing a strategy to acquire funding to acquire assets that may be used to maximise exchange transactions between the municipality and its clients.

T3.70.7

3.71 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The division has successfully facilitated implementation of various employee benefits, labour relations & discipline, Wellness, Occupational Health & Safety, Training & Development and Organisational Development functions. The Human Resources Division has during the year under review implemented phase one of installation of electronic clocking system, filled 42 posts including 4 positions of senior managers, successfully reviewed the 2012/2013 organisational structure, engaged in Wellness, Occupational Health & Safety campaigns and took steps to ensure that municipal offices meet safety compliance. We have rolled several training interventions leading to 60% implementation of the planned trainings as per the approved workplace skills plans.

T3.71.1

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES T3.71.2

Service Objectives	Outline service targets	2010/11		2012/13		2013/14	
		Target	Actual	Target			
		*Previous		*Current	*Current year	*following year	

Service indicators (i)	(ii)	year (iii)	(iv)	year (viii)	(ix)	(x)
Council Approved HR strategy	Develop HRD Strategy				Development of Human Resource Development strategy	Employee Self Service System

Employees: Human Resource Services					
Job level	2011/12		2012/13		
Job Level	Employees	Posts	Employees	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
	No.	No.	No.		
0-3	01	01	01	-	-
4-6				-	-
7-9	02	02	02	-	-
10-12				-	-
13-15	01	01	01	-	-
16-18				-	-
19-20				-	-
Total	4	4	4	-	-

Financial performance 2012/13: Human Resource Services R`000		
Details	2011/12	2012/13

	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)	R140 490.76	R1 450 000	R2 074 000	R347 921.54	R624 000
Expenditure:					
Other Employees	R5 760 226.79	R9 359 094	R8 412 273	R8 260 180.60	R946 821
Repairs & Maintenance	R140 901	R328 000	R475 318	R139 871.90	R147 318
Other					
Total operational expenditure	R22 915 949.25	R21 575 469	R19 578 266	R16 813 958.97	R1 997 23

3.72 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) SERVICES

Our IT unit has been beefed up with the introduction of Manager: Information and Communications Technology services which we are hoping to fill in the 2013/14 financial year. The main cue for the incumbent in this position is to address the persistent governance related challenges that the municipality has been facing over the past years. The incumbent will also be supervising all ICT related projects commissioned by the municipality and provide onsite support to users.

SERVICE STATISTICS FOR ICT SERVICES

ICT Services Policy objectives taken from IDP									
Service Objectives	Outline service targets	2010/11		2011/12			2012/13	2013/14	
		Target	Actual	Target		Actual	Target		
		*Previous year (iii)	(iv)	*Previous year (v)	*Current year (vi)	(vii)	*Current year (viii)	*Current year (ix)	*following year (x)
Service indicators (i)	(ii)								
Service objective Installation of network system									
Disaster Recovery Plan	Installation of ICT offsite Data Disaster Recovery						All required equipment has been procured. SLA with SITA has been finalized for configuration and implementation		

							n		
Access Control System	Installation of Electronic access control system						The Access control system has been successfully implemented		
Wireless network system	Installation of wireless network at Morebeng						Wireless network installed at Morebeng municipal offices, library and traffic station		Upgrade data line to 1 Meg.

employees: ICT Services						
Job Level	2011/12		2012/13			
	Employees	Posts	Employees	Vacancies fulltime equivalence)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	
0-3	-	-	-	-	-	
4-6	-	-	-	-	-	
7-9	01		-	-	-	
10-12	01	01	-	-	-	
13-15			-	-	-	

16-18			-	-	-
19-20			-	-	-
Total	02	01	-	-	-

Financial performance 2012/13: ICT Services					
					R`000
Details	2011/12	2012/13			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)	R 0	R 0	R 0	R 0	R 0
Expenditure:	R 82,092.86	R110 000	R 0	R 70,000	R 40,000
Other Employees					
Repairs & Maintenance	R 53,824.39	R 126,000		R 253,243	R 199,418
Other					
Total operational expenditure	R 135,917.25	R 236,000		323,243	
Net operational (service) expenditure					

Capital expenditure 2012/13: ICT Services					
					R`000
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total	R 1,200 000		R 1,102,000	R 98,000	R 102,000
Network connection					

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The municipality is relatively satisfied with the quality of ICT services and support given to officials in all our offices. During the year under review the municipality has managed to roll-out wireless network connection at three of Morebeng municipal offices. An application has been made to SITA for leasing of a data line to ensure all our offices are linked to municipal domain. For far too long our branch offices has not been having access to network and emails, which made it a challenge to communicate and share information about service delivery imperatives. We have also procured Disaster Recovery equipment which is currently being configured at our Off-site backup location scheduled for full operation in the next financial year. In the previous financial we have committed ourselves to an objective of making sure that all our service points have full internet and network connectivity and data integrity by the 2013-2014 financial year and score a clean audit on ICT services. We can proudly report that this is well on track and we are set to realize that goal. We have launched our ICT Steering committee and are on course to fill the vacant position for **Manager: Information Technology** to monitor and evaluate all ICT related projects and compile a strategic ICT Governance Framework that will guide our approach to overall ICT in the municipality.

As per our commitment in the previous report, we have installed a functional Voice over Internet Protocol (VOIP) telephone management system in all three of our Morebeng branch sites. Our internal controls are now in place costs incurred on calls made for private business.

COMPONENT G: ORGANISATIONAL PERFORMANCE SCORECARD:

This component includes: Annual Performance Scorecard Report for the current year.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

INTRODUCTION

The municipality's organisational development function focus largely on the creation of employment opportunities particularly to the designated groups as per Employment Equity Act, further the function provides opportunities for internal and external human resources capacity development in the form of skills programmes, trainings, learner-ships and bursaries. The function caters for key areas such as recruitment and skills development.

T4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees							
Description	11/12		12/13				
	No. Employees	No. Approved posts	No. employees	of	No. vacancies	of	% vacancies
Water & Sanitation	24	24	24		-		-
Electricity	03	03	03		-		-
Waste Management	10	10	10		-		-
Waste Water (Storm water Drainage)	02	02	02		-		-
Roads & Storm Water	13	13	13		-		-

Local Economic Development	01	01	01	-	-
Planning (Strategic & Regulatory)	02	02	02	-	-
Community & social services	05	05	05	-	-
Environmental protection	01	01	01	-	-
Totals	61	61	61		

Vacancy Rate: 12/13			
Designation	*Total approved posts No.	*Variances (Total time that vacancies exist using fulltime equivalents) No.	*Variances (as a proportion of total posts in each category) %
Municipal Manager	0	0	0
CFO	0	0	0
Other S57 Managers (excluding Finance Posts)	4	0	0
Other S57 Managers (Finance posts)	0	0	0
Municipal Police	0	0	0
Fire Fighters	0	0	0
Senior Management: Levels 0-3 (excluding Finance Posts)	9	0	0
Senior Management: Levels 0-3 (Finance Posts)	4	0	0

Highly skilled supervision: Levels 9-12 (excluding Finance posts)	6	0	0
Highly skilled supervision: Levels 9-12 (Finance posts)	0	0	0
Total	23	0	0

Turn-over Rate			
Details	Total Appointments as of beginning of financial year No.	Terminations during the financial year No.	Turn-over Rate*
2011/12	145	16	35%
2012/13	153	14	6%

COMMENT ON VACANCIES AND TURNOVER:

The municipality has improved significantly in the year under review in reducing the turnaround time for filling of funded vacancies. A total of twenty five (25) appointments including six (6) internal appointments, appointment of three (3) Senior managers were made during the financial year under review.

T4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The municipality has adopted an organisational structure, policies and procedures to ensure efficient operation as envisaged by section 67 of the Municipal Systems Act of 2000.

The municipality has established a sound administration that is fairly representative with a workforce profile that depicts shortcomings in as far as representation of people with disabilities and women mostly at supervisory, middle management and senior management levels of the workforce.

T4.2.0

4.2 POLICIES

HR Policies & Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action	No	No	
2	Attraction & Retention	Yes	Yes	29 May 2013
3	Code of conduct for employees	No	No	
4	Delegations, Authorisation & responsibility	Yes	Yes	31 May 2008
5	Disciplinary Code & Procedures	Yes	Yes	Adopted by the South African Local Bargaining Council on 21 April 2010
6	Essential Services	No	No	
7	Employee Assistance/ wellness	No	Yes	
8	Employment Equity	No	No	
9	Exit Management	No	No	

10	Grievance Procedures	Yes	Yes	Adopted by the South African Local Bargaining Council on 21 April 2010
11	HIV/AIDS	Yes	Yes	14 August 2009
12	Human Resource & Development	No	No	
13	Information Technology	Yes	Yes	30 April 2012
14	Job Evaluation	No	No	
15	Leave	No	No	
16	Occupational Health & Safety	Yes	Yes	29 May 2009
17	Official Housing	No	No	
18	Subsistence; Travel & Transport to attend Funerals	Yes	Yes	30 May 2012
19	Official working hours and overtime	No	No	
20	Organisational rights	No	No	
21	Payroll Deductions	No	No	
22	Performance Management & Development	No	No	
23	Recruitment, selection & Appointments	Yes	Yes	29 May 2009
24	Remuneration Scales	No	No	
25	Resettlement	No	No	
26	Sexual Harassment	Yes	Yes	29 May 2009
27	Skills development	Yes	Yes	29 May 2009
28	Smoking	No	No	
29	Special skills	No	No	
30	Work Organisation	No	No	
31	Uniforms & protect clothing	No	No	
32	Cell-phone	Yes	Yes	28 April 2011
33	Customer Care	Yes	Yes	31 May 2009
34	Mayoral Bursary	Yes	Yes	31 May 2009
35	Staff Provisioning & Recruitment	Yes	Yes	29 May 2009
36	Employee Bursary	Yes	Yes	29 May 2007

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

The municipality follows an all-inclusive approach when it comes to policy development. Our draft policies are circulated to all officials for inputs and comments before they are taken to the Local Labour Forum for further engagement and inputs sourcing. The final draft will then be circulated again to the employees for their final comments. Only after they have ratified the final draft can we take it to Council for approval. This process has worked well for the municipality as it ensures compliance to policy prescripts as everyone owns up to the provisions of our policies.

T4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and cost of injuries on duty					
Type of injury	Injury leave taken	Employees using injury leave	Proportion employees using sick leave	Average injury leave per employee	Total estimated cost
	Days		%	Days	R`000
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total					

T4.3.1

Number and period of suspensions					
Position	Nature of alleged misconduct	Date suspension	of	Details of disciplinary action taken or status of case and reasons why not finalized	Date finalized
Management Representative	None	None		None	None
Chief Financial Officer	None	None		None	None
Senior Manager Community Services	None	None		None	None
Senior Manager Local Economic Development & Planning	None	None		None	None
Senior Manager Technical Services	None	None		None	None

Disciplinary action taken on cases of financial misconduct			
Position	Nature of alleged misconduct and rand value of any loss to the municipality	Disciplinary action taken	Date finalized
Not Applicable	-	-	-
T4.3.6			

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

There is a noticeable improvement in the sense that our WSP prioritises scarce and critical skills. The implementation is focussed specifically on the planned interventions.

Challenges : unavailability of provincially accredited providers.

Lack of memorandum of understanding between municipality and local FET colleges , which could be utilised in training some of the planned interventions.

T4.5.0

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix															
Management	Gender	Employees in post as at 30 June 2013	Number of skilled employees required and actual as at 30 June 2013												
			No.	Learner-ships			Skills programme & other short courses			Other forms of training			Total		
				Actual 30 June 2013	Actual 30 June 2013	Target	Actual 30 June 2013	Actual 30 June 2013	Target	Actual 30 June 2013	Actual 30 June 2013	Target	Actual 30 June 2011	Actual 30 June 2012	Target
MM & S57	Female	1	0	0	-	-	-	-	-	-	-	-	-	-	
	Male	5	0	0	-	-	-	-	-	-	-	-	-	-	

Councillors, senior officials & managers	Female	20	0	0		14	-	-	-	-	-	-	-	-
	Male	27	0	0		14	-	-	-	-	-	-	-	-
Technicians & associate professionals	Female	4	0	0			-	-	-	-	-	-	-	-
	Male	5	-	-	-	-	-	-	1	-	-	-	-	-
Professionals	Female	-	0	0		9	-	-	-	-	-	-	-	-
	Male	-	-	-	-	3	-	-	-	-	-	-	-	-
Sub Total	Female	-	-	-	-	-	-	-	-	-	-	-	-	-
	Male	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
T4.5.1														

Financial competency development: progress report

Description	A Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: competency assessment completed for a and B (regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with regulation 16 (Regulation 14(4)(f))	Consolidated: Total Number of officials that meet prescribed competency levels (Regulation 14(4)(a))
Financial officials	-	-	-	-	-	3
Accounting officer	-	-	-	-	-	
Chief Financial Officer	1	-	1	-	-	1
Senior Managers	5	-	5	-	-	5
Any other financial officials	6	-	6	-	-	-
Supply Chain Management officials	4	-	4	-	-	-
Heads of SCM units	1	-	1	-	-	1
SCM senior managers	0	-	0	-	-	
Total	19	-	19	-	-	10
*This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007) T4.5.2						

Skills Development Expenditure										
Management Level	Gender	Emplo yees as at the beginn ing of the financi al year	Original Budget and Actual Expenditure on skills development 2013/14							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget
MM and S57	Female	-	-	-	-	-	-	-	-	-
	Male	-	-	-	-	-	-	-	-	-
Legislators, senior officials and managers	Female	-	-	-	-	-	-	-	-	-
	Male	-	-	-	-	-	-	-	-	-
Professionals	Female	2	R200 000	-	-	-	-	-	-	-
	Male	3		-	-	-	-	-	-	-
Technicians and associate professionals	Female	-	-	-	-	-	-	-	-	-
	Male	-	-	-	-	-	-	-	-	-
Clerks	Female	-	-	-	-	-	-	-	-	-
	Male	-	-	-	-	-	-	-	-	-
Service and sales workers	Female	-	-	-	-	-	-	-	-	-
	Male	-	-	-	-	-	-	-	-	-

Plant and machine operators and assemblers	Female	-	-	-	-	-	-	-	-	-
	Male	-	-	-	-	-	-	-	-	-
Elementary occupation	Female	-	-	-	-	-	-	-	-	-
	Male	-	-	-	-	-	-	-	-	-
Sub Total	Female	-	-	-	-	-	-	-	-	-
	Male	-	-	-	-	-	-	-	-	-

T4.5.3

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

Note that our budget is departmentally based. Each department has its own training and development budget as follows:

1. Corporate Services : R 97972
2. Budget & Treasury : R 81 535
3. Mayor's Office : R 13844
4. Community Services : R 148 537
5. Technical Services : R 22 857
6. Municipal Employees Loan/Bursary : R 624 000

Minimum Competency Levels Training:

We also have three officials (divisional head :

T4.6.1

Number of employees whose salaries were increased due to their positions being upgraded		
Beneficiaries	Gender	Total
Lower skilled (level 1-2)	Female	0
	Male	0
Skilled (level 3-5)	Female	0
	Male	0
Highly skilled production (levels 6-8)	Female	0
	Male	0
Highly skilled supervision (level 9-12)	Female	0
	Male	0
Senior management (levels 13-15)	Female	0
	Male	0
MM & S57	Female	0
	Male	0
Total		
Those with disability are shown in brackets `(x)` in the number of beneficiaries column as well as in the numbers at the right hand side		
T4.6.2		

Employees whose salary levels exceed the grade determined by Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None				
T4.6.3				

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
None				
T4.6.4				

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

5.1. STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary						
Description	2011/12	Current year 2012/13			2013/14 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted budget
Financial Performance						
Property Rates	-	-	-	-	%	%
Service charges	-	-	-	-	%	%
Investment revenue	-	-	-	-	%	%
Transfers recognised – operational	-	-	-	-	%	%
Other own revenue	-	-	-	-	%	%
Total revenue (excluding capital transfers and contributions)	-	-	-	-	%	%
Employees costs	-	-	-	-	%	%
Remuneration of councillors	-	-	-	-	%	%
Depreciation & asset impairment	-	-	-	-	%	%
Finance charges	-	-	-	-	%	%
Materials and bulk purchases	-	-	-	-	%	%

Transfers and grants	-	-	-	-	%	%
Other expenditure	-	-	-	-	%	%
Total Expenditure	-	-	-	-	%	%
Surplus (deficit)	-	-	-	-	%	%
Transfers recognised – capital	-	-	-	-	%	%
Contributions recognised – capital & contributed assets	-	-	-	-	%	%
Surplus (deficit) after capital transfers & contributions	-	-	-	-	%	%
Share of surplus (deficit) of associates	-	-	-	-	%	%
Surplus (deficit) for the year	-	-	-	-	%	%
<u>Capital expenditure & funds sources</u>						
Capital expenditure	-	-	-	-	-	-
Transfers recognised – capital	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-
Total source of capital funds	-	-	-	-	-	-
<u>Financial position</u>						
Total current assets	-	-	-	-	-	-
Total non- current assets	-	-	-	-	-	-
Total current liabilities	-	-	-	-	-	-
Total non-current liabilities	-	-	-	-	-	-
Community wealth/equity	-	-	-	-	-	-
<u>Cash flows</u>						
Net cash from (used) operating	-	-	-	-	-	-
Net cash from (used) investing	-	-	-	-	-	-
Net cash from (used) financing	-	-	-	-	-	-
Cash/cash equivalents at the year end	-	-	-	-	-	-
<u>Cash backing/surplus reconciliation</u>						
Cash and investments available	-	-	-	-	-	-
Application of cash and investments	-	-	-	-	-	-
Balance – surplus (shortfall)	-	-	-	-	-	-

Asset management						
Asset register summary (WDV)	-	-	-	-	-	-
Depreciation & asset impairment	-	-	-	-	-	-
Renewal of existing assets	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-
Free services						
Cost of free basic services provided	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-
Households below minimum service level						
Water	-	-	-	-	-	-
Sanitation/sewerage	-	-	-	-	-	-
Energy	-	-	-	-	-	-
Refuse	-	-	-	-	-	-

Variiances are calculated by dividing the difference between actual & original /adjustments budget by the actual. Table is aligned to MBRR table 1

COMMENT ON FINANCIAL PERFORMANCE:

5.2 GRANTS

Grant Performance						
R`000						
Description	2011/12	2012/13			2012/13 variance	
	Actual	Budget	Adjustments budget	Actual	Original budget %	Adjustments budget %
Operating transfers and grants						
National Government:						
Equitable share	R66 171 000	R74 498 000	R0	R74 498 000	100%	
Municipal systems improvement	R789 999.96	R800 000	R0	R547 660.62	68%	
Other transfers/grants (Municipal Infrastructure Grand)		R35 369 986	R37 385 494	R34 445 369.44	97%	
Provincial Government						
Health subsidy						
Housing						
Ambulance subsidy						
Sports & recreation						
Other transfers/grants (EPWP)		R0	R1 000 000	R381 976.40	38%	
District municipality (Insert description)						
Other grant providers: (Insert description)						
Total operating transfers &						

grants						
Variances are calculated by dividing the difference between actual and original/adjustments budget by actual T5.2.1						

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

TREATMENT OF THE THREE LARGEST ASSETS		
Assets 1		
Name	Matipana Madikana Gravel to Tar- Phase 2	
Description	Road	
Asset Type	Tar road	
Key staff involved	Municipal Manager's office(PMU)	
Staff responsibilities	Management of construction of road	
Asset Value	2011/12	2012/13
	0	11 178 285.42
Capital implications		
Future purpose of asset	Road linkage	
Describe key issues		
Policies in place to manage asset	Asset Management Policy	

Assets 1	
Name	Makgato Internal Street
Description	Road
Asset Type	Tar road
Key staff involved	Municipal Manager's office(PMU)

Staff responsibilities	Management of construction of road	
Asset Value	2011/12	2012/13
	0	9 44 228.70
Capital implications		
Future purpose of asset	Road linkage	
Describe key issues		
Policies in place to manage asset	Asset Management Policy	

Asset 3		
Name	Grader	
Description	Special motor vehicle	
Asset Type	Grader	
Key staff involved	Technical Department(roads)	
Staff responsibilities	Grading of local roads	
Asset Value	2011/12	2012/13
	0	1 738 966.00
Capital implications		
Future purpose of asset	Road Re-graveling	
Describe key issues		
Policies in place to manage asset	Asset management Policy	
T5.3.2		

COMMENT ON ASSET MANAGEMENT:

The municipal assets are well recorded/ kept in a compliant asset register in accordance with GRAP standards. The register provide information in detail with regard to each specific asset.

T5.3.3

Repair and maintenance expenditure 2012/13
R`000

	Original budget	Adjustment budget	Actual	Budget variance
Repairs and maintenance expenditure				
T5.3.4				

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

The municipality is still at audit execution stage due to the Auditor General (AG) not having completed the audit, as prescribed by section 126(4) of MFMA

6.1 AUDITOR GENERAL REPORTS 2011/2012

Auditor-General Report on Financial Performance 2011/12

Audit Report status*:	

Non-Compliance Issues	Remedial Action Taken

Note:* The report's status is supplied by the Auditor – General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)

T6.1.1

Auditor-General Report on Service Delivery Performance 2011/12

Audit Report status*:	

Non-Compliance Issues	Remedial Action Taken
T6.1.2	

COMPONENT B: AUDITOR-GENERAL OPINION 2011/12

6.2 AUDITOR GENERAL REPORT 2011/12

Auditor-General Report on Financial Performance 2011/12	
Audit Report status*:	
Non-Compliance Issues	Remedial Action Taken
<p>Note:* The report's status is supplied by the Auditor – General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual Report but following the receipt of the Auditor-General Report on Financial Performance 2011/12</p>	
T6.2.1	

Auditor-General Report on service delivery Performance 2011/12	
Audit Report status*:	
Non-Compliance Issues	Remedial Action Taken

*This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor-General Report on service delivery performance 2011/12.
T6.2.2

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS 2011/12

Delete Directive note once comment is complete - Attach report

T6.2.3

COMMENTS ON AUDITOR-GENERAL'S OPINION 2011/12:

Delete Directive note once comment's completed - Provide comments from the Municipal Manager / CFO on the Auditor-General's opinion. Include comments on 2010/11 if it provides useful context.

T6.2.4

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES: All section 71 reports from July 2011 to June 2012 were submitted to both National and Provincial Treasury, COGHST and the Mayor in the format prescribed by National Treasury.

Signed (Chief financial Officer)..... Dated T6.2.5

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE:

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time/Part Time	Committee Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage apologies for non-attendance
	FT/PT			%	%

Note:* Councillors' appointed on a proportional basis do not have wards allocated to them

APPENDIX B – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal/Entity Functions		
Municipal Functions	Function applicable to Municipality (Yes/No)*	Function applicable to Entity (yes/no)
Constitution schedule 4, Part B functions		
Air Pollution	NO	
Building Regulations	YES	
Child Care facilities	NO	

Electricity and gas reticulation	YES	
Fire fighting services	NO	
Local tourism	NO	
Municipal airports	NO	
Municipal planning	YES	
Municipal Health Services	NO	
Municipal Public Transport	NO	
Municipal Public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this constitution or any other	YES	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related	NO	
Storm water management systems in built up areas	NO	
Trading regulations	YES	
Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal systems	YES	
<i>Continued next page</i>		

Municipal/Entity Functions		
Municipal Functions	Function Applicable to Municipality (Yes/No)*	Function Applicable to entity (Yes/No)
Constitution schedule 5, Part B Functions:		
Beaches and amusement facilities	NO	
Billboards and the display of advertisements in public places	YES	
Cemeteries, funeral parlours and crematoria	YES	
Cleansing	NO	
Control of public nuisance	NO	
Control of undertakings that sell liquor to the public	NO	

Facilities for the accommodation, care and burial of animals	NO	
Fencing and fences	NO	
Licensing of dogs	NO	
Licensing and control of undertakings that sell food to the public	NO	
Local amenities	NO	
Local sport facilities	NO	
Markets	NO	
Municipal abattoirs	NO	
Municipal parks and recreation	YES	
Municipal roads	NO	
Noise pollution	YES	
Pounds	NO	
Public places	YES	
Refuse removal, refuse dumps and solid waste disposal	YES	
Street trading	YES	
Street lighting	YES	
Traffic and parking	YES	
*if municipality: indicate (yes or No); * if entity: provide name of entity		TD

APPENDIX C – WARD REPORTING

Functionality of Ward Committees					
Ward No.	Name of ward Councillor & elected ward committee members	Committee established (Yes/No)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Number of quarterly public ward meetings held during the year
1.	Cllr Mphelo M	YES	11 meetings	12 reports	None
	Maila M		(12) 11		
	Satekge M		(12) 11		
	Letlalo R		(12) 11		
	Selamolela T		(12) 11		
	Motshetsheke M		(12) 10		
	Mamatlepa R		(12) 11		
	Mathebula S		(13) 11		
	Mohale J		(12) 11		
	Moloi C		(12) 11		

	Molokela G		(12) 11		
2.	Cllr Nkoana	YES	10 meetings	12 reports	01 ward public meeting
	Padima M		(12) 04		
	Molele C		(12) 10		
	Rapholo R		(12) 10		
	Rapetsoa R		(12) 09		
	Matjipa L		(12) 10		
	Ramaotswa D		(12) 10		
	Hutama D		(12) 10		
	Ratiba W		(12) 10		
	Lekgate M		(12) 10		
	Ramotlou M	(12) 10			
3.	Cllr Seakamela	YES	10 meetings	12 reports	01 Ward public meeting
	Sefako S		(12) 07		
	Sebetseba M		(12) 10		

	Ramotlou C		(12) 10		
	Chepape N		(12) 07		
	Letswalo R		(12) 10		
	Moholoa M		(12) 08		
	Kobe S		(12) 10		
	Makwala S		(12) 10		
	Mashapa D		(12) 09		
	Sokana D		(12) 09		
4.	Cllr Mapara	YES	09 meetings	12 reports	04 Ward Public meetings
	Ramathopa D		(12) 08		
	Matima J		(12) 06		
	Mahuma D		(12) 06		
	Nkoana P		(12) 09		
	Makhura P		(12) 06		
	Manabile M		(12) 08		
	Mogale S		(12) 06		

	Phosa S		(12) 04		
	Raphaswana T		(12) 03		
	Nkoana M		(12) 06		
5.	Cllr Ramalepe	YES	09 meetings	12 reports	None
	Makalapetlo G		(12) 08		
	Mafemo M		(12) 09		
	Makalapetlo F		(12) 08		
	Mogale M		(12) 09		
	Mohale M		(12) 09		
	Makgobatlou J		(12) 09		
	Machabaphala S		(12) 09		
	Ramarutha M		(12) 09		
	Machabaphala C		(12) 08		
	Mpati L		(12) 08		

6.	Cllr Moseamo	YES	12 meetings	12 reports	08 ward public meetings
	Ramahlare G		(12) 12		
	Serumula R		(12) 11		
	Machaka S		(12) 08		
	Sehowa N		(12) 12		
	Monyai J		(12) 07		
	Pheena P		(12) 12		
	Kwenaite M		(12) 10		
	Mabitsi H		(12) 12		
	Maapola M		(12) 12		
	Phefadu M		(12) 12		
7.	Cllr Makgalo	YES	08 meetings	12 reports	03 ward public meetings
	Mongalo S		(12) 08		
	Mohale W		(12) 08		

	Sehlwana F		(12) 07		
	Rammabi D		(12) 06		
	Mabokachaba S		(12) 01		
	Masiela A		(12) 07		
	Kgaabi E		(12) 07		
	Mongalo A		(12) 01		
	Tshewe R		(12) 05		
	Mankwane G		(12) 07		
8.	Cllr Malema Q	YES	08 meetings	12 reports	03 ward public meetings
	Seshibe M		(12) 08		
	Molele J		(12) 06		
	Matsapola B		(12) 08		
	Rangata A		(12) 08		
	Molobisi A		(12) 08		
	Machaka D		(12) 08		
	Mokgawa M		(12) 08		

	Mpholo C		(12) 03		
	Chohledi M		(12) 08		
	Rahlapane M		(12) 02		
	Phihlela B		(12) 05		
9.	Cllr Hlapa J	YES	11 meetings	12 reports	None
	Ramosweu J		(12) 08		
	Machabaphala M		(12) 11		
	Leshaba J		(12) 11		
	Manthata J		(12) 11		
	Machaka M		(12) 06		
	Molokomme P		(12) 10		
	Mabitsela S		(12) 11		
	Fache M		(12) 09		
	Molamodi R		(12) 07		
	Monyela N		(12) 00		

10.	Cllr Moyo T	YES	06 meetings	12 reports	None
	Maphala S		(12) 06		
	Seanego M		(12) 06		
	Mabeba A		(12) 06		
	Mamabolo J		(12) 06		
	Mohlabeng L		(12) 06		
	Mmangweta N		(12) 06		
	Makgoatha S		(12) 06		
	Letswalo P		(12) 06		
	Makhura N		(12) 01		
	Mohale W		(12) 05		
11.	Cllr Mehala P	YES	12 meetings	12 reports	None
	Masekela T		(12) 08		
	Manthata M		(12) 12		

	Seleka J		(12) 12		
	Machaka J		(12) 10		
	Makhura V		(12) 10		
	Mohokare J		(12) 10		
	Ramokgobedi S		(12) 12		
	Mapiti E		(12) 12		
	Maloba A		(12) 12		
	Meso F		(12) 12		
12.	Cllr Mahlophe A	YES	12 meetings	12 reports	01 ward public meetings
	Matlapeke I		(12) 12		
	Malebana T		(12) 12		
	Leshabane B		(12) 12		
	Tauyatswala M		(12) 12		
	Mpaki F		(12) 12		

	Maitja M		(12) 12		
	Kubedi D		(12) 12		
	Thobakgale D		(12) 12		
	Monyemoratho T		(12) 12		
	Ralefeta L		(12) 12		
13.	Cllr Lehong D	YES	09 meetings	12 reports	None
	Matjee M		(12) 9		
	Ramaloko M		(12) 7		
	Maphakela D		(12) 9		
	Mahladisa J		(12) 8		

	Manaka N		(12) 9		
	Morokolo J		(12) 9		
	Kgopane T		(12) 8		
	Masipa E		(12) 9		
	Ramaloko R		(12) 8		
	Mokondelela A		(12) 9		
14.	Cllr Malebatja B	YES	11 meetings	12 reports	None
	Lamola S		(12) 11		
	Matsiya S		(12) 11		
	Mokgehle C		(12) 11		

Kgare L		(12)	11		
Duba M		(12)	11		
Semenya J		(12)	11		
Moloko N		(12)	11		
Hlapa W		(12)	11		
Makgato J		(12)	11		
Maleka W		(12)	11		

APPENDIX D – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2012/13

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2011/12	Recommendations adopted (enter Yes); not adopted (provide explanation)

		TG

APPENDIX E – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS:

Long Term Contracts (20 Largest Contracts Entered into 2012/13)					
Name of service provider (entity of municipal department)	Description of services rendered by the service provider	Start date of contract	Expiry date of contract	Project Manager	Contract Value
Morebeng Internal Street & Stormwater	Road construction project	02/10/2012	30 June 2014	Nyoffu M.E	R 10 000 000
Makgato Internal Street & Stormwater	Road construction project	25/09/2012	30 June 2014	Nyoffu M.E	R 12 500 000

					TH.1

Public Private Partnerships Entered into 2012/13						R`000
Name & Description of project	Name of Partner (s)	Initiation date	Expiry date	Project manager	Value 2011/12	
					TH.2	

APPENDIX F – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2012 to 30 June 2013		
Position	Name	Description of financial interest* (Nil/or details)
(Executive) Mayor		
Member of Mayco/Exco		

Councillor		
Municipal Manager		
Chief Financial Officer		
Deputy MM and (Executive) Directors		
Other S57 Officials		
	MADIBANA MH	NONE
*Financial interests to be disclosed even if they incurred for only part of the year. see MBRR SA34A		TJ

APPENDIX G: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX G (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue collection performance by vote							R`000
Vote Description	2010/11	Current Year 2012/13			2012/13 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
Example -Vote 1		5,599,749.00	-	9,535,773.58	0.70	0.41	
Example -Vote 2	-	-	-	-	-	-	
Example -Vote 3		6,661,800.00	1,000,000.00	4,838,333.86	(0.42)	(0.58)	
Example -Vote 4		-	-	-	-	-	
Example -Vote 5		-	-	-	-	-	
Example -Vote 6		946,972.00	-	-	(1.00)	-	
Example -Vote 7					-	-	
Example -Vote 8		100,000.00	-	94,632.93	(0.05)	(0.06)	
Example -Vote 9		2,000,000.00	-	2,818,378.65	0.41	0.29	
Example -Vote 10		-	-	-		-	
Example -Vote 11		1,000,000.00	500,000.00	126,825.00	(1.37)	(10.83)	

Example -Vote 12		3,710,000.00	290,000.00	3,568,953.00	(0.12)	(0.12)
Example -Vote 13		-	-	-		-
Example -Vote 14		-	-	-		-
Example -Vote 15		668,900.00	805,800.00	868,953.67	(0.91)	(0.70)
Example -Vote 16		-	-	-		-
Example -Vote 17		-	-	-		-
Total		<u>20,687,421.00</u>	<u>2,595,800.00</u>	<u>21,851,850.69</u>		
<p>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3 TK.1</p>						

APPENDIX G (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							
Description	2010/11		2011/12		2011/12		
	Actual		Original Budget	Adjustment Budget	Actual	Original Budget	Adjustment Budget
Property Rates							
Property Rates – penalties & collection charges							
Service charges – electricity revenue							
Service Charges – water revenue							
Service Charges – sanitation revenue							
Service Charges – refuse revenue							
Service Charges – other							
Rentals of facilities and equipment							
Interest earned – outstanding debtors							

Dividends received						
Fines						
Licence and permits						
Agency services						
Transfers recognised – operational						
Other revenue						
Gains on disposal of PPE						
Environmental Protection						
Total Revenue (excluding capital transfers and contributions)						
Variance are calculated by dividing the difference between actual and original/adjustment budget by the actual. This table is aligned to TK.2 MBRR table A4						

APPENDIX H: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: Excluding MIG						
Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustment Budget	
Neighbourhood development Partnership Grant				%	%	
				%	%	
				%	%	

Public Infrastructure and Systems Grant				%	%	
				%	%	
				%	%	
				%	%	
Other Specify:				%	%	
FMG	1,500,000	1,651,730	1,472,231	%	%	
MSIG	800,000	800,000	547,661	%	%	
EPWP	0	1,000,000	381,967	%	%	
Total				%	%	

*this includes neighbourhood development partnership grant, public transport infrastructure and systems Grant and any other grant excluding municipal infrastructure grant (MIG) which is dealt with in the main report, see T5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.
TL

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

TL.1

APPENDIX I: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX I (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital expenditure – New Assets programme*							
Description	2011/12	2011/12			Planned capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by asset							

class	-	-		-	-	-	-
Infrastructure – Total							
Infrastructure: Road transport – Total							
<i>Roads, pavements & Bridges</i>							
<i>Storm water</i>	1354377	33953396	2015508	30566902			
Infrastructure: Electricity – Total							
<i>Generation</i>							
<i>Transmission & Reticulation</i>	855216	600 000		308514			
<i>Street Lighting</i>							
Infrastructure: Water – Total							
<i>Dams & Reservoirs</i>							
<i>Water Purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation – Total							
<i>Reticulation</i>							
<i>Sewerage Purification</i>							
Infrastructure: Other – Total							
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
Community – Total							
<i>Parks & Gardens</i>							
<i>Sportsfields & Stadia</i>							
<i>Swimming pools</i>							
<i>Community halls</i>							
<i>Libraries</i>	5562936	5 300 000	1 355 814	4 803 338			
<i>Recreational facilities</i>							
<i>Fire, safety & emergency</i>							
<i>Security and policing</i>							
<i>Buses</i>							
<i>Clinics</i>							
<i>Museums & Art Galleries</i>							

Cemeteries							
Social rental housing							
Other							

Table continued next page

Capital Expenditure – new assets programme*							
Description	R`000						
	2011/12	2012/13			Planned Capital Expenditure		
	Actual	Original budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by asset class							
Heritage assets total	-	-		-	-	-	-
<i>Buildings</i>							
<i>other</i>							
Investment properties – total	-	-		-	-	-	-
<i>Housing development</i>							
<i>Other</i>							
	-	-		-	-	-	-
Other assets	554 404						
General vehicles			1 982 421	1 738 966			
Specialised vehicles	158 865	750 000	50 000	163 674			
Plant & Equipment	407 859	381 732	158 000	1 098 952			
Computers – hardware/equipment	314 262	90 000		87 990			
Furniture & other office equipment							
Abattoirs							
Markets							
Civic land and buildings							
Other buildings							
Other Land							
Surplus Assets – (investment or inventory)	548 299.60	494 000	338 321	515 739			
	5658		7328	7328	-	-	-

Air conditioners							
	34 000	34 000		34 000			
Lease							
	448 457	460 000	338 321	473 859.81	-	-	-
Security measure							
<u>Agricultural Assets</u>							
<i>List sub-class</i>							
	-	-		-	-	-	-
<u>Biological assets</u>							
<i>List sub-class</i>							
	-	-		-	-	-	-
<u>Intangibles</u>							
<i>Computers–software & programming</i>							
<i>Other (list sub-class)</i>							
<i>Total capital expenditure on renewal of existing assets</i>							
<u>Specialized vehicles</u>							
Refuse							
Fire							
Conservancy ambulances							
*Note: information for this table may be sourced from MBRR (2012: Table SA34a)					TM.1		

APPENDIX I (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure – upgrade/Renewal programme*							
Description	R' 000						
	2010/11	2011/12			Planned Capital Expenditure		
	Actual	Original budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by asset class							
Infrastructure –total	-	-		-	-	-	-
Infrastructure: road transport-total	-	-		-	-	-	-
<i>Roads, pavements & bridges</i>							
<i>Storm water</i>							
Infrastructure: electricity –Total	-	-		-	-	-	-
<i>Generation</i>							
<i>Transmission & Reticulation</i>							
<i>Street lighting</i>							
Infrastructure: water – total	-	-		-	-	-	-
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation – total	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: other Total	-	-		-	-	-	-
<i>Waste management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
Community							
<i>Parks & Gardens</i>	-	-		-	-	-	-

Sportfields & Stadia							
Swimming Pools							
Community Halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets							
Buildings	-	-		-	-	-	-
Other							

APPENDIX J – CAPITAL PROGRAMME BY PROJECT BY WARD 2012/13

Capital Programme by project by ward 2011/12			R`000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Water			
“Project A”			
“Project B”			
Sanitation/sewerage			

Electricity		
Housing		
Refuse Removal		
Storm water		
Economic Development		
Sports, Arts & Culture		
Environment		
Health		
Safety & Security		
ICT and Other		
		TO

APPENDIX K – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools & Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (Names, Locations)				
Clinics (Names, Locations)				

Names and locations of schools and clinics lacking one or more services. Use `X` to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.
TP

APPENDIX L – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service backlogs experienced by the community where another sphere of Government is the service provider (where the municipality whether or not act on agency basis)		
Services and locations	Scale of backlogs	Impact of backlogs
Clinics		

Housing		
Licensing and testing centre		
Reservoirs		
Schools (primary & High)		
Sports Fields		
		TQ

APPENDIX M – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of loans and grants made by the municipality 2011/12				
All organisation or person in receipt of loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2011/12 R`000	Total amount committed over previous and future years

*Loans/Grants – whether in cash or in kind				TR

APPENDIX N – PRESEDENTIAL OUTCOME FOR LOCAL GOVERNMENT

Presidential Outcome for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services		
Output: Implementation of the Community Work Programme		
Output: Deepen democracy through a refined Ward Committee model		

Output: Administrative and financial capability		
*note: some of the outputs detailed on this table might have been reported for in other chapters, the information thereof should correspond with previously reported information		
TT		

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the audited Annual Financial Statements to the Annual report for 2008/09 – This to be developed as a separate volume. Refer to MFMA Circular 36 for further guidance.

T V2

Molemole
MUNICIPALITY

AUDITED
ANNUAL FINANCIAL STATEMENTS
30 JUNE 2013

MOLEMOLE LOCAL MUNICIPALITY

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MOLEMOLE LOCAL MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013
GENERAL INFORMATION

NATURE OF BUSINESS

performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal

ACTING MUNICIPAL MANAGER

Mr. E K Moloko

CHIEF FINANCIAL OFFICER

Mr. E K Moloko

REGISTERED OFFICE

Physical address:

303 Church Street
Mogwadi
715

Postal address:

Private Bag X44
Mogwadi
715

TELEPHONE NUMBER

015 501 0243/4

FAX NUMBER

015 501 0419

E-MAIL ADDRESS

molemole.gov.za

AUDITORS

Office of the Auditor General (Limpopo)

PRINCIPLE BANKERS

Nedbank

GRADING PF LOCAL AUTHORITY

3

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

MOLEMOLE LOCAL MUNICIPALITY

MEMBERS OF THE COUNCIL

MAKGATO M.P	Mayor
MOABELO M.L	Speaker
RAKUBU P	Chiefwhip
PAYA M.P	Member of the Executive Committee
PAKGADI D	Member of the Executive Committee
PHILELA A	Member of the Executive Committee
MOSEAMO R	Member of the Executive Committee
LEHONG D	Member
SENOAMADI S	Member
MAILA M	Member
MALATJI C	Member
MOYO T	Member
MALEBATS A B	Member
RAHLANA	Member
MPHELO E	Member
SEAKAMELA W	Member
MALEMA M	Member
TAWANA M	Member
MATJEE C	Member
RAMALEPE E	Member
MAKGALO G	Member
MEHALA P	Member
HLAPA J	Member
MAKGOKA A	Member
NKOANA M	Member
MAPARA M	Member
MAHLOPHE A	Member

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 43 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

Mr. E K Moloko
Acting Municipal Manager

Date

MOLEMOLE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

Notes	2013 R (Actual)	2012 R (Actual)	2012 R Corrections	2012 R Previously Reported
NET ASSETS AND LIABILITIES				
Net Assets	178 278 156	147 799 060	-958 533	148 757 594
Revaluation Reserve	1 38 989 773	43 738 099	1 042 554	42 695 546
Government Grant Reserve	1 67 942 616	35 337 278	35 337 278	-
Accumulated Surplus	71 345 767	68 723 683	-37 338 365	106 062 048
Non-Current Liabilities	6 283 867	5 709 981	-3 892 783	9 602 764
Non-current Finance Lease Liability	2 1 195 258	1 455 727	-937 844	2 393 871
Employee Benefits	3 3 822 077	3 135 106	-1 753 235	4 888 341
Non-Current Provisions	4 1 266 532	1 119 148	-1 201 704	2 320 852
Current Liabilities	28 296 028	25 467 429	-15 171 437	40 638 866
Consumer Deposits	5 466 647	451 113	-2 760	453 863
Current Employee benefits	6 5 574 142	4 148 345	4 148 345	-
Payables From Exchange Transactions	7 10 133 460	1 851 099	-9 573 496	11 424 595
Unspent Conditional Government Grants and Receipts	8 7 570 477	17 712 574	456 254	17 256 321
Other Current Liabilities	10 1 290 832	1 127 222	-4 408 612	5 535 834
Vat Payable	9 -	-	-5 968 252	5 968 252
Current Portion of Long-term Liabilities	2 260 469	176 475	176 475	-
Total Net Assets and Liabilities	209 858 050	178 976 471	-20 022 754	198 999 224
ASSETS				
Non-Current Assets	170 117 137	143 634 174	89 995	143 544 179
Property, Plant and Equipment	11 164 830 532	138 609 712	-1 200 467	139 810 179
Investment Property	12 4 904 001	4 947 334	1 213 334	3 734 000
Intangible Assets	13 382 605	77 128	77 128	-
Current Assets	39 740 913	35 342 297	-20 112 749	55 455 045
Inventory	14 288 523	209 882	-	209 882
Trade Receivables from exchange transactions	15 4 487 322	1 475 179	-8 914 663	10 389 842
Other Receivables from non-exchange transactions	16 2 684 256	2 308 510	-3 285 468	5 593 977
Other current financial assets	17 812 902	445 015	-12 074 579	12 519 594
Vat Receivable	9 2 485 787	2 344 077	-5 944 689	8 288 765
Cash and Cash Equivalents	18 28 981 622	28 559 635	10 106 651	18 452 984
Total Assets	209 858 050	178 976 471	-20 022 754	198 999 224

MOLEMOLE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 (Actual) R	2012 (Actual) R	Correction of error R	2012 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions					
Taxation Revenue					
		121 297 883	92 077 157	4 499 446	87 577 711
		9 535 774	7 858 467	4 499 446	3 359 021
Property taxes	19	9 535 774	7 858 467	4 499 446	3 359 021
Transfer Revenue					
		111 553 058	83 704 478	-	83 704 478
Government Grants and Subsidies - Capital	20	34 445 389	5 603 540	5 603 540	-
Government Grants and Subsidies - Operating	20	77 107 669	68 917 862	(5 603 540)	74 521 402
Public Contributions and Donations	24	-	9 183 076	-	9 183 076
Other Revenue					
		209 051	514 212	-	514 212
Actuarial Gains		82 226	-	-	-
Fines		126 825	514 212	-	514 212
Revenue from Exchange Transactions					
		16 277 213	18 105 432	3 430 789	14 674 643
Property Rates - penalties imposed and collection charges	21	6 582 565	7 242 168	-	7 242 168
Service Charges	22	119 055	164 205	-	164 205
Rental of Facilities and Equipment	23	707 303	610 454	-	610 454
Interest Earned - external investments	24	2 918 379	2 104 942	-	2 104 942
Licences and Permits		3 568 953	2 963 746	3 430 789	(467 043)
Gains on disposal of PPE		260 466	-	-	-
Other Income	26	2 220 490	5 020 217	-	5 020 217
Total Revenue		137 575 095	110 182 589	7 930 235	102 252 354
EXPENDITURE					
Employee related costs	27	44 154 453	39 028 705	(488 217)	39 516 822
Remuneration of Councillors	28	6 762 584	6 297 007	-	6 297 007
Debt Impairment	29	13 101 593	12 746 655	12 746 655	-
Depreciation and Amortisation	30	12 556 107	4 144 334	(780 378)	4 924 712
Repairs and Maintenance	3	1 409 931	1 460 530	-	1 460 530
Actuarial losses	3	199 689	184 516	184 516	-
Finance Charges	32	877 263	520 960	303 701	217 259
Bulk Purchases	33	5 804 647	5 544 185	-	5 544 185
Contracted services		3 219 288	1 904 943	1 904 943	-
Loss on disposal of PPE		370 242	523 710	523 710	-
General Expenses	35	18 840 143	20 062 247	(2 428 653)	22 480 900
Total Expenditure		107 096 001	92 417 792	11 966 277	80 451 515
Operating Surplus for the Year		30 479 094	17 764 797	(4 036 042)	21 800 839
NET SURPLUS/(DEFICIT) FOR THE YEAR		30 479 094	17 764 797	(4 036 042)	21 800 839

MOLEMOLE LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Government Grant Reserve	Revaluations Reserve	Accumulated Surplus/ (Deficit)	Total Nett Assets
	R	R	R	R
Balance at 1 JULY 2011	-	-	78 133 163	78 133 163
Correction of Error - Refer Note 36.4	-	-	3 077 508	3 077 508
Restated Balance at 1 JULY 2011	-	-	81 210 671	81 210 671
Revaluation of Roads Assets	-	42 695 546	-	42 695 546
Other Items	-	-	6 128 047	6 128 047
Net Surplus/(Deficit) for the year	-	-	21 800 839	21 800 839
Balance at 1 JULY 2012	-	42 695 546	109 139 557	151 835 103
Correction of error note nr 36.1	-	-	(4 036 042)	(4 036 042)
Correction of error note nr 36.2	-	1 042 554	(1 042 554)	-
Correction of error note nr 36.3	-	-	(35 337 278)	-
Restated Balance at 1 JULY 2012	35 337 278	43 738 099	68 723 684	147 799 061
Net Surplus/(Deficit) for the year	-	-	30 479 094	30 479 094
Capital Additions from Government Grant Reserve	34 305 806	-	(34 305 806)	-
Disposal of Assets from Government Grant Reserve	(1 276 236)	-	1 276 236	-
Depreciation on assets disposals from Government Grant Reserve	785 204	-	(785 204)	-
Off-setting of Depreciation from Government Grant Reserve	(1 209 435)	-	1 209 435	-
Off-setting of Depreciation from Revaluation Reserve	-	(4 748 326)	4 748 326	-
Balance at 30 JUNE 2013	67 942 616	38 989 773	71 345 767	178 278 156

MOLEMOLE LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 R	2012 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		11 071 739	26 352 541
Government		104 213 000	74 521 402
Interest		3 525 682	2 715 096
Payments			
Suppliers and employees		(80 056 801)	-75 309 543
Finance charges	32	(677 263)	-217 259
Transfers and Grants		-	0
Net Cash from Operating Activities		38 076 357	28 062 237
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(39 635 195)	-27 038 634
Proceeds on Disposal of Fixed Assets		943 196	0
Purchase of Intangible Assets		(347 070)	0
Increase in investment property		-	-3 734 000
Net Cash from Investing Activities		(39 039 070)	-30 772 634
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in liability funding		77 076	1 792 472
Increase in provision funding		-	7 209 193
Net Cash from Financing Activities		77 075	9 001 664
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(885 638)	6 291 267
Cash and Cash Equivalents at the beginning of the year		29 867 260	23 575 994
Cash and Cash Equivalents at the end of the year	39	28 981 622	29 867 260
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(885 638)	6 291 266

Molemole Local Municipality
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

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 CURRENCY

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

1.3 GOING CONCERN ASSUMPTION

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

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

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

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

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

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

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

IAS 19 Employee Benefits - effective 1 January 2009

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

Nature of impending changes in accounting policy:

None.

Impact on the municipality's financial statements once implemented:

None.

1.6 USE OF ESTIMATES

The preparation of annual financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.7 OFFSETTING

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

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, its deemed cost is the carrying amount of the asset(s) given up.

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

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

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

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

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

2.3 SUBSEQUENT MEASUREMENT - COST MODEL

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

Where the municipality replaces parts of an asset, it 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:

Infrastructure	Other
Tarred Roads	Buildings
Paving On Car Pots	Gates And Fencing
Electricity	Other vehicles
Single Fase Meters 97/98	Specialised Vehicles
Overhead,Bare (Inf-Mog-E-Lv-Trfwsp0-Con104	Computer Plotter
Overhead,Bare (-Mog-E-Lv-Trfwsp0-Con097	Office equipment
Water	Furniture and fittings
Sewerage	Bins and containers
Community	Other items of plant and equipment
Recreational Facilities	Landfill sites
Tennis courts	Computer equipment
Swimming Pool And Pumps	Other
Security	Finance lease assets
Palisade Fence	Office equipment
Construction Of Guard Room	Other assets
Parks and gardens	

The residual value, the useful life of an asset and the depreciation method is 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 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

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

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

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

Intangible assets are initially recognised at cost.

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

Where an intangible asset 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.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

3.3 AMORTISATION AND IMPAIRMENT

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

Computer software 3 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives 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 an intangible asset 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.

3.4 DERECOGNITION

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

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use.

For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

4.3 DEPRECIATION AND IMPAIRMENT - COST MODEL

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property Years - Buildings 30 years

4.4 DERECOGNITION

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5 BIOLOGICAL ASSETS

5.1 INITIAL RECOGNITION

A biological asset or agricultural produce is recognised when, and only when:

A biological asset or agricultural produce is recognised when, and only when:

- the municipality controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the municipality;
- and the fair value or cost of the asset can be measured reliably.

5.2 SUBSEQUENT MEASUREMENT

Biological assets are measured at their fair value less estimated point-of-sale costs.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

The fair value of milk is determined based on market prices in the local area.

The fair value of the vine / pine plantations is based on the combined fair value of the land and the vines / pine trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the vines / pine trees.

A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate is used to determine fair value.

An unconditional government grant related to a biological asset measured at its fair value less estimated point-of-sale costs is recognised as income when the government grant becomes receivable.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on biological assets where fair value cannot be determined, to write down the cost, less residual value. The annual depreciation rates are based on the following estimated average asset lives:

5.3 DERECOGNITION

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

6 NON-CURRENT ASSETS HELD FOR SALE

6.1 INITIAL RECOGNITION

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

6.2 SUBSEQUENT MEASUREMENT

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

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

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

7 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.

7.2 SUBSEQUENT MEASUREMENT

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

Subsequent inventories are measured at the lower of cost and net realisable value.

Inventories comprise current assets held for sale or for consumption during the ordinary course of business and are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge

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.

The basis for allocating cost to inventory items is the first in first out (FIFO) method.

8 FINANCIAL INSTRUMENTS

8.1 INITIAL RECOGNITION

Financial Instruments are initially recognised at fair value.

8.2 SUBSEQUENT MEASUREMENT

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

8.3 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.

8.4 TRADE AND OTHER RECEIVABLES

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

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.

8.5 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.

8.6 CASH AND CASH EQUIVALENTS

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

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

9 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 unless it is recoverable (i.e.receivable), where it will then be raised as an asset.

10 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 unless it is recoverable (i.e.receivable), where it will then be raised as an asset.

11 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 unless it is recoverable (i.e. receivable), where it will then be raised as an asset.

12 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:
- (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.

13 LEASES

13.1 MUNICIPALITY AS LESSEE

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

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.

13.2 MUNICIPALITY AS LESSOR

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

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

EMPLOYEE BENEFITS

14.1 POST RETIREMENT MEDICAL OBLIGATION

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds.

Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

14.2 LONG SERVICE AWARDS

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

14.3 PROVISION FOR STAFF LEAVE

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the Accumulating leave is carried forward and can be used in future periods if the current employee period's entitlement is not used in full. An employee's accumulated leave cannot exceed 48 days. Any days in excess thereof is forfeited. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

14.4 STAFF BONUSES ACCRUED

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

14.4 PROVISION FOR PERFORMANCE BONUSES

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, contract workers and other senior managers, is recognised as it accrues. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends. This bonus is not guaranteed.

15 REVENUE

15.1 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

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

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

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

Interest revenue is recognised on a time proportion basis.

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

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

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

15.2 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.

15.3 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.

16 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.

17 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

18 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.

	2013 R	2012 R
1		
NET ASSET RESERVES		
RESERVES		
Government Grant Reserve	87 942 616	79 075 377
Balance previously reported	35 337 278	35 337 278
Correction of error. Refer to note 36.3		-
Revaluations Reserve	38 989 773	35 337 278
Balance previously reported		43 738 059
Correction of error. Refer to note 36.2		42 695 546
Total Net Asset Reserve and Liabilities	87 942 616	79 075 377
2		
LONG TERM LIABILITIES		
Capitalised Lease Liability - At amortised cost	1 455 727	1 632 203
Balance previously reported		2 393 571
Correction of error. Refer to note 36.4		(781 369)
Less:		
Current Portion transferred to Current Liabilities	1 455 727	1 632 203
Capitalised Lease Liability - At amortised cost	260 469	176 475
Total Long-term Liabilities - At amortised cost using the effective interest rate method	1 195 258	1 455 727

Finance Lease loans at amortised cost is calculated at 9.5% interest rate, with last maturity date of 30 November 2016.

The obligations under finance leases are scheduled below:

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	260 469	176 475
Payable within two to five years	1 195 258	1 455 727
Payable after five years	-	-
Less:		
Future finance obligations	1 455 727	1 632 203
Present value of lease obligations	(260 469)	(176 475)
	1 195 258	1 455 727

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective interest rate	Annual Escalation	Lease Term	Maturity Date
Datamaster Office Automation	Photo copy machine	9.50%	8%	5 Years	30-11-2016
Datamaster Office Automation	Photo copy machine	9.50%	8%	5 Years	30-11-2016

3 EMPLOYEE BENEFITS

3.1 Post-employment Health Care Benefits

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
Discovery;
LA Health;
Hosmed;
Sanwumed; and
Keyhealth.

The Municipality's Accrued Unfunded Liability at 30 June 2013 is estimated at R3 889 553. The Current-service Cost for the year ending 30 June 2013 is estimated at R285 167. It is estimated to be R369 153 for the ensuing year.

Key actuarial assumptions used:

i) Rate of Interest	%	%
Discount rate	9.30%	8.20%
Health Care Cost Inflation Rate	8.07%	7.09%
Net Effective Discount Rate	1.13%	1.04%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	3 889 553	3 195 514
Balance previously reported		4 888 341
Correction of error. Refer to note 36.4		(1 692 827)
Total Liability	3 889 553	3 195 514

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	3 195 514	2 672 758
Total expenses	494 350	428 052
Current service cost	295 167	250 569
Interest Cost	259 591	232 527
Benefits Paid	(60 408)	(55 044)
Actuarial losses	199 689	94 704
Present value of fund obligation at the end of the year	3 889 553	3 195 514
Less: Transfer of Current Portion - Note 6	(67 476)	(60 408)
Balance 30 June	3 822 077	3 135 106

4 EMPLOYEE BENEFITS

4.1 Long Service Leave

The Long Service Bonus plans are defined benefit plans. As at year end, 146 employees were eligible for Long Service Bonuses.

The Employer's Unfunded Accrued Liability at 30 June 2013 is estimated at R 1 334 404. The Current-service Cost for the year ending 30 June 2013 is estimated at R205 655. It is estimated to be R177 786 for the ensuing year.

Key actuarial assumptions used:

	%	%
i) Rate of Interest		
Discount rate	7.51%	6.70%
General Salary Inflation (long-term)	6.82%	5.98%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.64%	0.70%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	1 334 404	1 228 193
Balance previously reported		2 320 852
Correction of error. Refer to note 36.4		(1 092 659)
Net liability/(asset)	1 334 404	1 228 193

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 228 193	987 170
Total expenses	188 437	151 211
Current service cost	205 655	177 649
Interest Cost	78 885	71 174
Benefits Paid	(95 903)	(97 612)
Actuarial (gains)/losses	(82 226)	89 812
Present value of fund obligation at the end of the year	1 334 404	1 228 193
Less: Transfer of Current Portion - Note 6	(67 872)	(109 045)
Balance 30 June	1 266 532	1 119 148

5 CONSUMER DEPOSITS

Electricity	406 647	451 112
Balance previously reported		453 882
Correction of error. Refer to note 36.4		(2 750)
Total Consumer Deposits	406 647	451 112

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

6 CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Healthcare Benefits - Note 4	67 476	60 408
Current Portion of Long-Service Provisions - Note 4	67 872	109 045
Staff Leave	5 438 794	3 979 492
Balance previously reported		4 399 324
Category reclassification from . Refer to note 7		(419 832)
Correction of error. Refer to note 36.4		
Total Current Employee Benefits	5 574 142	4 148 945

The movement in current employee benefits are reconciled as follows:

Provision for Staff Leave

Balance at beginning of year	3 979 492	4 672 437
Contribution to current portion	1 901 209	101 046
Expenditure incurred	(441 508)	(793 991)
Balance at end of year	5 438 794	3 979 492

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

	2013	2012
	R	R
7		
PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	5 073 870	438 362
Balance previously reported		1 393 920
Category reclassification from : Refer from note 10		406 497
Correction of error. Refer to note 36.4		(1 362 055)
Unspent External Loans	-	-
Other creditors	5 059 581	1 412 737
Balance previously reported		10 030 576
Category reclassification to : Refer to note 6		(4 399 324)
Category reclassification to : Refer to note 16		82 539
Correction of error. Refer to note 36.4		(4 301 154)
Payables are being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.		
8		
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
8.01 Total Conditional Grants and Receipts		
Opening balance	17 047 802	2 854 479
Grants received	30 215 000	24 205 025
Conditions met - Operating	(2 322 371)	(4 409 163)
Conditions met - Capital	(34 674 857)	(5 603 540)
Other operating expenditure	(1 787 145)	-
Adjustments	(908 952)	-
Conditions still to be met	-	-
Total Conditional Grants and Receipts received with conditions to be met.	<u>7 570 477</u>	<u>17 047 802</u>
The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.		
8.02 Equitable share		
Opening balance	-	-
Grants received	74 498 000	66 171 000
Conditions met - Operating	(74 498 000)	(66 171 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
8.03 Municipal Infrastructure Grant		
Opening balance	12 813 255	(655 650)
Grants received	23 915 000	19 716 000
Conditions met - Operating	(581 020)	(858 595)
Conditions met - Capital	(33 463 449)	(5 388 501)
Adjustments	655 650	-
Conditions still to be met	-	-
Municipal Infrastructure Grant received with conditions to be met.	<u>2 039 535</u>	<u>12 813 255</u>
8.04 Finance Management Grant		
Opening balance	335 113	183 381
Grants received	1 500 000	1 250 000
Conditions met - Operating	(892 643)	(1 098 268)
Conditions met - Capital	(579 588)	-
Adjustments	(183 381)	-
Conditions still to be met	-	-
Finance Management Grant received with conditions to be met.	<u>179 502</u>	<u>335 113</u>
8		
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
8.05 Municipal System Improvement Grant		
Opening balance	-	-
Grants received	308 496	308 496
Conditions met - Operating	800 000	790 000
Conditions met - Capital	(447 808)	(790 000)
Adjustments	(99 853)	-
Conditions still to be met	(308 496)	-
Municipal System Improvement Grant received with conditions to be met.	<u>252 339</u>	<u>308 496</u>
8.06 CDM - Taxi Rank		
Opening balance	1 458 947	1 525 105
Grants received	-	-
Conditions met - Operating	-	(66 156)
Conditions met - Capital	-	-
Conditions still to be met	-	-
CDM - Taxi Rank received with conditions to be met.	<u>1 458 947</u>	<u>1 458 947</u>
8.07 CDM - Stadium		
Opening balance	500 000	500 000
Grants received	300 000	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
CDM - Stadium received with conditions to be met.	<u>800 000</u>	<u>500 000</u>

5.08 CDM - Mogwadi Community Hall		
Opening balance	150 000	-
Grants received	-	150 000
Conditions met - Operating	-	-
Conditions met - Capital	(150 000)	-
Conditions still to be met	-	150 000
CDM - Mogwadi Community Hall received with conditions to be met.	-	-
5.09 CDM - Local Economic Development		
Opening balance	271 306	271 306
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Adjustments	(271 306)	-
Conditions still to be met	(0)	271 306
CDM - Local Economic Development received with conditions to be met.	-	-
5.10 COGHSTA - RDP Houses		
Opening balance	294 617	-
Grants received	-	294 617
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Adjustments	(294 617)	-
Conditions still to be met	(0)	294 617
COGHSTA - RDP Houses received with conditions to be met.	-	-
5.11 INEG		
Opening balance	506 802	721 841
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	(215 039)
Adjustments	(506 802)	-
Conditions still to be met	(0)	506 802
INEG received with conditions to be met.	-	-
5.12 Expanded Public Works Program		
Opening balance	-	-
Grants received	1 000 000	-
Conditions met - Operating	-	-
Conditions met - Capital	(381 967)	-
Conditions still to be met	618 033	-
Expanded Public Works Program received with conditions to be met.	-	-
5.13 CDM Operational and Maintenance (Water)		
Opening balance	409 266	-
Grants received	2 700 000	2 005 409
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Other operating expenditure	(1 787 145)	(1 596 143)
Conditions still to be met	1 322 121	409 266
CDM Operational and Maintenance (Water) received with conditions to be met.	-	-
9 TAXES		
VAT	2 485 787	2 344 077
Balance previously reported	-	2 387 640
Correction of error. Refer to note 36.4	-	23 564
VAT is claimable on the invoice basis. VAT is claimed from SARS once an invoice has been received from creditors.		
10 OTHER CURRENT LIABILITIES		
Stale cheques control account	23 467	(2 500)
Balance previously reported	-	229 863
Correction of error. Refer to note 36.4	-	(231 363)
Salary Control account	926 701	378 273
Year end Creditors	-	-
Balance previously reported	-	406 497
Category reclassification from : Refer to note 7	-	(406 497)
Receipts reversal	103 137	76 080
Traffic Income	147 434	556 363
Balance previously reported	-	4 110 564
Correction of error. Refer to note 36.4	-	(3 554 201)
Traffic insurance claim	50 896	95 447
Insurance claim arising	-	-
Balance previously reported	-	140 500
Correction of error. Refer to note 36.4	-	(140 500)
Loans redeemed and advances repaid	47 515	47 515
Other	(3 117)	(23 855)
Balance previously reported	-	52 097
Correction of error. Refer to note 36.4	-	(76 052)
	1 290 832	1 127 222

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Opening Balance		Additions		Transfers		Disposals/ Impairments		Closing Balance		Opening Balances		Accumulated Depreciation		Disposals/ Impairments/ Transfers		Closing Balance		Carrying Value		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
30 JUNE 2013																					
Land and Buildings	27,750,171		385,872						28,135,843	1,003,091	524,816						1,527,897			26,607,946	
Land	12,283,390								12,283,390											12,283,390	
Buildings	15,466,781		385,872						15,852,653	1,003,091	524,816						1,527,897			14,324,756	
Infrastructure	78,970,475		30,615,416						109,585,891	849,056	9,933,180						9,933,236			99,619,655	
Stormwater Network	6,241,000		877,939						7,118,939		1,414,675						1,414,675			5,704,265	
Roads	62,544,886		23,888,962						82,233,888	2,484	7,255,043						7,257,537			84,986,351	
Electricity Network	10,184,590		338,514						10,483,094	646,562	403,463						1,290,025			9,243,068	
Community Assets	22,300,295		4,803,338						27,303,634	2,008,134	592,668						2,600,803			24,702,832	
Taxi Rank	4,141,577								4,141,577	37,576	178,752						215,328			3,926,248	
Cemeteries																					
Community Buildings	16,287,763		4,803,338						21,091,101	1,865,765	335,702						1,612,467			19,578,634	
Recreation Sites	2,070,656								2,070,656	782,784	91,214						875,038			1,195,618	
Libraries																					
Lease Assets	1,706,970								1,706,970	103,354	170,697						274,051			1,432,920	
Office Equipment (Lease)	1,706,970								1,706,970	103,354	170,697						274,051			1,432,920	
Other Assets	18,714,600		3,570,770						20,008,617	7,069,175	2,069,819						7,865,437			12,173,180	
Computer Equipment	1,355,659		1,066,562						2,322,087	537,135	233,953						647,576			1,644,519	
Air conditioners	232,265		7,328						162,978	31,589	17,673						27,446			135,430	
Furniture and Fixings	2,011,651		62,070						1,995,111	531,465	136,531						631,394			1,363,717	
Plant and Equipment	6,181,209		163,674						4,806,939	3,274,203	641,434						2,945,163			1,861,776	
Motor Vehicles	6,532,037		1,738,866						8,071,964	2,001,536	788,295						81,280			5,363,014	
Office Equipment	1,404,122		25,920						1,239,811	539,638	144,100						613,880			524,730	
Security Measures	997,639		473,880						1,471,418	153,601	137,823						291,424			1,179,994	
	146,642,513		39,535,195						187,038,955	11,022,800	12,471,180						12,200,424			164,838,532	

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

30 JUNE 2012

	Opening Balance		Cost		Accumulated Depreciation		Carrying Value					
	R	R	Additions	Transfers	Disposals/ Impairments	Closing Balance	Opening Balances	Depreciation Charge	Disposals/ Impairments/ Transfers	Closing Balance	R	R
Land and Buildings	11 353 320	16 659 181		(262 330)	27 751 171	603 425	523 351	(123 655)	1 003 091	1 003 091	26 747 091	
Land	27 800	12 265 590			12 263 390						12 263 390	
Buildings	11 325 520	4 403 591		(262 330)	15 468 781	603 425	523 351	(123 655)	1 003 091	1 003 091	14 463 701	
Infrastructure	47 410 845	69 595 652		(38 035 024)	79 970 475	1 763 634	1 127 201	(2 041 779)	849 055	849 055	78 121 419	
Stormwater Network		6 241 000			6 241 000						6 241 000	
Roads	37 067 019	62 489 446		(37 021 569)	62 544 896	1 230 429	726 556	(1 554 591)	2 464	2 464	62 542 402	
Electricity Network	10 343 326	653 216		(1 014 463)	10 184 590	533 205	400 545	(87 188)	846 562	846 562	9 338 017	
Community Assets	12 982 153	9 704 513		(165 370)	22 500 296	1 662 464	442 324	(56 884)	2 038 104	2 038 104	20 462 152	
Taxi Rank		4 141 577			4 141 577		37 576		37 576		4 104 001	
Cemeteries												
Community Buildings	10 745 547	5 562 936		(21 720)	16 287 763	882 414	299 596	(4 345)	1 186 765	1 186 765	15 100 998	
Recreation sites	2 245 606			(174 850)	2 070 556	770 090	106 062	(92 338)	783 754	783 754	1 287 163	
Libraries												
Lease Assets		1 706 970			1 706 970		103 354		103 354		1 603 617	
Office Equipment (Lease)		1 706 970			1 706 970		103 354		103 354		1 603 617	
Other Assets	20 459 605	2 701 139		(4 445 144)	18 714 600	9 079 091	1 859 749	(3 808 664)	7 069 175	7 069 175	11 645 424	
Computer Equipment	1 115 675	407 659		(167 375)	1 355 959	546 830	157 050	(168 795)	537 135	537 135	818 424	
Air conditioners	168 973	65 292			232 265	19 387	12 211		31 599	31 599	200 666	
Furniture and Fixings	1 217 753	884 935		(40 939)	2 061 651	446 034	119 282	(33 851)	591 465	591 465	1 480 396	
Plant and Equipment	6 619 417	158 965		(797 072)	6 819 209	3 387 772	649 734	(742 303)	3 274 204	3 274 204	2 907 025	
Motor Vehicles	8 474 729	594 404		(2 497 055)	6 582 077	3 623 659	740 515	(2 322 839)	2 001 535	2 001 535	4 530 522	
Office Equipment	2 115 957	230 327		(842 153)	1 494 122	977 473	165 041	(622 876)	539 535	539 535	884 484	
Security Measures	549 101	448 457			997 558	97 685	55 916		159 601	159 601	848 957	
	52 215 923	100 389 465		(42 339 975)	149 645 513	13 108 644	4 094 978	(6 170 822)	11 022 961	11 022 961	138 668 712	

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INVESTMENT PROPERTY**Net Carrying amount at 1 July**

Cost/Valuation

Balance previously reported
Correction of error. Refer to note 36.4

Accumulated Depreciation

Balance previously reported
Correction of error. Refer to note 36.4

Acquisitions

Depreciation for the year

Balance previously reported
Correction of error. Refer to note 36.4**Net Carrying amount at 30 June**

Cost

Accumulated Depreciation

Molemole Local Municipality received a donation in the form of land from Capricorn District Municipality in the 2012 financial year. The land was received at market value. Molemole Local Municipality has not yet determined the use for which the land would be put.

There was no rental income accrued for received or expenses incurred in respect of the holding of the donated land by Molemole Local Municipality.

Molemole Local Municipality previously only accounted for the land of the clinic and now the building has been recognized. Rental income and operating expenditure relating to investment property was identified as not being material. As such these amounts have not been separately disclosed.

2013
R2012
R

4 947 334	4 890 667
5 034 000	5 034 000
	3 734 000
	1 300 000
86 666	43 333
	43 333
	-
43 333	43 333
	43 333
4 904 001	4 947 334
5 034 000	5 034 000
129 999	86 666

13

INTANGIBLE ASSETS

Computer Software

Net Carrying amount at 1 July

Cost

Accumulated Amortisation

Acquisitions

Amortisation for the year

Net Carrying amount at 30 June

Cost

Accumulated Amortisation

77 128

82 155

(5 027)

347 070

(41 594)

382 605

429 225

(46 621)

-

-

-

82 155

(5 027)

77 128

82 155

(5 027)

14

INVENTORY

Consumable Stores - Stationery and materials - At cost

Total Inventory

No inventory assets were pledged as security for liabilities.

268 523	209 882
268 523	209 882

15

TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service Receivables

Water

Electricity

Balance previously reported
Correction of error. Refer to note 36.4

Refuse

Balance previously reported
Correction of error. Refer to note 36.4**Total Service Receivables**Balance previously reported
Correction of error. Refer to note 36.4

Less: Allowance for Doubtful Debts

Balance previously reported
Correction of error. Refer to note 36.4**Net Service Receivables**Balance previously reported
Correction of error. Refer to note 36.4

Other Receivables

Other Arrears

Balance previously reported
Correction of error. Refer to note 36.4

5 332 825	4 488 504
	4 390 701
	97 804
3 869 050	2 786 270
	2 780 855
	5 414
9 201 875	7 274 774
	7 171 558
	103 218
(8 166 336)	(6 191 831)
	(3 372 016)
	(2 819 810)
1 035 539	1 082 943
	3 799 640
	(2 716 597)
16 696 002	10 477 979
	10 080 756
	397 223

	2013	2012
	R	R
Total Other Receivables	16 696 002	10 477 979
Less: Allowance for Doubtful Debts	(13 243 720)	(10 085 743)
Balance previously reported		(2 109 652)
Correction of error. Refer to note 36.4		(7 976 091)
Net Other Receivables	3 452 283	392 236
Balance previously reported		7 971 104
Correction of error. Refer to note 36.4		(7 578 868)
Total Net Receivables from Exchange Transactions	4 487 822	1 475 179
Balance previously reported		11 770 644
Correction of error. Refer to note 36.4		(10 295 465)

Included in the outstanding balances are consumer debtors to the value of R6 059 546.54 (2009: R6 981 354), who have made arrangements to repay their outstanding debt over a re-negotiated period.

Ageing of Receivables from Exchange Transactions

(Electricity): Ageing

Current (0 - 30 days)	307 727	362 315
31 - 60 Days	146 921	153 316
61 - 90 Days	145 485	162 540
+ 90 Days	4 732 692	3 820 333
Total	5 332 825	4 488 505

(Refuse): Ageing

Current (0 - 30 days)	223 261	224 910
31 - 60 Days	106 594	85 172
61 - 90 Days	105 561	94 690
+ 90 Days	3 433 644	2 371 498
Total	3 869 051	2 786 270

(Other Debtors): Ageing

Current (0 - 30 days)	880 766	956 519
31 - 60 Days	410 959	404 757
61 - 90 Days	406 941	402 708
+ 90 Days	15 017 347	8 713 995
Total	16 696 002	10 477 979

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TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Service Receivables

Taxes - Rates	23 852 496	15 507 638
Balance previously reported		11 500 061
Correction of error. Refer to note 36.4		4 007 577
Less: Allowance for Doubtful Debts	(21 168 240)	(13 199 128)
Balance previously reported		(7 286 886)
Correction of error. Refer to note 36.4		(5 912 242)
Total Net Receivables from Non-Exchange Transactions	2 684 256	2 308 510

Ageing of Receivables from Non-Exchange Transactions

(Rates): Ageing

Current (0 - 30 days)	1 376 393	1 251 768
31 - 60 Days	657 144	529 701
61 - 90 Days	650 719	527 020
+ 90 Days	21 168 240	13 199 128
Receivables with Credit Balances		
Total	23 852 496	15 507 638

Debits are required to be settled after 30 days, interest is charged after this date at 15%. The fair value of trade and other receivables approximates their carrying amounts.

Reconciliation of the Total doubtful debt provision

Balance at beginning of the year	29 476 703	16 730 048
Contributions to provision	13 101 593	12 748 655
Doubtful debts written off against provision	-	-
Balance at end of year	42 578 296	29 476 703

In determining the recoverability of a trade receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

	2013 R	2012 R
17 OTHER FINANCIAL ASSETS		
Other current financial assets	812 902	445 016
Balance previously reported		12 519 594
Category reclassification - Refer to note 18		(10 053 154)
Correction of error. Refer to note 7		82 539
Correction of error. Refer to note 36.4		(2 103 964)
Total Other current financial assets	812 902	445 016
18 CASH AND CASH EQUIVALENTS		
Assets		
Call Investments Deposits	28 911 315	27 451 572
Balance previously reported		17 344 921
Category reclassification - Refer to note 18		10 053 154
Correction of error. Refer to note 36.4		53 497
Cashbook positive balance	2 067 251	1 108 063
Cash Floats	3 057	-
Total Cash and Cash Equivalents - Assets	28 981 622	28 559 635
The municipality has the following bank account:		
Current Account		
- Account Number 1467000442 (Primary Account):		
Cash book balance at beginning of year	1 108 063	12 161 717
Cash book balance at end of year	2 067 251	1 108 063
Bank statement balance at beginning of year	5 168 000	14 822 565
Bank statement balance at end of year	4 930 519	5 168 000
Call Investment Deposits		
Call investment deposits consist out of the following accounts:		
Nedbank - A/C Nr - 03/7411508977/000001	5 586 764	10 053 154
Nedbank - A/C Nr - 03/7411508977/000011	5 000 000	-
Nedbank - A/C Nr - 03/7411508977/000010	10 000 000	-
Nedbank - A/C Nr - 03/7411508977/000010	6 324 551	18 452 964
Nedbank - A/C Nr - 1013994825	-	-
	26 911 315	28 506 138
19 PROPERTY RATES		
Actual		
Rateable Land and Buildings	11 800 965	10 058 228
Balance previously reported		5 558 782
Correction of error. Refer to note 36.4		4 499 446
Residential, Commercial Property, State	9 535 774	10 058 228
Less: Rebates	(2 285 191)	(2 189 761)
Total Assessment Rates	9 535 774	7 858 467
Business	9 227 010	9 227 010
Church	2 297 000	2 297 000
Farms	1 332 057 400	1 332 057 400
Government	15 474 601	15 474 601
Municipal	14 673 100	14 673 100
Residential	420 827 052	197 781 752
Total Property Valuations	1 794 556 163	1 571 510 863
Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. Rebates were granted on land with buildings used solely for dwellings purposes as follows: Residential - The first R 75 000 on the valuation is exempted.		
Rates are levied monthly and payable by the 12th of the following month. Interest is levied at the 15%pa on outstanding monthly rates.		
20 GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants	74 498 000	65 171 000
Equitable Share - Refer to Note 20.1	74 498 000	66 171 000
Conditional Grants	37 055 058	8 350 402
Municipal Infrastructure Grant	34 445 369	6 247 096
Finance Management Grant	1 472 231	1 098 268
Municipal System Improvement Grant	547 661	790 000
CDM - Mogwadi Community Hall	150 000	-
INEC	-	-
Expanded Public Works Program	439 797	215 039
Total Government Grants and Subsidies	111 553 058	74 521 402
Government Grants and Subsidies - Capital	34 445 369	5 603 540
Government Grants and Subsidies - Operating	77 107 689	68 917 862
	111 553 058	74 521 402

	2013 R	2012 R
	The municipality does not expect any significant changes to the level of grants.	
	Equitable share to the amount of R501 000 was not paid to Molemic Municipality during the year under review. National treasury however gave their commitment to pay this amount, thus a debtor was created.	
20.1	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 as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned. See Appendix F & note B for a reconciliation of all grants.	
21	SERVICE CHARGES	
	Electricity	5 015 439
	Refuse removal	1 299 594
	Sewerage and Sanitation Charges	267 532
	Other Service Charges	-
	Total Service Charges	6 582 565
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.	
22	RENTAL OF FACILITIES AND EQUIPMENT	
	Rental of facilities	94 633
	Rental of equipment	-
	Other rentals	24 422
	Total Rentals	119 055
23	INTEREST EARNED EXTERNAL INVESTMENTS	
	Bank	707 303
	Total Interest	610 454
24	INTEREST EARNED OUTSTANDING DEBTORS	
	Interest on debtors	2 818 379
	Total Service Charges	2 818 379
25	OTHER INCOME	
	Books Lost	223
	Building Plan Fees	7 561
	Clearance Certificates	5 480
	Commission/Water	677 784
	Debt Recovery - Councillors	76 354
	Free Basic Water	-
	Grave Fees	5 484
	Insurance Income Received	207 866
	Membership Fees	100
	New Connections	34 681
	Penalties	586
	Pipeline Levies	264
	Provision For Sale Of Assets	-
	Re-Connections	23 806
	Sale Of Stands	20 100
	Sales Of Prepaid Meters	13 088
	Surplus Cash	1 072 725
	Tender Documents	70 652
	Town Planning Fees	3 348
	20% Commission Traffic Revenue	-
	Total Other Income	2 220 490
26	PUBLIC CONTRIBUTIONS AND DONATIONS	
	Donations	-
	Total Public Contributions and donations	9 183 076

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EMPLOYEE RELATED COSTS

Annual Bonus
Housing Subsidy
Subsistence and travel claim
Overtime
Telephone / Cellphone Allowance
Temporary Salaries
Acting Allowance
Leave Provision/Leave
Salaries
Standby allowance
Travelling/vehicle allowance
Interim salaries: FMG
Danger allowance
PMU: MIG
Long Services
Clothing allowance
Industrial/Bargaining Council
Insurance Unemployment
Medical Aid Scheme
Pension Funds
Other allowances & Benefits
Skills Development Levy
Total Employee Related Costs
Category reclassification - Refer to note 3
Category reclassification - Refer to note 4
Category reclassification - Refer to note 32

2013
R2012
R

1 929 172	1 536 211
158 209	167 994
1 045 667	320 774
348 355	243 740
726 846	251 130
16 055	38 400
243 053	513 814
1 901 210	793 991
26 487 265	21 415 305
137 798	131 695
2 537 685	2 372 979
544 814	370 379
23 500	13 750
960 635	593 222
95 303	66 389
6 000	6 365
11 073	7 302
209 411	169 876
1 574 050	1 345 059
4 468 172	4 051 583
344 511	4 406 818
384 654	292 642
44 154 453	39 118 517

(84 704)
(59 812)
(303 701)**KEY MANAGEMENT PERSONNEL**

Municipal Manager is appointed on a 5-year fixed contract and the Director Community Services, Director Corporate Services and Director Finance on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL**Remuneration of the Municipal Manager:**

Annual Remuneration	1 113 833	951 229
Performance Bonuses	33 169	79 806
Travel, motor car, accommodation, subsistence and other allowances	265 385	121 000
Contributions, Medical and Pension Funds	-	-
Total	1 402 387	1 151 835

Remuneration of the Director Financial Services:

Annual Remuneration	746 357	-
Travel, motor car, accommodation, subsistence and other allowances	293 406	-
Total	1 039 763	-

Remuneration of the Director Technical Services:

Annual Remuneration	734 130	52 308
Travel, motor car, accommodation, subsistence and other allowances	160 000	13 333
Total	894 130	65 641

Remuneration of the Director Corporate Services:

Annual Remuneration	740 843	51 692
Performance Bonuses	60 000	-
Travel, motor car, accommodation, subsistence and other allowances	112 000	6 833
Total	912 843	58 525

Remuneration of the Director Community Services:

Annual Remuneration	744 284	377 522
Performance Bonuses	81 846	-
Travel, motor car, accommodation, subsistence and other allowances	88 000	55 301
Total	894 130	432 823

Remuneration of the Manager Local Economic Development:

Annual Remuneration	734 130	396 667
Travel, motor car, accommodation, subsistence and other allowances	160 000	6 833
Total	894 130	403 500

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REMUNERATION OF COUNCILLORS

Executive Mayor	630 735	630 735
Speaker	508 356	477 761
Chief Whip	477 761	508 356
Mayoral Committee Members	1 320 775	1 056 820
Councillors	3 824 957	3 623 535

Total Councillors' Remuneration**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. The Executive Mayor has the use of a Council owned vehicle for official duties.

6 762 584

6 297 607

	2013 R	2012 R
29 DEBT IMPAIRMENT		
Balance at beginning of the year	29 476 703	16 730 048
Balance previously reported		12 788 554
Correction of error. Refer to note 36.4(I.r.o.2010/2011)		3 951 493
Contributions to provision	13 101 593	12 745 655
Balance previously reported		12 746 655
Correction of error. Refer to note 36.4(I.r.o.2011/2012)		-
Total Contribution to Impairment Provision	29 476 703	29 476 703
30 DEPRECIATION AND AMORTISATION		
Depreciation	12 514 513	4 144 334
Balance previously reported		4 924 712
Correction of error. Refer to note 36.4		(780 378)
Amortisation	41 594	-
Total Depreciation and Amortisation	12 556 107	4 144 334
31 IMPAIRMENTS		
Property Plant & Equipment - Leased Assets	-	-
Property Plant & Equipment - Other Assets	-	-
Total Impairments	-	-
Property Plant & Equipment		
During the physical verification of all movable assets, a condition assessment of each asset was conducted. It was established that no were in worse conditions than the previous year.		
Investment Property		
No asset in this category was impaired.		
Other Financial Assets		
No asset in this category was impaired.		
32 FINANCE CHARGES		
Finance leases	338 987	212 512
Post Retirement Charges	338 276	303 701
Category reclassification from : Refer from note 27		303 701
Other		4 747
Total finance charges	677 263	520 960
33 BULK PURCHASES		
Electricity	5 804 647	5 544 185
Total Bulk Purchases	5 804 647	5 544 185
34 GRANTS AND SUBSIDIES		
Donations	-	-
Total Grants and Subsidies	-	-

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GENERAL EXPENSES

	2013 R	2012 R
Accommodation and Meals	390 820	489 472
Accommodation and Meals : FMG	164 290	138 783
Admin Costs	-	113 843
Advertisements	106 937	201 028
Advertising : recruitment	41 884	245 273
Affiliation & membership fees:saiga	400 000	-
Audit committees expenses	359 999	133 950
Audit fees - external	2 332 866	1 984 542
Bank charges	250 595	251 153
Bill: municipal electricity	71 461	-
Bill: municipal water	291 758	-
Cash management services	78 847	-
Catering general	-	69 003
Cellphones	-	400 268
Cleaning materials	166 806	222 035
Commission paid	267 483	-
Consultancy fees	720 442	187 127
Councillors induction	-	183 725
Demarcation registry	-	57 570
Departmental: electricity	278 787	308 286
Departmental: water	155 459	125 961
Eap	-	56 550
Employee loan/bursary scheme	320 904	-
Financial system support	-	418 937
Free basic electricity	1 783 391	2 312 440
Free basic water	181 921	364 880
Fuel and oil : municipal fleet	941 569	795 894
Fuel and oil : other	58 113	-
HR management strategy	236 800	-
IDP expenditure	-	388 530
Insurance - general	581 293	673 488
ITC wireless solutions	72 314	-
Legal expenses	1 343 651	1 581 956
Licenses - vehicles	85 730	37 940
Mandela day	72 062	-
Mapping	55 000	-
Mayoral bursary	225 508	65 686
Membership fees	2 400	749 562
Plant hire	68 010	-
Postage and telephone	399 748	439 646
Printing & stationery	3 160	290 116
Printing , publication & marketing	154 491	-
Protective clothing	377 289	290 405
Public participation	535 751	243 688
Rental building	33 600	64 477
Rental office machines: usage	23 639	112 418
Rental payments: photocopier	-	1 638 163
Special focus - women	93 359	-
Special focus - youth	80 103	7 700
Stationery	418 505	780 622
Strategic planning expenditure	123 474	106 013
Subscription and systems licensing	241 500	103 608
Subsistence and travelling	-	485 265
Subsistence and travelling : fmg	-	73 126
Subsistence and travelling : other	65 938	-
Telephones management system	149 082	54 615
Tracking device system	75 784	132 175
Traffic expenses	101	101
Training and conferences	340 696	275 929
Training and education : fmg	145 005	261 765
Unbundling of infrastructure assets	232 544	556 930
Valuation roll costs	644 792	-
Ward committee expenses	576 500	299 586
Ward committee expenses : msig	210 000	507 821
Ward committee induction	-	404 206
Infrastructure masterplan	1 290 080	-
Other	327 360	405 684
General Expenses	18 840 143	20 062 247
Balance previously reported		22 490 900
Category reclassification - Refer to contracted services		(1 904 843)
Category reclassification to : Refer to loss on disposal		(523 710)

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees and auditing fees.

	2013 R	2012 R
36 CORRECTION OF ERROR IN TERMS OF GRAP 3		
36.1 Changes to Statement of Financial Performance		
Balance previously reported		21 800 839
Correction of adjustment property rates previously incorrectly identified as understated		(4 036 042)
Recognition of Traffic and Licencing revenue after all the departments of transport and prodiba actual and accruals expenses has been taken into account for 2012 financial year.		4 499 446
Recalculation of provision for doubtful debts for 2012 financial year.		3 430 789
Recalculation of accumulated depreciation for 2012		(12 746 655)
Total		780 378
36.2 Revaluation Reserve		17 764 787
Balance Previously Reported		42 695 546
Incorrectly included in revaluation reserve should be part of Accumulated Surplus - Refer Note 1		1 042 554
Total		43 738 099
36.3 Government Grant Reserve		-
Balance Previously Reported		-
Assets financed from Government Grants		38 694 894
Accumulated depreciation as at 30 June 2012		(3 357 616)
Total		35 337 278
36.4 Accumulated Surplus/(Deficit)	2012	Prior Years
Correction of prior year error on finance lease liability - Refer note 2	-	(761 369)
Correction of prior year error on leave health care - Refer note 3	-	(1 692 827)
Correction of prior year error on long service bonus - Refer note 4	-	(1 092 659)
Correction of prior year error on leave reserve fund - Refer note 6	-	(419 833)
Trade Creditors incorrectly raised in 2010/2011 reversed to accumulated surplus - Note 7	-	(1 362 055)
Retention moneys incorrectly raised i.r.o. prior financial years not due to contractors. - Refer note 7	-	(2 655 805)
Reversal of unknown deposits incorrectly recognised on suspense account in prior financial years - Refer note 7	-	(1 630 079)
Creditor traveline incorrectly raised in prior financial years - Refer note 7	-	(15 270)
Reinstating the correct opening balances on grants as per approval from National Treasury - refer note 8	-	456 825
Recognition of Traffic and Licencing revenue after all the departments of transport and prodiba actual and accruals expenses has been taken into account for 2011 and 2012 financial year. - Refer Note 10	(3 430 789)	(123 412)
Reversal of State cheques control account - Refer note 10	-	(231 363)
Clearing of claim received from SASRIA fire equipment posted on suspense account/clearing of expenditure payment posted against operational expense account - Refer Note 10	-	(140 500)
Reversal of Other liabilities - Refer note 10	-	(76 052)
Clinic accounted for as investment property - Refer note 12	-	(1 213 334)
Correction of debtors - Refer note 15	-	102 105
Water debtors derecognised - Refer note 15	-	1 945 896
Clearing of Suspense account used in 2010/11 as a result of court order in favour of TE Mokganya - Refer Note 17	-	1 423 178
Expenses incurred in prior financial years incorrectly raised in suspense accounts - Refer note 17	-	665 272
Correction of adjustment property rates previously incorrectly identified as understated - Refer Note 19	(4 499 446)	(2 232 285)
Recalculation of provision for doubtful debts for 2010, 2011 and 2012 financial year. Refer note 29;15;16	12 746 655	3 597 010
Recalculation of provision for doubtful debts for 2010, 2011 financial year. Refer note 29	-	374 483
Correction of depreciation - Refer note 30;11	(780 378)	1 560 756
Correction of depreciation - Refer note 11	-	366 066
Other transactions related to previous financial years before 2012 reversed to accumulated surplus - Note 18 ,11	-	87 944
Total	4 036 042	(3 077 508)
37 COMPARITIVE FIGURES		
Certain comparative figures have been reclassified due to prior period errors, refer to note 36 for details.		
Certain prior period figures were reclassified, the reason and effect of the reclassification are relevant disclosure note.		

	2013 R	2012 R			
38	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS				
	30 479 094	17 764 797			
	Surplus/(Deficit) for the year				
	Adjustments for:				
	109 776	-			
	12 666 107	4 144 334			
	109 776	-			
	894 039	460 494			
	1 696 874	1 810 068			
	13 101 693	12 746 656			
	(677 263)	(217 259)			
	(9 685 844)	15 674 689			
	48 274 375	52 383 769			
	Operating Surplus/(Deficit) before changes in working capital				
	(10 198 019)	(24 321 532)			
	(8 282 361)	(10 990 454)			
	141 710	(448 773)			
	(78 641)	330 390			
	1 426 197	258 779			
	(15 636)	8 596			
	(3 012 643)	(2 373 364)			
	(375 747)	(11 107 106)			
	38 076 356	28 062 237			
39	CASH AND CASH EQUIVALENTS				
	Cash and cash equivalents included in the cash flow statement comprise the following:				
	28 911 316	27 461 572			
	3 057	-			
	2 067 251	1 108 063			
	28 981 622	28 569 635			
40	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES				
	Cash and Cash Equivalents - Note 39				
	28 981 622	28 569 635			
	18 549 797	26 802 783			
	7 570 477	17 047 802			
	5 438 794	3 979 492			
	5 073 879	5 121 626			
	466 647	453 863			
	10 431 825	1 956 851			
	-	-			
	10 431 825	1 956 851			
41	BUDGET COMPARISONS				
41.1	Operational				
		2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	
				2013 (%)	
	Revenue by source				
	Property Rates	9 535 774	5 599 749	3 938 025	70%
	Government Grants and Subsidies - Capital	34 445 369	37 385 494	(2 940 125)	-8%
	Government Grants and Subsidies - Operating	77 107 689	84 549 732	(7 442 043)	-9%
	Public Contributions and Donations	-	-	-	0%
	Actuarial Gains	82 226	-	82 226	100%
	Fines	126 825	500 000	(373 175)	-75%
	Property Rates - penalties imposed and collection charges	-	-	-	0%
	Service Charges	6 582 565	6 681 655	(99 390)	-1%
	Rental of Facilities and Equipment	119 055	126 227	(7 172)	-6%
	Interest Earned - external investments	707 303	800 000	(92 697)	-12%
	Interest Earned - outstanding debtors	2 818 379	2 000 000	818 379	41%
	Licences and Permits	3 568 953	4 000 000	(431 047)	-11%
	Gains on disposal of PPE	260 466	-	260 466	84%
	Other Revenue	2 229 499	14 240 138	(12 010 639)	-84%
		137 675 095	155 683 293	(18 008 198)	-12%

			2013 R	2012 R	
Expenditure by nature					
Employee Related Costs	(44 154 453)	(46 031 975)	1 877 522	-	-4%
Remuneration of Councilors	(6 762 594)	(7 040 299)	277 314	-	-4%
Debt Impairment	(13 101 593)	(2 408 250)	(10 693 343)		444%
Depreciation and Amortisation	(12 556 107)	(4 600 000)	(7 956 107)		173%
Impairments	-	-	-	-	0%
Repairs and Maintenance	(1 409 991)	-	(1 409 991)		100%
Actuarial losses	(199 689)	(134 093)	(65 596)		49%
Finance Charges	(677 263)	-	(677 263)		100%
Bulk Purchases	(5 804 647)	(6 824 844)	820 197		-12%
Contracted services	(3 219 288)	(3 276 000)	56 712		-2%
Loss on Disposal of PPE	(370 242)	-	(370 242)		100%
General Expenses	(18 840 143)	(29 983 185)	11 143 042		-37%
Contributions to/from Reserves	-	-	-	-	0%
	(107 096 001)	(100 098 745)	(6 997 256)		7%
Net Surplus for the year	30 479 094	55 784 548	(25 565 921)		

Details of material variances

Depreciation and Amortisation - Unbundling of assets
 Debt Impairment - Change in calculation of Allowance for Doubtful Debts
 Finance Charges - Not budgeted for Post Retirement Finance Charges
 Loss on disposal of PPE - Not budgeted for Post Retirement Finance Charges

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
41.2 Expenditure by Vote				
Executive & Council	(21 643 829)	(21 132 161)	(511 668)	2%
Budget & Treasury	(44 729 198)	(27 118 844)	(17 610 354)	65%
Corporate Services	(17 318 091)	(19 578 266)	2 260 175	-12%
Planning & Development	(2 508 372)	(3 489 787)	983 415	-28%
Community & Social Services	(9 359 051)	(11 962 038)	2 602 987	-22%
Road Transport	(5 378 035)	(5 205 348)	(172 687)	3%
Water	(4 528 236)	(9 232 933)	4 704 698	-51%
Electricity	(1 833 190)	(2 309 368)	756 178	-32%
	(107 096 001)	(100 098 745)	(6 997 256)	7%

Details of material variances

Budget and Treasury - Change in calculation of Allowance for Doubtful Debts
 Executive & Council - Not budgeted for Actuarial losses and Post Retirement Finance Charges
 Road Transport - Increased Depreciation charge

41 BUDGET COMPARISONS (CONTINUE)

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
41.3 Capital expenditure by vote				
Executive & Council	(35 462)	(1 201 000)	1 165 538	-97%
Budget & Treasury	(13 934)	(416 832)	402 898	-97%
Corporate Services	(1 241 563)	(3 228 938)	1 987 273	-62%
Planning & Development	(364 167)	(1 275 000)	910 833	-71%
Community & Social Services	(5 540 858)	(7 558 585)	2 017 727	-27%
Road Transport	(32 305 868)	(41 235 251)	8 929 383	-22%
Electricity	(480 414)	(752 000)	271 586	-36%
	(38 982 266)	(55 665 104)	15 685 838	-28%

42 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

42.1 Unauthorised expenditure				
Reconciliation of unauthorised expenditure:				
Opening balance	-	-	-	-
Unauthorised operating expenditure current year	-	-	6 493 124	-
Unauthorised capital expenditure current year	-	-	-	-
Approved by Council or condoned	-	-	-	-
Transfer to receivables for recovery	-	-	-	-
Unauthorised expenditure awaiting authorization	-	-	6 493 124	-
42.2 Fruitless and wasteful expenditure				
Reconciliation of fruitless and wasteful expenditure:				
Opening balance	-	-	-	-
Fruitless and wasteful expenditure current year	-	-	186 140	-
Condoned or written off by Council	-	-	-	-
Transfer to receivables for recovery - not condoned	-	-	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-	186 140	-

	2013 R	2012 R
42.3 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	2 166 145	-
Irregular expenditure current year	1 299 261	2 166 145
Condonement supported by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	-	-
	<u>3 465 406</u>	<u>2 166 145</u>
Irregular expenditure awaiting condonement from National Treasury	3 465 406	2 166 145
Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No stops have been taken at this stage to recover any monies.		
43 DISTRIBUTION LOSSES		
Electricity Distribution losses	1 290 674	2 136 613
44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
44.1 Contributions to organised local government - IMFMA 125 (1)(b) - SALGA CONTRIBUTIONS		
Opening balance	-	-
Council subscriptions	400 000	414 023
Amount paid - current year	(400 000)	(414 023)
Balance unpaid (Included in creditors)	-	-
44.2 Audit fees - IMFMA 125 (1)(b)		
Opening balance	-	-
Current year audit fee	2 338 231	2 117 606
External Audit - Auditor-General	2 338 231	2 117 606
Amount paid - current year	(2 338 231)	(2 117 606)
Balance unpaid (Included in creditors)	-	-
44.3 VAT - IMFMA 125 (1)(b)		
VAT	-	-
VAT is claimable on the invoice basis. VAT is claimed from SARS once an invoice has been received from creditors.		
44.4 PAYE, SDL and UIF - IMFMA 125 (1)(b)		
Opening balance	-	-
Current year payroll deductions and Council Contributions	6 638 543	55 694 337
Amount paid - current year	(6 638 543)	(55 694 337)
Balance unpaid (Included in creditors)	-	-
44.5 Pension and Medical Aid Deductions - IMFMA 125 (1)(b)		
Opening balance	-	-
Current year payroll deductions and Council Contributions	10 456 840	5 400 641
Amount paid - current year	(10 456 840)	(5 400 641)
Amount paid - previous year	-	-
Balance unpaid (Included in creditors)	-	-
44.6 Councillor's arrear consumer accounts - IMFMA 125 (1)(b)		
The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2013:		
	Outstanding more than 90 days	Outstanding more than 90 days
Councillor ML Moabetsa	-	881
Total Councillor Arrear Consumer Accounts	-	881
44.7 Quotations awarded - Supply Chain Management		
SOLE PROVIDER DEVIATIONS	415 505	-
EMERGENCY DEVIATIONS	203 423	-
SUPPLIER EXEMPTED INTERMS OF SECTION 110(2) MFMA	45 843	-
	<u>665 771</u>	-
Refer to Supply Chain Management Implementation Report for the year ended 30 June 2013: Appendix G		

	2013 R	2012 R
45 COMMITMENTS		
45.1 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for:		
Land & Buildings	15 617 276	5 471 687
Infrastructure	-	-
Community	15 165 293	5 471 687
	451 983	-
Total	15 617 276	5 471 687
This expenditure will be financed from:		
Government Grants	15 617 276	5 471 687
	15 617 276	5 471 687
45.2 OPERATING COMMITMENTS		
Commitments in respect of Operating expenditure:	17 437 426	11 124 462

46 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) **Foreign Exchange Currency Risk**
The municipality does not engage in foreign currency transactions.

(b) **Price risk**
The municipality is not exposed to price risk.

46 FINANCIAL RISK MANAGEMENT (CONTINUE)

(c) **Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

(d) **Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

FINANCIAL RISK MANAGEMENT (CONTINUE)

Balances past due not impaired:

	2013 %	2013 R	2012 %	2012 R
Non-Exchange Receivables				
Rates	98.85%	23 852 496	100.00%	15 507 638
Exchange Receivables				
Electricity	22.10%	5 332 826	23.46%	4 488 604
Refuse	16.02%	3 869 050	14.57%	2 786 270
Other	61.87%	14 928 037	61.97%	11 854 663
	100.00%	24 129 912	100.00%	19 129 437

No receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 6 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at 15% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2013 %	2013 R	2012 %	2012 R
Non-Exchange Receivables				
Rates	100.00%	21 168 240	100.00%	15 507 638
Exchange Receivables				
Electricity	22.10%	4 732 662	23.47%	3 820 333
Refuse	16.04%	3 433 644	14.57%	2 371 498
Other	61.86%	13 243 720	61.96%	10 085 743
	100.00%	21 410 056	100%	16 277 575

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (NEBANK). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities. The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

47.1	Financial Assets	Classification	2013 R	2012 R
	Investments	Held to maturity		
	Fixed Deposits			
	Consumer Debtors			
	Trade receivables from exchange transactions	Financial instruments at amortised cost	9 201 875	7 274 774
	Other receivables from exchange transactions	Financial instruments at amortised cost	16 696 002	11 854 663
	Call Deposits	Financial instruments at amortised cost	26 911 315	28 759 197
	Bank Balances and Cash			
	Cash Floats and Advances	Financial instruments at amortised cost	3 057	3 057
	SUMMARY OF FINANCIAL ASSETS		52 812 248	47 891 691

		2013 R	2012 R
47.2	Financial Liability		
	Long-term Liabilities		
	Capitalised Lease Liability	1 195 258	1 455 727
	Trade Payables		
	Trade creditors	5 073 879	5 121 826
	Bank Balances and Cash		
	Bank Balances	28 911 315	28 759 197
	Current Portion of Long-term Liabilities		
	Annuity Loans	-	-
	Capitalised Lease Liability	260 469	176 475
	SUMMARY OF FINANCIAL LIABILITY	33 440 921	35 513 026
48	EVENTS AFTER THE REPORTING DATE		
	The municipality did have any event after the reporting date.		
49	IN-KIND DONATIONS AND ASSISTANCE		
	The municipality did not receive any in-kind donations or assistance during the year under review.		
50	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		
51	CONTINGENT LIABILITY	4 903 082	445 000
	See attach appendix F for more details		
52	RELATED PARTIES		
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.		
52.1	Related Party Transactions		
52.2	Compensation of key management personnel		
	The compensation of key management personnel is set out in note 27 to the Annual Financial Statements.		
52.3	The municipality is providing water services to the municipal area on behalf of CDM on an agency basis.		
53	RETIREMENT BENEFIT INFORMATION		
	The Council provides retirement benefits to employees by contributing to pension and provident Funds Membership of either pension or provident fund is compulsory for all permanent employees.		
	The municipality and its employees contribute to 5 different Pension Funds, of which 3 (The Municipal Employees Pension Fund, Municipal Gratuity Fund and Samwu National Provident Fund) cater for the majority of the staff. The South African Local Authorities Pension Fund and the Municipal Employees Pension Fund, are defined benefit funds.		

APPENDIX A - Unaudited

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013

	Cost/Revaluation				Accumulated Depreciation			Carrying Value	
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Depreciation		
							Additions		Disposals
Land and Buildings									
Land	12,233,330				12,233,330			12,233,330	
Buildings	15,465,781	385,972			15,852,453	1,035,031	524,816	14,324,556	
	27,759,111	385,972			28,135,843	1,600,081	524,816	26,807,946	
Infrastructure									
Stormwater Network	6,241,000	877,939			7,118,939		1,414,675	5,704,265	
Roads	62,544,896	335,059	29,953,903		92,233,859	2,494	7,285,043	84,865,321	
Electricity Network	10,184,530	308,514			10,493,094	846,582	403,463	9,283,068	
	78,970,426	1,521,513	29,953,903		109,445,841	849,655	9,083,180	99,513,655	
Community Assets									
Ten Pin Park	4,141,577				4,141,577	37,575	175,792	3,928,210	
Concrete	16,287,765	9,764	4,793,584		21,091,101	1,183,765	323,702	19,578,654	
Recreation sites	2,070,956				2,070,956	783,784	91,214	1,195,946	
Libraries									
	22,600,298	9,764	4,793,584		27,393,646	2,003,124	591,689	24,792,833	
Leased Assets									
Office Equipment (Lease)	1,716,970				1,716,970	103,354	170,697	1,422,020	
	1,716,970				1,716,970	103,354	170,697	1,422,020	
Other Assets									
Computer Equipment	1,355,559	1,098,932			2,454,491	537,135	233,593	1,844,919	
Air conditioners	282,235	7,338			289,573	31,589	17,873	185,401	
Furniture and Fixings	2,011,851	62,070			2,073,921	531,455	138,531	1,333,717	
Plant and Equipment	6,156,209	163,674			6,319,883	3,271,233	841,434	1,861,776	
Motor Vehicles	5,532,037	1,739,956			7,271,993	2,001,535	788,255	5,363,014	
Office Equipment	1,404,122	25,920			1,430,042	559,638	144,100	824,730	
Security Measures	997,558	473,680			1,471,238	153,801	137,823	1,179,984	
	18,714,600	3,579,770			20,038,617	7,088,173	2,093,819	12,173,001	
Total Property, Plant and Equipment	448,642,613	5,487,716	34,147,487		488,277,816	11,932,800	12,471,180	464,839,532	
Investment Property									
Investment Property	5,034,000				5,034,000	86,665	43,333	4,904,001	
	5,034,000				5,034,000	86,665	43,333	4,904,001	
Intangible Assets									
Computer Software	82,155	347,070			429,225	5,027	41,584	382,615	
	82,155	347,070			429,225	5,027	41,584	382,615	
Total	453,759,668	5,834,776	34,147,487		503,749,931	11,944,492	12,555,107	475,147,347	

APPENDIX B - Unaudited
 MOLEMOLE LOCAL MUNICIPALITY
 SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013
 GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation			Accumulated Depreciation			Carrying Value			
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance		Additions	Disposals	Closing Balance
Executive & Council	8 706 384	36 462	-	(16 005)	8 727 441	1 416 950	390 977	(7 206)	1 807 721	6 926 720
Budget & Treasury	1 076 560	13 934	-	(175 464)	917 030	372 463	104 925	(79 701)	397 687	519 342
Corporate Services	21 445 574	1 241 563	-	(391 528)	22 305 609	2 561 700	1 216 010	(141 458)	3 636 243	18 669 366
Planning & Development	186 627	364 167	-	(12 229)	538 565	41 989	27 965	(4 453)	65 116	473 449
Community & Social Services	26 155 769	747 275	4 793 584	(30 076)	31 666 553	3 057 725	954 344	(16 409)	3 995 661	27 670 892
Road Transport	80 697 146	2 961 965	29 363 903	-	113 003 013	2 494	8 619 787	-	8 622 281	104 180 732
Electricity	16 486 009	480 414	-	(1 632 451)	15 333 971	3 671 172	1 942 479	(1 054 316)	3 669 336	11 676 636
	154 758 669	5 834 779	34 147 487	(2 246 753)	192 484 181	11 124 494	12 555 108	(1 303 557)	22 377 045	170 117 137

APPENDIX C - Unaudited
MOLEMOLE LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R	2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
-	(14 702 990)	(14 702 990)			
18 462 769	(8 857 566)	9 605 203	9 164 316	(21 643 829)	(21 643 829)
140 491	(23 049 118)	(22 908 627)	239 207	(44 729 198)	46 435 118
1 893	(3 041 451)	(3 039 558)	3 348	(17 318 091)	(17 078 884)
831 574	(8 751 785)	(7 920 211)	3 946 904	(2 506 372)	(2 503 024)
6 995 093	(4 605 825)	2 379 268	36 134 792	(9 359 051)	(5 412 147)
5 565 011	(7 976 515)	(2 411 504)	999 534	(5 378 035)	30 756 757
5 805 504	(9 468 041)	(3 660 537)	5 086 964	(4 528 235)	(3 528 701)
				(1 633 190)	3 453 804
37 792 335	(80 457 291)	(42 668 956)	137 575 095	(107 096 001)	30 479 094

**APPENDIX D - Unaudited
MOLEMOLE LOCAL MUNICIPALITY
INCOME AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2013
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2013 Actual (R)	2013 Budget (R)	2013 Variance (R)	2013 Variance (%)
REVENUE				
Executive & Council		-	-	0.00%
Budget & Treasury	91 164 316	94 181 879	(3 017 563)	-3.20%
Corporate Services	239 207	2 074 000	(1 834 793)	-88.47%
Planning & Development	3 348	25 000	(21 652)	-86.61%
Community & Social Services	3 946 904	6 706 272	(2 759 368)	-41.15%
Road Transport	36 134 792	38 385 494	(2 250 702)	-5.88%
Water	999 534	8 634 340	(7 634 806)	-88.42%
Electricity	5 086 994	5 876 308	(789 314)	-13.43%
Total Revenue	137 575 095	155 883 293	(18 308 198)	-11.74%
EXPENDITURE				
Executive & Council	(21 643 829)	(21 132 161)	(511 668)	2.42%
Budget & Treasury	(44 729 198)	(27 118 844)	(17 610 354)	64.94%
Corporate Services	(17 318 091)	(19 578 266)	2 260 175	-11.54%
Planning & Development	(2 506 372)	(3 469 787)	963 415	-27.77%
Community & Social Services	(9 359 051)	(11 962 038)	2 602 987	-21.76%
Road Transport	(5 378 035)	(5 205 348)	(172 687)	3.32%
Water	(4 528 235)	(9 232 933)	4 704 698	-50.96%
Electricity	(1 633 190)	(2 399 368)	766 178	-31.93%
Total Expenditure	(107 096 001)	(100 098 745)	(6 997 256)	6.99%
SURPLUS / (DEFICIT) FOR THE YEAR	30 479 094	55 784 548	(25 305 454)	-45.36%

APPENDIX E - Unaudited
MOLEMOLE LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2013
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2013 Actual R	2013 Under Construction R	2013 Total Additions R	2013 Budget R	2013 Variance R	2013 Variance %
Executive & Council	35 462	-	35 462	1 201 000	(1 165 538)	-97.05%
Budget & Treasury	13 934	-	13 934	416 832	(402 898)	-96.66%
Corporate Services	1 241 563	-	1 241 563	3 228 836	(1 987 273)	-61.55%
Planning & Development	364 167	-	364 167	1 278 000	(910 833)	-71.44%
Community & Social Services	747 275	4 793 584	5 540 858	7 568 585	(2 017 727)	-26.69%
Road Transport	2 951 965	29 353 903	32 305 868	41 235 851	(8 929 983)	-21.66%
Electricity	480 414	-	480 414	752 000	(271 586)	-36.12%
Total	5 834 779	34 147 487	39 982 266	55 668 104	(15 685 838)	-28.18%

APPENDIX G- Schedule of deviations for the year ending 30 June 2013

SUMMARY OF ALL DEVIATIONS	TOTAL NUMBER OF DEVIATIONS	TOTAL VALUE OF ALL DEVIATIONS
ALL DEVIATIONS FOR MOLEMOLE MUNICIPALITY FOR THE 2012/13 FINANCIAL YEAR.	44	R 665,770.83
SOLE PROVIDER DEVIATIONS	31	R 416,504.97
EMEGENCY DEVIATIONS	11	R 203,422.86
SUPLLIER EXEMTED INTERMS OF SECTION 110(2) MFMA	2	R 45,843.00

Auditor - General
Polokwane

23 June 2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

**REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATURE
AND THE COUNCIL ON THE MOLEMOLE LOCAL MUNICIPALITY
REPORT ON THE FINANCIAL STATEMENTS**

Introduction

1. I have audited the financial statements of the Molemole Local Municipality set out on pages XX to XX, which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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 the 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 the Division of Revenue Act, 2012 (Act No. 5 of 2012) (DoRA) and for such internal control as the accounting officer determines is 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. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Property, plant and equipment

6. SA Standards of GRAP 17, *Property, plant and equipment*, requires that the municipality revalue its assets with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at reporting date. I have noted that the land and buildings of the municipality were last valued in the 2008-09 financial year. The municipality's records did not permit the application of alternative audit procedures. Consequently, I was unable to determine whether any adjustments to

property, plant and equipment stated at R164 830 532 in the financial statements were necessary.

7. The municipality did not review the useful lives and residual values of its items of property, plant and equipment in accordance with SA Standards of GRAP 17, *Property, plant and equipment*. The municipality's records did not permit the application of alternative audit procedures. I was not able to determine the correct net carrying amount of property, plant and equipment as it was impracticable to do so.
8. Standards of GRAP 3, *Accounting policies, change in accounting estimates and errors* requires material prior period errors to be corrected retrospectively by restating the comparative amounts for the prior periods in which the error occurred. I have noted that the statement of financial position, the statement of financial performance, the statement of change in net assets and the cash flow statement were not adjusted retrospectively for the unbundling of infrastructure assets. The municipality's records did not permit the application of alternative audit procedures. Consequently, I was unable to determine whether any adjustments to the comparative amounts of property, plant and equipment stated at R138 609 712 in the financial statements were necessary.

Other current liabilities

9. Supporting documentation for other current liabilities amounting to R740 949 was not available for audit purposes. I was unable to confirm the other current liabilities by alternative means. Consequently, I was unable to determine whether any adjustments to the other current liabilities as disclosed in note 10 to the financial statements amounting to R1 290 832 were necessary.

Receivables from exchange and non-exchange transactions

10. The International Financial Reporting Standard, IFRS 7, *Financial Instruments: Disclosures*, requires the municipality to develop an appropriate accounting policy which highlights the methods and assumptions used to determine the fair value of each class of financial assets or financial liabilities. The municipality has not developed accounting policies, methods and assumptions for the calculation of the trade receivable impairment provisions amounting to R42 578 296 as disclosed in notes 15 and 16 to the financial statements. Consequently, the impairment provision is understated by R1 550 938.

Other current financial assets

11. Supporting documentation for items included as part of other current financial assets amounting to R812 902 could not be submitted for audit purposes. I was unable to confirm these items by alternative means. Consequently I was unable to determine whether any adjustments to the other financial assets as disclosed in note 17 to the financial statements amounting to R812 902 were necessary.

Irregular expenditure

12. I was unable to obtain sufficient appropriate evidence that the irregular expenditure identified and disclosed in note 42.3 to the financial statements of R3 465 406 represents all the irregular expenditure incurred during the financial year under review due to the inadequate implementation of an appropriate procurement and provisioning system. Consequently, I was unable to obtain appropriate audit evidence to satisfy myself as to the completeness of fruitless and wasteful expenditure.

Contingent liabilities

13. The municipality has not disclosed a contingent liability in respect of the uncertainties arising from the dispute declared by the unions and the pending litigation regarding the wage curve agreement. I was unable to confirm the contingent liabilities by alternative

means. Consequently, I am unable to determine whether any adjustments to the contingent liability disclosed as R4 903 062 (2012: R445 000) in note 51 to the financial statements was necessary.

Budget information

14. SA Standards of GRAP 24, *Presentation of budget information in the financial statements*, requires entities to disclose a comparison of the budget, for which the municipality is held publicly accountable and the actual amounts, either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with SA Standards of GRAP. In contravention with GRAP 24, the municipality has not disclosed its budget either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with SA Standards of GRAP.

Opinion

15. In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Molemole Local Municipality as at 30 June 2013 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA.

Emphasis of matters

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

Restatement of corresponding figures

17. As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of errors discovered during 2013 in the financial statements of the municipality at, and for the year ended, 30 June 2012.

Material underspending of the budget and conditional grants

18. With reference to note 8 to the financial statements, the municipality materially underspent on its conditional grants for the year under review by R7 570 477. This was mainly due to the late appointment of contractors.

Unauthorised expenditure

19. As disclosed in note 42.1 to the financial statements, the municipality incurred unauthorised expenditure of R6 997 256 as a result of the overspending of the total amount appropriated in the municipality's approved budget.

Fruitless and wasteful expenditure

20. As disclosed in note 42.2 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R186 140 as a result of expenses incurred for services not received.

Additional matters

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

Unaudited supplementary schedules

22. 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

30. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

Annual financial statements, performance and annual report

31. 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 in the submitted financial statements were not adequately corrected, which resulted in the financial statements receiving a qualified audit opinion.
32. The 2011-12 annual report was not tabled in the municipal council within seven months after the end of the financial year, as required by section 127(2) of the MFMA.
33. The 2011-12 annual report was not made public immediately after the annual report was tabled to council, as required by section 127(5)(a) of the MFMA.
34. The council's oversight report on the 2011-12 annual report was not made public within seven days of its adoption, as required by section 129(3) of the MFMA.
35. The annual performance report for the year under review does not include the performance of each external service provider as required by section 46 (1)(a) of the Municipal Systems Act, 2000 (Act No. 32 of 2000)(MSA).

Audit committees

36. The audit committee did not advise the council on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.
37. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with legislation, as required by section 166(2)(b) of the MFMA.

Asset management

38. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

Procurement and contract management

39. Awards were made to providers who are in the service of other state institutions or whose directors are in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulations 44.
40. Sufficient appropriate audit evidence could not be obtained that goods and services with a transaction value of below R200 000 were procured by means of obtaining the required price quotations, as required by SCM regulation 17(a) and (c).
41. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 were procured by means of inviting competitive bids, as required by SCM regulation 19(a).
42. The competencies of financial and supply chain management officials were not assessed in a timely manner in order to identify and address gaps in competency levels as required by the Municipal Regulations on Minimum Competency Levels regulation 13.

Expenditure management

43. Money owing by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.

44. An adequate management, accounting and information system was not in place which the recognised expenditure when it was incurred, as required by section 65(2)(b) of the MFMA.
45. Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Human resources

46. An acting CFO was appointed for a period of more than six months, in contravention of section 56(1)(c) of the MSA.

Consequence management

47. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.
48. Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.
49. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.

Internal control

50. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for qualified opinion and the findings on compliance with laws and regulations included in this report.

Leadership

51. Management does not always provide the required supervision and review over the operations of the municipality to ensure compliance with all laws and regulations and appoint the necessary skilled staff members. Action plans were developed but not fully implemented, hence the recurrence of findings identified in the prior year with regard to property, plant and equipment and irregular expenditure.

Financial and performance management

52. A lack of adequate technical knowledge within management and a lack of adherence to laws and regulations resulted in the qualified audit opinion on the financial statements.
53. A lack of adequate technical knowledge in the finance section with regard to accounting standards and legislation applicable to the municipality to adequately perform their functions relating to adherence to laws and regulations and reporting against predetermined objectives.
54. Lack of adequate monitoring of, and controls within the performance management process to ensure performance against predetermined objectives are useful and reliable.

Governance

55. Management's ineffectiveness with the implementation of recommendations from internal and external audit prevented the audit committee from promoting accountability and service delivery through evaluating and monitoring responses to

risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.

Auditor - General
Polokwane

23 June 2014



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence