

# **EPHRAIM MOGALE LOCAL MUNICIPALITY**



## **ANNUAL REPORT JULY 2010 - JUNE 2011**

**TABLED IN COUNCIL ON 31 JANUARY 2012**

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## I. INTRODUCTION AND OVERVIEW

### MAYOR'S FOREWORD

The municipal election took place on 18 May 2011 and the number of councilors was increased from 27 to 32 and wards increased from 14 to 16.

The municipality strived to deliver quality services and promote better life for all in terms of the council's vision during the year.

It is expected of the municipality to offer residents good infrastructural development such as well built and maintained roads, decent houses, enough clean and running water, sanitation, electricity, crime free area, clean environment, adequate health services, employment, care for the disabled, the sick and the aged, good governance and many other services. In all of these fields work has been done. The limited budget of the municipality, together with grants from the National and Provincial Governments have gone a long way to improve the living conditions of our people.

Projects that were implemented are Organic Farming Project funded by the Department of Trade and Industry (DTI) where about 92 jobs have already been created. This DTI grant, amounting to R25m, is being allocated over 3 year period for the establishment of 10 Co-operatives and 4 has been established. This project is designed to create over 500 job opportunities at its maturity,

Projects that were completed are 33km roads graveled,30km tarred roads repaired,road equipment purchase at a cost of R210 000 and internal streets at Leeuwfontein,

Projects that are in planning, tender and building phase are Building of bridge :Manotolwaneng, building bridge: Mathukuthela,Moganyaka access roads, Keerom /Uitvlugt roads, Marble Hall stormwater, Klopper community hall, Vaal bank internal roads and Malebitsa internal streets and Rathoke/Matlerekeng road

I want to thank the members of the Executive Committee, Councilors, Officials, all Stakeholders and the members of the community for their unwavering support in working together to ensure better life for all.

Me M.Y Mmakola  
MAYOR





Picture 1 Mayor



Picture 2 Speaker



## OVERVIEW OF THE MUNICIPALITY

The Ephraim Mogale Local Municipality is situated in the western part of Greater Sekhukhune District Municipality. The land area is approximately 1911 square kilometers. The Municipality has been incorporated in Limpopo Province in accordance with proclamation no.422 dated 27 December 2005.

The municipal area encompasses the towns of Marble Hall, Elandskraal, Leeuwfontein, Regae, Zamenkomst and rural villages.

The Municipality has an estimated population of 174375 people.

The Council is made up of 32 councilors, 16 ward councilors and 16 PR councilors.

## COUNCIL OF THE MUNICIPALITY

NAME AND INITIALS	GENDER	WARD	VILLAGES
<b>Councilor</b> BOKABA HSM	<b>Mr</b>	<b>1</b>	<ul style="list-style-type: none"> <li>♦ Driefontein</li> <li>♦ Malebitsa(Kwamatabana Vlakplaas)</li> </ul>
<b>Councilor</b> KEKANA MM	<b>Ms</b>	<b>2</b>	<ul style="list-style-type: none"> <li>♦ Rathoke(Part)</li> <li>♦ Uitvluht(Ga-Botha)</li> </ul>
<b>Councilor</b> RANOTO P	<b>Mr</b>	<b>3</b>	<ul style="list-style-type: none"> <li>♦ Metsanangwana(Keerom Makokomane)</li> <li>♦ Mmakola(Doornlaagte Klopper)</li> <li>♦ Spitspunt</li> </ul>
<b>Councilor</b> SEBOTHOMA OE	<b>Mr</b>	<b>4</b>	<ul style="list-style-type: none"> <li>♦ Rathoke/Makeepsvlei(Part)</li> <li>♦ Zamenkomst</li> </ul>
<b>Councilor</b> MATLALA M F	<b>Mr</b>	<b>5</b>	<ul style="list-style-type: none"> <li>♦ Toitskraal Commercial farming</li> <li>♦ Other farming areas</li> <li>♦ Farming areas</li> <li>♦ Matla-a-Ramoshebo(Part)</li> </ul>
<b>Councilor</b> TSHIGUVHU E M	<b>Ms</b>	<b>6</b>	<ul style="list-style-type: none"> <li>♦ Matla-a-Ramoshebo(Part)</li> <li>♦ Mokwaneng(Tweefontein Holdings)</li> <li>♦ Mamaneng(Witfontein Holdings)</li> </ul>



NAME AND INITIALS	GENDER	WARD	VILLAGES
			<ul style="list-style-type: none"> <li>♦ Matatadibeng(Mahlakodisea)</li> <li>♦ Tshikanosi(Leeukuil)</li> <li>♦ Ditholong</li> <li>♦ Toitskraal Agri Holdings(Matswayaneng Kgomotlou)</li> </ul>
<b>Councilor</b> MPHAHLELE LJ	<b>Mr</b>	<b>7</b>	<ul style="list-style-type: none"> <li>♦ Marble Hall</li> <li>♦ Farming areas</li> <li>♦ Moosrivier</li> </ul>
<b>Councilor</b> MAKANYANE GN	<b>Ms</b>	<b>8</b>	<ul style="list-style-type: none"> <li>♦ Leeuwfontein A (Moganyaka)</li> <li>♦ Leeuwfontein A Ext 1 RDP</li> </ul>
<b>Councilor</b> NDOBENI N R	<b>Mr</b>	<b>9</b>	<ul style="list-style-type: none"> <li>♦ Moganyaka North(Brakfontein A Kgosing)</li> <li>♦ Moganyaka South(Brakfontein B New Stand)</li> <li>♦ Manapyane(Leeuwfontein B, Manapsane)</li> </ul>
<b>Councilor</b> MORWASWI ME	<b>Mr</b>	<b>10</b>	<ul style="list-style-type: none"> <li>♦ Makgatle A(Makharankana, Mmakgabe/Klipspruit)</li> <li>♦ Makgatle B(Makharankana, Mmakgabe/Klipspruit)</li> <li>♦ Mampbokgo(Rietvallei)</li> </ul>
<b>Councilor</b> SEOKA K	<b>Mr</b>	<b>11</b>	<ul style="list-style-type: none"> <li>♦ Ragaphela(Rakgwadi, Mohlalaotwane/Vooruitsig)</li> <li>♦ Moeding(Welgelegen, Saliesloof)</li> <li>♦ Selebaneng(Ramoroke)</li> <li>♦ Puleng(Paardenzoek)</li> <li>♦ Puleng B(Masanteng, Paardenzoek)</li> <li>♦ Matilu(Klipkloof)</li> <li>♦ Goru(Makhutse)</li> <li>♦ Ga-Matlala</li> <li>♦ Makhutso</li> </ul>
<b>Councilor</b> PHALA MG	<b>Ms</b>	<b>12</b>	<ul style="list-style-type: none"> <li>♦ Legolaneng(part)</li> <li>♦ Mabitsi A(Goedetrouw)</li> <li>♦ Mabitsi B(Goedetrouw)</li> <li>♦ Ngwalemong A(Buffelskloof)</li> <li>♦ Ngwalemong B</li> <li>♦ Mmakgatle(12),(Ga-Hlopa, Klipspruit)</li> <li>♦ Mmotwaneng</li> <li>♦ Serithing(Goedetrouw)</li> <li>♦ Vaalbank(Goedetrouw)</li> </ul>
<b>Councilor</b> MASHEGO BG	<b>Ms</b>	<b>13</b>	<ul style="list-style-type: none"> <li>♦ Doornspruit A(Greenside)</li> <li>♦ Mohlotsi(Buffelsfontein A)</li> <li>♦ Disanyane(Goedgedacht, Motseleope)</li> </ul>





NAME AND INITIALS	GENDER	WARD	VILLAGES
			<ul style="list-style-type: none"> <li>♦ Ga-Masha(Seruleng,Masha)</li> <li>♦ Ga-Mmela(Monte Video)</li> <li>♦ Gareagopola</li> <li>♦ Manotolwaneng(Ga-Ragopole)</li> <li>♦ Kgaruththu(Frischgewaagd)</li> <li>♦ Mathukhuthela A(Goedgedacht)</li> <li>♦ Mathukhuthela B(Goedgedacht)</li> <li>♦ Moomane(Goedehoop)</li> <li>♦ Matseding</li> <li>♦ Tompi Seleka(Nyakelang, Arabie Agri College)</li> </ul>
<b>Councilor CHAUKE MS</b>	<b>Mr</b>	<b>14</b>	<ul style="list-style-type: none"> <li>♦ Dichoeung(Doornpoot)</li> <li>♦ Regae(Van der Merwes Kraal,Tsantsabela)</li> </ul>
<b>Councilor BOGOPA JH</b>	<b>Mr</b>	<b>15</b>	<ul style="list-style-type: none"> <li>♦ Elandskraal A(Sevenstad)</li> <li>♦ Elandskraal A Ext 1</li> <li>♦ Weltevreden(Mbuzin)</li> <li>♦ Hinlopen(Morarela)</li> </ul>
<b>Councilor SEHLOLA ET</b>	<b>Mr</b>	<b>16</b>	<ul style="list-style-type: none"> <li>♦ Rooibokkop</li> <li>♦ Ditholong(Lolamontes)</li> <li>♦ Mogalatsana(Coetzeesdraai)</li> <li>♦ Phetwane(Hindostan)</li> <li>♦ Tsimanyane North(Goevertrouwen)</li> <li>♦ Tsimanyane South(Mooihoek)</li> <li>♦ Tsimanyane Ext(Mashemong)</li> </ul>
<b>Councilor MMAKOLA M Y - Mayor</b>	<b>Ms</b>	<b>PR</b>	♦ <b>PR Councillor</b>
<b>Councilor KEKANA K.N - Speaker</b>	<b>Mr</b>	<b>PR</b>	♦ <b>PR Councillor</b>
<b>Councilor RATAU M – Chief Whip</b>	<b>Mr</b>	<b>PR</b>	♦ <b>PR Councillor</b>
<b>Councilor MABASO W</b>	<b>Ms</b>	<b>PR</b>	♦ <b>PR Councillor</b>
<b>Councilor SEONO M.R</b>	<b>Ms</b>	<b>PR</b>	♦ <b>PR Councillor</b>
<b>Councilor MONYAMANE E</b>	<b>Mr</b>	<b>PR</b>	♦ <b>PR Councillor</b>
<b>Councilor MAIBELO F</b>	<b>Mr</b>	<b>PR</b>	♦ <b>PR Councillor</b>
<b>Councilor MAHLOBOGWANE S T</b>	<b>Ms</b>	<b>PR</b>	♦ <b>PR Councillor</b>
<b>Councilor MODISHA L B</b>	<b>Ms</b>	<b>PR</b>	♦ <b>PR Councillor</b>
<b>Councilor MAMOGOBO S C</b>	<b>Mr</b>	<b>PR</b>	♦ <b>PR Councillor</b>
<b>Councilor NCHABELENG M J</b>	<b>Mr</b>	<b>PR</b>	♦ <b>PR Councillor</b>
<b>Councilor ESSON B A</b>	<b>Mr</b>	<b>PR</b>	♦ <b>PR Councillor</b>



NAME AND INITIALS	GENDER	WARD	VILLAGES
<b>Councillor PHEFADI M G</b>	<b>Ms</b>	<b>PR</b>	♦ <b>PR Councillor</b>
<b>Councillor SHALANG L J</b>	<b>Ms</b>	<b>PR</b>	♦ <b>PR Councillor</b>
<b>Councillor MOTSEPE J S</b>	<b>Ms</b>	<b>PR</b>	♦ <b>PR Councillor</b>
<b>Councillor SELAMOLELA M K</b>	<b>Ms</b>	<b>PR</b>	♦ <b>PR Councillor</b>

### MEMBERS OF THE EXECUTIVE COMMITTEE OF THE MUNICIPALITY

NAME AND INITIALS	GENDER
<b>Councillor MMAKOLA M Y -Mayor</b>	<b>Ms</b>
<b>Councillor MABASO W</b>	<b>Ms</b>
<b>Councillor SEONO M.R</b>	<b>Ms</b>
<b>Councillor MONYAMANE E</b>	<b>Mr</b>
<b>Councillor MAIBELO F</b>	<b>Mr</b>

### MANAGERS OF THE MUNICIPALITY

NAME AND INITIALS	GENDER	POSITION
<b>S R Monakedi</b>	<b>Mr</b>	<b>Municipal Manager</b>
<b>L M Makopo</b>	<b>Mr</b>	<b>Director Community Services</b>
<b>T Mathabatha</b>	<b>Ms</b>	<b>Chief Financial Officer</b>
<b>D Rankwe</b>	<b>Mr</b>	<b>Director Technical Services</b>
<b>B P Marais</b>	<b>Mr</b>	<b>Acting Director Strategic Planning</b>
<b>M Lekola</b>	<b>Mr</b>	<b>Director Corporate Services</b>

### PORTFOLIO COMMITTEES OF THE MUNICIPALITY

NAME OF COUNCILLOR	DESIGNATION	CELL NUMBERS
<b><i>CORPORATE SERVICES PORTFOLIO COMMITTEE</i></b>		
B.G. Mashego	<b>Chairperson</b>	<b>072 146 4994</b>
M.E. Morwaswi	<b>Member</b>	<b>072 236 8921</b>



NAME OF COUNCILLOR	DESIGNATION	CELL NUMBERS
S.C. Mamogobo	Member	073 432 0566
N.R. Ndobeni	Member	082 662 8994
M.G. Phefadi	Member	079 3703 426/ 083 7294 268

**FINANCE PORTFOLIO COMMITTEE**

N.R.Ndobeni	Chairperson	082 662 8994
B.A. Esson	Member	073 3778 640
K.M. Seoka	Member	082 719 1740
M.M. Kekana	Member	073 628 2333
L.J. Shalang	Member	079 4146 103

**TECHNICAL & PLANNING PORTFOLIO COMMITTEE**

O.E. Sebothoma	Chairperson	082 587 5283
M.K. Selamolela	Member	072 2940 054
G.N. Makanyane	Member	079 966 5551
S.T. Mahlobogoane	Member	082 7641 429
H.S.M. Bokaba	Member	084 980 1029

NAME OF COUNCILLOR	DESIGNATION	CELL NUMBERS
<b>COMMUNITY SERVICES PORTFOLIO COMMITTEE</b>		
P. Ranoto	Chairperson	072 491 2982
M.S. Chauke	Member	076 493 5474
E.M. Tshiguvho	Member	076 383 7656
J.S. Motsepe	Member	082 4073 978
J.H. Bogopa	Member	073 422 0326
<b>STRATEGIC PLANNING PORTFOLIO COMMITTEE</b>		
L.B. Modisha	Chairperson	082 575 5207



NAME OF COUNCILLOR	DESIGNATION	CELL NUMBERS
M.F. Matlala	Member	083 961 0480
M.J. Nchabeleng	Member	078 403 840
E.T. Sehlola	Member	082 723 3290
M.G. Phala	Member	076 398 6260
<b>CHAIRPERSON OF CHAIRPERSONS</b>		
P. Ranoto	Chairperson	072 491 2982
N.R. Ndobeni	Member	082 662 8994
O.E. Sebothoma	Member	082 587 5283
L.B. Modisha	Member	082 575 5207
B.G. Mashego	Member	072 146 4994
<b>RULES AND ETHICS COMMITTEE</b>		
K.N. Kekana - Speaker	Chairperson	082 8575 619
O.E. Sebothoma	Member	082 587 5283
M.G. Phala	Member	076 398 6260
E.T. Sehlola	Member	082 723 3290
M.M. Kekana	Member	073 628 2333
M.G. Phefadi	Member	079 3703 426/ 083 7294 268
<b>OVERSIGHT COMMITTEE</b>		
J.H. Bogopa	Chairperson	073 422 0326
H.S.M. Bokaba	Member	084 980 1029
S.C. Mamogobo	Member	073 432 0566
M.F. Matlala	Member	083 961 0480
M.M. Kekana	Member	073 628 2333
<b>MUNICIPAL PUBLIC ACCOUNTS COMMITTEE</b>		
J.H. Bogopa	Chairperson	073 422 0326



NAME OF COUNCILLOR	DESIGNATION	CELL NUMBERS
B.G. Mashego	Member	072 146 4994
K.M. Seoka	Member	082 719 1740
S.T. Mahlobogoane	Member	082 7641 429
N.R. Ndobeni	Member	082 662 8994
L.J. Shalang	Member	079 4146 103
B.A. Esson	Member	073 3778 640
E.M. Tshiguvho	Member	076 383 7656
G.N. Makanyane	Member	079 966 5551



## II. EXECUTIVE SUMMARY

The name of the municipality was changed to Ephraim Mogale Local Municipality by an amendment of section 12 notice in Provincial Gazette No 1721 by general notice 10 of 2010 on 28 January 2010 with new logo and slogan – RE HLABOLLA SETSHABA which means “We develop our people” The municipality is a semi urban local municipality.

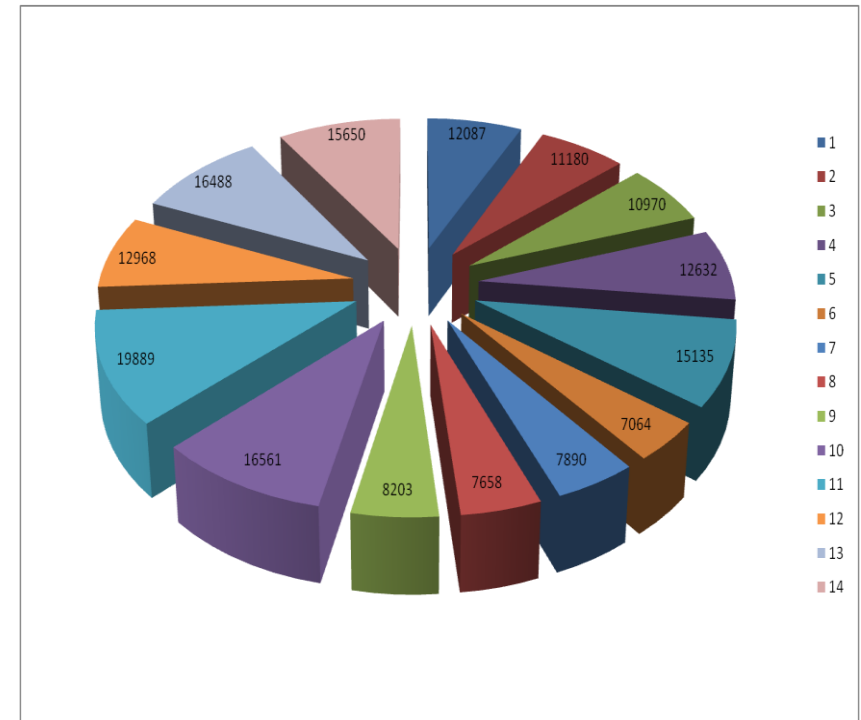
The Municipality was established after the 2000 local election with the amalgamation of Marble Hall, part of Moutse TLC (West), Leeuwfontein, portion of Hlogotlou/Lepelle TRC, Greater Nebo North TRC, portion of Naboomspruit/Roedtan Thusang TLC and Springbokvlakte TLC. The Municipality was a cross border between Limpopo and Mpumalanga provinces. After the 2006 municipal elections the municipality was incorporated to Limpopo Province. The Municipality is at the border of the two above mentioned provinces. It is about 160km from Pretoria and about 190km from Polokwane. The area is about 1911.07km<sup>2</sup>. With the amalgamation of parts of eight former Transitional Local Councils resulted in the establishment of the Ephraim Mogale local Municipal area, with fourteen (14) wards. It has got one (1) town and two (2) R293 towns and 67 villages. The population of Ephraim Mogale local Municipality is 174375.

The Sekhukhune District Municipality is providing water and sanitation to the Ephraim Mogale local municipality. The Municipality provide electricity to Marble Hall town and street lights to the other areas. Electricity to other areas are provided by ESKOM, solid waste only at Marble Hall and Leeuwfontein. Currently the Municipality is battling with the huge backlog in terms of water provision , sanitation and roads construction.

The average annual rainfall is about 634 mm. Marble Hall boasts a pleasant climate with an average maximum winter temperature of 23°C and an average maximum summer temperature of 29, 5°C Population growth rates were derived from the latest DBSA growth rates their population estimates based on low and high HIV/Aids impact scenarios. An average of their growth rates for each scenario were determined and applied.



Ward	Population	Area (km <sup>2</sup> )	Density (p/km <sup>2</sup> )
1	9218	49.96	184.50
2	12570	160.55	78.29
3	10139	20.46	495.55
4	7162	49.68	144.16
5	8183	163.57	50.02
6	14732	326.74	45.08
7	7364	208.48	35.32
8	8110	68.63	118.16
9	7138	32.65	218.62
10	5984	77.78	76.93
11	12679	134.56	94.22
12	12582	128.97	97.55
13	17265	105.73	163.29
14	15650	64.95	240.95
15	16488	199.65	82.58
16	7397	118.71	62.31
<b>Total</b>	<b>174 375</b>	<b>1 911.07 km<sup>2</sup></b>	<b>91.24 p/km<sup>2</sup></b>



The average population density for the entire area is 91.24 persons/km<sup>2</sup>. The Western part (Ward 1 – 6) has an average of 226.97 persons per km<sup>2</sup>, the central part (Ward 7) has an average of 35,32 per km<sup>2</sup> whilst the Northern and Eastern part (Wards 8 – 16) has an average of 130.36 persons per km<sup>2</sup>.

More statistics can be obtained from the [IDP](#) (Integrated Development Plan) of Ephraim Mogale local Municipality.





Picture 3 Flag Boshielo Dam



Picture 4 Potato Sunflower and Wheat Farming





## **MUNICIPAL MANAGER FOREWORD**

The Council at a strategic planning meeting held on 8-9 February 2011 amended its vision and mission as follows:

**VISION : “VIALE AND SUSTAINABLE MUNICIPALITY THAT PROVIDE QUALITY SERVICES”**

**MISSION : “TO INVOLVE ALL SECTORS OF THE COMMUNITY IN ECONOMIC DEVELOPMENT WHILST IMPROVING SERVICE DELIVERY”**

### **FINANCIAL VIABILITY**

The Municipality has developed a revenue enhancement strategy to bill Leeuwfontein for rates and refuse removal.

The Municipality has also compiled a valuation roll for the entire area and rates accounts will be issued in near future. The municipality completed the registration of indigents to enable Council to subsidize them. This will definitely involve the community at large.

The progress thus far we managed to load the data for Leeuwfontein into the Munsoft system, although we have not yet been able to issue out accounts due to wrong opening balances, of which the Council is busy working on it. We have also issued a notice calling for consumers at Leeuwfontein who are unemployed to come and register as indigents to the office.

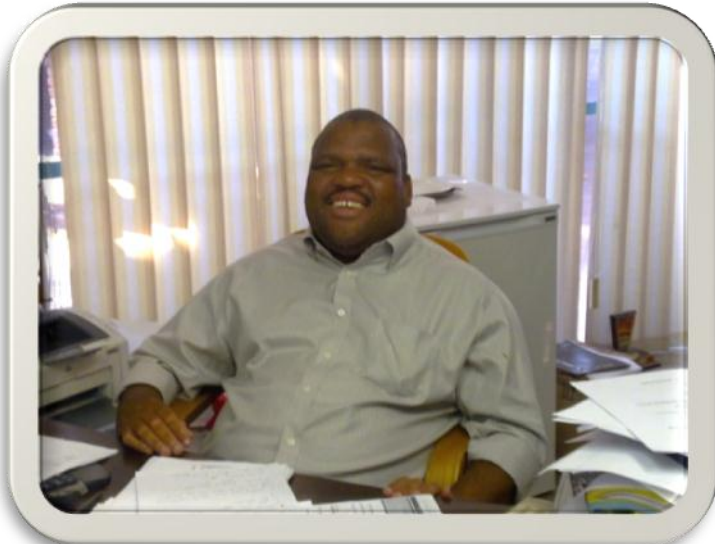
The challenges which the Municipality is faced with is that it is not going to be easy for Council to collect at the rate as in Marble Hall to other areas, as we all know that in the past rural areas used to get services free of charge. Therefore the Council is faced with a mammoth task of ensuring that education is done to our communities for payment of services.

I wish to thank Councilors, my management team and staff for the support given during the year to carry out the mandate of the council to improve service delivery.

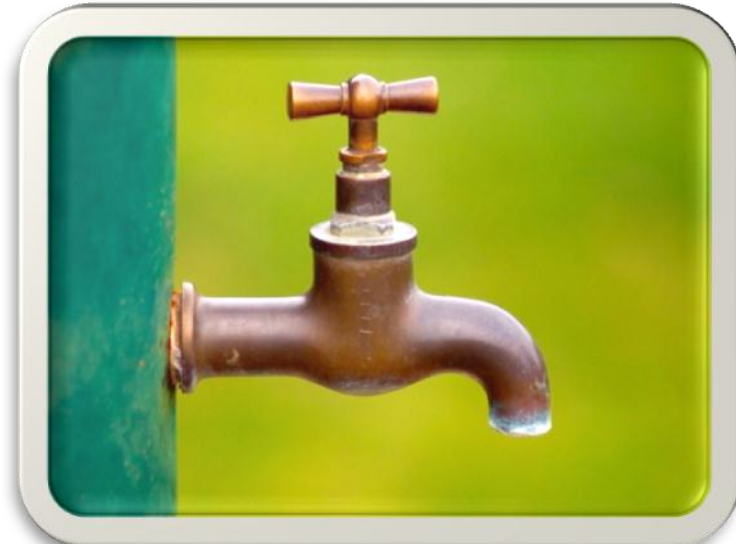
**Mr Republic Monakedi**

**MUNICIPAL MANAGER**





Picture 6 Municipal Manager



Picture 5 Tap installed for basic service delivery



Picture 8 Golf Club to be developed



Picture 7 Golf course to be developed



### III. PERFORMANCE HIGHLIGHTS

#### SERVICE DELIVERY HIGHLIGHTS

- The Municipality continued to register noticeable progress in terms of various key service delivery areas. Electrification was provided to households. The result of this is that all the villages and settlements within the Municipality have been electrified . The only electrification request being received from communities is with regard to extension and post connections in these villages and settlements. Backlog now 1620 and Eskom completed all projects that was on list which included Mamphokgo and Matlereheng .

#### ***Water Services***

Water reticulation projects for Leeuwfontein ext, Driefontein ext, Zamenkomst ext, Moomane, Ragwadi, Matlala (Toitskraal) Mabitsi A & B, Mamphokgo Mmakgatle, Matilu and Puleng has been implemented (completion of some of these projects that are not yet completed are being addressed by the technical department with SDM).

Communities in the Moutse west area are not provided with regular water supply due to lack of bulk water supply service problems. The Water Services Authority is still addressing bulk source challenges. In the meantime these communities are benefiting from a maintenance team appointed by the Water Services Authority to channel water to various villages at certain times in order that all communities receive water .

The Municipality in addressing the water problem has completed the following projects:

- Ward 8, 14 ,15 and Mooihoek in ward 16 have metered stand connection.
- Ward 7 has metered house connection.
- Most villages from ward 9 to 13 have RDP stand pipes as reticulation.

The minimum service standards used by the Municipality for the various services are as follows:

- Water – 6kl
- Electricity – 30KWH



### ***Electricity Services***

The Municipality distributes electricity to Marble Hall town and three adjacent farms (Portions 374-376, Loskop 12-JS) in Ward 5. Eskom provides electricity directly to the consumers in the remainder of the Municipal area, which operate on a pre-paid system. Eskom compiled Electrification Master Plans to prioritise their electrification projects. There is a total of 15 Vending Stations in the area.

The settlements of which parts are provided with street lighting or high mast lights, are Marble Hall, Leeuwfontein, Mamphokgo, Mmotwaneng, Regae, Elandskraal Matlerekeg Matlala-a-Ramashebo and Driefontein. Community lights have been installed at Spitspunt, Moeding and Tsimanyane North. These points are waiting for ESKOM to supply electricity to the points.

The total backlog for electricity connections in term of the ward committee visits are 1620 connections. Electricity backlog for the municipality has been reduced since year 2000 from 40% to less than 20%. The electricity bylaws & policies, energy plan and energy efficiency (energy savers) has been drafted and will be advertised for public comments.

### ***Roads Infrastructure***

The only major route running through the municipal area is the N11 which links Marble Hall with Groblersdal to the south, and Mokopane via Roedtan and with the N1 between Polokwane and Pretoria to the west and north. The maintenance of the N11 has already been started by both the Council and the National Road Agency.

### ***District Services***

The municipality provides emergency services on behalf of the SDM which include paramedic assistance for road accidents. Other services rendered by the municipality include sports, art, culture, youth, gender and disability desk programs.

### ***Free or subsidized basic services (social package) and financial implications.***

The unemployment rate is 42% in the Ephraim Mogale Local Municipality and this poses a serious challenge to the Council for the provision of free basic services as well as payment of services. The Council completed the process of registering indigents. The Council has started to provide free basic electricity. The number of households benefited out of this initiative is 2080.

### ***Other Services***



Council has moved towards the implementation of property rates in the area of jurisdiction but in the case of formal and Informal Settlements, all properties with a ratable value of up to R50 000 receives a rebate of 60%. In the case of farm portions and Agricultural holdings a rebate of 50 % is granted.

## BACKLOGS IN SERVICE DELIVERY

30 June 2010			
	Required	Budget	Actual
<b>Water Backlog (6kl per month)</b>			
Backlogs to be eliminated(No Households not receiving minimum standard of service)	6 225	0	0
Backlogs to be eliminated(Percentage – HH identified as backlogs/total HH in municipality)	19%	0	0
Spending on new infrastructure to eliminate backlogs(Rand 000)	0	0	0
Spending on renewal of existing infrastructure to eliminate backlogs(Rand 000)	0	0	0
Total spending to eliminate backlogs(Rand 000)	0	0	0
Spending on maintenance to ensure no new backlogs created(Rand 000)	1 200		
<b>Sanitation Backlog</b>			
Backlogs to be eliminated(No Households not receiving minimum standard of service)	29 169		
Backlogs to be eliminated(Percentage – HH identified as backlogs/total HH in municipality)	90%	5.0%	5.0%
Spending on new infrastructure to eliminate backlogs(Rand 000)	0	0	0
Spending on renewal of existing infrastructure to eliminate backlogs(Rand 000)	0	0	0
Total spending to eliminate backlogs(Rand 000)	0	0	0
Spending on maintenance to ensure no new backlogs created(Rand 000)	90	82	45
<b>Refuse Removal Backlog</b>			
Backlogs to be eliminated(No Households not receiving minimum standard of service)	29 959		
Backlogs to be eliminated(Percentage – HH identified as backlogs/total HH in municipality)	92.7%	12.9%	12.9%
Spending on new infrastructure to eliminate backlogs(Rand 000)	R1 250	R	R
Spending on renewal of existing infrastructure to eliminate backlogs(Rand 000)	0	0	0
Total spending to eliminate backlogs(Rand 000)	R1 250	R	R
Spending on maintenance to ensure no new backlogs created(Rand 000)	R1 320	R	R



30 June 2010

	Required	Budget	Actual
<b>Electricity Backlog (30 KWH per month)</b>			
Backlogs to be eliminated(No Households not receiving minimum standard of service)	1608		
Backlogs to be eliminated(Percentage – HH identified as backlogs/total HH in municipality)	5%		
Spending on new infrastructure to eliminate backlogs(Rand 000)	16038		
Spending on renewal of existing infrastructure to eliminate backlogs(Rand 000)	5000		
Total spending to eliminate backlogs(Rand 000)	18238		
Spending on maintenance to ensure no new backlogs created(Rand 000)	1000		
<b>Road Backlog</b>			
Backlogs to be eliminated(No Households not receiving minimum standard of service)	404		
Backlogs to be eliminated(Percentage – HH identified as backlogs/total HH in municipality)	89.6%		
Spending on new infrastructure to eliminate backlogs(Rand 000)	727 000		
Spending on renewal of existing infrastructure to eliminate backlogs(Rand 000)	36 600		
Total spending to eliminate backlogs(Rand 000)	763 600		
Spending on maintenance to ensure no new backlogs created(Rand 000)	1200		



Picture 9 Electricity Supply to Rural Community

ephi am iivogale Local Municipality



Picture 10 Bulk Supply Electricity Lines

## BUILDING AND ZONING PLANS

Applications outstanding 1 July 2010	Category	Number of new applications received 2010/11	Total value of applications received Rand	Applications outstanding 30 June 2011
40	Residential new	46	7 902 560	0
0	Residential additions	0	0	0
0	Commercial	0	0	0
0	Industrial	0	0	0
0	Other (specify)	0	0	0

## IV. HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT

### PROGRAMS TO IMPROVE SKILLS DEVELOPMENT

#### i. ACHIEVED TRAINING ACTIVITIES FOR 2010 AND 2011.

##### **INTRODUCTION.**

This report covers the number of trainings we have achieved on workshops and training courses for the 2010/2011 on Skills Development.

##### **NUMBER OF TRAININGS AND ACTIVITIES.**

- WSP and ATR for 2010 & 2011 completed and submitted.
- Twenty six councilors were trained on computer literacy by Mogmel Computer Training. Cost R98600.



- Five secretaries/ personal assistances were trained by Excel Knowledge Consulting. Cost R32000. Kekana R., Mogamedi O.J., Makgoga P., Makua S., and Segopotse R.
- Kalie Maree attended three days course on Operate Waste Disposal Facilities in Pretoria. Cost R8000. Conducted by Monarch Training Limited.
- Mabotha M.S. and Matlala M.G. attended Effective Bidding. Two days course. Cost R16000.00
- Mothogwane M.T. attended four days course on Gender Mainstreaming.
- Lekala P., Malapane O. and Mkhwanazi R. attended Supervisory Management & Leadership skills workshop for three days. Cost R23922.90
- Proper Management of stores Mabotha and Masenya two days. Cost R15958.
- GRAP on Financial Statement. INFO-AKHILE. R6000.00
- CPMD-WITS

STAFF BURSARY 2010

NAMES \$ SURNAMES	DEPARTMENT	COURSE-COST
• MASHA SEBEI J	FINANCE	HONOURS-R9600.
• MASENYA RUTH M	FINANCE	B.COM –R1884.
• MOTHOGWANE MW	COMMUNITY SER.	SPORT MAN-R2000.
• MAKGOPA COLLINS	FINANCE	HONOURS-R11484.
• LEDWABA NELSON	FINANCE	B.COMPT-R9420.
• BOSHILO HERMANS	COMMUNITY SER.	HIV CARE –R3350.
• MATHABATHA MARY	FINANCE	MASTERS in BUSS.-R25000
• MASHISHI MADIRE J	COMMUNITY SER.	B.TECH MUN. & TRAFFIC POL. – R4240





### COMMUNITY BURSARY FOR 2011

Twenty eight community members applied for bursary or financial assistance from Local Municipality Ephraim Mogale for 2011 academic year. Council budgeted R200 000 for community bursary and is insufficient because we paid R121779.30 for 2010 students who are already benefiting from Municipality Bursary Scheme and left with R78221.

\*The bursary staff underspent and community bursary vote has insufficient funds. Transferred R122 000 from Staff bursary to community bursary and the total amount now is R200 000 and we can accommodate five student for 2011 academic year.

\*The following names have been shortlisted and should be financed for the 2011 academic year.

NAMES & SURNAMES	INSTITUTION	FIELD OF STUDY	YEAR & AMOUNT	DURATION	WARD
MAHLAELA SEMAKALENG HENDRIETTA 830725 0290 088	TSHWANE UNIVERSITY OF TECHNOLOGY		NATIONAL DIPLOMA IN ACCOUNTING.	2011 ACADEMIC YEAR & R 25420	THREE COURSE YEAR THREE
MAKOLA MOKONYANE PERTUNIA 920212 0573 087	UNIVERSITY OF JOHANNESBURG		CHEMICAL ENGINEERING.	2011 ACADEMIC YEAR & R38813,09	FOUR COURSE YEAR ELLEVEN
MAILA TSHEPISHO JENEVA 911020 0396 081	UNIVERSITY OF LIMPOPO- CAMPUS	MEDUNSA	B.CUR.	2011 ACADEMIC YEAR & R22289.00	FOUR COURSE YEAR TEN
THUTSE KATLEGO MPATSAKE 920906 1040 083	UNIVERSITY OF PRETORIA		BSC. IN ANIMAL SCIENCE	2011 ACADEMIC YEAR & R12700	FOUR COURSE YEAR TWELVE

The total amount to be paid for community bursary for 2011 academic year is R99222.00





Picture 12 Marble Hall fruit in Barcelona Spain



Picture 11 Marble Hall Fruit in France

**ii. NUMBER OF STAFF PER FUNCTION.**

	Full-time <sup>2</sup>		Part-time <sup>3</sup>		Vacant posts	Total
	M	F	M	F		
<b>1.1 All managerial positions <sup>4</sup></b> <b>(M = Male and F = Female)</b>						
According to Section 57	4	1			1	6
According to Organogram (excluding Section 57 managers)	8				1	9
<b>1.2 Rates and General Services</b> <b>(excluding managerial positions)</b>						
Community & Social Services <sup>5</sup>	27	23				50
Finance & Administration <sup>6</sup>	8	11				19
Health <sup>7</sup>						
Public Safety <sup>8</sup>	25	10				35
Sport & Recreation	1	1				2
Other						
<b>1.3 Housing and Trading Services</b> <b>(excluding managerial positions)</b>						
Electricity and Gas	13					13
Environmental Protection <sup>9</sup>						
Road Transport <sup>10</sup>	49	9				58
Waste Management <sup>11</sup>	22	4				26
Waste Water Management <sup>12</sup>						
Water						
Other						
<b>Sub-total</b> <b>(excluding managers)</b>	145	58				203
<b>Total employees</b> <b>(including managers)</b>	153	59				212



iii. REMUNERATION DISCLOSURE – Holders of Public Office. – Full Time

POLITICAL HOLDERS OF PUBLIC OFFICE – Remuneration Detail	Annual Package
<b>MAYOR FULL TIME</b>	<b>1 Member</b>
Salary	378 758 .04
Travel Allowance	145 689.84
Cell Phone	35 964.00
Pension	54 294.26
U.I.F	1497.36
<b>TOTAL</b>	<b>618 723.00</b>
<b>SPEAKER FULL TIME</b>	<b>1 Members</b>
Salary	348 155 .68
Cell Phone	17 952.00
Travel Allowance	116 550.96
U.I.F	1497.36
<b>TOTAL</b>	<b>484 156.00</b>
<b>EXECUTIVE MEMBER FULL TIME</b>	<b>3 Members</b>
Salary	851 226.96
Cell Phone	53 856.00
Travel Allowance	327 800.88
Pension	127 684.08
U.I.F	4492.08
<b>TOTAL</b>	<b>1 365 060.00</b>
<b>CHIEF WHIP FULL TIME</b>	<b>1 Members</b>
Salary	283 742.32
Cell Phone	17952.00
Travel Allowance	109 266.96
Pension	42 561.36
U.I.F	1497.36
<b>TOTAL</b>	<b>455 020.00</b>





**iv. REMUNERATION DISCLOSURE – Holders of Public Office. – Part Time**

POLITICAL HOLDERS OF PUBLIC OFFICE – Remuneration Detail	Annual Package
<b>EXECUTIVE MEMBER PART TIME</b>	<b>2 Members</b>
Salary	276 532.00
Cell Phone	22 392.00
Travel Allowance	120 193.92
Pension	41 479.92
UIF	2 568.24
<b>TOTAL</b>	<b>463 166.08</b>
<b>COUNCILORS PART TIME</b>	<b>24 Members</b>
Salary	2 714 981.76
Cell Phone	268 704.00
Travel Allowance	1 048 968.00
Pension	407 246.40
UIF	24 652.80
<b>TOTAL</b>	<b>4 464 552.96</b>



Picture 13 Bulk Water Reservoir



**v. REMUNERATION DISCLOSURE – Holders of Public Office. – Administrative Positions**

ADMINISTRATIVE HOLDERS OF PUBLIC OFFICE – Remuneration Detail	Annual Package
<b>MUNICIPAL MANAGER</b>	<b>1 Member</b>
Salary	377 913.60
Non Pensionable Salary	80 103.97
Travel Allowance	130,152.00
Pension	83 141.00
Group Scheme	7 558.27
Medical Aid	36 525.60
UIF	1 497.36
SALGBC	49.20
Bonus	31 320.00
<b>TOTAL</b>	<b>748 261.00</b>
<b>SENIOR MANAGERS</b>	<b>3 Members</b>
Salary	961 751.88
Non Pensionable Salary	243 171.00
Travel Allowance	254 000.00
Pension	166 225.44
Bonus	60 000.00
Medical Aid	79 954.80
UIF	4 492.08
SALGBC	147.60
<b>TOTAL</b>	<b>1 769 744.00</b>
<b>CHIEF FINANCIAL OFFICER</b>	<b>1 Member</b>
Salary	378 000.00
Non Pensionable Salary	233 353.44
UIF	1,497.36
Pension	56 700.00
Medical Aid	
SALGBC	49.20
<b>TOTAL</b>	<b>669 600.00</b>



**V. ANNUAL FINANCIAL STATEMENTS – FOR THE YEAR ENDED 30 JUNE 2011**







**EPHRAIM MOGALE LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## General Information

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**Legal form of entity**

Local Municipality

**Mayor**

Cllr. M.Y. Mmakola

**Councillors**

Cllr. J Oosthuizen  
Cllr. CA Tsiane  
Cllr. MF Lekola  
Cllr. KM Selamolela  
Cllr. LJ Shalang  
Cllr. P Ranoto  
Cllr. BG Mashego  
Cllr. HSM Bokaba  
Cllr. MG Phala  
Cllr. SC Mamogobo  
Cllr. MF Matlala  
Cllr. EM Monyamane  
Cllr. ET Sehlola  
Cllr. J Jmotsepe  
Cllr. JH Bogopa  
Cllr. MJ Napo  
Cllr. ME Mokwena  
Cllr. LJ Mphahlele  
Cllr. ME Mohlamonyane  
Cllr. FE Tladi  
Cllr. KSD Mokoka  
Cllr. LM Matlala  
Cllr. WM Monama  
Cllr. TT Maila  
Cllr. MR Seono  
Cllr. MA Mampana  
Cllr. PM Matlala  
Cllr. LB Modisha  
Cllr. EK Laka  
Cllr. KM Seoka  
Cllr. MG Phefadi  
Cllr. MF Ratau  
Cllr. KN Kekana  
Cllr. MF Maibelo



Cllr. NP Ndobeni

## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

### General Information

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Cllr. M Chauke  
Cllr. GN Makanyane  
Cllr. ST Mahlobogoane  
Cllr. SZ Modige  
Cllr. LM Seloane  
Cllr. WM Mabaso  
Cllr. PM Mashabela  
Cllr. ME More  
Cllr. PM Nkadimeng  
Cllr. SB Mashego  
Cllr. EM Tshiguvho  
Cllr. MM Kekana  
Cllr. OE Sebothoma  
Cllr. ME Morwaswi  
Cllr. BA Esson  
Cllr. MJ Nchabeleng  
Cllr. FS Sedibane

**Grading of local authority**

Low Capacity Municipality

**Chief Finance Officer (CFO)**

Me TM Mathabatha

**Accounting Officer**

Mr SR Monakedi

**Registered office**

Ephraim Mogale LIM471

**Business address**

13 Ficus Street  
Civic Centre  
Marble Hall  
0450

**Postal address**

PO Box 111  
Marble Hall  
0450

**Bankers**

First National Bank Limited

**Auditors**

Auditor General



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Index

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Index	Page
Accounting Officer's Responsibilities and Approval	
Audit Committee Report	
Accounting Officer's Report	
Statement of Financial Position	
Statement of Financial Performance	
Statement of Changes in Net Assets	
Cash Flow Statement	
Accounting Policies	
Notes to the Annual Financial Statements	
Appendixes:	
Appendix A: Schedule of External loans	
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	

### Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

### **Accounting Officer's Responsibilities and Approval**

---

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2012 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 6 to 58, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2011 and were signed on its behalf by:

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**Mr SR Monakedi**  
**Municipal Manager**  
**31 August 2011**

## Audit Committee Report

---

We are pleased to present our report for the financial year ended 30 June 2011.

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 8 number of meetings were held.

<b>Name of member</b>	<b>Number of meetings attended</b>
Adv.M J Ralefalane (Chairperson)	5
Mr M J Mpai CA(SA)	3
Mr M Namane	5

### Audit committee responsibility

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of section 166(2)(a) of the MFMA. We further report that we have conducted our affairs in compliance with this charter.

### The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management letter of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations there from. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.



We are satisfied with the content and quality of monthly and quarterly reports prepared and issued by the auditors of the municipality during the year under review.

## **Ephraim mogale local municipality**

Annual Financial Statements for the year ended 30 June 2011

### **Evaluation of annual financial statements**

We have:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the auditors;
- Reviewed the Auditor-General of South Africa's management letter and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the entities compliance with legal and regulatory provisions;
- Reviewed significant adjustments resulting from the audit.

We concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

### **Internal audit**

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

### **Auditor-General of South Africa**

We have met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

\_\_\_\_\_  
**Chairperson of the Audit Committee**

Date: \_\_\_\_\_

## **Accounting Officer's Report**

---

The accounting officer submits his report for the year ended 30 June 2011.

### **1. Review of activities**

#### **Main business and operations**

Net deficit of the municipality was R 5 773 759 (2010: surplus R 8 958 034).



## **2. Going concern**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

## **Ephraim mogale local municipality**

Annual Financial Statements for the year ended 30 June 2011

## **3. Subsequent events**

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

## **4. Accounting Officer's interest in contracts**

The accounting officer had no interest in contracts.

## **5. Accounting policies**

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

## **Accounting Officer's Report**

---

## **6. Non-current assets**

Details of major changes in the nature of the non-current assets of the municipality during the year is set out in the notes to the financial statements.

## **7. Accounting Officer**

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name

Mr SR Monakedi

## **8. Corporate governance**

### **General**

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

### **Internal audit**

The municipality had employed internal auditors for the year under review.

## **9. Bankers**

The municipality banks primarily with First National Bank Limited.

## **10. Auditors**





The Auditor General will continue in office for the next financial period.

## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

### Statement of Financial Position

Figures in Rand	Note(s)	2011	2010
<b>Assets</b>			
Current Assets			
Inventories	5	476 807	875 772
Trade and other receivables from exchange transactions	6	111 533 414	110 754 848
Other receivables from non-exchange transactions	7	-	197 900
VAT receivable	8	863 789	2 909 757
Consumer debtors	9	4 905 760	4 520 176
Cash and cash equivalents	10	7 051 746	3 375 255
		<b>124 831 516</b>	<b>122 633 708</b>
Non-Current Assets			
Investment property	3	63 917 414	63 521 852
Property, plant and equipment	4	795 826 873	812 624 056
		<b>859 744 287</b>	<b>876 145 908</b>
<b>Total Assets</b>		<b>984 575 803</b>	<b>998 779 616</b>
<b>Liabilities</b>			
Current Liabilities			
Other financial liabilities	11	990 934	400 473
Trade and other payables from exchange transactions	13	15 597 164	15 829 724
Consumer deposits	14	1 621 112	1 630 678
Retirement benefit obligation	5	683 162	5 451 644
Unspent conditional grants and receipts	12	-	6 074 146
Provisions		170 941	170 941
Bank overdraft	10	-	1 880 647
		<b>24 063 313</b>	<b>31 438 253</b>
Non-Current Liabilities			
Other financial liabilities	11	6 502 791	7 558 083
<b>Total Liabilities</b>		<b>30 566 104</b>	<b>38 996 336</b>
<b>Net Assets</b>		<b>954 009 699</b>	<b>959 783 280</b>



**Net Assets**

Accumulated surplus

954 009 699

959 783 280

**Ephraim mogale local municipality**

Annual Financial Statements for the year ended 30 June 2011

**Statement of Financial Performance**

Figures in Rand	Note(s)	2011	2010
<b>Revenue</b>			
Property rates	16	10 565 300	9 311 666
Service charges	17	28 337 440	21 232 924
Rental of facilities and equipment		116 597	123 203
Fines		214 137	1 509 128
Licences and permits		3 641 440	4 087 374
Government grants & subsidies	18	85 784 358	80 608 689
Recoveries		134 531	230 434
Other income		892 868	804 107
Interest received - investment	26	998 453	2 906 847
<u>Interest received - other</u>	26	<u>2 788 515</u>	<u>-</u>
<b>Total Revenue</b>		<b>133 473 639</b>	<b>120 814 372</b>
<b>Expenditure</b>			
Personnel	22	(34 314 710)	(35 112 789)
Remuneration of councillors	23	(6 678 680)	(6 488 096)
Administration	24	(87 321)	(75 391)
Depreciation and amortisation	27	(32 575 115)	(32 025 007)
Finance costs	28	(1 200 193)	(1 253 208)
Debt impairment	25	(5 737 263)	(2 403 439)
Repairs and maintenance	20	(3 233 651)	(2 628 458)
Bulk purchases	32	(14 724 038)	(11 349 489)
Grants and subsidies paid	31	(2 863 442)	(1 062 815)
General Expenses	20	(37 722 159)	(19 457 646)
<b>Total Expenditure</b>		<b>(139 136 572)</b>	<b>(111 856 338)</b>
Loss on disposal of assets and liabilities		(110 826)	-
<b>Surplus/(deficit) for the year</b>		<b>(5 773 759)</b>	<b>8 958 034</b>



## Ephraim mogale local municipality

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### Statement of Changes in Net Assets

Figures in Rand	Capital Replacement Reserve	Township development fund	Total reserves	Accumulated surplus	Total net assets
Opening balance as previously reported	3 077 258	2 900 099	5 977 357	63 712 132	69 689 489
Adjustments					
Fundamental errors affecting net assets	-	-	-	100 282 931	100 282 931
Change in accounting policy	-	-	-	786 153 559	786 153 559
Prior year adjustments	(3 077 258)	(2 900 099)	(5 977 357)	5 977 357	-
<b>Balance at 01 July 2009 as restated</b>	-	-	-	<b>956 125 979</b>	<b>956 125 979</b>
Changes in net assets					
Transfer to Sekhukhune	-	-	-	(5 300 733)	(5 300 733)
Net income (losses) recognized directly in net assets	-	-	-	(5 300 733)	(5 300 733)
Surplus for the year	-	-	-	8 958 034	8 958 034
Total recognised income and expenses for the year	-	-	-	3 657 301	3 657 301
Total changes	-	-	-	3 657 301	3 657 301
Opening balance as previously reported	-	-	-	204 925 852	204 925 852
Adjustments					
Fundamental errors affecting net assets	-	-	-	(6 845 794)	(6 845 794)
Change in accounting policy	-	-	-	761 081 454	761 081 454
Prior year adjustments	-	-	-	621 946	621 946
<b>Balance at 01 July 2010 as restated</b>	-	-	-	<b>959 783 458</b>	<b>959 783 458</b>
Changes in net assets					
Surplus for the year	-	-	-	(5 773 759)	(5 773 759)
Total changes	-	-	-	(5 773 759)	(5 773 759)
<b>Balance at 30 June 2011</b>	-	-	-	<b>954 009 699</b>	<b>954 009 699</b>
Note(s)					



# Ephraim mogale local municipality

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## Cash Flow Statement

Figures in Rand	Note(s)	2011	2010
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipts from customers, grant and other sources of revenue		129 448 714	118 491 156
Interest income		3 786 968	2 879 622
		<u>133 235 682</u>	<u>121 370 778</u>
<b>Payments</b>			
Cash payments for inventory, suppliers and employ related cost		(105 612 857)	(76 244 427)
Finance costs		(1 200 193)	(1 253 208)
		<u>(106 813 050)</u>	<u>(77 497 635)</u>
<b>Net cash flows from operating activities</b>	33	<b><u>26 422 632</u></b>	<b><u>43 873 143</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(14 838 665)	(44 090 902)
Proceeds from sale of property, plant and equipment	4	(5 166 436)	-
Purchase of investment property	3	(395 562)	(3 947 369)
<b>Net cash flows from investing activities</b>		<b><u>(20 400 663)</u></b>	<b><u>(48 038 271)</u></b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(464 831)	(397 733)
<b>Net cash flows from financing activities</b>		<b><u>(464 831)</u></b>	<b><u>(397 733)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5 557 138</b>	<b>(4 562 861)</b>
Cash and cash equivalents at the beginning of the year		1 494 608	6 057 469
<b>Cash and cash equivalents at the end of the year</b>	10	<b><u>7 051 746</u></b>	<b><u>1 494 608</u></b>



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in note Changes in accounting policy

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

##### Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

##### Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.



The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar

## **Ephraim mogale local municipality**

Annual Financial Statements for the year ended 30 June 2011

### **Accounting Policies**

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instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

#### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note - Provisions.

#### **1.1 Significant judgements and sources of estimation uncertainty (continued)**

##### **Post retirement benefits**

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost / (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note .

##### **Effective interest rate**

The municipality used the prime interest rate to discount future cash flows.

##### **Allowance for doubtful debts**

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

#### **1.2 Investment property**

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:



- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

## **Ephraim mogale local municipality**

Annual Financial Statements for the year ended 30 June 2011

### **Accounting Policies**

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Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is 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 enterprise, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### **Fair value**

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

#### **1.2 Investment property (continued)**

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The fair value of investment properties has not been reviewed as the municipality have applied the transitional provisions as set out in Directive 4. The municipality is in the process of determining the the fair value of all its investment properties. A service provider was acquired to assist with the process.

#### **Transitional provision**

The municipality changed its accounting policy for investment property in 2011. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.



According to the transitional provision, the municipality is not required to measure investment property for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Investment property. Investment property has accordingly been recognised at provisional amounts, as disclosed in 3. The transitional provision expires on 30 June 2012.

## **Ephraim mogale local municipality**

Annual Financial Statements for the year ended 30 June 2011

### **Accounting Policies**

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In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where investment property was acquired through a transfer of functions, the municipality is not required to measure that investment property for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2011 and investment property has accordingly been recognised at provisional amounts, as disclosed in 3.

Until such time as the measurement period expires and investment property is recognised and measured in accordance with the requirements of the Standard of GRAP on Investment property, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Investment property implies that any associated presentation and disclosure requirements need not be complied with for investment property not measured in accordance with the requirements of the Standard of GRAP on Investment property.

#### **1.3 Property, plant and equipment**

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 period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured 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 management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.





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



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.3 Property, plant and equipment (continued)

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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated as the municipality have applied the transitional provisions as set out in Directive 4. The municipality is in the process of determining the residual values and useful life of all assets. A service provider was acquired to assist with the process.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

<b>Item</b>	<b>Average useful life</b>
Land	Indefinite
Buildings	20 - 25 years
Plant and machinery	3 - 10 years
Furniture and fixtures	4 - 6 years
Motor vehicles	5 years
Office equipment	4 - 6 years
IT equipment	3 years
Computer software	3 years
Infrastructure	2 - 100 years

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.3 Property, plant and equipment (continued)

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 from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

#### Transitional provision

The municipality changed its accounting policy for property, plant and equipment in 2011. The change in accounting policy was made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, plant and equipment. Property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in 4. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant and equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant and equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2011 and property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in 4.

Until such time as the measurement period expires and property, plant and equipment is recognised and measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Property, plant and equipment implies that any associated presentation and disclosure requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment.

### 1.4 Site restoration and dismantling cost



The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is

## **Ephraim mogale local municipality**

Annual Financial Statements for the year ended 30 June 2011

### **Accounting Policies**

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located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability (subject to (b)) is credited to other comprehensive income and accumulated in the revaluation surplus in equity, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
  - an increase in the liability is recognised in surplus or deficit, except that it is debited to other comprehensive income as a decrease to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and to other comprehensive income under (a). If a revaluation is necessary, all assets of that class are revalued.

#### **1.5 Intangible assets**

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised 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.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.5 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Website	3 years
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Intangible assets are not amortised as the municipality have applied the transitional provisions as set out in Directive 4. The municipality is in the process of determining the residual values and useful life of all assets. A service provider was acquired to assist with the process.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### Transitional provision

The municipality changed its accounting policy for intangible assets in 2011. The change in accounting policy was made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure intangible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Intangible assets. Intangible Assets has accordingly been recognised at provisional amounts, as disclosed in . The transitional provision expires on 30 June 2012.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.5 Intangible assets (continued)

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where intangible assets was acquired through a transfer of functions, the municipality is not required to measure that intangible assets for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2011 and intangible assets has accordingly been recognised at provisional amounts, as disclosed in .

Until such time as the measurement period expires and intangible assets is recognised and measured in accordance with the requirements of the Standard of GRAP on Intangible assets, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Intangible assets implies that any associated presentation and disclosure requirements need not be complied with for intangible assets not measured in accordance with the requirements of the Standard of GRAP on Intangible assets.

### 1.6 Financial instruments

#### Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

#### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.



Regular way purchases of financial assets are accounted for at settlement date.

## **Ephraim mogale local municipality**

Annual Financial Statements for the year ended 30 June 2011

### **Accounting Policies**

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#### **1.6 Financial instruments (continued)**

##### **Subsequent measurement**

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

##### **Loans to / (from) economic entities**

Loans to economic entities are classified as loans and receivables.

Loans from economic entities are classified as financial liabilities measured at amortised cost.

##### **Trade and other receivables**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. 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. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

##### **Trade and other payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.6 Financial instruments (continued)

#### Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

#### Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortization process.

#### Derecognition

##### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.





# Ephraim mogale local municipality

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### 1.6 Financial instruments (continued)

#### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

#### Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

### 1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.



Any contingent rents are expensed in the period in which they are incurred.

## **Ephraim mogale local municipality**

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#### **1.7 Leases (continued)**

##### **Operating leases - lessor**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

##### **Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

#### **1.8 Inventories**

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

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

Inventories 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.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.



The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

## **Ephraim mogale local municipality**

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### **Accounting Policies**

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#### **1.8 Inventories (continued)**

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### **1.9 Impairment of cash-generating assets**

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation / (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation / (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

#### **Identification**



When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

## **Ephraim mogale local municipality**

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### **Accounting Policies**

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#### **1.9 Impairment of cash-generating assets (continued)**

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

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### **Recognition and measurement (individual asset)**

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### **Reversal of impairment loss**

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.



Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## **Ephraim mogale local municipality**

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### **Accounting Policies**

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#### **1.9 Impairment of cash-generating assets (continued)**

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

#### **1.10 Impairment of non-cash-generating assets**

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation / (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation / (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.



Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

## **Ephraim mogale local municipality**

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### **Accounting Policies**

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#### **1.9 Impairment of cash-generating assets (continued)**

##### **Identification**

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating 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 entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

##### **Value in use**

Value in use of an asset is the present value of the asset's remaining service potential.

The present value of the remaining service potential of an asset is determined using the following approach:

##### **Depreciated replacement cost approach**

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction / (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

##### **Recognition and measurement**

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.



An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

## **Ephraim mogale local municipality**

Annual Financial Statements for the year ended 30 June 2011

### **Accounting Policies**

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#### **1.9 Impairment of cash-generating assets (continued)**

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation / (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any) on a systematic basis over its remaining useful life.

#### **Reversal of an impairment loss**

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation / (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### **1.11 Share capital / contributed capital**

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

#### **1.12 Employee benefits**

##### **Short-term employee benefits**



The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.





# Ephraim mogale local municipality

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## Accounting Policies

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### 1.12 Employee benefits (continued)

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

### 1.13 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognized



# Ephraim mogale local municipality

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## Accounting Policies

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### 1.13 Provisions and contingencies (continued)

.Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- 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.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding agreement.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 34.

### Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognized immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If



there is such an indication, the entity test the asset for impairment by estimating its recoverable amount, and account for any impairment loss, in accordance with the amounting policy on impairment of assets as described in accounting policy 1.9 and 1.10.

## **Ephraim mogale local municipality**

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### **Accounting Policies**

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#### **1.13 Provisions and contingencies (continued)**

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

#### **Transitional provision**

The municipality changed its accounting policy for provisions, contingent liabilities and contingent assets in 2011. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where provisions, contingent liabilities and contingent assets was acquired through a transfer of functions, the municipality is not required to measure that provisions, contingent liabilities and contingent assets for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2011 and provisions, contingent liabilities and contingent assets has accordingly been recognised at provisional amounts, as disclosed in .

Until such time as the measurement period expires and provisions, contingent liabilities and contingent assets is recognized and measured in accordance with the requirements of the Standard of GRAP on Provisions, contingent liabilities and contingent assets, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),



- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

## Ephraim mogale local municipality

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### Accounting Policies

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#### 1.13 Provisions and contingencies (continued)

The exemption from applying the measurement requirements of the Standard of GRAP on Provisions, contingent liabilities and contingent assets implies that any associated presentation and disclosure requirements need not be complied with for provisions, contingent liabilities and contingent assets not measured in accordance with the requirements of the Standard of GRAP on Provisions, contingent liabilities and contingent assets.

#### 1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and



- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

## **Ephraim mogale local municipality**

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### **Accounting Policies**

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#### **1.14 Revenue from exchange transactions (continued)**

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

#### **Interest, royalties and dividends**

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

#### **1.15 Revenue from non-exchange transactions**

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### **Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.



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### Accounting Policies

#### Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

#### Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

#### Levies

Levies are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- historical information on declarations previously submitted by defaulting levy payers; and
- the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are processed as an adjustment to levies revenue.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

### Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

### 1.16 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

### 1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.18 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is:

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or





(d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's bylaws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

## **Ephraim mogale local municipality**

Annual Financial Statements for the year ended 30 June 2011

### **Accounting Policies**

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Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

#### **1.23 Use of estimates**

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement 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.

#### **1.24 Presentation of currency**

These annual financial statements are presented in South African Rand.

#### **1.25 Offsetting**

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

#### **1.26 Investments**



Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.27 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### 1.28 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

### 1.29 Research and development expenditure

Research costs are charged against operating surplus as incurred. Development costs are recognised as an expense in the period in which they are incurred unless the following criteria are met:

- The product or process is clearly defined and the costs attributable to the process or product can be separately identified and measured reliably;
- The technical feasibility of the product or process can be demonstrated;
- The existence of a market or, if to be used internally rather than sold, its usefulness to the municipality can be demonstrated;
- Adequate resources exist, or their availability can be demonstrated, to complete the project and then market or use the product or process; and
- The asset must be separately identifiable.

Where development costs are deferred, they are written off on a straight-line basis over the life of the process or product, subject to a maximum of five years. The amortization begins from the commencement of the commercial production of the product or use of the process to which they relate.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

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### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

##### **GRAP 17: Property, Plant and Equipment**

GRAP 17 does not require or prohibit the recognition of heritage assets but if an entity recognises heritage assets the municipality needs to comply with GRAP 17 disclosure requirements.

Additional commentary has been included in to clarify the applicability of infrastructure assets to be recognised in terms of GRAP 17.

Where an entity acquires an asset through a non-exchange transaction, i.e. for a nominal or no consideration, its cost is its fair value as at the date of acquisition.

The disclosure requirement for temporarily idle, fully depreciated property, plant and equipment and for property, plant and equipment that are retired from active use is required in GRAP 17 whereas IAS 16 only encourages this disclosure.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. However, entities that applied the transitional provisions in the Standard of GAMAP on Property, Plant and Equipment may continue to take advantage of those transitional provisions until they expire. Entities are also not required to measure classes of Property, Plant and Equipment in accordance with the requirements of the Standard for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2011 annual financial statements.

The impact of the standard is set out in note Changes in Accounting Policy.

##### **GRAP 103: Heritage Assets**

Grp 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.



Certain heritage assets are described as inalienable items thus assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

## **Ephraim mogale local municipality**

Annual Financial Statements for the year ended 30 June 2011

### **Notes to the Annual Financial Statements**

#### **2. New standards and interpretations (continued)**

A heritage asset should be recognised as an asset only if:

- it is probable that future economic benefits or service potential associated with the asset will to the municipality;and
- the cost of fair value of the asset can be measured reliably.

The standard required judgment in applying the initial recognition criteria to the specific circumstances surrounding the entity and the assets.

Grap 103 states that a heritage asset should be measured at its cost unless it is acquired through a non-exchange transaction which should then be measured at its fair value as at the date of acquisition.

In terms of the standard, an entity has a choice between the cost and revaluation model as accounting policy for subsequent recognition and should apply the chosen policy to an entire class of heritage assets.

The cost model requires a class of heritage assets to be carried at its cost less any accumulated impairment losses.

The revaluation model required a class of heritage assets to be carried at its fair value at the date of the revaluation less any subsequent impairment losses. The standard also states that a restriction on the disposal of a heritage asset does not preclude the entity from determining the fair value.

Grap 103 prescribes that when determining the fair value of a heritage asset that has more than one purpose, the fair value should reflect both the asset's heritage value and the value obtained from its use in the production or supply of goods or services or for administrative purposes.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase should be credited directly to a revaluation surplus. However, the increase should be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit. If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease should be recognised in surplus or deficit. However, the decrease should be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Grap 103 states that a heritage asset should not be depreciated but an entity should assess at each reporting date whether there is an indication that it may be impaired.

In terms of the standard, compensation from third parties for heritage assets that have been impaired, lost or given up, should be included in surplus or deficit when the compensation becomes receivable.

For a transfer from heritage assets carried at a revalued amount to property, plant and equipment, investment property, inventories or intangible assets, the asset's deemed cost for subsequent accounting should be its revalued amount at the date of transfer. The entity should treat any difference at that date between the carrying amount of the heritage asset and its fair value in the same way as a revaluation in accordance with this Standard. If an item of property, plant and equipment or an intangible asset carried at a revalued amount, or investment property carried at fair value is reclassified as a heritage asset carried at a revalued amount, the entity applies the applicable Standard of GRAP to that asset up to the date of change. The entity treats any difference at that date between the carrying amount of the asset and its fair value in accordance with the applicable Standard of GRAP relating to that asset. For a transfer



from investment property carried at fair value, or inventories to heritage assets at a revalued amount, any difference between the fair value of the asset at that date and its previous carrying amount should be recognised in surplus or deficit.

## **Ephraim mogale local municipality**

Annual Financial Statements for the year ended 30 June 2011

### **Notes to the Annual Financial Statements**

#### **2. New standards and interpretations (continued)**

The carrying amount of a heritage asset should be derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

The effective date of the standard is for years beginning on or after 01 April 2010.

The municipality has adopted the standard for the first time in the 2011 annual financial statements.

The impact of the standard is set out in note Changes in Accounting Policy.

#### **IGRAP 1: Interpretation of GRAP: Applying the Probability Test on Initial Recognition of Exchange Revenue**

An entity assesses the probability of each transaction on an individual basis when it occurs. Entities shall not assess the probability on an overall level based on the payment history of recipients of the service in general when the probability of revenue is assessed at initial recognition.

The full amount of revenue will be recognised at initial recognition. Assessing impairment is an event that takes place subsequently to initial recognition. Such impairment is an expense. Revenue is not reduced by this expense.

The effective date of the interpretation is for years beginning on or after 01 April 2010.

The municipality has adopted the interpretation for the first time in the 2011 annual financial statements.

The impact of the interpretation is set out in note Changes in Accounting Policy.

#### **2.2 Standards and Interpretations early adopted**

The municipality has not chosen to early adopt any standards and interpretations.

#### **2.3 Standards and interpretations issued, but not yet effective**



The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2011 or later periods:

## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

### Notes to the Annual Financial Statements

#### 3. Investment property

	2011		2010	
	Cost / Valuation	Accumulated depreciation and accumulated impairment Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment Carrying value
Investment property	63 917 414	-	63 917 414	63 521 852

#### Reconciliation of investment property - 2011

	Opening balance	Additions	Total
Investment property	63 521 852	395 562	63 917 414

#### Reconciliation of investment property - 2010

	Opening balance	Additions	Total
Investment property	59 574 483	3 947 369	63 521 852

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality have to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the cost model (when fair value of investment property cannot be reliably determined), disclose the following:

- a description of the investment property,



- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
  - the fact that the entity has disposed of investment property not carried at fair value,
  - the carrying amount of that investment property at the time of sale, and
  - the amount of gain or loss recognised.

## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

### Notes to the Annual Financial Statements

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#### 3. Investment property (continued)

When the municipality's policy is to subsequently measure investment property on the cost model, when the municipality cannot determine the fair value of the investment property reliably, the municipality must disclose:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and

#### Transitional provisions

##### Investment property recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, as disclosed in note , certain investment property with a carrying value of R 63 917 414 (2010: R 63 521 852) was recognised at provisional amounts. Carrying amounts of investment property carried at provisional amounts are as follows:

##### Due to a transfer of functions

Steps taken to establish the values of investment property recognised at provisional amounts due to the transfer of functions, is as follows:

Provisional amounts retrospectively adjusted during the year, are as follows (refer to note for effect on the annual financial statements:

The date at which full compliance with GRAP 16 is expected, is 30 June 2012.





# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

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### 4. Property, plant and equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	32 511 531	(2 597 033)	29 914 498	32 085 701	(1 909 251)	30 176 450
Motor vehicles	1 505 527	(589 785)	915 742	1 098 501	(370 085)	728 416
Office equipment	13 743 036	(10 887 714)	2 855 322	12 669 976	(10 031 449)	2 638 527
Infrastructure	72 725 490	(12 662 420)	60 063 070	72 443 243	(8 327 220)	64 116 023
Community	1 589 479	(438 605)	1 150 874	1 589 479	(403 045)	1 186 434
Other property, plant and equipment	33 586 948	(11 998 284)	21 588 664	24 113 523	(14 746 126)	9 367 397
Asset found	729 482 914	(50 144 211)	679 338 703	729 482 914	(25 072 105)	704 410 809
<b>Total</b>	<b>885 144 925</b>	<b>(89 318 052)</b>	<b>795 826 873</b>	<b>873 483 337</b>	<b>(60 859 281)</b>	<b>812 624 056</b>

### Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	30 176 450	425 830	-	(687 782)	29 914 498
Motor vehicles	728 416	407 026	-	(219 700)	915 742
Office equipment	2 638 527	1 098 422	(7 063)	(874 564)	2 855 322
Infrastructure	64 116 023	282 247	-	(4 335 200)	60 063 070
Community	1 186 434	-	-	(35 560)	1 150 874
Other property, plant and equipment	9 367 397	12 625 140	5 062 673	(5 466 546)	21 588 664
Asset found	704 410 809	-	-	(25 072 106)	679 338 703
	<b>812 624 056</b>	<b>14 838 665</b>	<b>5 055 610</b>	<b>(36 691 458)</b>	<b>795 826 873</b>



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

### Notes to the Annual Financial Statements

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#### 4. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Transfers	Depreciation	Total
Land and Buildings	22 640 777	8 272 175	-	(736 502)	30 176 450
Motor vehicles	465 308	462 881	-	(199 773)	728 416
Office equipment	3 000 976	1 065 145	-	(1 427 594)	2 638 527
Infrastructure	36 182 947	30 667 888	-	(2 734 812)	64 116 023
Community	1 233 629	-	-	(47 195)	1 186 434
Other property, plant and equipment	7 551 611	3 622 813	-	(1 807 027)	9 367 397
Asset found	729 482 914	-	-	(25 072 105)	704 410 809
Capital work in progress	714 120	-	(714 120)	-	-
	<b>801 272 282</b>	<b>44 090 902</b>	<b>(714 120)</b>	<b>(32 025 008)</b>	<b>812 624 056</b>

##### Other information

##### Details of properties

##### Transitional provisions

##### Property, plant and equipment recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, as disclosed in note certain property, plant and equipment with a carrying value of R 795 826 873 (2010: R 812 624 056) was recognised at provisional amounts. Carrying amounts of property, plant and equipment carried at provisional amounts are as follows:

##### Due to initial adoption of GRAP 17

Non Current Assets - All categories

795 826 873

812 624 056

Steps taken to establish the values of property, plant and equipment recognised at provisional amounts due to the initial adoption of GRAP 17, is as follows:

The municipality will use the services of an accredited service provider which will assist in determining the valuation of the Property, plant and equipment.

Provisional amounts retrospectively adjusted during the year, are as follows (refer to note for effect on the annual financial statements):

The date at which full compliance with GRAP 17 is expected, is 30 June 2012.



A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

### Notes to the Annual Financial Statements

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	2011	2010
<b>5. Inventories</b>		
Stores, materials and fuels	476 807	875 772
<b>Transitional provisions</b>		
<b>Inventories recognised at provisional amounts</b>		
<p>In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, as disclosed in note certain inventories with a carrying value R 476 807 (2010: R 875 772) was recognised at provisional amounts. Carrying amounts of inventories carried at provisional amounts are as follows:</p>		
<b>Due to initial adoption of GRAP 12</b>		
Inventory	476 807	875 772
<p>Steps taken to establish the values of inventories recognised at provisional amounts due to the initial adoption of GRAP 12, is as follows:</p> <p>The municipality will employ the services of a valuator to accurately determine the valuation method and valuation of consumables to comply with Grap 12.</p> <p>The date at which full compliance with GRAP 12 is expected, is 30 June 2012.</p>		
<b>6. Trade and other receivables from exchange transactions</b>		
Trade debtors	370 023	1 560 451
Other receivables	67 104	16 549
Sekhukhune Debtor	110 580 374	108 629 748
Other debtors #1	515 913	548 100
	<b>111 533 414</b>	<b>110 754 848</b>
<b>7. Other receivables from non-exchange transactions</b>		
Government grants and subsidies	-	197 900
<b>8. VAT receivable</b>		
VAT	863 789	2 909 757



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

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	2011	2010
<b>9. Consumer debtors</b>		
<b>Gross balances</b>		
Rates	6 781 342	5 039 861
Electricity	2 715 143	1 981 289
Refuse	1 707 344	1 289 357
Other - (Interest and other major items)	8 467 569	5 967 700
	<b>19 671 398</b>	<b>14 278 207</b>
<b>Less: Provision for debt impairment</b>		
Rates	(4 833 253)	(3 231 883)
Electricity	(683 029)	(353 471)
Refuse	(1 496 112)	(1 019 780)
Other - (Interest and other major items)	(7 753 244)	(5 152 717)
	<b>(14 765 638)</b>	<b>(9 757 851)</b>
<b>Net balance</b>		
Rates	1 948 089	1 807 798
Electricity	2 032 114	1 627 818
Refuse	211 232	269 577
Other - (Interest and other major items)	714 325	814 983
	<b>4 905 760</b>	<b>4 520 176</b>
<b>Rates</b>		
Current (0 -30 days)	678 237	915 071
31 - 60 days	132 241	366 421
61 - 90 days	102 903	398 986
91 - 120 days	76 954	3
121 - 150 days	49 515	-
150 days plus	908 239	-
	<b>1 948 089</b>	<b>3 417 840</b>
<b>Electricity</b>		
Current (0 -30 days)	1 729 115	1 425 056
31 - 60 days	151 828	143 065
61 - 90 days	28 971	59 697
91 - 120 days	12 511	-
121 - 150 days	8 315	-
150 days plus	101 374	-
	<b>2 032 114</b>	<b>1 627 818</b>



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

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	2011	2010
<b>9. Consumer debtors continue</b>		
<b>Refuse</b>		
Current (0 -30 days)	131 155	168 211
31 - 60 days	7 840	53 085
61 - 90 days	4 738	48 281
91 - 120 days	3 626	-
121 - 365 days	3 290	-
> 365 days	60 583	-
	<b>211 232</b>	<b>269 577</b>
<b>Other</b>		
Current (0 -30 days)	283 278	110 095
31 - 60 days	17 223	251 250
61 - 90 days	38 419	453 638
91 - 120 days	30 126	-
121 - 365 days	17 619	-
> 365 days	327 660	-
	<b>714 325</b>	<b>814 983</b>
<b>Reconciliation of debt impairment provision</b>		
Balance at beginning of the year	(9 757 852)	(9 621 184)
Debt impairment written off against provision	(5 539 363)	-
Reversal of provision	531 577	(136 668)
	<b>(14 765 638)</b>	<b>(9 757 852)</b>

### Consumer debtors impaired

As of 30 June 2011, consumer debtors of R 19 671 398 (2010: R 9 757 852) were impaired and provided for.

The amount of the provision was R 14 765 638 as of 30 June 2011 (2010: R 9 757 852).



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

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### 10. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	7 051 746	3 375 255
Bank overdraft	-	(1 880 647)
	<b>7 051 746</b>	<b>1 494 608</b>
Current assets	7 051 746	3 375 255
Current liabilities	-	(1 880 647)
	<b>7 051 746</b>	<b>1 494 608</b>

### The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
First National Bank Limited - Cheque Account (Acc No 52950020208)	6 756 866	3 018 152	4 359 767	(1 880 647)
First National Bank Limited - Cheque Account (PHP) (Acc No 62057590393)	33 986	45 655	33 986	45 655
Rand Merchant Bank Unit Trusts Limited: Money Market Fund (Acc No RU 500434945)	3 533 490	3 329 600	3 533 490	3 329 600
<b>Total</b>	<b>10 324 342</b>	<b>6 393 407</b>	<b>7 927 243</b>	<b>1 494 608</b>

### 11. Other financial liabilities

DBSA Loans	6 502 791	7 558 083
<b>Held at amortised cost</b>		
DBSA Loans Short term Capital Portion Terms and conditions	704 500	400 473
DBSA Short Term Interest Payments Terms and conditions	286 434	-
	<b>990 934</b>	<b>400 473</b>
	<b>7 493 725</b>	<b>7 958 556</b>

Refer to appendix A for more details on the loans.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand 2011 2010

### 11. . Other financial liabilities continue

#### Non-current liabilities

At amortised cost 6 502 791 7 558 083

#### Current liabilities

At amortised cost 990 934 400 473

**7 493 725** **7 958 556**

### 12. Unspent conditional grants and receipts

#### Unspent conditional grants and receipts comprises of:

##### Unspent conditional grants and receipts

Municipal Infrastructure Grant	-	5 870 000
MSIG	-	114 513
FMG	-	12 999
SDM WARD SUPPORT 2008	-	7 555
GRANT GREATER SEKHUKHUNE 2008	-	69 079
	<u>-</u>	<b><u>6 074 146</u></b>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 18 for reconciliation of grants from Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

### 13. Trade and other payables from exchange transactions

Trade payables	8 448 465	8 428 375
Accrued leave pay	6 010 045	5 537 552
Accrued bonus	955 742	1 622 104
Other creditors	<u>182 912</u>	<u>241 693</u>
	<b><u>15 597 164</u></b>	<b><u>15 829 724</u></b>



# Ephraim mogale local municipality

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## Notes to the Annual Financial Statements

Figures in Rand

	2011	2010
<b>14. Consumer deposits</b>		
Deposits held	1 621 112	1 630 678
The Municipality also has consumer Guarantees amounting to R 820 045 on 30 June 2011.		
<b>15. Revenue</b>		
Property rates	10 565 300	9 311 666
Service charges	28 337 440	21 232 924
Rental of facilities & equipment	116 597	123 203
Fines	214 137	1 509 128
Licences and permits	3 641 440	4 087 374
Government grants & subsidies	85 784 358	80 608 689
	<b>128 659 272</b>	<b>116 872 984</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	28 337 440	21 232 924
Rental of facilities & equipment	116 597	123 203
Licences and permits	3 641 440	4 087 374
	<b>32 095 477</b>	<b>25 443 501</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Property rates	10 565 300	9 311 666
Fines	214 137	1 509 128
<b>Transfer revenue</b>		
Levies	85 784 358	80 608 689
	<b>96 563 795</b>	<b>91 429 483</b>





# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>16. Property rates</b>		
<b>Rates received</b>		
Residential	10 565 300	9 311 666
<b>Valuations</b>		
Residential	653 305 900	647 328 500
Commercial	235 019 471	267 527 986
State	9 048 000	19 113 200
Municipal	31 508 800	31 974 800
Small holdings and farms	691 279 114	690 411 114
Social	10 065 200	9 774 000
Property rates 2	115 358 810	-
	<b>1 745 585 295</b>	<b>1 666 129 600</b>

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2007. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The new general valuation will be implemented on 01 July 2012.

### 17. Service charges

Sale of electricity	23 743 794	18 139 984
Agency Fee SDM Water Sales	1 452 195	565 474
Agency Fee SDM Sanitation Sales	587 775	177 246
Refuse removal	2 553 676	2 350 220
	<b>28 337 440</b>	<b>21 232 924</b>



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand

	2011	2010
<b>18. Government grants and subsidies</b>		
Equitable share	52 271 943	42 474 880
Municipal Infrastructure Grant	14 859 000	12 862 000
Municipal Systems Improvement Program Grant	864 513	1 336 917
Finance Management Grant	1 000 000	750 000
Integrated National Electrification Program Grant	1 539 000	-
Grant Horticultural Program	15 159 850	-
Grant Logistic Hub	-	793 844
Sekhukhune District Asset grant received	418	21 792 548
Ward Committee Support	89 634	598 500
	<b>85 784 358</b>	<b>80 608 689</b>

### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

### Municipal Infrastructure Grant

Balance unspent at beginning of year	5 870 000	2 700 000
Current-year receipts	8 989 000	16 032 000
Conditions met - transferred to revenue	(14 859 000)	(12 862 000)
	<b>-</b>	<b>5 870 000</b>

Conditions still to be met - remain liabilities (see note 12).

### Municipal Systems Improvement Program Grant

Balance unspent at beginning of year	114 513	716 430
Current-year receipts	750 000	735 000
Conditions met - transferred to revenue	(864 513)	(1 336 917)
	<b>-</b>	<b>114 513</b>

Conditions still to be met - remain liabilities (see note 12)

### Grant Provincial Government

Balance unspent at beginning of year	12 999	12 999
Conditions met - transferred to revenue	(12 999)	-
	<b>-</b>	<b>12 999</b>

Conditions still to be met - remain liabilities (see note 12)



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand

	2011	2010
<b>18. Government grants and subsidies continue</b>		
<b>SDM Ward Committee Support</b>		
Balance unspent at beginning of year	7 555	7 555
Conditions met - transferred to revenue	(7 555)	-
	<u>-</u>	<u>7 555</u>
Conditions still to be met - remain liabilities (see note 12)		
<b>GRANT GREATER SEKHUKHUNE 2008</b>		
Balance unspent at beginning of year	69 079	69 079
Conditions met - transferred to revenue	(69 079)	-
	<u>-</u>	<u>69 079</u>
Conditions still to be met - remain liabilities (see note 12)		
<b>HIV AIDS Grant</b>		
Balance unspent at beginning of year	-	2 733
Conditions met - transferred to revenue	-	(2 733)
	<u>-</u>	<u>-</u>
All conditions have been met.		
<b>Financial Management Grant</b>		
Current-year receipts	1 000 000	750 000
Conditions met - transferred to revenue	(1 000 000)	(750 000)
	<u>-</u>	<u>-</u>
All conditions have been met during the year.		
<b>DTI Organic Farming Grant</b>		
Current-year receipts	15 159 850	-
Conditions met - transferred to revenue	(15 159 850)	-
	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 12)		
Provide explanations of conditions still to be met and other relevant information		



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand

2011

2010

### 18. Government grants and subsidies continue

#### Integrated National Electrification Programme Grant Paid directly to ESCOM

Current-year receipts	1 539 000	1 000 000
Conditions met - transferred to revenue (	<u>(1 539 000)</u>	<u>(1 000 000)</u>
	-	-

Conditions still to be met - remain liabilities (see note 12)

Provide explanations of conditions still to be met and other relevant information

#### Changes in level of government grants

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

### 19. Other revenue

Insurance refund	134 531	230 434
Other income	<u>892 868</u>	<u>804 107</u>
	<b><u>1 027 399</u></b>	<b><u>1 034 541</u></b>



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>20. General expenses</b>		
Advertising	364 010	323 767
Assets expensed	526	-
Auditors remuneration	2 233 106	1 237 846
Bank charges	203 901	199 504
Chemicals	15 095	9 431
Cleaning	48 197	42 392
Community development and training	15 159 850	-
Conferences and seminars	46 803	17 580
Consulting and professional fees	5 029 991	5 116 207
Consumables	1 000 000	693 932
Consumables	51 811	109 196
Donations	19 511	229 717
Electricity	1 222 786	1 066 411
Entertainment	65 946	47 992
IT expenses	-	404 624
Insurance	272 585	304 568
Lease rentals on operating lease	801 153	1 243 307
Manufacturing - Raw materials consumed	307 293	-
Marketing	672 327	18 710
Provision Post employment Medical expenses	231 518	-
Motor vehicle expenses	596 885	1 241 256
General expenses	2 029 607	1 086 970
Bank fraud - Fruitless and wasteful expenditure	83	-
Postage and courier	110 031	129 519
Printing and stationery	718 416	382 690
Protective clothing	66 607	87 536
Refuse	154 961	139 143
Security (Guarding of municipal property)	1 978 358	1 715 180
Sewerage and waste disposal	16 543	16 289
Staff welfare	360 917	173 945
Stock written off	88	-
Subscriptions and membership fees	620 829	562 038
Telephone and fax	1 400 333	1 145 227
Training	363 066	181 653
Travel - local	1 280 538	1 398 874
Uniforms	500	-
Rental Property Services	139 407	-
Water	138 581	132 142
	<b>37 722 159</b>	<b>19 457 646</b>



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand

2011

2010

### 21. Operating surplus/(deficit)

Operating surplus/(deficit) for the year is stated after accounting for the following:

#### Operating lease charges

Premises		
• Contractual amounts	196 710	778 903
Equipment		
• Contractual amounts	604 443	464 404
	<b>801 153</b>	<b>1 243 307</b>
Loss on sale of property, plant and equipment	(110 826)	-
Depreciation on property, plant and equipment	32 575 115	32 025 007
Employee costs	40 993 390	41 600 885

### 22. Employee related costs

Basic	21 262 814	18 606 878
Bonus	1 252 845	1 544 576
Medical aid - company contributions	1 419 869	1 305 342
UIF	202 504	159 734
WCA	-	207 407
Other payroll levies	9 747	8 625
Leave pay provision charge	573 332	4 277 560
Short term benefit	64 473	59 768
Post-employment benefits - Pension - Defined contribution plan	4 661 660	4 162 867
Overtime payments	1 497 924	1 160 441
Car allowance	878 600	1 082 269
Housing benefits and allowances	49 174	59 625
	<b>31 872 942</b>	<b>32 635 092</b>
<b>Remuneration of municipal manager</b>		
Salary	460 736	407 670
Car Allowance	159 131	130 152
Bonus	31 493	31 770
Contributions to UIF, Medical and Pension Funds	131 763	119 112
Reimbursive allowances	3 011	58 639
Cellphone allowance	15 840	-
	<b>801 974</b>	<b>747 343</b>



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand

	2011	2010
<b>22. Employee related costs( continued)</b>		
<b>Remuneration of chief finance officer</b>		
Salary	611 353	334 502
Car Allowance	41 255	90 000
Contributions to UIF, Medical and Pension Funds	64 198	44 352
Reimbursive allowances	7 274	28 922
Cellphone allowance	12 120	-
	<b>736 200</b>	<b>497 776</b>
<b>Director Corporate Services</b>		
Salary	381 771	26 512
Car Allowance	70 000	3 623
Bonus	30 000	92 023
Contributions to UIF, Medical and Pension Funds	82 854	8 683
Reimbursive allowances	31 629	413
	<b>596 254</b>	<b>131 254</b>
<b>Director Community Services</b>		
Salary	116 831	348 940
Car Allowance	-	70 000
Bonus	-	30 000
Contributions to UIF, Medical and Pension Funds	18 029	73 757
Reimbursive allowances	4 362	24 194
	<b>139 222</b>	<b>546 891</b>
<b>Director Technical Services</b>		
Salary	115 727	347 589
Car Allowance	23 818	101 000
Contributions to UIF, Medical and Pension Funds	24 364	80 300
Reimbursive allowances	4 209	25 544
	<b>168 118</b>	<b>554 433</b>
<b>23. Remuneration of councillors</b>		
Executive Major	631 907	589 256
Deputy Executive Mayor	434 623	-
Mayoral Committee Members	876 109	870 710
Speaker	438 899	461 105
Councillors	4 297 142	3 970 509
Executive Committee Members - Part Time	-	457 216
Skills development, UIF and travel	-	78 874
	<b>6 678 680</b>	<b>6 427 670</b>



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand

2011

2010

### 23. Remuneration of councillors( continued)

#### In-kind benefits

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

The Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Mayor has use of a Council owned vehicle for official duties.

#### Remuneration of mayor

Salary	385 496	-
Car Allowance	143 421	-
Contributions to UIF, Medical and Pension Funds	60 104	-
Cellphone allowance	26 532	-
	<b>615 553</b>	<b>-</b>

#### Remuneration of speaker

Salary	274 303	-
Car Allowance	104 063	-
Contributions to UIF, Medical and Pension Funds	44 173	-
Reimbursive allowances	330	-
Cellphone allowance	16 030	-
	<b>438 899</b>	<b>-</b>

#### Remuneration of chief whip

Salary	271 626	-
Car Allowance	102 568	-
Contributions to UIF, Medical and Pension Funds	43 466	-
Cellphone allowance	16 963	-
	<b>434 623</b>	<b>-</b>

#### Remuneration of executive councillor

Salary	539 731	-
Car Allowance	212 246	-
Contributions to UIF, Medical and Pension Funds	88 104	-
Cellphone allowance	36 028	-
	<b>876 109</b>	<b>-</b>

### 24. Administrative expenditure

Administration and management fees - third party	87 321	75 391
--	--------	--------





# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand

	2011	2010
<b>25. Debt impairment</b>		
Debt impairment	5 737 263	2 403 439
<b>26. Investment revenue</b>		
<b>Interest revenue</b>		
Unlisted financial assets	687 612	702 838
Bank and investments	310 841	269 027
Interest charged on trade and other receivables	-	1 934 982
Interest received - other	2 788 515	-
	<b>3 786 968</b>	<b>2 906 847</b>
<b>27. Depreciation and amortisation</b>		
Property, plant and equipment	32 575 115	32 025 007
<b>28. Finance costs</b>		
Bank and long term loans	43 385	3 660
Other interest paid	1 156 808	1 249 548
	<b>1 200 193</b>	<b>1 253 208</b>
<b>29. Auditors' remuneration</b>		
Fees	2 233 106	1 237 846
<b>30. Operating lease</b>		

The operating leases are in respect of photocopiers and two properties utilised in the operations of the Municipality. The leases are structured as pure operating equipment not machine specific and based on the current load and requirements of the Municipality. The leases are short term leases and for future leases not subject to escalation. The business equipment are tested annually for capitalisation requirements but does not qualify to be capitalised at this stage.

2011 in Statement of Financial Performance

793 400

596 233

The following is a schedule by years of minimum future rentals on non-cancelable operating leases as of June 2010:



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand

2011

2010

### 30. Operating lease (continued)

#### Heading

< than 1 year until 30 June 2011 or 2010

> than One year < 5 years

760 046

783 278

727 890

1 473 743

**1 487 936**

**2 257 021**

### 31. Grants and subsidies paid

#### Other subsidies

Indigent grants

Upgrading Indigent Register

Group co ID 4

Revenue enhancement strategy

Services: Free & Subsidised

54 332

56 557

213 368

114 383

1 539 000

-

519 941

368 969

536 801

522 906

**2 863 442**

**1 062 815**

### 32. Bulk purchases

Electricity

14 724 038

11 349 489



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand

	2011	2010
<b>33. Cash generated from operations</b>		
(Deficit) surplus	(5 773 759)	8 958 034
<b>Adjustments for:</b>		
Depreciation and amortisation	32 575 115	32 025 007
Gain on sale of assets and liabilities	110 826	-
Debt impairment	5 737 263	2 403 439
Movements in retirement benefit assets and liabilities	231 518	5 451 644
Prior Period Non Cash	-	(5 300 733)
Capital Work in Process - Non Cash	-	714 120
Provision For Medical Aid and Long Leave Bonus	4 116 348	(6 763 328)
<b>Changes in working capital:</b>		
Inventories	398 965	72 933
Trade and other receivables from exchange transactions	(778 566)	(358 526)
Other receivables from non-exchange transactions	197 900	(197 900)
Consumer debtors	(6 122 667)	(2 432 099)
Trade and other payables from exchange transactions	(232 567)	8 313 025
VAT	2 045 968	(1 650 874)
Unspent conditional grants and receipts	(6 074 146)	2 565 350
Consumer deposits	(9 566)	73 051
	<b>26 422 632</b>	<b>43 873 143</b>

### 34. Contingencies

#### Contingent liabilities

#### Contingent assets



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand

2011

2010

### 35. Related parties

#### Relationships

Accounting Officer	Refer to accounting officer's report note
Post employment benefit plan for employees of entity and/or other related parties	Municipal Gratuity Fund
The water and sanitation functions are demarcated in the Demarcation Act by the Local Municipality on behalf of the District Municipality.	Refer note below
The agreement is structured as an agency principal relationship with the District Municipality being the water service authority	Refer note below
UIF is deductible for all councillor's from 01 July 2009	Refer note below

#### Related party balances

##### Loan accounts - Owing (to) by related parties

Sekhukhune District municipality: Receivables	110 380 374	108 629 748
---	-------------	-------------

##### Other

Sekhukhune District Municipality: Agency fees	2 065 614	4 352 994
Council - UIF	-	25 682
SARS Payable On Fringe Benefit	(20 839)	-
Council - Salaris short paid	(30 727)	(30 727)
Council - Salaries over paid	6 505	6 505
Employee - Rental fringe benefit	28 914	7 355

### 36. Prior period errors

The following prior year errors were identified and adjusted retrospectively:

- Water and sanitation assets were previously not recognised according to the Municipal Structures Act, as assets were recognised by the Ephraim Mogale Local Municipality instead of the Greater Sekhukhune District Municipality.
- Debtor were raised for assets, expenditure and income to be transferred to the District Municipality
- The Capital replacement fund reserve and the Township development fund were not cashed back correctly in terms of Grap1.

The correction of the error(s) results in adjustments as follows:



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand

	2011	2010
<b>Statement of financial position</b>		
Property, plant and equipment	705 149 843	730 178 663
Other 3	(705 149 843)	730 178 663
Other 3	--	-
Other 3	--	-
Trade payables and accrual for Leave Pay on Long Leave	82 292	82 292
Trade and other receivables from exchange transactions	621 767	-
		<u>1 460 357 326</u>
<b>Statement of Financial Performance</b>		
Traffic Fine Revenue	605 218	-
Interest Received	16 549	-

### Cash flow statement

### 37. Risk management

#### Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 11, cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the municipality may adjust the amount of dividends paid to members, return capital to members, issue new shares or sell assets to reduce debt.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand

2011

2010

### 37. Risk management (continued)

#### Liquidity risk

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

#### Interest rate risk

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

#### Credit risk

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

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

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

### 38. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 39. Unauthorised expenditure

Unauthorised expenditure

- 4 579 537

Non compliance to MFMA S29(1),(2) and (3)

### 40. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure

45 741 10 638

Non compliance to the SCM policy and non compliance to the Basic conditions to employment Act 1997.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand

	2011	2010
<b>41. Irregular expenditure</b>		
Opening balance	2 257 144	9 164
Add: Irregular Expenditure - current year	-	2 247 980
	<u>2 257 144</u>	<u>2 257 144</u>

### Details of irregular expenditure not recoverable (not condoned)

Non-compliance with section 38 of the DORA act, resulting in irregular expenditure 2 257 144

## 42. Commitments

### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2011:

30 June 2011

Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
-	1	1

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

### Contract commitments

Through inspection of the contract register commitments amounting to R13 878 124.58 are outstanding as at 30 June 2011.

## 43. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised 7 493 725 7 958 556

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

## 44. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E(1) for the comparison of actual operating expenditure versus budgeted expenditure.

## 45. Additional Note



**Ephraim mogale local municipality**  
**Appendix A**

**Schedule of external loans as at 30 June 2011**

Loan Number	Redeemable	Balance at 30 June 2010	Received during the period	Redeemed written off during the period	Balance at 30 June 2011	Carrying Value of Property, Plant & Equip Rand	Other costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand	Rand	Rand
<b>Development Bank of South Africa</b>							
DBSA @ 15.00%	10993-103 30/09/2017	1 744 440	-	138 795	1 605 645	-	-
DBSA @ 14.25%	11022-102 30/09/2017	857 226	-	70 074	787 152	-	-
DBSA @ 16.50%	13291-103 31/03/2020	1 045 778	-	46 437	999 341	-	-
DBSA @ 16.50%	13292-102 30/09/2021	273 413	-	11 283	262 130	-	-
DBSA @ 16.50%	13293-103 30/09/2019	4 037 697	-	198 240	3 839 457	-	-
		<b>7 958 554</b>	<b>-</b>	<b>464 829</b>	<b>7 493 725</b>	<b>-</b>	<b>-</b>
<b>Total external loans</b>							
Development Bank of South Africa		7 958 554	-	464 829	7 493 725	-	-
		<b>7 958 554</b>	<b>-</b>	<b>464 829</b>	<b>7 493 725</b>	<b>-</b>	<b>-</b>





**Ephraim mogale local municipality  
Appendix E(1)**

**Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2011**

	<b>Current year 2010 Bud. Amt</b>	<b>Current year 2010 Act. Bal.</b>	<b>Variance</b>		<b>Explanation of Significant Variances greater than 10% versus Budget</b>
	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Var</b>	
Revenue					
Property rates	9 459 734	10 565 300	(1 105 566)	(10,5)	
Service charges	29 041 375	28 337 440	703 935	2,5	
Rental of facilities and equipment	146 426	116 597	29 829	25,6	
Fines	956 250	214 137	742 113	346,6	
Licences and permits	8 384 900	3 641 440	4 743 460	130,3	
Government grants & subsidies	84 377 900	85 784 358	(1 406 458)	(1,6)	
Recoveries	-	134 531	(134 531)	(100,0)	
Other income	834 382	892 868	(58 486)	(6,6)	
Interest received - investment	3 204 848	998 453	2 206 395	221,0	
Interest received - other	-	2 788 515	(2 788 515)	(100,0)	
	<u>136 405 815</u>	<u>133 473 639</u>	<u>2 932 176</u>	<u>2,2</u>	
Expenses					
Personnel	(38 294 536)	(34 314 708)	(3 979 828)	11,6	
Remuneration of councillors	(7 855 384)	(6 678 681)	(1 176 703)	17,6	
Administration	(170 077)	(87 321)	(82 756)	94,8	
Depreciation	-	(32 575 115)	32 575 115	(100,0)	
Impairment	(4 417 922)	-	(4 417 922)	-	
Finance costs	(1 418 000)	(1 200 192)	(217 808)	18,1	
Debt impairment	-	(5 737 263)	5 737 263	(100,0)	
Repairs and maintenance - General	(6 402 011)	(3 233 651)	(3 168 360)	98,0	
Bulk purchases	(15 620 321)	(14 724 038)	(896 283)	6,1	
Grants and subsidies paid	(1 183 000)	(2 863 442)	1 680 442	(58,7)	
General Expenses	<u>(55 643 579)</u>	<u>(37 722 157)</u>	<u>(17 921 422)</u>	<u>47,5</u>	
	<u>(131 004 830)</u>	<u>(139 136 568)</u>	<u>8 131 738</u>	<u>(5,8)</u>	
Other revenue and costs	-	(110 826)	110 826	(100,0)	
Net surplus/ (deficit) for the year	5 400 985	(5 773 755)	11 174 740	(193,5)	



## **VI. REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF EPHRAIM MOGALE LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2011**

### **REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATURE AND THE COUNCIL ON EPHRAIM MOGALE LOCAL MUNICIPALITY**

#### **REPORT ON THE FINANCIAL STATEMENTS**

##### **Introduction**

1. I have audited the accompanying financial statements of the Ephraim Mogale Local Municipality, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages xx to xx

##### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### **Auditor-General's responsibility**

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996) section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. 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.
5. 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.

6. 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**

7. The municipality could not provide documentation to support asset additions amounting to R8,5 million included in property, plant and equipment. The entity's records did not permit the application of alternative audit procedures. Consequently, I was unable to satisfy myself as to the occurrence, accuracy and completeness of this amount included in property, plant and equipment balance in the financial statements.
8. The nature of the municipality's accounting records did not facilitate an easy identification and location of assets recorded in the financial statements. There were a significant number of assets which I identified that were not included in the accounting records of the municipality. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence, valuation and allocation and completeness of the tangible capital assets balance stated at R7,9 million(2010: R8,1 million) in the financial statements.

#### **Contingent liabilities**

9. The municipality did not include the disclosure of contingent liabilities in the financial statements as required in terms of Standards of Generally Recognised Accounting Practice, GRAP19, *Provisions, Contingent liabilities and Contingent assets*. During my audit I identified contingent liabilities that were a possible obligation payable by the municipality to be disclosed by the municipality. The value of these contingent liabilities could however not be determined due to the lack of sufficient appropriate audit evidence. Consequently, I could not satisfy myself as to the completeness, existence and valuation of contingent liabilities.

#### **Trade and other payables**

10. Included in trade creditors of R17,2 million, as disclosed in note 13 to the financial statements, are accruals of R5 million that does not agree to the balance of R5,8 million as per the underlying accounting records. The municipality did not reconcile the difference of R846 970 between the financial statements and the underlying accounting records. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness and valuation and allocation of and rights pertaining to these accruals included in trade and other payables.



### **Retirement benefit obligation**

11. The municipality could not provide supporting documentation for retirement benefit obligations of R5 683 162 (2010: R5 451 644) disclosed in the financial statements. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the valuation and allocation of retirement benefit obligations.

### **Irregular expenditure**

12. The entity procured goods and services amounting to R58 500 in contravention of the supply chain management requirements. The municipality has not disclosed this amount as irregular expenditure in a note to the financial statements as required by section 125(2)(d) of the MFMA. Furthermore, there were a number of contracts awarded during the year under review that could not be submitted for audit by the municipality. I could therefore not determine whether the process followed by the municipality in awarding these contracts were not irregular and in compliance with supply chain management laws and regulations.

### **Fruitless and wasteful expenditure**

13. With reference to note 41 to the financial statements, the municipality incurred fruitless and wasteful expenditure amounting to R119 994 which was incurred as a result of interest and penalties charged due to late payments made to South African Revenue Services (SARS). This disclosure was not made in the financial statements as required by section 125 (2)(d) of the MFMA.

### **Qualified opinion**

14. In my opinion, except for the 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 Ephraim Mogale municipality for the year ended 30 June 2011 financial performance and its cash flows for the year then ended are prepared, in all material respects, in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the MFMA.

### **Emphasis of matter**

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

### **Restatement of corresponding figures**



15. As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2010 have been restated as a result of an error discovered during 2011 in the financial statements of the municipality at, and for the year ended, 30 June 2010

#### **Additional matter**

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

#### **Unaudited supplementary schedules**

16. The supplementary information set out on pages X to X 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**

#### **Predetermined objectives**

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

#### **Usefulness of information**

18. The reported performance information was deficient in respect of the following criteria:
- Consistency: The reported objectives, indicators and targets are not consistent with the approved integrated development plan.
  - Relevance: There is no clear and logical link between the objectives, outcomes, outputs, indicators and performance targets.
  - Measurability: The indicators are not well defined and/or verifiable, and targets are not specific, measurable, and time bound.

The following audit findings relate to the above criteria:

19. Reported performance against predetermined objectives is not consistent with the approved integrated development plan.
20. Approved targets of the municipality were found not to be well defined and verifiable, and targets are not specific and measurable.



## **Reliability of information**

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

- Validity: The reported performance did not occur and does not pertain to the entity.
- Accuracy: The amounts, numbers and other data relating to reported actual performance have not been substantiated by sufficient and appropriate audit evidence.
- Completeness: All actual results and events that should have been recorded have not been included in the reported performance information.

The following audit findings relate to the above criteria:

22. Relevant supporting documentation for the actual results achieved in the annual performance report could not be provided.
23. Reported actual performance information differs from the municipality's underlying records.
24. The actual achievements of all planned objectives specified in the service delivery budget implementation plan for the year under review were not included in the report on predetermined objectives submitted for audit purposes.

## **Compliance with laws and regulations**

### **Budgets**

25. The municipality incurred expenditure that was in excess of the limits of the amounts provided for the votes in the approved budget, in contravention of section 15 of the MFMA.

### **Annual financial statements, performance and annual report**

26. 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 of current assets, current liabilities and disclosure items identified by the auditors were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

### **Procurement and contract management**

27. Quotations were accepted from prospective providers who are not on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy in contravention of SCM regulation 16(b) and 17(b).



28. Sufficient appropriate audit evidence for payments could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1)(a).

29. Awards were made to providers whose tax matters had not been declared by the South African Revenue Services to be in order as required by SCM regulation 43.

#### **Expenditure management**

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

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

#### **Asset management**

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

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

#### **INTERNAL CONTROL**

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

##### ***Leadership***

- The accounting officer did not review the financial statements and the report on predetermined objectives prior to submission for audit and thus errors were not identified and corrected
- The accounting officer did not ensure that the asset unit is adequately capacitated with people having the necessary skills.



### ***Financial and performance management***

- The accounting officer did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information
- The financial statements submitted were subjected to material adjustments. This was mainly due to the excessive reliance on the auditors to identify misstatements and assist in the correction and staff members not fully understanding the requirements of the financial reporting framework and the accounting standards.

### ***Governance***

- Although the municipality has an internal audit division it is not adequate for the purposes of the municipality as it is not sufficiently capacitated.
- The audit committee's term expired on 30 June 2011 and consequently the annual financial statements were not reviewed as required.

Polokwane

30 November 2011



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*





## **VII. MANAGEMENT COMMENTS AND REPLY TO THE REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF GREATER MARBLE HALL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2011**

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Introduction**

The scope of the Audit Performed by the Office of The Auditor General is noted and accepted.

#### **The accounting officer's responsibility for the financial statements**

The accounting officer knows and accepts his responsibility for the preparation and fair presentation of these financial statements in accordance with the Statements on Generally Recognised Accounting Practice (Statements of GRAP), as set out in accounting policy note 1.1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) 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.

#### **The Auditor-General's responsibility**

The responsibility as defined by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), is accepted and the accounting officer accept and support the responsibility of the Office of the Auditor General to express an opinion on the financial statements based on a professionally managed and performed audit as required.

It is supported and accepted that the basis of the audit performed was in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.

It is accepted that the audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements, that the procedures that were selected depended on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. Further it is accepted that in making those risk assessments, the auditor considered internal controls relevant



to the municipality's preparation and fair presentation of the financial statements in order to design his audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. It is further accepted that the 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.

It is supported, accepted and appreciated that the Auditor General obtained all the evidence required to be sufficient and appropriate to provide a basis for the audit opinion.

### **Opinion**

The opinion of the Auditor General is accepted and it is stated that management will strive at all times to improve and address all issues raised by the auditor general.

### **Other matters**

#### **Non-compliance with applicable legislation**

##### Finding

1. Reported performance against predetermined objectives is not consistent with the approved integrated development plan.

##### Comment

The information will be corrected in IDP for 2012/13

##### Finding

2. Approved targets of the municipality were found not to be well defined and verifiable, and targets are not specific and measurable.

##### Comment

The information will be corrected in SDBIP for 2012/13

##### Finding

3. Relevant supporting documentation for the actual results achieved in the annual performance report could not be provided.



Comment

Evidence files will be compiled for 2012

Finding

4. Reported actual performance information differs from the municipality's underlying records.

Comment

Will be corrected in 2012

Finding

5. The actual achievements of all planned objectives specified in the service delivery budget implementation plan for the year under review were not included in the report on predetermined objectives submitted for audit purposes.

Comment

Will be corrected in 2012

Finding

6. The municipality incurred expenditure that was in excess of the limits of the amounts provided for the votes in the approved budget, in contravention of section 15 of the MFMA

Comment

System budget will be will be correctly balance with Council approved budget in 2011/2012

Finding

7. The municipality incurred expenditure that was in excess of the limits of the amounts provided for the votes in the approved budget, in contravention of section 15 of the MFMA

Comment

System budget will be correctly balance with Council approved budget in 2011/2012



Finding

8. 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 of current assets, current liabilities and disclosure items identified by the auditors were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Comment

The newly appointed managers will assist the Chief Financial Officer in the review of AFS as it is done in a very short period due to legislative deadlines.

Finding

9. Quotations were accepted from prospective providers who are not on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy in contravention of SCM regulation 16(b) and 17(b).

Comment

Stringent processes will be put in place to ensure compliance with the policy

Finding

10. Sufficient appropriate audit evidence for payments could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1)(a).

Comment

Stringent processes will be put in place to ensure compliance with the policy

Finding

11. Awards were made to providers whose tax matters had not been declared by the South African Revenue Services to be in order as required by SCM regulation 43.

Comment

Due to loss of documents, files often are found with missing sections of the documents therefore all files are now opened and kept at the records section to avoid such mistakes.



#### Finding

12. Awards were made to providers whose tax matters had not been declared by the South African Revenue Services to be in order as required by SCM regulation 43.

#### Comment

Treasury department continues to communicate with suppliers for timeous submission of invoices. Invoices where disputes between the departments and the suppliers are often withheld by the departmental managers, timeous resolutions to these disputes will be encouraged to all departments.

#### Finding

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

#### Comment

These will be addressed by the timeous submission of invoices, which will be dealt with more vigorously in 2012 financial year

#### Finding

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

#### Comment

Manager Financial management has been appointed to deal with these issues as well as accountant asset management who will be appointed by end February 2012, and these employees will be ensuring that the municipality maintains a proper asset management system.

### **Governance framework**

#### **Key governance responsibilities**

The accounting officer accepts his responsibilities concerning, his MFMA tasks, financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities corrective measures, which have been analysed and corrective measures implemented as follows:



- **Governance**

**Audit Division**

Although the municipality has an internal audit division it is not adequate for the purposes of the municipality as it is not sufficiently capacitated.

**Corrective Measure**

We intending to appoint an internal auditor as soon as job evaluation is completed.

**Audit Committee**

**Audit Committee**

The audit committee's term expired on 30 June 2011 and consequently the annual financial statements were not reviewed as required.

**Corrective Measure**

The contracts of the previous audit committee expired on the 30<sup>th</sup> June 2011 and the new audit committee was appointed in November 2011 and they had their first meeting on the 2<sup>nd</sup> December 2011.

**APPRECIATION**

The assistance rendered by the staff of the Office of the Auditor General to the Ephraim Mogale Local Municipality during the audit is sincerely appreciated.



## VIII. FUNCTIONAL AREA SERVICE DELIVERY REPORTING

### ○ FINANCE AND ADMINISTRATION

<b>Function:</b>	<b>Finance and Administration</b>
<b>Sub Function:</b>	<b>Finance</b>

Reporting Level	Detail	Total	
<b>Overview:</b>	Includes all activities relating to the finance function of the municipality. Note: grants information should appear in Chapter 4 on Financial Statements and Related Financial Information. Debt management, Budget control, Financial support. Revenue management, Expenditure Management, Accounting services and administration		
<b>Description of the Activity:</b>	<p><b>The function of finance within the municipality is administered as follows and includes:</b></p> <p><i>Collect revenue (revenue enhancement), Manage debts (minimise debtors), Management of expenditure (expenditure to be according to the budget and no over expenditure), Manage and control the approved budget Properly account on all transactions undertaken</i></p> <p>These services extend to include &lt;function/area&gt;, but do not take account of &lt;function/area&gt; which resides within the jurisdiction of &lt;national/provincial/other private sector&gt; government. The municipality has a mandate to:</p> <p><b>Collect revenue (revenue enhancement), Manage debts (minimise debtors), Management of expenditure (expenditure to be according to the budget and no over expenditure), Manage and control the approved budget Properly account on all transactions undertaken Give support to other Council's departments</b></p> <p><b>The strategic objectives of these functions are to:</b></p> <p>To ensure that the municipality is financially viable to ensure proper provision of services to the community</p> <p><b>The key issues for 2010/2011 are:</b></p>		



Reporting Level	Detail	Total	
	<p><i>To maximize the collection of revenue</i></p> <p><i>To compile a supplementary valuation roll in compliance with the MPRA</i></p> <p><i>To compile the 2010/2011 financial statements according to Gamap/Grap format</i></p> <p><i>To comply with the budget reforms and circulars relating to budget process issued by the National Treasury</i></p> <p><i>To enable effective service delivery of municipal services and functions by ensuring financial stability of the Municipality throughout the financial year</i></p> <p><i>Annual review indigent register</i></p> <p><i>To ensure effective and efficient financial management of PHP housing, MIG, FMG, MSIG and any other grants in terms of the Division of Revenue Act (DORA)</i></p>		

Analysis of the Function: 1 & 2	Debtor billings : number and value of monthly billings and interest:										
	Month	Water	Electricity	Refuse removal	Sanitation	Rates	Interest	Other	Vat	Total number billed	Total amount billed
July	423,973.30	1,986,470.40	209,280.46	165,030.47	983,337.82	195,610.95	79,101.75	394,681.69	11858	<b>4,437,486.84</b>	
August	458,047.22	1,791,001.30	211,462.06	166,206.83	897,022.33	201,191.49	124,099.05	383,321.93	11863	<b>4,232,352.21</b>	
September	461,606.97	2,092,230.52	211,583.96	167,127.62	896,586.93	216,705.84	44,907.84	413,734.72	11851	<b>4,504,484.40</b>	





October	476,403.78	2,298,883.02	212,918.38	167,344.83	869,459.26	218,604.48	64,705.00	455,836.88	11864	<b>4,764,155.63</b>
November	506,296.62	1,963,244.46	213,306.10	165,894.52	893,281.56	221,190.61	-	346,271.98	11866	<b>4,309,485.85</b>
December	353,160.06	2,212,784.85	212,241.54	166,713.53	894,661.12	239,094.27	27,877.63	416,006.28	11866	<b>4,522,539.28</b>
January	381,653.41	1,822,523.37	212,624.68	167,187.38	894,410.11	243,153.51	12,806.66	363,833.16	11879	<b>4,098,192.28</b>
February	357,303.72	1,611,103.86	212,624.68	166,999.54	890,073.05	244,623.61	280,708.59	330,281.26	11880	<b>4,093,718.31</b>
March	428,606.18	2,033,947.34	209,654.90	167,494.09	895,011.22	252,949.18	17,477.48	400,644.84	11883	<b>4,405,784.23</b>
April	421,835.21	1,930,738.71	209,317.26	167,688.28	895,246.21	265,002.45	109,910.36	388,750.02	11886	<b>4,388,488.50</b>
May	385,106.60	2,354,533.25	211,005.60	144,478.37	895,135.86			440,025.28	118883	<b>4,757,629.14</b>



							262,794.82	64,549.36			
June	116,682.21	1,498,472.62		143,641.99						11883	
			210,596.46		765,490.33	231,603.36	142,388.77	280,152.02			<b>3,389,027.76</b>

<b>Debtor collections: value of amount received and interest:</b>	<i>R (000s)</i>	<i>R (000s)</i>							
<b>Month</b>	<b>Water</b>	<b>Electricity</b>	<b>Refuse removal</b>	<b>Sanitation</b>	<b>Rates</b>	<b>Interest</b>	<b>Other</b>	<b>Total amount received</b>	
July	315,548.70	1,533,264.70	162,599.40	120,489.23	673,076.37	55,594.67	538,014.66	3,398,587.73	
August	307,492.98	1,837,889.86	167,501.95	141,258.96	811,595.25	57,298.14	465,012.80	3,788,049.94	
September	259,681.64	1,460,944.40	143,299.43	105,177.59	535,129.92	31,656.64	452,266.60	3,021,004.93	
October	388,896.21	2,255,506.21	207,320.58	138,026.30	641,185.45	32,833.48	664,222.35	4,327,177.87	
November	394,712.92	2,084,123.31	174,553.67	141,387.70	658,440.00	27,328.26	448,683.23	3,929,229.09	



December	288,022.60	1,417,617.96	135,178.29	105,795.03	509,932.51	27,268.23	328,283.08	2,812,097.70
January	299,160.15	2,292,335.10	186,902.42	128,756.42	659,443.47	21,400.66	463,953.94	4,051,952.16
February	253,067.07	1,678,242.06	162,964.21	129,351.91	584,688.00	27,332.00	631,724.73	3,467,369.98
March	214,127.43	1,762,913.33	164,370.76	138,062.63	634,094.22	43,142.43	510,659.18	3,467,369.98
April	273,274.76	1,786,798.67	177,593.45	128,432.14	624,456.93	35,748.08	414,101.27	3,440,405.30
May	295,099.60	1,834,480.70	159,853.08	133,831.30	1,364,015.95	194,003.07	467,748.54	4,449,032.24
June	291,549.93	2,280,754.68	209,071.23	153,236.13	707,007.89	37,654.72	590,233.29	4,269,507.87

Age Analysis



	0-30 DAYS		31-60 DAYS		61-90 DAYS		90-120		120 days		TOTAL	
	RANDS	%	RANDS	%	RANDS	%	RANDS	%	RANDS	%	RANDS	%
WATER	169,148	6%	22,716	2%	142,213	15%	146,953	17%	6,582,410	30.52%	7,063,440	26%
ELECTRICITY	1,217,652	43%	222,060	24%	70,657	8%	45,806	5%	568,584	2.64%	2,124,758	8%
PROPERTY RATES	816,189	23%	450,301	38%	407,795	41%	391,690	41%	3,153,541	21.09%	1,655,905	6%
SEWERAGE	122,960	4%	48,019	5%	44,927	5%	43,483	5%	1,396,516	6.48%	6,538,580	24%
REFUSE REMOVAL	90,156	3%	25,957	3%	43,513	5%	40,452	5%	1,222,406	5.67%	1,422,484	5%
OTHER	436,961	15%	255,166	27%	285,663	31%	271,064	32%	7,085,950	32.86%	8,334,804	31%
<b>TOTAL BY INCOME SOURCE</b>	<b>3,479,766</b>	<b>100%</b>	<b>1,170,415</b>	<b>100%</b>	<b>1,001,444</b>	<b>100%</b>	<b>955,262</b>	<b>100%</b>	<b>14,955,595</b>	<b>100.00%</b>	<b>21,562,481</b>	<b>93%</b>

Detail	Total	
Property rates (Residential):		<i>R (000s)</i>
- Number and value of properties rated	<b>7373</b>	<b>621,312,600.00</b>
- Number and value of properties not rated	<b>56</b>	<b>14,993,200</b>
- Number and value of rate exemptions	<b>137</b>	<b>104,726,614</b>
- Rates collectible for the current year		<b>7,389,320</b>
Property rates (business):		
- Number and value of properties rated	<b>3454</b>	<b>909,533,936.00</b>
- Number and value of properties not rated	<b>0</b>	<b>0</b>
- Number and value of rate exemptions	<b>0</b>	<b>0</b>
- Rates collectible for the current year	<b>0</b>	<b>3,166,852</b>
Regional Service Council (RSC) levies:		<i>R (000s)</i>
- Number and value of returns	<b>0</b>	<b>0</b>
- Total Establishment levy	<b>0</b>	<b>0</b>
- Total Services levy	<b>0</b>	<b>0</b>
- Levies collected for the current year	<b>0</b>	<b>0</b>
Property valuation:		
- Year of last valuation	<b>2011</b>	
- Regularity of valuation	<b>Annually</b>	



Indigent Policy:		
- Quantity (number of households affected)	2300	
- Quantum (total value across municipality)	500,000	
Creditor Payments:	R (000s)	
<b>CREDITORS NAME</b>	<b>AMOUNT</b>	<b>AGE</b>
CHENCO DISTRIBUTERS	20,064.00	
OBARO	13,403.02	
SALMA LIGHT & HARDWARE	9,360.00	
TRENTYRE MARBLE HALL	3,080.01	
LANDIS & GYR PTY LTD	27,348.60	
ELSTER KENT METERING	28,933.20	
GERHARD FOURIE INGENIEURSWERKE	9,983.96	
MARBLE HALL BUILT IT	8,547.36	
SPEEDWAYS	7,620.63	
OPS STATIONERY	6,041.79	
MARBLE HALL FOOD MARKET	4,349.78	
LOSKOP RADIOS	3,770.32	
GLANSPUNT	1,573.20	
MARBLE HALL FILTERS	1,829.04	
DELA HARDWARE	2,070.01	
KGATLA ATTORNEYS	25,008.05	
SITA	89,166.70	
LOSKOP ALARMS	1,314.92	
MAN REP	3,850.00	
VIVA GARAGE	1,266.44	
ESKOM	1,963,224.81	
RES Q CLASS	4,348.60	
KEKANA MM	5,025.00	
LIMPOPO GORVERMENT	281,486.22	
PRODIBA	22,500.00	
RTMC	25,380.00	
SA POST OFFICE	655.63	
PRAXOS 792 CC	186,760.00	
DITLOU SUPPLIERS	50,018.40	
AUDITOR GENERAL	30,903.10	
LEXIS NEXIS	267.68	



FOCUS OUTSOURCING	7,429.87	
DIGI CAP	5,600.00	
CSI THABILE NETWORK	57,925.26	
FG UNIFORM	6,692.98	
DOMBO DU PLESSIS	126,120.65	
DA GREAT TRADING	83,184.00	
MOGANYAKA MNISI	28,570.60	
ABB SOUTH AFRICA	443,285.74	
BUSINESS ENGINEERING	18,554.00	
TOTAL CLIENT SERVICES	10,125.00	
JUSTICE OF PEACE	2,340.00	
BARLOWORLD	295,416.90	
SUNAY TRADING	12,924.73	
LP MALAPELA TRANSPORT	2,300.00	
SEBETHE T	7,268.80	
CHIEF REGISTRAR OF DEED	378.00	
Credit Rating:	<i>R (000s)</i>	
<List credit rating details here>	0	0
List here whether your Council has a credit rating, what it is, from whom it was provided and when it was last updated		

## External Loans

### DBSA

#### LOAN NUMBER 10993/103

DATE	OPENING BALANCE	INSTALMENT	CAPITAL PORTION	INTEREST PORTION	CLOSING BALANCE
30/07/2006	R 2,058,325.13				R 2,058,325.13
29/09/2006	R 2,058,325.13	R 190,617.05	R 35,819.72	R 154,797.33	R 2,022,505.41
31/03/2007	R 2,022,505.41	R 190,617.09	R 39,188.12	R 151,428.97	R 1,983,317.29
30/09/2007	R 1,983,317.29	R 190,617.03	R 41,304.02	R 149,313.01	R 1,942,013.27
31/03/2008	R 1,942,013.27	R 190,617.18	R 44,488.59	R 146,128.59	R 1,897,524.68
30/09/2008	R 1,897,524.68	R 190,695.27	R 47,912.69	R 142,782.58	R 1,849,611.99
31/03/2009	R 1,849,611.99	R 190,616.99	R 52,276.13	R 138,340.86	R 1,797,335.86



30/09/2009	R 1,797,335.86	R 190,616.94	R 55,447.41	R 135,169.53	R 1,741,888.45
31/03/2010	R 1,741,888.45	R 190,616.99	R 60,333.28	R 130,283.71	R 1,681,555.17
31/09/2010	R 1,681,555.17	R 190,616.96	R 64,154.81	R 126,462.15	R 1,617,400.36
31/03/2011	R 1,617,400.36	R 190,610.20	R 69,637.52	R 120,972.68	R 1,547,762.84

## DBSA

### LOAN NUMBER 11022/102

DATE	OPENING BALANCE	INSTALMENT	CAPITAL PORTION	INTEREST PORTION	CLOSING BALANCE
30/07/2006	R 1,021,540.39			R 107.36	R 1,021,540.39
29/09/2006	R 1,021,540.39	R 91,663.22	R 18,679.04	R 72,984.18	R 1,002,861.35
31/03/2007	R 1,002,861.35	R 91,663.24	R 20,333.56	R 71,329.68	R 982,527.79
30/09/2007	R 982,527.79	R 91,663.21	R 21,394.73	R 70,268.48	R 961,133.06
31/03/2008	R 961,133.06	R 91,663.19	R 22,959.06	R 68,704.13	R 938,174.00
30/09/2008	R 938,174.00	R 91,698.96	R 24,635.13	R 67,063.83	R 913,538.87
31/03/2009	R 913,538.87	R 91,663.19	R 26,751.88	R 64,911.31	R 886,786.99
30/09/2009	R 886,786.99	R 91,663.17	R 28,306.50	R 63,356.67	R 858,480.49
31/03/2010	R 858,480.49	R 91,663.20	R 30,664.02	R 60,999.18	R 827,816.47
31/09/2010	R 827,816.47	R 91,663.18	R 32,519.65	R 59,143.53	R 795,296.82
31/03/2011	R 795,296.82	R 91,660.01	R 35,150.36	R 56,509.65	R 760,146.46

## DBSA

### LOAN NUMBER 13291/103

DATE	OPENING BALANCE	INSTALMENT	CAPITAL PORTION	INTEREST PORTION	CLOSING BALANCE
30/07/2006	R 1,125,830.75			R 90.01	R 1,125,830.75
29/09/2006	R 1,125,830.75	R 104,296.81	R 11,161.30	R 93,135.51	R 1,114,669.45
31/03/2007	R 1,114,669.45	R 104,296.82	R 12,494.24	R 91,802.58	R 1,102,175.21
30/09/2007	R 1,102,175.21	R 104,296.80	R 13,023.93	R 91,272.87	R 1,089,151.28
31/03/2008	R 1,089,151.28	R 104,296.78	R 14,148.47	R 90,148.31	R 1,075,002.81
30/09/2008	R 1,075,002.81	R 104,338.20	R 15,366.03	R 88,972.17	R 1,059,636.78



31/03/2009	R 1,059,636.78	R 104,296.79	R 17,116.26	R 87,180.53	R 1,042,520.52
30/09/2009	R 1,042,520.52	R 104,296.78	R 18,053.20	R 86,243.58	R 1,024,467.32
31/03/2010	R 1,024,467.32	R 104,296.79	R 20,009.78	R 84,287.01	R 1,004,457.54
31/09/2010	R 1,004,457.54	R 104,296.78	R 21,201.97	R 83,094.81	R 983,255.57
31/03/2011	R 983,255.57	R 104,296.76	R 23,400.42	R 80,896.34	R 959,855.15

## DBSA

### LOAN NUMBER 13292/102

DATE	OPENING BALANCE	INSTALMENT	CAPITAL PORTION	INTEREST PORTION	CLOSING BALANCE
31/07/2006	R 236,564.51			R 22.13	R 236,564.51
29/09/2006	R 236,564.51	R 25,643.77	R 2,154.01	R 23,489.76	R 234,410.50
31/03/2007	R 234,410.50	R 25,643.78	R 2,436.42	R 23,207.36	R 231,974.08
30/09/2007	R 231,974.08	R 25,643.77	R 2,510.59	R 23,133.18	R 229,463.49
31/03/2008	R 229,463.49	R 25,643.76	R 2,729.84	R 22,913.92	R 226,733.65
30/09/2008	R 226,733.65	R 25,653.95	R 2,967.27	R 22,686.68	R 223,766.38
31/03/2009	R 223,766.38	R 25,643.77	R 3,335.33	R 22,308.44	R 220,431.05
30/09/2009	R 220,431.05	R 25,643.76	R 3,488.67	R 22,155.09	R 216,942.38
31/03/2010	R 216,942.38	R 25,643.77	R 3,896.77	R 21,747.00	R 213,045.61
31/09/2010	R 213,045.61	R 25,643.76	R 4,099.65	R 21,544.11	R 208,945.96
31/03/2011	R 208,945.96	R 25,643.75	R 4,554.65	R 21,089.10	R 204,391.31

## DBSA

### LOAN NUMBER 13293/103

DATE	OPENING BALANCE	INSTALMENT	CAPITAL PORTION	INTEREST PORTION	CLOSING BALANCE
31/07/2006	R 4,396,498.76			R 355.07	R 4,396,498.76
29/09/2006	R 4,396,498.76	R 411,425.06	R 47,720.18	R 363,704.88	R 4,348,778.58
31/03/2007	R 4,348,778.58	R 411,425.10	R 53,261.84	R 358,163.26	R 4,295,516.74
30/09/2007	R 4,295,516.74	R 411,425.05	R 55,702.03	R 355,723.02	R 4,239,814.71
31/03/2008	R 4,239,814.71	R 411,425.01	R 60,495.97	R 350,929.04	R 4,179,318.74





30/09/2008	R 4,179,318.74	R 411,588.41	R 65,686.55	R 345,901.86	R 4,113,632.19
31/03/2009	R 4,113,632.19	R 433,980.69	R 95,006.05	R 338,974.64	R 4,018,626.14
30/09/2009	R 4,018,626.14	R 411,415.51	R 77,157.93	R 334,257.58	R 3,941,468.21
31/03/2010	R 3,941,468.21	R 411,425.05	R 85,332.65	R 326,092.40	R 3,856,135.56
31/09/2010	R 3,856,135.56	R 411,425.03	R 90,600.14	R 320,824.89	R 3,765,535.42
31/03/2011	R 3,765,535.42	R 411,425.02	R 99,807.31	R 311,617.71	R 3,665,728.11

Delayed and Default Payments:		
<b>No repayments of loans were delayed and no default payment was done by Council.</b>	0	0
Note: This information need not be reported here if reported as notes to the accounts.		

Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
To maximize the collection of revenue	85% collected	95% collection
To improve the management of stores	100% improvement	100%
To compile a supplementary valuation roll in line with the MPRA and GIS	100% completed	100% completeness
To compile the 2009/2010 financial statement according to Gamap/Grap format	90% completed	100% compilation
To comply with the budget reforms and circulars relating to budget process issued by the National Treasury.	100% completed	100% compliance
To enable effective service delivery of municipal services and functions by ensuring financial stability of the municipality throughout the financial year	85% collection rate of revenue	95% collection
To improve the management of Assets	100% completed	100% completeness
Annual review indigent register	100% completed	100% completeness
To compile the 2009/2010 financial statement according to Gamap/Grap format	100% completed	100% completeness
To compile the Gamap/Grap Asset Management compliance register	100% completed	100% completeness
To clear audit queries raised by Auditor General.	100% completed	100% completeness
To review SCM Policy	100% completed	100% completeness
To improve financial management so as to obtain an unqualified audit report	100% bank reconciliation completed	100% completeness



To ensure effective and efficient financial management of PHP housing, MIG, MSIG, FMG and any other grants in terms of DORA

100% completed

100% completeness

**Function:** Finance and Administration  
**Sub Function:** Other Administration (Procurement)

Reporting Level	Detail	Total	
Overview:	Includes all activities relating to overall procurement functions of the municipality including costs associated with orders, tenders, contract management etc		
Description of the Activity:	<p>The function of procurement within the municipality is administered as follows and includes:</p> <p><b><i>Demand management, acquisition management, disposal management and risk management</i></b></p> <p>These services extend to include &lt;function/area&gt;, but do not take account of &lt;function/area&gt; which resides within the jurisdiction of &lt;national/provincial/other private sector&gt; government. The municipality has a mandate to:</p> <p><b><i>To be fair, transparent and equal in the execution of supply chain processes</i></b></p> <p>The strategic objectives of this function are to:</p> <p><b><i>To give effect to the provision of the constitution, MFMA, PPPFA and other procurement legislations</i></b></p> <p><b><i>To transform outdated procurement and provisioning practices into an integrated SCM function.</i></b></p> <p><b><i>To ensure that SCM forms an integral part of the financial management system of the municipality.</i></b></p> <p><b><i>Promote consistency in respect of supply chain management policy and other related policy initiatives in the municipality.</i></b></p> <p><b><i>Align with global trends</i></b></p> <p>The key issues for 2010/11 are:</p> <p><b><i>Appoint additional acquisition officer Provide training for SCM personnel Provide workshop for local business community on bidding process and related activities</i></b></p> <p><b><i>Improve database management</i></b></p> <p><b><i>Improve order generation turnaround time to ensure effective delivery of services</i></b></p>		
Analysis of the Function:	<p>&lt;Provide statistical information on (as a minimum):&gt;</p> <p>1 Details of tender / procurement activities:                      - Total number of times that tender committee met during year</p>		36



	<ul style="list-style-type: none"> <li>- Total number of tenders considered</li> <li>- Total number of tenders approved</li> <li>- Average time taken from tender advertisement to award of tender</li> </ul>	<b>36</b> <b>31</b> <b>2 months</b>	
	Note: Figures should be aggregated over year across all municipal functions		
2	Details of tender committee: <b>Adjudication committee</b> <i>Chairperson : Ms Mathabatha (CFO)</i> <i>Members: Mr. L Makopo, Mr. B Marais, Mr. M.P Matseke, Mr. T Ramatselela</i> <i>Specification Committee and Evaluation Committee. - Members appointed on adhoc basis</i>		
<b>Key Performance Area</b>		<b>Current</b>	<b>Target</b>
<i>Training of SCM Unit and other officials</i>	<i>Inventory and stores management</i> <i>Bid committees workshop</i>	<i>Completed</i> <i>Completed</i>	<i>100%</i> <i>100%</i>



## STRATEGIC PLANNING

<b>Function:</b>	<b>Planning and Development</b>
<b>Sub Function:</b>	<b>Economic Development</b>

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with economic development initiatives		
Description of the Activity:	<p>The function of economic planning / development within the municipality is administered as follows and includes:</p> <p>The Strategic Planning department is committed to improving the quality of life of the community by being accountable to the community, providing services in a sustainable manner, promoting social and economic development, promoting a safe and healthy environment, encouraging public participation and ensuring the efficient and effective utilization of all available resources.</p> <p>The strategic objectives of this function are to:</p> <p><i>Operationalising the LED strategy, implementing competitive action plan for the horticulture cluster</i></p> <p>The key issues for 2010/11 are:</p> <ol style="list-style-type: none"> <li><i>1. Operationalising the LED strategy and the Urban Renewal strategy</i></li> <li><i>2. Promote economic growth by implementing the action plans of the four approved clusters namely tourism, meat ,informal sector and horticulture.</i></li> <li><i>3. LED strategy communication</i></li> </ol>		
Analysis of the Function:	<p>&lt;Provide statistical information on (as a minimum):&gt;</p> <p>1 Number and cost to employer of all economic development personnel:</p> <ul style="list-style-type: none"> <li>- Professional (Directors / Managers)LED/Tourism Manager</li> <li>- Non-professional (Clerical / Administrative)</li> <li>- Temporary</li> <li>- Contract</li> </ul> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	<p><i>one</i></p> <p>&lt;total&gt;</p> <p>&lt;total&gt;</p>	<p><i>R (000s)</i></p> <p><i>540 512</i></p> <p>&lt;cost&gt;</p> <p>&lt;cost&gt;</p>



Reporting Level	Detail	Total	
2	Detail and cost of incentives for business investment: <list details> Note: list incentives by project, with total actual cost to municipality for year		R (000s) <cost>
3	Detail and cost of other urban renewal strategies: Organic farming cluster Note: list strategies by project, with total actual cost to municipality for year		R (000s)
4	Detail and cost of other rural development strategies: <list details> Note: list strategies by project, with total actual cost to municipality for year		R (000s) <cost>
5	Number of people employed through job creation schemes: - Short-term employment(Infrastructure projects) - Long-term employment(Organic farming project) Note: total number to be calculated on full-time equivalent (FTE) basis, and should only be based on direct employment as a result of municipal initiatives	<number> <number>	
6	Number and cost to employer of all Building Inspectors employed: - Number of Building Inspectors - Temporary - Contract Note: total number to be calculated on a full-time equivalent (FTE) basis, total cost to include total salary package	<number> 1	R (000s) <value> 229 181
7	Details of building plans: - Number of building plans approved - Value of building plans approved	<46> <value>	31 055 7 902 560
	Note: Figures should be aggregated over year to include building plan approvals only		
8	Type and number of grants and subsidies received: <list each grant or subsidy separately> Note: total value of specific planning and development grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year. 1.MSIG 2.DTI GRANT	<total>  1 1	R (000s) <value>  750 000 15 159 850



Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<p>&lt;List at least five key performance areas relative to the above function as articulated in the 2010/11 budget here&gt;</p> <p>1. Increase available funds by 10% for implementation of projects</p> <p>2. Develop an IDP that ensures the activities of the municipality and its resource allocation are aligned to political priorities and community needs taking into account human resource and financial constraints.</p>	<p>&lt; List here the actual performance achieved over the financial year, and the variance between performance planned and actual performance, providing an explanation of the variance. Also provide details of any improvements planned for next year.</p> <p>1.R15m grant received from DTI for Organic farming project. 2.R735000 received from MSIG for functioning of ward committees, compilation of supplementary valuation roll and GAMAP/GRAP compliant asset register</p> <p>Process plan has been compiled and approved by Council on 11 August 2010. IDP representative forum meetings held on 11 December 2010 and 10 March 2011.(which included sector departments). The draft was approved by Council on 28 February 2011 and has been advertised for public comment on 4 March 2011 and was open for comment until 28 March 2011. Copies of the document as well as the budget and tariffs was handed to the 3 satellite offices and 5 traditional authority offices on 4 March 2011. Community consultation took place during March 11 by Councillors and Management to discuss draft IDP and budget . Comments were received from various wards which was incorporated in the document and has been approved by Council on 20 April 2011. The final document was sent to the MEC on 12 May 2011. Strategic planning workshop held on 8 and 9 February 2011 at Loskop Dam to align planning process to budgetary process. Ward development plans updated. SDBIP approved on 20 April 2011</p>	<p>Financial plan for 2010/11 reflects confirmed funds allocated amounting to R137m which includes capital of R17m.</p> <p>IDP for 2011/12 approved on 20/4/11. Strategic planning workshop held on 8-9 February 11. Ward development plans updated. SDBIP approved on 20 April 2011</p>	<p>Increase funds for implementation of projects as identified in the IDP by 10% of the municipality's budget by facilitating the preparation of business plans and making applications for funds in consultation with the Municipal Manager.</p> <p>Planning process approved by Council. Evidence to be provided of public participation and communication of the process to stakeholders e.g. publicity of</p>



<p>3. To empower and build the capacity of entrepreneurs so that they are able to understand and have an impact on the economic development and growth of this Municipality.</p> <p>4. Facilitate and foster the economic development through planning and increased economic activity in the municipal area.</p>	<p>Data has been obtained of all LED projects and the need of each project has been identified.</p> <p>Training of SMME's entrepreneurs was undertaken by department of labour ,LIBSA and Tompi Seleka.</p> <p>Approval has been given by DTI for funds amounting to <i>R15m</i> for Organic farming project which include capacity building of members of 4 co-operatives.</p> <p>Following jobs were created:          Woman – 107          Youth – 77          Men – 156 The total spent on projects – R137m.</p> <p>List of projects funded by GSDM and sector departments has been obtained and included in the IDP review for 2010/11.</p> <p>Provincial and municipal growth points have been identified in SDF .</p>	<p>DLGH identified Marble Hall as one of the 10 nodal provincial growth points to assist with master plan and Town Planner. Several meetings was held with the Department to assist with the process.</p>	<p>information in the media, guidelines for councillors and staff, etc.</p> <p>Evidence to be provided that the strategic planning process is aligned to the budgetary process.</p> <p>Development of Ward level IDP</p> <p>Compiling of SDBIP</p> <p>Empowerment of farmers through Emerging farmers development programme</p> <p>.</p>
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○ COMMUNITY SERVICES DEPARTMENT

**Function:** Health  
**Sub Function:** Clinics

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the provision of primary health services		
Description of the Activity:	The function for the provision of community health clinics within the municipality is administered as follows and includes: <b><i>Primary health care services were transferred to the Provincial Health department</i></b>	1	

**Function:** Community and Social Services  
**Sub Function:** All inclusive

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the provision of community and social services		
Description of the Activity:	To monitor sub-divisions of traffic and protection services as well as environment ,health and library <i>Ensure that traffic and protection services as well as environment library and parks are attended to. Monthly reports are submitted to manager and regular meetings are held to check progress in relation to the work reported.</i> Such activities include sports, arts and culture as well as HIV/AIDS coordination. The strategic objectives of this function are to: <i>Minimize spread of HIV/AIDS</i>		





Reporting Level	Detail	Total	
Analysis of the Function:	<i>As indicated in the respective departments.</i>		
1	Interact with divisional managers in formal meetings to check the effectiveness of the functions.		
<b>Key Performance Area</b>	Lead , direct and manage staff within the department so that they are able to meet their objectives.	Current	Target
	Develop and implement an employment equity plan for the department that is line with council's employment equity strategy.		
	Oversee training plans of staff so that each staff members within the department has a training plan.		
	Monitor and control the departmental budget.		
	Prepare and submit reports to Municipal manager Prepare and submit reports to politicians in the relevant portfolio committee. To promote safe clean sustainable and well managed environment in line with IDP. Ensure development of bi-laws & prosecution of offenders. Achieve key strategic goals in relations to welfare cases. Archieve key strategic goals in terms of heath. To promote safe and secure environment.		
	Lead and direct the department so that environment services management objectives are achieved. Manage and regulate traffic enforce by laws and educate the the public so that safety on the road is improved. Take overall responsibility for the management of the department so that all council policies and procedures are adhered to. This includes policies relating to procurement, finance, treasury regulations. Oversee management of licensing section and testing stations so that efficient and effective license services and testing of vehicles takes place. Oversee the application of the Disaster management Act within the municipality so that disaster preparedness is ensured and effected. To promote development of sports, arts, culture and recreation. To promote and ensure the effective and efficient use of human resource to enhance service delivery. To provide an effective and efficient transport system.		



<b>Function:</b>	<b>Community and Social Services</b>
<b>Sub Function:</b>	<b>All inclusive</b>

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the provision of community and social services		
Description of the Activity:	<p>The function of provision of various community and social services within the municipality is administered as follows and includes:</p> <p><b><i>Parks and Cemeteries, Library services, Environmental Health and Management</i></b></p> <p><b>These services extend to include Marble Hall and Leeufontein, but do not take account of smaller rural towns which resides within the jurisdiction of the Municipality.</b> The municipality has a mandate to:</p> <p><b><i>provide these services to all the residents</i></b></p> <p>The strategic objectives of this function are to:</p> <p><b><i>To enhance the quality of the life of residents</i></b></p> <p>The key issues for <b>2010/11</b> are:</p> <p><b><i>To finalize the upgrading of the Marble Hall Library</i></b></p> <p><b><i>To maintain current parks and cemeteries</i></b></p> <p><b><i>To extend and fence identified cemeteries</i></b></p> <p><b><i>To maintain sport facilities</i></b></p>		
Analysis of the Function:	<p><i>&lt;Provide statistical information on (as a minimum):&gt;</i></p> <p>1 Nature and extent of facilities provided:</p> <ul style="list-style-type: none"> <li>- Library services</li> <li>- Museums and art galleries</li> <li>- Other community halls/facilities</li> <li>- Cemeteries and crematoriums</li> <li>- Child care (including crèches etc)</li> <li>- Aged care (including aged homes, home help)</li> <li>- Schools</li> </ul>	<p><i>no of facilities:</i></p> <p><b>1</b></p> <p><b>0</b></p> <p><b>0</b></p> <p><b>55</b></p> <p><b>0</b></p> <p><b>1</b></p> <p><b>&lt;number&gt;</b></p>	<p><i>no of users:</i></p> <p><b>1578</b></p> <p><b>0</b></p> <p><b>0</b></p> <p><b>174 500</b></p> <p><b>0</b></p> <p><b>108 residents</b></p> <p><b>&lt;number&gt;</b></p>



	- Sporting facilities (specify) - Parks	<b>2</b> <b>11 parks 14.5</b> <b>m<sup>2</sup></b>	<b>17000</b> <b>3480</b>
	Note: the facilities figure should agree with the assets register		
<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>	
2	Number and cost to employer of all personnel associated with each community services function:		R(000s)
	- Library services	<b>2</b>	<b>413 900</b>
	- Museums and art galleries	0	<cost>
	- Other community halls/facilities	0	<cost>
	- Cemeteries and crematoriums ( ADDED WITH PARKS)	SEE PARKS	0
	- Child care	0	0
	- Aged care	0	0
	- Schools	0	0
	- Sporting facilities	0	0>
	- Parks <b>and Cemeteries</b>	<b>24</b>	<b>2 225 228</b>
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
	Total operating cost of community and social services function		R (000s)

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<b>Fencing of cemeteries</b>	<b>Not done due to internal challenges BUDGET TOO SMALL</b>	<b>3</b>	<b>3</b>
<b>Purchase equipment to maintain Parks</b>	<b>Did purchase equipment as per budget</b>	<b>R 37 500</b>	<b>R 37 500</b>



<b>Function:</b>	<b>Waste Management</b>
<b>Sub Function:</b>	<b>Solid Waste</b>

Reporting Level	Detail	Total	
Overview:	Includes refuse removal, solid waste disposal and landfill, street cleaning and recycling		
Description of the Activity:	<p>The refuse collection functions of the municipality are administered as follows and include:</p> <p><b><i>The collection of household, business, industrial and garden waste in Marble Hall and Leeufontein . Street cleaning services in Marble Hall. Disposal on a permitted landfill in Marble Hall.</i></b></p> <p><b><i>These services extend to include Marble Hall and Leeufontein but do not take of other towns in rural areas which resides within the jurisdiction of The Municipality. The municipality has a mandate to:</i></b></p> <p><b><i>Provide waste removal services in the whole area of jurisdiction</i></b></p> <p>The strategic objectives of this function are to:</p> <p><b><i>To extend services to all residents in order to provide a clean and safe environment as per the Constitution and to maintain the existing services in a sustainable manner</i></b></p> <p>The key issues for 2010'11 are:</p> <p><b><i>Proper planning for the effective and sustainable service to all residents</i></b></p> <p><b><i>Purchase of new refuse collection vehicles</i></b></p> <p><b><i>Development of an operational plan for the Efficient waste collection at residential and business sites.</i></b></p>		
Analysis of the Function:	<p>&lt;Provide statistical information on (as a minimum):&gt;</p> <p>1 Number and cost to employer of all personnel associated with refuse removal:</p> <ul style="list-style-type: none"> <li>- Professional (Engineers/Consultants)</li> <li>- Field (Supervisors/Foremen)</li> <li>- Office (Clerical/Administration)</li> <li>- Non-professional (blue collar, outside workforce)</li> <li>- Temporary</li> <li>- Permanent</li> </ul>		R (000s)
		0	0
		1	<b><i>Incl below</i></b>
		0	0
		0	0
		0	<b><i>Incl below</i></b>
		24	<b><i>Incl below</i></b>



	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package	<b>25</b>	<b>R2 225 228</b>
			<i>R (000s)</i>
<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>	
	- Removed by municipality at least once a week - Removed by municipality less often - Communal refuse dump used - Own refuse dump - No rubbish collection Note: if other intervals of services are available, please provide details	<b>2650</b> <b>0</b> <b>0</b> <b>0</b> <b>29670</b>	<b>96.00/20.00</b> <b>0</b> <b>0</b>
3	Total and projected tonnage of all refuse disposed: - Domestic/Commercial /Garden - Note: provide total tonnage for current and future years activity	<b>274</b>	
4	Total number, capacity and life expectancy of refuse disposal sites: - Domestic/Commercial (number) - Garden (number) Note: provide the number of tip sites, their total current capacity and the expected lifespan as at end of reporting period	<b>1</b> <b>1</b>	<b>10 years</b> <b>10 years&gt;</b>
5	Anticipated expansion of refuse removal service: - Domestic/Commercial - Garden Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality	<b>450</b> <b>120</b>	<i>R (000s)</i> <b>9900.00</b> <b>Incl above</b>
6	Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household) Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.	<b>n/a</b> <b>n/a</b>	
7	Total operating cost of solid waste management function		<b>R 3 194307</b>



<b>Extension of services</b>	<b>Proper review of services delivered to Elandskraal, challenge of non payment – services were stopped later in 2008</b>	<b>0</b>	<b>0</b>
<b>Management plans</b>	<b>Implementation of plans - challenge of adequate funding to do so</b>		
<b>Replace old fleet</b>	<b>Not funded in Budget – Budgetary constrains</b>		

**Function: Community and Social Services**  
**Sub Function: Sports, Arts & culture**

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the provision of community and social services		
Description of the Activity:	<p>The function of provision of various community and social services within the municipality is administered as follows and includes:</p> <p>&lt;List administration of each function here: this should detail what is offered, and how it is offered to the community&gt;</p> <p>These services extend to include &lt;function/area&gt;, but do not take account of &lt;function/area&gt; which resides within the jurisdiction of &lt;national/provincial/other private sector&gt; government. The municipality has a mandate to:</p> <p>&lt;List here&gt;</p> <p>The strategic objectives of this function are to:</p> <p>&lt;List here&gt;</p> <p>The key issues for 200X/OY are:</p> <p>&lt;List here&gt;</p>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	Nature and extent of facilities provided: <ul style="list-style-type: none"> <li>- Library services</li> <li>- Museums and art galleries</li> <li>- Other community halls/facilities</li> </ul>	<i>no of facilities:</i> <number> <number> 6	<i>no of users:</i> <number> <number> 36849



	<ul style="list-style-type: none"> <li>- Cemeteries and crematoriums</li> <li>- Child care (including creches etc)</li> <li>- Aged care (including aged homes, home help)</li> <li>- Schools</li> <li>- Sporting facilities (specify)</li>   <li>- Parks</li> </ul> <p>Note: the facilities figure should agree with the assets register</p>	<number> <number> <number> <number> 2  <sq km>	<number> <number> <number> <number> Rool unknown  <number>
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Reporting Level	Detail	Total	
2	Number and cost to employer of all personnel associated with each community services function: <ul style="list-style-type: none"> <li>- Library services</li> <li>- Museums and art galleries</li> <li>- Other community halls/facilities</li> <li>- Cemeteries and crematoriums</li> <li>- Child care</li> <li>- Aged care</li> <li>- Schools</li> <li>- Sporting facilities</li> <li>- Parks</li> </ul> Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package	<total> <total> <total> <total> <total> <total> <total> 2 <total>	R(000s) <cost> <cost> <cost> <cost> <cost> <cost> <cost> R 204.00 <cost>
6	Total operating cost of community and social services function		R (000s)

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
3. Community participation	Planned to promote participation in all categories in the entire Municipality	35%	100%



<b>Function:</b>	<b>Public Safety</b>
<b>Sub Function:</b>	<b>Police (Traffic)</b>

Reporting Level	Detail	Total	
Overview:	Includes police force and traffic (and parking) control		
Description of the Activity:	<p>The policing and traffic control functions of the municipality are administered as follows and include:</p> <p><i>The unit comprises of two sub divisions&gt;</i></p> <ul style="list-style-type: none"> <li>• <i>Traffic law enforcement (which includes EMS)</i> <ul style="list-style-type: none"> <li>- <i>This unit monitors all road infringements and responds to accidents, scholar patrol, escorts as well as visible patrolling.</i></li> <li>- <i>The service is offered through traffic check points to ensure road worthiness of vehicles and compliance to the rules and regulations of the road as well road patrols.</i></li> </ul> </li> <li>• <i>Law admin which deals with vehicles registering and licensing and driving license testing.</i> <ul style="list-style-type: none"> <li>- <i>This comprises of two functions and also serves as an urgent for the provincial dept of roads and transport.</i></li> <li>- <i>this unit ensures that vehicles within the municipal jurisdiction are registered and licensed properly</i></li> <li>- <i>assist community members to access the applications for learners licenses and driving licenses as well as roadworthiness of vehicles</i></li> </ul> </li> </ul> <p>These services extend to include , but do not take account of &lt;function/area&gt; which resides within the jurisdiction of government. The municipality has a mandate to:</p> <ul style="list-style-type: none"> <li>• <i>Traffic law enforcement (which includes EMS)</i></li> <li>• <i>Law admin which deals with vehicles registering and licensing and driving license testing.</i></li> </ul> <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> <li>• <i>To promote road safety.</i></li> <li>• <i>Ensure compliance to the rules and regulations of the road.</i></li> </ul> <p>The key issues for 2010/11 are:</p>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		





1	Number and cost to employer of all personnel associated with policing and traffic control:		<i>R (000s)</i>
	- Professional (Senior Management)	1	<443.446.24>
	- Field (Detectives/Supervisors) superintendent	1	<176904 salary only per annum>
	- Office (Clerical/Administration)	none	<cost>
	- Non-professional (visible police officers on the street)	6	<107 508 salary only per annum per officer>
	- Volunteer	3 BLS Medic's and Fireman's	<164 748> <199 164>
	- Temporary - Contract	none Justice of peace (pty).ltd.	<cost> 15% of executed warrant of arrest.
Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Office includes desk bound police and traffic officers, non-professional includes aides			

Reporting Level	Detail	Total	
2	Total number of call-outs attended:	172	213
	- Emergency call-outs	150	210
	- Standard call-outs	22	3
Note: provide total number registered, based on call classification at municipality			
3	Average response time to call-outs:	15 to 20min	
	- Emergency call-outs	150	210
	- Standard call-outs	22	3
Note: provide average by dividing total response time by number of call-outs			
4	Total number of targeted violations eg: traffic offences:	1501	R767150-00
		(4)T/O Command,	R2000-00
		(139)No D/L, No Prdp,	R174 000-00
		(1) Reckless Driving,	R500-00
		(627) No U-Turn, No Stopping, Speed (normal), Un L/R mv, L/L no supervision,	R274 600-00



		(192) Reg Plates, Head Lamps, Stop Lamps, Tail Lamps, Indicators, Hooter, Tyre's, Fuelcap, Seatbelt's,	R56 800-00
		(401) Warning Triangle's, Pass overload, Goods overload, Road rules, Fire Extinguisher, Cellphones, Stop Sign's, Barrierlines, Parking Brakes, No Entry,	R204 200-00
		(161) Engine running, Directional Arrows, Battery/Electr, Mirror's, Parkings and other's	R47 9500-00
5	Total number and type of emergencies leading to a loss of life or disaster:	152 Calls	210
		150 -MVA, 2- fatalities, 2- drownings	<b>v. critical</b> (adult)52(children) <b>Critical</b> 145(adult) 13(Children) <b>Minor</b> 291(Adult) 12(children) <b>Fatal</b> -27(adult) (0)children
6	Type and number of grants and subsidies received: <list each grant or subsidy separately>	none	R (000s) <value>



Note: total value of specific public safety grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.

7

Total operating cost of police and traffic function

R (000s)

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<p>&lt;List at least five key performance areas relative to the above function as articulated in the 200X/0Y budget here&gt;</p>	<p>&lt; List here the actual performance achieved over the financial year, and the variance between performance planned and actual performance, providing an explanation of the variance. Also provide details of any improvements planned for next year.</p>		



## TECHNICAL SERVICES

<b>Function:</b>	<b>Waste Water Management</b>
<b>Sub Function:</b>	<b>Sewerage etc</b>

Reporting Level	Detail	Total	Cost
Overview:	Includes provision of sewerage services not including infrastructure and water purification, also includes toilet facilities	0	
Description of the Activity:	<p>The sewerage functions of the municipality are administered as follows and include:</p> <p><i>Operation and maintenance of existing sewerage services and Provision of VIP toilets</i></p> <p>These services extend to include Ares within the jurisdiction of Municipality. The municipality has a mandate to:</p> <p><i>To provide basic sanitation to the community</i></p> <p>The strategic objectives of this function are to:</p> <p><i>To provide an adequate and appropriate sewer systems for urban part as well as appropriate measures for the rural part</i></p> <p>The key issues for 2010/11 are:</p> <p><i>Operation and maintenance of existing sewerage services</i></p>		
Analysis of the Function:	<p>Number of households with sewerage services, and type and cost of service:</p> <p>1</p> <ul style="list-style-type: none"> <li>- Flush toilet (connected to sewerage system)</li> <li>- Flush toilet (with septic tank)</li> <li>- Chemical toilet</li> <li>- Pit latrine with ventilation</li> <li>- Pit latrine without ventilation</li> <li>- Bucket latrine</li> <li>- No toilet provision</li> </ul> <p>Note: if other types of services are available, please provide details</p> <p>2</p> <p>Anticipated expansion of sewerage:</p> <ul style="list-style-type: none"> <li>- Flush/chemical toilet</li> </ul>	<p>'</p> <p>1178</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>R (000s)</p> <p>3,800</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>R (000s)</p>



	- Pit latrine		
	- Bucket latrine - No toilet provision Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality	N/A	N/A
	Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household)	N/A	N/A
3	<b>Detail</b>	<b>Total</b>	<b>Cost</b>
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.	N/A	N/A
	Total operating cost of sewerage function		R (000s)
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Current</b>	<b>Target</b>
Maintain existing infrastructure	Maintain existing infrastructure	100%	

**Function:** Housing  
**Sub Function:** N/A

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with provision of housing		
Description of the Activity:	<p>The function of provision of housing within the municipality is administered as follows and includes:</p> <p><i>Approval of building plans, Facilitate plan and development of housing need, Construction and monitoring of housing projects</i></p> <p>These services extend to include the areas within the jurisdiction of GMHM. The municipality has a mandate to:</p> <p><i>To provide low cost and affordable housing to the community</i></p> <p>The strategic objective of this function is :</p> <p><i>To ensure that the housing needs of people in municipal area are met</i></p> <p>The key issues for 2010/11 are:</p>		



	<i>Approval of building plans, Facilitate plan and development of housing need, Construction and monitoring of housing projects</i>		
Analysis of the Function:	Type of habitat breakdown:		
	1 - number of people living in a traditional dwelling	4600	
	- number of people living in a flat in a block of flats	137	
	- number of people living in a town/cluster/semi-detached group dwelling	64	
	- number of people living in an informal dwelling or shack	352	
	- number of people living in a room/flat	578	
	Detail	Total	
	Type and number of grants and subsidies received:		<i>R (000s)</i>
	<i>People H housing Projects(PHP)</i>	0	0
2	Total operating cost of housing function		0
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	Current	Target
Approval of building Plans	Building plans were approved on weekly basis	100%	



Function: Road Transport			
Sub Function: Roads			
Reporting Level	Detail	Total	Cost
Overview:	Construction and maintenance of roads within the municipality's jurisdiction		
Description of the Activity:	<p>The road maintenance and construction responsibilities of the municipality are administered as follows and include:</p> <p><i>Operation and Maintenance, Construction and Monitoring of infrastructure, grading of gravel roads,</i>            These services extend to include the areas within the jurisdiction of EPMLM. The municipality has a mandate to:  <i>Provide safe and appropriate road and storm water networks in the municipal area</i></p> <p>The strategic objectives of this function are to:  <i>To promote mobility by upgrading existing access roads and improve storm water drainage</i></p> <p>The key issues for 2010/11 are:  <i>Operation and Maintenance, Construction and Monitoring of infrastructure, grading of gravel roads, Upgrading of access and internal roads</i></p>		
Analysis of the Function:	<p>Total number, kilometers and total value of road projects planned and current:</p> <p>1</p> <ul style="list-style-type: none"> <li>- New bituminised (number)</li> <li>- Existing re-tarred (number)</li> <li>- New paving block(Number)</li> <li>- New gravel (number)</li> <li>- Existing re-sheeted (number)</li> </ul> <p>Note: if other types of road projects, please provide details</p>	<p>5.000</p> <p>0.000</p> <p>0.000</p> <p>0.000</p> <p>0.000</p>	<p>R (000s)</p> <p>16,000</p> <p>0,000</p> <p>0,000</p> <p>0,000</p> <p>0,000</p>
	<p>Total kilometers and maintenance cost associated with existing roads provided</p> <ul style="list-style-type: none"> <li>- Tar</li> <li>- Gravel</li> </ul> <p>2</p> <p>Note: if other types of road provided, please provide details</p>	<p>63</p> <p>103</p>	<p>R (000s)</p> <p>1,500</p> <p>1,000</p>
	<p>Average frequency and cost of re-tarring, re-sheeting roads</p> <ul style="list-style-type: none"> <li>- Tar</li> <li>- Gravel</li> </ul>	<p>0.0</p> <p>0.0</p>	<p>R (000s)</p>



	Note: based on maintenance records		
3	Estimated backlog in number of roads, showing kilometers and capital cost - Tar - Gravel	0.00 451	R (000s) 0 900,000
<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>	<b>Cost</b>
4	Note: total number should appear in IDP, and cost in future budgeted road construction program.		
	Type and number of grants and subsidies received: <list each grant or subsidy separately>	N/A	R (000s) N/A
	Note: total value of specific road grants actually received during year to be recorded over the five quarters - Apr to Jun this year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
5	Total operating cost of road construction and maintenance function		R (000s)
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Current</b>	<b>Target</b>
Maintain existing infrastructure	Maintain existing infrastructure	100%	100%





**Function: Water**  
**Sub Function: Water Distribution**

Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of water		
Description of the Activity:	<p>The water purchase and distribution functions of the municipality are administered as follows and include:</p> <p><i>Operation and maintenance of existing water services , Provision of water by water trucks and House connections</i></p> <p>These services extend to include the areas within the jurisdiction of EPMLM . The municipality has a mandate to:</p> <p><i>To provide potable water to the municipal area</i></p> <p>The strategic objectives of this function are to:</p> <p><i>To provide potable water to the municipal area</i></p> <p>The key issues for 2010/11 are:</p> <p><i>Operation and maintenance of existing water services , Provision of water by water trucks and House connections</i></p>		
	<Provide statistical information on (as a minimum):>		
1	<p>Number and cost to employer of all personnel associated with the water distribution function:</p> <ul style="list-style-type: none"> <li>- Field (Supervisors/Foremen)</li> <li>- Non-professional (blue collar, outside workforce)</li> <li>- Temporary</li> <li>- Contract</li> </ul> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.</p>	<p>2</p> <p>28</p> <p>0</p> <p>0</p>	<p>R (000s)</p> <p>273</p> <p>2,986</p> <p>0</p> <p>0</p>
2	<p>Percentage of total water usage per month</p> <p>Note: this will therefore highlight percentage of total water stock used per month</p>		
3	<p>Total volume and cost of bulk water purchases in kilolitres and rand, by category of consumer</p> <p><i>Domestic</i></p>	0	R (000s)
4	<p>Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer:</p> <p><i>Domestic</i></p>	0	R (000s)
5	Total year-to-date water losses in kilolitres and rand		R (000s)



		0	0
Reporting Level	Detail	Total	Cost
6	Number of households with water service, and type and cost of service: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole - Spring - Rain-water tank Note: if other types of services are available, please provide details	965 965 N/A N/A N/A N/A N/A	R (000s) <cost> <cost> N/A N/A N/A N/A N/A
7	Number and cost of new connections: <detail total>	525	R (000s) 985
8	Number and cost of disconnections and reconnections: <detail total>	189	R (000s) 0
9	Number and total value of water projects planned and current: - Current (financial year after year reported on) - Planned (future years) Note: provide total project and project value as per initial or revised budget		R (000s) N/A
10	Anticipated expansion of water service: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole - Spring - Rain-water tank Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		N/A
11	Estimated backlog in number (and cost to provide) water connection: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole - Spring		N/A



	- Rain-water tank Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
Reporting Level	Detail	Total	Cost
12	Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household) Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.	N/A	
13	Type and number of grants and subsidies received: <list each grant or subsidy separately> Note: total value of specific water grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.	N/A	
14	Total operating cost of water distribution function		R (000s)
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Maintain existing infrastructure	Maintain existing infrastructure	100%	100%



■ **Function:**

Electricity

**Sub Function:**

Street Lighting

Reporting Level	Detail	Total	Cost
Overview:	Includes all activities associated with the provision of street & public lighting to the community		
Description of the Activity:	<p>Street lighting responsibilities of the municipality are administered as follows and include:</p> <p><i>The responsibility for street lighting falls within the functions of the Electro-technical Division of the Municipality.</i></p> <p><b>Maintenance</b> - The Municipality do all maintenance-no outsourcing</p> <p><b>New installations</b> - Departmental and Contractors</p> <p><b>Expansion of networks</b> - Departmental</p> <p><i>The municipality offer street lighting and public lighting to the public:</i></p> <p><i>For public lighting different type of masts have been utilized from 15meter scissor masts to 40meter high masts.</i></p> <p><i>For street lighting the traditional steel pole setup have been used as well as post top mid block systems and steel outreaches on wooden poles.</i></p> <p><i>The municipality currently provides lighting in three formal towns and eleven villages.</i></p> <p><i>Another village will hopefully be added soon.</i></p> <p>These services extend to include the whole municipal area. The municipality has a mandate to:</p> <p>Maintain the existing structures.</p> <p>Expand the service to all villages within its area.</p> <p>The strategic objectives of this function are to:</p> <p><i>Properly maintain the equipment and structures that exist.</i></p> <p><i>Expand the service to all villages within its area.</i></p> <p><i>To improve the level of service in areas that already has the service.</i></p> <p>The key issues for 2010/11 are:</p> <p><i>Properly maintain the equipment and structures that exist.</i></p> <p><i>Extension of streetlights road P51-3 (N11)</i></p> <p><i>Connection of 3 masts at Moeding</i></p> <p><i>Convince SCM to stock material in Municipal store</i></p>		



*Convince SCM to purchase material for maintenance and expansion.*

Analysis of the Function:	<Provide statistical information on (as a minimum):>		R (000s)
1	Number and total operating cost of streetlights servicing population: <i>Public Lights - masts</i> <i>Streetlights</i>	<i>52</i> <i>1016</i>	<i>107</i>
	Note: total streetlights should be available from municipal inventory (Data from Electrical Div and should be confirmed by Finance - excluding vehicles and salaries and vat)		
2	Total bulk kilowatt hours consumed for street lighting: <i>Municipal supply</i> <i>Villages supplied by ESKOM</i>	<i>598640</i> <i>975302</i>	<i>100</i> <i>390</i>
	Note: total number of kilowatt hours consumed by all street lighting for year (calculated on fitting number & type at 333.3h/month – Finance should have accurate data)	<i>1573942</i>	<i>490</i>

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<List at least five key performance areas relative to the above function as articulated in the budget here>	< List here the actual performance achieved over the financial year, and the variance between performance planned and actual performance, providing an explanation of the variance. Also provide details of any improvements planned for next year.		
Maintain existing infrastructure	SCM could not supply material. SCM could not maintain levels in stores. Vehicle breakdowns	80%	100%
Expand services to other villages: Public lights in Tsimanyane North	Completed & energized	100%	100%
Public lights in Moeding	ESKOM have been paid but must still install supply points. (Only appoint competent Consultants in future)	95%	100%



<i>Public lights in Rathoke -phase 2 Streetlights road P51-3(N11)</i>	Supplier was not appointed. No new budget. No TLB available. No labourers as all were promoted and only one labourer remained. SCM did not purchase material	0% 0%	100% 100%
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<b>Function:</b>	<b>Electricity</b>
<b>Sub Function:</b>	<b>Electricity Distribution</b>

Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of electricity in the license area of the Municipality		
Description of the Activity:	<p>The electricity purchase and distribution functions of the municipality are administered as follows and include:</p> <p><b>&lt;List administration of each function here: this should detail what is offered, and how it is offered to the community&gt;</b></p> <p><b>Bulk purchase:</b>  <i>The Municipality only purchase electricity from ESKOM and have no generation capacity</i></p> <p><b>Distribution:</b>  <i>Construction of new connections and extensions</i>  <i>Replacement of equipment and upgrading of capacity.</i>  <i>Metering of consumption of all customers</i>  <i>Determine tariffs and tariff types to suit customer needs &amp; categories</i>  <i>Ensure quality of supply</i>  <i>Investigate all complaints and respond to requests</i></p> <p>These services extend to include only the town of Marble Hall but extends to the whole Municipal area where it comes to planning of electrification and investigation of complaints and request  This includes the implementation of FBE in the whole area.  The distribution of electricity for the rest of the Municipal area is being handled by ESKOM as the service provider.</p> <p>The municipality has a mandate to:  Provide every household with electricity  Ensure access to free basic electricity  Ensure dependable quality supply to customers</p> <p><b>&lt;List here&gt;</b></p> <p>The strategic objectives of this function are to: Properly and cost effectively maintain the electrical networks.  Strengthen and expand network where necessary. Connect new customers. Accurate measurement of consumption.  Verification of all ESKOM accounts and applications for new connections (municipal).</p> <p><b>&lt;List here&gt;</b></p> <p>The key issues for 2010/2011 are:</p>		



Transformer maintenance – oil testing and purification – repair leaks (include PCB testing)	50	380
Replace 10 meter rusted meter kiosks with new 3CR12 powder coated kiosks	10	70
Replace meters at key customers ( maximum demand and consumption above 15000kWh/month)	10	40
Substation maintenance – testing and repair of circuit breakers in three 11kV substations (every 3 years)	3	250
Completion of 11kV bulk electricity supply ring feed for extension 6 phases 1 and 3	1	400

Reporting Level	Detail	Total	Cost
	Bulk electrical supply for the Golf Estate Development-overhead line supply.	1	0
	Purchase small TLB for excavation work	1	500
	Strengthening of low voltage network in Ext 2	1	200
	Increase capacity in Industrial area by installing a 800kVA minisubstation (SCM failed to procure the 800kVA mini substation last year).	1	500
	Complete all new ESKOM supply points – new Taxi ranks	20	ESKOM
	Ensure completion of ESKOM electrification projects-according to project list	1	NA
	Start data base on farm worker houses		
Analysis of the Function:	<i>&lt;Provide statistical information on (as a minimum):&gt;</i>		
	1	Number and cost to employer of all personnel associated with the electricity distribution function:	R (000s)
		- Professional (Engineers/Consultants)	1 561
		- Field (Supervisors/Foremen)	3 1015
		- Office (Clerical/Administration)	0 0
		- Non-professional (blue collar, outside workforce)	5 631
		- Temporary	0 0
		- Contract	0 0
		Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.	
	2	Total quantity and cost of bulk electricity purchases in kilowatt hours and rand, by category of consumer	
	<i>Bulk ESKOM supply – Megaflex (confirm with finance)</i>	<i>33615375</i>	<i>16711</i>
3	Total quantity and receipts for bulk electricity sales in kilowatt hours and rand, by category of consumer:		R (000s)
	- Household- excluding basic charges	Finance	Finance
	- Commercial - excluding basic charges	Finance	
	- Industrial - excluding basic charges	Finance	





Reporting Level	Detail	Total	Cost
	- Mining - <i>excluding basic charges</i>	0	0
	- Agriculture - <i>excluding basic charges</i>	Finance	Finance
	- Streetlights - <i>excluding basic charges</i>	Finance	Finance
	- Municipal - <i>excluding basic charges</i>	Finance	Finance
	- Other - <i>excluding basic charges</i>	Finance	Finance
4	Total year-to-date electricity losses in kilowatt hours and rand _____ : ___%	Finance	R (000s) Finance
5	Number of households with electricity access, and type and cost of service:		R (000s)
	- Electrified areas		
	- Municipal	775	<cost>
	- Eskom (20 to 60 Amp pre-pay)	30677	ESKOM
	- Alternate energy source		
	- Gas	0	<cost>
	- Paraffin	0	<cost>
	- Solar	0	<cost>
	- Wood	0	<cost>
	- Non electrified	1600	<cost>
	Note: if other types of services are available, please provide details		
6	Number and cost of new connections:		R (000s)
	<detail total>	<volume>	7
7	Number and cost of disconnections and reconnections		R (000s)
	<detail total>	<volume>	<cost>
8	Number and total value of electrification projects planned and current:		R (000s)
	- ESKOM Current (financial year after year reported on)(We assume some funding is from post connection fund)	449	1350
	- ESKOM Planned (future years)	450	3150
	Note: provide total project and project value as per initial or revised budget		
9	Anticipated expansion of electricity service:		R (000s)
	<detail total>	20	10
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
10	Estimated backlog in number (and cost to provide) electrical connection:		R (000s)
	<detail total>	1600	12000



Reporting Level	Detail	Total	Cost
	Note: total number should appear in IDP, and cost in future budgeted capital housing programs		
11	Free Basic Service Provision: - Quantity (number of households affected) ( <b>more than 6000 poor households</b> ) - Quantum (value to each household) Note: Each household receives 50kWh electricity per month. This is provided through the service provider ESKOM. Beneficiaries must apply and must be approved by the Municipality. We have failed to register any new customers since 2005. We received about 6000 applications but could not process them because of missing pole numbers. We did a new roll-out and have received more than 6000 applications already but we did not visit all villages. We cannot implement because of lack of funding and policy issues. <b>(Finance plans to roll-out with 200 beneficiaries per ward even though all villages have not been given opportunity and will implement to first 200 applications they got)</b>	1490 50kWh/Month	484 0.36 excl
12	Type and number of grants and subsidies received: <list each grant or subsidy separately>	<total>	R (000s) <value>
	Note: total value of specific electricity grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.	Finance	
13	Total operating cost of electricity distribution function <b>(Not ring-fenced yet – maybe Finance can provide a figure)</b>		R (000s)

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<List at least five key performance areas relative to the above function as articulated in the budget here>	< List here the actual performance achieved over the financial year, and the variance between performance planned and actual performance, providing an explanation of the variance. Also provide details of any improvements planned for next year.		
Completion 11kV supply ring feed to Ext 6 ph1 & 2	No labour, no TLB, no funding	20%	100%
Increase capacity in Ind Area	SCM could not source material.	0%	100%
Electrical reticulation for Ext 6, phase 3- Developer starts in March2009	Completed	100%	100%
Bulk 11kV electrical supply for Golf Estate-	Underground cable complete but O/H Line at 50%- ESKOM line in the way	70%	100%



Developer starts Feb 09.			
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Electrical reticulation of Golf Estate- Developer starts Feb 09	Whole project was behind schedule but on track now	90%	100%
Strengthening of LV network in Ext2-SCM cannot source material	No labour, no TLB, no funding	0%	100%
Transformer oil purification & main-SCM cannot source Service Provider	SCM could not source service provider	0%	100%
Electrification of Driefontein Ext(Non performance-Consultant/Contractor)	Completed	100%	100%
Correct all ESKOM accounts-ongoing process	Dependent on ESKOM with financial impact - ESKOM cooperation poor	85%	100%
Replace meter kiosks- Labour & material shortage- kiosks delivered	Labour & material shortage- kiosks delivered but stores empty	100%	100%



o CORPORATE SERVICES

Function:

CORPORATE SERVICES annual report 2010/2011

<b>Function:</b>	<b>Corporate Services: Ensure prudent administration of the Municipality with regard to human and capital assets.</b>		
<b>Sub Functions:</b>	<b>Human Resources, Legal and Administration, Council Support Information and Communication Services</b>		
<b>Reporting Level</b>	<b>Detail</b>		
<b>Introduction</b>	<p>This report covers the activities of the Corporate Services Business Unit for the period ranging 1<sup>st</sup> July 2010 to 30<sup>th</sup> June 2011.</p> <p style="text-align: center;">The Corporate Services Department comprises the following Sub Directorates:                  Legal and Administration Services                  Human Resources Service                  Council Support And                  Information and Technology Division</p>		
<b>Overview</b>	<p>The strategic and operational activities as duly performed by the Executive Committee and the Municipal Council rely heavily on the prudent and organized nature of the overall administration.</p> <p>Such a demanding responsibility requires a cadre of committed and highly skilled personnel whose allegiance to better service and adherence to Batho Pele Principles remain beyond reproach.</p> <p>Furthermore, prudent and clearly defined business principles remain key and central to the optimal maximization of organizational excellence.</p> <p>The employees training needs and deficiencies, Employee Assistance Programmes, individual performance, career pathing and multi skilling are all impediments that as a prerequisite require highly trained, skilled, committed and knowledgeable human resource personnel.</p> <p>The premise that an unhappy workforce shall not deliver becomes clearly demonstrated in this regard.</p> <p>It is for this reason that an emphasis on the improvement of administration functions and human resources remain pivotal and core to the Municipality's business.                  Same applies to human and public relations when dealing with organized labour.</p> <p>The stepping up of all necessary systems and processes with intent to provide a well defined global business standards and principles, remain aspirant in the Corporate Services Directorate's long term strategic objective.</p>		



	<p>The Department has a mandate to:</p> <ul style="list-style-type: none"> <li>✓ <b>Give administrative support to all departments</b></li> <li>✓ <b>Render legal services within the municipality</b></li> <li>✓ <b>Improve administrative systems</b></li> <li>✓ <b>Provide staff and human resource development</b></li> <li>✓ <b>Develop administrative policy documents</b></li> <li>✓ <b>Develop by-laws in conjunction with other user departments, with due regard to national and provincial legislation</b></li> <li>✓ <b>Promote public participation in the activities of the Municipality</b></li> <li>✓ <b>Keep municipal records</b></li> <li>✓ <b>Provide secretarial services to Council Committees</b></li> <li>✓ <b>To regulate communication within and outside the municipality</b></li> </ul>		
	<p>The strategic objectives of this Department are to:</p> <ul style="list-style-type: none"> <li>❖ <i>Complete Human Resource restructuring and ensure staff morale at all times i.e. State-of-the-art employee satisfaction through skills training, career pathing and overall satisfactory job performance</i></li> <li>❖ <i>Draft and maintain a coherent institutional plan for the municipality with issues related to short term and long term strategic planning for the municipality's corporate outlook</i></li> <li>❖ <i>Development of by-laws and policy formulation as well as document generation in respect of the municipality with intent to enhance efficiency, effectiveness and prudent administration at all times</i></li> <li>❖ <i>Putting mechanisms in place and orderly in order to address HIV/AIDS and its effects in the workplace as in line with all applicable labour laws, with the Country's Constitution as <b>el supremo</b></i></li> <li>❖ <i>Updating and maintenance of electronic equipment and software of the Municipality as and whenever necessary</i></li> <li>❖ <i>Enhancement of participation of recognized trade unions in municipal human resource issues i.e. labour relations, skills development and employee wellness programmes</i></li> <li>❖ <i>Statutory compliance</i></li> </ul> <p>The key issues for 2010/2011 were:</p> <ul style="list-style-type: none"> <li>❖ <i>Development of policies and bylaws</i></li> <li>❖ <i>Provide a clear delegation of powers to political office bearers and heads of Departments</i></li> <li>❖ <i>Transform and change the Municipal logo as well as the name</i></li> <li>❖ <i>Conduct consultative meetings with communities</i></li> <li>❖ <i>Provide clear and sound human resource capital</i></li> <li>❖ <i>Ensure efficient and effective information communication technology</i></li> <li>❖ <i>Ensure compliance with legislation at all levels</i></li> <li>❖ <i>Provide Council support</i></li> </ul>		
	<p>Challenges encountered: Gradual emergence of gross administrative interference by other user Departments, either by error, omission or commission</p>		



	<p>Unstructured appointment of officials without due HR and/or technological interface of documentation, resulting in information failure on capturing and filing Disregard and sheer ignorance of appointment procedures as duly instructed by labour and human resource statutes.</p> <p>Incongruent training programmes that are not in tandem with individual employees' needs.</p> <p>Lack of coherent and intertwined HR filing systems amidst the presence of the VIP HR software programme which is virtually empty as regards information on: Capturing of employees skills, disability status, qualifications, experience and a range of other programmers that the system accommodates.</p> <p>Inadequate/Unavailability of personnel information in the incumbents' personnel files, including Councilors' files.</p> <p>Such a setback has dismally affected the budget projections on training, leading to the training of wrong personnel on the programmes/training needs that they did not apply for.</p> <p>Undue interference in the placement programme, resulting in wrong personnel being deployed in the incumbency they are not legible in All the said impediments had a highly significant negative impact .towards service delivery, across the board, and shall increasingly continue to do so unless the situation is remedied through strict adherence to systems and processes by the entire personnel.</p>		
Analysis of the Function:	<p>As per mandate given to the Corporate Services Department in respect of the pronounced period, the following is hereby reported:</p> <p><b>1.HUMAN RESOURCE ISSUES AND ADMINISTRATIVE CTIVITIES</b></p> <p><b>1 Introduction</b></p> <p>The personnel section consists of three employees, Ms S.Mamahodi and Mr L.Madisha headed by Mr M.A. Mahlangu.</p> <p><b>2 Transfer of Government Employees Pension Fund Contributions to Municipal Employees Pension Fund</b></p> <p>The pension contributions of the staff members who were transferred from different Departments to the then Transitional Local councils which preceded and amalgamated to form Greater Marble Hall municipality have been transferred to Municipal Employees Pension Fund members-funds. Other contributions which are due to Municipal Gratuity Fund, SAMWU Provident Fund, and other Funds are still being worked out for transfers by Government Employees Pension Fund into individual contributors' pension funds.</p> <p><b>3 Retired, Resigned and passed away (deceased) officials</b></p> <p>The following official resigned</p> <p>The <b>Project Manager PMU</b> resigned through the resignation process with effect from the <b>31/04/2011 Ms G Matlala</b></p> <p>The following officials retired:</p> <p>The driver in the Council Support Section Mr SJ Zondo retired on the 31 May 2011.</p>	E	



**31/05/2011 F Boshielo workshop.**  
**31 04 /2011 MS Selwana a labourer at parks and cemetery**  
**31/04/2011 J Tebeila a labourer at parks and cemetery.**  
**31/04/2011 RE Machika a cleaner at Leeuwfontein Satellite Officer.**

**Passed away (Deceased) officials**

Name	Date passed on	Position
SJ Malope	25/06/2011	Artisan Water and Sanitation
<b>TD Thutse</b>	<b>04/11/2011</b>	<b>Pump Operator</b>
<b>RR Sithole</b>	<b>25/02/2011</b>	<b>Cleaner</b>

Relevant documents regarding the abovementioned matter were completed and forwarded to the respective Pension/Gratuity/Provident Fund for further processing.

**4 Advertisements**

A number of positions were advertised in the national newspapers on various dates and the following candidates have been recruited in that process in terms of recruitment policy as approved by the Council:

The following labourers in the Community Department were recruited in the recruitment process.

A.L Monama 2011/04/01  
 S.H Baloyi 2011/04/04/01  
 M.J Seeta 2011/04/01  
 A,T Magaela 2011/04/01  
 M. Choenyane 2011/04/01  
 A. Mamabolo 2011/04/01

**TRANSFER OF STAFF TO SEKHUKHUNE DISTRICT MUNICIPALITY( WATER AND SANITATION)**

The following employees were transferred to the District with effect from 01 July 2011

- 1 Tjege PF
- 2 Skosana NB
- 3 Nkoana JM
- 4 Phala RT
- 5 Magolego KV
- 6 Manchidi KA
- 7 Matlou JL



- 8 Moima J
- 9 Raselabe P
- 10 Mamogobo MM
- 11 Tlaka K
- 12 Mogajane J
- 13 Mosehla MS
- 14 Sibetha TT
- 15 Mokoena MA
- 16 Matjie HL
- 17 Makena LM
- 18 Matlala JL
- 19 Mamakoko WL
- 20 Tlamama MK
- 21 Mokotedi WM
- 22 Hnawe P
- 23 Mooka MD
- 24 Mbiba WV
- 25 Dolamo MS
- 26 Masilela MJ
- 27 Aphane JC
- 28 Nwinika RF
- 29 Mmako MK

## 5. Challenges

The following are some of the challenges experienced by the Corporate Services department, mainly due to budgetary constraints:

1. Lack of adequate office Space,
2. Old fleet which often render this municipality unable to meet its service-delivery mandate,
3. Employment Equity barriers being identified in accordance with the provisions of Employment Equity Act 55 of 1998.

## 2. COUNCIL SUPPORT

### 2.1. Committees

The following statutory structures exist within the Municipality and are operational:

- Municipal Council
- Executive Committee





- Tender Committee
- Ward Committee
- Portfolio Committees
- Corporate Services
- Finance
- Community Services
- Technical and Planning
- Rules and Ethics
- Local Labour Forum

The Municipal Council, Executive Committee and Portfolio Committees have been meeting as per scheduled programmes except under some extra ordinary circumstances.

The Council sits only once per quarter and Special Council meetings are called when there are urgent matters that need Council decision.

**Council**

Ordinary	Special	Ordinary	Special	Ordinary	Special	Ordinary	Special
25/11/2010		14/04/2011			31/01/2011 08/02/2011 28/02/2011		12/05/2011 15/06/2011 30/06/2011
1		1			3		3

**EXCO**

Ordinary	Special	Ordinary	Special	Ordinary	Special	Ordinary	Special
N/A	01/09/2010	08/10/2010	01/09/2010	N/A	31/01/2011 08/02/2011 25/02/2011 14/04/2011		12/05/2011 15/06/2011 28/06/2011
	1	1	1		4		3

**CORPORATE SERVICES PORTFOLIO**

Ordinary	Special	Ordinary	Special	Ordinary	Special	Ordinary	Special
	N/A	09/11/2011	16/08/11		07/02/2011 24/03/2011		N/A
		1	1		2		



COMMUNITY SERVICES PORTFOLIO

Ordinary	Special	Ordinary	Special	Ordinary	Special	Ordinary	Special
N/A			N/A		08/04/2011	N/A	

FINANCIAL SERVICES/STRATEGIC PLANNING PORTFOLIO

Ordinary	Special	Ordinary	Special	Ordinary	Special	Ordinary	Special
N/A			30/08/2010 15/11/2010	N/A	27/01/2011 23/02/2011	N/A	11/04/2011
			2		2		1

TECHNICAL SERVICES PORTFOLIO

Ordinary	Special	Ordinary	Special	Ordinary	Special	Ordinary	Special
N/A		09/11/2010	16/08/2010	N/A	N/A	N/A	N/A
		1					

LOCAL LABOUR FORUM

Ordinary	Special	Ordinary	Special	Ordinary	Special	Ordinary	Special
	N/A	N/A	N/A		22/11/2011		24/06/2011

**Rules and Ethics Committee**

The rules and Ethics Committee has a responsibility to ensure that Council functions properly and that Councillors adhere to the code of conduct.

**1 Councilor Details**

Total number of Councilors 27

Male 15 Female 12



	<p>Number of Councilors on Executive Committee 05  Male 03 Female 02</p> <p><b>2 Ward Details</b>  Total number of wards 14  Number of ward meeting Average 6  140 ward committee members</p> <p><b>Policies/By Laws/Tariffs</b>  The following tariffs were revised and approved and became implementable with effect from the 1<sup>st</sup> July 2010.</p> <ul style="list-style-type: none"> <li>• Electricity Tariffs.</li> <li>• Solid Waste Tariffs.</li> <li>• Water and Sewer Tariff.</li> <li>• Sundry Tariffs.</li> <li>• Property Rates Tariff.</li> </ul> <p>The following polices were revised and approved and became implementable with effect from the 1<sup>st</sup> July 2010.</p> <ul style="list-style-type: none"> <li>• Indigent Policy.</li> <li>• Tariff Policy.</li> <li>• Credit Control and Debt Collection Policy.</li> <li>• Property Rates Policy.</li> <li>• Supply Chain Management Policy.</li> <li>• Overtime Policy.</li> <li>• Traveling and Subsistence Allowances Policy.</li> <li>• Recruitment, Selection and Appointment Policy.</li> <li>• Cell phone Policy.</li> <li>• Organogram.</li> </ul>														
1	<p>Councilors details:  Total number of Councilors</p> <p>Number of Councilors on Executive Committee</p>	<table border="1"> <tr><td colspan="2">27</td></tr> <tr><td>M</td><td>F</td></tr> <tr><td>15</td><td>12</td></tr> <tr><td colspan="2">05</td></tr> <tr><td>M</td><td>F</td></tr> <tr><td>3</td><td>2</td></tr> </table>	27		M	F	15	12	05		M	F	3	2	
27															
M	F														
15	12														
05															
M	F														
3	2														
2	<p>Wards details:  Total number of Wards</p>	<table border="1"> <tr><td>14</td></tr> </table>	14												
14															



	Number of Ward Meetings	<p>Average 6. 140 ward committees members.</p> <table border="1"> <tr> <td>M</td> <td>F</td> </tr> <tr> <td>64</td> <td>76</td> </tr> </table> <p>32 are within age range 35. 19 are above age range 50. None is disabled.</p>		M	F	64	76
M	F						
64	76						
	ADMIN & LEGAL SERVICES						
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target				
Bylaws & Policies	<ul style="list-style-type: none"> <li>○ Waste Management By-Law – approved and promulgated in Provincial Gazette on the 15th December 2010</li> <li>○ Electricity By-Law – Approved and promulgated in the Provincial Gazette on the 15th December 2010.</li> <li>○ The following policies were approved: <ul style="list-style-type: none"> <li>- Internet, Computer Network &amp; Electronic Appliances Usage Policy.</li> <li>- Server Security Policy &amp; Procedure.</li> <li>- Password Security Policy &amp; Procedure.</li> <li>- Backup Policy &amp; Procedure.</li> <li>- E-Mail Record Management Policy &amp; Procedure.</li> <li>- Telephone &amp; Fax Policy.</li> <li>- Allocation of Movable IT Devices Policy &amp; Procedure.</li> </ul> </li> </ul>	100	100				



## IX. PERFORMANCE INFORMATION 2010/11 IN COMPARISON OF 2009/10, MEASURES TO IMPROVE PERFORMANCE & PERFORMANCE OF SERVICE PROVIDERS

### MUNICIPAL MANAGER

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
	1. Strategically manage the use of Council resources so that an economic, effective and efficient service is delivered.	End of June 2011	Implementation of Urban renewal plan. Implementation of Revenue Enhancement strategy. Implementation of Supply chain management Policy. Capital Program developed and approved. 100% of capital budget to be spent. Progress against plan to be provided. Functioning of the Performance Audit Committee.	Organic farming project funded by DTI .R25m over 3 years.4 farms established and 109 permanent jobs created . SCM policy reviewed and 3 bid committees functioning. 97% of capital budget spent Audit committee in place and functioning	The action plan to promote the horticulture cluster has been compiled and the cluster committee has been established. Operationalizing of the LED Strategy is completed and the four cluster committees, namely Tourism, Horticulture, Red meat and Informal economy has been established. Logistic Hub study has been completed on 6 May 2010 and item to be submitted to council during July 2010 to appoint implementing entity. Tender for the appointment of a debt collection agency was awarded. -Cics is currently doing a data cleansing project with the property valuer for the purpose of correcting consumer data for proper billing The SCM Manager has been appointed and all three bid committees established as well as the SCM Policy.	



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
					97% spent on capital budget. Appointment of Audit committee members was approved by Council on 26 November 2009 and met on 25 March 2010 .	
	2. Ensure the provision of efficient and effective service delivery to the community so that the requirements in the IDP are met in relation to public safety, health, water, waste and electricity, roads , community services and local economic development, communications and planning.	End of June 2011	Integrated Development Plan (IDP) submitted and approved by Council. Comprehensive Public Participation in IDP Process to be substantiated. Evidence to be provided that IDP is integrated with organisational Performance Management System. Five year strategic plan and Council's vision for long term development submitted and approved by Council	IDP adopted by Council on 20 April 2011 and submitted to DLGH and Prov/Nas Treasury PMS integrated with SDBIP and IDP. Strategic planning workshop held with councilors on 8 -9 February 2011 and strategies and vision form part of IDP approved by Council on 20 April 11.	IDP approved on 31 May 2010 and submitted to DLGH and Prov/Nas Treasury on 10 June 2010. PMS integrated with SDBIP and IDP. Strategic planning workshop held with councilors on 11 -12 February 2010 and strategies and vision form part of IDP approved by Council on 31 May 10.	Ward 1,2 ,3 & 6 did not discuss priorities for 2009/10 as they want o/s issues to be resolved first.
	3. Maintain overall responsibility as chief accounting officer for all income and expenditure of the Municipality, all assets and the discharge of all liabilities, and proper compliance with prevailing legislation Act.	End of June 2011	Budget is aligned to priorities of IDP. Budget approved prior beginning of financial year. Budget submitted in the reformed format required by Treasury and Auditor General.	Budget approved on 20 April 11 in terms MFMA and is aligned to priorities in the IDP. Budget submitted to Provincial and National treasury as well as Auditor General on 10 May 2011	Budget approved on 31 May 10 in terms MFMA and is aligned to priorities in the IDP. Budget submitted to Provincial and National treasury as well as Auditor General on 10 June 2010	



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
	4. Lead, direct and manage senior staff so that they are able to meet their objectives.	End of June 2011	Every direct report has a performance agreement and performance plan which is linked to the IDP and have managed it. Formal performance feedback sessions held with direct reports every six (6) months. (Proof) Monthly meetings with HOD's were held (Minutes).	Performance agreements and plan compiled and linked to IDP Performance feedback sessions held with unit managers in October 10 and February 2011. Monthly meetings held with H.O.D's. Performance evaluation committee established and received training. PMS reviewed on 25/11/10	Performance agreements and plan compiled and linked to IDP Performance feedback sessions held with unit managers in October 09 and February 2010. Monthly meetings held with H.O.D's. Performance evaluation committee established and received training. Service provider appointed by GSDM to review PMS framework and completed on 6 June 2010	
	5. Ensure good governance within the Municipality so that transparency, public accountability, access to information, administrative justice and responsiveness to complaints are dealt with in terms of the relevant legislation.	End of June 2011	Develop an action plan to address audit opinions as per Annual Auditor General Audit Report. Submission of progress reports to Council quarterly	Audit opinion has been received and action plan compiled. Monthly reports are submitted to council	Audit opinion has been received and action plan compiled. Monthly reports are submitted to council	
Approval of anti-corruption and Risk Management Plan and Policy	To combat and curb corruption and fraud	The approval of the plan and policy to be done by 31 August 2009	Anti-corruption and Risk management plan and policy in place	Policies approved on 23 November 2009	Policies approved on 23 November 2009	



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status on review	Performance status 30/6/09	Measures to improve performance & performance of service providers
Internal Audit Unit	Audit unit compliance with the MFMA	Audit plan finalised by 30 September 2010.	Audit plan and charter in place Internal audit report	Audit plan and charter compiled and Risk assessment report for 2010/11 completed and submitted to Audit committee	Audit plan and charter compiled and Risk assessment report for 2009/10 completed and submitted to Audit committee on 25 March 2010.	





## TECHNICAL SERVICES

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
Provision of Water and Sanitation	To provide water and sanitation services as per SLA	30 June 2011	% of HH with access to potable water and sanitation facilities	Function transferred to Sekhukhune district municipality	% SLA was signed in the August 2009. A task team has been established, different committees are busy finalising the action plan for transferring of water functions to the District.	Funding by district for bulk supply to Moutse To take part in the water sector forums, monthly progress meetings from 2011-2012
	To sustain good condition of water and sewer networks	30 June 2011	% of water and sewer network	Function transferred to Sekhukhune district municipality	50% SLA was signed in the August 2009. The maintenance proceeding smoothly	District to provide equipment and material
Roads and stormwater	To improve the condition of existing municipal gravel roads	30 June 2011	No. of km of existing roads graded in rural areas	33km of roads graded	10km of roads graded	Plans to procure new plants and machinery in 2011-2012 To appoint the Technician in the Road and Storm water Division
	To improve the condition of existing municipal tarred roads	30 June 2011	No. of square meters of potholes patched in urban areas	45 km tarred roads attended	120 square meters of potholes patched	
	To improve the condition of existing storm water drainage system	30 June 2011	No. of km of drainage storm water pipes cleaned	21km of storm water pipes cleaned	6km of storm water pipes cleaned	
	To improve the condition existing road markings	30 June 2011	No. of km of existing tarred road marked and road signs installed	71km of tarred road marked	12km of tarred road marked	



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
Housing	To provide HH with formal residential housing (RDP)	30 June 2011	No. of HH provide with RDP houses	320 RDP housing units completed by Department of Local Government and Housing. Monitoring was done by both Department and Municipality	80% complete	Monitoring of monthly reporting and verification of approved beneficiaries prior allocation of Housing units
	To improve condition of municipal building facilities	30 June 2011	% of municipal building maintained	25% of building maintenance completed. Note : maintenance is an on going process	10% of municipal building facilities maintained	Monthly progress on planned maintenance and prompt response on day to day maintenance
	To ensure compliance with Nation Building Regulation	30 June 2011	% of building plans approved within 5 working days	All building plans approved on time	All building plans approved on time	Monitoring of monthly reporting on compliance and non compliance
Town Planning	To ensure compliance with Town Planning Scheme regulations	30 June 2011	100%. of submitted applications approved	100%In the process of approving the submitted applications	80%In the process of approving the submitted applications	Monitoring of monthly reporting on compliance and non compliance
Electricity	To supply effective and sufficient repair & maintenance to the areas with public lighting	30 June 2011	% of public lighting maintained in municipal areas	The plan maintenance was not completed.	100% of public lighting maintained	Alignment of time frame to plan, procure services and implement the project
	To provide sufficient performance on repair, maintenance and new electrical customer	30 June 2011	% of Connections repaired and electrical services installed	100% of connections maintained repaired and installed. Customers advised to purchase material to avoid SCM delays and	100% of connections maintained repaired and installed. Customers advised to purchase material to avoid SCM delays	Monitoring of monthly reporting on compliance and non compliance



	connections- <b>Conventional</b>			complications.	and complications.	
	To provide sufficient performance on repair, maintenance and new electrical customer connections - <b>Prepaid</b>	30 June 2011	%of Connections repaired and electrical services installed	100% of connections maintained repaired and installed. Bulk meters not replaced due to lack of funding. Losses more than 11% which is abnormal.	100% of connections maintained repaired and installed. Bulk meters not replaced due to lack of funding. Losses more than 11% which is abnormal.	Monitoring of monthly reporting on compliance and non compliance
	To provide FBE to beneficiary as mandated by Government	30 June 2011	To supply FBE to indigent customers that apply and is registered and approved as beneficiaries 1. Registration ✓ 2. Revise policy 3. Submit to 4. ESKOM Public awareness	3% New roll-out for indigent completed and ward 6 outstanding Indigent register not updated		Update the indigent register, submit to ESKOM updated the data base. Public participation of token collection.
	To ensure reliable and safe supply by installing a ring feed to Ext 6 phase 3 and upgrading of Ext 2 LT.	30 June 2011	1. Finalize scope of work. 2. Bill of quantities 3. Submit to SCM	The procurement of bulk supply of material was not done		Alignment of time frame to plan, procure services and implement the project



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
MIG	Building of bridge:Mathukuthela	31 March 11	To improve access and drainage	35% of construction is completed		Consultant and Municipality to monitor the projects performance and improve the progress
	Building of bridge:Monotalaneng	31 March 11	To improve access and drainage	53% of construction is completed		
	Moganyaka Access Road	31 March 11	To upgrade gravel road to tar To upgrade gravel road to tar	20%, Design completed, EPWP requirement ment		Appoint the contractor by end of October 2011
	Marble Hall Storm water	31 March 11	To improve drainage structures	10% revision of the design and cost		Appoint ment of Consultant by end October and Contractor in November 2011
	Klopper Community Hall	31 March 11	To improve the life of the community	20%, Design completed, EPWP requirement ment		Appoint the contractor by end of October 2011
	Vaal-bank Internal Road	31 March 11	To upgrade gravel road to tar	20%, Design completed		Construction will be prioritized in the outer financial years
	Malibitsa Internal Road	31 March 11	To upgrade gravel road to tar	20%, Design completed		
	Rathoke/ Matlerekeng Road	31 March 11	To upgrade gravel road to tar	25%, The phase one of the project is completed at 2.5km and functional		



## STRATEGIC PLANNING

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
<b>1. Marketing and Investment strategy</b>	1.To entice investors to Marble Hall and Industrial investors retention	End March 2011	To increase the number of investors in the municipality by 10% by 2015	Three proposals received but all three did not comply with SCP .Will re-advertise in 2011/12 financial year	Strategy compiled in Operationalising of LED strategy report. Tourism, Horticulture, Meat and Informal economy clusters formed on 20 November 08.Clusters will meet as soon as Chairpersons confirm acceptance of their nominations	To ensure Service providers do attend pre-tender meeting to understand requirements of SCP
<b>2. Annual IDP Review</b>	To review the IDP for 2010/11	End May 2011	Annual review of the IDP for 2010/11	IDP adopted by Council on 20 April 2011	1.97% of Council budget spent on implementation of IDP projects. 2.IDP approved on 31 May 2010 and submitted to DLGH, Provincial and National Treasury on 10 June 2010	
<b>3. PMS</b>	3.To implement the PMS framework	End June 2011	To implement the PMS by 1 July 2010	PMS framework review approved by council on 25 Nov 10 Performance review for 4 quarters completed Verification of evidence done by MM quarterly PMS to Div Mngr and Supervisor level to be cascaded in 2011/12 .	1.Performance plan for municipality as well as agreements and plans for section 57 Managers compiled. 2.Plan aligned to IDP 3.Audit committee members appointed by Council on 26 November 09. 4.PMS evaluation panel established and received training. 5.SP. appointed by GSDM to review PMS framework and it was completed on 6 June 2010.	To submit item to labour forum to cascade PMS to Div Mnr and Supervisor level



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
<b>4. Eco tourism Flag Boshielo Schuinsdraai nature reserve development</b>	4.Develop a unique eco-tourism destination	End June 2011	To increase the number of tourists that visit the municipality by 10% by 2011	Funding proposal received from DTI i.t.o incentive program giving grant of 30% on R200m development	1.Bakone development forum appointed a consultant to compile a business plan to re-develop the project expropriated by DWAF on 22 July 2004. 2.The developer who are developing Bosveld Paradys were interested to develop a tourism project on the community land next to the dam but consultation with the Traditional authority failed. 3.The service provider appointed by DEAT are building 10 chalets at Schuinsdraai and is roof height.Currently 60 persons are employed . Project Advisory committee established and several meetings held.	<b>To unblock community land for development and advertise for proposals from developers</b>
<b>5.Horticulture cluster</b>	5.To improve the competitiveness of horticulture cluster by implementing the action plan	End June 2011	To accelerate economic growth to 10% per year by 2015	Organic farming project funded by DTI .R25m over 3 years.4 farms established and 109 permanent jobs created	Cluster committee has been established	



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
<b>6.Tourism cluster</b>	7.Promote economic growth in the tourism industry by mplementing the action plans	End June 2011	To accelerate economic growth to 10% per year by 2015	SLA agreement signed with LT&P to establish info centre	Cluster committee has been established	To fill LED officer post
<b>7. Fundraising</b>	13.Increase available funds by 10% for implementation of projects	End June 2011	Increase available funds by 10% for implementation of projects	Increased by 1859% - R15 159850 received from DTI for organic farming project	Financial plan for 2009/10 reflects confirmed funds allocated amounting to R97 012 520 including capital of R23.7m of EPMLM.	



## CORPORATE SERVICES – ADMIN AND LEGAL SERVICES

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
<b>1. Development of By- Laws and Policies</b>	To provide the framework for the transformation of the Municipality	June 2011	The approval of the By-Laws by the Council and the subsequent public participation process.	Street Trading By-law approved for consultation.	The following by-laws (& policies) were approved by the council for public participation: - Advertising Sign and Bill Board. - Alienation of land policy. - Allocation of Municipal housing Policy. - Protective Clothing Policy. - Meeting and procession.	.Implement street trading bylaw in 2011/12
Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
<b>5.Acquisition of Furniture</b>	To provide furniture and equipment to all needy municipal offices	June 2011	Delivery of furniture and equipment to various needy departments that have submitted requests.	<ul style="list-style-type: none"> <li>- The service provider for the delivery of furniture was appointed and awaiting delivery of furniture.</li> <li>- Installation of the desktops is in progress</li> </ul>	<ul style="list-style-type: none"> <li>- Cleaning equipment requests submitted to S.C.M. for procurement purposes</li> <li>- Requested laptops are being procured for Finance officials, Steel cabinets are being procured for cleaners.</li> </ul>	Non acceptance of poor quality furniture Delivery of new furniture according to specifications





## CORPORATE SERVICES – HUMAN RESOURCES

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
<b>1. Job evaluation</b>	Evaluation of all jobs and assessment through work skills to ensure compliance with TASK job evaluation system.	June 2011	Approval of the job evaluation by the National Moderation Committee and compliance with the TASK job evaluation system and Labour Relations Act.	45 Job Descriptions for unevaluated posts completed, awaiting SALGBC Approval.	GSDM establishes a District J.E. Committee, & is to chair the committee, GSDM took some officials for TASK J.E.training, Arrangement is made for training of local municipalities officials on TASK System,	To engage SALGBC to speed up process of evaluation as critical posts can not be filled
<b>2. Batho Pele</b>	Promote Customer Care Relations amongst Municipal employees	June 2011	Training of staff & holding of Batho Pele campaigns within the Municipality.	Posters, pamphlets & other related documents purchased, staff trained & suggestion boxes placed at municipal strategic places.	Cashiers & frontline officials attended to Accounting & Customer Care training respectively.	Process of filling the customer care post



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
<b>3.Occupational Health and Safety</b>	Ensure compliance with the Occupational Health and Safety Act	June 2011	Safe working environment .	Training was given to municipal officials on First Aids	<ul style="list-style-type: none"> <li>- OHS Representatives appointed,</li> <li>- Fire extinguishers are being refilled,</li> <li>- OHS Officer appointed/placed</li> <li>-OHS Committee established,</li> <li>-First Aid boxes Requisition is with S.C.M. for further processing,</li> <li>- Arrangement for First Aiders and OHS reps training is being made.</li> </ul>	Complies with OHS Act Provide First aid Boxes
<b>4.Employment Equity</b>	Ensure compliance with Employment Equity Act.	June 2011	Compliance with the Act	Promoting employment of qualified women to ensure compliance with the Act	<ul style="list-style-type: none"> <li>-EE Manager appointed</li> <li>-EE Committee established</li> <li>-EE Report submitted</li> <li>-EE Plan for 2009/10 being developed.</li> </ul>	To ensure that advert encourage women to apply for the job s within the municipality
<b>5.Skills Development</b>	Ensure compliance with Skills Development Act.	June 2011	Compliance with the Act	Training was given to municipal officials according to the <b>2010-2011</b> WSP, Annual Training Report was compiled and completed.	<ul style="list-style-type: none"> <li>Workplace Skills Plan developed</li> <li>-Training of various categories of staff was implemented &amp; is ongoing.</li> </ul>	To be launch in Q1 of 2011/12 financial year



## CORPORATE SERVICES – INFORMATION COMMUNICATION TECHNOLOGY

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
<b>1. Upgrading of Computer software &amp; Programing</b>	<ul style="list-style-type: none"> <li>- Software information update through code of good practice on ICT legislation.</li> <li>- Ensure compatibility and compliance with latest trends in Computer software programming for efficiency and effectiveness</li> </ul>	June 2011	Reliable and convenient ICT programmes with less queries & challenges	<ul style="list-style-type: none"> <li>• Upgraded the Antivirus Package to 2010</li> <li>• Office 2010 Program Purchased and installation in progress.</li> <li>• Changed to <i>emogalelm</i> domain. migrated from POP3 to XDSL.</li> </ul>	Records & data were constantly updated -VIP Software System was upgraded	Employment of two interns replacing the post of IT Technician on trial basis Upgrade internet line from 120 kilobyte to 1024 megabytes
<b>2.Integration of Municipal IT System with Government through Sita &amp; DLGH (IT Unit)</b>	To minimise costs and maximise production and to Seize ICT opportunities as provided by user-Departments and other State-propelled institutions.	June 2011	Reliable server with less number of queries and challenges	-Network infrastructure survey done, and DLG&H still pursues the matter.	-Network infrastructure survey done and DLG&H still pursues the matter	N/A



## COMMUNITY SERVICES

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
<b>Solid waste</b>	To review the solid waste management system	June 2011	Reviewed solid waste management system	Serviced areas of Leeufontein RDP, Mokganyaka	The system is in place; however the change in the procurement of 2 new vehicles will have an influence on the system. These additions needs to be integrated into the review document	Awareness for payment for refuse service
<b>Cemeteries Management</b>	Maintenance of cemeteries and erection of fences	June 2011	100% Maintenance of cemeteries and erection of fences in line with the management plan	Three cemeteries fenced	Maintenance is ongoing the amount of R 85 000 budgeted for fencing is not sufficient enough to fence on side of a cemetery and it was taken away during the budget adjustment in Jan 2010	

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
<b>Parks Management</b>	Buying of park equipments	December 2010	Bought maintenance equipments.	Parks maintained	Specifications done Quotations re advert In evaluation stage	Budget for maintain other parks
<b>Environmental Management</b>	Developmental issue complies with NEMA & council's integrated developmental plan.	June 2011	Compliance of council with NEMA and council's Integrated environmental plan	Compliance of council with NEMA and council's Integrated environmental plan	Ongoing process	No integration with council processes



<b>HIV/AIDS</b>	Provide programmes on HIV/AIDS prevention	June 2011	Minimized HIV/AIDS prevention by hosting campaigns	Programmes led by Hiv /Aids co-ordinator	Proramme is being drawn and rekindling of LAC.	PREVENTION STRATEGY WHICH MUST UNDEPIN SPENDING AND PROGRAMMES.
	Revive local aids council	June 2011	Well functioning local aids council.	Local aids council revived	In progress	

### YOUTH, SPORT, ARTS AND CULTURE

Project	Key Objectives	Target Date	Key performance indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
<b>Sports ground</b>	Maintenance of sports grounds	June 2011	Well maintained sports ground	Ongoing process	Ongoing process	
<b>Sports council</b>	To revive municipal sports council	June 2011	Well functioning of sport council	In progress	In progress	
<b>Sporting codes</b>	Establish and revive different sporting codes	June 2011	All sporting codes revitalized	SPORT S COUNCIL ESTABLISHED DEPARTMENTAL PROGRAMMES ATTENDED TO	In progress	DEVELOPMENT OF THE SPORTS MANAGEMENT PLAN_
<b>Sports council</b>	To revive sport council of our municipality	June 2011	Well functioning of sports council	In progress	In progress	



## YOUTH ADVISORY CENTRE

Project	Key Objectives	Target Date	Key performance indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
<b>AWARENESS CAMPAIGN</b>	- Discriminate information to youth about business, career guidance, and job opportunities 14yrs to 35yrs as target.	June 2011.	<p>Career guidance, Back to school campaign specifically for high schools from grade eight to grade twelve pupils.</p> <p>HIV/AIDS awareness campaign jointly with Dept Health and Social Development targeting the youth around Marble Hall Municipality.</p> <p>April 2008 Career Exhibition at Marble Laer school for grade eight to grade twelve learners to be aware of Health field of studies.</p> <p>June 2008 jointly with Dept Health and Social Development had an event of Drug and Alcohol abuse.</p>	completed	complete	



Project	Key Objectives	Target Date	Key performance indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
<b>YOUTH ECONOMIC EMPOWERMENT</b>	- Discriminate information to youth about business, career guidance, and job opportunities 14yrs to 35yrs as target.	June 2011	In joint venture with LIBSA, SEDA, LIMDEV and LIMPOPO DEPT of TREASURY arranged a workshop at Municipal Chamber on how tendering process is all about and requirements needed. With SEDA, LIMDEV, LIBSA we had an SME event at Mamphokgo village main objective was to encourage youth to be entrepreneurs.	completed	completed	

### TRAFFIC, LAW ENFORCEMENT, LICENSING AND REGISTRATION

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
<b>Road accidents</b>	To minimize road accidents	June 2011	Reduction of road fatalities in hot spot by 45%	Ongoing process of engagement.	Reduction of road fatalities in hot spot by 45%	Programme to check vehicle roadworthiness.



## FINANCIAL SERVICES

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
<b>1.Revenue enhancement</b>	To maximize the collection of revenue	30 June 2011	35% collection rate in areas where collection was not done before. Account issued to consumers of Zamenskomst Regae and Dichoeng	Revenue increased by 12%	-outstanding debts were handed over to a debt collector and collection is at 70% monthly.	The municipality to engage the residents through the ward Councilor in trying to get them to pay all fees charged by Ephraim Mogale LM while they ignore debts from Sekhukhune.
<b>2.Supply Chain Management</b>	Creation of efficient and effective Supply Chain Management unit.	Stock taking to be done on quarterly basis. Quarterly reports submitted to the Mayor Monthly report to the National Treasury Data base system purchased by 31 December 2010	Stock taking done regularly  Disposal of obsolete assets. Regular training of staff Reports to the Mayor  Reports submitted to National Treasury, Data base system purchased	Stock taking done regularly  Disposal of obsolete assets. Regular training of staff Reports to the Mayor  Reports submitted to National Treasury, Data base system purchase	-Quarterly stocktaking was done throughout the financial year. -SCM staff received training during the financial year on a monthly basis (Municipal Finance Programme) by UP. - Quarterly reports were submitted to treasury and the Accounting officer.	Database clerk position to be filled





Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
<b>3.Compilation of supplementary valuation roll</b>	To compile a supplementary valuation roll in compliance with the MPRA	Supplementary valuation roll compiled by 30 June 2011	Supplementary valuation roll in place	-supplementary valuation roll completed in September 2010	-Supplementary valuation roll was compiled and handed over to the municipality in June 2010	
<b>4. GAMAP/GRAP Conversion</b>	To compile the 2010/2011 financial statement according to Gamap/Grap format	Appointment of service provider by 31 July 2010. Asset register converted by 31 December 2010	Appoint service provider to assist with Financial Statement compiled in GAMAP/GRAP format and asset register converted to GAMAP/GRAP	Completed in quarter 1	-AFS were compiled by a service provider on the GRAP format -Asset register was converted to GRAP given the three year exemption on measurement.	



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
<b>5. Budget control and compilation</b>	<p>To comply with the budget reforms and circulars relating to budget process issued by the National Treasury</p> <p>To enable effective service delivery of municipal services and functions by ensuring financial stability of the Municipality throughout the financial year</p>	<p>Approval of timetable by Council by 31 August 2010</p> <p>Approval of budget by Council by 31 May 11</p> <p>Monthly SDBIP and in year reports by the 10th of each month</p> <p>Quarterly budget reviews 30 Sep 10, 31 December 10 &amp; 31 Mar 11</p> <p>Approval of adjustments budget by 28 Feb 11</p> <p>Community participation from 1 April 2011 to 30 April 2011</p>	<p>-Approved budget timetable</p> <p>-Accurate, credible and approved multi year budget</p> <p>-Monthly budget reports in accordance with legislation</p> <p>-Efficient management of approved budget and timeous identification of red lights</p> <p>-Operational plan in place</p> <p>-Optimise surplus funds through investments</p> <p>-Appointment of staff</p>	<p>Completed and approved 20 April 2011</p>	<p>. -Budget for 2010/2011 was compiled and approved by Council on the 31<sup>st</sup> of May 2010.</p> <p>-Reports sent monthly to managers and red lights are highlighted in the report.</p> <p>-Adjustment budget was approved on the 11<sup>th</sup> February 2010.</p> <p>-Surplus funds were invested in a call account to attract interests during the financial year.</p> <p>-Appointed interns, Accountant Budget and reporting and still finalising appointment of Budget and Treasury Div.Manager</p>	



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/11	Performance status 30/6/10	Measures to improve performance & performance of service providers
<b>6.Updating indigent register</b>	Annual review indigent register	Updated indigent register by 30 June 2011	Updated indigent register	Register reviewed	-Registration of indigents in progress.	

