

AMATHOLE DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 9, 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 26 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: V. Mlokoti

Date

AMATHOLE DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010
GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE

ALDERMEN/COUNCILLORS

Somyo, S.S.	<i>Executive Mayor</i>	
Fusa, V.N.	<i>Corporate Services</i> <i>Human Resources & Administration SC Chairperson</i>	PR
Jacobs, L.E.V.	<i>Community Services</i>	PR
Janda, S.N.	<i>Local Economic Development</i> <i>Development & Planning SC Chairperson</i>	PR
Janda, S.N.	<i>Land and Housing</i>	PR
Mkebe, S.E.	<i>Budget & Treasury</i>	PR
Mkebe, S.E.	<i>Water & Sanitation</i> <i>Infrastructure SC Chairperson</i>	PR
Mkebe, S.E.	<i>Engineering and Infrastructure</i>	PR
Appointed as Speaker	<i>Administration & Asset Management</i>	PR
Neale-May, H.E.	<i>Health & Protection</i> <i>Community Services SC Chairperson</i>	PR
Sinuka, N.E.	<i>Community Liaison & Participation</i>	PR

GRADING AND CORE FUNCTIONS OF THE DISTRICT MUNICIPALITY

Grade 5

- *Integrated development planning for the district municipality as a whole including a framework for all municipalities in the area*
- *Potable water supply systems*
- *Domestic waste-water and sewage disposal systems*
- *Solid waste disposal sites, in so far as it relates to:*
 - determining a waste disposal strategy*
 - regulation of waste disposal*
- *Municipal Health services*
- *Fire fighting services serving the area*
- *Promotion of local tourism for the area*
- *The receipt and allocation of grants*

AUDITORS

Auditor - General

BANKERS

ABSA Bank, East London

REGISTERED OFFICE

*40 Cambridge St
East London*

*PO Box 320
East London
5200*

Telephone : 043 701 4000

MUNICIPAL MANAGER

Mlokoti, V

CHIEF FINANCIAL OFFICER

Zote, Y

LEGISLATION

The ADM complies with the following:

Municipal Demarcation Act 27 of 1998

Municipal Finance Management Act 56 of 2003,

Municipal Structures Act 117 of 1998,

Laws Amendment Act 51 of 2002

Constitution of the Republic of South Africa Act No. 108 as amended,

Municipal Systems Act 32 of 2000 and

Water Services Act

Mayor's foreword for the Annual Financial Statements 2009/10

This has been one of the most challenging years for Amathole District Municipality in respect of financial management. Actual revenue in total exceeded the budgeted revenue by an amount in excess of R28m. This is attributed to improvements in the government grant allocations in respect of equitable share and conditional grants. There were challenges regarding the collection of service revenue for water and sanitation revenue as well as solid waste. Revenue from water and sanitation improved from an average collection rate of 30% during 2008/09 to 43% during the 2009/10 financial year. The solid waste site agreements could not be finalised with the Mquma and Mbashe local municipalities during the 2009/10 financial year and the process towards finalisation is continuing.

The available budget was utilised to roll out strategic projects, which include the water reticulation networks in the Mquma and Mbashe local municipal areas. The tender processes were being finalised in respect of the much-awaited accelerated rural sanitation programme, where rural communities will have the dignity of VIP latrines within their yards. The capacity of ASPIRE to roll out the small towns development programme was enhanced with improvements in the allocation of funds from ADM.

There was an escalation in the drought situation in the district, affecting the Nxuba, Great Kei, Mquma and Mbashe areas severely. Even though the Amathole District area was declared a drought disaster zone in a formal gazette, ADM had to rely on its own contribution to the disaster fund to cart water to areas adversely affected by the drought. The effect of drought included the non-availability of billable services in some town settlements and deterioration into free basic services as a result of tanker services into the 200 meter radius of service availability. Consequently, billable customers became free basic service beneficiaries overnight.

Amathole District Municipality households never recovered from the economic recession during the year. As a result, more indigent registrations took place. A total of 4 928 indigents qualified for subsidies during the 2009/10 financial year against the estimated 61 245 billable households. The outstanding debt remained significantly high at R39.5m, almost R3m higher than the previous financial year. This was the case, despite improvements in the credit control and debt collection processes.

Amathole District Municipality inherited infrastructure assets and service customers from local municipalities in July 2006. There was a need to develop databases for the transferred assets, namely infrastructure assets and service debtors. The verification and valuation of infrastructure assets started during the 2008/09 financial year through the focus on the high- and medium-confidence assets. During the 2009/10 financial year, the low-confidence assets were verified and valued. The approach to the low-confidence assets was different in the sense that it included componentisation, whereas the process for the high and medium was aggregated. The componentisation will continue for the high and medium confidence schemes beyond the 2009/10 financial year.

The district municipality did not enjoy the same accounting exemptions for revenue databases as was the case with infrastructure assets. There was therefore no opportunity to have a gradual clean-up of the revenue databases. During the 2008/09 financial year, Amathole District Municipality received a qualified audit opinion based on the inaccuracies in the customer and debtors' database. A revenue data cleansing project was in the third year of implementation during the 2009/10 financial year and the signs were that the manual process would take too long without significant results. The manual processes were thus augmented during the year with the procurement of financial system providers to fast-track the cleaning process.

The planning and procurement challenges continued during the 2009/10 financial year in respect of internally and externally funded priority projects. The impacts of these challenges were the roll over requests during the 2010/11 financial year for projects funded for 2009/10. Procurement plans that were initiated during the 2009/10 financial year were monitored towards the year end and the impacts of these can only be visible from 2010/11 onwards. These culminated in the commitments register that was developed on the DIMS system during the year.

The Provincialisation of the Primary Health Care was delayed by the lack of readiness of the Provincial Department of Health to take over the function. Negotiations are still underway to have a quick and smooth transfer of the function. Amathole District Municipality incurred more expenditure to fund the Primary Health Services than originally planned as a result of this.

There was a significant involvement of councillors and top management in the resolution of auditor general reporting matters. Action plans that were developed by managers were subject of discussions in the Mayoral Committee and Council on a quarterly basis. The last report shows a resolution of 73% of the matters reported, with the matters outstanding reflecting the revenue and receivables as well as service coverage information. These are the matters still being resolved using information systems interventions. There were deliberations in Council, dealing with matters of fruitless, wasteful and irregular expenditure. In these deliberations, Council was convinced of management actions to minimise these kinds of undesirable expenditures.

The financial year started with a Good Governance Summit, which was also facilitated by stakeholders which included members of the Provincial Cabinet. Issues addressed included political instability, capacity challenges, negative audit outcomes and service delivery challenges. The summit was held on the 24th and 25th of August 2009 and focused on, amongst others:

- Ingredients for functional and viable municipalities.
- Effective steps towards clean audits.

The establishment and management of multi-jurisdictional service centres and shared service centres.
The restoration of community confidence in the local government sphere.

The Summit culminated in the signing of commitments by mayors of local municipalities and the district municipality to good governance. Subsequent to the summit, service level agreements were signed between ADM and local municipalities in respect of required municipal support services. The ADM reiterates its unwavering commitment to ensure good governance within and in its practice of municipal support towards effective service delivery.

On behalf of Council I am proud to present the financial statements for 2009/10, which reflects our achievements over the past year. I take this opportunity to thank all our councillors, officials and stakeholders for their hard work in making these successes possible, despite the immense challenges encountered. We look forward to a more successful and productive year ahead, precisely because ***TOGETHER WE CAN DO MORE.***

Sincerely

A handwritten signature in black ink, appearing to be 'S. Somyo', written in a cursive style.

ALDERMAN SAKHUMZI SOMYO
EXECUTIVE MAYOR

**AMATHOLE DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
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AMATHOLE DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010
MEMBERS OF THE AMATHOLE DISTRICT MUNICIPALITY

COUNCILLOR/ ALDERMAN	WARD		COUNCILLOR/ ALDERMAN	WARD		COUNCILLOR/ ALDERMAN	WARD	
Badi, C.X.	<i>Mbhashe</i>	Recalled	Matika, M.D.	<i>Buffalo City</i>		Nongqayi, N.C.	<i>PR</i>	
Bathande, T.	<i>PR</i>		Mawisa, A.T.	<i>Amahlathi</i>		Ntontela, B.	<i>Ngqushwa</i>	Replaced
Bobo, L.	<i>Buffalo City</i>		Maxhegwana, L.P.	<i>Buffalo City</i>		Ntshota, S.	<i>PR</i>	
Bonga, N.	<i>PR</i>		Mayekiso, G.	<i>Mbhashe</i>	Recalled	Nyatela, Cllr	<i>PR</i>	
Booi, N.F.	<i>Nkonkobe</i>		Mbane, S.	<i>Amahlathi</i>		Nyokana, A.	<i>Mnquma</i>	
Botha, J.P.J.	<i>PR</i>		Mbovane, F.W.	<i>Buffalo City</i>		Pan, N.D.	<i>Great Kei</i>	
Coto, N.	<i>Ngqushwa</i>		Mciteka, M.	<i>Buffalo City</i>		Pati, K.F.	<i>Buffalo City</i>	
Dikimolo, S.R.	<i>Buffalo City</i>		Mdyesha, B.C.	<i>Mbhashe</i>	Recalled	Pijooos, S.	<i>PR</i>	
Dlephu, T.	<i>PR</i>		Mdyolo, J.	<i>Buffalo City</i>		Puchert, P.	<i>Buffalo City</i>	
Dlova, J.E.	<i>PR</i>		Mgezi, N.D.	<i>Buffalo City</i>	Recalled	Shweni-Booyesen, N.	<i>Buffalo City</i>	
Du Plessis, S.A.	<i>Buffalo City</i>		Mhani, M.D.	<i>Buffalo City</i>		Sibini, N.	<i>Mnquma</i>	Replaced
Fusa, V.N.	<i>PR</i>		Mkebe, S.E.	<i>PR</i>		Sinuka, N.E.	<i>PR</i>	
Gantolo, S.R.	<i>PR</i>		Mkosana, V.V.	<i>PR</i>		Sityi, N.	<i>Buffalo City</i>	
Jacobs, L.	<i>PR</i>		Mlamlala, N.P.	<i>Nkonkobe</i>		Skotana M.	<i>Amahlathi</i>	Replaced
Jakavula, N.	<i>Buffalo City</i>		Mqolo, A.Z.	<i>PR</i>		Somyo, S.	<i>PR</i>	
Janda, S.	<i>PR</i>		Msutwana, A.N.	<i>PR</i>		Stevens, J.L.	<i>PR</i>	
Jida, T.	<i>Buffalo City</i>		Mtintsilana, Cllr	<i>PR</i>		Toboti, W.	<i>PR</i>	
Kente, Z.E.	<i>Buffalo City</i>		Ncitha, Z.V.	<i>PR</i>		Tyhala, M.	<i>Mnquma</i>	Recalled
Madonono, N.G.	<i>Buffalo City</i>		Ndikinda, N.	<i>PR</i>		Vallabh, D.	<i>Buffalo City</i>	
Magaga, S.	<i>PR</i>		Ndleleni, T.	<i>PR</i>		Voyi, M.A.	<i>Mbhashe</i>	
Magobhiyane, M.	<i>Mnquma</i>		Neale-May, H.E.	<i>PR</i>		Xotyeni, N.W.	<i>PR</i>	
Magodla, D.D.	<i>Mbhashe</i>		Ngcamama, X.L.	<i>Buffalo City</i>		Zimba, Cllr.	<i>Mnquma</i>	Recalled
Mambu, M.C.	<i>Amahlathi</i>		Ngcukana, M.A.	<i>Mnquma</i>	Recalled	Zweni, N.C.	<i>Nkonkobe</i>	
Mana, S.M.	<i>Nxuba</i>		Nondala, T.	<i>Buffalo City</i>				
Maphasa P.P.	<i>PR</i>		Nika, Cllr.	<i>Nkonkobe</i>				
Marele, T.	<i>PR</i>		Ngwane, N.	<i>Buffalo City</i>	Recalled			

MAYOR

Somyo, S.S.

SPEAKER

Ncitha, Z.V.

APPROVAL OF THE FINANCIAL STATEMENTS

The annual financial statements were approved by the Municipal Manager

on _____ .

MUNICIPAL MANAGER

Mlokoti, V

CHIEF FINANCIAL OFFICER

Zote, Y

AMATHOLE DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	NOTES	2009/10 R	2008/09 R
ASSETS			
Non-current assets			
		1 480 031 073	1 388 924 520
Infrastructure, plant and equipment	1	1 338 829 587	1 251 174 290
Investment property	2	139 764 959	136 418 737
Intangible Assets	3	888 928	989 220
Investment in subsidiary	4.1	1 000	1 000
Long term receivables	5	546 599	341 274
Current assets			
		860 199 035	789 261 013
Inventory	6	10 000 985	9 165 578
Consumer debtors	7	39 544 503	36 223 702
Other receivables	8	41 843 816	27 812 842
Short term portion of long-term receivables	5	6 568	29 820
VAT receivable	9	20 940 307	48 112 332
Investments	4.2	468 089 685	477 468 424
Cash and cash equivalents	10	279 773 173	190 448 316
Total Assets		2 340 230 108	2 178 185 534
NET ASSETS AND LIABILITIES			
Non-current liabilities			
		100 166 569	112 040 701
Long-term loan: DBSA	11	-	-
Finance lease obligation	12	265 392	219 218
Operating lease liability	13	213 796	165 789
Defined benefit plan obligations	14	91 963 230	105 192 166
Leave accrual	16.1	7 724 151	6 463 529
Current liabilities			
		258 084 321	285 400 224
Finance lease obligation	12	350 479	385 506
Short term portion of loan: DBSA	11	-	-
Consumer deposits	15	1 398 833	965 670
Trade and other payables from exchange transactions	16	128 851 392	85 008 606
Unspent conditional grants and receipts	19.3	127 483 617	199 040 442
Net assets			
		1 981 979 218	1 780 744 608
Revaluation reserve		18 428 956	7 109 925
Accumulated surplus/(deficit)		1 963 550 262	1 773 634 682
Total Net Assets and Liabilities		2 340 230 108	2 178 185 534

AMATHOLE DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

Budget			Actuals	
2009/10	2008/09		2009/10	2008/09
R	R	Notes	R	R
REVENUE				
80 045 941	85 556 557	Service charges	86 826 453	80 299 225
-	-	Regional service charges	12 276	110 312
220 191	229 711	Rental of facilities & equipment	233 425	203 609
12 579 843	19 621 526	Income for agency service	2 176 861	19 621 528
418 131 010	361 349 999	Government grants & subsidies	714 358 440	538 614 544
225 511 182	184 281 813	Other income	35 034 763	24 901 536
15 027 083	1 201 295	Interest earned - external investments	48 656 784	62 393 637
7 242	33 982	Interest earned - outstanding receivables	13 673 797	15 273 226
-	-	Bad debts recovered	-	1 903
751 522 492	652 274 883	Total Revenue	900 972 800	741 419 520
EXPENDITURE				
241 495 521	176 835 474	Employee costs	181 355 762	198 340 072
12 187 099	10 574 634	Remuneration of councillors	10 184 714	9 743 317
70 398 265	30 045 806	Bad debts	53 284 519	56 173 765
1 589 067	1 566 805	Collection costs	1 506 682	1 540 565
83 472 778	46 494 717	Depreciation and amortisation	42 915 009	91 256 965
19 197 943	18 440 891	Repairs & maintenance	13 022 692	17 412 271
107 700	1 442 463	Finance charges	91 580	490 691
2 185 667	10 103 616	Grants & subsidies paid	174 600 207	6 781 361
(463 114)	25 468 607	Grants & subsidies capital	(4 590 935)	16 787 183
312 799 413	256 166 818	General expenses- other	235 578 751	282 158 603
742 970 339	577 139 831	Total Expenditure	707 948 980	680 684 793
8 552 153	75 135 052	OPERATING SURPLUS/ (DEFICIT)	193 023 820	60 734 728
-	-	Gain/(loss) on disposal of assets	(3 803 086)	808 186
8 552 153	75 135 052	SURPLUS/(DEFICIT) FOR THE YEAR	189 220 734	61 542 914

Refer to Appendix E (1) for explanation of variances

AMATHOLE DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Revaluation Reserve	Accumulated Surplus/ Deficit	Total
		R	R	R
<i>Balance at 1 July 2008</i>				
<i>Opening balance as previously reported</i>		7 817 133	809 275 128	817 092 261
<i>Changes in accounting policies</i>	40	-	463 041 124	
<i>Correction of prior period errors</i>	41	-	439 068 309	439 068 309
Balance at 1 July 2008 as restated		7 817 133	1 711 384 561	1 256 160 570
Surplus/(deficit) for the year		-	61 542 914	61 542 914
Transfer from reserve		(707 208)	707 208	-
		(707 208)	62 250 122	61 542 914
<i>Balance at 30 June 2009</i>		7 109 925	1 773 634 682	1 317 703 484
<i>Balance at 1 July 2009</i>		7 109 925	1 773 634 682	1 780 744 607
Surplus on the revaluation of property		12 013 877	-	12 013 877
Transfer from reserve		(694 846)	694 846	-
Surplus/(deficit) for the year		-	189 220 734	189 220 734
		11 319 031	189 915 580	201 234 611
<i>Balance at 30 June 2010</i>		18 428 956	1 963 550 262	1 981 979 218

AMATHOLE DISTRICT MUNICIPALITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2009/10 R	2008/09 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts		758 779 681	714 638 102
Sales of goods and services		30 466 834	22 208 362
Grants		644 978 476	597 827 087
Interest received	31, 32	62 330 581	77 666 863
Other receipts		21 003 789	16 935 790
Payments		(553 490 356)	(539 969 888)
Employee costs		(205 604 819)	(158 897 823)
Suppliers		(179 580 780)	(357 514 383)
Interest paid	34	(91 580)	(490 691)
Other payments		(168 213 177)	(23 066 991)
Cash generated from/(utilised in) operations	36	205 289 324	174 668 215
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(126 019 672)	(110 637 266)
Proceeds on disposal of property, plant and equipment		414 228	807 233
(Increase)/Decrease in long term receivables		(182 074)	59 449
Decrease/(increase) of financial assets		9 378 740	(3 160 507)
NET CASH FROM INVESTING ACTIVITIES		(116 408 779)	(112 931 091)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		11 147	(513 806)
Decrease in long term loans		-	(10 547 161)
Proceeds from consumer deposits		433 163	437 603
NET CASH FROM FINANCING ACTIVITIES		444 310	(10 623 364)
NET CASH FLOW		89 324 856	51 113 759
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		89 324 856	51 113 759
Cash and cash equivalents at the beginning of year		190 448 316	139 334 557
Cash and cash equivalents at year end	10	279 773 173	190 448 316

AMATHOLE DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010
ACCOUNTING POLICIES

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

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

Assets, liabilities, revenues and expenses have not been offset except as 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 SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the municipality's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have a significant effect on the amounts recognised in the financial statements:

Operating lease commitments -Municipality as lessor

The Municipality has entered into commercial property leases on its investment property portfolio. The municipality has determined that it retains all the significant risks and rewards of ownership of these properties and thus accounts for them as operating leases.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per debtor type.

Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Infrastructure assets

The determination of the fair value of the water infrastructure assets is based upon assumptions and professional judgement applied by consulting engineers using best engineering practice and industry norms and standards.

The following assumptions have been made in the compilation of the low data confidence infrastructure asset register:

- The construction year is estimated using sources in the following order of precedence: available technical records, interviewing of operations staff, comparison with adjacent infrastructure. When the date of acquisition is not known and the construction year is estimated, the acquisition date is assumed to be on the 1st day of January in the year of construction.
- The consumption of The benefits of infrastructure assets are predominantly uniform over the life of the assets.

The depreciation is therefore assumed to be straight line for all infrastructure assets.

- The residual value of all civil infrastructure assets is negligible as there is no open market for the materials used in civil infrastructure and the realizable value is very small. The scrap value of mechanical and electrical plant is also negligible.

- To calculate the asset value at 1 July 2006, the current replacement cost at 30 June 2010 was indexed back using the SA Building and Construction Index[1]. The last 12 months index figures were not available from the Department of Trade and Industry, so the Service Provider's index tracking published on its internal website was used to update the published indices. The Remaining Useful Life was estimated using a combination of visual inspection and information on asset performance.

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ACCOUNTING POLICIES

provided by operations staff. For hidden assets, such as pipes, the assessment is based on the age of the pipes and information on performance from the operations staff.

Water stock

The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the network reticulation capacity at year end. Existing drought conditions have also been taken into consideration. The water stock on hand has been estimated using engineering best practice and industry norms and standards.

Provisions and contingent liabilities

Management's judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material.

Held-to-maturity financial assets

Management has reviewed the held-to-maturity financial assets in light of its capital management and liquidity requirements and has confirmed the positive intention and ability to hold these assets to maturity.

1.3. PRESENTATION CURRENCY

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

The amounts in the annual financial statements are rounded to the nearest rand.

1.4. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.5. COMPARATIVE INFORMATION

Current year comparatives (budget)

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements. In addition a note has been added to the annual financial statements, for the current financial year only.

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified and restated. The nature and reason for the reclassification and restatement are disclosed in the Notes to the Financial Statements. 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.

AMATHOLE DISTRICT MUNICIPALITY
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FOR THE YEAR ENDED 30 JUNE 2010
ACCOUNTING POLICIES

1.6. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

A number of new GRAP standards were issued but are not yet effective for the year ended 30 June 2010 and are presented below:

No.	Title of Standard	Impact on financial statements
GRAP 18	Segment Reporting	No segment required for 2009/10 reporting period
GRAP 21	Impairment of Non-cash generating assets	Full compliance not required
GRAP 23	Revenue from non-exchange transactions (taxes and transfers)	Full compliance not required
GRAP 24	Presentation of budget information	Full compliance not required
GRAP 25	Employee benefits	Not required for 2009/10 reporting period. IAS 19 and
GRAP 126	Impairment of cash generating	Full compliance not required. IAS 36 applied to
GRAP 103	Heritage assets	Full compliance not required
GRAP 104	Financial instruments	Not required for 2009/10 reporting period. IAS 32 , IAS

All the above standards, where applicable, will be complied with in the financial statements once the effective date has been set. Preliminary investigations indicated that the impact of the standards on the financial statements will be minimal except for additional disclosures.

The municipality has adopted IAS 36 Impairment for impairment testing in conjunction with the tools issued by National Treasury.

Where a Standard of GRAP is approved as effective, it replaces the equivalent Statement of IPSAS, IFRS or SA GAAP. Where a standard of GRAP has been issued, but not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph .12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

2. RESERVES

The municipality maintains reserves in terms of specific requirements.

2.1 REVALUATION RESERVE

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The re-valued assets are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/ (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/ (deficit) while gains or losses on disposal, based on re-valued amounts, are credited or charged to the Statement of Financial Performance.

The surplus arising from the revaluation of land and buildings is credited directly to equity in the revaluation reserve. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to equity in the revaluation reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Depreciation on re-valued buildings is charged to surplus or deficit. On the subsequent sale or retirement of a re-valued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to accumulated surplus/(deficit).

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3. PROPERTY, PLANT AND EQUIPMENT

3.1 INITIAL RECOGNITION

Property, plant and equipment is stated at cost, less accumulated depreciation except for land and buildings, which have been re-valued as indicated below.

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

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

The cost of an item of property, plant and equipment include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it.

If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amounts of the asset(s) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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.

3.3 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Land and buildings are carried at the re-valued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date. Land and buildings are re-valued every 3-5 years.

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

A decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to equity in the revaluation reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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3.4 DEPRECIATION AND IMPAIRMENT

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Land is not depreciated as it is deemed to have an indefinite life.

Items purchased less than R5000 in value are capitalised and fully depreciated in the year of purchase.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

	<u>Useful life</u>		<u>Useful life</u>
Infrastructure		Other	
Roads and paving	10-30	Buildings	30
Pedestrian malls	20-30	Specialist vehicles	3-20
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
Community		Bins and containers	5
Improvements	10-30	Specialised plant and equipment	10-15
Recreational facilities	20	Other items of plant and equipment	2-5
Security	3-5		

The municipality maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain and thus no residual values are determined other than for motor vehicles.

Residual values are estimated at 10% of the purchase cost of the asset (motor vehicles). The depreciable amount of an asset is determined after deducting the residual value of the asset.

The residual value, the useful life of an asset and the depreciation method, if not insignificant, are reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying value 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.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance

Assets are capitalised on the last day of the month of purchase.

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its intended use.

Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

3.5 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 from the de-recognition of an item of property, plant and equipment is included in the Statement of Financial Performance when the item is derecognised. The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the sales proceeds, if any, and the carrying value of the item.

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3.6 INFRASTRUCTURE ASSETS

Water infrastructure assets were transferred to the municipality on 1 July 2006 when the municipality assumed responsibility for the provision of water and sanitation services in its district in terms of Government Notice 849 issued in terms of section 84(3)(a) of the Municipal Structures Act, 1998 (Act No. 117 of 1998). These assets are recognised at fair value on the date of acquisition and depreciated to their estimated residual lives on the straight line basis over their estimated useful lives. A three year implementation plan for the identification and valuation of these water infrastructure assets inherited from the local municipalities has been approved by Council due to the lack of sufficient data pertaining to each scheme. The implementation plan will assist in the physical identification and condition analysis of all major components of each scheme. The identification of the water infrastructure assets is based upon assumptions and professional judgement applied by consulting engineers using best engineering practice and industry norms and standards.

During the current year, all "low data confidence" schemes were physically verified by consulting engineers. Any uncertainties using engineering best practice and accepted norms were corrected prospectively.

The ASB Directive 7 indicates that deemed cost can be used (Depreciated Replacement Cost method for infrastructure) when an entity initially recognizes an asset and the acquisition cost are not available. All the low confidence schemes were developed prior to 2006 and asset costs are not available.

To improve the low confidence data, the study required the determination of deemed cost at 1 July 2006 and that depreciation be reflected from that date forwards to 30 June 2010. The deemed cost was determined by estimating the asset depreciated replacement cost at 1 July 2006.

GRAP 17 requires that each part of an item of PPE with a cost that is significant in relation to the total cost of the item of PPE and with a different expected useful life be depreciated separately.

The infrastructure was componentized to a level that satisfies the differing useful lives requirement as well as the practical management requirements.

In the case of reticulation pipelines where no spatial data is currently available, it is impractical and very costly to survey the exact location of every reticulation pipe. In these cases, the extent of the pipelines were calculated and grouped.

Specialised buildings associated with the infrastructure facility and are included in the infrastructure asset register. These buildings are valued using the depreciated replacement cost method.

The Remaining Useful Life was estimated using a combination of visual inspection and information on asset performance provided by operations staff. For hidden assets, such as pipes, the assessment is based on the age of the pipes and information on performance from the operations staff.

The municipality has till the end of June 2011 to measure property, plant and equipment in terms of GRAP 17. The provisional amounts previously recognised are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed at the transfer date.

4. INTANGIBLE ASSETS

4.1 INITIAL RECOGNITION

An intangible asset is defined as an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the municipality; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are carried at cost less any accumulated amortisation.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but is subject to an annual impairment test. For all other intangible assets amortisation is

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provided on a straight line basis over their useful life.

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4.3 AMORTISATION AND IMPAIRMENT

Amortisation is provided to write down the finite intangible assets, on a straight line basis, over their estimated useful lives as follows:

Item	Useful life
Computer software - Application software	3 years

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

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, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

4.4 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.

5. INVESTMENT PROPERTY

5.1 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.

5.2 SUBSEQUENT MEASUREMENT - COST 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:

Investment property	30 years
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5.3 Investment property includes land held with an undetermined use. This land is recognised at fair value on the date of recognition

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.

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6.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount or 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

Consumables stores, raw materials, work-in-progress, settlements 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. In general, the basis of determining cost is the first-in, first-out method.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. 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.

7.2.1 Housing development inventory is measured at cost on the first-in, first-out basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

The carrying amount of these inventories held for distribution is recognised as an expense when beneficiaries take occupation of the houses.

Housing development funding received is recognised as revenue and expenditure on the Statement of Financial Performance to the extent that the Municipality has complied with any of the criteria, obligations or conditions of the grant.

7.2.2 The cost of water purchased and own water not yet sold in the Statement of financial position comprises the purchase price, import duties, and other taxes and transport, handling and other costs attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase. The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the water reticulation network capacity at year end.

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8. FINANCIAL INSTRUMENTS

The municipality initially classifies financial instruments, on initial recognition as a financial asset or financial liability in accordance with the substance of the contractual arrangement.

8.1 INITIAL RECOGNITION

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the municipality becomes party to the contractual provisions of the instrument.

The municipality does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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. 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.

FINANCIAL ASSETS

The municipality classifies its financial assets according to the following categories:

- Financial Assets at Fair Value through Profit or Loss
- Held-to-Maturity Investments
- Loans and Receivables
- Available for Sale

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- Financial assets at fair value through profit or loss are financial assets that are classified as held for trading, where the municipality has acquired the financial asset principally for the purpose of selling it in the near future. They are subsequently measured at fair value at Statement of Financial Position date. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the municipality has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

- Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

- Available for Sale financial assets that are designated as available for sale, and are subsequently measured at fair value at Statement of Financial Position, except for investments in equity instruments that do not have a quoted market price in an active market and for which fair value cannot be reliably measured, which shall be measured at cost. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

FINANCIAL LIABILITIES

The municipality measures all financial liabilities, including trade and other payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings and other non-current liabilities.

Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs.

Finance charges, including premiums payable, are accounted for on an accrual basis

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8.2.1 INVESTMENTS

Financial assets, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as held-to-maturity 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.

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.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

8.2.2 TRADE AND OTHER RECEIVABLES

Trade 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 and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the necessary dedicated authority.

Impairments are determined by discounting expected future cash flows to their present value.

Amounts receivable within 12 months from the date of reporting 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. Interest is charged on overdue amounts.

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.

Finance costs are accounted for using the effective interest rate method.

8.2.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and cash with banks and other short-term highly liquid investments that are readily convertible into known amounts of cash, that are held with registered banking institutions and are subject to an insignificant risk of change in value. Where term deposits exceed three months, it is classified under another class of financial instrument, depending on the nature.

These are initially and subsequently recorded at fair value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

8.2.5 LOANS TO MUNICIPALITIES, MUNICIPAL ENTITIES AND EMPLOYEES

These financial assets are categorised as 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.

8.2.6 LOANS FROM MUNICIPALITIES AND THE DEVELOPMENT BANK OF SOUTH AFRICA

They are categorised as financial liabilities held at amortised cost and are initially recognised at fair value.

Subsequently, these financial liabilities are measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

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8.3 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets are derecognised when the rights to receive cash flows from the asset have expired, the right to receive cash flows have been retained but an obligation to pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the associated obligation has been discharged, cancelled or has expired.

9. INVESTMENT IN SUBSIDIARIES

Subsidiaries are all controlled entities over which the municipality has ownership control or effective control to govern the financial and operating policies of such controlled entities so as to benefit from its activities. Controlled entities are fully consolidated from the date on which control is transferred to the Municipality, and are carried at cost.

10. LEASES

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

10.1 FINANCE LEASES - LESSEE

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

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

The lease payments are apportioned between the finance charge and reduction of the outstanding liability.

The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate over the remaining balance of the liability.

Leases are classified as finance leases if the following situations in accordance with paragraphs 12 and 13 of GRAP 13 individually or in combination occur:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- the lease term is for the major part of the economic life of the asset even if title is not transferred;
- at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- the leased assets are of such a specialised nature that only the lessee can use them without major modifications;
- if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee;
- gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (for example, in the form of a rent rebate equalling most of the sales proceeds at the end of the lease); and
- the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

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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.

10.2 OPERATING LEASES - LESSOR

Operating lease income is recognised as an rental income on a straight-line basis over the term of the relevant lease.

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

Income from leases is disclosed under revenue in the Statement of Financial Performance, on a straight line basis over the term of the lease.

10.3 OPERATING LEASES - LESSEE

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This asset or liability is not discounted.

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

11. PROVISIONS

Provisions are recognised when:

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

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are reviewed at each 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.

Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised. 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. Contingencies are disclosed in note 35.

12. EMPLOYMENT BENEFITS

12.1 SHORT-TERM EMPLOYEE BENEFITS

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

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

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

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12.2 RETIREMENT BENEFIT PLANS

The municipality provides retirement benefits for its employees and councillors.

Defined Contribution plans are post-employment benefit plans, under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined Benefit plans are post-employment plans other than Defined Contribution plans. The Defined Benefit funds, which are administered on a provincial basis are actuarially valued tri-annually by means of projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

12.2.1 DEFINED CONTRIBUTION PLANS

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

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

12.2.2 DEFINED BENEFIT PLANS

For defined benefit pension and post retirement medical plans, full actuarial valuations are carried out for each financial year using the projected unit credit method.

Actuarial gains and losses, which can arise from differences between the expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in the Statement of financial performance. Any increase in the present value of plan liabilities expected to arise from employee service during the period is charged to operating surplus. The expected return on plan assets and the expected increase during the period in the present value of plan liabilities are included in investment income and interest expense.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

The retirement benefit obligation recognised in the Statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits 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.

12.2.3 MEDICAL AID: CONTINUED MEMBERS

The municipality provides post retirement benefits by subsidising the medical aid contributions of certain retired staff.

According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such a medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the municipality for the remaining 70%.

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13. REVENUE RECOGNITION

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National and Provincial Government, service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the municipality and these benefits can be measured reliably. Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered by applying the relevant authorised tariff.

13.1 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the statement of financial position date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable services provided in the normal course of business, net of value added tax.

An estimate for revenue is raised for the period between the last meter reading and the financial year end.

13.1.1 SERVICES

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

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

Revenue arising from consumption of water and sanitation in the month of June is fully accounted for whether invoiced or not.

13.1.2 INTEREST

Interest are recognised in the Statement of Financial Performance on a time proportionate basis, which takes into account the effective yield on the investment.

13.1.3 RENTALS

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

13.1.4 AGENCY SERVICES

Income from agency services is recognised once such income has been received in accordance with a service level agreement.

13.1.5 SALE OF GOODS

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

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

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13.2 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 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 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 probable.

13.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria, conditions and obligations embodied in the agreement. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional and funds are invested until utilised. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

14. CONDITIONAL GRANTS AND RECEIPTS

Government grants and other grants are recognised as revenue when:

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

Income received from conditional grants, donations and subsidies are recognised to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds invested until it is utilised.

Interest earned on the investment is treated in accordance with the grant conditions. If it is payable to the funder it is recorded as part of the creditor.

Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met.

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15. 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.

16. 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 revalue 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.

17. VALUE ADDED TAX

The municipality accounts for value added tax on the payments basis.

18. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction.

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19. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, 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.

20. 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 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.

21. 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.

22. POST BALANCE SHEET EVENTS

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

APPENDIX A

**AMATHOLE DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS
AS AT 30 JUNE 2010**

EXTERNAL LOANS	Loan Number	Interest Rate	Final Redemption Date	Balance at 01/07/2009	Corrections	Balance at 01/07/2009 Restated	Received during the period	Redeemed written off during the period	Balance at 30/06/2010
LONG-TERM LOANS				R	R	R	R	R	R
DBSA Loan - Nkonkobe	8237	11%	2014/09/30	-	-	-	-	-	-
DBSA Loan - Great Kei	10876	15%	2019/06/30	-	-	-	-	-	-
DBSA Loan - Great Kei	12446	14%	2014/06/30	-	-	-	-	-	-
DBSA Loan - Nxuba	11416	17%	2009/06/30	-	-	-	-	-	-
Loan - Amahlathi	100001	4%	2009/06/30	-	-	-	-	-	-
Loan - Amahlathi	100001	4%	2009/06/30	-	-	-	-	-	-
Loan - Amahlathi	100001	4%	2009/06/30	-	-	-	-	-	-
Total long-term loans				-	-	-	-	-	-
CURRENT PORTION									
DBSA Loan - Amahlathi [In arrears]	11641	11%	2007/06/30	-	-	-	-	-	-
DBSA Loan - Nxuba	11240	16%	2010/12/31	-	-	-	-	-	-
Total short term loans				-	-	-	-	-	-
TOTAL EXTERNAL LOANS				-	-	-	-	-	-

APPENDIX B
AMATHOLE DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
AS AT 30 JUNE 2010

Classification	Cost/Revaluation					Accumulated Depreciation					Carrying Value		
	Opening Balance	Transfer In / (Out)	New Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Transfer In / (Out)	New Opening Balance	Additions		Disposals	Closing Balance
INFRASTRUCTURE	1 109 769 560	-	1 109 769 560	-	-	1 109 769 560	224 422 348	-	224 422 348	-	-	224 422 348	885 347 212
Water													
Reservoirs & Tanks	210 738 386		210 738 386			210 738 386	95 611 155		95 611 155			95 611 155	115 127 231
Supply / Reticulation	97 684 191		97 684 191			97 684 191	59 795 809		59 795 809			59 795 809	37 888 381
Water - Other	4 278 337		4 278 337			4 278 337	2 747 093		2 747 093			2 747 093	1 531 244
Water Mains	504 533		504 533			504 533	504 533		504 533			504 533	-
Meters	18 994 569		18 994 569			18 994 569	11 724 998		11 724 998			11 724 998	7 269 570
Sanitation													
Purification works	62 086 057		62 086 057			62 086 057	15 955 493		15 955 493			15 955 493	46 130 564
Sewers	139 973 135		139 973 135			139 973 135	38 083 266		38 083 266			38 083 266	101 889 869
Infrastructure under Construction	575 510 353		575 510 353			575 510 353	-		-			-	575 510 353
COMMUNITY	5 834 648	-	5 834 648	-	-	5 834 648	1 106 094	-	1 106 094	-	-	1 106 094	4 728 554
Clinics & Hospitals	1 983 692		1 983 692			1 983 692	539 564		539 564			539 564	1 444 128
Fire Stations	3 393		3 393			3 393	1 048		1 048			1 048	2 344
Museum & Art Galleries	3 792 852		3 792 852			3 792 852	534 629		534 629			534 629	3 258 223
Security System	54 712		54 712			54 712	30 853		30 853			30 853	23 858
INVESTMENT PROPERTIES	27 116 666	-	27 116 666	-	-	27 116 666	153 277	-	153 277	-	-	153 277	26 963 388
Administration	27 116 666		27 116 666			27 116 666	153 277		153 277			153 277	26 963 388
OTHER	98 482 142	-	98 482 142	-	-	98 482 142	38 582 698	-	38 582 698	-	-	38 582 698	59 899 444
LAND AND BUILDINGS	31 584 007	-	31 584 007	-	-	31 584 007	4 603 694	-	4 603 694	-	-	4 603 694	26 980 313
Administration	23 523 393		23 523 393			23 523 393	3 308 599		3 308 599			3 308 599	20 214 794
Housing Schemes	1 139 915		1 139 915			1 139 915	49 544		49 544			49 544	1 090 371
Workshops & Depots	4 729 715		4 729 715			4 729 715	1 219 885		1 219 885			1 219 885	3 509 830
Land	2 190 985	-	2 190 985	-	-	2 190 985	25 667	-	25 667	-	-	25 667	2 165 318
Office Equipment	16 299 982	-	16 299 982	-	-	16 299 982	11 333 919	-	11 333 919	-	-	11 333 919	4 966 063
Air Conditioners	108 223		108 223			108 223	56 784		56 784			56 784	51 439
Computer Hardware	13 216 583		13 216 583			13 216 583	8 422 511		8 422 511			8 422 511	4 794 072
Operating Software	306 217		306 217			306 217	619 954		619 954			619 954	(313 736)
Office Machines	2 668 959		2 668 959			2 668 959	2 234 672		2 234 672			2 234 672	434 288
Furniture and Fittings	4 603 326	-	4 603 326	-	-	4 603 326	2 681 615	-	2 681 615	-	-	2 681 615	1 921 712
Cabinets & Cupboards	1 377 047		1 377 047			1 377 047	1 014 491		1 014 491			1 014 491	362 556
Chairs	389 373		389 373			389 373	299 038		299 038			299 038	90 335
Furniture and Fittings : Other	1 577 880		1 577 880			1 577 880	631 146		631 146			631 146	946 735
Tables & Desks	1 259 026		1 259 026			1 259 026	736 940		736 940			736 940	522 086
Plant and Equipment	10 425 697	-	10 425 697	-	-	10 425 697	4 931 323	-	4 931 323	-	-	4 931 323	5 494 375
Ambulance Equipment	-		-			-	-		-			-	-
Compressors	5 070		5 070			5 070	4 563		4 563			4 563	507
Medical Equipment	21 933		21 933			21 933	17 024		17 024			17 024	4 909
Fire Equipment	197 078		197 078			197 078	54 635		54 635			54 635	142 443
Fire Arms	1 775		1 775			1 775	1 775		1 775			1 775	-
Laboratory Equipment	88 573		88 573			88 573	36 853		36 853			36 853	51 720
Lawnmowers	226 850		226 850			226 850	149 365		149 365			149 365	77 484
Plant & Equipment : General	670 634		670 634			670 634	451 590		451 590			451 590	219 044
Tractors	9 189 430		9 189 430			9 189 430	4 191 162		4 191 162			4 191 162	4 998 268
Radio Equipment	24 355		24 355			24 355	24 355		24 355			24 355	-
Motor Vehicles	35 569 129	-	35 569 129	-	-	35 569 129	15 032 147	-	15 032 147	-	-	15 032 147	20 536 982
Motor Vehicles	2 558 981		2 558 981			2 558 981	1 534 834		1 534 834			1 534 834	1 024 148
Fire Engines	5 153 185		5 153 185			5 153 185	1 243 897		1 243 897			1 243 897	3 909 288
Trucks & Bakkies	27 856 962		27 856 962			27 856 962	12 253 416		12 253 416			12 253 416	15 603 547
TOTAL	1 241 203 016	-	1 241 203 016	-	-	1 241 203 016	264 264 418	-	264 264 418	-	-	264 264 418	976 938 599



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APPENDIX C

**AMATHOLE DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF FIXED ASSETS PER DEPARTMENT
AS AT 30 JUNE 2010**

Department	Cost/Revaluation					Accumulated Depreciation					Carrying Value
	Opening Balances	Transfer In / Out	Additions	Disposals	Closing Balance	Opening Balances	Transfer In / Out	Additions	Disposals	Closing Balance	
RATES AND GENERAL	1 214 792 811	-	-	-	1 214 792 811	264 264 418	-	-	-	264 264 418	950 528 393
Council General	475 591 39				475 591	118 959				118 959	356 633
Mayoral Committee	2 151 248				2 151 248	1 632 385				1 632 385	518 863
Executive Support Services	1 273 030				1 273 030	790 873				790 873	482 157
Speakers Support	172 745				172 745	7 528				7 528	165 217
Municipal Manager	704 285				704 285	851 010				851 010	(146 725)
Internal Audit	399 447				399 447	317 347				317 347	82 100
Local Economic Development	9 632 676				9 632 676	4 492 360				4 492 360	5 140 316
Municipal Support Unit	469 171				469 171	313 757				313 757	155 415
Strategic Management unit	218 231				218 231	191 916				191 916	26 315
Information Com Technology	6 570 303				6 570 303	3 026 100				3 026 100	3 544 203
Administration	5 242 475				5 242 475	3 599 837				3 599 837	1 642 638
Land and Housing	28 119 299				28 119 299	1 837 685				1 837 685	26 281 615
Buildings	5 726 678				5 726 678	1 291 379				1 291 379	4 435 299
Calgary Museum	3 902 294				3 902 294	878 777				878 777	3 023 516
Council Support & Auxiliary	18 303				18 303	221 574				221 574	(203 270)
Budget & Treasury Office	5 157 436				5 157 436	3 562 117				3 562 117	1 595 319
Budget Reform	31 070				31 070	7 503				7 503	23 566
Human Resources	1 119 153				1 119 153	1 117 820				1 117 820	1 333
Engineering Services	1 533 195				1 533 195	1 502 266				1 502 266	30 929
Building and Services Planning	1 139 495				1 139 495	845 367				845 367	294 128
Management of WSP	38 307				38 307	38 307				38 307	(0)
Mbhashe EC 121	46 461 661				46 461 661	11 696 640				11 696 640	34 765 020
Mnquma EC 122	26 022 896				26 022 896	6 554 605				6 554 605	19 468 290
Great Kei EC 123	29 970 826				29 970 826	7 270 555				7 270 555	22 700 272
Great Kei Ex LM Schemes	-				-	-				-	-
Amahlathi EC 124	18 895 243				18 895 243	3 746 492				3 746 492	15 148 751
Nqgushwa EC 126	(1 118 059)				(1 118 059)	(1 607 583)				(1 607 583)	489 524
Nkonkobe EC 127	79 264 957				79 264 957	6 793 685				6 793 685	72 471 272
Nxuba EC 128	33 563 890				33 563 890	22 764 147				22 764 147	10 799 743
Water Service Authority	302 824				302 824	186 542				186 542	116 283
Shared Resources Water & Sanitation	23 013 072				23 013 072	7 929 743				7 929 743	15 083 330
Mbhashe Sewerage	6 209 954				6 209 954	678 372				678 372	5 531 582
Mnquma Sewerage	4 292 019				4 292 019	5 800 732				5 800 732	(1 508 713)
Amahlathi Sewerage	39 173 483				39 173 483	8 864 548				8 864 548	30 308 935
Nqgushwa Sewerage	-				-	-				-	-
Nkonkobe Sewerage	20 439 689				20 439 689	8 828 945				8 828 945	11 610 744
Nxuba Sewerage	44 014 761				44 014 761	13 609 697				13 609 697	30 405 065
Borehole Schemes	181 024 284				181 024 284	128 584 634				128 584 634	52 439 651
Toleni WTW ex DWAF	85 472 312				85 472 312	777 582				777 582	84 694 730
Borehole Schemes ex DWAF	-				-	9 600				9 600	(9 600)
Project Management Unit	491 957 730				491 957 730	608 153				608 153	491 349 577
Health and Protection Services	498 328				498 328	971 080				971 080	(472 751)
Disaster Management	1 493 105				1 493 105	746 070				746 070	747 035
Municipal Health	2 248 038				2 248 038	1 168 816				1 168 816	1 079 222
Fire Services	6 778 148				6 778 148	1 605 351				1 605 351	5 172 797
MHS in Amahlathi	295 000				295 000	11 609				11 609	283 391
MHS in Nkonkobe EC 127	269 763				269 763	2 222				2 222	267 541
MHS in Nxuba EC 128	154 452				154 452	17 316				17 316	137 136
SUBSIDISED SERVICES	-	-	-	-	-	-	-	-	-	-	-
ECONOMIC SERVICES	-	-	-	-	-	-	-	-	-	-	-
HOUSING SERVICES	-	-	-	-	-	-	-	-	-	-	-
TRADING SERVICES	-	-	-	-	-	-	-	-	-	-	-
TOTAL	1 214 792 811	-	-	-	1 214 792 811	264 264 418	-	-	-	264 264 418	950 528 393

APPENDIX D
AMATHOLE DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2010

2008/09 Actual Income	2008/09 Actual Expenditure	2008/09 Surplus/ (Deficit)		2009/10 Actual Income	2009/10 Actual Expenditure	2009/10 Actual Surplus/ (Deficit)	2009/10 Budgeted Surplus/ (Deficit)
R	R	R		R	R	R	R
741 419 519	680 684 792	60 734 727	RATE AND GENERAL SERVICES	900 972 799	707 948 980	193 023 819	8 552 153
733 595 496	672 907 114	60 688 381	Community Services	891 946 415	698 742 435	193 203 981	5 745 313
110 312	-	110 312	Levies	12 276	-	12 276	-
25 853	10 898 931	(10 873 077)	Council General	3 709 022	(3 373 519)	7 082 541	(7 011 882)
1 156 233	7 779 428	(6 623 195)	Mayoral Committee	3 006 648	5 964 835	(2 958 187)	(4 921 775)
16 138	10 233 537	(10 217 400)	Executive Support Services	3 233 801	8 229 450	(4 995 649)	(6 121 763)
-	57 735 297	(57 735 297)	Speaker Support	1 037 168	2 010 038	(972 870)	(2 135 054)
364 497 079	9 079 902	355 417 177	Municipal Manager	75 504 032	4 302 233	71 201 799	110 700 405
40 824	2 883 568	(2 842 744)	Internal Audit	1 644 271	4 164 189	(2 519 918)	(3 753 710)
11 072 054	18 343 552	(7 271 498)	Local Economic Development	17 359 452	10 673 642	6 685 810	-
1 343 183	6 198 158	(4 854 975)	Municipal Support Unit	5 653 267	8 686 159	(3 032 892)	(4 340 659)
8 360	1 271 817	(1 263 457)	Strategic Manager	642 216	1 385 008	(742 792)	(1 384 539)
166 958	9 309 568	(9 142 611)	Information Management Unit	3 990 888	9 358 880	(5 367 992)	(6 538 323)
20 691 422	80 011 079	(80 011 079)	Projects	43 934 271	67 856 508	(23 922 237)	4 782 142
331 145	18 799 318	1 892 104	Corporate Services	8 125 320	16 899 909	(8 774 590)	(9 723 401)
98 993	19 977 434	(19 646 290)	Land and Housing	-	-	-	-
110 815	3 037 231	(2 938 238)	Buildings	2 224 433	4 968 416	(2 743 983)	(3 864 489)
288 950	666 703	(555 888)	Calgary Museum and Conference Centre	327 645	467 612	(139 967)	(407 317)
1 287 895	12 157 257	(11 868 307)	Human Resources	5 607 667	15 261 440	(9 653 773)	(10 786 481)
750 533	27 970 703	(26 682 808)	Financial Services	11 808 881	31 364 095	(19 555 215)	(21 353 277)
-	497 516	253 017	Budget Reform	386 760	391 605	(4 846)	11 600
26 259 223	-	-	Supply Chain	1 320 471	3 764 965	(2 444 493)	(2 570 923)
6 072	25 501 295	757 928	Engineering Services	158 220 615	157 235 432	985 183	873 756
196 699 909	108	(108)	Solid Waste site	2 510 560	360 593	2 149 968	2 243 067
53 265 190	2 186 859	(2 180 787)	WSA	6 255 214	2 366 779	3 888 435	2 167 994
3 131 239	234 806 469	(38 106 560)	Water and sanitation services	145 957 886	246 482 779	(100 524 893)	(195 799 720)
7 218	58 303 432	(5 038 242)	Water shared services	328 401 090	34 522 640	293 878 450	173 482 076
-	5 317 410	(2 186 171)	Project Management Unit	8 487 867	6 377 089	2 110 778	1 835 824
5 974 562	4 360 946	(4 353 729)	Land, Human Settlement and Economic Development	4 053 081	9 907 554	(5 854 474)	(402 019)
7 907 716	-	-	Building & Services Planning	2 965	5 434 924	(5 431 958)	(6 777 825)
14 833 462	5 931 113	43 449	Health and Protection Services	5 877 173	5 481 965	395 208	1 820 426
16 048 474	10 933 262	(3 025 546)	Disaster Management	6 390 678	3 998 007	2 392 672	2 061 572
7 824 023	4 938 929	2 526 757	Municipal Health Services ADM	20 016 212	7 490 953	12 525 259	9 560 296
-	4 010 433	4 010 433	Fire Services	13 864 055	11 917 173	1 946 881	(2 341 382)
7 824 023	12 953 265	3 095 209	Municipal Health services LM's	2 380 531	14 791 079	(12 410 548)	(13 559 306)
-	-	-	Subsidised Services	9 026 384	9 206 545	(180 161)	2 806 840
-	-	-	Ambulance and Rescue Services	-	-	-	-
-	-	-	Health Nursing Services	9 026 384	9 206 545	(180 161)	2 806 840
-	-	-	Economic Services	-	-	-	-
-	-	-		-	-	-	-
-	-	-	HOUSING SERVICE	-	-	-	-
-	-	-		-	-	-	-
-	-	-	TRADING SERVICES	-	-	-	-
-	-	-		-	-	-	-
741 419 519	680 684 792	60 734 727	TOTAL	900 972 799	707 948 980	193 023 819	8 552 153



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APPENDIX E (1)

**AMATHOLE DISTRICT MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

	2009/10 Actual R	2009/10 Budget R	2009/10 Variance R	2009/10 Variance %	Explanation for Significant Variances greater than 10% vs. Budget
REVENUE					
Service Charges	86 826 453	80 045 941	6 780 512	8%	
Regional Service Charges	12 276	-	12 276	100%	Abolishment of RSC levies with effect 1 July 2006
Rental of facilities & Equipment	233 425	220 191	13 234	6%	Rental of Calgary Limited to Internal usage.
Interest earned - external investments	48 656 784	15 027 083	33 629 701	224%	Interest earned on investment & current account more than budgeted for.
Interest earned - outstanding receivables	13 673 797	7 242	13 666 555	100%	Data base cleansing exercise and indigent campaign policy still in progress. No budget due to uncertainty of recovery
Income for agency Service	2 176 861	12 579 843	(10 402 982)	-83%	Only portion of the first tranche of the nursing services grant received from the Provincial Department of Health, due to proposed provincialisation which is still not finalised
Government grants & Subsidies	714 358 440	418 131 010	296 227 430	71%	Grant income on external funds is not part of the budget. Corresponding expenditure is recognised in grants and subsidies paid.
Bad debts recovered	-	-	-		
Other income	35 034 763	225 511 182	(190 476 419)	-84%	Operating income of R132 million from 2008/09 financial year included in budget figure
Total Revenue	900 972 800	751 522 492	149 450 308	20%	
EXPENDITURE					
Employee costs	181 355 762	241 495 521	(60 139 759)	-25%	Delays in the appointment of staff.
Remuneration of Councillors	10 184 714	12 187 099	(2 002 385)	-16%	Vacancies within Full time Councillors
Bad Debt provision	53 284 519	70 398 265	(17 113 746)	-24%	Bad debts were written off less than budgeted for due to aggressive debt collection
Collection Costs	1 506 682	1 589 067	(82 385)	-5%	
Depreciation	42 915 009	83 472 778	(40 557 769)	-49%	
Repairs & Maintenance	13 022 692	19 197 943	(6 175 251)	-32%	Less expenditure incurred than anticipated. Focus on water supply in drought
Finance charges	91 580	107 700	(16 120)	-15%	Less finance charges incurred than budgeted for
Grants & Subsidies Paid	174 600 207	2 185 667	172 414 540	7888%	Grant expenditure on external funds not part of the budget. Corresponding income is recognised when the expenditure is incurred.
Grants & Subsidies Paid: Capital	(4 590 935)	(463 114)	(4 127 821)	891%	Low levels of actual spending vs. expected level and unspent project funds reallocated
General expenses- other	235 578 751	312 799 413	(77 220 663)	-25%	General expenditure less than initially anticipated
Total Expenditure	707 948 980	742 970 339	(35 021 359)	-5%	
OPERATING SURPLUS/ (DEFICIT)	193 023 820	8 552 153	184 471 667		
Gain/(loss) on disposal of assets	(3 803 086)	-	(3 803 086)	100%	This item is not budgeted for.
NET SURPLUS/(DEFICIT) FOR THE YEAR	189 220 734	8 552 153	180 668 581		



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APPENDIX E (2)

AMATHOLE DISTRICT MUNICIPALITY

**ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY PLANT AND EQUIPMENT)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

	2009/10 Actual R	2009/10 Budget R	2009/10 Variance R	2009/10 Variance %	Explanation for Significant Variances greater than 10% vs Budget
LAND AND BUILDINGS					
Administration	-	-	-	#DIV/0!	Calgary Museum project in progress
Housing Schemes	-	-	-	NA	
Workshops & Depots	-	-	-	NA	Combined with Buildings Administration
Work in progress - water	-	-	-	100%	
INFRASTRUCTURE					
Reservoirs & Tanks	-	-	-	NA	Combined with Plant & Equipment: General
Water - Other	-	-	-	NA	Combined with Plant & Equipment: General
Meters	-	-	-	NA	Combined with Plant & Equipment: General
Plant and equipment - General	-	-	-	#DIV/0!	Combined with Plant & Equipment: General
Laboratory equipment	-	-	-	100%	Combined with Plant & Equipment: General
Sewers	-	-	-	NA	Combined with Plant & Equipment: General
COMMUNITY					
Clinics & Hospitals	-	-	-	NA	
Fire Stations	-	-	-	NA	
Museum & Art Galleries	-	-	-	NA	
Security System	-	-	-	NA	
INVESTMENT PROPERTIES					
OTHER					
Air Conditioners	-	-	-	100%	
Computer Hardware	-	-	-	#DIV/0!	Combined with Computer Software
Computer Software	-	-	-	NA	Combined with Computer Hardware
Office Machines	-	-	-	#DIV/0!	Combined with Furniture and fittings: other
Cabinets & Cupboards	-	-	-	100%	Combined with Furniture and fittings: other
Chairs	-	-	-	100%	Combined with Furniture and fittings: other
Furniture and Fittings : Other	-	-	-	#DIV/0!	Combined with Furniture and fittings: other
Tables & Desks	-	-	-	100%	Combined with Furniture and fittings: other
Motor Vehicles	-	-	-	#DIV/0!	Combined with Trucks and Bakkies
Tractors	-	-	-	0%	
Trucks & Bakkies	-	-	-	100%	Combined with Motor Vehicles
TOTAL	-	-	-	#DIV/0!	

APPENDIX F
AMATHOLE DISTRICT MUNICIPALITY
DISCLOSURE OF GRANTS & SUBSIDIES IN TERMS OF MFMA
AS AT 30 JUNE 2010

Name of Grant	Name of Organ of State	QUARTERLY RECEIPTS					QUARTERLY EXPENDITURE					GRANTS & SUBSIDIES DELAYED/WITHHELD					Reason for delay/ withheld	Compliance with DORA	Reason for non-compliance
		June 09	Sept 09	Dec 09	March 10	June 10	June 09	Sept 09	Dec 09	March 10	June 10	June 09	Sept 09	Dec 09	March 10	June 10			
MSIG	HLG&TA							19 079	263 662	53 216	1 052 172	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Reviewed IDP	HLG&TA											N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
ADM:IDP	HLG&TA		400 000					17 870	233 589	136 118	34 172	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
IDP-Local Municipalities	HLG&TA		881 000						131 002	348 648	368 746	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Budget Reform	NT											N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
MSP Project Management	DHLG&TA											N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Performance Management	DHLG&TA		627 582							180 240	368 738	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
District Profile	DHLG&TA				111 540							N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Seta	LGW Seta	(64 420)		326 782	198 214	202 780					5 577	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
MSIG:Road Management System	DHLG&TA						336 748					N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
MSIG:Dev of Policies, By Laws and Systems	DHLG&TA		100 000				50 257	19 079				N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
MSIG-District wide skills audit	DHLG&TA		70 000									N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
MSIG-Improved fixed Asset Register	DHLG&TA		65 000									N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Skills Audit on Plant Operators	DHLG&TA		300 000						78 099			N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Spatial Development Framework	DHLG&TA		200 000						69 088			N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Review Water and Sanitation By-Laws	DWAF						18 150	204 370	35 109	56 400	31 844	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Revenue Enhancement Strategy	DWAF						173 544	216 930	6 145	21 693		N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
ADM Water Tankers	DWAF	384 000						123 000				N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Community Develop Program	DHLG&TA											N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Disaster Management Funds	DHLG&TA/MIG	9 202 481					3 207 973	179 136	576 822	129 190	347 335	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
HIV/AIDS Funds	Dep Health											N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Bawa Falls:LED	DEDEA									11 519	23 039	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Elliotdale Brick making	DEDEA									2 090	169 576	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Development Craft centre	DEDEA								38 715	11 519	84 250	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Co-operatives specialist	DEDEA											N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Tourism Survey	DEDEA						250 266		112 589		160 344	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Nxuba Dam Chalets Development	DHLG&TA		110 000									N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Tourism Marketing Strategy	DHLG&TA		360 000									N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
LED Capacity Building-Ngushwa	DHLG&TA					350 000			3 825	-	4 200	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
EC Information initiative support	DEDEA											N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
PHP Funds	DHLG&TA							703 516	1 326 199	721 489	660 383	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
TEKOSPRINGS INFRASTRUCTURE	DHLG&TA											N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Nkonkobe Drought Relief	DWAF											N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Land Reform & Settle Plan Proj	DLA											N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Development-BNG	HLG&TA							200 202	16 266	22 069	34 543	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
EDOT Funds	ECDOT											N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Bucket Eradication	HLG&TA											N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
CMIP/MIG	HLG&TA	45 159 576	74 186 000	29 257 000	79 672 424		22 369 219	38 267 741	40 628 225	43 858 595	110 425 887	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
WMIS Grant	DWAF	800 000							185 090			N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Water Management Plan	DWAF	330 000						103 717		288 382	309 222	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
EPWP	Dept Public Works		57 241		1 604 900					216 654	-	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Dwaf Refurbishment	DWAF						301 576	19 458	112 974	40 570	204 473	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Dwaf Bulk water supply Schemes	DWAF			2 009 863	4 106 711	4 690 685	6 400 320	4 436 942	3 474 182	6 098 474	2 379 489	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Rain Water Harvesting	DWAF				833 000	1 217 953					24 250	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Idutywa Extension 8 (VIP TOILETS,RDS&W)	DWAF					1 053 057					1 377 924	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Design Guidelines & Std Drawings	DWAF					250 000						N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Water Conservation & WT Demand Mngt	DWAF					300 000						N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
BUSINESS PLANS FOR WSP'S	DWAF					250 000						N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Public Awareness	DWAF					400 000					6 770	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Dwaf(support drought issues)	DWAF					3 969 960					1 232 843	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Flood Relief Projects	MIG						4 012 419	79 878	642 720	-	22 644	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A

AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. INFRASTRUCTURE, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Land	Buildings	Infrastructure Assets	Community Assets	Heritage Assets	Other Assets	Total
	R	R	R	R	R	R	R
Carrying values							
As at 1 July 2009	22 587 050	9 645 318	1 183 766 158	4 728 554	-	20 830 027	1 251 174 290
Cost	22 587 050	12 075 681	1 308 430 788	5 834 648	-	57 408 123	1 406 336 290
Revaluation	-	9 617 183	-	-	-	-	9 617 183
Transfer In / (Out)	-	-	-	-	-	(131 922)	(131 922)
Accumulated depreciation	-	(2 430 363)	(124 664 630)	(1 106 094)	-	(36 578 096)	(164 779 183)
Acquisitions	-	-	78 068 563	-	-	-	78 068 563
Capital under Construction	-	-	46 206 679	-	-	-	46 206 679
Transfer In / (Out)	-	-	-	-	-	(3 243 233)	(3 243 233)
Increases/decreases in revaluation	3 184 855	8 829 022	-	-	-	-	12 013 877
Depreciation	-	-	(27 637 202)	(288 822)	-	(13 200 786)	(41 126 810)
based on cost	-	-	(27 637 202)	(288 822)	-	(13 200 786)	(41 126 810)
based on revaluation	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	4 352 357	4 352 357
Cost/revaluation	-	-	-	-	-	4 823 645	4 823 645
Accumulated depreciation	-	-	-	-	-	(471 287)	(471 287)
Carrying values							
As at 30 June 2010	22 587 050	9 645 318	1 280 404 198	4 439 732	-	122 228	1 338 829 587
Cost	22 587 050	12 075 681	1 432 706 030	5 834 648	-	49 209 324	1 522 412 732
Revaluation	3 184 855	18 446 205	-	-	-	-	21 631 060
Accumulated depreciation	-	(2 430 363)	(152 301 832)	(1 394 916)	-	(49 087 095)	(205 214 206)
Cost	-	(2 430 363)	(152 301 832)	(1 394 916)	-	(47 952 801)	(204 079 912)
Revaluation	-	-	-	-	-	(1 134 294)	(1 134 294)

	Land	Buildings	Infrastructure Assets	Community Assets	Heritage Assets	Other Assets	Total
	R	R	R	R	R	R	R
Carrying values							
As at 1 July 2008	22 587 050	10 246 680	1 156 893 933	5 017 376	-	27 301 765	1 231 663 987
Cost	22 587 050	12 075 681	1 203 913 670	5 834 648	-	51 184 569	1 295 595 617
Revaluation	-	9 617 183	-	-	-	-	9 617 183
Transfer in/(out)	-	-	-	-	-	389 757	389 757
Accumulated depreciation	-	(1 829 001)	(47 019 737)	(817 272)	-	(23 882 804)	(73 548 813)
Acquisition	-	-	-	-	-	6 120 148	6 120 148
Capital under construction	-	-	104 517 118	-	-	-	104 517 118
Transfer in/(out)	-	-	-	-	-	-	-
Increases/decreases in revaluation	-	-	-	-	-	-	-
Depreciation	-	(601 362)	(77 644 894)	(288 822)	-	(12 592 661)	(90 526 377)
based on cost	-	(601 362)	(77 644 894)	(288 822)	-	(12 592 661)	(90 526 377)
based on revaluation	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	183 719	183 719
Cost/revaluation	-	-	-	-	-	286 350	286 350
Accumulated depreciation	-	-	-	-	-	(102 631)	(102 631)
Impairment losses	-	-	-	-	-	-	-
Carrying values							
As at 30 June 2009	22 587 050	19 262 501	1 183 766 158	4 728 554	-	20 830 027	1 251 174 291
Cost	22 587 050	12 075 681	1 308 430 788	5 834 648	-	57 408 123	1 406 336 290
Revaluation	-	9 617 183	-	-	-	-	9 617 183
Accumulated depreciation	-	(2 430 363)	(124 664 630)	(1 106 094)	-	(36 578 096)	(164 779 183)
Cost	-	(2 430 363)	(124 664 630)	(1 106 094)	-	(35 443 802)	(163 644 889)
Revaluation	-	-	-	-	-	(1 134 294)	(1 134 294)

No restriction on title exists on any assets held.

In terms of the IMFO accounting framework used by the local municipalities they were not required to maintain complete fixed asset registers. The municipality took over the infrastructure assets as required by Government Notice 849 issued in terms of section 84(3)(a) of the Municipal Structures Act, 1998 (Act No. 117 of 1998) with effect 1 July 2006. The municipality engaged the services of consulting engineers to identify and value the infrastructure assets taken over. The municipality has a multi-year plan to identify, verify, value and reconcile the infrastructure assets to the fixed asset register in place. This plan is based on the data confidence level of each infrastructure scheme as assessed by the appointed Consulting Engineers. During the 2009/10 financial year, consulting engineers were appointed to undertake the identification, valuation, verification and condition assessment of the low data confidence schemes.

The low confidence schemes were recognised at provisional amounts, in accordance with the transitional provisions contained in Directive 3 issued March 2009, during 2008/09. The municipality is required to recognise, but not measure the low confidence schemes in terms of the Directive. The provisional amounts recognised were the closing amounts as at 30 June 2008.

The provisional amounts recognised were not subsequently measured, meaning that no depreciation expense was charged for the 2008/09 year. The provisional amounts recognised are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed at the transfer date. The municipality has till the end of June 2011 to measure the low confidence schemes in terms of GRAP 17.

The gross amount of assets that are fully depreciated, but still in use at 30 June 2010 is R156 758 640.

**AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

Revaluations

Included in other assets above are land and buildings that have been revalued.

The effective date of the revaluation was December 2009. The revaluation was performed by an independent valuer Mr. Mark Sanan [Member of the Institute of Valuers], of Messers Kula Valuation Services. Kula Valuation Services is not connected to the municipality.

Land and buildings are re-valued independently every 3-5 years.

The valuation was performed using depreciated replacement values

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

Infrastructure, plant and equipment subjected to finance leases

Included in the Community assets above is the following office equipment subject to finance leases:

Office equipment

Cost
Accumulated depreciation

	2009/10 R	2008/09 R
Cost	3 231 221	2 749 305
Accumulated depreciation	(2 925 924)	(2 488 271)
	305 296	261 035

2. Investment Property

Carrying amount at beginning of period
Cost
Accumulated depreciation

	2009/10 R	2008/09 R
Land and buildings		
Carrying amount at beginning of period	136 418 737	136 447 670
Cost	136 572 014	136 572 014
Accumulated depreciation	153 277	124 344
Acquisitions	-	-
Depreciation	28 933	28 933
Transfer from owner-occupied property	3 375 155	-
Carrying amount at end of period	139 764 959	136 418 737
Cost	139 947 169	136 572 014
Accumulated depreciation	182 210	153 277

Investment property comprises the following:

Land situated at Farm 754, East London
Land situated at Erf 374, Komga
Land situated at Erf 1676, Stutterheim with a house thereon
Land situated at Farm 2359 and 2354 Stutterheim
Land situated at Farm 92,93,94 Stutterheim
Land situated at Farm 816 East London
The property is leased out in terms of an operating lease (refer note 37)

Vacant land of which the intended use is uncertain.
Land developed for housing settlement projects of which the intention and transfer of ownership is uncertain.

Total market value of investment property

138 813 618

The municipality applies the cost model

Market valuations were performed by an independent valuer, Mr. Mark Sanan, Professional Associated Valuer, of Messrs Kula Valuation Services are not connected to the entity and have recent experience in location and category of the investment property being valued.
Effective date of valuation December 2009.
The fair value of the investment property was determined based on current prices in an active market for similar property in the same location and condition and subject to similar lease and other contracts.

The balance is restated refer note 41.6

3. Intangible Assets

	2010			2009		
	Cost	Accumulated Amortisation	Carrying value	Cost	Accumulated Amortisation	Carrying value
Computer software - Application software	2 031 763	(1 142 835)	888 928	2 031 763	(1 042 543)	989 220
License fees	59 604	(59 604)	-	59 604	(59 604)	-
Total	2 091 367	(1 202 439)	888 928	2 091 367	(1 102 147)	989 220

AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Reconciliation of intangible assets - 2010

Computer software - Application software

Opening carrying amount	Additions	Disposals	Amortisation R	Total R
989 220		-	(100 292)	888 928
989 220	-	-	(100 292)	888 928

Reconciliation of intangible assets - 2009

Computer software - Application software

Opening carrying amount	Additions	Disposals	Amortisation R	Total R
1 089 512	-	-	(100 292)	989 220
1 089 512	-	-	(100 292)	989 220

4. INVESTMENTS

4.1 Investment in subsidiary

Investments in Municipal Entity - cost
Total

	2009/10 R	2008/09 R
	1 000	1 000
Total	1 000	1 000

Council's valuation of unlisted Investments

Investments in Municipal Entities

	1 000	1 000
Total	1 000	1 000

Investments in Municipal Entities

Amathole Economic Development Agency (Pty) Ltd

Issued Share Capital (1000 ordinary shares of R1,00 each)
 Percentage owned by Council

	1 000	1 000
	100%	100%

Related Party Transactions

Funding provided to AEDA for the operations of the agency

	8 700 000	5 000 000
--	-----------	-----------

Funds transferred to AEDA for implementation of NDPG project

	4 500 000	1 500 000
--	-----------	-----------

The Amathole Economic Development Agency was established 1 September 2005

Place of Incorporation: South Africa

Principal Activity: To promote local economic development in the Amathole Municipal District Area.

4.2 Investments

Held to maturity financial assets

The following fixed deposit accounts have been classified as held to maturity financial assets in accordance with IAS 39: Financial Instruments. Maturity periods are fixed and range between 3 - 12 months. Average rate of return on investments 7.59% (**2009: 9.40%**).

In accordance with the Municipality's risk management policy deposits are only made with major banks with quality credit standing and limits exposure to any one counter party.

**AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

		2009/10	2008/09
		R	R
Call investment deposits		468 089 685	477 468 424
Total: Call Investment Deposits		468 089 685	477 468 424
Call Investment Deposits			
Institution	Account No		
STANDARD	418872	7 077 340	7 230 252
BANK	419268	10 093 973	10 210 205
	414922	10 329 915	10 066 603
	417355	13 263 526	13 857 964
	414574	11 389 852	11 096 830
	417357	11 221 507	11 544 274
	417066	10 219 863	10 673 500
	417680	10 173 274	10 901 699
	413482	10 425 466	10 138 945
INVESTEC	DB886506	12 069 534	12 398 614
	DB882380	13 082 274	13 069 452
	DB889293	10 058 767	10 191 014
	DB886541	10 058 356	10 219 932
	DB881856	10 064 110	10 089 301
	DB885368	10 057 534	10 751 781
	DB883392	7 044 301	7 027 693
	DB886110	10 057 534	10 592 164
	DB881885	10 064 521	10 058 795
	DB500	869	-
ABSA	2057-092-476	13 173 096	13 873 493
	2059-800-124	10 116 356	10 421 274
	2057-067-401	12 239 178	12 791 901
	2060-488-868	15 235 356	15 880 130
	2062-856-304	10 133 151	10 474 658
	2064-823-579	10 077 507	10 206 685
	2065-364-471	12 360 000	12 065 688
	2065-585-419	10 091 397	10 215 671
RMB	FD10K03004	10 172 651	10 745 890
	FD10G16001	10 449 342	10 066 603
	FD11A13006	8 085 304	8 263 145
	FD10A14003	12 425 293	12 108 395
	FD10K25007	12 244 866	12 788 384
	FD11A25004	12 111 156	12 252 247
	FD10I08001	8 270 904	8 043 792
	FD10K09006	10 158 795	10 589 534
	FD10J14004	10 221 329	10 676 500
NEDBANK	03/7881714026/0000109	12 264 855	12 568 899
	03/7881714026/000111	12 196 077	12 697 315
	03/7881714026/000107	12 520 570	12 163 068
	03/7881714026/000114	12 097 348	12 257 671
	03/7881714026/000108	10 222 795	10 671 918
	03/7881714026/000113	14 149 762	14 450 861
	03/7881714026/000110	10 202 712	10 659 918
	03/7881714026/000112	10 117 370	10 415 767
		468 089 685	477 468 424

The Municipal Structures Act, Act 117 of 1998, requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate of interest to meet commitments.

No investments were written off during the year.

The value of the financial assets disclosed in the above note have not been disclosed as cash and cash equivalents due to its maturity period of 3 months or more as at Statement of Financial Position date.

468 089 685

477 468 424

**AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

5. LONG TERM RECEIVABLES

Car loans	
Deposits	
Loans to Local Municipalities	
Less: Short term portion transferred to current assets	
Car loans	
Loans to Local Municipalities	
Total	

2009/10 R	2008/09 R
-	23 699
528 010	316 116
25 157	31 278
<u>553 167</u>	<u>371 093</u>
6 568	29 820
-	23 699
<u>6 568</u>	<u>6 121</u>
<u>546 599</u>	<u>341 274</u>

Long term receivables are financial assets which are categorised as loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. The fair values of the loans are estimated to approximate their carrying amounts.

Car loans

Financial assets

Senior staff were entitled to car loans, prior to the introduction of the MFMA, which attract interest at 8% per annum and which are payable over a maximum period of 6 years. These loans were redeemed in full during the 2009/10 financial year.

Loans to local municipalities

Financial assets

The loans to the local municipalities represents loans to Winterstrand and Kei Road. The loans currently attract interest at 4% per annum and are repayable over a period of 40 years. These loans will be redeemed by June 2013.

6. INVENTORY

Consumable stores: at cost	
Housing projects	
Water - own	
Water - purchased	
Total Inventory	

2009/10 R	2008/09 R
737 093	1 186 321
7 019 236	7 019 236
2 086 120	902 036
158 537	57 985
<u>10 000 985</u>	<u>9 165 578</u>

Housing Projects

The cost incurred on completed housing units that are occupied by beneficiaries has been transferred to the Statement of Financial Performance. A stock count was conducted at year of inventory on hand, however these quantities had not been costed yet by the date of submission of the annual financial statements.

Water inventory

In accordance with GRAP 12 unsold purchased water has been disclosed. Correct meter readings at the beginning and end of the financial year could not be guaranteed. Consulting engineers were thus appointed to determine the water on hand for each scheme based on the capacity of reservoirs and pipelines.

Inventory written off included in the Statement of Financial Performance
Consumable stores

2009/10 R	2008/09 R
-	-
<u>-</u>	<u>-</u>

The shortages on the consumables were mainly as a result of the process of returning unutilised stock to the stores not being correctly undertaken.

7. CONSUMER DEBTORS

From exchange transactions

Levies

- Levies	
Less: Allowance for doubtful debts	

2009/10 R	2008/09 R
-	-
-	112 729
-	(112 729)

Water and sanitation

- Water	
- Sanitation	
- Interest on arrears component	

2009/10 R	2008/09 R
39 544 503	36 223 702
89 065 282	74 029 898
77 182 029	62 777 018
33 164 690	26 888 517
<u>199 412 002</u>	<u>163 695 432</u>
(159 867 500)	(127 471 730)

Less: Allowance for doubtful debts

Total consumer receivables

<u>39 544 503</u>	<u>36 223 702</u>
--------------------------	--------------------------

AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The ageing of debtors are as follows:-

	2009/10 R	2008/09 R
Levies: aging		
Current (0 - 30 days)	-	-
30 - 60 Days	-	-
60 - 90 Days	-	-
90 - 120 Days	-	-
120 - 330 Days	-	-
+ 330 Days	-	112 729
Total	<u>-</u>	<u>112 729</u>

RSC levies were abolished with effect from 1 July 2006.

The levies consumer receivable recognised above represents in accordance with paragraph 52 of GRAP 9 the estimate of levies due where levy payers had not submitted declarations in the reporting period where payment was due.

	2009/10 R	2008/09 R
Water and sanitation: aging		
Current (0 - 30 days)	12 981 962	13 132 017
30 - 60 Days	13 028 672	7 286 608
60 - 90 Days	5 999 355	7 087 288
90 - 120 Days	6 429 596	36 206 914
120 - 330 Days	39 646 808	45 300 819
+ 330 Days	121 325 610	54 681 787
Total	<u>199 412 002</u>	<u>163 695 432</u>

Summary of Debtors by Customer Classification

30 June 2010

	Total R	Domestic R	Industrial / Commercial R	National and Provincial Government R
Current (0 - 30 days)	12 981 962	9 754 335	1 281 584	1 946 042
30 - 60 Days	13 028 672	10 113 359	1 473 599	1 441 714
60 - 90 Days	5 999 355	4 996 196	619 969	383 191
90 - 120 Days	6 429 596	5 207 800	833 993	387 803
120 - 330 Days	39 646 808	34 255 179	3 772 762	1 618 867
+ 330 Days	121 325 610	114 023 359	6 533 122	769 128
Sub-total	<u>199 412 002</u>	<u>178 350 228</u>	<u>14 515 029</u>	<u>6 546 745</u>
Less: allowance for doubtful receivables	(159 867 500)	(143 886 066)	(11 175 265)	(4 806 169)
Total debtors by customer classification	<u>39 544 502</u>	<u>34 464 162</u>	<u>3 339 764</u>	<u>1 740 576</u>

Summary of Debtors by Customer Classification

30 June 2009

	Total R	Domestic R	Industrial / Commercial R	National and Provincial Government R
Current (0 - 30 days)	13 132 017	12 152 462	680 129	299 426
30 - 60 Days	7 286 608	6 599 481	476 544	210 583
60 - 90 Days	7 087 288	6 418 957	463 509	204 822
90 - 120 Days	36 206 914	32 792 602	2 367 932	1 046 380
120 - 330 Days	45 300 819	41 028 952	2 962 674	1 309 193
+ 330 Days	54 681 787	50 134 058	3 153 992	1 393 737
Sub-total	<u>163 695 433</u>	<u>149 126 512</u>	<u>10 104 780</u>	<u>4 464 141</u>
Less: allowance for doubtful receivables	(127 471 730)	(126 827 179)	(586 259)	(58 292)
Total debtors by customer classification	<u>36 223 702</u>	<u>22 299 333</u>	<u>9 518 521</u>	<u>4 405 849</u>

During May 2010 Council approved the implementation of a 25% reduction in sanitation consumptive tariffs. The reduction was implemented to credit consumer accounts, to the total amount of R8 108 905.

Data cleansing

The municipality is currently faced with the challenge of updating the debtors data bases received from seven of the local municipalities within its area of jurisdiction. Since August 2008 , the municipality has been actively involved in a multi - year data cleansing project to verify and update information for all water and sanitation consumers within the Amathole District. Sources of information utilised to update the consumer database include the online Deeds Register, Trans-Union ITC , Surveyor General information and valuation rolls from the seven local municipalities.

Progress has thus far been made on the updating of debtor information, correction of billing, closing of abeyance accounts with nil balances, as well as, the identification of duplicate accounts with huge debit balances within the 7 local municipal areas. Priority is also being given to the checking and updating of all information relating to vacant stands as per the individual local municipal valuation rolls.

AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The following had been achieved during the 09/10 financial year:

Venus Active accounts	88176
Venus Inactive accounts	33777
Total active meters on Venus	21050
Total vacant stands on Venus	12336
Total unread meters with reason codes	5222
Meters with same readings (unchanged from previous month)	5436
% of meters billed	68%

Reconciliation of valuation rolls and the financial records (Venus):

Local Municipal Area	Stands Valuation Roll (as per local municipality valuation rolls)	Stands on Venus Financial System	Difference between V/Roll & Venus (based on generated exception lists)	Total Accounts Per Venus System excluding sundry accounts
Mbhashe (121)	3372	3952	580 short on V/Roll	3807
Mnguma (122)	8909	10753	1844 Short on V/ Roll	14012
Great Kei (123)	8050	7627	423 short on Venus	9776
Amahlathi (124)	13296	14026	730 short on V/Roll	23355
Ngqushwa (126)	4349	3618	731 short on Venus	4902
Nkonkobe (127)	19035	14933	4102 short on Venus	16918
Nxuba (128)	7415	7665	250 short on V / Roll	15079
Total	64426	62574		87849

Exception lists were generated for all seven local municipalities which are being manually corrected by the data cleansing team.

Other Challenges include the following:

The updating of accounts and debtor information on the Venus Financial System is dependent on the accuracy of information from data sources which include the Registrar of Deeds, Transunion, and Valuation Rolls.

During the data cleansing processes it has been discovered that the information on these data sets is outdated and not always accurate which hampers the productivity, as well as the validity of the updated information. This lack of a credible information source to measure the accuracy and completeness of Venus information is an ongoing challenge for the data cleansing project team as exceptions which need to be investigated and corrected are raised daily from the available data sets. The information verification process cannot be concluded as a desktop exercise only and fieldwork is often required through - out the local municipal areas and this is a time - consuming process.

A major shortfall of the project has also been the determination of service coverage per stand for all areas in ADM's jurisdiction and this also requires fieldwork to ensure that information updated on the Venus Financial System has been verified on the field and confirmed as correct.

During the 2009/2010 financial year, the data cleansing team also relied heavily on manual processes of updating the individual consumer records and has now identified a need to embark on electronic interventions of verifying and updating consumer data. ADM will therefore be in a better position to substantiate electronic information updates in the 2010 / 2011 financial period.

Debt collection

In collecting the outstanding ADM revenue the municipality strives to ensure sound internal controls and adherence to the ADM Credit Control and Debt Management Policies. Efforts to ensure that the outstanding debt is recovered include the restrictions of water meters for non paying domestic and business water consumers. Further steps also include the following of legal processes for debt recovery, as well as water account disconnections.

The collection rate for the 2009/10 year is 43% (2008 / 2009: 30%).

Abeyance account take- on balance taken over from the Amahlathi Local Municipality amounting to R19 296 724 was approved for write off by Council on 28 May 2010, as this was deemed irrecoverable. On the 28 May 2010, Council also approved the write off of RSC levy debt totalling R373 821 and indigent debtors debt of R2 353 302.

Large volumes of the domestic consumers are indigent and unable to settle amounts due. Indigent officers are working hand in hand with the community to assist with the Indigent registration campaigns, as well as, additional staff members have been added to the indigent team to speed up the process of indigent consumer registrations and submissions of indigent bad debt write . offs

Indigents

The municipality, has since June 2008, been actively involved in a campaign to ensure that all indigent consumers in the district are registered. Although indigent registration outreach campaigns have been held monthly throughout the Amathole District, progress was slow as only a few consumers attended the campaigns held in the various local municipalities. The ADM therefore identified a need in November 2009 for the sourcing of community . based youths from the various local municipalities to assist the municipality with a door . to . door indigent registration campaign. The contracts for the unemployed youths expired at the end of February 2010, but the municipality will embark on a process of reviewing the structure of the indigent campaign prior to renew the appointment of unemployed youths on a contractual basis for the 2010 / 2011 financial year.

The total number of consumers registered as indigents on the ADM system as at the end of June 2010 is 4928.

The registered indigent consumers receive up to 6 free kilolitres (kl) of water on a monthly basis, and are billed at the normal tariff rates for water consumption in excess of the 6kl.

The Indigent policy was revised during the 2009 / 2010 financial period and adopted by Council on the 28th of May 2010.

Outstanding debt due by Amathole District Municipality Councillors and employees:

	Previous	30 days	60 days	90 days	VAT	Total
	R	R	R	R	R	R
ADM Officials	24 445	7 691	7 263	426 039	54 843	520 281
Councillors	6 971	10 029	6 953	162 763	21 964	208 680
Total	31 416	17 720	14 216	588 802	76 807	728 961

AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Reconciliation of Doubtful Debt Allowance

The municipality's trade receivables are stated after allowances for doubtful receivables based on management's assessment of the debtors' creditworthiness. An analysis of the allowance is as follows:

Balance at beginning of the year
 Contributions to allowance
 Doubtful debts written off against allowance
Balance at end of year

2009/10 R	2008/09 R
127 584 459	78 474 442
53 243 731	56 173 765
(20 960 691)	(7 063 748)
159 867 500	127 584 459

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 and default or delinquency in payments (more than 30 days overdue) are considered indicators that the consumer debtor is impaired.

Financial assets have been classified as loans and receivables

Consumer debtors are billed interest at prime plus 2% on overdue accounts and are therefore considered to be fairly valued.

8. OTHER RECEIVABLES

Other receivables

Sundry receivables
 Prepayments
 Conditional grants **Refer note 19.4**
 Indebtness by municipal entity: Amathole Economic Development Agency
 Less: Provision for bad debtors
 Total

2009/10 R	2008/09 R
41 843 816	27 812 842
37 547 961	26 962 510
391 199	-
3 054 324	-
850 332	850 332
-	-
41 843 816	27 812 842

The prepayments have been incurred on tourism events and training that are to take place within the District during the month of July 2010.

The Amathole District Municipality transferred R850 332 to the Amathole Economic Development Agency for the implementation of the AREDS project. The Amathole Economic Development Agency has requested that the project be returned to the Amathole District Municipality. This has been approved by the Municipal Manager and therefore the funds are also to be returned. The return of these funds has been requested.

The fair value of other receivables approximates their carrying amounts.

9. VAT RECEIVABLE

Vat receivable

VAT is paid over to SARS only once payment is received from debtors. All VAT returns have been submitted by the due date throughout the year.

2009/10 R	2008/09 R
20 940 307	48 112 332
20 940 307	48 112 332

10. CASH AND CASH EQUIVALENTS

The cash position at financial year end was made up of the following:

Current Account
 Call Account
 Imprest Account
 Plus: Outstanding deposits
 Plus: Cancelled cheques
Total Cash Reserves

2009/10 R	2008/09 R
98 767 659	118 793 848
180 996 566	71 648 016
9 000	9 000
56 948	-
(57 000)	(2 547)
279 773 173	190 448 316

SUPPLEMENTARY BANK ACCOUNT INFORMATION

CURRENT ACCOUNTS TOTAL

98 767 659	118 793 848
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**AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

		2009/10 R	2008/09 R
ABSA BANK	<i>Closing Balance</i>	92 207 515	110 203 931
	<i>Opening Balance</i>	110 203 931	55 429 828
Account No 4063093498 East London 5200			
STANDARD BANK	<i>Closing Balance</i>	6 560 144	8 589 917
	<i>Opening Balance</i>	8 589 917	844 554
Account No 081093454 East London Main Branch			
CALL ACCOUNTS TOTAL		180 996 566	71 648 016
Call Account	<i>Closing Balance</i>	130 996 566	21 648 016
	<i>Opening Balance</i>	21 648 016	70 910 171
ABSA BANK Account No 9157439418			
Call Account	<i>Closing Balance</i>	50 000 000	50 000 000
	<i>Opening Balance</i>	50 000 000	10 000 000
STANDARD BANK Account No 88643816001			

11. LONG TERM LOAN: DBSA

Development Bank of South Africa Loans [Refer Appendix A]

Non current portion
Current portion

	2009/10 R	2008/09 R
	-	-
	-	-
	-	-
	-	-

The Development Bank of South Africa loans were taken over by Amathole District Municipality from the Local Municipalities effective 1 July 2006 when Amathole District Municipality effectively took over the water and sanitation function from the various Local Municipalities. These loans were settled during the 2008/09 financial year. Arrear interest was waived by DBSA upon full and final settlement by the Amathole District Municipality.

The financial liabilities are measured at amortised cost taking into account relevant interest rates. Refer to Appendix A for the terms and conditions relating to the DBSA loans.

12. FINANCE LEASE OBLIGATION

Minimum lease payments due

-within one year
-in second to fifth year inclusive
-later than five years

less: future finance charges

Present value of minimum lease payments

Present value of minimum lease payments due

-within one year
-in second to fifth year inclusive
-later than five years

Non current liabilities
Current liabilities

	2009/10 R	2008/09 R
	405 946	454 948
	283 160	243 220
	-	-
	689 106	698 168
	(73 235)	(93 444)
	615 871	604 724
	350 479	385 506
	265 392	219 218
	-	-
	615 871	604 724
	265 392	219 218
	350 479	385 506
	615 871	604 724

It is the municipality's policy to lease certain office equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 9% (Prior Year: 10%).

All leases have fixed repayment terms with no annual escalation rate, but varies with the changes in the prime interest rate. No arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

**AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

13. OPERATING LEASE LIABILITY

In accordance with GRAP 13, operating lease income and expenses have been recognised on a straight line basis over the lease term.

The effect of accounting for operating leases on the straight line basis had the following effect:

Non current liabilities

Operating lease accrual

	2009/10 R	2008/09 R
	213 796	165 789
	<u>213 796</u>	<u>165 789</u>

14. DEFINED BENEFIT PLAN OBLIGATIONS

Provision for post employment health care benefits	14.1.1	91 710 184	71 573 134
Provision for retirement gratuity benefits	14.2.1	-	33 345 000
Provision for ex-gratia benefits	14.3.2	253 046	274 032
Total defined benefit obligations		<u>91 963 230</u>	<u>105 192 166</u>

	2009/10 R	2008/09 R
	91 710 184	71 573 134
	-	33 345 000
	253 046	274 032
	<u>91 963 230</u>	<u>105 192 166</u>

POST EMPLOYMENT BENEFIT INFORMATION

14.1 Provision for post employment health care benefits

The Post Employment Health Care Benefit plan, of which the members are made up as follows:

- In-service (employee) members
- Continuation (retiree, widow/er and orphan) members

Total

	Number	Number
	687	576
	102	97
	<u>789</u>	<u>673</u>

The liability in respect of past service has been estimated to be as follows:

- In-service members
- Continuation members

Total

	2009/10 R	2008/09 R
	63 042 921	39 887 099
	28 667 263	31 686 035
	<u>91 710 184</u>	<u>71 573 134</u>

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

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed
- Fedhealth
- Medshield
- Medcover
- Resolution Health
- GEMS
- Bestmed
- Genhealth
- Spectramed

On retirement of an employee Council has post retirement obligation to contribute 70% to the medical cost of the employee.

Future service cost	1 year cost
Active members	8 482 980
Cost as a % of the salary of members on a medical scheme	9,22%

14.1.1 Reconciliation of assets and liabilities recognised in the balance sheet

Present value of fund obligations

Fair value of plan assets

Present value of unfunded obligations

Present Value of Obligations in excess of Plan Assets

Unrecognised past service cost

Unrecognised actuarial gains/(losses)

Unrecognised transitional liability

Net liability in Balance Sheet

	-	-
	-	-
	-	-
	91 710 184	71 573 134
	<u>91 710 184</u>	<u>71 573 134</u>
	-	-
	-	-
	-	-
	<u>91 710 184</u>	<u>71 573 134</u>

**AMATHOLE DISTRICT MUNICIPALITY
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	2009/10 R	2008/09 R
The municipality has elected to recognise this full increase in this defined benefit liability immediately, as per IAS 19 Employee Benefits paragraph 155 (a)		
14.1.2 Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	71 573 134	55 111 905
Current service costs	5 701 866	5 971 893
Expected benefits paid	(2 288 289)	(2 173 038)
Interest cost	5 917 973	5 132 412
Past service cost	-	-
Actuarial (gains)/losses	10 805 500	7 529 962
Contributions	-	-
Present value of fund obligation at the end of the year	<u>91 710 184</u>	<u>71 573 134</u>
14.1.3 Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: employer	-	-
Contributions: employee	-	-
Past service costs	-	-
Actuarial gains/(losses)	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	<u>-</u>	<u>-</u>
14.1.4 Trend information		
Present Value of Obligations	91 710 184	71 573 134
Fair Value of Plan Assets	-	-
Present Value of Obligations in Excess of Plan Assets	<u>91 710 184</u>	<u>71 573 134</u>
Experience adjustments		
Actuarial Gain/(Loss) before changes in Assumptions		
In respect of Present Value of Obligations		7 529 962
In respect of Fair Value of Plan Assets	-	-
14.1.5 Sensitivity results		
The liability is particularly sensitive to the real rate of return earned i.e. the difference between the rate of discount and the rate at which medical aid contributions increase. In the table below are calculations at alternative real rates by varying the assumed rate of discount in order to demonstrate the impact on the accrued liability.		

Sensitivity Analysis on the Accrued Liability

Assumption	Change	in-service	Continuation	Total R	Percentage change
Central assumption		63 043 000	28 667 000	91 710 000	
	1%	74 922 000	31 517 000	106 439 000	16%
Health care inflation	-1%	53 578 000	26 194 000	79 772 000	-13%
Post retirement mortality	-1yr	63 043 000	28 667 000	91 710 000	+17.1%
Average retirement age	-1yr	63 043 000	28 667 000	91 710 000	0%
Withdrawal rate	-50%	63 043 000	28 667 000	91 710 000	0%

14.1.6 Key actuarial assumptions used

	2010	2009
Health Care Cost Inflation rate	7.27%	7.40%
Discount Rate	9.22%	8.40%
Expected price inflation rate	5.52%	6.00%
Expected Retirement Age	59	61

14.2 Provision for retirement gratuity benefits

In-service employees - 2008/09		
Active member statistics	Defined Benefit	Defined Contribution
Number of members	146	636
Average age (in years)	52.3	41.5
Average gratuity service (in years)	16.6	5.7
Average monthly salary	R 5 528	R 9 072

AMATHOLE DISTRICT MUNICIPALITY
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Average employer and employee contribution rates - 2008/09

Active member statistics	Defined Benefit	Defined Contribution
Average employer contributions	17.5%	15.6%
Average employee contributions	8.5%	7.4%
Total	26.0%	23.0%

The liability in respect of retirement gratuity for in-service employees with non-fund service are as follows:

- In-service employees

Employees of Amathole District Municipality participate in the following funds:

- Cape Joint Pension Fund (defined benefit);
- Eastern Cape Group Municipal Pension Fund (defined benefit);
- South African Local Authorities Pension Fund (defined benefit)
- Government Employees Pension Fund (defined benefit);
- Cape Joint Retirement Fund (defined contribution);
- National Fund for Municipal Workers (defined contribution);
- South African Municipal Workers National Provident Fund (defined contribution).

14.2.1 Reconciliation of assets and liabilities recognised in the balance sheet

Present value of fund obligations

Fair value of plan assets

Funded status

Present value of funded obligations

Present Value of Obligations in excess of Plan Assets

Unrecognised past service cost

Unrecognised actuarial gains/(losses)

Unrecognised transitional liability

Net liability in Balance Sheet

2009/10 R	2008/09 R
-	33 345 000
-	-
-	33 345 000
-	33 345 000
-	33 345 000
-	-
-	-
-	-
-	33 345 000

The municipality has elected to recognise this full increase in this defined benefit liability immediately, as per IAS 19 Employee Benefits paragraph 155 (a)

14.2.2. Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year

Current service costs

Expected benefits paid

Interest cost

Past service cost

Actuarial (gains)/losses

Contributions

Present value of fund obligation at the end of the year

-	-
-	819 000
-	-
-	75 000
-	-
-	34 233 000
-	(1 782 000)
-	33 345 000

14.2.3 Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year

Expected return on plan assets

Contributions: employer

Contributions: employee

Past service costs

Actuarial gains/(losses)

Benefits paid

Fair value of plan assets at the end of the year

-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

14.2.4 Split of valuation results per fund - 2008/09

Fund	Liability	% per total liability	No. of members
	R		
Cape Joint Pension Fund	2 263 000	6.8%	12
Government Employees Pension Fund	29 731 000	89.2%	106
Eastern Cape Group Municipal Pension Fund	299 000	0.9%	3
South African Authorities Pension Fund	1 052 000	3.2%	25
Total	33 345 000	100%	146

14.2.5 Trend information

Present Value of Obligations

Fair Value of Plan Assets

Present Value of Obligations in Excess of Plan Assets

Experience adjustments

Actuarial Gain/(Loss) before changes in Assumptions

In respect of Present Value of Obligations

In respect of Fair Value of Plan Assets

-	33 345 000
-	-
-	33 345 000
-	-
-	-

AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

14.2.6 Sensitivity results - 2008/09

Discount rate	Gratuity Liability R	% Change
2.5% discount rate	31 484 000	-5.60%
1.5% discount rate per valuation above	33 345 000	0.00%
0.5% discount rate	35 495 000	6.40%

14.2.7 Key actuarial assumptions used 2008/09

Discount rate	8.40%
Salary increase rate	6.80%
Expected return on assets	8.40%

14.2.8 Multi-employer funds

The actuaries appointed to perform the valuation on the gratuity obligation were of the opinion that the Amathole District Municipality do not have an obligation for this post-employment benefit. Hence the liability was derecognised and disclosure was made to reflect information pertaining to multi-employer funds.

The following table reflects information on the defined benefit retirement, pension and provident funds to which councillors and employees belong, and in respect of which there is not sufficient information available to make more detailed disclosures.

The Pension Funds Act requires every pension fund to complete a statutory valuation at least every three years.

	Note	Last Actuarial Valuation	Total Assets R	Total Liabilities R	Contributing members
Cape Joint Retirement Fund		June 2009	6 369 956	6 369 956	576
National Fund for Municipal Workers	1	June 2008	3 633 119	3 633 119	19
Cape Joint Pension Fund		June 2009	3 323 529	3 102 920	25
SAMWU National Provident Fund		June 2007	2 764 426	2 764 426	185
SALA Pension Fund		June 2009	6 303 700	6 567 900	25
Government Employees Pension Fund		March 2009	707 042 000	707 042 000	101
Eastern Cape Gratuity Fund	2				2
Eastern Cape Municipal Pension Fund	2				2

Note 1: Figures from the financials for the year ending 30 June 2009

Note 2: Alexander Forbes would not provide the necessary information in respect of these funds. They did however confirm that both funds are fully funded and hence there is no associated liability for the Municipality's account

An amount of R 25.023 million (2009: R18.107 million) was contributed by Council towards councillor and employee retirement funding. These contributions have been expensed

Refer Note 28

14.3 Provision for ex-gratia benefits

14.3.1 Eligible employees

	Female	Male	Total
Number of pensioners	6	12	18
Average Annual pension - R	903	4 173	3 083
Pension-weighted average age	71.6	84.4	83.2

14.3.2 Reconciliation of assets and liabilities recognised in the balance sheet

Total value of liabilities

Value of assets

Unfunded accrued liability

Unrecognised transitional liability

Unrecognised actuarial gain/(loss)

Unrecognised past service cost

Net liability in balance sheet

	2009/10 R	2008/09 R
Total value of liabilities	253 047	225 720
Value of assets	-	-
Unfunded accrued liability	253 047	225 720
Unrecognised transitional liability	-	-
Unrecognised actuarial gain/(loss)	-	-
Unrecognised past service cost	-	-
Net liability in balance sheet	253 047	225 720
14.3.3 Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	274 032	255 720
Current service costs	-	-
Interest cost	23 646	34 430
Past service cost	-	-
Actuarial (gains)/losses	12 246	42 181
Expected Benefit payments	(56 877)	(58 298)
Present value of fund obligation at the end of the year	253 046	274 032

AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

14.3.8 Key actuarial assumptions used

Assumption	Value p.a	Value p.a
Discount rate	7.55%	7.83%
Pension Increase rate	0.00%	0.00%
Net effective discount rate	7.55%	7.83%
Mortality in retirement	PA(90)-1	PA(90)-1

The balance has been restated refer note 41.7

15. CONSUMER DEPOSITS

Consumer deposits

The consumer deposits relate to the water and sanitation function.

Consumer deposits were previously classified as non-current liabilities. The municipality does not have an unconditional right to defer the payment of the consumer deposits. In terms of GRAP 1, consumer deposits should thus be classified as current liabilities. The classification has been retrospectively adjusted.

Refer to reclassification note 39.1

2009/10	2008/09
R	R
1 398 833	965 670
1 398 833	965 670

16. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables

Other payables

Amounts received in advance: Water and sanitation

Accrued leave pay

Provision for performance bonus

Provision for service bonus

Provision for TASK grades

Equitable Share Projects

Total

16.1

16.2

16.3

16.4

2009/10	2008/09
R	R
62 278 146	31 438 807
54 725 021	45 460 166
2 624 886	2 415 598
591 991	56 518
1 164 441	558 177
5 148 551	4 704 235
2 318 355	-
-	375 105
128 851 391	85 008 606

Trading creditors are non-interest bearing and normally settled on 30-day terms.

The fair value of R53 487 683 was calculated for other payables in accordance with IAS39. A discount rate equating the average return on investments was used.

IAS39 AG79 states that short term payables with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial.

The carrying amount of trade payables approximates their fair value due.

The movement on the leave accrual and provision balances as above for the 2010 financial year were as follows:

16.1 Accrued Leave Pay

Opening Balance

Plus: Contributions during the year

Leave sold during the year

Total leave accrual

Non current portion of leave accrual

Current portion of leave accrual

2009/10	2008/09
R	R
6 520 048	6 018 495
5 381 176	3 787 127
(3 585 081)	(3 285 575)
8 316 142	6 520 048
7 724 151	6 463 529
591 991	56 518
8 316 142	6 520 048

The municipality makes provision for staff leave pay based upon the basic salary scale for 2010/11.

The short term portion of the provision is based on the number of accrued days versus the number of days sold.

16.2 Provision for Performance Bonus

Opening balance

Additional provision

Amounts utilised

Unused amounts reversed

Carrying amount at end of the year

The provision is calculated at 14% of the current total salary package.

2009/10	2008/09
R	R
558 177	479 179
606 264	558 177
-	(166 701)
-	(312 478)
1 164 441	558 177

AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

16.3 Provision for Service Bonus

Opening balance
 Additional provision
 Amounts utilised
 Unused amounts reversed
 Carrying amount at end of the year
 The provision calculation is based on the portion of the thirteenth cheque payable that falls due within the current financial year.

2009/10 R	2008/09 R
4 704 234	5 900 323
5 148 551	4 704 235
-	-
(4 704 235)	(5 900 323)
<u>5 148 551</u>	<u>4 704 234</u>

16.4 Provision for TASK grades

Opening balance
 Additional provision
 Amounts utilised
 Unused amounts reversed
 Carrying amount at end of the year
 The provision is based upon the estimates determined by the Job evaluation unit pertaining to the new TASK grades. Salaries are to be back-dated for 9 months.

2009/10 R	2008/09 R
-	-
2 318 355	-
-	-
-	-
<u>2 318 355</u>	<u>-</u>

17. SERVICE CHARGES

Sale of water
 Sewerage and sanitation charges
 Fire Services

2009/10 R	2008/09 R
51 996 599	49 524 778
33 017 882	30 694 887
1 811 972	80 301
<u>86 826 453</u>	<u>80 299 966</u>

18. REGIONAL SERVICE CHARGES

Levies
Total Service Charges

RSC levies was abolished with effect from 1 July 2006. The RSC levies that have been disclosed in the Statement of Financial Performance represents RSC revenue received by the 20th of July 2006 for RSC levies from June 2006. This is in accordance with GRAP 9 which states a reliable measurement of levies can usually only be made on the due date of payment which was 20 July 2006.

2009/10 R	2008/09 R
12 276	110 312
<u>12 276</u>	<u>110 312</u>

19. GOVERNMENT GRANTS AND SUBSIDIES

Equitable share
 Levy replacement grant
 Conditional Grants: Conditions met - transferred to revenue
 MIG grant
Total Government Grant and Subsidies

Based on the allocations set out in the Division of Revenue Act, Act 1 of 2005 significant changes in the level of government grant funding have materialised hence the allocation of the RSC levy replacement grant.

Previously when the conditions of the Municipal Infrastructure Grant were met, the amount was transferred to Deferred Income. The change in accounting policy from IAS20 to GRAP 9 read with GRAP 23, resulted in the amount being recognised as revenue in the Statement of Financial Performance when the conditions of the grant was met. The prior year comparatives have been restated. Refer Note 40.1

19.1 Equitable Share

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

This grant is used to subsidise the following functions:

- WSP
- WSA
- Engineering Services
- Disaster Management
- Health & Protection Services
- Fire service
- Building & Services Planning
- Municipal Manager
- PMU

2009/10 R	2008/09 R
225 742 587	168 676 297
175 737 202	172 771 268
80 846 487	81 213 504
232 032 164	115 953 475
<u>714 358 440</u>	<u>538 614 544</u>

AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

19.2 Income for Agency Services

Balance outstanding at beginning of year
 Total Income
 Subsidy received
 Corrections
 Other income
 Total Expenditure
 Less: Expenditure subsidy
 Less: Other expenditure relating to sundry income
Conditions still to be met- transferred to liabilities

2009/10 R	2008/09 R
2 424 851	1 636 137
6 781 695	19 291 973
2 176 861	19 408 186
4 604 834	(116 213)
-	-
(9 206 546)	(18 503 258)
(2 176 861)	(18 503 258)
(7 029 685)	-
-	2 424 851

The Municipality renders health services on behalf of the Provincial Government and is refunded 100% of the total expenditure incurred. The conditions of the grant have been met. There was a delay in receiving the subsidy due to negotiations regarding the Service Level Agreement.

19.3 Conditional Grants

Balance unspent at beginning of year
 Current year receipts
 Interest Received
 Less: Expenditure
Transferred to debtors
Condition still to be met-transferred to liabilities
 Refer to Annexure 1

2009/10 R	2008/09 R
199 040 442	158 809 154
220 129 228	213 746 023
585 187	3 013 354
(295 325 563)	(176 528 089)
3 054 324	-
127 483 617	199 040 442

19.4 MIG Grants

Balance unspent at beginning of year
 Current year receipts
 Less: Expenditure
Condition still to be met-transferred to debtors
 Refer to Annexure 1
 Note: included in total of Note 19.3

2009/10 R	2008/09 R
45 862 416	2 545 838
183 115 424	159 270 054
(232 032 164)	(115 953 475)
(3 054 324)	45 862 416

19.5 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act No.1 of 2010), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

20. OTHER INCOME

Administration fees
 Commission
 Connection fees
 Conservancy fees
 Emergency tanked water
 Prepaid water sales
 Sundry income
Total Other Income

2009/10 R	2008/09 R
15 898	349 192
169 805	123 074
147 402	4 519 225
595 873	597 425
99 039	64 793
16 983	35 570
33 989 763	19 212 257
35 034 763	24 901 536

Rental income

Rental income received for leased property

2009/10 R	2008/09 R
131 425	27 977

Repairs and maintenance leased property generating rental income

2009/10 R	2008/09 R
-	-

21. CONTRACTED SERVICES

Operating lease charges
Premises
 - Contractual amounts
Motor vehicles
 - Contractual amounts
Office Equipment
 - Contractual amounts

2009/10 R	2008/09 R
5 180 648	4 235 748
8 078 075	10 005 309
385 481	233 970
13 644 204	14 475 027

AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

22. COST OF INVENTORIES

Housing inventories
Stores and materials
Water

	2009/10 R	2008/09 R
	-	319 685
	37 082	5 318
	34 570 436	29 368 424
	<u>34 607 519</u>	<u>29 693 427</u>

23. DEPRECIATION AND AMORTISATION EXPENSE AND GAIN/(LOSS) ON DISPOSAL OF ASSETS

Loss/(gain) on sale of infrastructure, plant and equipment
Depreciation on Infrastructure, plant and equipment
Amortisation on Intangible Assets

	2009/10 R	2008/09 R
	3 803 086	(808 186)
	41 155 743	90 555 310
	<u>100 292</u>	<u>100 292</u>

24. GENERAL EXPENDITURE

Advertising
Annual event
Advisory forums
Assessment rates
Audit committee
Bank charges
By-law consultation
Bulk purchases: Chemicals
Bulk purchases: Repairs and maintenance
Bulk purchases: Labour, travel and supervision
Bulk purchases: General expenses
Bursary for rare skills
Campaigns and promotions
Chemicals
Cleaning materials
Communication
Community Based Organisation
Conference expenses
Consultative forums
Consultants
Consumables
Database expenditure
Delegated management
Disposal of the dead
Electricity, water and refuse
Employee welfare
Emergency provisions
Entertainment
Establishment of LM sites
Fire services
Food control
Fumigation
Grants in aid
Hiring premises
IGR learner ship and programmes
Indigent support
Insurance
International programmes
Job evaluation expenditure
Nursing services
LGSeta internship programme
Licences and subscriptions
Marketing
Membership fees
Miscellaneous expenditure
Postage
Internally funded project allocations
Printing and stationery
Project Management
Property transfer costs
Protective clothing
Public participation
Refreshments
Rentals: VPN lines
Sampling and testing
Security services
Skills development levy
Solid waste site costs
Software and computer expenditure

	723 432	934 976
	61 013	363 864
	41 012	74 593
	177 995	265 021
	547 766	376 288
	286 901	296 544
	90 747	-
	4 178 435	2 534 231
	21 109 436	22 002 956
	876 106	-
	7 156 490	-
	61 000	-
	205 401	160 159
	14 535	-
	4 918	-
	32 600	1 051 518
	1 404 889	1 232 954
	736 342	890 492
	123 965	281 243
	283 183	1 934 065
	621 533	43 218
	310 886	328 766
	21 185 740	18 558 066
	43 442	9 770
	10 924 025	7 334 365
	897 184	857 969
	205 403	728 177
	124 692	141 523
	-	10 008
	3 975	3 880
	241 445	-
	37 798	7 933
	-	299 236
	82 363	63 700
	-	299 358
	566 445	2 135 256
	4 285 999	2 469 764
	-	895 326
	234 663	387 156
	29 496	9 035
	9 669	-
	288 613	1 162 650
	-	1 718 113
	1 555 532	-
	365 909	525 816
	1 307 371	1 180 976
	70 799 203	55 592 204
	3 514 570	3 158 757
	34 165	31 946
	16 400	7 700
	292 511	513 391
	174 134	-
	588 672	598 415
	802 042	-
	869 972	545 908
	3 428 908	1 541 450
	1 583 960	1 309 118
	360 593	-
	1 210 838	150 197

AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Special programmes	458 537	774 530
Subsistence and travel	2 976 814	3 955 653
Telephone expenditure	2 846 918	3 990 859
Theft losses	-	3 300
Tourism	126 000	-
Training and workshops	1 664 534	1 547 789
Transport	7 457 146	7 989 582
Water research levy	261 772	1 011 951
Water support	3 431 883	-
Whippery	27 313	45 922
Total general expenditure	184 365 229	154 337 637

25. EMPLOYEE COSTS

Employee related costs- Salaries and Wages	130 166 051	100 039 067
Employee related costs- Contribution for UIF, pensions and medical aid.	28 049 852	23 312 798
Travel, motor car, accommodation and subsistence allowances	6 213 414	5 468 315
Housing benefits and allowances	1 128 688	1 270 790
Overtime payments	5 365 178	5 346 252
Bonus	9 688 612	5 395 922
Other benefits/allowances	743 967	57 508 929
Total Employee Costs	181 355 762	198 340 072

Defined Benefit Plan (Post employment medical aid and retirement gratuity) Expense

- current service cost	5 701 866	6 790 893
- interest cost	5 941 619	5 207 412
- actuarial loss recognised	10 817 746	41 762 962

Amount expended in respect of retirement benefit plans:

Defined contribution funds	23 117 221	16 420 878
Defined benefit funds	1 905 676	1 686 925

Remuneration of the Municipal Manager

Annual Remuneration	884 900	886 798
Performance Bonus	-	-
Leave Encashment	-	-
Acting Allowance	-	5 989
Cell Phone Allowance	28 164	22 946
Travel Allowance	171 600	181 484
Back Pay of Remuneration	40 692	22 189
Contributions to UIF, Medical and Pension Funds	1 497	9 865
TOTAL	1 126 853	1 129 271

New Municipal Manager appointed on 1 December 2008

Remuneration of the Chief Finance Officer

Annual Remuneration	546 635	483 423
Performance Bonuses	-	-
Leave Encashment	-	-
Acting Allowance	-	-
Cell Phone Allowance	28 164	24 932
Travel Allowance	233 472	207 530
Back Pay of Remuneration	21 984	22 142
Contributions to UIF, Medical and Pension Funds	131 796	123 228
Total	962 050	861 255

Remuneration of the Director: Administration

Annual Remuneration	-	-
Performance Bonuses	-	-
Leave Encashment	-	-
Acting Allowance	-	134 222
Cell Phone Allowance	-	-
Travel Allowance	-	-
Back Pay of Remuneration	-	-
Contributions to UIF, Medical and Pension Fund	-	-
Total	-	134 222

Dept of Administration amalgamated with Human Resources with effect 1 May 2009 to form Corporate Services Department

**AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

Remuneration of the Director: Engineering

Annual Remuneration	536 009
Performance Bonuses	-
Leave Encashment	9 097
Acting Allowance	-
Cell Phone Allowance	28 164
Travel Allowance	233 472
Back Pay of Remuneration	21 984
Contributions to UIF, Medical and Pension Fund	133 801
Total	962 527

2009/10 R	2008/09 R
Annual Remuneration	469 269
Performance Bonuses	-
Leave Encashment	38 663
Acting Allowance	-
Cell Phone Allowance	25 032
Travel Allowance	207 530
Back Pay of Remuneration	28 050
Contributions to UIF, Medical and Pension Fund	131 898
Total	900 443

Remuneration of the Director: Strategic Management

Annual Remuneration	631 240
Performance Bonuses	-
Leave Encashment	-
Acting Allowance	-
Cell Phone Allowance	27 192
Travel Allowance	171 600
Back Pay of Remuneration	22 250
Contributions to UIF, Medical and Pension Fund	17 823
Total	870 105

2009/10 R	2008/09 R
Annual Remuneration	408 956
Performance Bonuses	-
Leave Encashment	-
Acting Allowance	-
Cell Phone Allowance	14 602
Travel Allowance	85 800
Back Pay of Remuneration	-
Contributions to UIF, Medical and Pension Fund	15 594
Total	524 952

The position of Director: Strategic Management was filled on 1 November 2008

Remuneration of the Director: Human Resources

Annual Remuneration	-
Performance Bonuses	-
Leave Encashment	-
Acting Allowance	-
Cell Phone Allowance	-
Travel Allowance	-
Back Pay of Remuneration	-
Contributions to UIF, Medical and Pension Fund	-
Total	-

2009/10 R	2008/09 R
Annual Remuneration	34 776
Performance Bonuses	-
Leave Encashment	23 766
Acting Allowance	134 222
Cell Phone Allowance	-
Travel Allowance	11 076
Back Pay of Remuneration	6 090
Contributions to UIF, Medical and Pension Fund	9 397
Total	219 327

Dept of Administration amalgamated with Human Resources with effect 1 May 2009 to form Corporate Services Department

Remuneration of the Director: Corporate Services

Annual Remuneration	584 293
Performance bonus	-
Leave Encashment	-
Acting allowance	-
Cell Phone Allowance	28 164
Travel Allowance	144 000
Back Pay of Remuneration	42 356
Contributions to UIF, Medical and Pension Fund	114 294
Total	913 107

2009/10 R	2008/09 R
Annual Remuneration	79 111
Performance bonus	-
Leave Encashment	-
Acting allowance	-
Cell Phone Allowance	4 172
Travel Allowance	24 000
Back Pay of Remuneration	-
Contributions to UIF, Medical and Pension Fund	15 414
Total	122 697

The position of Director: Corporate Services was filled on 1 May 2009

Remuneration of the Director: Health & Protection

Annual Remuneration	465 700
Performance Bonuses	-
Leave Encashment	-
Acting Allowance	-
Cell Phone Allowance	28 296
Travel Allowance	199 333
Back Pay of Remuneration	19 434
Contributions to UIF, Medical and Pension Fund	104 971
Total	817 734

2009/10 R	2008/09 R
Annual Remuneration	427 618
Performance Bonuses	-
Leave Encashment	-
Acting Allowance	-
Cell Phone Allowance	25 032
Travel Allowance	176 401
Back Pay of Remuneration	2 442
Contributions to UIF, Medical and Pension Fund	104 428
Total	735 921

**AMATHOLE DISTRICT MUNICIPALITY
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Remuneration of the Director: Executive Support Services

	2009/10 R	2008/09 R
Annual Remuneration	563 344	410 608
Performance Bonuses	-	26 464
Leave Encashment	33 591	-
Acting Allowance	-	-
Housing subsidy	-	2 748
Cell Phone Allowance	11 330	24 932
Travel Allowance	79 821	176 401
Back Pay of Remuneration	12 856	1 238
Contributions to UIF, Medical and Pension Fund	46 405	111 263
Total	<u>747 348</u>	<u>753 654</u>

Remuneration for the period July 2009 to November 2009 includes a settlement package in the annual remuneration

Remuneration of the Director: Land Settlements and Housing

	2009/10 R	2008/09 R
Annual Remuneration	382 253	-
Performance Bonuses	-	-
Leave Encashment	-	-
Acting Allowance	-	-
Housing subsidy	-	-
Cell Phone Allowance	-	-
Travel Allowance	127 750	-
Back Pay of Remuneration	-	-
Contributions to UIF, Medical and Pension Fund	998	-
Total	<u>511 002</u>	<u>-</u>

Appointed as Director: Land, Settlements and Housing on 1 May 2009

26. REMUNERATION OF COUNCILLORS

	2009/10 R	2008/09 R
Executive Mayor	710 756	669 599
Speaker	558 605	497 968
Mayoral Committee Members	3 473 125	3 997 540
Councillors	4 984 282	4 055 324
Councillors pension contribution	457 946	522 887
Total Councillors' Remuneration	<u>10 184 714</u>	<u>9 743 317</u>

In-kind Benefits

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

The Executive Mayor has use of two council owned vehicles for official duties, and has a full-time driver/bodyguard.

The salaries, allowances and benefits of the political office-bearers are within the upper limits of the framework as prescribed by section 219 of the Constitution.

27. PAYE AND UIF

	2009/10 R	2008/09 R
Opening balance	-	-
Current year payroll deductions	25 046 670	22 927 534
Amount paid-current year	(25 046 670)	(22 927 534)
Amount paid-previous year	-	-
Total	<u>-</u>	<u>-</u>

28. PENSION AND MEDICAL AID DEDUCTIONS

	2009/10 R	2008/09 R
Opening balance	-	-
Current year payroll deductions and Council Contributions	39 404 794	30 488 434
Amount paid-current year	(39 404 794)	(30 488 434)
Amount paid-previous year	-	-
Total	<u>-</u>	<u>-</u>

The pension fund contributions disclosed above includes contributions to the defined benefit and defined contribution funds. Refer note 14.

**AMATHOLE DISTRICT MUNICIPALITY
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29. GRANTS AND SUBSIDIES

29.1. GRANTS AND SUBSIDIES PAID

	2009/10 R	2008/09 R
EC121	126 863	4 228 307
EC122	313 319	8 922 748
EC123	89 897	773 509
EC124	-	913 750
EC125	491 080	378 350
EC126	-	261 652
EC127	627 082	6 218 567
EC128	-	1 871 660
DC12 General project implementation	172 951 966	70 969 180
Total Grants and Subsidies	174 600 207	94 537 723

The grants paid to all Local Municipalities are in terms of the District Municipality's Integrated Development plan.
The above grants relates to internally funded project allocations to local municipalities and grant expenditure from externally funded grants.
The amount has been restated refer Note 43.3

29.2. GRANTS AND SUBSIDIES OUTSTANDING

	2009/10 R	2008/09 R
EC121	54 165	1 221 876
EC122	(2 025 929)	2 731 791
EC123	2 240 516	2 046 622
EC124	(907 950)	40 515
EC125	462 405	989 341
EC126	-	111 164
EC127	(4 113 667)	2 210 602
EC128	(300 474)	267 320
Total Grants and Subsidies	(4 590 935)	9 619 231

The above grants relates to internally funded project allocations to local municipalities.

30. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

30.1 Unauthorised expenditure

	2009/10 R	2008/09 R
Reconciliation of unauthorised expenditure		
Opening balance	53 913 829	-
Unauthorised expenditure current year	-	53 913 829
Approved by Council or condoned	(53 913 829)	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	-	-
	-	53 913 829

The budget of the water services was exceeded by R16 352 370 due to the increase in the impairment for doubtful debts during the 2008/09 financial year.

In accounting for employment benefits in accordance with the applicable accounting standard IAS 19, the 2008/09 budget was exceeded by R37 561 459.
The municipality is required to provide for all its post employment medical aid and retirement benefit obligations at year end.

Council certified and approved the unauthorised expenditure for write off in terms of the Municipal Finance Management Act No. 56 of 2003 Section 32(2).

30.2 Fruitless and wasteful expenditure

	2009/10 R	2008/09 R
Reconciliation of fruitless and wasteful expenditure		
Opening balance	1 169 413	48 193
Fruitless and wasteful expenditure current year	962 190	1 121 220
Condoned or written off by Council	(1 169 413)	-
To be recovered- contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-
	962 190	1 169 413

On 17 June 2008 Amathole District Municipality appointed a Municipal Manager contrary to a recommendation of a panel appointed by Council. The matter was contested in court by the candidate that was originally recommended by the panel. On 16 November 2008 the Grahamstown High Court ruled in favour of the applicant, thus ordering the original council decision to be reversed.
Legal costs incurred of R423 710. This matter has been investigated by Council and it was resolved that the expenditure is to be written off.

During the current financial year, rental costs of R91 835.20, R88 803.16 and R184 207.11 were incurred for the 9th, 14th and ground floors respectively at Caxton House.

Rental costs of R356 368 and R341 141 were incurred for the 9th and 14th floor respectively during the 2008/09 financial year, and R48 193 for the 9th floor during the 2007/08 financial year, while the municipality has not occupied these premises. Staff could not move into the new premises as phone and network connections were not installed. The installation process had taken longer than envisaged. Council has resolved that this matter be written off.

During November 2009, a claim of R562 513.66 was submitted to the ADM for interest incurred on the Ngqushwa Ward 6, 7 & 13 Sanitation project that was originally commenced under the Department of Water Affairs and subsequently transferred to the ADM upon assuming the function of a Water Services Authority. Works were suspended due to budget constraints and non-payment of claims. It was agreed to avoid the contractor withdrawing from the site, and thereby delaying service delivery and incurring further costs, to make the payment. The ADM is to investigate the matter and recover any costs if necessary.

A payment of R34 830.68 was made to a contractor for interest incurred on the construction of the Macleantown sport field and ablution facilities. The interest was to be paid per the ruling of the Mediator.

AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The ADM is to investigate the matter and recover any costs if necessary.

30.3 Irregular expenditure

Reconciliation of irregular expenditure
Opening balance
Irregular expenditure current year
Condoned or written off by Council
Transfer to receivables for recovery- not yet condoned
Irregular expenditure awaiting condonement

2009/10	2008/09
R	R
23 876 482	7 532 202
-	16 344 280
(23 876 482)	-
-	-
-	-
<u>-</u>	<u>23 876 482</u>

The following are included in the R7.58 million; a) contract expenditure of R6.8million on contracts that have been extended beyond their termination dates. These contracts should not have been extended but rather been subjected to the procurement processes that are required by the municipality's supply chain policy.

- b) procurement procedures were not adhered to in respect of R378 918 incurred for an end of year staff function and R305 121 on office renovations, but were instead treated as emergency expenditure.
- c) municipal credit cards were used by the Mayor and Speaker to incur entertainment expenditure. The use of these credit cards was contrary to section 11(1) of the MFMA. This was reported in the 2006/07 audit report and the matter was immediately rectified after the issue of the 2006/07 audit report, however R36 120 had already been incurred, before the 2006/07 audit report had been issued, in the current year under review.
- d) also reported in the previous year, was expenditure of a private nature incurred by the then municipal manager and chief financial officer. An investigation was subsequently undertaken by the municipality and it was found that expenditure of R46 285 was incurred during the financial year under review. This amount has subsequently been recovered from the ex-officials.

During the 2008/09 year it was found that actual expenditure exceeded the contract amount that was awarded on certain contracts. This resulted in over-expenditure of R16 344 280.

At a Council meeting held on 31 May 2010, Council resolved that the irregular expenditure incurred during the 2008/09 and 2007/08 financial years be condoned.

31. INTEREST EARNED - EXTERNAL INVESTMENTS

Interest revenue

Unlisted financial assets held to maturity
Cash and cash equivalents

2009/10	2008/09
R	R
34 011 271	44 209 844
14 645 514	18 183 793
<u>48 656 784</u>	<u>62 393 637</u>

32. INTEREST EARNED - OUTSTANDING RECEIVABLES

Levies
Water and sanitation
Loans receivable

2009/10	2008/09
R	R
41 463	95 168
13 630 960	15 171 843
1 374	6 215
<u>13 673 797</u>	<u>15 273 226</u>

33. BAD DEBTS

Bad debts consists of the following:
 Contribution to doubtful debts

2009/10	2008/09
R	R
53 284 519	56 173 765
<u>53 284 519</u>	<u>56 173 765</u>

34. FINANCE CHARGES

Finance leases
External borrowings

2009/10	2008/09
R	R
91 580	144 940
-	345 751
<u>91 580</u>	<u>490 691</u>

35. AUDIT FEES PAID

Fees - current year

2009/10	2008/09
R	R
2 961 799	2 771 951
<u>2 961 799</u>	<u>2 771 951</u>

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	2009/10 R	2008/09 R
36. CASH GENERATED FROM OPERATIONS		
Surplus for the year	189 220 734	61 542 914
Adjustments for:		
Gain/(loss) on disposal of assets	3 803 086	(808 186)
Depreciation and amortisation	42 915 009	91 256 965
Contributions to provisions - current	5 381 176	3 787 127
Contribution to bad debt provision	53 284 519	56 173 765
Contribution to defined benefit obligation	(13 228 936)	49 824 541
Non cash flow: Revaluation reserve	-	-
Interest earned	(62 330 581)	(77 666 863)
Finance costs	91 580	490 691
Operating surplus before working capital changes	219 136 585	184 600 953
(Increase)/Decrease in inventories	(835 407)	(638 974)
Increase in consumer and other receivables	(70 636 293)	(66 372 433)
Increase in deferred income	-	(640 273)
Increase/(decrease) in conditional grants and receipts	(71 556 826)	40 231 288
Increase/(decrease) in trade and other payables	43 355 320	(25 834 807)
Provisions paid	(3 585 081)	(3 285 575)
Decrease/(Increase) in VAT receivable	27 172 025	(30 568 137)
Cash generated from operations	143 050 323	97 492 042

	2009/10 R	2008/09 R
37. COMMITMENTS		
Authorised capital expenditure		
- Approved and contracted for	686 042 656	109 824 476
<i>Infrastructure</i>	558 910 629	109 490 847
<i>Community</i>	45 511 229	-
<i>Heritage</i>	-	-
<i>Other</i>	81 620 798	333 629
<i>Investment Properties</i>	-	-
- Approved but not yet contracted for	1 794 217 266	747 004 245
<i>Infrastructure</i>	1 686 870 746	699 704 245
<i>Community</i>	-	27 100 000
<i>Heritage</i>	-	-
<i>Other</i>	107 346 520	20 200 000
<i>Investment Properties</i>	-	-
Total	2 480 259 922	856 828 721
This expenditure will be financed from:		
- External Loans	-	-
- District Council Grants	2 444 917 648	856 828 721
- Own resources	35 342 274	-
Total	2 480 259 922	856 828 721

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

Operating leases - as lessee (expense)	2009/10 R	2008/09 R
Minimum lease payments due		
-within one year	5 984 974	3 524 791
-in second to fifth year inclusive	4 219 998	2 468 374
-later than five years	-	-
	10 204 971	5 993 165

Operating lease payments represent rentals payable by the municipality for certain of its office properties and office equipment. Leases are negotiated for an average term of 3 years and rentals escalate on average at 10% p.a. No contingent rent is payable.

Operating leases – as lessor (income)	2009/10 R	2008/09 R
Minimum lease payments due		
-within one year	73 409	32 744
-in second to fifth year inclusive	103 019	-
-later than five years	66 532	-
	242 960	32 744

AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Operating lease payments represent rentals receivable by the Municipality for certain of its properties situated in Stutterheim, Komga, Cathcart, Adelaide and Macleantown.

Leases are negotiated for an average of 4 years and rentals escalate by an average of 12% annually.

	2009/10 R	2008/09 R
38.1 CONTINGENT LIABILITIES		
The following contingent liabilities have been disclosed and not recognised:		
Tigana Group (1)	-	114 000
Tigana Group (2)	-	203 380
Dwesa Cwebe Land Trust	-	13 100 000
Michelle Fourie	725 000	725 000
	<u>725 000</u>	<u>14 142 380</u>

Tigana Group (1)

The Plaintiff instituted action against the Municipality for services rendered on a particular contract In October 2006. An Appearance to Defend was filed and it was subsequently found that the money was payable. Payment of the moneys has been made and the outstanding issue relates to the costs and interest. This was withdrawn by both parties.

Tigana Group (2)

Tigana Group have sent letters of demand for payment of a further invoice in respect of the Ngqushwa Demand Management System, project number 8/2/5/6/2005. ADM are presently searching their records to ascertain whether payment has been made in this regard and instructions are awaited. This was withdrawn by both parties.

Dwesa Cwebe Land Trust

The Dwesa Cwebe Land Trust is claiming repayment from the Amathole District Municipality. The Trust claims that the money had been transferred to the Amathole District Municipality for reasons unknown to them and on this basis requires the money to be repaid. The Amathole District Municipality has investigated the matter and has established that certain monies had been received in terms of a "Memorandum of Agreement on the transfer of funds and fund administration for the settlement of the Dwesa Cwebe Community Restitution Claim". This memorandum and its variation therefore regulates the funds and makes provision for certain amounts to be repaid to the Department of Land Affairs and to the Trust. It is on this basis that the Amathole District Municipality is opposing the matter. Answering papers were delivered by the Amathole District Municipality, but the Trust never replied. The matter was never re-enrolled after it was first set down in the High Court in March 2009.

Michelle Fourie

Damages claimed from the Amathole District Municipality include medical expenses, pain and suffering as the result of a collusion with livestock. The Plaintiff has indicated that it wishes to serve a replication to the ADM's plea. A draft is awaited thereof before any decision can be taken on condonation for late filing thereof. Pleadings have not yet closed as the Plaintiff still awaits pleas from the remaining Defendants.

38.2 CONTINGENT ASSET

The following contingent asset has been disclosed and not recognised:

Mveni, Mthuthuzeli Austin
 Fernfin
 Hololoshe, S
 Mlondleni, N

Mveni, Mthuthuzeli Austin

Claims instituted against previous employee of the Amathole District Municipality relating to financial assistance for the cost of tertiary studies in terms of an agreement and a salary advance. A request for Default judgement submitted to the Court in October 2008, and to date it has not been returned. Been handed to the attorney's collections department for further steps to be taken.

Fernfin

The Amathole District Municipality wishes to institute action against Vuma JV Lungalabantu Construction and its surety, Fernfin of Mthatha. This relates to the non-performance of the contract by Vuma JV Lungalabantu Construction, which was awarded March 2007. Summons has been drafted and sent to Counsel.

Hololoshe, S

The amount owing emanates from services rendered and work performed on a project named the Wartberg Sanitation Project / ISD and Technical. Instructions to proceed with Section 65 or the re-issue of the warrant of execution is awaited.

Mlondleni, N

Two applications by the former Speaker were brought to the High Court. One was dismissed and the second was withdrawn shortly before the matter was to be heard. The Amathole District Municipality's costs were tendered. This matter was settled during the current year.

2009/10 R	2008/09 R
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**AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

39. RELATED PARTIES

Relationships

Subsidiary / Municipal entity Refer to Note 4.1

Related party balances

Owing by (to) Amathole Economic Development Agency

	2009/10 R	2008/09 R
	<u>850 332</u>	<u>850 332</u>
Related Party Transactions		
Funding provided to AEDA for the operations of the agency	<u>8 700 000</u>	<u>5 000 000</u>
Funds transferred to AEDA for implementation of NDPG project	<u>4 500 000</u>	<u>1 500 000</u>

40. 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:

40.1 Deferred Income

The accounting standard and accounting policy changed from IAS 20 to GAMAP 9. Previously upon application IAS 20, when the conditions were met, the amount was transferred to Deferred Income. The change in accounting policy from IAS 20 to GAMAP 9 resulted in the amount being recognised as revenue in the Statement of Financial Performance when the condition of the grant was met. The change in the accounting policy has been accounted for retrospectively.

40.1 Deferred income

Adjustment against opening accumulated surplus 30 June 2008

Statement of financial performance

Increase in government grants & subsidies

Statement of financial position

Decrease in deferred income - Non-current portion

Decrease in deferred income - Current portion

	2009/10 R	2008/09 R
		(463 041 124)
		<u>(104 517 119)</u>
		<u>(567 558 243)</u>
		561 681 795
		<u>5 876 447</u>
		<u>567 558 243</u>
Net effect on Accumulated surplus opening balance		<u>(463 041 124)</u>

41. PRIOR PERIOD ERRORS

41.1 Revenue - service charges

On 1 July 2006 the municipality assumed responsibility for the provision of water and sanitation services as required by Government Notice 849 issued in terms of section 84(3)(a) of the Municipal Structures Act, 1998 (Act No. 117 of 1998). The municipality embarked on a data cleansing exercise to cleanse the debtor databases that were taken on from the local municipalities. During the data cleansing exercise it was found that consumer accounts taken over from the local municipalities were incorrect. Hence revenue was misstated. The error was corrected in the current financial year and was adjusted for retrospectively.

41.2 Property plant and equipment - Infrastructure assets

On 1 July 2006 the municipality assumed responsibility for the provision of water and sanitation services as required by Government Notice 849 issued in terms of section 84(3)(a) of the Municipal Structures Act, 1998 (Act No. 117 of 1998). GRAP 17 prescribes that where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value at the date of acquisition. The water infrastructure assets were not recognised at fair value as at 1 July 2006. The municipality has recognised the water infrastructure assets at the depreciated replacement cost, being the fair value, in accordance with GRAP 17. As a result of the correction in the initial fair value of the infrastructure assets, depreciation was corrected. The correction of the depreciation was recorded in the incorrect period. In addition, the medium data confidence schemes were verified and where applicable the fair values were adjusted. The error was corrected in the current financial year and was adjusted for retrospectively.

41.3 VAT Receivable

During a VAT audit by SARS, certain valid tax invoices could not be provided to substantiate input VAT that was claimed by the municipality. In terms of Section 16(2) of the Value Added Tax Act 89 of 1991, SARS disallowed R147 368.42 on June 09 claim. The error was corrected in the current financial year and was adjusted for retrospectively.

41.4 Other receivables

On 1 July 2006 the municipality assumed responsibility for the provision of water and sanitation services as required by Government Notice 849 issued in terms of section 84(3)(a) of the Municipal Structures Act, 1998 (Act No. 117 of 1998). The municipality took over DBSA loans and other loans relating to the financing of water and sanitation infrastructure. Interest on these loans was incorrectly accrued. Interest 2007/08 incorrectly allocated in previous year never journalised to correct. The error was corrected in the current financial year and was adjusted for retrospectively.

41.5 Unspent conditional grants

Circular 48 issued during March 2009 by National Treasury requires that interest earned and the VAT component on expenditure incurred pertaining to external

AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

funding received is to be recognised by the municipality as own revenue.

The interest earned and VAT components were accounted for in this manner from when the grants were initially received.

Certain externally funded projects had signed agreements that stipulated that interest accrued would be utilised towards the project programmes. Hence interest should not have been accounted for as own revenue.

The error was effected in the current financial year and was adjusted for retrospectively.

41.6 Investment property

During the current year a service provider was appointed to identify and value all of the Amathole District Municipality's properties.

As a result a number of properties were identified as belonging to the Amathole District Municipality.

The properties consist of vacant land and land that has been developed for housing settlement purposes.

The title deeds are still in the name of the Amathole District Municipality.

The source of funding, intended use and transfer of ownership is uncertain.

41.7 Defined benefit plan obligations

The post employment benefits were valued by an actuary. It was found that the Ex-gratia benefits were not previously valued and recognised.

There are 18 pensioners that are currently entitled to ex-gratia benefits.

The municipality has recognised the post employment medical aid benefit obligation in accordance with IAS 19.

41.8 Property, plant and equipment - Buildings

During the current year a service provider was appointed to identify and value all of the Amathole District Municipality's properties.

As a result additional properties were identified as belonging to the Amathole District Municipality.

The source of funding is uncertain.

The correction of the errors resulted in adjustments as follows:

	2009/10 R	2008/09 R
41.1 Revenue - service charges		
Adjustment against opening accumulated surplus 30 June 2008		(1 713 129)
		<u>(1 713 129)</u>
Statement of financial position		
Increase in consumer debtors		1 713 129
		<u>1 713 129</u>
41.2 Property plant and equipment - Infrastructure assets		
Adjustment against opening accumulated surplus 30 June 2008		(325 465 968)
Statement of financial performance		
Increase in depreciation		27 126 389
		<u>(298 339 579)</u>
Statement of financial position		
Increase in property, plant and equipment - infrastructure		198 661 228
Increase in accumulated depreciation		99 678 351
		<u>298 339 579</u>
41.3 VAT receivable		
Statement of financial performance		
Increase in general expenditure		147 368
		<u>147 368</u>
Statement of financial position		
Decrease in VAT receivable		(147 368)
		<u>(147 368)</u>
41.4 Other receivables		
Adjustment against opening accumulated surplus 30 June 2008		<u>176 901</u>
Statement of financial position		
Decrease in Other receivables		(176 901)
		<u>(176 901)</u>

**AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

41.5 Unspent conditional grants

Adjustment against opening accumulated surplus 30 June 2008

66 515

Statement of financial performance

Decrease in interest earned - external investments
Decrease in sundry income

3 181 120
684 744
3 932 378

Statement of financial position

Increase in unspent conditional grants

(3 932 378)
(3 932 378)

41.6 Investment properties

Adjustment against opening accumulated surplus 30 June 2008

(109 455 348)

Statement of financial position

Increase in investment property

109 455 348
109 455 348

41.7 Defined benefit plan obligations

Adjustment against opening accumulated surplus 30 June 2008

255 720

Statement of financial performance

Increase in other employee costs

18 313
274 033

Statement of financial position

Increase in defined benefit plan obligations

(274 033)
(274 033)

41.8 Property, plant and equipment - Buildings

Adjustment against opening accumulated surplus 30 June 2008

(2 933 000)

Statement of financial performance

Increase in depreciation

73 500
(2 859 500)

Statement of financial position

Increase in property, plant and equipment - buildings
Increase in accumulated depreciation

3 080 000
(220 500)
2 859 500

Net effect on Accumulated surplus opening balance

(439 068 309)

42. CHANGE IN ACCOUNTING ESTIMATE

The municipality has divided its assets into significant components, so as to apply a components approach for depreciation. Condition assessments were carried out on these components and based on these assessments, the useful lives of the assets were changed. Accordingly management adopted the view that this change in useful lives provided reliable and more relevant information as it dealt more accurately with the components of property, plant and equipment. The change in estimate has been applied prospectively with effect 2009/10 financial year due to new information gathered from the condition assessments carried out.

It is considered impracticable to disclose the amount of the effect of the change in useful lives as the accounting system was set-up to calculate the value of the depreciation taking into account the remaining useful life as if the asset always had the amended useful life. Accordingly the total depreciation/amortisation expense of R99 109 401 includes depreciation on the current useful lives and the change in useful lives of the assets.

2009/10
R

2008/09
R

43. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures have been reclassified.

43.1 Consumer deposits

The comparative figure for Consumer deposits has been restated as this was previously classified as a non-current liability.

The municipality does not have an unconditional right to defer settlement, hence in accordance with GRAP 1 para 72, this should be classified as a current liability.

This restatement merely has an effect on disclosure and does not affect the balances in the statement of financial position or statement of financial performance.

Refer note 15

43.2 Sundry creditors

The sundry creditors and general expenditure figures were overstated by R318 887.

Statement of financial performance

Decrease in general expenditure

(318 887)

Statement of financial position

Decrease in sundry creditors

318 887

AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

43.3 Grants and subsidies paid

The project implementation general was previously classified as part of general expenditure. During the current year, it has been classified as part of Grants and subsidies paid. This is expenditure relates grants. This restatement merely has an effect on disclosure and does not affect the balances in the statement of financial position or statement of financial performance.

Refer note 29.1

44. FINANCIAL INSTRUMENTS

Categories of financial instruments

2010 Financial Year

	Loans and receivables	Financial liabilities at amortised cost	Held to Maturity Investments	Investments at cost	Total
	R	R	R	R	R
Non Current Assets					
Investment in Subsidiary				1 000	1 000
Long term receivables	546 599				546 599
Current Assets					
Trade and other receivables	39 544 503				39 544 503
Other receivables	-				-
Investments			468 089 685		468 089 685
Cash and cash equivalents	279 773 173				279 773 173
Short term portion of long term debt	6 568				6 568
Non Current Liabilities					
Long Term loan: DBSA		-			-
Finance lease liability		265 392			265 392
Current liabilities					
Trade and other payables		128 851 392			128 851 392
Short term portion		350 479			350 479

2009 Financial Year

	Loans and receivables	Financial liabilities at amortised cost	Held to Maturity Investments	Investments at cost	Total
	R	R	R	R	R
Non Current Assets					
Investment in Subsidiary				1 000	1 000
Long term receivables	341 274				341 274
Current Assets					
Trade and other receivables	36 223 702				36 223 702
Other receivables	27 812 842				27 812 842
Investments			477 468 424		477 468 424
Cash and cash equivalents	190 448 316				190 448 316
Short term portion of long term debt	29 820				29 820
Non Current Liabilities					
Long Term loan: DBSA		-			-
Finance lease liability		219 218			219 218
Current liabilities					
Trade and other payables		85 008 606			85 008 606
Short term portion		385 506			385 506

45. FINANCIAL RISK MANAGEMENT

45.1. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has adopted a policy of only dealing with creditworthy parties. The municipality only transacts with entities that have an appropriate credit rating. This information is supplied by independent rating agencies where available, if not available, the entity uses other publicly available financial information and its own trading records to rate its major customers. The municipality's exposure and the credit ratings of its customers are continuously monitored.

Financial assets, that potentially subject the municipality to credit risk, consist principally of cash and cash equivalents, short-term deposits, loans and receivables, investments and trade and other receivables. 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. Credit exposure is controlled by the application of the municipality's credit control and debt collection policies. Adequate provision has been made for anticipated doubtful debts.

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To manage credit risk in borrowing and investing, the municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions and by spreading its exposure over a range of such institutions in accordance with its investment policies.

Management manages the credit risk relating to employee loans (car loans) by deducting the payments due by the employees monthly from their salaries and by maintaining a register of amounts due and owing by each employee.

Maximum exposure to credit risk

The carrying amount of financial assets, represent the entity's maximum exposure to credit risk in relation to these assets.

The municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions.

There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk.

The credit risk relating to employee loans (car loans) is low as they are related to the entity.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking into account the value of any collateral obtained:

	2009/10 R	2008/09 R
ABSA Bank	223 204 080	131 851 946
Standard Bank	56 560 144	58 589 917
Investments	468 089 685	477 468 424
Trade receivables	39 544 503	36 223 702
Other receivables	41 843 816	27 812 842
Long term debtors	546 599	341 274
	<u>81 388 318</u>	<u>64 036 544</u>
	<u>130 000</u>	<u>130 000</u>
	<u>130 000</u>	<u>130 000</u>

The municipality is exposed to the following guarantees:

Guarantees in lieu of Eskom and the Post office

Credit quality

The following represents information on the credit quality of trade receivables that are neither past due nor impaired:

	2010	2009	
A	4%	12%	Government Accounts
B	8%	26%	Businesses
C	87%	62%	Domestic and other

Analysis of table:

A - The debtors are of good credit quality and no default in payment is expected.

B - The debtors are usual good payers, but there is a possibility that the debtor may not be able to pay on time

C - These debtors usually pay, but have previously paid late and therefore there is a possibility that these debtors will not be recoverable.

Age analysis of financial assets that are past due but not impaired:

	1 - 30 days past due	31 - 60 days past due	61 - 90 days past due	91 - 120 days past due	120 plus days past due	Total
	R	R	R	R	R	R
2010						
Trade receivables	12 981 962	8 400 266	2 399 742	1 285 919	14 476 613	39 544 502
2009						
Trade receivables	13 132 017	4 340 924	2 834 915	7 241 383	8 674 463	36 223 702

Impaired financial assets

Refer to trade receivables note for an analysis of the impaired receivables.

45.2 Market risk management

The municipality's activities expose it primarily to the risks of fluctuations in interest rate.

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how surplus and/or net assets would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

45.2.1 Interest rate risk management

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

Balances with banks, deposits and all call and current accounts attract interest at rates that vary with South African prime rate. The municipality's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus / deficit.

Investments at fixed interest rates.

Trade debtors in arrears linked to South African prime rate plus two percent.

Loans granted linked to a fixed rate of interest.

Surplus funds are invested with banks for fixed terms on fixed interest rates not exceeding one year. For details refer Note 4.

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

Finance leases linked to South African prime rate.

Management manages interest rate risk by negotiating beneficial rates on floating rate loans.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date.

For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates.

A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

The sensitivity analysis shows reasonable expected change in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite % adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been separately disclosed below. The disclosure only indicates the effect of the change in interest rate on surplus.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis for one year to the next.

	2010	2009
The estimated increase rates		
The estimated increase in basis points	200	200
Effect on Net Surplus	1 224 687	1 308 783

45.3 Liquidity risk management

Liquidity risk is the risk that the municipality will not be able to meet its financial obligations as they fall due.

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 and budgets are prepared and adequate utilised borrowing facilities are monitored.

There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to liquidity risk, the approach of measurement or the objectives, policies and processes for managing this risk.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows of financial liabilities.

2010	1-3 months	4-6 months	7-9 months	10-12 months	Later than 12 months	Total
	R	R	R	R	R	R
Trade and other payables	64 596 502	0	54 725 021	9 529 869	0	128 851 391
Other	0	0	0	0	7 724 151	7 724 151

2009	1-3 months	4-6 months	7-9 months	10-12 months	Later than 12 months	Total
Trade and other payables	31 438 807	0	45 460 166	8 109 633	0	85 008 606
Other	0	0	0	0	6 463 529	6 463 529

2010	0-1 year	1 - 2 years	2 - 5 years	5 years and later	Total
	R	R	R	R	R
Finance lease liability	405 946	283 160	-	-	689 106
Borrowings	-	-	-	-	-

2009	0-1 year	1 - 2 years	2 - 5 years	5 years and later	Total
Finance lease liability	454 948	213 978	29 242	-	698 168
Borrowings	-	-	-	-	-

46. SUPPLY CHAIN MANAGEMENT POLICY

The Municipal Manager has the power to authorise deviations from the normal Procurement Process. The deviations for the 2009/10 financial year are detailed in **Annexure 2** to the annual financial statements.

AMATHOLE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

47. NON-COMPLIANCE WITH THE MUNICIPAL FINANCE MANAGEMENT ACT

47.1 NON-COMPLIANCE WITH SECTION 71(1) AND 54(1)(a) OF THE MUNICIPAL FINANCE MANAGEMENT ACT

The monthly budget statements were not submitted within 10 working days after month end to the Mayor. The monthly statements were submitted to the Provincial Treasury, but not in compliance with the submission date.

47.1 NON-COMPLIANCE WITH SECTION 64(1) AND (2) OF THE MUNICIPAL FINANCE MANAGEMENT ACT

Revenue due to the municipality must be calculated on a monthly basis and the accounting officer must take all reasonable steps to ensure that the municipality has and maintains a management, accounting and information system which recognises revenue when it is earned. This was not fully complied with as some debtors not billed for all 12 months of 2009/10. The data cleansing of the debtors database is addressing this.

48. EVENTS AFTER THE REPORTING DATE AS AT 30 JUNE 2010

No events subsequent events have been identified subsequent to reporting date

49. COMPARISON WITH THE BUDGET

49.1. Statement of comparative and actual information

Description	2009/10									
	R	Original budget	Budget Adjustments	Virements	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance										
Service charges	82 032 753	(1 986 812)	-	80 045 941	86 838 729	-	6 792 788	108	106	
Investment income	15 034 325	-	-	15 034 325	62 330 581	-	47 296 256	415	415	
Transfers recognised - operational	433 827 214	(3 116 361)	-	430 710 853	716 535 301	-	285 824 448	166	165	
Other own revenue	116 589 892	109 141 481	-	225 731 373	35 268 188	-	(190 463 185)	16	30	
Total revenue	647 484 184	104 038 308	-	751 522 492	900 972 800	-	149 450 308	120	139	
Employee costs	234 326 449	26 500 000	(19 330 928)	241 495 521	181 355 762	-	(60 139 759)	75	77	
Remuneration councillors	12 248 576	-	(61 477)	12 187 099	10 184 714	-	(2 002 385)	84	83	
Debt impairment	40 552 975	17 000 000	12 845 289	70 398 264	53 284 519	-	(17 113 745)	76	131	
Depreciation & asset impairment	93 367 943	-	(9 895 165)	83 472 778	42 915 009	-	(40 557 769)	51	46	
Finance charges	-	-	107 700	107 700	91 580	-	(16 120)	85	0	
Materials and bulk purchases	92 118 394	-	9 233 008	101 351 402	67 890 903	-	(33 460 499)	67	74	
Transfers and grants	-	-	-	-	170 009 272	-	170 009 272	0	0	
Other expenditure	168 264 597	60 538 308	5 154 670	233 957 575	182 217 221	-	(51 740 354)	78	108	
Total expenditure	640 878 934	104 038 308	(1 946 903)	742 970 339	707 948 980	-	(35 021 359)	95	110	
Surplus/(Deficit)	6 605 250	-	1 946 903	8 552 153	193 023 820	-	184 471 667	2257.02019	2922.278792	
Transfers recognised capital	(6 605 250)	-	(1 946 902)	(8 552 152)	-	-	8 552 152	0	0	
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions	-	-	1	1	193 023 820	-	193 023 819	2 257	2 922	
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) for the year	-	-	1	1	193 023 820	-	193 023 819	2 257	2 922	
Capital expenditure & funds sources										
Capital expenditure										
Transfers recognised capital	-	-	-	-	-	-	-	-	-	
Public contributions & donations	-	-	-	-	-	-	-	-	-	
Borrowing	-	-	-	-	-	-	-	-	-	
Internally generated funds	6 605 250	-	1 946 902	8 552 152	3 164 160	-	(5 387 992)	37	48	
Total sources of capital funds	6 605 250	-	1 946 902	8 552 152	3 164 160	-	(5 387 992)	37	48	
Cash flows										
Net cash from/(used) operating					205 289 324	-				
Net cash from/(used) investing					(116 408 779)	-				
Net cash from/(used) financing					444 310	-				
Cash/cash equivalents at the end of the year					279 773 173					

The comparison of the Municipality's actual financial performance with that budgeted with variance explanations are set out in Annexures E(1) and E(2)

ANNEXURE 1

AMATHOLE DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

CONDITIONAL GRANTS AND RECEIPTS	Balance at 01/07/2009	Contributions during the Year	Other Income	Interest on Investments	Expenditure during the Year	Balance at 30/06/2010
R	R	R	R	R	R	R
Performance Management	-	-	-	-	-	-
Gamap Implementation	100 850	-	-	-	100 850	-
Operations & Maintenance Systems	120 579	(120 579)	-	-	-	-
Establishment Plans Renewals	19 667	(19 667)	-	-	-	-
Ward Com Participation	5 572	(5 572)	-	-	-	-
MSIG:Road Management System	21 897	(8 897)	-	-	13 000	-
MSIG:Dev of Policies, By Laws and Systems	43 571	58 000	100 000	-	201 571	-
MSIG-DISTRICT WIDE SKILLS AUDIT	300 000	(370 000)	70 000	-	-	-
MSIG-IMPROVED IN FIXED ASSET REGISTERS	335 000	81 148	65 000	-	481 148	-
MSIG : Mnquma	-	-	-	-	-	-
Skills Audit on Plant Operators	-	(221 902)	300 000	-	78 099	-
Spatial Development Framework	-	(3 100)	200 000	-	184 160	12 740
POLICY DEV TRAINING-ENG	-	100 904	-	-	99 716	1 188
NXUBA INTEGRATED WASTE MANAGEMENT PLAN	-	200 000	-	-	185 517	14 483
MSIG: Land admin	-	180 000	-	-	-	180 000
msig:capacity building	-	89 664	-	-	87 943	1 722
msig:revenue enh	-	40 000	-	-	-	40 000
PMS: Consolidated	-	(70 354)	497 582	-	427 228	-
PMS:Amathole	95 498	(115 124)	130 000	-	110 374	-
ADM:IDP	143 945	(122 196)	400 000	-	421 749	-
IDP-Road Shows	-	-	-	-	-	-
IDP-Local Municipalities	-	307 673	881 000	-	859 772	328 901
Budget Reform	221 947	(221 947)	-	585 187	162 495	422 692
SETA: Implementation	65 719	-	727 776	-	581 441	212 054
Dev Inter-Gov Framework	121 080	-	-	-	-	121 080
Identify M/Com Response	22 708	-	-	-	-	22 708
DWAF Once off Training	141 959	-	-	-	141 959	-
Training-Councillors	109 997	-	-	-	95 618	14 379
Learnership SETA	-	-	-	-	-	-
Land use Management	166 643	-	-	-	79 438	87 204
Development of Libraries for LMS	4 405 540	(4 127 761)	-	-	277 779	-
Vuna Awards-PMS	143 889	-	-	-	120 526	23 363
Capacity Building for councillors	60 981	-	-	-	-	60 981
Free Basic Services Strategy Development	330 000	-	-	-	-	330 000
Review Water and Sanitation By-Laws	260 538	100 000	-	-	327 723	32 815
Revenue Enhancement Strategy	424 227	(100 000)	-	-	244 768	79 460
ADM Water Tankers	384 000	-	-	-	366 475	17 525
AMAHLATHI PUBLIC LIBRARY	-	737 377	-	-	737 377	-
GREAT KEI PUBLIC LIBRARY	-	589 697	-	-	589 697	-
MBASHE PUBLIC LIBRARY	-	301 698	-	-	285 093	16 605
MNQUMA PUBLIC LIBRARY	-	5 500	-	-	5 500	-
NKONKOBÉ PUBLIC LIBRARY	-	267 546	-	-	264 516	3 030
NXUBA PUBLIC LIBRARY	-	405 547	-	-	402 874	2 672
District Profile	-	-	111 540	-	5 577	105 963
Public Awareness	-	-	400 000	-	6 770	393 230
Disaster Management Plans	-	-	-	-	-	-
Disaster: Management Centre	-	-	-	-	-	-
Disaster : Ring fence	-	-	-	-	-	-
Disaster : Rebuild Fund	956 274	-	-	-	301 196	655 078
Disaster Management Forums	-	-	-	-	-	-
Contingency Fund For incidents	515 072	-	-	-	515 072	-
Capacity Building 05/06	-	-	-	-	-	-
Capacitate and Resources Center	5 809 821	-	-	-	271 973	5 537 848
Institutional Capacity Building	-	-	-	-	-	-
Dims Capacity Building	-	-	-	-	-	-
Mainstream Dis.man.	-	-	-	-	-	-
Conduct Awareness Programme	-	-	-	-	-	-
Training Equipment	22 701	-	-	-	22 701	-
Stipends	145 843	(3 502)	-	-	142 341	-
Protective Clothing	4 700	-	-	-	4 700	-
DPLG Operational costs	-	-	-	-	-	-
Fire Services Bakkies for Nxuba and Nkonkobe	36 904	-	-	-	36 904	-
SATELITE FIRE STATION-CHINTSA	1 200 000	-	-	-	3 825	1 196 175
SATELITE FIRE STATION-KEI MOUTH	1 200 000	-	-	-	-	1 200 000
FIRE SERVICES-CONTINGENCY FUNDS	1 160 494	3 514	14 000	-	1 166 841	11 167
HIV/AIDS NGO's	1 572 361	-	-	-	1 572 361	-
Section 78 Assessment	38 059	(12)	-	-	38 047	-
MIG-DISASTER MANAGEMANENT	1 088 919	-	-	-	287 418	801 501
Dube Communal Veg Garden	29 907	-	-	-	29 280	627
Printing Project Mdantsane Art Centre	-	-	-	-	-	-
MK Veterans	319 387	-	-	-	10 800	308 587
Hamburg Heritage initiative	66 775	-	-	-	58 575	8 200
Heritage Jazz Festival	-	-	-	-	-	-
Development Craft centre	2 953 208	-	-	-	267 566	2 685 643
Bawa Falls LED Project	1 000 000	-	-	-	34 558	965 442
Capacity Building for LM's	271 171	-	-	-	28 118	243 053
District Advisory Forum	28 349	-	-	-	-	28 349

**AMATHOLE DISTRICT MUNICIPALITY
 DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

CONDITIONAL GRANTS AND RECEIPTS	Balance at 01/07/2009	Contributions during the Year	Other Income	Interest on Investments	Expenditure during the Year	Balance at 30/06/2010
Beekeeping Project	-	-	-	-	-	-
SILWINDLALA WOMEN'S PROJECT	294 119	-	-	-	148 738	145 381
Duncan Village Youth Project	-	-	-	-	-	-
Ludiza Irrigation Scheme-Vuna Awards	-	-	-	-	-	-
Skills Development Centre	1 516 076	-	-	-	280 986	1 235 089
Balfour Sawmills	300 000	-	-	-	-	300 000
Highlands Resort	200 000	-	-	-	-	200 000
Peddie Brick Making	78 286	-	-	-	-	78 286
Mooiplaas Brickyard	177 456	-	-	-	131 232	46 224
Elliotdale Brick making	1 200 000	-	-	-	171 666	1 028 334
Inkuthalo Hydroponics	200 054	-	-	-	-	200 054
Inxuba Furniture Making	100 000	-	-	-	100 000	-
LED Strategy	724 481	-	-	-	37 600	686 881
Co-operatives specialist	735 000	-	-	-	-	735 000
Tourism Survey	371 028	-	-	-	272 933	98 095
PLOUGHING CONTACTORS-WARD 10	8 000	-	-	-	-	8 000
PLOUGHING CONTACTORS-WARD5	20 000	-	-	-	20 000	-
PLOUGHING CONTRACTOR-NGXAKAXA	20 000	-	20 000	-	-	40 000
EC INFORMATION INITIATIVE SUPPORT	500 000	-	-	-	-	500 000
Cizela Tractor	-	-	-	-	-	-
Nxuba Dam Chalets Development	-	-	110 000	-	64 474	45 526
Tourism Marketing Strategy	-	-	360 000	-	8 025	351 975
PLOUGHING CONTRACTOR-ward 15	-	-	20 000	-	13 800	6 200
LED Capacity Building-Ngqushwa	-	-	350 000	-	-	350 000
Victoria Post	-	225 000	-	-	-	225 000
NDLOVINI	-	154 000	-	-	-	154 000
Needs Camp	84 914	-	-	-	25 092	59 822
Hogsback	102 849	190 035	-	-	162 000	130 884
Haga Haga	213 473	-	-	-	-	213 473
Willowvale	701 145	-	-	-	-	701 145
Elliotdale	125 556	17 672	-	-	133 953	9 274
Lower Blinkwater	212 699	(212 699)	-	-	-	-
Symon (Etandsburgh)	177 249	(177 249)	-	-	-	-
Ndevana	34 766	-	-	-	-	34 766
Msobomvu	213 579	(82 649)	-	-	45 900	85 030
Hertzog	104 995	-	-	-	20 925	84 070
Great kei Planning Funds	23 327	-	-	-	-	23 327
Mnquma Planning Funds	110 000	-	-	-	-	110 000
Ngqushwa Planning Funds	81 754	-	-	-	35 088	46 667
Nkonkobe Planning Funds	77 375	-	-	-	24 313	53 063
Great kei Survey	101 000	(101 000)	-	-	-	-
Mnquma Survey	25 000	-	-	-	-	25 000
Ngqushwa Survey Funds	177 510	-	-	-	-	177 510
Nkonkobe Survey	116 200	-	-	-	-	116 200
Lewis Survey	275 730	(87 105)	-	-	47 500	141 125
Layout Plan : Bolo	245 878	(99 155)	-	-	146 724	-
Prudoe Eng Design	27 664	-	-	-	-	27 664
Dongwe Eng Design	32 211	-	-	-	-	32 211
Tekosprings Infrastructure	1 692 000	-	-	-	-	1 692 000
Kubusie Establishment Grant	101 361	-	-	-	39 126	62 235
Ndlovini Establishment Grant	10 291	-	-	-	-	10 291
Ducats Establishment Grant	94 642	-	-	-	900	93 742
Macleant Estab Grant	16 849	-	-	-	-	16 849
Prudoe Estab Grant	66 620	-	-	-	8 372	58 248
Dongwe Prudoe Estab Grant	86 345	-	-	-	7 080	79 265
Teko Springs Estab Grant	47 877	-	-	-	9 305	38 572
Needs Camp Estab Grant	66 672	-	-	-	450	66 222
Teko Springs Top Structure	1 344 371	-	-	-	427 654	916 717
Prudoe Top Structure	1 304 142	-	-	-	595 341	708 801
Dongwe Top Structure	1 536 233	-	-	-	181 094	1 355 139
Needscamp Top Structure	301 878	-	-	-	295 540	6 338
Ducats Top Struc Subsidy	-	-	-	-	(23 234)	23 234
Kubusi Top Structure	2 984 627	-	-	-	1 869 958	1 114 668
Macleantown Top Structure	867 953	-	-	-	-	867 953
Lilyvale Kayb Establishment Grant	2 643	-	-	-	-	2 643
Kaysers beach Housing Project	529 380	-	-	-	-	529 380
Lillyvale Top Structure	1 861 879	-	-	-	-	1 861 879
Lillyvale Eng Designs	5 940	-	-	-	-	5 940
Fingoland Regional Authority	101 278	-	-	-	-	101 278
Nkonkobe Drought Relief	32 843	-	-	-	-	32 843
Nkonkobe Drought Relief dplg	106 494	-	-	-	35 891	70 603
Ngqushwa Drought relief	156 434	-	-	-	-	156 434
DWAF Once Of Accommodation	493 990	-	-	-	108 224	385 766
Dwaf Refurbishment	5 998 696	-	-	-	377 476	5 621 220
Qhingqala Access Road	550 961	-	-	-	-	550 961
WMIS GRANT	800 000	-	-	-	782 694	17 307
WATER MANAGEMENT PLAN	330 000	-	-	-	320 372	9 628
ROOF TOP RAIN WATER HARVESTING	-	-	2 050 953	-	603 974	1 446 979
DESIGN GUIDELINES & STD DRAWINGS	-	-	250 000	-	-	250 000
WATER CONSERVATION & WT DEMAND MNGT	-	-	300 000	-	-	300 000
BUSINESS PLANS FOR WSP'S	-	-	250 000	-	-	250 000

AMATHOLE DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

CONDITIONAL GRANTS AND RECEIPTS	Balance at 01/07/2009	Contributions during the Year	Other Income	Interest on Investments	Expenditure during the Year	Balance at 30/06/2010
Chanta Development Fund	3 105 676	-	-	-	692 220	2 413 456
Dwesa Cwebe Restitutional	5 645 152	-	-	-	307 079	5 338 073

AMATHOLE DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

CONDITIONAL GRANTS AND RECEIPTS	Balance at 01/07/2009	Contributions during the Year	Other Income	Interest on Investments	Expenditure during the Year	Balance at 30/06/2010
DBSA Support to DM	29 888	-	-	-	-	29 888
Planning Grant dia	2 036 118	-	-	-	138 412	1 897 705
Restitution Award dia	46 289 422	-	-	-	1 356 260	44 933 161
Sanitation Projects	1 414 200	-	-	-	-	1 414 200
Development Planning-BNG	137 706	-	-	-	48 292	89 414
Beneficiary Administration-BNG	165 339	-	-	-	17 974	147 365
Geo-Technical Investigation-BNG	29 966	-	-	-	16 554	13 412
Environmental Impact Assessment	1 250 000	-	-	-	177 160	1 072 840
Geo Hydrology	1 394 200	-	-	-	13 100	1 381 100
IDUTYWA EXTENTION 8 (VIP TOILETS,RDS&W	-	341 635	1 053 057	-	1 394 692	-
Elliotdate BNG Houses	96 484	-	-	-	-	96 484
Grants in aid 2006/2007	1 109 361	(52 334)	-	-	170 700	886 327
EDOT Funds	21 754 863	13 330 334	-	-	19 170 485	15 914 712
Peddie Sport Facility	239 258	-	-	-	-	239 258
H&LG Survey Funds	-	141 900	-	-	-	141 900
H&LG Development Planning	-	31 250	-	-	31 250	-
Dwaf Interest	-	-	-	-	-	-
Dept Sport 2004/05	-	-	336 245	-	336 245	-
MIG/EPWP interest	-	-	1 662 141	-	981 945	680 196
Bucket Eradication	210 850	-	-	-	(196 334)	407 185
Dwaf-Bulk water Supply Scheme	9 154 528	-	10 807 258	-	16 389 087	3 572 699
Dwaf Support(Drought Issues)	-	-	3 969 960	-	1 232 843	2 737 117
Flood Relief Projects	1 447 489	-	-	-	745 242	702 246
DWAF	-	-	-	-	-	-
MIG	45 862 416	-	183 115 424	-	232 032 164	(3 054 324)
TOTAL: GRANTS & RECEIPTS	199 040 442	11 577 292	208 551 936	585 187	295 325 563	124 429 293
Grants with debit balance transferred to debtors	45 862 416	-	183 115 424.0	-	232 032 164.0	(3 054 324)
	153 178 025	11 577 292	25 436 512	585 187	63 293 399	127 483 616

ANNEXURE 2

**AMATHOLE DISTRICT MUNICIPALITY
DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

PROCUREMENT DEVIATIONS (Limited Bidding Approvals, Extension of Appointments, Variations, Top-Up of Appointments)

CORPORATE SERVICES

CONTRACT NO.	DATE	DESCRIPTION	NAME OF SERVICE PROVIDER	VALUE	REASON FOR BREACH/DEVIATION
8/2/16/2007-2008	15-Sep-09	Photocopier for the Budget and Treasury Office - 40 Cambridge Street	Vulindlela Office Solutions	R 68 400.00	Extension of contract.
8/2/16/2007-2008	15 Sept 09	Photocopier for the Municipal Health Section - 2nd Floor, BOE Building	Vulindlela Office Solutions	R 27 600.00	Extension of contract.
8/2/157/2008-2009	28-Oct-09	Appointment of Security Company	Eastern Guard Ssecurity Services	N/A	Breach of contract. Service provider was appointed on a 24 month contract instead of a 12 month contract for the same value.
4/3/R	01-Oct-09	Psychometric Assessment to be administered to 5 candidates for Director: Land, Human Settlements and Economic Development Position	ACT Technologies	R 39 444.00	Limited bidding route (single source) utilised. Urgency and time limit to render the required service and fill the vacant position.
8/2/157/2008-2009	17-Nov-09	Provision of Security Services for ADM	Eastern Cape Security Services cc	R 76 304.00	Extension of contract to include 36 Caxton Street (Tower House).
8/1	26-Nov-09	Leasing of 3 Multifunction Copiers for Land and Housing Division, Engineering Services	Xerox Minolta	R 3 614.94 R 5 252.81	Extension of contract.
8/1	30-Nov-09	Revival / Reviewal of an Electric Document Management System (Documentum)	Gemini Moon Trading 6cc (GMT)	R 4 997 752.02	Limited bidding utilised - single source. Due to the urgency of the project and to fastrack the process of procuring the system.
8/1/R	09-Dec-09	Lease with the EC Department of Health in Respect of Erf 209 - Cathcart	Eastern Cape Department	R 7 586.52	Extension of lease.
8/1/R	09-Dec-09	Lease with Messrs Penny-Farthing SA (Pty) Ltd in respect of Council owned property situated at Erf 1874, Stutterheim	Penny-Farthing SA (Pty) Ltd	R 5 619.74	Extension of lease.
8/2/89/2008-2009	15-Dec-09	Telephone Management System	Telkom	R 9 608.27	Variation order.
4/4/1	11-Jan-10	Assessment and moderation - Water Purification and Waste Water Process Operation Learnerships	Water Academy	R 199 842.00	Single source procurement utilised.
8/2/R	20-Jan-10	Least Cost Routers	Telepassport	N/A	Extension of contract for a further two months.
8/2/219/2008-2009	04-Feb-10	Photocopier to include Booklet Finisher	Gestetner	R 5 130.00	Extension of scope of works to include a booklet finisher.

AMATHOLE DISTRICT MUNICIPALITY DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

8/2/R	04-Feb-10	Lease Contract to include the Caxton House, Ground floor	JHI	R 742 938.00	Extension of contract.
8/2/R	04-Feb-10	Hiring of 18 Single Cab Vehicles for O & M Unit	Auto Hire	R 514 080.00	Extension of contract.
			Meyers Vehicle Hire	R 443 520.00	
			Budget Van and Truck Rental	R 609 033.60	
8/2/157/2008-2009	18-Feb-10	Provision of Security Services for ADM	Eastern Guard Security Services	R 24 400.00	Extension of contract to include Mnquma Satellite Offices.
6/1/2/1/6	19-Feb-10	Building Alterations on the 8th floor - Caxton House	CPD Ceilings and Partitions	R 52 542.00	Limited bidding route utilised due to time constraints and prevention of further wasteful expenditure on unoccupied office space.
8/2/R	4-Feb-10 & 12-Mar-10	Hiring of 18 Single Cab Vehicles for O & M Unit	Auto Hire	R 586 051.20	All three service providers appointed for 6 vehicles each.
			Meyers Vehicle Hire	R 41 160.00	
			Budget Van and Truck Rental	R 609 033.60	
8/2/R	12-Mar-10	Lease - Ground, 1st and d Floor Ex-BOE Building, 57-61 Union Street	Edcot Trust	R 2 392 743.22	Renewal of lease.
		Lease - 2nd Floor Ex-BOE Building, 57-61 Union Street	Edcot Trust	R 809 963.87	
8/2/31/2009-2010	16-Mar-10	Supply and Delivery of a 4x4 Double Cab, Diesel Bakkie for Environmental Management Division	Vuza Fleet Management Services	R 299 346.00	Limited bidding route utilised due to highest pointscorer that was appointed declining the appointment and currently there are is no vehicle permanently allocated to the Environmental Management Division and the department relies on pool vehicles which at times compromise the effective performance of their daily duties.
8/2/157/2008-2009	28-Apr-10	Provision of Security Services for ADM	Eastern Guard Security Services	R 24 600.00	Extension of contract for two months.
8/1	28-Apr-10	Leasing of one Multifunction Copier for Municipal Support Services	Minolco	R 2 899.00	Extension of contract for two months.
8/2/157/2008-2009	12-May-10	Provision of Security Services for ADM	Eastern Guard Security Services	R 37 000.00	Extension of contract.
8/2/R	12-May-10	Lease agreement in respect of 6 Market Street Square, Adelaide	Werda Pers CC	R 300 444.12	Renewal of lease.
8/2/R	12-May-10	Lease agreement in respect of 42 Durban Street, Fort Beaufort	Drs Claasen & Schultz	R 11 604.78	Renewal of lease.
8/1/R	26-May-10	Lease agreement in respect of Erf No. 521 Sakwe Park, Idutywa	Mandisi Gcoko	R 744 876.00	Renewal of lease for three years.

Total Amount

R 13 692 389.69

**AMATHOLE DISTRICT MUNICIPALITY
DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

**PROCUREMENT BREACHES/DEVIATIONS
BUDGET AND TREASURY OFFICE**

CONTRACT NO.	DATE	DESCRIPTION	NAME OF SERVICE PROVIDER	VALUE	REASON FOR BREACH/DEVIATION
8/1	30-Jun-09	Support required for resolving 07/08 Audit Report Issues and Preparation of 08/09 Annual Financial Statements	Sondiyazi, Charteris & Barnes	R 465 576.00	Extension of appointment. Crucial for the continuation, if not the turnaround project at this stage will cripple the ability of ADM to address the accounting and audit processes for 08/09.
8/1	26-Nov-09	Drafting of ADM 2010/2011 Water & Sanitation Tariffs	Sondiyazi Charteris & Barnes	R 47 880.00	Limited bidding utilised - single source. Extension of their scope to bring the project to completion.
8/2/182/2008-2009	20-Jan-10	Identification, Verification and Valuation of ADM's Immovable Fixed Assets (Land & Buildings)	Kula Valuation Services	R 488 740.80	Multiple source bidding utilised.
8/2/171/2009-2010	28-Apr-10	Venus Training at Local Municipalities within the district	Business Connexion	R 284 355.67	Limited (Single source) bidding utilised - BCX is the sole service provider of Venus.
8/2/197/2009-2010	12-May-10	Supply of cash collection services from the Nxuba Satellite Office and Transportation	TBK Security Company	R 54 000.00	Limited bidding - due to the nature of the project the department forsees a high risk in utilising the competitive bidding process as the terms of reference disclose times and places of pick up points for the collection of monies.
8/2/200/2009-2010	13-May-10	Supply and Installation of Drywall Partitioning and Wall Shelving for New Offices in Caxton House	Shine The Way 618 cc	R 99 088.00	Limited bidding - due to time constraints.

Total Amount

R 1 439 640.47

**PROCUREMENT BREACHES/DEVIATIONS
ENGINEERING SERVICES**

CONTRACT NO.	DATE	DESCRIPTION	NAME OF SERVICE PROVIDER	VALUE	REASON FOR BREACH/DEVIATION
16/1/1	12-Oct-09	Payment of Service Provider: Middledrift - Hiring of TLB	Philco Construction	R 124 174.50	Breach of SCM Policy. Miscommunication between the duration for the services of the hiring of the TLB.

AMATHOLE DISTRICT MUNICIPALITY DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

8/2	17-Nov-09	Undertake a Ground Water Investigation in Nxuba: Adelaide and Bedford	SRK Consulting Engineers and Scientists	R 278 265.74	Limited bidding utilised - multiple source. Not sustainable to continue to tanker water to the drought affected towns in Nxuba, dry season approaching and it is unlikely that the situation will improve. The development of ground water resources could be a quick and cost effective method to provide an interim supply and a ground water investigation be commissioned as soon as possible.
16/1/3/3	09-Dec-09	Emptying the ventilated Improved Pit Latrines	Impilo Yabantu	R 199 641.00	Limited bidding route utilised - The service provider is currently engaged in a similar project in the same area and possesses the necessary expertise and equipment to ensure that health risk is minimum.
8/2/214/2008-2009	09-Dec-09	Operations and Maintenance of the Stutterheim Water Sewage System: Professional Services - Amahlathi Municipal Area	WSSA	R 2 100 000.00	Extension of contract.
8/2/132/2008-2009a	09-Dec-09	Ngqusi Water Supply - Scheme A	Tembuland Civils / Ntutu Civils JV	R 437 824.00	Extension of scope of work.
8/2/3/2008-2009A	20-Jan-10	Appointment of EPWP Learner Contractors for the replacement of prepaid standpipes to	Qamani-Nande Civils	R 340 886.13	Extension of contract.
8/2/3/2008-2009B			IAA Civils	R 340 886.13	Extension of contract.
8/2/132/2008-2009F	20-Jan-10	Ngqusi Water Supply - Ward 5 Sanitation Project Scheme F	Cape Kei Construction Services	R 1 941 093.10	Extension of contract.
8/2/175/2008-2009	20-Jan-10	Fort Beaufort - Newtown Sewerage Line	Enroute Traders 30 cc	R 1 380 049.56	Extension of contract to full scope of works.
8/2/173/2009-2010A	12-Feb-10	Drilling of 13 Boreholes - Adelaide Area	JCM Drilling Contractors	R 625 961.46	Limited bidding route utilised.
8/2/173/2009-2010B	12-Feb-10	Drilling of 13 Boreholes - Bedford Area	Drilling Africa Trust	R 603 177.06	Limited bidding route utilised.
8/2/296/2009	18-Feb-10	Dontsa Water Supply - Completion of Bulk Services	NJC Construction	R 481 225.03	Variation order.
8/2/146/2009-2010	26-Feb-10	Eastern Regional Solid Waste Site - Mquma Local Municipality: Security Services	Intsikizi Security Services	R 31 866.00	Single source bidding utilised - extension of contract.
8/2/R	25-Feb-10	Tyinira Water Supply Project	Town & Around Civils / RJN Project	R 2 323 377.23	Ceding of appointment of Saunders & Wium (Consultant) and Town & Around Civils cc (Contractor) of Tyinira Water Supply Project by Mquma Municipality to ADM. The project was transferred to ADM in 2003 when ADM became the Water Services Authority but ceding of the appointment by the local municipality was never done (Unintentional breach).

AMATHOLE DISTRICT MUNICIPALITY DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

8/2/157/2009-2010	12-Mar-10	Supply & Delivery of 250 Rain Water Tanks, Gutters & Fittings in Ginyintsimbi and Nqileni Location in Elliotdale - Mbhashe	Ezehuts & Rondavels	R 660 885.00	Limited bidding route (multiple source) utilised - villages were declared drought disaster affected areas.
8/2/R	25-Feb-10	Tyinira Water Supply Project	Town & Around Civils / RJN Project	R 2 323 377.23	Ceding of appointment of Saunders & Wium (Consultant) and Town & Around Civils cc (Contractor) of Tyinira Water Supply Project by Mnquma Municipality to ADM. The project was transferred to ADM in 2003 when ADM became the Water Services Authority but ceding of the appointment by the local municipality was never done (Unintentional breach).
8/1	31-Mar-10	WSSA Contract as WSP in Stutterheim - Amahlathi Municipal Area	WSSA	R 4 200 000.00	Extension of contract.
8/2/167/2009-2010	28-Apr-10	Contractor to undertake repairs to Hogsback Dam (Supply materials and repairs to dam wall and spillway)	Jomar Logistics (Pty) Ltd	R 517 488.00	Limited bidding (multiple source) utilised - the dam is nearly empty and critical to repair.
8/2/174/2009-2010	28-Apr-10	Contractor: Undertaking the testing of 20 Boreholes in the Adelaide and Bedford Areas	Aqua Agri Solutions	R 222 755.43	Limited bidding utilised.
8/2/174/2009-2010	12-May-10	Ehlobo - Phase 3 water supply: Scheme A: construction of Bulk	Roberts Bros/Ma Africa Phambile JV	R 1 766 504.10	Additional work to be carried out on the contract
			Stemele Bosch Africa	R 280 800.56	Professional fees for additional work
8/2/78/2009-2010	12-May-10	Social facilitation for Myoyo Water Supply in Mnquma Local Municipality for ADM	Dava Development Consultants	R 342 765.17	Limited bidding due to time constraints and the urgency of the project
8/2/112/2005	12-May-10	Professional Services: Upgrading of Adelaide Waste Water Treatment Works	Kwezi V3 Consulting Engineers	R 2 522 067.60	Single source bidding utilised - use of same contractor previously appointed.
8/2/3/2007-2008	26-May-10	Mnquma Skills Development Centre - Butterworth	Siviwe Jayiya Construction	R 1 331 329.16	Limited bidding
8/2/265/2009-2010	26-May-10	Appointment of a Project Manager to assist the ADM in Implementing a Public Private Partnership Project for the Construction of Office Accommodation	Mr S Gqoli of Ziltrex 199 Pty Ltd	R 3 960 000.00	Multiple source bidding - ADM does not have capacity in house and it is the intention to appoint a suitably qualified, capable, experienced project manager. National Treasury advised ADM to utilise three sp's who are experienced and accredited in implementing a PPP project in the EC.
8/2/90/2005	26-May-10	Appointment of Aurecon: Ngqusi Water Supply	Aurecon	R 6 994 077.00	Extension of contract.
8/2/292/2009-2010	04-Jun-10	Cintsa East Emergency Water Supply (Part 1)	Zana Manzi Services (Pty) Ltd	R 716 300.29	Limited bidding
8/2/293/2009-2010	04-Jun-10	Cintsa East Emergency Water Supply (Part 2)	RJN Projects	R 333 579.05	Limited bidding.

AMATHOLE DISTRICT MUNICIPALITY DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

8/2/294/2009-2010	04-Jun-10	Cintsa East Dam Refurbishment	UWP Consulting	R 442 958.00	Limited bidding
8/2/202/2009-2010	11-Jun-10	BCM & Ngqushwa Local Municipal Areas: Dongwe, Prudhoe, Needscamp and Ducats Housing Projects	SC Contractors	R 9 524 734.86	Limited bidding - Urgency in completing these housing projects.
8/2/215/2009-2010	11-Jun-10	Mnquma Local Municipal Area: Teko Springs Housing Project	Amanz'abantu Services (Pty) Ltd	R 12 009 284.87	Limited bidding - Urgency in completing these housing projects.
8/2/267/2009-2010	11-Jun-10	Purchasing of Basic Hand Tools for the Engineering Artisans	Fields	R 546 813.31	Limited bidding.
8/2/264/2009-2010	11-Jun-10	Procurement of 59 Security Guard Rooms for ADM Checkpoints	Shane's Timbers	R 472 746.00	Limited Bidding Multiple source - timeframe for funds to be utilised and an additional 23 guard rooms had to be procured.
8/2/R	25-Feb-10	Tyinira Water Supply Project	Town & Around Civils / RJN Project	R 2 323 377.23	Ceding of appointment of Saunders & Wium (Consultant) and Town & Around Civils cc (Contractor) of Tyinira Water Supply Project by Mnquma Municipality to ADM. The project was transferred to ADM in 2003 when ADM became the Water Services Authority but ceding of the appointment by the local municipality was never done (Unintentional breach).

Total Amount

R 62 700 269.80

PROCUREMENT BREACHES/DEVIATIONS HEALTH AND PROTECTION SERVICES

CONTRACT NO.	DATE	DESCRIPTION	NAME OF SERVICE PROVIDER	VALUE	REASON FOR BREACH/DEVIATION
8/2/37/2009-2010	15-Sep-09	Supply and Delivery of Building Material for areas in Ngqushwa Local Municipality	Hardware Warehouse	R 462 294.83	Limited bidding (multiple source) utilised.
17/3/R	08-Oct-09	Payment of service provider: Catering Services for the International Strategy for	Okuhle General Trading Inzonzobila Caterers	R 4 117.50 R 4 117.50	Breach of SCM Policy. Service provider that was initially appointed failed to undertake the
8/2/30/2009-2010	17-Nov-09	Supply and Delivery of Building Material For Areas of Nkonkobe Local Municipality	Buildrite	R 926 250.33	Limited bidding utilised - Multiple source. Previously appointed service providers were appointed but did not have the capacity to do the work and re-appointing or re-tendering delays also lead to affected persons becoming more damaged by weather conditions and materials did not meet the needs and have been waiting since 2008.

**AMATHOLE DISTRICT MUNICIPALITY
DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

8/2/243/2009-2010	11-Jun-10	Preparation of Air Quality Management Plan	Zanokuhle Environmental Services	R 284 886.00	Limited Bidding.
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Total Amount

R 1 681 666.16

**PROCUREMENT BREACHES/DEVIATIONS
LAND, HUMAN SETTLEMENTS AND ECONOMIC DEVELOPMENT**

CONTRACT NO.	DATE	DESCRIPTION	NAME OF SERVICE PROVIDER	VALUE	REASON FOR BREACH/DEVIATION
17/2/1/1	25-May-09	Development of Level One Accreditation Business Plan	Usquebaugh Consulting	R 193 800.00	Limited bidding route utilised (single source). A need for continuity and alignment.
8/2/73/2009-2010	17-Nov-09	Supply and Delivery of Five Block Making Machines	Doubell Machines and Equipment cc	R 1 083 474.05	Limited bidding utilised - Multiple source. Been out to tender previously but no success bidders underquoted hence the limited bidding route being followed.
8//10/4/2	18-Feb-10	Adjustment of Surveying - Chata Settlement	Haines Palmer Reabow & Associates	R 206 220.00	Variation order. Fees reviewed from R160 per erf to R420 and work to be undertaken on 491 sites instead of 800.
8/7/27	19-Feb-10	Exhibition space and decoration of cubicles for the Tourism Imbizo Exhibition Show	Intengu Communications	R 181 391.10	Single source bidding utilised - the only service provider providing this service.

Total Amount

R 1 664 885.15

**PROCUREMENT BREACHES/DEVIATIONS
MUNICIPAL MANAGERS OFFICE**

CONTRACT NO.	DATE	DESCRIPTION	NAME OF SERVICE PROVIDER	VALUE	REASON FOR BREACH/DEVIATION
3/3/1	01-Oct-09	Payment of Service Provider: Mkhazana Investments	Mkhazana Investments	R 38 400.00	Breach of SCM Policy. The service provider appointed to provide the stage for the event but the service provider failed to do so, therefore Mkhazana was appointed on the said day.
8/2/224/2009-2010	12-May-10	Change management. Process alignment and procedure manuals for the Uniform Financial Management System project at Great Kei Local Municipality	PriceWaterhouseCoopers	R 520 000.00	Limited bidding - PWC have been involved previously in the roll out of the VENUS project and would be time consuming for a new service provider to gain the knowledge of the system
8/2/259/2009-2010	26-May-10	Updating of Accounting Records for Great Kei Local Municipality	Sondiyazi Charteris & Barnes	R 216 714.00	Limited bidding

**AMATHOLE DISTRICT MUNICIPALITY
DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

8/2/69/2009-2010	04-Jun-10	Appoint a service provider to conduct Water Services Training for ADM and BCM	Aurecon	R 339 720.00	Limited bidding
Total Amount				R 1 114 834.00	

**PROCUREMENT BREACHES/DEVIATIONS
STRATEGIC PLANNING**

CONTRACT NO.	DATE	DESCRIPTION	NAME OF SERVICE PROVIDER	VALUE	REASON FOR BREACH/DEVIATION
8/1	22-Jul-09	Renewal of DIMS SLA	Intermap	R 392 410.80	Extension of contract.
8/2/8/2009-2010	25-Aug-09	Renewal of Microsoft Enterprise Volume License Agreement	Microsoft Ireland	R 2 249 552.22	Renewal of contract.
8/2/351/2006	25-Aug-09	Implementation of a Uniform Financial Management System at Local Municipalities within the District	PriceWaterhouse Coopers	R 93 319.00	Variation order.
8/2/260/2006	25-Aug-09	Implementing a Uniform Financial Management System at Local Municipalities within the District	Business Connexion	R 1 490 978.23	Variation order.
8/2/141/2008-2009	27-Aug-09	Construction of a block making slab for Siyazama Nyarha Brick Cooperative	Izandlazethu Cooperative	R 86 703.97	Limited bidding route utilised.
8/1/R	09-Oct-09	Network Infrastructure for the new BTO Offices	Dimension Data	R 11 375.24	Top up for the cabling - new wireless kit ensuring a link between the two buildings.
8/1/R	09-Oct-09	Advertising in the Eastern Cape Business Magazine	Global Insight	R 79 743.00	Limited bidding route utilised (single source). Distributed throughout the EC, SA and internationally to all incoming trade delegations and outgoing trade investment missions via ECDC etc. Copies made freely available to ADM for internal delegations.
8/1/R	09-Oct-09	Advertising in the Equinox Southern Sun Magazine	Highbury Safika Media	R 33 003.00	Limited bidding route utilised (single source). Widely distributed to all Southern Sun Hotels throughout the country and Southern African countries.
8/1/R	09-Oct-09	Advertising in the Indwe Magazine	Siyaya Publishing	R 16 530.00	Limited bidding route utilised (single source). Indwe is the inhouse magazine of the SA Express Airline and reaches 36000 people every month.
8/1/R	13-Oct-09	A4 page size full colour advertisement in the Explore SA Magazine	Cape Media / Kaqala Media Ltd	R 26 790.00	Limited bidding route utilised (single source). Kaqala Media is the sole publisher of this publication.

AMATHOLE DISTRICT MUNICIPALITY DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

8/2/110/2008-2009	14-Oct-09	Research and Exhibition Development: Ngqadu Great Place	Better Connexion Maintenance cc	R 240 000.00	Limited bidding route utilised (multiple source). To bring the project to implementation without further delays.
8/2/94/2008-2009	14-Oct-09	Annual Maintenance Contract for Venus for ADM	Business Connexion	R 635 085.77	Extension of contract.
8/2/89/2008-2009	14-Oct-09	ADM: VPN Contract		R 259 890.84	Amendment to the contract - upgrade fo a VPN Supreme Solution to enable connectivity of BTO officials to the IP telephone system.
8/1/R	13-Oct-09	20cm x 4 columns size black and white advertisement in the Sunday Times Business Times Section	The Ad Agency	R 38 760.00	Limited bidding route utilised (single source). Sunday Times is a national Sunday newspaper and is widely distributed in Southern Africa - ADM will get substantial free space for editorial in which ADM could highlight the AREDS and ADM's support to SMME's
8/7/R	18-Oct-09	Global Insight Explorer Subscription	Global Insight	R 42 864.00	Limited bidding route utilised (single source). Software programme that contains the latest economic data and is tailor made to meet the demands of municipalities on economic data across the country.
8/1	17-Dec-09	Advertise Mayor's Christmas Message	Masifunde Community Newspaper	R 6 500.00	Limited bidding route utilised - Nature of service.
			Daily Dispatch	R 7 695.00	
			Rainbow	R 6 400.00	
			iDikelethu	R 3 000.00	
			Comforter Media Buffalo City	R 4 500.00	
8/2/123/2009-2010	11-Jun-10	Supply and Delivery of 4 Servers for Implementation of Documentum	First Technology	R 300 330.50	Multiple source limited bidding -
3/3/1	07-Jun-10	Unintentional breach - Travelling and Accommodation for Speaker Z. Ncitha to attend Budget Speech in CT on 16 April 2010	Progressive Women Movement of SA	R 14 651.00	Misinterpretation when bookings were made. Assumed it was in Jhb not CT therefore arrangement had to be made for CT.

Total Amount

R 6 040 082.57

TOTAL PROCUREMENT BREACHES/DEVIATIONS

R 88 333 767.84

**EMEGENCY PROCUREMENT
ENGINEERING SERVICES**

AMATHOLE DISTRICT MUNICIPALITY DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

CONTRACT NO.	DATE	DESCRIPTION	NAME OF SERVICE PROVIDER	VALUE	REASON FOR BREACH/DEVIATION
16/1/3/3	09-Jun-09	Mgwali Borehole: Amahlathi Municipality: Dry borehole	Alizw'amaHlubi Construction	R 162 792.00	Emergency procurement procedure. Prolonged water interruptions could result in a health hazard.
16/1/3/3	09-Jun-09	Gwili Gwili & St Matthews Borehole: Amahlathi Municipality: Borehole dry	Gaba's Truck Hire	R 123 690.00	Emergency procurement procedure. Health hazard as a result of prolonged water Interruptions.
16/1/3/3	30-Jun-09	Kei Road WTW: Amahlathi Municipality: Both clear water pumps are failing	PRS	R 17 799.96	Emergency procurement procedure. Kei Road and surround villages affected as a result of the breakdown - health hazard.
16/1/3/6	30-Jun-09	Idutywa Sewerage: Mbashe Municipality: Sewer line broken	Clearwater Plumbers	R 19 592.92	Emergency procurement procedure. Spillages posing a health risk.
16/1/3/2	30-Jun-09	Haga Haga WTW: Great Kei Municipality: Normal breakdown	Industrial Armature Winders cc	R 10 581.48	Emergency procurement procedure. No pumping of portable water and could lead to a health hazard.
16/1/3/4	30-Jun-09	Teko Kona Borehole: Mngquma Municipality: Columns leaking and faulty pump	Marion Technical Projects cc	R 32 484.98	Emergency procurement procedure. Shortage of water.
16/1/3/8	01-Jul-09	Adelaide WTW: Nxuba Municipality: Water shortages in Nxuba	Eagle Ukhozi Transport	R 255 360.00	Emergency procurement procedure. No water in Adelaide and Bedford Township.
16/1/3/8	01-Jul-09	Adelaide WTW: Nxuba Municipality: Water shortages in Nxuba	Action Plant & Equipment	R 196 171.85	Emergency procurement procedure. No water in Adelaide Township.
16/1/3/6	01-Jul-09	Nkanya Water Scheme: Mbashe Municipality: Nkanya mono pumps not working	Industrial Armature Winders cc	R 9 679.74	Emergency procurement procedure. No water.
16/1/3/8	01-Jul-09	Fort Beaufort Borehole: Nkonkobe Municipality: Shortage of equipment for maintenance	Mtima Plumbing Services	R 132 490.80	Emergency procurement procedure. No water in Fort Beaufort.
16/1/3/6	01-Jul-09	Idutywa & Elliotdale WTW: Mbashe Municipality: Both pumpstations not working	Sinethemba Bricks	R 79 800.00	Emergency procurement procedure. No water.
16/1/3/8	01-Jul-09	Adelaide WTW: Nxuba Municipality: Water shortages in Nxuba	MW Equipment Trust	R 191 520.00	Emergency procurement procedure. No water in Adelaide & Bedford.
16/1/3/8	01-Jul-09	Healdtown Borehole: Nkonkobe Municipality: Water shortages in Bofolo WTW to cater for Healdtown villages	Mdanciba	R 30 212.96	Emergency procurement procedure. No water in Healdtown villages.
16/1/3/7	01-Jul-09	Peddie Regional WTW: Ngqushwa Municipality: ADM Tanker not roadworthy, no water deliveries in Peddie areas	Majali Trading Enterprise	R 116 280.00	Emergency procurement procedure. Poor service delivery.
16/1/3/4	06-Jul-09	Butterworth Water & Sewerage: Mngquma Municipality: Burst pipes in Butterworth	Sinethemba Bricks	R 30 100.00	Emergency procurement procedure. No water - health hazard.

AMATHOLE DISTRICT MUNICIPALITY DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

16/1/3/4	06-Jul-09	Butterworth Water: Mngquma Municipality: Burst pipes in Ngqamakhwe	Sinethemba Bricks	R 8 500.00	Emergency procurement procedure. No water.
16/1/3/4	06-Jul-09	Toleni WTW: Mngquma Municipality: Control panel damaged	Pump & Refrigeration Services Trust	R 1 675.80	Emergency procurement procedure. No water to the community.
16/1/3/4	07-Jul-09	Kotana WTW: Mngquma Municipality: Faulty burmet valve	Hlumisa Engineering Services	R 63 307.62	Emergency procurement procedure. Communities will be without water.
16/1/3/6	07-Jul-09	Ntlongyane Borehole: Mbashe Municipality: Pump not running	Marion Technical Projects cc	R 13 583.73	Emergency procurement procedure. No water in the village.
16/1/3/2	09-Jul-09	Chintsa Sewerage: Great Kei Municipality: Both pumps faulty	Marion Technical Projects cc	R 99 488.94	Emergency procurement procedure. Sewer spillages contaminating the environment.
16/1/3/2	16-Jul-09	Chintsa WTW: Great Kei Municipality: Irreparable transducer resulting in Telemetry not functioning	MH Communications	R 14 147.50	Emergency procurement procedure. Excessive overflow of raw water from the raw water storage dam.
16/1/3/2	16-Jul-09	Fort Beaufort Sewerage: Nkonkobe Municipality: Sewer blockages and pumps not working	Malume Drain Specialist	R 28 956.00	Emergency procurement procedure. Sewer spillages could result in health hazard.
16/1/3/8	17-Jul-09	Bedford WTW: Nxuba Municipality: Pipe burst in the mainline from Fish River	Matemba Civils Amatole cc	R 114 435.75	Emergency procurement procedure. No water in Adelaide & Bedford.
16/1/3/7	17-Jul-09	Peddie Regional WTW: Ngqushwa Municipality: ADM Tanker not roadworthy, no water deliveries in Peddie areas	Majali Trading Enterprise	R 38 760.00	Emergency procurement procedure. Poor service delivery.
16/1/3/2	20-Jul-09	Morgan's Bay Sewerage: Great Kei Municipality: Burst sewer line	Graham Fletcher Contracting	R 1 425.00	Emergency procurement procedure. Pollution & environment / health hazard.
16/1/3/4	27-Jul-09	Mnyameni & Mkhwaneni Boreholes: Mngquma Municipality: Wind pump not working	Sinethemba Bricks	R 45 600.00	Emergency procurement procedure. No water.
16/3/4	27-Jul-09	Toboyi Borehole: Mngquma Municipality: Windmill completely destroyed	AB Pumps	R 121 738.04	Emergency procurement procedure. No water.
16/1/3/4	27-Jul-09	Qolora WTW: Mngquma Municipality: Pump faulty	Masiqhame Trading 444 cc	R 57 000.00	Emergency procurement procedure. No water.
16/1/3/6	27-Jul-09	Ciko, Komkhulu, Nxanxashe Boreholes: Mbashe Municipality: Borehole pump faulty	R & R Maintenance cc	R 6 187.43	Emergency procurement procedure. No water.
16/1/3/2	28-Jul-09	Haga Haga WTW: Great Kei Municipality: Dry water sources - Haga Haga dam	Favour Trading cc	R 87 400.00	Emergency procurement procedure. Prolonged water interruptions could result in a health hazard.
16/1/3/6	23-Jun-09	Tafalehashe - Mbashe Municipality: Faulty borehole hand pumps	Marions Technical Projects	R 8 340.24	Emergency procedure - no water.
16/1/3/6	29-Jul-09	Cungcwini, Sihlabeni, Bende, Colosa, Nywarha Boreholes: Mbashe Municipality - Carting of water	Sinethemba Bricks	R 98 800.00	Emergency procedure - no water to the villages.
16/1/3/6	30-Jul-09	Willowvale WTW: Mbashe Municipality - Dam dried up	Kuyakhanya Engineering Services	R 79 799.98	Emergency procedure - no water.

AMATHOLE DISTRICT MUNICIPALITY DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

16/1/3/6	30-Jul-09	Dutywa WTW: Mbashe Municipality - Electric pumps not working - Carting of water	L Beja Construction	R 76 000.00	Emergency procedure - prolonged water interruptions.
16/1/3/6	30-Jul-09	Willowvale WTW: Mbashe Municipality - Carting of water	Windsor Construction	R 95 000.00	Emergency procedure - no water.
16/1/3/2	30-Jul-09	Soto Borehole - Great Kei: Drought - yield has dropped drastically in the borehole	Kuyakhanya Engineering Services	R 49 399.95	Emergency procedure - supply water to affected areas - prolonged water interruption.
16/1/3/2	30-Jul-09	Haga Haga WTW: Great Kei - Supply water to communities	The Business Zone 1300	R 114 000.00	Emergency procedure - Prolonged water interruptions in Haga Haga, Mashstrand areas.
16/1/3/6	30-Jul-09	Willowvale WTW: Mbashe Municipality - Carting of water - electricity dam and diesel lister engine both dry	Sinethemba Bricks	R 106 400.00	Emergency procedure - No water in the community.
16/1/3/4	30-Jul-09	Kotana WTW: Mquma Municipality - Faulty motor	Marions Technical Projects	R 17 670.76	Emergency procedure - Not able to pump the water.
16/1/3/4	30-Jul-09	Butterworth WTW: Mquma Municipality - Burst pipeline on the networks - Hire TLB Machine	Sinethemba Bricks	R 22 596.00	Emergency procedure - No water to the affected sections.
16/1/3/2	05-Aug-09	Zozo Borehole - Great Kei Municipality: Electrical spike, motor and control panel burnt	R & R Maintenance cc	R 42 753.10	Emergency procedure - No water flowing to the community - health hazard.
16/1/3/2	05-Aug-09	Tuba Borehole - Great Kei Municipality - No power surge and motor and control panel burnt	R & R Maintenance cc	R 50 238.69	Emergency procedure - No water flowing to the community - health hazard.
16/1/3/8	06-Aug-09	Hogsback Water: Nkonkobe Municipality	AB Pumps	R 14 819.26	Emergency procedure - No water in Hogsback.
16/1/3/4	06-Aug-09	Toleni WTW: Mquma Municipality - Clutch faulty	R & R Maintenance cc	R 10 112.48	Emergency procedure - No water flowing to the community - health hazard.
16/1/3/8	11-Aug-09	Adelaide WTW: Nxuba Municipality - Water shortages due to drought	Action Plant & Equipment	R 165 300.00	Emergency procedure - no water in Gugulethu Township.
16/1/3/4	20-Aug-09	Butterworth Sewerage: Mquma Municipality - Septic tanks overflowing	Ramatini Service Agents	R 21 500.00	Emergency procedure - Health Hazard.
16/1/3/3	21-Aug-09	Mgwali Borehole: Amahlathi Municipality - Cart water as water level in Mgwali dropping	Alizw'amaHlubi	R 102 000.00	Emergency procedure - no water in Mgwali villages
16/1/3/8	18-Aug-09	Debe Neck WTW: Nkonkobe Municipality - Burst pipe - Hire TLB	Philco Construction	R 46 930.95	Emergency procedure - water shortages in Debe Neck and surrounding areas.
16/1/3/5	18-Aug-09	Hogsback WTW: Nkonkobe Municipality - Water shortages due to drought	Ivin Trading	R 20 400.00	Emergency procedure - no water in Hogsback.
16/1/3/4	21-Aug-09	Ntwala Mpahleni Borehole	R & R Maintenance cc	R 30 193.90	Emergency procedure - no water.
16/1/3/6	25-Aug-09	Ngwanya Mission Borehole: Mbashe Municipality - Pump Faulty	Marions Technical Projects	R 39 735.84	Emergency procedure - no water.

AMATHOLE DISTRICT MUNICIPALITY
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16/1/3/4	25-Aug-09	Toleni Water Treatment Works: Mngquma Municipality - Both pumps faulty	Marions Technical Projects	R 164 425.40	Emergency procedure - Eastern side will not have water.
16/1/3/6	25-Aug-09	Willowvale WTW: Mbashe Municipality - Dam dried up because of the drought	Sinethemba Bricks	R 106 400.00	Emergency procedure - no water.
16/1/3/6	25-Aug-09	Willowvale WTW: Mbashe Municipality - Willowvale dam dried up because of drought	Kuyakhanya Engineering Services	R 87 399.91	Emergency procedure - no water.
16/1/3/6	25-Aug-09	Cungcwini, Sihlabeni, Bende, Colosa, Nywarha Boreholes: Mbashe Municipality - Carting of water	L Beja Construction	R 76 000.00	Emergency procedure - no water because of drought.
16/1/3/6	25-Aug-09	Nkanya Weir Borehole: Mbashe Municipality - Boreholes in the area have dried up	L Beja Construction	R 76 000.00	Emergency procedure - no water.
16/1/3/6	26-Aug-09	Mangati Borehole: Mbashe Municipality - Windmill blew down - installation of wind turbine pump	AB Pumps	R 129 731.72	Emergency procedure - Community without water.
16/1/3/2	26-Aug-09	Mooiplaas & Kwelera Borehole: Great Kei - Shafts faulty - Tanker water to affected areas	MW Equipment Trust	R 72 200.00	Emergency procedure - No water in villages.
16/1/3/2	26-Aug-09	Morgan Bay WTW: Great Kei Municipality - Leak or Spring - Excavate pipeline and backfill on completion	Graham Fletcher Construction	R 10 488.00	Emergency procedure - Morgan bay may have run out of water.
16/1/3/3	26-Aug-09	Xolobe Nyila, Xolobe Hulana Borehole: Amahlathi Municipality - Hand pumps broken	Marions Technical Projects	R 71 247.72	Emergency procedure - Water shortages which may result in water borne diseases.
16/1/3/2	26-Aug-09	Kei Mouth WTW: Great Kei Municipality - Drought in Kei Mouth	MW Equipment Trust	R 63 840.00	Emergency procedure - Communities subjected to prolonged water outages.
16/1/3/2	26-Aug-09	Soto Water Supply - Great Kei Municipality: Coupling broke	R & R Maintenance cc	R 32 242.13	Emergency procedure - No water flowing to the community - health hazard.
16/1/3/6	26-Aug-09	Mangati Borehole: Mbashe Municipality - Windmill blown down	AB Pumps	R 129 731.72	Emergency procedure - Community without water.
16/1/3/6	27-Aug-09	Willowvale WTW: Mbashe Municipality - Electric dam dried up: Carting of water	Windsor Construction	R 95 000.00	Emergency procedure - No water.
16/1/3/4	28-Aug-09	Toleni Water Treatment Works: Mngquma Municipality - Control panel faulty causing water pumps not to operate	Pump & Refrigeration Services Trust	R 3 015.30	Emergency procedure - Shortage of water in the villages.
16/1/3/2	27-Aug-09	Haga Haga WTW: Great Kei Municipality: Dry water sources - Haga Haga dam	Farvour Trading	R 49 400.00	Emergency procurement. Prolonged water interruptions in Haga Haga, Mushstrand.
16/1/3/2	27-Aug-09	Haga Haga WTW: Great Kei Municipality: Dry water sources - Haga Haga dam	Asisabelo Trading Enterprise cc	R 140 600.00	Emergency procurement. Prolonged water interruptions in Haga Haga, Mushstrand.

AMATHOLE DISTRICT MUNICIPALITY DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

16/1/3/2	28-Aug-09	Haga Haga WTW: Great Kei Municipality: Dry water sources - Haga Haga dam	The Business Zone 1300 cc	R 110 200.00	Emergency procurement. Prolonged water interruptions in Haga Haga, Mushistrand.
16/1/3/8	28-Aug-09	Adelaide WTW: Nxuba Municipality: Drought season	Gqamfi Brokering & General Supplies	R 10 800.00	Emergency procurement. No water in Adelaide township.
16/1/3/2	28-Aug-09	Kei Mouth WTW: Great Kei Municipality: Vandalised pump and electric panel	Marion Technical Projects cc	R 31 076.40	Emergency procurement. Non functioning of the pump due to damaged panel.
16/1/3/2	01-Sep-09	Kei Mouth & Morgans Bay WTW: Great Kei Municipality: Ongoing Draught	CDEC Consulting Engineers	R 25 282.07	Emergency procurement. Morgans Bay & Kei Mouth will run out of water.
16/1/3/4	01-Sep-09	Teko Springs & Mkhwaneni Boreholes: Mnquma Municipality: Borehole dry	Masiqhame Trading 444 cc	R 117 800.00	Emergency procurement. No water.
16/1/3/6	02-Sep-09	Goodhope Ndakeni: Mhashe Municipality: Borehole pump faulty	Sinethemba Bricks	R 57 000.00	Emergency procurement. Community of Goodhope and Ndakani will be without water.
16/1/3/2	02-Sep-09	Mooiplaas/Kwelera Borholes: Great Kei Municipality: Drought	Kuyakhanya Engineering Services	R 117 799.88	Emergency procurement. Communities subjected to prolonged water outages.
16/1/3/2	02-Sep-09	Mooiplaas/Kwelera Boreholes: Great Kei Municipality: Drought	Mwezeni Investments	R 113 999.89	Emergency procurement. Communities subjected to prolonged water outages.
16/1/3/2	03-Sep-09	Stutterheim WTW: Great Kei Municipality: Low pressure in the network system as a result of leaks in households Mlungisi Township resulting in high laying areas not receiving water	MW Equipment Trust	R 72 200.00	Emergency procurement. Health hazard as a result of water interruptions.
16/1/3/4	03-Sep-09	Ngcizele Borehole: Mnquma Municipality: Incoming power supply surged	Chandlers Electrical cc	R 1 422.72	Emergency procurement. No water flowing to the community and will cause a health hazard.
16/1/3/4	03-Sep-09	Bongweni Borehole: Mhashe Municipality: The contactor burnt	Chandlers Electrical cc	R 4 575.96	Emergency procurement. No water flowing to the community and will cause a health hazard.
16/1/3/6	04-Sep-09	Cungwini, Sihlabeni, Vinindwa, Colosa boreholes: Mhashe Municipality: Hand pumps not pumping	Sinethemba Bricks	R 152 000.00	Emergency procurement. No water.
16/1/3/6	04-Sep-09	Qwaninga WTW: Mhashe Municipality - Raw water pump not working	RJN Projects	R 28 053.12	Emergency procurement. No water.
16/1/3/8	04-Sep-09	Adelaide WTW: Nxuba Municipality: Water shortage to due drought	Action Plant & Equipment	R 153 900.00	Emergency procurement. No water in Adelaide township.
16/1/3/2	04-Sep-09	Haga Haga WTW: Great Kei Municipality: Drought	Mtwentwe Farm	R 3 990.00	Emergency procurement. No water to residents and holiday makers.
16/1/3/6	04-Sep-09	Dutywa Sewerage: Mhashe Municipality: Septic tanks overflowing	Ramatini Service Agents cc	R 25 800.00	Emergency procurement. Health risk to the public.
16/1/3/7	04-Sep-09	Peddie Regional WTW: Ngqushwa Municipality: Water shortages due to pipe burst & no resources to fix	Mtimka's Electrical and Builders Woodridge Farm	R 7 524.00	Emergency procurement. No water.
16/1/3/6	08-Sep-09	Dutywa Sewerage: Mhashe Municipality: Sewer lines are blocked and overflowing	Clearwater Plumbers	R 38 129.92	Emergency procurement. Health risk to the public as the overflowing will contaminate the stream.

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16/1/3/3	08-Sep-09	Mgwali Borehole: Amahathi Municipality: Water level in the aquifer in Mgwali borehole is dropping	Alizw'amahlubi	R 105 400.00	Emergency procurement. No water in Mgwali villages.
16/1/3/4	09-Sep-09	Mnyameni & Ncerane B Borehole: Mquma Municipality: Windmill broken and pump faulty	Sinethemba Bricks	R 41 800.00	Emergency procurement. No water.
16/1/3/2	09-Sep-09	Kei Mouth / Morgans Bay WTW: Great Kei Municipality: Drought	CDEC Consulting Engineers	R 88 950.43	Emergency procurement. No water to Kei Mouth and Morgans Bay residents.
16/1/3/2	14-Sep-09	Haga Haga WTW: Great Kei Municipality: Dam dry	Hillandale Trust	R 7 980.00	Emergency procurement. No water to residents and holiday makers.
16/1/3/6	17-Sep-09	Ngwanya Mission: Mbhashe Municipality: Electric motor faulty as a result borehole not pumping	Pump & Refrigeration Services Trust	R 7 061.26	Emergency procurement. Community will be without water.
16/1/3/3	17-Sep-09	Kei Road WTW: Amahlathi Municipality: Pipe burst	Incedon	R 25 577.04	Emergency procurement. No water to the community and will cause health hazard.
16/1/3/6	18-Sep-09	Dutywa WTW: Mbhashe Municipality: Sewer lines blocked	Sinethemba Bricks	R 8 500.00	Emergency procurement. No water to the business area and causing spillage and a health hazard.
16/1/3/4	18-Sep-09	Njakazi, Ngokweni, Centane Boreholes: Mquma Municipality: Pipe burst in the water main line	Sinethemba Bricks	R 3 500.00	Emergency procurement. No water to the hospital.
16/1/3/8	18-Sep-09	Fort Beaufort/Alice WTW: Nkonkobe Municipality: No resources	Kuyakhanya Engineering Services	R 30 825.60	Emergency procurement. Poor service delivery.
16/1/3/6	21-Sep-09	Cungwini, Sibhabeni, Bende, Colosa, Nywarha: Mbhashe Municipality: Boreholes dry	L Beja Construction	R 133 000.00	Emergency procurement. No water.
16/1/3/6	21-Sep-09	Zimpuku & Ngwanya Mission Boreholes: Mbhashe Municipality: Pump house roof blown away by storm and elevated tank and tower are broken	Roberts Roofing & Waterproofing cc	R 6 950.00	Emergency procurement. Prolonged water interruption will cause health hazard to the community.
16/1/3/6	21-Sep-09	Mazizini & Mbewuleni Boreholes: Mbhashe Municipality: Borehole pump, diesel engine manifold and clutch faulty	R & R Maintenance cc	R 16 631.90	Emergency procurement. Prolonged water interruption will cause health hazard to the community. About 20 000 will be without water.
16/1/3/4	21-Sep-09	Ntwala & Mpahlani Boreholes: Mquma Municipality: Electric borehole pump not working continuously and control panel indicator shows no flow	R & R Maintenance cc	R 4 389.00	Emergency procurement. Prolonged water interruption will cause health hazard to the community.
16/1/3/6	21-Sep-09	Debe Neck WTW: Nkonkobe Municipality: Water shortages in Debe Neck due to pipeburst	Philco Construction	R 53 959.05	Emergency procurement. Water shortages in Debe Neck due to pipeburst. Poor service delivery.
16/1/3/4	21-Sep-09	Butterworth WTW: Mquma Municipality: Major burst pipe on the water main lines	Sinethemba Bricks	R 16 100.00	Emergency procurement. No water.

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16/1/3/6	22-Sep-09	Nkanya Weir: Mbashe Municipality: Shortage of water	L Beja Construction	R 133 000.00	Emergency procurement. Water shortages to the community of Nkanya villages causing health hazard.
16/1/3/6	22-Sep-09	Dutywa WTW: Mbashe Municipality: Pipeline collapsed	Elangeni Build It	R 15 750.90	Emergency procurement., Prolonged water interruption will cause health hazard to the community and water losses.
16/1/3/4	22-Sep-09	Mnyameni & Ncerane Boreholes: Mquma Municipality: Borehole pump not working	AB Pumps	R 8 265.00	Emergency procurement. No water to the public.
16/1/3/3	23-Sep-09	St Matthews & Gwili-Gwili Boreholes: Amahlathi Municipality: Drought	Gaba's Truck Hire	R 117 799.88	Emergency procurement. No water to the affected communities.
16/1/3/8	23-Sep-09	Kwezana Borehole: Nkonkobe Municipality: Engine unable to pump to the reservoir	R & R Maintenance cc	R 19 877.39	Emergency procurement. Shortage of water in the village and may cause health risks.
16/1/3/2	01-Sep-09	Kei Mouth WT: Great Kei Municipality: Ongoing drought	Marion Technical Projects cc	R 41 706.36	Emergency procurement procedures. Morgan Bay will run out of water.
16/1/3/2	05-Sep-09	Haga Haga WTW: Great Kei Municipality: Dry water sources (Haga Haga dam)	The Business Zone 1300 cc	R 106 400.00	Emergency procurement procedures. Prolonged water interruptions in Haga Haga.
16/1/3/2	05-Sep-09	Kei Mouth WTW: Great Kei Municipality: Packed up diesel engine and faulty part has to be purchased from Italy	MW Equipment Trust	R 71 820.00	Emergency procurement procedures. Communities subjected to prolonged water outages.
16/1/3/2	05-Sep-09	Mooiplaas/Kwelerla Boreholes: Great Kei Municipality: Drought	Kuyakhanya Engineering Services	R 113 999.89	Emergency procurement procedures. Communities subjected to prolonged water outages.
16/1/3/6	21-Sep-09	Debe Neck WTW: Nkonkobe Municipality: Water shortages in Debe Neck due to pipeburst	Philco Construction	R 53 959.05	Emergency procurement procedures. Poor service delivery.
16/1/3/4	30-Sep-09	Mnyameni & Ncerane B: Mquma Municipality: Windmill pump not working	Sinethemba Bricks	R 106 400.00	Emergency procurement procedures. No water.
16/1/3/6	30-Sep-09	Cungcwini, Sihlabeni, Bende, Colosa, Nywarha Boreholes: Mbashe Municipality: Drought	Sinethemba Bricks	R 91 200.00	Emergency procurement procedures. Health hazard.
16/1/3/6	05-Oct-09	Willowvale WTW: Mbashe Municipality: Drought	Windsor Construction	R 60 800.00	Emergency procurement procedures. No water to the community.
16/1/3/4	06-Oct-09	Mnyameni & Ncerane: Mquma Municipality: Both diesel engines at Ncamane not working	Sinethemba Bricks	R 76 000.00	Emergency procurement procedures. No water.
16/1/3/2	08-Oct-09	Haga Haga WWT: Great Kei Municipality: Dry water sources - Haga Haga Dam	Asisabelo Enterprise cc	R 114 000.00	Emergency procurement procedures. Prolonged water interruption in Haga Haga, Mushstrand.
16/1/3/3	08-Oct-09	St Matthews & Gwili-Gwili Boreholes: Amahlathi Municipality: Drought conditions being experienced	Gaba's Truck Hire	R 110 199.88	Emergency procurement procedures. No water to affected communities.
16/1/3/4	09-Oct-09	Ncerane Borehole: Mquma Municipality: Electric pump faulty	Marion Technical Projects cc	R 27 612.62	Emergency procurement procedures. No water.

AMATHOLE DISTRICT MUNICIPALITY DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

16/1/3/6	09-Oct-09	Goodhope Ndankeni Boreholes	Marion Technical Projects cc	R 25 281.10	Emergency procurement procedures. No water.
16/1/3/8	09-Oct-09	Debe Neck WTW: Nkonkobe Municipality: Water shortages in Debe Neck due to pipeburst	Philco Construction	R 70 215.45	Emergency procurement procedures. Poor service delivery.
16/1/3/3	09-Oct-09	Mgwali Borehole: Amahlathi Municipality: Water level in the aquifer in Mgwali borehole is dropping	Alizw'amaHlubi Construction	R 102 000.13	Emergency procurement procedures. No water in Mgwali Villages.
16/1/3/4	09-Oct-09	Ndenxe Borehole: Mngquma Municipality: Engine unable to pump water to the resevoir and switching off	Marion Technical Projects cc	R 26 727.30	Emergency procurement procedures. Shortage of water in the village and may cause a health risk.
16/1/3/4	09-Oct-09	Peddie Regional WTW: Ngqushwa Municipality: Electric motor was down to earth and non-returned valve not closing	Marion Technical Projects cc	R 15 547.32	Emergency procurement procedures. Shortage of water in the village and may cause a health risk.
16/1/3/6	09-Oct-09	Willowvale WTW: Mbhashe Municipality: Electric raw water dam dried up	Mazembe Transport cc	R 60 800.00	Emergency procurement procedures. Prolonged water interruption will cause health hazard to the community.
16/1/3/4	09-Oct-09	Gobe & Ncerane Boreholes: Mngquma Municipality: Diesel engine not starting, leaking oil	Marion Technical Projects cc	R 24 242.74	Emergency procurement procedures. Xhobani Community without water.
16/1/3/2	09-Oct-09	Moopi laas/Kwelerane Boreholes: Great Kei Municipality: Drought	Mwezeni Investments	R 113 999.89	Emergency procurement procedures. Community subjected to prolonged water outages.
16/1/3/4	09-Oct-09	Teko Springs & Mkhwaneni: Mngquma Municipality: Borehole in the area of Mkhwaneni dried up	Masiqhame Trading 444 cc	R 121 600.00	Emergency procurement procedures. No water.
16/1/3/4	09-Oct-09	Mnyameni & Ncerane B: Mngquma Municipality: Cylinder pump faulty	Marion Technical Projects cc	R 63 491.39	Emergency procurement procedures. No water.
16/1/3/8	12-Oct-09	Adelaide WTW: Nxuba Municipality	Majali Trading Enterprise	R 171 000.00	Emergency procurement procedures. No water in the Adelaide township.
16/1/3/2	12-Oct-09	Kei Mouth WTW: Great Kei Municipality: Ongoing drought	CDEC	R 11 177.71	Emergency procurement procedures. Kei Mouth will run out of water.
16/1/3/2	13-Oct-09	Kei Mouth/Morgan Bay WTW: Great Kei Municipality: Ongoing drought	CDEC	R 59 248.42	Emergency procurement procedures. No water to Kei Mouth and Morgans Bay residents.
16/1/3/6	13-Oct-09	Cungcwini, Sihlabeni, Bende, Colosa, Nywarha Boreholes: Mbhashe Municipality: Drought	L Beja Construction	R 76 000.00	Emergency procurement procedures. No water.
16/1/3/6	14-Oct-09	Willowvale WTW: Mbhashe Municipality: Drought	Pick n Pay Hardware	R 62 400.00	Emergency procurement procedures. Prolonged water interruption will cause health hazard to the community.
16/1/3/4	27-Oct-09	Thika Boreholes: Mngquma Municipality: Hire SP to cart water	Dragon Fly T/A Luve Development Facilitators	R 64 600.00	Emergency procurement procedures utilised. No water.
16/1/3/4	27-Oct-09	Thika Boreholes: Mngquma Municipality: Hire SP to testborehole	AB Pumps	R 20 826.36	Emergency procurement procedures utilised. No water.

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16/1/3/4	27-Oct-09	Dudumashe Boreholes: Mnquma Municipality: Control panels and borehole pumps not operating	R & R Maintenance cc	R 14 966.22	Emergency procurement procedures utilised. No water.
16/1/3/2	03-Nov-09	St Matthews & Gwili-Gwili Borehole: Amahlathi Municipality	Crossbar Agencies 211 cc T/A Gaba's Truck Hire	R 87 399.91	Emergency procurement procedures utilised. No water to the affected areas.
16/1/3/2	03-Nov-09	Haga Haga WTW: Great Kei Municipality: Hire water tankers	The Business Zone 1300 cc	R 102 600.00	Emergency procurement procedures utilised. Prolonged water interruptions in Haga Haga, Mushstrand.
16/1/3/4	05-Nov-09	Zazulwana and Mavuso Weir: Mnquma Municipality: Hire SP to cart water	Siyanda Nangamso	R 106 400.00	Emergency procurement procedures utilised. Prolonged water interruption will cause health hazard to the community and water losses.
16/1/3/6	09-Nov-09	Dutywa WTW: Mphashe Municipality: Hire SP to cart water	MW Equipment Trust	R 94 800.00	Emergency procurement procedures utilised. Prolonged water interruption will cause health hazard to the community.
16/1/3/4	17-Nov-09	Butterworth Networks: Mnquma Municipality: Major pipe burst on the pipelines	Sinethemba Bricks	R 3 850.00	Emergency procurement procedures utilised. No water.
16/1/3/4	17-Nov-09	Butterworth / Dutywa Networks: Mnquma / Mphashe Municipality: Major burst on the pipelines	Sinethemba Bricks	R 22 905.00	Emergency procurement procedures utilised. No water.
16/1/3/6	17-Nov-09	Dutywa Networks: Mphashe Municipality: Major burst pipes on sewerage network	Clearwater Plumbers	R 7 529.24	Emergency procurement procedures utilised. Prolonging fixing the spillage will cause health hazard community.
16/1/3/2	23-Nov-09	Haga Haga WTW: Great Kei Municipality: Equip borehole	E Taljaard T/A Mtwentwe Farm	R 3 990.00	Emergency procurement procedures utilised. No water to residents and holiday makers.
16/1/3/8	25-Nov-09	Adelaide WTW: Nxuba Municipality: Hire Tanker	Majali Trading Enterprise	R 176 700.00	Emergency procurement procedures utilised. Water shortages due to drought.
16/1/3/4	30-Nov-09	Thika Borehole: Mnquma Municipality - Borehole pump not pumping	Luve Development Facilitators	R 110 199.89	Emergency procedures utilised - Prolonged water interruption will cause health hazard to the community.
16/1/3/4	03-Dec-09	Macibe Water Supply Scheme: Mnquma Municipality: Pumps not working	Power Flo	R 2 359.80	Emergency procedures utilised - Prolonged water interruptions.
16/1/3/4	03-Dec-09	Mnyameni and Ncerane Boreholes: Mnquma Municipality: Windmill not working	Sinethemba Bricks	R 102 600.00	Emergency procedures utilised - Prolonged water interruptions.
16/1/3/6	03-Dec-09	Willowvale Wate Supply Scheme: Mphashe Municipality - Raw water pumps are faulty	Windsor Construction	R 26 600.00	Emergency procedures utilised - No water in town.
16/1/3/8	04-Dec-09	Adelaide WTW: Nxuba Municipality - Hire Tanker	Majali Trading Enterprise	R 171 000.00	Emergency procedures utilised - Water shortages due to drought.
16/1/3/8	04-Dec-09	Hogsback WTW: Nkonkobe Municipality	Ivin Trading	R 72 200.00	Emergency procedures utilised - Water shortages.

AMATHOLE DISTRICT MUNICIPALITY DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

16/1/3/8	04-Dec-09	Hogsback WTW: Nkonkobe Municipality - Hire SP to cart water	Pick 'n Pay Build Hardware	R 72 200.00	Emergency procedures utilised - Water shortages.
16/1/3/2	07-Dec-09	KwaZozo Boreholes: Great Kei Municipality - Hire SP to cart water to the affected community	Alizw'amaHlubi Construction	R 114 000.00	Emergency procedures utilised - Communities subjected to prolonged water outages.
16/1/3/4	07-Dec-09	Teko Springs & Mkhwaneni Boreholes: Mquma Municipality - Boreholes dry	Masiqhame Trading 444 cc	R 83 600.00	Emergency procedures utilised - No water.
16/1/3/4	07-Dec-09	Zazulwana & Mavuso Weir: Mquma Municipality - Hire SP to cart water	Siyanda Nangamso	R 121 600.00	Emergency procedures utilised - Prolonged water interruption will cause health hazard to the community and water losses.
16/1/3/4	08-Dec-09	Ncerane Borehole: Mquma Municipality Borehole pump faulty	Marion Technical Projects	R 8 513.29	Emergency procedures utilised - Prolonged water interruption will cause health hazard to the community.
16/1/3/6	08-Dec-09	Ndenxe and Mazizini Borehole: Mhashe Municipality - Electric borehole pump is down to earth and phase monitor has packed up	Marion Technical Projects	R 7 575.64	Emergency procedures utilised - Prolonged water interruption will cause health hazard to the community.
16/1/3/2	14-Jan-10	Kei Bridge WTW: Great Kei - Filters were malfunctioning, backwashing continuously resulting in water shortages in Komga and surrounding townships	MW Equipment Trust	R 24 000.00	Health hazard.
16/1/3/2	15-Jan-10	Chintsa WWTW: Great Kei - Backlog in emptying of conservancy tanks	Soyama Construction	R 67 032.00	Health hazard and poor service delivery.
16/1/3/3	18-Jan-10	Caba & Voxo Hand pumps (Borehole): Amahlathi Municipality - Repair pumps	Marion Technical Projects CC	R 67 384.94	Community without water - health risk.
16/1/3/2	18-Jan-10	Chintsa WWTW: Great Kei Municipality - Backlog in emptying out of conservancy tanks	Mind Explosion Trading and Project cc	R 58 800.00	Health hazard.
16/1/3/4	19-Jan-10	Butterworth WTW: Mquma Municipality - Burst pipe	Sinethemba Bricks	R 14 196.00	Prolonged water interruption will cause health hazard in the community.
16/1/3/6	19-Jan-10	Nkanya Weir: Mhashe - Mono pump faulty	L Beja Construction	R 45 600.00	Community will be without water
16/1/3/4	19-Jan-10	Butterworth WTW: Mquma - Various bursts	Sinethemba Bricks	R 18 550.00	Prolonged water interruption will cause health hazard in the community and water losses.
16/1/3/4	02-Feb-10	Teko Springs Borehole: Mquma Municipality: Borehole pump fault	Masiqhame Trading 444 CC	R 57 000.00	No water.
16/1/3/7	02-Feb-10	Wessley Coast WTW (Hamburg): Ngqushwa Municipality - Eskom transformer burnt out	MW Equipment Trust	R 20 400.00	No water in Hamburg.
16/1/3/8	03-Feb-10	Kwezana Borehole: Nkonkobe Municipality - Engine not running	Lombicor 170 cc	R 28 272.00	No water in Kwezana.
16/1/3/8	05-Feb-10	Adelaide WTW: Nxuba Municipality: Procure jojo tankS	Adelaide Paint & Hardware	R 5 816.00	No water in township.
16/1/3/8	05-Feb-10	Adelaide WTW: Nxuba Municipality: Hire tanker	Mampevu Trading Enterprise	R 176 700.00	No water in township.

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16/1/3/6	09-Feb-10	Dutywa Windmill Rehabilitation: Mbashe Municipality	Windsor Construction	R 168 000.00	Prolonged water interruption will lead to health hazard to community.
16/1/3/4	09-Feb-10	Ngqamakhwe and Dutywa Boreholes: Mnquma & Mbashe Municipality	Masiqhame Trading 444 CC	R 60 800.00	No source of water. Health hazard.
16/1/3/4	09-Feb-10	Ngqanda Borehole: Mnquma Municipality: Borehole pump in Ngqanda faulty	Madlala Ngendlovu Construction	R 72 200.00	Community without water.
16/1/3/4	09-Feb-10	Ngqanda Borehole: Mnquma Municipality: Borehole pump faulty	Vukani General Trading cc	R 72 200.00	Community without water.
16/1/3/2	12-Feb-10	Tuba Borehole: Grea Kei Municipality - Electric fault on panel	Pump & Refrigeration Services Trust	R 1 915.20	Tuba without water.
16/1/3/2	12-Feb-10	Gwaba (Mtyana) Borehole: Great Kei Municipality: Supply and install new motor and pump	Pump & Refrigeration Services Trust	R 14 015.16	Water shortages.
16/1/3/2	12-Feb-10	Mr Bucks Wright Farm Borehole: Great Kei Municipality: New motor and pump to be installed	Pump & Refrigeration Services Trust	R 8 455.38	Water shortage.
16/1/3/8	16-Feb-10	Bedford WTW: Nxuba Municipality: Hire tanker - drought	Badibene Timber Products	R 239 400.00	Water shortages.
16/1/3/8	16-Feb-10	Kwezana Borehole: Nkonkobe Municipality: Repair pump	Lombicor 170 cc	R 4 206.83	No water in Kwezana.
16/1/3/7	16-Feb-10	Peddie Regional WTW: Ngqushwa Municipality: Hire tanker - ADM tanker overturned	Majali Trading Enterprise	R 79 800.00	No water in Tyefu Scheme and other rural areas.
16/1/3/2	22-Feb-10	Nyarha Borehole: Great Kei Municipality: Reset flow sensor	RJN Projects	R 1 972.20	Borehole not functioning.
16/1/3/8	22-Feb-10	Bedford WTW: Nxuba Municipality: Additional jojo tanks to be purchased due to breakdown in Fish River	Timre Farmer Supplies	R 31 825.50	Water shortages in Bedford Township & Town.
16/1/3/8	22-Feb-10	Balfour Borehole: Nkonkobe Municipality: Bolts holding rods above pulley snapped - repair	Lombicor 170 cc	R 7 845.46	No water in Balfour.
16/1/3/8	22-Feb-10	Fort Beaufort WWTW: Nkonkobe Municipality: Hire TLB - sewerage blocked drain	Knickelbein Contractors	R 4 453.88	Health hazard, sewer spillage.
16/1/3/8	22-Feb-10	Fort Beaufort WTW: Nkonkobe Municipality: Hire tanker - water shortages	Mahamba Travel Consultants	R 47 600.00	No water in Group 5 and Golf Course.
16/1/3/8	22-Feb-10	Fort Beaufort WTW: Nkonkobe Municipality: Hire tanker	Mahamba Travel Consultants	R 44 200.00	No water in Group 5 and Golf Course.
16/1/3/8	22-Feb-10	Fort Beaufort WTW: Nkonkobe Municipality: Hire tanker - water shortages	MW Equipment Trust	R 47 600.00	No water in Group 5 and Golf Course.
16/1/3/4	18-Feb-10	Nontshinga Borehole: Mnquma Municipality: Southern cross windmill broken beyond economical repairs	Buffalo City Steel & Pipes (Pty) Ltd	R 78 648.60	No water for the community as a result the Department of Health has reported cases of diarrhoea.
16/1/3/2	19-Feb-10	Tuba Borehole: Grea Kei Municipality - Faulty borehole installation	Pump & Refrigeration Services Trust	R 2 234.40	KwaTuba villages without water.

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16/1/3/2	19-Feb-10	Morgan Bay WTW: Grea Kei Municipality: Fault pumps	Pump & Refrigeration Services Trust	R 33 373.84	Morgans Bay without water, health risk.
16/1/3/2	19-Feb-10	Morgan Bay WTW: Grea Kei Municipality: Malfunctioning of electrical panel	Pump & Refrigeration Services Trust	R 2 061.12	Sewer spillages resulting in a health risk.
16/1/3/2	23-Feb-10	Chintsa WTW: Great Kei Municipality: Dam levels dropping drastically in Chintsa East Dam	AB Pumps	R 72 433.69	Chintsa East and surrounding areas experience prolonged drought and water shortages.
16/1/3/7	26-Feb-10	Peddie Regional WTW: Ngqushwa Municipality: ADM tanker overturned - Hire a tanker	Masibumbane Trading	R 74 100.00	No water in Peddie Town and surround villages.
16/1/3/8	26-Feb-10	Bedford WTW: Nxuba Municipality: Drought and pump problems in Fish River - Hire tanker	MW Equipment Trust	R 160 000.00	No water in Bedford Town & Townships.
16/1/3/4	04-Mar-10	Ngqanda Borehole: Mngquma Municipality: Hire water tanker	Vukani General Trading cc	R 53 200.00	No water for the community.
16/1/3/6	04-Mar-10	Nqabarha North Borehole: Mbhashe Municipality: Borehole pump in Nqabarha not pumping out only runs but not water coming out	RJN Projects	R 39 683.40	Prolonged water interruption will cause a health hazard and water losses.
16/1/3/3	04-Mar-10	Ndakana Borehole: Amahlathi Municipality: Yield has dropped resulting in reservoir not getting enough water	MW Equipment Trust	R 47 600.00	Water shortages in Ndakana (Nompumelelo), health risk.
16/1/3/3	04-Mar-10	Ndakana Borehole: Amahlathi Municipality: Yield has dropped resulting in reservoir not getting enough water	Mkura Business Enterprise	R 53 200.00	Water shortages in Ndakana (Nompumelelo), health risk.
16/1/3/3	08-Mar-10	Amahlathi Municipality: Low yield as a result of the drought	Mahamba Travel Consultants	R 47 600.00	Water shortages that might result in a health risk.
16/1/3/4	08-Mar-10	Njakazi Borehole: Mngquma Municipality: Pump house roof blown off	Roberts Roofing & Waterproofing cc	R 950.00	Pumps will be damaged if not repaired.
16/1/3/4	08-Mar-10	Nomaheha Borehole: Mngquma Municipality: Windmill pump not working - climax wheel broken down	Xomoyi Water Services	R 58 303.17	No water for the community.
16/1/3/4	08-Mar-10	Ntwala Borehole: Mngquma Municipality: Control panel blown out by lightning and pump not working	Pump & Refrigeration Services Trust	R 5 859.60	No water for the community.
16/1/3/4	08-Mar-10	Njakazi Borehole: Mngquma Municipality: Control panel is down to earth - electrical fault	RJN Projects	R 15 975.28	No water for the community.
16/1/3/4	10-Mar-10	Kei Farm Borehole: Mngquma Municipality: Faulty borehole pump	R & R Maintenance	R 12 593.58	No waer to the community.
16/1/3/4	10-Mar-10	Ngqanda Borehole: Mngquma Municipality: Major burst pipe - hire TLB machine	Sinethemba Bricks	R 29 750.00	No water in the village and around Centane Town.

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16/1/3/4	11-Mar-10	Njakazi & Teko Springs Borehole: Mquma Municipality: Both pumps not working - the cylinder down to earth and motor faulty	R & R Maintenance	R 7 762.49	No water to the community.
16/1/3/5	11-Mar-10	Alice WTW: Nkonkobe Municipality: Pump faulty - electrical fault	R & R Maintenance	R 8 124.89	No water in Allendale.
16/1/3/4	11-Mar-10	Ngqanda Borehole: Mquma Municipality: Borehole pump faulty	L. Beja Construction	R 53 200.00	No water to the community.
16/1/3/4	11-Mar-10	Ngcizela Borehole: Mquma Municipality: Windmill at KwaNontshinga is broken	Xomoyi Water Services	R 42 658.78	No water to the community.
16/1/3/6	11-Mar-10	Elliotdale Septic Tanks: Mbashe Municipality: Septic tanks overflowing	Ramathini Service Agents cc	R 33 600.00	Health hazard to the community.
16/1/3/7	11-Mar-10	Peddie Regional WTW: Ngqushwa Municipality: ADM tanker overturned - Hire a tanker	Ilitha Projects	R 53 200.00	No water in rural areas.
16/1/3/4	12-Mar-10	Nomaheha Mission: Mquma Municipality: Windmill broken down	Sotomela & Sons cc	R 53 200.00	No water to the community.
16/1/3/6	12-Mar-10	Ngcingwane Borehole: Mbashe Municipality: Electric borehole is not working, control components blown out by thunder and lightning	Sinethemba Bricks	R 53 200.00	No water to the community.
16/1/3/6	15-Mar-10	Ngabarha Borehole: Mbashe Municipality: Faulty borehole pump	RJN Projects	R 45 984.18	Huge water shortage in the affected area.
16/1/3/4	16-Mar-10	Butterworth WTW: Mquma Municipality: Major burst pipe on reticulation lines	Sinethemba Bricks	R 7 000.00	Community will be without water.
16/1/3/6	16-Mar-10	Tafalehashe Borehole: Mbashe Municipality: Borehole pump from Mpame in Elliotdale not working	Mazembe Transport cc	R 53 200.00	Health hazard as water quality is not correct for human consumption.
16/1/3/4	23-Mar-10	Ngcizela Borehole: Mquma Municipality: Borehole pump not pumping due to electrical fault from panel and flow sensor is faulty	R & R Maintenance	R 6 110.17	No water to the community.
16/1/3/6	24-Mar-10	Mpame Borehole: Mbashe Municipality: Two boreholes have water quality problems	Nkomoyakhe Trading and Services	R 47 600.00	No water to the community.
16/1/3/4	24-Mar-10	Dudumashe Borehole: Mquma Municipality: Control panels were blown by lightning	Marion Technical Projects cc	R 227 248.06	No water to the villages.
16/1/3/8	24-Mar-10	Bedford WTW: Nxuba Municipality: Drought and pump problems in Fish River	Eagle Ukhozi Transport	R 159 600.00	No water in Bedford Town & Townships.
16/1/3/8	24-Mar-10	Bedford WTW: Nxuba Municipality: Drought and pump problems in Fish River	Bora Transport cc	R 240 000.00	No water in Bedford Town & Townships.

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16/1/3/8	24-Mar-10	Adelaide WTW: Nxuba Municipality: Drought and pump problems in Fish River	Getaway Trailors	R 106 400.00	No water in Adelaide Town & Townships.
16/1/3/4	25-Mar-10	Mekeni Borehole: Mquma Municipality: Borehole pump is pumping but no water	AB Pumps	R 17 322.27	No water.
16/1/3/4	25-Mar-10	Ngqanda Borehole: Mquma Municipality: Main pumping line burst out	Luve Development Facilitators	R 53 199.95	No water to the community.
16/1/3/4	25-Mar-10	Ngqanda Borehole: Mquma Municipality: Borehole mechanical fault	Uyathanfwa Trading cc	R 53 200.00	No water to the community.
16/1/3/4	25-Mar-10	Willowvale WTW: Mquma Municipality: Raw water pumps by the dam is faulty	Uyathanfwa Trading cc	R 7 600.00	No water for purification at the water works. No water for the community.
16/1/3/6	26-Mar-10	Nqabara South Borehole: Mbhashe Municipality: Borehole faulty	Ithontsi Water Supply Services	R 53 200.00	No water to the community.
16/1/3/2	30-Mar-10	Kwazozo Borehole: Grea Kei: Borehole is dry	Mbayo Trading	R 53 200.00	No water to the community.
16/1/3/3	31-Mar-10	Cathcart Borehole: Amahlathi Municipality: Drought resulting in water crisis	Marion Technical Projects cc	R 188 289.24	Water shortages.
16/1/3/2	31-Mar-10	Makhazi Borehole: Great Kei Municipality: ADM tanker not in use	Uyathanfwa Trading cc	R 53 200.00	No water to the community.
16/1/3/6	05-Apr-10	Idutywa WTW: Mbhashe Municipality: Dam levels dried up	Jadezweni Transport	R 53 200.00	No water.
16/1/3/6	20-Apr-10	Ndenxe Mazizini Borehole: Mbhashe Municipality: Breaker not in use	Marion Technical Projects cc	R 7 409.54	No water, the pump station is not working.
16/1/3/4	20-Apr-10	Butterworth WWTW: Mquma Municipality: Old sewer pipes collapsed	Incedon	R 8 116.80	Health hazard.
16/1/3/2	03-May-10	Chintsa East WTW: Great Kei Municipality: Hire water tanker from Bora Transport to delivery water	Bora Transport cc	R 79 800.00	Chintsa East, Township & Cefani are without water.
16/1/3/3	03-May-10	Nonkulelo, Mgwali & Heckel Supply Schemes (Borehole): Amahlathi Municipality: Hire water tanker	Ilitha Projects	R 53 200.00	Communities supplied by the affected boreholes experiencing severe water shortages.
16/1/3/8	04-May-10	Alice WTW: Nkonkobe Municipality: Hire water tanker	M.E. Mbutuma Transport cc	R 91 200.00	No water to the community.
16/1/3/2	04-May-10	Kwelera Borehole: Great Kei Municipality: Water tanker hired	Alizw'amaHlubi Construction T/A Tripple Option Trading 638cc	R 53 200.00	Communities without water thereby being exposed to health risk.
16/1/3/2	04-May-10	Chintsa East WTW: Great Kei Municipality: Hire water tanker from Mikhanyo Trading 2	Mikhanyo Trading 2	R 79 800.00	Chintsa East, Township & Cefani are without water.
16/1/3/4	04-May-10	Nyumaga Windmill (Borehole): Mquma Municipality: Hire sp to cart water to affected areas including Mnyameni and Mkhwaneni	Mikas Trading Enterprise cc	R 53 200.00	Community is without water.

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16/1/3/4	05-May-10	Nomaheha Borehole: Mquma Municipality: Windmill collapsed or broken down	Xomoyi Water Service cc	R 46 448.00	Community is without water.
16/1/3/6	05-May-10	Elliotdale Borehole (Windmill): Mbhashe Municipality: Windmill at Madwaleni and Gusi are broken and hand pumps not working.	Ramatini Service Agents cc	R 53 200.00	No water.
16/1/3/6	05-May-10	Mpame Borehole: Mbhashe Municipality: Hire sp to cart water	Kia House / Cellular Assessories	R 53 200.00	No water.
16/1/3/3	05-May-10	Nonkululeko, Mgwali & Heckel Supply Schemes (Boreholes): Amahlathi Municipality: Hire water tanker	Albert Tom Transport Services	R 53 200.00	Prolonged water outages and the situation poses a health risk.
16/1/3/6	05-May-10	Willowvale Borehole: Mbhashe Municipality: Hire sp to test the borehole	AB Pumps	R 17 693.06	Water is not conducive for human consumption.
16/1/3/6	05-May-10	Sinqumeni Borehole: Mbhashe Municipality: Faulty generator	R & R Maintenance	R 64 889.49	No water to the community.
16/1/3/4	05-May-10	Ntwala Borehole: Mquma Municipality: Pump not working properly	R & R Maintenance	R 20 966.95	Water shortages.
16/1/3/2	05-May-10	Chintsa East WTW: Great Kei Municipality: Hire water tanker	STL Consulting	R 79 800.00	Makaza, Zozo, Tuba experiencing prolonged water outages and the situation is posing a health risk.
16/1/3/4	20-May-10	Butterworth WTW - Mquma Municipality burst pipe - hire TLB	Sinethemba Bricks	R 11 550.00	No water to the community.
16/1/3/4	20-May-10	Butterworth WTW - Mquma Municipality burst pipe - hire TLB	Sinethemba Bricks	R 5 600.00	No water to the community.
16/1/3/8	20-May-10	Adelaide WTW - Nxuba Municipality hire tractor - ADM not roadworthy	Uluntu Skills Development Centre	R 24 373.20	Health hazard
16/1/3/6	21-May-10	Dutywa WTW - Mbashe Municipality - procure Jojo tanks to store water	Elangeni Build It	R 28 524.80	No water
16/1/3/5	21-May-10	Alice & Fort Beaufort WTW - Nkonkobe Municipality - carting water	M E Mbutuma Transport CC	R 79 800.00	No water
16/1/3/8	21-May-10	Adelaide WTW - Nxuba Municipality - cart water	Midmar Plant Hire CC	R 79 800.00	No water
16/1/3/3	21-May-10	Nonkululeko, Mgwali & Heckel Supply Schemes (Boreholes): Amahlathi Municipality: Hire water tanker	Luve Development Facilitators	R 44 520.00	Water shortages
16/1/3/3	21-May-10	Nonkululeko, Mgwali & Heckel Supply Schemes (Boreholes): Amahlathi Municipality: Hire water tanker	Rudulu General Construction	R 44 520.00	Water shortages
16/1/3/8	21-May-10	Adelaide WTW - Nxuba Municipality - cart water	Midmar Plant Hire CC	R 79 800.00	No water
16/1/3/8	24-May-10	Bedford WTW - Nxuba municipality - mechanical failure to pump	RJN Projects	R 54 730.26	No water
16/1/3/6	31-May-10	Dutywa WTW - Mbashe Municipality - drought	AB Pumps	R 34 791.18	No water
16/1/3/4	31-May-10	Mnyameni Boerhole - Mquma Municipality - testing of boreholes	AB Pumps	R 8 686.80	No water to the community.

AMATHOLE DISTRICT MUNICIPALITY DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

16/1/3/5	31-May-10	Qwaninga WTW: Mbashe Municipality - cart water	Windsor Construction	R 53 200.00	No water to about 26 villages
16/1/3/8	10-May-10	Bedford WTW: Nxuba Municipality: Hire service provider to cart water	Eagle Ukhozi Transport	R 128 000.00	No water to the community.
16/1/3/4	10-May-10	Eziflethini & KwaNyumaga Borehole: Windmill broken down	Sinethemba Bricks	R 53 200.00	No water to the community.
16/1/3/4	10-May-10	Ngqanda Borehole: Mquma Municipality: Major burst pipe on the pumping main	Hi-Baz Civil Supplies	R 2 544.48	Shortage of water to the community.
16/1/3/3	10-May-10	Nonkululeko, Mgwali & Heckel Supply Schemes (Boreholes): Amahlathi Municipality: Hire water tanker	Mahamba Travel Consultants	R 53 200.00	Communities without water, posing a health risk.
16/1/3/6	10-May-10	Nqabarha North: Mbashe Municipality: Faulty pump	Asisabelo Trading Enterprise cc	R 11 400.00	No water to the community.
16/1/3/6	10-May-10	Nqabarha South Borehole: Mbashe Municipality: Control panel blown out by thunder and lightning	RJN Projects	R 23 187.60	No water to the community.
16/1/3/2	10-May-10	Chintsa East WTW: Great Kei Municipality: Drought	Eagle Ukhozi Transport	R 240 000.00	No water to the community.
16/1/3/8	10-May-10	Bedford WTW: Nxuba Municipality: ADM Tractors in for roadworthy	Worteldrift Agricultural Co-op Bedford	R 25 080.00	Health hazard.
16/1/3/8	10-May-10	Alice, Middledrift & Fort Beaufort WWTW: Nkonkobe Municipality: Sewer spillage	Mtima Plumbing Services	R 49 156.80	Health hazard, poor service delivery.
16/1/3/6	10-May-10	Melithafa Borehole: Mbashe Municipality: Hand pump faulty	Ukamva Civils cc	R 79 800.00	No water to the community.
16/1/3/6	17-May-10	Nqabarha North: Mbashe Municipality: Borehole pump is faulty	Y King Transport cc	R 53 000.00	No water.
16/1/3/3	17-May-10	Nonkululeko, Mgwali & Heckel Supply Schemes (Borehole): Amahlathi Municipality: Drought	Qhamo Travel & Events Management	R 45 600.00	Communities without water, posing a health risk.
16/1/3/2	18-May-10	Chintsa East WTW: Great Kei Municipality: Drought in Chintsa	AB Pumps	R 18 909.75	Prolonged water outages and health risk.
16/1/3/2	18-May-10	Chintsa East WTW: Great Kei Municipality: Drought	MW Equipment Trust	R 218 000.00	Prolonged water outages, health risk.
16/1/3/4	20-May-10	Ngqanda Borehole: Mquma Municipality: Major burst pipe on the pumping main	Sinethemba Bricks	R 3 500.00	No water to the community.
16/1/3/6	20-May-10	Komkhulu Borehole: Mbashe Municipality: Borehole pump is faulty	R & R Maintenance	R 44 011.06	No water.
16/1/3/4	20-May-10	Njakazi Borehole: Mquma Municipality: Booster pump faulty	R & R Maintenance	R 9 747.00	
16/1/3/6	21-May-10	Dutywa WTW: Mbashe Municipality: Procure Jojo tanks to store water	Elangeni Built It	R 28 524.80	No water.
16/1/3/5	21-May-10	Alice & Fort Beaufort WTW: Nkonkobe Municipality: Carting of water	M.E. Mbutuma Transport cc	R 79 800.00	No water.
16/1/3/8	21-May-10	Adelaide WTW: Nxuba Municipality: Cart water	Midmar Plant Hire cc	R 79 800.00	No water.

AMATHOLE DISTRICT MUNICIPALITY DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

16/1/3/3	21-May-10	Nonkululeko, Mgwali & Heckel Supply Schemes (Boreholes): Amahlathi Municipality: Hire water tanker	Luve Development Facilitators	R 44 520.00	Water shortages.
16/1/3/3	21-May-10	Nonkululeko, Mgwali & Heckel Supply Schemes (Boreholes): Amahlathi Municipality: Hire water tanker	Rudulu General Construction	R 44 520.00	Water shortages.
16/1/3/8	21-May-10	Adelaide WTW: Nxuba Municipality: Cart water	Midmar Plant Hire cc	R 79 800.00	No water.
16/1/3/3	21-May-10	Wesley WTW: Ngqushwa Municipality: Failed water quality tests in Hamburg Boreholes	R & R Maintenance	R 20 095.92	No water in the villages.
16/1/3/8	24-May-10	Bedford WTW: Nxuba Municipality: Mechanical failure to pump	RJN Projects	R 54 730.26	No water to Bedford and Adelaide.
16/1/3/3	15-Jun-10	Mlungisi Pump Station: Amahlathi Municipality: Panel in a bad state resulting in the other pump not functioning	Electronic & Power Manufacturing	R 120 851.40	Bigger section of Mlungisi Township is without water. Situation posing a health risk.
16/1/3/7	15-Jun-10	Nonkululeko, Heckel and Mgwali Boreholes: Amahlathi Municipality: Low yield boreholes	The Business Zone 1300 cc	R 57 000.00	Water shortages in Amahlathi villages.
16/1/3/2	17-Jun-10	Chintsa WTW: Great Kei Municipality: Drought	Getaway Trailors	R 64 600.00	Water shortages posing a health risk.
16/1/3/8	18-Jun-10	Bedford WWTW: Nxuba Municipality: ADM tractors in for repairs as they are not roadworthy	Worteldrift Agricultural Co-op Bedford	R 27 720.00	Health hazard.
16/1/3/8	18-Jun-10	Alice WTW: Nkonkobe Municipality: Drought	Aqua Transport & Plant Hire	R 79 800.00	No water.
16/1/3/8	18-Jun-10	Hogsback WTW: Nkonkobe Municipality: Drought	M.E. Mbutuma Transport cc	R 91 000.00	No water.
16/1/3/2	18-Jun-10	Chintsa WTW: Great Kei Municipality: Drought	Eimen General Trading	R 79 800.00	No water.
16/1/3/2	18-Jun-10	KwaZozo Borehole: Grea Kei: Borehole dropped in yield	Mbayo Distributors & Transport	R 53 200.00	Water shortages posing a health risk.
16/1/3/7	18-Jun-10	Peddie Regional WTW: Ngqushwa Municipality: Drought	Shine the Way 771 cc	R 42 560.00	No water to the community.
16/1/3/8	18-Jun-10	Alice WTW: Nkonkobe Municipality: Drought	Majali Trading Enterprise	R 91 200.00	No water.
16/1/3/6	18-Jun-10	Willowvale WTW: Mbhashe Municipality: Dam drying up	Asive Trading Enterprise	R 53 200.00	No water.
16/1/3/6	18-Jun-10	Idutwya WTW: Mbhashe Municipality: Drought	Asisabelo Trading Enterprise cc	R 53 200.00	No water.
16/1/3/4	21-Jun-10	Butterworth WTW: Mnquma Municipality: Numerous pipe bursts	Sinethemba Bricks	R 21 700.00	No water.

Total Amount

R 17 823 677.97

TOTAL EMERGENCY PROCUREMENT

R 17 823 677.97

**AMATHOLE DISTRICT MUNICIPALITY
DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

**PROCUREMENT FROM ORGANS OF STATE
BUDGET AND TREASURY**

CONTRACT NO.	DATE	DESCRIPTION	NAME OF SERVICE PROVIDER	VALUE
8/1	15-Jul-09	Financial programme for Non-Financial Managers	University of Stellenbosch Business School	R 138 000.00
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Buffalo City Municipality	R 37 475.81
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Unisa	R 3 700.00
8/1/R	1 July 09 - 31 March 2010	Goods and Services	University of Fort Hare	R 4 005.00
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Amahlathi Municipality	R 3 140.35
8/1/R	1 April 2010 - 30 June 2010	Goods and Services	Amahlathi Municipality	R 1 000.00
8/1/R	1 April 2010 - 30 June 2010	Goods and Services	Buffalo City Municipality	R 14 189.01

Total Amount

R 201 510.17

**PROCUREMENT FROM ORGANS OF STATE
CORPORATE SERVICES**

8/1/R	12-Feb-10	Fees for Magister in Governance and Political Transformation - Cllr S. Janda	Orange Free State University	R 4 665.00
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Amahlathi Municipality	R 8 162.71
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Buffalo City Municipality	R 98 714.05
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Buffalo City Public Fet College	R 1 887.32
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Eskom	R 9 835.47
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Unisa	R 1 908.00
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Walter Sisulu University	R 11 820.00
8/1/R	1 April 2010 - 30 June 2010	Goods and Services	Buffalo City Municipality	R 36 876.13
8/1/R	1 April 2010 - 30 June 2010	Goods and Services	Eskom	R 1 776.81

Total Amount

R 175 645.49

**AMATHOLE DISTRICT MUNICIPALITY
DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

**PROCURING FROM ORGANS OF STATE
ENGINEERING SERVICES**

CONTRACT NO.	DATE	DESCRIPTION	NAME OF ORGAN OF STATE	VALUE
8/1/R	17/2/2010	Installation of waters at Komga Community Hall	Great Kei Municipality	R 824.90
8/1	1 July 09 - 31 March 2010	Goods and Services	Amatola Water	R 23 943 310.68
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Buffalo City Municipality	R 94 531.60
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Department of Roads & Transport	R 333.00
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Eskom	R 3 554 287.21
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Amahlathi Municipality	R 64 522.33
8/1/R	1 July 09 - 31 March 2010	Goods and Services	WSSA	R 2 407 985.19
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Blue Crane Route Municipality	R 96 255.15
8/1/R	1 July 09 - 31 March 2010	Goods and Services	University of Fort Hare	R 464 483.67
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Stellenbosch University	R 7 680.00
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Nxuba Municipality	R 42 673.97
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Department of Water Affairs and Forestry	R 27 563.04
8/1/R	1 April 2010 - 30 June 2010	Goods and Services	Amatola Water	R 4 471 090.63
8/1/R		Goods and Services	Amahlathi Municipality	R 220.00
8/1/R		Goods and Services	Department of Water Affairs and Forestry	R 264 951.05
8/1/R		Goods and Services	Eskom	R 326 470.48
8/1/R		Goods and Services	WSSA	R 503 854.96
8/1/R		Goods and Services	Blue Crane Route Municipality	R 26 747.62
8/1/R		Goods and Services	Nxuba Municipality	R 8 184.90
8/1/R		Goods and Services	Buffalo City Municipality	R 61 426.91

Total Amount

R 36 367 397.29

**PROCURING FROM ORGANS OF STATE
HEALTH AND PROTECTION SERVICES**

**AMATHOLE DISTRICT MUNICIPALITY
DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

CONTRACT NO.	DATE	DESCRIPTION	NAME OF ORGAN OF STATE	VALUE
8/1	1 July 09 - 31 March 2010	Goods and Services	Department of Roads & Transport	R 111.00
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Amatola Water	R 106 301.00
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Amahlathi Municipality	R 3 287.13
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Eskom	R 1 000.00
8/1/R	1 July 09 - 31 March 2010	Goods and Services	North West University	R 4 870.00
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Komga Hospital	R 731.50
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Nelson Mandela Metropolitan University	R 13 180.00
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Buffalo City Municipality	R 3 353 987.55
8/1/R		Goods and Services	Buffalo City Municipality	R 11 926.40
8/1/R	1 April 2010 - 30 June 2010	Goods and Services	Nelson Mandela Metropolitan University	R 24 000.00
8/1/R		Goods and Services	Eskom	R 500.00
8/1/R		Goods and Services	Amatola Water	R 50 683.00

Total Amount

R 3 570 577.58

STRATEGIC PLANNING

CONTRACT NO.	DATE	DESCRIPTION	NAME OF ORGAN OF STATE	VALUE
8/1/R	1 July 09 - 31 March 2010	Goods and Services	Buffalo City Municipality	R 10 959.00
8/1/R	1 April 2010 - 30 June 2010	Goods and Services	Buffalo City Municipality	R 2 349.00

Total Amount

R 13 308.00

**PROCURING FROM ORGANS OF STATE
MUNICIPAL MANAGER'S OFFICE**

CONTRACT NO.	DATE	DESCRIPTION	NAME OF ORGAN OF STATE	VALUE
8/1/R	1 Jan 2010 - 31 March 2010	Goods and Services	Buffalo City Municipality	R 1 362.00

**AMATHOLE DISTRICT MUNICIPALITY
DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

8/1/R	1 July 2009 - 31 March 2010	Goods and Services	University Metropolitan University	R 2 700.00
8/1/R	1 July 2009 - 31 March 2010	Goods and Services	Walter Sisulu University	R 3 900.00
8/1/R	1 July 2009 - 31 March 2010	Goods and Services	University of Fort Hare	R 9 950.00
8/1/R	1 April 2010 -	Goods and Services	Buffalo City Municipality	R 990.00
8/1/R	30 June 2010	Goods and Services	Nelson Mandela Metropolitan University	R 40 664.00

Total Amount

R 59 566.00

TOTAL PROCUREMENT FROM ORGANS OF STATE

R 40 388 004.53

**AMATHOLE DISTRICT MUNICIPALITY
DISCLOSURES OF PROCUREMENT DEVIATIONS AND BREACHES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

**PROCUREMENT OF GOODS / SERVICES FROM SOLE SERVICE PROVIDERS
CORPORATE SERVICES**

CONTRACT NO.	DATE	DESCRIPTION	NAME OF SOLE SERVICE PROVIDER	VALUE	REASON FOR DEVIATION
4/1/2/4	07-Oct-09	Purchase of HIV Awareness Playing Cards	Chapmar Industries	R 7 723.50	Sole service provider.

Total Amount

R 7 723.50

**PROCUREMENT OF GOODS / SERVICES FROM SOLE SERVICE PROVIDERS
BUDGET AND TREASURY OFFICE**

CONTRACT NO.	DATE	DESCRIPTION	NAME OF SOLE SERVICE PROVIDER	VALUE	REASON FOR DEVIATION
5/2/3/1	05-Oct-09	Loading of 5 Local Municipality Valuation Rolls on Venus	Business Connexion	R 195 168.00	Sole service provider.
8/1	28-Apr-10	Capacity to ensure Commitments Register is operational in DIMMS	Intermap	R 320 112.00	Sole service provider.

Total Amount

R 515 280.00

**PROCUREMENT OF GOODS / SERVICES FROM SOLE SERVICE PROVIDERS
STRATEGIC MANAGEMENT**

CONTRACT NO.	DATE	DESCRIPTION	NAME OF SOLE SERVICE PROVIDER	VALUE	REASON FOR DEVIATION
8/2/223/2009-2010	12-May-10	Roll out of the Uniform financial management system (VENUS) at great Kei Local Municipality	Business Connexion	R 2 425 026.71	Sole service provider.

Total Amount

R 2 425 026.71

TOTAL PROCUREMENT FROM SOLE SERVICE PROVIDERS

R 523 003.50