

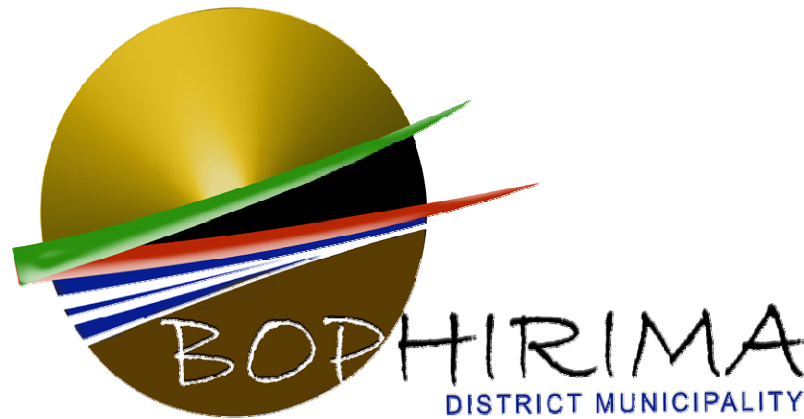
# ANNUAL PERFORMANCE REPORT

## BOPHIRIMA

### DISTRICT MUNICIPALITY

2005/2006 Financial Year

Prepared by



JANUARY 2007

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**GENERAL INFORMATION  
AS AT 30 JUNE 2006**

**MEMBERS OF THE MAYORAL COMMITTEE AND THEIR PORTFOLIOS**

Cllr. G.K.M. Lobelo	Executive Mayor
Cllr. Peter Thiba	Finance
Cllr. N.W. Skalk	Engineering and Technical Services
Cllr. M.P. Letebele	Local Economic Development, Agriculture and Tourism
Cllr. K.G. Sereko	Corporate Services
Cllr. D. Zethi	Health and Social Development

**SPEAKER**

Cllr. P. Kgosieng

**COUNCILLORS**

Cllr. G.K.M. Lobelo	Directly Elected
Cllr. P.W. Kgosieng	Directly Elected
Cllr. K.G. Sereko	Directly Elected
Cllr. N.W. Schalk	Directly Elected
Cllr. C.E. Tladinyane	Directly Elected
Cllr. B. Chichindua	Directly Elected
Cllr. P.K. Thiba	Directly Elected
Cllr. O.J. Tshenkeng	Directly Elected
Cllr. G.I. Crous	Directly Elected
Cllr. J. D. Franzsen	Directly Elected
Cllr. D.E. Masipa	Kagisano Local Municipality
Cllr. M.S. Thue	Kagisano Local Municipality
Cllr. T.M. Lenkopane	Kagisano Local Municipality
Cllr. R.M. Lee	Mamusa Local Municipality
Cllr. C.P. Herbst	Mamusa Local Municipality
Cllr. K.J. Bojong	Lekwa-Teemane Local Municipality
Cllr. M. Kgosieng	Greater-Taung Local Municipality
Cllr. T. Matlapeng	Greater-Taung Local Municipality
Cllr. L. Kelaotswe	Greater-Taung Local Municipality
Cllr. O.M. Matong	Greater-Taung Local Municipality
Cllr. O. Morwalela	Greater-Taung Local Municipality
Cllr. G. J. Tshipo	Greater-Taung Local Municipality

Cllr. F.J. Wright  
Cllr. J. A. Adonis  
Cllr. S.K.M. Namusi  
Kgosi. W. Motlhabane  
Kgosi. T. Mankuroane  
Kgosi. O.G. Letlhogile  
Kgosi. Tlou le Tau  
Kgosi. K.I. Mothibi

Naledi Local Municipality  
Naledi Local Municipality  
Molopo Local Municipality

### **EXECUTIVE STRUCTURE**

Mr. S.G. Ncobo  
Mr. B. Modise  
Mr. D.M. Thornhill  
Mr. M.S. Hayat  
Mr. F. Cawood  
Mr. M.G. Kegakilwe  
Mr. S. Boitseng  
Mr. R. Minny  
Ms. D. Sebeco

Municipal Manager  
Senior Project Manager: Corporate Services  
Chief Financial Officer  
Senior Project Manager: Project Management Unit  
Senior Project Manager: Engineering Services  
Senior Project Manager: Office of the Executive Mayor  
Senior Project Manager: Local Economic Development  
Senior Project Manager: PIMS and IDP  
PM: Internal Audit

### **GRADING OF LOCAL AUTHORITY**

Category C, Grade 4

### **AUDITORS**

Office of the Auditor-General

### **AUDIT COMMITTEE**

Ms J.S. Masite           **(Chairperson)**  
Ms. M. Seleho  
Mr E. Van Rensburg  
Mr S. Williams  
Mr G. Dlanjwa  
Mr G. Jarvis

### **BANKERS**

Standard Bank

**MAP OF THE BOPHIRIMA DISTRICT MUNICIPALITY**

Refer page 7 for the area of the Bophirima District Municipality

**REGISTERED OFFICE**

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VRYBURG  
8601

P.O. Box 21  
VRYBURG  
8600

Telephone : (053) 927 2222  
Fax : (053) 927 2401

Website: [www.bophirima.co.za](http://www.bophirima.co.za)

**APPROVAL OF THE ANNUAL PERFORMANCE REPORT**

**Cllr. GKM LOBELO**  
**THE EXECUTIVE MAYOR**  
January 2007

**SG NCOBO**  
**MUNICIPAL MANAGER**  
January 2007

# CONTENTS

GENERAL INFORMATION .....	I
CONTENTS.....	II
CHAPTER 1.....	5
<b>1. INTRODUCTION AND OVERVIEW .....</b>	<b>5</b>
1.1. INTRODUCTION .....	5
1.2. FOREWORD BY THE EXECUTIVE MAYOR .....	6
1.3. OVERVIEW OF THE MUNICIPALITY .....	7
1.3.1. <i>Area</i> .....	7
1.3.2. <i>Population</i> .....	8
1.3.3. <i>Population Urbanised/Ruralised</i> .....	9
1.3.4. <i>Population Growth Rate</i> .....	9
1.3.5. <i>Gender</i> .....	10
1.3.6. <i>Age</i> .....	10
1.3.7. <i>HIV/AIDS</i> .....	10
1.3.8. <i>Fertility</i> .....	11
1.3.9. <i>Life Expectancy</i> .....	11
1.4. THE DEVELOPMENTAL CHALLENGES .....	11
1.4.1. <i>Water Services</i> .....	11
1.4.2. <i>Sanitation Services</i> .....	13
1.4.3. <i>Energy Services</i> .....	14
1.4.4. <i>Communication Services</i> .....	15
1.4.5. <i>Housing</i> .....	16
1.5. THE SOCIO-ECONOMIC CHALLENGES .....	17
1.5.1. <i>Households</i> .....	17
1.5.2. <i>Dependency</i> .....	18
1.5.3. <i>Disabled</i> .....	18
1.5.4. <i>Education</i> .....	18
1.5.5. <i>Human Capital</i> .....	19
1.5.6. <i>Household Income</i> .....	19
1.6. THE ECONOMIC CHALLENGES .....	19
1.6.1. <i>Major Economic Sectors</i> .....	19
1.6.2. <i>Growth Rate</i> .....	20
1.6.3. <i>Comparative Advantages</i> .....	21
1.6.4. <i>Employment</i> .....	21
1.6.5. <i>Employment Sectors</i> .....	22

# Annual Performance Report 2005/2006

iii

1.7. EXECUTIVE SUMMARY .....	23
1.7.2. Vision .....	25
1.7.3. Municipal Financial Health.....	25
1.7.4. Administrative Considerations.....	26
1.7.4.1. Effectiveness in municipal transformation.....	26
CHAPTER 2.....	29
2. PERFORMANCE HIGHLIGHTS .....	29
2.1. SERVICES PROVIDED .....	29
2.2. STATUS QUO AND BACKLOGS IN SERVICE DELIVERY .....	30
2.2.1. Sanitation.....	30
2.2.2. Water .....	31
2.2.3. Sanitation.....	32
2.2.4. Sanitation Present Service Levels.....	33
2.2.5. Status of Free Basic Service Delivery (Water).....	34
2.2.6. DORA Allocation Equitable Share.....	35
2.2.7. Actual payments by municipalities.....	36
2.3. LEVEL AND STANDARD OF SERVICE.....	39
CHAPTER 3.....	41
3. HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT.....	41
CHAPTER 4.....	52
4. AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION .....	52
CHAPTER 5.....	53
5. FUNCTIONAL AREA SERVICE DELIVERY REPORTING .....	53
ANNEXURE A .....	54
FUNCTIONAL SERVICE DELIVERY REPORTING.....	54
GENERAL INFORMATION.....	55
FUNCTION: EXECUTIVE AND COUNCIL .....	57
FUNCTION: FINANCE AND ADMINISTRATION .....	59
Sub Function: Finance .....	59
Sub Function: Human Resources.....	62
Sub Function:.....	65
Other Administration (Procurement).....	65
Reporting Level .....	65
Detail.....	65

Annual Performance Report 2005/2006

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<i>Total</i> .....	65
<b>FUNCTION: PLANNING AND DEVELOPMENT</b> .....	71
<i>Sub Function: Economic Development</i> .....	71

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## CHAPTER 1

### 1. INTRODUCTION AND OVERVIEW

#### 1.1. Introduction

The Annual Performance Report of Bophirima District Municipality for the 2005/2006 Financial Year is compiled in terms of Section 46 (1) of the Local Government: Municipal Systems Act 32 of 2000 municipalities which requires the municipality to prepare for each financial year an annual report consisting of a performance report, the financial statements for that financial year, an audit report on the financial statements and the report on the audit performed in terms of section 45(b), and any other reporting requirements in terms of other applicable legislation.

The purpose of an annual report is:—

- λ to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
- λ to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and;
- λ to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

Section 121(1) of the Local Government: Municipal Finance Act 56 of 2003 enjoins every municipality to prepare an annual report for each financial year. The council of a municipality is required to deal with the annual report of the municipality and in accordance with section 129 within nine months after the end of a financial year.



## **1.2. Foreword by the Executive Mayor**

This annual report presents a record of activities for this municipality during the 2005/2006 financial year. It is important to note that the data presented is a reflection of general performance in relation of service delivery, especially the provision of basic services such as water and sanitation to the communities. The financial statements are a reflection of how the stringent budget has been spent in the delivery of services. May I indicate that this is done against the backdrop of limited financial resources and the myriad of service delivery challenges faced by this municipality.

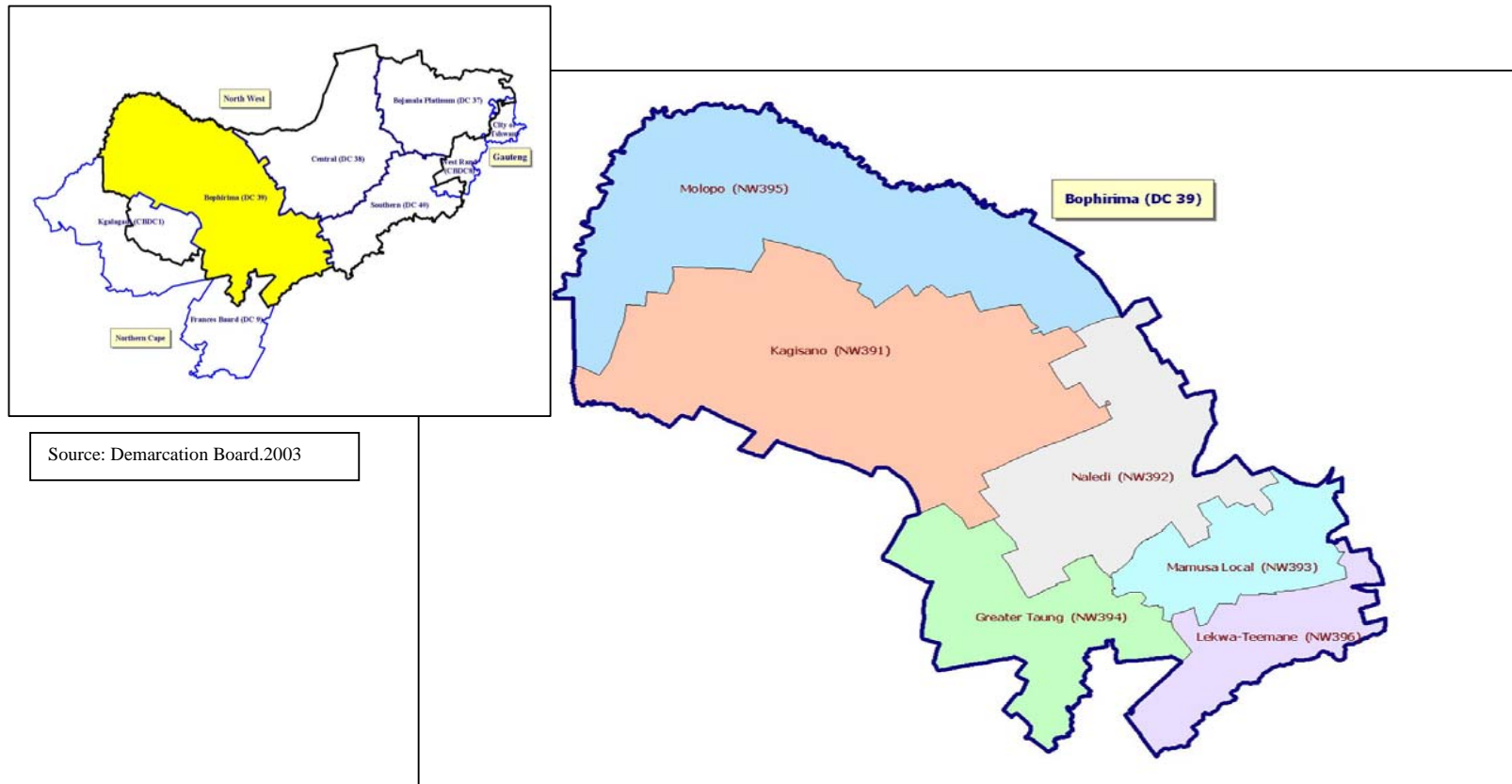
This district has been identified as the poorest in the province, and this poses serious challenge given the expectations by our communities and limited capacity of this municipality, being financial or otherwise. However, this council has ensured that service delivery is accelerated to ensure that with this limited resource at our disposal, we are able to deliver more services with little resources to our communities against all odds. This is a true reflection of dedication and commitment in our quest for a better live for our people.

May I take this opportunity to thank all the councilors, the management, staff and the community for their dedication and perseverance in ensuring that we all work together to meet our constitutional mandate and provide better and improved services to our communities.

### 1.3. Overview of the municipality

#### 1.3.1. Area

The Bophirima District Municipality (DC39) is located in the North West Province and is bordered by Central District Municipality and Southern District Municipality in the North. In the South it is bordered by Kgalagadi District Municipality which is a cross-boundary municipality with the Northern Cape.



Source: Demarcation Board.2003

The Bophirima District Municipality is approximately 47 478 km<sup>2</sup> in extent (40.82% of the total area of the North West Province). The district is still predominantly rural with a 13% increase in the rural population between 1996 and 2001. However, the urban population increased by almost 50%, indicating rapid urbanisation internal to the district. There are more than 470 villages and towns and dispersed in a 250km radius (approximately 500km north-south and 200km east west).

The Bophirima District Municipal Area comprises of six Local Municipal Areas, including:

- Kagisano Local Municipality (NW391) is approximately 14 690 km<sup>2</sup> in extent
- Naledi Local Municipality (NW392) is approximately 7 264 km<sup>2</sup> in extent
- Mamusa Local Municipality (NW393) is approximately 3 615 km<sup>2</sup> in extent,
- Greater Taung Local Municipality (NW394) is approximately 5 640 km<sup>2</sup> in extent
- Molopo Local Municipality (NW395) is approximately 12 588 km<sup>2</sup> in extent
- Lekwa-Teemane Local Municipality (NW396) is approximately 3 681 km<sup>2</sup> in extent

### 1.3.2. Population

The Bophirima District Municipality has an estimated population of 439 679 people [13.97% of the total population of the North West Province]; it has the smallest population of all the District Municipalities in the North West Province.

The population distribution of the six Local Municipal Areas in the district is as follows:

- λ Kagisano Local Municipality [NW391], with an estimated population of 111 397 people [23.19% of the total population of the Bophirima District Municipal Area];
- λ Naledi Local Municipality [NW392], with an estimated population of 58 104 [13.22% of the total population of the Bophirima District Municipal Area];
- λ Mamusa Local Municipality [NW393], with an estimated population of 50 330 [10.48% of the total population of the Bophirima District Municipal Area];
- λ Greater Taung Local Municipality [NW394], with an estimated population of 182 164 [41.43% of the total population of the Bophirima District Municipal Area];
- λ Molopo Local Municipality [NW395], with an estimated population of 13 405 [2.97% of the total population of the Bophirima District Municipal Area]; and
- λ Lekwa-Teemane Local Municipality [NW396], with an estimated population of 37 173 [7.74% of the total population of the Bophirima District Municipal Area].
- λ

- 
- λ The Greater Taung Local Municipality has the largest population [182 164 or 41.43% of the total population of the Bophirima Local Municipal Area], the Kagisano Local Municipality has the second largest population [111 397 or 23.19% of the total population of the Bophirima Local Municipal Area], and the Naledi Local Municipality has the third largest population in the Bophirima Local Municipal Area [58 104 or 13.22% of the total population of the Bophirima Local Municipal Area].

### **1.3.3. Population Urbanised/Ruralised**

A very small component of the population of the Bophirima District Municipality is urbanised [92 454 people or 20.80% of the total population of the Bophirima District Municipal Area].

The most urbanised areas are:

- λ The Mamusa Local Municipal Area, with 31 836 people [61.30% of the total population of the Mamusa Local Municipal Area] being urbanised;
- λ The Naledi Local Municipal Area, with 58 104 people [58.30% of the total population of the Naledi Local Municipal Area] being urbanised; and
- λ The Lekwa-Teemane Local Municipal Area, with 7 391 people [51.40% of the total population of the Lekwa-Teemane Local Municipal Area] being urbanised.

The most rural areas are:

- λ The Kagisano Local Municipal Area, with no people being urbanised;
- λ The Molopo Local Municipal Area, with no people being urbanised; and
- λ The Greater Taung Local Municipal Area [7.20% of the total population of the Greater Taung Local Municipal Area] being urbanised.

### **1.3.4. Population Growth Rate**

The population of the Bophirima District Municipal Area increased from 425 318 people in 1996 to 439 674 people in 2001. The estimated average population growth rate for the Bophirima District Municipal Area was 0.97% for the year 1996 to 2001, the lowest in the North West Province.

### 1.3.5. Gender

More than half [229 280 people or 52.15% of the total population of the Bophirima District Municipal Area] are females.

### 1.3.6. Age

- A large portion of the population [an estimated 162 173 people or 36.88% of the total population] of the Bophirima District Municipal Area is in the school-going age group [0 to 14 years of age];
- A large portion of the population [an estimated 252 905 people or 57.52% of the total population] of the Bophirima District Municipal Area is in the economically-active age group [15 to 64 years of age]; and
- A small portion of the population [an estimated 24 597 people or 5.59% of the total population of the Bophirima District Municipal Area] is in retired age group [65 years of age and older].

### 1.3.7. HIV/AIDS

The South African society and the Bophirima District Municipality must be aware of the possible consequences of, and manage, the HIV/AIDS pandemic in an appropriate and effective manner on District Municipal Level.

The number of pregnant women infected with HIV/AIDS in South Africa increased from 17% in 1997 to 22.8% in 1998 and 22.4% in 1999. The number of pregnant women infected with HIV/AIDS in North West Province increased from 18.2% in 1997 to 21.3% in 1998 and 23.4% in 1999. In 1999, the percentage of pregnant women, infected with HIV/AIDS in the North West Province (23.4%), was higher than the average for South Africa (22.4%). In view of the latter, it is estimated that approximately 408 724 pregnant women in the North West Province, and approximately 56 911 pregnant women in the Bophirima District Municipal Area, were infected with HIV/AIDS by 1999. The latter percentages and number of women are estimates only.

It is estimated that:

- λ In 2000, 17% of all adults may have been infected with HIV/AIDS. The latter implies that approximately 7 055 000 adults in South Africa, approximately 584 520 adults in the North West Province, and approximately 81 678 adults in the Bophirima District Municipal Area, may have been infected with HIV/AIDS by 2000; and
- λ In 2010, 25% of all adults may be infected with HIV/AIDS. The latter implies that approximately 10.375 million adults in South Africa, approximately 859 588 adults in the North West Province, and approximately 120 114 adults in the Bophirima District Municipal Area, may be infected with HIV/AIDS by 2010.

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### 1.3.8. Fertility

The fertility rates in the Bophirima District Municipal Area are expected to drop from 3.21% [1996 to 2001] to 3.07% [2001 to 2006] and to 2.91% [2006 to 2011] in the Bophirima District Municipal Area.

### 1.3.9. Life Expectancy

The life expectancy rates in the Bophirima District Municipal Area are expected to drop from 52.12% for males and 57.12% for females [1996 to 2001] to 49.08% for males and 54.08% for females [2001 to 2006], and to 46.82% for males and 51.82% for females [2006 to 2011].

## 1.4. THE DEVELOPMENTAL CHALLENGES

### 1.4.1. Water Services

- λ Most of the households [64 269 households or 61.60% of the total number of households] in the Bophirima District Municipal Area have access to acceptable levels of water services;
- λ Most of the latter households [26 492 households or 25.39% of the total number of households] use taps inside yards;
- λ A number of households [40 065 households or 38.40% of the total number of households] in the Bophirima District Municipal Area, however, are in need of acceptable levels of water services; and
- λ The greatest need for acceptable levels of water services exists in the Greater Taung Local Municipal Area [21 599 households], the Kagisano Local Municipality [8 430 households], and the Naledi Local Municipality [1 048 households].

The water services profile for the Bophirima District Municipal Area is as follows [refer to **Table 1**]:

**TABLE 1**  
**The Water Services Profile**

<b>PROFILE</b>	<b>HOUSEHOLDS</b>
<b>PROVIDED</b>	<b>64 269</b>
Dwelling	11 852
Inside Yard	26 492
Community Stand	25 925
Community Stand (over 200m)	27 683
Borehole	8 217
Spring	992
Rain Tank	241
Dam/Pool/Stagnant Water	374
River/Stream	240
Water Vendor	304
Other	2 014
<b>NEEDED</b>	<b>18 636</b>
<b>TOTAL</b>	<b>104 337</b>

### 1.4.2. Sanitation Services

- λ A number of the households [50 771 households or 48.66% of the total number of households] in the Bophirima District Municipal Area have access to acceptable levels of sanitation services;
- λ Most of the latter households [24 001 households or 23.00% of the total number of the households] VIPs;
- λ Most of the households [53 563 households or 51.34% of the total number of households] in the Bophirima District Municipal Area, however, are in need of acceptable levels of sanitation services; and
- λ The greatest need for acceptable levels of sanitation services exists in the Greater Taung Local Municipal Area [22 073 households], the Kagisano Local Municipality [17 931 households], and the Mamusa Local Municipality [7 582 households].

The sanitation services profile for the Bophirima District Municipal Area is as follows [refer to **Table 2**]:

**TABLE 2**  
**The Sanitation Services Profile**

PROFILE	HOUSEHOLDS	PERCENTAGE
<b>PROVIDED</b>	<b>50 771</b>	<b>48.66%</b>
Flush Toilet	23 332	
Flush Septic Tank	2 864	<b>51.34%</b>
Chemical Toilet	574	
VIP	24 001	
Pit Latrine	28 630	
Bucket Latrine	6 478	
None	18 455	
<b>NEEDED</b>	<b>53 563</b>	
<b>TOTAL</b>	<b>104 339</b>	<b>100.00%</b>



**1.4.3. Energy Services**

- λ Most of the households [62 435 households or 59.84% of the total number of households] in the Bophirima District Municipal Area have access to acceptable levels of energy services;
- λ Most of the latter households [62 435 households or 59.84% of the total number of households] in the Bophirima District Municipal Area use electricity;
- λ A large number of the households [41 902 households or 40.16% of the total number of households] in the Bophirima District Municipal Area, however, are in need of acceptable levels of energy services; and
- λ The greatest need for acceptable levels of energy services exists in the Greater Taung Local Municipal Area [21 029 households], the Kagisano Local Municipality [16 068 households], and the Naledi Local Municipality [5 221 households].

The energy services profile for the Bophirima District Municipal Area is as follows [refer to **Table 3**]:

**TABLE 3**  
**The Energy Services Profile**

PROFILE	HOUSEHOLDS	PERCENTAGE
<b>PROVIDED</b>	<b>62 435</b>	<b>59.84%</b>
Electricity	62 435	
Gas	128	<b>40.16%</b>
Paraffin	4 520	
Candles	36 727	
Solar	156	
Other	371	
<b>NEEDED</b>	<b>41 902</b>	
<b>TOTAL</b>	<b>104 337</b>	<b>100.00%</b>

**1.4.4. Communication Services**

- λ Most of the households [88 943 households or 85.25% of the total number of households] in the Bophirima District Municipal Area have access to acceptable levels of communication services;
- λ Most of the latter households [49 074 households or 47.03% of the total number of households] in the Bophirima District Municipal Area use public telephones;
- λ A number of households [15 394 households or 14.75% of the total number of households] in the Bophirima District Municipal Area, however, are in need of acceptable levels of communication services; and
- λ The greatest need for acceptable levels of communication services exists in the Greater Taung Local Municipality [4 555 households], the Kagisano Local Municipality [8 674 households], and the Naledi Local Municipality [1 179 households].

The communication services profile for the Bophirima District Municipal Area is as follows [refer to **Table 4**]:

<b>TABLE 4</b>		
<b>The Communication Services Profile</b>		
<b>PROFILE</b>	<b>HOUSEHOLDS</b>	<b>PERCENTAGE</b>
<b>PROVIDED</b>	<b>88 943</b>	<b>85.25%</b>
Telephone and Cellphone in Dwelling	5 243	
Telephone Only in Dwelling	5 433	
Cellphone	15 451	
Neighbour	8 546	
Public Telephone	49 074	
Other - Nearby	5 196	<b>14.75%</b>
Other - Not Nearby	5 790	
No access	9 604	
<b>NEEDED</b>	<b>15 394</b>	
<b>TOTAL</b>	<b>104 337</b>	<b>100.00%</b>

### 1.4.5. Housing

- λ A large number of the households [82 034 households or 78.62% of the total number of households] in the Bophirima District Municipal Area have access to acceptable levels of housing [formal housing]; and
- λ A large number of the households [22 302 households or 21.38% of the total number of households] in the Bophirima District Municipal Area, however, are in need of acceptable housing.

The housing profile for the Bophirima District Municipality is as follows [refer to **Table 5**]:

**TABLE 5**  
**The Housing Profile**

PROFILE	HOUSEHOLDS	PERCENTAGE
<b>PROVIDED</b>	<b>12 554</b>	<b>78.62%</b>
Formal	82 034	
Informal	10 790	<b>21.38%</b>
Traditional	11 334	
Other	178	
<b>NEEDED</b>	<b>2 414</b>	
<b>TOTAL</b>	<b>104 336</b>	<b>100.00%</b>

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## **1.5. THE SOCIO-ECONOMIC CHALLENGES**

### **1.5.1. Households**

#### **1.5.1.1. Household Number**

An estimated 104 335 households reside in the Bophirima District Municipal Area. The largest number of households are in the Greater Taung Local Municipal Area [41450 or 39.73% of the total households in the Bophirima Municipal Area], the Kagisano Local Municipal Area [18 871 or 21.58% of the total households in the Bophirima Municipal Area], and the Naledi Local Municipal Area [14 967 or 14.35% of the total households in the Bophirima District Municipal Area].

#### **1.5.1.2. Household Size [People per Household]**

The largest households in the Bophirima District Municipal Area are in the Kagisano Local Municipal Area [5.90 people per household], the Greater Taung Local Municipal Area [5.65 people per household], and the Mamusa Local Municipal Area [5.55 people per household]. The average household size in the Bophirima District Municipal Area is 5.49 people per household. The average household size in the Bophirima District Municipal Area is fairly large.

#### **1.5.1.3. Household Density [Households per km<sup>2</sup>]**

The highest household density [number of households per area, measured in km<sup>2</sup>] in the Bophirima District Municipal Area is in the Greater Taung Local Municipal Area [6.32 households per km<sup>2</sup>], the Mamusa Local Municipal Area [2.51 households per km<sup>2</sup>], and the Lekwa-Teemane Local Municipal Area. The average household density in the Bophirima District Municipal Area is 1.84 households per km<sup>2</sup>. The average household density in the Bophirima District Municipal Area is fairly low, implying that the Bophirima District Municipal Area is sparsely populated and characterised by low-density, dispersed settlements, providing the Bophirima District Municipal Area with a unique, rural character.

#### **1.5.1.4. Female-Headed Households**

An estimated 39 918 households [45.65% of the total number of households in the Bophirima District Municipal Area] are headed by females.

### **1.5.2. Dependency**

The average dependency ratio in the Bophirima District Municipal Area is estimated to be 1:2.37.

### **1.5.3. Disabled**

- λ A large number of people [an estimated 35 998 people or 8.19% of the total population] in the Bophirima District Municipal Area are disabled;
- λ The disabled people in the Bophirima District Municipal Area represent 15.52% of the total number of disabled people in the North West Province; and
- λ The largest number of disabled people reside in the Greater Taung Municipal Area [17 096 people, or 47.49% of the total number of disabled people in the Bophirima District Municipal Area], the Kagisano Local Municipal Area [13 112 people or 35.56% of the total number of disabled people in the Bophirima District Municipal Area], and the Mamusa Local Municipal Area [3 462 people or 9.39% of the total number of disabled people in the Bophirima District Municipal Area].

### **1.5.4. Education**

- λ A large portion of the population [78 094 people or 17.76% of the total population of the Bophirima District Municipal Area] has no schooling;
- λ A large portion of the population [65 325 people or 14.86% of the total population of the Bophirima District Municipal Area] has primary education;
- λ A small portion of the population [24 754 people or 10.98% of the total population of the Bophirima District Municipal Area] has secondary education;
- λ A small portion of the population [47 921 people or 21.26% of the total population of the Bophirima District Municipal Area] has Grade 12; and
- λ A very small portion of the population [9 272 people or 4.12% of the total population of the Bophirima District Municipal Area] has tertiary education.

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### **1.5.5. Human Capital**

The human capital in the Bophirima District Municipal Area comprises of people with the following skills profile: elementary, skilled, craft/trade and professional people.

### **1.5.6. Household Income**

- λ A number of households [29 771 households or 27.90% of the total number of households in the Bophirima District Municipal Area] have no annual household income;
- λ Most of the households [58 304 households or 54.64% of the total number of households in the Bophirima District Municipal Area] have an annual household income of up to R19 200 a year;
- λ A number of households [18 636 households or 17.46% of the total number of households in the Bophirima District Municipal Area] have an annual household income of more than to R19 200 a year; and
- λ The largest number of households [88 075 households or 82.54% of the total number of households in the Bophirima District Municipal Area] have an annual household income of up to R19 200 a year, implying that 82.54% of all households in the Bophirima District Municipal Area live below the minimum living level, and may qualify for indigent status.

## **1.6. THE ECONOMIC CHALLENGES**

### **1.6.1. Major Economic Sectors**

The Gross Geographic Product [hereafter referred to as the GGP], at factor cost and current prices by type of economic activity, for the year 1994, for the Bophirima District Municipal Area reflects the following:

- λ The dominance of the agricultural sector in the Naledi and Mamusa Local Municipal Areas and the lesser importance of the agricultural sector in the other Local Municipal Areas;
- λ The dominance of the mining sector in the Molopo and Greater Taung Local Municipal Areas;
- λ The dominance of the manufacturing sector in the Naledi Local Municipal Area. Both the manufacturing and construction sectors generate low incomes;
- λ The dominance of the trade sector in the Naledi Local Municipal Area, followed by the Mamusa and Lekwa-Teemane Local Municipal Areas. The trade sector performs poorly in the other Local Municipal Areas;

- 
- λ The dominance of transport in the Naledi and Lekwa-Teemane Local Municipal Areas. The transport sector is insignificant in the other Local Municipal Areas;
  - λ The dominance of the financial sector in the Naledi Local Municipal Area; and
  - λ The services sector is a relatively important sector in all the Local Municipal Areas.

The economy of the Bophirima District Municipality is low-keyed, with the exception of the agricultural sector in the Naledi and Mamusa Local Municipal Areas. The economy of the Bophirima District Municipality has a low diversity. The Naledi Local Municipal Area dominates the economy in the majority of the economic sectors and activities.

In view of the general lack of outstanding economic activities, the major economic activities in the Bophirima District Municipal Area are:

- λ Live-stock farming in the Naledi Local Municipal Area. The Naledi Local Municipal Area has a comparative advantage in the production of beef;
- λ Irrigation agriculture in the Greater Taung Local Municipal Area;
- λ Dry-land farming in the Mamusa Local Municipal Area;
- λ Manufacturing in the Naledi Local Municipal Area [Vryburg];
- λ Retail trade in the Naledi [Vryburg], Mamusa and Lekwa-Teemane [Bloemhof and Christiana] Local Municipal Areas;
- λ Finance in the Naledi Local Municipal Area [Vryburg]; and
- λ Alluvial diamonds in the Mamusa and Lekwa-Teemane Local Municipal Areas.

### **1.6.2. Growth Rate**

The average annual growth of the GGP by type of economic activity in the Bophirima District Municipal Area is as follows:

- λ The average growth rate is low;
- λ Growth occurred in isolated instances in the agricultural, mining, provision of electricity, trade and services sectors; and
- λ The manufacturing, construction, finance and real estate sectors showed a general decline.

### 1.6.3. Comparative Advantages

The GGP location quotients of the different economic sectors in the Bophirima District Municipal Area are compared with the national average [1] to determine whether the Bophirima Local Municipality has any economic sectors with comparative advantages worth developing:

- λ Agricultural products pose comparative advantages in the Naledi and Mamusa Local Municipal Areas;
- λ Mining, manufacturing, construction, trade and catering and finance do not pose any comparative advantages;
- λ Trade and catering pose comparative advantages in the Naledi, Mamusa and Lekwa-Teemane Local Municipal Areas; and
- λ Transport and communication poses comparative advantages in the Naledi and Lekwa-Teemane Local Municipal Areas, due to their location and proximity to the N14 and N12 respectively.

### 1.6.4. Employment

- λ An estimated 1 135 377 people [25.82% of the total population of the Bophirima District Municipal Area] are economically active;
- λ A large portion of the economically-active population [585 899 people or 51.60% of the total number of economically-active people in the Bophirima District Municipal Area] is employed;
- λ A large portion of the economically-active population [549 488 people or 48.40% of the total number of economically-active people in the Bophirima District Municipal Area] is unemployed; and
- λ The Local Municipal Areas with the highest number of unemployed people are:
  - μ The Greater Taung Local Municipal Area [245 688 people, 65.20% of the total number of economically-active people in the Greater Taung Local Municipal Area or 44.71% of the total number of unemployed people in the Bophirima District Municipal Area];
  - μ The Kagisano Local Municipal Area [150 500 people, 51.41% of the total number of economically-active people in the Greater Taung Local Municipal Area or 20.24% of the total number of unemployed people in the Bophirima District Municipal Area];
  - μ The Naledi Local Municipal Area [77 040 people, 35.16% of the total number of economically-active people in the Naledi Local Municipal Area or 14.02% of the total number of unemployed people in the Bophirima District Municipal Area];
  - μ The Lekwa-Teemane Local Municipal Area [64 460 people, 37.82% of the total number of economically-active people in the Greater Taung Local Municipal Area or 8.67% of the total number of unemployed people in the Bophirima District Municipal Area];
  - μ The Mamusa Local Municipal Area [62 640 people, 34.78% of the total number of economically-active people in the Greater Taung Local Municipal Area or 8.43% of the total number of unemployed people in the Bophirima District Municipal Area]; and



- 
- μ The Molopo Local Municipal Area [2 921 people, 43.47% of the total number of economically-active people in the Greater Taung Local Municipal Area or 3.93% of the total number of unemployed people in the Bophirima District Municipal Area].

#### **1.6.5. Employment Sectors**

- λ The estimated total number of employees [labour force] in the Bophirima District Municipal Area is 113 537 employees of which 63 494 employees [55.92 % of the total labour force in the Bophirima District Municipal Area] are formal employees and 36 506 employees [32.15% of the total labour force in the Bophirima District Municipal Area] are informal employees;
- λ The dominant employment sectors in the Bophirima District Municipal Area are the services sector [providing 36.80% of the total number of employment opportunities in the Bophirima District Municipal Area] and the agricultural sector [providing 33.00% of the total number of employment opportunities in the Bophirima District Municipal Area];
- λ The other sectors are weak employers with trade and catering, mining, manufacturing and construction providing respectively 10.60%, 6.00%, 4.80% and 0.70% of the total number of employment opportunities in the Bophirima District Municipal Area; and
- λ An estimated 36 700 people are involved in informal economic activities.

## 1.7. EXECUTIVE SUMMARY

### 1.7.1. The Key Issues [Summary]

The Key Issues, adopted by the Bophirima District Municipality, as part of the *Bophirima IDP, 2002*, are presented in **Table 7**.

**TABLE 7**  
**The Key Issues for the Bophirima District Municipality**

<b>KEY ISSUES</b>		
<b>Priority</b>	<b>Service/Objective</b>	<b>Powers and Functions</b>
1	Water and Sanitation	Bophirima District Municipality
2	Job Creation as a cross-cutting dimension (Main Economic Sector in Bophirima: Agriculture)	All Spheres North West Province: Agriculture
2	Land and Housing	Local Municipalities
3	Health	North West Province [two-year transition period starting 01 July, 2003] Bophirima District Municipality: Environmental Health
3	Electricity	Local Municipalities and Eskom
3	Provincial Roads	North West Province
3	Education	North West Province
4	Disaster Management and Fire Fighting	Bophirima District Municipality & Local Municipalities
5	Policing	National
5	Refuse Removal	Bophirima District Municipality & Local Municipalities
5	Municipal Roads	Bophirima District Municipality & Local Municipalities

It is important to take note of the fact that developmental priorities are fairly similar for all spheres of government [refer to **Table 8** on **Page 23**].

**TABLE 8**  
**The Developmental Priorities for the Bophirima District Municipality,**  
**the Provincial Government of the North West, and the National Government**

<b>BOPHIRIMA IDP, 2006</b>	<b>NORTH WEST PGDS: 2004 TO 2014</b>	<b>NATIONAL GOVERNMENT State of the Nation Address, 2005</b>
<b>Priority Issues and Key Needs</b>	<b>Key Developmental Priorities</b>	<b>Focus for the Next Decade of Freedom</b>
<b>Key Issue</b> ⊇ λ Water λ Sanitation	<b>Development Pillar</b> ∄ Construction and Infrastructure	<b>Focus Area</b> ∄ Contribute to the goal of a better life for peoples of Africa and the rest of the world
<b>Key Issue</b> ∅ <b>Job Creation as a cross-cutting dimension (Main Economic Sector in Bophirima: Agriculture)</b> λ Land and Housing	<b>Development Pillar</b> ⊇ Growth and Investment <b>Development Pillar</b> ∅ Agriculture and Rural Development <b>Development Pillar</b> ⊂ Mining and Energy <b>Development Pillar</b> ⊆ Tourism <b>Development Pillar</b> ∈ Manufacturing and Trade <b>Development Pillar</b> ∄ Construction and Infrastructure <b>Development Pillar</b> ∟ SMME Development <b>Development Pillar</b> ∇ Training and Skills Development	<b>Focus Area</b> ∅ Eradicating poverty and underdevelopment
<b>Key Issue</b> ⊂ λ Health λ Electricity λ Provincial Roads λ Education	<b>Development Pillar</b> ∄ Construction and Infrastructure	<b>Focus Area</b> ⊂ Working towards spiritual and material fulfillment of each South African
<b>Key Issue</b> ⊆ λ Disaster Management λ Fire Fighting		<b>Focus Area</b> ⊆ Securing safety and security of all people
<b>Key Issue</b> ∈ λ Policing λ Refuse Removal λ Municipal Roads	<b>Key Issue</b> ∄ Construction and Infrastructure	<b>Focus Area</b> ⊇ Transforming South Africa into a non-racial and non-sexist society <b>Focus Area</b> ∈ Building strong and efficient democratic state

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The Bophirima District Municipality faces great challenges in promoting human rights, meeting human needs, addressing past backlogs and spatial distortions, and planning for a sustainable future. The Bophirima District Municipality can only meet the latter challenges by working together with the People of Bophirima, and partners, in a spirit of co-operative governance, and by adopting a developmental mindset.

### **1.7.2. Vision**

The Vision of Bophirima District Municipality reads: ***“To Ensure the Optimal utilization of available Resources for Efficient, Effective and Sustainable Service Delivery and to Develop our District into a Significant Agricultural Area”***.

This vision provides an overall developmental direction of what the Bophirima District Municipal Area should become within the next 10 years for the local community, the political office bearers, the staff and the service providers of the Bophirima District Municipality. The purpose of the vision is to inspire, focus the attention and mobilise the local community, the political office bearers, the staff and the service providers of the Bophirima District Municipality in realising the desired future for the Bophirima District Municipal Area, of ‘becoming significant agricultural area’, ensuring that poverty, unemployment and hunger are reduced through exploiting the agricultural potential of the area.

### **1.7.3. Municipal Financial Health**

Levy income had grown by 16% on the collection levels achieved in the 2004/05 financial year. As from 1 July 2006 levy income will be substituted by an increase in the equitable share allocation to the municipality due to the fact that RSC levies have been scrapped. The municipality will then be totally reliant on government grants to perform its mandate. For the current financial year the municipality’s budget is funded by 86% from government grants and subsidies.

As at 30 June 2006 the municipality had a net current asset ratio of 12:1 (2004/05 – 6:1) with a positive bank balance of R15.6m (2004/05 – R8.7m).

The municipal financial health is further supported by the 5 consecutive unqualified audit opinions received from the Office of the Auditor-General.

#### 1.7.4. Administrative Considerations

##### 1.7.4.1. Effectiveness in municipal transformation

The following are described further in Table:

- Frameworks, systems and policies developed to transform municipalities
- Effectiveness of municipal transformation
- General functioning of the municipality – leadership provided by administrators and politicians

**Table: Municipal Transformation and Institutional Development**

Key Performance Areas	Progress with implementation	Comparison with the previous financial year	Performance targets for the next financial year
Completion of IDP review to influence budget	The 2006/2007 Reviewed IDP was completed February 2006.	The 2006/2007 IDP Review was geared towards orientating new councillors on progress made from the previous years	The target for 2006/2007 financial year is to prepare the new five-year (2006-2011) strategic IDP for the district
Supporting local municipalities with staff	Local municipalities have been provided with support to document their IDP Executive Summaries and provided with facilitation support of the IDP Rep Forums	Demand driven on-going support to local municipalities was done.	To ensure that local municipalities
Supporting local municipalities with their IDP review process via PIMS	PIMS supported the IDP review process in all local municipalities.	Reports on performed and delivery on the functions i.e. IDP Reviews, PMS implementation, and IDP Executive Summaries, Growth and Development Strategies etc	Continue to provide support with the development of capacity building strategies, alignment and functional preparedness
Supporting newly established municipalities with Financial Management.	The newly established municipalities Molopo received unqualified Auditor-General reports for 2004/2005	Previous financial year was the same.	Continue providing support to Molopo Local Municipality for 2006/2007

## Annual Performance Report 2005/2006

27

<p>Implementing and review the Capacity Development Framework</p>	<p>The Capacity Development Framework (CDF) was implemented and reviewed in line with the new local government planning in terms of the implementing the 5 national KPA for the next five years Locals have benefited from the district through coordination of projects through the IDP Steering Committee</p>	<p>CDF has been implemented as per deliverables indicated.</p>	<p>Review the Capacity Development Framework to be in line with implementation of new systems in line with the new five year plans</p>
<p>Performance Management: to ensure councillors and officials are able to monitor, review and report on performance.</p>	<p>PMS was implemented: the SDBIP was adopted with the IDP and Budget.</p> <p>Performance Agreements were signed.</p> <p>PMS Framework was adopted by Council.</p> <p>Planning Budgeting and Performance Programme was adopted by Council.</p> <p>2004/2005 Annual Report was tabled before Council.</p> <p>The Annual Performance Appraisal of the Municipal Manager and Section 57 was done objectively.</p>	<p>More emphasis was put on development of SDBIP (Top layer and Technical SBDIPs) Quarterly reports were compiled.</p>	<p>To consolidate on the implementation of the SDBIPs, Performance Agreements and Cascading the system to the lower levels of the organisation.</p>
<p>Integrated IT System: to link all the municipalities of the district to enable effective communication among all municipalities in the district.</p>	<p>Bophirima DM and Four (4) local municipalities connected on the LAN (Kagisano, Naledi, Lekwa Teemane and Greater Taung. Molopo connected on the LG NET</p>	<p>Only BDM connected on LAN.</p>	<p>To connect Mamusa and Molopo on the LAN</p>

## Annual Performance Report 2005/2006

28

Improving communication	The municipality has implemented an electronic correspondence management system. E-mail and internet facilities are available to both officials and councillors.	Manual and outdated systems	All municipalities implemented an electronic correspondence management system. E-mail and internet facilities available to both officials and councillors.
Improving record keeping and the management of committee and council meeting resolutions	The correspondence management system allows for safekeeping of municipal records.  The development of items and implementation of resolutions is managed electronically	Continuation	Cascaded to local municipalities that were not connect through the LAN
Powers and Functions	Finalise clarification of roles and responsibilities and review IDPs in line with such.	District Facilitation Committee established	Finalization of the Water Services Plans, Implementation of the Indegent Policy
Drafting of Council Policies	Provided support to Molopo Local Municipality to draft its Policies which were adopted by Council	Policies workshopped but not yet adopted by Molopo LM Council	Support all local municipalities to develop policies.

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## CHAPTER 2

### 2. PERFORMANCE HIGHLIGHTS

#### 2.1. Services Provided

The following is a brief narrative of all the services provided by the municipality and the performance highlights for the year:

- Number of households electrified during the financial year;
  - The data is not available given that electricity is a function not performed
- Number of new households provided with water during the financial year
  - The following is total number of household was provided with access to water is 83509
- Number of new houses built in the municipality during the financial year;
  - No data available, the function was performed by province and national.



## 2.2. Status Quo and Backlogs in Service Delivery

The underneath tables indicate the backlogs in service delivery for the 2005/2006 financial year. It is intended to show the number of households that do not have access to the minimum services (level and standard) as specified by the relevant sector department or within national policy.

### 2.2.1. Sanitation

**Status Quo & Backlog**  
**National target: bucket eradication by 2007**  
**Number of financial years remaining to meet target (1)**

Municipality	Backlog data* 2000	No of Houses with access to basic sanitation by 2005	Total Funds Spent (R'000)	Balance backlog	Cost to address backlog (R'000)	Average required per year (2 Years) (R'000)
Naledi LM	3,544	11,578	R 7,523	467	R 2,350	R 1,175
Mamusa LM	7,457	6,178	R 33,917	1,644	R 17,500	R 8,750
Lekwa Teemane LM	3,578	7,643	R 19,737	2,171	R 28,800	R 14,400
<b>DISTRICT TOTAL</b>	<b>14,579</b>	<b>25,399</b>	<b>R 61,177</b>	<b>4,282</b>	<b>R 48,650</b>	<b>R 24,325</b>

## 2.2.2. Water

**Status quo and backlog**  
**National target: access to basic water by 2008**  
**Number of financial years remaining to meet target (2)**

Municipality	Backlog data* 2000	No of Houses with access to water by 2005	Total Funds Spent (R'000)	Balance backlog	Cost to address backlog (R'000)	Average required per year for 2 Years (R'000)
<b>Naledi LM</b>	1,048	12,904	R 13,020	365	R 3,290	R 1.650
<b>Kagisano LM</b>	7045	17,612	R 23,760	4,405	R 39,650	R 19,800
<b>Molopo LM</b>	635	2,141	R 960	529	R 4,760	R 2,380
<b>Mamusa LM</b>	1754	10,504	R 25,800	544	R 4,900	R 2,450
<b>L Teemane LM</b>	1303	9,264	R 6,790	550	R 4,950	R 2,460
<b>G Taung LM</b>	19105	31,084	R104,170	10,532	R 94.80	R 47,400
<b>TOTAL</b>	<b>30890</b>	<b>83,509</b>	<b>174,500</b>	<b>16,925</b>	<b>R152,350</b>	<b>R 76,180</b>

## 2.2.3. Sanitation

**Status quo & backlog**  
**National target: access to basic sanitation by 2010**  
**Number of financial years remaining to meet target (4)**

Municipality	Backlog data* 2000 House Holds	No of Houses with access to basic sanitation by 2005	Total Funds Spent (R'000)	Balance backlog House holds	Cost to address backlog (R'000)	Average required per year for 4 years (R'000)
Naledi LM	3,544	11,892	R 7,523	1377	R 6,890	R 1,722
Kagisano LM	15,044	9,027	R 8,200	12,990	R 42,870	R 10,718
Molopo LM	2,351	400	R 2,000	2,270	R 7,490	R 1,872
Mamusa LM	7,457	6,178	R 33,916	4,870	R 28,130	R 7,032
Lekwa Teemane LM	3,578	7,479	R 19,737	2,335	R 25,710	R 6.428
Greater Taung LM	38,778	4,994	R 9,700	36,622	R 120,860	R 30,215
<b>DISTRICT TOTAL</b>	<b>53 680</b>	<b>39,970</b>	<b>81,075</b>	<b>60,464</b>	<b>R 231,950</b>	<b>R 57,987</b>

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**2.2.4. Sanitation Present Service Levels**

<b>Municipality</b>	<b>% Below RDP</b>	<b>% at RDP</b>	<b>% Higher &gt;RDP</b>	<b>% Urban RDP</b>
<b>Molopo LM</b>	<b>85</b>	<b>2</b>	<b>3</b>	<b>10</b>
<b>Kagisano LM</b>	<b>59</b>	<b>23</b>	<b>8</b>	<b>10</b>
<b>Greater Taung LM</b>	<b>88</b>	<b>10</b>	<b>0</b>	<b>2</b>
<b>Naledi LM</b>	<b>69</b>	<b>10</b>	<b>6</b>	<b>91</b>
<b>Mamusa LM</b>	<b>83</b>	<b>5</b>	<b>5</b>	<b>7</b>
<b>Lekwa Teemane LM</b>	<b>65</b>	<b>10</b>	<b>10</b>	<b>15</b>

### 2.2.5. Status of Free Basic Service Delivery (Water)

<i>Municipality</i>	<i>Population (SSA 2004 est.)</i>	<i>House holds</i>	<i>Indigent House holds 70% )</i>	<i>Annual water demands for ( FBW [kl]</i>	<i>Annual water demands for indigent house holds FBW [kl</i>	<i>Budget required for FBW to all house holds @ R5.00/Kl</i>	<i>Budget required for FBW to only indigent house holds @ R5.00/Kl</i>
<b>Molopo LM</b>	12 ,282	2,670	1,869	192,240	134,568	R 961,200	R 672,840
<b>Kagisano LM</b>	101,279	22,017	15,412	1,585,224	1,109,664	R 7,926,120	R 5,548,320
<b>Naledi LM</b>	16, 038	13,269	9,288	955,368	668,736	R 4,776,840	R 3,343,680
<b>Greater Taung LM</b>	191,433	41,616	29,131	2,996,352	2,097,432	R14,981,760	R 10,487,160
<b>Mamusa LM</b>	50,821	11,048	7,734	795,456	556,848	R 3,977,280	R 2,784,240
<b>Lekwa Teemane LM</b>	45,142	9814	6,869	706,608	494,568	R 3,533,040	R 2,472,840
<b>TOTAL DISTRICT AREA</b>	461,996	100,434	70,303	7,231,248	5,061,816	R 36,156,240	R 25,309,080

## 2.2.6. DORA Allocation Equitable Share

<i>Municipality</i>	<i>2005/2006</i>	<i>Deemed to be Water allocation (23.3%)</i>	<i>2006/2007</i>	<i>Deemed to be Water allocation (23.3%)</i>	<i>2007/2008</i>	<i>Deemed to be Water allocation (23.3%)</i>
<b>Molopo LM</b>	R 3,584,000	R 835,072	R 3,877,000	R 903,341	R 3,484,000	R 811,772
<b>Kagisano LM</b>	R15,795,000	R 3,680,235	R 17,636,000	R 4,109,188	R 19,413,000	R 4,523,229
<b>Naledi LM</b>	R 8,832,000	R 2,057,856	R 9,974,000	R 2,323,942	R 11,382,000	R 2,652,006
<b>Greater Taung LM</b>	R25,482,000	R 5,937,306	R 28,189,000	R 6,568,037	R 30,507,000	R 7,108,131
<b>Mamusa LM</b>	R 8,308,000	R 1,935,764	R 9,303,000	R 2,167,599	R 10,268,000	R 2,392,444
<b>Lekwa Teemane LM</b>	R 7,371,000	R 1,717,443	R 8,265,000	R 1,925,745	R 9,132,000	R 2,127,756
<b>TOTAL LM'S IN DISTRICT</b>	<b>R69,372,000</b>	<b>R16,163,676</b>	<b>R77,244,000</b>	<b>R17,997,852</b>	<b>R84,186,000</b>	<b>R19,615,338</b>
<b>Bophirima District Municipality</b>	<b>R46,842,000</b>	<b>R 10,914,186</b>	<b>R 53,424,000</b>	<b>R 12,447,792</b>	<b>R 63,885,000</b>	<b>R14,885,205</b>

## 2.2.7. Actual payments by municipalities

<i>Municipality</i>	<i>2005/2006 DORA ALLOCATION</i>	<i>ACTUAL BUDGET REQUIRED TO SUPPLY FBW TO ALL CONSUMERS</i>	<i>ACTUAL BUDGET</i>
<b>Molopo LM</b>	R 3,584,000	R 961,200	N/A
<b>Kagisano LM</b>	R15,795,000	R 7,926,120	N/A
<b>Naledi LM</b>	R 8,832,000	4,776,840	N/A
<b>Greater Taung LM</b>	R25,482,000	R14,981,760	N/A
<b>Mamusa LM</b>	R 8,308,000	R 3,977,280	N/A
<b>Lekwa Teemane LM</b>	R 7,371,000	3,533,040	N/A
<b>TOTAL LM'S IN DISTRICT</b>	R69,372,000	R 36,156,240	N/A
<b>Bophirima District Municipality</b>	R46,842,000	R 36,156,240	R14,800,000

**2.2.8. Challenges (service delivery)**

- Funding for water projects committed on bulk infrastructure
- ground water resource management
  - Insufficient water resources
  - Ground water pollution
- 80% dependency on ground water as a resource
- Potential, available surface water not utilised
- Water loss
  - leaks/overflows
  - illegal connections
  - vandalism
- Non payment of services > 6,0 kl/hh
- Indigent utilising > 6,0 kl/hh cannot pay for services
- Monitoring & measuring systems are not effective and inadequate



**2.2.9. Challenges (institutional)**

- Section 78 assessments & WSDP not yet finalised
- Credit control policies
  - Not in place
  - Not applied
  - Not uniform
- **By-laws**
- Interim WSP's agreements
  - not all local municipalities signed
  - non compliance in terms of reporting
- Local municipalities not fully accepted the devolution of powers & functions of the district as WSA
- Phasing out of O&M subsidy from DWAF
- Local municipalities not contributing their portion of allocation for free basic services in accordance with the requirements of DORA
- Unskilled operators must be trained- approx 32 to ensure compliance with the requirements of DWAF in order to operate plants optimally
- No quality control and monitoring programmes in place

### 2.3. Level and Standard of Service

#### ***Backlogs relating to Municipal Spending on Service Delivery Infrastructure***

The following municipal infrastructure backlog information was presented for the previous financial year. It is worth noting that the information prevailed or the status quo was almost similar for the 2005/2006, given the fact that there are financial and maintenance challenges depending on the level and standard of service the municipality has decided to provide to each section of the community based on their IDP. Hence there are two components to municipal spending required to eliminate backlogs: new infrastructure and renewal of existing infrastructure. Routine maintenance of infrastructure will also be required to ensure that additional backlogs are not created.

The following table underneath provides information, per sector or functional area, to address backlogs through new infrastructure or renewal of existing infrastructure:

#### **“Service Delivery Backlogs”**

Functional Area	30 June 2005			
	Required	Budgeted	Actual	Backlog
<b>Water Backlogs (6Kl per month)</b>				
Backlogs to be eliminated (No. Households not receiving Minimum Standard Service)	30 890	R 23,268	R 22,532	
Backlogs to be eliminated (Percentage - HH identified as backlogs/total HH in municipality)	30 890	R 23,268	R 22,532	
Spending on Renewal of Existing Infrastructure to Eliminate Backlogs (Rand '000)	R 152,35	R 23,268	R 22,532	
<b>Total Spending to Eliminate Backlogs (Rand '000)</b>	<b>R 152,35</b>	<b>R 23,268</b>	<b>R 22,532</b>	<b>R 129.08 m</b>
Spending on Maintenance to Ensure No New Backlogs Created (Rand '000)				
<b>Sanitation Backlogs</b>				
Backlogs to be eliminated (no. Households not receiving Minimum Standard Service)	53 680	R11,3m	R10,9 m	
Backlogs to be eliminated (Percentage - HH identified as backlogs/total HH in municipality)	53 680	R11,3m	R10,9 m	
Spending on Renewal of Existing Infrastructure to Eliminate Backlogs (Rand '000)	R160.75m	R11,3m	R10,9 m	
<b>Total Spending to Eliminate Backlogs (Rand '000)</b>	<b>R160.75m</b>	<b>R11,3m</b>	<b>R10,9 m</b>	<b>R149.45 m</b>
Spending on Maintenance to Ensure No New Backlogs Created (Rand '000)				
<b>Refuse Removal Backlogs</b>				
Backlogs to be eliminated (No. Households not receiving Minimum Standard Service)	5874	R 3,5m	R 2,1 m	
Backlogs to be eliminated (Percentage - HH identified as backlogs/total HH in municipality)	65786	R 3,5m	R 2,1 m	
Spending on Renewal of Existing Infrastructure to Eliminate Backlogs (Rand '000)	R 37,5 m	R 3,5m	R 2,1 m	

## Annual Performance Report 2005/2006

40

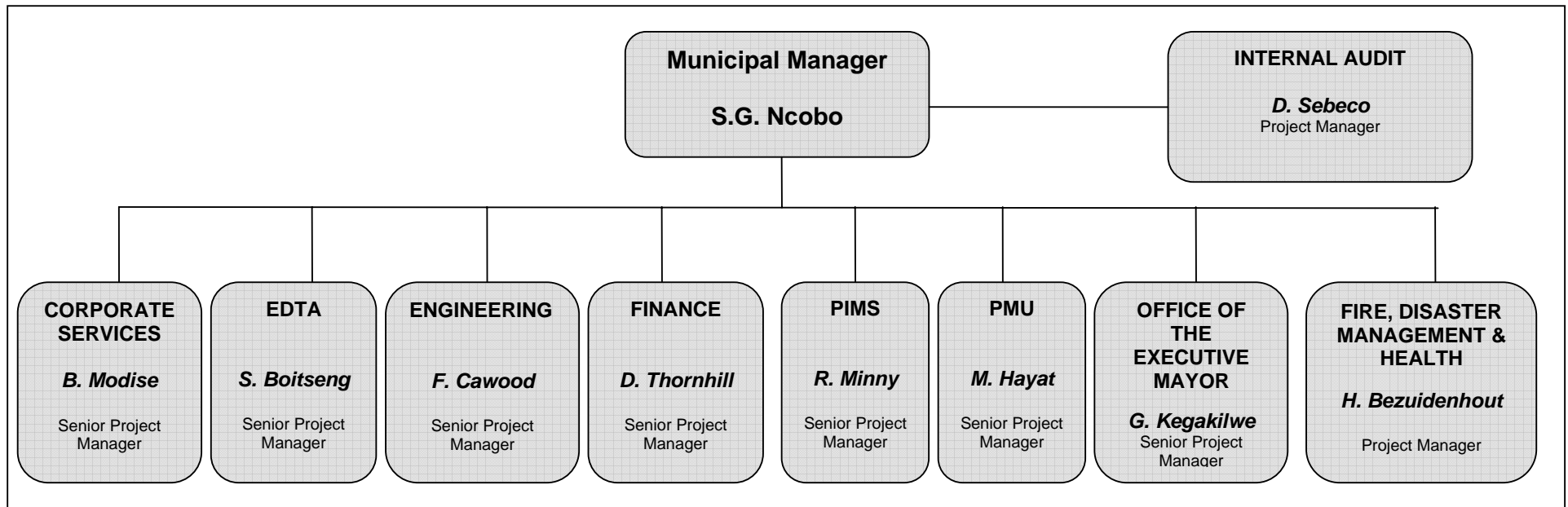
	Required	Budgeted	Actual	Backlog
Total Spending to Eliminate Backlogs (Rand '000)	R 37,5 m	R 3,5m	R 2,1 m	R 34 m
<b>Electricity Backlogs (30KWH per Month)</b>				
Backlogs to be eliminated (No. Households not receiving Minimum Standard Service)	35676	R 6.8 m	R 4.3 m	
Backlogs to be eliminated (Percentage - HH identified as backlogs/total HH in municipality)	35676	R 6.8 m	R 4.3 m	
Spending on Renewal of Existing Infrastructure to Eliminate Backlogs (Rand '000)	R 160.54	R 6.8 m	R 4.3 m	
Total Spending to Eliminate Backlogs (Rand '000)	R 160.54	R 6.8 m	R 4.3 m	R 153.74 m
Spending on Maintenance to Ensure No New Backlogs Created (Rand '000)				
<b>Roads Backlogs</b>				
Backlogs to be eliminated (No. Households not receiving Minimum Standard Service)	880 km	R 8 m	R 7.5 m	
Backlogs to be eliminated (Percentage - HH identified as backlogs/total HH in municipality)	880 km	R 8 m	R 7.5 m	
Spending on Renewal of Existing Infrastructure to Eliminate Backlogs (Rand '000)	R 836 m	R 8 m	R 7.5 m	
Total Spending to Eliminate Backlogs (Rand '000)	R 836 m	R 8 m	R 7.5 m	R 828 m
Spending on Maintenance to Ensure No New Backlogs Created (Rand '000)				
<b>TOTALS</b>	<b>R 1,347,100 m</b>	<b>R 52.86 m</b>	<b>R 47.33 m</b>	<b>R 1,294,270 m</b>

# CHAPTER 3

## 3. HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT

### 3.1. The organizational structure (The Executive)

The organization structure of Bophirima District Municipality consists of many different individuals and groups performing different activities. These different activities are integrated into a coordinated whole that contributes to the organizational objectives. Therefore, all positions within the organizational structure were conceptualized with a view to ensure effectiveness, synergy and ultimately contribute to overall objectives of the Integrated Development Plan (IDP). The municipality has a dynamic management team that is supported by a dedicated team of professionals and support staff to achieve the objectives as set out in IDP.



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### **3.2. Municipality's initiative with regard to employment issues**

The District Municipality has developed an Employment Policy that provides guidelines on procurement of appropriately qualified and experienced personnel who will add value to the organization's success. Success indicators are the appointment of Section 57 personnel and they are assisting the municipality in realization of its objectives by providing leadership and management to the organization. Section 57 managers have entered into performance agreements which clearly spell out employment equity and capacity building of their subordinates to ensure productivity and improved service delivery.

### **3.3. Human Resource Management Policies**

To ensure alignment to organizational objectives, the municipality has formulated and adopted the following policies:-

- Training and Development Policy
- Employment Equity Policy
- Recruitment Policy
- Internship Policy
- Bursary Policy for employees
- HIV/Aids Policy
- Policy on Volunteers
- Policy on Employee Assistance Programme
- Sexual Harassment Policy
- Smoking Policy
- Employee Assistance Policy

All of the above policies were adopted by the municipal council after review. In order to ensure relevance to changing environment, the municipality reviews its policies annually to ensure that policies address organizational needs. Two policy review were held in this financial year and Council approved and adopted all amendments made. Furthermore, the municipality has implemented grievance and disciplinary procedures as laid down by the South African Local Government Association (SALGA) and all employees have been inducted.

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### **3.4. Municipal transformation & Institutional Development**

The Bophirima District Municipality has made great strides in as far as transformation is concerned. Notable in its achievements is the appointment of Section 57 employees, establishment of Internal Audit shared service and the establishment of Dr. Ruth Mompati Bursary Fund aimed at assisting disadvantaged youth in the district to further their studies. In response to community needs and as a way of responding to the Growth and Development Strategy, the municipality realized that the only way to achieve its objectives of eradicating poverty and reducing unemployment is to develop a skills base by capacitating unemployed youth. As a result the municipality has implemented learnerships to benefit 240 unemployed youth throughout the district. The municipality has also implemented ABET programme to improve the skills of employees who did not complete their schooling.

### **3.5. Performance**

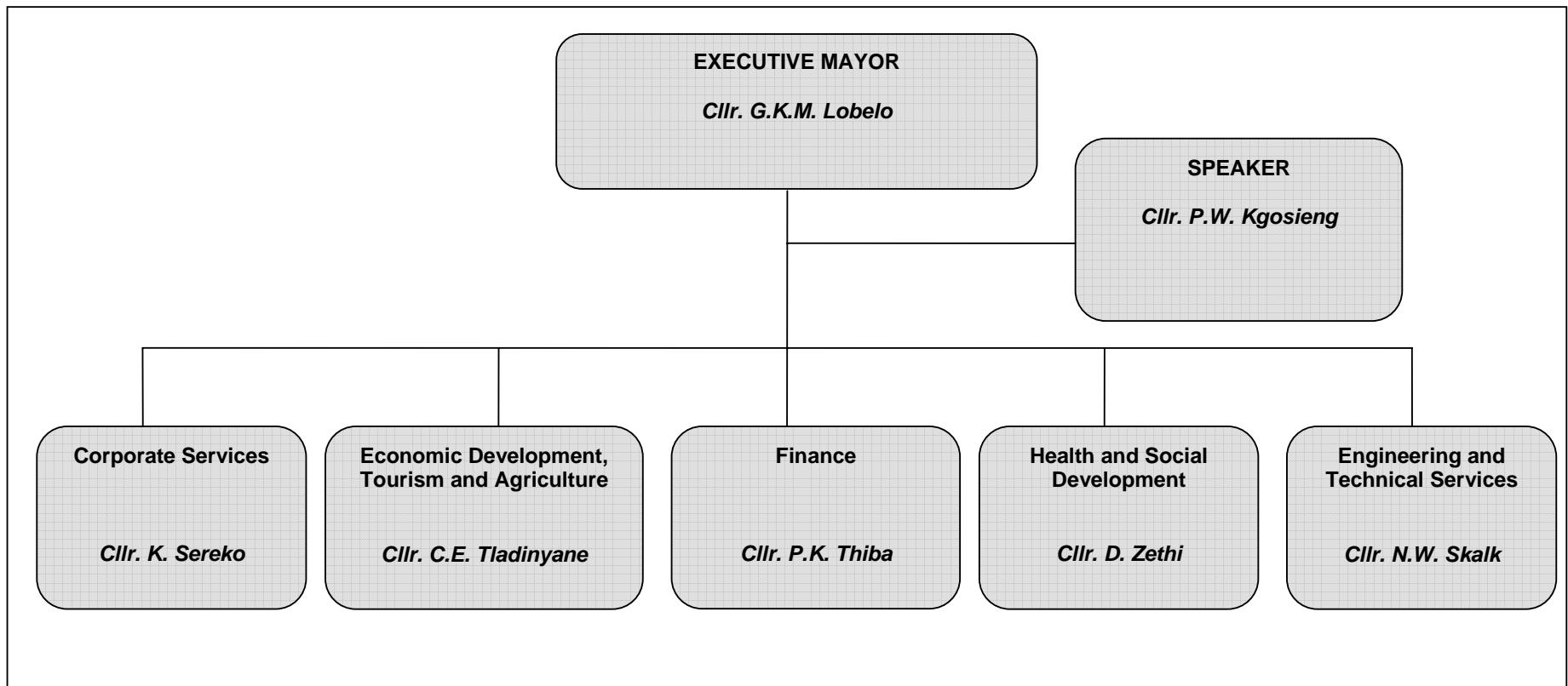
The municipality has since 2002 developed Performance Management System and the Performance Management Framework for 2004/2005 was adopted by Council. The Planning Budgeting Performance Management Programme was also adopted by Council for that financial year. The Municipal Manager and Section 57 Manager signed their Performance Agreements based on the adopted 200/2005 Service Delivery Budget and Implementation Plan (SDBIP). All departmental quarterly performance reports based on the SDBIP were tabled before Council for approval.

All managers were subjected to annual performance evaluation for the 2004/2005 financial year, which included a compilation of the portfolio of evidence and the scorecard for each manager. The portfolios of evidence were assessed by an independent performance management expert, who then provided his own unbiased evaluation report. The managers were given scores for each element of their SDBIP during the one-on-one interviews with the Municipal Manager to determine the final scoring. Performance bonuses were then paid according to the points achieved.

In 2004/2005 the PMS was not cascaded to lower level personnel, it is envisaged to be implemented in the 2005-2006 financial year.

**3.6. Governance (Mayoral Committee)**

In terms of the Municipal Structures and Systems Act, the municipal council is responsible for the governance of the municipality. Our council is constituted as indicated under General Information. The total number of councilors was twenty-seven (27), with the Mayoral Committee comprising of six (6) members. The directly elected members were ten (10) and other from local municipalities were fifteen (15) (Kagisano (3), Mamusa (2), Lekwa-Teemane (1), Greater-Taung (6), Naledi (2), Molopo (1). The traditional authorities represented by five (5) Dikgosi.



### 3.7. Policies

To ensure good governance, the municipality has formulated several other policies for the purpose of avoiding/guarding against corruption and abuse. The following policies are also in place:-

- Procurement Policy
- Expenditure procedure
- Investment Policy
- Credit Policy
- Travel & Subsistence Policy
- Transport Policy.

The municipality has also established self-service system for leave application (EES) and the system is compliant to BCEA. It has also installed collaborator to ensure effective communication and delegation of duties among departments and employees.

Among other key innovations, the IT system of the municipality is also in place to ensure co-ordination and economic communication with the outside world. The district wide network was establish with local municipalities through district wide networking to ensure effective communication and delivery of services in an efficient manner.



**3.8. Staffing Information**

The following information indicates the numbers of staff per function expressed as total positions and full time staff equivalents.

<b>TOTAL NUMBER OF EMPLOYEES IN THE MUNICIPALITY</b>																	
<b>Employment category</b>	<b>African</b>		<b>Coloured</b>		<b>Indian</b>		<b>White</b>		<b>Total</b>		<b>PWD</b>		<b>Age categories</b>				
	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>	<b>-20</b>	<b>20-30</b>	<b>30-40</b>	<b>40-50</b>	<b>+50</b>
<b>Leadership &amp; governance</b>																	
Executive Mayor	1								1							1	
Mayor																	
Councillors	18	3						2	20	3				1	9	5	8
Chairperson	2	2	1						3	2					4	1	
Board Member																	
Other (Specify) Council Speaker	1								1							1	
<b>Municipal Manager's Office</b>																	
Municipal Manager	1								1							1	
PA to the Municipal Manager (Vacant)																	
<b>Corporate Services Department</b>																	
Senior Project Manager	1								1							1	
Project Manager		1								1						1	
Chief Administration Officer	1								1							1	
Mayoral Committee Co-ordinator	1								1							1	
Skills Development Facilitator	1								1							1	
Human Resources Officer								1		1				1			
Human Resource Clerk						1				1						1	
Registry Clerk		1								1						1	
Administration Clerk	1	1							1	1				1	1		
Secretary/Typist		1								1							1
Receptionist		1								1						1	
Photocopy Machine Operator	1								1								1
Messenger/Driver	2								2								2
Messenger/Cleaner	4								4							4	
Office Assistant		1								1						1	

Annual Performance Report 2005/2006

<b>Finance Department</b>																
Chief Financial Officer								1		1					1	
Senior Financial Officer		1		1						2				2		
Senior Accountant		1								1				1		
Accountant Expenditure		1								1					1	
Accountant	1	1							1	1				2		
Accountant Revenue								1		1				1		
Senior Financial Controller	1								1					1		
Senior Clerk: Expenditure		1								1				1		
Senior Clerk:								1		1						1
Salary Clerk		1								1					1	
Cashier		1								1					1	
MFMA Interns		2								2				2		
<b>Internal Audit Department</b>																
Project Manager		1								1				1		
Senior Internal Auditor		1	1							1	1				2	
Internal Auditor	2									2				2		
Assistant Internal Auditors		2								2				1	1	
Internal Audit Interns	2	1								2	1		3			
<b>Health Department</b>																
Professional Nurse		1						2		3					1	2
Nurse								3		3						3
Assistant Nurse		8								8						
Environmental Health Officer	1								1							1
Assistant Environmental Health	1		1						2						2	

Annual Performance Report 2005/2006

<b>Office of the Executive Mayor</b>																		
Senior Project Manager	1								1							1		
Development Officer		1								1				1				
Communications Officer		1								1						1		
Secretary to the Executive Mayor								1									1	
<b>Economic Development Tourism &amp; Agriculture Department</b>																		
Senior Project Manager	1								1								1	
Project Manager: LED																		
Project Manager: Agriculture	1								1					1				
Project Manager: Tourism		1								1			1					
Sports Co-ordinator			1						1								1	
Tourism Assistant		1								1			1					
<b>PIMS Department</b>																		
Senior Project Manager							1		1									
Project Manager	1								1									
IDP Co-ordinator		1								1								
Intern		1								1			1					
<b>TOTAL</b>	<b>70</b>	<b>40</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>6</b>	<b>8</b>	<b>82</b>	<b>63</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>25</b>	<b>59</b>	<b>26</b>	<b>10</b>	

**3.9. Skills Levels**

This information gives details of skills level attained by staff (e.g. professionals, artisans, unskilled)

<b>SKILLS LEVEL</b>						
	<b>Senior Officials</b>	<b>Professionals</b>	<b>Clerical</b>	<b>Elementary Occupation</b>	<b>Other</b>	<b>Total</b>
<b>Corporate Services</b>	4	3	7	7	0	<b>21</b>
<b>Finance</b>	3	1	5	0	2	<b>11</b>
<b>Engineering</b>	5	3	3	2	0	<b>13</b>
<b>LED</b>	3	1	1	0	0	<b>5</b>
<b>Fire and Disaster</b>	1	0	19	0	1	<b>21</b>
<b>Internal Audit</b>	1	4	2	0	3	<b>10</b>
<b>PIMS</b>	2	1	0	0	1	<b>4</b>
<b>Health</b>	0	7	0	11	0	<b>18</b>
<b>Special Projects</b>	1	2	1	0	0	<b>4</b>
<b>Total</b>	<b>20</b>	<b>22</b>	<b>38</b>	<b>20</b>	<b>7</b>	<b>109</b>

**3.10. Trends on total personnel expenditure over the last 3 to 5 years, compared to total budget****3.11. Pension Funds**

The following are the Pension Funds used by employees of the municipality:

Pension Funds	Total
Cape Retirement Pension Fund	1
Government Employees Pension Fund	1

**3.12. Medical Aid Funds**

The following are the Pension Funds used by employees of the municipality:

MEDICAL AID FUNDS
Hosmed
Bonitas
SAMWUMED
Discovery
Munimed
LAMAF
Promed

**3.14. Arrears**

- No official or councillor is currently in arrears with the municipality in any of his/her financial obligations

**3.15. Staff Salary Disclosures**

This Information is reconciled with the staff salary disclosures as indicated in Chapter 4 reporting on the Annual Financial Statements with reference to Appendix G as required by the section 124 and 125 of the MFMA).

Description	Mayor	Executive Councillors (list individually)	Municipal Manager	Chief Financial Officer	Other Senior Managers (list individually)	TOTAL
<b>Salaries and Wages R'000</b>					Corporate Services Manager; PIMS Manager; EDTA Manager; Engineering Manager; PMU Manager; Special Projects Manager	
• Normal	233259.00	895669.62	285000.00	240000.00	3800454.74	5454383.36
<b>Contributions R'000</b>						
• Pensions	34988.88	117480.32	51300.00	-	572302.80	776072.11
• Medical Aid	9028.80	50158.20	-	-	152764.24	211951.24
• Other						
<b>Allowances R'000</b>						
• Travel and Motor Car	58314.72	225624.68	108000.00	105816.72	1134785.91	1632542.03
• Accommodation						
• Subsistence						
<b>Housing Benefits and Allowances R'000</b>	38246.04	201264.60	96421.08	83327.04	595832.02	1015090.78
<b>Loans and Advances R'000</b>						
<b>Other Benefits and Allowances R'000</b> (specify)						
Cell/Telephone All	12684.00	69622.03	12000.00	9000.00	1000.00	103406.03
Computer All					500	500
Facility All	150.97	1216.11				
Study Room All					416.67	416.67
13 <sup>th</sup> Cheque					17586.51	17586.51
Entertainment All	-	-	2000.00	1000.00	6000.00	9000.00
<b>Performance Bonus</b>			<b>102737.01</b>	<b>81537.31</b>	<b>1099577.41</b>	<b>1283851.70</b>
<b>Arrears Owed to Municipality R'000</b>						

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## **CHAPTER 4**

### **4. AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION**

#### **4.1 Annual Financial Statements for the year ending 30 June 2006**

The Annual Financial Statements are reflected as per Appendix A attached to this document.

#### **4.2 Report of the Auditor-General to the members of the Council on the Financial Statements of Bophirima District Municipality for the year ended 30 June 2006**

The Report of the Auditor-General to the members of the Council on the Financial Statements are reflected as per Appendix B attached to this document.

#### **4.3 Report of the Auditor-General to the Council on factual findings on performance measurement at Bophirima District Municipality for the year ended 30 June 2006**

The Report of the Auditor-General to the members of the Council on factual findings on performance measurement are reflected as per Appendix C attached to this document.

## **CHAPTER 5**

### **5. FUNCTIONAL AREA SERVICE DELIVERY REPORTING**

The Functional Area Service Delivery Report is intended to provide comprehensive information on each functional area (GFS sub function) provided by the municipality and the municipal entity. It includes an overview, description and detailed analysis of each function and is attached as follows:



<b>ANNEXURE A</b>		
<b>FUNCTIONAL SERVICE DELIVERY REPORTING</b>		
<b>TABLE OF CONTENTS</b>		
<b>Function</b>	<b>Sub-Function</b>	<b>Page</b>
General Information		55
Executive and Council		56
Finance and Administration	Finance	58
	Human Resources	61
	Other Administration (Procurement)	
Planning and Development	Economic Development	71
Health	Clinics	
Waste Management	Solid Waste	82
Waste Water Management	Sewerage	
Road Transport	Roads	24
Water	Water Distribution	85
Electricity	Electricity Distribution	
	Street Lighting	

<b>BOPHIRIMA DISTRICT MUNICIPALITY (DC 39)</b>		
<b>GENERAL INFORMATION</b>		
<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>
<b>Overview:</b>	The Bophirima District Municipality is located in the North West Province and is bordered by Central District Municipality and Southern District Municipality in the north. In the south it is bordered by Kgalagadi District Municipality which is a cross-boundary municipality with the Northern Cape. The district is still predominantly rural with a 13% increase in the rural population between 1996 and 2001. However, the urban population increased by almost 50%, indicating rapid urbanisation internal to the district. The Bophirima Municipal Area presents a particularly complex scenario with diverse political demarcation areas or wards, communities, cultures, and languages, and extremes of poverty and wealth, leading to extremes in human developmental levels. Existing standards of living and the lack of awareness of the environmental impacts, associated with the latter, also lead to unrealistic expectations from people living in poverty and in relative wealth.	
<b>Information:</b>		
1	<b>Geography:</b>	
	Geographical area in square kilometres	47 478 km <sup>2</sup>
	Source of information	Demarcation Board
2	<b>Demography:</b>	
	Total population	439674
	Source of information	Statistics South Africa

3	<b>Indigent Population</b>	<total>
	Source of information and define basis of indigent policy including definition of indigent	<i>Information resides with the local municipalities.</i>
4	Total number of voters	200092
5	<b>Aged breakdown:</b>	
	- 65 years and over	24597
	- between 35 and 64 years	112126
	- between 15 and 34 years	148579
	- 14 years and under	162173
	Source of information	<i>Statistics South Africa</i>
6	<b>Household income:</b>	
	- over R9,601 per month	35530
	- between R4,801 and R9,600 per month	26638
	- between R1,00 and R4,900 per month	14772
	- under R1,00 per month	29771
	Source of information	<i>Statistics South Africa</i>

<b>Function: Executive and Council</b>		
<b>Sub Function:</b>	<b>N/A</b>	
<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>
Overview:	Includes all activities relating to the executive and council function of the municipality including costs associated with mayoral, councillor and committee expenses and governance. Note: remuneration of councillor information should appear in Chapter 4 on <i>Financial Statements and Related Financial Information</i> .	
Description of the Activity:	The function of executive and council within the municipality is administered as follows and includes:	
	<i>Portfolio Committees meet monthly to discuss items and make recommendations for the Mayoral Committee</i>	
	<i>Mayor Committee chaired by Executive Mayor considers items submitted by different portfolio committees and make recommendations for full council</i>	
	<i>Executive Mayor has powers to decide on certain urgent issues in consultation with the Municipal Manager</i>	
	<i>Full Council, chaired by the Speaker sit once per quarter to consider items from the Mayoral Committee and make resolutions</i>	
The municipality has a mandate to:	<i>Provide democratic and accountable governance</i>	
	<i>Provide basic services to the communities in a sustainable manner</i>	
	<i>Promotion of socio-economic development</i>	
	<i>Provide safe and healthy environment</i>	
	<i>Promote community participation in the affairs of the municipality</i>	
The strategic objectives of this function are to:	<i>Support and strengthen local municipalities to enable them to perform their functions</i>	

		<i>Ensure that council take informed decisions</i>	
		<i>Ensure continuous communication of successes &amp;/or challenges of the district in relation to local economic development</i>	
		The key issues for 2004/5Y are:	
		<i>Ensure Intergovernmental coordination</i>	
		<i>Meetings with community, investors, government to explore financial support and needs to be incorporated in the IDP and assist in communication</i>	
Analysis of the Function:			
	1	Councillor detail:	
		Total number of Councillors	29
	2	Number of Councillors on Mayoral Committee	7
		Ward detail:	
		Total number of Wards	54
		Number of Ward Meetings	N/A
	3	Number and type of Council and Committee meetings:	
		<i>Council Meetings</i>	4
		<i>Mayoral Committee</i>	12
		<i>Portfolio Committees</i>	60

<b>Function: Finance and Administration</b>			
<b>Sub Function: Finance</b>			
<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>	
Overview:			
	Budget planning, implementation and monitoring		
	Financial Reporting		
	Revenue (incl. Investment) and debt collection management		
	Cash management		
	Asset Management		
	Supply Chain, Expenditure and liability management		
	Financial management advice and support to Accounting Officer, other departments and council portfolio committees		
	Provide financial management support to Category B municipalities in terms of the MSA and the MFMA		
<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>	
7	Regional Service Council (RSC) levies:		<i>R (000s)</i>
	- Number and value of returns	19,400	-
	- Total Establishment levy		7,143
	- Total Services levy		6,596
	- Levies collected for the current year		13,739
10	Creditor Payments:	<i>R (000s)</i>	
	Botshelo Water	660	30
	Note: create a suitable table to reflect the five largest creditors individually, with the amount outstanding over 30, 60, 90 and 120 plus days		

Not changed. Same as 2004/5

11	Credit Rating:	<i>R (000s)</i>		
	No credit rating obtained as no overdraft facilities obtained or needed.	<i>&lt;value&gt;</i>	<i>&lt;date&gt;</i>	
	List here whether your Council has a credit rating, what it is, from whom it was provided and when it was last updated			
12	External Loans:	<i>R (000s)</i>	<i>R (000s)</i>	Refer Appendix B of the AFS
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Current</b>		<b>Target</b>
To ensure the development and maintenance of appropriate revenue and collection systems	Through our partnership with the Metropolitan Levy Collection Services, substantial growth has been achieved in the level of levies collected. A levy for the year was 9% higher than the previous year and 13% above the original budgeted level.			
To promote and support reforms to municipal financial management and the implementation of the Municipal Finance Management Act	The MTEF budget was approved by 29 May 2006 and the Annual Financial Statements submitted to the Auditor-General by 31 August 2006. The audit report received from the Auditor-General for the 2004/2005 and the 2005/2006 financial years was unqualified. The Supply Chain Management Policy was adopted during December 2005 by Council and implemented from 1 January 2006.			
To ensure that resources are used effectively, full and proper financial	Current internal controls and systems were improved and new financial control systems implemented to ensure proper control.			

records are kept and appropriate control systems are maintained				
To ensure that appropriate systems and policies are in place to adequately safeguard and maintain the municipality's assets	Asset policies have been revised and new policies were drafted. A bid for a new electronic bar coded fixed asset management system was awarded and the new system implemented by August 2005. All assets are now bar-coded and asset counts are performed with the assistance of hand-held infrared barcode readers.			
To ensure timely submission of budget and other reports	Annual Financial Statements, management reports and other reporting requirements adhered to.			



Function: Finance and Administration			
Sub Function: Human Resources			
Reporting Level	Detail	Total	
Overview:	Includes all activities relating to the human resource management function of the municipality including recruitment, selection and induction - also performance management systems, code of conduct detail and decision making systems. Note: Read in conjunction with Chapter 3 on <i>Human Resource Management</i> .		
Description of the Activity:	The function of human resource management within the municipality is administered as follows and includes:		
	<i>Skills development - through learnerships and skills programmes.</i> <i>Employment Equity - by appointing the previously disadvantaged in senior positions ;</i> <i>Labour Relations - by maintaining sound labour relations through Local Labour Forum meetings;</i> <i>Human Resources Administration - through recruitment, selection, internships and conditions of service;</i> <i>Employee Assistance Programmes - staff wellness programmes and counseling.</i>		
	These services extend to include, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:		
	<i>Deliver effective basic, affordable and quality services to communities</i>		

	The strategic objectives of this function are to:		
	<i>To render effective human resources administration to the municipality by appointing skilled personnel and implementing human resources related policies</i>		
	The key issues for 2005/06 are:		
	<i>Implement programmes that will address objectives of the growth and development strategy</i>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	Number and cost to employer of all municipal staff employed:		R (000s)
	- Managerial	19	10'104'482.00
	- Supervisory	22	4'011'352.00
	- Office Clerical	26	2'880'875.00
	- Non-professional (blue collar, outside workforce)	21	1'288'731.00
	- Temporary Staff	3	275'862.00
	Note: total number to be calculated on full-time equivalent (FTE) basis, providing detail of race and gender according to the breakdown described above. Total cost to include total salary package		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<i>Five key performance areas relative to the above function as articulated in the budget</i>	<i>The actual performance achieved over the financial year, and the variance between performance planned and actual performance, an explanation of the variance. Also provide details of any improvements planned for next year.</i>		
Skills Development	Learnerships: <ul style="list-style-type: none"> <li>- Local Economic Development (LED)</li> <li>- Municipal Finance (40 learners from local municipalities have been recruited to participate in this learnership).</li> <li>- Learnerships on Water Purification, Water Reticulation and Waste Water Management where 200 unemployed youth are beneficiaries.</li> </ul>	10	10
		240	240
Employment Equity	All positions occupied by male employees - no vacant position is available	0	3 PDI
EAP	Policy developed and approved but not yet implemented	0	2
Labour Relations	Organisational Rights Agreement (ORA) terminated. Termination prohibited further meetings	3	4 LLF meetings
Human Resources Admin	Non-submission of leave forms on time. Failure of electronic system.	90%	100%

Function:	Finance and Administration		
Sub Function:	Other Administration (Procurement)		
Reporting Level	Detail	Total	
Overview:	Includes all activities relating to overall procurement functions of the municipality including costs associated with orders, tenders, contract management etc		
Description of the Activity:	The function of procurement within the municipality is administered as follows and includes:		
	<i>Implementation of SCM Policy</i>		
	<i>Bid specification committee</i>		
	<i>Bid evaluation committee</i>		
	<i>Bid adjudication committee</i>		
	<i>Procurement of goods and services by the SCM Unit</i>		
	These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:		
	<i>Provide effective and efficient financial management</i>		
	The strategic objectives of this function are to:		
	<i>Ensure Financial Support to local municipalities</i>		
	<i>Ensure effective and efficient internal controls are maintained</i>		
	<i>Ensure financial reporting done monthly and quarterly to council</i>		
	<i>Ensure that the budget is implemented and monitored</i>		
	<i>Ensure cash flow management</i>		
	<i>Ensure supply chain management and expenditure</i>		

	<i>Ensure revenue and debt management</i>		
	<i>Ensure financial management support to other departments</i>		
	The key issues for 2005/6Y are:		
	<i>Implementation of SCM Policy</i>		
	<i>Filling of vacant positions</i>		
	<i>Implement GRAP</i>		
	<i>Local Government Elections</i>		
Analysis of the Function:	<i>&lt;Provide statistical information on (as a minimum):&gt;</i>		
1	Details of bid / procurement activities:		
	- Total number of times that bid committee met during year	16	
	- Total number of bids considered	58	
	- Total number of bids approved	58	
	- Average time taken from tender advertisement to award of bid	6 Weeks	
	Note: Figures should be aggregated over year across all municipal functions		
2	Details of bid committee:		
	<i>D. Thornhill (Chairperson)</i>		
	<i>B. Modise</i>		
	<i>R. Minny</i>		
	<i>M. Hayat</i>		
	<i>K. Letselela</i>		

Annual Performance Report 2005/2006

Key Performance Area	Key Performance Indicators	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Actual Achievements	Current	Target
<i>Financial Reporting</i>	Monthly Management Reports submitted to Accounting Officer and Council	<i>12 Reports</i>	12 monthly reports		
	Quarterly reports submitted to Accounting Officer and Council	<i>4 Reports</i>	4 quarterly reports		
	Annual Financial Statements submitted to the Auditor General	<i>1 Reports</i>	AFS for 2004/05 submitted to AG by 31/08/2005		
	Unqualified Audit report received		Unqualified audit opinion for 2004/2005		
<i>Budget Planning, Implementation and Monitoring</i>	Monthly budget reports prepared.	<i>12 Monthly Budget Reports</i>	12 monthly reports		
	2005/2006 Adjustment Budget approved by Council	<i>28/02/2006</i>	Adjustments budget to council by 31/01/2006		

Annual Performance Report 2005/2006

	Draft Budget 2006/2007 prepared and presented to Council	31/03/2006	Draft 2006/07 budget presented to council by 31 March 2006		
	2006/2007 budget adopted by Council	31/05/2006	2006/07 budget presented to council by 31 May 2006 and approved by council by 30 June 2006		
<i>Revenue and debt Management</i>	The amount of Revenue collected for the year through Metropolitan Levy Inspectors	R1m per month	Levies of at least R12m collected		
<i>Asset Management</i>	Improved Asset Management System	All assets counted, bar-coded and recorded on the Assets Register	Asset register implemented on new bar coded fixed asset register system		
	Updated Asset Register	12 Updates in a year	12 monthly updates		
	Physical asset reconciliation to the Asset Register	2 asset counts per annum	2 fixed asset count reconciliation reports		
<i>Cash Flow Management</i>	Reconciliations of Investments Accounts to Fund Accounts.	12 reconciliations	12 completed reconciliations		
	Reconciliation of bank accounts.	12	12 completed reconciliations		
	Updated Investment Register.	12	12 investment registers		

<i>Supply Chain Management and Expenditure Management</i>	Established SCM Unit	By 30 Sep 2005	Fully established SCM unit		
	Proper Expenditure Management	Procurement of goods and services	Functioning Letlotlo (Finance) program		
	SCM Policy Implemented	1 <sup>st</sup> Jan 2006	SCM policy approved and implemented by 1 January 2006		
	Proper functioning of the SCM Committees	Bid Committee and other SCM Committees	Functioning SCM bid committee meetings – minutes from meetings		
<i>Provide Financial Management support to Category B Municipalities</i>	Molopo LM's financial department functioning properly	<i>Ongoing</i>	Functioning Molopo LM finance department		
	Established and administered district finance forum	<i>Ongoing</i>	All finance related issues resolved		
	All other financial related matters directed from locals to district are resolved	<i>Ongoing</i>	Established district finance forum and effective functioning		
<i>Provide Financial Management support and advice to other departments</i>	Finances of BDM functioning effectively	<i>Ongoing</i>	Effective support and advice provided		



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<i>Provide Financial Management support to the Portfolio Committees, the Mayoral Committee and the Council</i>	Finance Portfolio meetings attended		Effective support and advice provided		
	Council Meetings attended		Effective support and advice provided		
	Mayoral Committee meetings attended		Effective support and advice provided		

Function: Planning and Development			
Sub Function: Economic Development			
Reporting Level	Detail	Total	
Overview:	Includes all activities associated with economic development initiatives		
Description of the Activity:	The function of economic planning / development within the municipality is administered as follows and includes:		
	<i>1. To develop, implement and manage economic development, Agriculture and Tourism strategies in the district.</i>		
	2. Develop and facilitate SMME support strategies, programmes and action plans.		
	<i>3. Ensure active participation and involvement of communities in economic development activities. Source funding for LED, Agriculture and Tourism projects. Provide support to Local Municipalities. Improve and expand Tourism products. Prepare Council items and ensure implementation of council resolutions.</i>		
	The strategic objectives of this function are to:		
	<i>To promote LED and Tourism in the District.</i>		
	The key issues for 2004/05 are:		

	<p>1. Promoting Tourism programmes and projects.                  2. Promoting vegetables, Broilers and Beef clusters in the district.                  3. Promoting and marketing SMME's in the district.</p>		
Analysis of the Function:	<Provide statistical information on (as a minimum) :>		
1	Number and cost to employer of all economic development personnel:		R (000s)
	- Professional (Directors / Managers)	4	1 974 567.00
	- Non-professional (Clerical / Administrative)	1	63 336.00
	- Temporary	None	<cost>
	- Contract	None	<cost>
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		2 037 903.00
2	Number of people employed through job creation schemes:		
	- Short-term employment	27	
	- Long-term employment	152	
	Note: total number to be calculated on full-time equivalent (FTE) basis, and should only be based on direct employment as a result of municipal initiatives	179	

Reporting Level	Detail	Total	
	Note: Figures should be aggregated over year to include building plan approvals only		
3	Type and number of grants and subsidies received:		R (000s)
	<list each grant or subsidy separately>(LED grant - R3 708.00 and agricultural cluster grant - R3 300.000)	Grant	R 7 008.000
	Note: total value of specific planning and development grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Current</b>	<b>Target</b>
Development linked to the N12 SDI initiative	<b>Agro-meat Processing Project (Lekwa Teemane Local Municipality).</b> The budget amount for this project is <b>R243 749.00</b> . The project is located in Christiana. The objective of the project is to increase job opportunities for the local people. The project involves processing of meat products to be supplied locally and to	The renovation of the plant were meat processing has to take place is complete. Fitting of a cold room facility was completed. A tender for operational equipment was prepared for advertisement. Only <b>R61 324.00</b> has been used to date.	Operational meat processing plant. Permanent employment of beneficiaries. Sustainable project. Project Expansion and beneficiation. Capacitated beneficiaries. Regular Supply of quality meat such as biltong and cold meat.

	surrounding towns.		
	<p><b>Afro Leather Project (Lekwa-Teemane Local Municipality).</b>                  The project is located in Christiana. It was initiated by the Local Municipality. The Department of Local Government assisted with the initial funding for the establishment of the project. Bophirima District Municipality later contributed a <b>R100 000.00</b> towards the project to ensure that quality leather products are produced. The objective of the project is to increase job opportunities for the local people.</p>	<p>The renovation of the building where leather works have to take place was completed. However, the project is not yet operational due to delays by the Local Municipality in sorting out of the issue of beneficiaries. Only <b>R31 709.00</b> was used to date.</p>	<p>a) Production and regular supply of quality leather products.                  b) Increased number of clients which result in increased project income.                  c) Creation of sustained jobs.</p>
Support to LED SMME projects through mentoring, financing, advice, evaluation and monitoring	<p><b>Tlakgameng Polish Making Project (Kagisano Local Municipality)</b>                  The project is located in Tlakgameng. Bophirima District Municipality and the Provincial Local Government Department allocated an amount of <b>R373 621.00</b> for its resuscitation. The objective of the project is to create <b>employment opportunities, generate income</b> and lastly to <b>alleviate poverty</b>.</p>	<p>The project is at the implementation phase. A site was allocated for this project by the Tribal Authority. The Department of Health approved the establishment of the project and supplied a guideline on health practices to be followed to ensure that it does not increase hazardous to the people and the environment. Only <b>R63 396.69</b> to date was utilised.</p>	<p>a) Resuscitation and upgrading of the project.                  b) Building of a facility where polish is to be produced.                  c) Increased sustained jobs with more income generated.</p>

<p>Promoting and marketing SMME's</p>	<p><b>Buxton Brick Making project</b> - For high quality bricks. Council allocated an amount of <b>R50 000.00</b> for promoting and marketing this project. This is a poverty alleviation project situated in Buxton village under Greater Taung Local municipality.</p>	<p>The project is on - going. The project tractor has been repaired (Engine and new tyres).Bricks are manufactured and selling is continuous. Amount spent to date is <b>R26 413.35</b></p>	<p>a) Production and regular supply of high quality bricks. b) Sustained job and project. c) Reduced poverty.</p>
<p>Promoting and marketing SMME's</p>	<p><b>Bray Bakery (Molopo Local Municipality)</b> The intention of the project is to produce quality bread. Council allocated an amount of <b>R100 000.00</b> for this project for assisting communities around Molopo area to access quality bread within their reach at a preferred time. This project is located in Bray under Molopo Local Municipality.</p>	<p>New bakery equipments have been ordered and delivered to the project. Security such as reinforced doors is fitted to the Bakery house to prevent theft break-ins during the night. To date an amount of <b>R96 411.43</b> has been spent.</p>	<p>a) Production and regular supply of quality bread. b) Increased sustained jobs opportunities. c) More income for the project and reduced poverty locally.</p>
<p>Promoting and marketing SMME's</p>	<p><b>Hawker Settlement (Naledi and Mamusa Local Municipality)</b> This initiative is intended for the erection of hawker settlements in Schweizer-Reneke and Vryburg. Bophirima District Municipality allocated <b>R200 000.00</b> for this project. This will enable hawkers to sell their goods at a protected area.</p>	<p>Advertisement of tender for the carrying out of feasibility studies was done. Consultants were appointed and feasibility studies were carried out for this initiative. To date an amount of <b>R157 000.00</b> has been spent thus far. The reports have been submitted to council.</p>	<p>a) Feasibility studies conducted. b) Business plans developed. c) Erected hawker settlements. d) Development of business plans</p>

<p>Promoting and marketing SMME's</p>	<p><b>Supply and delivery of poverty alleviation containers</b> - The Council allocated an amount of <b>R700 000.00</b> for the purchase of telephones, spazas, vegetables and hair salon containers to create job opportunities around our six local municipalities which will result in poverty alleviation.</p>	<p>Supply of 20 containers by appointed contractor was done. The project was transferred to Engineering for implementation and management.</p>	<p>a) Well functioning of <b>20</b> containers.                  b) Increased job opportunities in the district. The project is intended to create jobs for <b>200</b> people.                  c) Communities to access services within their reach.                  d) Reduction in poverty.</p>
<p>Establishment and marketing of hydroponic vegetable production. Job creation and poverty alleviation via mentoring, financing and advice on agricultural related projects</p>	<p><b>Hydroponic Vegetable Production</b>                  This is job creation and poverty alleviation project around our six local municipalities with specific reference to <b>Mogopela, Migdol, Palachoema, Moeding, Bolemhof, Ganyesa and Tosca</b>. During the financial year 2005/2006 the <b>district Council</b> allocated <b>R240 000.00</b> for the production inputs and the maintenance of the facilities. Initially the project was jointly funded by DPLG and Bophirima District Municipality to the amount of R3 300 000.00 for the erection and full functioning of the hydroponics projects.</p>	<p>Repair of plastics was done. Replacement of irrigation was done. Repair of pump in Palachoema and Moeding was done. Seedlings, fertilizers were ordered. Tunnels were erected. Plantation of seedlings was done. Council took a decision to move tunnels from Moeding to Vryburg Abattoir because of security reasons. The Bloemhof Tunnel Project is not progressing well because of theft and damages experienced at the project. There is no commitment towards this project by beneficiaries because they are not receiving stipends</p>	<p>a) Functioning hydroponics projects.                  b) Continuous production of high quality produce (vegetables).                  c) Advance stable market.                  d) Sustained jobs and projects.                  e) Increased income.                  f) Fully utilized budget of <b>R240 000.00</b> allocated to this project.</p>

		from the project. The expenditure for this financial year was <b>R230 231.00</b> .	
Establishment of Integrated Broiler Cluster Project	<p><b>a) Menace Broiler Project (Vryburg)</b>  <b>b) Boitumelong Broiler Project (Bloemhof).</b> The project was initiated by Bophirima District Municipality and they are intended for job creation. An application was made to Department the Local Government and an allocation of <b>R1 000 000.00</b> was made. Bophirima District Municipality allocated <b>R206 000.00</b> for production inputs.</p>	Prepared or packaged a funding plan for the two projects. Forwarded an application to Department of Local Government for funding of the projects. Forwarded an item requesting funding of Boitumelong Chicken Broiler Project to Bophirima District Council. Advertised a tender for the appointment of consultants and contractors for the erection of chicken houses. The expenditure for this financial year was <b>R113 107.47</b> spent by Boitumelong Chicken Broiler Project.	<p>a) Established broiler projects.  b) Production of high quality white meat.  c) Advance stable market.  d) Increased job opportunities. Envisaged to create 40 jobs.</p>
Establishment of integrated beef cluster	<p><b>Establishment of Integrated Beef Cluster Project (Molopo, Kagisano, Mamusa, Greater Taung)</b>  The district is known for its agricultural potential and in particular beef meat. Therefore, Council initiated a beef programme with the absolute aim of revitalizing the production of quality beef animals in the district as the <b>Beef</b></p>	Breeding herds were purchased and delivered to Bray Co-operative Enterprise (54 pregnant heifers & 2 Bonsmara bulls), Morokweng Cattle Farming Project (45 pregnant heifers & 2 bulls), Taung Cattle Project (60 pregnant heifers & 2 bulls),	<p>a) Breeding of quality herds. Increased number of heifers and bulls for future mating.  b) Increased income from sales.  c) Satisfied customers and beneficiaries.  d) Sustained increased</p>



	<p><b>Basket of South Africa.</b> Council at its initial stage committed an amount of <b>R1574.000.00</b> for the purchase of the breeding stock and sire acquisition programme.</p>	<p>Baruakgomo Beef Co-operative (60 pregnant Bonsmara heifers &amp; 2 bulls). Due to budget limitation extra money was taken from Kgomo-Boswa budget to augment the shortages with the intention that it would be replaced during the coming financial year. Working tools, vaccines, remedies and feeds/licks were also purchased. Only <b>R338 393.00</b> was used because of certain management reasons.</p>	<p>jobs through project beneficiation. e) Reduced poverty level in the district.</p>
<p>Establishment of integrated beef cluster (Meat Processing Plant in Vryburg)</p>	<p><b>Establishment of a Meat Processing Plant in Vryburg. Integrated Beef Cluster Project</b> The district is known for its agricultural potential and in particular beef meat. Therefore, the Council initiated beef programme with the absolute aim of revitalizing beef industry in the district as the <b>Texas of South Africa</b>. Council initiated the process and other stakeholders joined at that resulted in the appointment of Scientific Roets to conduct feasibility study and finally develop a business plan. SEDA</p>	<p>A feasibility study was conducted by the service provider and a comprehensive business plan will be developed.</p>	<p>a) A meat processing plant will be constructed to form part of the Mafikeng Industrial Development Zone. b) Increased sustained increased job opportunities. c) Reduced poverty level in the district and the province.</p>

	funded the process to the tune of <b>R200 000.</b>		
Tourism product development and enhancement.	The intention of the project is to promote Bophirima District Municipality as a tourist destination by improving existing tourism products and developing more products. A feasibility study was conducted in two local municipalities namely, Mamusa and Kagisano to assess the viability of the products. The project was allocated <b>R150 000.00</b> and <b>R125 587.72</b> was spent on the whole project.	The feasibility study reports and business plans have been completed and were submitted to Council. The documents have also been submitted to North West Parks and Tourism Board for funding.	Completed feasibility study reports and business plans and submission of such to different funding institutions.
Tourism SMME capacity building.	<b>Tourism SMME capacity building.</b> The project took place in all the local municipalities. The project is intended to foster entrepreneurial spirit among communities in the district. Workshops were conducted to all the potential tourism smmes in the district. These workshops were aiming at equipping the smmes with necessary information to realistically assess the tourism potential in their areas. An amount of <b>R168 000</b> was spent on this project.	The workshops took place in all the local municipalities and the report was compiled and submitted to Council.	The tourism workshops have been conducted in all the local municipalities.
Tourism Quality Assurance.	<b>Tourism Quality Assurance.</b> The project was conducted in all the local municipalities. This initiative is aimed at ensuring compliance with the	Star grading for 40 accommodation establishments in the district was successfully completed.	Star grading of accommodation establishment in the district to ensure good quality.

	Tourism Grading Council of South Africa by star grading tourism establishments in the district. The project was allocated <b>R100 000.00</b> and <b>R88 041.52</b> was spent.	A report was submitted to Council.	
Bophirima Tourism Association.	<b>Bophirima Tourism Association.</b> The aim of this project is to establish six local municipalities that will form the district tourism association. The intention is to build tourism stakeholder capacity in the district and have them participate in the tourism issues in the district.	To date four local tourism associations have been established.	To establish tourism association in all the six local municipalities which will form the district tourism association.
Tourist Guides Skills Programme.	<b>Tourist Guides Skills Programme.</b> The project is intended to ensure provision of optimum support and quality service to tourists by providing accurate information. Sixteen youths were selected from the district to be trained in Nature Site Tourism Guiding. <b>R180 565.03</b> was spent to complete the project.	The project was successfully completed with all the learners declared competent.	To train youth in tourist guiding.
Tourism Education.	<b>Tourism Education.</b> The project was aimed at raising tourism awareness among school going youth. The project was allocated <b>R40 000.00</b> .	The project was not implemented and the funds were transferred to other projects that had deficits.	To raise tourism awareness among school going youth.
N12 Treasure Route Safety Projec.	<b>N12 Treasure Route Safety Project.</b> The project was based in Lekwa Teemane local Municipality. The project is aimed at ensuring safe	The project was completed with two emergency stations operated during festive and Easter seasons.	To ensure safety on the N12 Treasure Route by erecting two emergency stations during peak

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	travelling and quick response of emergency services to tourists travelling along N12. Twelve youth were temporarily employed during peak seasons to operate two stations that were placed in Christiana and Bloemhof. The allocated amount was <b>R110 000.00</b> and <b>R92 605.73</b> was spent.		seasons.
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Function:	Waste Water Management		
Sub Function:	Sewerage etc		
Reporting Level	Detail	Total	Cost
<b>Overview:</b>	Includes provision of sewerage services including infrastructure and water purification, also includes toilet facilities		
<b>Description of the Activity:</b>	<b>The sewerage functions of the municipality are administered as follows and include:</b>		
	<i>Identification, planning and infrastructure development of bulk and internal sewerage systems, the Local Municipalities as WSP'S operate and maintain all the bulk and reticulation infrastructure on behalf of the Bophirima District Municipality who are the WSA. Interim Service level agreements are in place with the following Local municipalities, namely: Naledi, Lekwa Teemane</i>		
	These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government.		
	<b>The Municipality has a mandate to:</b>		
	<i>Water Service Authority- Provide basic water services to all communities in an equitable manner</i>		
	<b>The strategic objectives of this function are to:</b>		
	<i>Manage all water &amp; Sanitation resources</i>		

	<b>The key issues for 2005/06 are:</b>		
	<i>Starting with the process of bucket eradication to meet 2007 targets and start with planning to upgrade the bulk Sewer Works in Schweizer Reneke, Bloemhof and Christiana</i>		
<b>2</b>	<b>Number of households with sewerage services, and type and cost of service:</b>		<b>R (000s)</b>
	- Flush toilet (connected to sewerage system)	23332	R 139,992
	- Flush toilet (with septic tank)	2864	R 11,456
	- Chemical toilet	574	R 2,009
	- Pit latrine with ventilation	13200	R 43,560
	- Pit latrine without ventilation	39431	R 130,122
	- Bucket latrine	4500	R 31,500
	- No toilet provision	17100	R 56,430
	Note: if other types of services are available, please provide details	<b>101001</b>	<b>R 415,069</b>
<b>3</b>	<b>Anticipated expansion of sewerage:</b>		<b>R (000s)</b>
	- Flush/chemical toilet	2864	R 20,048,000
	- Pit latrine with ventilation	1500	R 4,950,000
	- Bucket latrine	0	R 0
	- No toilet provision	0	R 56,430
		<b>4364</b>	<b>R 25,054,430</b>
<b>4</b>	<b>Backlog</b>		<b>R (000s)</b>
	- Pit latrine with ventilation	39431	R 130,122
	- Bucket latrine	4500	R 54,000
	- No toilet provision	17100	R 56,430
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality	<b>61031</b>	<b>R 240,552</b>

4	<b>Free Basic Service Provision:</b>		
	- Quantity (number of households affected)	<i>n/a</i>	<i>n/a</i>
	- Quantum (value to each household)	<i>n/a</i>	<i>n/a</i>
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Current</b>	<b>Target</b>
<i>Eradicate Buckets</i>	<i>No buckets was eradicated during year because of lack of funding</i>		
<i>Install VIP'S in rural areas</i>	<i>1250 VIP's constructed in Kagisano and Greater Taung Municipalities</i>		
<i>Finalize all planing for upgrading of bulk services</i>	<i>The Planning and designs for new Sewer Works in Bloemhof, Schweizer-Reneke and Christiana were finalized and tenders can be called for.</i>		
<i>Secure funding for bucket eradication</i>	<i>DDL&amp; H and DBSA undertook to finance the bucket eradication programme</i>		
<i>Secure funding for all upgrading</i>			

Function:	Water		
Sub Function:	Water Distribution		
Reporting Level	Detail	Total	Cost
<b>Overview:</b>	<b>Bulk and Internal Infrastructure &amp; provision of water</b>		
<b>Description of the Activity:</b>	<b>The water purchase and distribution functions of the municipality are administered as follows and include:</b>		
	<i>Interim Water Service level agreements with water service providers (WSP'S): namely Sedibeng Water, Botshelo Water. Naledi Local Municipality, Lekwa Teemane local and Mamusa is operating without a Service Level Agreement.</i>		
	<b>These services extend to include the following:</b>		
	Sedibeng Water is servicing the Greater Taung area, Botshelo Water is servicing the Kagisano and Molopo areas		
	<b>The Municipality has a mandate to:</b>		
	<i>As Water Service Authority</i>		
	<b>The strategic objectives of this function are to:</b>		
	<i>Provide a sustainable and acceptable level of water service provision</i>		



	<b>The key issues for 2005/06 are:</b>		
	<i>Reduce the backlogs that exist in the rural areas and start with planning with upgrading of bulk water supply from Pudimoe to Vryburg. To ensure free basic water delivery to all indigent consumers in region.</i>		
<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>	<b>Cost</b>
	<b>Number of households with water service, and type and cost of service:</b>		<b>R (000s)</b>
	- Piped water inside dwelling	11852	R 82,964
	- Piped water inside yard	26492	R 185,444
	- Piped water on community stand: distance < 200m from dwelling	45165	R 203,243
	- Piped water on community stand: distance > 200m from dwelling	8125	R 36,563
	- Borehole	8217	R 20,543
	- Spring	910	R 910
	- Rain-water tank	240	R 240
	Note: if other types of services are available, please provide details	<b>101001</b>	<b>R 529,906</b>
10	<b>Anticipated expansion of water service:</b>		<b>R (000s)</b>
	- Piped water inside dwelling	0	R 0
	- Piped water inside yard	0	R 0
	- Piped water on community stand: distance < 200m from dwelling	4500	R 20,250
	- Piped water on community stand: distance > 200m from dwelling	0	R 0
	- Borehole	0	R 0

	- Spring	0	R 0
	- Rain-water tank	0	R 0
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality	4500	R 20,250
11	<b>Estimated backlog in number (and cost to provide) water connection:</b>		R (000s)
	- Piped water inside dwelling		R 0
	- Piped water inside yard		R 0
	- Piped water on community stand: distance < 200m from dwelling		R 0
	- Piped water on community stand: distance > 200m from dwelling	8125	R 36,563
	- Borehole	8217	R 36,977
	- Spring	910	R 4,095
	- Rain-water tank	240	R 1,080
	Note: total number should appear in IDP, and cost in future budgeted capital housing programmes	17492	R 78,714
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Current</b>	<b>Target</b>
Secure funding for Rural Water Supply Programme	<i>Funds were received from both MIG and DWAF to a total value of R xxxx million for provision of infrastructure to the Rural areas as well as areas that have been stricken with drought. In addition funds were also received for Transfer of DWAF assets and OTT.</i>		

Install infrastructure			
Secure funding for sustainable service delivery	Subsidy amount of R18.0 Million was paid over to the Water Boards for operation and maintenance in the Kagisano and Greater Taung Areas		
Monitor service delivery by WSP'S through regular monthly meetings	Regular meetings were held with the Water Boards only		
Formalize all interim agreements with all WSP'S	Agreements were signed with Sedibeng Water and Botshelo Water Only.		
Ensure supply free basic water to all indigent consumers	Bophirima has also paid an amount of R14,0 Million for the two water Boards to supply Free basic Water to the Greater Taung and Kagisano Areas		

## **APPENDIX A**



**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDING  
30 JUNE 2006**



# **BOPHIRIMA DISTRICT MUNICIPALITY**

- Our Vision -

To ensure the optimal utilization of available resources for efficient, effective and sustainable service delivery and to develop the Bophirima District into a significant agricultural area

## **BOPHIRIMA DISTRICT MUNICIPALITY INDEX**

<b>DESCRIPTION</b>	<b>PAGE</b>
1. MEMBERS OF THE MAYORAL COMMITTEE	1
2. GENERAL INFORMATION	2 - 3
3. EXECUTIVE STRUCTURE	4
4. AREA OF THE BOPHIRIMA DISTRICT MUNICIPALITY	5
5. REVIEW OF THE EXECUTIVE MAYOR	6
6. FOREWORD OF THE MUNICIPAL MANAGER	7 - 8
7. REPORT OF THE AUDITOR-GENERAL	9 - 10
8. REPORT OF THE CHIEF FINANCIAL OFFICER	11 - 21
9. ACCOUNTING POLICIES	22 - 24
10. BALANCE SHEET	25
11. INCOME STATEMENT	26
12. CASH FLOW	27
13. NOTES TO THE FINANCIAL STATEMENTS	28 - 36
14. APPENDICES	
A - Statutory Funds, Reserves and Trust Funds	37 - 38
B - External Loans and Internal Advances	39 - 40
C - Analysis of Fixed Assets	41 - 42
D - Analysis of Operating Income and Expenditure for the year ended 30 June 2006	43
E - Detailed Income Statement for the year ended 30 June 2006	44 - 45
F - Statistical Information	46
G - Disclosure per Section 124 and 125 of the MFMA	47 - 50

# BOPHIRIMA DISTRICT MUNICIPALITY MEMBERS OF THE MAYORAL COMMITTEE



Cllr. G.K.M Lobelo  
Executive Mayor



Cllr. P.K. Thiba  
MMC: Finance



Cllr. N.W. Skalk  
MMC: Community  
Participation,  
Engineering and  
Technical Services



Cllr. C.E. Tladinyane  
MMC: Economic  
Development,  
Agriculture and Tourism



Cllr. K.G. Sereko  
MMC: Corporate  
Services



Cllr. D. Zethi  
MMC: Community  
Health, Social  
Development and  
Community Services



**BOPHIRIMA DISTRICT MUNICIPALITY**  
**GENERAL INFORMATION**  
**AS AT 30 JUNE 2006**

**MEMBERS OF THE MAYORAL COMMITTEE AND THEIR PORTFOLIOS**

Cllr. G.K.M. Lobelo	Executive Mayor
Cllr. P.K. Thiba	Budget and Treasury
Cllr. K. Sereko	Corporate Services
Cllr. C.E. Tladinyane	Economic Development, Tourism and Agriculture
Cllr. J.D. Zethi	Community Health, Social Development and Community Services
Cllr. N.W. Skalk	Community Participation, Engineering and Technical Services

**SPEAKER**

Cllr. P. Kgosieng

**COUNCILLORS**

Cllr. G.K.M. Lobelo	Directly Elected
Cllr. P. Kgosieng	Directly Elected
Cllr. P.K. Thiba	Directly Elected
Cllr. K. Sereko	Directly Elected
Cllr. C.E. Tladinyane	Directly Elected
Cllr. J.D. Zethi	Directly Elected
Cllr. N.W. Skalk	Directly Elected
JD Franzsen	Directly Elected
MM Sekopetswe	Directly Elected
OJ Tshenkeng	Directly Elected
JA Adonis	Naledi Local Municipality
F Wright	Naledi Local Municipality
KM Kgosieng	Greater-Taung Local Municipality
LV Kelaotswe	Greater-Taung Local Municipality
O Morwalela	Greater-Taung Local Municipality
OM Matong	Greater-Taung Local Municipality
TS Matlapeng	Greater-Taung Local Municipality
GJ Tshipo	Greater-Taung Local Municipality
CP Herbst	Mamusa Local Municipality
RM Lee	Mamusa Local Municipality
KD Bojong	Lekwa-Teemane Local Municipality
TM Lenkopane	Kagisano Local Municipality
MS Thue	Kagisano Local Municipality
DE Masipa	Kagisano Local Municipality
SK Namusi	Molopo Local Municipality
Kgosi. K.I. Mothibi	
Kgosi. O.G. Letlhogile	
Kgosi. P.S. Bareki	
Kgosi. W. Motlhabane	
Kgosi. T. Mankuroane	

**EXECUTIVE STRUCTURE**

Mr. S.G. Ncobo	Municipal Manager
Mr. B. Modise	Manager Corporate Services
Mr. D.M. Thornhill	Chief Financial Officer
Mr. M.S. Hayat	Manager Project Management Unit
Mr. F. Cawood	Manager Engineering Services
Mr. M.G. Kegakilwe	Manager Office of the Executive Mayor
Mr. S. Boitseng	Manager Local Economic Development
Mr. R. Minny	Manager PIMS and IDP
Mr. H. Bezuidenhout	Manager Fire and Disaster Management
Me. D. Sebeco	Manager Internal Audit

# BOPHIRIMA DISTRICT MUNICIPALITY

## GRADING OF LOCAL AUTHORITY

Category C, Grade 3

The category is used for the determination of the upper limits of the salaries, allowances and benefits of the different members of the municipal councils in terms of the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

## AUDITORS

Office of the Auditor-General

## AUDIT COMMITTEE

J. Masite  
M. Seleho  
S. Williams  
E. van Rensburg  
M. Jarvis  
S. Dlanjwa

Chairperson

## BANKERS

Standard Bank

## MAP OF THE BOPHIRIMA DISTRICT MUNICIPALITY

Refer page 5 for the area of the Bophirima District Municipality

## REGISTERED OFFICE

60 Market Street  
VRYBURG  
8601

P.O. Box 21  
VRYBURG  
8600

Telephone: (053) 927 2222  
Fax: (053) 927 2401  
Website: [www.bophirima.co.za](http://www.bophirima.co.za)

## APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on page 11 to 50 were approved by the Municipal Manager on 31 August 2006 and presented to and approved by the Council on 31 August 2006.

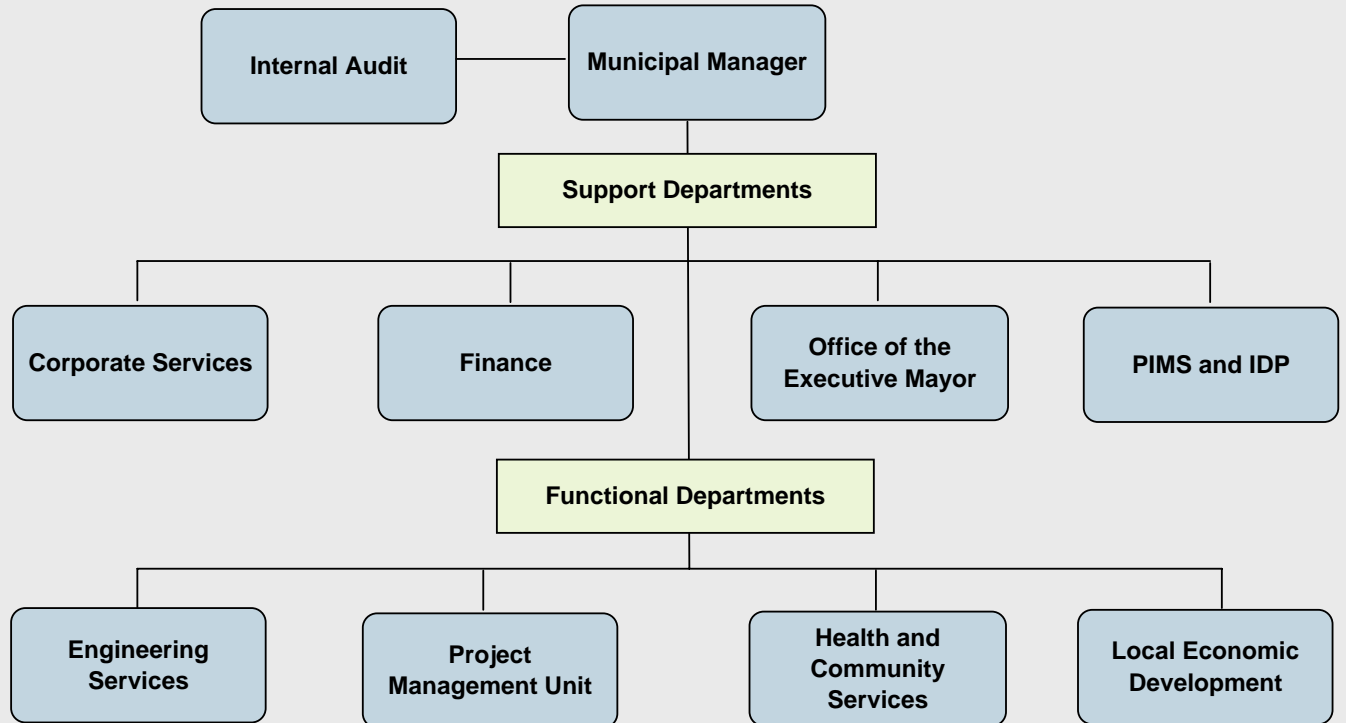


**S.G. NCOBO**  
**MUNICIPAL MANAGER**  
31 August 2006



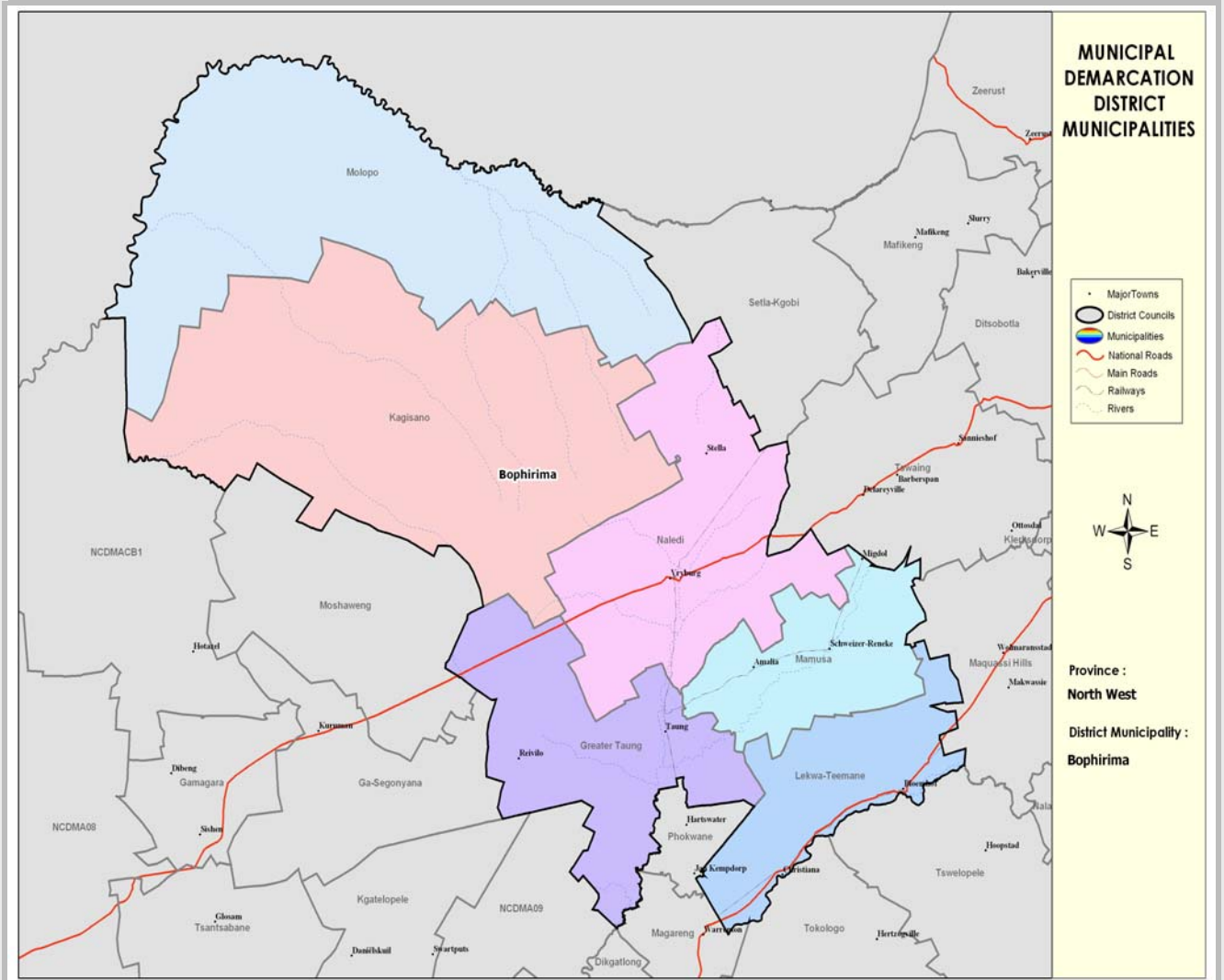
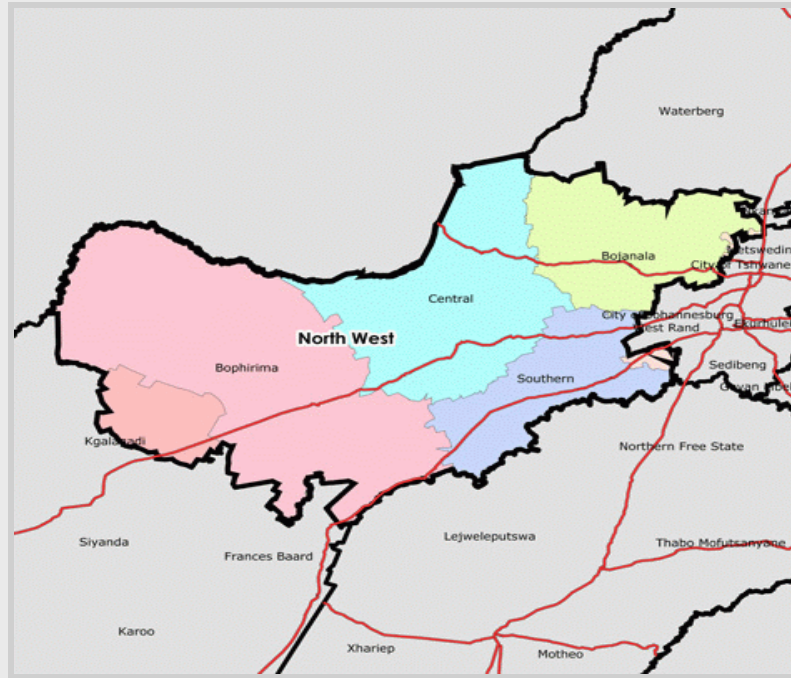
**D.M. THORNHILL**  
**CHIEF FINANCIAL OFFICER**  
31 August 2006

# BOPHIRIMA DISTRICT MUNICIPALITY EXECUTIVE STRUCTURE



# BOPHIRIMA DISTRICT MUNICIPALITY

## AREA OF THE BOPHIRIMA DISTRICT MUNICIPALITY



## **BOPHIRIMA DISTRICT MUNICIPALITY REVIEW OF THE EXECUTIVE MAYOR**

The enactment of the Municipal Finance Management Act was yet another opportunity to advance the process of transformation of our system of local government. More specifically, this legislation has introduced measures to ensure that the financial management in municipalities is a sustainable, open, transparent and democratic process where both officials and Councillors are held accountable to the communities that they serve. This review is part and parcel of the process of accountability wherein feedback is given to all stakeholders in terms of the implementation of our budget and delivery of basic services.

We have made strides over the last financial year in terms of realizing the objectives set out in our integrated development plan (IDP) and our service delivery and budget implementation plan (SDBIP). We have done this conscious of the targets that the President has set for the eradication of the bucket system, the need to ensure communities receive clean, running water and halving of unemployment by 2014. Our programmes have taken into account all these factors and while we have made progress, a lot still needs to be done to improve the lives of our people through service delivery and budget implementation.

While emphasis is obviously on implementation of development projects to ensure that our municipality truly becomes developmental both socially and economically, it would be foolhardy to neglect aspects of prudent financial management and good governance. In this regard we hope that our financial statements will continue to reflect observance of fiscal discipline and adherence to all finance legislations, policies and regulations. Given the huge backlog of infrastructure development and the levels of poverty and unemployment in our district, we can hardly afford wasteful expenditure and mismanagement of funds.

As we grapple with the challenges that lie ahead in the current financial year, we shall build on the experience of the previous financial year and drastically improve the speed of service delivery and budget implementation. In this process we shall expect the same level of support and commitment shown by our Councillors, officials and our communities. This principle of inclusive and participatory governance is indispensable for the sustainable development of our district into a significant agricultural area where basic services are delivered in the most efficient and effective way possible.

Our people remain to be our greatest assets in the sense that we regard them as architects of their own development through their participation in the development of the IDP and the budget process. Their state of poverty and under-development continues to serve as an inspiration to us to increase our efforts to use our position of authority to realize their dreams of a better life for all. This is the least we can do to repay them for the confidence that they shown in us by giving us a platform from which we can manage and direct resources towards their development.



A handwritten signature in black ink on a white background. The signature is stylized and appears to read 'G.K.M. Lobebo'.

**CLLR. G.K.M. LOBELO  
EXECUTIVE MAYOR**

# **BOPHIRIMA DISTRICT MUNICIPALITY**

## **FOREWORD BY THE MUNICIPAL MANAGER**

These financial statements are prepared in terms of the Section 122 of the MFMA, and presents a report on the status of this municipality's performance against its budget, the management of its revenue, expenditure, assets and liabilities, its operational activities, financial results and the municipal financial position as at 30 June 2006.

The past financial year was marked by the end of the five (5) year term of the Council elected in December 2000, culminating in the 1st of March 2006 municipal elections and election of new councilors with a fresh mandate of improving service delivery as well as 'effectively and efficiently discharging the responsibility to accelerate the process of transformation' for the next five years which will end in 2010 as reiterated by President Thabo Mbeki in his recent February 2006 State of the Nation Address.

This municipality has enormous challenges in achieving the national and provincial policy directives, given its population size (430 000) dispersed over a vast rural hinterland (41 526 km<sup>2</sup>). Approximately 82% of the households are indigent and 60% rely mainly on the provision of ground water. The economic base is very small and it has manifested in about 48% of the economical active people being unemployed. The municipality relies heavily on conditional grants to discharge its mandate and the scrapping of the Regional Services Levies will have an adverse impact on diversifying its revenue base.

The Bophirima District Municipality is at the forefront of meeting it's challenges, eradicating poverty, meeting the basic services needs of the communities and providing accessible and accountable governance. This municipality has made strides in implementing the MFMA prescripts by putting in place the Service Delivery Budget and Implementation Plan (SDBIP) as an operational and management tool to discharge our responsibility in implementing a plan of services delivery and the execution of the annual budget. The SDBIP outlined the projections for each month, revenue to be collected by source, operational and capital expenditure by vote, service delivery targets and performance indicators of each quarter.

The financial statements reflect the achievements in implementing our objectives, key performance indicators and the targets as espoused in the Integrated Development Plan (IDP). The statements represent the level of revenue collected in the past year as well as the operational and capital expenditure spent.

The overall expenditure reflects that the following has been achieved:

- Poverty was actively addressed through various basic services provision interventions
- Electricity is now provided to 64 % of our households
- More than 75% of our households have access to clean water
- The sanitation situation in most of our villages is now being improved with assistance of the Mvula Trust
- Free health services are now being provided to our disadvantaged people staying and working on the farms
- The poorest of the poor within our communities now receive food parcels and starter packs from provincial government departments
- Several Infrastructure and Local Economic Development projects that created 388 jobs [excluding indirect jobs created] for our people have now been completed

The confidence of our communities in the leadership provided by this municipality has been shown in the way they have turned up in their numbers at the Imbizos to voice their approval, acknowledgement and to some extent dissatisfaction in accessing services provided by the municipality. However, our communities have been reassured that service delivery will be accelerated to meet the 2014 targets as set by the presidency.

I take this opportunity to reiterate, with confidence, that these financial statements are a reflection of better and improved services to come. The municipality has taken proactive measures to speed up service delivery by refining the SDBIP's key performance indicators and targets and aligning those with the performance agreements of the Section 57 managers. A consistent approach has been developed to set realistic targets of regular review (appraisal) and reporting. These measures will go all the way to ensure that we move in the right direction to meet the national and provincial challenges.

## **BOPHIRIMA DISTRICT MUNICIPALITY FOREWORD BY THE MUNICIPAL MANAGER (Cont)**

I would like to extend my appreciation to the Executive Mayor, Speaker, councillors, management, staff and the community for their assistance and participation in getting the job done in the 2005/06 financial year. Furthermore, I would like to urge all role-players to greater participation in the Local Government process to ensure the future success of our mandate.



A handwritten signature in black ink, enclosed within a thin black oval border. The signature is stylized and appears to read 'S.G. NCOBO'.

**MR. S.G. NCOBO  
MUNICIPAL MANAGER**

# BOPHIRIMA DISTRICT MUNICIPALITY

## REPORT OF THE CHIEF FINANCIAL OFFICER

### 1 INTRODUCTION

Every effort was made this year to improve on the format, readability and presentation of the Annual Financial Statements for the year ending 30 June 2006. The reader of these financial statements will however notice that these financial statements have still been prepared as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second edition - January 1997).

The Annual Financial Statements for the 2006/07 financial year will be prepared in line with the GRAP statements. The process of converting all systems and reports to the GRAP format is well underway and will be completed by 30 June 2007. The most important aspect of this process will be the identification and revaluation of all assets belonging to the municipality and the transformation of the fixed asset register.

The following major challenges were faced during the 2005/06 financial year:

- a) The continued implementation of the Municipal Finance Management Act (MFMA) posed the greatest challenge as it has totally transformed financial management in Local Government.
- b) The Finance department lost various key personnel during the year, which has placed a burden on the remaining personnel to ensure proper service delivery. The process of procuring competent replacement staff members is underway and will be completed in the first quarter of the 2006/07 financial year.
- c) Although the control over capital projects is good, further enhancements to the system is required. Currently the engineering and finance departments are using two separate systems to control projects. The municipality should implement a consolidated project management system, which will improve control. Proper cash flow projections are lacking, which does not assist with budget, cash and investment planning.
- d) DWAF has transferred assets in excess of R100 million to the municipality, which poses a serious challenge as far as the maintenance and control over the assets is concerned. Inclusion of these assets in the fixed asset register also poses a challenge regarding the identification of individual assets and values is concerned.

The following major successes were achieved during the 2005/06 financial year:

- a) The MTREF Operating and Capital Budget for the 2006/07 financial year was adopted by Council in a special council meeting on 29 May 2006.
- b) The Annual Financial Statements for the 2004/05 financial year received an Unqualified Audit opinion from the Auditor-General.
- c) The Municipality's SCM Policy was approved during the year and implemented on 1 January 2006. Although some teething problems were experienced initially, the implementation of the policy is progressing very successfully.
- d) The new bar-coded fixed asset management system was implemented in the beginning of the year and has improved the control over assets.
- e) The Finance Manager program was developed internally and implemented during the year and is assisting greatly with the processing of orders, invoices and payment vouchers. The program also contains a supplier database.

The Finance Department and its staff members are highly committed and motivated to serve the Municipality, local municipalities and the community to the fullest. All efforts are made to ensure that the efficiency and effectiveness of the Finance Department will improve even further in future.



# BOPHIRIMA DISTRICT MUNICIPALITY

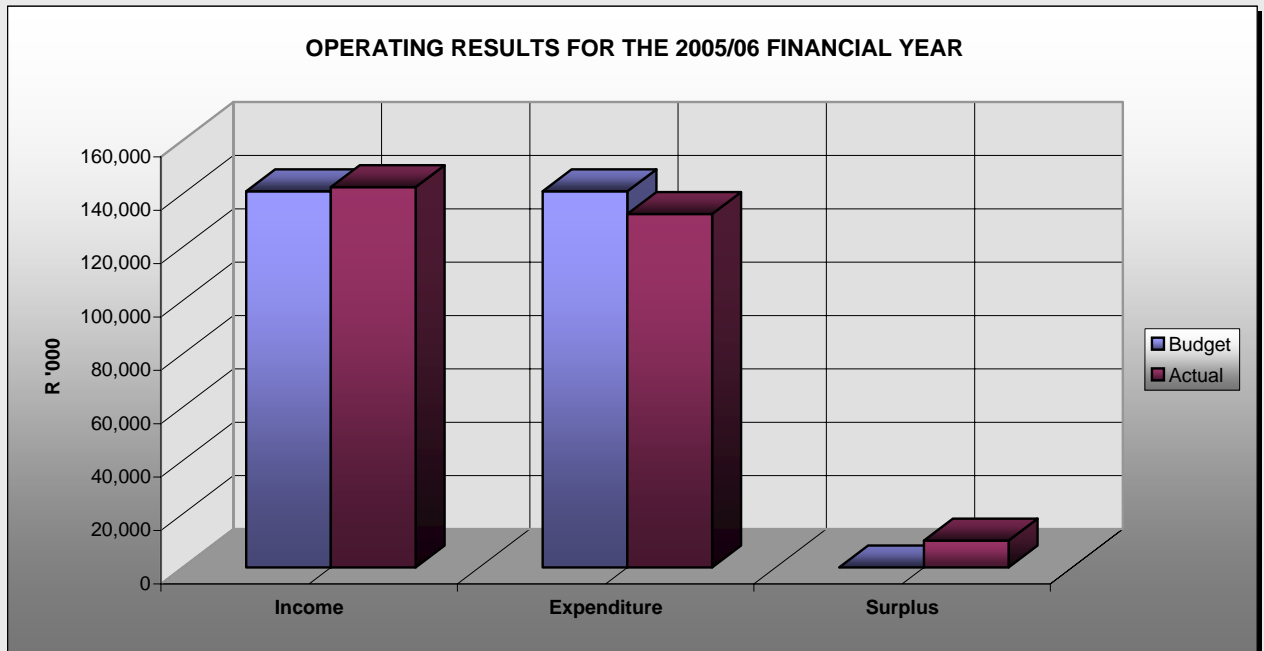
## REPORT OF THE CHIEF FINANCIAL OFFICER (Cont)

### 2 REVIEW OF OPERATING RESULTS FOR THE YEAR ENDED 30 JUNE 2006

The operating - and capital budget for the 2005/06 financial year was approved on 30 May 2005 by Council. All over expenditures on individual general ledger accounts are funded from savings made from other general ledger accounts and was approved by Council accordingly. No over-expenditure on approved budget votes occurred during the year, hence no adjustments budget was approved. These financial statements therefore reflect the original budget approved on 30 May 2005.

#### 2.1 General

Details of the operating results per department and classification of income and expenditure are included in **Appendices D and E**. The applicable statistics are shown in **Appendix F**. A graphical presentation of the operating results is shown in the graph below:



The overall operating results for the year ended 30 June 2006 are as follows:

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 R	Budget 2006 R	Variance Actual/Budget R
<b>INCOME</b>					
Operating surplus	10,509,322	15,053,124	43.2%	0	0.0%
Operating income for the year	115,840,976	142,496,048	23.0%	140,935,263	1.1%
Closing deficit	0	0	0.0%	0	0.0%
	<b>126,350,298</b>	<b>157,549,172</b>	<b>24.7%</b>	<b>140,935,263</b>	<b>11.8%</b>
<b>EXPENDITURE</b>					
Opening deficit	0	0	0.0%	0	0.0%
Operating expenditure for the year	109,204,913	132,447,323	21.3%	140,935,263	-6.0%
Sundry transfers	2,092,261	2,029,250	-3.0%	0	0.0%
Closing surplus	15,053,124	23,072,599	53.3%	0	0.0%
	<b>126,350,298</b>	<b>157,549,172</b>	<b>24.7%</b>	<b>140,935,263</b>	<b>11.8%</b>

# BOPHIRIMA DISTRICT MUNICIPALITY

## REPORT OF THE CHIEF FINANCIAL OFFICER (Cont)

### 2.2 Operating Income for the year

The increase of 1.1% of the actual operating income over the budgeted operating income of R 140,935,263 is mainly due to the following variances:

INCOME	Actual	Budget	Variance	
	2006	2006	R	%
	R	R	R	%
Regional council levies	13,739,181	12,100,000	1,639,181	13.5%
Equitable share allocation	46,842,273	46,842,001	272	0.0%
Local Municipalities share to Joint Internal Audit function	1,057,170	1,174,633	-117,463	-10.0%
Interest received from various sources	1,745,165	1,576,466	168,699	10.7%
Skills development levy grant	1,757	116,679	-114,922	-98.5%
Surplus appropriated				
- IDP and PIMS operational expenses	77,778	742,826	-665,048	-89.5%
- LED Projects	955,895	1,138,435	-182,540	-16.0%
- Capital Projects	0	3,107,000	-3,107,000	-100.0%
Subsidy for Health services	2,076,000	2,075,999	1	0.0%
Conditional Grants received from National Government:				
- PMU Operational via MIG	1,468,705	2,163,705	-695,000	0.0%
- Municipal Infrastructure Grant	48,987,462	37,707,295	11,280,167	0.0%
- Department of Water Affairs & Forestry	6,000,000	0	6,000,000	100.0%
- LED Projects via MIG	0	1,000,000	-1,000,000	-100.0%
- Municipal Systems Improvement Grant to PIMS	1,000,000	1,000,000	0	0.0%
- DWAF Operating Subsidy	0	20,892,000	-20,892,000	-100.0%
Conditional Grants received from Provincial Government:				
- Fire and Emergency Grant	800,000	800,000	0	0.0%
- Disaster Grant	1,500,000	1,500,000	0	0.0%
- National Infrastructure Grant	13,410,310	5,423,000	7,987,310	147.3%
- Local Government Support Grant to PIMS	800,000	0	800,000	100.0%
- Deployment of Engineers Grant via DDLG&H	150,000	0	150,000	100.0%
Other income items	1,884,352	1,575,224	309,128	19.6%
	<b>142,496,048</b>	<b>140,935,263</b>	<b>1,560,785</b>	<b>1.1%</b>

#### Regional council levies

The levy collection and administration function performed much better than anticipated for the year, averaging a monthly levy income of R1,144,932 and exceeding the anticipated levy income for the year of R12,100,000 by 13.5%.

#### Surplus appropriated

R3.9m of the budgeted R4.9m of surpluses brought forward from previous years was not appropriated. These funds have been provided for on the MTREF budget for the 2006/07 financial year.

#### Conditional Grants received from National Government

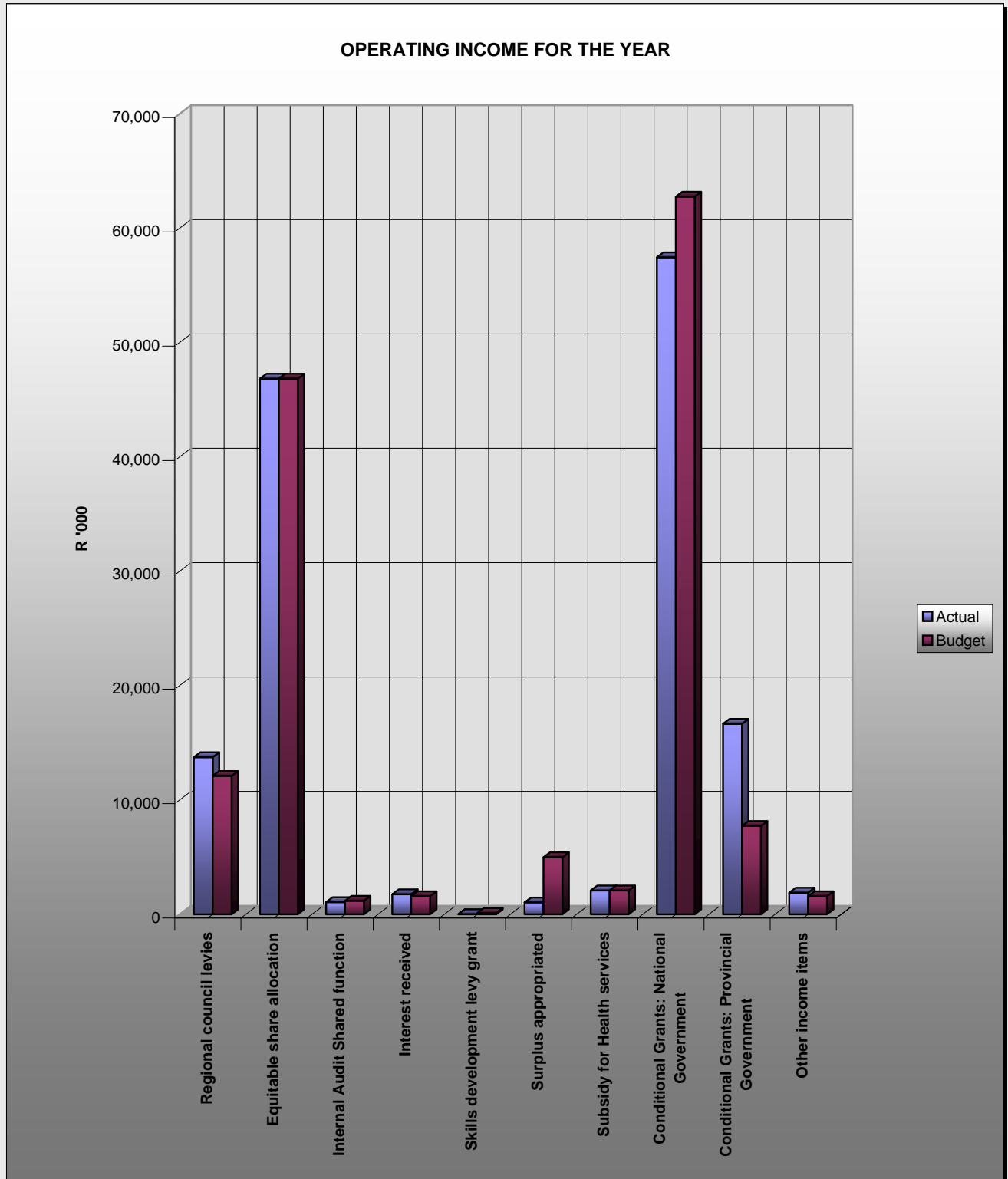
The main reason for the variance on conditional grants received from National Government to the value of R5,3m is due to the following:

- Additional MIG funds (not per DORA) to the value of R9.6m were received late in the 2005/06 financial year
- DWAF funds of R6m for Rural Household Sanitation (VIP's) received during the year was not reflected on the DORA for the financial year
- The DWAF Water Services Operating Subsidy of R20.8m was transferred directly to the water services providers, namely Botshelo Water and Sedibeng Water. This was due to the fact that the transfer agreement was only signed with DWAF in the fourth quarter of the financial year.

# BOPHIRIMA DISTRICT MUNICIPALITY REPORT OF THE CHIEF FINANCIAL OFFICER (Cont)

## Conditional Grants received from Provincial Government

The main reason for the variance on conditional grants received from Provincial Government to the value of R8,9m is due to the fact that the Provincial Government did not indicate these grants on the Provincial Gazette for the year, which led to the result that these items were not included on the budget of the Municipality for the year.



# BOPHIRIMA DISTRICT MUNICIPALITY

## REPORT OF THE CHIEF FINANCIAL OFFICER (Cont)

### 2.3 Operating Expenditure for the year

The decrease of 6.0% of the actual operating expenditure over the budgeted operating expenditure of R140,935,263 is mainly due to the following variances:

EXPENDITURE	Actual	Budget	Variance	
	2006 R	2006 R	R	%
Salaries, wages and allowances	21,319,664	27,128,102	5,808,438	21.4%
Purchase of water	15,964,241	14,800,000	-1,164,241	-7.9%
Contributions to local municipalities	4,619,433	9,592,495	4,973,062	51.8%
General expenses				
- Other general expenses	9,750,607	8,815,428	-935,179	-10.6%
- LED Projects	3,093,403	3,138,435	45,032	1.4%
- Donations	227,126	220,000	-7,126	-3.2%
- Audit expenses	553,156	250,000	-303,156	-121.3%
- Costs outsourced: Levies	1,968,702	2,409,200	440,498	18.3%
- R293 Salary subsidy allocations	409,356	409,355	-1	0.0%
- SALGA Levies	99,113	137,192	38,079	27.8%
- Training and Courses	329,000	430,000	101,000	23.5%
Repairs and maintenance	1,076,582	962,129	-114,453	-11.9%
Capital charges	405,650	3,603,923	3,198,273	88.7%
Contributions to fixed assets	880,413	1,094,115	213,702	19.5%
Contributions	71,750,877	67,923,488	-3,827,389	-5.6%
Agency services	0	21,401	21,401	100.0%
	<b>132,447,323</b>	<b>140,935,263</b>	<b>8,487,940</b>	<b>6.0%</b>

#### Salaries, wages and allowances

The savings on salaries, wages and allowances is due to the fact that not all posts budgeted for the year on the original budget were filled for the entire year as anticipated. Salary expenditure amounts to 16% of the total operating expenditure for the year.

#### Purchase of water

The over-expenditure on the purchasing of water was brought about by the fact that the two water services providers: Sedibeng Water and Botshelo Water had under estimated their actual expenditure for the year resulting in higher costs recharged to the Municipality. The provision of free basic water amounts to 12% of the total operating expenditure for the year.

#### Contributions to local municipalities

Not all capital projects to local municipalities had been completed in the year hence the under-expenditure for the year. These projects will be completed in the 2006/2007 financial year.

#### General expenses

The nett over expenditure on general expenditure is mainly due to the following: New more advanced photo copiers were obtained; Audit fees, legal fees, vehicle costs and the mayoral inauguration were not sufficiently provided for on the budget at the beginning of the financial year; Savings of approximately R440,498 were also obtained due to the re-negotiation of the Metropolitan Levy Inspection Services contract for levy collection and administration.

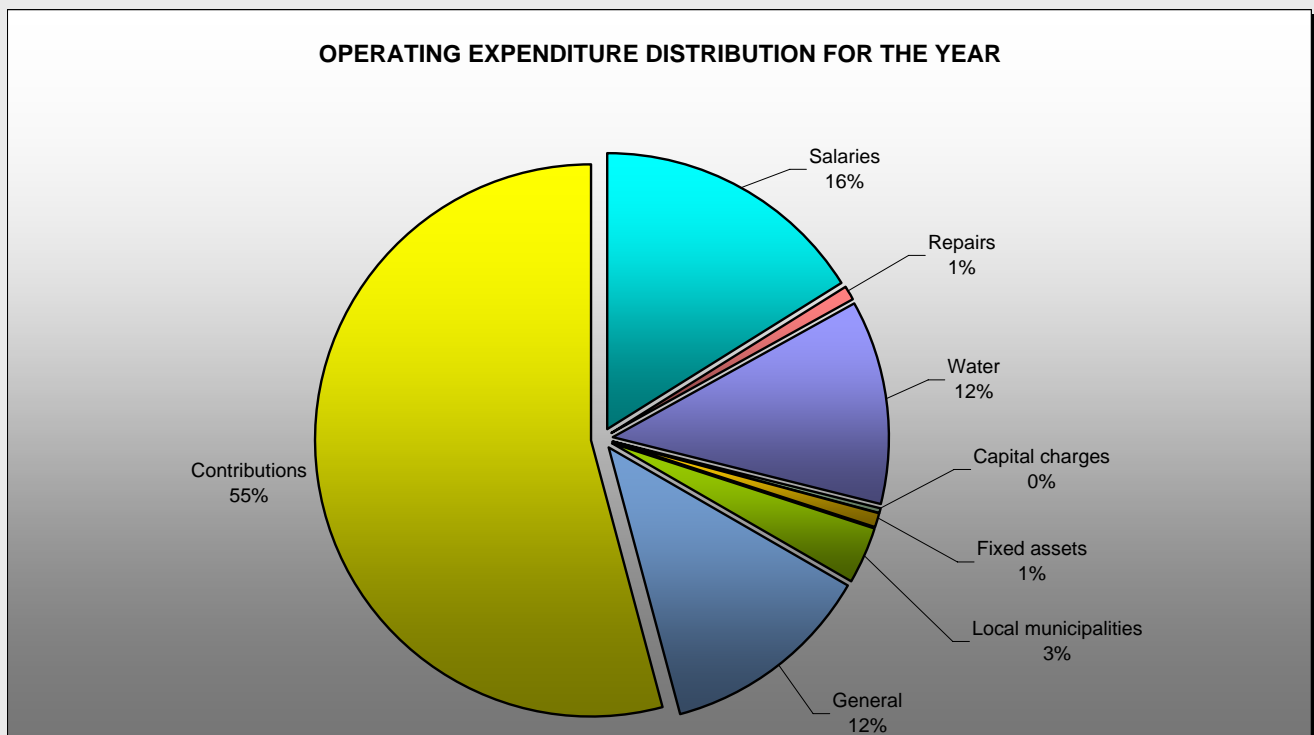
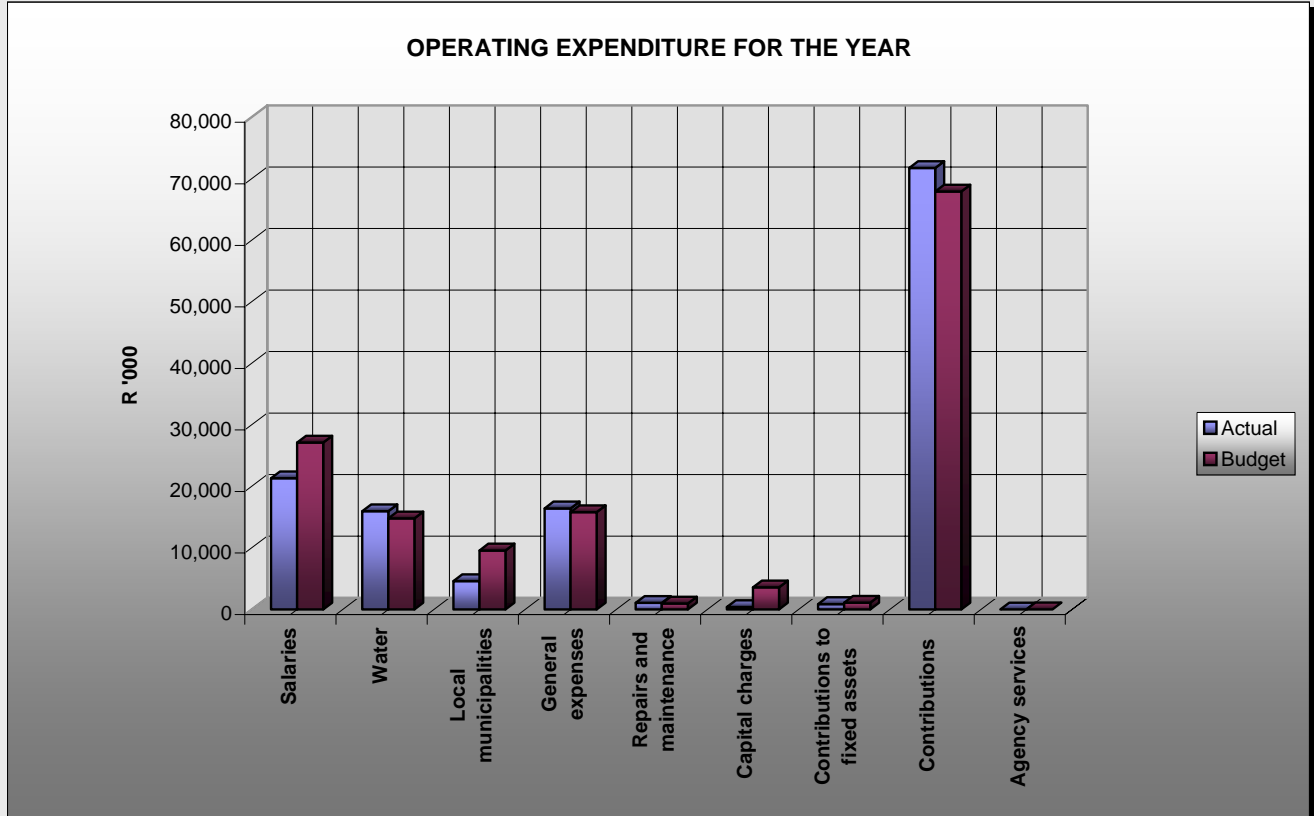
#### Capital charges

Provision had been made per the budget for the repayment of DBSA loans. As at 30 June 2006, the transfer of assets and DBSA liabilities from the Southern District Municipality had not yet been completed. Meetings are currently underway to hopefully have the matter resolved.

# BOPHIRIMA DISTRICT MUNICIPALITY REPORT OF THE CHIEF FINANCIAL OFFICER (Cont)

## Contributions

The net increase of actual over budgetted contributions of R3.9m is due to the various additional conditional grants received during the year less the water services operating subsidy transferred directly to the water services providers.



# BOPHIRIMA DISTRICT MUNICIPALITY

## REPORT OF THE CHIEF FINANCIAL OFFICER (Cont)

### 2.4 Analysis of various service groups

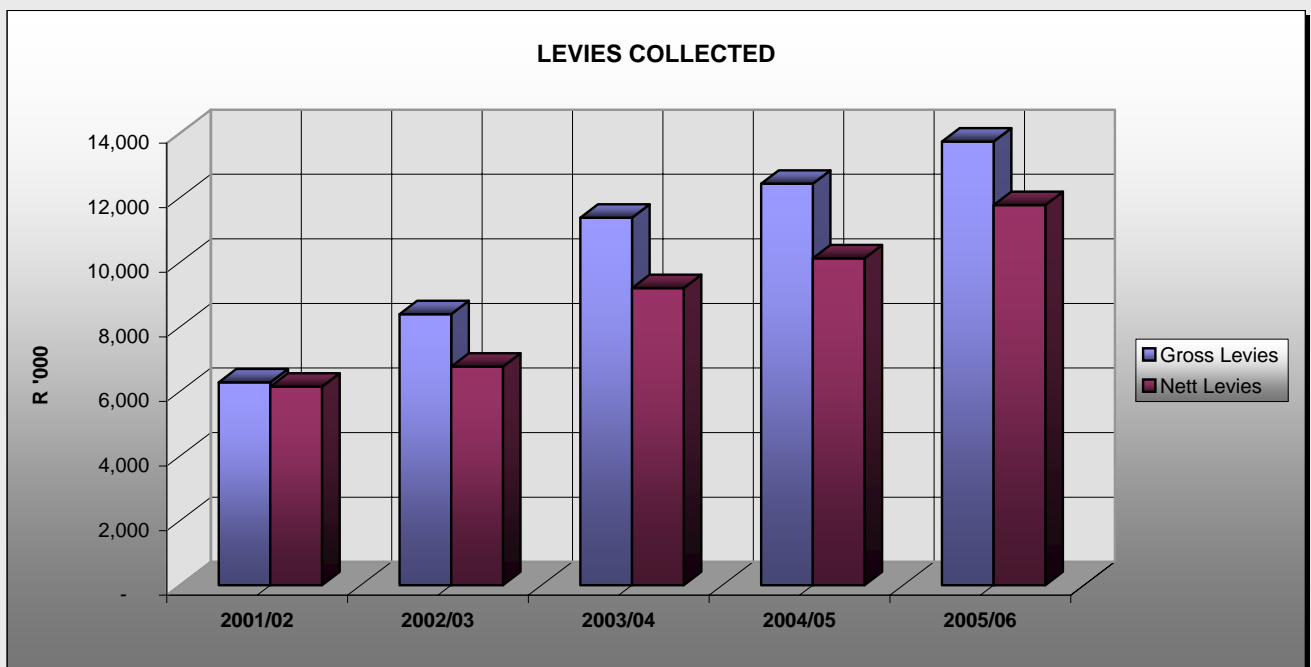
#### 2.4.1 Rates and general services

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 R	Budget 2006 R	Variance Actual/Budget R
Income	115,833,259	142,496,048	23%	140,935,263	100%
Expenditure	109,180,344	132,447,323	21%	140,935,263	-6%
Surplus / (deficit)	<b>6,652,915</b>	<b>10,048,725</b>	<b>2%</b>	<b>0</b>	<b>106%</b>
Surplus / (deficit) as % of income	<b>6%</b>	<b>7%</b>		<b>0%</b>	

All the Municipality's operations fall under Rates and general services (except for Agency services). Reasons for variances are therefore indicated as per **Notes 2.2 and 2.3** of this report.

Regional Services Levies is the main source of own income of the Municipality. Since the levy collection and administration function was outsourced in June 2002, the levy collected has increased dramatically:

Year	Gross Levies R	Levy Collection Costs R	Nett Levies R	Variance R	%
2001/02	6,280,367	131,747	6,148,620		
2002/03	8,391,185	1,622,513	6,768,672	620,052	10%
2003/04	11,381,549	2,181,603	9,199,946	2,431,274	36%
2004/05	12,434,460	2,311,473	10,122,987	923,041	10%
2005/06	13,739,181	1,968,702	11,770,479	1,647,492	16%



# BOPHIRIMA DISTRICT MUNICIPALITY

## REPORT OF THE CHIEF FINANCIAL OFFICER (Cont)

### 3 CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets during the year amounted to R 201,372,577. This is 7000% more than the previous year. The actual expenditure is 4819% more than that budgeted for and consists of the following:

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 R	Budget 2006 R	Variance Actual/Budget R
Land	0	0	0	0	0
Buildings	160,415	152,019	-8,396	3,000,000	2,847,981
Infrastructure	0	198,473,984	198,473,984	0	-198,473,984
Other fixed assets	2,675,777	2,746,574	70,797	1,094,115	-1,652,459
	<b>2,836,192</b>	<b>201,372,577</b>	<b>198,536,385</b>	<b>4,094,115</b>	<b>-197,278,462</b>

Resources used to finance fixed assets were as follows:

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 R	Budget 2006 R	Variance Actual/Budget R
Capital development fund	698,606	949,964	251,358	3,000,000	2,050,036
Stannis Finance Loans	0	0	0	0	0
Mercedes-Benz Finance Loans	0	0	0	0	0
ABSA Finance Loans	0	0	0	0	0
Contributions from:	0	0	0	0	0
- Operating account	804,478	880,413	75,935	1,094,115	213,702
- Grants and subsidies	1,333,108	199,542,201	198,209,093	0	-199,542,201
- Public contributions	0	0	0	0	0
	<b>2,836,192</b>	<b>201,372,577</b>	<b>198,536,385</b>	<b>4,094,115</b>	<b>-197,278,462</b>

#### 3.1 Variance to budget

The variance of R197,278,462 between the actual and budgeted fixed asset expenditure for the year is mainly due the following:

Infrastructure assets transferred per agreement from DWAF	198,473,984
Renovation of council building not commenced (Funded from CDF)	(3,000,000)
New fire vehicle from Provincial sources	1,044,417
Replacement of council vehicles from Capital Development Fund	949,964

#### 3.2 Stock take of assets

A complete stock-take of all assets in the Municipality was performed during July to August 2005 and reconciled to the balances per the fixed asset register and the general ledger. This process was once again repeated during June to August 2006.

An audit firm was appointed during April 2005 to implement a computerized bar-coding fixed asset management system for the Municipality. The process was completed during August 2005 with all assets bar-coded, counted and reconciled to the new asset register.

#### 3.3 Revaluation of assets

The Municipality will embark on a process of revaluating all assets per the new fixed asset register during the 2006/07 financial year. This process will ensure GRAP compliance of the assets per the financial statements of the 2006/07 financial year, which will be compiled in line with the GRAP statements. Assets per the fixed asset register at year-end are therefore reflected at historical cost and not market value.

#### 3.4 Prior years vehicle loan policy

Vehicles purchased during previous financial years as part of the then vehicle loan policy of council to officials (prior to 1 July 2004) are reflected at a value of R1 each on the fixed asset register. The nett outstanding value of the vehicles is reflected under Long-term debtors (**Note 8**).

# BOPHIRIMA DISTRICT MUNICIPALITY

## REPORT OF THE CHIEF FINANCIAL OFFICER (Cont)

### 3.5 Fixed asset register

All assets purchased with an individual value lower than R5,000 are not capitalized, but posted to Small Tools and Equipment. Such assets are, where practical, barcoded for control purposes.

During June 2006, the municipality signed an asset transfer agreement with the Department of Water Affairs and Forestry for the transfer of water related infrastructure assets (as listed per the agreement) at a total construction value of R198,473,984, effective 31 March 2006. These assets have been physically verified by the municipality and included in the financial statements for the year. The process of transfer of the remainder of works and properties from DWAF will continue in the 2006/07 financial year until all outstanding assets have been identified and transferred to the municipality.

Capital expenditure incurred on infrastructure assets to the value of R18,5m have not yet been recognized as fixed assets. Final completion certificates on these assets were not received at year-end, but will be officially handed over in the 2006/07 financial year at which time these assets will be capitalized.

A deeds search was conducted during the previous year wherein various parcels of land were identified that belong to the Municipality. These properties are not included in the fixed asset register as they have not been valued. All identified properties will be transferred to the relevant local municipalities, in whose areas they are situated, during the 2006/07 financial year.

A complete analysis of capital expenditure (budgeted and actual) per department, classification or service is included in **Appendix C**. More details regarding external loans and internal advances used to finance assets are shown in **Appendix B**.

## 4 EXTERNAL LOANS, INVESTMENTS AND CASH

External loans to the value of R872,315 were outstanding on fixed assets on 30 June 2006 and are made up as follows:

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 R
Stannic Finance	338,844	209,376	-129,468
Mercedes-Benz Finance	382,099	292,662	-89,437
ABSA Finance	704,051	370,278	-333,773
	<b>1,424,994</b>	<b>872,315</b>	<b>-552,679</b>

Investments amounted to R59,512,396 on 30 June 2006 (R68,610,246 on 30 June 2005), and the cash and bank balance amounted to R15,628,640 (R8,724,439 on 30 June 2005).

More information regarding loans and investments are disclosed in the **Notes (5 and 7)** and **Appendix B** to the financial statements.

## 5 POST BALANCE SHEET EVENTS

No material litigation is outstanding against the Municipality and no other post balance events have occurred after year-end and up to the date of the completion of these financial statements.

## 6 OPERATING BUDGET PERFORMANCE PER VOTE

The municipality's actual expenditure per budget vote compares as follows to the approved operating budget for the financial year:

	Budget R	Actual R	Surplus / Deficit R
Executive and Council	6,512,817	6,204,941	307,876
Finance and Admin	17,859,419	15,772,710	2,086,709
Planning and Development	8,855,658	7,744,903	1,110,755
Health	4,139,505	3,027,910	1,111,595
Public Safety	8,104,358	6,891,285	1,213,073
Waste Water Management	40,331,753	38,420,666	1,911,087
Water	55,131,753	54,384,908	746,845
	<b>140,935,263</b>	<b>132,447,322</b>	<b>8,487,941</b>



# BOPHIRIMA DISTRICT MUNICIPALITY REPORT OF THE CHIEF FINANCIAL OFFICER (Cont)

## 7 ACCUMULATED FUNDS, RESERVES AND PROVISIONS

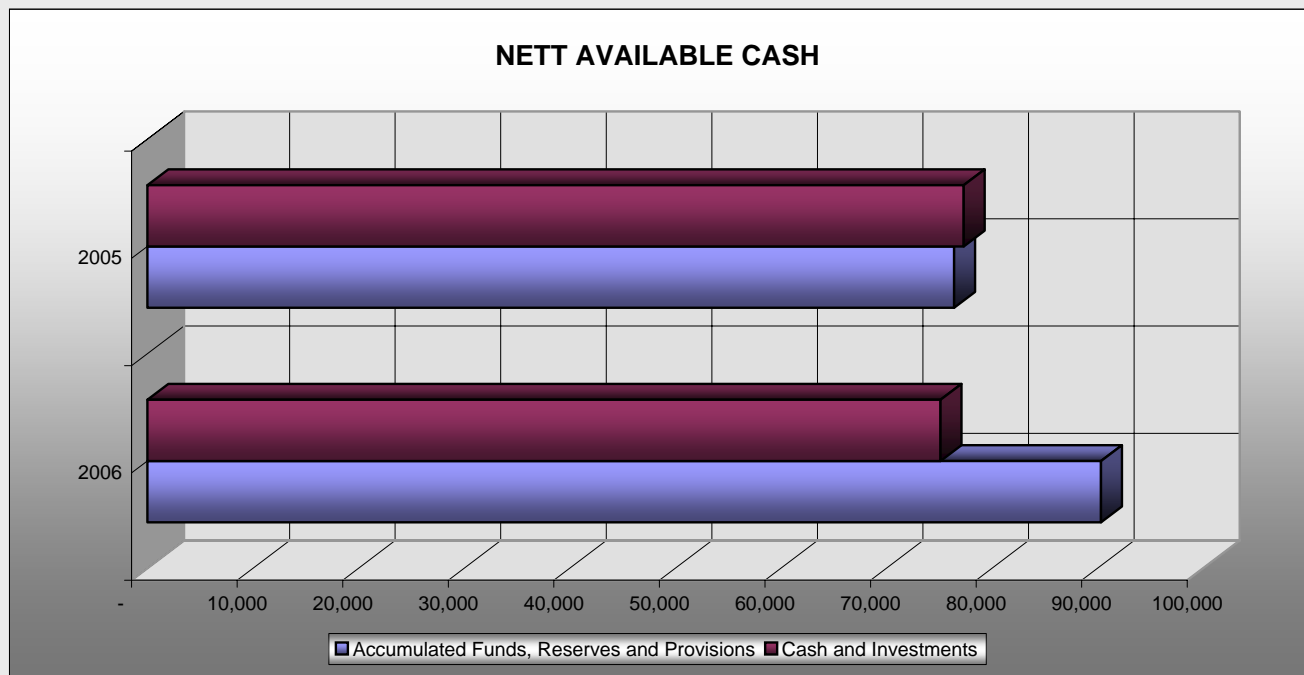
Detail information regarding funds, reserves and provisions are disclosed in the **Notes (1, 2, 3 and 4)** and **Appendix A** of the financial statements.

	Actual	Actual	Variance	
	2005	2006	2005/2006	
	R	R	R	%
<b>Accumulated Funds, Reserves and Provisions</b>				
Statutory funds	4,569,311	5,280,391	711,080	15.6%
Reserves	1,335,239	1,338,462	3,223	0.2%
Trust funds	55,119,394	60,202,297	5,082,903	9.2%
Provisions	350,000	450,000	100,000	28.6%
Accumulated surplus	15,053,124	23,072,599	8,019,475	53.3%
	<b>76,427,068</b>	<b>90,343,749</b>	<b>13,916,681</b>	<b>18.2%</b>
<b>Cash and Investments</b>				
Cash	8,724,439	15,628,640	6,904,201	79.1%
Investments	68,610,246	59,512,892	-9,097,354	-13.3%
	<b>77,334,685</b>	<b>75,141,532</b>	<b>-2,193,153</b>	<b>-2.8%</b>
<b>Net available cash</b>	<b>907,617</b>	<b>-15,202,216</b>	<b>-16,109,833</b>	<b>-1775.0%</b>

The accumulated funds, reserves and provisions increased by 18.2% for the year, whilst the accumulated surplus had increased by 53.3%.

The imbalance of R15,2m is mainly brought about by the following outstanding debtors:

- DBSA GIS Project 490,000 (Recovered in 2006/07 financial year)
- DBSA for Bucket Eradication 7,747,417 (Recovered in 2006/07 financial year)
- VAT Control 8,187,954 (Recovered in 2006/07 financial year)



# **BOPHIRIMA DISTRICT MUNICIPALITY REPORT OF THE CHIEF FINANCIAL OFFICER (Cont)**

## **8 EXPRESSION OF APPRECIATION**

I am grateful to the Executive Mayor, the Mayoral Committee, the Speaker, Councillors, the Municipal Manager, Heads of the various departments and all officials for the support they have given to the Finance Department during the 2005/06 financial year.

A special word of appreciation to the staff of the Finance Department for all the hard work, sacrifices and concentrated efforts during the financial year, which accumulated into these annual financial statements.



**D.M. THORNHILL  
CHIEF FINANCIAL OFFICER  
31 August 2006**

# **BOPHIRIMA DISTRICT MUNICIPALITY**

## **ACCOUNTING POLICIES**

### **1 BASIS OF PRESENTATION**

- 1.1 These financial statements have been prepared as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second edition - January 1997). The office of the Auditor-General approves these standards.
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in **Accounting Policy Note 6**. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis as stated:
  - Income and expenditure are brought into account in the year to which it relates.
  - Income is accrued when collectable and measurable. Certain direct income is accrued when received.
  - Expenditure is accrued in the year it is incurred.

### **2 CONSOLIDATION**

The financial statements include the Rate and General services, Trading services, Agency Services and the different funds and reserves.

### **3 FUNDS**

#### **3.1 Capital Development Fund**

A fund is maintained from the nett proceeds from the sale of fixed assets and contributions from income in order to be utilized for capital developments.

#### **3.2 Election Fund**

A fund is maintained for the purpose of paying the costs of elections in the future.

### **4 RESERVES**

#### **4.1 Leave Gratification Reserve**

A reserve is maintained for the purpose of paying out large claims with regards to accumulated leave.

#### **4.2 Ruth Mompoti Bursary Reserve**

A reserve is maintained for the purpose of assisting under privileged students from the Bophirima District to further their studies at tertiary institutions.

#### **4.3 Bursary Reserve**

A reserve is maintained for the purpose of assisting officials of the Municipality to further their studies at tertiary institutions.

### **5 TRUST FUNDS**

Trust funds are maintained from the unspent balances on conditional grants received from National, Provincial and Other sources. These funds are invested in call accounts of the Municipality and all interest earned on these call accounts are credited to the trust funds to be further utilised for the purpose of each conditional grant. On receipt of funds the income and corresponding expense (contribution to trust fund) are reflected on the income statement. All expenditure is debited to the trust fund directly.

### **6 FIXED ASSETS**

#### **6.1 Fixed Assets are stated:**

- at historical cost, or
  - at valuation, (based on the market price at date of acquisition), where assets have been acquired by grant or donation,
- while they are in existence and fit for use, except in the case of bulk assets which are written-off at the end of their estimated life as determined by the Chief Financial Officer.

# **BOPHIRIMA DISTRICT MUNICIPALITY**

## **ACCOUNTING POLICIES (Cont)**

### **6.2 Depreciation:**

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:

- Appropriations from Income, where the full cost of the asset forms an immediate and direct charge against the operating Income, and therefore it is unnecessary to make any further provision for depreciation.
- Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

6.3 All nett proceeds from the sale of fixed assets are credited to the Capital Development Fund.

6.4 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

6.5 Capital expenditure incurred on infrastructure projects are only recognized as fixed assets on receipt of final completion certificates.

## **7 INVESTMENTS**

Investments are made in accordance with the investment policy of the Municipality. All investments are reflected in the statements at the original purchase price (cost price) or market value. All investments are made at approved banks and financial institutions.

## **8 INVENTORY**

Inventory is valued at the lower of cost, determined on the weighted average basis, and net realizable value. No inventory was held by the Municipality during the financial year.

## **9 INCOME RECOGNITION**

### **9.1 Levy Income**

Levy income is accounted for when received.

## **10 RETIREMENT BENEFITS**

The Bophirima District Municipality's officials and councillors contribute to the under mentioned pension funds, which provide retirement benefits to such officials and councillors:

- Cape Joint Retirement Pension Fund
- Government Employees Pension Fund
- Municipal Councillors Pension Fund

The retirement benefit plans are subject to the Pension Fund Act, 1956, with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current personnel / remuneration costs.

Actuarial valuations are done as follows:

- Cape Joint Retirement Pension Fund: Actuarial valuation is done annually
- Government Employees Pension Fund: Actuarial valuation is done every 3 years
- Municipal Councillors Pension Fund: Actuarial valuation is done every 3 years

# **BOPHIRIMA DISTRICT MUNICIPALITY**

## **ACCOUNTING POLICIES (Cont)**

### **11 LEASED ASSETS**

Fixed assets held under finance leases are capitalized. Such assets are effectively amortized over the term of the lease agreement.

Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of lease finance utilized in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

### **12 AGENCY SERVICES**

The cost of internal support services are calculated according to actual time spent , (on a % basis) and are debited to the various agency services that are administered on behalf of the North West Provincial Administration.

**BOPHIRIMA DISTRICT MUNICIPALITY  
BALANCE SHEET AT 30 JUNE 2006**

	Note	2006 R	2005 R
<b>CAPITAL EMPLOYED</b>			
FUNDS AND RESERVES		6,618,853	5,904,550
Statutory Funds	1	5,280,391	4,569,311
Reserves	2	1,338,462	1,335,239
ACCUMULATED SURPLUS	16	23,072,599	15,053,124
		29,691,452	20,957,674
TRUST FUNDS	3	60,202,297	55,119,394
LONG-TERM LIABILITIES	5	278,194	1,117,913
DEPOSITS	12	184,222	186,587
		<b>90,356,165</b>	<b>77,381,568</b>
<b>EMPLOYMENT OF CAPITAL</b>			
FIXED ASSETS	6	1,658,700	1,053,882
INVESTMENTS	7	0	0
LONG-TERM DEBTORS	8	438,559	1,073,657
		2,097,259	2,127,539
NET CURRENT ASSETS		88,258,906	75,254,029
CURRENT ASSETS		96,312,471	89,917,278
Inventory	9	0	0
Debtors	10	20,686,177	12,044,569
Cash		15,628,640	8,724,439
Short-term investments	7	59,512,892	68,610,246
Short-term portion of long-term debtors	8	484,762	538,024
CURRENT LIABILITIES		8,053,565	14,663,249
Provisions	4	450,000	350,000
Creditors	11	7,009,444	14,006,168
Short-term portion of long-term liabilities	5	594,121	307,081
		<b>90,356,165</b>	<b>77,381,568</b>

**BOPHIRIMA DISTRICT MUNICIPALITY  
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006**

Service	2006				2005		
	Actual Income R	Actual Expenditure R	Surplus / (Deficit) R	Adjustments Budget Surplus / (Deficit) R	Actual Income R	Actual Expenditure R	Surplus / (Deficit) R
<b>RATES AND GENERAL SERVICES</b>	142,496,048	132,447,323	10,048,725	0	115,833,259	109,180,344	6,652,915
Community services	136,251,737	127,135,775	9,115,962	0	111,670,681	105,840,055	5,830,626
Subsidised services	6,244,311	5,311,548	932,763	0	4,162,578	3,340,289	822,289
Economic services	0	0	0	0	0	0	0
<b>TRADING SERVICES</b>	0	0	0	0	0	0	0
<b>AGENCY SERVICES</b>	0	0	0	0	7,717	24,569	-16,852
<b>TOTAL</b>	<b>142,496,048</b>	<b>132,447,323</b>	<b>10,048,725</b>	<b>0</b>	<b>115,840,976</b>	<b>109,204,913</b>	<b>6,636,063</b>
Appropriations for the year (Refer to <b>Note 16</b> )			-2,029,250				-2,092,261
Net surplus / (deficit) for the year			8,019,475				4,543,802
Accumulated surplus / (deficit) at the beginning of the year			15,053,124				10,509,322
<b>ACCUMULATED SURPLUS / (DEFICIT) AT THE END OF THE YEAR</b>			<b>23,072,599</b>				<b>15,053,124</b>

**BOPHIRIMA DISTRICT MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 R	2005 R
<b>CASH RETAINED FROM OPERATING ACTIVITIES</b>		199,732,103	5,955,705
Cash generated by operations	<b>17</b>	-1,595,295	-1,404,706
Investment income	<b>15</b>	5,169,863	5,208,391
(Increase) / decrease in working capital	<b>18</b>	-3,384,667	818,912
		189,902	4,622,597
Less: External interest paid	<b>15</b>	0	0
Cash available from operations		189,902	4,622,597
Cash contributions from the Public and Government		199,542,201	1,333,108
Net proceeds on disposal of fixed assets		0	0
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>			
Investments in fixed assets		-201,372,577	-2,836,192
<b>NET CASH FLOW</b>		<b>-1,640,474</b>	<b>3,119,513</b>
<b>CASH EFFECTS OF FINANCING ACTIVITIES</b>			
Increase / (decrease) in Long-term loans	<b>19</b>	-552,679	515,171
(Increase) / decrease in cash investments	<b>20</b>	9,097,354	-4,551,358
(Increase) / decrease in cash	<b>21</b>	-6,904,201	916,674
		<b>1,640,474</b>	<b>-3,119,513</b>



**BOPHIRIMA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

Description	2006 R	2005 R
<b>1 STATUTORY FUNDS</b>		
Capital Development Fund	5,158,234	4,449,908
Election Fund	122,157	119,403
<b>(Refer to Appendix A for more details)</b>	<b>5,280,391</b>	<b>4,569,311</b>
<b>2 RESERVES</b>		
Building Reparation Reserve	102,531	98,493
Leave Gratification Reserve	1,028,418	1,003,206
Ruth Mompothi Bursary Reserve	131,417	200,384
Bursary Reserve	76,096	33,156
<b>(Refer to Appendix A for more details)</b>	<b>1,338,462</b>	<b>1,335,239</b>
<b>3 TRUST FUNDS</b>		
PCSP Fund	560,364	1,490,032
RD Fund	267,805	262,320
RDP Fund	2,518,417	2,403,803
Transitional Grant	31,909	31,115
Municipal Infrastructure Grant	16,778,217	5,345,650
DWAF Grant	21,338,198	27,929,610
National Infrastructure Grant	5,499,755	1,221,472
New Municipalities Grant	285,177	272,573
Disaster Management	0	1,016
Department of Sport Grant	958,096	913,474
Department of Public Enterprises	0	1
Bophirima Agricultural Cluster Fund	91,032	87,909
PIMS Surplus Fund	841,116	802,658
Bophirima Social Club Fund	13,731	36,157
Transition Grant: IMMIS Suspense	1,148,246	1,091,084
Disaster Management Fund	1,030,623	307,370
Municipal Systems Improvement Grant	3,083,669	4,586,623
CMIP Funds	-0	24,846
Local Government Support Grant	1,760,798	3,189,036
Local Economic Development Fund	34,398	33,542
LED Grant (DDLG)	224,467	214,546
IDP/PMS Support Grant (DDLG)	224,467	214,546
Department of Social Services Paypoints	304,390	537,985
Rural Transportation Grant	0	7,080
Two Room Clinic Grant	1,464,895	1,572,372
Financial Management Grant	613,489	836,684
Bloemhof Dam Feasibility Study Grant	379,528	362,754
Fire & Emergency Grant	35,800	287,789
Tlaskgameng Polish Project	247,491	244,163
DDLG&H Funding from DBSA	121,314	116,684
DDLG&H Rural Sanitation	94,830	694,500
LGW SETA - Grant	100,077	0
DDLG&H - Deployment of Engineers	150,000	0
<b>(Refer to Appendix A for more details)</b>	<b>60,202,297</b>	<b>55,119,394</b>

**BOPHIRIMA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (Cont)**

Description	2006 R	2005 R
<b>4 PROVISIONS</b>		
Audit Costs	450,000	350,000
	<b>450,000</b>	<b>350,000</b>
<b>5 LONG-TERM LIABILITIES</b>		
Stannic Loans	209,376	338,844
Mercedes-Benz Finance Loans	292,662	382,099
ABSA Finance Loans	370,278	704,051
	872,315	1,424,994
Less: Current portion transferred to Current liabilities	<b>-594,121</b>	<b>-307,081</b>
Stannic Loans	135,976	35,159
Mercedes-Benz Finance Loans	292,763	73,372
ABSA Finance Loans	165,382	198,550
	<b>278,194</b>	<b>1,117,913</b>

(Refer to **Appendix B** for more detail on long-term liabilities)

**STANNIC LOANS**

Advanced for the purchasing of vehicles. The loans carry interest at prime less 1.111% and are repayable over periods of 5 years. These loans are secured by vehicles of the Bophirima District Municipality.

**MERCEDES-BENZ FINANCE LOANS**

Advanced for the purchasing of a vehicle. The loan carries interest at prime less 1% and is repayable over a period of 3 years. The loan is secured by a vehicle of the Bophirima District Municipality.

**ABSA FINANCE LOANS**

Advanced for the purchasing of vehicles. The loans carry interest at prime plus 0.343% and are repayable over periods of 3 to 4 years. These loans are secured by vehicles of the Bophirima District Municipality.

**DBSA LOANS PREVIOUSLY STATED**

A legal opinion has been received from an advocate, who is an expert on local government acts and regulations, wherein he states the following: "Bophirima should neither reflect the DBSA loans nor the assets on its financial statements. This should be done on the financial statements of the Southern District Municipality." As per agreement all DBSA loans and liabilities and corresponding assets have been removed from the annual financial statements and the previous year's balances were adjusted accordingly.

**BOPHIRIMA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (Cont)**

Description	2006 R	2005 R
<b>6 FIXED ASSETS</b>		
Fixed assets at the beginning of the year	11,186,955	10,861,228
Capital expenditure during the year	201,372,577	2,836,192
Less: Assets written-off, transferred or disposed of during the year	-732,859	-2,510,465
<b>Total fixed assets</b>	211,826,673	11,186,955
<b>Less: Loans redeemed and other capital receipts</b>	-210,167,974	-10,133,073
Loans redeemed and advances repaid	496,168	256,999
Contributions from operating income	3,393,910	2,614,964
Grants and subsidies	206,277,896	7,261,110
Revaluation of assets	0	0
<b>Nett Fixed Assets</b>	<b>1,658,700</b>	<b>1,053,882</b>
<p>During the year water infrastructure assets to the value of R198,473,984 have been transferred from DWAF. (Refer <b>Chief Financial Officer's Report note 3</b>)</p>		
<b>7 INVESTMENTS</b>		
Unlisted:		
Short-term deposits and Call deposits	59,512,892	68,610,246
<b>Total investments</b>	59,512,892	68,610,246
Less: Short-term portion of investments	-59,512,892	-68,610,246
<b>Nett investments</b>	<b>0</b>	<b>0</b>
Management's valuation of unlisted investments	<b>59,512,892</b>	<b>68,610,246</b>
Average rate of return on investments	<b>5.37%</b>	<b>5.22%</b>
<p>The Local Government: Municipal Finance Management Act 2003 - Municipal Investment Regulations (Government Notice No R308 - 1 April 2005) 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 interest rate to meet commitments. No investments have been written-off during the year. No investments have been pledged as security for any funding facilities of the Municipality.</p>		
<b>8 LONG-TERM DEBTORS</b>		
Motor Vehicle Loans	891,326	1,506,082
Study Loans	0	4
Computer Loans	31,995	105,595
	923,321	1,611,681
Less: Short-term portion of long-term debtors transferred to current assets	-484,762	-538,024
	<b>438,559</b>	<b>1,073,657</b>
<b>9 INVENTORY</b>		
No inventory is held by the Municipality	<b>0</b>	<b>0</b>

**BOPHIRIMA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (Cont)**

Description	2006 R	2005 R
<b>10 DEBTORS</b>		
Consumer debtors (Levies)	52,869	369,070
Plus: Other current debtors	21,226,135	23,835,997
	21,279,004	24,205,067
Less: Provision for bad debts (Refer <b>Note 10(a)</b> )	-592,827	-12,160,498
	<b>20,686,177</b>	<b>12,044,569</b>
<p>Sundry debtor and creditor balances totalling a net debit balance of R1,885,518 (R53,440 - net debit balance on 30 June 2005) were written off as bad debts to the appropriation account for the year. This represents 1.32% (0.05% on 30 June 2005) of the total operating income for the year. Days outstanding in debtors amount to 58 days (66 days on 30 June 2005).</p> <p>Further debit balances of R592,827 (R894,967 on 30 June 2005) have been provided for as bad debts during the year. Additionally as per Note 10(a) debtors amounting to R12,160,498 has also been written off.</p>		
<b>10(a) PROVISION FOR BAD DEBTS</b>		
Balance on 1 July	12,160,498	11,288,751
Plus: Contributions during the year	592,827	871,747
Less: Expenditure during the year	-12,160,498	0
<b>Balance on 30 June</b>	<b>592,827</b>	<b>12,160,498</b>
<b>11 CREDITORS</b>		
Trade creditors	7,009,444	14,006,168
Deposits - Other	0	0
	<b>7,009,444</b>	<b>14,006,168</b>
<b>12 DEPOSITS</b>		
Construction Guarantees	184,222	186,587
	<b>184,222</b>	<b>186,587</b>
<b>13 COUNCILLORS' REMUNERATION</b>		
Mayor's allowance	224,522	220,576
Speaker's allowance	170,595	176,461
Mayoral committee allowance	765,707	739,979
Councillors' allowance	450,029	438,522
Councillors' pension contributions	202,458	182,808
Councillors' medical aid contributions	78,571	82,747
Councillors' housing allowances	249,771	250,155
Councillors' travelling allowances	406,667	393,054
Councillor's other allowances	282,374	119,383
	<b>2,830,694</b>	<b>2,603,685</b>

**BOPHIRIMA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (Cont)**

Description	2006 R	2005 R
<b>14 AUDITOR'S REMUNERATION</b>		
Audit fees		
- Current year	450,000	350,000
- Under provision prior year	103,156	124,972
	<b>553,156</b>	<b>474,972</b>
<b>15 FINANCE TRANSACTIONS</b>		
Total external interest earned and paid:		
- Interest earned	5,169,863	5,208,391
- Interest paid	131,593	169,924
Capital charges debited to operating account:		
Interest		
- External	0	0
- Internal	60,502	30,948
Redemption		
- External	0	0
- Internal	345,146	184,410
Deferred charges written-off	0	0
	<b>405,648</b>	<b>215,358</b>
<b>16 APPROPRIATIONS</b>		
<b>16.1 Appropriation Account</b>		
Accumulated surplus / (deficit) at the beginning of the year	15,053,124	10,509,322
Gross operating surplus for the year	10,048,725	6,636,063
Appropriations for the year:	<b>-2,029,250</b>	<b>-2,092,261</b>
- Prior year adjustments	449,095	-67,074
- Sundry balances write-off	-1,885,518	-53,440
- Provision for bad debts	-592,827	-871,747
- Prior year legal expenses	0	-1,100,000
Accumulated surplus / (deficit) at the end of the year	<b>23,072,599</b>	<b>15,053,124</b>
<b>16.2 Operating account</b>		
Capital expenditure	880,413	804,477
Contributions to:	71,750,877	60,797,761
- Capital development fund	0	0
- Leave gratification reserve	324,276	715,612
- Ruth Mompoti bursary reserve	200,005	200,000
- Bursary reserve	200,006	200,000
- Other governmental conditional grants	71,026,590	59,682,149
	<b>72,631,290</b>	<b>61,602,238</b>

**BOPHIRIMA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (Cont)**

Description	2006 R	2005 R
<b>17 CASH GENERATED BY OPERATIONS</b>		
Surplus / (deficit) for the year	10,048,725	6,636,063
Adjustments in respect of previous year's operating transactions	-2,029,250	-2,092,261
Appropriations charged against income	61,616,775	62,948,957
- Capital development fund	0	0
- Fixed assets (Capital expenditure)	880,413	804,477
- Provisions and reserves	-10,290,228	2,462,331
- Other governmental conditional grants	71,026,590	59,682,149
Capital charges:		
Interest paid:		
- to internal funds	60,502	30,948
- to external funds	0	0
Redemption:		
- of internal advances	345,146	184,410
- of external loans	0	0
Deferred charges written-off	0	0
Investment income (operating account)	-1,745,165	-1,761,060
Non-operating income:		
- Nett income from reserves	554,944	54,700
- Nett income from trust funds	4,108,116	3,818,940
Non-operating expenditure:		
- Expenditure charged against provisions and reserves	-1,312,109	-997,273
- Expenditure charged against trust funds	-73,242,979	-70,228,130
	<b>-1,595,295</b>	<b>-1,404,706</b>
<b>18 (INCREASE) / DECREASE IN WORKING CAPITAL</b>		
(Increase) / decrease in inventory	0	0
(Increase) / decrease in debtors	2,926,063	-6,769,616
(Increase) / decrease in long-term debtors	688,360	639,049
Increase / (decrease) in creditors	-6,996,725	6,893,243
Increase / (decrease) in deposits	-2,365	56,236
	<b>-3,384,667</b>	<b>818,912</b>
<b>19 INCREASE / (DECREASE) IN LONG-TERM LOANS (EXTERNAL)</b>		
Loans raised	0	867,815
Loans repaid	-552,679	-352,644
	<b>-552,679</b>	<b>515,171</b>
<b>20 (INCREASE) / DECREASE IN EXTERNAL CASH INVESTMENTS</b>		
Investment realised	23,967,789	26,030,319
Investment made	-14,870,435	-30,581,677
	<b>9,097,354</b>	<b>-4,551,358</b>

**BOPHIRIMA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (Cont)**

Description	2006 R	2005 R
<b>21 (INCREASE) / DECREASE IN CASH ON HAND</b>		
Cash balance at the beginning of the year	8,724,439	9,641,113
Less: Cash balance at the end of the year	-15,628,640	-8,724,439
	<b>-6,904,201</b>	<b>916,674</b>
 <b>22 RETIREMENT BENEFITS</b>		
Most employees and councillors of the Municipality are members of one of the following funds. The Municipality's contributions to these funds are reflected as a charge against income in the financial statements.		
<b>22.1 Cape Joint Retirement Pension Fund</b>		
The last actuarial valuation of the Cape Joint Retirement Pension Fund was done at 30 June 2004. This valuation indicated that the fund is in a sound financial condition at the valuation date.		
<b>22.2 Government Employees Pension Fund</b>		
The Government Employees Pension Fund is a defined benefit arrangement and is governed by the Government Employees Pension Fund Law, 1996 in terms of Proclamation 21 of 19 April 1996. Actuarial valuations are performed every 3 years. The last actuarial valuation of the Government Employees Pension Fund was done at 31 March 2001. This valuation indicated that the fund is in a financially sound position yet funded at a level of 98.1%.		
<b>22.3 Municipal Councillors Pension Fund</b>		
The Councillors of the Municipality are members of the Municipal Councillors Pension Fund which is a defined contribution fund and governed by the Pension Funds Act of 1956. The fund was established in 1988 and an actuarial valuation is carried out every 3 years. The last actuarial valuation of the Municipal Councillors Pension Fund was done at 30 June 2003. This valuation indicated that the fund is in a financially sound position and funded at a level of 107.1%.		
 <b>23 CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS</b>		
<b>23.1 Housing loans</b>		
Guarantees for housing loans to officials at financial institutions	<b>13,400</b>	<b>20,500</b>
 <b>23.2 Leave pay outstanding</b>		
Leave pay outstanding as at 30 June 2006 amounts to R1,028,419 (2005 - R1,003,206). This Council maintains a Leave Gratification Reserve. The balance of the reserve at 30 June 2006 amounts to R1,028,419 (2005 - R1,003,206).		

**BOPHIRIMA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (Cont)**

Description	2006 R	2005 R
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**23.3 Botshelo Water**

Botshelo Water (Water Service Provider) has submitted a claim to the Bophirima District Municipality for the supply of water for the period May 1999 to June 2003 to the value of R 17,3 million. The municipality did not receive any equitable shares or other allocations during the above mentioned financial years to offset the claims received nor was the municipality the appointed water service authority. Despite this fact, the municipality has made an offer in the 2006/07 financial year to Botshelo Water to repay on an installment basis R12,1m of the total amount claimed. The amount offered by the municipality is based on the budget per financial year of Botshelo Water from the period May 1999 to June 2003.

In accordance with agreement, the municipality re-imburses water service providers on monthly claims up to a maximum of the budget of the water service provider for the year. As a result of this, Botshelo Water had overclaimed on their budget since 1 July 2003, which to date has not been sufficiently explained. The total over-claimed balance (which according to agreement has not been paid) from 1 July 2003 to 30 June 2006 amounts to R4,5 million.

**23.4 Sedibeng Water**

In accordance with agreement, the municipality re-imburses water service providers on monthly claims up to a maximum of the budget of the water service provider for the year. As a result of this, Sedibeng Water had overclaimed on their budget since 1 July 2004, which to date has not been sufficiently explained. The total over-claimed balance (which according to agreement has not been paid) from 1 July 2004 to 30 June 2006 amounts to R298,041.

**23.5 DBSA loans and related assets**

Based on the legal opinion received, all DBSA loans and related assets reflected in the Annual Financial Statements for the previous years have been removed. Due to the demarcation process, the Bophirima District Municipality does however still remain committed in resolving the matter and to reach agreement with all parties involved for the transfer of assets and liabilities from the Southern District Municipality. The total outstanding balance (including arrears) of the DBSA loans as at 30 June 2006 amount to R42,535,578.49. The estimated value of assets to be transferred amount to R28,673,401.



**BOPHIRIMA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (Cont)**

Description	2006 R	2005 R
<b>24 CAPITAL COMMITMENTS</b>		
Commitments in respect of capital expenditure:		
- Approved and contracted for	115,055,081	27,440,174
- Approved but not yet contracted for	24,329,290	62,354,349
	<b>139,384,371</b>	<b>89,794,523</b>
This expenditure will be financed from:		
- Internal sources	30,456,795	9,592,495
- External sources	108,927,576	80,202,028
Other sources	92,355,838	72,314,472
Provincial government	16,571,738	7,887,556
	<b>139,384,371</b>	<b>89,794,523</b>
<b>25 CAPITAL DEVELOPMENT FUND</b>		
<b>Outstanding advances to borrowing services</b>		
<b>(Interest rate - 5% (2005 - 5%))</b>		
Accumulated funds	5,158,234	4,449,908
Less: Internal investments	-1,658,699	-1,053,881
<b>(Refer to Appendix B for more details)</b>	<b>3,499,535</b>	<b>3,396,027</b>
<b>26 MFMA DISCLOSURE REQUIREMENTS</b>		
Disclosure in accordance with section 124 and 125 of the Municipal Finance Management Act (Act no 56 of 2003) is reflected per <b>Appendix G.</b>		

**BOPHIRIMA DISTRICT MUNICIPALITY**  
**APPENDIX A**  
**STATUTORY FUNDS, RESERVES AND TRUST FUNDS**

	Balance at 30/06/2005	Contributions during the year	Interest on investments	Other income	Expenditure during the year		Balance at 30/06/2006
					Operating	Capital	
	R	R	R	R	R	R	R
<b>STATUTORY FUNDS</b>							
Capital development fund	4,449,908	0	253,382	454,944	0	0	5,158,234
Election fund	119,403	0	2,754	0	0	0	122,157
<b>TOTAL STATUTORY FUNDS</b>	<b>4,569,311</b>	<b>0</b>	<b>256,136</b>	<b>454,944</b>	<b>0</b>	<b>0</b>	<b>5,280,391</b>
<b>RESERVES</b>							
Building Reparation Reserve	98,493	0	4,038	0	0	0	102,531
Leave Gratification Reserve	1,003,206	324,276	23,147	0	322,211	0	1,028,418
Ruth Mompathi Bursary Reserve	200,384	200,005	9,628	100,000	378,600	0	131,417
Bursary Reserve	33,156	200,006	1,076	0	158,142	0	76,096
<b>TOTAL STATUTORY FUNDS</b>	<b>1,335,239</b>	<b>724,287</b>	<b>37,889</b>	<b>100,000</b>	<b>858,953</b>	<b>0</b>	<b>1,338,462</b>
<b>TRUST FUNDS</b>							
PCSP Fund	1,490,032	0	17,817	0	548	946,937	560,364
RD Fund	262,320	0	5,485	0	0	0	267,805
RDP Fund	2,403,803	0	114,614	0	0	0	2,518,417
Transitional Grant	31,115	0	794	0	0	0	31,909
Municipal Infrastructure Grant	5,345,650	48,987,462	750,512	497,028	0	38,802,435	16,778,217
DWAF Grant	27,929,610	6,000,000	1,479,879	24,900	0	14,096,191	21,338,198
National Infrastructure Grant	1,221,472	13,410,310	33,337	2	2	9,165,364	5,499,755
New Municipalities Grant	272,573	0	12,604	0	0	0	285,177
Disaster Management	1,016	0	0	0	1,016	0	0
Department of Sport Grant	913,474	0	44,622	0	0	0	958,096
Department of Public Enterprises	1	0	0	0	1	0	0
<b>Balance c/f</b>	<b>39,871,066</b>	<b>68,397,772</b>	<b>2,459,663</b>	<b>521,930</b>	<b>1,567</b>	<b>63,010,928</b>	<b>48,237,936</b>

**BOPHIRIMA DISTRICT MUNICIPALITY**  
**APPENDIX A (Cont)**  
**STATUTORY FUNDS, RESERVES AND TRUST FUNDS**

	Balance at 30/06/2005	Contributions during the year	Interest on investments	Other income	Expenditure during the year		Balance at 30/06/2006
					Operating	Capital	
	R	R	R	R	R	R	R
<b>Balance b/f</b>	39,871,066	68,397,772	2,459,663	521,930	1,567	63,010,928	48,237,936
Bophirima Agricultural Cluster Fund	87,909	0	3,123	0	0	0	91,032
PIMS Surplus Fund	802,658	0	38,458	0	0	0	841,116
Bophirima Social Club Fund	36,157	0	677	104,516	127,619	0	13,731
Transition Grant: IMMIS Suspense	1,091,084	0	57,162	0	0	0	1,148,246
Disaster Management Fund	307,370	1,500,000	20,926	1,015	798,688	0	1,030,623
Municipal Systems Improvement Grant	4,586,623	0	222,381	0	1,725,335	0	3,083,669
CMIP Funds	24,846	0	0	0	24,846	0	-0
Local Government Support Grant	3,189,036	0	161,956	0	1,590,194	0	1,760,798
Local Economic Development Fund	33,542	0	856	0	0	0	34,398
LED Grant (DDLG)	214,546	0	9,921	0	0	0	224,467
IDP/PMS Support Grant (DDLG)	214,546	0	9,921	0	0	0	224,467
Department of Social Services Paypoint	537,985	0	21,654	0	0	255,250	304,390
Rural Transportation Grant	7,080	0	0	0	7,080	0	0
Two Room Clinic Grant	1,572,372	0	81,385	0	0	188,862	1,464,895
Financial Management Grant	836,684	0	37,850	0	261,045	0	613,489
Bloemhof Dam Feasibility Study Grant	362,754	0	16,774	0	0	0	379,528
Fire & Emergency Grant	287,789	800,000	7,820	3,460,500	96,938	4,423,371	35,800
Tlaskgameng Polish Project	244,163	0	11,260	0	7,932	0	247,491
DDLG&H Funding from DBSA	116,684	0	4,630	0	0	0	121,314
DDLG&H Rural Sanitation	694,500	0	24,291	20,155	0	644,115	94,830
LGW SETA - Grant	0	178,819	469	0	79,210	0	100,077
DDLG&H - Deployment of Engineers	0	150,000	0	0	0	0	150,000
<b>TOTAL TRUST FUNDS</b>	<b>55,119,394</b>	<b>71,026,590</b>	<b>3,191,175</b>	<b>4,108,116</b>	<b>4,720,454</b>	<b>68,522,526</b>	<b>60,202,297</b>

**BOPHIRIMA DISTRICT MUNICIPALITY  
APPENDIX B  
EXTERNAL LOANS AND INTERNAL ADVANCES**

				Balance at 30/06/2005	Received during the year	Redeemed or written-off during the year	Balance at 30/06/2006
				R	R	R	R
<b>EXTERNAL LOANS</b>							
<b>Issued</b>	<b>Interest rate (%)</b>	<b>Loan Number</b>	<b>Redeemable</b>				
<b>Stannic Finance</b>							
2003	Prime Less 1.111%	0002	2007	169,613	0	64,804	104,809
2004	Prime Less 1.111%	0003	2007	169,231	0	64,664	104,567
				<b>338,844</b>	<b>0</b>	<b>129,468</b>	<b>209,376</b>
<b>Mercedes-Benz Finance</b>							
2004	Prime Less 1%	1	2007	382,099	0	89,437	292,662
				<b>382,099</b>	<b>0</b>	<b>89,437</b>	<b>292,662</b>
<b>ABSA Finance</b>							
2004	Prime+.343%	1	2008	131,271	0	34,344	96,927
2004	Prime+.343%	2	2008	175,229	0	45,844	129,385
2004	Prime+.343%	3	2007	78,303	0	28,682	49,621
2004	Prime+.343%	4	2008	134,098	0	39,752	94,346
2004	Prime+.343%	5	2008	185,150	0	185,150	-0
				<b>704,051</b>	<b>0</b>	<b>333,773</b>	<b>370,278</b>

**BOPHIRIMA DISTRICT MUNICIPALITY  
APPENDIX B (Cont)  
EXTERNAL LOANS AND INTERNAL ADVANCES**

			Balance at 30/06/2005	Received during the year	Redeemed or written-off during the year	Balance at 30/06/2006
			R	R	R	R
<b>INTERNAL ADVANCES</b>						
<b>Capital Development Fund</b>						
UPS Computer Supply	303	2006	6,445	0	6,445	0
Networking & PC's	305	2006	16,894	0	16,894	0
Nissan Hardbody (FBT580NW)	332	2008	62,409	0	19,784	42,625
Colt Rodeo (FBY426NW)	333	2008	169,166	0	53,628	115,538
Toyota Hilux (FDS769NW)	366	2008	100,361	0	26,927	73,434
Isuzu 2.5 S/C (FKK614NW)	376	2008	137,751	0	43,669	94,082
Ssangyong (1 DC 39 NW)	377	2008	361,590	0	114,629	246,961
Isuzu 2.5 D/C (FKX674NW)	378	2008	199,265	0	63,170	136,095
Mahindra Bolero XD3 4x 2 (FNK363NW)	379	2009	0	104,575	0	104,575
Toyota Corolla Verso Sedan (FNR020NW)	380	2009	0	217,827	0	217,827
Toyota Hilux 2.7 (FKN338NW)	381	2009	0	158,742	0	158,742
Toyota Hilux 2.7 (FNW332NW)	382	2009	0	218,370	0	218,370
Toyota Hilux 2.7 S/C Mobile Clinic (FPD398NW)	383	2009	0	250,450	0	250,450
			<b>1,053,881</b>	<b>949,964</b>	<b>345,146</b>	<b>1,658,699</b>

(Refer to **Note 25**)

**BOPHIRIMA DISTRICT MUNICIPALITY  
APPENDIX C  
ANALYSIS OF FIXED ASSETS**

SERVICE	Expenditure 2005	Adjustments Budget 2006	Balance at 30/06/2005	Expenditure during the year	Written-off, transferred, redeemed or disposed during the year	Balance at 30/06/2006
	R	R	R	R	R	R
<b>RATES AND GENERAL SERVICES</b>	2,836,192	4,094,115	11,186,955	201,372,577	-732,859	211,826,673
<b>Community Services</b>	2,660,281	3,999,215	10,133,747	201,032,101	-466,859	210,698,989
Office of the Executive Mayor	29,003	30,000	43,056	29,004	0	72,060
Office of the Speaker	17,604	7,500	57,723	21,272	0	78,995
Other Councillor Expenses	0	17,000	143,340	5,964	0	149,304
Office of the Municipal Manager	30,578	23,000	69,280	0	0	69,280
Integrated Development Planning	0	0	0	0	0	0
Internal Audit	115,821	70,000	96,922	63,184	0	160,106
Finance	98,259	101,000	210,184	139,651	0	349,835
Official Vehicles	698,606	0	1,778,766	699,514	-326,859	2,151,421
Administration	196,717	32,500	439,748	138,002	0	577,750
Human Resources	6,765	45,000	0	7,495	0	7,495
Office Buildings	1,228	3,015,000	800,245	0	0	800,245
Council Housing	0	0	147,000	0	0	147,000
IDP and PIMS	19,575	30,000	221,917	67,619	0	289,536
Fire Fighting Services - Kagisano	171,112	308,715	666,732	172,290	0	839,022
Fire Fighting Services - Taung	1,051,917	157,000	3,540,425	1,132,115	-140,000	4,532,540
Fire Fighting Services - Molopo	10,697	35,000	506,317	14,569	0	520,886
Engineering Services	57,951	45,000	1,243,042	198,473,984	0	199,717,026
Project Management Unit	0	45,000	0	48,991	0	48,991
Local Economic Development	135,218	15,000	145,608	12,588	0	158,196
Tourism	18,440	15,000	23,442	5,860	0	29,302
Agriculture	790	7,500	0	0	0	0

**BOPHIRIMA DISTRICT MUNICIPALITY  
APPENDIX C (Cont)  
ANALYSIS OF FIXED ASSETS**

SERVICE	Expenditure 2005	Adjustments Budget 2006	Balance at 30/06/2005	Expenditure during the year	Written-off, transferred, redeemed or disposed during the year	Balance at 30/06/2006
	R	R	R	R	R	R
<b>Subsidised services</b>	175,911	94,900	1,053,208	340,476	-266,000	1,127,684
Environmental Health	0	17,500	0	6,940	0	6,940
Environmental Health - Ganyesa	0	10,000	75,877	0	-65,000	10,877
Clinics	17,858	40,000	390,210	250,450	-201,000	439,660
Disaster Management	158,053	27,400	587,121	83,086	0	670,207
<b>Economic seviccs</b>	0	0	0	0	0	0
Bray Sewerage Works	0	0	0	0	0	0
<b>TRADING SERVICES</b>	0	0	0	0	0	0
Bray Water Works	0	0	0	0	0	0
Piet Plessis Water Works	0	0	0	0	0	0
	<b>2,836,192</b>	<b>4,094,115</b>	<b>11,186,955</b>	<b>201,372,577</b>	<b>-732,859</b>	<b>211,826,673</b>
<b>LOANS REDEEMED AND OTHER CAPITAL RECEIPTS</b>			<b>-10,133,073</b>	<b>-200,767,760</b>	732,859	<b>-210,167,974</b>
Loans redeemed and advances repaid			256,999	345,146	-105,977	496,168
Contributions from operating income			2,614,964	880,413	-101,466	3,393,910
Grants and subsidies			7,261,110	199,542,201	-525,416	206,277,896
Revaluation of assets			0	0	0	0
			<b>1,053,882</b>	<b>604,818</b>	<b>0</b>	<b>1,658,700</b>

**BOPHIRIMA DISTRICT MUNICIPALITY**  
**APPENDIX D**

**ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2006**

	2006		2005
	Actual R	Budget R	Actual R
<b>INCOME</b>			
Grants and Subsidies:	123,034,750	119,425,401	99,284,862
- Central government	104,298,440	109,605,001	84,786,043
- Provincial government	18,736,310	9,820,400	14,498,819
Operating Income	18,386,893	20,705,900	15,774,441
- Sale of water	0	0	0
- Regional services council levies	13,739,181	12,100,000	12,434,460
- Other	4,647,712	8,605,900	3,339,981
<b>TOTAL INCOME</b>	<b>141,421,643</b>	<b>140,131,301</b>	<b>115,059,303</b>
<b>EXPENDITURE</b>			
Salaries, wages and allowances	21,319,664	27,128,102	18,580,178
General expenses:	37,014,137	40,202,105	27,848,297
- Purchase of water	15,964,241	14,800,000	14,479,195
- Contributions to local municipalities	4,619,433	9,592,495	1,429,930
- Other general expenses	16,430,463	15,809,610	11,939,172
Repairs and maintenance	1,076,582	962,129	934,274
Capital charges	405,650	3,603,923	215,358
Contributions to fixed assets	880,413	1,094,115	804,477
Contributions	71,750,877	67,923,488	60,797,760
Agency services	0	21,401	24,569
<b>GROSS EXPENDITURE</b>	<b>132,447,323</b>	<b>140,935,263</b>	<b>109,204,913</b>
Less: Amounts charged out	<b>-1,074,405</b>	<b>-803,962</b>	<b>-781,673</b>
<b>NETT EXPENDITURE</b>	<b>131,372,918</b>	<b>140,131,301</b>	<b>108,423,240</b>
<b>NETT SURPLUS / (DEFICIT)</b>			
Nett Surplus for the year	10,048,725		6,636,063
Appropriations for the year (Refer to <b>Note 16</b> )	<b>-2,029,250</b>		<b>-2,092,261</b>
	8,019,475		4,543,802
Accumulated surplus / (deficit) at beginning of the year	15,053,124		10,509,322
<b>Accumulated surplus / (deficit) at end of the year</b>	<b>23,072,599</b>		<b>15,053,124</b>



**BOPHIRIMA DISTRICT MUNICIPALITY**  
**APPENDIX E**  
**DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006**

Service	2006				2005		
	Actual Income	Actual Expenditure	Surplus / (Deficit)	Adjustments Budget Surplus /	Actual Income	Actual Expenditure	Surplus / (Deficit)
	R	R	R	R	R	R	R
<b>RATES AND GENERAL SERVICES</b>	142,496,048	132,447,323	10,048,725	0	115,833,259	109,180,344	6,652,915
<b>Community services</b>	136,251,737	127,135,775	9,115,962	0	111,670,681	105,840,055	5,830,626
Office of the Executive Mayor	4,006,866	3,980,914	25,952	0	3,668,266	3,444,236	224,030
Office of the Speaker	635,913	368,498	267,415	0	477,877	385,571	92,306
Other Councillor Expenses	997,038	1,030,316	-33,278	0	312,296	899,737	-587,441
Office of the Municipal Manager	873,036	825,213	47,823	0	0	859,760	-859,760
Integrated Development Planning	0	0	0	0	0	0	0
Internal Audit	2,909,732	1,987,585	922,147	0	886,515	1,620,648	-734,133
Finance	8,249,095	5,782,996	2,466,099	0	14,135,386	10,906,979	3,228,407
Official Vehicles	1,074,405	1,074,405	0	0	781,673	865,324	-83,651
Administration	4,302,938	4,384,390	-81,452	0	4,247,774	3,616,406	631,368
Human Resources	1,777,031	1,048,389	728,642	0	1,457,086	901,609	555,477
Office Buildings	1,273,435	1,494,945	-221,510	0	1,053,405	1,075,126	-21,721
Council Housing	0	0	0	0	147,018	84,364	62,654
PIMS	1,877,778	1,946,772	-68,994	0	1,360,000	1,360,000	0
Fire Fighting Services - Taung	4,562,585	4,172,681	389,904	0	4,626,610	4,239,451	387,159
Fire Fighting Services - Kagisano	833,664	315,475	518,189	0	551,703	260,598	291,105
Fire Fighting Services - Molopo	581,946	119,491	462,455	0	312,492	64,423	248,069
Engineering Services	39,424,255	36,978,199	2,446,056	0	70,853,697	69,661,164	1,192,533
Project Management Unit	50,456,167	51,207,942	-751,775	0	0	0	0
Local Economic Development	4,274,468	4,265,395	9,073	0	3,559,171	3,037,721	521,450
Tourism, Airports and Passenger	1,063,167	966,048	97,119	0	840,990	596,584	244,406
Agriculture	592,686	566,688	25,998	0	548,725	530,424	18,301
Contribution to Local Authorities	6,485,532	4,619,433	1,866,099	0	1,849,997	1,429,930	420,067

**BOPHIRIMA DISTRICT MUNICIPALITY**  
**APPENDIX E (Cont)**  
**DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006**

Service	2006				2005		
	Actual Income R	Actual Expenditure R	Surplus / (Deficit) R	Adjustments Budget Surplus / R	Actual Income R	Actual Expenditure R	Surplus / (Deficit) R
<b>Subsidised services</b>	6,244,311	5,311,548	932,763	0	4,162,578	3,340,289	822,289
Environmental Health	1,555,464	931,168	624,296	0	716,041	483,292	232,749
Environmental Health - Ganyesa	385,613	379,143	6,470	0	365,645	350,264	15,381
Clinics	2,177,035	1,717,599	459,436	0	2,037,483	2,003,041	34,442
Disaster Management	2,126,199	2,283,638	-157,439	0	1,043,409	503,692	539,717
<b>Economic services</b>	0	0	0	0	0	0	0
Cleaning	0	0	0	0	0	0	0
<b>TRADING SERVICES</b>	0	0	0	0	0	0	0
Water	0	0	0	0	0	0	0
<b>AGENCY SERVICES</b>	0	0	0	0	7,717	24,569	-16,852
Ambulances	0	0	0	0	7,717	24,569	-16,852
<b>TOTAL</b>	<b>142,496,048</b>	<b>132,447,323</b>	<b>10,048,725</b>	<b>0</b>	<b>115,840,976</b>	<b>109,204,913</b>	<b>6,636,063</b>
Appropriations for the year (Refer to <b>Note 16</b> )			-2,029,250				-2,092,261
Net surplus / (deficit) for the year			8,019,475				4,543,802
Accumulated surplus / (deficit) at the beginning of the year			15,053,124				10,509,322
<b>ACCUMULATED SURPLUS / (DEFICIT) AT THE END OF THE YEAR</b>			<b>23,072,599</b>				<b>15,053,124</b>

**BOPHIRIMA DISTRICT MUNICIPALITY  
APPENDIX F  
STATISTICAL INFORMATION**

	2006	2005
<b>1 GENERAL STATISTICS</b>		
a) Population	439,674	439,674
b) Number of levy payers	4,545	5,835
c) Levy rate		
- regional services	0.28%	0.28%
- regional establishment	0.12%	0.12%
d) Number of employees in service	89	92

**BOPHIRIMA DISTRICT MUNICIPALITY**  
**APPENDIX G**  
**DISCLOSURE PER SECTION 124 & 125 OF THE MFMA**

**SECTION 124**

**Subsection (1)(a)**

The salaries, allowances and benefits of political office-bearers and councillors of the municipality, whether financial or in kind are reflected per **Note 13**.

**Statement by Accounting Officer in terms of Section 124(1)(a) of the MFMA**

The salaries, allowances and benefits per **Note 13** of the annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution.



**S.G. NCOBO**  
**MUNICIPAL MANAGER**  
**31 August 2006**

**Subsection (1)(b)**

No arrears are outstanding from any councillor to the municipality for rates or services.

**Subsection (1)(c)**

<b>Salaries, allowances and benefits of Municipal Manager, CFO and Management</b>	<b>Salaries</b>	<b>Allowances (including Leave days sold)</b>	<b>Performance Bonus</b>	<b>Company Contributions</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Municipal Manager	310,203	238,531	102,737	55,837	707,308
Chief Financial Officer	240,000	214,892	81,537	-	536,430
SPM: Corporate Services	277,207	116,641	77,246	61,045	532,138
SPM: Office of the Executive Mayor	303,603	114,089	81,537	54,649	553,878
SPM: PIMS and IDP	383,572	58,036	95,127	13,284	550,019
SPM: Engineering Services	277,500	198,333	42,203	66,280	584,316
SPM: PMU	263,603	191,289	77,246	-	532,138
SPM: LED	200,003	240,909	77,246	47,630	565,788
PM: Internal Audit	275,719	77,779	67,948	62,966	484,411
Senior Financial Manager	175,370	82,995	67,948	36,247	362,560
PM: Corporate Services	237,482	107,202	67,948	42,747	455,378
PM: PMS	166,500	194,599	79,272	54,976	495,348
PM: Fire and Disaster	232,000	84,308	-	68,769	385,077
PM: Engineering Services	174,167	168,294	67,948	41,468	451,876
PM: PMU	245,483	103,356	67,948	60,355	477,141
PM: LED	149,633	77,438	67,948	36,510	331,529
PM: Tourism	202,344	93,479	50,961	41,134	387,918
PM: Agriculture	236,269	116,058	64,372	42,528	459,227
	<b>4,350,658</b>	<b>2,478,228</b>	<b>1,237,171</b>	<b>786,422</b>	<b>8,852,479</b>

# BOPHIRIMA DISTRICT MUNICIPALITY

**Subsection (2)(a) + (b)**

Not applicable - Not municipal entity.

**SECTION 125**

**Subsection (1)(a)**

Not applicable - no municipal entities under the sole or shared control of the municipality during the financial year.

**Subsection (1)(b)**

No contributions to organised local government for the financial year.

**Subsection (1)(c)**

	Total Amounts Paid  R	Amounts outstanding at Year-End (- Dr/Cr)  R
Audit Fees	453,156	450,000
Taxes		
- PAYE	3,430,979	168,565
- VAT	-	(8,187,954)
Levies		
- UIF	178,509	54
- SDL	167,652	13,048
Duties	-	-
Pension fund contributions	3,010,813	1,045
Medical aid contributions	1,313,294	(11,034)
	<b>8,554,404</b>	<b>(7,566,276)</b>

**Subsection (2)(a)(i) + (ii)**

Bank accounts held	Opening balance  R	Closing balance  R
Standard Bank (Current Account)	8,661,805	15,586,799
ABSA (Current Account)	37,173	44,378
	<b>8,698,978</b>	<b>15,631,177</b>

# BOPHIRIMA DISTRICT MUNICIPALITY

## Subsection (2)(b)

### Summary of Investments

**Closing  
balance  
R**

Election funds	ABSA - 90 7452 5257	122,157
Capital Development Fund	ABSA - 20 4305 0234	18,800
Capital Development Fund	Saambou - 02 0967 6500 4	8,130
Capital Development Fund	STD Bank : 048 551 058-001	3,542,641
Building Reparation Reserve	Standard - 048551163/001	102,529
Upgrading of Chiefs Court Access Road	Standard Bank - 048556068-001	1,420,070
Leave Gratuity Fund	Standard Bank - 14 5657 124	936,224
Rural Household Sanitation	Standard Bank - 048556009-001	1,154,732
IMMIS Grant	Standard - 048549118/006	1,148,246
Disaster Management Grant	Standard - 048549118/008	1,029,608
Municipal Systems Improvement Grant	Standard - 048549118/009	3,552,784
Local Government Support Grant	Standard - 048550310/001	1,760,798
LED Grant	Standard - 048551422/001	34,397
Department of Sport Grant	Standard - 048551570/001	958,096
Department of Social Services - Paypoints	Standard - 048546011/001	304,389
Transitional Grant	Standard - 048545937/001	31,909
IDP / PMS Support Grant	Standard - 048545783/001	224,467
New Municipalities Grant	Standard - 048545880/001	285,177
Municipal Infrastructure Grant	Standard - 048545929/001	11,686,359
LED Grant (DDLG & H)	Standard - 048545961/001	224,467
Clinic Sanitation Grant	Standard - 048547131/001	1,435,115
Bucket Replacement Grant	Standard - 048547166/001	456,159
Rural Sanitation Grant	Standard - 048547123/001	2,882,443
DWAF Section 78 Assessment Grant	Standard - 048547174/001	955,886
Draught Relief Grant	Standard - 048547247/001	5,606,072
Two Room Clinic Grant	Standard - 048546402/001	1,464,894
Financial Management Grant	Standard - 048547603/001	613,490
DWAF OTT Grant	Standard - 048544078/001	79,629
DWAF Transfers Grant	Standard - 048544159/001	1,941,002
Consumer Deposits	Standard - 048550361/002	11,029
Consumer Deposits	Standard - 048550396/002	66,060
Consumer Deposits	Standard - 048551244/001	47,694
Consumer Deposits	Standard - 04 855 038 8 - 001	59,439
Central Taung Water Supply Grant	Standard - 048544213/001	97,401
Rehabilitation of Boitumelong Access Rd Grant	Standard - 048456259/001	47,008
Lower Majeakgoro Internal Reticulation Grant	Standard - 048546143/001	2,450,594
General	Standard - 048552135/003	177,854
Rural Water Supply Program Grant	Standard - 048546186/001	997,080
Bophirima Social Club Fund	Standard - 048546305/001	10,327
Ruth Mompothi Bursary Fund	Standard - 048547670/001	131,417
Sekhing and Seeding Bulk Water Supply Grant	Standard - 048547891/001	79,981
PIMS Surplus Account	Standard - 048547921/001	841,117
Agricultural Cluster Fund	Standard - 048547905/001	91,032
Bloemhof Dam Feasibility Study Grant	Standard - 048547964/001	379,528
Fire and Emergency Grant	Standard - 048549541/001	45,609
Bursary Reserve	Standard - 048 553 646/001	77,477
Rural Sanitation Program	Standard : 048 553 662/001	1,052,041
Naledi Backlog Study	Standard : 048 553 689/001	418,547
Tlakgameng Polich Project	Standard : 048 553 700/001	247,491
LGW SETA Grant	Standard : 048 553 719/002	78,077
DDLG & H Funding	Standard : 048 553 727/001	121,315
Sundry DWAF Projects	Standard - 048 553 492/001	3,111,237

# BOPHIRIMA DISTRICT MUNICIPALITY

## Summary of Investments (Continued)

Closing  
balance  
R

DDLG & H Sanitation Program	Standard Bank	94,830
Mamusa LM Access Road - Melatswaneng	Standard Bank - 048556033-001	648,070
PCSP Funds	ABSA - 40 6257 0273	135,382
PCSP Funds	ABSA - 90 7438 2964	425,531
Rural Development Fund	ABSA - 40 6257 0095	267,805
RDP Fund	Standard - 048547956/001	3,321,253

**59,512,892**

### **Subsection (2)(c)**

Particulars of any contingent liabilities of the municipality as at the end of the financial year are as per **Note 23**.

### **Subsection (2)(d)**

- i) No material losses or any material irregular or fruitless and wasteful expenditures. No material unauthorized expenditure had occurred during the financial year.
- ii) No criminal or disciplinary steps taken as a result of losses from (i) above.
- iii) No material losses recovered or written-off.

### **Subsection (2)(e)**

No known material non-compliance of the MFMA had taken place during the year.

### **Subsection (2)(f)**

No other matters currently prescribed.





## **APPENDIX B**

**REPORT OF THE AUDITOR GENERAL TO THE MEMBERS OF  
THE COUNCIL ON THE FINANCIAL STATEMENTS OF  
BOPHIRIMA DISTRICT MUNICIPALITY FOR THE YEAR ENDED  
30 JUNE 2006**

**1. AUDIT ASSIGNMENT**

The financial statements as set out on pages ... to ..., for the year ended 30 June 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 126 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). These financial statements are the responsibility of the Municipal Manager. My responsibility is to express an opinion on these financial statements, based on the audit.

**2. SCOPE**

The audit was conducted in accordance with the International Standards on Auditing read with General Notice 1512 of 2006, issued in Government Gazette no. 29326 of 27 October 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

**3. BASIS OF ACCOUNTING**

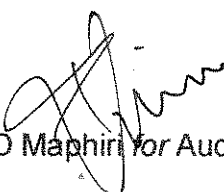
The municipality's policy is to prepare the financial statements on the entity specific basis of accounting as described in paragraph 1.1 of the accounting policies to the financial statements.

#### 4. AUDIT OPINION

In my opinion, the financial statements have been prepared, in all material respects, in accordance with the basis of accounting described in paragraph 1.1 of the accounting policies to the financial statements and in the manner required by the Municipal Finance Management Act.

#### 5. APPRECIATION

The assistance rendered by the staff of Bophirima District Municipality during the audit is sincerely appreciated.



ND Maphiri for Auditor-General

Rustenburg

30 November 2006



AUDITOR-GENERAL

## **APPENDIX C**

**REPORT OF THE AUDITOR-GENERAL TO THE COUNCIL ON FACTUAL  
FINDINGS ON PERFORMANCE MEASUREMENT AT BOPHIRIMA DISTRICT  
MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2006**

**1- ASSIGNMENT**

The compilation, presentation and publishing of performance measurements [as included on pages.....to.... of this annual report] and the implementation, management and internal control of supporting systems, are the responsibility of the accounting officer.

As required by section 45(b) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) my responsibility is to provide an assessment of the controls implemented by the accounting officer to develop and manage the municipality's performance management system, my role is not to assess or comment on the municipality's actual performance.

**2. NATURE AND SCOPE**

I have performed the procedures agreed with management and described below regarding the performance management system of Bophirima District Municipality. The assignment was undertaken in accordance with the International Standard on Related Services (ISRS 4400) applicable to agreed upon procedures engagements.

The procedures were performed solely to evaluate the controls implemented and managed by the accounting officer regarding the municipality's performance measurement system against the criteria set out in:

- Chapter 6 of the Municipal Systems Act, 2000.
- The Local Government: Municipal Planning and Performance Management Regulations, 2001 (No. R. 796)

The procedures performed during our assignment were based on the high-level overview checklist completed by the accounting officer and included a review of the following aspects:

1. Development of an integrated development plan.
2. Development of a performance management system.
3. Development and implementation of key performance indicators.
4. Setting of targets for key performance indicators.
5. Actual service delivery process.
6. Internal monitoring of performance measurements.
7. Internal control of the performance management system.
8. Performance measurement and reporting.
9. Revision of strategies and objectives.

### **3. FACTUAL FINDINGS**

#### **3.1 Development of the integrated development plan**

3.1.1 A formalised process was adopted for the development of the integrated development plan (IDP) for the 2005-2006 financial year.

3.1.2 The adoption, implementation and disclosure of the IDP were in accordance with legal requirements.

3.1.3 The IDP included the essential characteristics required in the legislation and guidelines.

3.1.4 The IDP has formed the policy framework, directive and general basis of the annual budget.

#### **3.2 Development and implementation of a performance management system**

3.2.1 The municipality has an approved and adopted development framework and process for its performance management system (PMS).

3.2.2 Both the framework for performance management and the actual performance management system comply with the essential output criteria included in the legislation and guidelines.

3.2.3 A process is in place to evaluate the performance of section 57 managers and been documented in the framework as required per regulation 7(2)(f) of the Local Government Municipal Planning and Performance Management Regulations, 2001.

#### **3.3 Development and implementation of key performance indicators**

3.3.1 Key performance indicators (KPIs) were reviewed on an annual basis in accordance with the performance review process.

3.3.2 Key performance indicators were set in respect of each of the development priorities and objectives included in the municipality's integrated development plan and are reflected in the Service Delivery and Budget Implementation Plan (SDBIP).

3.3.3 Key performance indicators have been set for administrative units and section 57 employees. However this has not yet been extended to other employees as required in terms of regulation 9(2)(b). Regarding service providers, key performance areas are determined as per the service provider contracts.

#### **3.4 Setting targets for key performance indicators**

3.4.1 Targets were set for each of the KPIs and developmental priorities and objectives and are reflected in the SDBIP.

3.4.2 Performance targets have been set for administrative units and section 57 employees. However this has not yet been extended to other employees as required in terms of regulation 9(2)(b).

### **3.5 Actual service delivery process**

3.5.1 The framework for the PMS does not include a method for tracking the performance of the municipality's service providers.

3.5.2 The municipality tracks the performance of its section 57 employees.

3.5.3 The SDBIP was used as basis for tracking the actual service delivery process.

3.5.4 For the year under review the tracking of the performance of service providers was done as per signed agreements where such agreements had been finalised.

### **3.6 Internal monitoring**

3.6.1 The basis for tracking the 2005-2006 IDP applicable to the Municipality is the SDBIP and it was used as mechanism to monitor quarterly performance.

3.6.2 It could however not be verified that quarterly reports compiled were reviewed for under-performance and where detected, corrective measures taken, as required in terms of regulation 13(2).

### **3.7 Internal control**

No internal audit work was performed on the functionality of the municipality's PMS, the compliance of the PMS with the act and the extent to which the performance measurements are reliable in measuring the performance of the municipality against the KPIs (including national general KPIs). (Regulations 14(1)(b) and (c) refers.)

### **3.8 Performance measurement and reporting**

Performance measurement and reporting was done on a quarterly basis and performance was measured to KPIs and targets as set in the SDBIP.

### **3.9 Review of strategies and objectives**

3.9.1 Performance contracts have only been prepared for section 57 employees. Thus the municipality was only able to measure and review the performance of these employees and not other employees.

3.9.2 The basis for tracking the 2005-2006 IDP applicable to the Municipality is the SDBIP and it was used as mechanism to monitor quarterly performance.

#### 4. STATEMENT

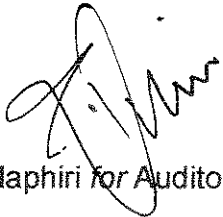
Because the above procedures do not constitute either an audit or a review<sup>8</sup> made in accordance with International Standards on Auditing or International Standards on Review Engagements, I do not express any assurance on the performance measurements as at 30 June 2006.

Had I performed additional procedures or had I performed an audit or review of the performance measurement in accordance with International Standards on Auditing or International Standards on Review Engagements other matters might have come to my attention that would have been reported to you.

This report relates only to the purpose set forth in the first paragraph of this report and does not extend to the financial statements of Bophirima District Municipality, taken as a whole.

#### 5. APPRECIATION

The assistance rendered by the staff of Bophirima District Municipality during the assignment is sincerely appreciated.



ND Maphiri for Auditor-General

Ruġtenburg

30 November 2006



A U D I T O R - G E N E R A L