

The coat of arms of Nketoana Local Municipality features a central shield with a blue background. Inside the shield is a yellow corn cob with green leaves. The shield is flanked by two yellow wheat stalks. Above the shield is a yellow crown with a red and white band. Below the shield is a green ribbon with the Latin motto "OPEROR COERTUS AD FELICITAS".

NKETOANA LOCAL MUNICIPALITY
ANNUAL REPORT 2008/2009

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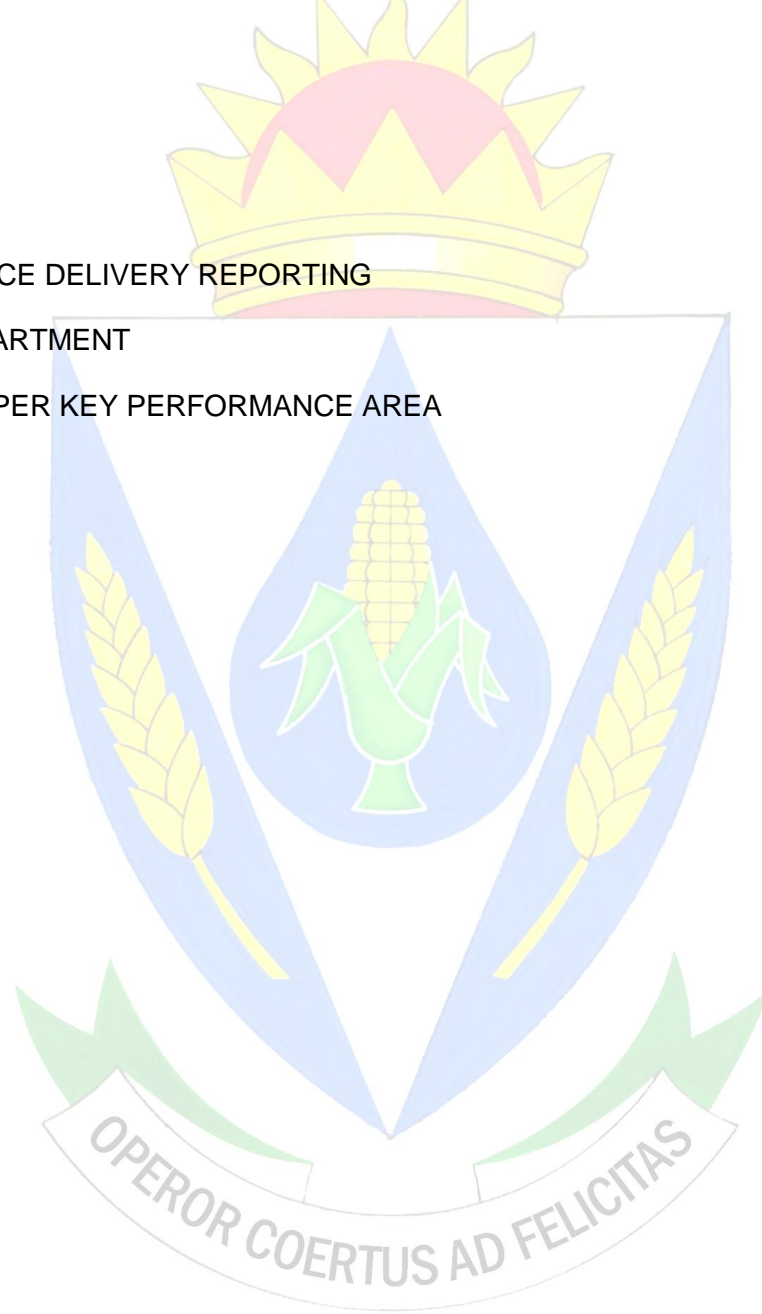
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CHAPTER 1

1. INTRODUCTION AND OVERVIEW

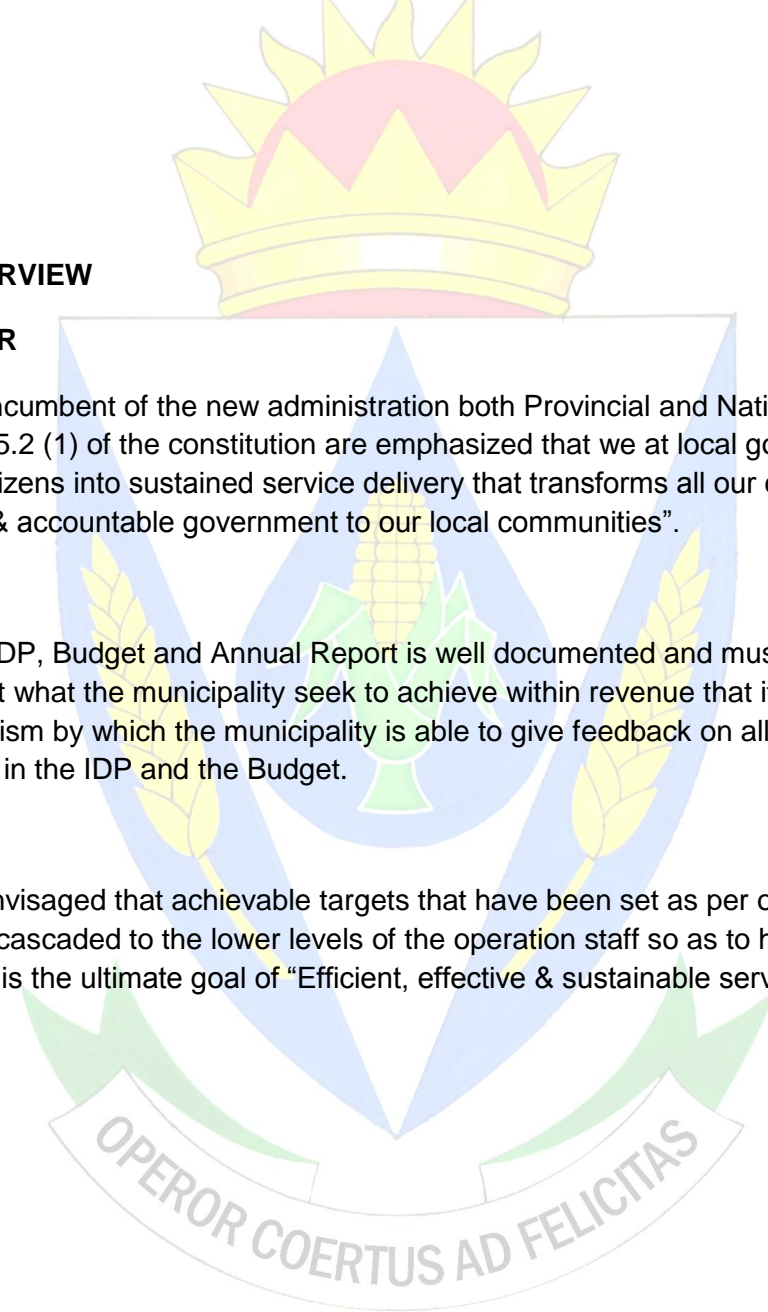
1.1 FORWARD BY THE MAYOR

The new era has dawned with the incumbent of the new administration both Provincial and National level, whereby objects of local government as defined in Section 15.2 (1) of the constitution are emphasized that we at local government must: - “implement the mandate to turn the hopes of our citizens into sustained service delivery that transforms all our citizen’s lives on a socio-economic basis and provide both democratic & accountable government to our local communities”.

The linkage that exist between the IDP, Budget and Annual Report is well documented and must as a result be implemented in the context that, IDP and Budget set out what the municipality seek to achieve within revenue that it raises and spend whilst on the other hand the Annual report is a mechanism by which the municipality is able to give feedback on all aspects that are implementable and the actual performance as captured in the IDP and the Budget.

For this current financial year it is envisaged that achievable targets that have been set as per our SDBIP and the actual performance of the senior management must be cascaded to the lower levels of the operation staff so as to have a common goal of what the institution intends to achieve, which is the ultimate goal of “Efficient, effective & sustainable services that can be accounted for, to our local communities”.

Cllr. Mandla Mamba
Mayor



1.2 OVERVIEW OF THE MUNICIPALITY BY THE MUNICIPAL MANAGER

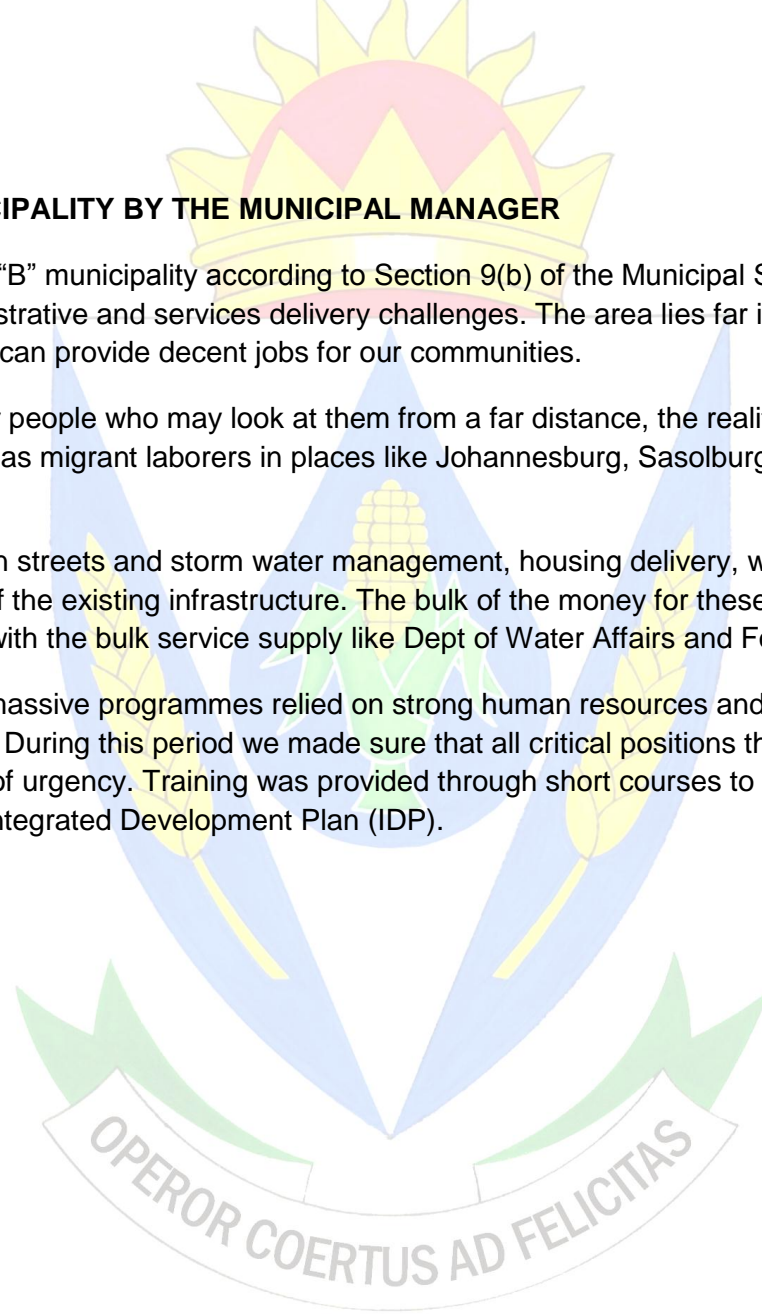
Nketoana Municipality is a category “B” municipality according to Section 9(b) of the Municipal Structures Act, Act 117 and by its very nature it was faced with both administrative and services delivery challenges. The area lies far in the Eastern Free State where there are minimal economic activities that can provide decent jobs for our communities.

Whilst the challenges looks small for people who may look at them from a far distance, the reality is most of the people in the area works on the farms and other works as migrant laborers in places like Johannesburg, Sasolburg, Bethlehem and Bloemfontein to mention but a few places.

Emphasis on service delivery was on streets and storm water management, housing delivery, water reticulation, electrification, waste removal and general maintenance of the existing infrastructure. The bulk of the money for these projects came from the MIG and other departments that assisted us with the bulk service supply like Dept of Water Affairs and Forestry.

The system of implementing these massive programmes relied on strong human resources and political leadership of the Council under the stewardship of the Mayor. During this period we made sure that all critical positions that were vacant within the organogram were filled as a matter of urgency. Training was provided through short courses to ensure that we are able to implement the programmes as outlined in the Integrated Development Plan (IDP).

SJ Thomas
Municipal Manager



1.3 EXECUTIVE SUMMARY

1.3.1 COMPLETED PROJECTS: 2008 / 2009

1.3.1.1 NTHA : CONSTRUCTION OF RESERVOIR & PRESSURE TOWER – MIGFS/0269/W/06/07

Progress: Project is complete. Project in retention phase.

Work done: 100%

Consultant: SVP Quality Surveyors and Project Managers

Contractor/s: Ratanang Building Construction

1.3.1.2 NTHA - ERADICATION OF BUCKET SYSTEM – MIGFS/0278/S/06/08

Progress: The projects are completed. Project is in retention phase.

Scope of work: 2648 New toilet structures were constructed.

Consultant: SVP Quality Surveyors and Project Managers

Contractor/s: Mqayana Construction, Sibamu Construction & Hentiq

1.3.1.3 LERETSWANA: ERADICATION OF BUCKET SYSTEM – MIGFS/0407/S/07/08

Progress: The projects are complete. Project in retention phase.

Work done : 100%

Scope of work: 738 New toilet structures were constructed

Consultant: Miletus Consulting Engineers

Contractor/s: Rowco & DLA Twice Construction

1.3.1.4 PETSANA : ERADICATION OF BUCKET SYSTEM – MIGFS/0449/S/07/08

Progress: The project is complete.

Scope of work: 852 New toilet structures were constructed.

Consultant: Miletus Consulting Engineers

Contractor/s: Tshenolelo Construction

1.3.1.5 MAMAFUBEDU : ERADICATION OF BUCKET SYSTEM – MIGFS/0562/S/07/08

Progress: The project is complete. Project in retention phase.

Scope of work: 2105 New toilet structures were constructed.

Consultant: MOT Consulting Engineers

Contractor/s: Katlego Masango Construction, Mabogwane Construction & TDB & C Agency

1.3.1.6 NTHA – UPGRADING OF SEWER TREATMENT WORKS – MIGFS/0574/W/07/08

Progress: The project is complete. Project in retention phase.

Consultant: SVP Quantity Surveyors and Project Managers

Contractor/s: Mnqayana Construction

1.3.2 WATER

In Nketoana there is not adequate bulk water supply in all units. For Reitz/Petsana there is adequate bulk water with the Liebenbergsvlei as source. PetrusSteyn/Mamafubedu is serviced from Reitz. Lindley/Ntha is receiving water from the Valsriver, but it is not a stable source because it is highly dependent on adequate seasonal rain. Secondly insufficient provision of water exists because of an inadequate catchment area. Arlington/Leratswana is receiving water from a borehole. It is at this stage adequate for human consumption, but will not be adequate to service water borne sewer systems. The Thabo Mofutsanyana District Municipality is in the process of an in depth investigation on bulk water supply for its jurisdiction area.

1.3.3 SANITATION

The sanitation services are still a mixture of several methods. Most of the households are serviced by a full water borne system. In Mamfubedu a pilot project is in progress where “grey” water is going to be used for the water borne sewerage system. The “grey” water is treated less than water fit for human consumption and thus less costly. This is an effort to overcome the lack of bulk water supply. In Ntha the bucket system is almost eradicated. Due to lack of bulk water, the progress is however not as quick as hoped for. In Arlington/Leratswana serious problems due to lack of bulk water supply still exist. Sanitation is provided by suction pits, VIP Toilets and the bucket system. The community is not satisfied with the VIP systems and demand full waterborne systems. A solution to the bulk water supply is awaited.

1.3.4 LANDFILL SITES AND REFUSE REMOVAL

There are landfill sites in all units but not of adequate capacity. At this stage the process of registration and obtaining permits for the sites is in progress. The sites lack proper fencing as well. In Reitz, PetrusSteyn and Arlington relocation of the sites are required. In Lindley a new site must also be developed very urgently. This is a serious need and to ensure that the environment be protected, no time should be wasted to complete these processes.

1.3.5 ELECTRICITY

The distribution of electricity is done by the municipality in some areas and by Eskom in other areas. In some areas like Leratswana, newly developed residential areas are still without electricity due to the fact that Eskom has to provide it. The municipality stays in close contact with Eskom on this matter and keep on pressing for service.

1.3.6 HOUSING

The backlog in housing is informed by a living waiting list kept by the Housing section in the department of Community Services. Applications for housing subsidies are regularly submitted to the provincial Housing sector.

The backlog is also a result of a shortage of land for human settlement.

1.3.7 CEMETERIES

There are adequate cemeteries for the immediate need in all the units. However, in PetrusSteyn there is an urgent need for more cemeteries. It is envisaged that all areas will be properly fenced to prevent damaged to graves. At this stage the maintenance of the areas is problematic due to shortage of staff.

1.3.8 LIBRARIES

There are libraries in all units. Most of it is in proper buildings. The stock is provided by the Provincial Government and is of a well balanced nature. There are also equipment provided to provide access to the Internet for library users. At this stage it is only Arlington/Lerastwana who still has no proper building. It is however in the planning stage at the Provincial Government and should be provided in coming years.

The Nketoana municipality succeeded in providing the basic services to the urban communities in its jurisdiction of a high standard. It is in the process of gradually closing the gap between previously disadvantaged areas to provide equal services to all. However, in the field of rural development and provision of services, much work must still be done. The municipality is aiming at reaching the stage where all residents within its jurisdiction will be provided by services.

CHAPTER 2

2. PERFORMANCE HIGHLIGHTS

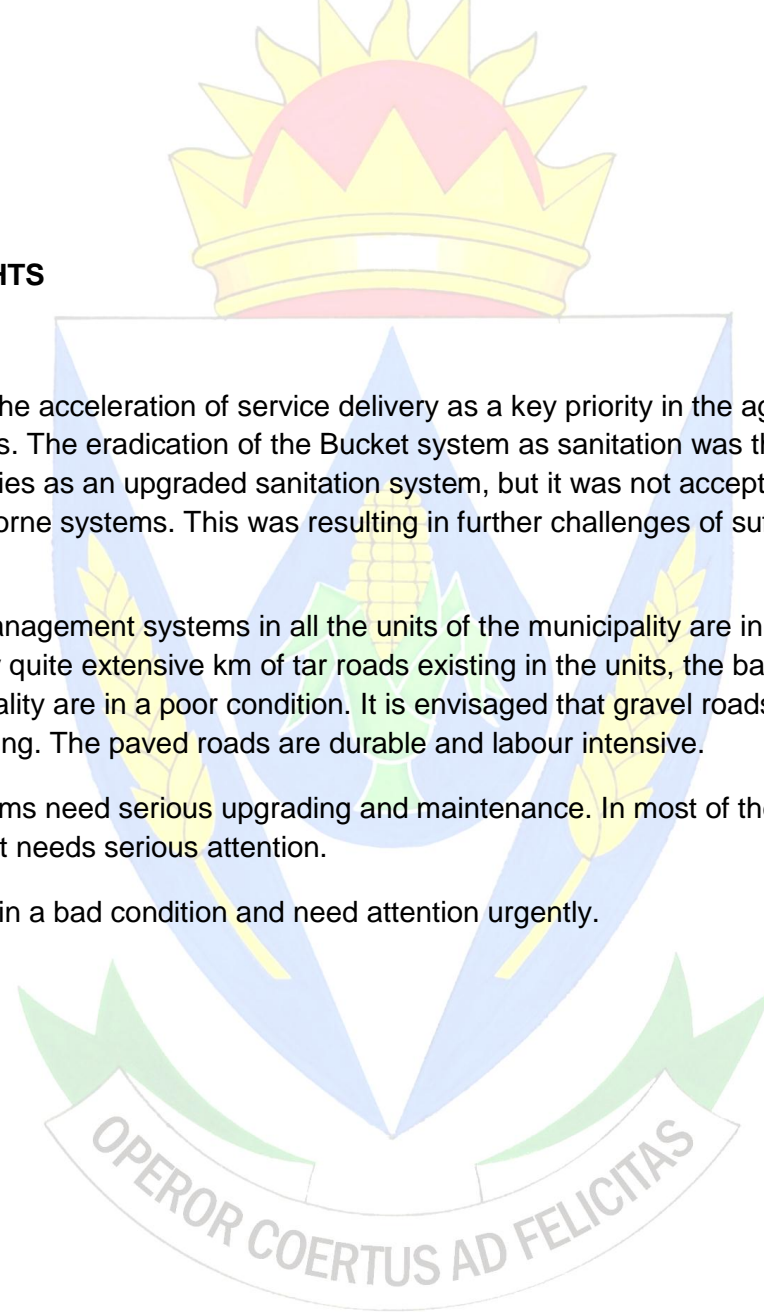
2.1 BACKGROUND

The National Government is taking the acceleration of service delivery as a key priority in the agenda of local government. Certain targets were set for different services. The eradication of the Bucket system as sanitation was the first target to be reached. The VIP systems were provided to communities as an upgraded sanitation system, but it was not acceptable for the communities. The communities insisted on full water borne systems. This was resulting in further challenges of sufficient bulk water supply to operate such water borne systems.

The road, street and storm water management systems in all the units of the municipality are in serious need of maintenance and upgrading. Although there is already quite extensive km of tar roads existing in the units, the backlog is still immense. The gravel roads over the whole of the municipality are in a poor condition. It is envisaged that gravel roads will systematically be replaced by paved surfaces instead of tar surfacing. The paved roads are durable and labour intensive.

The storm water management systems need serious upgrading and maintenance. In most of the areas storm water management is nonexistent. This is also an area that needs serious attention.

The entrance points in all areas are in a bad condition and need attention urgently.



2.2 BACKLOGS IN SERVICE DELIVERY



THABO MOFUTSANYANE DISTRICT MUNICIPALITY								
NKETOANA LOCAL MUNICIPALITY								
LERATSWANA - ARLINGTON								
WATER & SANITATION BACKLOG ASSESSMENTS AS AT 31 MARCH 2009								
STANDS								
Town	Existing	Approved (Greenfields)			Accepted (y/n)	Formalized		
Leratswana	1600	300			N	1600		
Arlington						80		
WATER								
Communal Water Purification Plant					Y			
Communal Bulk Supply to Reticulation reservoirs					Y			
Communal Reticulation Reservoirs					Y			
Communal Supply to Reticulation Networks					N			
Description	Current	Need	Backlog	Capacity	Length	Rate	Costs	<RDP Stds
Water Purification								
* Capacity (MI/d)	1.04	1.50	0.46	0.50 0.00 0.00		R 6,000,000.00	R 3,000,000.00	
* Refurbishment (%)			10			R 6,000,000.00	R 624,000.00	
Bulk Supply dia (m)	0.10	0.15	0.11		300	R 300.00	R 90,000.00	
Hard rock adjustment (%)			50			R 300.00	R 45,000.00	
Water Reticulation (1m deep)								
Reservoir capacity (MI)	1.30	2.50	1.20	1.50 0.00 0.00		R 2,000,000.00	R 3,000,000.00	

Internal Supply dia (m)	0.10	0.24	0.22	50	R 575.00	R 28,750.00	
					R 0.00	R 0.00	
Hard rock adjustment (%)			50		R 300.00	R 7,500.00	
Water network (stands)	1320	1600	280		R 2,100.00	R 588,000.00	
Hard rock adjustment (%)			50		R 300.00	R 378,000.00	
Metered standpipes (no)	1320	1600	280		R 1,100.00	R 308,000.00	0
Water meters (no)	0	1320	1320		R 550.00	R 726,000.00	
SUB-TOTAL						R 8,795,250.00	

SANITATION

Communal Outfall Sewer	N
Communal Rising Main (and pumpstations)	N
Communal Waste Water Treatment Works	N

Description	Current	Need	Backlog	Length	Rate	Costs	<RDP Stds
Waterborne Sewer (2m deep main, 1,5m deep erf connection)							
Sewer network (stands)	0	1600	1600		R 2,475.00	R 3,960,000.00	
Hard rock adjustment (%)			70		R 600.00	R 3,024,000.00	
Erf connections (stands)	0	1600	1600		R 3,795.00	R 6,072,000.00	0
Hard rock adjustment (%)			50		R 450.00	R 3,420,000.00	
Toiletstructures	1320	1600	280		R 7,500.00	R 2,100,000.00	
Outfall sewer dia (m)	0.00	0.30	0.30	0	R 950.00	R 0.00	
					R 0.00	R 0.00	
Hard rock adjustment (%)			0		R 600.00	R 0.00	
Pumpstations							
* Number	0	1	1		R 1,000,000.00	R 1,000,000.00	

* Refurbishment (%)			0			R		
Rising main dia (m)	0	0.12	0.12		1000	R	R 300,000.00	
Hard rock adjustment (%)			50			R	R 150,000.00	
Waste water treatment works								
* Purification Plants								
* Capacity (MI/d)	0	0.80	0.80	1.00		R	R 9,000,000.00	
				0.00				
				0.00				
* Refurbishment (%)			0			R	R 0.00	
* Oxidation Ponds								
* Capacity (MI/d)	0	0.80	0.00	0.00		R	R 0.00	
				0.00				
				0.00				
* Refurbishment (%)			0			R	R 0.00	
SUB-TOTAL							R 29,026,000.00	
TOTAL (Incl VAT & Prof Fees)							R 37,821,250.00	



THABO MOFUTSANYANE DISTRICT MUNICIPALITY

NKETOANA LOCAL MUNICIPALITY

NTHA - LINDLEY

WATER & SANITATION BACKLOG ASSESSMENTS AS AT 31 MARCH 2009

STANDS

Town	Existing	Approved (Greenfields)	Accepted (y/n)	Formalised
Ntha	3666	0	N	3666
Lindley				480

WATER

Communal Water Purification Plant	Y
Communal Bulk Supply to Reticulation reservoirs	Y
Communal Reticulation Reservoirs	Y
Communal Supply to Reticulation Networks	N

Description	Current	Need	Backlog	Capacity	Length	Rate	Costs
Water Purification							
* Capacity (MI/d)	3.46	3.86	0.40	0.50 0.00 0.00		R 6,000,000.00	R 3,000,000.00
* Refurbishment (%)			5			R 6,000,000.00	R 1,038,000.00
Bulk Supply dia (m)	0.20	0.24	0.14		1800	R 300.00	R 540,000.00
Hard rock adjustment (%)			50			R 300.00	R 270,000.00
Water Reticulation (1m deep)							
Reservoir capacity (MI)	4.85	6.43	1.58	2.00 0.00 0.00		R 2,000,000.00	R 4,000,000.00
Internal Supply dia (m)	0.20	0.36	0.30		2050	R 865.00 R 0.00	R 1,773,250.00 R 0.00
Hard rock adjustment (%)			60			R 300.00	R 369,000.00

Water network (stands)	3666	3666	0			R 2,100.00	R 0.00
Hard rock adjustment (%)			0			R 300.00	R 0.00
Metered standpipes (no)	3666	3666	0			R 1,100.00	R 0.00
Water meters (no)	300	3666	3366			R 550.00	R 1,851,300.00
Rising main dia (m)	0.15	0.15	0.00		1500	R 0.00	R 0.00
SUB-TOTAL							R 12,841,550.00

SANITATION

Communal Outfall Sewer	N
Communal Rising Main (and pumpstations)	Y
Communal Waste Water Treatment Works	Y

Description	Current	Need	Backlog		Length	Rate	Costs
Waterborne Sewer (2m deep main, 1,5m deep erf connection)							
Sewer network (stands)	3666	3666	0			R 2,475.00	R 0.00
Hard rock adjustment (%)			0			R 600.00	R 0.00
Erf connections (stands)	3666	3666	0			R 3,795.00	R 0.00
Hard rock adjustment (%)			0			R 450.00	R 0.00
Toiletstructures	3666	3666	0			R 7,500.00	R 0.00
Outfall sewer dia (m)	0.00	0.40	0.40		0	R 1,300.00	R 0.00
						R 0.00	R 0.00
Hard rock adjustment (%)			0			R 600.00	R 0.00
Pumpstation Nr 1							
* Number	1	1	0			R 1,000,000.00	R 0.00
* Refurbishment (%)			10			R 1,000,000.00	R 100,000.00
Rising main dia (m)	0.15	0.20	0.13		3000	R 300.00	R 900,000.00

Hard rock adjustment (%)			50			R 300.00	R 450,000.00
Pumpstation Nr 2							
* Number	1	1	0			R 1,000,000.00	R 0.00
* Refurbishment (%)			10			R 1,000,000.00	R 100,000.00
Rising main dia (m)	0.20	0.20	0.02		2000	R 200.00	R 400,000.00
Hard rock adjustment (%)			50			R 300.00	R 300,000.00
Pumpstation Nr 3							
* Number	1	1	0			R 1,000,000.00	R 0.00
* Refurbishment (%)			10			R 1,000,000.00	R 100,000.00
Rising main dia (m)	0.20	0.20	0.02		2500	R 200.00	R 500,000.00
Hard rock adjustment (%)			50			R 300.00	R 375,000.00
Waste water treatment works							
* Purification Plants							
* Capacity (MI/d)	3.00	2.19	0.00	0.00		R 9,000,000.00	R 0.00
				0.00			
				0.00			
* Refurbishment (%)			5			R 9,000,000.00	R 1,350,000.00
* Oxidation Ponds							
* Capacity (MI/d)	0	2.19	0.00	0.00		R 2,000,000.00	R 0.00
				0.00			
				0.00			
* Refurbishment (%)			0			R 2,000,000.00	R 0.00
SUB-TOTAL							R 4,575,000.00
TOTAL (Incl VAT & Prof Fees)							R 17,416,550.00

THABO MOFUTSANYANE DISTRICT MUNICIPALITY

NKETOANA LOCAL MUNICIPALITY

MAMAFUBEDU - PETRUS STEYN

WATER & SANITATION BACKLOG ASSESSMENTS AS AT 31 MARCH 2009

STANDS

Town	Existing	Approved (Greenfields)	Accepted (y/n)	Formalised
Mamafubedu	2391	1600	N	2391
Petrus Steyn				506

WATER

Communal Water Purification Plant	Y
Communal Bulk Supply to Reticulation reservoirs	Y
Communal Reticulation Reservoirs	Y
Communal Supply to Reticulation Networks	N

Description	Current	Need	Backlog	Capacity	Length	Rate	Costs
Water Purification							
* Capacity (Ml/d)	999.00	2.79	0.00	0.00 0.00 0.00		R 6,000,000.00	R 0.00
* Refurbishment (%)			0			R 6,000,000.00	R 0.00
Bulk Supply dia (m)	0.15	0.21	0.14		35000	R 300.00	R 10,500,000.00
Hard rock adjustment (%)			50			R 300.00	R 5,250,000.00
Water Reticulation (1m deep)							
Reservoir capacity (Ml)	0.90	4.66	3.76	0.00 4.00 0.00		R 2,000,000.00	R 8,000,000.00
Internal Supply dia (m)	0.15	0.29	0.25		1000	R 575.00 R 0.00	R 575,000.00 R 0.00
Hard rock adjustment (%)			50			R 300.00	R 150,000.00

Water network (stands)	2391	2391	0			R 2,100.00	R 0.00
Hard rock adjustment (%)			0			R 300.00	R 0.00
Metered standpipes (no)	2391	2391	0			R 1,100.00	R 0.00
Water meters (no)	1195	2391	1196			R 550.00	R 657,800.00
SUB-TOTAL							R 25,132,800.00

SANITATION

Communal Outfall Sewer	N
Communal Rising Main (and pumpstations)	N
Communal Waste Water Treatment Works	Y

Description	Current	Need	Backlog	Capacity	Length	Rate	Costs
Waterborne Sewer (2m deep main, 1,5m deep erf connection)							
Sewer network (stands)	2391	2391	0			R 2,475.00	R 0.00
Hard rock adjustment (%)			0			R 600.00	R 0.00
Erf connections (stands)	2391	2391	0			R 3,795.00	R 0.00
Hard rock adjustment (%)			0			R 450.00	R 0.00
Toiletstructures	2391	2391	0			R 7,500.00	R 0.00
Outfall sewer dia (m)	0.00	0.30	0.30		0	R 950.00	R 0.00
						R 0.00	R 0.00
Hard rock adjustment (%)			0			R 600.00	R 0.00
Pumpstations							
* Number	1	1	0			R 1,000,000.00	R 0.00
* Refurbishment (%)			10			R 1,000,000.00	R 100,000.00
Rising main dia (m)	0.2	0.15	0.00		800	R 0.00	R 0.00
Hard rock adjustment			0			R 300.00	R 0.00

(%)							
Waste water treatment works							
* Purification Plants							
* Capacity (Ml/d)	2.42	1.58	0.00	0.00		R	R 0.00
				0.00		9,000,000.00	
				0.00			
* Refurbishment (%)			8			R	R 1,633,500.00
						9,000,000.00	
* Oxidation Ponds							
* Capacity (Ml/d)	0	1.58	0.00	0.00		R	R 0.00
				0.00		2,000,000.00	
				0.00			
* Refurbishment (%)			0			R	R 0.00
						2,000,000.00	
SUB-TOTAL							R 1,733,500.00
TOTAL (Incl VAT & Prof Fees)							R 26,866,300.00



THABO MOFUTSANYANE DISTRICT MUNICIPALITY

NKETOANA LOCAL MUNICIPALITY

PETSANA – REITZ

WATER & SANITATION BACKLOG ASSESSMENTS AS AT 31 MARCH 2009

STANDS

Town	Existing	Approved (Greenfields)	Accepted (y/n)	Formalised
Petsana	3795	1400	N	3795
Reitz				1300
Mamafubedu	2391	1600	N	2391
Petrus Steyn				506

WATER

Communal Water Purification Plant	Y
Communal Bulk Supply to Reticulation reservoirs	Y
Communal Reticulation Reservoirs	Y
Communal Supply to Reticulation Networks	N

Description	Current	Need	Backlog	Capacity	Length	Rate	Costs	<RDP Stds
Water Purification								
* Capacity (MI/d)	15.00	7.95	0.00	0.00		R 6,000,000.00	R 0.00	
				0.00				
				0.00				
* Refurbishment (%)			2.5			R 6,000,000.00	R 2,250,000.00	
Bulk Supply dia (m)	0.37	0.28	0.00		18000	R 0.00	R 0.00	
Hard rock adjustment (%)			0			R 300.00	R 0.00	
Water Reticulation (1m deep)								
Reservoir capacity (MI)	16.50	8.58	0.00	0.00		R 2,000,000.00	R 0.00	
				0.00				
				0.00				
Internal Supply dia (m)	0.25	0.37	0.27		3000	R 865.00	R 2,595,000.00	

						R 0.00	R 0.00	
Hard rock adjustment (%)			40			R 300.00	R 360,000.00	
Water network (stands)	3795	3795	0			R 2,100.00	R 0.00	
Hard rock adjustment (%)			0			R 300.00	R 0.00	
Metered standpipes (no)	3795	3795	0			R 1,100.00	R 0.00	0
Water meters (no)	3715	3795	80			R 550.00	R 44,000.00	
SUB-TOTAL							R 5,249,000.00	

SANITATION

Communal Outfall Sewer	Y
Communal Rising Main (and pumpstations)	Y
Communal Waste Water Treatment Works	Y

Description	Current	Need	Backlog	Capacity	Length	Rate	Costs	<RDP Stds
Waterborne Sewer (2m deep main, 1,5m deep erf connection)								
Sewer network (stands)	3675	3795	120			R 2,475.00	R 297,000.00	
Hard rock adjustment (%)			60			R 600.00	R 194,400.00	
Erf connections (stands)	3675	3795	120			R 3,795.00	R 455,400.00	120
Hard rock adjustment (%)			40			R 450.00	R 205,200.00	
Toiletstructures	3675	3795	120			R 7,500.00	R 900,000.00	
Outfall sewer dia (m)	0.20	0.45	0.40		500	R 1,300.00	R 650,000.00	
						R 0.00	R 0.00	
Hard rock adjustment (%)			70			R 600.00	R 210,000.00	
Pumpstations								
* Number	2	2	0			R 1,000,000.00	R 0.00	
* Refurbishment (%)			10			R	R 200,000.00	

						1,000,000.00		
Rising main dia (m)	0.20	0.23	0.11		9000	R 300.00	R 2,700,000.00	
Hard rock adjustment (%)			50			R 300.00	R 1,350,000.00	
Waste water treatment works								
* Purification Plants								
* Capacity (Ml/d)	10.00	2.87	0.00	0.00		R	R 0.00	
				0.00		9,000,000.00		
				0.00				
* Refurbishment (%)			2.5			R	R 2,250,000.00	
						9,000,000.00		
* Oxidation Ponds								
* Capacity (Ml/d)	0	2.87	0.00	0.00		R	R 0.00	
				0.00		2,000,000.00		
				0.00				
* Refurbishment (%)			0			R	R 0.00	
						2,000,000.00		
SUB-TOTAL							R 9,412,000.00	
TOTAL (Incl VAT & Prof Fees)							R 14,661,000.00	

General Comments - Inhibiting factors on Performance

- Roads and Storm water: -Non availability of data and layout plans
- Assets: -Lack of estimation of decay of the infrastructure.
 -Impact on losses of water from old water pipes
 -Impact on spillages caused by old sewerage pipes
- Housing: -Shortage of available land for Human Settlement
 -Delayed approval of Township establishment

2.3 RELATING BACKLOGS TO MUNICIPAL SPENDING ON SERVICE DELIVERY INFRASTRUCTURE

The municipality has spent R 135 500 250 for the past three years on projects that are addressing infrastructure backlogs in the municipality. We made concerted efforts to address the bucket sanitation problems and we have also invested in the upgrading of purification plants for both water and waste water. We anticipate to invest more on projects to address all the backlogs we are having as a municipality.

2.4 BUILDING AND ZONING PLANS 2008/2009

Applications outstanding 1 July 2008	Category	Number of new applications received 2008/2009	Total value of applications received in Rand value	Applications outstanding 30 June 2009
2	Residential new	12	4 512.36	0
0	Residential additions	1	1 391.73	0
2	Commercial	3	2 991.43	0
0	Industrial	0	0	0
0	Other (Specify)	0	0	0

The post of Building Inspector is vacant and the approval of building plans is a problem. Previously the assistance of Dihlabeng Municipality was obtained. This post is a key post that will be considered during coming budgetary cycles.

CHAPTER 3

3. HUMAN RESOURCE AND OTHER ORGANISATIONAL MANGEMENT

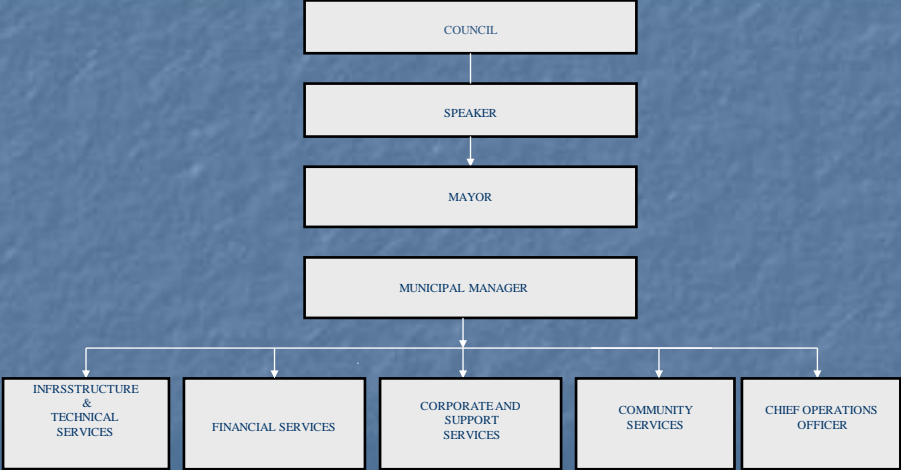
3.1 ORGANISATIONAL STRUCTURE



NKETOANA LOCAL MUNICIPALITY

**PROPOSED ORGANOGRAM
2008**

ORGANISATIONAL STRUCTURE OF NKETOANA LOCAL MUNICIPALITY

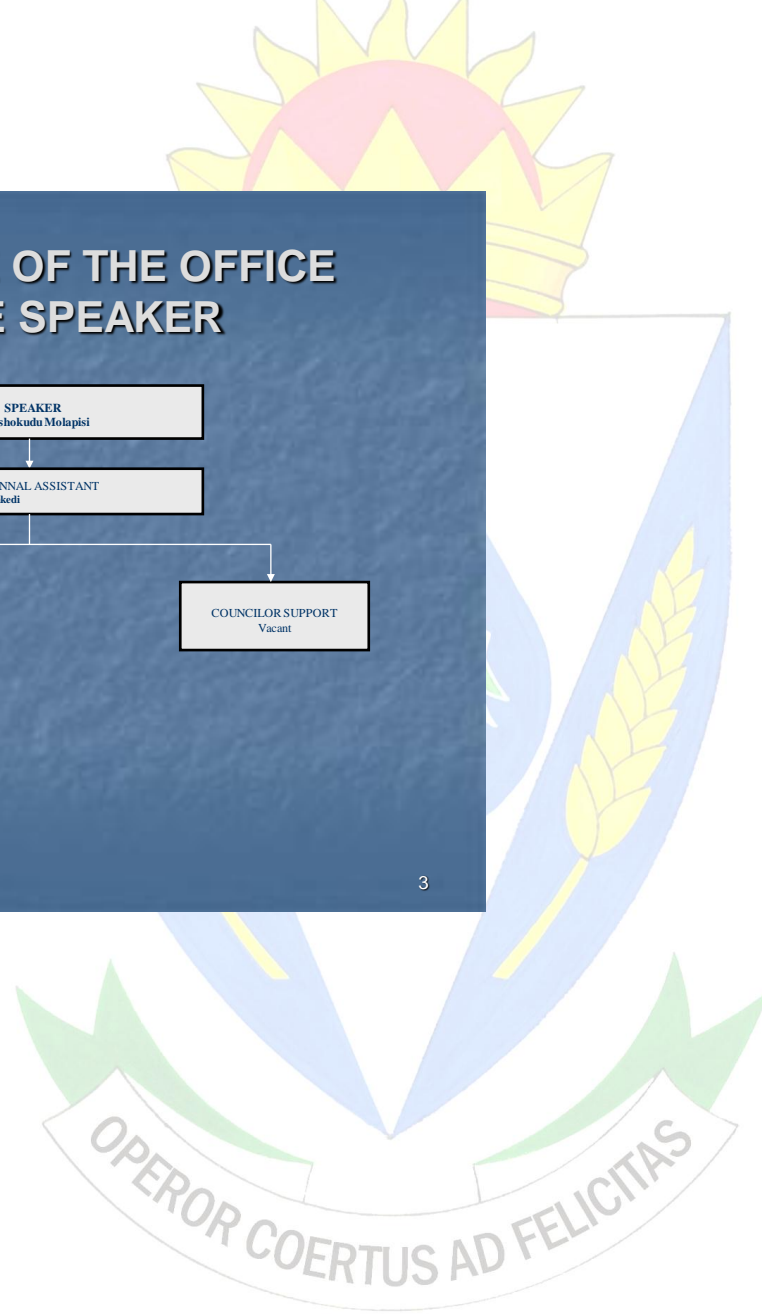


OPEROR COERTUS AD FELICITAS

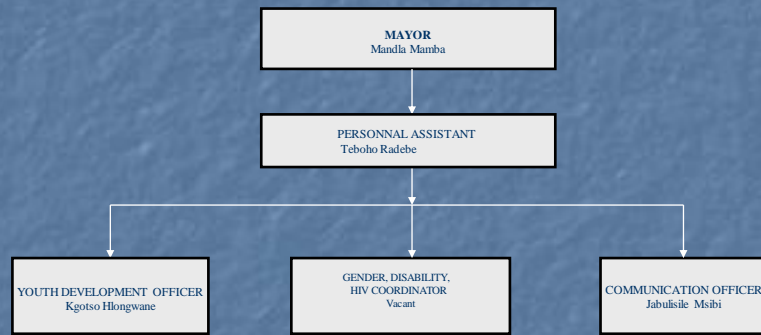
STRUCTURE OF THE OFFICE OF THE SPEAKER



3



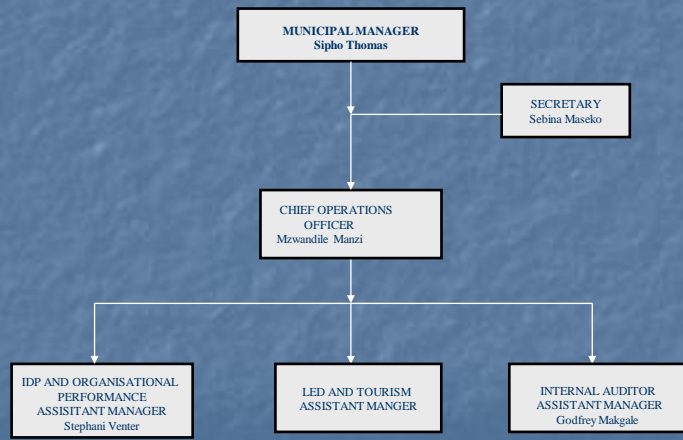
STRUCTURE OF THE OFFICE OF THE MAYOR



4

OPEROR COERTUS AD FELICITAS

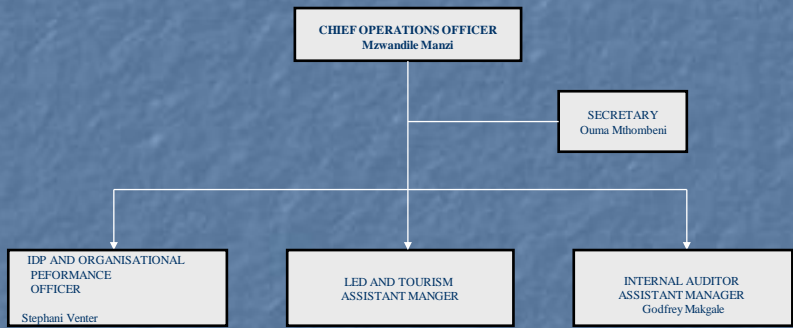
NKETOANA MUNICIPAL ORGANISATIONAL STRUCTURE



5



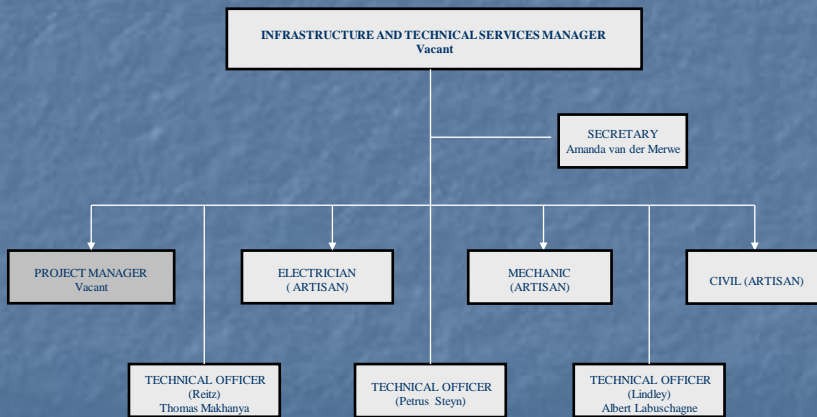
NKETOANA PROPOSED MUNICIPAL ORGANISATIONAL STRUCTURE



6

OPEROR COERTUS AD FELICITAS

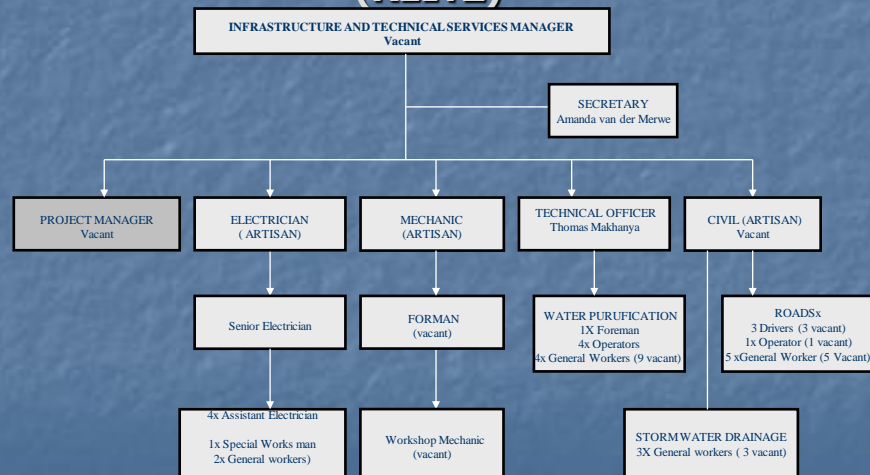
STRUCTURE OF THE INFRASTRUCTURE AND TECHNICAL SERVICES DEPARTMENT



7

OPEROR COERTUS AD FELICITAS

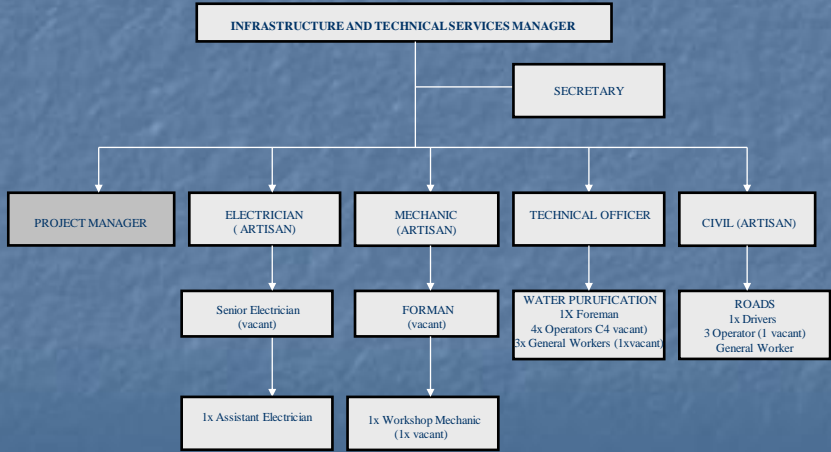
STRUCTURE OF THE INFRASTRUCTURE AND TECHNICAL SERVICES DEPARTMENT (REITZ)



8



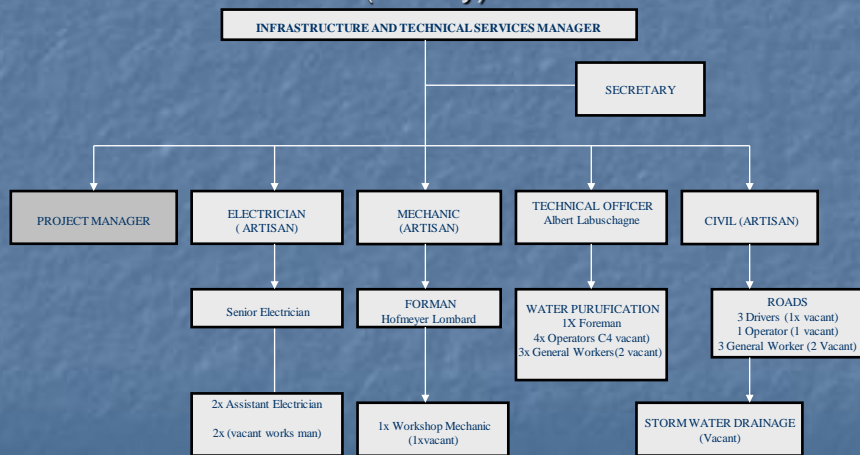
STRUCTURE OF THE INFRASTRUCTURE AND TECHNICAL SERVICES DEPARTMENT (Petrus Steyn)



9

OPEROR COERTUS AD FELICITAS

STRUCTURE OF THE INFRASTRUCTURE AND TECHNICAL SERVICES DEPARTMENT (Lindley)

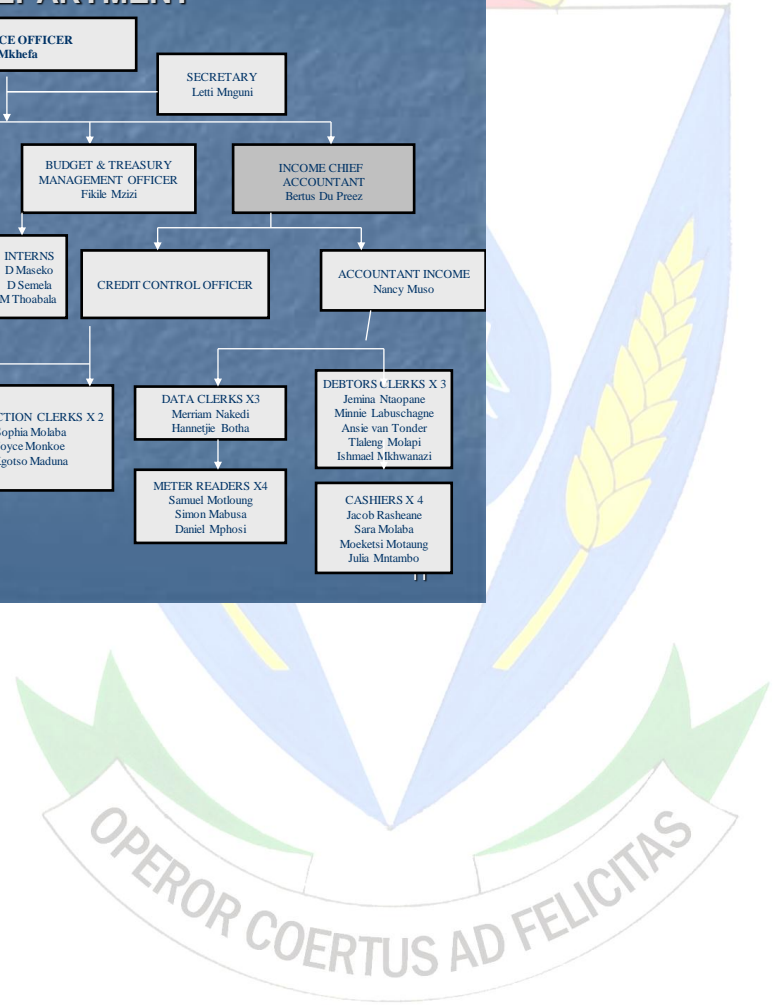
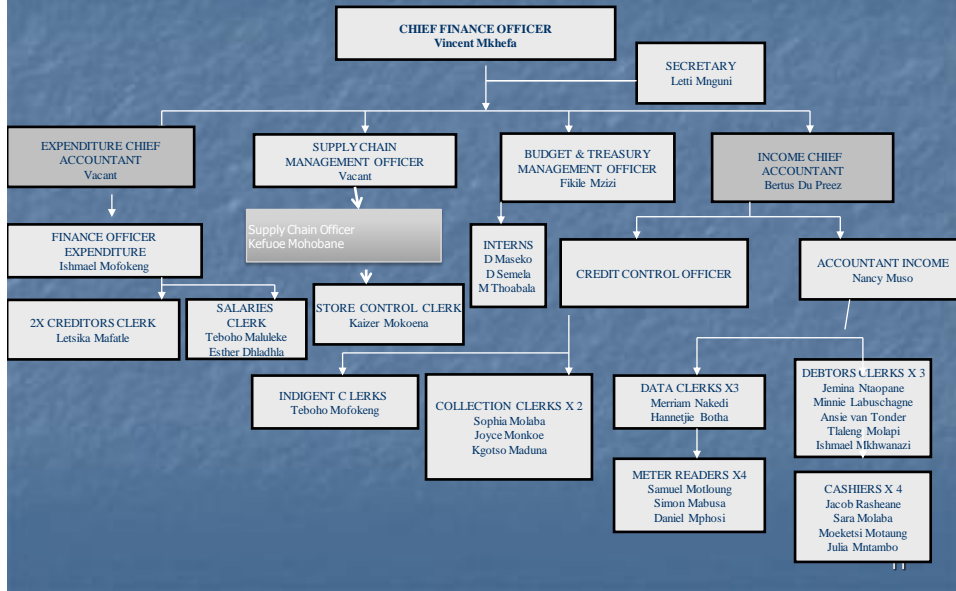


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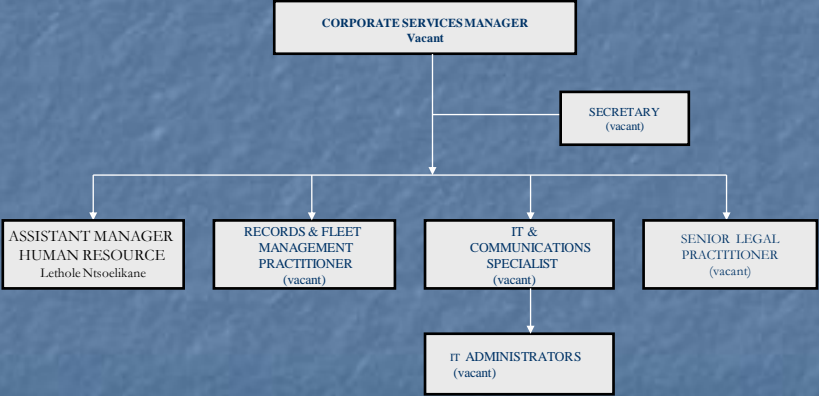
OPEROR COERTUS AD FELICITAS



ORGANISATIONAL STRUCTURE FINANCE DEPARTMENT

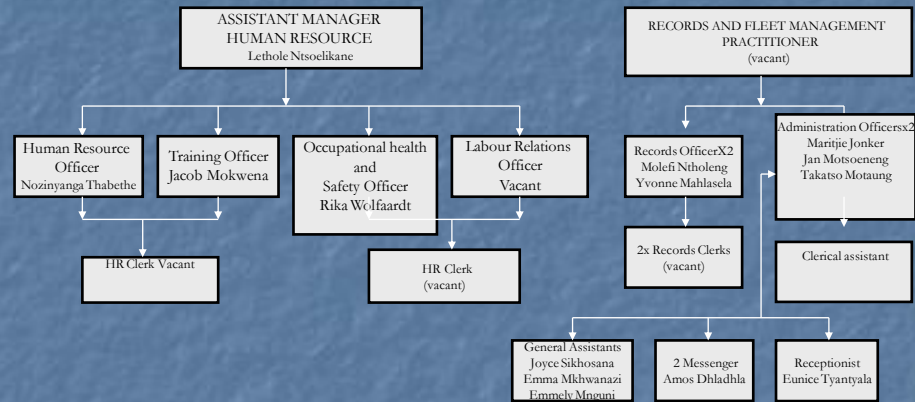


STRUCTURE OF CORPORATE SERVICES



OPEROR COERTUS AD FELICITAS

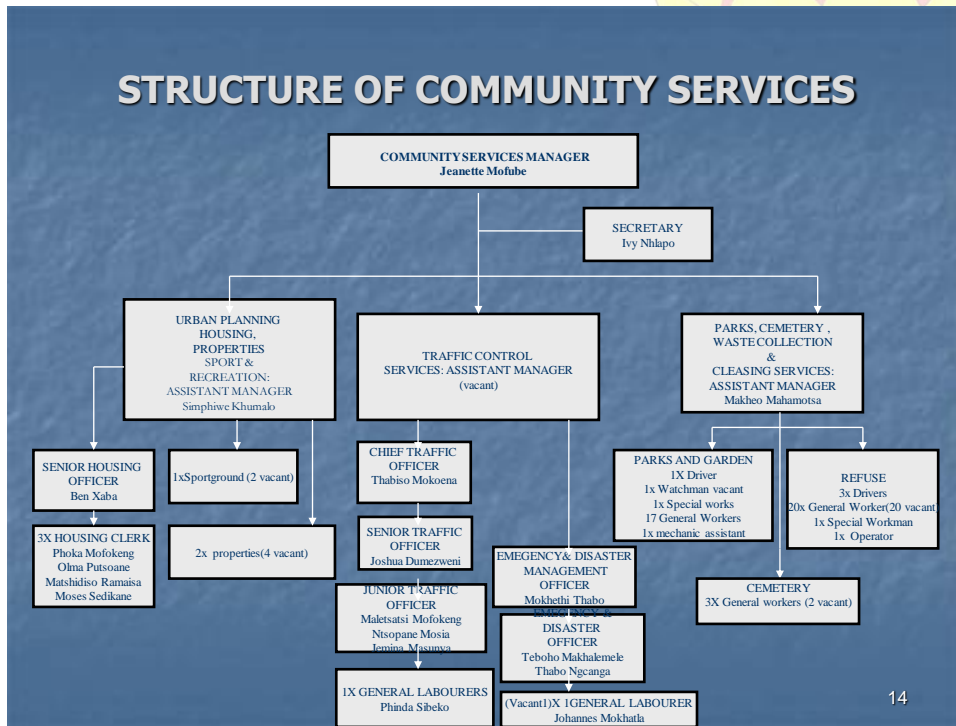
CORPORATE SERVICES CONTINUES



13

OPEROR COERTUS AD FELICITAS

STRUCTURE OF COMMUNITY SERVICES



14

OPEROR COERTUS AD FELICITAS

3.2 COMMENTS ON STAFFING PER DEPARTMENT

3.2.1 GENERAL COMMENTS

The structure needs to be reviewed to enable the municipality to comply fully to its mandate of providing services to the community and to fulfill its developmental role in South Africa.

3.2.2 OFFICE OF THE MUNICIPAL MANAGER

In the Office of the Municipal Manager the post of the LED and Tourism Officer is vacant. It is a post that needs to be filled urgently. The development of a functional LED section in the municipality is of the utmost importance to enable the municipality to deliver on Local Economic Development and alleviation of poverty.

3.2.3 DEPARTMENT OF FINANCE

The Department of Finance has filled several posts during the financial year 2008/2009. However there are still key posts that are vacant. The most critical of it is the Supply Chain Management Officer. The Supply Chain Unit is at this stage staffed by only one staff member. The work load is immense and the section sometimes fails to procure necessary items in time.

The post of the Chief accountant Expenditure is also vacant. Although the work is flowing well at this stage, the vacant poses a risk at the level of segregation of duties in this section.

3.2.4 DEPARTMENT OF CORPORATE SERVICES

The post of the Head of this department, the Manager of Corporate Services is vacant. This is a Section 57 post. At this stage the Assistant Manager Human Resources is acting also as Head of the Department Corporate Services. The delay in appointment of a section 57 manager is due to the termination of service of the previous manager. There are still unsettled labour issues regarding this matter.

In the Human Resources section there is a vacant post for a Human Resource clerk. At this stage the work load for the existing staff member is immense and the filling of this post will ensure that the important section of Human Resource records and administration will function as intended to.

3.2.5 DEPARTMENT OF INFRASTRUCTURE AND TECHNICAL SERVICES

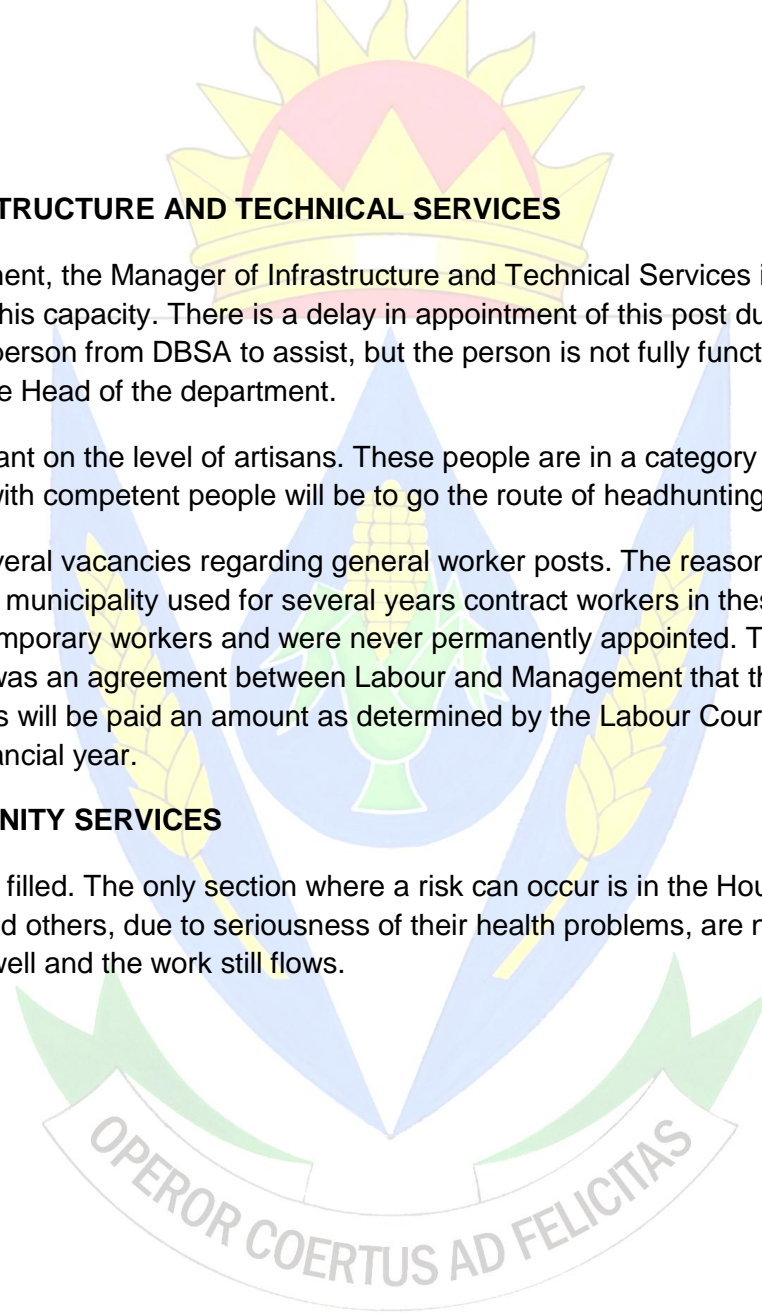
The post of the Head of this department, the Manager of Infrastructure and Technical Services is vacant. This is a Section 57 post. At this stage the CFO is acting also in this capacity. There is a delay in appointment of this post due to the lack of a suitable candidate.. The Municipal Manager obtained a person from DBSA to assist, but the person is not fully functioning as the head of the department. At this stage the CFO is acting as the Head of the department.

There are several key posts still vacant on the level of artisans. These people are in a category of very scarce skills. It is envisaged that the only way to fill these posts with competent people will be to go the route of headhunting to fill the posts ultimately.

In this department there are also several vacancies regarding general worker posts. The reason for delay of appointments in these posts is a pending labour issue. The municipality used for several years contract workers in these posts that were rotating on a basis of two weeks. They were seen as temporary workers and were never permanently appointed. This practice resulted in a labour dispute. The outcome of the action was an agreement between Labour and Management that the workers involved will be appointed permanently and the surplus workers will be paid an amount as determined by the Labour Court. This process is in progress and will only be completed in the coming financial year.

3.2.5 DEPARTMENT OF COMMUNITY SERVICES

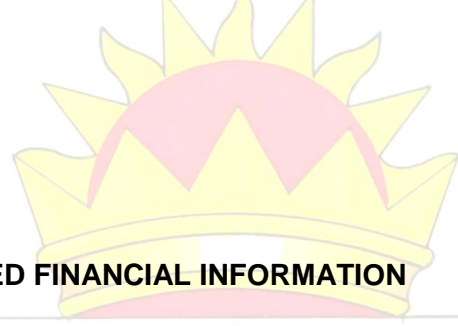
In this department the posts are well filled. The only section where a risk can occur is in the Housing section. A senior staff member left the service of the municipality and others, due to seriousness of their health problems, are not fit to hold office. However, the clerks left in the section are coping well and the work still flows.





**3.3 DISCLOSURES CONCERNING REMUNERATION OF COUNCILLORS AND SENIOR OFFICIALS FOR THE PERIOD
1 JULY 2008 – 30 JUNE 2009**

DESCRIPTION	MAYOR	SPEAKER	4 EXCO MEMBERS	MUNICIPAL MANAGER	CHIEF FINANCIAL OFFICER	MANAGER COMMUNITY SERVICES	MANAGER CORPORATE SERVICES	MANAGER INFRASTRUCTURE AND RECHNICAL SERVICES	CHIEF OPERATIONAL OFFICER
Salaries Normal Overtime	389023.00 000000.00	311219.00 000000.00	641894.40 000000.00	672098.36 000000.00	417678.36 000000.00	357678.36 000000.00	260991.48 000000.00	000000.00 000000.00	31 902.27 00000.00
Contributions Pension Medical Aid Other	106062.00 000000.00 000000.00	84843.12 19140.00 00000.00	000000.00 000000.00 000000.00	000000.00 000000.00 000000.00	000000.00 30984.00 000000.00	000000.00 15816.00 000000.00	000000.00 000000.00 000000.00	000000.00 000000.00 000000.00	00000.00 00000.00 00000.00
Allowances Travel and motor car Accommodation Subsistence Housing Telephone	129674.04 000000.00 000000.00 000000.00 15984.00	103739.04 000000.00 000000.00 000000.00 15984.00	213960.00 000000.00 000000.00 000000.00 39888.00	000000.00 000000.00 000000.00 000000.00 000000.00	84000.00 000000.00 000000.00 18000.00 18000.00	000000.00 000000.00 000000.00 144000.00 12000.00	000000.00 000000.00 000000.00 000000.00 000000.00	000000.00 000000.00 000000.00 000000.00 000000.00	00000.00 00000.00 00000.00 00000.00 00000.00
Loans and Advances	000000.00	000000.00	000000.00	000000.00	000000.00	000000.00	000000.00	000000.00	000000.00
Other Benefits	000000.00	000000.00	000000.00	000000.00	000000.00	000000.00	000000.00	000000.00	000000.00
Arrears Owed	000000.00	000000.00	000000.00	000000.00	000000.00	000000.00	000000.00	000000.00	000000.00
TOTAL	640743.04	534931.16	895742.40	672098.04	568662.36	529494.36	260991.48	000000.00	31 902.27



CHAPTER 4

4. AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

4.1 ANNUAL FINANCIAL STATEMENTS 2008/2009

**Annual Financial
Statements**

For

Nketoana Local Municipality

for the year
ended 30 June:

2009

Province:

Free State

AFS rounding:

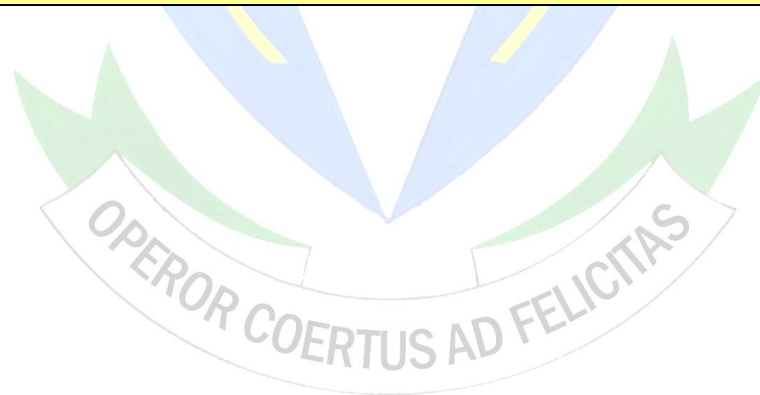
R'000 (i.e. to the nearest R100,000)

Contact Information:

Name of Municipal Manager:	SJ Thomas
Name of Chief Financial Officer:	V Mkhafa
Contact telephone number:	058 863 2811
Contact e-mail address:	vmkhafa@nketoanafs.co.za



Name of contact at provincial treasury:	Immanuel Ravhuhali
Contact telephone number:	051 405 4906
Contact e-mail address:	iravhuhali@treasury.fs.gov.za
Name of relevant Auditor:	
Contact telephone number:	051 447 6094
Contact e-mail address:	rebecca@sab-t.co.za
Name of contact at National Treasury:	
Contact telephone number:	lizette.labuschagne@treasury.gov.za
Contact e-mail address:	012 315 5781





Nketoana Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009

General information

Members of the Council

Mandla Mamba	Mayor
MD Molapisi	Speaker
P Nkomo	Member of the Executive Committee
M Blignaut	Member of the Executive Committee
MS Mokoena	Member of the Executive Committee
BA Peter	Member of the Executive Committee
LP Masoka	Member
NM Molawa	Member
LA Moli	Member
JJ Venter	Member
SG Henning	Member
JR Msimanga	Member
TJ Zwane	Member
A Fume	Member
MA Mokoena (Resigned)	Member
MS Malindi	Member
KT Monyatsi	Member
KB Mnguni	Member
P M Moloedi (Elected in November 2008)	Member



Municipal Manager

Sipho Joseph Thomas

Chief Financial Officer

Vincent Bongani Mkhafa

Grading of Local Authority

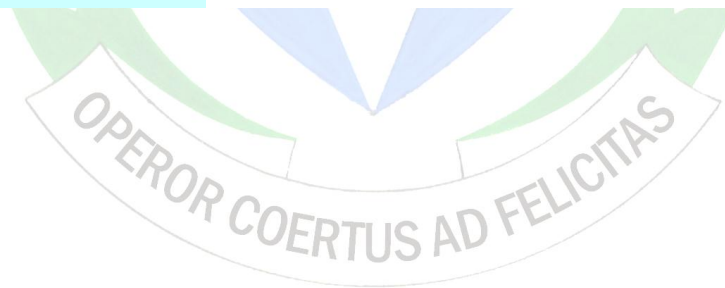
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Auditors

Auditor-General

Bankers

ABSA





Nketoana Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009

General information (continued)

Registered Office:

Corner Church and Voortrekker Reitz

Physical address:

Corner Church and Voortrekker Reitz
Reitz

Postal address:

P.O Box 26
Reitz
9310

Telephone number:

058 863 2811

Fax number:

058 863 2524

E-mail address:

vmkhefa@nketoanafs.co.za



Nketoana Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009

Approval of annual financial statements

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

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

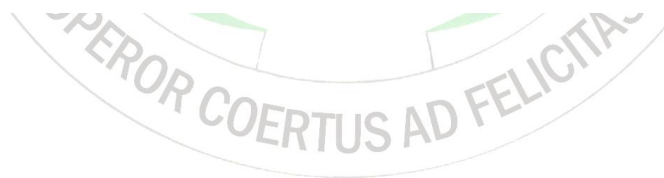
Municipal Manager:

DATE: 09/11/2009



Nketoana Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009

Index	Page
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Accounting Policies	9-21
Notes to the Annual Financial Statements	22-34
Appendix A: Schedule of External Loans	35
Appendix B: Analysis of Property, Plant and Equipment	36-39
Appendix C: Segmental Analysis of Property, Plant and Equipment	40
Appendix D: Segmental Statement of Financial Performance	41



Nketoana Local Municipality
STATEMENT OF FINANCIAL POSITION

as at 30 June 2009

	Note	2009 R'000	2008 R'000
ASSETS			
Current assets			
Cash and cash equivalents	1	40,202,547	28,182,768
Trade and other receivables from exchange transactions	2	20,833,076	18,166,713
Inventories	3	2,106,868	25,476
Investments	4	-	-
Non-current assets			
Investments	5	10,655,998	10,024,452
Property, plant and equipment	6	351,381,565	316,544,893
Total assets		425,180,054	372,944,302
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	7	1,393,553	95,656
Consumer deposits	8	1,121,407	1,055,499
VAT payable	9	12,129,478	-
Current provisions	10	3,388,989	1,976,011
Bank overdraft	1	-	4,487,706
Current portion of unspent conditional grants and receipts	11	9,062,193	17,991,508
Current portion of borrowings	13	312,300	293,328
Other current financial liabilities	7	18,129,895	4,383,725
Non-current liabilities			
Non-current borrowings	13	10,134,824	10,607,787



Total liabilities	55,672,639	40,891,219
Net assets	369,507,415	332,053,083
NET ASSETS		
Reserves	40,745,788	13,823,386
Accumulated surplus / (deficit)	328,761,716	318,229,698
Total net assets	369,507,415	332,053,083

Nketoana Local Municipality
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2009

	Note	2009 R'000	2008 R'000
Revenue			
Property rates	14	8,164,630	8,242,904
Property rates - penalties imposed and collection charges	14	-	-
Service charges	15	60,817,076	53,746,004
Rental of facilities and equipment	16	1,353,107	-
Interest earned - external investments	17	4,156,533	2,825,967
Interest earned - outstanding receivables	18	12,346,897	11,827,686
Fines		110,632	78,867
Licences and permits		10,228	-
Government grants and subsidies	19	54,739,359	90,546,000
Public contributions and donations	32	-	-
Other income	21	8,778,016	17,324,828
Total revenue		150,476,478	184,592,256
Expenses			



Employee related costs	22	28,195,262	25,738,911
Remuneration of councillors	23	3,704,896	3,439,813
Contribution to Bad debts provision		24,378,174	25,946,292
Collection costs		-	-
Repairs and maintenance		5,137,026	2,209,076
Finance costs	24	1,079,420	1,142,582
Bulk purchases	25	11,340,382	8,527,218
General expenses	26	47,274,202	40,178,511
Total expenses		121,109,363	107,182,403
Inventories: (Write-down) / reversal of write-down to net realisable value		2,104,932	-
Surplus / (deficit) for the period		31,472,046	77,409,853



Nketoana Local Municipality
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2009

	No te	Revaluat	Governme	Capiatl	Total:	Accumulat	Total: Net
		ion Reserve	nt Grants Reserves	Developm ent Reserves	Reserves	ed Surplus/(D eficit)	Assets
		R'000	R'000	R'000	R'000	R'000	R'000
Balance at 30 June	2007	-	-	11,550,389	11,550,389	4,385,290	15,935,679
Changes in accounting policy	29	-	-	-	-	-	-
Correction of prior period error	30						

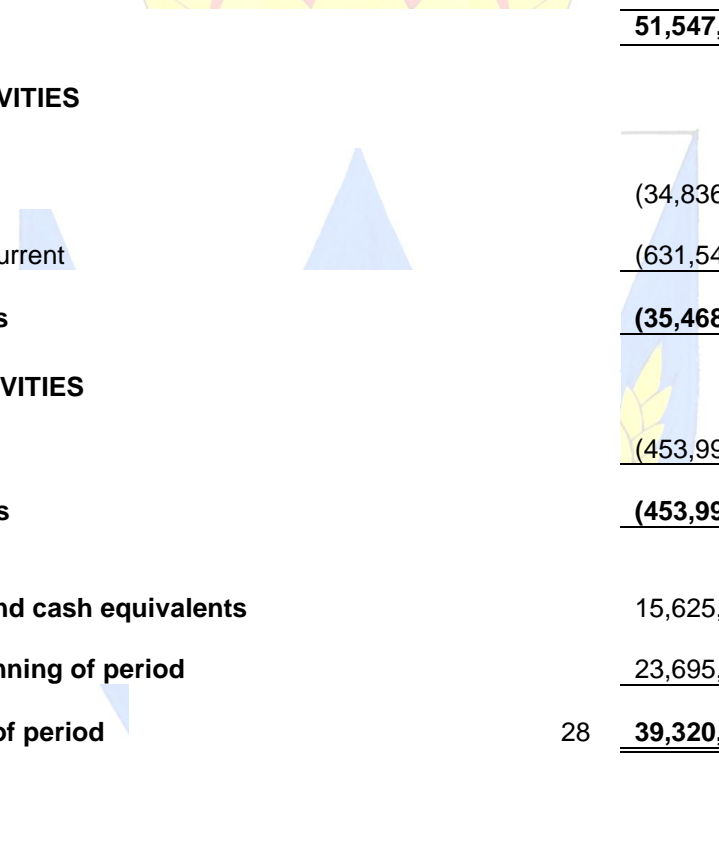


						-
Restated balance	-	-	11,550,389	11,550,389	4,385,290	15,935,679
Surplus / (deficit) on revaluation of property of property, plant and equipment						-
Changes in accounting policy					(9,644,013)	(9,644,013)
<i>Other items</i>					(10,063,740)	(10,063,740)
<i>Loans redeemed written off</i>					316,544,893	316,544,893
<i>Government Grants and subsidies not recognised in the 2007/08 income statement</i>					(60,402,585)	(60,402,585)
Net gains and losses not recognised in the statement of financial performance						-
Transfers to / from accumulated surplus/(deficit)		-	2,272,997	2,272,997		2,272,997
Surplus / (deficit) for the period					77,409,853	77,409,853
Balance at 30 June 2008	-	-	13,823,386	13,823,386	318,229,698	332,053,084
Surplus / (deficit) on revaluation of property of property, plant and equipment						-
<i>Correction of prior period error</i>					5,982,374	5,982,374
<i>Other items</i>						-
Net gains and losses not recognised in the statement of financial performance						-
Transfers to / from accumulated surplus/(deficit) (Government Grants Reserve)		26,922,402			(26,922,402)	-
Surplus / (deficit) for the period					31,472,046	31,472,046
Balance at 30 June 2009	-	26,922,402	13,823,386	40,745,788	328,761,71	369,507,50



Nketoana Local Municipality
CASH FLOW STATEMENT
 as at 30 June 2009

	Note	2009 R'000	2008 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		138,129,581	194,860,662
Taxation			
Sales of goods and services		68,981,706	61,988,908
Grants		54,739,359	90,546,000
Interest received		4,156,533	2,821,580
Other receipts		10,251,983	39,504,174
Payments		86,581,921	81,236,111
Employee costs		31,900,158	29,178,724
Suppliers		53,602,343	50,914,805
Interest paid		1,079,420	1,142,582
Other payments			
Net cash flows from operating activities	27		



		51,547,660	113,624,551
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(34,836,672)	(98,548,318)
Proceeds from sale of investments Non current		(631,546)	(568,454)
Net cash flows from investing activities		(35,468,219)	(99,116,772)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(453,991)	(236,095)
Net cash flows from financing activities		(453,991)	(236,095)
Net increase / (decrease) in net cash and cash equivalents		15,625,450	14,271,684
Net cash and cash equivalents at beginning of period		23,695,062	9,423,378
Net cash and cash equivalents at end of period	28	39,320,512	23,695,062

Nketoana Local Municipality
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2009

1 BASIS OF ACCOUNTING



1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The statements have also been prepared in accordance with the various standards emanating from Directive 5 "Determining The Grap Reporting Framework", issued by the Accounting Standards Board

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interest in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment (PPE)
GRAP 19	Provisions, Contingent Liabilities and Contingent assets
GRAP 100	Non-Current Assets Held for Sale and Discontinued operations
GRAP 101	Agricultural
GRAP 102	Intangible assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed with paragraphs 7, 11 and 12 of GRAP 3.



A summary of the significant accounting policies, which have been consistently applied except where and exemption or transitional provision has been granted, are disclosed below.

In terms of Directive 4: "Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following Grap Standards

GRAP 12	Inventories
GRAP 13	Leases
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment (PPE)
GRAP 19	Provisions, Contigent Liabilities and Contingent assets
GRAP 100	Non-Current Assets Held for Sale and Discontinues operations
GARP 102	Intangible assets

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

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

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

1.2 PRESENTATION CURRENCY

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

1.3 GOING CONCERN ASSUMPTION



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

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has not been provided in an annexure to these financial statements

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

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

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

GRAP 18 Segment Reporting - issued March 2005

GRAP 21 Impairment of non-cash-generating assets

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

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

GRAP 26 Impairment of cash-generating assets

GRAP 103 Heritage Assets - issued July 2008

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

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



2.1 INITIAL RECOGNITION

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

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

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

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

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

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

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



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

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

SUBSEQUENT MEASUREMENT - COST

2.3 MODEL

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


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

2.4 DEPRECIATION AND IMPAIRMENT

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

In determining the backlog depreciation, the Municipality applied Treasury Directive 4 that determines the transitional provisions for the adoption of standards of GRAP by medium municipalities.

Infrastructure		Other	
Roads and Paving	20yrs	Buildings	30yrs
Pedestrian Malls	20yrs	Specialist vehicles	5-7yrs
Electricity	20-30yrs	Other vehicles	5-7yrs
Water	15-20yrs	Office equipment	3-5yrs
			7-
Sewerage	15-20yrs	Furniture and fittings	10yrs
		Watercraft	15yrs



Asset Category	Asset Description	Useful Life	Asset Description	Useful Life	
Community	Buildings	30yrs	Bins and containers	5yrs	
	Recreational Facilities	30yrs	Specialised plant and equipment	5-15yrs	
	Security	30yrs	Other items of plant and equipment	5-15yrs	
	Halls	30yrs	Landfill sites	30yrs	
	Libraries	30yrs	Quarries	30yrs	
	Parks and gardens	30yrs	Emergency equipment	5-15yrs	
	Other assets	20-30yrs	Computer equipment	5yrs	
	Heritage assets	Buildings	0		
		Paintings and artifacts	0		
	Finance lease assets	Office equipment	3-5yrs		
Other assets		3-7yrs			

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

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

2.5 DERECOGNITION

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



3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

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

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

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

Intangible assets are initially recognised at cost.

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

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

SUBSEQUENT MEASUREMENT - COST

3.2 MODEL

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

3.3 AMORTISATION AND IMPAIRMENT



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

Computer software

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

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

3.4 DERECOGNITION

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

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

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

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



The cost of self-constructed investment property is the cost at date of completion.

SUBSEQUENT MEASUREMENT - COST

4.2 MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

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



4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

5 BIOLOGICAL ASSETS

5.1 INITIAL RECOGNITION

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

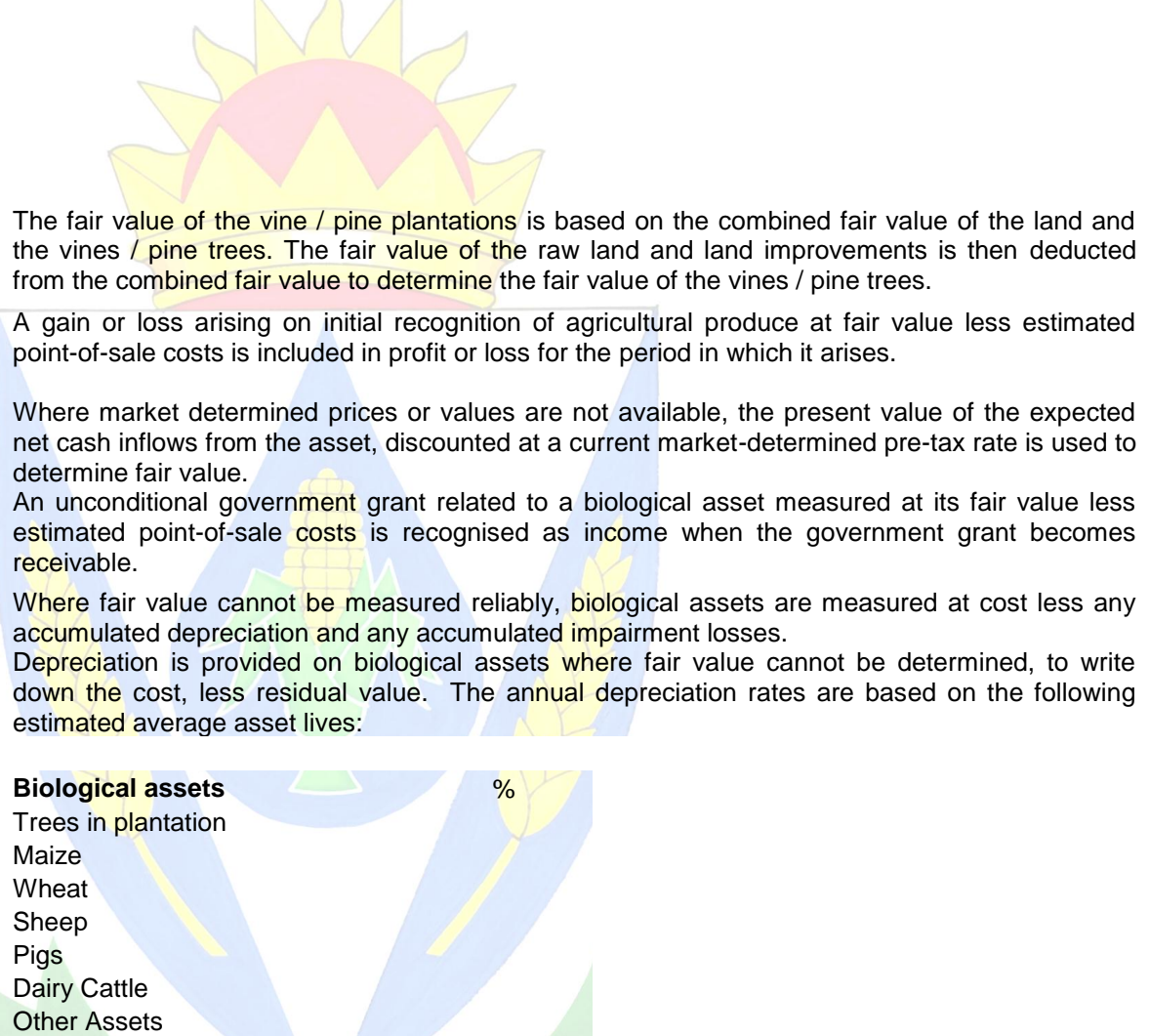
- the municipality controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the municipality;
- and the fair value or cost of the asset can be measured reliably.

5.2 SUBSEQUENT MEASUREMENT

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

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

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



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

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

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

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

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

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

Biological assets	%
Trees in plantation	
Maize	
Wheat	
Sheep	
Pigs	
Dairy Cattle	
Other Assets	

6 NON-CURRENT ASSETS HELD FOR SALE

6.1 INITIAL RECOGNITION

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



6.2 SUBSEQUENT MEASUREMENT

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

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

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

7 INVENTORIES

7.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

7.2 SUBSEQUENT MEASUREMENT

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



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

8 FINANCIAL INSTRUMENTS

8.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

8.2 SUBSEQUENT MEASUREMENT

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

8.2.1

INVESTMENTS

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

8.2.2

TRADE AND OTHER RECEIVABLES





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

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

8.2.3

TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

8.2.4

CASH AND CASH EQUIVALENTS

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

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

9 INVESTMENTS IN ASSOCIATES



An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The municipality exercises judgement in the context of all available information to determine if it has significant influence over an investee.

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

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

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

10 UNAUTHORISED EXPENDITURE

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

11 IRREGULAR EXPENDITURE



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

12 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13 PROVISIONS

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

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

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



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

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

14 LEASES

14.1 MUNICIPALITY AS LESSEE

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

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

14.2 MUNICIPALITY AS LESSOR



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

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

15 REVENUE

15.1 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

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

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

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

Interest revenue is recognised on a time proportion basis.



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

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

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

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


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

15.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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



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

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

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

15.3 GRANTS, TRANSFERS, PUBLIC CONTRIBUTION AND DONATIONS

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

16 BORROWING COSTS

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

17 RETIREMENT BENEFITS





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

18 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by *the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs OR surveys of work done OR completion of a physical proportion of the contract work*].

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

19

IMPAIRMENT OF ASSETS

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

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



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

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

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

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

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

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

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

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

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

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



18 CAPITAL REPLACEMENT RESERVE (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from accumulated surplus/(deficit) to CRR. The cash in the CRR can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/ (deficit) credited by a corresponding amount when the amounts in the CRR are utilized.

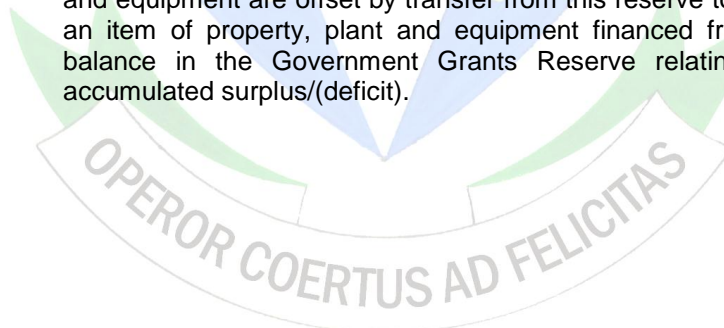
The CRR may only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items.

19 UNSPENT CONDITIONAL GRANTS

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public

20 GOVERNMENT GRANTS RESERVE (GGR)

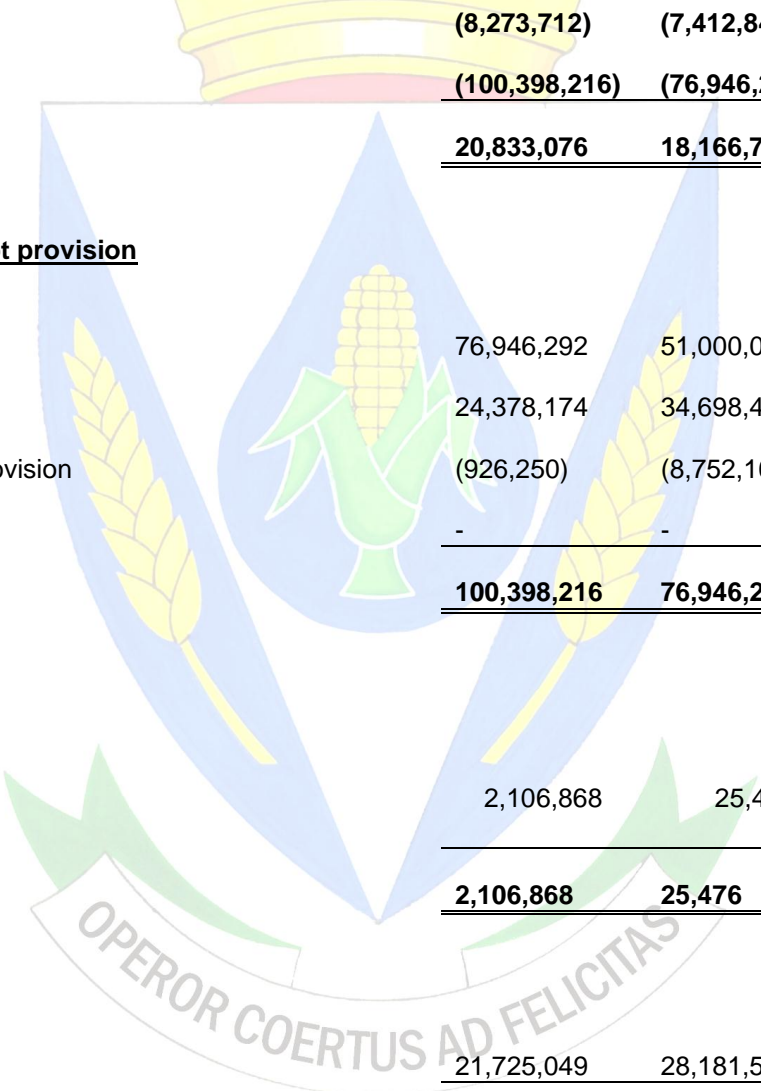
When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the government Grant recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such item of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that plant and equipment are offset by transfer from this reserve to the accumulated surplus/(deficit). When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grants Reserve relating to such item is transferred to the accumulated surplus/(deficit).



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

Note	2009 R'000	2008 R'000
1 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash on hand	2,120	1,215
Cash at bank	18,475,377	-
Call deposits and investments	21,725,049	28,181,553
	<u>40,202,546</u>	<u>28,182,768</u>
1.		
1 The Municipality has the following bank accounts: -		
<u>Current Account (Primary Bank Account)</u>		
ABSA Bank - REITZ Branch: Account Number 2170560119		
FIRST NATIONAL BANK - REITZ branch : Account Number 62064082799		
Cash book balance at beginning of year	<u>(4,487,706)</u>	<u>(3,710,391)</u>
Cash book balance at end of year	<u>18,475,377</u>	<u>(4,487,706)</u>
<u>Cash on hand</u>	<u>2,120</u>	<u>1,215</u>

Total cash and cash equivalents	40,202,546	28,182,768
Total bank balances	18,475,377	(4,487,706)
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS	2009	2008
<u>Trade receivables</u>	R'000	R'000
as at 30 June 2009		
Service debtors		
Rates	11,347,079	10,684,741
Electricity	4,295,600	2,782,229
Water	17,482,691	10,814,357
Sewerage	26,535,685	15,528,876
Refuse	29,394,688	18,552,407
Reconnection	39,271,039	34,096,599
Total	128,326,782	92,459,209
Add: Other receivables		
Housing	725,008	10,015
VAT	-	7,412,844
Loans	13,624	5,510
Other debtors	439,589	2,638,271
Total receivable inclusive of VAT	129,505,004	102,525,849



Less VAT	(8,273,712)	(7,412,844)
Less provision for doubtful debts	(100,398,216)	(76,946,292)
Net balances	20,833,076	18,166,713
2. Reconciliation of the doubtful debt provision		
Balance at beginning of the year	76,946,292	51,000,000
Contributions to provision	24,378,174	34,698,458
Doubtful debts written off against provision	(926,250)	(8,752,166)
Reversal of provision	-	-
Balance at end of year	100,398,216	76,946,292
3 INVENTORIES		
Consumable stores - at cost	2,106,868	25,476
	2,106,868	25,476
4 SHORT TERM INVESTMENTS		
Call deposits and investments	21,725,049	28,181,553
	21,725,049	28,181,553

5 LONG TERM INVESTMENTS

Financial Instruments

	-	-
Listed Investments	5,000	28,488
Other Investments and fixed deposits	10,650,998	9,995,964
	10,655,998	10,024,452

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

6 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Land	Buildings	Infrastruct ure	Communit y	Heritage	Other Assets	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
as at 1 July 2008	2,473,392	-	255,846,000	13,361,219	-	44,864,282	-	316,544,893
Cost/Revaluation	2,473,392	-	255,846,000	13,361,219	-	44,864,282	-	316,544,893
Correction of error								-
Change in accounting policy Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-

Acquisitions	882,034	-	30,515,108	61,648	-	3,377,884	-	34,836,672
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
as at 30 June 2009	3,355,426	-	286,361,108	13,422,867	-	48,242,166	-	351,381,565
Cost/Revaluation Accumulated depreciation and impairment losses	3,355,426	-	286,361,108	13,422,867	-	48,242,166	-	351,381,565
	-	-	-	-	-	-	-	-

Nketoana Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
as at 1 July 2007	2,473,146	-	157,977,172	13,184,901	-	44,361,356	-	217,996,575
Cost/Revaluation	2,473,146	-	157,977,172	13,184,901	-	44,361,356	-	217,996,575
Correction of error	-	-	-	-	-	-	-	-
Change in accounting policy	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Acquisitions	246	-	97,868,828	176,318	-	502,926	-	98,548,318
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-

as at 30 June 2008	2,473,392	-	255,846,00	0	13,361,219	-	44,864,28	2	-	316,544,8	93
Cost/Revaluation	2,473,392	-	255,846,00	0	13,361,219	-	44,864,28	2	-	316,544,8	93

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

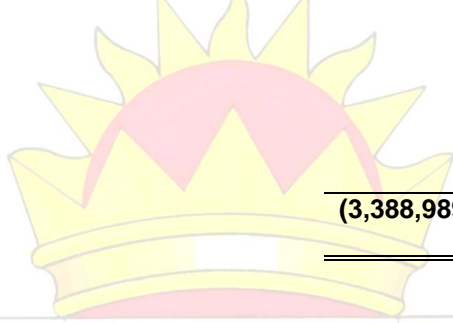
7 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade creditors			(1,393,553)	(95,656)
Other creditors			(18,129,895)	(4,383,725)
Total creditors			(19,523,448)	(4,479,381)

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

8 CONSUMER DEPOSITS

Electricity and Water	(1,121,407)	(1,055,499)
Total consumer deposits	(1,121,407)	(1,055,499)
No interestis accrued or paid on consumer deposits		
9 VAT PAYABLE		
VAT payable	(12,129,478)	-
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
10 PROVISIONS		
Provision for bonues	(617,968)	-
Provision of leave	(2,771,021)	(1,976,011)
Total Provisions		



(3,388,989) (1,976,011)

11 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent Conditional Grants from other spheres of

12.1 Government

MIG Grants

(6,605,001) (15,477,176)

DWAF drought relief

(381,284) (88,665)

Thabo Mofutsanyana District municipality - Lindley storm water

(57,962)

MISG

(680,474) (329,777)

MFMG

(837,471) (1,595,891)

DWAF drought relief

(500,000) (500,000)

12.2 Other Unspent Conditional Grants and Receipts (included under sundry creditors)

Other

--	--

Total Unspent Conditional Grants and Receipts	(9,062,193)	(17,991,508)
--	--------------------	---------------------

Non-current unspent conditional grants and receipts	-	-
--	---	---

Current portion of unspent conditional grants and receipts	(9,062,193)	(17,991,508)
---	--------------------	---------------------

See Note 31 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

13 BORROWINGS

Local Registered Stock Loans	-	-
------------------------------	---	---

Annuity Loans	-	-
---------------	---	---

Government Loans : Other	-	-
--------------------------	---	---

Other borrowings	(10,447,124)	(10,901,115)
------------------	--------------	--------------

	(10,447,124)	(10,901,115)
--	---------------------	---------------------

Less : Current portion transferred to current liabilities 312,300 293,328

Local Registered Stock Loans

-

-

Annuity Loans

-

-

Government Loans : Other

-

-

Other borrowings

312,300

293,328

Total borrowings

(10,134,824)

(10,607,787)

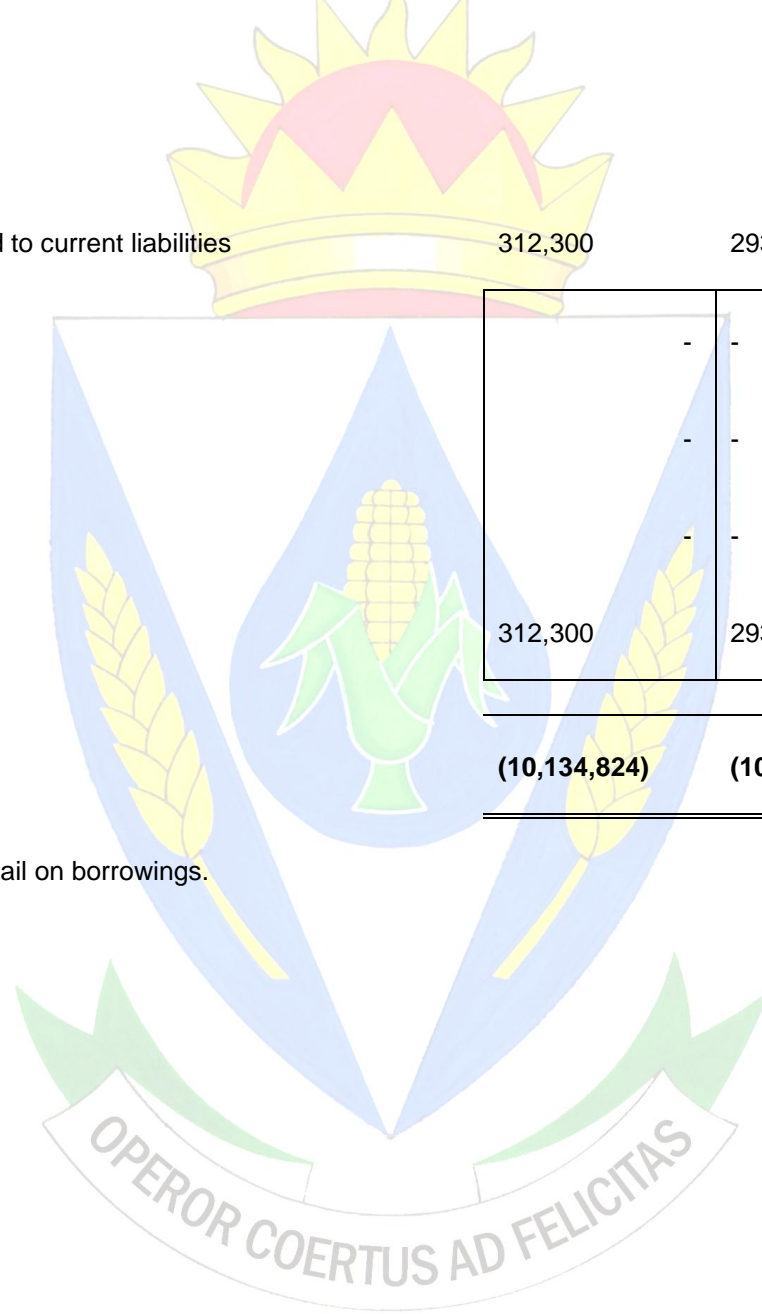
Refer to Appendix A for more detail on borrowings.

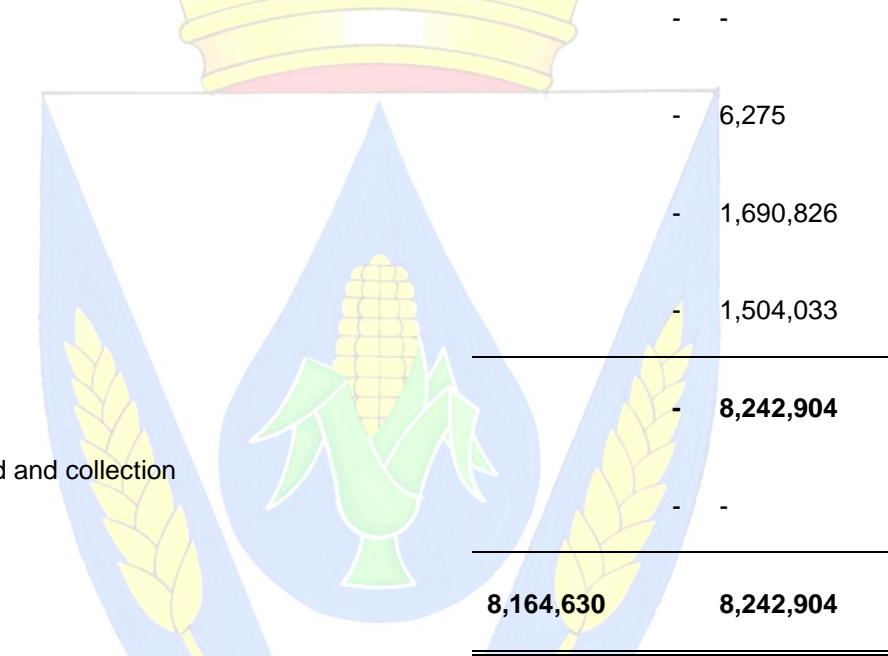
14 PROPERTY RATES

Actual

Residential and Commercial

- 5,041,770





Commercial	-	-
Municipal	-	6,275
Farmland	-	1,690,826
State	-	1,504,033
Total property rates	-	8,242,904
Property rates - penalties imposed and collection charges	-	-
Total	8,164,630	8,242,904

Valuations

Residential	188,119,009	188,119,009
Commercial	82,558,520	82,558,520
State	99,070,331	99,070,331
Municipal	386,701,665	386,701,665

Total Property Valuations

756,449,525 **756,449,525**

15 SERVICE CHARGES

Sale of electricity

13,958,224 12,812,731

Sale of water

22,544,084 21,566,153

Refuse removal

9,668,757 9,152,471

Sewerage and sanitation charges

14,646,011 10,214,648

Total Service Charges

60,817,076 **53,746,003**

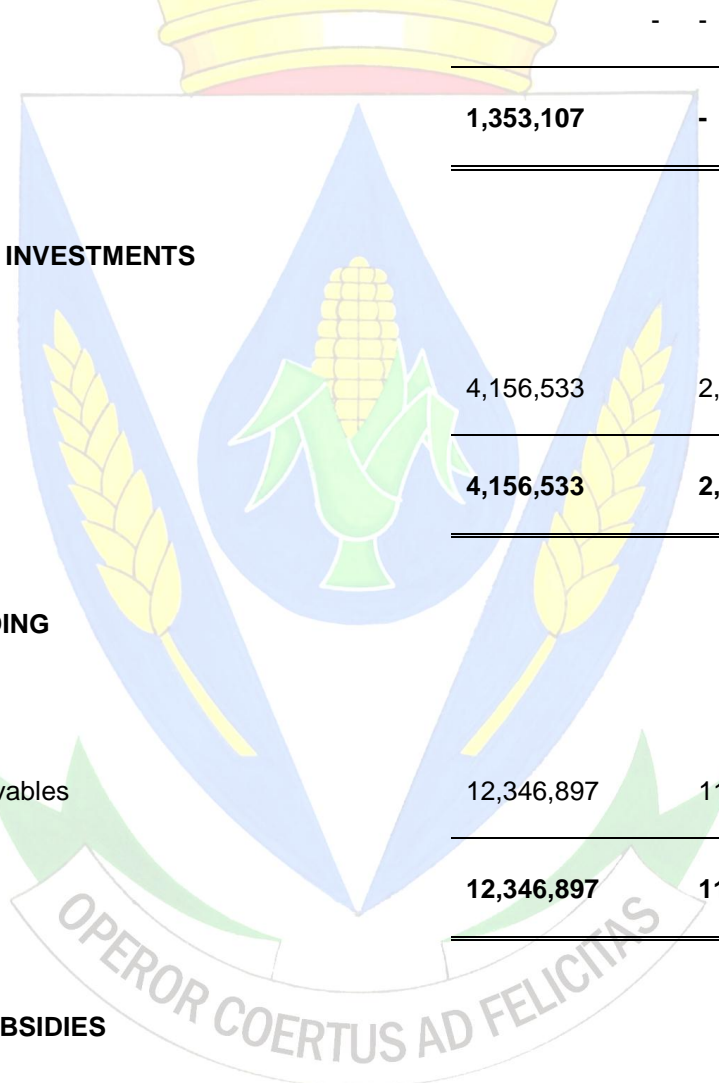
16 RENTAL OF FACILITIES AND EQUIPMENT

Rental of facilities

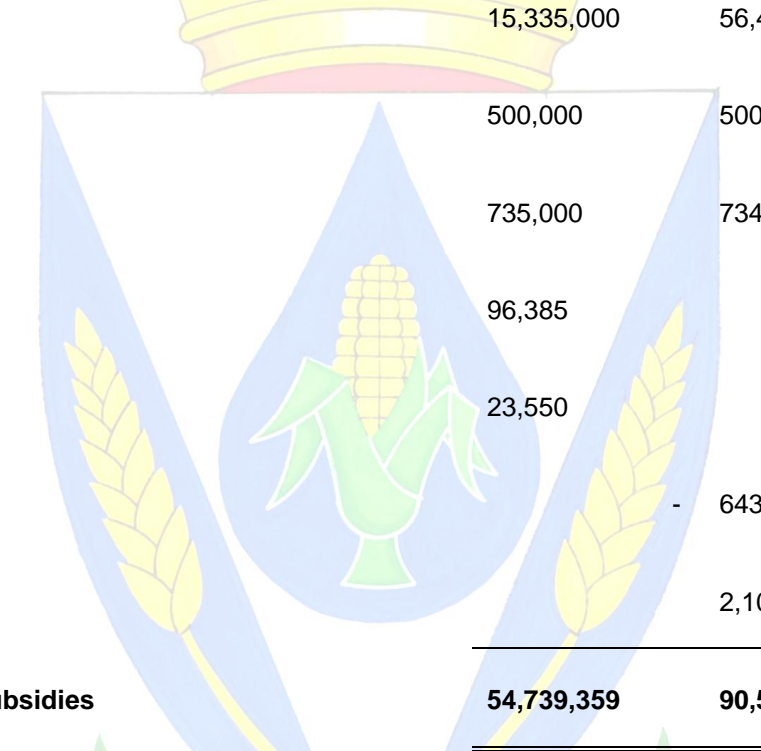
1,344,167 -

Rental of equipment

8,940 -



Other rentals	-	-
Total rentals	1,353,107	-
17 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank and Financial assets	4,156,533	2,825,967
Total interest	4,156,533	2,825,967
18 INTEREST EARNED - OUTSTANDING RECEIVABLES		
Interest earned - outstanding receivables	12,346,897	11,827,686
Total interest	12,346,897	11,827,686
19 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	38,049,424	30,143,000



MIG Grant	15,335,000	56,426,000
FMG	500,000	500,000
MSIG	735,000	734,000
LG SETA	96,385	
Dept of Tousim	23,550	
Councilor support grant		- 643,000
DPLG		2,100,000
Total Government Grant and Subsidies	54,739,359	90,546,000

20 Equitable Share

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

The equitable share is an unconditional grant and is utilised to assist the local municipalities undertake service delivery

There was no delay or withholding of the subsidy

The municipality has complied with the conditions of all grants received except of portion of MIG Grant

20.1 MIG Grant

Balance unspent at beginning of year	15,477,176	55,906,969
Current year receipts	15,335,000	56,426,000
Conditions met - transferred to revenue	(26,922,402)	(96,855,794)
Conditions still to be met - remain liabilities	3,889,774	15,477,176

This grant was used to construct infrastructure as part of the upgrading of informal settlement areas in the local municipalities. No funds have been withheld.

21 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS

Other income

Other income	8,778,016	17,324,828
Total Other Income	8,778,016	17,324,828

22 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages and bonuses	16,120,103	18,963,215
Employee related costs - Contributions for UIF, pensions and medical aids	4,866,552	3,419,726
Travel, motor car, accommodation, subsistence and other allowances	3,904,581	1,953,737
Housing benefits and allowances	1,221,010	73,942
Overtime payments	2,083,016	1,328,291
Total Employee Related Costs	28,195,262	25,738,911
Remuneration of the Municipal Manager		
Annual Remuneration	672,098	519,473
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	-	63,500

Contributions to UIF, Medical and Pension Funds	1,497	1,497
Total	673,595	584,471

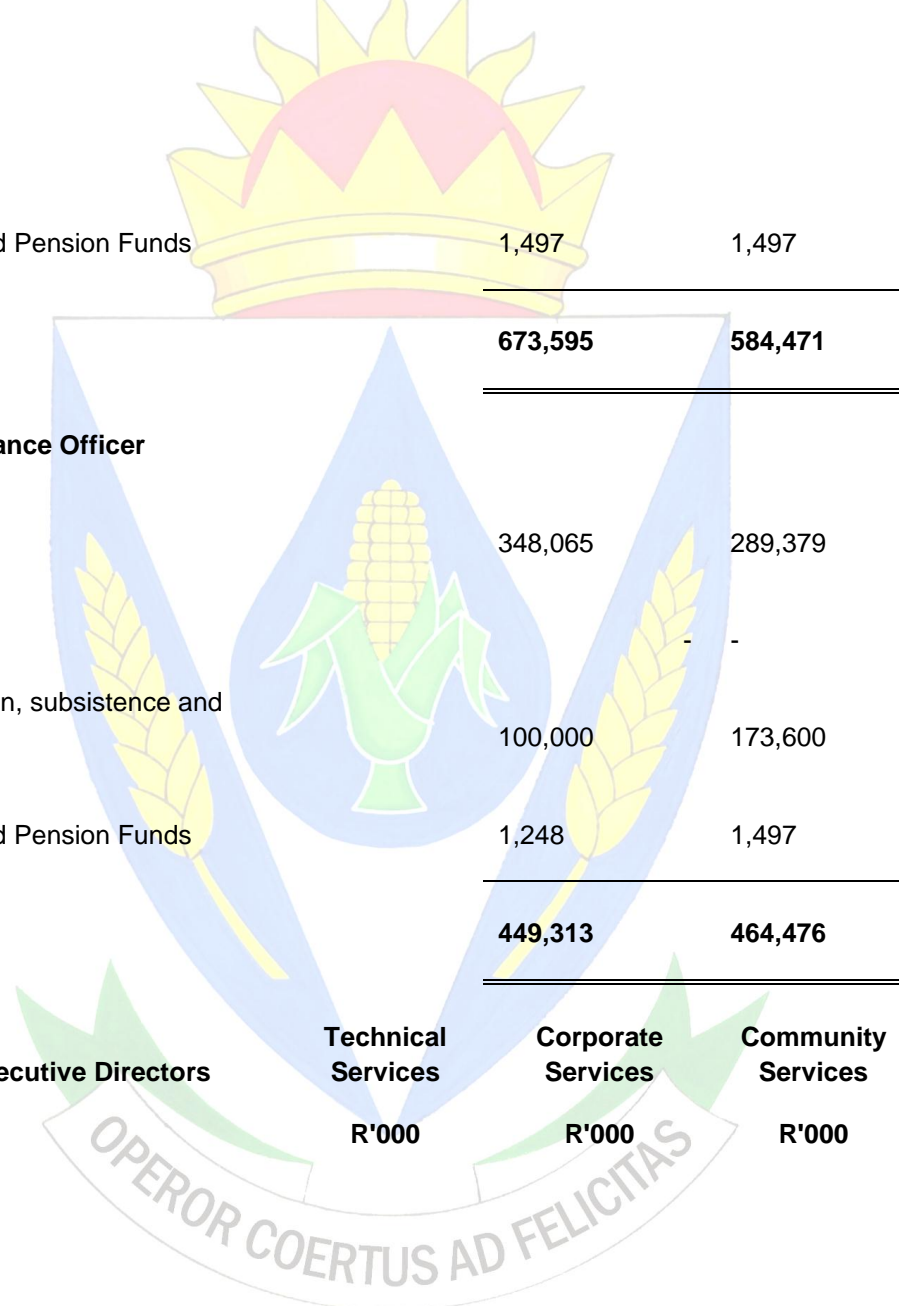
Remuneration of the Chief Finance Officer

Annual Remuneration	348,065	289,379
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	100,000	173,600
Contributions to UIF, Medical and Pension Funds	1,248	1,497
Total	449,313	464,476

Remuneration of Individual Executive Directors	Technical Services	Corporate Services	Community Services
	R'000	R'000	R'000

2009

Annual Remuneration	63,805	176,193	357,678
Performance- and other bonuses			-



	-	-	
Travel, motor car, accommodation, subsistence and other allowances	-	335,684	180,000

Contributions to UIF, Medical and Pension Funds	250	-	1,497
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Total	64,054	511,877	539,176
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	Technical Services	Corporate Services	Community Services
	R'000	R'000	R'000

2008

Annual Remuneration	-	261,379	-
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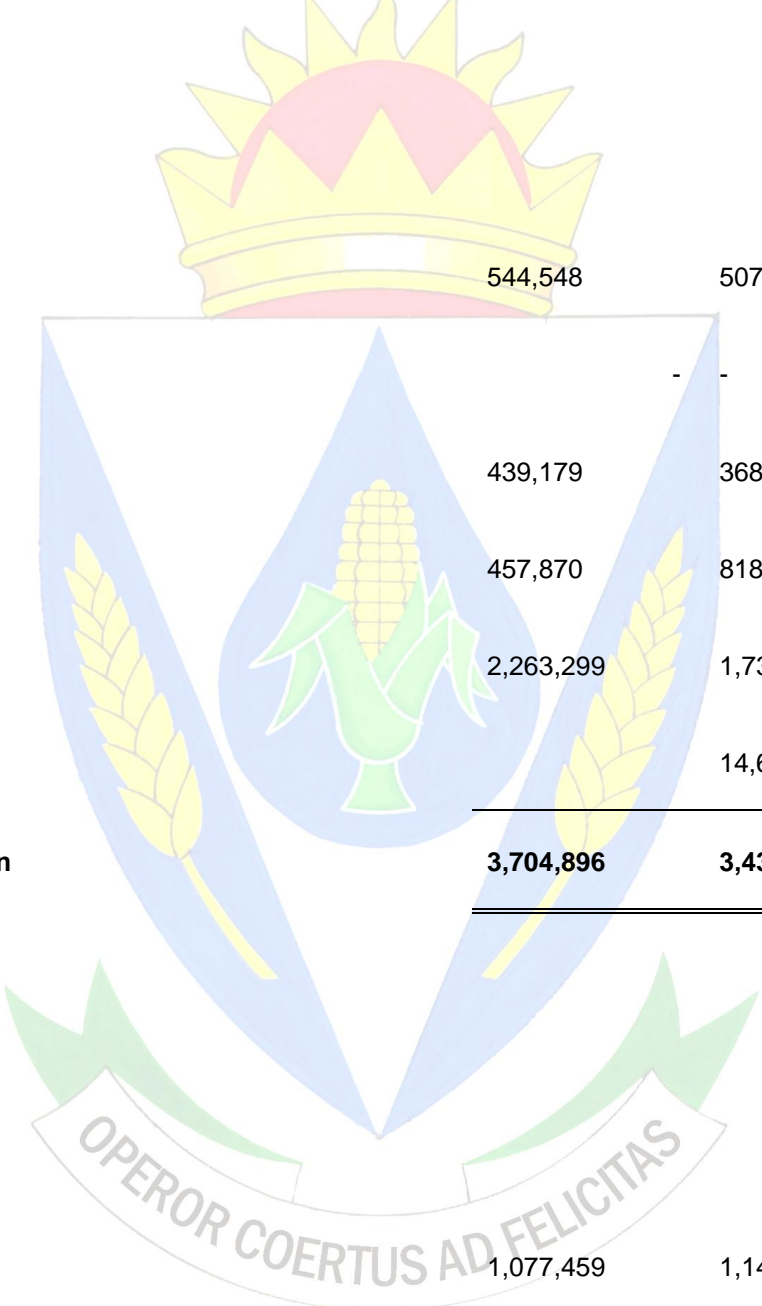
Performance- and other bonuses	-	-	-
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Travel, motor car, accommodation, subsistence and other allowances	-	204,000	-
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Contributions to UIF, Medical and Pension Funds	-	1,497	-
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Total	-	466,876	-
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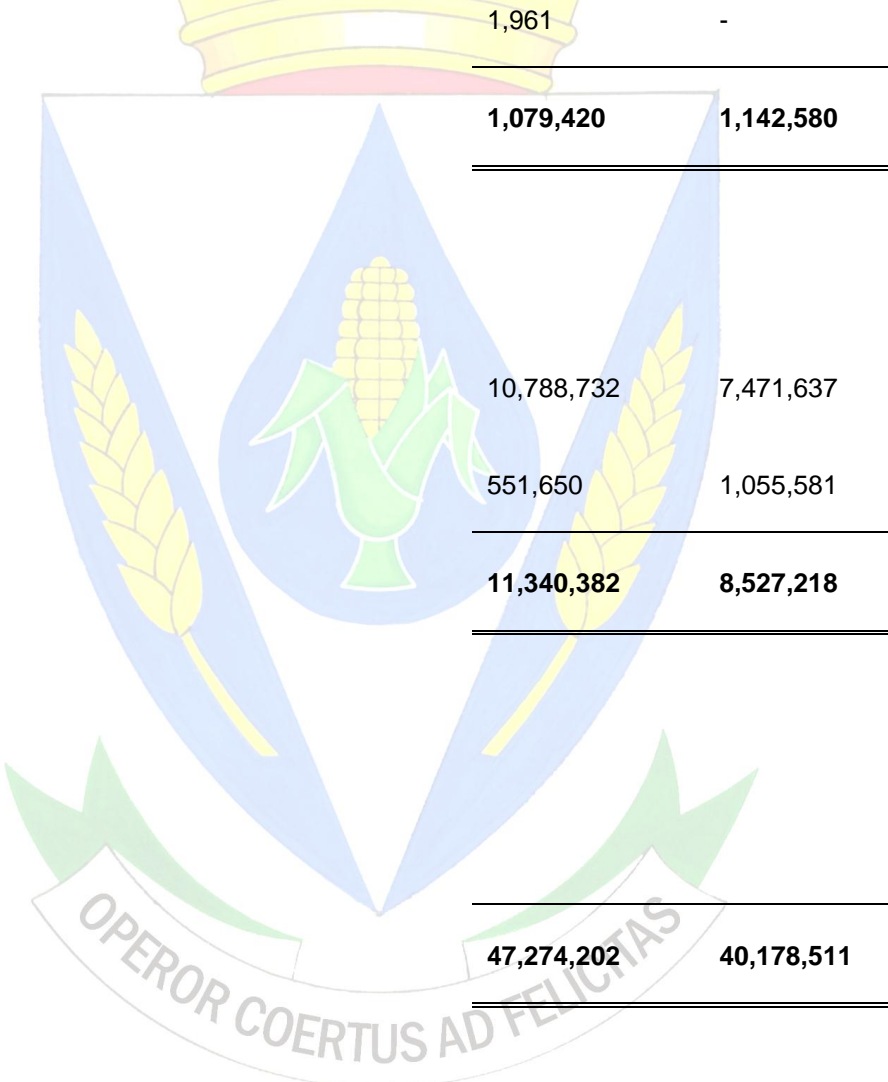
23 REMUNERATION OF COUNCILLORS



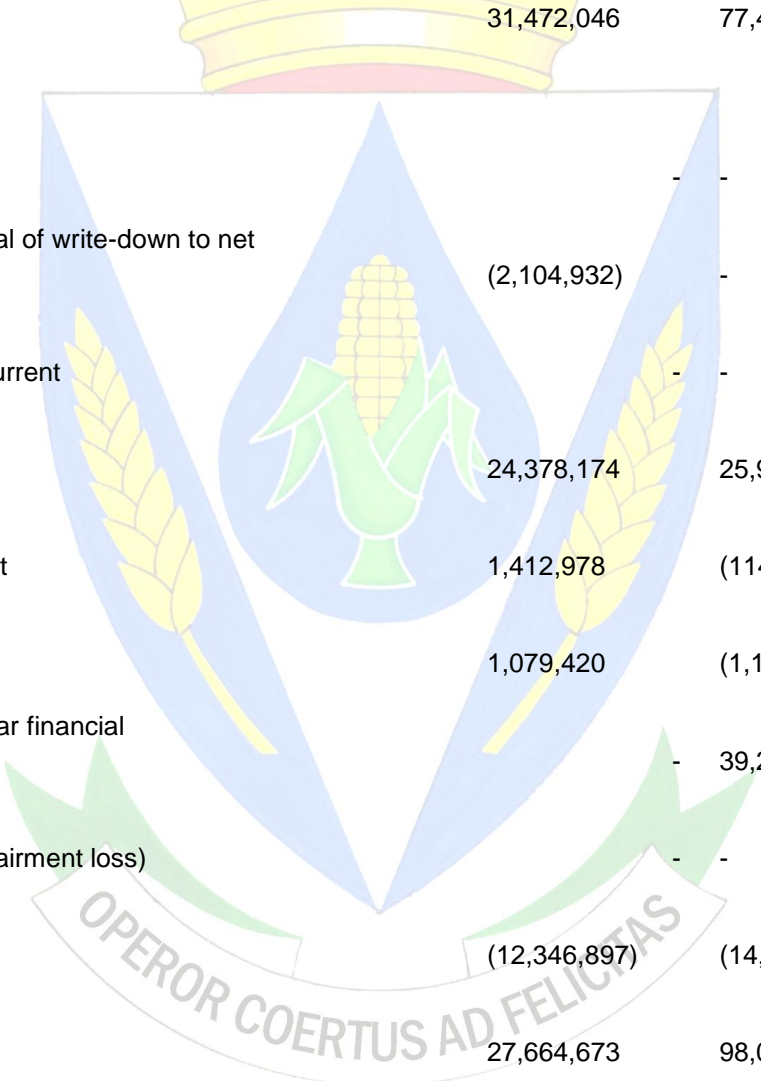
Executive Mayor	544,548	507,834
Deputy Executive Mayor	-	-
Speaker	439,179	368,289
Executive Committee Members	457,870	818,553
Councillors	2,263,299	1,730,471
Back pay		14,666
Total Councillors' Remuneration	3,704,896	3,439,813

24 FINANCE COSTS

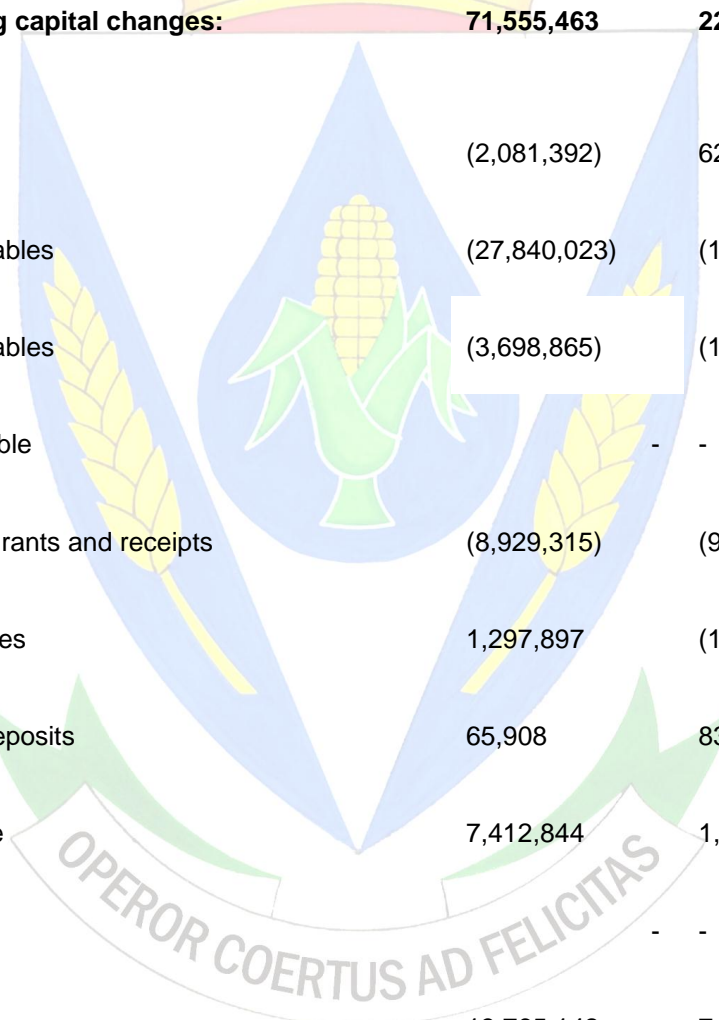
Borrowings	1,077,459	1,142,580
Consumer deposits	-	-



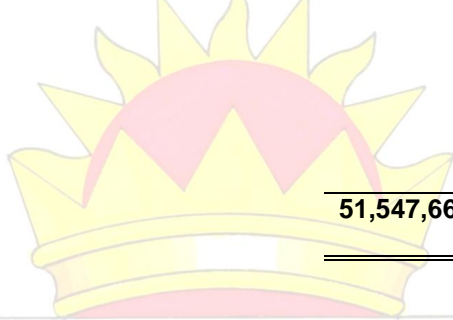
Bank overdrafts	1,961	-
Total Finance Costs	1,079,420	1,142,580
25 BULK PURCHASES		
Electricity	10,788,732	7,471,637
Water	551,650	1,055,581
Total Bulk Purchases	11,340,382	8,527,218
26 GENERAL EXPENSES		
General expenses	47,274,202	40,178,511
27 CASH GENERATED BY OPERATIONS		



Surplus/(deficit) for the year	31,472,046	77,409,853
Adjustment for:-		
Depreciation and amortisation	-	-
Inventories: (Write-down) / reversal of write-down to net realisable value	(2,104,932)	-
Contribution to provisions - non-current	-	-
Bad debts	24,378,174	25,946,292
Contribution to provisions - current	1,412,978	(114,215)
Finance costs	1,079,420	(1,142,582)
Adjustments in respect of prior year financial statements/grap implementation	-	39,296,418
Impairment loss / (reversal of impairment loss)	-	-
Interest earned	(12,346,897)	(14,653,653)
Other non- operating items	27,664,673	98,098,392
Capital charges debited to operating income	-	607,542



Operating surplus before working capital changes:	71,555,463	225,448,047
(Increase)/decrease in inventories	(2,081,392)	62,985
(Increase)/decrease in trade receivables	(27,840,023)	(11,529,324)
(Increase)/decrease in other receivables	(3,698,865)	(10,242,734)
(Increase)/decrease in VAT receivable	-	-
Increase/(decrease) in conditional grants and receipts	(8,929,315)	(98,318,046)
Increase/(decrease) in trade payables	1,297,897	(1,308,248)
Increase/(decrease) in consumer deposits	65,908	83,929
Increase/(decrease) in VAT payable	7,412,844	1,743,627
Other asset	-	-
Other current financial liability	13,765,142	7,684,315
Cash generated by/(utilised in) operations		



51,547,660	113,624,551
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28 CASH AND CASH EQUIVALENTS

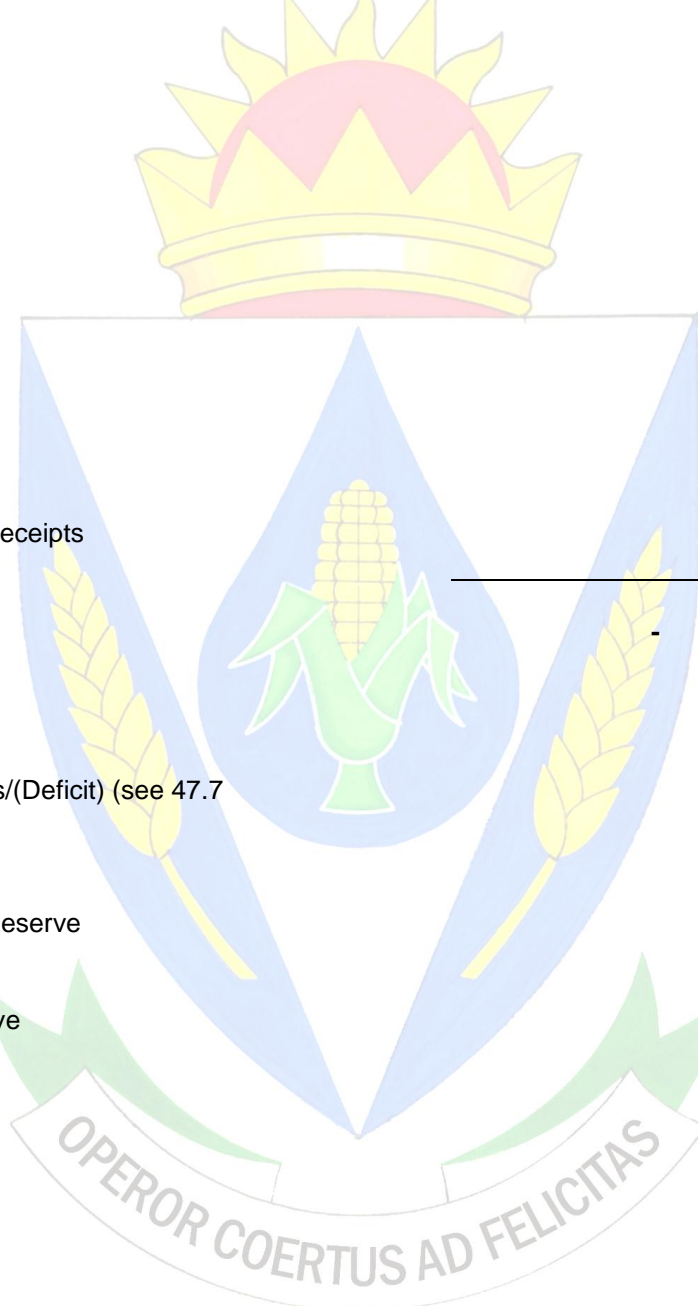
Cash and cash equivalents included in the cash flow statement comprise the following:

Short term call deposits	21,725,049	28,181,553
Bank balances	2,120	1,215
Bank balances and cash	18,475,377	(4,487,706)
Net cash and cash equivalents (net of bank overdrafts)	40,202,546	23,695,062

29 CHANGE IN ACCOUNTING POLICY

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

30.1 Statutory Funds



Balance previously reported: -

Capital Development Fund	10,100,843
Ervin Truct Fund	3,722,544
Loans redeemed and other capital receipts	306,149,569
Total	- 319,972,956

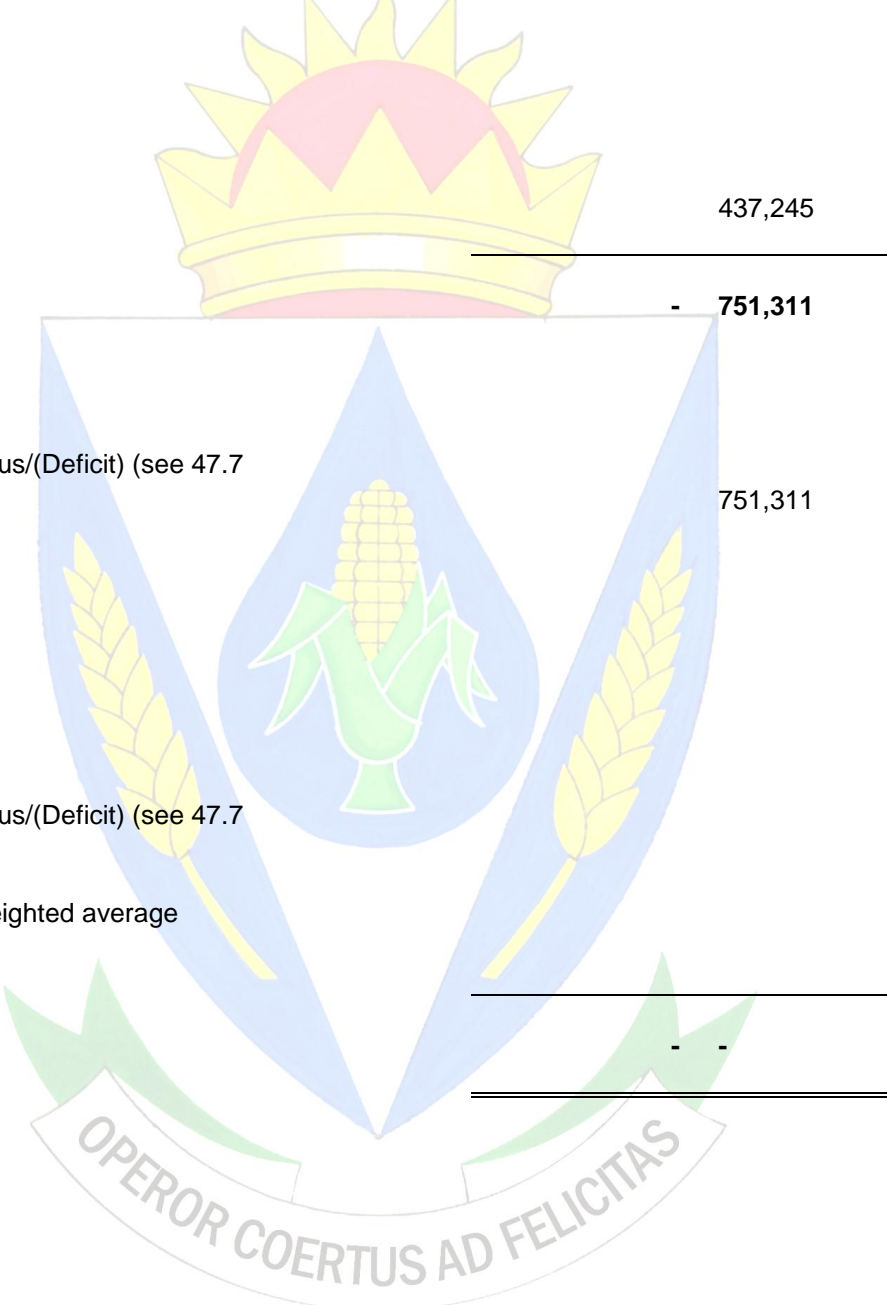
Implementation of GRAP

Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)	306,149,569
Transferred to Government Grant Reserve	-
Transferred to Capitalisation Reserve	13,823,387

30.2 Provisions and Reserves

Balance previously reported

Capacity Building Fund	314,066
Valuation Cost	



	437,245
Total	- 751,311
Implementation of GRAP	
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)	751,311
30.3 Inventory	
Balance previously reported	
Implementation of GRAP	
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)	
Change from first-in-first-out to weighted average method	
Total	- -
30.4 Non-current provisions	
Balance previously reported -	
Implementation of GRAP	
Transferred to Accumulated Surplus/(Deficit) (see 47.7	

below)

Long-service

Total

- -

30.5 Property, plant and equipment

Balance previously reported

Implementation of GRAP

Infrastructure previously not recorded credited to
Accumulated Surplus/(Deficit) (see 47.7 below)

Total

- -

30.6 Accumulated Depreciation

Balance previously reported -

Implementation of GRAP

Backlog depreciation: Land and buildings

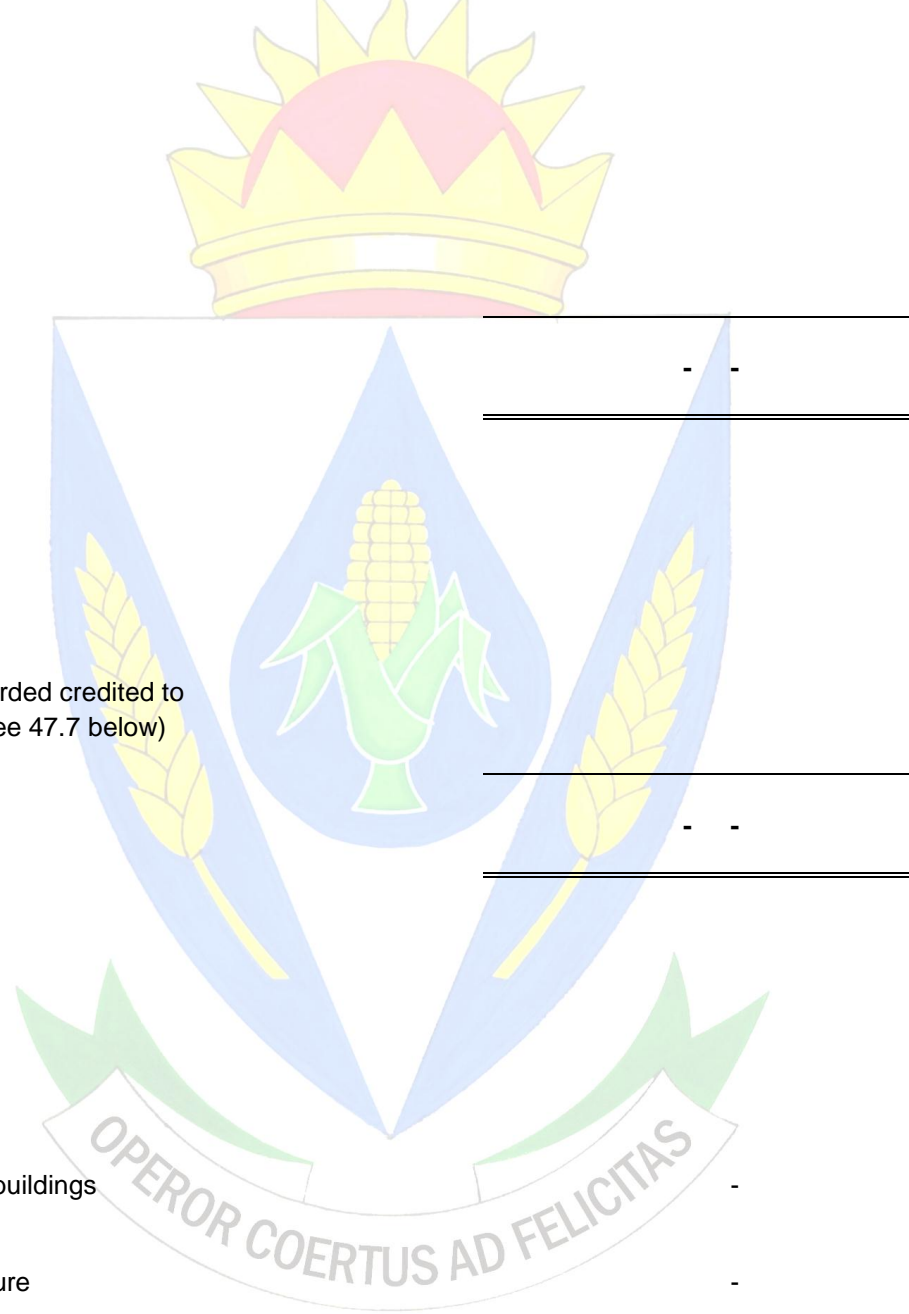
-

Backlog depreciation: Infrastructure

-

Backlog depreciation: Community

-



Backlog depreciation: Other

-

Total (debited to Accumulated Surplus/(Deficit))

-

-

30.7 Accumulated Surplus/(Deficit)

Implementation of GRAP

Adjustment to Loans Redeemed and other Capital receipts to balance the reconciliation to Zero

(306,149,569)

Backlog depreciation (see 29.6 above)

-

Total

-

(306,149,569)

30 RESTATEMENT OF COMPARATIVE INFORMATION

Restatements

Previously reported

The comparative amount has been restated as follows:

Trade and other payables from exchange transactions

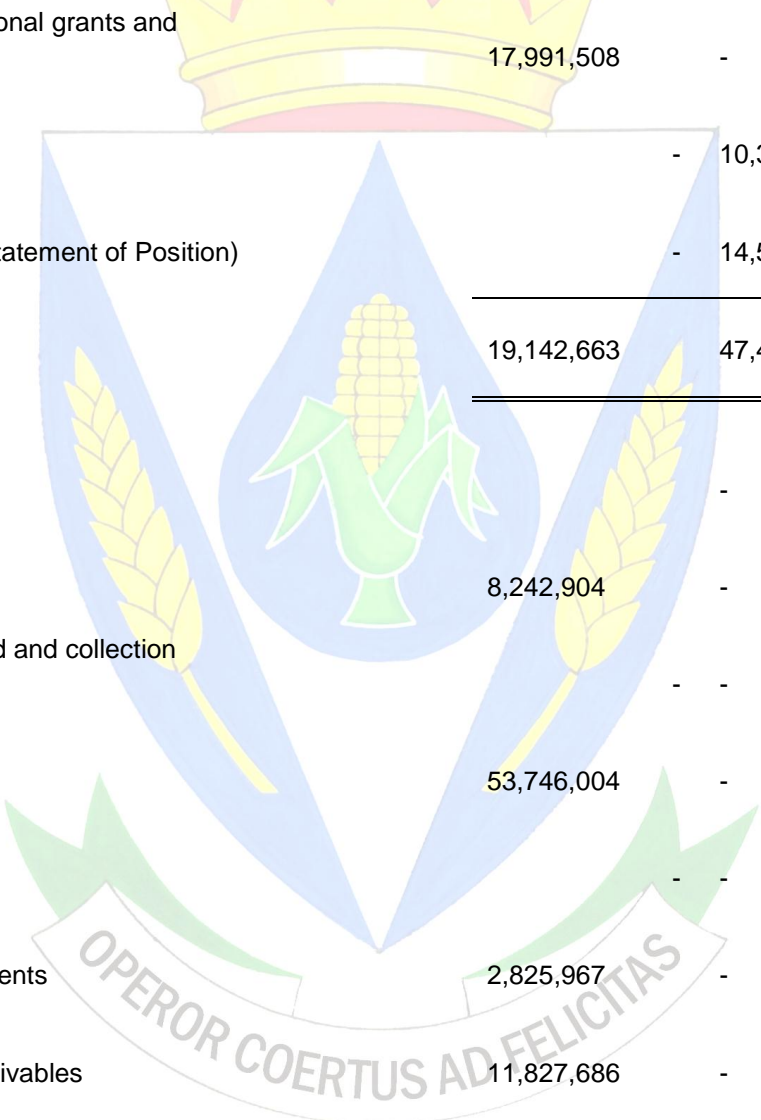
95,656

22,470,889

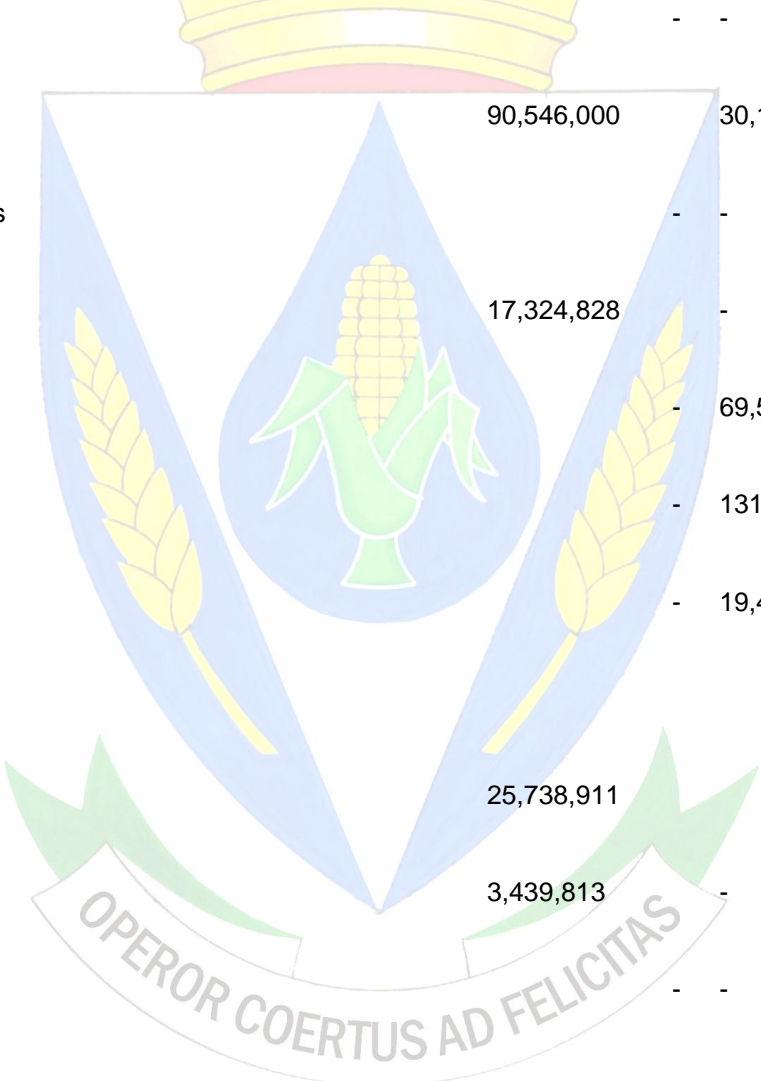
Consumer deposits

1,055,499

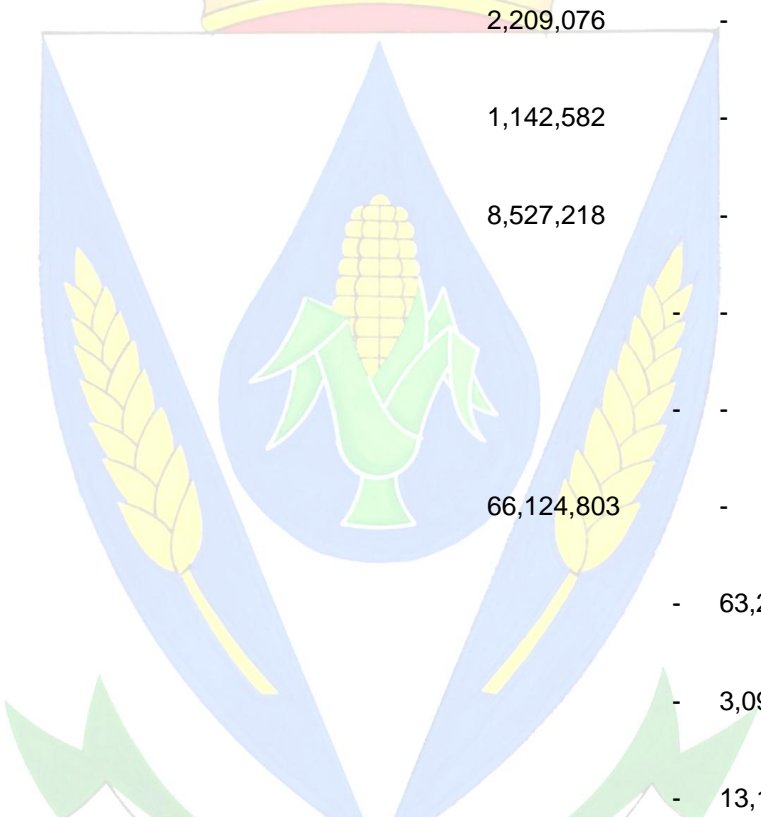
-



Current portion of unspent conditional grants and receipts	17,991,508	-
Property, plant and equipment	-	10,395,324
Funds and Reserve (face of the statement of Position)	-	14,574,699
	<u>19,142,663</u>	<u>47,440,912</u>
Revenue		-
Property rates	8,242,904	-
Property rates - penalties imposed and collection charges	-	-
Service charges	53,746,004	-
Rental of facilities and equipment	-	-
Interest earned - external investments	2,825,967	-
Interest earned - outstanding receivables	11,827,686	-
Fines	78,867	-



Licences and permits	-	-
Government grants and subsidies	90,546,000	30,143,415
Public contributions and donations	-	-
Other income	17,324,828	-
Community services	-	69,501,033
Subsidised services	-	131,861
Economic service	-	19,467,925
Expenses		
Employee related costs	25,738,911	-
Remuneration of councillors	3,439,813	-
Bad debts	-	-
Collection costs	-	-
Depreciation and amortisation expense	-	-



Repairs and maintenance	2,209,076	-
Finance costs	1,142,582	-
Bulk purchases	8,527,218	-
Contracted services	-	-
Grants and subsidies paid	-	-
General expenses	66,124,803	-
Community services	-	63,206,202
Subsidised services	-	3,097,088
Economic service	-	13,173,600

31 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

32.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance	-	-
Unauthorised expenditure current year	-	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	-	-

32.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance -	437,300	-
Fruitless and wasteful expenditure current year		437,300
Condoned or written off by Council	(300,900)	-
To be recovered – contingent asset		-

Fruitless and wasteful expenditure awaiting
condonement

136,400

437,300

At 30th June 2009, management write off amount of R300 900 of a debt raised for a fraudulent payment made to indingo as Dihlabeng Provincial Hospital

**The fruitless and wasteful expenditure awaiting
condemnt consists with the following:**

Payment of salary to fictitious employee

R12 788

TeamMate

R17 121

Loss of council property due to theft

R15 000

Loss due to the approval of an old disused tractor which
is unsuitable for municipal use

R1 400

32.3 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance

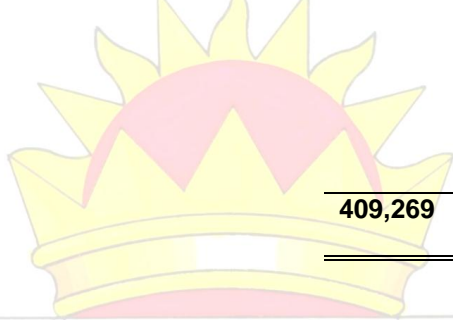
409,269

Fruitless and wasteful expenditure current year

Condoned or written off by Council

Transfer to receivables for recovery – not condoned

Irregular expenditure awaiting condonement



409,269 -

32 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

33.1 Contributions to organised local government

Opening balance - -

Council subscriptions - -

Amount paid - current - -

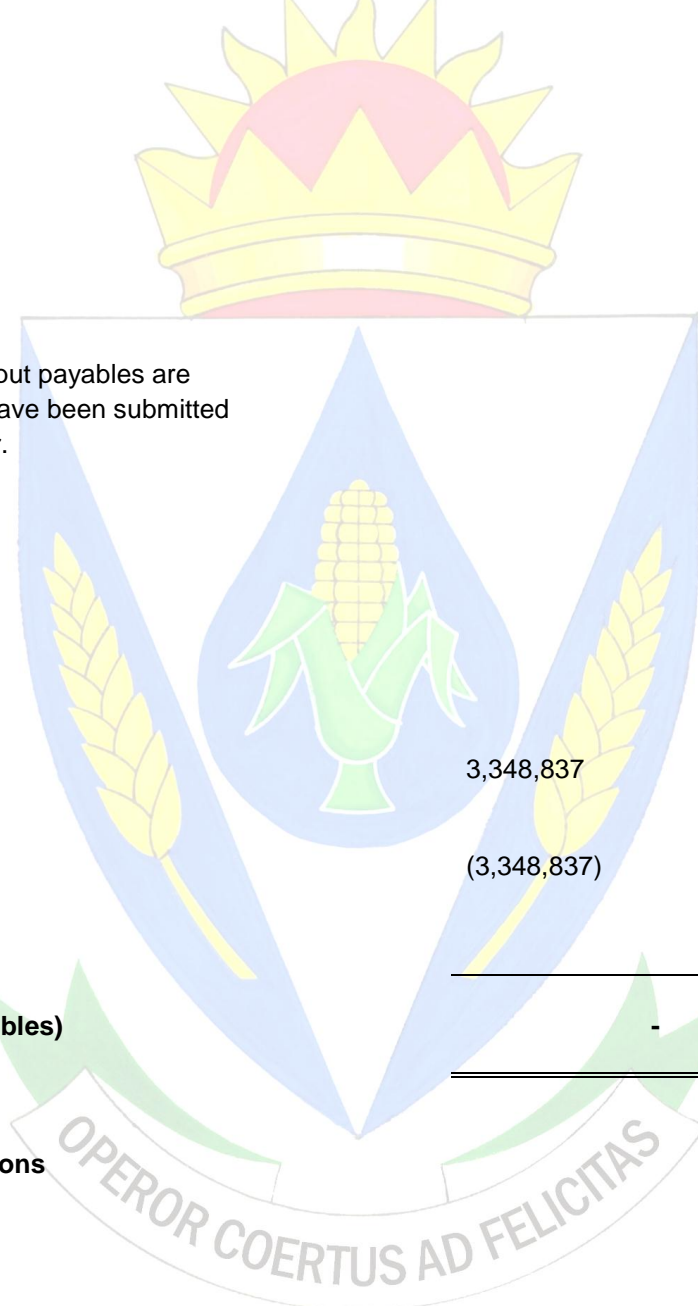
Amount paid - previous years - -

Balance unpaid (included in payables) - -

33.2 Audit fees

Amount paid 1,285,005 943,298

Total 1,285,005 943,298



33.3 VAT

VAT input receivables and VAT output payables are shown in note 10. All VAT returns have been submitted by the due date throughout the year.

33.3 PAYE and UIF

Opening balance		-
Current year payroll deductions	3,348,837	2,672,401
Amount paid - current year	(3,348,837)	(2,672,401)
Amount paid - previous years		
Balance unpaid (included in payables)		-

33.4 Pension and Medical Aid Deductions

Opening balance		
Current year payroll deductions and Council Contributions	3,975,959	4,742,046

Amount paid - current year (3,975,959) (4,742,046)

Amount paid - previous years

Balance unpaid (included in payables)

- -

33.5 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

as at 30 June 2009

Councillor P M Moloedi

12,529 699 11,830

Councillor M S Mokoena

1,047 364 682

Councillor xx

-

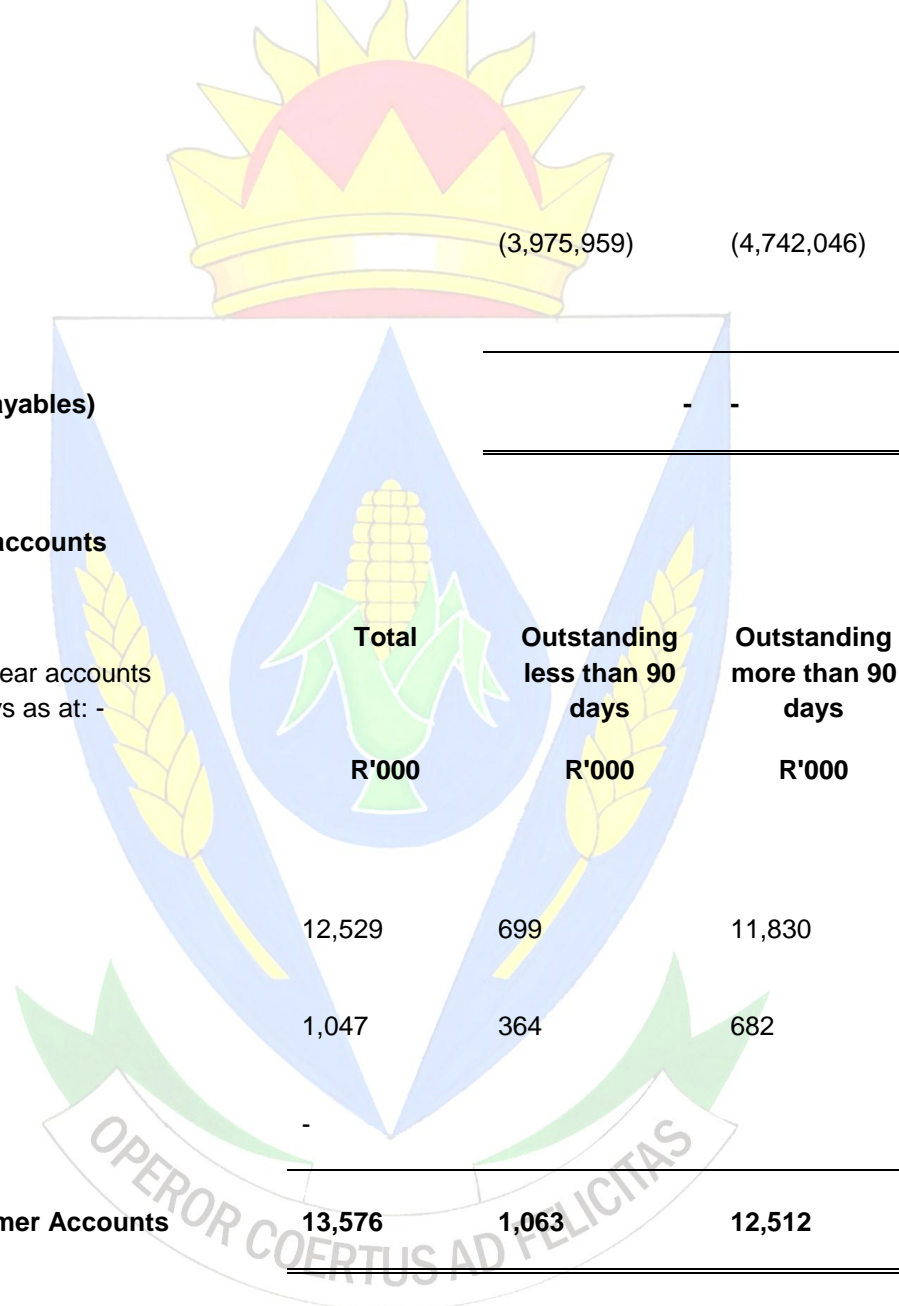
Total Councillor Arrear Consumer Accounts

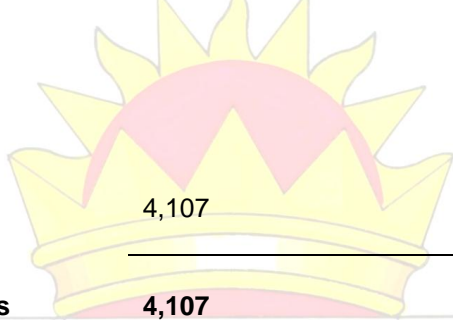
13,576 1,063 12,512

as at 30 June 2008

MS Mokeona

-





	4,107	4,107
Total Councillor Arrear Consumer Accounts	4,107	- 4,107

33 CAPITAL COMMITMENTS

34.1 Commitments in respect of capital expenditure

- Approved and contracted for - 60,086,408

Infrastructure	-	60,086,408
Community	-	-
Heritage	-	-
Other	-	-

- Approved but not yet contracted for 41,674,412 374,908,052

Infrastructure	39,374,412	374,908,052
Community	-	-

Heritage

-

-

Other

2,300,000

-

Total

41,674,412

434,994,460

This expenditure will be financed from:

- External Loans

-

-

- Government Grants

31,268,912

372,528,852

- Own resources

10,405,500

2,379,200

- District Council Grants

-

-

41,674,412

374,908,052

34.2 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee



Within one year	137,733	125,211
In the second to fifth year inclusive	640,258	639,218
After five years	291,224	429,997
Total	1,069,215	1,194,426

34 RETIREMENT BENEFIT INFORMATION

35.1 Defined contribution plan

The employees and councillors of the Municipality are members of the following pension funds

SALA pension fund

SAMWU National Provident fund

Free state pension fund

Pension fund for municipal councillors

No actuarial valuations were available on completion of the financial statements

35 CONTINGENT LIABILITY

36.1 DWAF

To date there are two cases which may have financial implication for the municipality and they are as follows:

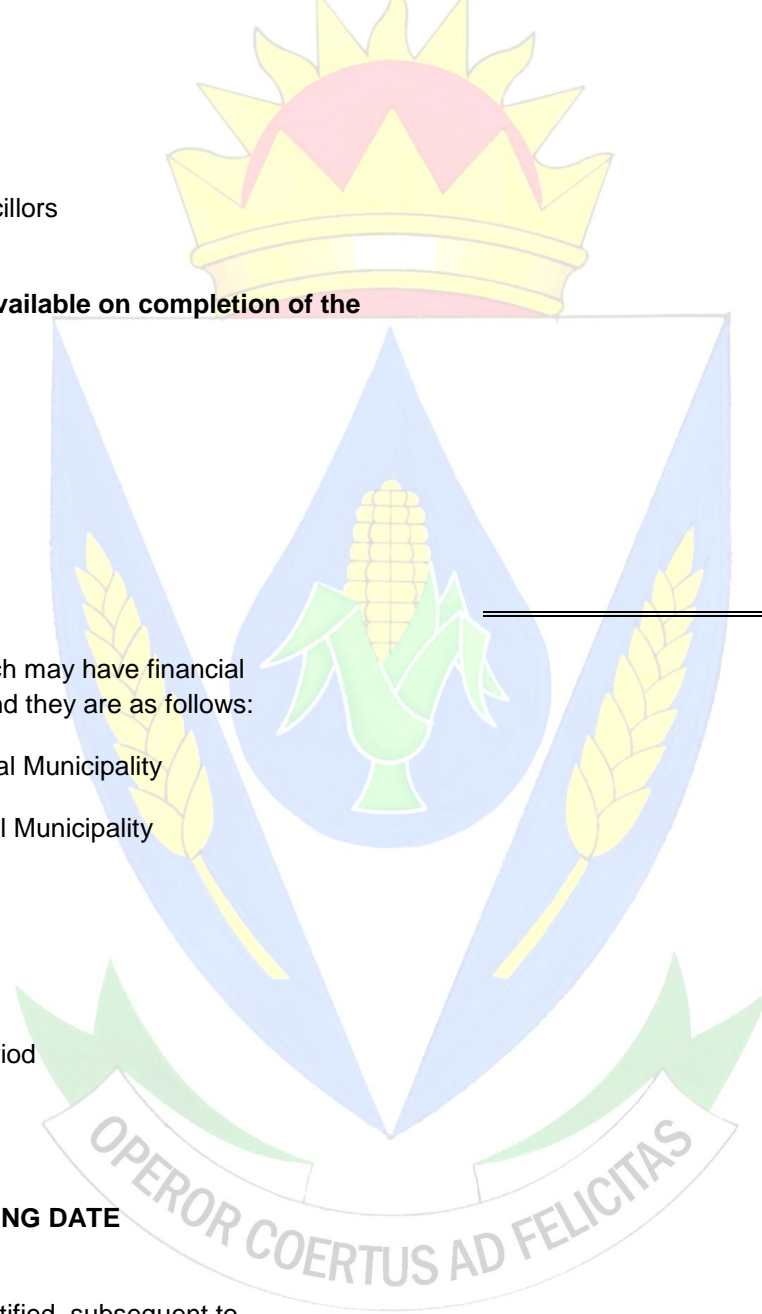
1. DD Radebe VS Nketoana Local Municipality
2. WJ Jacobs VS Nketoana Local Municipality

36 RELATED PARTIES

None reported for the current period

37 EVENTS AFTER THE REPORTING DATE

No items/ events have been identified, subsequent to the balance sheet date, that would impact the Annual Financial Statements at all



38 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

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

Recoverable amounts of property, plant and equipment

Provision for doubtful debts

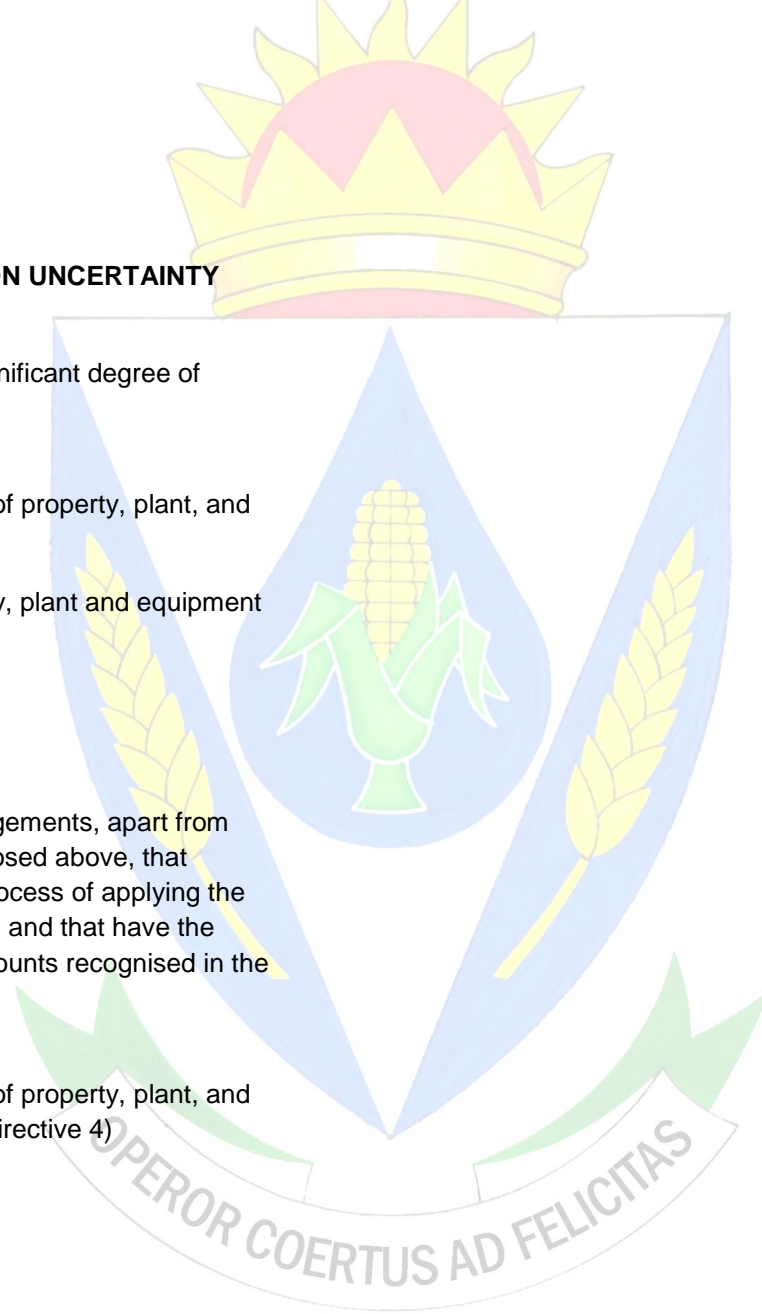
Impairment of assets

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

Useful lives and residual values of property, plant, and equipment (treasury circulation directive 4)

Provisions

39 RISK MANAGEMENT



40.1 Maximum credit risk exposure

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

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

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

Investments and deposits	32,381,047	38,206,005
Trade and other receivables		
		- 149,159,858

These balances represent the maximum exposure to

credit risk.

40.2 Liquidity risk

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

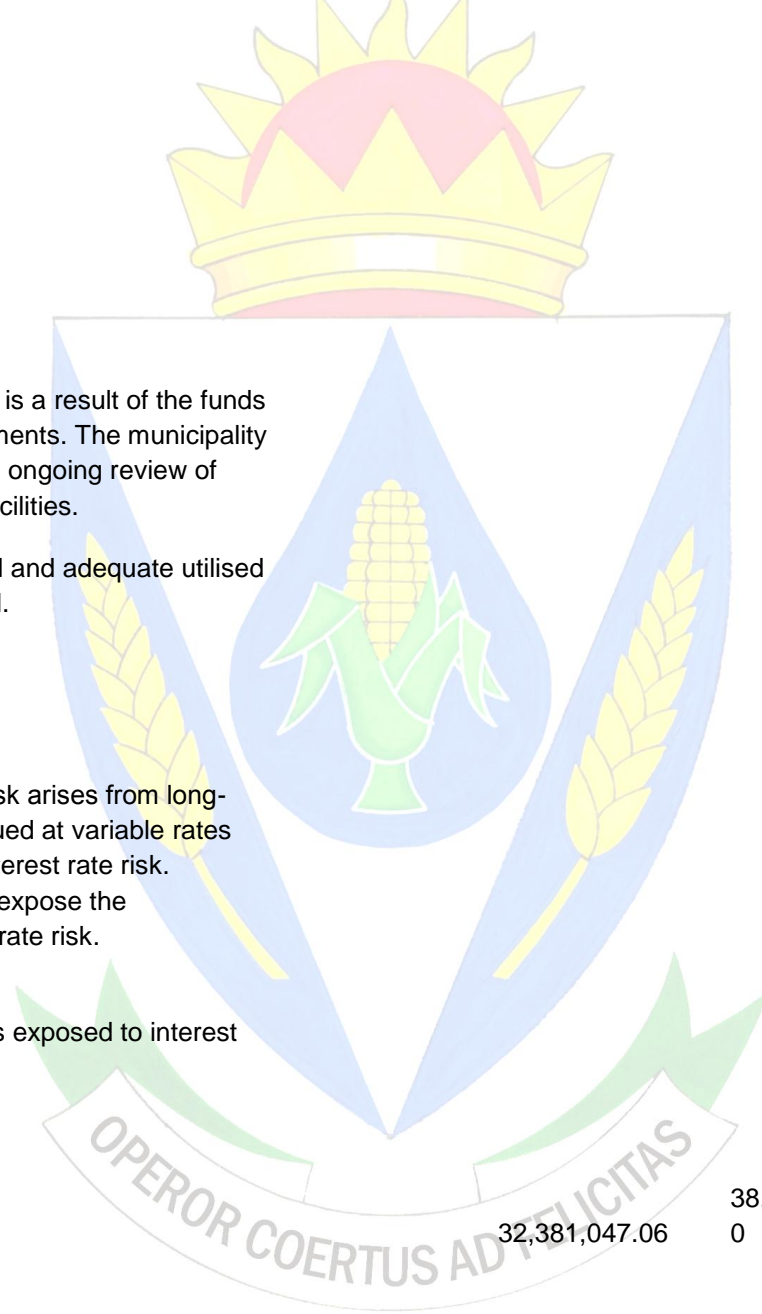
Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

40.3 Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

At year end, financial instruments exposed to interest rate risk were as follows:

Investments and deposits	32,381,047.06	38,206,005.00
- Development Bank of South Africa loan	10,447,123.99	10,901,114.68





41 Non-compliance with the Municipal Finance Management Act

The municipality has not established performance audit committee for the year

The municipality has not adopted the annual report

Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
--	---	---	---	---	---	---	---	---

**Nketoana Local Municipality
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2009**

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2008	Received during the period	Redeemed / written off during the period	Balance at 30 June 2009	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
			R'000	R'000	R'000	R'000	R'000	R'000
LONG-TERM LOANS								
Development bank @ 10.35%		31/12/2024	9,161,37	-	(222,522)	8,938,85		
Development bank @ 9.09%		31/12/2024	1,550,86	-	(42,588)	1,508,27		

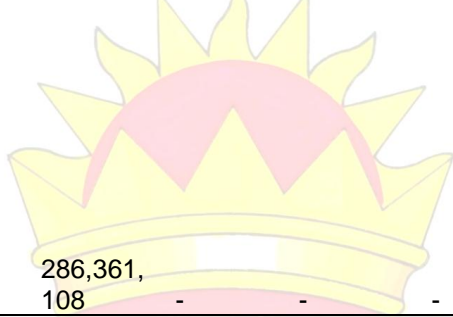


Total long-term loans		0	3	
ANNUITY LOAN				
Absa Bank		188,881	(188,881)	-
GOVERNMENT LOANS				
- Other @ x%				
Total Government Loans				
TOTAL EXTERNAL LOANS		10,901,15	(453,991)	10,447,124

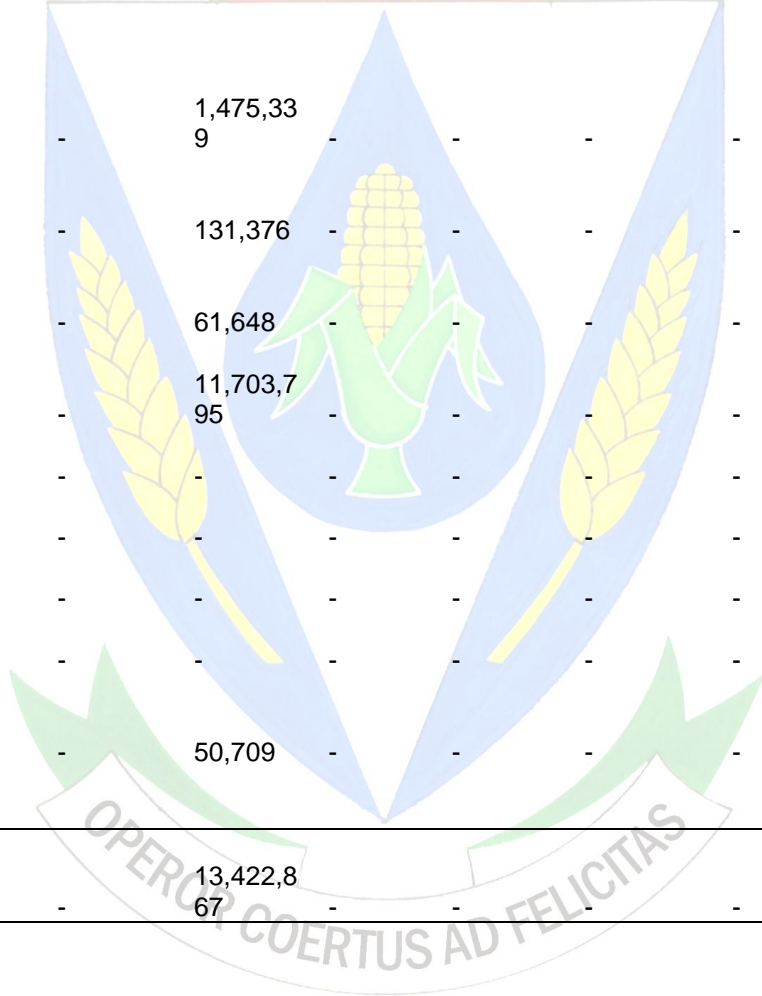
Nketoana Local Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
 as at 30 June 2009

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value	
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance				
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000				
Land														
Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	2,473,392	882,034	-	-	3,355,426	-	-	-	-	-	3,355,426
Quarries	-	-	-	-	-	-	-	-	-	-	-
	2,473,392	882,034	-	-	3,355,426	-	-	-	-	-	3,355,426
Buildings	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-
Drains	-	-	-	-	-	-	-	-	-	-	-
Roads	33,968,789	4,984,751	-	-	38,953,540	-	-	-	-	-	38,953,540
Sewerage Mains & Purification	129,992,260	1,899,822,388,176	-	-	17,737,823	-	-	-	-	-	152,380,804,436
Electricity Mains	15,837,994	1,899,829	-	-	-	-	-	-	-	-	17,737,823
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	76,046,957	-	-	-	76,046,957	-	-	-	-	-	76,046,957
Reservoirs – Water	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-
Storm Water	-	1,242,351	-	-	1,242,351	-	-	-	-	-	1,242,351



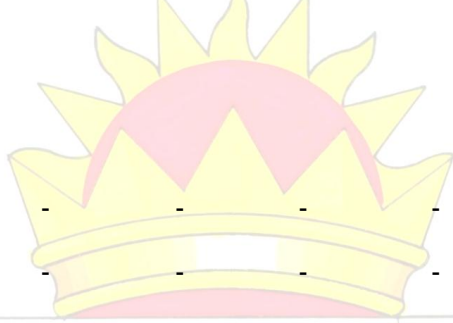
	255,8				286,361,108								286,361,108
Community Assets		30,515,108	-	-									
Parks & Gardens	1,475,339	-	-	-	1,475,339	-	-	-	-	-	-	-	1,475,339
Libraries	131,376	-	-	-	131,376	-	-	-	-	-	-	-	131,376
Recreation Grounds	-	61,648	-	-	61,648	-	-	-	-	-	-	-	61,648
Civic Buildings	11,703,795	-	-	-	11,703,795	-	-	-	-	-	-	-	11,703,795
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-	-	-	-	-
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	50,709	-	-	-	50,709	-	-	-	-	-	-	-	50,709
	13,361,219	61,648	-	-	13,422,867	-	-	-	-	-	-	-	13,422,867
Heritage Assets													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-



	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	271,680,611	31,458,789	-	-	303,139,400	-	-	-	-	-	-	-	303,139,400

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

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Total brought forward	271,680,611	31,458,789	-	-	303,139,400	-	-	-	-	-	-	-	303,139,400
Other Assets													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-



Refuse tankers	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-
Other Assets	44,86	3,377,8	-	-	48,242,1	-	-	-	-	-	48,24
	4,282	84	-	-	66	-	-	-	-	-	2,166
	44,86	3,377,8	-	-	48,242,1	-	-	-	-	-	48,24
	4,282	84	-	-	66	-	-	-	-	-	2,166
Finance Lease Assets											
Office Equipment	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Total	316,5	34,836,	-	-	351,381,	-	-	-	-	-	351,3
	44,89	672	-	-	565	-	-	-	-	-	81,56
	3										5

Nketoana Local Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
 as at 30 June 2008

	Cost / Revaluation	Accumulated Depreciation	Transf	Othe	Carry
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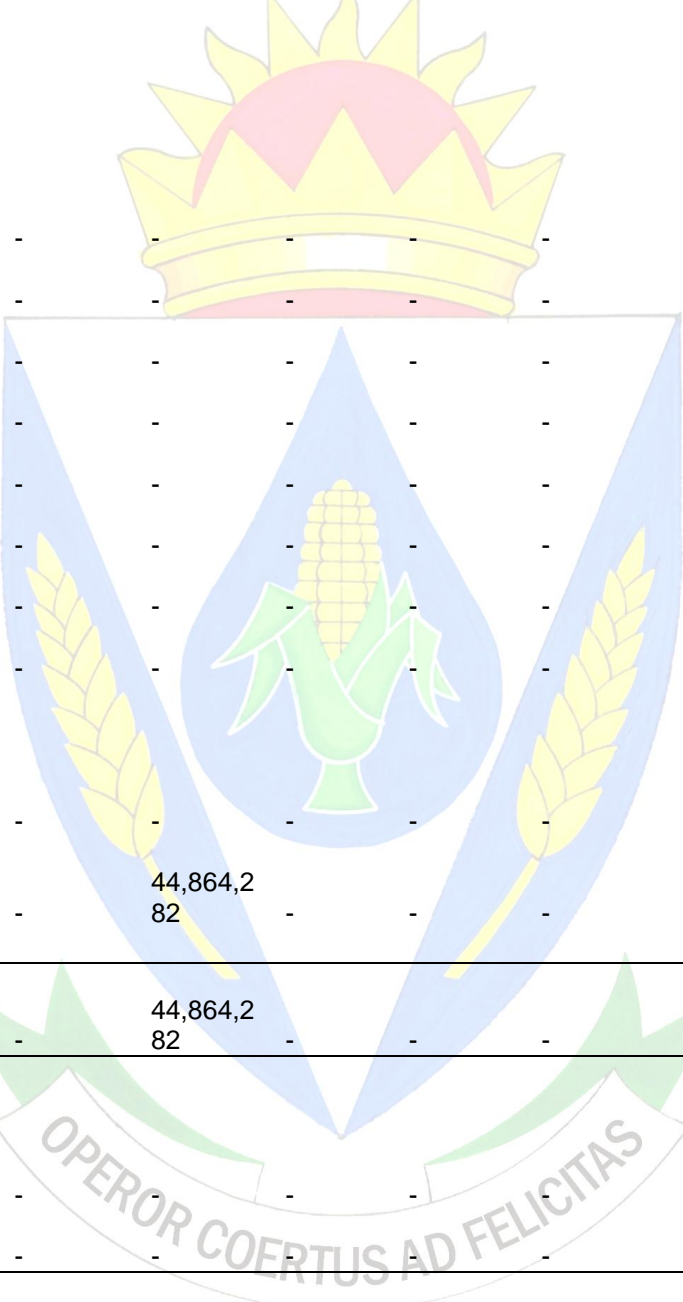
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Re-movements	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land													
Land	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites	2,473,146	246	-	-	2,473,392	-	-	-	-	-	-	-	2,473,392
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-
	2,473,146	246	-	-	2,473,392	-	-	-	-	-	-	-	2,473,392
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure													
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	33,423,283	545,506	-	-	33,968,789	-	-	-	-	-	-	-	33,968,789
Sewerage Mains & Purification	54,802,148	75,190,112	-	-	129,992,260	-	-	-	-	-	-	-	129,992,260
Electricity Mains	15,524,081	313,913	-	-	15,837,994	-	-	-	-	-	-	-	15,837,994

Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification Reservoirs – Water Meters	54,227,660	21,819,297	-	-	76,046,957	-	-	-	-	-	76,046,957
Storm Water	-	-	-	-	-	-	-	-	-	-	-
	157,977,172	97,868,828	-	-	255,846,000	-	-	-	-	-	255,846,000
Community Assets											
Parks & Gardens	1,474,832	507	-	-	1,475,339	-	-	-	-	-	1,475,339
Libraries Recreation Grounds	130,911	465	-	-	131,376	-	-	-	-	-	131,376
Civic Buildings	11,528,449	175,346	-	-	11,703,795	-	-	-	-	-	11,703,795
Stadiums	-	-	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-	-	-
Theatre Swimming Pools	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	50,70	-	-	-	50,709	-	-	-	-	-	50,709

	9												9
	13,18				13,361,2								13,36
	4,901	176,318	-	-	19	-	-	-	-	-	-	-	1,219
Heritage Assets													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	173,6				271,680,611								271,680,611
	35,219	98,045,392	-	-									80,611

Nketoana Local Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2008

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Total brought forward	173,635,219	98,045,392	-	-	271,680,611	-	-	-	-	-	-	-	271,680,611
Other Assets													



Office Equipment	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-
Fire engines	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-
Other Assets	44,36				44,864,2						44,86
	1,356	502,926	-	-	82	-	-	-	-	-	4,282
	44,36				44,864,2						44,86
	1,356	502,926	-	-	82	-	-	-	-	-	4,282
Finance Lease Assets											
Office Equipment	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Total	217,9	98,548,	-	-	316,544,	-	-	-	-	-	316,5

96,57 318
5

893

44,89
3

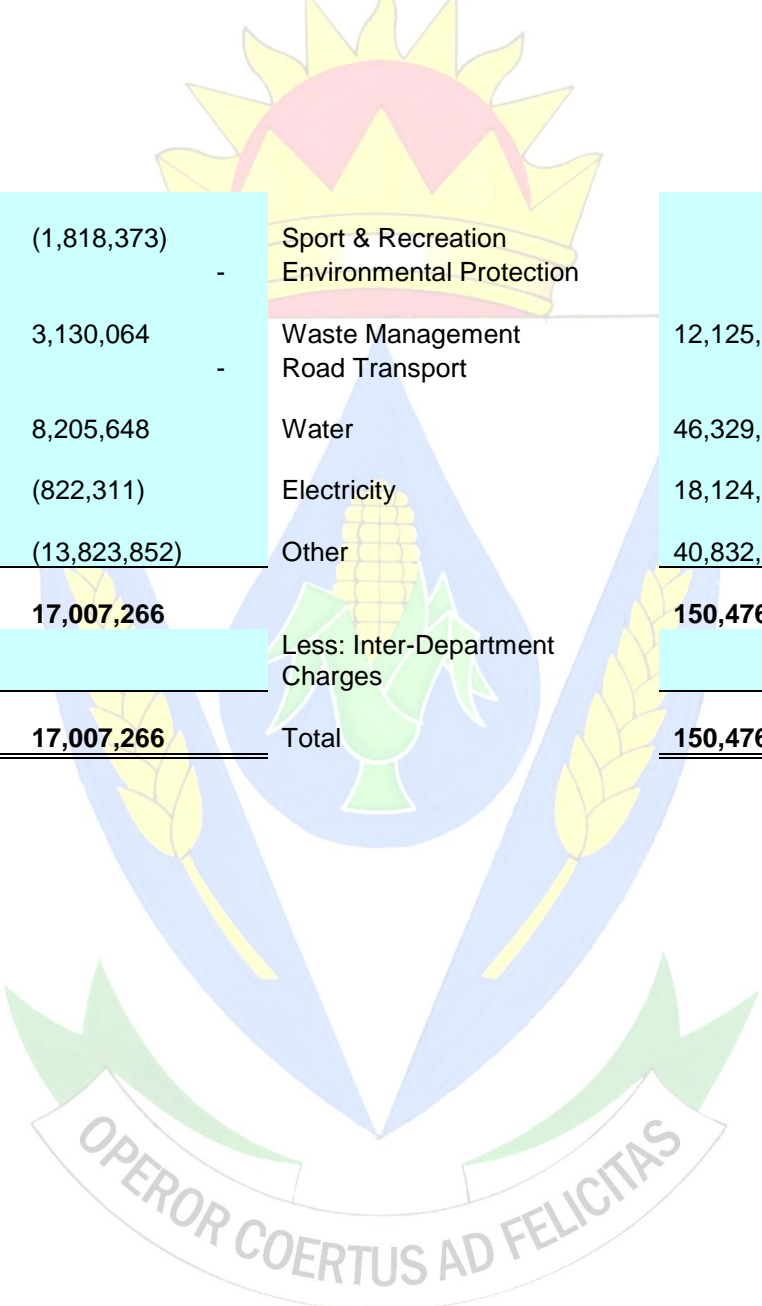
Nketoana Local Municipality
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2009

	Cost / Revaluation					Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Executive & Council	-	3,269,678			3,269,678	-	-	-	-	3,269,678
Finance & Admin	-				-	-			-	-
Planning & Development	411,632				411,632	-			-	411,632
Health	2,650,701				2,650,701	-			-	2,650,701
Community & Social Services	1,657,424				1,657,424	-			-	1,657,424
Public Safety	-	112,995			112,995	-	-		-	112,995
Sport & Recreation	-	61,648			61,648	-	-		-	61,648
Environmental Protection	-				-	-			-	-
Waste Management	-	23,270,210			23,270,210	-	-		-	23,270,210

Road Transport	-	4,984,741		4,984,741	-	-	-	4,984,741
Water	-	1,242,351		1,242,351	-	-	-	1,242,351
Electricity	-	1,899,829		1,899,829	-	-	-	1,899,829
Other	311,820,356			311,820,356	-	-	-	311,820,356
Total	316,540,113	34,841,452	-	351,381,565	-	-	-	351,381,565

Nketoana Local Municipality
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2009

2008				2009		
Actual Income	2008 Actual Expenditure	2008 Surplus / (Deficit)		Actual Income	2009 Actual Expenditure	2009 Surplus / (Deficit)
R'000	R'000	R'000		R'000	R'000	R'000
171,085	5,302,391	(5,131,306)	Executive & Council	445,538	9,775,931	(9,330,393)
67,998,193	40,730,797	27,267,396	Finance & Admin	32,589,845	47,935,605	(15,345,760)
-	-	-	Planning & Development	-	-	-
-	-	-	Health	-	-	-
-	-	-	Community & Social Services	21,912	2,424,844	(2,402,932)
-	-	-	Public Safety	-	-	-



127,518	1,945,891	(1,818,373)	Sport & Recreation	7,490	1,618,331	(1,610,841)
-	-	-	Environmental Protection	-	-	-
10,288,066	7,158,002	3,130,064	Waste Management	12,125,307	2,420,662	9,704,645
-	-	-	Road Transport	-	-	-
21,640,466	13,434,818	8,205,648	Water	46,329,786	3,585,548	42,744,239
13,448,386	14,270,697	(822,311)	Electricity	18,124,286	12,954,726	5,169,559
10,515,957	24,339,809	(13,823,852)	Other	40,832,315	38,288,784	2,543,531
124,189,671	107,182,405	17,007,266		150,476,478	119,004,431	31,472,047
			Less: Inter-Department Charges			
124,189,671	107,182,405	17,007,266	Total	150,476,478	119,004,431	31,472,047

4.2 AUDIT REPORT 2008/2009

REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE PROVINCIAL LEGISLATURE AND COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF NKETOANA LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying financial statements of the Nketoana Local Municipality which comprise the statement of financial position as at 30 June 2009, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages [xx] to [xx].

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Statements of Generally Recognised Accounting Practice (Statements of GRAP) 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

3. As required 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), my responsibility is to express an opinion on these financial statements based on my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit assurance to provide a basis for an audit opinion.
4. Paragraph 11 *et seq.* of the Standards of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the Nketoana Local Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.

Basis for disclaimer of opinion

Cash and cash equivalents

5. As a result of the matters detailed below, I was unable to obtain sufficient appropriate audit assurance as to the existence, rights and obligations, valuation and completeness of cash and cash equivalents of R40 202 547 (R28 182 768: 2008) disclosed in note 1 to the financial statements:

- Sufficient supporting documentation could not be obtained for bank suspense accounts amounting to R12 433 426, and deposits amounting to R45 581 were captured on the accounting system of the municipality. Due to the lack of a proper system to account for these suspense accounts, and the deposits and supporting documentation not being provided I was unable to perform alternative procedures.
- Unreconciled differences amounting to R32 309 498 were identified between the general ledger and the bank confirmations received. I could not be provided with sufficient supporting documentation to reconcile these differences. The entity's financial system did not permit the performance of alternative procedures.

Trade and other receivables

6. Sufficient appropriate audit assurance as to the completeness, existence, valuation and the municipality's rights to trade and other receivables of R20 833 076 (R18 166 713: 2008) as disclosed in note 2 to the financial statements could not be obtained due to the following:

- Paragraph 58 of the South African Statement on Generally Accepted Accounting Practice, IAS 39: *Financial Instruments: Recognition and Measurement* (IAS 39) requires the municipality to assess at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. The municipality, however, made a general provision for doubtful bad debts regarding trade and other receivables amounting to R100 398 216 (R76 946 292: 2008) as disclosed in note 2 to the financial statements. This is not in accordance with the impairment requirements of IAS 39. As the relevant information was not available I was not able to calculate what the impairment charge against trade and other receivables and bad debts expense should have been had IAS 39 been applied correctly.
- Paragraph 46(a) of the Statements of Generally Accepted Accounting Practice (GAAP) IAS 39 (AC 133) *Financial Instruments: Recognition and Measurement* states: After initial recognition, an entity shall measure financial assets, including derivatives that are assets, at their fair values, without any deduction for transaction costs it may incur on sale or other disposal, except, amongst others, for loans and receivables as defined in paragraph 9, which shall be measured at amortised cost using the effective interest method. Contrary to the requirements, trade and other receivables as disclosed in note 2 to the financial statements, were not measured at amortised cost. The municipality's records and information available did not permit the performance of alternative audit procedures regarding receivables. Consequently, I could not determine the amounts by which trade and other receivables and interest were misstated.

- IFRS 7 *Financial instrument: Disclosures* in conjunction with ISA 32 and ISA 39, requires that debtors in the notes to the annual financial statements should be disclosed by category of consumer, specifically identifying those amounts owed by other spheres of government and there should be an age analysis by major revenue in the notes to the annual financial statements. Contrary to the requirements, trade and other receivables as disclosed in note 2 to the financial statements did not disclose the age analysis by major revenue source and receivables by customer classification. The municipality's records and information available did not permit the performance of alternative audit procedures regarding receivables.
- I could not be obtained sufficient supporting documentation for receivables amounting to R39 284 663 that were disclosed in note 2 to the financial statements. The entity's records did not permit the application of alternative procedures regarding receivables.
- Value-added tax (VAT) amounting to R8 273 712 (R7 412 844: 2008) as disclosed in note 2 to the financial statements, has been incorrectly classified. Trade and other receivables as disclosed in note 2 to the financial statements were reduced with this VAT instead of disclosing the amount as an accrual under trade and other payables in note 7 to the financial statements. Consequently, trade and other payables, and trade and other receivables are both understated by R8 273 712 (R7 412 844: 2008).

Inventories

7. Sufficient appropriate audit assurance as to the completeness, existence, valuation and the municipality's rights to inventories disclosed as R2 106 868 in note 3 to the financial statements could not be obtained due to the lack of a proper system to account for inventory and inadequate procedures during the year-end stock count. The entity's records did not permit the application of alternative procedures regarding inventory.

Investments

8. Sufficient supporting documentation and information to reconcile differences amounting to R6 108 544 that were identified between the general ledger and the bank confirmations received could not be obtained. Consequently, I was unable to obtain sufficient appropriate audit assurance as to the existence, rights and obligations, valuation and completeness of short-term investments of R21 725 049 disclosed in note 4 and long-term investments of R10 655 998 disclosed in note 5 to the financial statements. The entity's records did not permit the application of alternative procedures regarding investments.

Property, plant and equipment

9. As a result of incomplete details in the asset register for identification purposes, an inadequate asset register, inadequate system to account for property, plant and equipment, and the municipality not conducting an asset verification for the year under review, I was unable to obtain sufficient appropriate audit assurance as to the completeness, existence and the municipality's rights to property, plant and equipment disclosed as R351 381 565 (R316 544 893: 2008) in note 6 to the financial statements. The entity's records did not permit the application of alternative procedures regarding property, plant and equipment.

Payables

10. Sufficient appropriate audit assurance as to the existence, rights and obligations, valuation and completeness of payables amounting to R19 523 448 (R4 479 381: 2008) as disclosed in note 7 to the financial statements could not be obtained due to the following:

- Sufficient supporting documentation could not be obtained for payables amounting to R2 276 249 and a journal entry amounting to R10 388 249 that was included in the payables balance under note 7. Due to the lack of supporting documents I was unable to perform alternative audit procedures to obtain sufficient appropriate audit assurance as to the completeness, valuation, rights and obligations, and existence of payables.
- Audit procedures performed revealed undisclosed payables of at least R1 113 606. Consequently, I was unable to determine the completeness of payables. Due to the lack of a proper system to account for payables and the balances of the accrual listing not agreeing with the supplier's statements, no alternative procedures could be performed to quantify the misstatement in this respect.
- Trade and other receivables with credit balances amounting to R988 556 have not been reclassified as trade and other payables in the financial statements. Consequently, trade and other payables and trade and other receivables are both understated by R988 556.

Value-added tax

11. The municipality's accounting system was inadequate to account for VAT. During the audit several cases were identified where input VAT was not claimed on claimable expenditure and where input VAT was erroneously claimed. Consequently, I was unable to obtain sufficient appropriate audit assurance as to the completeness, valuation, existence, and rights and obligations of the VAT payable disclosed as R12 129 478 in note 9 to the financial statements. Owing to the extent of shortcomings in respect of VAT no alternative procedures could be performed to obtain the required audit assurance.

Provisions

12. Accruals for leave and bonuses amounting to R3 388 989 (R1 976 011: 2008), as disclosed in note 10 to the financial statements, have been incorrectly accounted for in terms of paragraph 10 of the South African Statement of Generally Accepted Accounting Practice, IAS 19 (AC116): *Employee Benefits*. The accruals have been inaccurately classified as current provisions in note 10, instead of as accruals under trade and other payables in note 7 to the financial statements. Consequently, trade and other payables are understated and current provisions are overstated by R3 388 989 (R1 976 011: 2008).

Net assets

13. As a result of the matters detailed below, I was unable to obtain sufficient appropriate audit assurance as to the existence, rights and obligations, valuation and completeness of net assets amounting to R369 507 415 (R332 053 083: 2008), disclosed in the statement of changes in net assets:

- I could not obtain sufficient supporting documentation for transactions processed in the government grant reserve as well as the accumulated surplus amounting to R26 922 402. Due to the lack of supporting documents I was unable to perform alternative audit procedures to obtain sufficient appropriate audit assurance.
- Revenue and expenditure items amounting to R2 756 724 were directly posted to the accumulated surplus account. Due to a lack of supporting documents it was not possible to confirm the correctness of these entries against the accumulated surplus. Furthermore, the adjustments amounting to R5 982 374 relating to prior period errors were not adjusted retrospectively in accordance with paragraph 43 of the Standards of Generally Recognised Accounting Practice, GRAP3 *Accounting Policies, Changes in Accounting Estimates and Errors*. Information on the nature of the prior year's errors and line items affected was also not disclosed as required in terms of paragraph 49 of GRAP 3.
- Sufficient supporting documentation for journals amounting to R14 574 698 could not be obtained. Due to the lack of supporting documents I was unable to confirm the transfers to and from the capital reserves during the process of unbundling.

The entity's records did not permit the application of alternative procedures regarding net assets.

Revenue

14. As a result of the matters detailed below, I was unable to obtain sufficient appropriate audit assurance as to the completeness, accuracy, occurrence and classification of revenue disclosed as R150 476 478 (R184 592 256: 2008) in the statement of financial performance:

- Differences were identified for the interest rate charged as per the system and the rates that should have been charged. As the relevant information was not available I was not able to calculate what the interest charged against trade and other receivables and interest earned revenue should have been had the rates been applied correctly.
- Differences were identified for meter readings and tariffs used to levy charges during the year. As the relevant information was not available I was not able to calculate what the charge against trade and other receivables and service charges revenue should have been had the tariffs been applied correctly.
- Differences were identified for the electricity tariffs charged and the approved tariffs as per the National Energy Regulator of South Africa. As the relevant information was not available I was not able to calculate what the electricity tariffs charged against trade and other receivables and service charges revenue should have been had the tariffs been applied correctly.
- Sufficient supporting documentation could not be obtained for a journal amounting to R6 611 934 that was posted to the other income general ledger account and journals amounting to R37 495 123 and R37 536 516, respectively debited and credited against revenue.

- Contrary to the requirements of paragraph 30 of the Standard of Generally Recognised Accounting Practice GRAP 1, *Presentation of the financial statements* the municipality did not provide for service charges relating to the period between the last meter reading date and the year-end date on an annual basis. Based on my calculations service charges and trade and other receivables are both understated by approximately R1 463 008.

The entity's records did not permit the application of alternative procedures regarding revenue.

Expenditure

15. As a result of the matters detailed below, I was unable to obtain sufficient appropriate audit assurance as to the completeness, accuracy, occurrence and classification of expenditure disclosed as R121 109 363 in the statement of financial performance:

- The management of the filing system did not function effectively, resulting in documents supporting payments amounting to R6 855 805 not being provided for audit purposes.
- Payments totalling R289 538 could not be traced to the general ledger.

Owing to the lack of supporting documentation no alternative procedures could be performed to obtain the required audit assurance.

Irregular expenditure

16. The municipality has to omitted disclose irregular expenditure of at least R6 215 356 (R786 576: 2008), which was incurred as a result of non-compliance with the supply chain management policy in respect of bids and quotations that were not obtained and processes in the awarding of bids that were not complied with. Due to a lack of a proper system to account for and identify irregular expenditure I could not perform alternative procedures to obtain sufficient appropriate audit assurance as to the completeness of irregular expenditure disclosed as R409 269 in note 30.3 to the financial statements.

Unauthorised expenditure

17. The municipality overspent its budget for the current year by R13 254 568, due to inadequate budget control measures. This expenditure is regarded as unauthorised expenditure in terms of section 1 of the MFMA. The disclosure requirements of section 125(2)(d) of the MFMA relating to unauthorised expenditure was not complied with.

Contingent liabilities

18. In my previous audit report dated 30 November 2008 I was unable to express an unqualified audit opinion on contingent liabilities for the year ended 30 June 2008. The matter has not been adequately resolved thus the extent and financial effect of contingent liabilities for the prior year as disclosed in note 34 to the financial statements could still not be confirmed. I was unable to perform alternative audit procedures due to the lack of information and supporting evidence.

Disclaimer of opinion

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

Emphasis of matters

I draw attention to the following matters on which I do not express an adverse opinion:

Irregular, and fruitless and wasteful expenditure

20. As disclosed in note 30.3 to the financial statements, irregular expenditure to the amount of R409 269 was incurred due to proper processes, as set out in the supply chain management policy, regarding the payment of expenditure not being followed by the municipality.
21. As disclosed in note 30.2 to the financial statements, fruitless and wasteful expenditure to the amount of R300 900 was incurred due to a fraudulent payment.

Restatement of corresponding figures

22. As disclosed in notes 28 and 29 to the financial statements, the corresponding figures for the financial year ended 30 June 2009 have been restated as the municipality has implemented the Standards of Generally Recognised Accounting Practice.

Other matters

I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Unaudited supplementary schedules

23. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

Non-compliance with applicable legislation

Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

24. Payments amounting to at least R903 818 were not made within 30 days of date of receipt of the relevant invoice or statement, as prescribed by section 65(2)(e) of the MFMA.
25. In terms of section 122(3) of the MFMA the annual financial statements must be prepared in accordance with generally recognised accounting practice as determined by the Accounting Standards Board. The municipality had not provided supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, as prescribed by GRAP 1 *Presentation of Financial Statements*.

26. The draft service delivery and budget implementation plan for the budget year was not submitted to the mayor within 14 days after the approval of the annual budget as required by section 69(3) of the MFMA.
27. The mayor did not table in the municipal council the annual report for the 2007-08 financial year within seven months after the end of the financial year as required by section 127(2) of the MFMA.

Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA)

28. According to section 57 of the MSA municipal managers and managers directly accountable to the municipal manager may be appointed to that position only in terms of a written employment contract and subject to a separate performance agreement. The municipality had no performance contracts in place as required in terms of section 57 of the MSA. Consequently, no performance reviews were performed for the 2008-09 financial year.
29. In terms of paragraphs 5 and 7 of the Code of Conduct for Councillors in schedule 1 of the MSA, councillors should declare their financial interests upon appointment. Additionally, according to paragraph 5A of the Code of Conduct for Municipal Staff Members in schedule 2 of the MSA, a person appointed in terms of section 56 of the MSA or a municipal manager should declare their financial interest. The register of declarations of interest had not been updated for the 2008-09 financial year.
30. The municipality did not have a debt collection policy in place as required by section 96 of the MSA.

Governance framework

31. The governance principles that impact the auditor’s opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the internal control deficiencies and key governance responsibilities addressed below:

Internal control deficiencies

32. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the deficiencies in the system of internal control, which led to the disclaimer of opinion. The root causes are categorised according to the five components of an effective system of internal control. In some instances deficiencies exist in more than one internal control component.

Par. no.	Basis for disclaimer of opinion	CE	RA	CA	IC	M
4	Cash and cash equivalents	5		5		
5	Trade and other payables	7, 5		5		

Par. no.	Basis for disclaimer of opinion	CE	RA	CA	IC	M
6	Inventories	5, 7		5		
7	Investments	5, 7			1	
8	Property, plant and equipment	1		3		
9	Payables	5, 7		1, 3		
10	Value-added tax (VAT)	2, 7				2
11	Provisions	5				
12	Net assets	5, 7		3		
13	Revenue	5		1, 3	1	
14	Expenditure	5		3	1	
15	Irregular expenditure	5				
16	Unauthorised expenditure	5				
17	Comparative balances	5, 7		5		

Overall reflections on the governance framework based on internal control deficiencies

33. The accounting officer did not exercise oversight responsibility over financial reporting and internal control and he was not adequately involved during the audit. Furthermore the accounting officer did not implement adequate financial policies and procedures to address all transactions processed.
34. Staff did not have a clear understanding of the Standards of Generally Recognised Accounting Practice and the municipality did not have adequate individuals competent in financial reporting and related matters. The chief financial officer and audit committee also did not adequately review the financial statements before submission to the Auditor-General. Inadequate senior management monitoring during the financial system conversion process resulted in the financial systems and underlying financial data not being appropriate for the preparation of the financial statements which also included the conversion to GRAP.

35. Monitoring by senior management was ineffective and did not ensure that all non-compliance with applicable legislation that resulted in irregular and unauthorised expenditure were identified and reported. Monitoring by senior management did not take place regularly or timeously to prevent and detect errors and non-compliance with internal policies and procedures.
36. Senior management did not take adequate and appropriate action to address audit findings that have been reported in the prior year.
37. Inadequate filing procedures resulted in significant limitations of scope during the current financial year's audit.

Legend	
CE = Control environment	
The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.	1
Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.	2
Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.	3
Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.	4
The accounting officer/accounting authority does not exercise oversight responsibility over financial reporting and internal control.	5
Management's philosophy and operating style do not promote effective control over financial reporting.	6
The entity does not have individuals competent in financial reporting and related matters.	7
RA = Risk assessment	
Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.	1
The entity does not identify risks to the achievement of financial reporting objectives.	2
The entity does not analyse the likelihood and impact of the risks identified.	3
The entity does not determine a risk strategy/action plan to manage identified risks.	4

The potential for material misstatement due to fraud is not considered.	5
CA = Control activities	
There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.	1
General information technology controls have not been designed to maintain the integrity of the information system and the security of the data.	2
Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised, and are completely and accurately processed.	3
Actions are not taken to address risks to the achievement of financial reporting objectives.	4
Control activities are not selected and developed to mitigate risks over financial reporting.	5
Policies and procedures related to financial reporting are not established and communicated.	6
Realistic targets are not set for financial performance measures, which are in turn not linked to an effective reward system.	7
IC = Information and communication	
Pertinent information is not identified and captured in a form and time frame to support financial reporting.	1
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
M = Monitoring	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.	1
Neither reviews by internal audit or the audit committee nor self -assessments are evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3

Key governance responsibilities

38. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		X
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		X
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.		X
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines in section 126 of the MFMA.	X	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.		X
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	<ul style="list-style-type: none"> The municipality had an audit committee in operation throughout the financial year. 		X
	<ul style="list-style-type: none"> The audit committee operates in accordance with approved, written terms of reference. 		X
	<ul style="list-style-type: none"> The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA. 		X

No.	Matter	Y	N
7.	Internal audit)		
	<ul style="list-style-type: none"> The municipality had an internal audit function in operation throughout the financial year. 		X
	<ul style="list-style-type: none"> The internal audit function operates in terms of an approved internal audit plan. 		X
	<ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA. 		X
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		X
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		X
10.	The information systems were appropriate to facilitate the preparation of the financial statements.		X
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(1)(c)(i) of the MFMA.		X
12.	Powers and duties have been assigned, as set out in section 79 of the MFMA.	X	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.		X
14.	Oversight resolutions have been substantially implemented.		X
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		X
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		X
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by Nketoana	X	

No.	Matter	Y	N
	Local Municipality against its mandate, predetermined objectives, outputs, indicators and targets as per section 68 of the MFMA.		
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.		X

Overall reflections on the governance framework based on other key governance requirements

- 39. Owing to the non-functioning of the internal audit function and the audit committee that did not substantially fulfilled its responsibilities for the year a risk assessment that includes a fraud prevention plan as required in terms of the MFMA was not conducted. The accounting officer did not implement any alternative measures to ensure that a risk assessment was done.
- 40. The accounting officer did not actively monitor the implementation of the SCOPA resolutions and the action plan to correct prior year audit findings, which resulted in matters previously reported regarding the audit committee, internal audit and irregular expenditure not being addressed.
- 41. The accounting officer did not ensure that policies and procedures related to financial reporting, risk management and compliance with laws and regulations were established and communicated within the municipality. Further more the accounting officer did not substantially address all prior year audit findings, resulting in a recurrence of audit report qualifications and management report findings.
- 42. The fact that the financial statements were subject to material corrections resulting from the audit is attributed to the accounting officer not developing and implementing adequate control measures to ensure that financial statements and financial reporting information are properly reviewed before submission to the Auditor-General.
- 43. Significant difficulties were experienced due to the unavailability of requested supporting documentation and the lack of availability of key officials during the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

- 44. I was engaged to review the performance information.

Responsibility of the accounting officer for the performance information

- 45. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

46. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.
47. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate audit assurance about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
48. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

Findings on performance information

Non-compliance with regulatory requirements

No reporting of performance information

49. The annual report of the municipality did not include the annual performance report of the municipality, which is required to be prepared in terms of section 46 of the MSA, as required by section 121(3)(c) of the MFMA.

Content of integrated development plan

50. The integrated development plan of the municipality did not include the key performance indicators and performance targets determined in terms of its performance management system, as required by sections 26(i) and 41(1)(b) of the MSA and regulation 12 of the Municipal Planning and Performance Management Regulations, 2001.

Existence and functioning of a performance audit committee

51. The municipality did not appoint and budget for a performance audit committee, nor was another audit committee utilised as the performance audit committee, as required by regulation 14(2) of the Municipal Planning and Performance Management Regulations, 2001.

Internal auditing of performance measurements

52. The municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, as required in terms of section 45 of the MSA.

Lack of adoption or implementation of a performance management system

53. The municipality did not adopt a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players, as required in terms of regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

No mid-year budget and performance assessments

54. The accounting officer of the municipality did not (by 25 January of each year) assess the performance of the municipality during the first half of the financial year, taking into account the municipality's service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan, as required by section 72 of the MFMA.
55. The non-compliance with regulatory requirements can be attributed to the lack of supervision and oversight by management and internal controls regarding performance management that were not effective, efficient and transparent to ensure that strategic objectives and targets were aligned to the priorities and that actual performance was accurately measured and reported on. Policies and procedures with regard to reporting performance against predetermined objectives were also not established.

APPRECIATION

56. The assistance rendered by the staff of the Nketoana Local Municipality during the audit is sincerely appreciated.

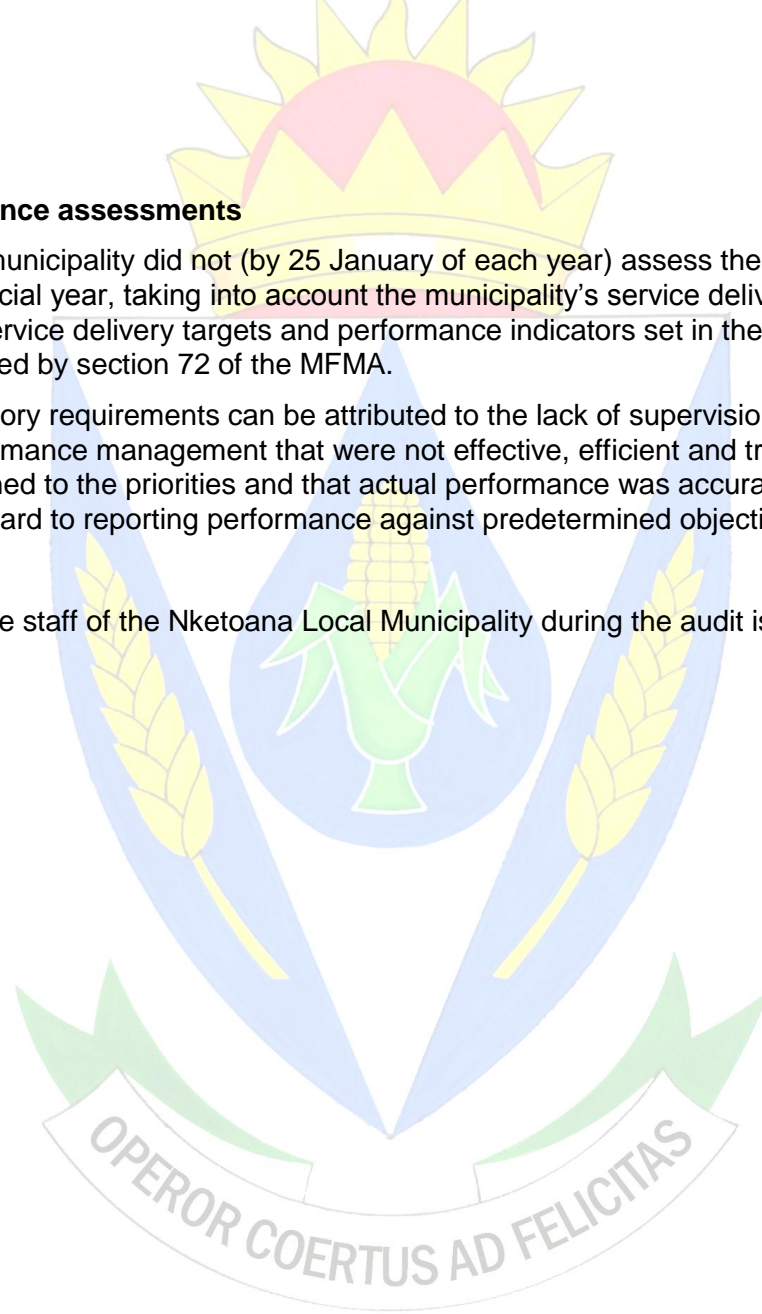
Bloemfontein

30 November 2009



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



4.3 BUDGET 2008/2009

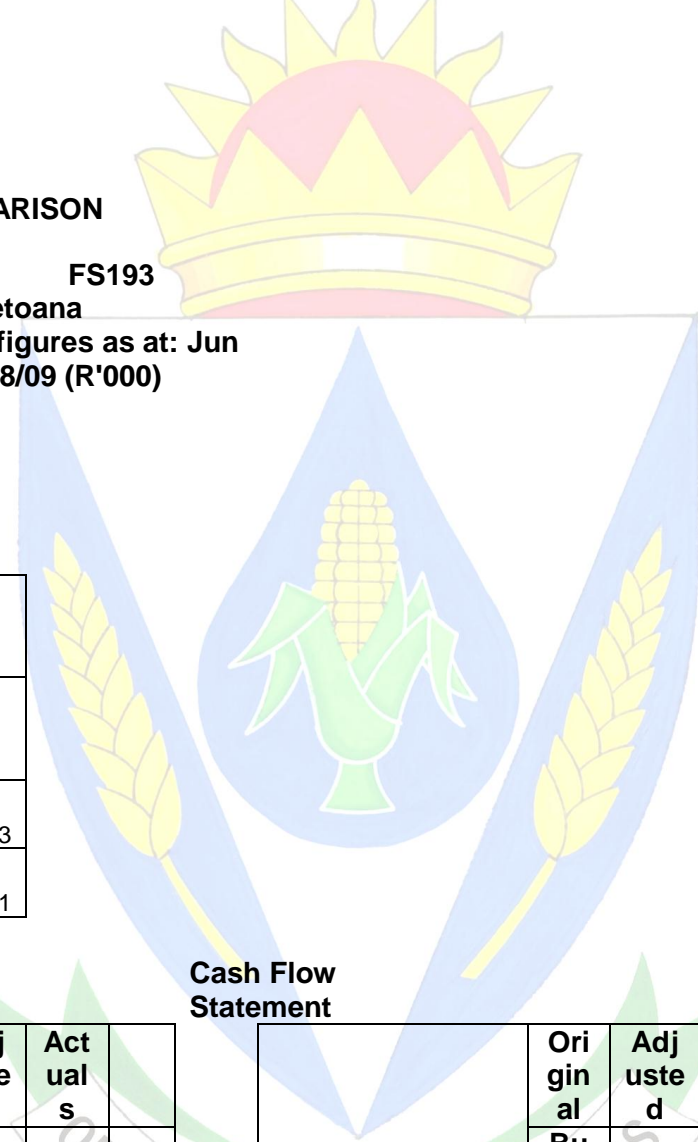
NKETOANA LOCAL MUNICIPALITY

SUMMARY OPERATING INCOME & EXPENDITURE

DESCRIPTION	Adjusted Budget	Budget	Projected
	2008/2009	2009/2010	2010/2011
	R	R	R
REVENUE			
Property rates	6,587,875	6,983,147	7,402,136
Service charges - electricity	15,044,464	15,947,132	16,903,960
Service charges - water	4,748,420	5,033,326	5,335,325
Service charges - sanitation	9,438,103	10,004,389	10,604,653
Service charges - refuse	9,181,747	9,181,747	9,732,651
Rental of facilities and equipment	1,839,800	1,950,188	2,067,199
Interest earned - outstanding debtors	8,100,000	8,586,000	9,101,160
Fines	75,000	79,500	84,270
Licenses and permits	9,450	10,017	10,618
Grants - operating (incl. grants from other municipalities)	39,284,423	82,854,989	96,131,215
Service charges- other	8,695,597	1,789,998	1,897,397
Surplus on sale of assets	0	0	0
DIRECT OPERATING INCOME	103,004,879	142,420,432	159,270,585
Internal Recoveries	3,500,000	3,710,000	3,932,600
TOTAL OPERATING INCOME	106,504,879	146,130,432	163,203,185
EXPENDITURE			

Employee related costs: Wages & Salaries	(27,456,848)	(27,911,538)	(29,586,231)
Employee related costs: Social Contributions	(5,030,090)	(5,055,091)	(5,358,396)
Remuneration of Councillors	(4,123,450)	(4,370,857)	(4,633,108)
Bad debts	(4,903,050)	(5,197,233)	(5,509,067)
Depreciation	(2,179,966)	(2,247,244)	(2,382,079)
Repairs and maintenance	(10,074,804)	(10,679,292)	(11,320,050)
Interest paid	(1,602,820)	(1,698,989)	(1,800,929)
Bulk purchases - Electricity	(10,750,000)	(11,395,000)	(12,078,700)
Bulk purchases - Water	(3,275,000)	(3,471,500)	(3,679,790)
General Expenses	(14,231,433)	(14,755,246)	(15,487,453)
DIRECT OPERATING EXPENDITURE	(83,627,460)	(86,781,991)	(91,835,803)
INTERNAL CHARGES	(3,500,000)	(3,710,000)	(3,932,600)
TOTAL OPERATING EXPENDITURE	(87,127,460)	(90,491,991)	(95,768,403)
OPERATING SURPLUS / (DEFICIT) - Total Income less Total Expenditure	19,377,419	59,348,441	71,367,382
OTHER ADJUSTMENTS AND TRANSFERS	0		
Transfer to Capital Replacement Reserve	(14,302,500)	(15,160,650)	(16,070,289)
Provision: Leave	(172,399)	(182,743)	(193,708)
CLOSING SURPLUS / (DEFICIT) FOR THE YEAR	4,902,520	44,005,048	55,103,386

4.4 BUDGET TO ACTUAL COMPARISON



FS193
Nketoana
 All figures as at: Jun
 2008/09 (R'000)

Capital and Operating Expenditure

	Original	Adjusted	Actuals	
FS193 Nketoana	Budget	Budget	YTD	%
Capital Expenditure	83,339	46,855	33,854	72.3
Operating Expenditure	92,055	87,300	75,178	86.1

Capital Expenditure and Revenue

	Original	Adjusted	Actuals	
FS193 Nketoana	Budget	Budget	YTD	%
CAPITAL EXPENDITURE				
Water	48,178	9,555	3,679	38.5
Electricity	700	1,980		

Cash Flow Statement

	Original	Adjusted	Actuals	
FS193 Nketoana	Budget	Budget	YTD	%
Opening Cash Balance	30,157	30,157	37,301	
Add : Receipts	145,542	106,505	143,703	134.9
- External loans received	1,650			

Housing Roads, Pavements, Bridges & Storm Water	7,45 0	6,200	817	13. 2	- Grants and subsidies	51,8 36	39,28 4	54,66 8	139. 2
Other	27,0 11	29,12 0	29,3 59	10 0.8	- Investments redeemed			42,23 9	
Total Capital Expenditure	83,3 39	46,85 5	33,8 54	72. 3	- Statutory Receipts (incl VAT)			1,933	
SOURCE OF FINANCE					- Other Receipts	92,0 56	67,22 0	44,86 4	66.7
External Loans	1,65 0				Less : Payments	100, 394	134,1 54	164,7 61	122. 8
Internal Contributions	10,1 03	13,35 3	5,28 1	39. 5	- Salaries, wages and allowances	36,1 64	36,61 0	30,73 5	84.0
Grants and Subsidies	71,5 86	33,50 2	28,5 74	85. 3	- Cash and creditor payments	55,8 91	50,68 9	47,85 4	94.4
Other					- Capital payments	8,33 9	46,85 5	31,22 1	66.6
Total Financing	83,3 39	46,85 5	33,8 54	72. 3	- Investments made			46,00 0	
					- External loans repaid			1,420	
					- Statutory Payments (incl VAT)				
					- Other Payments			7,533	
					Closing Balance	75,3 05	2,507	16,24 3	

Operating Revenue and Expenditure

	Original	Adjusted	Actuals	
FS193 Nketoana	Budget	Budget	YTD	%
OPERATING REVENUE				
Property rates	6,588	6,588	9,265	140.6
Service Charges	32,087	38,413	42,940	111.8
Regional Service Levies				
Other Revenue	53,381	61,504	44,747	72.8
Total Operating Revenue Generated	92,056	106,505	96,952	91.0
OPERATING EXPENDITURE				
Employee Related Costs	36,164	36,610	30,735	84.0
Provision for Working Capital	7,190	15,343		
Repairs and Maintenance	10,212	10,075	3,550	35.2
Bulk Purchases	11,875	14,025	10,482	74.7
Other Expenses	26,613	11,246	30,411	270.4
Total Direct Operating	92,055	87,300	75,178	86.1

Operating Revenue and Expenditure by Function

FS193 Nketoana	Water				Electricity			
	Original	Adjusted	Actuals		Original	Adjusted	Actuals	
	Budget	Budget	YTD	%	Budget	Budget	YTD	%
OPERATING REVENUE								
Service Charges	2,374	4,748	22,538	47.6	11,093	15,044	13,111	87.1
Grants & Subsidies Received	23,768	23,768			3,099	3,099	-27	0.9
Other Revenue	58	58	21	36.0	673	673	957	142.3
Total Operating Revenue Generated	26,201	28,575	22,559	78.9	14,865	18,816	14,041	74.6
OPERATING EXPENDITURE								
Employee Related Costs	3,462	3,462	1,059	30.6	1,152	1,152	807	70.1
Provision for Working Capital	490	490			1,924	1,924		
Repairs and Maintenance	893	893	465	52.1	1,291	1,291	798	61.8
Bulk Purchases	3,275	3,275	566	17.3	8,600	8,600	9,915	91.5
Other Expenses	3,702	3,702	996	26.9	2,696	2,696	389	14.4
Total Direct Operating	11,821	11,821	3,087	26.1	15,662	15,662	11,909	76.0

Expenditure

Expenditure

Debtor Age Analysis

FS193 Nketoana	0 - 30 days		31-60 days		61-90 days		Over 90 days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Water	2,558	14.2	986	5.5	767	4.3	13,739	76.1	18,050	100.0
Electricity	1,089	31.0	260	7.4	125	3.6	2,041	58.1	3,515	100.0
Property Rates	560	4.9	393	3.4	336	2.9	10,176	88.8	11,464	100.0
RSC Levies			5,299	5.9	3,045	3.4	80,402	89.7	89,634	100.0
Other	889	1.0								
Total	5,095	4.2	6,938	5.7	4,273	3.5	106,357	86.7	122,664	100.0

Creditor Age Analysis

FS193 Nketoana	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Bulk Electricity										
Bulk										

Water PAYE deductions VAT (output less input) Pensions / Retirement Loan repayments Trade Creditors Auditor General											
Other	20	11.8	0	0.1	0	0.1	149	87.9	170	100.	0
Total	20	11.8	0	0.1	0	0.1	149	87.9	170	100.	0

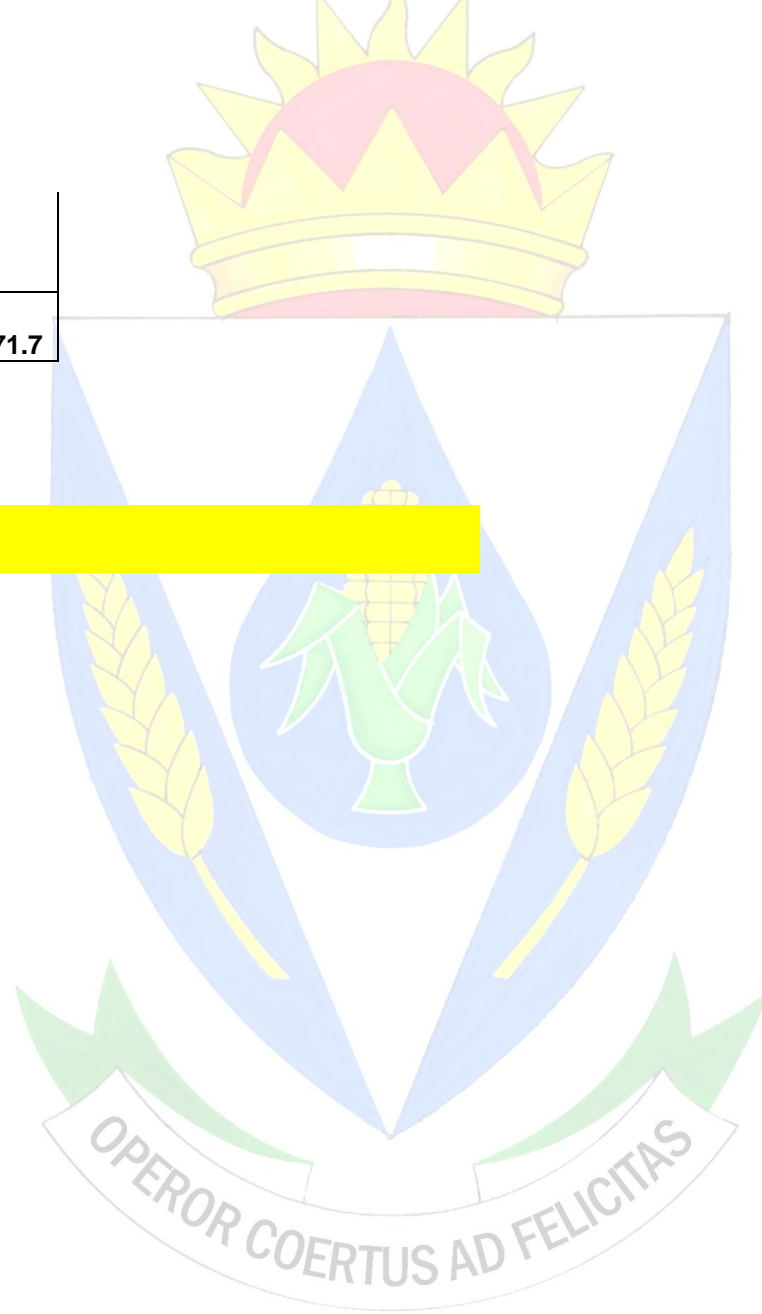
Grants

FS193 Nketoa na	Original Budget	Adjusted Budget	Actuals YTD	%
Grants Receipts				
1 National	51, 836	54,8 17	54,6 56	99.7
2 Provincial				
3 Other grants			12	
Total	51, 836	54,8 17	54,6 68	99.7
Expend iture				
1 National	51, 836	54,8 17	39,2 87	71.7
2				

Provinci al				
3 Other grants				
Total	51, 836	54,8 17	39,2 87	71.7

Comm
ents :

Money received from SARS in
this report is for March.



4.5 INTERGOVERNMENTAL GRANTS



GRANDS FOR 2008/2009						
DATE	DONOR	PURPOSE	AMOUNT	NO. OF YEARS	SPECIFIC REQUIREMENT	SPECIFIC AUDIT REQUIREMENT
2008/07/02	L G SETA	Provision for education and training	R 20,224.48			
2008/07/09	EQUITABLESH/JUL/EPP T	subsidies indigent etc.	R 9,000,000.00			
2008/07/09	EQUITABLE SH/JUL/SEOPT	subsidies indigent etc.	R 3,341,986.00			
2008/08/07	INTERNS GRANT/JUL	Salaries and skills development for interns	R 500,000.00			
2008/08/07	M S I G	Municipal systems improvements	R 735,000.00			
2008/09/09	L G SETA	Provision for education and training	R 21,206.29			
2008/10/10	TOURISM	Cleaning Campaign	R 7,200.00			
2008/10/16	TOURISM	Cleaning Campaign	R 2,950.00			
2008/10/16	TOURISM	Cleaning Campaign	R 5,900.00			
2008/10/21	TOURISM	Cleaning Campaign	R 7,500.00			
2008/11/28	M I G	improvement and development of infrastructure	R 10,554,000.00			
2008/11/05	EQS	subsidies indigent etc.	R 9,256,490.00			
2008/12/22	M I G	improvement and development of infrastructure	R 1,907,000.00			
2009/01/15	LGSETA	Provision for education and training	R 31,323.21			
2009/02/10	EQS	subsidies indigent etc.	R 16,450,948.00			
2009/02/11	M I G	improvement and development of infrastructure	R 950,000.00			
2009/03/27	M I G	improvement and development of infrastructure	R 1,924,000.00			
2009/03/30	LGSETA	Provision for education and training	R 11,751.08			
2009/05/19	LGSETA	improvement and development of infrastructure	R 11,880.00			
Total grants for the year			R 54,739,359.06			

CHAPTER 5

5. FUNCTIONAL AREA SERVICE DELIVERY REPORTING

5.1 PERFORMANCE BY DEPARTMENTS

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:	<p>The function of provision of various community and social services within the municipality is administered as follows and includes:</p> <p><i>Provide community services to all residents</i></p> <p>These services extend to include <i>Reitz/Petsana, PetrusSteyn/Mamafubedu, Lindley/Ntha and Arlington/Leratswana</i>. The municipality has a mandate to:</p> <p><i>Provide services to the people</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Maintenance and upgrading of facilities</i> <i>Provided to communities</i></p> <p>The key issues for 2008/09 are:</p> <p><i>Provision of a safe and healthy living environment</i></p>		
Analysis of the Function:	<p><Provide statistical information on (as a minimum):></p> <p>1 Nature and extent of facilities provided:</p> <ul style="list-style-type: none"> - Library services - Museums and galleries - Other community halls/facilities 	<p><i>no of facilities:</i></p> <p>7</p> <p>None</p> <p>7</p>	<p><i>no of users:</i></p> <p>1609</p> <p>0</p> <p>2816</p>

	- Cemeteries and crematoriums	9	1792
	- Sporting facilities: Stadiums 7(3 Operating) Swimming Pool 4 (1 Operating)	4	20000
	- Parks	259	7
2	Number and cost to employer of all personnel associated with each community services function:		R(000s)
	- Library services	11	1353
	- Other community halls/facilities	26	4932
	- Cemeteries and crematoriums	27	5076
	- Sporting facilities	32	6192
	- Parks (811822	33	6468
6	Total operating cost of community and social services function		20089

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>Provision of sites</i> <i>Maintain a living waiting list of potential beneficiaries'</i> <i>Complete applications for housing subsidies and submit to Provincial Department</i></p> <p>These services extend to include Reitz/Petsana, Petrus Steyn/Mamfubedu, Lindley/Ntha and Arlington/Leratswana. The municipality has a mandate to:</p> <p><i>Provide adequate houses to our community by making land available for the implementation of this function.</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Provide legalized sites to prospective beneficiaries</i></p> <p>The key issues for 2008/09 are:</p> <p><i>Obtain land for development of residential areas</i> <i>Survey and pegging of sites</i></p>	

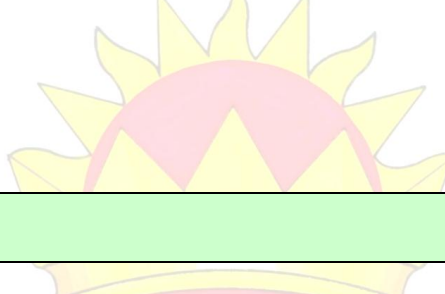
	<i>Apply for Township Establishment</i> <i>Maintain a living waiting list of potential beneficiaries</i>			
Analysis of the Function:	<Provide statistical information on (as a minimum):>			
	1 Number and cost of all personnel associated with provision of municipal housing:		R (000s)	
	- Professional (Architects/Consultants)	3	3951	
	- Field (Supervisors/Foremen)	1	110	
	- Office (Clerical/Administration)	5	295	
	- Non-professional (blue collar, outside workforce)	0	0	
	- Temporary	0	0	
	- Contract	1	48	
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Professional includes project design, Field includes all tradespersons.			
	2 Number and total value of housing projects planned and current:		R (000s)	
	- Current (financial year after year reported on)	1200	600000	
	- Planned (future years)	600	38400	
	3 Total type, number and value of housing provided:		R (000s)	
	<i>The municipality is only mandated to provide sites</i>	1200	600000	
Note: total number and total value of housing provided during financial year				
4 Total number and value of rent received from municipal owned rental units				
<list details, including number of units handed over to residents>	4	63		
5 Estimated backlog in number of (and costs to build) housing:		R (000s)		
<i>Waiting list + 3000 residents in informal settlements</i>	10648	681472		
6 Type of habitat breakdown:				
- number of people living in a house or brick structure	9448			
- number of people living in a traditional dwelling	983			
- number of people living in a flat in a block of flats duplex	100			
- number of people living in a town/cluster/semi-detached group dwelling	61			
- number of people living in an informal dwelling or shack	1350			

	- number of people living in a room/flatlet	2500	
Reporting Level	Detail	Total	
7	Type and number of grants and subsidies received:		R (000s)
		0	0
	Note: total value of specific housing grants actually received during year to be recorded over the five quarters - Apr to Jun 2008, Jul to Sep 2008, Oct to Dec 2008, Jan to Mar 2009, Apr to Jun 2009.		
8	Total operating cost of housing function		R 834

Function:	Public Safety
Sub Function:	Police (Traffic)

Reporting Level	Detail	Total	
Overview:	Includes traffic (and parking) control and fire disaster		
Description of the Activity:	<p>The traffic and fire control functions of the municipality are administered as follows and include:</p> <p><i>Traffic management and fire services</i></p> <p>These services extend to include <i>Reitz/Petasana</i>, <i>Petrus Steyn/Mamafubedu</i>, <i>Lindley/Ntha</i> and <i>Arlington/Leratswana</i>. The municipality has a mandate to:</p> <p><i>Ensure safe roads by regulating and control traffic.</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Reduce traffic and fire mortalities</i></p> <p><i>Community involvement by educational programmes</i></p> <p>The key issues for 2008/09 are:</p> <p><i>Traffic management</i></p> <p><i>Maintenance of road signs and markings on streets</i></p>		

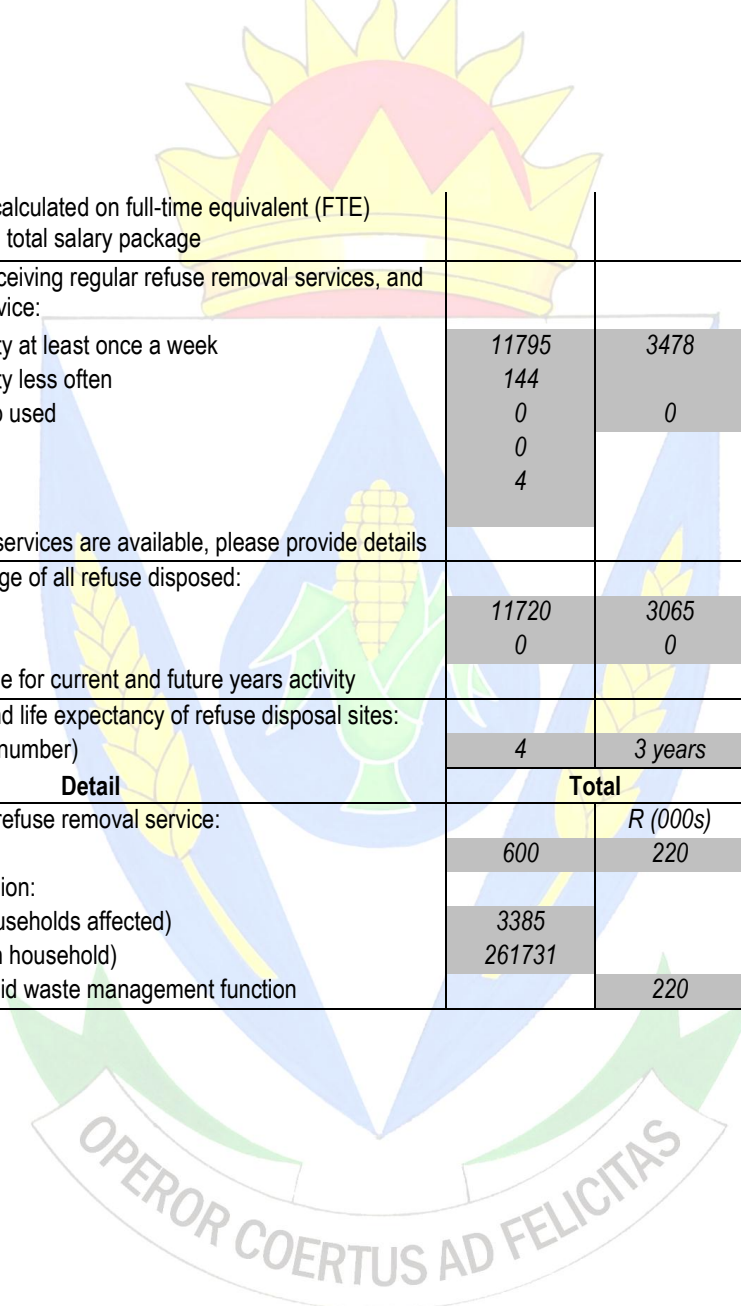
Analysis of the Function:		<Provide statistical information on (as a minimum):>	
1	Number and cost to employer of all personnel associated with policing and traffic control:		R (000s)
	- Professional (Senior Management)	1	134
	- Field (Detectives/Supervisors)	2	193
	- Office (Clerical/Administration)	5	355
	- Non-professional (visible police officers on the street)	0	0
	- Volunteer	0	0
	- Temporary	0	0
	- Contract	0	0
2	Total number of call-outs attended:		
	- Emergency call-outs	188	
	- Standard call-outs	90	
3	Average response time to call-outs:		
	- Emergency call-outs	30 min	
	- Standard call-outs		
	Note: provide average by dividing total response time by number of call-outs		
4	Total number of targeted violations eg: traffic offences:		
	<list details, including the number and type of offences recorded>	78	
5	Total number and type of emergencies leading to a loss of life or disaster:		
	<list details, including the number and type of emergencies recorded>	13	
6	Type and number of grants and subsidies received:		R (000s)
	None	0	0
	Note: total value of specific public safety grants actually received during year to be recorded over the five quarters - Apr to Jun 2008, Jul to Sep 2008, Oct to Dec 2008, Jan to Mar 2009, Apr to Jun 2009.		
7	Total operating cost of police and traffic function		1012



Function:	Waste Management
Sub Function:	Solid Waste

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><i>Household collection</i> <i>,Business collection,</i> <i>Community facilities collection</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Provision of equitable collection of waste.</i> <i>Minimization of waste through recycling initiatives</i></p> <p>The key issues for 2008/09 are:</p> <p><i>Revival of recycling project in Petsana and linking of other towns to the project,</i> <i>Equitable waste collection, Entering in Cleanest Town Competition,</i> <i>Education and awareness</i> <i>The Establishment of Environmental Forums.</i> <i>Provision/Management of Landfill sites</i></p>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	Number and cost to employer of all personnel associated with refuse removal: - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract		R (000s)
		1	155
		3	168
		0	0
		34	1483
		0	0
		0	0

Reporting Level	Detail	Total		
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package			
2	Number of households receiving regular refuse removal services, and frequency and cost of service:			
	- Removed by municipality at least once a week	11795	3478	
	- Removed by municipality less often	144		
	- Communal refuse dump used	0	0	
	- Own refuse dump	0		
	- No rubbish disposal	4		
	- Illegal dumping sites			
	Note: if other intervals of services are available, please provide details			
3	Total and projected tonnage of all refuse disposed:			
	- Domestic/Commercial	11720	3065	
	- Garden	0	0	
	Note: provide total tonnage for current and future years activity			
4	Total number, capacity and life expectancy of refuse disposal sites:			
	- Domestic/Commercial (number)	4	3 years	
5	Anticipated expansion of refuse removal service:			R (000s)
	- Domestic/Commercial	600	220	
6	Free Basic Service Provision:			
	- Quantity (number of households affected)	3385		
	- Quantum (value to each household)	261731		
7	Total operating cost of solid waste management function			220





Function:	Finance and Administration
Sub Function:	Human Resources

Reporting Level	Detail	Total
Overview:	Includes all activities relating to the human resource management function of the municipality including recruitment, selection and induction - also performance management systems, code of conduct detail and decision making systems. Note: Read in conjunction with Chapter 3 on <i>Human Resource Management</i> .	
Description of the Activity:	<p>The function of human resource management within the municipality is administered as follows and includes:</p> <ul style="list-style-type: none"> • <i>Human Resource Policies</i> • <i>Benefits Administration</i> • <i>Labour Relations</i> • <i>Employment Equity</i> • <i>Health and Safety of Employees</i> • <i>Capacity Building</i> • <i>Grievance Procedures</i> • <i>Disciplinary Procedures</i> • <i>The investigation of allegations of misconduct and complaints against staff</i> • <i>The promotion and demotion of staff</i> • <i>The dismissal and retrenchment of staff</i> • <i>Recruitment, Selection and appointment of persons as staff members</i> • <i>Induction</i> • <i>Job Descriptions</i> • <i>Leave</i> • <i>Implementing all council resolutions that relate to Human Resource</i> • <i>Transfer of employees</i> <p>These services extend to include <i>Reitz/Petsana, Petrus Steyn/ Mamafubedu, Lindley/Ntha, Arlington/Leratswana</i>. The municipality has a mandate to:</p>	



- Assist the bereaved by completing all the claims forms
- Submit documentation to the Pension Fund
- Develop Workplace Skill Plan
- Submit the Plan to LGSETA
- Monitor, measure and evaluate the performance of staff

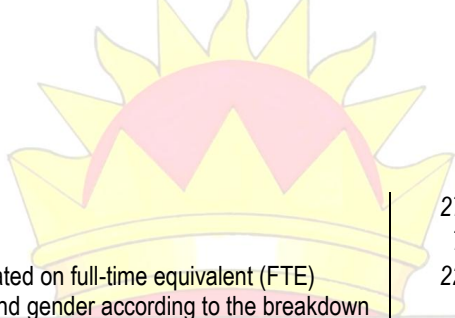
The strategic objectives of this function are to:

- To implement the Skills Development Plan
- To implement Learnerships in partnership with LGSETA
- To provide a safe working environment for the employees
- To submit Employment Equity Report
- To present relevant issues and information to municipal employees on matters that affects them
- Regulating personnel leaves

The key issues for 2008/09 are:

- Skills Audit
- To implement Workplace Skill Plan
- Convene Training Committee
- Convene Local Labour Forum
- Convening of Health and Safety Committee
- To fill vacant positions
- Review contracts
- Development and review of Policies
- Managing of employee leaves
- Employment Equity Plan

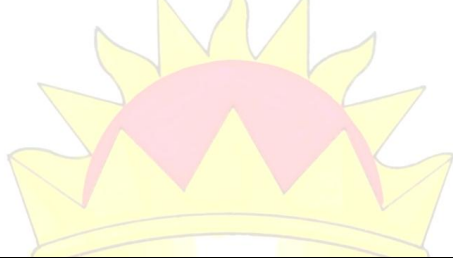
1	Number and cost to employer of all municipal staff employed:	<i>Number</i>	<i>Cost</i>
	- Professional (Managerial/Specialist)	8	2819
	- Field (Supervisory/Foremen)	6	1409
	- Office (Clerical/Administrative)	73	
	- Non-professional (blue collar, outside workforce)	131	12983



- Temporary Staff	272	3186
- Contract Staff	7	748
Note: total number to be calculated on full-time equivalent (FTE) basis, providing detail of race and gender according to the breakdown described above. Total cost to include total salary package	225	28 195262

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current
<i>Key Performance Areas:</i>		
1. Capacity building	<ul style="list-style-type: none"> Various Trainings were organized by the employer for the employees to attend and to be capacitated. 	226
2. Employment Equity	<ul style="list-style-type: none"> Councilors were trained on various aspects that affect local government. 	8 Councilors
3. Good Human Labour Relations	<ul style="list-style-type: none"> Employment Equity Plan in process of completion to be submitted in time 	
4. Workplace Skill Plan	<ul style="list-style-type: none"> Employment of personnel is done in such way that the previously disadvantaged group receive preference 	
5. Filling of vacant post	<ul style="list-style-type: none"> The Local Labour Forum is fully functional and the new Training Committee has been re-established. 	
6. Organisational Structure and Development	<ul style="list-style-type: none"> Various training interventions for Workplace Skill Plan 2008/2009 were implemented to capacitate employees on issues such as financial viability, infrastructure and service delivery and Management and leadership. A number of vacant posts was filled. Re-establishment of the Occupational Health and Safety Committee Number of injuries Fatalities 	25
		17
		0





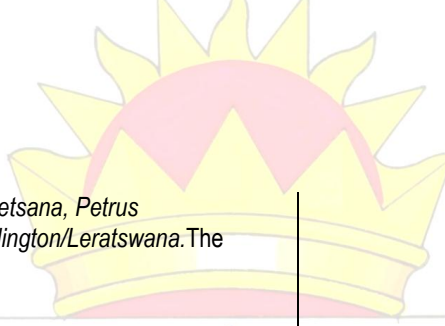
Function:	Waste Water Management
Sub Function:	Sewerage etc

Reporting Level	Detail	Total	Cost
Overview:	Includes provision of sewerage services not including infrastructure and water purification, also includes toilet facilities		
Description of the Activity:	<p>The sewerage functions of the municipality are administered as follows and include:</p> <p><i>Sewer Services</i></p> <p>These services extend to include <i>Reitz/Petsana, Petrus Steyn, Lindley/Ntha and Arlington/Lerastwana</i>. The municipality has a mandate to:</p> <p><i>Sewer services</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Provision of decent sanitation for all.</i></p> <p>The key issues for 2008/09 are:</p> <p><i>Bucket eradication</i></p>		
Analysis of the Function:	<p><Provide statistical information on (as a minimum):></p> <p>1 Number and cost to employer of all personnel associated with sewerage functions:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract 		R (000s)
		2	1863
		3	842
		1	127
		35	1315
		0	0
		0	0

2	Number of households with sewerage services, and type and cost of service:		R (000s)
	- Flush toilet (connected to sewerage system)	7034	2145
	- Flush toilet (with septic tank)	1040	317
	- Chemical toilet	0	0
	- Pit latrine with ventilation	506	154
	- Pit latrine without ventilation	0	0
	- Bucket latrine	2750	838
	- No toilet provision	0	
	Note: if other types of services are available, please provide details		
3	Anticipated expansion of sewerage:		R (000s)
	- Flush/chemical toilet	2750	3 456
4	Free Basic Service Provision:		
	- Quantity (number of households affected)	3530	
	- Quantum (value to each household)	3346440	
Reporting Level	Detail	Total	Cost
5	Total operating cost of sewerage function		R 3453

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:	The road maintenance and construction responsibilities of the municipality are administered as follows and include: <i>Roads and Storm water</i>		



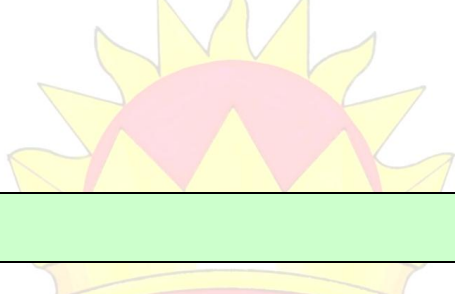
	<p>These services extend to include <i>Reitz/Petsana, Petrus Steyn/Mamafubedu, Lindley/Ntha and Arlington/Leratswana</i>. The municipality has a mandate to:</p> <p><i>Provide safe and accessible roads to the community</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Provision of better road facilities</i></p> <p>The key issues for 2008/09 are:</p> <p><i>Upgrading of Roads</i></p>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
	1 Number and cost to employer of all personnel associated with road maintenance and construction:		R (000s)
	- Professional (Engineers/Consultants)	0	0
	- Field (Supervisors/Foremen)	2	284
- Office (Clerical/Administration)	0	0	
- Non-professional (blue collar, outside workforce)	13	287	
- Temporary	26	128	
- Contract	0	0	
Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package			
2 Total number, kilometres and total value of road projects planned and current:			R (000s)
- New paved surface (number)	6 kms	14872	
- Existing re-tarred (number)	0	0	
- New gravel (number)	0	0	
- Maintained gravel road			
- Existing re-sheeted (number)	0	0	
Note: if other types of road projects, please provide details			
3 Total kilometres and maintenance cost associated with existing roads provided			R (000s)
- Tar	36	863	
- Gravel	263	1047	
Note: if other types of road provided, please provide details			

4	Average frequency and cost of re-tarring, re-sheeting roads - Tar - Gravel Note: based on maintenance records	2	R (000s) 2800
5	Estimated backlog in number of roads, showing kilometres and capital cost - Tar - Gravel	263	R (000s) 657
Reporting Level	Detail	Total	Cost
	Note: total number should appear in IDP, and cost in future budgeted road construction programme		
6	Type and number of grants and subsidies received: <i>None</i>	0	R (000s) 0
	Note: total value of specific road grants actually received during year to be recorded over the five quarters - Apr to Jun 2008, Jul to Sep 2008, Oct to Dec 2008, Jan to Mar 2009, Apr to Jun 2009.		
7	Total operating cost of road construction and maintenance function		R 7026
Function: Water			
Sub Function: Water Distribution			

Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of water		
Description of the Activity:	The water purchase and distribution functions of the municipality are administered as follows and include: <i>Water Services</i> These services extend to include <i>Reitz/Petsana, Petrus Steyn, Lindley/Ntha</i> and <i>Arlington/Nketoana</i> . The municipality has a mandate to:		

	<i>Provision of clean water</i>		
	The strategic objectives of this function are to:		
	<i>Provide water in terms of the RDP standard</i>		
	The key issues for 2008/09 are:		
	<i>Water provision</i>		
	<Provide statistical information on (as a minimum):>		
1	Number and cost to employer of all personnel associated with the water distribution function:		R (000s)
	- Professional (Engineers/Consultants)	0	0
	- Field (Supervisors/Foremen)	2	217
	- Office (Clerical/Administration)	0	0
	- Non-professional (blue collar, outside workforce)	48	1876
	- Temporary	34	218
	- Contract	0	0
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.		
2	Percentage of total water usage per month		
	<i>Not available</i>	0	0
	Note: this will therefore highlight percentage of total water stock used per month		
3	Total volume and cost of bulk water purchases in kilolitres and rand, by category of consumer		R (000s)
	- <i>Category 1 All consumers</i>	7324779	1622
4	Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer:		R (000s)
	- <i>Category 1 All consumers</i>	5634445	22538
5	Total year-to-date water losses in kilolitres and rand		R (000s)
	<i>All consumers</i>	1690334	6761
Reporting Level	Detail	Total	Cost
6	Number of households with water service, and type and cost of service:		R (000s)
	- Piped water inside dwelling	7450	719
	- Piped water inside yard	5627	543

	- Piped water on community stand: distance < 200m from dwelling	2659	256
	- Piped water on community stand: distance > 200m from dwelling	0	0
	- Borehole	935	90
	- Spring		
	- Rain-water tank		
	Note: if other types of services are available, please provide details		
7	Number and cost of new connections:		R (000s)
	<i>New connections</i>	69	59
8	Number and cost of disconnections and reconnections:		R (000s)
	<i><detail total></i>	0	0
9	Number and total value of water projects planned and current:		R (000s)
	- Current (financial year after year reported on)	0	0
	- Planned (future years)	74	108
	Note: provide total project and project value as per initial or revised budget		
10	Anticipated expansion of water service:		R (000s)
	- Piped water inside dwelling	67	54
11	Estimated backlog in number (and cost to provide) water connection:		R (000s)
	- Piped water inside dwelling		
	- Piped water inside yard	280	308
	- Piped water on community stand: distance < 200m from dwelling	2000	
12	Free Basic Service Provision:		
	- Quantity (number of households affected)	3385	
	- Quantum (value to each household)	14400	
	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.		
13	Type and number of grants and subsidies received:		R (000s)
	<i>None</i>	0	0
	Note: total value of specific water grants actually received during year to be recorded over the five quarters - Apr to Jun 2008, Jul to Sep 2008, Oct to Dec 2008, Jan to Mar 2009, Apr to Jun 2009.		
14	Total operating cost of water distribution function		3583



Function:	Electricity
Sub Function:	Electricity Distribution

Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of electricity		
Description of the Activity:	<p>The electricity purchase and distribution functions of the municipality are administered as follows and include:</p> <p><i>Electrical services</i></p> <p>These services extend to include Reitz/Petsana, Petrus Steyn, Lindley/Ntha and Arlington/Lerastwana. The municipality has a mandate to:</p> <p><i>Provision of electricity</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Provide electricity for all</i></p> <p>The key issues for 2008/09 are:</p> <p><i>Upgrade electricity supply in Ntha.</i></p> <p><i>Provide uninterrupted supply of electricity</i></p>		
Analysis of the Function:	<p><Provide statistical information on (as a minimum):></p> <p>1 Number and cost to employer of all personnel associated with the electricity distribution function:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.</p>		R (000s)
		0	0
		3	386
		0	0
		15	1000
		0	0
		0	0

2	Total quantity and cost of bulk electricity purchases in kilowatt hours and rand, by category of consumer		R (000s)
	- Residential	32364000kwh	10788
	- Commercial	94020kva	
3	Total quantity and receipts for bulk electricity sales in kilowatt hours and rand, by category of consumer:		R (000s)
	- Household		10783
	- Commercial		3142
4	Total year-to-date electricity losses in kilowatt hours and rand		R (000s)
	<detail total>	Not available	
5	Number of households with electricity access, and type and cost of service:		R (000s)
Reporting Level	Detail	Total	Cost
	- Electrified areas		
	- Municipal	4	10788
	- Eskom	4	
	Note: if other types of services are available, please provide details		
6	Number and cost of new connections:		R (000s)
	Household	38	87
7	Number and cost of disconnections and reconnections		R (000s)
	Household	1348	219
8	Number and total value of electrification projects planned and current:		R (000s)
	- Current (financial year after year reported on)	0	0
	- Planned (future years)	0	0
	Note: provide total project and project value as per initial or revised budget		
9	Anticipated expansion of electricity service:		R (000s)
	Mabena	0	0
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		10788
10	Estimated backlog in number (and cost to provide) water connection:		R (000s)
	<detail total>	0	0
	Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
11	Free Basic Service Provision:		
	- Quantity (number of households affected)	6914	

	- 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.	5047	
12	Type and number of grants and subsidies received: <i>None</i>	0	R (000s) 0
	Note: total value of specific electricity grants actually received during year to be recorded over the five quarters - Apr to Jun 2008, Jul to Sep 2008, Oct to Dec 2008, Jan to Mar 2009, Apr to Jun 2009.		
13	Total operating cost of electricity distribution function		12953

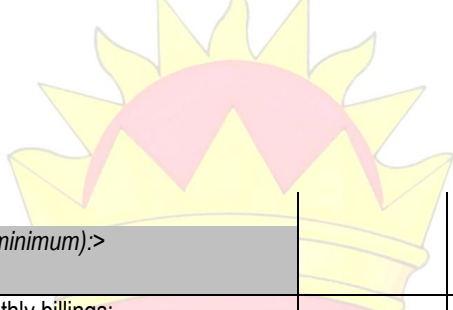
Function: Electricity
Sub Function: Street Lighting

Reporting Level	Detail	Total	Cost
Overview:	Includes all activities associated with the provision of street lighting to the community		
Description of the Activity:	<p>Street lighting responsibilities of the municipality are administered as follows and include:</p> <p><i><List administration of each function here: this should detail what is offered, and how it is offered to the community></i></p> <p>These services extend to include <i><function/area></i>, but do not take account of <i><function/area></i> which resides within the jurisdiction of <i><national/provincial/other private sector></i> government. The municipality has a mandate to:</p> <p><i>Provide sufficient streetlights in the communities</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Provide streetlights to enhance the safety of the communities</i></p> <p>The key issues for 2008/09 are:</p> <p><i>Maintain existing streetlight networks</i> <i>Increase number of streetlights where necessary</i></p>		
Analysis of the Function:	<i><Provide statistical information on (as a minimum):></i>		

1	Number and total operating cost of streetlights servicing population:		<i>R (000s)</i>
		1 937	<cost>
	Note: total streetlights should be available from municipal inventory		
2	Total bulk kilowatt hours consumed for streetlighting:		
	<i>Information not available</i>		
	Note: total number of kilowatt hours consumed by all street lighting for year		

Function:	Finance and Administration
Sub Function:	Finance

Reporting Level	Detail	Total
Overview:	Includes all activities relating to the finance function of the municipality. Note: grants information should appear in Chapter 4 on <i>Financial Statements and Related Financial Information</i> .	
Description of the Activity:	<p>The function of finance within the municipality is administered as follows and includes:</p> <p><i>Financial Management</i> <i>Billing for services rendered</i> <i>Debt collection</i></p> <p>These services extend to include Reitz/Petsana, Petrus Steyn/Mamafubedu, Lindley/Ntha, Arlington/Leraswana. The municipality has a mandate to:</p> <p><i>Provide services to the community</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Ensure financial viability of the municipality</i></p> <p>The key issues for 2008/09 are:</p> <p><i>Debt collection</i> <i>GRAP/GAMAP Conversion</i> <i>Compile Asset Register</i> <i>Compliance with MFMA and all other relevant legislation</i></p>	



Analysis of the Function:	<Provide statistical information on (as a minimum):>		
	1	Debtor billings: number and value of monthly billings:	R (000s)
		July	13268 7640
		August	13536 5663
		September	14944 5373
		October	15590 5328
		November	14094 5438
		December	15512 5085
		January	14923 4757
		February	14925 4944
		March	15214 4622
		April	14658 4612
		May	15102 5730
		June	15428 4642
	2	Debtor collections: value of amount received and interest:	R (000s) R (000s)
	July	4229	
	August	4773	
	September	4535	
	October	3770	
	November	7063	
	December	3066	
	January	6131	
	February	11817	
	March	3550	
	April	3365	
	May	4443	
	June	4761	
3	Debtor analysis: amount outstanding over 30, 60, 90 and 120 plus days:	R (000s)	
	Water	17 482.00	
	Electricity	4 295.00	
	Rates	11 347.00	
	Sewerage	29 394.00	
	Refuse	39 271.00	
	Other	1 178.00	
		129 505.00	
4	Write off of debts: number and value of debts written off:	R (000s)	

	- Total debts written off each month across debtors by function (eg: water, electricity etc) Note: create a suitable table to reflect write offs each month across debtors by function	38012	5678
5	Property rates (All): - Number and value of properties rated - Number and value of properties not rated - Number and value of rate exemptions - Rates collectible for the current year	25363	R (000s) 952792
Reporting Level	Detail	Total	
6	Indigent Policy: - Quantity (number of households affected) - Quantum (total value across municipality)	4320 28968435	
7	Creditor Payments:	R (000s)	
		838117	Current
		244 309	30 Days
		113 507	60 Days
		5892	90 Days
		162847	120 Days
		1 396	150 days
		0	180 Days
		3445	>180 Days
	Total	1 369515	
	Note: create a suitable table to reflect the five largest creditors individually, with the amount outstanding over 30, 60, 90 and 120 plus days		
8	Credit Rating:	R (000s)	
	None		
	List here whether your Council has a credit rating, what it is, from whom it was provided and when it was last updated		
12	External Loans: - Total loans received and paid during the year	R (000s) 1	R (000s) 453

	Note: Create a suitable table to reflect the balance of each external loan at the beginning of the year, new loans raised during the year and loans repaid during the year as well as the balance at the end of the year. Interest rates payable on each loan, together with the date of repayment should be also disclosed in the table.		
13	Delayed and Default Payments:		
	None	0	<date>
	List here whether Council has delayed payment on any loan, statutory payments or any other default of a material nature		
	Note: This information need not be reported here if reported as notes to the accounts.		

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

Reporting Level	Detail	Total
Overview:		
Description of the Activity:	<p>The function of procurement within the municipality is administered as follows and includes:</p> <p><i>Supply Chain Management Unit</i></p> <p>These services extend to include Reitz/Petsana, Petrus Steyn/Mamafubedu, Lindley/Ntha, Arlington/Leratswana. The municipality has a mandate to:</p> <p><i>Adhere to Supply Chain Management Policy and Legislation</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Implementation of the Supply Chain Management</i></p>	

	The key issues for 2008/09 are: <i>Increase procurement from SMME/BEE</i>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
	<p>1 Details of tender / procurement activities:</p> <ul style="list-style-type: none"> - Total number of times that tender committee met during year - Total number of tenders considered - Total number of tenders approved - Average time taken from tender advertisement to award of tender <p>Note: Figures should be aggregated over year across all municipal functions</p>	<p>4</p> <p>15</p> <p>7</p> <p>3 months</p>	
2	<p>Details of tender committee:</p> <p><i>Adjudication : J Mofube R Meyer N Nocanda</i></p> <p><i>Evaluation: V Mkhafa J Mokoena K Mohabane</i></p> <p><i>Specification: L.Ntsoedikane A Labuschagne B Du Preez</i></p> <p>Note: List details of each member of the tender committee</p>		

5.2 PERFORMANCE REPORT PER KEY PERFORMANCE AREA

KEY PERFORMANCE AREA 1

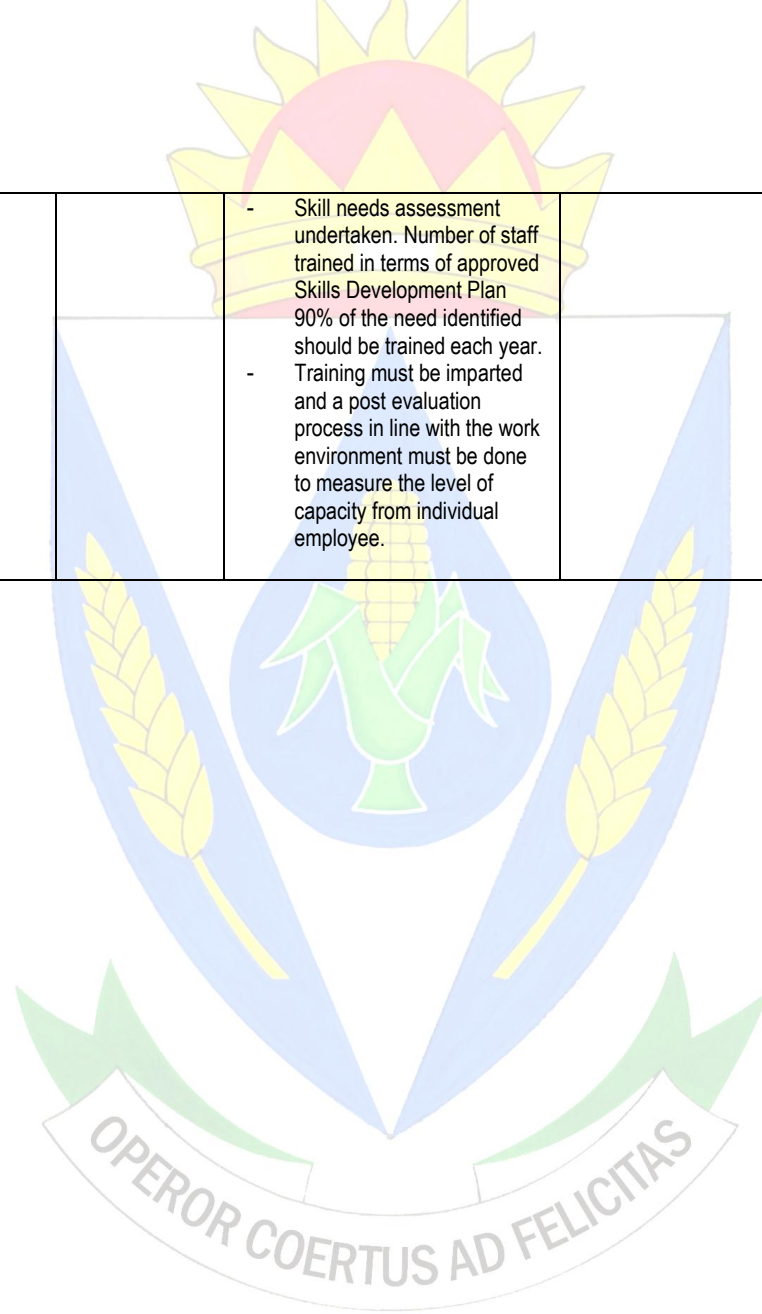
MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Functional Area or Development Priorities	Strategic Objectives	Key Performance Indicators	Type of indicator Output	Performance Criteria or Performance Standards [The performance standards stipulated for each KPI must be allocated weightings that relate to the rating scale of 1-5 in the last column]	Previous year targets and performance (Baseline) 2007/2008	Current year targets 2008/2009	Actual performance against set targets for current year	Measures to improve performance in following year	Rating on a scale of 1-5
Functional municipal governance structures							EXCO Meetings 5 Council Meetings 4 Special Council Meetings 8 Section 79 Committee meetings 17		
Administration and councilor competency frameworks		1. % of Section 57 Managers whose competency was assessed within the municipality	Output	This indicator measures the number of Section 57 Managers that have undergone competency assessments. Competency assessment involves the measurement of an individual's competencies. Measures include cognitive ability tests, bio-data instruments, structured interviews, job knowledge tests, diagnostic and promotion tests, and		5	None	Still in process' No Sec 57 that have undergone competency assessment. The function will be performed by the Internal Audit in conjunction with the AG. To be done in the new	1

				measures of customer service and social skills				financial year.	
		2. % of Section 57 Managers who meet the requirements detailed in the competency assessed framework	Outcome	The Section 57 Managers would have participated in the assessment and an indication would be provided in terms of the extent to which they meet the requirements as detailed in the Competency Assessment Framework.	none	none	Still in process. To be done in the new financial year , 2009/2010		1
		3. Number and % of municipal employees occupying technical and managerial positions with a professional qualification	Outcome	(0) Municipal employees occupying Technical and Managerial positions without a professional qualification (or equivalent experience) that complies with the norms and standards established by a professional body. (1) Municipal employees occupying Technical and Managerial positions registered with a professional body. (2) Municipal employees occupying Technical and Managerial positions registered with a professional body, and with a professional qualification (or equivalent experience) that complies with the norms and standards established by a professional body.	none	none	Still in process. Aim to improve in the new financial year.		1
		Implementation of the Organisational Structure in compliance with EE Act		Number of Municipal Managers and Section 57 Managers appointed as per the EE targets	Output	None	0%		

Implementation of the Performance Regulations of 2006									
Human Resources Strategy incorporating all core administrative policies and procedures	<ul style="list-style-type: none"> - Ensure the implementation of the municipality's Employment Equity Plan - Rationalization of bylaws. Review, revise and develop policies. Contract Management 			<ul style="list-style-type: none"> - Develop a Department EE Plan for approval by Municipal Manager. Implement EE Plan to achieve the set targets. 	1	1			1
					10	10			1
Human Resources Management	<ul style="list-style-type: none"> - To ensure compliance with and implementation of human resources policies 			<ul style="list-style-type: none"> - All Human Resources policies and procedures as agreed and accepted by Council to be implemented and available to staff. Proof of such policies to be submitted. - All Human Resources matters to be documented. Where grievances or complaints are received, such matters should be adequately resolved. Proof thereof to be submitted .Vacancies filled in line with Council resolutions and proof thereof to be available. 	5	5			

Skills Development (both councilors and employees)	<ul style="list-style-type: none"> - To ensure the effective training has been imparted to all staff members. To provide training and development. Develop and implement a Skills Plan/Policy according to legal requirements for the Department. 			<ul style="list-style-type: none"> - Skill needs assessment undertaken. Number of staff trained in terms of approved Skills Development Plan 90% of the need identified should be trained each year. - Training must be imparted and a post evaluation process in line with the work environment must be done to measure the level of capacity from individual employee. 	100	75	Aim to reach the Annual target before the end of financial year.	3
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KEY PERFORMANCE AREA 2

SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

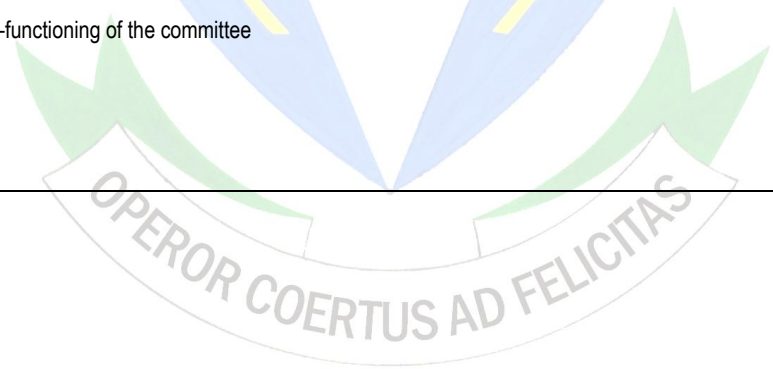
Functional Area or Development Priorities	Strategic Objectives	Key Performance Indicators	Type of indicator	Performance Criteria or Performance Standards [The performance standards stipulated for each KPI must be allocated weightings that relate to the rating scale of 1-5 in the last column]	Previous year targets and performance (Baseline)	Current year targets	Actual performance against set targets for current year	Measures to improve performance in following year	Rating on a scale of 1-5
Adopted and implementation of a 5-Year Integrated Infrastructure Investment Plan									
Rural Development Strategy									
Water Services	To supply clean & sufficient water to every household	Rate of reduction in the number of households in the serviced area without a basic supply service in terms of water	Impact	This indicator measures the backlog in terms of water	200	130	50%	100%	4
Sanitation Services	To provide sanitation to every household to ensure a clean and healthy environment	Rate of reduction in the number of households in the serviced area without a basic supply service in terms of sanitation	Impact	This indicator measures the backlog in terms of sanitation	3000 buckets 750 waterborne	3750	23%	100%	2

Energy and Electricity	To supply electricity to every household. Free basic electricity	Rate of reduction in the number of households in the serviced area without a basic supply service in terms of electricity	Impact To improve living standard	This indicator measures the backlog in terms of electricity	100%	100%	100%	Increase personnel and equipment	5
Sustainable Human Settlements (Implementation of Breaking New Ground Strategy)		Number/Percentage of households in formal housing that conforms to the minimum building standards for residential houses	Outcome	This indicator measures the number of formal housing structures built according to minimum building standards. Formal dwellings are houses with a solid, usually concrete, top structure that are served with basic infrastructure. Minimum standards as defined by the National Building Regulations and Building Standards Act (Act 103 of 1977).	1200	1170 97%		Contractors not performed and completed allocated houses, loose the work and it is allocated to a new contractor. The beneficiaries wait longer to receive a house.	
Roads and Transport	Assessable and safe access roads	Rate of reduction in the number of households in the serviced area without a basic supply service in terms of roads	Impact To decrease the number of accidents on the roads	This indicator measures the backlog in terms of roads	100%0	100%	40%	Paving and reseal roads	1
Storm Water Drainage	To reduce flooding	To control the flow of rainwater	Flooding	To build and maintain stormwater channels	100%..... [p0000000000000]	100%	85%	Build more channels	1
Waste Management									
Access to Free Basic Services		Percentage of indigent households with access to basic level of water, sanitation, electricity, solid	Impact	The number of indigent households listed on the municipal indigent database with access to water, electricity, solid waste removal and services as a percentage of the total	2851	4200	3867	Register more indigents	

		waste removal and roads		number of households in a given municipality. "Indigent" means an indigent household whose total household income is less than R1600 per month or such amount determined by Council annually during the budget process.					
Bucket System Eradication	To improve the health standars	Sanitation	Healthy standards	100% bucket eradication	100%	100%	95%	Completion of grey water plant	2
Operation and Maintenance Plans									
Implementation of the Expanded Public Works Programme									

COMMENTS OF THE PERFORMANCE AUDIT COMMITTEE ON THE OVERALL PERFORMANCE OF THE MUNICIPALITY ON KPA 2:

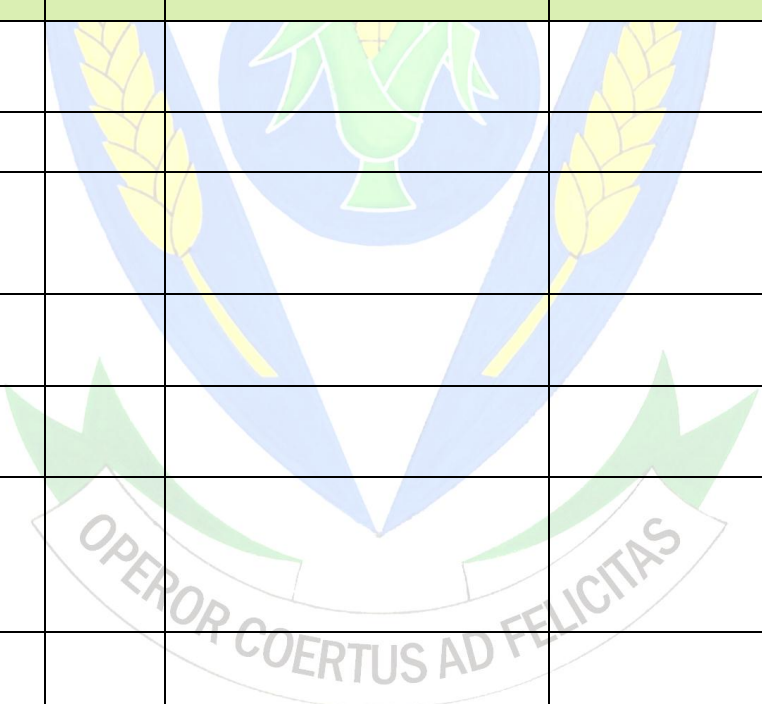
No comment from the Performance Audit Committee due to the non-functioning of the committee





KEY PERFORMANCE AREA 3
COMMUNITY AND SOCIAL DEVELOPMENT

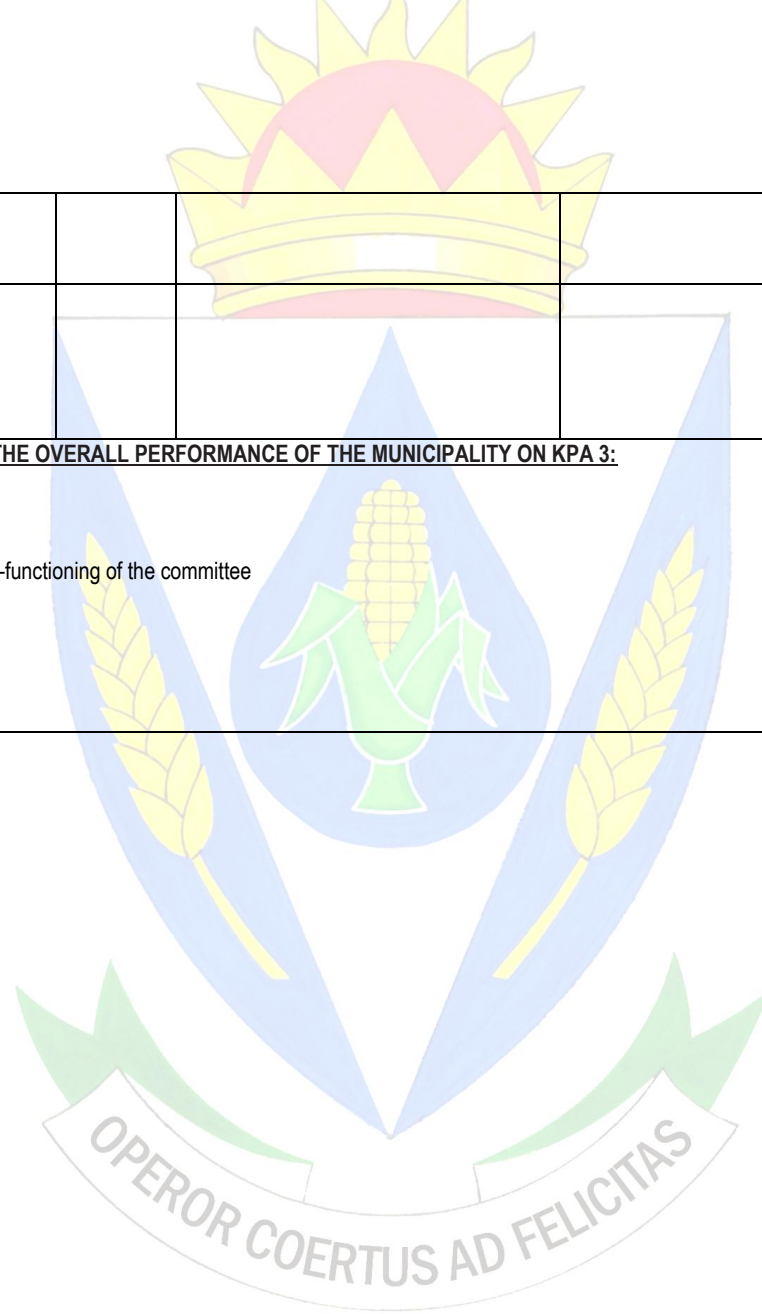
Functional Area or Development Priorities	Strategic Objectives	Key Performance Indicators	Type of indicator	Performance Criteria or Performance Standards [The performance standards stipulated for each KPI must be allocated weightings that relate to the rating scale of 1-5 in the last column]	Previous year targets and performance (Baseline)	Current year targets	Actual performance against set targets for current year	Measures to improve performance in following year	Rating on a scale of 1-5
Cemeteries and Crematoria							9		
Sporting facilities							6		
Community halls and recreational facilities							7		
Parks and open spaces							38		
Child-care facilities									
Mainstreaming Gender Issues with Gender Policy									
Mainstreaming Youth Issues with Youth Policy									
Mainstreaming Issues of									



HIV/AIDS with HIV/AIDS Strategy									
Mainstreaming Programmes of the physically challenged									

COMMENTS OF THE PERFORMANCE AUDIT COMMITTEE ON THE OVERALL PERFORMANCE OF THE MUNICIPALITY ON KPA 3:

No comment from the Performance Audit Committee due to the non-functioning of the committee





KEY PERFORMANCE AREA 4
LOCAL ECONOMIC DEVELOPMENT

Functional Area or Development Priorities	Strategic Objectives	Key Performance Indicators	Type of indicator	Performance Criteria or Performance Standards [The performance standards stipulated for each KPI must be allocated weightings that relate to the rating scale of 1-5 in the last column]	Previous year targets and performance (Baseline)	Current year targets	Actual performance against set targets for current year	Measures to improve performance in following year	Rating on a scale of 1-5
District Growth and Development Strategy (DGDS)									
Development and implementation of LED strategy and plan aligned to the DGDS		Number of jobs created through LED initiatives		Definition: This indicator measures the number of jobs created in the Municipal region through different initiatives and programmes: Local economic development (LED) is seen as one of the most important ways of decreasing poverty. Local economic development must aim to create jobs by making the local economy grow. This means that more businesses and factories should be started in the municipal area.		Development of SMME Hub to facilitate training for emerging entrepreneur & unemployed people. Develop Local Economic Development strategy	None. Unit not established yet	Capacity building for LED unit ensuring that the LED unit is fully functional.	1
		Number of new formal enterprises and cooperatives established in the municipal area of jurisdiction	Output	This indicator measure the number of new businesses established in the municipal region. This includes business in the formal sector, these are businesses that are formally registered		Register existing cooperates on SMME database			1

				<p>have a continuous trade, and permanent employees are captured by several business registers and therefore reasonably well known. Cooperatives means an autonomous association of persons united voluntarily to meet their common economic and social needs and aspirations through a jointly owned and democratically controlled enterprise organized and operated on co-operative principles</p>					
		% of capital and operating budget used for the procurement of goods and services from SMMEs and BEE enterprises	Output	This indicator measures the percentage of the budget allocated to SMMEs and BEE enterprises		Not budgeted for in this financial year.			
		% municipal budget spent as per the IDP for a financial year (capital and operational	Output	This indicator measures the spend performance of the municipality. The main purpose is to prevent over-expenditure on the one hand and under-expenditure on the other hand as the latter may have service delivery implications					
Impact of the Expanded Public		Number of jobs created through EPWP projects and	Outcome	Definition: This indicator measures the number of jobs created in the Municipal					

Works Programme		PPP ventures	<p>region through the EPWP and PPP projects.</p> <p>The EPWP is one of South African Government's short-to-medium term programmes aimed at the provision of additional work opportunities coupled with training. It is a national programme covering all spheres of government and state-owned enterprises.</p> <p>Public-Private Partnership (PPP) is a contract between a public sector institution/municipality and a private party, in which the private party assumes substantial financial, technical and operational risk in the design, financing, building and operation of a project.</p>					
Capacity for implementing LED								

COMMENTS OF THE PERFORMANCE AUDIT COMMITTEE ON THE OVERALL PERFORMANCE OF THE MUNICIPALITY ON KPA 4:

No comment from the Performance Audit Committee due to the non-functioning of the committee



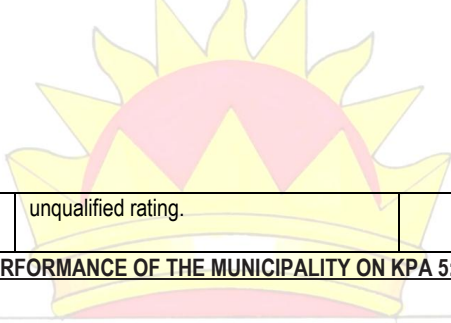
KEY PERFORMANCE AREA 5

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Functional Area or Development Priorities	Strategic Objectives	Key Performance Indicators	Type of indicator	Performance Criteria or Performance Standards [The performance standards stipulated for each KPI must be allocated weightings that relate to the rating scale of 1-5 in the last column]	Previous year targets and performance (Baseline)	Current year targets	Actual performance against set targets for current year	Measures to improve performance in the following year	Rating on a scale of 1-5
Compliance with MFMA		<p>Approved budget by end of June</p> <p>SDBIP approved by end of July</p> <p>Submission of financial statements to A-G by 31 August</p> <p>Submission of annual report to Council by January</p>	Output	To monitor compliance with MFMA timeframes for the preparation and submission of Annual Financial Statements and other reports		<p>May 2009</p> <p>July 2009</p> <p>August 2009</p> <p>January 2009</p>	<p>May 2009</p> <p>July 2009</p> <p>August 2009</p> <p>November 2009</p>	<p>Improve in the next financial year.</p> <p>Function to be performed in house</p>	
Municipal budgets, expenditure and revenue sources									
Financial		1. Ratio of debt coverage calculated as total operating				0.1	0.09		

viability:		revenue received less operating grants divided by debt service payments							
		2. Ratio of cost coverage calculated as all available cash at a particular time plus investments divided by monthly fixed operating expenditure.				0.5	0.32		
		3. Ratio of outstanding debtors to revenue calculated as total outstanding service debtors divided by annual revenue actually received for services					0.84		
Ratio of Operation and Maintenance, Salaries and Capital budget		% of MIG funds spent for a particular financial year	Output	The actual value (rand) of Municipal Infrastructure Grant funds expended (report by quarter) as a percentage of the planned Municipal Infrastructure Grant allocation		100%	76%	Improve MIG spending	
		% of MISG funds spent for a particular financial year	Output	The actual value (rand) of Municipal Systems Improvement Grant spent (report by quarter) as a percentage of the planned Municipal Systems Improvement Grant Business Plan allocation for a given municipality.		100%	100%		
Ratio of Grant Dependency									

Revenue raising strategy developed		Revenue generated as a % of projected revenue target	Impact	This indicator measures the revenue generated by a municipality in a financial year		100%	91%		
Debt Recovery Plan developed and implemented		Rate of debt reduction	Impact	This indicator measures the extent to which debt within a municipality has been reduced as per the formulae provided for by National Treasury		30%	+12%	Improve debt collection and implement credit control policy	
Functional Billing System in place									
Implementation of the Property Rates Act		Property Rates Policy adopted and implemented Valuation Roll completed and implemented	Impact	(0) Municipality without a Property Rates Policy (1) Municipality with a Property Rates Policy not yet adopted by Council (2) Municipality with a Property Rates Policy adopted by Council. (3) Municipality applying the Property rates Policy		1 1	1 1		
Results of A-G Audit		Improvement on previous years' audit reports	Impact	(1) Municipal Audit Report with a disclaimer rating, but without an Action Plan in response to the Auditor General Report. (2) Municipal Audit Report with a disclaimer rating, and with an Action Plan in response to the Auditor General Report. (3) Municipal Audit Report with an adverse rating, but without an Action Plan in response to the Auditor General Report. (4) Municipal Audit Report with an adverse rating, and with an Action Plan in response to the Auditor General Report. (5) Municipal Audit Report with an		Disclaimer	Disclaimer	Improve internal control and ensure adherence to policy	



				unqualified rating.					
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COMMENTS OF THE PERFORMANCE AUDIT COMMITTEE ON THE OVERALL PERFORMANCE OF THE MUNICIPALITY ON KPA 5:

No comment from the Performance Audit Committee due to the non-functioning of the committee

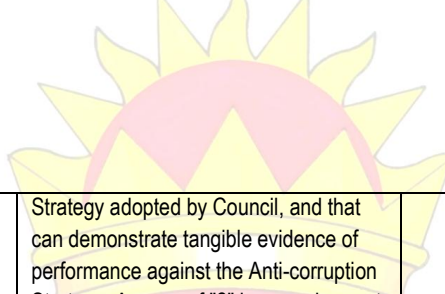




KEY PERFORMANCE AREA 6
GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Functional Area or Development Priorities	Strategic Objectives	Key Performance Indicators	Type of indicator	Performance Criteria or Performance Standards [The performance standards stipulated for each KPI must be allocated weightings that relate to the rating scale of 1-5 in the last column]	Previous year targets and performance (Baseline)	Current year targets	Actual performance against set targets for current year	Measures to improve performance in following year	Rating on a scale of 1-5
Community Participation Framework		Functional ward committees	Output	This indicator measures the number of functional ward committees. Municipal Structures Act (Act No. 117 of 1998) provides for the establishment of ward committees. Such ward committees are structures created to assist the democratically elected representative of a ward (the councilor) to carry out his or her mandate. Ward committee members are members of the community representing a number of interests within the community and the ward	9	9			
Community Development Worker Framework		Number of Community Development Workers deployed in the municipality	Output	A Community Development Worker (CDW) is a community-based resource person who collaborates with other community workers to help fellow community members to obtain information and resources from service providers. The aim is to assist the community to learn how to progressively meet their needs, achieve their goals, realise their aspirations and maintain their wellbeing. They are participatory change agents.	9	9			

Traditional Leadership consultation and participation system									
Customer service improvement plans									
Functional Audit Committee				Council used the Audit Committee from the District Municipality but it was not fully functional.				A local Audit Committee will be established. The advertisement for the positions on the committee was already run.	
Functional Performance Audit Committee									
Functional Oversight Committee						1	1		
Accountability to stakeholders		Annual report, inclusive of an annual performance report (Section 46 report) tabled to Council in January and adopted with oversight report by end of March				1	1		
Anti Corruption Strategy		Progress in implementing the anti-corruption strategy	Outcome	(0) Municipalities without an Anti-corruption Strategy (1) Municipalities with an Anti-corruption Strategy adopted by Council 2) Municipalities with an Anti-corruption	100%	100%	0%		



			<p>Strategy adopted by Council, and that can demonstrate tangible evidence of performance against the Anti-corruption Strategy. A score of "2" is a requirement of the</p> <p>National Anti-corruption Strategy. Anti-corruption strategy has been developed in order to give effect to the expressed commitment of Municipality to fight corruption</p>					
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COMMENTS OF THE PERFORMANCE AUDIT COMMITTEE ON THE OVERALL PERFORMANCE OF THE MUNICIPALITY ON KPA 6:

No comment from the Performance Audit Committee due to the non-functioning of the committee





KEY PERFORMANCE AREA 7
CROSS-CUTTING INTERVENTIONS

Functional Area or Development Priorities	Strategic Objectives	Key Performance Indicators	Type of indicator	Performance Criteria or Performance Standards [The performance standards stipulated for each KPI must be allocated weightings that relate to the rating scale of 1-5 in the last column]	Previous year targets and performance (Baseline)	Current year targets	Actual performance against set targets for current year	Measures to improve performance in following year	Rating on a scale of 1-5
Integrated Development Planning		Credibility of IDP							
Spatial Planning (including LUMS, spatial economics and environmental management plans)		Number of nodal development initiatives that have been completed and			0	0	0		
Implementation of the IGR Framework Act		Functional IGR structures	Outcome	This indicator measures whether or not there is an IGR forum, more importantly is the IGR Forum functional. Functionality includes: <ul style="list-style-type: none"> • Operating framework in place • There is an MOA signed by all participating stakeholders • The stakeholders meet regularly • The tenets of the policy are implemented 	0	0	0		
Implementation of the Disaster Management Act									

Fire Services									
Municipal health Services									

COMMENTS OF THE PERFORMANCE AUDIT COMMITTEE ON THE OVERALL PERFORMANCE OF THE MUNICIPALITY ON KPA 7:

No comment from the Performance Audit Committee due to the non-functioning of the committee

