



Sundays River Valley Municipality

Draft Annual Report 2008 / 2009

DRAFT ANNUAL REPORT 2008/09

NOTES: ANNUAL REPORT

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PART 1: INTRODUCTION AND OVERVIEW

A. MAYOR'S FOREWORD

It gives me great pleasure to once again present this forth annual report for and on behalf of Sundays River Valley Municipality and its residents. The base from which this report is compiled is derived from the Integrated Development Plan. This report includes a record of activities of the municipality and the evaluation of our performance in service delivery and budget implementation. I am proud to account and report on impressive improvement on service delivery targets in response to the promises we made to our communities. In my foreword for the 2009/2010 IDP I referred to our responsibility as “to give effect to the provisions of Section 152 of the South African Constitution”. This is:

- To give priority to the basic needs of the local community
- To promote the development of the local community
- To ensure that all members of the local community have access to at least a minimum level of basic municipal services (this takes precedence over others)
- To ensure sustainability of services, municipality and settlements

The municipality's development priorities are: Provision of Infrastructure and basic services, social and economic development, institutional transformation, democratization and good governance and financial management. We are grateful of the partnership that we have with the local and external stakeholders. To mention but only one example, the local communities were able to access a R4,7 million Thina Sinakho EU funding for a compost project through a partnership with Sundays River Citrus Cooperation and Mayibuye Ndlovu Development Trust. The project will be implemented in 2009/2010 financial year. Cacadu has conducted good governance survey for Sundays River Valley Municipality in 2007. The municipality has engaged with the recommendations of that survey and is doing all in its capacity to implement those recommendations.

While the organization is wrapped in legislations and procedures the focus of the community is on service delivery as well as good governance. It is my duty to ensure that both objectives are achieved timeously and in harmony. The SDBIP is our tool through which the level of implementation of the municipality's key performance areas and budget is determined. Equally important is the monitoring of the implementation of Council resolutions. The municipality puts emphasis on special programmes and we are making all that is reasonably possible to mainstream special programme into all the departmental programmes. Participatory structures in the form of disabled people's forum, youth forum and women forum are in place but the municipality still needs to draft the related policies in the next financial year. The filling of budgeted vacant posts, Human Resource Development and organizational capacity building are imperative if we want happy customers at the end. Unfortunately, our revenue and equitable share are insufficient to realize these wonderful ideals. Our municipal vision and development objectives aim solely to instill a sense of common purpose and give direction for all our service delivery actions. We will be developing our mission statement in 2009/2010

financial year and our scorecards must be cascaded down to all municipal employees in the next financial year. I thank all my fellow Councillors, the staff and our communities for their continued support.

Miss SH Matinise
SPEAKER/MAYOR

B. STATEMENT BY MUNICIPAL MANAGER -YEARLY PROGRAM PRIORITIES

This Annual Report has been compiled in accordance to the current Municipal Annual Report Format as prepared by Municipal Support & Monitoring Services, Chief Directorate Department of Local Government and Traditional Affairs. The financial year was unstable and changes to incumbents in the Accounting Officer’s position has made the reflection on performance areas difficult to complete. The following table outlines the key performance areas of the municipality and briefly indicates the level of achievement and how the budget was spent.

Department Name	Key Performance Area	Performance highlights
		% budget expenditure
Community & Social Services	Lead and direct the Primary Health Care section to ensure accessibility to the SRVM communities within the scope of available legislation	Medication and pharmaceutical services – 100%. Critical equipment and supplies – 100%. Effective diagnostic laboratory services – 100%. Stationery and medical records statutory requirements – 85% Uniforms and protective clothing – 80%
	Ensure that cemeteries are available, clean, secure, maintained and safe for the community.	
	Facilitate the management an implementation of the various key projects so that the municipality is able to deliver on its promises and objectives	HIV/AIDS programmes and campaigns – 90%. Health promotion and disease prevention – 80 %.
	Lead direct and manage staff within the Community Services department so that they are able to meet their objectives	
	Monitor and control the budget so that expenditure is in line with the Councils requirements	
	Management and implementation of Traffic services for the SRV Municipality within available budget	

Law Enforcement Section
The section is fully operational and participates in Road Safety programmes.
Licensing Section
The Motor Vehicle registration is rendering an Agency function for Dept of Roads and Transport.

Roadworthy is fully operational. Page 3 of 81
Drivers License Section is operational and has a learner’s license facility.

Monthly Reports were

		Community Services. The operational budget has covered the need within the Sections. No capital spending was done due to lack of financial capacity.
	Ensure that community facilities are maintained and available	
	Job creation linked to various ad-hoc projects	Temporary workers employed when staff on leave or resigned – 75%. 4 Students from the local community has been sent for training as Traffic Officers.
	To provide comprehensive environmental health services	Water Quality Monitoring 30% Facilitation of Pauper Burials 20% Food Quality Monitoring. Exhumation applications approved
	To ensure departmental resources are managed in accordance with the demands of the department	4 Students from the local community has been sent for training as Traffic Officers
	Ensure adequate skills development of all stakeholders to improve departmental and social service excellence	Skills Development, adequate training has been offered and travel allowance to employees – 80%
	To facilitate the provision of fire and disaster management and traffic services	SRVM Fire Department was established in February 2009. Operational side has been handled by Cacadu District Municipality. Disaster Management was handled in partnership with Cacadu. The budget for Fire Services was covered by CDM for the period.
	To ensure that the solid waster comply with the minimum legal requirements	Monitoring of waste management (medical waste and domestic waste)
Corporate Services	Ensure that the council is optimally capacitated	
	Comply with relevant training acts to develop employees to their full potential	
	To ensure labour peace in the council	LLF Meeting are held six weekly
	Ensure that council complies with relevant legislation rules and policies	
	Ensure that secretarial admin and support services are provided to council	Standing Committee and Council meetings re held every

		6 weeks
	Provide property management services to the council	
	Provide library services to the community	
	Ensure that IDP projects are managed within allocated budget and timeframe	Budget constraints could not ensure that projects are implemented as per budget
	Ensure that all municipal office buildings are safe and secured	Alarm system is installed
Executive & Council	To provide strategic leadership at SRVM	Turn-around strategy has been developed and funding was sourced from the private sector
	To liaise consult and advise with political office bearers	All reasonable endeavors were taken to advise council appropriately
	To ensure the implementation of the IDP	Monthly and Quarterly performance reports sent to Council
	To setup strategic partnerships within the communities of SRVM	Mayibuye Ndlovu Development Trust and SRCC-Community-SRVM agri-business partnership working well
	To facilitate the development of systems / strategies to deal with statutory responsibility and provisions	Intellerec system in place. Supply Chain practitioner appointed to ensure compliance to supply chain.
	To develop manage & monitor organisational performance	Section 57 PMS in place and SDBIP developed. R150 000 spent
	To ensure allocation of management and optimization of resources in accordance with generally accepted municipal accounting and administrative practices and procedures	
	To set up systems / procedures to ensure adherence to organisational values	A wider medium to senior management forum meetings held monthly. Labour Forum meetings held
	Ensure the rendering of administrative secretarial and legal services whilst managing by-laws policies and procedures and the administration of ward committees for the effective running of the council	Ward committee meetings are scheduled throughout the year. By-laws developed
	To pursue public private partnerships	
	Community Service: Ensure the rendering of community services in terms of protection services and cleansing services to fulfil the needs of the community	
	Technical Services: Ensure that technical services in terms of water is maintained and improved to enhance the quality of life for the communities	

	Technical Services: Ensure that technical services in terms of sewerage is maintained and improved to enhance the quality of life for all communities	
	Health Services: Ensure the rendering of health services to the communities	
	Technical Services: Ensure that technical services in terms of public works is maintained and improved to enhance the quality of life for all communities	
	Technical Services: Ensure that technical services in terms of electricity is maintained and improved to enhance the quality of life for all communities	
	Finance: Ensure the provision of financial services and management information systems	
	Planning and Development: Ensure the rendering of planning and development services and administering housing projects	
	Human Resources: Ensure the optimal development and utilisation of staff	
	Ensure municipal employees are adequately trained and developed in order to render better services to the community	
	Ensure that the community is adequately provided with opportunities to participate in arts culture sports and recreation	
	To facilitate job creation and local economic development	
	To ensure that the community has access to basic levels of sanitation and the eradication of the buckets is conducted	
Finance & Administration	To provide financial accounting and associated duties	AFS 2008/9 prepared & submitted to AG on 31/08
	To provide effective efficient and compliant financial management function	
	To provide income and expenditure management	
	Ensure the assets are managed in accordance with municipal legislation	Movable asset register in place. Tender for infrastructure asset to be adjudicated on
	To promote the implementation of policies and procedures	Rates policy approved in 08/09. All other policies in process of review.
	Provide financial information in accordance with legislation	All reports i.t.o. legislation submitted, but not all reports on time.
	Ensure audits are done in terms of legislation	Audit 08/9 completed but not within timeframe due to instability in organization.
	To provide advisory/auxiliary service to council and the organization as a whole	
	To support the organization in auxiliary services	

	To ensure operational effectiveness and efficiency by ensuring staff development is continuous	4 interns in finance. I senior accountant currently studying towards tertiary qualification.
	To Provide quality advice and financial management assistance in the promotion of economic development	
	Financial administration for basic service implementation for electricity	Indigent register in process of being reviewed again.
	Financial administration for basic service implementation for water services	Same as above
	Financial administration for basic service implementation for the security and safety of the public and properties	Same as above
	Financial administration for basic service implementation for sanitation	Same as above
	Financial administration for basic service implementation for refuse and removal	Same as above
	Financial administration for basic service implementation for social services	Indigent register in process of being reviewed again
Technical Services	Water: Ensure adequate potable water	Paterson bulk Water Supply – 60%
	Sewerage: Ensure Sewerage is disposed with in terms of relevant legislation	Moses Mabida VIP to Waterbourne - 100%
	Public Works: Ensure that public works functions are executed	Sealing potholes in the access roads – 100%
	Housing: Ensure that infrastructure and top structure complies with relevant regulations and LED projects	Housing Projects in the entire SRVM area – 75%
	Build Control and Land Use: Ensure that technical and administrative aspects of building control and land use is executed	Building plans and zoning is executed and passed through council – 100%
	Electricity: Ensure a constant supply of electricity to the communities	Most of the households in the SRVM area has an access to electricity – 95%
	Inward Support (Good Governance) Ensure Capacitation of Department and Staff in order to contribute to organisation effectiveness	Adequate training has been offered to employees e.g. operators, drivers etc. – 80%
	Ensure Departmental staff are adequately trained to provide excellent service	Adequate training has been offered to employees e.g. operators, drivers etc. – 80%
	Refuse Removal and Solid Waste	Refuse is collected to all areas every week – 95%
	Project management Unit.(PMU)	The unit is functional and operates very well – 100%
	To assist law enforcement by providing the necessary infrastructure	Infrastructure has been provided to the law enforcement – 100%
	To assist Community Services in terms of providing the necessary infrastructure to fulfill the needs of the community	The assistance is provided especially in the community halls and clinics – 100%

The following table is a summary of new MIG Projects

MIG PROJECT	VALUE	STATUS
Enon-Bersheba upgrading of waste water treatment works	R5 785 500.00	New project to be implemented
Enon-Bersheba upgrading wastewater treatment works	R3 278 000. 00	New project to be implemented
Addo Bulk water Supply Project	R8 949 000. 00	New project to be implemented
Addo upgrading of waste water treatment works	R7 011 000. 00	New project to be implemented
Bersheba Pump station and Outfall	R 7 25 000. 00	New project to be implemented

Mrs V Zitumane
ADMINISTRATOR/ACTING MUNICIPAL MANAGER

C. OVERVIEW OF THE MUNICIPALITY

Geographic Factors

The Sundays River Valley Local Municipality is in the Eastern Cape and is one of the 9 (nine) local municipalities in the Cacadu District. It is approximately 50km from the Coega Industrial Zone at Nelson Mandela Metro. The municipality boasts with its eco-tourism and agricultural potential. The Addo Elephant National Park (AENP) and Citrus production are two important economic drivers in the Sundays River Valley Municipality. The AENP has given rise to a number of booming B&B's and private lodges.

The valley is characterized by harsh climate conditions with summer temperatures rising in excess of 40°C. Rainfall is spread over the year and is between 250 – 500mm per annum. The Valley is also characterized by wide, fertile flood plains and is associated with low – lying land and steep less fertile slopes flanking the Valley. The area outside the Sundays River Valley includes the Paterson area, coastal belt and west of Alexandria.

The land ownership in the study area is depicted herein under:

- 518 and 407 ha is owned by the Sundays River Valley Municipality in the urban and rural area, respectively.
- 63 and 74 324 ha is owned by the state in the urban and rural area, respectively.

The SRVM has achieved 28, 40% of land redistribution.

Demographic Factors

- Population: 41 464 (2001 census) and 34 933 (2007 survey) These figures are disputed by Council as not reflective of the existing reality which is put at 61003 (2005 Cacadu District Survey)
- Households: 10 529 (2001 census)
- Males constitute 48,1% and Females 51,9% of the total population
- Blacks constitute 76,5% of the total population
- The 2007 Statistics South Africa survey suggests a difference of 927 between males and females in favor of males.
- 1 297 people are recorded to have physical disability.
- People with disability at institutions are estimated at 789.
- Categories of disability are sight, hearing, and communication, physical, emotional and intellectual.

- Social grants recipients in 2007 were as follows:
 - (a) Old age pension: 1973
 - (b) Disability: 1991
 - (c) Child Support: 4292
 - (d) Grant in aid: 38
 - (e) Care dependency: 24

ECONOMIC INDICATORS

- Rate of literacy is 55,5%
- 437 people are identified as having attained but not completed Grade 12 (2007 survey)
- People living in poverty has increased from 54,6% in 2001 to 60,3% in 2007 (i.e. 22559 people)

Employment status

POPULATION	EMPLOYED	UNEMPLOYED	NOT ECON. ACTIVE
Black	4720	1251	6556
Coloured	2077	827	5205
White	1160	-----	294
TOTAL	7957	2078	12 055

- Unemployed are 48,9% (2007 survey)
- Human Development index is 0,5%
- Economic growth rate is 3,5%

The physical layout of townships has changed due to massive housing development programme.

MAJOR EVENTS OF THE YEAR

On the provision of infrastructure and basic services we targeted Paterson area for rigorous investment in bulk water supply. To date 6 (six) boreholes have been provided for Paterson community and the EIA process to construct a pipeline from Ceasars Dam in Addo to Paterson has been completed. On a budget of R18 million for Paterson bulk water we spent R6, 9 million towards the project in 2008/9 financial year.

The infrastructure development projects have proven effective because they respond to the following socio-economic opportunities:

- Employment opportunities.
- 90% of local contractors were afforded an opportunity to participate in housing development projects.
- Infrastructure interventions targeted mostly poor residential areas.
- All the developments took environmental sustainability into consideration.

The only challenge was Paterson area where development did not take environmental sustainability into consideration. The demand for water for construction purposes left communities without water for domestic purposes. It should be mentioned as well that the challenge that the municipality faces is the maintenance budget for this valuable infrastructure investment. Under social and economic development I'm proud to announce that during citrus season almost 95% - 100% of all economically active population become employed for 6 (six) months. The other 6 (six) months unemployment rises to 44%. A new agro-processing plant has been established in the valley. There are no serious high crime rates reported by our police stations. Our sport and recreational facilities need to be upgraded and the present situation puts us at a disadvantage for some of the 2010 opportunities. The lotto application for community facilities was unsuccessful. The HIV/Aids estimates for 2007 were 4868 (12, 21%). Some of the aggravating factors may be attributed to the high influx of youth seeking employment during citrus season and beyond. The HIV positive individuals steadily decreased from 5000 in 2006 to 4868 in 2007. This may suggest that our education and awareness campaigns are playing a significant role. The traffic department, one of the revenue generation projects, was officially opened in 2007 and the traffic testing grounds are in the process of being built.

D. EXECUTIVE SUMMARY

As a developmental local government, the Sundays River Valley Municipality made a commitment to work with local communities to find sustainable ways to meet their social, economic and material needs. This commitment is enshrined within the Sundays River Valley Municipality vision which reads as *“A transformed and integrated organization which subscribes to the principles of developmental local government which provides a sustainable quality of life including a safe and healthy environment for all our communities, especially the poor and rural communities”*.

Sundays River Valley Municipality is a category B municipality with a plenary executive system combined with a ward participatory system established in terms of the Local Government: Municipal Structures Act 117. The political structure of the Sundays River Valley Municipality is made of 12 councilors from the African National Congress and 2 from Democratic Alliance. Councilor Matinise is the mayor and chairs all council meetings and the Local Economic Development Standing Committee meetings. The administrative structure has 4 Directorates namely:

- Corporate Services – Headed by Mr. Somngesi S.L.
- Financial Services – Headed by Mrs. Nagel H.
- Engineering and Infrastructure – Headed by Miss. Ntile Z.
- Community Services – Headed by Mrs. Roji L.

The administrative structure is led by the Municipal Manager Adv. Sohena S.C.
 The Integrated Development Plan has identified the following key performance areas which constitute the strategic direction of Sundays River Valley Municipality.

DEVELOPMENT PRIORITY	OBJECTIVES
Delivery of infrastructure and basic service	<ul style="list-style-type: none"> - Ensure availability of sufficient water infrastructure capacity to meet existing and future development needs throughout SRVM by 2014. - Provide sufficient sewerage infrastructure capacity to sustainable and reliable meet existing and future socio-economic growth needs by 2012. - Ensure the availability of land as well as the sustainable utilization thereof household and economic development initiatives within the principles of spatial planning and land use management. - Facilitate the accessibility of transport throughout the region especially between major centre centre’s like Paterson, Kirkwood with specific reference: <ul style="list-style-type: none"> • Improving access to employment opportunities for commuters • Bus/Bicycle services for school children • Accommodation requirements of the citrus industry • Access for emergency personnel
Social and Economic Development	<ul style="list-style-type: none"> - Effective management of housing development schemes to ensure the availability of housing to low-income group. - Households living below poverty line (R800pm) have access to poverty alleviation measures - Creating robust and inclusive local economy - To provide all communities with adequate access to library and information services and well- maintained social/ recreational facilities within the next 5 years - Development practices of excellence in the delivery of primary health care for all communities including dealing with the HIV/Aids

	<ul style="list-style-type: none"> - Contribute to the creation of a safe and secure environment for communities
Democratization and Government	<ul style="list-style-type: none"> - Municipal initiatives respond to national priorities in dealing with gender inequality and special attention to vulnerable groups.
Institutional transformation	<ul style="list-style-type: none"> - Vibrant institution that is able to deliver the strategic objectives stated in the IDP within the available resources base.
Financial Management	<ul style="list-style-type: none"> - The financial capacity of the municipality reflects the efficient sourcing, allocation and control of resources in line with stated IDP priorities. - Maintain a financial system to ensure a viable and sustainable municipality

The financial health of the municipality is not as impressive due to the following main challenges:

- By the 30th June 2007/2008 the outstanding debt amounted to R30 145 599.00
- The debt increases every year due to the introduction of new tariff rates, the higher rate of unemployment of the area with its huge indigent base.
- Of the total debt owed, the community owes 90%, Government departments 3% and business 7%.

The municipality is now reviewing its policies especially the credit control and indigent policies. The debt recovery plan is formulated and the new valuation roll is implemented as on 1 July 2009/2010 financial year. With respect to administrative considerations the municipality had to strengthen their communication channels with the community in order to bring about trust to the municipality. Each department is expected to provide responses and evaluate itself in terms of effective management of the institutional risk assessment. The role of ward committees in influencing the decisions taken at Council level is to be encouraged to promote access, transparency and participatory governance.

PART 2: KEY PERFORMANCE AREAS ACHIEVEMENT REPORT

CHAPTER 1: HUMAN RESOURCES AND ORGANISATION MANAGEMENT

1.1 ORGANIZATIONAL STRUCTURE

- Five performance agreements were signed in respect of the MM and four Section 57 Managers. Fixed 5 year contract of employment were signed with the following
 - 1) Municipal Manager: with effect from 1 July 2008 – 30 June 2013
 - 2) Chief Financial Officer: with effect from 1 July 2008 – 30 June 2013
 - 3) Director Technical Services: with effect from 1 December 2008 – 2013
 - 4) Director Community Services with effect from 1 July 2008 – 30 June 2013

The organogram is attached as an annexure.

1.2 STAFF DEVELOPMENT INITIATIVES DURING THE FINANCIAL YEAR

Council has a Workplace Skills Plan which is submitted annually to Local Government SETA. The plan sets out all the training priorities and planned training for each year. In order to monitor training and development activities Council has a Local Labour Forum where issues relating to training and development are discussed.

In addition Council has adopted a study grant policy whereby 50% contribution is paid to successful candidates, these candidates should study field which is relevant to the municipality.

Sundays River Valley Municipality employees were trained in the following courses:

COURSE NAME	NUMBER OF EMPLOYEES
Arch Welding	7
Business Writing	2
Project Management	1
Finance for Non – Finance Managers	4
Computer	13

Asset Management	2
MFMA	2
SDF Training	1
Supervisory (foremen) Training	10
Pay Day	1
Debt Collection	4
TOTAL	47

1.3 KEY HUMAN RESOURCES STATISTICS PER FUNCTIONAL AREA

Fulltime Staff Complement per Functional area

	Approved positions	Number of approved and budgeted posts per position	Filled posts	Vacant posts
Municipal Manager's Office	13	0	6	7
Corporate Services	28	2	16	12
Financial Services	35	2	23	13
Community Services	77	7	37	35
Technical Services	109	10	80	29

Staff Compliment

DIRECTORATE	POSITION ON STRUCTURE	FILED POSITIONS	VACANCIES (FUNDED)	VACANCIES (NON FUNDED)	CONTRACT WORKERS (FIXED TERM)	TEMPORARY (CASUAL S/MONTH TO MONTH)	Permanent Staff	INTERNS
MUNICIPAL MANAGER	13	6	0	7	2		4	
CORPORATE SERVICES	28	16	2	10	1	1	15	
FINANCIAL SERVICES	35	23	2	11	1	3	19	2
COMMUNITY SERVICES	77	37	7	28	3	3	34	
TECHNICAL SERVICES	109	80	10	19	1	4	79	
TOTAL	262	162	21	75	8	11	151	2

The contract workers –

- 5 Section 57 managers are included.
- 2 Environmental Health Officers
- 1 Local Economic Development Manager.

Workforce Profile As At 30 July 2008/June 2009

Occupational Categories	1.1.1.1.1.1.1							White Male W	Foreign Nationals		TOTAL
	Male			Female					Male	Female	
	A	C	1.1.1.1.1	A	C	I	W				
Senior officials and managers	2	-	-	2	-	-	1	-	-	-	8
Professionals	1	-	-	2	2	-	4	-	-	-	9
Technicians and associate professionals	7	1	-	4	1	-	1	2	-	-	16
Clerks	3	2	-	11	6	-	3	-	-	-	25
Service and sales workers	4	5	-	1	2	-	-	2	-	-	14
Skilled agricultural and fishery workers	-	-	-	-	-	-	-	-	-	-	-
Craft and related trades workers	2	2	-	-	-	-	-	-	-	-	4
Plant and machine operators and assemblers	3	1	-	-	-	-	-	1	-	-	5
Elementary occupations	58	17	-	5	5	-	-	-	-	-	85
<i>1.1.1.1.1.3.1 TOTAL PERMANENT</i>	83	28	-	25	16	-	9	5	-	-	166
Non – permanent employees	1	2	-	4	-	-	-	-	-	-	7
GRAND TOTAL	84	30	-	29	16	-	9	5	-	-	173

Organisational Structure / Organogram

The Municipality's organizational structure consists of the following four departments under the umbrella of the Municipal Manager's office:

- Corporate Services
- Financial Services
- Community Services
- Technical Services

The total number of staff employed in each of the four departments on the organizational structure is as follows:

DEPARTMENT	NUMBER OF EMPLOYEES
Office of the Municipal Manager	12
Corporate Services	16
Financial Services	23
Community Services	42
Technical Services	80
TOTAL	173

Terminations

Terminations	1.1.1.1.1.1.4							White Male	Foreign Nationals		TOTAL
	Male			Female					W	Male	
	A	C	1.1.1.1	A	C	I	W				
<i>1.1.1.1.1.6.1</i>		2		1	1		1				5
<i>Resignation</i>											
Non-renewal of contract											
Dismissal – Operational requirements (retrenchment)											
Dismissal - misconduct											
Dismissal - incapacity											
Other(Retirement)	1			1	1						3
TOTAL	1	2		2	2		1				8

Recruitment

Occupational Levels	1.1.1.1.1.1.7										TOTAL
	Male			Female				White Male	Foreign Nationals		
	A	C	1.1.1.1.1	A	C	I	W	W	Male	Female	
Top management	1			2			1				4
Senior management											
Professionally qualified and experienced specialists and mid-management	1										1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents				2	1			1			4
Semi-skilled and discretionary decision making				2							2
Unskilled and defined decision making	6			1	1						8
<i>1.1.1.1.1.10.1 TOTAL PERM ANEN T</i>	7			7	2		1	1			19
Non – permanent employees											
GRAND TOTAL	7			7	2		1	1			19

TECHNICAL STAFF REGISTERED WITH PROFESSIONAL BODIES

Technical Services(e.g. water, electricity)	Total number of technical services Managers	Total number registered in the accredited professional bodies	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
Infrastructure	4	1	0	3

LEVELS OF EDUCATION AND SKILLS

Total number of Staff	Number of Staff without grade 12	Number of Staff with Senior Certificate only	Number of Staff with Tertiary/Accredited professional Training
173	85	49	39

LIST OF PROVIDENT / PENSION / RETIREMENT FUNDS – FOR SRVM

Name of the Provident/Pension/Retirement Fund	Number of Members
SALA Pension Fund	39
SAMWU National Provident Fund	65
Cape Joint Retirement Fund	37
Cape Joint Pension Fund	7
TOTALS	148

LIST OF MEDICAL AID – FOR SUNDAYS RIVER VALLEY MUNICIPALITY

Name of the Medical Aid	Number of Members
Bonnitas Medical Aid	31
Hosmed	10
SAMWU	39
L.A. Health	4
TOTALS	84

Senior Officials' Wages and Benefits.

Adv. S.C. Sohena (Municipal Manager)	
Salary	R41347.58
Telephone	R500
Travelling	R6000.00

Mr. S.L. Somngesi (Director Corporate Services)	
Salary	R31671.33
Telephone	R500.00
Travelling	R4500.00

Mrs. L.S.K. Roji Director Community	
Salary	R35671.33
Telephone	R500.00
Travelling	R5500.00

Mrs. H.E. Nagel (Chief Financial Officer)	
Salary	R35171.33
Telephone	R500.00
Travelling	R6000.00

Ms. Z. Ntile (Director Technical Services)	
Salary	R33171.33
Telephone	R500
Travelling	R8000.00

1.4 IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM

Council has only performance management system for the MM and Section 57 Manager. The Cacadu District Municipality has offered grant to the municipality to cascade performance management system below section 57 managers and develop a system to measure organizational performance.

Annual performance as per key performance indicators in Municipal transformation and organizational development

	Indicator name	Total Number of people (planned for)during the year under review	Achievements level during the year under review	Achievement percentage during the year	Comments on the gap
1.	Vacancy rate for all approved and budgeted posts;				
2.	Percentage of appointment in strategic position (Municipal Manager and Section 57 Managers)	100%		100%	
3.	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skills development training course within the FY	2		100%	n/a
4.	Percentage of Managers in Technical Services with a professional qualification	2			n/a
5.	Percentage of Municipalities within the district area that have a fully functional performance Management System (DM only)				
6.	Percentage of staff that have undergone a skill audit (Including competency profiles) within the current five year term	139		80%	Other employees were on leave And some not interested
7.	Percentage of	10		80%	Cllrs not interested in

	Councilors' who attended skills development training within the current five year term.				being trained
8.	Percentage of staff complement with disability	0		0%	
9.	Percentage of Female Employees	34%			
10.	Percentage of Employees that are aged 35 or younger	28%			

Major Challenges and Remedial Actions in Regard to HR and Organizational Management

- Key posts in the organogram have not been filled due to finance challenges that the institution is faced with.
- HR policies need to be reviewed as the current are outdated.
- The municipality needs to embark on concerted effort to recruit disabled people to meet its target on employment equity.
- Performance management system need to be cascaded to employees below section 57.

Remedial Action

- Posts will be identified by the departments and filled as the financial position of the municipality improves.
- The organizational structure is in the process of being reviewed to ensure that the municipality is able to deliver to the community in terms of IDP requirements.
- Current policies will be reviewed and new policies will be introduced such as staff retention, education development, and succession planning.

CHAPTER 2

2. BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS (KPA 2)

2.1. Water Services:

- a) The main role players are the Sundays River Valley Municipality (SRVM), Lower Sundays River User Association (LSRWUA) and DWA.

SRVM is the Water Services Authority and Water Services Provider.

The LSRWUA supply bulk water for WTW at Addo (Ceazers dam), Enon/Bersheba and Kirkwood. Paterson is supplied by three boreholes.

- b) Yard taps are installed at each registered erf. Informal areas are supplied with street standpipes within the RDP standard. The water is tested for compliance each month.
- c) All new housing projects minimum standard are a yard connection.
- d) A major challenge is the bulk water supply to Paterson. The current three boreholes cannot supply the demand needed. The maximum supply is 257 kiloliters per day where the actual demand exceeds 1000 kiloliters per day. With draught relieve funding, 6 new holes were drilled in the same water field and only one can be used. This water field may not be further be explored. To equip the new borehole, additional funding is needed and the municipality made an application for additional allocation from the fund and will complete project on receiving such funds.

The Paterson Bulk water project is taking water from Addo-Ceazersdam purification plant to Paterson. The application was submitted, approved and funded through the Bulk Infrastructure Grand from DWA. Phase one of R18 000 000.00 is nearing completion. The allocation for 2009/2010 financial year is R10 000 000.00, 2010/2011 allocation R14 000 000.00 and 2011/2012 R10 000 000.00. The full scope of the project will cost R78 000 000.00. Additional funding will be required to complete project.

2.2. Electricity Services:

- a) The main role players are SRVM, DME and Eskom.

Taking the demographics of SRVM, Eskom is serving the biggest portion of SRVM area. The urban areas include Addo, Enon/Bersheba and Paterson, and all the rural supply. SRVM only supply the Kirkwood (Aqua Park, Bergsig and Kirkwood) area.

- b) All erven falling within the Municipal supply have connections with a minimum of 40 ampere. Currently, Eskom minimum supply is 10 ampere.

Annual performance as per key performance indicators in water services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to potable water	Addo = 4285	1958	801	633	
		Enon = 1082	355	105	105	
		Kirkwood = 4642	208	101	101	
		Paterson = 1880	700	450	450	
		Total = 11889	3221	1457	1289	88%
2	Percentage of indigent households with access to free basic potable water					
4	Percentage of clinics with access to potable water	5	0	0	0	0
5	Percentage of schools with access to potable water	17	6- All rural	0	0	0
6	Percentage of households using buckets	0	0	0	0	0

- c) The SRVM does not have an Electrical section and make use of a Local Service provider. The municipality wishes to start their own Electrical section to deal with the day to day running there off. The organogram has already been amended to accommodate the section and will be populated as soon as funding is available.

The network was built in 1962 and has to be upgraded. Application for the funds will be submitted in the next financial year to DME.

Delays for electrical networks and connections to supply completed housing projects in the Eskom supply areas. Meetings were held on a regular basis with Eskom to assist and address the above. Eskom submit regular reports and notifications to the Municipality in regard to their planning and funding allocations in the area. Two electrification projects were planned and funds will be made available in financial years 2009/10 and 2010/11.

Annual performance as per key performance indicators in Electricity services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to electricity services	Municipal services 1126	332	0	0	0
		Eskom 10763	2068	0	0	0
2	Percentage of indigent households with access to basic electricity services					
4	Percentage of indigent households with access to free alternative energy sources	0	0	0	0	0

2.3. Sanitation Services:

- a) The main role players are SRVM (WSA and WSP) and DWA.
- b) Starting with the households below RDP standard, the municipality wishes to give each household in urban areas flush toilets.
- c) Of the 11889 households in urban areas, 4150 households have below RDP standard sanitation (pit latrines) and 1019 VIP toilets. In 2008/9 948 pit latrines were converted to flush toilets.

Annual performance as per key performance indicators in sanitation services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	11889 (65%)	4150 (35%)	1200	948	79%
2	Percentage of indigent households with access to free basic sanitation services					
4	Percentage of clinics with access to sanitation services	5	0	0	0	0
5	Percentage of schools with access to sanitation services	17	6	0	0	0

- d) In Paterson, although all households received flush toilets through the Bucket eradication program, the lack of enough water supplies forced the municipality to still render the bucket removal service. This will be addressed through the Paterson Bulk water project and for short term, to speed-up the equipment of the new borehole through the Draught relief funding.

The backlogs will be addressed through MIG and Housing funds as follows;

- Moses Mabida with 939 pit latrines: 2009/10 MIG and Housing funds
- Noluthando has 801 pit latrines: 2009/10 Housing funds - 633
- Informal Valencia has 958 pit latrines: 2009/10 Housing funds - 300
- Langbos has 350 pit latrines: 2010/11 Housing funds - 350
- Emsengeni 966 VIPs: 2009/2010 MIG funds – 966

2.4. Road Maintenance:

- a) The major role players are SRVM, Provincial Department of Roads and Transport and the National Road Agency.
- b) Only municipal streets are the function of the municipality. These are maintained from own budget currently.
- c) Very good relations exist between SRVM and the Department of Roads and Transport. The Roads and Transport Forum is up and running where information is shared. The Public can also report any road condition to the municipality which will be forwarded to the Department for rectification or comment.

Annual performance as per key performance indicators in road maintenance services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households without access to gravel or graded roads	11889	3221	1153	1083	94%
2	Percentage of road	11889	Road:	0	0	0%

	infrastructure requiring upgrade		280km = 394 km rebuild : 114 km			
4	Percentage of planned new road infrastructure actually constructed	11889	1200HH	1200HH	1200HH	100%
5	Percentage of capital budget reserved for road upgrading and maintenance effectively used.					

- d) The SRVM has a challenge in allocating enough funds out of the budget to properly maintain the municipal streets. Projects for a resealing program will be registered with MIG in 2010/2011 financial year.
- e) Three major provincial roads will be rebuilt in 2010/2011 financial year. The current condition of these roads is very poor. The Department is also behind schedule with their repair and grading program due to the shortage of funds.

2.5. Waste Management:

- a) The major role players are SRVM, District Municipality and DEAT. The District Municipality is assisting SRVM with the process in drawing up a Waste Management Plan.
- b) The minimum refuse collection in SRVM is as follow;
- Households – once a week
Businesses – Dry content twice weekly
Wet content, three times weekly
- c) In Kirkwood and Paterson the municipality is rendering the service and in Addo and Enon/Bersheba private community based service providers are rendering the service.

Annual performance as per key performance indicators in waste management services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to refuse removal services	11889	2869	900	450	50%

- d) The major challenge is to obtain funds to fully implement the Waste Management Plan. Capital projects will be registered with MIG to obtain the funds. The District Municipality will also be asked to assist.

2.6 Housing and Town Planning

a) **Housing and town planning services delivery strategy and main role- players**

The housing & Town planning services delivery is the Provincial Function. Due to the total number of house that needed to be built in the area the PDDH has interacted with the Municipality to be the developer. The role of the municipality is to coordinate between the beneficiaries and the province.

Local contractors have been capacitated on the projects whereby they can gain skills.

The projects that are under construction are:-

1. Moses Mabida 750
2. Enon/Bersheba 450
3. Addo Nomathamsanqa 300
4. Addo Noluthando 801
5. Paterson 269

The role players in the involvement of these projects are: -

1. Provincial Department of Human Settlement
2. Sundays River Valley Municipality

3. Beneficiaries
4. Contractors
5. Suppliers

b) Achievements

These are houses that were handed over to beneficiaries in 2008 October and in July 2009 by the MEC

Addo 801 – 400 units

Paterson 269 – 84 Units

c) Level and standard in housing and town planning services

The level of housing needs in the area is very high and there is long waiting list of beneficiaries for houses.

The standards of houses that are built are of good quality and standard. The normal size of on RDP houses is 40m but we are doing 42m squared for all our housing, plastering inside & outside, ceiling all rooms, painting in & out, divided internally, apronete

Annual performance as per key performance indicators in housing and town planning services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	3951	3951	1501	277	18.5%
2	Percentage of informal settlements that have been provided with basic services	68%	2701	2251	637	28%
3	Percentage of households in		30	30	5/ In process	16%

	formal housing that conforms to the minimum building standards for residential houses					
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d) Major challenges in Housing & Town planning services & remedial action

- The major challenge is that we not have the Town Planner so we have to appoint someone from outside to assist us with all the detailed plans. The person that is assisting only does the minor plans internally & locally.
- Municipality has requested DBSA to assist us with the personnel but with no luck.
- Remedial action is to have the municipality town planner & building control officer.
- Other major challenges are the nonpayment of contractors which causes instability in the municipality offices.

2.7 Spatial Planning

- a) The major role players are SRVM and Department Housing and Local Government, Town planning Section.
- b) SRVM approved the Spatial Development plan in 2007 and all developments have been approved within this framework.

The following were approved in terms of the Land Use Planning Ordinance, Ordinance 15 of 1985:

- Rezoning: 0
- Subdivision: 2 Urban and 7 Rural
- Consent Use: 0
- Departure: 7
- Removal of Restrictive Condition: 0
- Township Establishment: 0
- Road Closure: 2

- c) The major challenge is to fill vacant positions of the Town Planner/ Building Control officer and Building Inspector. The Building Inspector position is a new position created and will mainly assist in the Housing section.

The SRVM did advertise the Town planning position twice already with no response from possible applicants. This position will again be advertised in the 2010/2011 financial year and if no response received again, the options of head hunting will be investigated.

2.8 Indigent Policy Implementation

We have a Draft Indigent Register Policy which Province assisted to draft. The Policy must go to Finance and Administration Standing Committee for discussion and to Council for approval. Thereafter we will implement once approved.

2.9 Overall Service Delivery Backlogs

Basic service delivery area	30 June 2008			30 June 2009		
	Required	Budgeted	Actual	required	budgeted	Actual
Water backlogs (6KL/month)						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total number of HH in the municipality)						
Spending on new infrastructure to eliminate backlogs (R000)	R114	R14	R14	R100	R28	R28
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R46m	0	0	R46m	0	0
Total spending to eliminate backlogs (R000)	R160	R14	R14m	R146	R28	R28
Spending on maintenance to ensure no new backlogs (R000)						
Electricity backlogs (30KWH/month)						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the						

municipality						
Spending on new infrastructure to eliminate backlogs (R000)	R0	R0	R0	R0	R0	R0
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R0	R0	R0	R0	R0	R0
Total spending to eliminate backlogs (R000)	R0	R0	R0	R0	R0	R0
Spending on maintenance to ensure no new backlogs (R000)	R0	R0	R0	R0	R0	R0
Sanitation backlogs						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)						
Spending on new infrastructure to eliminate backlogs (R000)	R57	R 13	R13	R 51	R 20	R15
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R40	R0	R0	R40	R0	R0
Total spending to eliminate backlogs (R000)	R97	R13	R13	R91	R20	R15
Spending on maintenance to ensure no new backlogs (R000)						
Road maintenance backlogs						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)						

Spending on new infrastructure to eliminate backlogs (R000)	R11	R0	R0	R11	Ro	R0
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R600	R0	R0	R600	R0	R0
Total spending to eliminate backlogs (R000)	R17000	R0	R0	!7000	R0	R0
Spending on maintenance to ensure no new backlogs (R000)						
Refuse removal						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	4307	988	356	3951	1501	277
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	54%	23%	8%	45%	38%	7%
Spending on new infrastructure to eliminate backlogs (R000)	R12380	R12380	R10000	R24 300	R24 300	R14550
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R46000	0	0	R46	0	0
Total spending to eliminate backlogs (R000)	R 58380	R12380	R10 000	R24 000	R 2 4000	R14 550
Spending on maintenance to ensure no new backlogs (R000)						
Housing and town planning						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)						
Spending on new infrastructure to eliminate backlogs (R000)	R183m	R0.00	R0.00	R183m	R183m	R0.00

Spending on renewal of existing infrastructure to eliminate backlog (R000)	R140m	R140m	R87m	R53m	R53m	R53m
Total spending to eliminate backlogs (R000)	R323m	R140m	R87m	R236m	R236m	R53m
Spending on maintenance to ensure no new backlogs (R000)						

CHAPTER 3

3. KPA 3: LOCAL ECONOMIC DEVELOPMENT

3.1 STATUS ON DEVELOPING THE LED STRATEGY/PLAN

The Local Economic Development Plan of Sundays River Valley Municipality was adopted on the 25th November 2004. It maps out a series of short, medium to long-term strategies and interventions aimed at redressing the existing socio-economic challenges that face the Sundays River Valley area. The plan draws on the strength of existing sectors and initiatives, whilst it seeks to optimize on present and future opportunities within the regional, national and global environment.

Although the Plan was adopted in 2004, it poses a number of challenges to implement at its full length. It needs some minor review on areas where it falls out of date thereby filling in an existing strategy vacuum and ensuring that new and existing economic programmes are all coordinated and implemented within a clearly set and shared economic vision for the area.

SETTING UP A LED UNIT

Determining the most appropriate economic development services that will be provided to address inherent socio-economic challenges is the first step in identifying the most appropriate institutional arrangements for implementation. It is for this reason that the economic development strategy must therefore always precede structure, if services desired are to be successfully executed

The following section of this report will articulate the roles of the Sundays River Valley Municipality with respect to local economic development and outline appropriate institutional arrangements to plan, implement, manage and monitor LED within the area: SRVM LED Unit; It is mandated to facilitate, coordinate and stimulate economic development in the area thus ensuring sustainable job creation, poverty alleviation and increased investment levels.

The responsibility;

- To formulate a long-term LED Strategy and plan for the area
- To develop appropriate LED Policies and By-laws to advance economic development

- Coordinate LED within SRVM area
- To facilitate meaningful participation by local communities in LED processes
- To manage and monitor the implementation of the IDP and LED Strategy
- To advise Council on all LED related matters

The LED Unit is located in the Office of the Municipal Manager and is directly accountable to the Council through its standing committee, namely, the LED/IDP Standing Committee.

POSITIONS

Filled	Vacant	Abolished
1x LED Manager	1xAdministration Assistant	2x LED Coordinators

The lack of capacity in the Unit significantly hampers operations discharged to this Unit, and this is as a result of budgetary constraints of the municipality.

SUNDAYS RIVER VALLEY DEVELOPMENT AGENCY TRUST

It is proposed that there is a need to establish a development agency mainly to implement an Integrated Local Economic Development and job creation programme of SRVM in line with the local IDP and LED strategies.

Scope of responsibility;

- To implement an integrated business and community development programme
- To promote the area as a tourism, trade and investment destination
- To embark on sector-aligned skills development programme
- To leverage black economic empowerment opportunities for the PDI communities
- To establish strategic alliances and partnership for LED implementation

The Sundays River Valley Development Agency Trust is an independent Non-Profit Organization to be established as an implementing agency of the SRVM with respect to its LED strategy and plan. The Agency will consist of a Board and will be established and function in line with the provisions of the MFMA and MSA.

LOCAL ECONOMIC DEVELOPMENT FORUM

The key mandate of the LED Forum is to advise the Municipality and local economic development entities on matters pertaining to job creation, poverty alleviation and LED

in general, as well as acting as “participatory watchdog” to monitor the implementation of the IDP and LED strategy.

The LED Forum of SRVM has been established as an official stakeholder participation platform to provide a more structured mechanism of coordinating economic development efforts of SRVM. The LED Unit of SRVM coordinates all the LED Forum activities.

In the 2008/9 financial year, only two meetings materialized and one of them was an Economic Growth and Development Summit held in on the 18th November 2008, all resolutions taken were translated into a programme of action.

3.2 PROGRESS TOWARDS ACHIEVING THE LED OBJECTIVES

a) Improve public and market confidence

- The SDF has not been fully optimized except for the Housing Development.
- Turn around time has improved since the appointment of the new incumbent in the field of Environmental Health who is primarily focusing on licensing of food premises and other related businesses such as; dairy, hair salons, B&Bs, mortuaries, etc
- With the inception of the Hawkers’ facility in Kirkwood, this has necessitated development of related policies, management plans and these are awaiting adoption by Council.
- Municipal roads and CBDs are maintained on a regular basis except for those that belong to National and Provincial Government. Resealing of roads and cutting of grass are done when a need arises.

b) Exploit comparative and competitive advantage for industrial activities

- The municipalities in partnership with Sundays River Citrus Cooperative (SRCC) are working hand in hand in ensuring that the quantities of citrus demanded remain constant every year, we also incorporate unproductive farms under the management of SRCC in order to increase export quota. We are in a process of establishing business entities to take over management of KK113, Santa Clara and Enon/Bersheba Farms.
- The municipality is also assisting Agro-processing venture which will benefit previously disadvantaged communities.
- Disaster management is a new function to the municipality and will only be operational in 2009/10 financial year after full transfer is done by the district municipality.

c) Intensify business support and business development

- The municipality assists in registering new businesses with CIPRO free of charge, training, and it also refers them to relevant government agencies such as NYDA, COMSEC, SEDA, etc
- The LED Manager and Supply Chain Management Officer were appointed on the same date and are both working towards establishing a database to enable monitoring progress and nature of new and existing businesses
- In 2008/9, the Municipality has established 17 operational entities.
- There are no records at the immediate disposal of the municipality

d) Support social investment program

The municipality, Addo Elephant National Park and Mayibuye Ndlovu Development Trust are working in conjunction in establishing and capacitating local emerging SMMEs. contractors received tenders from the AENP in 2008/9 financial year. The municipality has registered about 9 primary cooperatives through CIPRO.

3.3 PROGRESS REPORT ON IDP PROJECTS FOR 2008/9 FINANCIAL YEAR

Project	Strategy	Implementation Status	Budget	Source of Fund
Establish institutional structure for LED	Create credible institutional framework for investors and new business entrants to exploit business opportunities	Existing IDP/LED standing committee beefed up with more councilors	N/A	SRVM
Establish Development Agency Trust	Create credible institutional framework for investors and new business entrants to exploit business opportunities	Registered but not funded. Discussions around it still in council processes		SRVM
Development of Tourism Plan	Promote increased benefits for the community within the Tourism Industry	Completed	R200 000	District and DBSA
Mobilisation of Bee-Keepers	Create credible institutional framework for investors and new business entrants to exploit business opportunities	Completed	N/A	
Mbuyiselo Trust	Support and create access for emerging farmers to the mainstream agric. sector	Completed 1.8km of fencing	R425 000	Dept of Agriculture
Jongisizwe Trust	Support and create access for emerging farmers to the	3km fencing completed; Contractor on site and 10%	R575 177.00	Dept of

	mainstream agric. sector	irrigation system complete for crop production		Agriculture
Luthando	Support and create access for emerging farmers to the mainstream agric. sector	Tractor delivered with pruning equipment and fencing material. Beneficiaries installing the fence themselves	R443,220.00	Dept of Agriculture
Provide taxi rank	Utilise municipal assets to generate LED opportunities	Completed	R435 000	District
Prepare Transport Development Plan	Create credible institutional framework for investors and new business entrants to exploit business opportunities	Completed	N/A	SRVM and District
Establish compost plant	Stimulate economic opportunities in the area of Agri-processing	EU application for funding approved	R4 700 000	EU and SRCC
LED Turn-around strategy	SMME Development			
LED Summit	Promote partnerships within public and private sector, and facilitate community participation in such partnerships	Resolutions taken but Council has not approved yet	R10 000 Private sponser	
SMME Development		Registration of businesses through CIPRO. An on-going process	Internet access cannot be quantified	
Hawkers Facility Phase 1	Utilise municipal assets to generate LED opportunities	Phase 1 completed. Phase 2 is 90% complete		

3.4 CHALLENGES REGGRDING LED STRATEGY IMPLEMENTATION

- a) The LED Unit big as it is in terms of scope, it is run by one official without any administrative assistance.
- b) Red taping:
 - The LED Unit receives less attention and is not considered as a priority when it comes to budgeting and always receives minimal allocation.
 - Indirect transfer of funds to execute LED programmes is time consuming.

- Stringent requirements that are to be met when applying for funding are inconsiderate of the situation to be addressed but the focus is on smart looking proposals not the content.
- Lack of Monitoring and Evaluation tools to measure impact of LED projects.
- Poor attendance and participation by stakeholders results to disintegration of programmes.

RECOMMENDATION

- A clear and appropriate legal and institutional framework for Development Agency will be developed prior to the establishment of the Sundays River Valley Municipality Development Agency.
- Funding to establish the Development Agency be sought to avert leakage of income and funding opportunities thus increasing capacity of the LED Unit.
- Develop credible development proposals meant to unlock bottlenecks and red tapes that are hindering implementation of the LED Strategy.
- Identify catalytic project to enhance local economic development of the area thereby increasing the revenue base of the municipality.
- Revive twinning agreement with Nelson Mandela Bay Municipality and Nelson Mandela Metropolitan University to optimize their expertise.
- Facilitate Inter-Governmental Relations and support Cooperative Governance in our area.

CHAPTER 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGERMENTS

4.1 AUDITED FINANCIAL STATEMENTS – ATTACHED AS ANNEXURE

4.2 BUDGET TO ACTUAL COMPARISON

- Discussed under financial statements.

4.3 GRANTS AND TRANSFERS' SPENDING FOR 2008/2009 FINANCIAL YEAR

Name of Grants	Name of Organ of state	QUARTERLY RECEIPTS				QUARTERLY EXPENDITURE				GRANTS AND SUBSIDIES DELAYED/WITHHELD				Reason for delay/withholding funds	Comply to DORA Yes/No	Reason for non compliance
		SEPT	DEC	MAR	JUNE	SEPT	DEC	MAR	JUNE	SEPT	DEC	MAR	JUNE			
Municipal Systems Improvement Grant	National Government	735,000				368,750	97,740	102,929	165,581						Yes	
Municipal Infrastructure Grant	National Government	3564,000	3476,000	1,952,510	5,515,509	2,038,643	3,607,745	0	726,454						Yes	
Finance Management Grant	National Government	1,500,000				113,938	357,612	645,950	1,860,746						Yes	
Health Subsidy	Provincial Government	692,063	496,387	837,367		560,466	640,841	417,387	430,913						Yes	
Environmental Services	District Municipality	364,366	171,518			156,742	222,528	168,866	130,158						Yes	

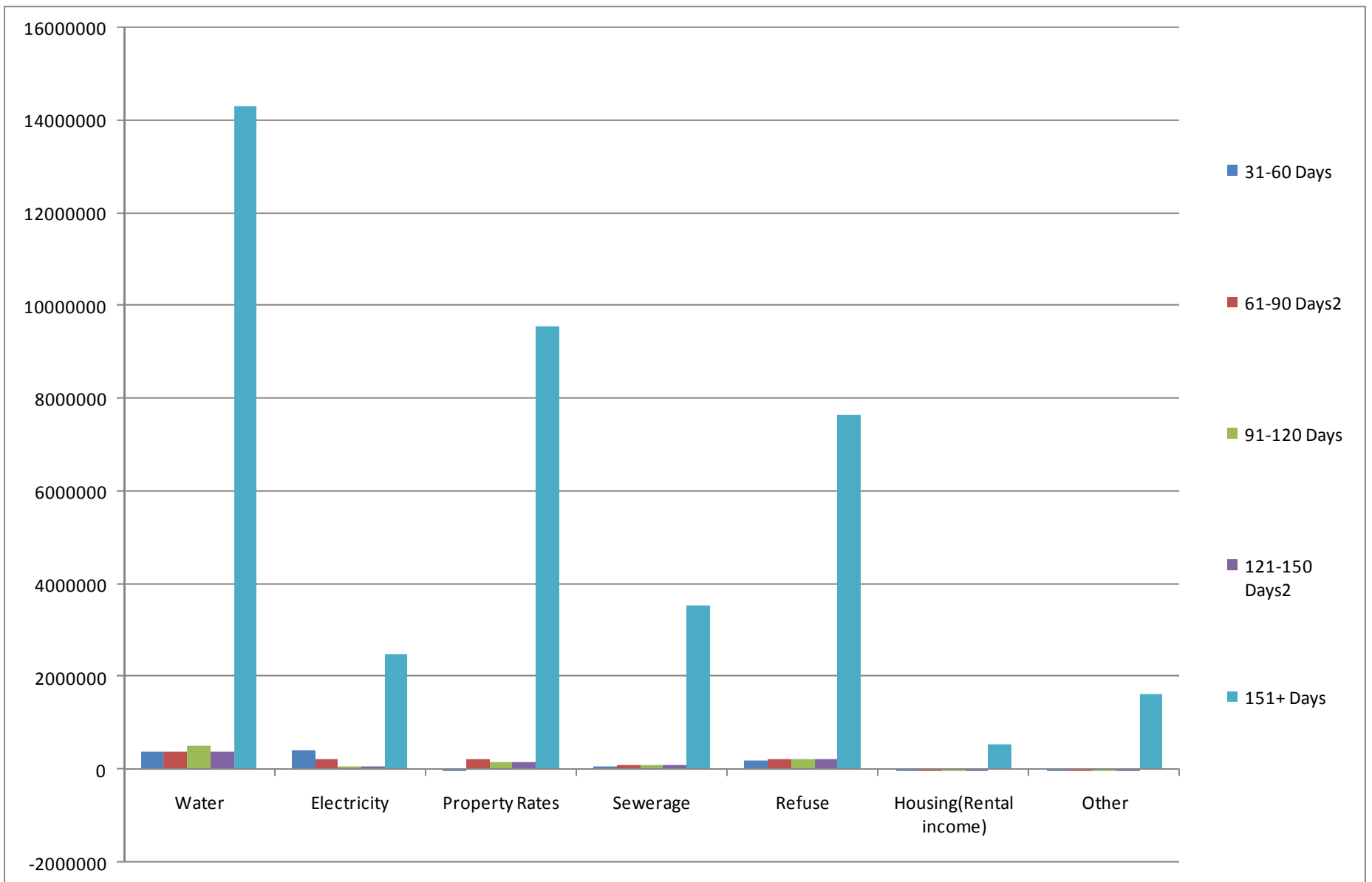
**4.4. ANNUAL PERFORMANCE AS PER KEY PERFORMANCE INDICATORS
IN FINANCIAL VIABILITY**

	Indicator Name	Target set for the year R's	Performance level during the year R's	Performance percentage during the year
1	Percentage of expenditure on capital budget	R 28,523,118	R 17,580,072	62%
		Target set for the year (%)	Performance level during the year R's	Performance percentage during the year vs the operational budget
2	Salary budget as a percentage of the total operational budget	40%	R 24,678,405	45%
		Target set for the year (%)	Performance level during the year R's	Performance percentage during the year vs the actual revenue
3	Total actual trade creditors as a percentage of total actual revenue	20%	R 45,644,546	24%
		Target set for the year (%)	Performance level during the year R's	Performance percentage during the year
4	Total municipal own revenue as a percentage of the total actual budget	41%	R 38,122,516	45%
		Target set for the year R's	Performance level during the year R's	Performance percentage during the year
5	Rate of municipal consumer debt reduction	R 1,507,280	+R 13,898,406	46%
6	Percentage of MIG budget appropriately spent	R 9,233,000	R 6,372,842	69%
7	Percentage of MSIG budget appropriately spent	R 735,000	R 735,000	100%

4.5. AUDITOR GENERAL REPORT- ATTACHED AS ANNEXURE.

4.6. ARREARS IN PROPERTY RATES AND SERVICE CHARGES

Debtors age analysis by income source	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151+ Days	Total
Water	398,329	403,395	512,843	377,968	14,298,184	15,990,719
Electricity	406,825	243,606	79,540	76,837	2,477,328	3,284,136
Property Rates	2,953	225,034	179,184	174,424	9,553,659	10,135,254
Sewerage	68,069	91,300	90,441	89,416	3,538,544	3,877,770
Refuse	187,461	239,020	235,266	233,543	7,640,730	8,536,020
Housing (Rental income)	5,066	4,250	4,099	4,093	552,577	570,085
Other	-4,809	8,685	8,446	8,446	1,629,253	1,650,021
Total	1,063,894	1,215,290	1,109,819	964,727	39,690,275	44,044,005



4.7. LONG TERM CONTRACTS ENTERED INTO BY THE MUNICIPALITY

SERVICE PROVIDER	TYPE OF CONTRACT	TYPE OF SERVICE	PERIOD
Lion of Africa Insurance Company	Short - term	insurance	Renewable annually
Payday Software Systems (Pty) ltd	Short - term	Computerized payroll system	Renewable annually
UberTech	Short – term	Computers network service	Renewable monthly
Rental Company	Long - term	Lease – Air conditioners for clinics	Commencement date 16/01/2008 for 36 months
Konica Minolta	Long – term	Lease – Fax systems	Commencement date 29/04/2008 for 60 months
Konica Minolta	Long – term	Lease – Photo copy machines	Commencement date 29/04/2008 for 60 months
Howard Consulting	Long – term	Lease – Photo copy machines	Commencement date 29/02/2008 for 60 months
Konica Minolta	Long – term	Lease – Photo copy machine	Commencement date 11/2008 for 36 months
Rental Company Trust	Long - term	Lease - Air conditioners for council chamber	commencement date 24/10/2007 for 60 months

CHAPTER 5

5. GOOD GOVERNANCE AND PUBLIC PARTICIPATION

5.1 OVERVIEW OF THE EXECUTIVE AND COUNCIL FUNCTIONS AND ACHIEVEMENTS

The council is a plenary system and does not have executive committee. Council has four standing committees which make recommendations to the council. Following are the standing committee

INFRASTRUCTURE AND ENGINEERING SERVICES

The committee investigate and consider matters which fall within the ambit of the following functional areas, ad where appropriate, report and make recommendations thereon to Council, except in respect of matters specifically delegated to it or where specifically regulated otherwise.

- Housing projects
- Land reform and settlement plans
- Approval of building plans
- Roads and storm water
- Refuse collection/solid waste sites
- Town planning/Land use matters
- Water and Sanitation

COMMUNITY SERVICES

The committee investigate and consider matters which fall within the ambit of the following functional areas, ad where appropriate, report and make recommendations thereon to Council, except in respect of matters specifically delegated to it or where specifically regulated otherwise.

- Environmental Health
- Traffic Services
- Disaster Management
- Professional Health Services
- Fire Services
- Community and recreational facilities, e.g. community halls, parks, sportfields, crèches, etc.

FINANCE AND ADMINISTRATION COMMITTEE

The committee investigate and consider matters which fall within the ambit of the following functional areas, ad where appropriate, report and make recommendations thereon to Council, except in respect of matters specifically delegated to it or where specifically regulated otherwise.

- Financial statement
- Municipal revenue and expenditure
- Insurances
- Investments
- Credit control and Indigent policies
- Financial and administrative matters
- Supply Chain Management oversight
- Risk Management
- Asset register
- Budgeting
- Audit Report
- Information technology
- Human Resource Administration
- Industrial/Labour Relation
- Performance Management
- Conditions of service and staff benefits
- Building management and administration
- Public Administration
- Legal matters
- Property valuation Court
- Resource management
- Ward Committee administration
- Occupational Health and Safety
- Property Management

IDP/LED COMMITTEE

The committee investigate and consider matters which fall within the ambit of the following functional areas, ad where appropriate, report and make recommendations thereon to Council, except in respect of matters specifically delegated to it or where specifically regulated otherwise.

- Local Economic Development
- Tourism
- Agriculture
- Commence; SMME's
- Hawking
- Manufacturing
- Poverty Relief Program
- Environmental Conservation
- Business development
- Industrial development

5.2 PUBLIC PARTICIPATION AND CONSULTATION

The IDP Representative Forum meetings held were two to provide feedback on the status quo and strategic components of the IDP. IDP and budget processes were held together around April 2009. Community ward plans were developed in all seven wards. Ward committee meetings as discussed herein under is one other procedure utilized to reach communities. It is however doubtful if the constituency meetings have fruitful discussions and proper feedback as this year was characterized by numerous unrests and petitions to Council.

5.3 WARD COMMITTEES' ESTABLISHMENT AND FUNCTIONALITY

Ward Committees were established in the Sundays River Valley. Municipality in March 2002. Members were elected / nominated by their interest groups for a period of two (2) years. During the first term of office ward committee were not fully functional, but since 2004 functionality increased. To ensure continuity the Council resolved in 2009 that the term of office of Ward Committee members should now run concurrently with that of Councillor – therefore a five year term.

Ward Committee meetings are scheduled to take place on a six week cycle. Almost all meetings convene as scheduled, with only one or two meetings that sometimes have to be re-scheduled due to other commitments by the ward councilor. The attendance of members to these meetings is very good.

Ward committee members are constantly capacitated through various training programmes. During February 2009 a two day training programme was presented to them by a Service Provider. This initiative was funded through the Municipal Systems Improvement Grant.

After each meeting an execution sheet containing issues discussed is forwarded to concerned Departments within the Municipality for comment/execution. Feedback is then given to the committees at the next meeting. Some matters are also referred to the

relevant Standing Committee for investigation and to make a recommendation to Council. Minutes of the ward committee meetings are included in Council agendas.

5.4 COMMUNITY DEVELOPMENT WORKERS PERFORMANCE MONITORING

5.4.1 Availability of CDW monthly reports;

- CDW`S reports are not available to the municipality because they (CDWS) have an understanding that they are not accountable to the municipality, they account to the province.
- The municipality does not have insight or access to the reports and this issue was raised with the province but up to date is not yet addressed.
- Even CDM has complained on this matter to the province but no amicable understanding in resolving the matter.

5.4.2 Number of cases identified and reported by CDW`S;

There is no report at the disposal of the municipality as we have indicated above that we do not have access to the CDW`S reports.

5.4.3 Number of homes visited by the CDW during the FY

There is no information at our disposal to have a clue about home visits by the CDW`S during FY.

5.4.4 Participation of CDW`S in the Municipality activities e.g. IDP

All our CDW`S participates well in all municipal activities such as:

- (a) IDP forum reps
- (b) Ward committee meetings and
- (c) Mayoral Imbizo public participation events

5.5 COMMUNICATION STRATEGY

The municipality has a Communication Unit in the Office of the Municipal Manager. Due to financial constraints the post has been frozen.

5.6 ANTI-CORRUPTION STRATEGY

The municipality does not have an anti-corruption strategy.

5.7 INTERGOVERNMENTAL RELATIONS

The municipality will with the assistance of the Cacadu District Municipality develop a policy on Intergovernmental Relations. Currently the municipality has representatives serving in other structures such as the District, SALGA ect.

5.8 LEGAL MATTERS

5.8.1 Setting up of Legal Units

SRVM does not have a legal unit and made use of the following legal firms during the 2008/9 financial year:

- (a) Canter & Co
- (b) Patel & associates
- (c) Wikus van Rensburg Attorneys

5.8.2 Management of litigation

1. Case load Management with specific reference to:

(a) Unfavorable cases

CASE NAME	COMPLIANCE WITH JUDGEMENT	REASONS FOR NON COMPLIANCE WITH JUDGEMENT
Bright Ideas Projects T/a Banzi Concrete products	Yes	N/A

(b) Favorable cases

None

PART 3: FUNCTIONAL AREAS REPORTING

A: FUNCTIONAL AREA SERVICE DELIVERY REPORTING

1. Geography

The Sundays River Valley coverssquare kilometers in extent.

The Valley is characterised by wide, fertile flood plains and is associated with low-lying land, with steep less-fertile slopes flanking the Valley. The Valley is characterised by harsh climatic conditions with summer temperatures rising in excess of 40°C. Rainfall is 250 – 500 mm per annum and is spread over the year. The largest portion of the study area is extensively farmed with mainly citrus varieties. Natural vegetation occurs on the higher lying areas and is commonly referred to as valley bushveld.

The area outside the Sundays River Valley includes the Coastal Belt, east of the Sundays River Mouth and west of Alexandria, including the town of Paterson. Climatic conditions vary considerably, given the distances from the coast. This portion of the study area is characterised by a diverse, natural and physical environment. Land uses include the Woody Cape Nature Reserve, Addo Elephant Park and extensive dairy, cattle and game farming areas. Valley bushveld as well as Eastern Cape thornveld largely cover the area.

2. General Information (population statistics)

1996 Census	2001 Census	2005 Survey	2007 Survey	Registered Voters
43 663	41 464	61 003	34 933	25 461

3. Indigent Population

The section is discussed under financial management page.....

4. Age Breakdown

AGE GROUPS WARD	0 TO 4	5 – 14	15 – 34	35 – 64	OVER 65	TOTAL POPULATION
1	447	1188	2316	1755	396	6100
2	561	1215	2424	1860	417	6476
3	633	1479	2559	1983	333	6990
4	441	978	1908	1284	252	4867
5	501	1071	2130	1554	252	6482
6	405	1050	1941	1452	309	5157
7	579	1317	2520	1677	387	5508
TOTAL	3567	72981	15798	11565	2346	41 580

The Census 2001 indicates a total of 8299.

Source: Census 2001

5. Voters

The Municipal Demarcation Board provides 25 461 registered voters in the year 2009 compared to 24 319 in 2006.

6. Household Income

1.1.1.2 Table 25: Household income is reflected by annual income

WARDS	TOTAL H/HOLDS	NONE		R1 – R4800		R4801 – R9600		TOTAL NO. OF HOUSEHOLDS LIVING BELOW R800 PM	
1	1404	228	16.24	75	5.34	402	28.63	705	50.21
2	1380	96	6.96	102	7.39	339	24.57	537	38.91
3	1869	171	9.15	186	9.95	465	24.88	822	43.98
4	1197	345	28.82	81	6.77	291	24.31	717	59.90
5	1617	462	28.57	111	6.86	429	26.53	1002	61.97
6	1356	150	11.06	165	12.17	333	24.56	648	47.79
7	1209	39	3.23	60	4.96	309	25.56	408	33.75
Total	10 033	1491	14.86	780	7.78	2568	25.60	4839	48.27

The Situation Analysis for the LED Framework (August 2004) provides additional focus to the LED approach by highlighting the following support areas:

B. FINANCE AND ADMINISTRATION FUNCTIONAL AREA

The function of finance within the municipality is administered by the Budget and Treasury Office and it performs the following functions.

1. Production of Annual Budgets
2. Financial Statements
3. Administration and Investments
4. Management of Conditional Grants
5. Revenue Collection and Cashflow Management
6. Internal Audit and Risk Management

The Administration section provides the following services.

7. Secretarial and Auxiliary Services
8. Archives and Registry
9. Property Management
10. Library Services
11. Human Resources

- Developing Human Resource Policies and Procedures
- Skills Development Facilitation
- Employer and Employee Relations
- Employment Equity
- Training
-

C. PLANNING AND DEVELOPMENT FUNCTION'S PERFORMANCE

In terms of our SDBIP the planning and development function is under the Directorate of Technical Services despite its functional allocation under the Office of the Municipal Manager.

Chapter 5 subsection 5.1 outlines the function of each structure. The budget that was allocated to the function is depicted below:

GFS	GFS Sub Function	Budget	Actual	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Directorate: Technical Services	R 702,533							
IPD/LED Office	R 473,689							
General Engineering	R 520,804							
General Maintenance	R 687,495							
Town Planning and land Use	R 799,133							
Building and land Administration	R 236,691							
Special Projects	R 28,890							

There are no updated records of employment created during this financial year. This has been made difficult by the fact that departments did not have the related baselines and targets in their performance contracts.

D. COMMUNITY AND SOCIAL SERVICESFUNCTION’S PERFORMANCE

The Function of provision of various Community and Social Services within the Municipality is administered as follows and includes:

1) Primary Health Care

- ❖ TB
- ❖ HIV/AIDS
- ❖ PMTC
- ❖ MWCH
- ❖ Home Base Care etc

2) Environmental Health Services

- ❖ Water Quality Monitoring

- ❖ Waste Management
- ❖ Food Control etc.

3) Fire Services

4) Traffic Services

- ❖ Law Enforcement
- ❖ Motor registration etc.

5) Disaster Management

- ❖ Response
- ❖ Recovery etc.

6) Sports, Arts and Culture

- ❖ Cemetery
- ❖ Community Facilities etc.

STATISTICAL INFORMATION ON:

1. Nature and external of facilities provided.

- Library -- 5
- Museums and Art galleries – 0
- Other Community halls/facilities – 9
- Cemeteries and crematoriums – 15
- Child care (including crèches etc.) – 18
- Aged care (including aged homes, home help)
- Schools
- Sporting facilities – 7
- Parks – 1

Please note that the Child Care (including crèches etc.), Aged care (including aged homes, home help) and Schools are not Municipal Functions.

Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance.

GFS	GFS Sub Function	Budget	Actual	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Clinics		2,512,787.00	5,434,356.92	560,466.94	1,201,312.53	1,618,699.91	2,053,877.54	
Directorate: Community Service		815,004.00	1,942,409.94	156,434.75	394,421.97	593,595.90	797,957.32	
Cemeteries		485,064.00	627,698.66	29,062.41	158,357.03	199,443.61	240,835.61	
Community Halls		337,279.00	832,550.55	81,674.48	181,167.89	200,475.96	369,232.22	
Libraries		939,016.00	2,119,037.77	184,931.33	426,813.46	643,075.96	864,217.02	
Secretariat		103,517.00	138,654.66	33,927.36	34,071.06	34,071.06	36,585.18	
Police		3,192,371.00	16,250,039.98	1,644,933.54	3,120,653.18	4,807,096.37	6,677,356.89	
Fire Fighting & Disaster Management			147,642.41		949.50	1,102.25	145,590.66	
Parks and Recreation								
Arts & Culture		206,381.00	511,927.29	52,493.61	108,254.96	147,016.62	204,162.10	
Parks and Gardens								
Sports Fields		157,226.00	840,190.53	169,883.35	202,173.00	224,595.53	243,538.65	
Swimming Pools		95,185.00	254,164.20	14,908.93	47,772.21	85,191.57	106,291.49	
Town Beautification		188,706.00	473,545.94	47,024.71	89,616.61	138,539.64	198,364.98	
Facility Maintenance		121,439.00	312,694.28	28,660.88	52,719.47	80,282.73	151,031.20	
Environmental Services		509,053.00	1,763,357.71	156,743.72	379,273.54	548,141.54	679,198.91	
Roads		1,311,446.00	2,256,736.60	207,312.71	463,506.16	614,102.70	971,815.03	
Vehicle Licensing & Testing		614,798.00	2,024,783.27	219,520.20	373,585.23	599,654.62	832,023.22	
Housing Services		534,581.00	1,020,066.67	87,256.21	199,819.61	311,955.00	421,035.85	
Solid Waste		3,483,801.00	5,858,422.29	512,985.46	1,202,626.02	1,734,792.50	2,408,018.31	
Refuse Dump		172,157.00	437,539.79	59,646.67	94,837.67	137,592.93	145,462.52	

Approved HIV/AIDS Strategy

- 10 days of activism against violence against women and children.
- World AIDS Day
- World TB day
- STI and Condom awareness week
- Pregnancy Awareness week
- School AIDS week

Approved Disaster Management Policy frameworks and Plans (Metro and DM)

- Disaster Management Advisory Forum
- Contingency Plan
- Disaster Management Framework
- Disaster Awareness

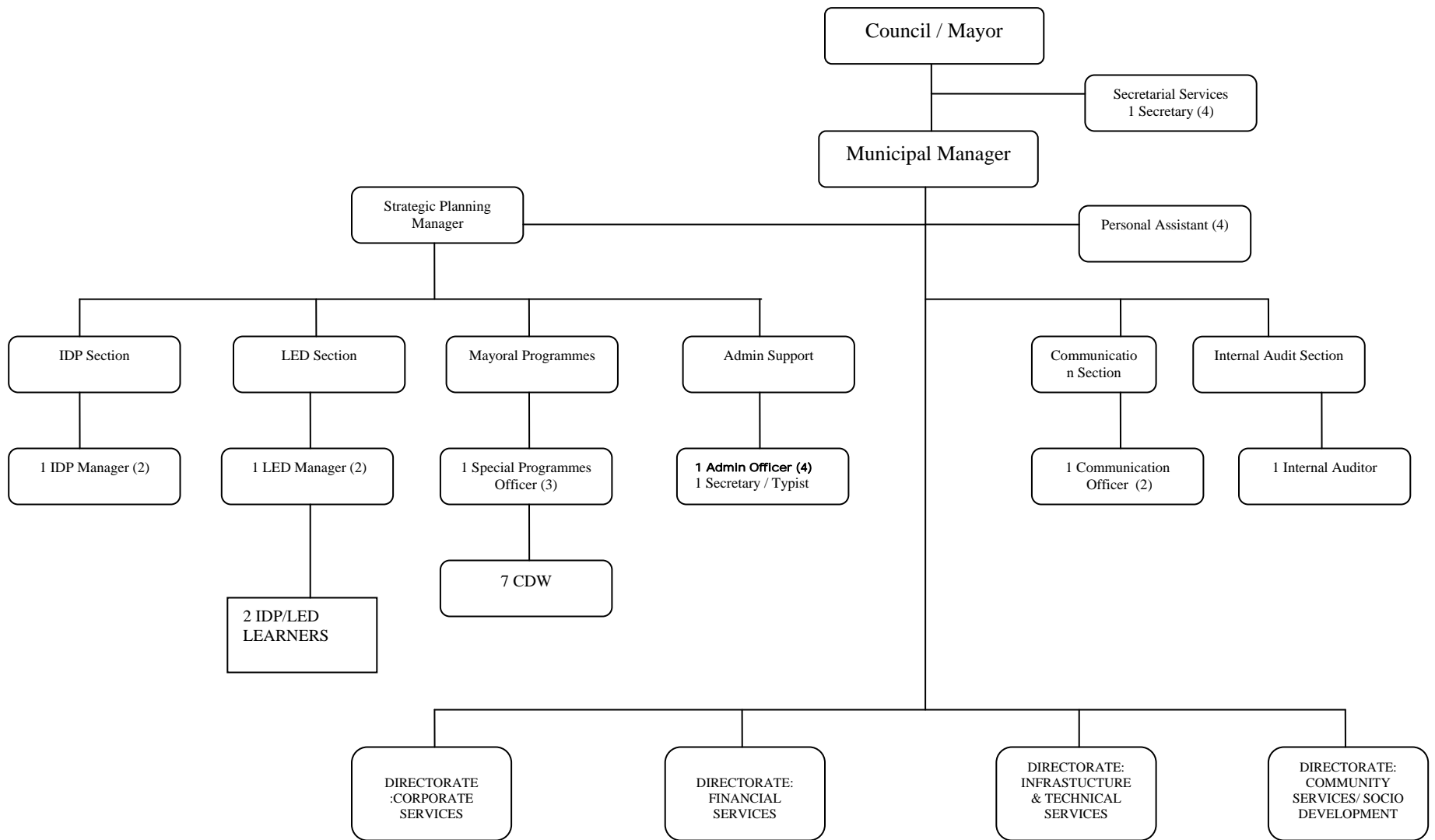
E. HOUSING/ WASTE MANAGEMENT/ WASTE WATER/ ROADS/ WATER DISTRIBUTION/ ELECTRICITY

These functions have been elaborated at chapter 2. Here-under is the budget that was allocated for these functions and the quarterly levels of spending as per the SDBIP. Vehicle licensing and testing falls under social and community services directorate and has been discussed under such.

GFS	GFS Sub Function	Budget	Actual	Quarter 1	Quarter 2	Quarter 3	Quarter 4		
ROADS AND TRANSPORT	Roads	R 1,311,446							
	Vehicle Licensing & Testing	R 614,798							
HOUSING	Housing Services	R 534,581							
WASTE MANAGEMENT	Solid Waste	R 3,483,801							
	Refuse Dump	R 172,157							
WASTE WATER MANAGEMENT	Sewerage Reticulation	R 2,346,645							
	Sewerage Purification	R 100,552							
	Storm Water Management	R 242,855							
ELECTRICITY	Electricity Reticulation	R 3,929,381							
	Township Lighting	R 260,362							
WATER	Water Purification	R 2,780,146							
	Water Reticulation	R 3,747,243							
	Water Irrigation	R 237,275							

**ANNEXURE A
APPROVED ORGANISATIONAL STRUCTURE**

**APPROVED ORGANIZATIONAL STRUCTURE
OFFICE OF THE MUNICIPAL MANAGER AND SPEAKER / MAYOR**



OCTOBER 2008

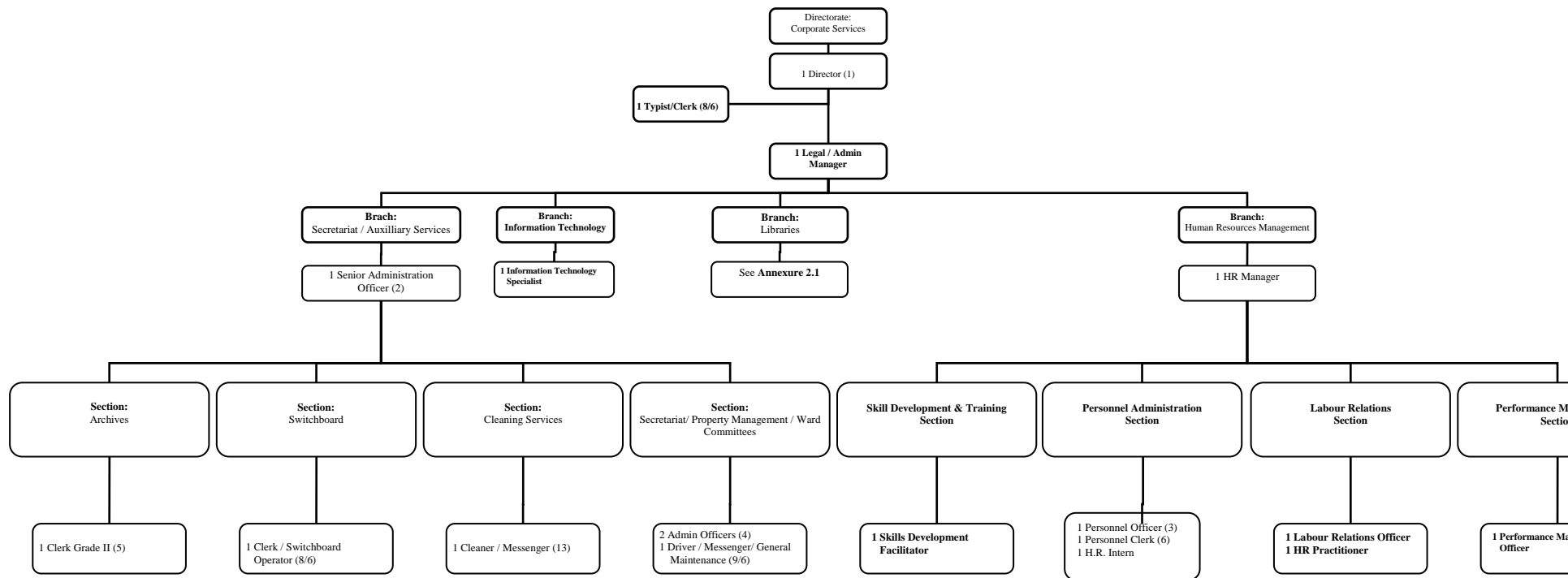
SCHEDULE OF STAFF: MUNICIPAL MANAGER

Section / Branch	Post	Incumbent	Remarks
1. Council/Mayor			
1.1. Secretarial Services	1 Secretary (4)	R. Britz	
2. Municipal Manager	1 Municipal Manager 1 Personal Assistant	S. Sohena Vacant	
2.1. Strategic Planning Manager	1 Strategic Planning Manager	Vacant	
2.1.1. IDP Section	1 IDP Manager	T Dlamini	
2.1.2. LED Section	1 LED Manager (2)	M. Nkohla	
	2 IDP/LED Learners	1. Vacant 2. Vacant	
2.1.3. Mayoral Programmes	1 SP Officer (3)	V. Wonci	
2.1.3.1 Community Development Workers (CDW's)	7 CDW's	Ward 1 – N. Mbambani Ward 2 – L. Mbambo Ward 3 – Vacant Ward 4 – Vacant Ward 5 – Vacant Ward 6 – M. Lama Ward 7 – Z. Nyathi	
2.1.4. Administration Support Section	1 Admin Officer (4) 1 Typist / Clerk (8/6)	Vacant SSN Ngcobo	
2.2. Communication Section	1 Communication Officer	Vacant	
2.3. Internal Audit Section	1 Internal Auditor	Vacant	

SUMMARY OF POSTS

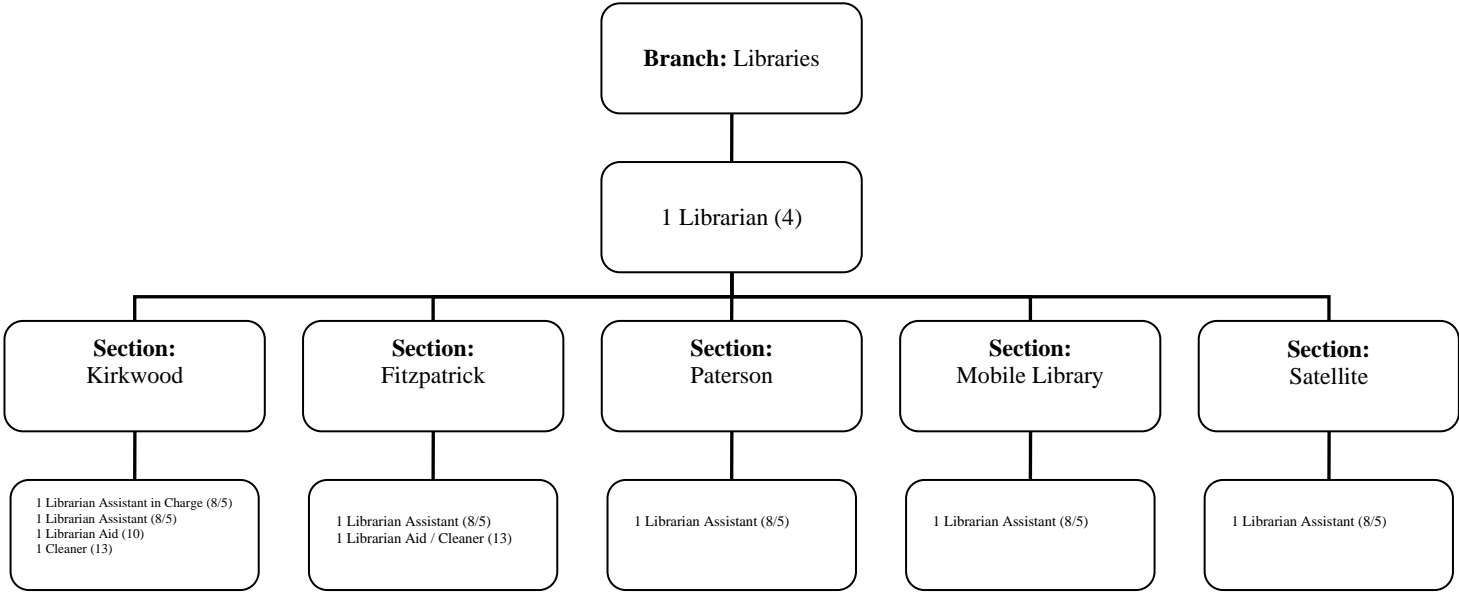
APPROVED	:13	
FILLED		: 6
VACANT	: 7	
BUDGETED	: 3	
NOT BUDGETED	: 3	
TEMPS		: 7

2. APPROVED ORGANISATIONAL STRUCTURE CORPORATE SERVICES



OCTOBER 2008

**2. APPROVED ORGANISATIONAL STRUCTURE CORPORATE SERVICES
BRANCH: LIBRARIES (Annexure 2.1)**



OCTOBER 2008

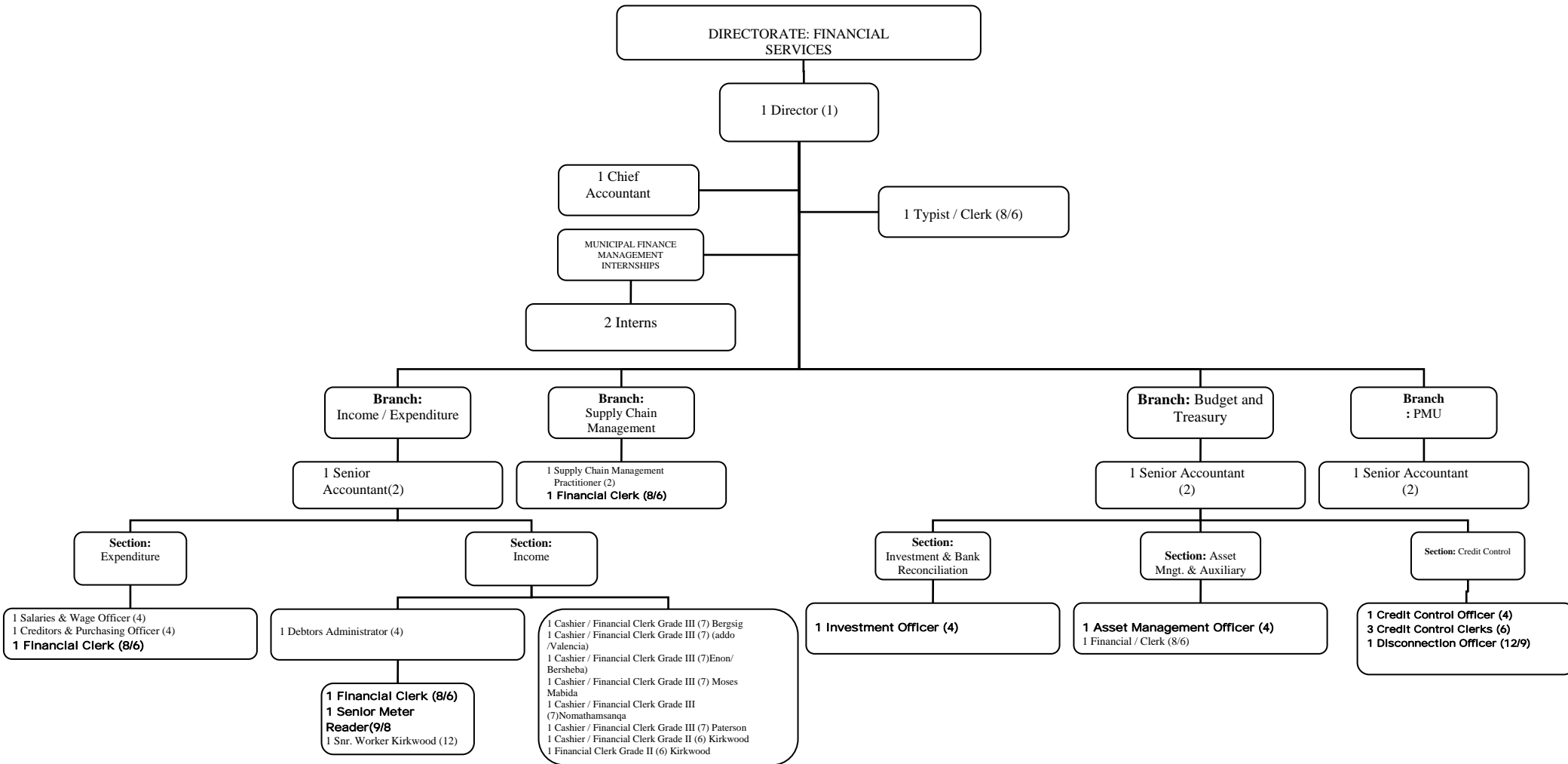
SCHEDULE OF STAFF: CORPORATE SERVICES

Section / Branch	Post	Incumbent	Remarks
1. Director	1 Director Corporate Services 1 Typist / Clerk (8/6) 1 Manager: Admin / Legal Services	S Somngesi Vacant Vacant	
2. Information Technology	1 Information Technology Specialist	Vacant	
3. Secretariat/Auxiliary	1 Senior Admin Officer (2)	S Fourie	
3.1 Archives	1 Clerk Grade 1 (5)	VQ Tambo	
3.2 Switchboard	1 Clerk/Switchboard Operator	E. Finnis	
3.3 Cleaning Services	1 Cleaner/Messenger (13)	F Adams	
3.4 Secretariat / Ward Committees	2 Admin officer (4) 1 Driver / Messenger Maintenance 9/6	G Adams V Bakubaku D Mpayise	
4. Library Services	1 Librarian (4)	I Goosen	
4.1 Kirkwood	1 Librarian Assistant in charge 8/5	B Tyala	
	1 Library Assistant 8/5	J Voetpad	
	1 Library Aid (10)	Vacant	
	1 Cleaner (13)	S Adams	
4.2 Fitz Patrick	1 Library Assistant 8/5	N. Lamani	
	1 Library Aid/Cleaner (13)	G Marks	
4.3 Paterson	1 Librarian Assistant 8/5	V Ketchum	
4.4 Mobile Library	1 Librarian Assistant 8/5	E. Fourie	
4.5 Satellite Libraries	1 Library Assistant (8/6)	Vacant	
5. Human Resource Management	1 Human Resource Manager	Vacant	
5.1 Personnel Administration	1 Personnel Officer (3)	Z Vani	
	1 Personnel Clerk Grade II (6)	Vacant	BUDGETED
	1 H.R. Intern	N.Jas	
5.2 Skills Development & Training	1 Skills Development Facilitator	Vacant	
5.3 Labour Relations	1 Labour Relations Officer	Vacant	
	1 H.R. Practitioner	Vacant	
5.4 Performance Management	1 Performance Management Officer	Vacant	

SUMMARY OF POSTS

APPROVED	: 29	
FILLED		: 17
VACANT	: 11	
BUDGETED	: 1	
NOT BUDGETED	: 10	
TEMPS		: 1 (H.R. Item)

3. APPROVED ORGANISATIONAL STRUCTURE FINANCIAL SERVICES



OCTOBER 2008

SCHEDULE OF STAFF: FINANCIAL SERVICES

Section / Branch	Post	Incumbent	Remarks
1. Director	1 Chief Financial Officer	H.E. Nagel	Non funded
	1 Typist/Clerk (8/6)	Vacant	
	1 Chief Accountant	Vacant	
2. <u>Municipal Finance Management Internships</u>	2 Interns	1. P. August 2. B.C. Mfazwe	
3. <u>Branch: Income Expenditure</u>	1 Snr Accountant (2)	Susan Van Greunen	
3.1 Section: Expenditure	1 Salaries & Wage Officer (4)	P Swartbooi	
	1 Creditors & Purchasing Officer (4)	W Janse Van Rensburg	
	1 Financial Clerk (8/6)	Vacant	
3.2 Section: Income	1 Debtors Administrator (4)	D Brand	
	1 Cashier/Financial Clerk Grade III (7) (Bergsig)		
	1 Cashier/Financial Clerk Grade III (7) (Addo/Valencia)	Afrika Pietersen	
	1 Cashier/Financial Clerk Grade III (7) (Enon/Bersheba)	André Kolbey	
	1 Cashier/Financial Clerk Grade III (7) (Moses Mabida)	Connie Hendricks	
	1 Cashier/Financial Clerk Grade III (7) (Nomathamsanqa)	Eunice Mbengo	
	1 Cashier/Financial Clerk Grade III (7) (Paterson)	Khaya Phandle	
	1 Cashier/Financial Clerk Grade II (6) (Kirkwood)	N Madlavu	
	1 Financial Clerk Grade II (6) (Kirkwood)	F Nxele	
	1 Financial Clerk Grade II (6) (Nomathamsanqa)	Vacant	Non funded
	1 Financial Clerk Grade II (6) (Paterson)	Vacant	Non funded
	1 Senior Worker (12) (Kirkwood)	Vacant	Non funded
	1 Cleaner (13) (Kirkwood)	F. Davis	
	1 Cleaner (13) (Paterson)	T. Msengi	
	1 Senior Meter Reader (9/8)	T. E Soxujwa	
		Vacant	

4. Branch: Budget and Treasury	1 Snr Accountant (2)	Z Gongqoba	
4.1 Section: Investment & Bank Reconciliations	1 Investment Officer (4)	E Moss	
4.2 Section: Asset Management & Auxiliary Services	1 Asset Management Officer (4) 1 Financial Clerk (8/6)	Vacant Z. Smith	
5. Branch: PMU	1 Snr Accountant (2)	V Fonoza	MIG (Funded)
5.1 Section: Credit Control	1 Credit Control Officer (4) 2 Credit Control Officer II (6) 1 Disconnection Officer (12/9)	Vacant G. Tana S. P. Jack Vacant	
6. Supply Management Branch	1 Supply Chain Management Practitioner (2) 1 Financial Clerk (8/6)	Z. Tsetswa Vacant	

SUMMARY OF POSTS

APPROVED : 35
 FILLED : 22
 VACANT : 11
 BUDGETED : 0
 NOT BUDGETED : 4
 TEMPS : 2(interns)

**APPROVED ORGANISATIONAL STRUCTURE FOR THE DIRECTORATE
 4. COMMUNITY SERVICES / SOCIO DEVELOPMENT**



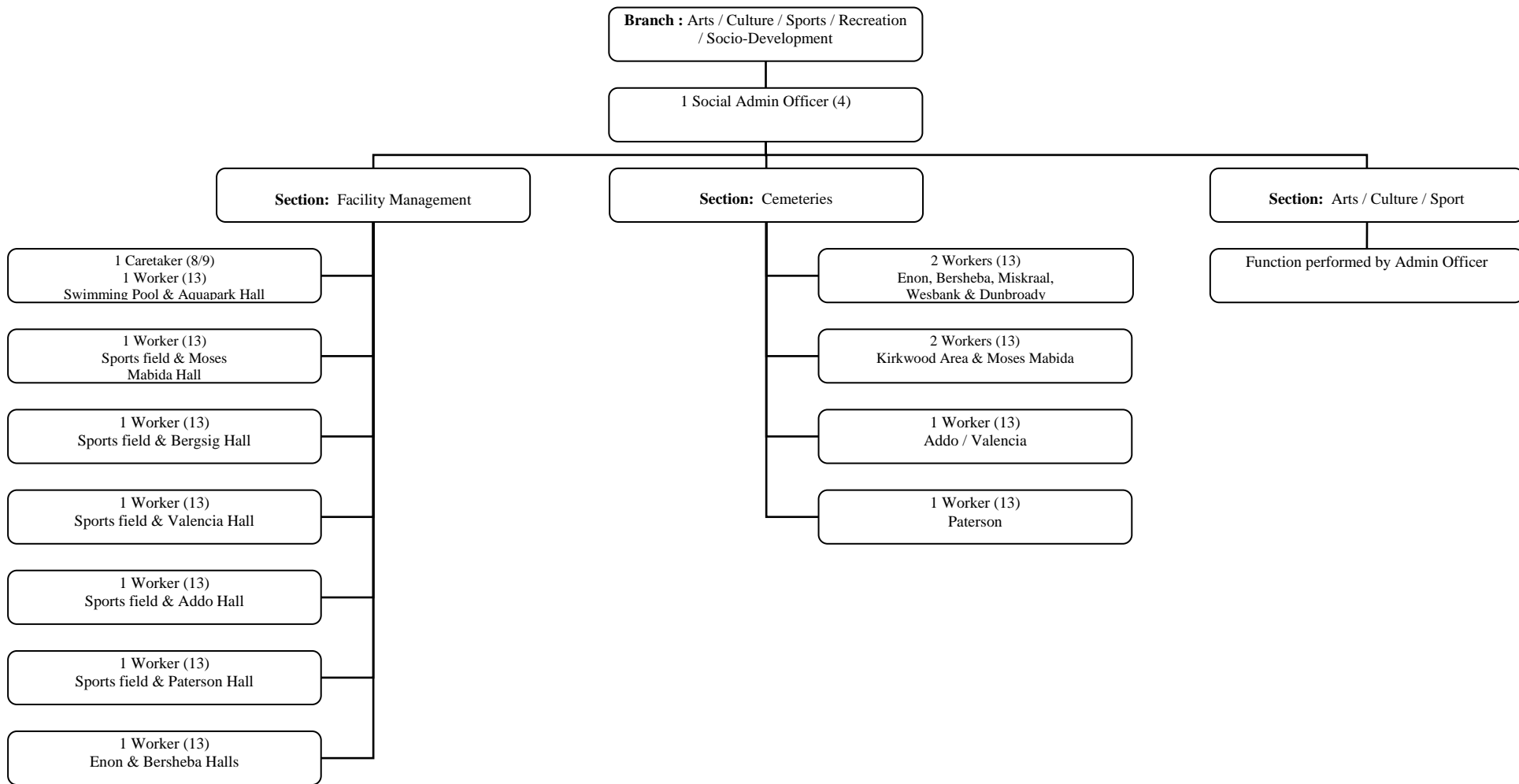
OCTOBER 2008

**APPROVED ORGANIZATIONAL STRUCTURE FOR THE DIRECTORATE:
COMMUNITY SERVICES/SOCIO DEVELOPMENT
BRANCH PRIMARY HEALTH (Annexure 4.1)**

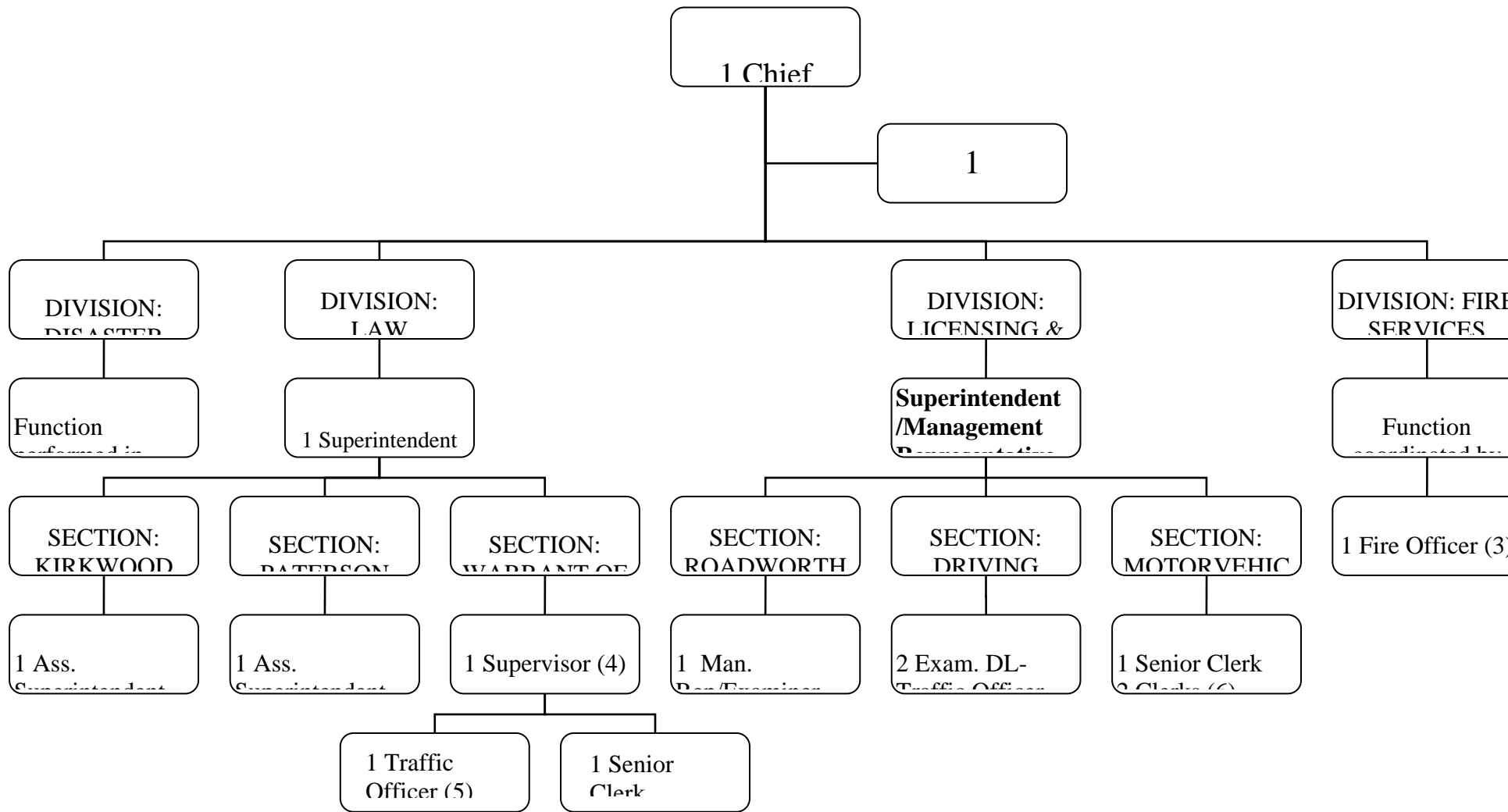


OCTOBER 2008

**APPROVED ORGANIZATIONAL STRUCTURE FOR THE DIRECTORATE:
COMMUNITY SERVICES/SOCIO DEVELOPMENT
BRANCH: ARTS/CULTURE/ SPORT /RECREATION
/SOCIO-DEVELOPMENT (Annexure 4.2)**



**APPROVED ORGANIZATIONAL STRUCTURE FOR THE DIRECTORATE:
COMMUNITY SERVICES/SOCIO DEVELOPMENT
BRANCH: PUBLIC SAFETY (Annexure 4.3)**



OCTOBER 2008

**APPROVED ORGANIZATIONAL STRUCTURE FOR THE DIRECTORATE:
COMMUNITY SERVICES/SOCIO DEVELOPMENT
BRANCH: ENVIRONMENTAL HEALTH (Annexure 4.4)**

Schedule of Staff: Community Services

Section / Branch	Post	Incumbent	Remarks
1. Director	1 Director Community Services/Socio Development 1 Manager: Community Services 2 Typist/Clerk 8/6	L.S. K. Roji Vacant Vacant	
2. Branch: Primary Health	1 Senior Professional Nurse	Vacant	
2.1 Auxiliary Services	2 Ambulance Drivers (12) 1 General Worker (13) 2 Professional Nurse (3)	Vacant Vacant Vacant	
2.2 Section: Kirkwood	2 Professional Nurses (3) 1 Staff Nurse (4) 1 Health Worker (9) 1 Cleaner /Office Assistant	B.L.Slambee Vacant LF Mdanyana (Lucky) S Voetpad	
2.3 Section: Bergsig	2 Professional Nurse (3) 1 Staff Nurse (4) 1 Health Worker (9) 1 Cleaner/Office Assistant (9)	FCA Jacobs C.G. De Kock Vacant R Bosch LM Hill	
2.4 Section: Moses Mabida	2 Professional Nurse (3) 1 Staff Nurse (4) 1 Health Worker (9) (Province) 1 Cleaner/Office Assistant (9)	1. Vacant 2. Vacant L Mdanyana (Lindelwa) M Somnke	
2.5 Section: Aids Awareness & General	1 Professional Nurse (3)	E Dorfling	Service performed in Town Clinic

Health Programmes			
2.6 Section: Social Development	1 Social Worker (3)	Vacant	
2.7 Section: Nomathamsanqa, Bersheba/ /Enon, Paterson, Addo	Functioned Performed by Cacadu District Municipality		
3. Branch: Arts/ Culture/ Sports/ Recreation/ Socio-Development	1 Social Admin Officer (4)	Mr S Nana	
3.1 Section: Facility Management	1 Caretaker & 1 Worker (13) Swimming pool/ Aquapark Hall 1 Worker (13) M/Mabida Hall & Sportsfields 1 Worker (13) Bergsig Hall & Sportsfields 1 Worker (13) Sportsfields Valencia Hall 1 Worker (13) Addo Hall & Sportsfields 1 Worker (13) Paterson Hall & Sportsfields 1 Worker (13) Enon/Bersheba Hall	J. Botha B Konono Vacant Vacant E Dyali P. Mbengashe K. Mooi	
3.2 Section: Cemeteries	2 Workers (13) Enon, Bersheba, Miskraal, West bank & Dunbrody 2 Workers (13) Kirkwood Area Moses Mabida 1 Worker (13) Addo/Valencia 1 Worker (13) Paterson	Vacant 1. J Tieman 2. J Naku Vacant Vacant	
3.3 Section: Arts/Culture/Sport	Function Performed by Admin Officer		
4. Branch: Public Safety	1 Chief Safety Officer (2) 1 Cleaner (13)	HL Snyman Vacant	
4.1 Division: Disaster Management	Function Performed in conjunction with Cacadu District Municipality Province		
4.2 Division: Law Enforcement	1 Superintendent (3) 2 Traffic Assistant	D Clingen 1. J. Bruintjies 2. N.B. Makana	
4.2.1 Section: Kirkwood	1 Ass. Superintendent (4) 3 Traffic officers (5)	Vacant 1. ET Terblanche 2. J Williams 3. J. Fillies	

4.2.2 Section : Paterson	1 Traffic Assistant (13) 1. Ass. Superintendent (4) 3 Traffic officer (5) 2 Traffic Assistant (13)	1.M. Sotyali Vacant 1. Vacant 2. Vacant 3. Vacant Vacant	
4.2.3 Section: Warrant of Arrest and Processing	1 Supervisor (4) 1 Peace officer (6) 1 Senior Clerk (5) 2 Clerks (6)	Vacant Vacant N.A. Sali 1 F. Nompondo 2. Z. Ndwangu	
4.3 Division: Licensing and Testing Station	1 Superintendent / Management Rep (3) New	A.P. Petrus	
4.3.1 Section: Roadworthy	1 Management Rep. / Examiner Vehicles / Traffic officer (4) 1 Examiner Vehicles / Traffic Officer (5)	Vacant Vacant	
4.3.2 Section: Driving Licensing	2 Exam. DL – Traffic Officer (4) 1 Clerk DL (Grade D) (6)	1 A.G. Adams 2. Vacant M. Swarts	
4.3.3 Section: Motor Vehicle Registration	1 Snr. Clerk (5) 2 Clerks :Paterson & Kirkwood	J Nkone 1. B. Brandt 2. P. Nofemele	
4.4: Fire Services (Function performed by Chief Safety Officer)	1 Fire Officer (3)	Vacant	
5. Branch: Environmental Health	1 Environmental Health Officer	K Makgoka	

	1 Environmental Health Officer	Vacant	
5.1 Section: Disposal of Dead			
5.2 Section: Water Quality Monitoring/ Sampling			
5.3 Section: Food Quality Control and Monitoring			
5.4 Section: Control of Communicable Diseases			
5.5. Section: Waste Management			
5.6 Section: Health Surveillance of Premises			

SUMMARY OF POSTS

APPROVED : 76
 FILLED : 37
 VACANT : 39
 BUDGETED : 3
 NOT BUDGETED : 19
 TEMPS : 0

OCTOBER 2008

**APPROVED ORGANIZATIONAL STRUCTURE FOR THE DIRECTORATE:
 INFRASTRUCTURE / TECHNICAL SERVICES DIVISION:
 LOWER VALLEY (ANNEXURE 5.1)**

SCHEDULE OF STAFF: TECHNICAL SERVICES

Section / Branch	Post	Incumbent	Remarks
1. Director	1 Director Technical Services 1 Manager: Infrastructure and Housing 1 Typist / Clerk (8/6)	Vacant Vacant Vacant	
2. Branch: Technical Services	1 Snr Technician (2)	R.J. Herholdt	
2.1 MIG Projects, Water and Sanitation	1 Technician (3/2)	P Louw	
2.2 Division: Technical Services Lower Valley	1 Superintendent (3)	V. Mata	

2.2.1 Section: Addo/Valencia/ Nomathamsanqa & Surrounding Areas			
2.2.1.1 General Maintenance, Water & Sanitation	1 Handyman (9/8)	VACANT	Budgeted
	4 Workers (13)	1. Q.L. September 2. T.P. Gxekwa 3. B. Dorfling 4. Vacant	Not Budgeted
2.2.1.2 Roads/Stormwater & General Maintenance	1 Driver (9/8)	L. Phepeta	Not Budgeted
	4 Workers (13)	1. T. Mofu 2. A. Frans 3. Z. Sesman 4. Vacant	
2.2.1.3 Water & Sanitation	3 Operators (8)	1. S.S. Beta 2. M.P. Brikwa 3. C.C. Smith	Not Budgeted
	3 Workers (13)	1. R. Gaga 2. M. Nazo 3. Vacant	
2.2.1.4 General Maintenance	2 Workers (13)	Vacant Vacant	
2.4 Section: General Maintenance (Valencia / Addo)	2 Workers (13)	1. Vacant 2. Vacant	Not Budgeted
2.2.3 Section: Paterson	1 General Workman (7/6)	V. Bojo	
2.2.3.1 Water/Sanitation/Roads/ Storm water & General Maintenance	2 Senior Workers (12)	1. T.E. Nyamezeli 2. Vacant	Not Budgeted
	5 Workers (13)	1. M.T. Maya 2. T. Titus 3. Vacant 4. W.C. Sokupa 5. Vacant	Budgeted Not Budgeted
2.2.3.2 Street Cleaning	1 Worker (13)	J. Prince	

2.2.3.3 Conservancy Tanks	1 Driver (9/8) 1 Worker (13)	S. Williams _____ J.M. Dumana	
2.2.3.4 Refuse and Night Soil	1 Driver (9/8) 6 Workers (13)	M. Mbunge _____ 1. D. Baartman 2. Vacant 3. Z. Sinoti 4. D. Sykes 5. Vacant 6. D. Kemp	Budgeted Budgeted
2.3 Division: Technical Services Upper Valley	1 Superintendent (3)	Vacant	
2.3.1 Section: Cleansing Services	1 General Workman (7/6) 1 Driver (9/8)	B.W. Januarie _____ M.J. Zeyo	
2.3.1.1 Street Cleaners	4 Workers (13)	1. Msengi 2. N.E. Mbada 3. V. Gouws 4. N.M. Mate	
2.3.1.4 Refuse	8 Workers (13)	1. S. Gumenge 2. Vacant 3. Daniel 4. Tamse 5. M.R. Mazungula 6. M. George 7. S.M. Kona 8. Vacant	Budgeted Works at DUMP Not Budgeted
2.3.2 Section: Roads & Storm water	1 General Workman (7/6) 2 Drivers (9/8) 8 Workers (13)	Vacant _____ 1. M.E. Vani 2. J. Plaatjies 1. V.W. Mtongana 2. N. Lucas 3. H. Miggels 4. L.G. Ciki 5. A. Jinikwe 6. L. Mabambo 7. Vacant	Not Budgeted Helps water section in vacancy & driver Trained future

	1 Operator Grader (6) 1 Worker (13)	8. Vacant Vacant Vacant	operator (MMP) Trained future operator (MMP) Not budgeted Not budgeted
2.3.3 Section: Water & Sanitation	1 Artisan (4) (Plumber) 1 General Workman (7/6)	Vacant A. Plaatjies	Not budgeted
2.3.3.1 Water Purification Plant No 2	1 Operator (8)	F. Koen	
2.3.3.2 Water	1 Handyman (9/8) 4 Workers (13)	M. Gouws 1. Z.W. Gumbe 2. X.R. Makana 3. A. Gallant 4. Vacant	Not budgeted
2.3.3.3 Irrigation	1 Senior Worker (12) 3 Workers (13)	G. Poni 1. Ntantiso 2. I. Oosthuizen 3. J.M. Ningi	Budgeted
2.3.3.4 Sanitation	4 Workers (13)	1. J. Staalmeester 2. P. Kemp 3. A. Billet 4. Boyisini	
2.3.3.5 Water Purification Plant No 1	1 Operator (8)	J. Sonti	
2.3.4 Section: General Maintenance, Parks	1 General Worker (7/6)	M. Ndawo	
2.3.4.1 General Maintenance	1 Handyman (9/8) 5 Workers (13)	V.M. Somke 1. N. Matshoba 2. N. Ngesi 3. Vacant 4. Vacant 5. Vacant	Budgeted Not budgeted
2.3.4.2 General Maintenance Grass Cutting	1 Driver (9/8)	Vacant	

	1 Handyman (9/8) 1 Senior Worker (12) 3 Workers (13)	N.V. Williams J. Nako 1. B.A. Januarie 2. J. Martins 3. Vacant	
3. Branch: Administrative Services	1 Typist/ Clerk (8/6) 1 Cleaner / Messenger (13)	K. Oosthuizen N.A. Mate	
4. Branch: Housing and Infrastructure Development	1 Housing & Infrastructure Development Officer (3) 1 Housing Assistant (4) 1 Building Inspector (5) 1 Clerk (8)	A. Joseph C Potberg	
5. Branch: Planning/Building Control	1 Town /Regional Planning Officer (3)	Vacant	Not budgeted
	1 Building Inspector (5) 1 Building Control Officer (4)	Vacant Vacant	Not budgeted Budgeted
6. Branch: Logistic / Fleet Management	1 Logistics Officer (3)	Vacant	Not budgeted
7. Branch: Electrical Services	1 Senior Electrician (2) 1 Electrical Artisan (6) 2 Artisan Assistant (13)	Vacant Vacant Vacant Vacant	Not budgeted Not budgeted Not budgeted Not budgeted

SUMMARY OF POSTS

APPROVED : 115
 FILLED : 77
 VACANT : 38
 BUDGETED - VACANT : 10
 NOT BUDGETED - VACANT : 23
 TEMPS : 0

Sundays River Valley Municipality

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2009

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 41, in terms of Section 12(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager

Date

SUNDAYS RIVER VALLEY MUNICIPALITY

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SUNDAYS RIVER VALLEY MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009

	Note	2009 R	2008 R
Net Assets		49 635 597	48 192 810
Reserves	2	75 536 197	61 488 305
Accumulated Deficit	2	-25 900 600	(13 295 495)
Non-current Liabilities		8 108 856	8 028 667
Long-Term Liabilities	3	4 658 856	4 755 509
Non-current provisions	4	3 450 000	3 273 158
Current Liabilities		66 668 995	40 418 389
Trade and other payables	5	45 644 546	25 862 878
Provisions	6	897 467	610 076
Short term portion of long term liabilities	3	650 709	626 765
Short term portion of unspent grants and subsidies	3,12	19 193 350	12 415 407
Bank overdraft	11	282 923	903 264
		124 413 448	96 639 866
ASSETS			
Non-Current Assets		81 752 147	67 298 099
Property, Plant And Equipment	7	81 689 783	67 226 472
Long-Term Receivables	8	62 364	71 627
Current Assets		42 661 301	29 341 766
Inventory	9	0	360
Trade and other receivables	10	30 089 305	17 019 425
Short term portion of long-term receivables	8	3 016	2 870
Cash and cash equivalents	11	12 568 980	12 319 111
Total Assets		124 413 448	96 639 865

SUNDAY'S RIVER VALLEY MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Donations and Public Contributions Reserve	Capitalisation reserve	Government Grant Reserve	Unappropriate d Surplus
Restated opening balance 1 July 2007	1 391 529	3 431 151	47 832 168	(7 033 745)
As previously stated opening balance	1 391 529	3 431 151	47 832 168	(7 639 424)
Understatement of other income				1 318 238
Overstatement of expense by including VAT				14 011
Understatement - bad debt provision fines				(726 570)
Capitalisation of assets transferred to reserves			12 159 304	(12 159 304)
Scraping of asset previously capitalised			(133 385)	133 385
Offsetting of current depreciaiton	(85 578)	(374 883)	(2 732 001)	3 192 461
Restated Surplus for the year				2 571 707
Restated accumulated surplus 30 June 2008	1 305 951	3 056 268	57 126 086	(13 295 495)
Current year Donations	139 650			
Capitalisation of assets transferred to reserves			16 558 881	(16 558 881)
Scraping of asset previously capitalised				
Offsetting of current depreciaiton	(76 198)	(346 724)	(2 227 716)	2 650 638
Surplus for the year				1 303 138
Closing balance at 30 June 2009	1 369 403	2 709 544	71 457 250	(25 900 600)

Accumulated
Surplus

45 621 103

45 015 424

1 318 238

14 011

(726 570)

2 571 707

48 192 810

139 650

1 303 138

49 635 597

SUNDAYS RIVER VALLEY MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	R	R
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from levies, government and other	(19 781 668)	63 734 954
Cash paid to suppliers and employees	(28 959 649)	52 671 804
Cash (utilised in)/ generated by operations	20 9 177 981	11 063 150
Interest received	5 214 470	3 330 593
Interest from external borrowings	(766 669)	(619 861)
NET CASH FLOW FROM OPERATING ACTIVITIES	13 625 781	13 773 883
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment.	(17 580 072)	(16 910 043)
Proceeds on disposal of fixed assets.		184 286
(Increases)/Decreases in non-current loan receivable	9 117	(3 515)
NET CASH FROM INVESTING ACTIVITIES	(17 570 955)	(16 729 272)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term liabilities raised (repaid)	(72 709)	2 060 093
Increase (Decrease) in deferred income	4 888 092	11 050 956
NET CASH FROM FINANCING ACTIVITIES	4 815 383	13 111 049
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	870 211	10 155 660
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	11 415 847	1 260 187
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12 286 058	11 415 847

SUNDAYS RIVER VALLEY MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

Budget			Note	2009	2008
2008	2009			R	R
R	R				
		REVENUE			
74 218	64 776	Rental of facilities and equipment		61 243	63 112
45 202	835 000	Investment Interest		1 671 460	732 908
455 825	2 657 176	Other Interest		3 543 009	2 597 685
16 531 179	22 947 136	Government grants and subsidies- operating	13	138 897 364	30 920 261
18 784 052	26 914 054	Government grants and subsidies- capital		16 603 181	12 159 304
4 154 137	4 958 552	Property Rates		6 760 513	5 569 549
9 867	12 635	Property rates - penalties imposed and collection charges		14 986	11 051
975 480	2 183 368	Fines		1 279 521	2 627 665
11 855 847	16 520 775	Service Charges	10	15 636 152	13 581 930
926 169	4 481 600	Licences and permits		4 627 843	3 737 550
2 276 970	2 237 107	Other income	14	4 527 788	1 964 039
		Gains on disposal of property, plant and equipment			
56 088 946	83 812 179	TOTAL REVENUE		193 623 061	73 965 054
		EXPENDITURE			
17 469 316	19 452 627	Employee related costs	15	22 196 499	17 491 955
2 210 485	2 524 546	Remuneration of Councillors	16	2 617 120	2 186 733
3 638 978	3 932 608	Contributions to/from Provision		287 169	2 126 415
-	0	Increase (Decrease) in provision for bad debts		17 489 741	6 348 803
1 000 000	1 000 000	Depreciation		3 116 761	3 595 694
2 985 879	3 001 846	Repairs and maintenance		3 376 149	1 580 152
105 146	401 000	Interest on external borrowings	17	766 669	619 861
3 489 382	7 027 926	Bulk Purchases	18	5 088 709	3 518 188
349 433	264 500	Contracted services		239 849	216 273
5 827 676	5 841 351	Grants and Subsidies paid	19	121 894 287	21 392 759
7 100 420	11 282 992	General expenses-other		15 246 970	12 288 169
-		Loss on disposal of property, plant and equipment		0	28 347
237 267		Internal Charges			
44 413 981	54 729 396	TOTAL EXPENDITURE		192 319 923	71 393 347
11 674 965	29 082 783	NET SURPLUS FOR THE YEAR		1 303 138	2 571 707

Refer to Appendix E(1) for explanations of variances

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**1 ACCOUNTING POLICIES****1.1 REPORTING ENTITY**

The Sunday's River Valley Municipality is a local municipality domiciled in South Africa. The registered address of the municipality is 30 Middle Street, Kirkwood. The Sunday's River Valley Municipality is situated in the western portion of the Eastern Cape Province. The municipality's primary function is to support the development of a strong system of local government and service delivery that meets the needs of the stakeholders - the residents and the Private Sector.

1.2 BASIS FOR PRESENTATION**1.2.1 Statement of Compliance**

The annual financial statements have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the effective Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Practices Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP
GRAP 1: Presentation of financial statements
GRAP 2: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors
GRAP 4 The Effects of Changes in Exchange Rates
GRAP 5 Borrowing Costs
GRAP 6 Consolidated and Separate Financial Statements
GRAP 7 Investments in Associates
GRAP 8 Investments in Joint Ventures
GRAP 9 Revenue from Exchange Transactions
GRAP 10 Financial Reporting in Hyperinflationary Economies
GRAP 11 Construction Contracts
GRAP 12 Inventories
GRAP 13 Leases
GRAP 14 Events After the Reporting Date
GRAP 16 Investment Property
GRAP 17 Property, Plant and Equipment
GRAP 19 Provisions, Contingent Liabilities Assets
GRAP 100 Non – current Assets Held for Sales and Discontinued Operations
GRAP 101 Agriculture
GRAP 102 Intangible Assets

Currently the recognition and measurement principles in the above GRAP and GAMAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements.

GRAPs 6, 7 and 8 have been complied with, to the extent that the requirements in these standards relate to the municipality's separate financial statements.

The Minister has determined that the effective date for the above standards of GRAP shall be

- December 2005 for GRAP 1, 2 and 3
- May 2008 for all the other GRAP statements

Directives issued and

Reference	Topic
Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAF
Directive 2	Transitional Provisions for the adoption of Standards of GRAP by Public Entities and Constitutional institution
Directive 3	Transitional Provisions for the adoption of Standards of GRAP by High Capacity Municipalities
Directive 4	Transitional Provisions for the adoption of Standards of GRAP by Medium and Low Municipalities
Directive 5	Determining the GRAP Reporting Framework

Effective accrual based IPSASs considering the provisions in paragraph .15 to .19 of Directive 5

Reference	Topic
IPSAS 20	related Party Disclosures
IPSAS 21	Impairment of Non Cash-Generating Assets

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (cont)

Effective IFRSs and IFRICs that are applied considering the provisions in paragraph.20 to .26 of Directive 5

Reference	Topic
IFRS 3 (AC 140)	Business Combinations
IFRS 4 (AC 141)	Insurance contracts
IFRS 6 (AC 143)	Exploration for and Evaluation of Mineral Resources
IAS 7 (AC 144)	Financial Instruments: Disclosure:
IAS 12 (AC 102)	Income Tax
IAS 19 (AC 116)	Employee Benefits
IAS 32 (AC 125)	Financial Instruments: Presentation
IAS 36 (AC 128)	Impairment of Assets
IAS 39 (AC 133)	Financial Instruments: Recognition and Measurement
SIC - 21 (AC 421)	Income Taxes - Recovery of Revalued Non-Depreciable Asset
	Income Taxes - Changes in the Tax Status of an Entity or its
SIC - 25 (AC 425)	Shareholders
SIC - 29 (AC 429)	Service Concession Arrangements - Disclosure:
IFRIC 2 (AC 435)	Members' shares in Co-operative Entities and Similar Instrument
IFRIC 4 (AC 437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC 422)	Reassessment of Embedded Derivatives
IFRIC 12 (AC 445)	Service Concession Arrangements
IFRIC 13 (AC 446)	Customer Loyalty Programmes
IFRIC 14 (AC 447)	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

2.1.2 The cash flow statement is prepared in accordance with the direct method

2.1.3 Specific information is presented separately on the statement of financial position such as:

- a) Receivables from non-exchange transactions including transfers
- b) Trade and Other Payables from non-exchange transactions

2.1.4 The amount and nature of any restrictions on cash balances, where applicable, is disclosed

Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the municipality. They did however give rise to additional disclosures, including in some cases, revisions to accounting policies.

Basis of

1.2.4 measurement

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

1.2.5 Use of Estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:
Note 4 – provisions

Performance bonus provisions are based on employment contract stipulations as well as previous performance bonus payment trends

The estimated useful lives of property plant and equipment were revised as part of the annual assessment process.

1.3 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

1.4 GOING CONCERN ASSUMPTION

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Cont)**1.5 PROPERTY, PLANT AND EQUIPMENT**

1.5.1 Property, plant and equipment, is stated at cost, less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

where the cost of an item of property, plant and equipment was acquired in exchange for, a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets it was measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents transferred.

The cost of assets acquired in an exchange of similar assets, are measured at the carrying value of the asset given up and no profit or loss is recognized.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, then it is regarded as repairs and maintenance and is expensed.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and shall be depreciated according to their different useful life.

The gains and losses arising from the de-recognition of property, plant and equipment (difference between carrying amount less any revaluation surpluses and net disposal proceeds) are included in surplus or deficit when the item is derecognized.

The residual value and the useful life of each asset are reviewed annually.

The depreciation charge for each year is recognized in surplus and deficit unless it is included in the carrying amount of another asset.

Depreciation is calculated on cost less residual value, using the straight line method, over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated useful lives:

	2009	2008
Bins and containers	5 - 10	5 - 10
Buildings	50	50
Computer equipment	2 - 10	2 - 10
Electricity	10 - 30	5 - 30
Electricity meters	20 - 30	20 - 30
Equipment	3 - 15	3 - 15
Furniture and fittings	3 - 15	7 - 15
Landfill sites	20 - 50	20 - 50
Motor vehicles	5 - 10	5 - 10
Office equipment	2 - 10	2 - 10
Other plant and equipment	3 - 15	3 - 15
Plant	3 - 20	3 - 20
Recreational facilities:	10 - 50	10 - 50
Roads	3 - 50	3 - 50
Sewerage	4 - 50	15 - 20
Specialised vehicle:	5 - 30	5 - 20
Specialised plant and equipment	4 - 15	5 - 15
Tools	2 - 10	2 - 10
Water	5 - 50	5 - 20

1.6 RESERVES**1.6.1 Capital Replacement Reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised. Interest earned on the CRR investment is recorded as interest earned in the Statement of Financial Performance and may be appropriated to the CRR in accordance with council policy.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the IDP.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Cont)**1.6.2 Government Grant Reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus.

1.6.3 Capitalisation Reserve

On the implementation of GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that have historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus.

1.6.4 Donations and public contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from donations and public contributions is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/deficit.

1.7 PROVISIONS

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If the municipality has an onerous contract, the present obligation under the contract shall be recognized and measured as a provision.

Where performance appraisals have not yet been performed at year-end, a performance bonus provision is made based on the employment contract stipulations as well as previous performance bonus payment trends.

1.8 EMPLOYEE BENEFITS**1.8.1 Defined Contributions**

Payments to defined contribution retirement benefit plans are charged to the financial performance as they fall due. Payments made to industry-managed (state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the scheme is equivalent to those arising in a defined contribution retirement benefit plan.

The Council provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund. The medical aid contributions are charged to the financial performance as they fall due.

1.8.2 Defined Benefits

All defined benefit plans are accounted for in terms of defined contributions in terms of the exercise of the exemptions provided for in Government Gazette 30013 of June 2007.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Cont)**1.8.3 Accrued Leave Pay**

Liabilities for annual leave are recognised as they accrue to employees. The leave pay accrual is calculated taking into account the municipality's leave pay accrual policy.

1.9 LEASES**1.9.1 Municipality as the lessee**

Leases in terms of which the municipality assumes substantially all the risks and rewards of ownership are classified as finance leases and where the lessee retains substantially all the risks and rewards of ownership are classified as operating leases.

Upon initial recognition the finance leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments and the corresponding liabilities are raised. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on the straight line method over the term of the lease.

1.9.2 Municipality as the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised as they are incurred over the lease term.

1.10 INVESTMENTS

The Municipality classifies its investments in the following categories:

- loans and receivables and
- held-to-maturity investments.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

1.10.1 Loans and receivables

Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables, receivable within 12 months are included in trade and other receivables in the Statement of Financial Position.

1.10.2 Held-to-maturity investments

Held-to-maturity investments are fixed or determinable payments and fixed maturities that the municipality has the positive intention and ability to hold to maturity. The accounting policy for financial instruments recognition, measurement and disclosures is in accordance with the exemptions in Gazette no. 30013 of 2 June 2007.

1.11 INVENTORIES

Unsold properties are valued at the lower of cost and net realisable value. Direct costs are accumulated for each separately identifiable development. Cost also include a proportion of overhead costs.

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

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

1.12 TRADE AND OTHER RECEIVABLES

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current assets.

1.13 TRADE AND OTHER PAYABLES

Trade and other payables are initially recognized at the cost of the present obligation of a past event.

1.14 REVENUE RECOGNITION

Revenue comprises the cost of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality activities. Revenue is shown net of value added tax, estimated returns, rebates and discounts and after eliminated revenue within departments of the Municipality. Revenue is recognised as follows:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Cont)**1.14.1 Revenue from Exchange Transactions**

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when consumed. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when consumed and accrued accordingly.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

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

Interest and rentals are recognised on a time proportion basis.

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

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

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

All other revenue is recognised as it accrues

1.14.2 Revenue from non-exchange transactions

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

Revenue from Regional Levies, both those based on turnover as well as those based on remuneration, is recognised on the payment due basis.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, at the cost of the consideration received or receivable.

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

1.15 CONDITIONAL GRANTS AND RECEIPTS

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

1.16 FINANCIAL INSTRUMENTS**1.16.1 Investments and other financial assets**

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Municipality determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end

1.16.2 Cash and Cash Equivalents

Cash and cash equivalents are measured at fair value.

Cash in the balance sheet comprises cash at bank and on hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdraft

1.16.3 Impairment of Financial Assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

1.16.4 Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Cont)

In relation to trade receivables, a provision for impairment is made when there is objective evidence that the Agency will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

1.16.5 Available-for-sale financial investments

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss:

1.16.6 Derecognition of financial assets and liabilities**1.16.6. Financial Assets**

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

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

1.16.6. Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss

1.17 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and with banks. Cash equivalents are short-term, liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise of cash on hand and deposits held on call accounts with banks.

1.18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**1.18.1 Interest Rate Risk**

The Municipality has no interest rate risk in terms of liabilities. But interest rate change may have an effect on cash reserves

1.18.2 Credit risk management

The Municipality has no exposure to credit risk management, as it has no interest bearing borrowings.

1.18.3 Liquidity risk

The Municipality has no present liquidity risk due to large cash reserves.

1.18.4 Foreign currency risk

The Municipality is not exposed to foreign currency risk as all trading is done locally.

1.18.5 Capital management

The primary objective of the Municipality's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

1.19 VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the payment basis in terms of S15 (2) of the VAT Act No 89 of 1999.

1.20 COMPARATIVE INFORMATION**1.20.1 Prior year comparatives:**

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1.21 TAXATION

The Municipality has applied and received a tax exemption certificate from South African Revenue Services.

1.21 SEGMENTAL INFORMATION

The principal segments have been identified on a primary basis by classification of the revenue and expenditure and on a secondary basis by the classification of service of operations. The secondary basis is representative of the internal structure for both budgeting and management purposes.

1.22 GRANTS-IN-AID

The Council transfers money, from time to time to, individuals, organisations and other sectors of government in accordance with the Municipal Finance Management Act.

1.23 UNAUTHORISED EXPENDITURE

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

1.24 IRREGULAR EXPENDITURE

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

1.25 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.26 BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2. ACCUMULATED RESERVES

	Opening balance	Transferred in	Transferred out	Closing balance
2009				
Accumulated Surplus	-13 295 495	3 953 776	-16 558 881	-25 900 600
Capital Replacement Reserve				0
Capitalisation Reserve	3 056 268		-346 724	2 709 544
Donations and public contributions reserve	1 305 951	139 650	-76 198	1 369 403
Government Grant Reserve	57 126 086	16 558 881	-2 227 717	71 457 250
Total	48 192 810	20 652 307	-19 209 520	49 635 597
2008				
Accumulated Surplus	-7 033 745	5 897 554	-12 159 304	-13 295 495
Capital Replacement Reserve				0
Capitalisation Reserve	3 431 151		(374 883)	3 056 268
Donations and public contributions reserve	1 391 529		(85 578)	1 305 951
Government Grant Reserve	47 832 168	12 159 304	-2 865 386	57 126 086
Total	45 621 103	18 056 858	-15 485 151	48 192 810

3. LONG-TERM LIABILITIES

DBSA Loans		5 309 565	5 382 273
Secured		1 945 578	2 066 442
Revoling credit facility		1 003 314	991 261
Finance Leases		2 333 974	2 293 467
Unsecured liabilities		26 699	31 102
Restated Long-term liabilities		650 709	626 764
		4 658 856	4 755 509

The secured loan bears interest at 14.32% and is repayable quarterly. The municipality has placed a short term investment of R663,882 (2008: R608,179) as security for the loan. See note 10.

The revolving credit bears interest at prime, is secured by a hypothec over water meters with a book value of R383,587 (2008 R408,387) and have no fixed terms of repayment.

The finance leases bear interest varying between 15% - 15.5% and is repayable by month instalments of R78,439. The finance lease is secured by a hypothec over equipment and motor vehicles with book values of R1,680,517 (2008 - R1 402 361) and R807,350 (2008 - R911,538). See also note 7 below.

Present value of minimum finance lease payments

- within one year	541 043	487 652
- in second to fifth year inclusive	1 792 931	1 805 815
	<u>2 333 974</u>	<u>2 293 467</u>
Minimum finance lease payments due		
Non-current liability	2 034 327	2 362 980
Current liability	941 264	790 167
	<u>2 975 591</u>	<u>3 153 147</u>

The unsecured loan bears interest at 16.68% and is repayable by six monthly instalments of R 4,346.

Deferred income

Conditional Grants from Government	0	0
Conditional Grants from Government	19 193 350	14 305 258
Less : Short term portion transferred to current liabilities	19 193 350	14 305 258
Total long term liabilities	4 658 856	4 755 509

See Appendix G for a reconciliation of grants from National/Provincial Government.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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4. NON-CURRENT PROVISIONS

Provision for rehabilitation of landfill sites	3 450 000	3 273 158
	<u>3 450 000</u>	<u>3 273 158</u>

landfill sites**follows:-**

Balance at beginning of year	3 273 158	1 200 000
Increase in provision for rehabilitation of landfill sites	176 842	2 073 158
Balance at end of year	<u>3 450 000</u>	<u>3 273 158</u>

5. TRADE AND OTHER PAYABLES

Trade creditors	43 048 957	24 648 043
Deposits	215 267	208 470
Leave pay accrual	2 345 616	905 142
Accrued expenses		71 689
Prepaid income	34 705	29 534
Restated Trade and other payables	<u>45 644 546</u>	<u>25 862 878</u>

6. PROVISIONS

Provision for Bonus	897 467	610 076
	<u>897 467</u>	<u>610 076</u>

Employee bonus is paid in November and December of each year or in the month of an employee termination, whichever comes first. The amount is based on the 1/13 of employees annual salary or proportion thereof. The provision for performance bonus has been estimated by the Municipal Manager at year end and will be payable in December 2009 after approval by council.

7. PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
	R	R	R
30 June 2009			
Infrastructure	67 772 582	18 243 750	49 528 832
Land and Building	28 495 266	5 718 480	22 776 786
Community	2 963 512	1 194 183	1 769 329
Other	15 324 737	7 709 901	7 614 836
Totals	<u>114 556 097</u>	<u>32 866 313</u>	<u>81 689 783</u>
30 June 2008			
Infrastructure	51 213 702	16 894 630	34 319 072
Land and Building	28 687 266	5 413 509	23 273 757
Community	2 607 700	1 049 304	1 558 396
Other	14 467 357	6 392 110	8 075 247
Totals	<u>96 976 025</u>	<u>29 749 553</u>	<u>67 226 472</u>

All assets were costed and recorded in the fixed asset register in terms of note 1.4. The estimated useful lives and residual value have been assessed for the year and the differences in the depreciation has been accounted for in terms of GRAP 3, change in estimates. Equipment and Motor Vehicles with book values of R1,680,517 (2008 - R1,402,361) and R807,350 (2008 - R911,538) are finance by finance leases of R2,333,974 (2008 - R2,293,467). See also note 3 above.

Refer Appendixes B and C for more detail on property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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8. LONG-TERM RECEIVABLES

ACVV	65 380	74 497
Less : Short-term portion transferred to current assets	3 016	2 870
Total Non-Current receivables	62 364	71 627

The loan to ACVV is unsecured, bears interest at 5% per annum and is repayable 6 monthly payments of R3123.

9. INVENTORY

Diesel	0	360
Inventory	0	360

Inventory is valued as stated in note 1.10

10. TRADE AND OTHER RECEIVABLES

Trade debtors	44 044 097	30 145 686
Income accrued	3 521 079	3 428 026
Other debtors	448 391	519 048
VAT	4 668 634	3 118 773
Debit balance in unspent grants and subsidies	21 817 442	6 714 478
Less provision for bad debts	-44 410 338	-25 037 920
As previously stated	30 089 305	18 888 091
understatement of bad debt provision for fines		-1 882 677
understatement of VAT		14 011
Restated trade and other receivables	30 089 305	17 019 425

Services: Ageing

0 - 90 Days	2 956 095	3 634 991
+ 90 Days	28 732 550	15 438 459
Total	31 688 645	19 073 451

Rates : Ageing

0 - 90 Days	407 171	1 111 330
+ 90 Days	9 728 083	6 054 610
Total	10 135 254	3 158 304

Housing : Ageing

0 - 90 Days	13 415	359 014
+ 90 Days	556 670	2 499 638
Total	570 085	2 858 652

Other : Ageing

0 - 90 Days	12 322	2 347
+ 90 Days	1 637 699	1 045 209
Total	1 650 021	1 047 556

SERVICE CHARGES

Sale of electricity	4 901 225	3 876 400
Sale of water	6 211 109	5 473 498
Refuse removal	3 033 219	2 819 205
Sewerage and sanitation charges	1 344 578	1 246 419
Services Charges Housing	146 266	74 443
Services Charges Other Debtors	-245	91 965
	15 636 152	13 581 930

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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11. CASH AND CASH EQUIVALENTS

The Municipality has the following bank accounts:

Current Account (Primary Bank Account)

11.1 Current account

First National Bank - Kirkwood Branch

Account Number : 6202 549 0856

Cashbook balance at the beginning of the year

-903 264

-639 503

Cashbook balance at the end of the year

-282 923**-903 264**

Bank statement balance at the beginning of the year

-891 327

-690 603

Bank statement balance at the end of the year

-285 225**-891 327**

11.2 Current Account (Motor Registration)

First National Bank - Kirkwood Branch

Account Number 62027651935

Cash book balance at beginning of year

136 595

132 163

Cash book balance at end of year

46 699**136 595**

Bank statement balance at beginning of year

135 929

132 163

Bank statement balance at end of year

46 318**135 929**

11.3 Current Account (Traffic Fines)

First National Bank - Kirkwood Branch

Account Number 62070775310

Cash book balance at beginning of year

9 308

6 158

Cash book balance at end of year

9 885**9 308**

Bank statement balance at beginning of year

9 274

6 158

Bank statement balance at end of year

9 872**9 274**

11.4 Current Account (Easy Pay)

First National Bank - Kirkwood Branch

Account Number 62098449385

Cash book balance at beginning of year

6 073

4 604

Cash book balance at end of year

425

6 073

Bank statement balance at beginning of year

6 073

4 069

Bank statement balance at end of year

425**6 073**

11.5 Held to maturity investments

Bank a/c

Account Number -

Held to maturity investments

Interest on investments accrued

30 871

90 771

Call Account Deposits

12 480 760

12 076 024

Total held to maturity investments

12 511 631**12 166 795**

Which are disclosed in the Statement of Financial Position as follows:-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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11.6 Cash and cash equivalents

Bank Balances	57 009	151 976
Held to maturity investments	12 511 631	12 166 795
Petty cash	340	340
	12 568 980	12 319 111
Balance at the end of the year	12 286 058	11 415 847
Balance at the beginning of the year	11 415 847	1 260 187
Net Increase/(Decrease) in cash and cash equivalents	870 211	11 415 847

Included in call account deposits is an amount of R663,882 (2008- R 608,179) which is held as security by DBSA for a loan made to the municipality see note 3

12. GOVERNMENT GRANTS AND SUBSIDIES

Government Grants

IDP fund	193 693	42 211
Rezoning fund	29 464	29 464
Planning Moses Madiba	13 994	13 994
Spatial development PLA	43 146	43 146
Paterson micro enterprises	508 559	8 559
Human resources	0	1 000
Municipal infrastructure	3 630 545	139 494
MIG - cool facility	1 014	1 014
MIG - balance of fund	3 005	3 005
MIG - Kirkwood	0	1 119
MIG Emsengeni fund	1 208	1 208
Free basic electricity	-45 376	-9 869
Kirkwood cemetery fund	67 524	67 524
Paterson housing fund	-36 337	-23 622
Rectification encroachment Moses Madiba	74 407	67 880
Paterson bucket	0	2 261
Rectification encroachment	84 661	77 234
Rectification encroachment Paterson	96 719	97 531
Survey Moses Madiba	14 516	14 516
Municipal systems improvement	284 077	-10 090
Capacity building	15 279	15 279
Paterson labour	1 056	2 800
Revision and intergration	191 269	191 269
Paterson bucket eradication	1 397 796	-924 972
Drought relief fund	259 972	181 928
Performance management system	0	1 598
Addo Nomathamsanqa 91 Sites houses	4 850	-8 378
NM Paterson accident fund	4 304	3 292
Paterson housing establishment grant	-21 942	10 138
Kirkwood upgrade water treatment	-154 949	7 761
Aquapark/waterbourne sewerage	4 659	-69 896
Moses MAdiba/waterbourne sewerage	-151 346	2 978 808
Agri rates trust	1 270	65 270
Water service policy	37 331	349 741
Addo noluthando 801 houses	-8 050 782	-4 136 455
KK 113 fund	-183 504	-421 494
Bergsig raw houses fund	62 468	1 502
Sunday's River Valley financial management grant fund	-297 581	-96 278
Moses Madiba 750 houses fund	-6 653 923	-235 784
Intergrating zoning scheme fund	286 001	264 088
Addo noluthando top structure	-166 577	-259 395
Addo Nomathamsanqa 1728	71 084	-533 378
Addo Valencia 600 infrastructure	1 534	1 000
Debt control	0	104 000
Asset register	400 000	400 000
Revenue collection	-34 931	150 000
Enon Basheba 450 infrastructure	-1 267 504	1 200
Moses Madiba 750 infrastructure	-60 303	
Sunday's River Valley town planning	50 297	50 297
Water service policy	0	2 000
Paterson bulk water supply	8 932 221	8 537 235
Waste management planning	0	268 421
Enon Besheba labour	-1 684 244	92 631
Langbos VIP project	30 684	28 972
Paterson 150 houses	-1 670 568	
Addo Nomathamsanqa 300	-1 337 575	
WSDP	151 124	0
O&M	251 893	0
Emsengeni sewer supply	1 991 724	0
Transfer of debit balances to trade and other receivables	21 817 441	6 714 478
As previously stated	19 193 350	14 305 258
Adjustments to the following accounts as a result of errors in prior year		
As a result of overstatement of balances in 2007		1 318 238
As a result of overstatement of balances in 2008		571 613
Restated unspent grants and subsidies	<u>19 193 350</u>	<u>12 415 407</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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13. Government grants and subsidies

National Grants

Equitable share	15 636 204	12 392 963
Municipal infrastructure Grant - PMU		486 054,00
Finance Management Grant	3 948 031	346 624
Total Government Grants	19 584 235	13 225 641

Provincial Subsidies

Subsidy : Health	2 023 761	1 392 439
Other operating grants	1 310 196	1 347 550
MSIG	1 446 747	480 868
Housing	113 996 540	13 974 305
Total Provincial Subsidies	118 777 244	17 195 162

District subsidies/grants

Subsidy : Cacadu District Municipality	535 884	499 459
Total District subsidies	535 884	499 459

Total Government Grants and Subsidies received

138 897 363	30 920 261
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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14. OTHER INCOME

Cash sales electricity	1 259 758	1 075 163
Councillors Salaries Payments- Audit	0	-20 515
General Income	443 992	94 219
Income from conditional grants (VAT)	2 359 075	573 419
General project income	219 826	500
Other	245 138	241 252
Total Other Income	4 527 788	1 964 039

15. EMPLOYEE RELATED COSTS

Salaries and wages	18 911 069	17 206 522
Defined contributions	2 752 427	2 455 038
Social contributions	397 789	285 433
	22 061 285	17 491 955

Remuneration of the Municipal Manager

Annual Remuneration	495 263	338 876
Car Allowance	72 000	64 884
Performance Bonus		68 269
Allowance - telephone	6 000	
Social contributions	4 217	
Total	577 480	472 029

Remuneration of the Chief Finance Officer

Annual Remuneration	422 055	224 339
Car Allowance	72 000	45 500
Performance Bonus		64 714
Allowance- Housing Subsidy	0	0
Allowance- Other	6 000	0
Social Contributions	5 867	1 400
Total	505 922	335 953

Remuneration of the Director of Technical services

Annual Remuneration	244 504	350 593
Car Allowance	48 000	84 902
Performance Bonus		55 640
Allowance- Housing Subsidy		554
Allowance- Telephone	3 500	1 000
Social Contributions	3 771	1 602
Total	299 775	494 291

The Director Technical Services' position was vacant from 01 July 2008 to 01 December 2008

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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Remuneration of the Director Corporate Services		
Annual Remuneration	380 055	443 360
Car Allowance	54 000	78 000
Performance Bonus		64 714
Allowance- Other	6 000	
Contributions to pension fund	60 000	
Social Contributions	5 852	2 111
Total	505 907	588 185
Remuneration of the Director Community Services		
Annual Remuneration	428 056	63 853
Car Allowance	66 000	6 500
Performance Bonus		
Allowance- Telephone	6 000	0
Social Contributions	9 755	3 849
Total	509 811	74 202
16. REMUNERATION OF COUNCILLORS		
Mayor/Speaker	139 229	204 735
Councillors	1 335 665	1 140 352
Councillors' pension and Medical contribution	278 894	197 738
Allowances	863 332	643 907
Total Councillors' Remuneration	2 617 120	2 186 733
17. INTEREST ON EXTERNAL BORROWINGS		
DBSA loans	110 656	208 024
Revolving credit	149 484	
Bank overdraft	53 315	258 996
Finance lease	453 214	152 841
Total interest on External Borrowings.	766 669	619 861
18. BULK PURCHASES		
Electricity purchases	4 617 420	3 136 968
Water purchases	471 288	381 220
	5 088 709	3 518 188
19. GRANTS AND SUBSIDIES PAID		
Grant : Study Centralized	0	911 439
Grant Exp : Subsidy Assessment Rates	191 807	2 038 081
Grant Exp : Financial management	3 948 030	
Grant Exp : Subsidy Water	947 940	1 700 962
Grant Exp : Subsidy Refuse	543 173	
Grant Exp : Subsidy Sewerage	105 134	463 090
Expenditure charged against conditional grants	116 158 203	16 279 187
Total Grants and Subsidies paid	121 894 287	21 392 759

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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20. CASH GENERATED BY (UTILISED BY) OPERATIONS

Net (deficit) surplus for the year	1 303 138	3 156 200
Adjustment for:-		
Depreciation	3 116 761	3 595 694
(Gain)/Loss on disposal of property, plant and equipment	0	28 347
Contributions to bad debt provision	19 372 419	0
Contribution (from)/to provisions	176 842	2 073 158
Adjustments in respect of appropriation account	160 834	
Investment income	-5 214 470	-3 330 593
Interest paid	766 669	619 861
Operating surplus before working capital changes:	19 682 193	6 142 665
Decrease/(Increase) in inventories	360	1 169 260
(Increase) Decrease in Trade and other accounts receivable	-30 573 632	-4 463 985
Increase in provisions	287 391	178 325
Increase in trade and other accounts payable	19 781 668	13 229 581
Cash (utilised by) generated by operations	9 177 981	16 255 846

21. RETROSPECTIVE RETATEMENT OF ERRORS

During the year under review it was discovered that:

the provision for bad debts for fines were understated by R1,156,107 (2008) and R726,570 (2007) and the trade and other receivables were consequently overstated by the amounts for the respective years. The comparative figures were restated accordingly.
during the vat review it was uncovered that the VAT payable was understated and the expenses overstated by R14011 for the 2007
during the year it was uncovered that other income (VAT recovered on conditional grants) was understated by R1,318,238 and unspent conditional grants overstated during the 2007 year.
the 2008 financials have been restated to take into effect the overstatement of other income (VAT recovered on conditional grants) of R573,419 and the consequently overstatement of the unspent conditional grants

22. EXTERNAL LOANS RECONCILIATION

The Municipality has external loans in the form of finance leases. Refer Appendix A

23. CONTINGENT LIABILITIES

The municipality has received summons from the previous two municipal managers for unfair dismissal. The municipality will be defending both of these applications. Legal advise received from its legal advisers have indicated that the municipality will be able to successfully defend these summons.

24. UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The municipality incurred expenses relating to penalty and interest on the late payment of SDL, UIF and PAYE to the South African Receiver of revenue.

The Provincial Local Government and Traditional Affairs, Member of Executive Council (MEC) has appointed the Special Investigative Unit to investigate certain allegations with regard to procurement and financial management of the municipality. The findings of the investigation is pending as the investigation is ongoing.

The municipality incurred interest on its overdraft during the year.

25. ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

26. Contributions to SALGA

Opening balance		
Council subscriptions	161 175	21 996
Amount paid - current year	0	-21 996
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	161 175	0

27. Audit fees

Opening balance		527 158
Current year audit fee	1 905 151	1 299 788
Amount paid - current year	1 845 471	1 826 946
Amount paid - previous years		
Balance due (included in trade and other payables)	59 680	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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28. VAT

Input tax	19 217 673	5 733 326
Output tax	1 313 697	1 389 335
VAT refunded/paid during the year	-16 093 548	1 225 218
NET VAT -included in trade and other receivable (payable)	1 810 428	3 118 773

All Vat returns have been submitted by the due date throughout the year.

29. PAYE and UIF

Opening balance	0	0
Current year payroll deductions	2 267 784	1 828 516
Amount paid - current year	-2 267 784	-1 828 516
Amount paid - previous years	0	0
Balance unpaid (included in debtors)	0	0

30. Pension and Medical Aid Deductions

Opening balance	0	0
Current year payroll deductions and Council Contributions	3 611 497	2 976 757
Amount paid - current year	-3 611 497	-2 976 757
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	0	0

31. RETIREMENT BENEFIT INFORMATION

31.1 Post- Retirement Medical Benefit

Provision is made for post retirement medical benefits in the form of health care plans for eligible employees and pensioners

31.2 Pension and Retirement Fund Benefits

Employees and Council contribute to the Cape Joint Pension and Retirement Funds on the basis of a fixed contribution which is charged against income as incurred.

31.3 Post-Retirement Medical Benefit

Provision is made for post retirement medical benefits in the form of health care plans for eligible employees and pensioners

31.4 Pension and Retirement Fund Benefits

Employees and Council contribute to the Cape Joint Pension and Retirement Funds on the basis of a fixed contribution which is charged against income as incurred.

32. IN-KIND DONATIONS AND ASSISTANCE

No in-kind donations and assistance were made during the year

33. RISK MANAGEMENT**33.1 Liquidity risk**

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity through an ongoing review of future commitments and credit facilities. Stringent cash management procedures are in place which includes cash flow forecasting.

33.2 Interest rate risk

Deposits attract interest at a rate that varies according to the prime banking rate. The municipality manages this interest rate risk by ensuring that all surplus funds are invested in fixed rate instruments and by maintaining the minimum possible balance in the current account.

33.3 Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and accounts receivable. The Municipality only deposits cash with the five major banks which have an equity above R 6 billion with good credit rating. The Municipality also limits exposure according to a pre determined formulae. Consumer debtors comprise a widespread customer base which is evaluated by management on an on-going basis.

34. GOING CONCERN

We draw attention to the fact that at 30 June 2009 the municipality had an accumulated loss of R25,900,600. The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the normal course of business. The ability of the municipality to continue as a going concern is dependent upon receiving additional funds from national and or provincial treasury and or increasing the recoverability of its trade and other receivables.

36. ACTUAL OPERATING EXPENDITURE VERSUS BUDGETED OPERATING EXPENDITURE

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

37. ACTUAL CAPITAL EXPENDITURE VERSUS BUDGETED CAPITAL EXPENDITURE

Refer to Appendix E (2) for the comparison of actual capital expenditure versus budgeted capital expenditure.

38. EVENTS AFTER THE REPORTING DATE

The municipal manager was dismissed on 9 July 2009. An acting Municipal manager has appointed until such time as a permanent appoint has been made.

39. COMPLIANCE WITH CHAPTER 11 OF THE MUNICIPAL FINANCE MANAGEMENT ACT

The Municipality has adopted a Supply Chain Management policy with effect from 1 January 2006 in accordance with the Act and applicable regulations. However, the Municipality has experienced difficulties in populating a comprehensive supplier database which is due to a poor response from potential suppliers. As a result the application of the regulations have not been fully implemented.

APPENDIX A
SUNDAY'S VALLEY RIVER MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS
AS AT 30 JUNE 2009

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30 June 2008	Received during the period	Redeemed written off during the period	Balance at 30 June 2009	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			R	R	R	R	R	R
LONG-TERM LOANS								
Total long-term loans			0	0	0	0	0	0
ANNUITY LOAN								
DBSA - Swimming Pool			31 102		-4 402	26 699	264 350	0
DBSA - Traffic Department			1 549 833		-90 649	1 459 184	1 877 540	
DBSA - Backhoe			516 610		-30 215	486 395	383 587	
Finance Leases			2 293 467	588 081	-547 574	2 333 974	2 487 867	
Revolving credit			991 261		12 052	1 003 314	569 358	
Total Annuity Loans			5 382 273	588 081	-660 789	5 309 565	5 582 702	0
GOVERNMENT LOANS								
Total Government Loans			0			0	0	0
TOTAL EXTERNAL LOANS			5 382 273			5 309 565	5 582 702	0

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 June 2009

	Cost/Revaluation				Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Under Construction	Reclassification	Closing Balance	Opening Balance	Additions	Disposals adjustments		Closing Balance
Land and Buildings										
Land	6 842 590				6 842 590	0			0	6 842 590
Buildings	21 844 676				21 844 676	5 413 510	376 912		5 790 421	16 054 255
	28 687 266	0	0	0	28 687 266	5 413 510	376 912	0	5 790 421	22 896 845
Infrastructure										
Drains										
Roads	1 066 534	0		-0	1 066 534	7 652	36 462		44 114	1 022 420
Sewerage Mains & Purif	16 485 096	10 389 508		400 000	27 274 604	2 448 410	369 416		2 817 826	24 456 778
Electricity Mains	8 458 498	0			8 458 498	2 549 152	140 793		2 689 945	5 768 554
Plant	1 166 657	0		0	1 166 657	859 965	39 185		899 150	267 507
Water Mains & Purification	25 193 999	6 169 373			31 363 372	11 615 646	847 314		12 462 960	18 900 412
	52 370 785	16 558 880	0	400 000	69 329 665	17 480 825	1 433 170	0	18 913 995	50 415 671
Community Assets										
Recreation Grounds	2 624 360	0			2 624 360	1 059 841	67 824		1 127 665	1 496 695
	2 624 360	0	0	0	2 624 360	1 059 841	67 824	0	1 127 665	1 496 695
Heritage Assets										
Historical Buildings										
Painting & Art Galleries										
	0	0	0	0	0	0				0
Housing Rental Stock										
Housing Rental 1										
Housing Rental 2										
	0	0	0	0	0	0				0
Leased Assets (Infrastructure)										
Sewerage Mains & Purify										
	0	0	0	0	0	0				0
Other Assets										
Landfill sites	600 000				600 000	318 703	19 540		338 243	261 757
Office Equipment	1 565 285	588 081			2 153 366	379 929	272 678		652 607	1 500 759
Furniture & Fittings	3 243 257	49 925		-412 829	2 880 353	1 232 432	251 875		1 484 307	1 396 046
Motor vehicles	1 939 678				1 939 678	646 881	168 617		815 499	1 124 179
Computer equipment	2 151 686	307 884			2 459 570	957 104	229 800		1 186 904	1 272 666
Tools	115 797				115 797	81 855	18 927		100 782	15 015
Other	3 677 912	75 302		12 829	3 766 043	2 178 473	277 419		2 455 893	1 310 150
	13 293 614	1 021 191	0	-400 000	13 914 806	5 795 378	1 238 856	0	7 034 234	6 880 572
Total	96 976 025	17 580 072	0	0	114 556 097	29 749 553	3 116 761	0	32 866 314	81 689 783

APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT 30 June 2009

	Cost				Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
Executive & Council	26 718 041	702 412			27 420 454	5 505 262	473 809		5 979 071	21 441 383
Finance & Admin	4 822 621	77 326			4 899 947	1 742 428	513 185		2 255 613	2 644 334
Planning & Development	2 860 495	67 789			2 928 284	1 492 141	215 649		1 707 790	1 220 495
Health Services	370 739	7 660			378 399	120 808	37 305		158 113	220 286
Community & Social Services	861 482	80 850			942 332	210 898	67 909		278 807	663 525
Public Safety	2 809 854	85 154			2 895 008	456 025	121 666		577 691	2 317 317
Sport & Recreation	2 682 969	0			2 682 969	1 098 533	80 008		1 178 541	1 504 428
Road Transport	1 836 494	0			1 836 494	434 313	85 124		519 437	1 317 058
Waste Management	1 396 000	0			1 396 000	860 939	67 300		928 239	467 761
Waste Water Management	19 428 430		10 389 508		29 817 938	4 360 875	471 469		4 832 344	24 985 594
Electricity	8 604 718	0			8 604 718	2 621 319	144 424		2 765 743	5 838 975
Water	24 584 181		6 169 373		30 753 554	10 846 012	838 915		11 684 927	19 068 627
TOTAL	96 976 025	1 021 191	16 558 881	0	114 556 097	29 749 553	3 116 761	0	32 866 314	81 689 784

APPENDIX D
SUNDAYS RIVER VALLEY MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009

2008	2008	2008		2009	2009	2009
Actual	Actual	Surplus/		Actual	Actual	Surplus/
Income	Expenditure	(Deficit)		Income	Expenditure	(Deficit)
R	R	R		R	R	R
	4 299 947	-4 299 947	Executive & Council	367 572	5 196 879	-4 829 307
20 688 340	11 991 560	8 696 780	Finance & Admin	34 106 137	37 061 236	-2 955 099
1 852 577	3 151 184	-1 298 607	Planning & Development	222 707	3 591 429	-3 368 722
1 392 439	1 925 124	-532 685	Health	2 039 367	2 161 308	-121 941
			Community & Social Services			
264 061	1 312 607	-1 048 546		174 441	2 435 693	-2 261 252
2 625 280	5 725 144	-3 099 864	Public Safety	1 702 143	6 858 441	-5 156 298
7 950	584 347	-576 397	Sport & Recreation	8 120	948 725	-940 605
499 458	290 874	208 584	Environmental Protection	538 655	729 021	-190 366
3 724 019	1 194 144	2 529 875	Road Transport	4 646 174	1 939 963	2 706 211
14 111 536	15 278 594	-1 167 058	Housing	114 362 631	114 441 051	-78 420
3 743 659	6 643 785	-2 900 126	Waste Management	3 764 025	2 924 807	839 218
11 468 539	2 691 778	8 776 761	Waste Water Management	12 068 503	2 349 619	9 718 884
5 070 525	4 251 734	818 791	Electricity	6 316 449	6 072 609	243 840
7 943 252	10 894 613	-2 951 361	Water	13 306 137	5 609 142	7 696 995
		0				0
73 391 635	70 235 435	3 156 200	Sub Total	193 623 061	192 319 923	1 303 138
-	-	-	Less Inter-Dep Charges	-	-	-
73 391 635	70 235 435	3 156 200	Total	193 623 061	192 319 923	1 303 138

APPENDIX E(1)

**SUNDAYS RIVER VALLEY MUNICIPALITY
ACTUAL VERSUS BUDGET
FOR THE YEAR ENDED 30 JUNE 2009**

REVENUE	2009 Actual (R)	2009 Budget (R)	2009 Variance (R)	2009 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Property rates	6 760 513	4 958 552	1 801 961	36	interim valuations
Property rates - penalties imposed and collection charges	14 986	12 635	2 351	19	Improved control over building regulations and implementing council policies
Service charges	15 636 152	16 520 775	-884 623	-5	
Rental of facilities and equipment	61 243	64 776	-3 533	-5	
Interest earned - external investments	1 671 460	835 000	836 460	100	interest accounted for as own revenue in accordance with National treasury circular 48
Interest earned - outstanding debtors	3 543 009	2 657 176	885 833	33	Huge increase in debtors - indigent registration decreased
Fines	1 279 521	2 183 368	-903 847	-41	change in accounting of traffic fines - debtors account created and receipts allocated against debtors as required
Licences and permits	4 627 843	4 481 600	146 243	3	
Grants & subsidies received - Operating	138 897 364	22 947 136	115 950 228	505	Housing grants not budgeted for - agency function only
Grants & subsidies received - Capital	16 603 181	26 914 054	-10 310 873	-38	Roll over of projects - thus no recognition of revenue
Other income	4 527 788	2 237 107	2 290 681	102	vat income from grants accounted for as revenue in accordance with national treasury circular 48
Gains on disposal of property, plant and equipment	0		0	#DIV/0!	
Total Revenue	193 623 061	83 812 179	109 810 882	131	
EXPENDITURE					
Employee related costs	22 061 285	19 452 627	2 608 658	13	
Remuneration of Councillors	2 617 120	2 524 546	92 574	4	
Decrease in provision for bad debt	17 489 741	0	17 489 741	#DIV/0!	budget included with contribution to provisions
Depreciation	3 116 761	1 000 000	2 116 761	212	under budgeted
Repairs and maintenance	3 376 149	3 001 846	374 303	12	additional repairs due to elections
Interest on external borrowings	766 669	401 000	365 669	91	interest on leases - under budgeted for
Bulk purchases	5 088 709	7 027 926	-1 939 217	-28	anticipated a higher increase in electricity charges during Sept than realised.
Contracted services	239 849	264 500	-24 651	-9	
Grants and subsidies paid	121 894 287	5 841 351	116 052 936	1 987	housing & other grants - expenditure accounted for
General expenses - other	15 246 970	11 282 992	3 963 978	35	motor registration payments (to be netted off against revenue)
Contributions To/From Provisions	422 382	3 932 608	-3 510 226	-89	includes provision for bad debt
Internal Charges		0	0	#DIV/0!	
Loss on disposal of property, plant and equipment	0		0	#DIV/0!	
Total Expenditure	192 319 923	54 729 396	137 590 527	251	
NET SURPLUS/(DEFICIT) FOR THE YEAR	1 303 138	29 082 783	-27 779 645	-120	

APPENDIX E(2)

**SUNDAYS RIVER VALLEY MUNICIPALITY
ACTUAL VERSUS BUDGET
FOR THE YEAR ENDED 30 JUNE 2009**

	2009 Actual	2009 Under Construction	2009 Total Additions	2009 Budget	2009 Variance	2009 Variance %
	R	R	R	R	R	%
Land and Buildings						
Land						
Buildings				442 050	-442 050	-100%
				442 050	-442 050	-100%
Infrastructure						
Drains			0			
Roads						
Beach Improvements						
Sewerage Mains & Purif		10 389 508	10 389 508	8 584 618	1 804 890	17%
Electricity Mains						
Electricity Substations						
Electricity Meters				1 000 000	-1 000 000	-100%
Electricity Peak Load Equip						
Water Mains & Purification		6 169 373	6 169 373	18 000 000	-11 830 627	-192%
Reservoirs - Water						
Water Meters						
Water Mains						
	0		16 558 880	27 584 618	-11 025 738	-67%
Community Assets						
Parks & Gardens			0		0	
Libraries			0	44 400	44 400	-100%
Recreation Grounds				20 000	20 000	-100%
Civic Buildings						
	0			64 400	64 400	-100%
Heritage Assets						
Historical Buildings			0		0	
Painting & Art Galleries			0		0	
	0	0	0	0	0	
Housing Rental Stock						
Housing Rental 1			0		0	
Housing Rental 2			0		0	
	0	0	0	0	0	
Leased Assets (Infrastructure)						
Sewerage Mains & Purify			0		0	
	0	0	0	0	0	
Other Assets						
Landfill sites						
Office Equipment	588 081		588 081	288 550	299 531	51%
Furniture & Fittings	49 925		49 925		49 925	100%
Emergency Equipment					0	
Motor vehicles				100 000	-100 000	-100%
Fire engines					0	
Refuse tankers					0	
Computer equipment	307 884		307 884		307 884	100%
Tools					0	
Conservancy tankers					0	
Other	75 302		75 302	43 500	31 802	42%
	1 021 191		1 021 191	432 050	589 141	58%
Total	1 021 191		17 580 072	28 523 118	-10 814 246	-62%

APPENDIX G
SUNDAY'S RIVER VALLEY MUNICIPALITY
INVESTMENT SCHEDULE
FOR THE YEAR ENDED 30 JUNE 2009

Nr.	Investment Name	Investment Nr.	Invest Item	Opening Balance	Investment Made	Investment Withdrawn	Interest Received	Closing Balance
0	SRVM Call Account	62027590589	01 10 01 02 6202 002	2 169	2 895 000.00	2 905 000.00	12 733.40	4 902.13
2	DBSA Security	62088609395	429 01 10 01 02 6233 002	611 464	500 582.17	500 000.00	51 776.76	663 822.61
5	Free Basic Electricity	62059751802	414 01 50 01 02 6219 002	105 041	57 600.34	116 248.51	5 496.80	51 889.46
8	Human Resources Development (MSP)	62054961844	408 01 10 01 02 6206 002	1 001		1 021.06	19.67	0.00
9	IDP	62051951088	401 01 10 01 02 6210 002	55 957	407 982.59	237 208.92	17 445.54	244 175.79
10	Kirkwood Rezoning	62044949537	402 01 10 01 02 6205 002	29 679	123.83	2 804.72	2 589.67	29 587.98
11	KWD Cemetery Investigation	62041425669	419 01 10 01 02 6217 002	67 964	240.13	6 421.22	5 981.80	67 764.49
12	MIG Balance of Project	62081227706	411 01 40 01 02 6229 002	3 026	11.66	285.37	265.12	3 016.95
13	MIG Cooling Facility	62081227516	410 01 10 01 02 6228 002	1 021	3.93	96.28	89.45	1 017.88
14	MIG Emsengeni	62081228621	413 01 50 01 02 6231 002	1 216	4.68	114.72	106.58	1 212.75
15	MIG Kirkwood/Moses Mabida	62081228390	412 01 40 01 02 6230 002	1 127	4.34	106.26	98.72	1 123.43
16	MSP Grant 2002-2003	62051473371	417 01 10 01 02 6211 002	1 534	0.00	1 576.65	43.11	0.00
17	Municipal Infrastructure Grant	62081227277	409 01 10 01 02 6227 002	142 551	15 989 357.39	12 057 892.30	49 441.90	4 123 457.69
18	Municipal Systems Improvement Grant	62072234041	425 01 10 01 02 6224 002	61 892	1 445 155.19	1 542 945.11	37 121.34	1 223.46
19	Paterson Bucket Eradication	62062808129	421 01 40 01 02 6218 002	2 273	0.00	2 348.91	76.11	-0.00
20	Paterson Bucket Eradication Phase 2	62087310638	432 01 40 01 02 6236 002	35 706	3 732 873.21	3 759 828.84	1 991.94	10 741.99
21	Paterson Housing Project	62069589409	420 01 20 01 02 6220 002	16 763	1 483 602.20	1 499 147.69	1 653.29	2 871.25
22	Paterson Labour	62088609288	431 01 10 01 02 6235 002	2 815	3.24	2 000.00	240.88	1 058.91
23	Paterson Micro Enterprises Craft Centre	62054191631	407 01 10 01 02 6216 002	8 619	1 002 301.75	540 075.09	40 015.64	510 861.00
24	Planning of Moses Mabida	62047939783	403 01 10 01 02 6213 002	14 082	52.91	1 240.76	1 152.97	14 046.68
25	Rec of Encroachment: Moses Mabida	62071406542	423 01 10 01 02 6222 002	67 918	36.09	0.00	6 489.03	74 443.37
26	Rec of Encroachment: Nomathamsanqa	62071406633	424 01 10 01 02 6223 002	97 587	46.90	9 962.00	9 093.88	96 765.59
27	Rec of Encroachment: Paterson	62071406401	422 01 10 01 02 6221 002	77 278	41.05	0.00	7 383.30	84 702.50
28	Revision & Integration of Zoning Scheme	62088609634	430 01 10 01 02 6234 002	192 305	587.43	18 071.73	17 035.05	191 855.65
29	Revolving Fund	62044529735	4 01 10 01 02 6203 002	2 430	0.00	2 506.97	77.46	0.00
31	Spatial Development Framework	62047939832	405 01 10 01 02 6212 002	43 403	136.17	3 630.73	3 372.80	43 281.71
32	Survey of Moses Mabida	62072093299	427 01 10 01 02 6226 002	14 582	39.89	1 363.63	1 297.35	14 556.06
34	Capacity Building for Ward Committees	62084969694	428 01 10 01 02 6232 002	15 370	51.87	1 447.06	1 355.97	15 331.27
35	Drought relief fund	62097244257	433 01 10 01 02 6237 002	296 929	201 296.46	137 054.95	22 053.95	383 224.69
36	Paterson Accident Func	62101395293	436 01 10 01 02 6240 002	1 007	0.00	1 038.63	31.57	-0.00
37	Kirkwood Upgrade Water Treatment	62105165014	438 01 60 01 02 6242 002	7 769	50 005.45	49 408.02	695.39	9 061.96
38	Aquapark Waterborne Sewerage	62105165262	439 01 40 01 02 6243 002	5 475	95 002.80	96 292.86	476.91	4 661.79
39	Moses Mabida Waterborne Sewerage	62105165444	440 01 40 01 02 6244 002	5 673	13 671 302.64	13 723 072.97	54 722.93	8 625.95
40	Paterson Establishment Grant	62091861677	437 01 20 01 02 6241 002	10 207	135 014.87	142 128.23	755.76	3 849.02
41	Performance Management System	62098973665	434 01 10 01 02 6238 002	1 611	0.00	1 656.10	45.17	-0.00
42	Addo Nomothamsanqa 91 sites	62103632552	435 01 20 01 02 6239 002	28 203	378 655.21	403 357.05	1 368.42	4 869.26
43	Agri Rates Trust Account	62127354629	441 01 10 01 02 6245 002	65 298	0.03	68 239.23	3 941.52	1 000.14
44	Water Services Authorities	62129725141	442 01 60 01 02 6246 002	3 129	650 005.04	654 230.42	4 221.52	3 125.51
45	KK113	62133015322	445 01 10 01 02 6248 002	2 733	593 233.86	596 067.34	6 320.55	6 220.10
46	Addo Noluthando	62134438284	443 01 20 01 02 7239 002	1 963	81 169 882.06	81 296 169.77	126 372.49	2 047.74
47	FMG	62149457708	447 01 10 01 02 6250 002	25 289	8 491 698.27	8 611 837.94	96 300.90	1 450.17
48	Bergsig Raw Houses	62153803020	446 01 20 01 02 6249 002	1 613	57 094.56	0.00	3 855.79	62 562.90
49	Moses Mabida 750 Housing Project	62156713995	448 01 20 01 02 6251 002	2 025	35 200 910.70	35 226 687.71	25 647.06	1 894.57
50	Integrated Zoning Scheme	62161489086	449 01 10 01 02 6252 002	265 551	758.49	0.00	20 449.64	286 759.40
51	Addo Noluthando Top Structure 400	62178063211	450 01 20 01 02 6253 002	42 795	13 547 910.00	13 589 774.52	3 995.44	4 926.04
52	Addo Nomathamsanqa 1728 SCCC	62178062958	451 01 20 01 02 6254 002	9 182	4 065 174.00	4 086 593.56	13 263.51	1 000.62
53	Addo Valencia 600 Infrastructure	62178063906	452 01 20 01 02 6255 002	1 004	182 001.22	181 853.03	383.05	1 534.82
54	Debt Control	62174261653	453 01 10 01 02 6256 002	104 050	200 036.76	207 317.18	7 267.03	104 036.76
55	Asset Register	62174261851	454 01 10 01 02 6257 002	400 195	789 144.65	817 191.81	27 996.74	400 144.65
56	Revenue Collection	62174259096	455 01 10 01 02 6258 002	150 072	900 210.20	527 447.81	27 375.48	550 210.20
57	Enon Besheba 450 Infrastructure	62178063667	456 01 20 01 02 6259 002	1 204	6 501 667.49	6 506 161.88	6 476.42	3 185.82
58	Moses Mabida 750 Infrastructure	62178063451	457 01 20 01 02 6260 002	1 804	11 512 326.69	11 423 830.49	4 190.64	94 491.25
59	SRVM Town Planning	62178942580	458 01 10 01 02 6261 002	50 538	98.53	3 454.26	3 212.52	50 395.06
60	Water Service Policy	62178064102	459 01 60 01 02 6262 002	2 007	651 886.13	159 551.39	18 065.25	512 407.13
61	Paterson Bulk Water Supply	62178427186	460 01 60 01 02 6263 002	8 611 882	8 515 574.18	15 843 064.74	579 125.58	1 863 516.89
62	Waste Management Planning	62181219546	461 01 30 01 02 6264 002	268 552	887 445.10	908 795.99	20 540.00	267 741.01
63	Enon Besheba Labour	62181219447	462 01 20 01 02 6265 002	93 238	14 646 645.12	14 737 670.46	2 172.28	4 385.25
64	Langbos VIP Project	62183359572	463 01 40 01 02 6266 002	29 026	19.33	0.00	1 658.19	30 703.78
65	Paterson Housing 150	62217115296	0464 01 20 01 02 6267 002	0	13 905 243.74	13 846 271.62	6 456.99	65 429.11
66	Addo Nomathamsanqa 300	62224045254	0465 01 20 01 02 6268 002	0	720 002.04	717 019.69	0.71	2 983.06
67	Emsengeni Sewer Line	62223416539	0466 01 30 01 02 6269 002	0	638 431.16	0.00	1 463.83	639 894.99
68	WSDP	62223416117	0467 01 60 01 02 6270 002	0	150 017.81	0.00	1 124.42	151 142.23
69	O&M	62223416175	0468 01 60 01 02 6271 002	0	250 030.37	0.00	1 892.60	251 922.97
70	TOTAL			12 166 795	242 821 381	247 776 584	1 368 366	12 033 115