

AM AHLATHI MUNICIPALITY



DRAFT

**ANNUAL REPORT
2009/2010**

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1.2. MUNICIPAL MANAGER'S STATEMENT

Each municipality and each municipal entity must prepare an annual report for each financial year in accordance with Section 121 of the Municipal Finance Management Act No. 56 of 2003 and Section 46 of the Municipal Systems Act 32 of 2000. The purpose of the annual report is:

- to provide the record of the activities of the municipality;
- to provide a report on performance in service delivery and against the budget;
- to provide information that supports the revenue and expenditure decisions made and
- to promote accountability to the local community for decisions made.

The overview of the annual report indicates substantial efforts made by the municipality in improving service delivery and in addressing issues that were raised by the Auditor General in the 2008/09 financial year.

Amahlathi Municipality has established an internal audit unit as required by Section 165 (1) of MFMA. The initiative was strengthened by the appointment of an internal auditor in March 2010. This has resulted in the following improvements in risk and financial management:

- Risk assessment plan and policy were adopted,
- Internal Audit Plan,
- Fraud and anti-corruption plan is approved,
- Amahlathi Internal Audit Charter,
- Risk Management Strategies.

The progress on the migration from IMFO to GRAP is also another progress that deserves to be mentioned in this statement, and the annual financial statements for the year under review are therefore prepared in accordance with Generally Recognised Accounting Practice (GRAP).

A number of critical vacant positions were advertised and filled however, the municipality is still experiencing serious challenges in attracting scarce skills such as information technology specialists.

In order to exercise its executive and legislative authority, Amahlathi Municipality reviewed and adopted the following financial, human resource policies and by-laws, namely:

- Recruitment and selection policy,
- Credit and debt control policy,
- Subsistence and travel policy,
- Indigent support policy and by-law.

Despite the political upheaval which occurred, there has been a tremendous collective effort by both management and council during 2009/10, with the prime challenge to improve the service delivery and financial management.

Let me take an opportunity to thank management, staff and Council for their commitment in providing quality services, sound financial management, dedication and teamwork in making Amahlathi municipality a success story.

.....
F.M SHOBA
MUNICIPAL MANAGER

1.3 OVERVIEW OF THE AMAHLATHI MUNICIPALITY

1.3.1. Extent of Amahlathi Municipality

Amahlathi Municipality is located in the mid section of the Eastern Cape Province and forms part of the eight Local Municipalities under Amathole District Municipality. The area includes Stutterheim, Cathcart, Keiskammahoek, Kei Road, Frankfort, and portions of villages of King Williams Town and Tsomo. The Amahlathi Municipality covers approximately 10,000 square kilometers.

The Amahlathi Municipality area is comprised of 20 wards and is characterized by a range of settlement patterns and associated land uses, including formal urban areas, formal and informal rural settlement areas, and extensive, privately owned farmland.

The population of 142,525 for the Amahlathi Municipality is derived from information provided by the community survey conducted by Statistic South Africa in 2007, however, it is of great concern to the Municipality that the population estimates generated by official publications provide lower population figures for the Amahlathi area than the Municipality itself estimates.

1.3.2. Socio-economic Characters

Amahlathi Municipality is characterized by a range of mountains which beautifies the area for tourism attraction and is home to forest plantation. The Municipal area contains a vast majority of population living in the rural areas and far rural areas. The density of population varies from area to area. A large portion of the people living in the Amahlathi area live in poverty and it is estimated that this equates to approximately 70% of the population. A large number of persons are unemployed and unskilled. A majority of the population depends on state pension and welfare as primary sources of income.

In terms of the economic profile of the area it contains a few large industries as well as smaller undertakings and consists of an agricultural sector. The large timber plantations in and around the area create a substantial source towards the economy.

1.3.3. Special Programmes Unit

A Special Programmes Officer was employed to facilitate the integration and mainstreaming of the marginalized section of our population by developing programmes that will benefit youth, people with disabilities and women. This unit also assists the municipality in monitoring the implementation of all programmes that are addressing the past atrocities of apartheid. The unit also assists in formation of community structures that are composed of designated groups for

them to assist in the development of programmes that will benefit them. It is also the role of the public to ensure that public participation is enhanced across all departments.

1.3.4. Spatial and Land Use Overview.

There are distinctive differences in the spatial patterns of development within the area. The urban complexes of Stutterheim and Cathcart dominate the urban settlement pattern. The area is dominated by a number of smaller settlements, communal land area where dispersed rural settlements are the dominant pattern. The municipality also includes areas where extensive forestry and agricultural land holdings are the norm.

1.3.5. Environmental Overview

The Amahlathi Municipality has various conservation-worthy areas such as wetlands, river systems, dams, cultural sites and rare and endangered plant species as well as indigenous forests.

There are many areas which require remedial attention such as the eradication of alien vegetation, soil erosion control and areas which require special management such as pollution. The special and varied environment also presents many opportunities for economic development.

1.3.6. Electricity Reticulation and Distribution

The supply of electricity to the communities within the Amahlathi Municipality is vital so as to improve the living standards.

The Amahlathi Municipality is licensed to distribute electricity in the former urban areas of Stutterheim and Cathcart. ESKOM is responsible for all the distribution in the other areas.

Public lighting is undertaken by the Amahlathi Municipality subject to available funding in an attempt to create a safer environment for all communities.

1.3.6. Roads

The Amahlathi Municipality is responsible for an estimated 2 000 kilometers of roads. This has a large impact on the finances as no subsidies are received. The minimal availability of machinery also hampers the provisions of sustainable services.

1.3.7. Solid Waste

The Amahlathi has two licensed waste disposal sites with a life expectancy of 15-25 years, namely Stutterheim and Keiskammahoek.

1.3.8. Land and Housing

The objective of the unit is to ensure accessibility to land through Land Reform Programmes and the provision of adequate and sustainable housing in line with RDP standards. There is a large backlog in the supply of houses to the needy.

1.3.9. Traffic and Licensing

The Amahlathi Municipality undertakes the testing of learners and drivers licenses at a recognized testing centre. All learners and driver's licenses as well as conversion of driver's licenses are also undertaken at this centre.

The Traffic Department also has a fully fledged Motor Vehicle Registration Department linked to the e-NATIS System.

Added thereto it is also a functional road-worthy station. This facility alleviates the previous inconvenience caused whereby the community had no other alternative but to travel to either East London or King William's town to obtain the relevant services required e.g. vehicle road worthy testing.

1.3.10. Council

The municipality has 40 Councillors (20 Proportional Representation (PR) Councillors, and 20 Ward Councillors). The Speaker chairs council meetings. The Council has a formal set of Rules of Order to guide proceedings during Council meetings. Council meetings are held bi-monthly, but if urgent issues need to be considered, special meetings are called.

During 2009/10, four ordinary council meetings and 5 Special Council meetings were held. During this period, 21 Councillors were expelled, reinstated and expelled again in July 2010.

1.3.11. Executive Committee

Amahlathi municipality has 7 Executive committee members (Mayor and 6 Portfolio Heads). The Executive committee sits monthly to consider reports of standing committees. 8 Ordinary Executive Committee meetings and 7 Special Executive Committee were held during 2009/10. 5 of the Executive Committee members were expelled in July 2010.

1.3.12. Standing Committees

There are six standing committees of Council. Each standing committee is chaired by Executive Committee member. Standing Committee meetings are held every month.

1.3.13. Administration

The administration is headed by the municipal manager and the following departments:

- Finance,
- Corporate Services,
- Strategic Planning,
- Community and Protection Services and
- Engineering Services.

1.4. EXECUTIVE SUMMARY

1.4.1. Vision

The Amahlathi Municipality as an integrated unit shall become the model of Community Empowerment, participative management and a transformed and productive Municipality.

1.4.2. Mission

The Amahlathi Municipality in partnership with the community shall create sustainable and better services for all; improve communications, emphasise the better usage of resources and provide infrastructure and build investor confidence.

1.4.3. Values

In implementing the above, the Amahlathi Municipality subscribes to the following values:

- Team work / Trust / Honesty / Responsibility / Dedication;
- Value and acknowledgement of the individual;
- Integrity / Work Ethics;
- Transparent and Clean Government;
- Tolerance / Understanding / Good Leadership;
- Accountability / Value for Money / Efficiency and Affordability; and
- Developmental Local Government striving for effectiveness and Performance.

1.4.4. Guiding Principles

In carrying out its functions the Amahlathi Municipality has been committed to:

- Co-ordination with other spheres of government;
- Maximise participation of the community;
- Recognise the social needs of all communities;
- Sustainable Socio-economic, Environmental and Political Development;
- Provide necessary infrastructure within its means;
- Build Investor confidence.

1.4.5. Oversight Function

The Council and Section 79 Committees play an oversight role and consider reports from the Executive Committee on the functioning of different portfolios and the impact on the overall objectives and performance of the municipality.

The Oversight Committee was established by Council in 2008 in line with Section 33 and 79 of the Municipal Structures Act. It is a multi-party committee made up of non-Executive Committee Members and one member of the public/community. The committee adopted Circular 32 of National Treasury as its guiding document for its Oversight processes.

During the year under review, the oversight committee held meetings to deal with the oversight report, which was adopted by Council in accordance with Section 129 (1) of the Municipal Finance Management Act 56 of 2003.

1.4.6. Audit Committee

The Council appointed the Audit Committee in accordance with Section 166 of MFMA. The Audit Committee's term expired at the end of March 2009 and could not operate throughout the year.

The Council resolved to appoint Audit Committee members and Performance Audit Committee which were inaugurated on the 17 February 2010. Performance Audit Committee is composed of members of the audit committee with different chairpersons.

Audit Committee members are legislatively required to meet at least four times during the financial year. In the 2009/2010 financial year, the Amahlathi Audit Committee met on the dates below:

AUDIT COMMITTEE	PERFORMANCE AUDIT COMMITTEE
17 February 2010	30 April 2010
19 June 2010	
30 April 2010	

The Audit Committee was not operating for the full financial year, but during the months they were operating, the Audit Committee worked effectively with high degree of commitment to the Municipality.

1.4.7. Amahlathi Internal Audit Unit

Internal Audit Unit is a newly developed unit under the Directorate of the Municipal Manager's Office. The unit is currently being headed by 1 official who is not at a Managerial level. The appointment was done on the 01 March 2010. The following is work in progress that has been developed and audits that were performed since the establishment of the unit:

- Amahlathi Internal Audit Charter

- Risk Management Strategies
- 2009/2010 Amahlathi Risk Assessment
- 2010/2011 Risk Based Internal Audit Plan
- Follow – up Audit Traffic Services Department
- Follow – up on issues raised by the Office of the Auditor General

2. PERFORMANCE HIGHLIGHTS

Key performance indicators are reviewed annually after situation analysis phase in order to make sure that they are in line with National targets. IDP Objectives and Strategies are also reviewed at this stage. The key focus areas are clusters which are as follows:

- Institutional and Finance,
- LED and Environment Cluster,
- Infrastructure and Service Delivery Cluster
- Social Needs Cluster.

The performance highlights below are based on the National Key Performance Indicators in Chapter 3 of Amahlathi Municipal IDP.

2.1. INSTITUTIONAL AND FINANCE CLUSTER

The key focus areas in the Institutional and Finance Cluster include institutional issues such as administration, procurement, human resources, budget and treasury, internal auditing, information and communication technology, communications, councillor support and housing and estates administration.

2.1.1. Supply Chain Management unit

The municipality has a functioning supply chain management unit. This unit is able to monitor if procurement procedures are followed and adhered to. The unit frequently report on tenders and performance of contractors and advise the procurement committees.

2.1. 2. Budget and Finance Management Reform Programme

Five interns are appointed within the Budget and Treasury Office to undertake training in municipal financial administration and management. Financial reforms on the reporting requirements in terms of the MFMA have been implemented.

2.1.3. General Valuation

A General Valuation of all properties within the Amahlathi Municipality has been completed. The General Valuation and Property Rates Act were implemented with effect from 01 July 2009

2.1.4. Housing

The objective is to reduce housing backlogs by half by 2014. The housing programme is dependant on finance made available by the Department of Housing. Three projects were earmarked for 2009/10. Thubelitsha was appointed

to undertake the building of approximately 1100 houses in Mlungisi, Kati-Kati and Masincedane. This firm has failed and the Department of Housing has now taken over the project. No progress was made with acquiring of funding for additional projects from Province. The biggest drawback is the allocation of funding and approval of projects

2.1.5. Maximum Usage of Land and Department

The objective for 2009/10 was to undertake three surveys of rural areas, start with zoning schemes and conveyance of 99 year leases to full title. Three surveys have commenced in Tembani, Mxhalanga and Cwencwe. To date R681 050 has been spent of the amount of R1 126 800 representing approximately 60%. A delay has occurred as a result of the difficulties in getting state land released which will form part of the survey. The appointed conveyancer of the 99 year leases has the first batch of fifty to effect title deeds.

2.1.6. Institutional Objectives

- The Employment Equity Plan has been drawn up and accepted by all parties;
- Workplace Skills Plan has been submitted in time;
- 59 officials and 16 councillors received training in 2009/10 financial year;
- 100 ward committees were trained in 2009/10;
- 5 Financial interns appointed for financial training;

2.2. LOCAL ECONOMIC DEVELOPMENT & ENVIRONMENTAL CLUSTER

- Craft Mania event at a cost at R260 000;
- 200 crafters benefited from craft mania;
- 360 jobs were created during cleaning campaign;
- 516 jobs were created during 2009/10 through MIG projects;
- Acquisition of 20 goats and seedlings at R224 000;
- Visitor's information centre has been established in Keiskammahoek and identified in Cathcart for promotion of tourism at Amahlathi;
- Stutterheim and Mlungisi development which has been funded by National Treasury with an amount of R87 million;
- Amahlathi Municipality together with ASPIRE & Thina Sinako have co-funded Keiskammahoek fresh produce market EIA with an amount of R1, 2 million;
- Tractor programme is proving to be a successful programme which communities are directly benefiting from;
- Amahlathi Municipality took an initiative to provide the skills required by economy and also promote the small-medium enterprises by implementing the following programmes;

- 80 Co-operatives were trained by SEDA in business management; Department of Sport Arts and Culture funded us by the amount of R30 000 for material.

2.3. INFRASTRUCTURE AND SERVICE DELIVERY CLUSTER

The financial year for 2009/2010 had its normal challenges. The limited funds machinery and staff have made it difficult at times to deliver the services expected of us from the public, but even with all the constraints that we had, the annual targets set out in the SDBIP and performance scorecard, have been met.

2.3.1. Transport System

Transport stakeholder meetings took place every 3 months; we were able to meet our target of 4 meetings for the year.

2.3.2. Roads and Storm-water

A blading program took place and blading of roads in the wards was done. In total a proposed target of 240km was set, but due to less breakages and an additional grader we managed to exceed the target and bladed 568km.

Potholes (tar roads) were repaired. This is an on-going program. We had a proposed target of 600. This target was exceeded and 649 potholes were filled. This was mainly due to motivation of staff, better supervision through an acting supervisor, checking and supervising the work.

All storm-water gutters and manholes were cleaned. This is on-going and two teams are used to clean out storm-water.

2.3.3. Municipal Buildings

There is continuous maintenance being done on the Municipal Building, some repair work is minor and other more major. This maintenance is done by making use of small contractors, living in the Amahlathi area. Areas where maintenance was done are Ward 5 and Ward 17.

2.3.4. Electricity

The department is very small. It has been working under-staffed for a long time. There is a shortage of skilled workers in this field. The electricity section is battling to get through all the maintenance work that has to be done. Due to this, one electrician post and 2 assistant posts have been filled as from 1st July 2010.

Meter replacements have been done, where faulty meters are replaced so that losses can be cut to the minimum. Losses have come down from 17% to 16%. Defaulters are being disconnected on a monthly basis. There are only a few, (i.e. ±100) conventional meters left in Amahlathi, which results in only a few disconnections, 18 for the year. Consumers having disconnections are being changed to prepaid meters.

Tampering (vandalism) of electrical meters is being dealt with and taken very seriously. The Electrical Department is busy with replacing all seals on meters with a new tamper proof seal, which will make a huge improvement. Streetlights are checked on a regular basis. Where streetlights are reported not working, they are being repaired within 7 days.

The new electricity connections in the rural areas are done by Eskom, and this year 3 500 new connections were done. 1 168 Connections have been done in various wards in Keiskammahoek, and 2 332 connections in Tsomo area, ward 13.

Free basic electricity is carried out with the help of Eskom. This year, additional 14 674 households received free basic electricity. The implementation of free basic electricity is a high priority of the municipality and each financial year more funding is made available by the municipality and the target of 12 000 households has been exceeded.

The Electrical Department of the municipality has a signed agreement with Eskom (SLA) in place. This is done every 3 years. The D.M.E. has appointed a service provider that is responsible for the REDS implementation program. Amahlathi has given the go a-head for the section 78 Assessment to be done by the service provider.

The development of a master plan for electricity is being done currently by electrical engineering consultants, in conjunction with Eskom. It is not completed as yet. High mast lights were connected in Kubusie in 5 units, as part of MIG Project.

2.3.5. PROJECT MANAGEMENT UNIT (PMU)

The Amahlathi Municipality has a PMU Unit in place, falling under the Engineering Department. This unit is also subsidised by the Municipality as the 5% allocation from MIG is not enough to fund the unit.

The MIG funds for 2009/2010 from National Government was R17 072 000.00 for the Municipal Financial Year, of this 5% funded the PMU Unit.

PMU 5% - R 853 600.00

Project amount - R 16 218 400.00 -100% expenditure, less VAT

TOTAL - R 17 072 000.00

The project amount was R16 218 400.00 of this 100% was spent which equals R14 504 586.15 which is less VAT (VAT is claimed back). Please see attached schedule.

2.3.6. Capital Projects

All Capital Funded Projects in the Engineering Department were undertaken as follows:

I. Cemetery

A "Startmun" Electronic Data Software management program was purchased. This is a common/standard cemetery management program used by various municipalities. The information of Stutterheim and Mlungisi cemeteries is captured for future reference and management purposes.

II. Public Works

Resurfacing tar roads (Phase two completed, Mlungisi Bus Route), Wards 15 and 16.

A Portable Air Compressor was used to do the tarring. With the saving on the compressor, we purchased a new high pressure cleaner for the workshop.

III. Electricity

- High voltage switch gear
- Upgrade/new streetlights
- H/V line replacement
- LT Infra lines
- Tools and equipment
- Bakkie
- For expenditure on capital budget, see attached schedule

2.4. SOCIAL NEEDS CLUSTER

Key performance areas

Our main areas of focus are:

- Provision of information;
- Support to education;
- Development and maintenance of a reading culture;
- Presentation and facilitation of developmental outreach programmes; and
- Equal distribution of facilities, services and programmes throughout Amahlathi.

Services:

The municipal libraries are offering various services in support of the above – mentioned performance areas:

- General information;
- Assistance with school projects;
- Reference facilities;
- Study facilities;
- Community information;
- A wide variety of books (including fiction, non-fiction, books for newly literate readers, large-print books, and books in foreign and indigenous languages), CD's, CD-ROMS and videos;
- Facilities for the blinds Daisy tapes and players;
- Magazines and newspapers;
- Internet and PC use;
- A photocopying service;
- Story hours and holiday programmes; and
- Item reservation and inter-library loans.

Other services offered are:

- Youth development programmes;
- Literacy classes and ABET;
- UNISA material;
- Fax and transparency services;
- Tape aids for the visually impaired;
- Educational toys;
- Activity rooms and seminar rooms for hire;
- After-hours renewal service;
- Art gallery;
- Information packages;
- Amahlathi Information collection;

- Cuttings collection; and
- Laminating

Borrowing items from the library

The members are issued with library cards which they may use at any library of the Amahlathi Municipality.

- They may borrow six items for two weeks.
- May extend the loan period on all items twice (in person or by telephone). If another borrower has made a special request for a book they have, it will not be renewed.
- They may request a longer loan period if they are going on holiday.

Achievements in 2009/10 include:

- Successfully implemented a prison services and distributed about 130 books;
- Juvenile and the youth were the most beneficial, over a thousand juveniles together with their parents attended our literature and cultural programmes including book discussions and competitions where we always promote the use and importance of our libraries and showcasing the importance of being a member;
- Stutterheim library was selected as one of the libraries in the Eastern Cape that were to provide the services to the blind and visually impaired people, by making available technology and reading material;
- Stutterheim library again has been nominated as the testing station and the training station in the Eastern Cape, for a new system which will be implemented towards the end October 2010 in all libraries.

In-house use of library material

It becomes more significant to indicate the in-house use of library material when the performance of a library is measured in total. Statistical records kept by Amahlathi libraries indicate the in-house use of the library material as 43% non-fiction material, 59% juvenile non-fiction items and 64% periodicals (magazines and newspapers).

Literacy training and support services

Our libraries are committed to rendering library and information services to the total community which includes support services to literacy actions. During 2008/09, 98 literacy training classes were held in the Amahlathi libraries and in 2009/10, 115 classes were held and 15 learners graduated at a Provincial event held in Kei Mouth in September 2009.

Government Information Service

This service which was implemented in 2000 at 12 libraries to make government information as a specific collection available to communities was extended to an additional 11 libraries and new promotional material on the service were put up in libraries. In 2009/10 -36 documents were utilized to answer enquiries on government information. 24 Documents utilized were on information of National Departments and 12 on information of Provincial Departments.

3. HUMAN RESOURCES AND ORGANIZATIONAL MANAGEMENT

3.1 A Break Down of Posts per Department and Divisions

DEPARTMENT	NO. OF POSTS PER DIVISION	TOTAL	FILLED
Office of the Mayor	Secretary	1	1
Office of the Speaker	Secretary	1	1
Executive Services	Municipal Manager	1	1
	Secretary: Municipal Manager	1	1
	Cleaner Messenger	5	5
Corporate Services Admin Unit	Administration Manager	1	1
	General Manager	1	1
	Senior Administrative Officer	1	0
	Administrative Officer	3	0
	Typist	2	2
	Receptionist	1	0
	Archives and Filing Clerk	1	1
	Duty Driver	2	1
	Housing & Estate Officer	1	0
	Senior Housing Clerk	2	2
	Housing Clerk	1	1
Human Resources Unit	Human Resource Officer	1	1
	Personnel Officer	1	0
	Salaries Clerk	1	1
Finance	Chief Financial Officer	1	1
	Secretary	1	0
	Assistant Manager	1	1
	Expenditure Accountant	1	1
	Principal Clerk	1	0
	Creditors Clerk	1	1
	Project Clerk	1	0
	Budget Clerk	1	0
	Income Accountant	1	1
	Senior Clerk Debtor	1	1
	Credit Controller/ Debt Collector	1	1
	Enquires Debt Collection	1	0
	Enquiries Clerk	2	2
	Finance Clerk	2	2
	Cashier	3	3
	Procurement Officer	1	0
	Admin Assistant	1	1

Engineering	Engineering Service Manager	1	1
	General Manager Engineering	1	1
	PMU Manager	1	1
	Engineering Technician Contract	1	0
	Technical Clerk Data Capture	1	0
	Secretary	1	0
	Engineering Technician Civil	1	1
	Supervisor Roads&Stormwater	2	1
	Gravel	10	6
	Heavy Machine Operators	1	1
	Truck Driver	3	3
	Tractor Driver	8	5
	General Workers	1	1
	Supervisor Roads & Storm Water Tar	2	2
	Tractor Driver	1	1
	Bomag Operator	8	6
	General Workers	1	1
	Cleaner Messenger	1	1
	Supervisor Park & Garden	2	2
	Tractor Driver	13	11
	Machine Operators	3	1
	General Workers	1	1
	Caretaker		
Keiskammahoek	Supervisor Keiskammahoek	1	0
	Tractor Driver	1	1
	General Workers	8	5
Cathcart	Supervisor Cathcart	1	1
	Caretaker	3	3
	Tractor Driver	2	2
	General Workers	8	4
	Senior Electrician	1	1
	Handy Man/ Metering	1	0
	Assistant Metering	1	1
	Electrician	1	0
	Artisan Assistant	2	0
	Street Light Handy Man	1	1
	Assistant	1	1
	General Workers	3	3
Kei Road	Tractor Driver	1	0
	General Workers	4	2

Protection Services Unit	Assistant Manager	1	1
	Receptionist	1	0
	Division Traffic: Traffic Chief	1	1
	Senior Traffic Officer	1	0
	Traffic Safety Officer	1	0
	Traffic Officer Grade 11	4	3
	Traffic Officer Grade 111	2	0
	Traffic Warders	2	0
	General Workers	1	1
	Motor Vehicle Reg. Clerk	2	1
	Drivers Licence Clerk	1	1
	Enquiries Clerk: Radio Control	1	1
	Cleaner	1	1
	Division Fire: Fire Rescue Officer	1	0
Fire Attendants/ Fire Volunteers	1	0	
Community Services Unit	Chief Professional Nurse	1	1
	Senior Professional Nurse	3	1
	Professional Nurse	8	6
	Clinic Assistant	3	3
	Senior Worker Clinic Cleaner	3	3
Library	Librarian	1	1
	Assistant Librarian	5	5
	Library Assistant / Cleaner	2	2
	Cleaner	4	2
	Museum Curator	1	1
Environment	Supervisor Environment Services	1	0
	Pound Master	1	1
	Ranger	1	1
	Commonage Workers	3	3
	Solid Waste Site Operator	1	0
	Solid Waster Site Worker	1	1
	Refuse truck driver Supervisor	2	2
	Refuse Tractor Driver Supervisor	2	1
	Refuse Workers	20	14
	Street Sweepers	7	6
	Workers Toilets	4	4
Strategic Planning	Strategic Manager	1	1
	Assistant Manager	1	0
	Admin Clerk	1	0
	Secretary	1	1
	IDP Officer	1	0

	SPU Officer	1	1
	LED Officer	1	1
	Vic Tour Operators	2	0
	Tractor Drivers (Contract)	3	0
	IT Specialist	1	0
	Communication Officer	1	0
	Cleaner Workers Toilets	1	0
		252	179

The following training programmes were implemented for this financial year 2009/10:

COURSE	NUMBER OF PEOPLE TRAINED	AMOUNT
Chain Saw Operators	12	R35 500.00
Weed Eater Operators	8	R18 000.00
Heavy Duty Driving	10	R30 000.00
Hydraulic Crane Operator	4	R35 000.00
High Voltage	2	R12 000.00
Dispensing Licence	3	R20 000.00
Advanced Local Government Law & Admin	2	R24 000.00
Leaner Traffic Officer	1	R42 225.00
Policy Development	32	R19 380.00
Effectively Enhancing the Role of SDF	1	R9 678.60
Ward committee training by LGSETA	10	Funded by LGSETA
Ward committee training by Amahlathi municipality	43 and 57 outstanding	300 000,00

3.2. Municipal Manager and Section 57 Manager's Positions

	Position	Number of approved and budgeted post per position	Filled posts	Vacant posts
1.	Municipal manager	1	1	0
2.	Corporate service manager	1	1	0
3.	Finance manager	1	1	0
4.	Service delivery manager	1	1	0
5.	Strategic community and protection service manager	1	1	0

3.3 Technical staff registered with professional bodies

Technical Services	Total number of technical service Manager	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
Service delivery	1	0	0	0
Electricity	1	2	0	0
Project Management	1	0	0	0

3.4. Pension and medical aids to which employees belong

Names of Pension Fund	Number of members	Names of Medical Aids	Number of members
Cape Joint Retirement Fund	17	Bonitas	56 including Councillors 39 excluding Councillors

SALA Pension Fund	50	Key Health	9 and 3 Pensioners
SAMWU Provident Fund	109	L.A Health	11 including Councillors 10 excluding Councillors
		SAMWU Med	7

1. INTRODUCTION AND OVERVIEW

1.1. The Mayor's Foreword

According to Chapter 7 of the Constitution of the democratic Republic (Act 108 of 1996), local municipalities must provide for a democratic and accountable climate for local municipalities. Municipalities must do this within its financial and administrative capacity to enable it to give priority to basic needs of communities in order to promote social and economic development within their juristic functional areas.

Amahlathi Municipality therefore is no exception. It must account on how we have been handling the administrative and financial functions on behalf of our communities. One must say it up front that Amahlathi Municipality has been caught up with political instability since October 2008 up to the 23 November 2010 where political structures of Council were established. This impacted negatively on the political oversight that is supposed to be played by political office bearers of the organisation and some programmes have been put on halt because Council was quite suspicious of the administrative arm in dealing especially with the issue of employment of staff for the organisation.

Amahlathi Municipality did manage to involve community representatives through IDP representative forums that have been dealing with critical issues of development in various areas. I would like to thank the political structures of the Council for the vigour and energy shown thus far in grappling with the complexity of governance which and in shaping a conflict free kind of an environment for the smooth operation of Council programmes. It is no doubt that the courage and co-operation demonstrated thus far will lead the municipality into a sound administrative and political environment, that will translate into a sound viable and sustainable development for the communities as our structures by now are up and running.

I would like to record my appreciation to those that showed dedication, skills and determination to arrive at this good financial target.

Let us maintain this good financial standard so that we remain amongst the best Municipalities in respect of good practises.

Let us build a better life for all at Amahlathi Local Municipality and thank you all for making Amahlathi Municipality what it is today.

.....
Cllr M Peter
THE MAYOR

Amahlathi Local Municipality
Annual Financial Statements
for the year ended 30 June 2010

Amahlathi Local Municipality

(Registration number EC124)

Annual Financial Statements for the year ended 30 June 2010

General Information

Legal form of entity

Government entity

The following is included in the scope of operation

Municipality

Members of the executive committee

Mayor

TC Jonas (Chair of the executive committee) *

Councillors

SL Ntshoza (Chair of the Community Services Committee)

GB Zuma (Chair of the Community Empowerment and Job Creation Committee)

BC Mekuto (Chair of the Finance Committee)

MM Dyani (Chair of the Service Delivery Committee)

DT Manyika (Chair of the Local Economic Development Committee)

NP Qwenga (Chair of the Human Resources and Administration Committee)

Grading of local authority

Grade 5

Councillors

GB Zuma *

NE Zozi

LL Dinala *

NV Mjandana *

LXC Nteto *

ZJ Yalezo *

A Hobo

M Peter

NR Magwaxaza

N Jara *

M Skotana

F Mduntunlwa *

SM Mtsitsi *

A Mpambani

E Rala *

B Siko

MM Ngwendu

N Mkosana *

E Cossie *

DT Manyika *

NP Qwenga *

MM Dyani

KA Mahambi

TA Mawisa *

SL Ntshoza *

N Mangina *

TE Nonkewuse

N Msoki

MC Mambu *

SW Sorasi

CV Tete *

SA Mbane *

T Ndungu

PN Mahlali

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General Information

LE Matshikwe

BC Mekuto

Z Kweleta *

* indicates that the respective councillor was expelled by their political party during the financial year under review on the 25th June 2010.

Chief Finance Officer (CFO)

G.P Hill

Accounting Officer

FM Shoba

Registered office

12 Maclean Street
Stutterheim
4930

Postal address

Private Bag X 4002
Stutterheim
4930

Bankers

First National Bank
Stutterheim

Auditors

Auditor General

Amahlathi Local Municipality

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Annual Financial Statements for the year ended 30 June 2010

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The reports and statements set out below comprise the annual financial statements presented to the audit committee:

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act

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MIG

Municipal Infrastructure Grant (Previously CMIP)

Amahlathi Local Municipality

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Annual Financial Statements for the year ended 30 June 2010

Accounting Officer's Responsibilities and Approval

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

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2011 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The accounting officer is primarily responsible for the financial affairs of the municipality.

The accounting officer certifies 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.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The annual financial statements set out on pages 6 to 49, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2010 and were signed on its behalf by:

FM Shoba
Municipal Manager

Amahlathi Local Municipality

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Annual Financial Statements for the year ended 30 June 2010

Statement of Financial Position

Figures in Rand	Note(s)	2010	2009
Assets			
Current Assets			
Inventories	8	132,609	158,121
Investments	5	71,806,281	51,111,254
Trade and other receivables from exchange transactions	9	1,548,798	1,609,973
Consumer debtors	10	3,122,294	6,224,726
Cash and cash equivalents	11	5,170,414	5,055,734
		81,780,396	64,159,808
Non-Current Assets			
Investment property	3	-	-
Property, plant and equipment	4	19,616,996	-
Long term receivables	7	695,253	1,285,104
		20,312,249	1,285,104
Non-Current Assets		20,312,249	1,285,104
Current Assets		81,780,396	64,159,808
Total Assets		102,092,645	65,444,912
Liabilities			
Current Liabilities			
Other financial liabilities	12	11,107	216,825
Trade and other payables from exchange transactions	15	12,912,178	10,779,404
VAT payable	16	170,822	213,982
Consumer deposits	17	353,524	343,844
Retirement benefit obligation	6	306,169	284,828
Unspent conditional grants and receipts	13	10,760,856	14,648,471
Provisions	14	1,467,703	1,387,488
		25,982,359	27,874,842
Non-Current Liabilities			
Other financial liabilities	12	614,050	644,047
Retirement benefit obligation	6	7,453,549	6,733,460
		8,067,599	7,377,507
Non-Current Liabilities		8,067,599	7,377,507
Current Liabilities		25,982,359	27,874,842
Total Liabilities		34,049,958	35,252,349
Assets		102,092,645	65,444,912
Liabilities		(34,049,958)	(35,252,349)
Net Assets		68,042,687	30,192,563
Net Assets			
Accumulated surplus		68,042,687	30,192,563

Amahlathi Local Municipality

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Annual Financial Statements for the year ended 30 June 2010

Statement of Financial Performance

Figures in Rand	Note(s)	2010	2009
Revenue			
Rendering of services		20,190,345	17,499,695
Property rates	19	7,579,219	5,198,463
Rental of facilities and equipment		241,604	245,955
Interest received from debtors		2,257,726	2,227,273
Fines		52,084	133,756
Licences and permits		2,284	2,236
Government grants & subsidies	21	79,441,661	44,661,049
Motor vehicle registration		1,971,669	1,570,320
Miscellaneous other revenue		369,003	540,573
Other income		97,528	652,646
Reduction in bonus provision		128,615	-
Interest received - investment	26	4,533,342	39,216
Total Revenue		116,865,080	72,771,182
Expenditure			
Personnel	23	(28,251,927)	(26,141,967)
Remuneration of councillors	24	(8,290,960)	(8,031,710)
Finance costs	27	(628,258)	(5,335,221)
Debt impairment	25	(9,184,316)	(1,289,269)
Leave pay provision		(439,845)	(161,858)
Repairs and maintenance		(3,319,373)	(2,905,212)
Bulk purchases	29	(11,236,967)	(7,799,285)
General Expenses	22	(18,359,689)	(12,597,112)
Total Expenditure		(79,711,335)	(64,261,634)
Fair value adjustments		582,926	451,717
Revenue		116,865,080	72,771,182
Expenditure		(79,711,335)	(64,261,634)
Other		582,926	451,717
Surplus for the year		37,736,671	8,961,265

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Annual Financial Statements for the year ended 30 June 2010

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	4,948,129	4,948,129
Adjustments		
Change in accounting policy 2	14,686,053	14,686,053
Prior year adjustments 34	1,597,116	1,597,116
Balance at 01 July 2008 as restated	21,231,298	21,231,298
Changes in net assets		
Surplus for the year	8,961,265	8,961,265
Total changes	8,961,265	8,961,265
Balance at 01 July 2009	30,192,564	30,192,564
Changes in net assets		
Surplus for the year	37,736,671	37,736,671
Change in accounting policy	113,452	113,452
Total changes	37,850,123	37,850,123
Balance at 30 June 2010	68,042,687	68,042,687

Note(s)

Amahlathi Local Municipality

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Annual Financial Statements for the year ended 30 June 2010

Cash flow statement

Figures in Rand	Note(s)	2010	2009
Cash flows from operating activities			
Receipts			
Sale of goods and services		36,167,136	25,499,265
Grants		79,441,661	44,661,049
Interest income		4,533,342	-
Interest received		-	2,106,867
		<u>120,142,139</u>	<u>72,267,181</u>
Payments			
Employee costs		(36,542,887)	(33,556,262)
Suppliers		(43,385,782)	(16,252,910)
Finance costs		(140,904)	(4,652,397)
		<u>(80,069,573)</u>	<u>(54,461,569)</u>
Total receipts		120,142,139	72,267,181
Total payments		(80,069,573)	(54,461,569)
Net cash flows from operating activities	30	<u>40,072,566</u>	<u>17,805,612</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(19,616,996)	(17,121,703)
Purchase of financial assets		(20,695,027)	-
Proceeds from sale of long term receivables		589,851	-
		<u>(39,722,172)</u>	<u>(17,121,703)</u>
Cash flows from financing activities			
Proceeds from other financial liabilities		(235,715)	(203,557)
Net cash flows from financing activities		<u>(235,715)</u>	<u>(203,557)</u>
Net increase/(decrease) in cash and cash equivalents		114,679	480,352
Cash and cash equivalents at the beginning of the year		5,055,734	4,575,382
Cash and cash equivalents at the end of the year	11	<u>5,170,414</u>	<u>5,055,734</u>

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Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1. Preparation of Annual Financial Statements

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the Accounting Standards and have adopted the transitional provisions as applicable and described below and also in terms of the standards and principles contained in Directives 4 and Directive 5 issued by the Accounting Standards Board in March 2009 and have adopted the transitional provisions as applicable and described below

Those standards of GRAP and interpretations of such standards applicable to the operations of the municipality, is therefore as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 9	Revenue from Exchange Transactions
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 and Contingent Assets
GAMAP 9	Paragraphs relating to Revenue from Non-Exchange Transactions
GRAP 102	Intangible Assets
IPSAS 20	Related Party Disclosure
IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 32	Financial Instruments: Presentation
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 4	Determining whether an arrangement contains a lease

The standards prescribed are the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board. The impact of the mentioned directives on the financial statements, specifically Directive 4, is disclosed in the various accounting policies below.

1.1 Investment property

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

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

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

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Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.1 Investment property (continued)

purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

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

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

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

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

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

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

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business, are as follows:

Transitional provision

Investment property is reported at provisional amounts (Nil value), due to the fact that the initial accounting for Investment property was incomplete by the end of a reporting period in which the Standard became effective.

Investment property was not disclosed in the financial statements for the year ending 30 June 2009 but is disclosed at provisional amounts in the current financial statements. Please refer to the notes to the annual financial statements. No other retrospective adjustments to provisional amounts were recognised to reflect new information obtained about facts and circumstances that existed on the effective date of the Standard

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Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.1 Investment property (continued)

It is expected that the measurement of investment property will be addressed in conjunction with efforts related to Property, plant and equipment which are expected to be finalised by 30 June 2011.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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

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

Property, plant and equipment is initially measured at cost.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

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

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

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

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Property, plant and equipment are depreciated over their expected useful lives to their estimated residual value.

Land is not depreciated as it is regarded as having an infinite life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives, are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

Amahlathi Local Municipality

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Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.2 Property, plant and equipment (continued)

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

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

Item	Average useful life
Infrastructure	
• Roads and paving	10-50 years
• Cemeteries	15-30 years
• Airports	20-25 years
• Sewerage	25 years
• Housing	Not depreciated
Other	
• Buildings	10-30 years
• Plant and machinery	4-15 years
• IT equipment	5 years
• Furniture and fittings	7 years
Community	
• Assets under construction	Not depreciated
• Electricity	10-50 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

Incomplete Construction work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

Heritage assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding their estimated useful lives.

Infrastructure assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

Derecognition of property plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the sales proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

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Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.2 Property, plant and equipment (continued)

Transitional provisions

In terms of directive 4 the municipality is not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, Plant and Equipment. The Standard of GRAP on Property, Plant and Equipment was initially adopted on 1 July 2008.

Due to the fact that the municipality has taken advantage of the transitional provisions, property, plant and equipment were not recognised and measured in accordance with the Standards of GRAP on: Property, Plant and Equipment, the Presentation of Financial Statements, Effect of Changes in Foreign Exchange Transactions, Leases, Segment Reporting, and Non-current Assets Held for Sale and Discontinued Operations.

Property, plant and equipment acquired prior to the date of initial adoption of the Standard of GRAP is measured at provisional amounts (Nil value) in line with Directive 4. Additions to property plant and equipment since the Standard of GRAP on Property, Plant and Equipment was initially adopted are recognised at cost. No depreciation is recognised on these assets as all the related elements of the depreciation calculation could not be considered at year end.

No measurement adjustments were made for the year ending 30 June 2010.

Impairment of assets

Cash generating assets

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

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation is recognised immediately in surplus or deficit.

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

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

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation is recognised immediately in surplus or deficit.

Impairment of non cash generating assets

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

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation is recognised immediately in surplus or deficit.

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

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

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1.2 Property, plant and equipment (continued)

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

1.3 Financial instruments

Classification

The classification of financial assets and liabilities into categories, is based on judgement by management. The municipality classifies financial assets and financial liabilities into the following categories:

The municipality has various types of financial instruments and these can be broadly categorised as either Financial Assets or Financial Liabilities.

A financial asset is any asset that a cash or contractual right to receive cash or another financial asset or equity. The municipality has the following types of financial assets:

- Investments in Fixed Deposits (Banking Institutions, etc)
- Long-term Receivables
- Consumer Debtors
- Certain Other Debtors
- Short-term Investment Deposits
- Bank Balances and Cash

The Financial Assets of the municipality are classified as follows into the four categories allowed:

Type of Financial Asset	Classification in terms of IAS 39.09
Short-term Investment Deposits – Call	Held-to-maturity investments
Bank Balances and Cash	Cash and Cash equivalents
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Investments in Fixed Deposits	Held-to-maturity investments

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

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

The municipality categorises cash and cash equivalents as financial assets..

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities:

- Long-term Liabilities
- Certain Other Creditors
- Bank Overdraft
- Short-term loans
- Current Portion of Long-term Liabilities

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Accounting Policies

1.3 Financial instruments (continued)

- Consumer Deposits

There are two main categories of Financial Liabilities, the classification determining how they are measured. Financial liabilities may be measured as:

- Fair value through profit or loss; or
- Other financial liabilities.

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulting gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities are classified as "Other financial liabilities" and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with IAS 39.09 the Financial Liabilities of the municipality are all classified as "Other financial liabilities".

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

Initial recognition and measurement

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

Financial assets

Held-to-maturity Investments and Loans and Receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial liabilities

Financial liabilities at fair value are initially and subsequently measured at fair value. Other financial liabilities are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in surplus or deficit.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Consumer Debtors are stated at cost less a provision for impairment. The provision is made whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit for the year.

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 through the surplus or deficit for the year to the extent that the carrying amount of the investment at the date the impairment is reversed does not

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Accounting Policies

1.3 Financial instruments (continued)

exceed what the amortised cost would have been had the impairment not been recognised.

Transitional Provisions

Financial Assets and Liabilities and the information relating thereto were presented and disclosed in accordance with the requirements of the old version of IAS 32 in the previous financial year and not in accordance with the requirements of the new IAS 32 and IFRS 7 as these requirements were exempted in terms of General Notice 522 of 2007. Financial Assets and Liabilities and the information relating thereto are presented and disclosed for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of the new version of IAS 32 and IFRS 7 and GRAP 3.

Financial instruments were initially measured at cost and not at fair value in the previous financial year as required by IAS 39.43, AG 64, AG 65, AG 79 and SAICA Circular 9 as this requirement was exempted in terms of General Notice 522 of 2007. Financial instruments are now initially measured at fair value for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of IAS 39.43, IAS 39 AG.64, IAS 39 AG.65, IAS 39 AG.79, SAICA Circular 9 and GRAP 3.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

Derecognition

Financial Assets

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Accounting Policies

1.3 Financial instruments (continued)

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

1.4 Leases

The municipality as a lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. 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.

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

Finance leases - lessor

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

Transitional provisions

In terms of Directive 4, the municipality is not required to recognise finance lease assets/liabilities in the financial statements in relation to those Property, plant and equipment that has not been recognised as a result of applying the transitional provisions in the Standards of GRAP related to Property, plant and equipment.

The disclosure requirements included in the Standard of GRAP on Leases were applied insofar as the lease assets/ liabilities have been identified.

No measurement adjustments were made for the year ending 30 June 2010. The future lease commitments not disclosed in the financial statements for the year ending 30 June 2009 are now however disclosed in the financial statements.

It is anticipated that the requirements of the Standard of GRAP on Leases will be applied in the financial statements for the year ending 30 June 2012 when the transitional provisions in the Standards of GRAP on Property, Plant and Equipment expire.

1.5 Inventories

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

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

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Accounting Policies

1.5 Inventories (continued)

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs

Subsequent measurement

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 weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the valuation of inventory are recognised in the Statement of surplus and deficit in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

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

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

Transitional provision

According to the transitional provision, the municipality is not required to measure inventories for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Inventories. Inventories has accordingly been recognised at provisional amounts, as disclosed in 8. The transitional provision expires on 30 June 2012.

1.6 Non-current assets held for sale and disposal groups

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

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

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

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

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Accounting Policies

1.6 Non-current assets held for sale and disposal groups (continued) or deficit.

1.7 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

1.8 Employee benefits

Short-term employee benefits

Remuneration to employees is recognised in the Statement of surplus and deficit as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Defined contribution plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of surplus and deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

1.9 Provisions and contingencies

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Accounting Policies

1.9 Provisions and contingencies (continued)

Provisions are recognised when:

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

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

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the surplus or deficit for the year as a finance cost as it occurs.

Transitional provision

In terms of Directive 4, the municipality is not required to recognise provisions (which form part of the cost of an asset) as a result of applying the transitional provisions in the Standards of GRAP on Property, Plant and Equipment. The disclosure requirements about the provisions related to the assets is however disclosed in accordance with the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets.

The provision for landfill sites was neither disclosed nor recognised in the financial statements for the year ending 30 June 2010.

Except for the provision for landfill site no other provisions were affected by the transitional provisions set out in Directive 4 and no other measurement adjustments were made for the year ending 30 June 2010.

1.10 Revenue from exchange transactions

Service Charges

Service charges relating to electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced.

Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

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.

Finance income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

Tariff charges

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

Income from agency services

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Accounting Policies

1.10 Revenue from exchange transactions (continued)

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.

Sale of goods

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

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

Rentals

Revenue from the rental of facilities and equipment classified as operating leases is recognised on a straight-line basis over the term of the lease agreement, where such lease periods span over more than one financial year.

1.11 Revenue from non-exchange transactions

Measurement

Rates, including collection charges and penalties interest

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 with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Fines

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

Public contributions

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 are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

Other Donations and contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

Government grants

Income 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. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of surplus and deficit in the year in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of surplus and deficit.

Accounted for government grants and receipts in the previous financial year in accordance with the requirements of IAS 20.24 and .26, GAMAP 12.8, GAMAP 17.25 and GAMAP 9.42 – .46, as appropriate, and not in accordance with the requirements of the entire IAS 20 as these requirements, other than IAS 20.24 and .26, were exempted in terms of General Notice 522 of 2007.

Accounted for government grants and receipts for the year ended 30 June 2009 (and retrospectively, where practicable) in

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Accounting Policies

1.11 Revenue from non-exchange transactions (continued)

accordance with the requirements of GAMAP 9.42 - .46 and ASB Directives 4.

Government grants are recognised as revenue when:

Other grants and donations

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of surplus or deficit as expenses in the period that the events giving rise to the transfer occurred.

1.12 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service benefit will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

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

1.13 VAT

The Municipality accounts for Value Added Tax on the payments basis.

1.14 Comparative figures

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

1.15 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. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

1.16 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

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. Such revenue is based on legislated procedures.

1.17 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 or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised

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Accounting Policies

1.17 Irregular expenditure (continued)

expenditure. Irregular expenditure is accounted for as an expense in the Statement of surplus or deficit. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

1.18 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 surplus and deficit. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable

1.19 Presentation of currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.20 Offsetting

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

1.21 Changes in accounting policies, estimates and errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Although the retrospective application, where practicable, of changes in accounting policies affected by management in accordance with the requirements of GRAP 3 was exempted in the previous financial year in terms of General Notice 522 of 2007 (providing that these changes in accounting policies were applied prospectively by the municipality), the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of the above-mentioned General Notice which granted the municipality the retrospective application, where practicable, of changes in accounting policies affected by management in the previous financial year. Continued to apply changes in accounting policies affected by management retrospectively, where practicable, for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 3.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Although the identification and disclosure of the impact of GRAP standards that have been issued but are not yet effective was exempted in the previous financial year in terms of General Notice 522 of 2007, the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of the above-mentioned General Notice which granted the municipality the identification and disclosure of the impact of GRAP standards that have been issued but are not yet effective in the previous financial year. Continued to identify and disclose the impact of GRAP standards that have been issued but are not yet effective for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 3.

1.22 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.23 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

Amahlathi Local Municipality

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Accounting Policies

1.24 Treatment of administration and other overhead expenses

The costs of internal support services are transferred to the various services and departments to whom resources are made available

1.25 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

1.26 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.

1.27 Reserves

In terms of Directive 4, all balances in reserves and trust fund accounts that are not represented by cash on the date of transition should be transferred to the opening balance of the accumulated surplus/(deficit) account in the statement of changes in net assets.

Reserves were still disclosed separately in the statement of financial position in the financial statements for the year ending 30 June 2009. The Reserves not represented by cash on the date of transition was transferred to the opening balance of the accumulated surplus/(deficit) account as at 1 July 2008 in the statement of changes in net assets.

1.28 Going concern

The Annual Financial Statements have been prepared on a going concern basis.

1.29 Standards, amendments to standards and interpretations issued but not yet effective

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

- GRAP 18 Segment Reporting
- GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers)
- GRAP 24 Presentation of Budget Information in Financial Statements
- GRAP 103 Heritage Assets
- GRAP 104 Financial Instruments
- GRAP 26 Impairment of cash generating assets
- GRAP 25 Employee benefits
- GRAP 21 Impairment of non cash generating assets

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

Management has considered all the of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

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Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand

2010

2009

2. Changes in accounting policy

Accounting Policies have been consistently applied, except as indicated below:

The municipality changes an accounting policy only if the change:

- is required by a Standard of GRAP; or
- results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the performance or cash flow.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the recognition of items as required for the disclosure of GRAP compliant annual financial statements:

Statement of financial position

Property, plant and equipment

Previously stated	-	12,587,621
Adjustment to Accumulated surplus / (deficit)	-	(12,587,621)
	-	-

Long term debtors

Previously stated	(113,452)	464,372
Adjustment to Accumulated surplus / (deficit)	113,452	(464,372)
	-	-

Provision for landfill site rehabilitation

Previously stated	-	(500,000)
Adjustment to Accumulated surplus / (deficit)	-	500,000
	-	-

Reserves

Previously stated	-	(439,828)
Adjustment to Accumulated surplus / (deficit)	-	439,828
	-	-

Accumulated funds

Previously stated	-	(32,853,818)
Adjustment to Accumulated surplus / (deficit)	-	32,853,818
	-	-

Other adjustments

Trust funds not re-classified as Unspent conditional grants	-	(173,427)
Correction to repairs an maintenance reserve (written off)	-	(10,000)
Adjustment to Accumulated surplus / (deficit)	-	183,427
	-	-

Accumulated surplus / deficit

Transfer from Fixed assets	-	(12,587,621)
Transfer from Long term debtors	113,452	(464,372)
Landfill site written back	-	500,000
Transfer from Accumulated funds	-	32,853,818

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Notes to the Annual Financial Statements

Figures in Rand	2010	2009
2. Changes in accounting policy (continued)		
Transfer from Reserves	-	439,828
Post retirement medical aid	-	(6,239,027)
Other adjustments	-	183,427
	113,452	14,686,053
Post retirement medical aid		
Previously stated	-	-
Recognition of post retirement medical aid obligation at 1 July 2009	-	6,239,027
	-	6,239,027
Trust fund		
Previously stated	-	(5,681,246)
Adjustment	-	5,681,246
	-	-
Unspent conditional grants		
Adjustment	-	14,648,467
	-	14,648,467
Trade and other payables		
Previously stated	-	(17,898,622)
Adjustment	-	7,012,721
	-	(10,885,901)

3. Investment property

	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	-	-	-	-	-	-

Transitional provisions

The municipality has elected to adopt the transitional provisions for GRAP 16, Investment property, as per paragraph 67 of Directive 4. According to the transitional provisions, the municipality is not required to measure investment property for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Investment property. Investment property has accordingly been recognised at provisional amounts. The transitional provision expires on 30 June 2012. Refer to note 4 with respect to the progress of the municipality being fully compliant with GRAP 17.

4. Property, plant and equipment

	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Buildings	408,311	-	408,311	-	-	-
Plant and machinery	1,259,905	-	1,259,905	-	-	-
Furniture and fixtures	873,733	-	873,733	-	-	-
Motor vehicles	191,541	-	191,541	-	-	-
IT equipment	149,651	-	149,651	-	-	-
Infrastructure	16,687,480	-	16,687,480	-	-	-
Community	46,375	-	46,375	-	-	-

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Notes to the Annual Financial Statements

Figures in Rand	2010	2009
4. Property, plant and equipment (continued)		
Total	19,616,996	-

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Total
Buildings	-	408,311	408,311
Plant and machinery	-	1,259,905	1,259,905
Furniture and fixtures	-	873,733	873,733
Motor vehicles	-	191,541	191,541
IT equipment	-	149,651	149,651
Infrastructure	-	16,687,480	16,687,480
Community	-	46,375	46,375
	-	19,616,996	19,616,996

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. The municipality has developed a comprehensive asset register encompassing movable assets, land, buildings and infrastructure assets.

The following progress has been achieved with regards to the development of an asset register:

Desk top exercise

A desk top exercise was performed to understand what data and information is available and to collect, collate and consolidate that data into workstream specific repositories. This enabled the identification of what data is not available per workstream.

The final stage was the apportionment of globular figures in preparation for unbundling of "loans redeemed and other capital receipts" account and recording the asset classes individually in the fixed asset register.

Verification and conditional assessment of assets

This stage entailed the identifying, recording, verification and bar-code labelling of all movable assets and the linking of these to a location. Immovable assets was then identified, recorded and verified.

The 80/20 principal of physical verification of land, buildings and infrastructure assets based on highest values assets was utilised.

A high level financial condition assessment was conducted while the assets were physically verified.

Impairment of assets was considered when physically verifying assets, this will be done as a desk top exercise at the end of the project.

Data uploading

A standard link and balance principles was used (i.e. direct link where assets then meets all the criteria of a one-to-one relationship and pro-rata link where cost is to be allocated to assets based on replacement value of asset).

The various PIDs was updated with the financial information and changes in useful life and asset groups was reported on separately.

The municipality envisages that full compliance with GRAP 17 Property, plant and equipment will be achieved by 30 June 2012.

5. Investments

At fair value through surplus or deficit - designated

Investec investments	42,541,418	-
First National Bank- 62063171351	201,236	193,903

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Notes to the Annual Financial Statements

Figures in Rand	2010	2009
5. Investments (continued)		
First National Bank- 61381739619	4,438,865	30,720,166
First National Bank- 74213214708	6,628,342	16,640,065
First National Bank- 74100629770	947,384	885,324
First National Bank- 74188016669	2,521,017	2,355,874
First National Bank- 74193195797	338,068	315,922
First National Bank- 74263885682	14,189,951	-
The average rate of return on the investments were 7% (2009: 10.5%).		
Funds are invested according to Circular No C/46/1994 issued by the Provincial Administration Community Services Branch with Approved Banking Institutions..		
There are no fixed maturity dates and investments are reinvested once they have matured.		
	71,806,281	51,111,254
Current assets		
At fair value through surplus or deficit	71,806,281	51,111,254
The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.		
There were no gains or losses realised on the disposal of held to maturity financial assets in 2010 and 2009, as all the financial assets were disposed of at their redemption date.		
Fair values of loans and receivables		
For debt securities classified as at fair value through surplus or deficit, the maximum exposure to credit risk at the reporting date is the carrying amount.		
6. Retirement benefits		
Post retirement medical aid		
The municipality operates on 5 accredited medical aid schemes, namely Bonitas, Hosmed, Keyhealth, La Health and Samwu. Pensioners continue on the option they belonged to on the day of their retirement. The independent valuers, PriceWaterCoopers Actuarial Services carried out a statutory valuation on 30 June 2010.		
Movements for the year		
Opening balance	7,018,288	6,239,027
Net expense recognised in the statement of financial performance	741,430	779,261
	7,759,718	7,018,288
Net expense recognised in the statement of financial performance		
Current service cost	373,126	346,016
Interest cost	680,838	528,713
Actuarial (gains) losses	(15,614)	179,169
Benefits paid	(296,920)	(274,637)
	741,430	779,261
Key assumptions used		
Assumptions used on last valuation on 30 June 2010.		

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Figures in Rand	2010	2009
6. Retirement benefits (continued)		
Discount rates used	9.50 %	9.50 %
Assumed medical inflation	7.60 %	7.60 %
Net discount rate	1.90 %	1.90 %

Other assumptions

Pre retirement	SA 85-90
Post retirement	PA(90) - 1

Withdrawal

20	13.3%
25	13.3%
30	10.9%
35	8.2%
40	5.8%
45	4.1%
50	2.9%
55	0.0%
60	0.0%
63	0.0%

7. Long term receivables

Long term receivables comprise of the following amounts:

Cost of HT lines	R 691 616	R 1 001 108
Long Term housing debtors	R 444 587	0
Other long term receivables	R 3 636	R 283 996
	<u>R1 139 839</u>	<u>R1 285 104</u>
Provision for bad debt for long term housing debtors	R (444 586)	0
Fair value of Long term debtors	R 695 253	R 1 285 104

Cost of HT lines comprise of trade debtors and interest is charged at 6% per annum.

The long term housing debtors were raised in the current year, however it is felt that the chance of recoverability is less than probable and thus have been impaired accordingly.

8. Inventories

Water	5,937	5,937
Fuel (Diesel, Petrol)	-	7,824
Electricity	99,568	122,807
Rates and general	27,104	21,553
	<u>132,609</u>	<u>158,121</u>

Inventory is recorded at cost for each class of inventory. Refer to note 4 with respect to the progress of the municipality being fully compliant with GRAP 17.

Transitional provisions

The municipality has elected to adopt the transitional provisions for GRAP 12, Inventories, as per Directive 4. According to the transitional provisions, the municipality is not required to measure inventory for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Inventories. Inventories has accordingly been recognised at provisional amounts. The transitional provision expires on 30 June 2012.

9. Trade and other receivables from exchange transactions

Prepayments	83,040	-
Integrated Development Plan	123,401	117,033

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Notes to the Annual Financial Statements

Figures in Rand	2010	2009
9. Trade and other receivables from exchange transactions (continued)		
Other debtors	1,342,357	1,492,940
	1,548,798	1,609,973
10. Consumer debtors		
Gross balances		
Rates	11,763,225	9,056,019
Electricity	2,508,152	2,703,207
Refuse	17,164,249	14,315,726
Other services	5,387,044	4,865,049
	36,822,670	30,940,001
Less: Provision for debt impairment		
Rates	(11,186,132)	-
Electricity	(1,162,366)	-
Refuse	(16,016,814)	-
Other services	(5,201,352)	(25,045,597)
	(33,566,664)	(25,045,597)
Net balance		
Rates	577,093	9,056,019
Electricity	1,345,786	2,703,207
Refuse	1,147,435	14,315,726
Other services	185,692	(20,180,548)
	3,256,006	5,894,404
Rates		
Current (0 -30 days)	274,528	216,088
31 - 60 days	223,619	126,008
61 - 90 days	78,946	163,107
91 and more days	11,186,132	8,550,815
	11,763,225	9,056,018
Electricity		
Current (0 -30 days)	920,970	818,302
31 - 60 days	244,750	310,598
61 - 90 days	180,066	196,659
91 and more days	1,162,366	1,377,649
	2,508,152	2,703,208
Refuse		
Current (0 -30 days)	429,153	413,692
31 - 60 days	408,853	337,931
61 - 90 days	309,428	314,936
91 and more days	16,016,815	13,249,167
	17,164,249	14,315,726
Other services		
Current (0 -30 days)	80,203	114,638
31 - 60 days	25,656	97,987
61 - 90 days	79,833	64,139
91 - 120 days	5,201,352	4,588,285

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Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
10. Consumer debtors (continued)	5,387,044	4,865,049
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	1,704,854	1,562,722
31 - 60 days	902,878	872,524
61 - 90 days	648,273	738,841
91 and more days	33,566,665	27,765,917
	<u>36,822,670</u>	<u>30,940,004</u>
Less: Provision for debt impairment	(33,566,664)	(25,045,597)
	3,256,006	5,894,407
Total		
Current (0 -30 days)	1,704,854	1,562,722
31 - 60 days	902,878	872,524
61 - 90 days	648,273	738,841
91 - 120 days	33,566,665	27,765,917
	<u>36,822,670</u>	<u>30,940,004</u>
Less: Provision for debt impairment	(33,566,664)	(25,045,597)
	3,256,006	5,894,407
Less: Provision for debt impairment		
91 - 120 days	(33,566,664)	(25,045,597)
Total debtor past due but not impaired		
Current (0 -30 days)	1,704,854	-
31 - 60 days	902,878	-
61 - 90 days	648,273	-
91 - 120 days	-	5,894,407
	<u>3,256,005</u>	<u>5,894,407</u>
Reconciliation of debt impairment provision		
Balance at beginning of the year	(25,045,597)	(23,718,012)
Contributions to provision	(8,623,388)	(1,289,269)
Other	102,321	(38,316)
	<u>(33,566,664)</u>	<u>(25,045,597)</u>
Consumer debtors past due but not impaired		
Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2010, R 3,271,073 (2009: R 2,685,914) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	1,704,854	1,562,722
2 months past due	902,878	872,524
3 months past due	648,273	3,459,161
Reconciliation of provision for impairment of consumer debtors		
Opening balance	(25,045,597)	(23,718,012)
Provision for impairment	(8,623,389)	(1,289,269)

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Notes to the Annual Financial Statements

Figures in Rand	2010	2009
10. Consumer debtors (continued)		
Other	102,321	(38,316)
	(33,566,665)	(25,045,597)

The creation and release of provision for impaired receivables have been included in operating expenses in the statement of financial performance.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The municipality does not hold any collateral as security.

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	5,016	5,016
Bank balances	5,165,398	5,050,718
	5,170,414	5,055,734

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2010	30 June 2009	30 June 2008	30 June 2010	30 June 2009	30 June 2008
Account No: 53813535227	2,131,897	267,288	249,178	2,041,271	37,292	(860,714)
Current Account: 62116156987	388,352	838,631	3,124,550	(2,332,567)	795,129	2,105
Call Account: 62135193770	5,456,694	4,268,133	2,538,891	5,456,694	4,218,297	5,429,175
Total	7,976,943	5,374,052	5,912,619	5,165,398	5,050,718	4,570,566

12. Other financial liabilities

At fair value through surplus or deficit

Bank loan	625,157	860,872
Loans held by the Development Bank of South Africa bear an interest between 10.25% and 16.033% per annum and are repayable over periods between five and thirty years. All loans will be repaid by 2025.	625,157	860,872
	-	-

Non-current liabilities

Fair value through surplus or deficit	614,050	644,047
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Current liabilities

Fair value through surplus or deficit	11,107	216,825
	614,050	644,047
	11,107	216,825
	625,157	860,872

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Vuna Awards	(1,727)	81,701
Vuna Awards Phase 2	182,245	267,068
Municipal systems improvement	20,277	329,957
Performance enhancement	41,730	41,730

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Notes to the Annual Financial Statements

Figures in Rand	2010	2009
13. Unspent conditional grants and receipts (continued)		
Keep Amathole clean	100,000	100,000
Crafters	1,600	36,000
Survey of Stanhope	98,845	98,845
Survey of Freshwater	8,563	8,563
Transitional grant	433,882	433,882
Spatial development framework	84,526	84,526
Land survey Ndakana - Phase 2	18,888	18,888
Survey of Cwengcwe	211,104	211,104
Zoning scheme- Stutterheim	28,920	28,920
Survey of Ndakana	46,760	46,760
Staff training	253,699	269,612
Town planning - Ndakana	30,267	30,267
Survey of Tembeni	163,191	163,191
Planning of Kologha	10,644	10,644
Finance management programme	1,284,384	1,544,166
Drought relief	80,472	80,472
Survey/plan Upper Zeleni	151,515	151,515
Survey of Mxhalanga	139,591	139,591
Survey of Mlungisi	28,540	28,540
Heckel Disaster fund	2,264	2,264
Sub division of farms - Sandile	8,294	8,294
Establish ward committees	34,112	34,112
Quizini Agricultural project	212,207	223,009
Management support programme	(23,192)	1,014,485
Survey of Kologha	136,750	136,750
MIG funding	6,972,505	9,023,615
	10,760,856	14,648,471
Movement during the year		
Balance at the beginning of the year	14,648,471	34,088,885
Income recognition during the year	(3,887,615)	(19,440,414)
	10,760,856	14,648,471

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

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

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Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand

2010

2009

14. Provisions

Reconciliation of provisions - 2010

	Opening Balance	Utilised during the year	Reversed during the year	Total
Bonuses	1,897,488	(301,170)	(128,615)	1,467,703
Wastesite rehabilitation	(500,000)	-	500,000	-
	1,397,488	(301,170)	371,385	1,467,703

Reconciliation of provisions - 2009

	Opening Balance	Additions	Utilised during the year	Total
Bonuses	1,275,601	621,887	-	1,897,488
Repairs and maintenance	-	-	(10,000)	(10,000)
Wastesite rehabilitation	-	-	(500,000)	(500,000)
	1,275,601	621,887	(510,000)	1,387,488

The provision for the rehabilitation of the landfill sites operated in the municipality's demarcations was not recognised in line with Directive 4 due to the application of the transitional provisions in the Standards of GRAP on Property Plant and Equipment also being applied.

However the municipality has the following sites:

Wastesite rehabilitation site

Landfill site

Both sites are situated on erf 80, Stutterheim

15. Trade and other payables from exchange transactions

Trade payables	2,195,236	2,657,323
Payments received in advanced	33,997	-
Other payables	8,329,936	6,063,721
Deposits received	50,783	47,467
Accrual for leave gratuity	2,302,226	2,010,893
	12,912,178	10,779,404

16. VAT payable

Tax refunds payables	170,822	213,982
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17. Consumer deposits

Electricity	353,524	343,844
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18. Revenue

Rendering of services	20,190,345	17,499,695
Property rates	7,579,219	5,198,463
Rental of facilities & equipment	241,604	245,955
Fines	52,084	133,756
Licences and permits	2,284	2,236
Government grants & subsidies	79,441,661	44,661,049

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Notes to the Annual Financial Statements

Figures in Rand	2010	2009
18. Revenue (continued)		
Motor vehicle registrations	1,971,669	1,570,320
Miscellaneous other revenue	369,003	540,573
	109,847,869	69,852,047

The amount included in revenue arising from exchanges of goods or services are as follows:

Rendering of services	20,190,345	17,499,695
Rental of facilities & equipment	241,604	245,955
Licences and permits	2,284	2,236
Miscellaneous other revenue	369,003	540,573
	20,803,236	18,288,459

The amount included in revenue arising from non-exchange transactions is as follows:

Property rates	7,579,219	5,198,463
Fines	52,084	133,756
Government grants & subsidies	79,441,661	44,661,049
Motor vehicle registrations	1,971,669	1,570,320
	89,044,633	51,563,588

19. Property rates

Rates received

Property rates	7,579,219	5,198,463
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Valuations

Residential	639,826,255	643,531,355
Commercial	288,235,640	349,210,050
State	260,942,585	269,802,485
Municipal	40,569,600	40,943,400
Small holdings and farms	650,319,896	653,083,845
Public benefit organisations	17,439,500	9,075,000
Property rates 2	19,808,500	19,708,000
Vacant land	60,598,335	66,297,365
	1,977,740,311	2,051,651,500

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2009 . Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of R0.6 (2009: R2.10) is applied to property valuations to determine assessment rates. Rebates of R434 731 (2009: R1 422 167) are granted according to Councils Party..

Rates are levied on an monthly basis. Interest is charged at prime plus 1% per annum.

20. Service charges

Sale of electricity	11,492,645	9,952,317
Refuse removal	4,819,350	4,283,185
Other service charges	3,878,350	3,264,193
	20,190,345	17,499,695

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21. Government grants and subsidies

Equitable share	57,030,361	42,026,848
Health subsidy	2,124,914	1,985,901
MIG grant (operating)	853,600	648,300
Utilised capital grants	3,428,200	-
Library Grant	1,500,000	-
Utilised capital grants	14,504,586	-
	79,441,661	44,661,049

Vuna awards

Balance unspent at beginning of year	81,701	81,701
Current-year expenditure	(129,802)	-
Current-year receipts	46,374	-
	(1,727)	81,701

The grant was received from the Department of local government and housing (see note 13).

The grant was mainly used for the development and review of municipal performance management system.

Vuna awards- phase 2

Balance unspent at beginning of year	267,068	267,068
Conditions met - transferred to revenue	(84,824)	-
	182,244	267,068

The grant was received from the Department of local government and housing (see note 13).

The grant was mainly used for the development and review of municipal performance management system.

Municipal systems improvement

Balance unspent at beginning of year	329,957	329,957
Current - year expenditure	(441,259)	-
Current-year receipts	131,579	-
	20,277	329,957

The grant was received from the Department of Provincial Government (see note 13).

The grant was used for the ward committee training and the valuation roll.

Performance enhancement

Balance unspent at beginning of year	41,730	41,730
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The grant was received from the Department of local government and housing (see note 13).

The grant obtained will be used for management performance.

Keep Amathole clean

Balance unspent at beginning of year	100,000	100,000
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The grant was received from the District municipality (see note 13).

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21. Government grants and subsidies (continued)

The grant was used for the clean up campaign.

Crafters

Balance unspent at beginning of year	36,000	36,000
Current - year expenditure	(34,400)	-
	<u>1,600</u>	<u>36,000</u>

The grant was received from the Amatola District municipality (see note 13).

The grant was received to support the local crafters.

Survey of Stanhope

Balance unspent at beginning of year	<u>98,845</u>	<u>98,845</u>
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The grant was received from the Department of local government and housing (see note 13).

The grant was used for the performance of a survey.

Survey of Freshwater

Balance unspent at beginning of year	<u>8,563</u>	<u>8,563</u>
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The grant was received from the Department of local government and housing (see note 13.)

The grant was used for the performance of a survey.

Transitional grant

Balance unspent at beginning of year	<u>433,882</u>	<u>433,882</u>
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The grant was received from the Department of local government and housing (see note 13).

The grant was a gazetted grant and a payment for the transitional changes in the municipality.

Spatial development framework

Balance unspent at beginning of year	<u>84,526</u>	<u>84,526</u>
--------------------------------------	---------------	---------------

The grant was received from the Department of local government and housing and was used for the development of a framework (see note 13).

Land survey Ndakana

Balance unspent at beginning of year	<u>18,888</u>	<u>18,888</u>
--------------------------------------	---------------	---------------

The grant was obtained from the Department of local government and housing and is used for the finance of the surveys performed on the land (see note 13).

Survey of Cwengcwe

Balance unspent at beginning of year	<u>211,104</u>	<u>211,104</u>
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Figures in Rand 2010 2009

21. Government grants and subsidies (continued)

The grant was obtained from the Department of local government and housing and was used to finance the surveys (see note 13).

Zoning scheme- Stutterheim

Balance unspent at beginning of year 28,920 28,920

The grant was obtained from the Department of local government and housing and was used to finance for the zoning scheme of Stutterheim (see note 13)

Survey of Ndakana

Balance unspent at beginning of year 46,760 46,760

The grant was received from the Department of local government and housing and was mainly financed for the performance of a survey (see note 13).

Staff training

Balance unspent at beginning of year	269,612	269,612
Current - year expenditure	(107,608)	-
Current-year receipts	91,695	-
	253,699	269,612

The grant was received from the Sectorial Education Training Authority (SETA) for the training of staff (see note 13).

Town planning

Balance unspent at beginning of year 30,267 30,267

The grant was obtained from the Department of local government and housing for the assistance to town planning (see note 13).

Survey of Tembeni

Balance unspent at beginning of year 163,191 163,191

The grant was obtained from the Department of local housing and government and the grant was used for surveys performed (see note 13).

Planning of Kologha

Balance unspent at beginning of year 10,644 10,644

The grant was received from the Department of local government and housing and was used for planning of Kologha housing (see note 13).

Finance management programme

Balance unspent at beginning of year	1,544,166	1,544,166
Current - year expenditure	(1,759,782)	-
Current-year receipts	1,500,000	-
	1,284,384	1,544,166

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Figures in Rand	2010	2009
21. Government grants and subsidies (continued)		
The grant was received from National Treasury and was mainly used for budget reforms and financial management reforms. (see note 13)		
Drought relief		
Balance unspent at beginning of year	80,472	80,472
The grant was received from the Department of local government and housing and was mainly used for relief for drought conditions (see note 13).		
Survey/plan Upper Zeleni		
Balance unspent at beginning of year	151,515	151,515
The grant was obtained from the Department of local government and housing and was used for the conduct of surveys and plans for the Upper Zeleni section (see note 13).		
Survey of Mxhalanga		
Balance unspent at beginning of year	139,591	139,591
The grant was obtained from the Department of local government and housing and was used for the conduct of a survey (see note 13).		
Survey of Mlungisi		
Balance unspent at beginning of year	28,540	28,540
The grant was obtained from the Department of local government and housing and was used for the conduct of a survey (see note 13).		
Heckel Disaster fund		
Balance unspent at beginning of year	2,264	2,264
The grant was received from the Department of local government and housing and was used to provide relief from the cause of a fire (see note 13).		
Sub division of farms		
Balance unspent at beginning of year	8,294	8,294
The grant was obtained from the Department of local government and housing and was used for the subdivision of the land as per the land claim received (see note 13).		
Establish ward committees		
Balance unspent at beginning of year	34,112	34,112
The grant was received from the Department of local government and housing and was used for support for the ward committees.(see note 13)		
Quizini Agricultural project		
Balance unspent at beginning of year	223,009	223,009

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Figures in Rand	2010	2009
21. Government grants and subsidies (continued)		
Current - year expenditure	(10,802)	-
	212,207	223,009

The above grant was received from the Department of local government and housing and was used mainly for farming purposes (see note 13).

Management support programme

Balance unspent at beginning of year	1,014,485	1,014,485
Current - year expenditure	(1,063,913)	-
Other	26,236	-
	(23,192)	1,014,485

The grant was provided by the Department of local government and housing and was used to support management functions of the municipality (see note 13).

Survey of Kologha

Balance unspent at beginning of year	136,750	136,750
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The grant was obtained from the Department of local government and housing and was used for the conduct of surveys (see note 13.)

MIG funding

Balance unspent at beginning of year	9,023,615	9,023,615
Current - year expenditure	(13,067,863)	-
Conditions met - transferred to revenue	11,016,753	-
	6,972,505	9,023,615

The above grant was financed by National Revenue Fund and was used to finance the capital infrastructure (see note 13).

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Figures in Rand	2010	2009
22. General expenses		
Audit fees	1,143,389	825,528
Advertising	53,424	36,498
Bank charges	160,826	154,764
Computer expenses	44,441	55,029
Consulting and professional fees	2,671,849	204,239
Consumables	134,486	130,980
Entertainment	123,909	19,626
Insurance	1,681,174	1,473,934
Community development and training	98,436	45,857
Lease rentals on operating lease	186,981	161,902
Medical expenses	42,385	55,027
Motor vehicle expenses	110,587	-
Fuel and oil	1,065,889	1,549,282
Postage and courier	95,982	93,058
Printing and stationery	397,057	273,774
Promotions of LED	426,834	90,537
Project maintenance costs	434,789	546,824
Vehicle license fees	86,479	75,819
Security (Guarding of municipal property)	137,830	105,024
Staff welfare	38,217	45,877
Subscriptions and membership fees	290,587	84,299
Telephone and fax	693,284	772,835
Training	1,017,550	396,107
Refuse	18,809	-
Assets expensed	750,766	556,320
Electricity	632,506	422,529
Uniforms	104,291	78,445
Revolving Fund	10,000	460,456
Capital expenses	18,210	73,039
Rates rebate	814,991	-
Remissions	2,165,754	2,114,255
Free basic electricity	2,409,223	1,432,570
Contingency expenses	57,592	41,646
Skills development levy	219,585	196,570
Other expenses	21,577	24,462
	18,359,689	12,597,112

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Figures in Rand	2010	2009
23. Employee related costs		
Basic	19,166,565	17,348,253
Bonus	1,758,144	2,004,193
Medical aid - company contributions	1,372,897	1,315,144
UIF	213,323	204,949
Post-employment benefits - Pension - Defined contribution plan	741,430	779,261
Overtime payments	298,186	265,909
Travel allowances	1,222,159	994,839
Housing benefits and allowances	33,301	36,551
Other	3,445,922	3,192,868
	28,251,927	26,141,967

Remuneration of municipal manager

Annual Remuneration	474,381	453,828
Car Allowance	212,892	181,846
Performance Bonuses	144,137	-
Contributions to UIF, Medical and Pension Funds	97,324	89,135
Cell phone allowance	12,000	12,000
	940,734	736,809

An amount of R64 578 included in the Performance bonus was in respect of the 08/09 Performance bonus which was only paid in the current financial year

Remuneration of chief finance officer

Annual Remuneration	530,047	487,542
Car Allowance	124,487	108,944
Performance Bonuses	139,922	-
Contributions to UIF, Medical and Pension Funds	117,795	105,470
Cellphone allowance	8,400	7,600
	920,651	709,556

An amount of R62 689 included in the Performance Bonus was in respect of the 08/09 Performance Bonus which was only paid in the current financial year.

Remuneration of administration manager

Annual Remuneration	468,741	430,961
Car Allowance	117,376	102,720
Performance Bonuses	127,202	-
Contributions to UIF, Medical and Pension Funds	116,000	104,445
Long service bonus	-	50,425
Cellphone allowance	8,400	7,600
	837,719	696,151

An amount of R56 990 included in the Performance Bonus was in respect of the 08/09 Performance Bonus which was only paid in the current financial year.

Remuneration of engineering services manager

Annual Remuneration	491,711	451,871
Car Allowance	126,458	110,668
Performance Bonuses	133,749	-
Contributions to UIF, Medical and Pension Funds	120,086	108,441

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Figures in Rand	2010	2009
23. Employee related costs (continued)		
Long service bonus	14,660	-
Cellphone allowance	8,400	7,600
	895,064	678,580

An amount of R59 923 included in the Performance Bonus was in respect of the 08/09 Performance Bonus which was only paid in the current financial year.

Remuneration of strategic manager

Annual Remuneration	470,787	434,659
Car Allowance	109,896	96,174
Performance Bonuses	127,202	-
Contributions to UIF, Medical and Pension Funds	121,649	107,757
Cellphone allowance	8,400	7,600
	837,934	646,190

An amount of R56 990 included in the Performance Bonus was in respect of the 08/09 Performance Bonus which was only paid in the current financial year.

24. Remuneration of councillors

Mayor	505,920	471,048
Speaker	406,934	381,313
Councillors	6,462,831	6,314,229
Contributions to Medical and Pension Funds	915,275	866,120
	8,290,960	8,032,710

25. Debt impairment

Debt impairment	9,184,316	1,289,269
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26. Investment revenue

Interest revenue

Bank	4,533,342	39,216
	-	-
	4,533,342	39,216

27. Finance costs

Current borrowings	140,904	363,295
Fair value adjustments on payables	487,354	370,578
Other interest paid	-	4,601,348
	628,258	5,335,221

Capitalisation rates used during the period were between 10.5% and 16% on specific borrowings for capital projects and 13% being the weighted average cost of funds borrowed generally by the municipality.

28. Auditors' remuneration

Fees	1,143,389	825,528
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29. Bulk purchases

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Notes to the Annual Financial Statements

Figures in Rand	2010	2009
29. Bulk purchases (continued)		
Electricity	11,236,967	7,799,285
30. Cash generated from operations		
Surplus	37,736,671	8,961,265
Adjustments for:		
Fair value adjustments	(582,926)	(451,717)
Debt impairment	9,184,316	1,289,269
Movements in retirement benefit assets and liabilities	741,430	779,261
Movements in provisions	80,215	1,083,918
Movement in interest expense for fair value adjustment	582,926	-
Non cash movement in equity	113,452	-
Changes in working capital:		
Inventories	25,512	(54,114)
Trade and other receivables from exchange transactions	61,175	(515,306)
Debt Impairment	(9,184,316)	(1,289,269)
Trade and other payables from exchange transactions	2,132,774	(4,064,694)
VAT	(43,160)	-
Unspent conditional grants and receipts	(3,887,615)	12,065,230
Consumer deposits	9,680	(9,536)
Consumer debtors	3,102,432	11,305
	40,072,566	17,805,612
31. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	5,416,472	7,479,035
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	3,619,237	3,335,333

This committed expenditure relates to property and will be financed by MIG.

32. Contingencies

There is a claim for personal damages by M Schwulst against Amahlathi Municipality. The claim is for personal damages resulting from an open manhole area. The lawyers estimate of financial exposure is set at R75 000.

33. Related parties

Relationships

Close family member of key management

G.P. Hill

The main member of Domoney Bros. an entity that supplies uniforms to the municipality is a family member of the CFO, Mr. G.P. Hill. Payments to the amount of R83 659 were made to the aforementioned entity during the year. All transactions were above board and all supply chain management regulations were adhered to.

34. Prior period errors

Accounts receivable was materially misstated in the prior year. Refer to analysis below of the journal entry that was passed to agree the debtors sub ledger to the consumer debtors.

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Figures in Rand	2010	2009
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34. Prior period errors (continued)

The correction of the error results in adjustments as follows:

Statement of financial position

Consumer debtors	-	31,281,629
Consumer debtors		
Balance as per the original trial balance	-	30,097,309
Journals recognised to account for prior period error:	-	-
Debtors arrear interest	-	496,723
Debtors VAT	-	1,100,393
Balance as recognised in the Statement of financial position	-	31,694,425

35. Comparative figures

Comparative figures have been restated for the year ended 30 June 2009.

36. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk management is carried out by the financial department with the assistance of operating divisions. Risk management is carried out under policies approved by the accounting officer.

Market risk: Currency risk

The municipality is not exposed to currency risk as no transactions are negotiated in foreign currency

Interest rate risk

The municipality's interest bearing assets are included under cash and cash equivalents. The municipality's income and operating cash flows are substantially independent of changes in market interest rates due to the short term nature of interest bearing assets.

At year-end financial assets exposed to interest rate risk were for the DBSA loan of R625 157 (2009: R860 872)

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

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

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

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

DBSA loan of R625 157 linked to the South African prime rate.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

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36. Risk management (continued)

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

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

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

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

	2010	2009
The estimated increase rates		
The estimated increase in basis points	100	100
Effect on Net Surplus	(6 252)	(8 609)

Market risk: other price risk

The Municipality's financial assets do not include equity investments that will expose it to price risks.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the municipality. Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any particular counter-party. Trade receivables comprise a widespread customer base. Credit exposure is controlled by the application of the municipality's credit control and debt collection policies. Adequate provision has been made for anticipated doubtful debts.

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

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

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

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk:

	2009/10	2008/9
Investments	R 71 806 281	R 51 111 254
Consumer Debtors	R 2 290 822	R 4 808 069
Other receivables	R 1 616 096	R 1 609 973
Long term receivables	R 695 253	R 1 285 104

Credit quality

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

	2010	2009
A	9%	12%
B	14%	13%
C	77%	75%

Analysis of table:

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

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

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

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36. Risk management (continued)

recoverable.

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

Liquidity risk

The municipality's risk relates to funds available that will cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and projected grant receipts. Cash flow forecasts are prepared and adequate managed borrowing facilities are continually monitored.

37. Unauthorised expenditure

No unauthorised expenditure had been incurred during the year.

38. Fruitless and wasteful expenditure

No fruitless and wasteful expenditure had been incurred during the year.

39. Irregular expenditure

No irregular expenditure had been incurred during the year.

40. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	240,648	26,539
Amount paid - current year	(240,648)	(26,539)
	<u>-</u>	<u>-</u>

Material losses

The electricity distribution losses amounted to 4 624 334 kwh with a value of R870 369 (2008/09 - 3 545 699 kwh - R431 157)

Audit fees

Current year subscription / fee	1,143,389	825,528
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UIF

Current year subscription / fee	213,321	204,949
Amount paid - current year	(213,321)	(204,949)
	<u>-</u>	<u>-</u>

Pension and Medical Aid Deductions

Current year subscription / fee	4,681,862	4,389,460
Amount paid - current year	(4,681,862)	(4,389,460)
	<u>-</u>	<u>-</u>

VAT

VAT payable	170,822	213,982
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40. Additional disclosure in terms of Municipal Finance Management Act (continued)

VAT output payables and VAT input receivables are shown in note .

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

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. No expenses were incurred that were not condoned in terms of section 36 of the Municipal Supply Chain Management Regulations.

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Appendix A: Schedule of external loans

APPENDIX A

June 2010

GOVERNMENT TEMPLATE: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

Loan Number	Redeemable	Balance at 30 June 2009	Received during the period	Redeemed written off during the period	Balance at 30 June 2010	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		Rand	Rand	Rand	Rand	Rand	Rand

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Supplementary Information

Appendix B: Analysis of property, plant and equipment

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009																		
Opening Balance	Additions	Additions through business combinations	Disposals	Classified as held for sale	Transfers	Cost/Revaluation			Accumulated depreciation				Closing Balance	Opening Balance	Additions	Additions through business combinations	Disposals	
						Revaluations	Foreign exchange movements	Other changes, movements	Depreciation	Impairment loss	Impairment reversal							
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand

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Supplementary Information

Appendix C: Segmental analysis of property, plant and equipment

SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

Accumulated Depreciation

Opening Balance	Additions	Additions through business combinations	Disposals	Classified as held for sale	Transfers	Revaluations	Foreign exchange movements	Other changes, movements	Depreciation	Impairment deficit	Impairment reversal	Closing Balance	Opening Balance	Additions	Additions through business combinations	Disposals	Classified as held for sale
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand

Amahlathi Local Municipality

(Registration number EC124)

Annual Financial Statements for the year ended 30 June 2010

Supplementary Information

Appendix D: Segmental Statement of Financial Performance

APPENDIX D for the period ended 30 June 2010
June 2010

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
Prior Year **Current Year**

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
-----------------------------------	--	--	-----------------------------------	--	--

Amahlathi Local Municipality

(Registration number EC124)

Annual Financial Statements for the year ended 30 June 2010

Supplementary Information

Appendix E(1): Actual versus Budget (Revenue and Expenditure)



APPENDIX E(1) for the ended 30 June 2010

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

Current year 2009 Act. Bal.	Current year 2009 Bud. Amt	Variance		Prior Year # 1 2008 Forecast Amt R'000	Variance	
R'000	R'000	R'000	Var	R'000	R'000	Var

Prior Year # 1 2008 Act. Bal.	Prior Year # 1 2008 Bud. Amt	Variance		Current year 2009 Forecast Amt R'000	Variance		Budget Remaining R'000	Current year 2009 Bud. Amt R'000
R'000	R'000	R'000	Var	R'000	R'000	Var	R'000	R'000

Amahlathi Local Municipality

(Registration number EC124)

Annual Financial Statements for the year ended 30 June 2010

Supplementary Information

Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)

BUDGET ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

Additions	Original Budget	Revised Budget	Variance	Variance	Explanation of significant variances from budget
Rand	Rand	Rand	Rand	%	

Amahlathi Local Municipality

(Registration number EC124)

Annual Financial Statements for the year ended 30 June 2010

Supplementary Information

Appendix F: Disclosure of grants and subsidies in terms of the Municipal Finance Management Act

APPENDIX F for the ended 30 June 2010
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
 June 2010

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar			






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Co Reg: 1998/19380/07


Aloe Travel

P r o v i s i o n a l B o o k i n g C o n f i r m a t i o n

We are pleased to confirm the following travel arrangements as requested.

 Booking details	 Passengers	 Primary client/contact details
Date: 07/02/2011	Ondala Buntu Mr	Name: N/a Quote Amahlathi (ref 003996)
Booking No: 0039753		No's: Tel (W): 043 6831100x241 Fax: 043 6831127
Pnr: ZBW9N2		Address: Private Bag X2, Stutterheim, 4930
Consultant: Wandile Manakaza		
Destination: South Africa		

Summary	R
Air Ticket	3994.00
Accommodation	6510.00
Total	R 10504.00

Item 1  Domestic Air Ticket											
Ticket	Passenger	Fare	Fare Vat	Appt Tax	Appt Tax Vat	Total R	Type	Ticket No			
1	Ondala Buntu Mr	2640.00	370.00	901.23	82.77	R 3994.00	Adult ticket				
Flight	Airline	Flight No	Class	From	To	Date	Depart	Arrive	Seats	Status	Confirm ation No
1	South African Airways	SA 480	Economy (Y)	East London	Johannesburg	12Feb2011	17:20	18:50		Confirmed	YY49N9
2	South African Airways	SA 481	Economy (Y)	Johannesburg	East London	18Feb2011	18:40	20:10		Confirmed	YY49N9

Item 2 - Domestic Accommodation

Accommodation Establishment:	Owls Loft Country House 165 Pecan Grove Lane, (Off Summit Road - R562), Midrand, Tel: 011 4641198, Fax: 011 4641383	Confirmation No:	Alison
Client Name:	Ondala Buntu Mr	Rate:	1085.00 per room per night
Room / Accommodation Description:	Standard room with 1 double bed	Qty	1 room for 6 nights
Check In:	12Feb2011 14:00	Total:	R 6510.00
Check Out:	18Feb2011 10:00		

Exclusions:

ALL EXTRAS

Inclusions:

DINNER WITH SOFT DRINKS, BED & BREAKFAST, SHUTTLE TRANSFERES DURING HIS STAY IN OWLS
LOFT AND ALOE TRAVEL CONSULTING FEE

I trust the above is to your satisfaction. Please contact me if you require any further information. Kindly quote the above booking number in all dealings with Aloe Travel. Please be assured of our best service and attention at all times

Yours sincerely,

Wandile Manakaza
Aloe Travel

PLEASE NOTE

ALL RATES QUOTED ARE SUBJECT TO CHANGE WITHOUT PRIOR NOTICE DUE TO CURRENCY ADJUSTMENTS AND ANY UNFORSEEN OPERATOR INCREASES, UNTIL SUCH TIME AS FULL PAYMENT HAS BEEN RECEIVED AND FINAL DOCUMENTATION HAS BEEN ISSUED. CANCELLATION CHARGES WILL BE LEVIED ON ALL TICKETED HOTEL AND AIRLINE RESERVATIONS.

Aloe Travel Responsibility, Terms and Conditions.

Aloe Travel acts only as an agent between the passenger and the airline, car rental company or tour operator. As such, we cannot be held liable for any loss, damage, accident, delay or inconvenience caused by the principal. On collection of your travel documents, you will be requested to sign a Form of Acceptance of the above conditions. A copy of these conditions is available on request.

Aloe Travel act as an agent only and are not liable for any loss, damage, accident, delay or inconvenience caused by the principal.

CHAPTER 5 - FUNCTIONAL AREA SERVICE DELIVERY REPORTING

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**AM AHLATHI MUNICIPALITY
GENERAL INFORMATION**

Reporting Level	Detail	Total
Overview:	2009/2010	
Information:	Geography: Geographical area in square kilometers	10000
	1 Source of information	<i>estimate</i>
	Demography:	
	2 Total population	142525
	Source of information	<i>stats s.a</i>
	3 Indigent Population	26571
	Source of information. Indigent is defined as persons earning less than R1100.00 per month.	
	4 Total number of voters	72027
	5 Aged breakdown:	
	- 65 years and over	12078
	- between 40 and 64 years	25028
	- between 15 and 39 years	57344
- 14 years and under	48075	
Source of information	<i>stats s.a</i>	
6 Household income:		
- over R3,499 per month	342	
- between R2,500 and R3,499 per month	362	
- between R1,100 and R2,499 per month	531	
- under R1,100 per month	26571	
Source of information	<i>stats s.a</i>	

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance		
	<p>Ensure proper administration functions.</p> <p>Preparation of Agendas for Council Exco and Standing Committees</p> <p>Preparation of minutes for the above and archives.</p> <p>Co-ordinate with other spheres of government.</p> <p>Political transformation which is inclusive and fosters internal co-operation.</p> <p>Recognise social needs of the communities and provide a better life for all.</p>		

Function:	Executive and Council
Sub Function:	N/A

Reporting Level	Detail	2009/2010
Overview:	Amahlathi has an Executive Committee consisting of 7 members including the Mayor and 6 Portfolio Councillors.	
Description of the Activity:	<p>The function of executive and council within the municipality is administered as follows . All matters adopted by the Executive Committee are reported to the Council. Matters beyond the mandate of the Executive Committee (for example; raising of loans, approval of budgets, adoption of IDP, adoption of by-laws, appointment of Municipal Manager) are referred to Council for a decision</p> <p><i>i) Standing Committee on Promotion of Tourism and Economic Development</i></p> <ol style="list-style-type: none"> To advise and co-ordinate all L.E.D. and Tourism projects. Establish a vibrant L.E.D. and Tourism Unit in Amahlathi. Ensure disadvantaged Communities are involved and stimulate economic growth. Promote S.M.M.E. and network with other Institutions to create employment. Attract business to Amahlathi <p><i>ii) Standing Committee on Service Delivery</i></p> <ol style="list-style-type: none"> Priority needs for local community and ensure that communities have access to at least the minimum level of basic services. Electricity. Engineering Services. Municipal Infrastructure. Water and Sanitation. Roads. <p><i>iii) Standing Committee on Health & Social Services and Protection Services.</i></p> <ol style="list-style-type: none"> Nursing Services. Health Services. Solid Waste. Refuse Removal. Environmental Issues. Libraries. Disaster Management. Traffic Control. <p><i>iv) Standing Committee on Human Resources and Admin</i></p> <ol style="list-style-type: none"> Personnel and related matters. HR Policies. Performance Contracts. Administrative Support to Council Activities. Preparation of Agendas for Council and Exco. Minutes. By-laws. Land Transactions (including sales, sub-divisions, rezoning etc.). Housing. <p><i>v) Standing Committee on Finance</i></p> <ol style="list-style-type: none"> Financial Regulations and By-laws. Credit Control and Debt Collection. Tariff Policies. Annual Operating and Capital budgets. Financial Statements. Monthly and quarterly Financial Reports. <p><i>vi) Standing Committee on Community Empowerment and SPU.</i></p> <ol style="list-style-type: none"> Youth. Gender. Disabled. Ward Committees. Sport. Special Programmers. 	
Analysis of the Function:	<i>Statistical information</i>	
	1 Councillor detail:	

	Total number of Councilors	37	
	Number of Councilors on Executive Committee	7	
2	Ward detail:		
	Total number of Wards	20	
	Number of Ward Meetings	Held Monthly	
3	Number and type of Council and Committee meetings:		
	<i>council meetings including special meetings</i>	9	9
	executive committee meetings including special meetings	15	15
	standing committee meetings 6 different committees	45	60

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance		
	Ensure proper administration functions. Preparation of Agendas for Council Exco and Standing Committees. Preparations of Minutes for the above and Archives. Co-ordinate with other spheres of government. Recognise social needs of the communities and provide a better life for all.		

Function:	Finance and Administration
Sub Function:	Finance

Reporting Level	Detail	Total																																		
Overview:	Includes all activities relating to the finance function of the municipality.																																			
Description of the Activity:	<p>The function of finance within the municipality is administered as follows and includes:</p> <p><i>Strategic financial management and reporting internally and externally for all stakeholders. These services extend to include accounting for all funds received, but do not take account of legislative decision making which resides within the jurisdiction of national government</i></p> <p>The municipality has a mandate to:</p> <p><i>Impose rates on all properties within the municipality. Levy and recover fees, charges or tariffs in respect of any function or service of the municipality. Recover collection charges and interest on any outstanding amount.</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Ensure maximum collection of rates and service charges. Ensure all gazetted funds are received. Assist with identifying any other possible sources of revenue. Report on expenditure of all funds received. Manage the entire revenue process and reporting thereon. Compile and have an approved budget one month before the start of the new financial year. Ensure strategic alignment of funding with the challenges of the organisation. Ensure adherence to all legislative requirements. Management of cash and investments. Provide monthly and quarterly financial reports. Prepare financial statements within two months of the financial year end. Facilitate the annual external audit</i></p> <p>The key issues for 2009/10 are:</p> <p><i>Ensure timeous completion of 2009/10 budget which is aligned to the IDP and complies with National Treasury guidelines. Ensure Annual Financial Statements are completed and submitted to the Auditor General by 31/08/2009. Implement the Supply Chain Management policy and the smooth running of the SCM Unit.</i></p>																																			
Analysis of the Function:	<p><i>Statistical Information</i></p> <p>1 Debtor billings: number and value of monthly billings:</p> <p>Function - Rates</p> <table border="1"> <tr><td>Jul 09</td><td>8 872</td></tr> <tr><td>Aug 09</td><td>-426</td></tr> <tr><td>Sep 09</td><td>-65</td></tr> <tr><td>Oct 09</td><td>-310</td></tr> <tr><td>Nov 09</td><td>-38</td></tr> <tr><td>Dec 09</td><td>-62</td></tr> <tr><td>Jan 10</td><td>20</td></tr> <tr><td>Feb 10</td><td>-23</td></tr> <tr><td>Mar 10</td><td>-35</td></tr> <tr><td>Apr 10</td><td>-37</td></tr> <tr><td>May 10</td><td>86</td></tr> <tr><td>June 10</td><td>-403</td></tr> <tr><td></td><td>7 579</td></tr> </table> <p>Function - Electricity</p> <table border="1"> <tr><td>Jul 09</td><td>1 249</td></tr> <tr><td>Aug 09</td><td>1 346</td></tr> <tr><td>Sep 09</td><td>1 103</td></tr> <tr><td>Oct 09</td><td>1 270</td></tr> </table>	Jul 09	8 872	Aug 09	-426	Sep 09	-65	Oct 09	-310	Nov 09	-38	Dec 09	-62	Jan 10	20	Feb 10	-23	Mar 10	-35	Apr 10	-37	May 10	86	June 10	-403		7 579	Jul 09	1 249	Aug 09	1 346	Sep 09	1 103	Oct 09	1 270	<p><i>R (000s)</i></p>
Jul 09	8 872																																			
Aug 09	-426																																			
Sep 09	-65																																			
Oct 09	-310																																			
Nov 09	-38																																			
Dec 09	-62																																			
Jan 10	20																																			
Feb 10	-23																																			
Mar 10	-35																																			
Apr 10	-37																																			
May 10	86																																			
June 10	-403																																			
	7 579																																			
Jul 09	1 249																																			
Aug 09	1 346																																			
Sep 09	1 103																																			
Oct 09	1 270																																			

	Nov 09	1 258
	Dec 09	1 544
	Jan 10	795
	Feb 10	1 488
	Mar 10	1 487
	Apr 10	1 354
	May 10	918
	June 10	1 340
		15 152
Function - Refuse	Jul 09	387
	Aug 09	397
	Sep 09	412
	Oct 09	392
	Nov 09	403
	Dec 10	403
	Jan 10	402
	Feb 10	405
	Mar 10	380
	Apr 10	446
	May 10	393
	June 10	399
		4 819
2 Debtor collections: value of amount received and interest:	<i>R (000s)</i>	<i>R (000s)</i>
Function - Rates	Jul 09	1 022
	Aug 09	478
	Sep 09	928
	Oct 09	399
	Nov 09	401
	Dec 09	240
	Jan 10	256
	Feb 10	230
	Mar 10	248
	Apr 10	236
	May 10	521
	June 10	192
		5 151
Function - Electricity	Jul 09	1 152
	Aug 09	1 165
	Sep 09	1 413
	Oct 09	1 263
	Nov 09	1 283
	Dec 09	1 274
	Jan 10	1 256
	Feb 10	1 016
	Mar 10	1 362
	Apr 10	1 240
	May 10	1 663
	June 10	1 237
		15 324
Function - Refuse	Jul 09	273
	Aug 09	281
	Sep 09	318
	Oct 09	340
	Nov 09	343

		Dec 09	322
		Jan 10	306
		Feb 10	314
		Mar 10	297
		Apr 10	277
		May 10	290
		June 10	257
			3 618
3	Debtor analysis: amount outstanding over 30, 60 and 90 plus days:		R (000s)
	0-30 Days		1 705
	30-60 Days		903
	60-90 Days		649
	+90 Days		33 566
			36 823
4	Write off of debts: number and value of debts written off:	number	R (000s)
	Debts written off		102
5	Property rates:		R (000s)
	- Value of properties rated		1 977 740
	- Rates collectible for the current year		7 579
6	Property valuation:		R (000s)
	- Year of last valuation	2009	
	- Regularity of valuation	5	
7	Indigent Policy:		
	- Quantity (number of households affected)	17228	
	- Quantum (total value across municipality)	4575	
8	External Loans:	R (000s)	R (000s)
	- Total loans paid during the year	0	236
	Loans bear interest between 10,25% and 16,033% per annum and are repayable over periods between 5 and 30 years. All loans will be repaid by 2025.		
13	Delayed and Default Payments:		
	Council has not delayed payment on any loan, statutory payment or any other default of a material nature.		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<i>Financial Reporting</i>	<i>To report annually and periodically as required in terms of legislation:</i> - Budget - Financial Statements - Budget Process Plan - Financial Reports	1 1 1 12	1 1 1 12
<i>Property Valuations</i>	<i>Preparation of Interim valuation roll</i> <i>Implementation of interim valuation roll</i>	1 1	1 1
<i>Preparation of Annual Financial Statements</i>	<i>Ensure Annual Financial Statements are prepared.</i> <i>Ensure Annual Financial Statements are audited.</i>	1 1	1 1
<i>Budget and Finance Management Reform Programme</i>	<i>To ensure implementation of the Budget and Finance Management Reform Programme</i>	1	1
<i>Development of IDP</i>	<i>Ensure projects are developed and priorities for the Finance and Institutional Cluster</i> <i>Ensure alignment of the budget with the IDP</i>	1 1	1 1

Function:	Administration and Human Resources
Sub Function:	Human Resources

Reporting Level	Detail	2009/2010	
Overview:	All activities relating to the Human Resource Management function of the Municipality including recruitment, selection and induction. This also includes implementation of applicable legislation and developed policies relating to Human Resources and training staff.		
Description of the Activity:	<p>The function of human resource management within the municipality is administered as follows and includes:</p> <ul style="list-style-type: none"> <i>i) The Basic Conditions of Employment Act.</i> <i>ii) Labour Relations Act</i> <i>iii) Unemployment Insurance Act</i> <i>iv) Employment Equity Act</i> <i>v) Occupational Health and Safety Act</i> <i>vi) Skills Development Act</i> <i>vii) Municipal Systems Act</i> <i>viii) The payment and reconciliation of salaries and statutory deductions are administered by the Finance Department.</i> <p>The Amahlathi municipality has a mandate to:</p> <ul style="list-style-type: none"> <i>i) Personnel administration which includes advertising, recruitment, processing of application forms, short listing and selection. This function also includes conducting of interviews, formal appointment, induction training, the implementation of Employment Equity, undertaking job evaluations and preparation of job descriptions and administration of conditions of service and code of conduct for all employees.</i> <i>ii) Training and Development</i> <i>Compilation, presentation and monitoring of training.</i> <i>The function also includes the drafting of a skills development and workplace skills plan undertaking skills audit and training needs as well as the conducting of in-service training, mentoring and learnerships.</i> <i>Career pathing is also undertaken so as to determine the career paths for staff which to progress.</i> <i>iii) Occupational Health and Safety</i> <i>Implementing suitable safety standards and ensuring the necessary clothing and equipment used. Assist employees injured on duty in processing of the necessary claims in terms of the Compensation for Occupational Injuries and Diseases Act.</i> <i>iv) Labour Relations</i> <i>Handle labour disputes by dealing directly with trade unions in the case of labour disputes which includes strikes. Deal with the bargaining council on matters for negotiation between employers and employees at National or Provincial level. Handle staff disciplinary and grievance hearings by ensuring that disciplinary hearings are conducted substantively and procedurally fair. Ensure staff grievances are handled promptly, efficiently and effectively as well as all matters referred to CCMA or labour court by the trade unions. Collective bargaining issues are also attended to</i> <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> <i>Comply with all relevant legislation as detailed in the description of the activity and complying with the mandate which has been detailed in the above paragraphs (i) to (iv).</i> <p>The key issues for 2009/10 are:</p> <ul style="list-style-type: none"> <i>i) Identify a programme for improving Municipal Ethics and Industrial Relations in the workplace.</i> <i>ii) Identify a Training Programme.</i> <i>iii) Prepare an Employment Equity Plan</i> <i>iv) Acquire equipment for the purpose of training Interventions.</i> 		
Analysis of the Function:	<p><i>Statistical Information</i></p> <p>1 Municipal Staff</p>	TOTAL	TOTAL
		179	31231

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
1	<i>Develop and implement a training programme for the organisation</i>	1	1
2	<i>Development and implementation an Employment Equity Plan</i>	1	1
3	<i>Training undertaken</i>		
	<i>(a) Chain Saw and Wed Eater Operators</i>	20	15
	<i>(b) Heavy Duty Machine Operators</i>	10	8
	<i>(c) Hydraulic Crane Operators</i>	4	3
	<i>(d) Electrical High Voltage Operators</i>	2	2
	<i>(e) Dispensing Licence-Clinic</i>	3	3
	<i>(f) Advanced Local Government Law and Administration</i>	2	2
	<i>(g) Learner Traffic Officer</i>	1	1
	<i>(h) Policy Development</i>	16	10
	<i>(i) Enhancing the Role of SDF</i>	1	1
	<i>(j) Councillors Training on Policy Development</i>	16	16
	<i>(k) Finance Interns</i>	5	5
		80	66

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

Reporting Level	Detail	Total	
Overview:	Includes all activities relating to overall procurement functions of the municipality including costs associated with orders, tenders, contract management etc		
Description of the Activity:	<p>The function of procurement within the municipality is administered as follows and includes: <i>The municipality has established a Supply Chain Management Unit situated within the Budget and Treasury Office. The Administration Department retained responsibility for the advertising of tenders as well as the administration of the Bid Committee meetings and minute taking. Bids above R200 000 are awarded through a formal bidding process. The Supply Chain Management Unit is responsible to ensure that the Supply Chain Management policy and procedures are adhered to and to issue all orders for goods and services.</i></p> <p>The strategic objectives of this function are to: <i>Ensure that goods and services are procured according to the Supply Chain Management policy. Strive to meet target set with regard to HDI-owned companies when awarding bids.</i></p>		
Analysis of the Function:	<p>Statistical information:</p> <p>1 Details of tender / procurement activities:</p> <ul style="list-style-type: none"> - Total number of times the bid adjudication committee met during year - Total number of bids considered - Total number of bids approved - Average time taken from bid advertisement to award of bid - Percentage of bids awarded to HDI's <p>2 Details of bid adjudication committee:</p> <p><i>Mr GP Hill</i> <i>Mr Ondala</i> <i>Mr M Quma</i> <i>Mr BB Cooper</i></p>	<p>10</p> <p>19</p> <p>14</p> <p>8 weeks</p> <p>86%</p>	

Function:	Health
Sub Function:	Clinics

Reporting Level	Detail	
Overview:	The Amahlathi Municipality renders the Health service on an agency basis for the department of health in Stutterheim. Amahlathi controls three clinics namely in Stutterheim town and two clinics in Mlungisi. In the other areas the Health service is rendered by the Department of Health and Amatole District Municipality.	n/a
Description of the Activity:	<p>The function for the provision of community health clinics within the municipality is administered as follows and includes the following programmes: General Health, Tuberculosis, Sexually transmitted diseases and HIV/Aids. An extended programme for immunization against disease and surveillance of children under the age of five years. Antenatal and postnatal care as well as the provision of contraceptive services. Chronic care, mental health care and information systems are also rendered. All the above functions are rendered on a daily basis i.e. from Monday to Friday.</p> <p><i>These services extend to include Stutterheim, but does not take into account of the areas which resort under the jurisdiction of the Department of Health and Amatole District Municipality. The municipality has a mandate to:</i></p> <p><i>i) To ensure that all households have access to adequate health care services by 2010.</i></p> <p><i>ii) To reduce the impact of HIV/Aids in the area by 2008.</i></p> <p><i>iii) Ensure and safe and clean environment.</i></p> <p>The strategic objectives of this function are to:</p> <p><i>i) Increase access to voluntary counselling and testing to prevent transmission of HIV/Aids</i></p> <p><i>ii) Facilitate improvement of clinics and mobile clinics through out the Municipality</i></p> <p><i>iii) Increase law enforcement to reduce poor quality of food being sold in streets and townships.</i></p> <p><i>iv) Extend the volunteer health care workers system using community people in preventative health care.</i></p> <p>The key issues for 2009/10 are:</p> <p><i>i) All households to have access to adequate health care.</i></p> <p><i>ii) Increase community utilization in preventative health care.</i></p>	n/a
Analysis of the Function:	<p><i>Statistical Information</i></p> <p>1 Staff Compliment and Cost Seasonal doctor</p> <p>2 Number, cost of public, private clinics servicing population: - Public Clinics (owned by municipality) - Private Clinics (owned by private, fees based)</p> <p>3 Total annual patient head count for service provided by the municipality: Children under the age of five (5) People over the age of five (5)</p> <p>4 Estimated backlog in number of and costs to build clinics: <i>Clinics needed</i></p> <p>5 Type and number of grants and subsidies received: <i>Provincial Government Subsidy</i></p> <p>6 Total operating cost of health (clinic) function:</p>	<p>TOTAL</p> <p>n/a</p> <p><i>n/a</i></p> <p>4795 19647</p> <p><i>n/a</i></p> <p><i>n/a</i></p>

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current
	<p><i>i) Services of mobile clinics where there are no fixed clinics. The areas having been negotiated with the Department of Health.</i></p> <p><i>ii) HIV/Aids programmes to reduce impact. (ii) Offering voluntary counselling and testing</i></p>	<p>DOH rendering service in farms</p> <p>HCT & PMTCT programmes are implemented in all 3 clinics & staff trained</p>

Function: Community and Social Services
 Sub Function: All inclusive

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the provision of community and social services		
Description of the Activity:	<p>The function of provision of various community and social services within the municipality is administered as follows and includes:</p> <p>Libraries- Promotion of culture of learning. The Municipality provides the service of public libraries. They are operating on full time basis, six days a week. These libraries are fully funded by the Municipality.</p> <p>The Municipality has a mandate to: Improve the quality of life and access to resources.</p> <p>The strategic objectives of this function are to:</p> <p><i>Promote culture of learning & improve culture</i> <i>Improve public access in all communities</i> <i>Develop & sustain reading culture</i> <i>To provide library and information services which gives access to reading services & promote a culture of sustainable reading</i></p> <p>The key issues for 2009 / 2010 are:</p> <p><i>Poor book stock</i> <i>Shortage of staff to run the libraries</i> Additional public access computers Awarded through a grant by the Department of Sport, Recreation, Arts and Culture that will be expended over three years to continue and expand Stutterheim and Keiskammahoek Library's conservation efforts. Literacy programme is successfully in progress where Illiterate people are trained how to read and write. Successfully launched a service for the blinds</p>		
Analysis of the Function:	<p>1 Nature and extent of facilities provided:</p> <ul style="list-style-type: none"> - Library services - Museums and art galleries - Other community halls/facilities - Cemeteries and crematoriums - Child care (including crèches etc) - Aged care (including aged homes, home help) - Schools - Sporting facilities (specify) - Parks <p>Note: the facilities figure should agree with the assets register</p> <p>2 Number and cost to employer of all personnel associated with each community services function:</p> <ul style="list-style-type: none"> - Library services - Museums and art galleries - Other community halls/facilities - Cemeteries and crematoriums - Child care 	<p><i>no of facilities:</i></p> <p>5 1 12 n/a n/a n/a n/a n/a n/a</p>	<p><i>no of users:</i></p> <p>48 442 R 40 000 n/a n/a n/a n/a n/a n/a</p>
			R(000s)
		8	R792,684
		n/a	n/a
		n/a	n/a
		n/a	n/a
		n/a	n/a

	- Aged care - Schools - Sporting facilities - Parks	<i>n/a</i> <i>n/a</i> <i>n/a</i> <i>n/a</i>	<i>n/a</i> <i>n/a</i> <i>n/a</i> <i>n/a</i>
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
6	Total operating cost of community and social services function		<i>R (000s)</i>

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<i>-To extend the service of libraries in other areas where there are no services. Alternative use of land after a certain period of time</i>	10	20
	<i>-All Libraries in Amahlathi Municipality employed a qualified Librarian</i>	3	10
	<i>-Libraries are all computerized with Internet</i>	14	25
	<i>-Improved library service through promotional programmes</i>	7	15
	<i>-Improved service delivery through trainings & professional support</i>	8	15

Function:	Housing
Sub Function:	N/A

Reporting Level	Detail 2009/2010		
Overview:	To ensure accessibility to and provision of adequate and sustainable human settlements in the form of housing acting as agents for Dept . Human Settlement .		
Description of the Activity:	<p>The function of provision of housing within the municipality is administered as follows and includes:</p> <p><i>j) Provision of adequate and sustainable housing with related development areas that ranges from professional services, to civil services to top structures includes:</i></p> <ol style="list-style-type: none"> 1. Provide beneficiary communities with technical and administrative support. 2. Assist beneficiaries in securing ownership. 3. Plan settlements. 4. Complete beneficiary subsidy application forms and deeds of sale. 5. Prepare project applications for funding for approval. 6. Liaise with beneficiaries on design of houses to be constructed. 7. Supervise construction work. 8. Certifying progress reports through the Amahlathi inspectors. 9. Receive funding and administer payments. <p>The Amahlathi Municipality has a mandate to :</p> <p><i>To provide adequate housing (top structure) with related planning and services subject to funding from the Province providing the necessary funds.</i></p> <p>The key issues are:</p> <p><i>Administer identified approved and funded housing projects. Implementation of newly approved projects as well as surveying and town planning of areas for which funding has been made available by the Province.</i></p>		
Analysis of the Function:	<i>Statistical information</i>	TOTAL	TARGET
1	Number and cost of all personnel associated with provision of municipal housing:		
	- Professional (Architects/Consultants)	<i>varies</i>	<i>3 projects</i>
	- Field (Supervisors/Foremen)	<i>0</i>	
	- Office (Clerical/Administration)	<i>4</i>	<i>R 670</i>
	- Non-professional (blue collar, outside workforce)	<i>0</i>	
	- Temporary	<i>0</i>	
	- Contract	<i>0</i>	
2	Number and total value of housing projects planned and current:		
	- Current (financial year after year reported on)	<i>3 projects</i>	<i>28 000</i>
	- Planned (future years)	<i>10 projects</i>	<i>208 500</i>
	Total project and project value as per initial or revised budget		
3	Total type, number and value of housing provided:		
	<i>Xhologha (700 units) and civil services</i>	<i>1</i>	<i>17 500</i>
	Total number and total value of housing provided during financial year		
4	Estimated backlog in number of (and costs to build) housing:		
	<i>Need for top structure and civil services and survey etc.</i>	<i>20 000</i>	<i>700 000</i>
	Total number appears in IDP, and cost in future budgeted capital housing programmes		
5	Type of habitat breakdown:		
	- number of people living in a house or brick structure	<i>n/a</i>	
	- number of people living in a traditional dwelling	<i>n/a</i>	
	- number of people living in a flat in a block of flats	<i>n/a</i>	
	- number of people living in a town/cluster/semi-detached group dwelling	<i>n/a</i>	
	- number of people living in an informal dwelling or shack	<i>n/a</i>	
	- number of people living in a room/flatlet	<i>n/a</i>	
Reporting Level	Detail	Total	
6	Type and number of grants and subsidies received:		
	<i>Xhologha housing project (700 units)</i>	<i>1</i>	<i>17500</i>
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target

1. Construction of top structures in one project	610 top structures completed <i>Insufficient funds - Funds approved but forthcoming from Province.</i>	1 projects	4 projects
2. Appointment of professionals	Consultants appointed for town planning and survey of 2 areas		
3. Appointment of attorneys	Attorneys appointed for attending to deeds of transfer in respect of the Xhologha area		
4. Transfer of subsidy funds	Subsidy funds transferred to Amahlathi in respect of housing subsidies in respect of Xhologha housing project and also for the survey town planning of Ndakana and two adjacent areas.		
5. Appointment of civil service contractors	Appointment of civil service contractors for the construction of water, sanitation and electricity infrastructure for the Xhologha Housing project.		
6. Appointment of building contractors and use of local labour	Appointed and used seven emerging contractors to erect 610 houses in Xhologha. Trained local beneficiaries in the construction of top structures for the remaining 85 Xhologha houses.		

Function:	Protection Services
Sub Function:	Traffic and Disaster Management

Reporting Level	Detail		
Overview:	Amahlathi has a Protection Services Department which includes Disaster Management, Law Enforcement, Motor Vehicle Registration, Drivers and Learners Licence Testing and Fire Services.		
Description of the Activity:	<p>The Protection Services and traffic control functions of the Amahlathi municipality are administered as follows and include:</p> <p><i>Law enforcement, testing of Driver's Licences, patrolling of streets and roads, undertaking Learner and Driver's Licence testing, Motor vehicle Registrations, Fire Fighting with volunteers and attend to Disaster Management matters.</i></p> <p>The municipality has a mandate to:</p> <p><i>i) Ensure Traffic Law Enforcement so as to promote safety on public roads by means of patrols.</i></p> <p><i>ii) Issue Learners and Driver's Licences and testing thereof</i></p> <p><i>iii) Undertake the Registration and Licensing of Motor vehicles</i></p> <p><i>iv) Ensure the establishment of a Disaster Management section which includes the development of a management plan and the formation of a Management Advisory Forum, and co-ordinate risk assessment hazards and vulnerability impact of disasters.</i></p> <p>The strategic objectives of this function are to:</p> <p><i>i) Ensure Traffic Law Enforcement so as to promote safety on public roads</i></p> <p><i>ii) Testing of Learner's and Driver's Licences</i></p> <p><i>iii) Issuing of Learner's and Driver's Licences</i></p> <p><i>iv) Motor Vehicle Registrations</i></p> <p><i>v) Disaster Management</i></p> <p>The key issues for 2009/10 are:</p> <p><i>i) Improve Law Enforcement on public roads</i></p> <p><i>ii) Operate Learner's and Driver's Testing station</i></p> <p><i>iii) Registration of Motor Vehicles</i></p> <p><i>iv) Establish a Disaster Management Plan</i></p> <p><i>v) Establish Disaster Management Advise Forum</i></p> <p><i>vi) Create Disaster awareness</i></p>		
Analysis of the Function:	<p><i>Statistical Information</i></p> <p>1 Number and cost to employer of all personnel associated with policing and traffic control:</p> <ul style="list-style-type: none"> - Professional (Senior Management) - Chief Traffic Officer - Traffic Officers - Motor Vehicle Registration Clerks - Office (Clerical/Administration) - Workers <p>2 Total number of traffic call-outs attended:</p> <ul style="list-style-type: none"> - Emergency call-outs - Standard call-outs <p>3 Average response time to call-outs:</p> <ul style="list-style-type: none"> - Emergency call-outs - Standard call-outs <p>4 Total number of targeted violations e.g.: traffic offences:</p> <ul style="list-style-type: none"> - <i>Speeding</i> - <i>Other</i> 	<p>TOTAL</p> <p>1</p> <p>1</p> <p>3</p> <p>3</p> <p>n/a</p> <p>3</p> <p>9</p> <p>7</p> <p>9</p> <p>10 min</p> <p>10 min</p> <p>15 min</p> <p>379</p> <p>206</p>	<p>COST</p> <p>}</p>

Function:	Waste Management
Sub Function:	Solid Waste

Reporting Level	Detail		
Overview:	Includes refuse removal, solid waste disposal and landfill, street cleaning and recycling		
Description of the Activity:	<p>The refuse collection functions of the municipality are administered as follows and include:</p> <ul style="list-style-type: none"> <i>i) The collection and removal of business and industrial refuse three times per week.</i> <i>ii) The collection and removal of domestic refuse once a week</i> <i>iii) Daily collection of refuse and removal of litter and refuse deposited on the streets and sidewalks in CBD areas.</i> <i>iv) Collection of refuse dumped illegally on vacant properties.</i> <i>v) Collection of light garden refuse placed in refuse bags for removal.</i> <i>vi) Operate the solid waste site by daily compaction and covering of refuse deposited.</i> <i>vii) Allowing the collection of recoverable items from the solid waste site</i> <i>viii) Street sweeping.</i> <p>These services extend to include Stutterheim, Cathcart, Keiskammahoek, Kei Road and Amabele but does not take into account the rural areas which reside within the jurisdiction of the Amahlathi Municipality.</p> <p>The Municipality has a mandate to :</p> <p><i>Render refuse collection services and to operate a solid waste site so as to improve the environment.</i></p> <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> <i>i) Ensure that refuse is collected safely and disposed of hygienically</i> <i>ii) Ensure that there is no build up of refuse on residential or business premises that could contribute to unhealthy, unhygienic and unsafe environment which could harbour rodents etc.</i> <p>The key issues for 2009/10 are:</p> <ul style="list-style-type: none"> <i>i) To ensure a safe and healthy environment for the inhabitants of Amahlathi.</i> <i>ii) To ensure that solid waste disposal services are provided at various levels throughout the Amahlathi area.</i> <i>iii) Extend waste removal and collection to areas where there are no refuse removal services.</i> <i>iv) To improve the quality of life by providing a healthy environment.</i> 		
Analysis of the Function:	<p><i>Statistical Information</i></p> <p>1 <i>Number and cost to employer of all personnel associated with refuse removal</i></p> <ul style="list-style-type: none"> <i>Professional (Engineers/ Consultant)</i> <i>Field (Supervisors / Foreman)</i> <i>Office (Clerical/ Administration)</i> <i>Non professional (Blue collar, outside work force)</i> <i>Temporal</i> <i>Contract</i> <p>2 <i>Number of households receiving regular refuse removal services, and frequency and costs of service :</i></p> <ul style="list-style-type: none"> <i>Removed by Municipality at least once a week</i> <i>Removed by municipality less often</i> <i>Communal refuse dump used</i> <i>Own refuse dump</i> 	<p>TOTAL</p> <p>35</p> <p>1</p> <p>5</p> <p>1</p> <p>28</p> <p>2</p> <p>1</p> <p>6 471</p> <p>121</p> <p>332m²</p> <p>20527</p>	<p>TOTAL</p> <p><i>R 2,689.300</i></p> <p><i>included above</i></p> <p>0</p> <p>0</p>

	No rubbish disposal	4659	
	3 Total and projected tonnage of all refuse disposed :		
	Domestic/ commercial	<i>1311 m³</i>	<i>51873M³</i>
	Garden	<i>2110</i>	
	4 Note: Provide total tonnage for current and future years activity		
	Total number, capacity and life expectancy of refuse disposal sites:		
	Two licensed sites	<i>2</i>	<i>15-25 yrs</i>
	One unlicensed site	<i>1</i>	<i>N/A</i>
	Garden (Number)	None	none
Reporting Level	Detail	Total	
	5 Anticipated expansion of refuse removal service:		
	Domestic/ commercial	N/A	Expand to 700 Kologha Housing 50 000
	Garden	N/A	50 000
	6 Free basic service provision:		
	Quantity (Number of households affected)	<i>2 500</i>	
	Quantum (Value to each household)	<i>R 40 per household</i>	<i>R110,000</i>
	Note: Provide details of how many households receive the FBS provision , and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
	7 Total operating cost of solid waste management function		R4, 465 997

Reporting Level	Detail	Total	Cost
6	Type and number of grants and subsidies received:		<i>R (000s)</i>
	<i>i) ADM Grant</i>	<i>0</i>	<i>R 0</i>
	<i>ii) MIG Grant</i>	<i>0</i>	<i>R 17 072</i>
7	Total operating cost of road construction and maintenance function		<i>R 11 631</i>

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<i>i) Development of Road blading plan and implementation</i>	DONE	
	<i>ii) Maintenance of all municipal roads subject to funding</i>	DONE	
	<i>iii) Provide access to villages subject to funding</i>	DONE	
	<i>iv) Develop a re-sealing plan for all tarred roads subject to funding and implementation</i>	DONE	
	<i>v) Storm water maintenance</i>	DONE	

Function:	Water
Sub Function:	Water Distribution

Reporting Level	Detail		
Overview:	Includes the bulk purchase and distribution of water. Bulk purchase of water is from Amatole Water Board and DWAF. Water is distributed in various rural and far rural areas in certain instances via boreholes.		
Description of the Activity:	<p>The water purchase and distribution functions of the municipality are administered as follows and include:</p> <ul style="list-style-type: none"> <i>i) Maintenance of reticulation and purification as well as boreholes etc</i> <i>ii) Supplying new connections to various communities</i> <i>iii) Assist indigent consumers</i> <i>iv) Reduce water losses</i> <i>v) Monthly meter readings</i> <i>vi) Monthly billing of consumers</i> <i>vii) Water quality control</i> <p>The municipality has a mandate to:</p> <ul style="list-style-type: none"> <i>i) Supply potable water to all inhabitants in terms of the constitution and the availability of funds</i> <i>ii) Supply a service to the communities urban and rural</i> <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> <i>i) Ensure that all households have adequate potable water by 2010</i> <i>ii) Supply yard taps to urban community</i> <i>iii) Supply densely populated areas with standpipes within 200 meters of household</i> <i>iv) Supply scattered settlements with boreholes, wells and springs</i> <p>The key issues for 2010 are:</p> <ul style="list-style-type: none"> <i>i) Expand on existing supplies to communities</i> <i>ii) Maintain existing infrastructure</i> <i>iii) Upgrade water purification works in Stutterheim</i> <i>iv) Pipe replacement</i> <i>v) Meter replacement</i> <i>vi) Installation of prepaid meters and standpipes</i> 		
Analysis of the Function:	<p><i>Statistical Information</i></p> <p>1 Number and cost to employer of all personnel associated with the water distribution function:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract <p>2 Water usage per month</p> <p><i>Average usage per month</i></p> <p>3 Total volume and cost of bulk water purchases in kilolitres and rand, by category of consumer</p> <p><i>All consumers - average per month</i></p> <p>4 Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer:</p> <p><i>All customers total number of households 7765 average</i></p> <p>5 Total year-to-date water losses in mega litres and rand</p>	TOTAL	COST

Reporting Level	Detail	Total	Cost
6	Number of households with water service, and type and cost of service: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole - Spring - Rain-water tank		
7	Number and cost of new connections: <i>Connections</i>		
8	Number and total value of water projects planned and current: All new water projects are planned by the Amatole District Municipality and implemented by them		
9	Anticipated expansion of water service: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole - Spring - Rain-water tank		
10	Estimated backlog in number (and cost to provide) water connection: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole - Spring - Rain-water tank		
11	Free Basic Service Provision: - Quantity in respect of 20735 households - Quantum value to each household		
12	Type and number of grants and subsidies received: <i>Nil</i>		
13	Total operating cost of water distribution function		
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<i>i) Maintenance of water reticulation systems ii) Maintenance of water purification systems iii) Maintenance of boreholes, springs and wells iv) Reduce water losses v) Installation of prepaid meter vi) Pipe replacements where necessary vii) Water quality control</i>		

Function: Electricity			
Sub Function: Electricity Distribution			
Reporting Level	Detail		
Overview:	This function includes the bulk purchase and distribution of electricity in the licenced area of Amahlathi namely Stutterheim and Cathcart. The remaining areas of the Amahlathi Municipality falls under the jurisdiction of Eskom. The function also includes maintenance of all electricity installations. The extension of networks and new electrical connections for the areas in Cathcart and Stutterheim.		
Description of the Activity:	<p>The electricity purchase and distribution functions of the municipality are administered as follows and include:</p> <p><i>i) Reticulation and distribution within the licenced area</i> <i>ii) Load forecasting to enable timeous strengthening of electricity networks and point of supplies.</i> <i>iii) Customer service which includes quotations for installation of electricity points of supply and undertaking new connections.</i> <i>iv) To undertake meter readings and verification thereof.</i> <i>v) To implement capital projects in upgrading electricity distribution networks and equipment.</i></p> <p>The municipality has a mandate to:</p> <p><i>i) Supply electricity at a reasonable cost to all inhabitants within the licenced area of Amahlathi, namely Stutterheim and Cathcart.</i> <i>ii) Supply area lighting and streetlighting within it's area of jurisdiction.</i> <i>iii) Distribute and maintain all electrical installations serving the customers of the area of jurisdiction of the Amahlathi Municipality.</i></p> <p>The strategic objectives of this function are to:</p> <p><i>i) Assist with attempting to reach the objective of supplying all households with electricity within the Amahlathi licenced area and Eskom area by the year 2014.</i> <i>ii) Maintain all electrical services under the jurisdiction of the Amahlathi Municipality.</i></p> <p><i>iii) Extend the free basic electricity to as many households within the whole Amahlathi Municipality subject to available funds to offset expenditure.</i></p> <p>KEY ISSUES FOR 2009/2010</p> <p><i>i) To integrate Stutterheim, Cathcart, Dohne and Amabele electricity supplies into one system.</i> <i>ii) To consolidate the service in order to determine discrepancies and address such discrepancies.</i> <i>iii) Roll out of free basic electricity both in municipal licenced area and Eskom</i></p>		
	1	Number and cost to employer of all personnel associated with the electricity distribution function:	
		- Professional (Engineers/Consultants)	1 R 594
		- Field (Supervisors/Foremen)	2 R 356
		- Office (Clerical/Administration)	Nil Nil
		- Non-professional (blue collar, outside workforce)	6 R 369
	2	Total quantity and cost of bulk electricity purchases in kilowatt hours and rand, by category of consumer	R (000s)
		- Residential - 420 Prepaid	R 3 349
		- Residential - 369 Conventional	R 338
		- Commercial - 179 Prepaid	R 40
		- Commercial - 149 Conventional	R 2 887
		- Industrial - 26 KVA demand	R 31
		- Industrial - 26 KWH	R 9 652
		- Municipal Services - 30 KWH	R 152
		- Municipal Services - 3 KVA Demand	R 92
		- Municipal Services - 3 KWH	R 20
		- Municipal Services - 35 Streetlights	R 374
		- Agriculture - 2 Land Rate	R 96
	3	Total year-to-date electricity losses in kilowatt hours and rand	R (000s)
		<i>Total Losses - The extent of losses are due to the fact that municipal water pumps and the full amount for electricity consumed in municipal buildings are not recovered as charge outs. The loss is not attributed to illegal connections on the network.</i>	16% R 3 604
	4	Number of households with electricity access, and type and cost of service:	30500 houses R 5

Reporting Level	Detail	Total	Cost
	- Electrified areas		
	- Municipal	<i>R2515 houses</i>	<i>n/a</i>
	- Eskom	<i>27985 houses</i>	<i>n/a</i>
	- Alternate energy source:		
	- Gas - Not considered due to the fact that it is more expensive.	<i>n/a</i>	<i>n/a</i>
	- Paraffin - Not considered due to the health risk to the elderly and persons with respiratory diseases.	<i>n/a</i>	<i>n/a</i>
	- Solar - Not considered as the maintenance ESCO expensive.	<i>n/a</i>	<i>n/a</i>
	- Wood - Wood in abundance and large extent of the rural and deep rural households use wood for heating and cooking needs.	<i>n/a</i>	<i>n/a</i>
5	Number and cost of new connections:		<i>R (000s)</i>
	<i>Domestic / Flats</i>	<i>16 kva (60 amp)</i>	<i>R 4</i>
	<i>Rural Domestic / Commercial 3 PH</i>	<i><50kva (70amp)</i>	<i>R 6</i>
	<i>All category large power users 3 PH</i>	<i>>50 kva (70 amp)</i>	<i>R 12</i>
6	Number and cost of disconnections and reconnections		<i>R (000s)</i>
	<i>Disconnections</i>	<i>449</i>	<i>R 60</i>
	<i>Reconnections</i>	<i>367</i>	<i>n/a</i>
7	Number and total value of electrification projects planned and current:		<i>R (000s)</i>
	- Current - No electrification projects	<i>0</i>	<i>0</i>
	- Planned (future years)		
	- Keiskammahoek Rural 203 Houses	<i>203 connect</i>	<i>R 1 430</i>
	- Cenyu, Stutterheim 500 Houses	<i>500 connect</i>	<i>R 1 575</i>
	- Xhologha, Stutterheim 700 Houses	<i>700 connect</i>	<i>R 3 100</i>
	- Tsomo Rural 3500 Houses	<i>Planning stage</i>	<i>R 29 000</i>
8	Anticipated expansion of electricity service:		<i>R (000s)</i>
	i) Convert Conventional electricity meters to prepaid.	<i>30</i>	<i>R 63</i>
	ii) Upgrade the electricity network to accommodate the growth in demand within the Industrial, Commercial/Business sectors.	<i>completed</i>	
	iii) Divert electricity reticulation network around the CBD area to supply low cost housing with electricity.	<i>completed</i>	
9	Estimated backlog in number (and cost to provide) electricity connection in Amahlathi		<i>R (000s)</i>
	i) Total number of households with electricity	<i>34492 households</i>	<i>n/a</i>
	ii) To be electrified by Eskom	<i>23875 households</i>	<i>n/a</i>
	iii) To be electrified by Amahlathi	<i>2496 households</i>	<i>n/a</i>
	iv) Number of backlog of electrification	<i>8121 households</i>	<i>R 40 000</i>
	v) Estimated cost	<i>1</i>	<i>R 5</i>
10	Free Basic Service Provision:		
	- Quantity (number of households affected)	<i>34492</i>	<i>R 7 390</i>
	- Quantum (value to each household) per month	<i>27000</i>	<i>R20 per household</i>
	- Free basic Funding implemented (± 11 % of total)	<i>2901</i>	<i>R 1 600</i>
	- Free basic electricity shortfall	<i>23470</i>	<i>R 5 629</i>
11	Type and number of grants and subsidies received:		<i>R 9 790</i>
	<i>Amatole District Municipality grant funding for upgrading electricity</i>		<i>n/a</i>
12	Total operating cost of electricity distribution function		<i>n/a</i>

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<i>i) General Maintenance in Amahlathi maintaining supply standards</i> <i>ii) Customer complaints being attended to</i> <i>iii) Capital Projects - both internal and external funding</i> <i>iv) Supply and agreements with Eskom for supply points</i> <i>v) Free basic electricity rolled out with Eskom and signing of agreements</i> <i>vi) Prioritisation of electrification of areas in Amahlathi which are under the control of Eskom.</i>		

Function:	Electricity
Sub Function:	Street Lighting

Reporting Level	Detail		
Overview:	Includes all activities associated with the provision of street lighting to the communities within the jurisdiction of the Amahlathi Municipal area.		
Description of the Activity:	<p>Street lighting responsibilities of the municipality are administered as follows and include:</p> <p><i>a) Public Lighting - maintenance of existing public lighting, infrastructure and equipment.</i></p> <p><i>i) Attend to general public lighting complaints received from customers.</i></p> <p><i>ii) Implementation of capital projects in upgrading and renewal of public lighting.</i></p> <p><i>iii) Identification and planning of new light installations and construction thereof.</i></p> <p><i>iv) Engage with Eskom to supply electricity to new public lighting installations, and the signing of the necessary supply agreements.</i></p> <p><i>Public and street lights funded under council general expense, however the technical function is done through the operation and maintenance budget of the electricity department.</i></p> <p>The strategic objectives of this function are to:</p> <p><i>i) Extend public lighting to all communities in the Amahlathi municipality.</i></p> <p><i>The present backlog in area public lights is estimated to require funding to the extent of approximately 55 million to create a significant impact.</i></p> <p>KEY ISSUES FOR 2009/2010</p> <p><i>i) To integrate Stutterheim, Cathcart, Dohne and Amabele public lights under one operational system after taking these services from various other authorities.</i></p> <p><i>ii) Consolidate the service so as to determine discrepancies and address such defects and remedy some.</i></p> <p><i>iii) Replace rusted public light poles</i></p>		
Analysis of the Function:	<p><i>Statistical information</i></p> <p>1 Number and total operating cost of streetlights servicing population:</p> <p><i>351 Streetlights</i></p> <p><i>28 Highmast lights</i></p> <p>2 Total bulk kilowatt hours consumed for street lighting:</p> <p><i>N/a</i></p>	TOTAL	COST
			<i>R (000s)</i>
			<i>R 825</i>
			<i>R 116</i>
		<i>n/a</i>	

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<p><i>i) General maintenance of all street lights and highmast lights situated within the area of jurisdiction of the Amahlathi Municipality.</i></p> <p><i>ii) Attend to customer complaints regarding public lighting within one week</i></p> <p><i>iii) Complete capital projects for the year</i></p> <p><i>iv) Attend to obtaining supply agreements with Eskom regarding supply points and ensure supply points are provided by Eskom.</i></p>		

AMAHLATHI MUNICIPALITY

DETAILED CAPITAL BUDGET FUNDED FROM OWN SOURCES (INTERNAL LOANS)

Code	Description	Budget 2009/2010	Annual Charges	Budget 2010/2011	Annual Charges	Budget 2011/2012	Annual Charges	Source
Refuse Removal		1,765,000	396,467	130,000	29,202	1,950,000	438,023	
101-138-4-01-0005	Trolley Bins	80,000	17,970	80,000	17,970	80,000	17,970	Internal Loan
101-138-4-01-0130	Refuse Compactor	885,000	198,795	-	-	1,850,000	415,580	Internal Loan
101-138-4-01-0135	Shed and Yard for Vehicles/Containers	800,000	179,702	50,000	11,231	20,000	4,493	Internal Loan
Cemetery		120,000	26,955	-	-	-	-	
050-128-4-01-0140	Electronic Program	120,000	26,955	-	-	-	-	Internal Loan
Commonage		460,000	103,328	380,000	85,358	-	-	
140-150-4-01-0145	Roads in Plantation	400,000	86,851	380,000	85,358	-	-	Internal Loan
140-150-4-01-0150	Tools and Equipment	60,000	13,478	-	-	-	-	Internal Loan
Public Works		1,250,000	280,784	5,630,000	1,264,661	2,320,000	521,136	
110-142-4-01-0015	Resurfacing Tar Roads	1,000,000	224,627	1,000,000	224,627	1,000,000	224,627	Internal Loan
110-142-4-01-0020	Grader	-	-	2,300,000	518,842	-	-	Internal Loan
110-142-4-01-0025	Tractor	-	-	200,000	44,925	220,000	49,418	Internal Loan
110-142-4-01-0155	Water Tanker	-	-	750,000	168,470	900,000	202,164	Internal Loan
110-142-4-01-0160	TLB	-	-	-	-	-	-	Internal Loan
110-142-4-01-0165	Front End Loader	250,000	56,157	1,200,000	269,553	-	-	Internal Loan
110-142-4-01-0170	Compressor	-	-	-	-	-	-	Internal Loan
110-142-4-01-0175	Balckie	-	-	180,000	40,433	200,000	44,925	Internal Loan
Municipal Buildings		876,000	196,548	125,000	28,078	-	-	
050-126-4-01-0030	Tables and Chairs	125,000	28,078	125,000	28,078	-	-	Internal Loan
050-126-4-01-0180	Office Accomodation	750,000	168,470	-	-	-	-	Internal Loan
Traffic		720,000	161,732	276,000	61,987	-	-	
110-144-4-01-0090	Vehicles x 2	220,000	49,418	200,000	44,925	-	-	Internal Loan
110-144-4-01-0050	Truvelo	-	-	66,000	15,275	-	-	Internal Loan
110-144-4-01-0180	Cattle Truck	500,000	112,314	-	-	-	-	Internal Loan
110-144-4-01-0185	Breathaiser	-	-	8,000	1,787	-	-	Internal Loan
Electricity		852,000	191,382	717,000	161,058	789,000	177,231	
130-148-4-01-0095	HVoltage Switch Gear	103,000	23,137	113,000	25,383	125,000	28,078	Internal Loan
130-148-4-01-0105	Upgrade/New Street Lights	64,000	14,376	71,000	15,949	77,000	17,296	Internal Loan
130-148-4-01-0110	H/V Line Replacement	200,000	44,925	220,000	49,418	242,000	54,360	Internal Loan
130-148-4-01-0115	LT Infra Lines	200,000	44,925	220,000	49,418	242,000	54,360	Internal Loan
130-148-4-01-0150	Tools and Equipment	85,000	19,093	93,000	20,890	103,000	23,137	Internal Loan
130-148-4-01-0175	Balckie	200,000	44,925	-	-	-	-	Internal Loan
		6,042,000	1,367,197	7,288,000	1,630,344	6,069,000	1,136,389	

AMAHLATHI MUNICIPALITY

DETAILED MIG FUNDED THREE YEAR CAPITAL PLAN

No	Project Name	Ward	Budget	Budget	Budget	Budget
			2009/2010	2010/2011	2011/2012	Total
Infrastructure Cluster			15,135,400	16,214,378	16,304,860	47,654,628
1	Amatolaville Roads	6	919,811			919,811
2	Ethembeni Roads	7	2,699,813			2,699,813
3	Zanyokwe Road	10	2,342,298			2,342,298
4	Mgukwana Road	3	1,824,473			1,824,473
5	Ematweni Road	11	2,750,000			2,750,000
6	Katkatl Roads Phase 2	5	2,318,744			2,318,744
7	Rhawini Access Road	13	100,000			100,000
8	Mfula Access Road	13	100,000			100,000
9	Hokwana Internal Roads	8	200,000			200,000
10	St Matthews/Mithwaku Access Road	3	1,880,261			1,880,261
11	Ngqondela Access Road	2		2,643,657		2,643,657
12	Mzamomhle Internal Roads	16		4,831,449		4,831,449
13	Ethembeni Internal Roads Phase 2	17		4,200,000		4,200,000
14	Isidenge Highmast Lights	17		2,400,000		2,400,000
15	Mgwali Internal Roads 5 Villages	14		2,039,272	3,602,828	5,642,100
16	Ndlovini Highmast Lights	13			1,602,022	1,602,022
17	Cenyu Village Internal Roads	15			2,500,000	2,500,000
18	Cenyu to Kallmashe Access Road	12			3,800,000	3,800,000
19	Ndlovini Internal Roads	13			1,800,000	1,800,000
20	Nompumelelo Internal Roads	8			1,800,000	1,800,000
21	Ngcamugeni Highmast Lights	10			1,200,000	1,200,000
Social Cluster			1,083,000	2,777,072	-	3,860,072
1	Nonkuleleko Creche	17	433,000			433,000
2	Upper Izele Hall	17	650,000			650,000
3	Cathcart Waste Transfer Station	4		2,475,200		2,475,200
4	Kubusie Sportsfield	6		301,872		301,872
			16,218,400	18,991,450	16,304,860	51,514,700

AM AHLATHI MUNICIPALITY

DETAILED CAPITAL BUDGET FUNDED FROM OWN SOURCES (INTERNAL LOANS)

Vote	Description	Budget 2009/2010	Actual 2009/2010
	<u>Refuse Removal</u>	1,765,000	1,355,789.42
101-138-4-01-0005	Trolley Bins	80,000	68,650.00
101-138-4-01-0130	Refuse Compactor	885,000	905,291.00
101-138-4-01-0135	Shed and Yard for Vehicles/Containers	800,000	381,848.42
	<u>Cemetery</u>	120,000	117,000.00
050-128-4-01-0140	Electronic Program	120,000	117,000.00
	<u>Commonage</u>	460,000	314,330.42
140-150-4-01-0145	Roads in Plantation	400,000	309,434.95
140-150-4-01-0150	Tools and Equipment	60,000	4,895.47
	<u>Public Works</u>	1,250,000	1,177,760.10
110-142-4-01-0015	Resurfacing Tar Roads	1,000,000	982,196.10
110-142-4-01-0170	Compressor	250,000	195,564.00
	<u>Municipal Buildings</u>	875,000	843,986.08
050-126-4-01-0030	Tables and Chairs	125,000	90,239.28
050-126-4-01-0180	Office Accomodation	750,000	753,746.80
	<u>Traffic</u>	720,000	191,540.96
110-144-4-01-0090	Vehicles x 2	220,000	191,540.96
110-144-4-01-0180	Cattle Truck	500,000	
	<u>Electricity</u>	852,000	808,973.88
130-148-4-01-0095	HVoltage Switch Gear	103,000	99,993.82
130-148-4-01-0105	Upgrade/New Street Lights	64,000	62,539.16
130-148-4-01-0110	H/V Line Replacement	200,000	193,984.26
130-148-4-01-0115	LT Infra Lines	200,000	185,992.66
130-148-4-01-0150	Tools and Equipment	85,000	72,558.50
130-148-4-01-0175	Bakkie	200,000	193,905.48
		6,042,000	4,809,380.86

AM AHLATHI MUNICIPALITY

DETAILED CAPITAL BUDGET FUNDED FROM OWN SOURCES (INTERNAL LOANS)

Vote	Description	Budget 2009/2010	Actual 2009/2010
	<u>Refuse Removal</u>	1,765,000	1,355,789.42
101-138-4-01-0005	Trolley Bins	80,000	68,650.00
101-138-4-01-0130	Refuse Compactor	885,000	905,291.00
101-138-4-01-0135	Shed and Yard for Vehicles/Containers	800,000	381,848.42
	<u>Cemetery</u>	120,000	117,000.00
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110-142-4-01-0170	Compressor	250,000	195,564.00
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110-144-4-01-0090	Vehicles x 2	220,000	191,540.96
110-144-4-01-0180	Cattle Truck	500,000	
	<u>Electricity</u>	852,000	808,973.88
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130-148-4-01-0115	LT Infra Lines	200,000	185,992.66
130-148-4-01-0150	Tools and Equipment	85,000	72,558.50
130-148-4-01-0175	Bakkie	200,000	193,905.48
		6,042,000	4,809,380.86

AM AHLATHI MUNICIPALITY: REPORT OF THE AUDIT COMMITTEE

for the financial year ended 30 June 2010

Report of the Audit Committee

We are pleased to present our report for the financial year ended 30 June 2010.

Role of Audit Committee

The function of the Audit Committee (hereinafter referred to as the Committee) is primarily to assist the Amahlathi Municipality (hereinafter referred to as the Council) in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of financial reports and statements.

The Committee operates in terms of section 166 of the Municipal Finance Management Act (MFMA), Act No. 58 of 2008 and has endeavoured to comply with its responsibilities arising from those requirements.

The Committee has performed its duties according to its terms of reference in the form of an Audit Committee Charter which stipulates amongst other issues the primary purpose of the Committee, which is:

- To monitor the integrity of the Council's financial statements and announcements relating to its financial performance, reviewing significant reporting financial reporting judgements.
- To review the effectiveness of the Council's internal controls and risk management systems.
- To monitor the effectiveness of the internal audit function and review its material findings.

To oversee the relationship with the internal and external auditors, including agreeing the latter's audit fees and terms of engagement, monitoring their independence, objectivity and effectiveness.

The Committee has no executive function and its primary objective is to review and challenge rather than assume responsibility for any matters within its remit.

Composition of the Audit Committee and Attendance of Meetings

The Committee was constituted during January 2010 and held its first meeting on 17 February 2010 and initially comprised of three members. However, the chairperson of the Committee resigned during June 2010 and the Committee has since been operating with the remaining two members.

The Committee should meet at least four times a year as per its approved terms of reference. During the current year two meetings were held.

Name of Member	No. of meetings attended
M H Kwaza (chairperson) resigned June 2010	2
T Cumming (Acting chairperson effective from 29 June 2010)	2
RJ Hill	2

The committee meetings are also attended by the Municipal Manager, Chief Financial Officer, internal and external auditors.

In addition to the prescribed audit committee meetings, a special audit committee meeting was held on 29 June 2010.

Effectiveness of Internal Control

One internal audit assignments had been completed by end of June 2010. It was thus not possible to establish the effectiveness of internal control from internal audit reports. However, emanating from the Auditor-General's 2008/2009 report, it is evident that the system of internal control was not fully effective previously as compliance with prescribed policies and procedures was identified in a number of instances. Where remedial action has not already been effectively implemented, steps will be taken to address the weaknesses identified.

External audit

The Audit Committee has met with the Auditor-General South Africa to ensure that there are not unresolved issues.

Evaluation of Financial Statements

The Amahlathi Municipality was required to convert its basis of accounting from the IMFO Standard to Generally Recognised Accounting Practice (GRAP). The financial statements for 2009/2010 were compiled in accordance with the latter standard.

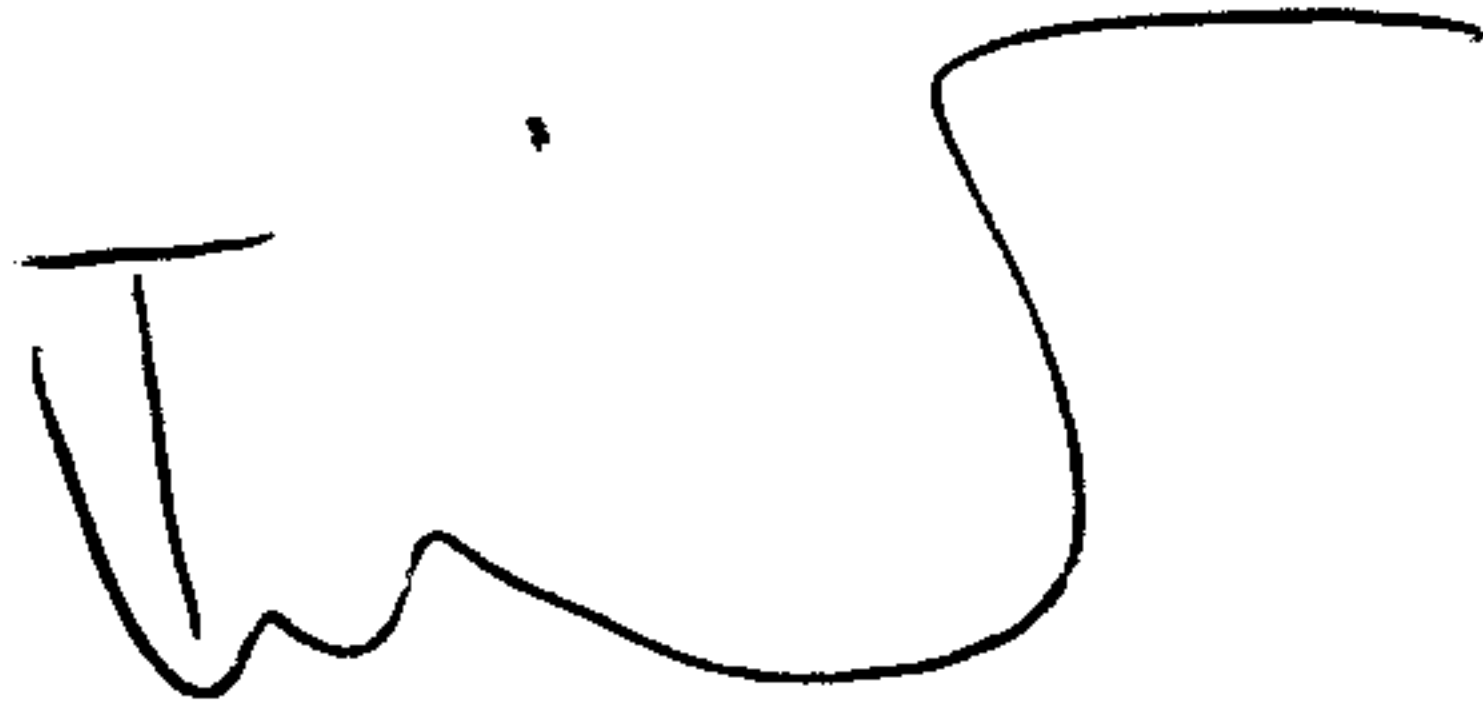
The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Municipal Manager;
- Reviewed the Auditor-General's management report and management's responses thereto;
- Reviewed changes in accounting policies and practices; and
- Reviewed significant adjustments resulting from the audit.

The financial statements, together with an audit file, were submitted to the Auditor-General by 31 August 2010.

Internal audit

Having only reviewed one internal audit assignment by year-end it was not possible to ascertain whether the internal audit function is operating effectively. Outside assistance was procured to assist the internal auditor in expediting the work of the internal audit unit. The Committee will monitor the process closely.

A handwritten signature in black ink, consisting of a stylized 'T' followed by a large, sweeping flourish that ends in a hook.

Audit Committee Member

Date: 30 November 2010

4.4.

RESPONSES TO ISSUES RAISED IN THE AUDIT REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The Auditor-General has issued an unqualified audit opinion on the financial statements for the year ended 30 June 2010. Due to the lack of qualifying matters the municipality has decided to draft an action plan to deal with all the matters raised in the management letter issued by the Auditor- General. This action plan is included under Item 4.5.

4.5.

ACTION PLAN TO DEAL WITH AUDIT REPORT MATTERS FOR THE 2009/2010 FINANCIAL YEAR

AUDIT FINDING	ACTION TO BE TAKEN	RESPONSIBILITY	TIME FRAME
Incorrect application of accounting policy for provision for debt impairment	Provision for debt impairment to be determined per accounting policy for 2010/11	Chief Financial Officer	01-Aug-11
No reliance on internal audit	An Internal Auditor will be operating for the whole financial year and reporting to the audit committee on a quarterly basis.	Internal Auditor	Immediate
No risk assessments performed and fraud prevention plan not in existence for financial year	Risk Assessment was performed and Fraud Prevention Plan were developed. Risk Assessment action plans are being implemented.	Internal Auditor	Immediate
Payment not made in 30 days	BTO to ensure that payment is made within 30 days. Invoices to be stamped with date of receipt.	Chief Financial Officer	Immediate
Late payment of suppliers	BTO to ensure that payment is made within 30 days. Invoices to be stamped with date of receipt.	Chief Financial Officer	Immediate
Material over/under spending of the budget	BTO to monitor expenditure against budget and highlight variances in monthly financial report. Departments to ensure that all allocation are spent.	Chief Financial Officer	Immediate
The municipality did not make use of the general KPI's as prescribed in terms of section 43 of the Act,	Outstanding	Strategic Manager	
Performance information: Measurable targets not set for indicators	Outstanding	Strategic Manager	
Incomplete copy of SDBIP provided	Outstanding	Strategic Manager	
The targets for certain measures were amended and this amendment was not reflected in the IDP	Outstanding	Strategic Manager	
Responsibilities of internal audit with regards to performance information	The Internal Auditor is currently doing quarterly reviews on performance information. Further training will be provided to the Internal Auditor.	Internal Auditor	28-Feb-11
The municipality's current Performance Management System only assesses the performance of section 57 managers and no other official.	Convince and attempt to get buy in from labour.	Corporate Service Manager	30-Jun-11

No formal documentation for the activities in respect of performance information	Outstanding	Strategic Manager	
Indicators not specific and measurable	Outstanding	Strategic Manager	
The mid-year budget and performance assessment report provided for audit purposes does not include information related to municipality's service delivery performance and the service delivery targets and performance indicators set as required by section 72 of the Act.	Outstanding	Strategic Manager	
Inadequate source documentation available	Outstanding	Strategic Manager	
Differences between actual achieved in performance report and recalculated monthly report	Future amounts will be checked so that they balance.	Engineering Manager	Immediate.
Debtors age analysis does not agree to financial statements	BTO to balance debtors age analysis to financial statements.	Chief Financial Officer	01-Aug-11
No impairment of other debtors	BTO to ensure that other debtors are impaired as per the accounting policy for 2010/11.	Chief Financial Officer	01-Aug-11
Uncleared suspense accounts	BTO to ensure that all suspense accounts are cleared or appropriate reconciliations are provided for 2010/2011	Chief Financial Officer	01-Aug-11
Debtors with credit balances	BTO to check all debtors' accounts having credit balances and adjust where necessary.	Chief Financial Officer	31-May-11
Indigent debtors listing does not agree to the age analysis	Indigent debtors not appearing on Age Analysis to be investigated and corrected.	Chief Financial Officer	31-May-11
Traffic fines not reflected in the traffic fines issued register	Outstanding	Strategic Manager	
Assessment rates reconciliations not performed	Reconciliation of assessment rates to be performed.	Chief Financial Officer	31-May-11
Amount owing based on orders and not on invoice	Department to minimise orders placed during June. Departments to ensure that capital budget is fully spent by 31 May 2011. BTO to ensure that creditors are only raised on receipt of goods or invoices.	Chief Financial Officer	30-Jun-11
Trial balance amount does not agree to the age analysis	BTO to balance age analysis to Trial Balance.	Chief Financial Officer	31-Aug-11
Employee Cost: Leave in excess of 64 days	Managers of various employees will be advised to ensure leave is reduced to below 64, of the 8 mentioned only 2 have reduced.	Corporate Service Manager	28-Feb-11

Annual leave balances do not agree	Leave records to be reconciled and corrected if necessary.	Corporate Service Manager	Completed
Control weaknesses relating to the asset register	Asset register to be reviewed for compliance to GRAP. Service Provider to be appointed.	Chief Financial Officer	31-May-11
The current supplier listing provided for audit purposes is not adequately designed and managed.	The format of the supplier database to be reviewed. Supplier database to be updated.	Chief Financial Officer	31-May-11
Non-compliance - staff in arrears	Payments by staff to monitored monthly	Chief Financial Officer	31-Mar-11
Discrepancies Property transfers	Discrepancies to be investigated and corrected.	Chief Financial Officer	Finalised
Post of procurement officer not filled to date	Moratorium placed on filling of posts by Council. As soon as this is lifted the post will be advertised and filled.	Corporate Service Manager	30-Apr-11
Leave was not approved before it was taken	Letters to be written to officials approving leave to ensure that leave forms are approved before employees actually commence with leave.	Corporate Service Manager	31-Jan-11
Lack of segregation of duties in asset management	Post of asset clerk to be filled.	Chief Financial Officer	31-Mar-11
Assets not in working order	Redundant assets to be disposed.	Chief Financial Officer	30-Apr-11
Bank reconciliation not performed and other matters	Bank reconciliation to be performed monthly. Reconciling items to be cleared.	Chief Financial Officer	30-Apr-11
No IT department to manage database and update website	Management is waiting for the uplifted of the moratorium.	Strategic Manager	30-Jun-11
Policies and procedures	Outstanding	Municipal Manager	
No disaster recovery policy in place	A disaster recovery plan to be developed.	Chief Financial Officer	31-May-11
VAT return does not agree to vat reconciliations	A reconciliation of the VAT Return to be included in the 2010/11 audit working file.	Chief Financial Officer	31-Aug-11
Less than 16 days leave taken	Managers of employees who do not comply the taking of 16 days leave will be instructed to take leave for 2009/10 and 2010/11	Corporate Service Manager	30-Jun-11
Non - compliance with VAT Act regarding keeping of accounting and taxation records	The venus operating manual to be reviewed to ensure that it covers all the required aspects.	Chief Financial Officer	31-May-11
No permit for Cathcart waste disposal site	Landfill site is developed in Cathcart and the problem will be addressed.	Strategic Manager	Ongoing
Reconciliation of investments	Reconciliation of investment register to be performed monthly	Chief Financial Officer	30-Apr-11
Inadequate documentation attached to support journal	All journals to supported by adequate documentation.	Chief Financial Officer	Immediate

Amount per supporting document cannot be traced to amount per journal	All journals to supported by adequate documentation.	Chief Financial Officer	Immediate
No reconciliation of creditors at year-end is performed	Creditors' reconciliation to be performed monthly. A reconciliation of creditors at year-end to included on the audit working file.	Chief Financial Officer	31-Aug-11
Rental contract not renewed	New contract to be drawn up	Corporate Service Manager	28-Feb-11
Overtime paid is more than 30% of salary	Managers will be requested to keep overtime to a minimum.	Corporate Service Manager	31/01/2011
Inadequate period for terminations	Strict control to be kept on employees retiring to ensure 3 months notice is adhered to.	Corporate Service Manager	20/01/2011
Traffic income segregation of duties deficiency	Additional cashier has been appointed and duties are segregated.	Strategic Manager	Completed
Weaknesses in CIS	Outstanding	Strategic Manager	
(Value add) Long term liabilities: Paying off of DBSA loan	Payment of DBSA Loan to be considered for the 2011/12 budget.	Chief Financial Officer	31-Mar-11