

MAFIKENG LOCAL MUNICIPALITY



MAFIKENG

LOCAL MUNICIPALITY

Diversity. Culture. Heritage

ANNUAL REPORT

2010/2011

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CHAPTER 1

INTRODUCTION AND OVERVIEW

1.1 EXECUTIVE MAYOR'S FOREWORD

In terms of the Municipal Finance Management Act (MFMA) and its subsequent circulars which guide municipalities to adhere to best financial practice in the course of "*Building better communities*", we are delighted to present Mafikeng Local Municipality's Annual Report for the financial year 2010/11

The financial year under review was characterised by numerous developmental challenges which had a direct bearing on our provision of services to the community. This is the financial year where the municipality was put under Section 139 (1) (b) of the Constitution and an administrator was appointed to assume executive powers and authority. The administration ceased soon after the establishment of the new Council subsequent to May 2011 Local Government elections

This was also the financial year which concluded the term of previous Council which started in 2006. It brought with it the political transition during which not 100% was put on monitoring the implementation of projects and programmes as contemplated in our adopted IDP and budget due to campaigning and electioneering. However, that did not take away the responsibility and accountability bestowed upon the Accounting Officer and his crop of senior administrators; wherein that spirit of accountability and optimum utilization of limited resources prevailed. Hence this report.

In view of the above, we will remain spirited and committed to improving the lives of our people. By presenting this Annual Report for 2010/11 financial year, we re-affirm our commitment and accountability by providing an account of activities undertaken during the year under review.

Cllr. N.L. Miga
Executive Mayor

1.2 Overview of Municipality

The area is known as the **Mafikeng Local Municipality, Demarcation code NW383**. It is situated in the North West Province and is 20 kilometers south of the Botswana Border. It is the Capital City of North West Province and used to be known as the City Council of Mafikeng. The Municipality is a considerably big local municipality as compared to other four local municipalities located within the area of jurisdiction of Ngaka Modiri-Molema District Municipality. Those neighboring local municipalities which border the Ngaka Modiri-Molema District Municipality are: Ramotsere Moiloa Local Municipality, Tswaing Local Municipality, Ditsobotla Local Municipality and Ratlou Local

The total area of the municipality is approximately 3 703km². It is divided into 28 Wards consisting 102 villages and suburbs. According to the Community Survey by Statics South Africa (Stats SA), the population of the municipality is estimated at 292,228 people. Approximately 75% of the municipal area is rural. It is situated in Mmabatho within Ward 8 at corner University Drive and Hector Peterson Avenue adjacent to former Molopo Tusk Hotel and the North West University Mafikeng Campus.

1.2.1 Municipality Area

The total area of the municipality is approximately 3 703km²

1.2.2 Towns and villages within the municipality area

The 28 wards are indicated with their towns and areas in the table below:

WARD	AREAS/VILLAGES
1	Lekoko, Modimola, Makhubung, Madibe-Makgababa, Magelelo, Tontonyane
2	Unit 15, Masutlhe 1&2, Kabe, Dibono, Lekung Phadima, Moletsamongwe, Tontonyane, Ext 39
3	Ikopeleng, Miga, Dimorogwane, Makoakgoane & 600
4	Tsetse, Ottoshoop, Farms, Slurry & Burhmandrift
5	Lomanyaneng
6	Lokaleng, Tlapeng, Moleloane, Mogosane Unit 3 & 6
7	Golf View, Borola-Tuku & Mafikeng CBD
8	Montshioa, Emperial, Reserve, Unit 1-Montshioa Flats: Bop, Kagiso, Wimpy and Kegomoditswe
9	Riviera Park, Danville, & Part of Lomanyaneng
10	Unit 2,8,7 and 9
11	Seweding, Part of Phola
12	Mocoseng, Unit 12 & 13, Tontonyane
13	Motlhabeng, Dibate, Unit 9, 10 & 8
14	Part of Seweding, Magogoe -Tar & Phatsima
15	Montshioa Stadt , Bokone ,Lorwana & Go-nthua,
16	Ramosadi, Part of Motlhabeng & Phola
17	Tlounge, Part of Magogoe Tar , Magogoe -Makgetla

WARD	AREAS/VILLAGES
18	Tlhabologo, Sehuba, Mapetla
19	Magogoe Koi-koi & Magogoe Central
20	Montshioa and part Ramosadi
21	Majemantsho & Lomanyaneng -Dube
22	Dithakong, Ditshilo, Part of Setlopo & Koi-Koi
23	Lotlhakane, Part of Dithakong
24	Louisdal, Siberia, Mooipan, Lombaartslaagte, Weldevrede, Goedgevonden, Ensulrust. Uitkyk. Brooksby & Mooifontein
25	Nooitgedacht, Naupoort, Bapong, Bethel, Makouspan, Driehoek & Kaalpan
26	Madibe-a-Tau, Kubu, Letlhogoring, Morwatshetlha, Sebowana, Lekhubu la Seipone, Mantsa, Tsokwana, Ga Molema, Pudongwe, Lekung Tsokwane & Tshunyane
27	Matshepe, Matlhonyane, Setlopo, Rooigrond, Skoongesight, Dihatshwana, Dithakong tsa ga Sehuba, Mothakga & gesight
28	Signal Hill, Part of Molelwane, Lonely Park & New Stands

1.2.3 POPULATION

The 2001 official StatsSA Census indicates that the population of Mafikeng Local municipality was **259 502**. A study was commissioned towards the development of the Municipal LED Strategy in 2006; calculations were based on the 2001 Census and depicted an increase in population growth which rose to **271,501** people in 2006. It also indicated that the municipality has a predominantly African population with fewer Coloureds, Whites and Indian groups. The current available population statistics are drawn from the Statistics South Africa's Community Survey conducted in 2007, the population is estimated at **290 228** people.

1.2.4 SENIOR MANAGEMENT

Municipal Manager	: Mr. K Rabanye (Acting)
Chief Financial Officer	: Mr. R.A. Rantao
Director Planning and Development	: Mr. H.L. Letlape
Director Infrastructure	: Mr. M.N. Mokgwamme
Director Public Safety	: Mr. K.I. Boikanyo
Director Community Development	: Mrs. Y. Mogopa
Director Corporate Support Services	: Mrs S.M. Mpolokeng

1.2.5 CURRENT SITUATION

This statistical information is sourced from the 2010/2011 Integrated Development Plan (IDP) of the municipality.

- **EDUCATION**

Unavailability and inadequate educational facilities in some areas of the municipality leads to relocation or migration of learners to assumably better schools, possible closing of some schools and under-utilization of existing ones. Walking long distances to schools in rural areas contributes to school drop-out rate. There is only one university (North West University – Mafikeng Campus) and it does not have all the relevant subjects required by the current economic standing. There is also one FET colleges (Taletso college). There is a need to approach other tertiary institutions to have satellites campuses within the municipal area.

The Comunity Survey conducted in 2007 indicated an estimated that 17% of the population had no schooling in 2007 with only the small percentage (4%) of the population having completed grade 12. This low percentages of the population with grade 12 as compared to the highest population of some having attended primary and some having attended secondary as well as the significant school drop rate of pupils at grade 12, might equally be attributed to social and economic reasons. Thus highlighting the literacy level of the population which to some extent contributes to poverty.

- **INCOME AND AFFORDABILITY PROFILE**

The municipality is a predominantly rural municipality and its rural economy is unable to provide individuals with remunerative jobs or self employment opportunities. An estimated 55% of the people in the municipality had no income in 2007. In general terms, the majority of households in the municipality earns less than the poverty line (about R1, 600 per household per month) and can be considered poor. Those classified as economically active are employed in the services sector. This sector is dominated by the services in terms of the various departments that render services such as health, justice, local government, education, SAPS, etc. Table below indicates the income categories within the municipality.

Table 7: Household Income		
Income Categories	No.	Households (%)
No Income	158813	55
R1 - R400	52443	19
R401 – R800	32924	4
R801 – R1600	11564	12
R1601 – R3200	7926	3
R3201- R6400	8443	3
R6401- R12800	8337	3
R12801- R25600	2500	1
R25601-R51200	273	0,5
R51201- R102400	0	0
R102401- R204800	219	0,4
R204800 or More	116	0,1

- **UNEMPLOYMENT LEVELS**

Unemployment can be expressed as a percentage of the Economic Active Population (EAP). The EAP refers to all the people between the ages of 15 and 64 years that are *able and willing to partake in economic activities* (this figure therefore excludes people not looking for work, students, pensioners, housewives, etc.). The unemployment and employment levels within the Mafikeng Local Municipal area are important to investigate, as it is indicative of the ability of local residents to earn household income (generated from economic activities and which are employed to purchase goods and services). In addition, high levels of unemployment are generally associated with poor socio-economic conditions and poverty.

Approximately 93,500 people have been indicated as the Economically Active Population, with an estimated 46,052 of the total population being unemployed thus totaling the percentage of unemployment with the municipality to 49,3%. The EAP within the Mafikeng LM area is mainly concentrated in the areas of Barolong Boo Ratshidi, Mafikeng and Mmabatho. Formal employment figures suggest that these areas also provide the largest portion of employment opportunities in the municipal area.

- **WATER AND SANITATION**

There are about 70 306 households within the municipality, 49 265 have access to water which forms 70.1% and leaves 21 041 households (29.9%) below basic level of service as a backlog. The municipality is providing six (6kl) kilolitres of water to the community where infrastructure is available, and where there is no infrastructure e.g. bore holes, the municipality provides diesel for the generators and where there are water tanks, water has been delivered.

Of the 70 306 households, 20 030 urban households making about 28.5% have access to bac sanitation (fush toilet connected to sewer system), while 9015 rural households making about 12.82% have access to basic sanitation (2445 - flush toilets with septic tank 6570 - pit latrine with ventilation VIP, 37 200 - pitlatrine without ventilation), a total of 41 261 rural households making about 58.61% have no access to basic sanitation as a backlog. The majority of households in the rural surrounding areas of the municipality are still reliant of pit latrines.

The municipality does not have households using bucket system as a means of sanitation. The district municipality is a water and sanitation authority within the municipal area, there were water and sanitation projects identified for implementation by the district during 2010/11 and for the next financial year (2011/2012), this is done with an effort to reducing services backlogs. Provision of adequate bulk water services infrastructure to service the backlogs as well as the planned growth of the Mafikeng urban area over the short, medium and long term.

- **ELECTRICITY**

76,1% representing 53 511 households within the municipal area have access to basic electricity while 16 795 households (23,9%) have no access to basic electricity (alternate the use of paraffin and candles). The municipality is currently looking at alternative energy options available (solar energy and bio-fuel).

The agency presently responsible for all aspects of electrical power supply in the Mafikeng LM's area of jurisdiction is Eskom. During the financial year under review (2010/11), ESKOM managed to ease the preasure in the supply of electricity by electrifying about 900 houses at ward 26 and 22 respectively; with an additional 600 electricity infills in various rural areas.

- **REFUSE REMOVAL**

The formal refuse removal services currently serve business premises, government offices and households (13 455) within the urban part of the municipality i.e. Mafikeng and Mmabatho. There is only one (1) landfill site with a size of 71 hectors and GMB premitted with a life span of 17 years (2010 - 2027); it caters for both rural and urban areas as well as public hospitals within the municipality. The domestic waste collection pilot project (a partnershp beteween the municipality and the Department of Environmental Affairs (DEA) continued to operate within the peri-urban part of the municipality providing services to about 30 000 households leaving about 26 815 rural households without access to formal basic refuse removal services.

- **HOUSING**

Access to formal housing is one of the key national priorities. It can be agreed that the rate of population growth (rural and urban) is greater than the rate of housing delivery in the municipality. Approximately 80% of communities reside in some form of formal structure. As at end financial year 2010/11, 1567 RDP houses were provided and about 18615 remains as a backlog.

Dealing with the housing backlog is one of the major challenges facing the municipality. In order to provide formal housing to its entire citizenry, taking into consideration the growing population per household with emphasis to informal housing (shacks), as well as to eliminate the current housing backlogs over the period of 10 years, it would require that not more than 1000 housing units be delivered per annum. Current delivery is below par and an increase in delivery will have financial implications for the municipality and the relevant Provincial

- **TELECOMMUNICATIONS**

Localized access to public telecommunication infrastructure also experienced positive growth albeit at a lower rate compared to the district level trends. A 17-percentage point movement was recorded with reference to the number of individuals that did not have access to telecommunication facilities. In other words, the level of access to this service has improved during the period under

- The significant expansion in excess of a 10% movement was experienced in access to the communication network by means of “public telephones”-
- In the Mafikeng area, the second largest category is the “cellular phone” accounting for 27% of the market. Comparatively speaking, it is evident that this segment has experienced significant growth and is following the public phone category in terms of size
- The situation at the local area revealed that there was 12% of the local population that had no access to a telephone.

- **FIRE AND EMERGENCY SERVICES**

The municipality fulfils functions with regard to fire fighting and prevention, licensing, security and traffic matters. Consultations and negotiations with the province have been initiated to for dissolution of motor registration services from the province to the municipality.

- **SAFETY AND SECURITY**

There are five police stations located within the area of jurisdiction of the municipality i.e. Mafikeng, Mmabatho, Mooifontein, Ottoshoop and Lomanyaneng police station. Public security in the form of Community Policing Forum both in rural and urban areas and mobile police station in urban were one of the issues raised by community during consultation sessions as one of their priorities.

1.2.6 KEY DEVELOPMENT OBJECTIVES AND STRATEGIES OF THE MUNICIPALITY

● WATER AND SANITATION

To facilitate the provision of basic services such as water and sanitation to rural and urban areas by June 2011 through:

- Increasing the number of households with piped water on site (yard taps, tanks or house connections)
- Increasing the number of households with access to clean portable water within 200m of dwelling and sanitation facilities at acceptable minimum
- Developing the water Conservation and Demand Management Plan (WSDP)
- Measuring and ensuring that waste water discharge meet waste water discharge standards

● ROADS AND STORM WATER

To construct, maintain and upgrade roads and stormwater drainage system by:

- Developing the integrated storm water master plan
- Developing integrated roads and storm water maintenance plan
- Resealing and blading the existing roads networks
- Constructing new roads networks in rural and urban areas and upgrade old ones (Road from Letlhakane main road to the clinic, Magogoe and Koikoi internal roads, road from Kaalpan to Nooitgedacht as well as completion of a bridge at Tontonyane)

● LOCAL ECONOMIC DEVELOPMENT AND EMPLOYMENT

To promote Local Economic Develop, tourism and rural development through:

- Implementation of EPWP in executing infrastructure projects,
- Capacitating of local SMME's in Business Management area
- Reviewing of the LED Strategy
- Developing the Tourism Strategy

- **HOUSING DEVELOPMENT**

To facilitate and provide human settlement by:

- Developing the Housing Sector Plan
- Facilitating the provision of social and low cost houses with the relevant
- Initiating the provision of upmarket housing
- Compiling the property valuation roll

- **ELECTRICITY**

To facilitate the provision of electricity and provide public lighting by:

Facilitating electricity supply projects implemented by Eskom at Lekhubu la

- Seipone, Lethogoring, Mantsa, Tsokoane, Seboane and Ditshilo village
- Facilitating an increase in electricity supply to rural areas including free basic electricity
- Advocating for the acquisition of electricity supply license
- Implementing phase of high mast lights at wards 20,23,22 and 24
Ensuring that the high mast lights which were erected during the previous
- years are energised by December 2010
- Developing public lighting master plan

1.3 EXECUTIVE SUMMARY

1.3.1 VISION

“Excellence in service delivery for Mafikeng”

1.3.2 MISSION

“To strive for Socio-Economic development in Mafikeng in partnership with the community”

CHAPTER 2

PERFORMANCE REPORTING

2. INTRODUCTION AND BACKGROUND

This section presents the 2010/11 Annual Performance Report of the municipality in accordance with the 2010/11 Service Delivery Budget Implementation Plan as well as Performance Agreements of Section 57 Managers and the Municipal Manager.

This report is also consolidated and presented in accordance with Section 121(1)(c) of MFMA which state that:

- Each municipality must for each financial year prepare an annual report in accordance with chapter 12 of the MFMA.

Section 46 of Municipal Systems Act states further that a municipality must prepare a report reflecting amongst others:

- The performance of the municipality and of each external service provider during that financial year, as well as
- Measures taken to improve performance.

The report is outlined in - terms of the five predetermined local government development objectives as stated below:

- Basic service delivery and infrastructure investments
- Institutional development and transformation
- Municipal financial viability
- Local Economic Development
- Good governance and public participation

2.1 ANNUAL PERFORMANCE REPORT

JULY 2010 – JUNE 2011

KPA1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE INVESTMENT									
Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
To facilitate the provision of water and sanitation to rural and urban areas	An approved infrastructure master plan	No plan in place	By December 2010	R 800,000	Nil	Nil	Plan not developed as targeted	Budget not yet approved - lack of cash within the municipality	Ensure budget allocation
	Water Sector Plan Developed	Sector plan does not exist	BY July 2010	2009/10 budget to be used	Nil	Draft plan submitted	50%	Delay from the service provider in finalising the plan	Speed up finalisation of the plan by December 2011
	SLA on installation of water meters reviewed	3 Water service providers in Mafikeng, District, Mafikeng LM, Botshelo water	signed MOU BY December 2010	Internal budget	Nil	Nil	100%	Delay by SCM to appoint service providers	Speed up SCM processes to appoint service providers
	Number of households provided with free basic water	13 000 households require free basic water	13,000	R 1,560,000	R390 000	13 000 households provided with water for 3 months	On track	N/A	N/A
	Number of households below RDP level provided with free basic water	44179 h/h provided with free basic water	44179h/h by June 2011	R 3,640,000	R652 090	18% of budget of the budget	7%	Lack of cash within the municipality	Speed up delivery in 2011/12
	Water Conservation and Demand Management Plan (WCDP) approved	No WCDP	Approved WCDP by December 2010	R 500,000	Nil	Nil	Funds not transferred from DWA	Non-transferring of by DWA	Persue transfer of funds DWA
	Water network within the Mafikeng area upgraded	Water network within the Mafikeng requires upgrades	Jun-11	R 1,000,000	Nil	Nil	100%	Finalise work plan	No budget to implement
	Facilitate the promulgation of water services by-laws with Water Services Authority	No water services by-law	promulgated water services by laws	Internal budget	Nil	Nil	Nil	Internal process not yet ready	Awaiting response from the district in terms of Section 78 process
	Business plan for provision of live stock water resources developed and approved	Inadequate functional water resources for livestock	approved business plan	Internal budget	N/A	Nil	No plan	Internal process not yet ready interact with department of Agriculture	Speed up process by 2011/12

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
	The development of Water storage plan facilitated with WSA	No water storage plan	Approved water storage plan by December 2010	Internal budget					
	% of water loss reduced	Municipality loosing water on the pipes (uncertain if water is lost from Botshelo Water of municipality site)	36% of water loss reduced by December 2010	Internal budget	N/A	Nil	No progress	Budget not yet approved - lack of cash within the municipality	To be implemented during 2011/12 financial year
Access to sanitation	District sanitation projects monitored	Incomplete sanitation projects in Ward 14, Phatsima village (2006), Magogwe Tar (07/08), Imperial reserve (un-flushable toilets) ward 23 (foundation of toilets built in 2003)	4 reports	Internal budget	N/A	4 reports	Nil	N/A	N/A
	Facilitate the provision of sanitation to households below RDP level with WSA	45805 Households requires access to sanitation	22903 households by June 2011	Internal budget	N/A	No progress	2857 Households	NMMDM internal process delay	Speed up process with NMMDM
To facilitate the provision of electricity to rural and urban areas	Number of households connected with electricity	23 100 households in various wards requires electricity	990 households	ESKOM Budget	Nil	234	666	Eskom's internal arrangements	Liaise with Eskom
	Number of households provided with Free basic electricity	22 000 households needs free basic electricity	12 000 households	R2 000,000	R69,512-72	3230	8,770	Eskom's internal arrangements for collating our indigent register with their data	Liaise with Eskom to speed up process
	Number of households provided with Free Basic Alternative Energy	Alternative energy sources has never been used by the municipality	2 000 households at Matsatseng and Maruping	R1 000,000	Nil	Nil : SCM	Nil	Supply Chain management	Follow up the SCM to expedite to finalise bids
	Electricity license obtained	Municipality does not provide electricity and currently provided by ESKOM	by January by 2011	Internal Budget	Internal	Nil	No license obtained	Institutional arrangements not in place yet	Speed up the negotiations

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
	Number of high mast light energized	Incomplete High mast lights projects in Ward 23 (3 lights) Ward 23 20 07), ward 21 -Dube village (8 lights) ward 13 Motlhabeng, Phola 8), Ward 11(8 lights) ward 12 (8 lights) ward 6 (8 lights) ward 8 (8 lights)	All identified lights energised by December 2010	Internal Budget	All identified wards were energised	Nil	N/A	N/A	
	Number of high mast lights installed(phase 3)	39 lights provided in phase 1 & 2)	38 lights by June 2011 (13 lights for ward 5,22 & 27 - 25 lights for ward 23,24 &25)	R4,500,000.00	R3,840,062.07	Contractor on site 2 lights installed at ward 5, 2 ward 22 , 7 - ward 27	Nil	N/A	N/A
			B. 21 High Mast Lights in ward 23,24,25	R4,300,000.00	R3,737,416.82	11 lightgs installed at ward 25, 5 at ward 24, 5 at ward 23	Nil	N/A	N/A
	Number of high mast lights installed in ward 18 (Mapetla, Sehuba and Tlhabologo village	Project from 2009/ 10 financial year	25 lights by December 2010	R4,500,000.00	R4,111,480.97	15 Lights instaled at Tlhabologo, 6 at Sehuba and 9 at Lomanyaneng	Nil	N/A	N/A
	Number of high mast lights installed in ward 18 (Lomanyaneng, Sehuba and Tlhabologo village	Project from 2009/ 10 financial year	25 lights by December 2010	R4,500,000.00	R3,386,413.97	14 lights intalled at Lomanyaneng, 11 at Sehuba	Nil	N/A	N/A
	Number of streetlights and highmast lights maintained	There are 7 600 streetlights and 380 high mast lights in the municipal area	7 600 street lights and 380 high mast lights by June 2011	R4,500,000.00	R4,905,887.20	Overperformed	Nil	N/A	N/A
To construct, maintain and upgrade roads and storm water drainage systems and Public Works	The development and approval of the integrated storm water master plan facilitated with the WSA	no plan	Approved integrated storm water master plan by December 2010	Internal Budget	NMMDM	None	No plan	Internal arrangements by NMMDM	Speed up NMMDM to expedite
	Number of kilometers of internal roads upgraded at Magogoe and Koikoi	450km of rural roads requires upgrading	7km by June 2011	R6,080,000.00	Nil	Nil	7 Km.	Awaiting approval for project from COGTA	Speed up process of poject by COGTA

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
	Number of kilometers roads constructed from Lothakane to clinic	450km of rural roads requires upgrading	3.5km by June 2011	R5,000,000.00	R448 894,89	Design completed	Road not yet constructed	Supply Chain management delay in appointing contractors	Follow up the SCM to expedite
	Number of kilometers roads regavelled from Kaalpan to Nooitgedacht	450km of rural roads requires upgrading	3km by June 2011	R4,000,000	Nil	No performance	Road not yet constructed	Delay in SCM Process in appointing contractors	Follow up the SCM to expedite the finalisation of bids
	Provision of a road and general upgrading at Monshiwa Stadt, Bokone, Lorwana and Go-Nthua	450km of rural roads requires upgrading	Jun-11	R4,000,000					
	EPWP project implemented in all wards	EPWP programme not fully implemented previously	1km of rural road per ward by December 2010	R 1,000,000	Nil	Nil	28 Wards	Busy with Business Plan for EPWP	Follow up the SCM to expedite the finalisation of bids
	Urban roads and storm water repaired and maintained (patching of potholes and resealing)	250km of rural roads requires upgrading	15 km (resealing and pothole patching at Mafikeng residential and CBD, Mmabatho and Montshiwa and Danville residential area) by June 2011	R17 000,000	R700 000	21 Km. of roads patched	Overperformed	N/A	N/A
	Number of Bridges constructed (Tontonyane)	Phase 1 completed in 2009/10.	Phase 2 completed by June 2011	R3,400,000.00	NIL	2nd Phase - Evaluations stage	Phase 2 not completed	Delay in SCM process in appointing contractors	Follow up the SCM to expedite finalisation of bids
	Montshiwa Stadium upgraded	Project from 2009/ 10 financial year	Jun-11	R 2,090,000.00	Nil	Nil	Project not started yet	Delay from Dept. of Sports, Arts and Culture for letter of support	Follow up with Department to approved
	Multipurpose Centre in Ward 25 constructed	Project from 2009/ 10 financial year	Jun-11	R 1 200,000.00	R740,692.57	Site establishment	Project not started yet	delay by Supply Chain management in appointing contractors	Follow up the SCM to expedite finalisation of bids

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
	Multipurpose Centre in Ward 6 constructed	Project from 2009/ 10 financial year	Jun-11	R 1 200,000.00	Nil	Evaluation stage	Project not started yet	delay by Supply Chain management in appointing contractors	Follow up the SCM to expedite finalisation of bids
	Multipurpose Center in Ward 4 (Tsetse, Ottoshoop, Slurry & Burhmansdrift) constructed	Services required at these area since they are at remote places	Jun-11	R 1 200,000.00	Nil	Advertising stage	Project not started yet	Delay in finalising the documents by Consultant	Follow up the SCM to expedite finalisation of bids
	Multipurpose Center in Ward 11 (Seweding & part Phola) constructed	Services required at these area since they are at remote places	Jun-11	R 1 200,000.00					
To provide and facilitate human settlement	Housing Sector Plan developed	Housing Plan need to be revised	Dec-10	R2 000000	Nil	Nil	Plan not developed as targeted	No workshop or consultation with has been done with Council	Plan to be taken to Council for approval during the second quarter of 2011/12
	Number of reports submitted on the facilitation of social houses	350 houses need to be built (alleviate housing backlog)	811 social houses to built. 4 reports to be submitted	Internal Budget	Nil	(land availability agreement signed for 811 social houses, infrastructures services and structural designs have been approved)	No report was submitted on the facilitation of social houses		Ensure approval of building plans within 30 days of submission
	Number of reports submitted on the facilitation of low cost houses	17 610 houses need to be build (Housing backlog)	4 reports	Internal Budget	Nil	2 report s submitted (mid-year and annual)	2 reports		Adherence to reporting requirements during 2011/12 on wards
	Number of reports submitted on the facilitation of middle and up- market houses	20 809 middle and up-market houses are needed in and around Mafikeng	4 reports	Internal Budget	Nil	2 report s submitted (mid-year and annual)	2 reports		Adherence to reporting requirements during 2011/12 on wards
	Number of reports submitted on disaster/emergency housing provided (temporary shelter)	Municipality is always providing during times of disaster	4 reports	R 2,000,000	R1 976 842.15	4 reports	None	None	The Department of Human Settlement must expedite emergency houses and to accredit the Municipality

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
	Valuation roll compilation completed	Compilation of the Valuation roll began in 2009/10	11-Jun	R1.7m	R3 094 201.75	Information collected & Field cards were done to assist in the objection process	Valuation Roll not compiled as targeted	Farm Community resisted access. Inconsistency Mun. Property records & Surveyor Generals office.	Legal letter to valuer to supply electronic version of valuation roll & outcome of objections
	Number of villages formalized	Human settlement need to be formalised to enable infrastructure development (at a later stage)	2 Villages by June 2011 (1 village under Kgosi Shole and 1 village under Kgosi Montshiwa)	R 500,000	Nil	Only consultation with stakeholders for the development of business plan took place	2 villages not formalized as targeted	Delayed inputs from stakeholders (Tribal Authority, Dept Land Affairs and Bigen Africa)	Leverage adequate funding. Finalize consultation with stakeholders
	Number of hectors of land (community land) formalised	Human settlement need to be formalised to enable infrastructure development (at a later stage)	2 Villages by June 2011 (1 village under kgosi Shole and 1 village under kgosi Montshioa)	R500-000					
To provide Town Planning services	Spatial Development Framework Reviewed (to include EMP)	SDF does exit but not reviewed	Jun-11	R 400,000.00	Nil	Terms of reference send to SCM for advertisement	SFD and EMP not reviewed as targeted	SCM processes never finalized for the appointment of services provider. Insufficient funding to undertake the project	Leverage additional funding and accelerate review during 2011/12
	Reviewed Town Planning Scheme	Existing scheme outdated (Last Review 1998)	Jun-11	same as above	Nil	Terms of reference send to SCM for advertisement	Town Planning Scheme dot reviewed as targeted	SCM processes never finalized for the appointment of services provider. Insufficient funding to undertake the project	Leverage additional funding and accelerate review during 2011/12
	Number of report on the approval/disapprove building plans submitted	Building plans are approve/disapproved within 30 days (six weeks)	4 reports	Internal Budget	None	4 reports	none	none	none
	Number of reports on contravention notices issued (contraventions on building regulations, Cape Ordinance, DFA	Contravention notices have been issued as per contravention	4 reports	Internal Budget	Nil	4 reports submitted (25 contravention notices issued)	None	None	None

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
	Number of reports on the approved rezoning submitted	Reports have been submitted on an unstructured basis	4 reports	Internal Budget	Nil	4 reports submitted (13 rezonings done)	None	None	None
	Land Audit report submitted	There is no clarity about land ownership within the municipality	Sep-10	From 2009/10 budget	N/A	Land Audit report compiled but not submitted	Land Audit report not submitted as targeted	The report was not discussed with portfolio committees	To be sent to the Human Settlement and Transportation planning portfolio committee then to Council for noting
	Land dispute between the municipality and Barolong Boo Ratshidi Tribal Authority resolved	There is land dispute on the ownership of land within the municipal area	Dec-10	Internal Budget	N/A	Task Team Led by DLGTA appointed to resolve the dispute	Dispute was not resolved as targeted	The task team did not finalize their report.	The AMM and EM to advise as there are protocol issues to be resolved to invite task team members
	number of Environmental Awakened campaigns conducted	28 wards (290 228 persons) needs to be capacitated on environmental management	2 campaigns targeting youth and emerging contractors	R500-000	R122 285.09	1 campaign at Ext 39	1 campaign	Shortage of Staff & tools of trade	Leverage external funding and resources for future campaigns
	Climate change strategy developed	no strategy	Jun-11	same as above	Nil	None	Not developed		Ensure edequate budget
	Geographic Information System - GIS implemented (funding, data collection resources)	GIS system not in place	Jun-11	R2 000,000	R1 721 739.25	Progress report submitted detailing – trained conducted, hardware and software purchased	Population of the server with information to get it operational	Verification of land parcel with deeds office	Populate data on the system to be operational
	Integrated Transportation Plan implemented	Draft Transportation plan is in place developed in 2009/10	Comprehensive report by June 2011	Internal Budget	N/A	None	Plan not implemented	Internal consultation and workshoping was not conducted	Fast-track workshoping of Councilors and submit for Council approval within the second quarter
	Bradford Park taxi rank developed (phase1)	Private developer appointed	Phase1 completed by June 2011	Internal Budget	N/A	None	Taxi rank not developed as targeted		Investigate with department of transport on the delay of the development o bradford park

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
	Municipal Bill-boards erected and flighted	the municipality did not own bill-boards before	3 bill-boards erected by December 2010	R986 000	R1 186 000	3 bill-boards erected	Billboards erected but not flighted	Insufficient budget to flight the bilboards	Intensify marketing for internal and external people to display products on the boards
To provide professional municipal health services in terms of • Environmental Health • Primary health care	Number of Water samples drawn	Five (5) Water samples need to be drawn every month	60 samples	R 14 000	R 9 955.00	79 samples drawn	None	None	none
	Number of food premises inspected	200 food premises were inspected during 2009/10	1200 inspections	Internal Budget		1152	48	There is one vacant post in the section	Filing of vacant post
	Number of hygiene/food campaigns conducted	4 Hygiene/Food campaigns were conducted during 2009/10	4 Campaigns	200000	R34 827. 65	4 campaigns conducted	None	None	none
	Frequency of refuse removal services in residential urban areas as per schedule	20 000 households scheduled to access services in 2009/10	all 20 000 households according to schedule	internal budget	N/A	20 000 households serviced	None. but schedule not always complied with.	Old and unreliable machinery that experiences frequent breakdowns, resulting in illegal dumping	Purchasing new waste removal machinery
	Number of 240l refuse bins distributed	6500 households provided with 240l bins during 2009/10	13 000 240l refuse bins	R4. 275M	Nil	None	bins not distributed as targeted	A contractual dispute between the supplier and the Municipality	Tender to be advertised
	Number of anti-liter campaigns conducted	4 campaigns conducted during 2009/10	4 Campaigns	R210 000	R109 813.76	4 campaigns conducted	None	None	None
	Number of HIV and AIDS Awareness campaigns conducted	About 290 000 people require information on HIV and AIDS constantly	10 campaigns	R 200,000	R36 220.00	2	8	Shortage of staff	Appointment of an HIV/AIDS Coordinator and a Professional Nurse
To provide and maintain community facilities	Percentage growth in Library membership	400 Members use the library annually	10% by June 2011	Internal Budget		748	None	None	None

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
	Number of Library Services Awareness Campaigns conducted	8 campaigns were conducted in 2009/10. Eight Calendar Events need to be carried out	20 campaigns	R220 000	R56727.85	10 campaigns	None	None	None
	Installation of a Brocade system at Mafikeng Library facilitated	all libraries require installation of a Brocade system	Sep-10	Internal Budget	N/A	Library automated in phases	None	None	None
	% implementation of Mmabatho Civic Centre Marketing Strategy	Strategy/plan was developed during 2009/10. Implementation of the Marketing strategy has began	100%	R 150,000					
To upgrade and maintain parks, cemeteries and sports facilities	Number of parks maintained	3 parks were developed, All 17 parks requires continuous maintenance	17 parks continuously maintained	R 600,000	R34 4107 61	17 parks maintained	None	None	None
	Number of parks upgraded	Five (5) semi-developed parks not upgraded	1 park (Unit 3 park)	same as above		Unit 3 park is 60% complete	park not fully upgraded as targeted	insufficient budget	Sufficient funding
	Number of cemeteries maintained (including Heritage Cemeteries)	Six (6) Cemeteries not maintained.	All 6 cemeteries	same as above		all 6 cemeteries maintained	None	None	None
	Number of sporting fields graded	13 Sporting fields need to be graded	13 fields - 2 fields at ward 22, 4 fields at ward 26, 3 fields at ward 19, 1 field at ward 2, 2 fields at ward 11 and 1 field at ward 18	Internal Budget		3 fields graded	All identified and targeted fields not attended to as targeted	Lack of funds and equipment	Availability of funds and equipments
	Number of sporting fields maintained	No fields were maintained during 2009/10	2 Fields (Montshiwa stadium and Danville sports field)	Internal Budget		Not attended to	2 targeted fields not attended to as targeted (the fields to be covered with MIG programme during 2011/12)	Inssufficient funding	Provision of adequate funding
	Hectors grass cut on overgrown sidewalks and open spaces	480 hectors of grass not cut	480 hectors	R 209 390.00	R187 865.67	380 hectors of grass was cut	100 hectors not cut	tractor breakdowns and illegal dumping	Replace old tractors with new durable ones.

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
	Number of wards scheduled for trees trimming/cutting	Trees not trimmed and cut annually in 28 wards	8 wards (ward 6,7,8,9,10,12,13 & 20)	R 209 390.00	R187 865.67	7	2	Staff and equipment shortage.	Replacement of retired and deceased staff members. Acquire equipment
	% implementation of Greening Strategy	Strategy was developed during 2009/10 financial year	100%	Internal Budget					
To provide professional traffic Management services	Number of Summons Issued	90% of road violations warrants summons	6 000	Internal Budget	Nil	42359 summonses were issued.	N/A	N/A	N/A
	% Increase in the number of Warrant of Arrests Executions	74% of summons issued are not paid within the given period	50%	Internal Budget	Nil	229 Warrants were executed	N/A	N/A	N/A
	Number of road blocks conducted	25 road blocks have been conducted	30	R25 000.00	R24 450.00	26 Roadblocks were conducted	4 roadblocks	R/ blocks cancelled due to weather conditions	
	Number of trained learners and teachers for scholar patrol activities	120 were trained during 2009/10	120	Internal Budget	N/A	122 Learners and 15 Educators were trained at 13 Schools	N/A	N/A	N/A
	% of identified faded road markings re-painted	30 Junctions were re-painted 100% in 2009/10	100%	R152 000.00	R25 3926.00	Identified road markings painted 100%	N/A	N/A	N/A
	% of NRTA 93/96 compliant road signs	20% of road signs are not NRTA compliant	100%	R57 000.00	R46 390.00	Identified RTS Replaced 100%	N/A	N/A	N/A
	Number of reports submitted by the Service Provider (Municipal Pound)	12 reports are required according to the SLA	12	Internal Budget	N/A	12 reports have been submitted	N/A	N/A	N/A
	Number of inspections at the Municipal Pound	Inspections have been conducted as and when	12	Internal Budget	N/A	12 Inspections were conducted	N/A	N/A	N/A
	Number of reports submitted by the Service Provider (Parking Meter)	12 reports are required according to the SLA	12	Internal Budget	N/A	12 reports have been submitted	N/A	N/A	N/A
Number of inspections of parking meters in town	No inspections have been conducted	12	Internal Budget	N/A	Contract terminated				

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
To provide Testing and licensing services in accordance with legislation	Number of Learners tested for Learner licenses.	14 Learners can be tested per day (NRTA standard)	6 000	Internal Budget	N/A	5591 learners were tested 100% Passed:3138 Failed: 2367 A: 74 D: 12	N/A	N/A	N/A
	Number of Driver License Applicants tested	18 Learners can be tested per day (NRTA standard)	4 300	Internal Budget	N/A	2708 drivers were tested 100% Passed: 519 Failed: 2026 D: 67 A: 94 P: 2	N/A	N/A	N/A
	% of driving licenses renewed according to the provisions of the Act.	Applications were renewed 100% during 2009/10	100%	Internal Budget	N/A	5242 driving licenses were renewed 100%	N/A	N/A	N/A
	Number of Permits (PRDP) issued per month	90 permits need to be issued per month	150	Internal Budget	N/A	1930 Permits were issued 100%	N/A	N/A	N/A
	Increase in the number of vehicles tested per month	400 vehicles need to be tested per month	500	Internal Budget	N/A	5626 vehicles were tested 100% Passed:3054 Failed:115 Retests: 2457	N/A	N/A	N/A
	Devolution of motor registration function from the province to the municipality	the function is currently coordinated by the province	Jul-11	Internal Budget	N/A	Nil	Funtion not yet devolved to the Municipality		Political intervension is sought on this matter
To provide professional Fire, Rescue and Disaster Management Services	Number of Fire Safety Awareness Campaigns conducted at schools and other institutions	Two (2) campaigns need to be conducted per month	40	Internal Budget	Nil	30 Fire Safety Awareness sessions conducted	N/A	N/A	N/A
	Number of Fire Safety compliance inspections conducted	20 inspections need to be conducted per month	360	Internal Budget	Nil	226 Fire Safety Compliance Inspections were conducted	-14	Understaffed	Target review/ additional staff
	Incident Management System operational	System does not exist.	Aug-10	R 80 000	Nil	Reported incidents recorded & dispatched 100%	None	None	None

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
	Disaster Management Plan implemented	Plan does not exist	Aug-10	R 650 000	R318 250.00	Finalised in May 2011. 100% achieved	None	None	none
	Mafikeng Fire Protection Association (MFPA) operational	The association have established	Jul-10	Internal Budget					

KPA2: MUNICIPAL INSTITUTION TRANSFORMATION AND DEVELOPMENT

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
To Encourage Municipal Transformation and Institutional Development	Human resource Strategy	HR Strategy is being developed	Jun-11	R 50 000	Nil	Human Resource Strategy development process was halted, the development did not continue.	Strategy not yet drafted	Budget was not available	outsourcing the function through the Spplly Chain Management
	Redesigned Organizational Structure submitted for approval	Structure approved in 2006	Jun-10	R240 000	None	Structure developed but not approved	Redesigned Structure not yet approved	While the structure was developed internally the quality assurance was outsourced and the initial brief was changed.The impact of section 139 on MLM.	Fast-track finanlising and approval of the structure by mid 2011/12
	Develop and implement Batho Pele strategy	Strategy not in place	June 2011 Aling directorates Batho Pele strategy with organizational strategy	Internal Budget	N/A	The organisational Bathopele strategy not developed thus no alignment		The Bathopele was not well coordinated, there was no involvement of strategic management	To engage strategic management to enable Diretorates to have a uniform approach and commitment from directors and heads of offices for development of Batho pele strategy.

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
	Orgplus system implemented		Dec-11	R 90,000	R 87,000	OrgPlus was acquired and installed	OrgPlus is not operational	OrgPlus not linked to payday , the module of payday did not have paymodules thus there was no communication between the two systems.	information has been developed and sent to Pay day to assist with the exportation of data from excell to OrgPlus. For full operationalization of the system .
	Employment Equity Plan	The EE plan is under review	Submission of EE report in October 2009.	N/A	N/A	EE Plan submitted in October 2009.	None	None	None
	All approved Human Resource policies implemented	Policies have been developed and are at consultation stage	17 Policies by June 2011	None	300,000	218,641	WSP submitted in June 2010	None	None
	2010/11 Employment Equity Report submitted	June 2010 (submission)	Workplace skills Plan (30 June) Training Plans/reports submitted.	300,000	218,641	WSP submitted in June 2010	None	None	None
	PMS cascaded to Heads and Managers	PMS currently administered at section 57 only	Jun-11	Internal Budget	NIL	Reports on PMS policy review to include heads and managers	Cascading could not be finalised	the consultation for policy review could not resumed as planned . Structures not fully functional (e.g LLF)	the engagement of managers and involvement of all stakeholders for extensive engagement of the policy to allow PMS cascading to other managers by the end of September 2011
	PMS policy reviewed	Policy only talks to Section 5 managers	Jun-11	Internal Budget	Nil	Framework finalized, review of the policy not yet finalised	Policy no reviewed as targeted	Delayed by the reviewed generic policy for all municipalities by the Department of Local Government and Traditional Affairs	Consult with the department within the first quarter of the new financial year
	Recruitment and selection policies and procedures developed		internal Policy developed by December 2010	N/A	N/A	The policy have been developed from SALGA Guidelines	None	None	Develop annual template for head and managers

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
	Learnership/Internship Programme Coordinated	Learnerships programme is no place and internships are not well coordinated	Jun-11	N/A	N/A	Accounting learnership	none	None	None
	EE/WSP Forum reviewed	The forum is not representative	Dec-10	Internal Budget	None	Forum was established	None	None	None
	Number of Disciplinary Grievance and Dispute cases resolved	Conflict resolution mechanism in place	4 reports	N/A	N/A	12 reports, 4 finalised 20 pending	None	None	None
	Wellness unit established	The wellness unit is being established	A wellness unit program	R337 000	-	Wellness Unit has been established and Clinical Psychologist has been appointed	None	None	None
To provide general administration	Improved Record Management System	Records management system not fully functional	4 reports	R100.000	None	System not yet fully operational	No reports submitted	System was not operational	The procurement process to be restarted and approved. Finalized operationalation of the Orbit System
	Functional Call Centre	Call centre has been established	June 2010	N/A	N/A	None	Call Centre not fully functional	Call Center non functional Matters under investigation	To speed -up the matter in order to get the centre operational
	Inter-directorates complaints management system developed and implemented	No strategy in place	Jun-11	internal budget	N/A	No system in place	Call Center not fully operational	System could not be developed and implemented due to non-alignment of infrastructure systems	Local Government bought a tracting system to be installed at call centre during 2011/12
To provide legal and valuation services	Number of reports of reviewed and drafted by-laws	By laws are continuously developed, gazetted and reviewed.	4 reports	N/A	N/A	4 reports submitted (Street-Trading by-laws and Street by-laws have been gazetted . Other by laws still to be workshoped)	None	it has been a challenge for workshps to take place for councillors . Most workshops were cancelled for non attendance	review strategy
	Quality Legal opinion provided	Legal opinions are continuously provided	4 quarterly reports on legal opinions provided	N/A	N/A	4 reports provided (33 legal opinions provided)	N/A	N/A	N/A

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
	Contract management centralised	Contract management not well coordinated	4 reports	N/A	N/A	4 reports submitted (Have perused and advised on 29 contracts entered into between the Municipality and Service Providers)	None	There has been an achievement in this regard	electronit contract register, manual register cetralised.co sign all contracts before finalisation by MM
	Number of by_laws submitted for Approval	By laws are continuously developed, gazetted and reviewed.	24 By-laws gazetted	N/A	N/A	10 by-laws submitted for workshopping.	14 by-laws outstanding	No platform provided for workshops of bylaws for final approval and gazetting.	Fastrekking of workshopping processes.
To provide Security and Fleet management services	Date of the implementation of the Security Policy	Policy does exist	01-Jul	N/A	N/A	Policy finalised. Awaiting workshops	None	None	None
	Number of meetings with Service Provider (Physical security)	1 meeting was held per month during 2009/10	12 meetings	Nil	Nil	11 meetings were conducted	1	unavailability of management team	
	Number of inspections of security sites	Security sites were not regularly monitored previously	12 inspections	Nil	Nil	12 inspections were conducted	None	None	None
	% Reduction in misuse/Vehicle Abuse per quarter	90 % of misuse cases are reported but not finalized	100%	N/A	N/A	Reported cases of abuse of vehicles attended to 100%	None	None	None
	Number of metings with cash in transit service provider	One meeting per month as per SLA	12 meetings	Nil	Nil	8 meetings were conducted	None	None	None
To provide integrated communion and marketig	Approved Communication policy and strategy	Policy approved in Oct. 2007. Policy need to be reviewed	Dec-10	N/A	N/A	Policy drafted awaiting Council approval	Policy not reviewed as targeted	The unit is under staffed, the manager mainly doing administrative duties	Appointment of two communication officer who will relieve manager from administrative duties
	Frequency of web-site updates	The Web-site updated is done on ad hoc basis (as and when)	within 24 hours of receipt of information	N/A	N/A	85% developed user-friendly website	15%	inadequate resources in the unit and some information needs to be researched	Appointment of two communication officer
	% Improvement of Corporate Image	Corporate image needs improvement	100%	N/A	N/A	100% improved	N/A	N/A	N/A

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
	Quarterly news letter published	1 Magazine is needed per quarter	4 external newsletter were published 2009/10	N/A	N/A	3	1	Lack of capacity	Employment of communication officers
To manage and coordinate strategic planning	Report on the implementation of 2009 IDP Assessments comments submitted	No reports were written previously on the implementation on assessment comments	Dec-10	N/A	N/A	Report drafted with assistance from the district but not finalized	Report not tabled for discussion	Unavailability of key personnel from sector departments to provide	Coordinate the district to fast-track finalization of assessments
	2011/12 IDP Process Plan develop and approved by Council	2010/2011 Process Plan in place 2010	Aug-10	N/A	N/A	Approved by Council during December 2010	Process plan not approved as targeted	Delay by Council sitting	Compliance with the schedule of key deadlines in the process plan will be enforced
	Resuscitate the IDP Steering Committee	Committee in place and represented by senior managers and politicians	Aug-10	N/A	N/A	The status quo with regards to the steering committee was maintained	None	None	Facilitate the resuscitation of the committee after the appointment of new Councilors
To provide monitoring, Evaluation and Research	Monitoring and Evaluation report developed and submitted	There were no monitoring and evaluation report submitted	4 reports	R300 000	Nil	A district wide monitoring and evaluation tool was introduced. The reports were no structured and documented	No structured report was compiled	Human resource constraints, the available personnel at the IDP office could not manage the workload	Approval of the Organogram to be fast-tracked
	Number of Research studies commissioned	Research studies needs to be commissioned to enhance service delivery	3	R300 000	Nil	An in-house investigation of the studies that needs to be commissioned was carried out	No structured research was conducted	Budget revision and reprioritization on spending	Approval of the Organogram to be fast-tracked

KPA3: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

To encourage good corporate governance, public participation and Ward committee system	Stakeholders Participation Policy developed	No policy	by September 2010	None	None	Consultation with SALA for benchmarking exercise	No policy developed	Capacity to develop policies	Workshopping on policy development
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Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
Promote Public Participation	Stakeholders data Base	No data base	by September 2010	None	None	Data base established	None	Stakeholder participation is still not satisfactory	The data base to be constantly updated
	Number of Ward Committee Meetings per Ward	4 ward Committee meetings per ward	10-Jan						
	Number of Community Meetings per ward	At least two community meetings are needed	10-Jan	internal budget	internal budget	Consultations in all 28 wards took place during November 2009	N/A	N/A	N/A
	Number of IDP Representative Forum Meetings held	2 Forum meetings were held in the previous financial year	3 meetings	internal budget	internal budget	Only 1 meeting held in April 2011	2	There was a delay with the approval of 2011/12 IDP Budget process plan by council	Submission of the draft IDP and Budget process plan for the next financial year in May during tabling of budget and IDP
	Number of Mayoral Izimbizo coordinated	At least two Mayoral Imbizo are needed	2 izimbizo	internal budget	internal budget	2 imbizo in march and April 2011	none	Minimal involvement of both management and political leadership during the meetings	Both management and political leadership need to fully involved during the Izimbizo meetings
	2011/12 draft IDP & Budget submitted for council	2010/11 IDP& budget submitted in March 2010	10-May	None	None	Submitted in March 2011	None	None	None
	2009/10 AFS and Annual Performance Report submitted to AG	2008/9 report was submitted	By August 2010	Nil	Nil	AFS compiled and submitted, Annual performance report was consolidated but could not submitted		Delayed submission of reports from directorates	Ensure compliance with schedule of key deadlines
	Community and stakeholder consultation meeting on the 2009/10 annual report conducted	consiltation for 2008/9 was delayed	By February 2011	Nil	Nil	None	Consultations not held	Delayed submission of the Annual report for audit and to Council	Facilate the submission to report to council and consultation meetings
	Oversight report submitted to Council	2008/9 report submitted in May 2010	01-Mar	Nil	Nil	None	No Report	Annual report not yet approved	Ensure compliance with the agreed extended date of submission with the AG, and set new dates
	2011/12 IDP&Budget submitted for Council approval	2010/11 budget and IDP approved	By May 2010	Nil	Nil	Submitted and approved in April 2011	None	None	None

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
	2010/11 Budget Adjusted	2009/10 adjustment budget submitted in time	10-Jan	None	None	2010/11 Budget Adjusted in January 2010	None	None	None
	2010/11 Mid-year Report submitted to the mayor	2009/10 Mid-year report submitted to the EM's office in January 2010	10-Jan	None	None	The report was submitted in January 2011	None	There is a delay in submission of performance information from the directorates is experienced	Coordination of information from directorates needs to be improved
To implement municipal Performance Management in line with Chapter 6 of MSA	2011/2012 institutional score card (Top Layer SDBIP) developed and approved	2010/11 SDBIP in place	01-Jun	Nil	Nil	Draft developed	SDBIP not approved as targeted	Delayed conclusion and submission of directorates Annual Performance Plans	Adhere to deadlines in the schedule of key deadlines for IDP and Budget
	% alignment of section 57's Performance Agreements to DPLG regulations, IDP, SDBIP and budget	Previous agreements were not fully aligned	100%	Nil	Nil	100% aligned	None	None	None
	Individual performance assessment / review sessions for section 57 managers coordinated	One assessment was conducted in 2009/10	4 reports	Nil	Nil	1 review conducted (2010/11 mid-term)	3	No performance Assessment Committee	Fast track the appointment of performance committee
	Coordinate the municipality's strategic planning sessions	2009/10 planning was coordinated at directorate level	by November 2010	Nil	Nil	Directorates planning meetings conducted for the alignment of 2011/12 budget and IDP	Strategic planning not coordinated as planned	There was a delay with the approval of 2011/12 IDP Budget process plan by council	To re-arrange the session after community and stakeholder consultations for 2012/13 planning
To Manage and coordinate internal audit services	Internal Audit Unit established	the municipality has withdrawn from Sared Internal Audit services at the district	by September 2010	internal budget	Nil	Resuscitated the process by drafting the terms of reference and an advert	Unit not established	People did not express their interest	Proper budgeting. Resolve the shared services issue with the district
	Internal Audit strategy developed	There is no strategy	By August 2010	Nil	Nil	Strategy was developed awaits implementation	None	None	None

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
KPA 4: LOCAL ECONOMIC DEVELOPMENT									
Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
To Promote Local Economic Development, Tourism and Rural Development	Number of SMMEs trained (tendering, Business Management and Marketing)	In 2009/10 SMME's were trained on Business Mangement, Marketing and Human Resources	120 SMME's by December 2010	R 600,000	R130 000	40 SMME's were trained	80 SMME's not trained as targeted		
	Number of SMME's product marketed	SMME products not marketed	4			All products of local SMME's marketed at 1 flea market held at Mega City	None	Insufficient budget to hold many flea markets	Leverage additional funding and explore other means of marketing
	Rural and Agricultural strategy developed and implemented	No strategy	Jun-11	R 250,000	Nil	Terms of reference were drafted and submitted	Strategy not developed and implemented as targeted	Strategy could not be done due to SCM processes not finalized	Fast-track SCM processes
	Reviewed LED strategy	LED strategy was adopted in 2006	Jun-11	R200 000	R 165 000	LED Strategy reviewed in December 2010	None	None	To be submitted to Council during second quarter for noting
	Famer support initiated (ward 4,7,11,22, and 26)	New initiative	All wards attended by June 2011	R250 000	R 0.	None	Wards not supported as targeted	Cash flow challenges experienced by the municipality	Source adequate funding
	School greening – vegetable gardens project initiated (ward 1,28,24,4,15,18)	New initiative	All wards attended by June 2011	R 200 000	R 0.	None	Wards not supported as targeted	Cash flow challenges experienced by the municipality	Source adequate funding
	Goat projects initiated (ward 1,2,3,11 &26)	New initiative	All wards attended by June 2011	R200 000	R0.	None	Wards not supported as targeted	SCM processes was not finalized	Speed-up SCM processes
	Disposable nappies project initiated	New initiative	by June 2011 (WARD 19)	R150 000	R0.	None	Project not implemented as targeted	SCM processes was not finalized	Speed-up SCM processes
	Coffin manufacturing project	New initiative	Jun-11	R150 000	R 0.	None	Wards not supported as targeted	SCM processes was not finalized	Speed-up SCM processes

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
	Functional Local Economic Development Agency	Agency not established	Jun-11	R 1 000 000	R 0.	All requirements set for establishment of an Agency were followed	Agency not yet functional	Project was put on hold and forwarded to the EM and Administrator for their determination.	Consult with the EM and Speaker to establish if its viable to have an Agency
	Heritage site upgraded	2 heritage sites were developed during 2009	June 2011 (resuscitation of Chinese garden, greening of Molopo basin and fencing Mmaphatswa cemetery)	R 500 000	Nil	None	All Heritage Sites not upgraded as targeted	Sites could not be upgraded due to SCM processes	Speed-up SCM processes
	Participated in LED structures(District and LED structures)	Working groups are there at sector departments only and there are no LED structures in place within NMMDM	Continuous	N/A	N/A	Participated at the District and Provincial LED Forum	None	None	None
	Appointed LED staff	Vacant post in LED unit	Appointed LED staff by December 2010	N/A	N/A	None	No staff was appointed	Staff not appointed due to financial constraints	Approval of the organogram
	Tourism Strategy finalized and implemented	Strategy not in place	Jun-11	200 000	N/A	None	Strategy not finalised	External Stakeholders consulted. Consultation with internal stakeholders not concluded	Strategy to be served before council for noting
	Number of business plans developed and sourced to implemented IDP objectives	Business plans developed previously	4 business plans by 10 June 2011	R200.000	R130 000	14 business plans developed for various co-operatives	None	None	None
	Number of local emerging contractors engaged	LED initiatives are created through implementation of capital projects		N/A	N/A	2 local emerging contractors 1 for review of LED Strategy	8	Delay by SCM to advertise and appoint services providers	Speed up the SCM processes

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT									
To Provide sound budgeting, supply chain management and reporting	SCM Amended Policy approved	Policy curenly in use reviewed 2007/8 and reviewe 2010/11		Internal budget	Internal budget	Amendments were not approved	Not achieved	The amendments to the policy to be workshopped.	The amendments will be submitted and the threshold at which client will be required to have up to date accounts will be increased to include MB8 above R30 000.
	Number of SCM Reports submitted	One report was submitted during 2010/11 financial year	1	Internal budget	Internal budget	As done	Partly achieved	Still to be presented to Council	Council to note
	Reduction in non-compliance with the SCM policy	SCM policy approved but not fully implemented	Variation report with fewer variations by JUNE 2011	Internal budget	Internal budget	Deviation Report done	Partly achieved	Still to be presented to Council	Council to note
	SCM flow chart developed and implemented	Procedure flow chart not developed	Dec-10	Internal budget	Internal budget	To develop flow chart	Not achieved	Research is still to be conducted	National Treasury and Provincial Treasury to be conducted to give templates
	Revised BTO organisational structure	Current Organizational structure not answering to SCM needs	Semtember 2010	Internal budget	Internal budget	To approve the SCM structure	Partly achieved	Structure at draft stage	Implementation plan to include structure
To Provide Revenue and Debtor Management Control	% debtors data-base cleansing	Debtors database has duplicate records and very old	Consultant report by September 2010	R 1,200,000	R 1,090,283	Report issued and to be incorporated in Revenue Strategy	Achieved	-	-
	A comprehensive revenue enhancement program developed and implemented	No cash flow improvement program	4 reports	Internal budget	Internal budget	Program to be drawn to increase revenue	Not achieved	Head of Revenue in Acting position	Acting Head to be assisted to develop plan
	Clean audit plan developed and implemented	Municipality receiving disclaimer for five conservative years	Audit Recovery Plan - 4 reports	Internal budget	Internal budget	Program to be developed for clean audit	Not achieved	AFS for 2010/11 not Audited.	Consolidation of 2009/10 and 2010/11 Reports
To provide information technology	% decrease in response time to attend to detective equipments	No help desk to record incidents	5%	Internal budget	Internal budget	To attend to queries urgently	Not achieved	Call Centre not functional	Corporate support services to be engaged to expedite.

Measurable Objectives	KPI's	Baseline	Annual Targets	Budgeted Amount	Expenditure	Actual Performance	Variance / deficit	Reason for Underperformance	Proposed Remedial Action
	Information Technology Policy developed	No policy	Dec-10	Internal budget	Internal budget	To develop policy	Draft Format	Policy to comply	Policy to go through committees.
	Number of back ups performed	Back-ups performed daily	By September 2010	Internal budget	Internal budget	To secure information	Achieved	-	-
To render Expenditure and Assets Management	Number of salary-related Ledger Accounts reconciliation	Related ledger accounts are done only at the only at the end of the year	12 per year	Internal budget	Internal budget	To perform reconciliations	Partly achieved	Organogram not finalized	Segregation of duties to be reviewed
	Number of individual creditors reconciliation	Creditors are paid on ad hoc basis	12 per year	Internal budget	Internal budget	To perform creditors recon.	Partly achieved	Some creditors do not send statements	
	GRAP compliant asset register compiled	Register kept in EXCEL format	Aug-10	R 800,000	Internal budget	To maintain asset register linked to Venus	Partly achieved	Baud firstly used then Venus	To manage intergrated system
To render Accounting Services	Electronic Contract/Lease Register updated	Contract management does not exist	Aug-10	Internal budget	Internal budget	To manage lease/ contract register	Not achieved	System of delgation to be finalised	Clarification on roles between Finance and Corporate Support
	Number of risk reviews conducted	Risk assesment not conducted before	Risk area register by October 2010	Internal budget	Internal budget	To periodically review risk	Not achieved	Risk Manager not appointed	To appoint Risk Manager
	Valid valuation roll compiled	Validity of the valuation roll extended to 30 June 2011	Dec-11	R 1,700,000	Internal budget	Achieved	-	-	-
	Reviewed budget related policies	Budget related policies developed and reviwed durng 2009/10	Mar-11	Internal budget	Internal budget	Not achieved	Not achieved	Addressing previous year's backlog	To be reviewed in 2012/13 budget
	Land and house registers aligned with registers at planning and development	Land and house registers not aligned with planning and development	Reconcillation report by December 2010	Internal budget	Internal budget	To align Land Sales Register with Planning & Development Directorate	Not achieved	Coordination of directorates and to identify key personnel not done.	Finance and Planning & Development to meet and draw a plan to synagise this activity

2.2 BUILDING AND ZONING PLANS 2010/2011

Applications outstanding 1 July 2009	Category	Number of new applications received/approved 2010/2011	Total value of applications received/approved 2010/2011	Applications outstanding 2010/2011
-	RDP	7	Could not determine cost of individual category as it is clustered per points 1 and 2 hereunder.	0
-	Residential new	62		95
-	Residential Extension	179		31
-	Commercial/Business	2		
-	Industrial	1		
-	Other: Business	12		
-	Other: Government	0		
-	Other: Institutional	8		
		271.00		-

1. New Developments

107,656,605.00

2. Extensions

169,390,265.65

2.3 SERVICE DELIVERY BACKLOGS

	30 June 2009			30 June 2010			30 June 2011		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Water Backlogs (6KL per month)									
Backlogs to be eliminated (No. Households Not Receiving Minimum Standard of Service)	8400	400	0	8400	300	300	800	300	300
Backlogs to be eliminated (No. HH identified as backlogs / total HH in municipality)	17%	1%	0%	17%	3,6%	3,6%	16%	1%	1%
Spending on New Infrastructure to Eliminate backlogs (R'000)	R228m	R0.65	0	R251 m	R6,5 m	R6,5 m	R276m	R7m	R7m
Spending on Renewal of Existing Infrastructure to Eliminate backlogs (R'000)	R48,1	R6,2	0	R53 m	0	0	R58m	0	0
Total Spending to Eliminate Backlogs (R'000)	R281	R7.15	0	R309 m	0	0			
Spending on Maintenance to Ensure No New Backlogs Created (Rand '000)	R8m	R3.0m	R3.0m	R9 m	R1,4 m	R1,4 m	R10m	R3,5m	R3,5m
Sanitation Backlogs									
Backlogs to be eliminated (No. Households Not Receiving Minimum Standard of Service)	10578	0	0	10578	0	0	10578	0	0
Backlogs to be eliminated (No. HH identified as backlogs / total HH in municipality)	21%	0%	0%	21%	0%	0%		0%	0%
Spending on New Infrastructure to Eliminate backlogs (R'000)	R84m	0	0	R92 m	0	0	R101m	0	0
Spending on Renewal of Existing Infrastructure to Eliminate backlogs (R'000)	R40m	0	0	R44 m	0	0	R48m	0	0
Total Spending to Eliminate Backlogs (R'000)	R124	0	0	R136 m	0	0			
Spending on Maintenance to Ensure No New Backlogs Created (Rand '000)	R7.0m	1.5	1.5	R8 m	R2,5 m	R2,5 m	R9m	R5,3m	R5.3m
Refuse Removal Backlogs									
Backlogs to be eliminated (No. Households Not Receiving Minimum Standard of Service)	55000	30000	0	25000	0	0	25000	0	0
Backlogs to be eliminated (No. HH identified as backlogs / total HH in municipality)	80%	55%	0%	37%	0%	0%	37%	0%	0%
Spending on New Infrastructure to Eliminate backlogs (R'000)	R12m	R7m	0	R13m	0	0	R14m	0	0
Spending on Renewal of Existing Infrastructure to Eliminate backlogs (R'000)	R8m	R5m	R3.5m	R0.35m			0	0	0
Total Spending to Eliminate Backlogs (R'000)	R20m	R12m	R3.5m	R13m	0	0	R14m	0	0
Spending on Maintenance to Ensure No New Backlogs Created (Rand '000)	R3m	R0.7m	R0.5m	R0.8m	0	0	R1m	0	0
Electricity Backlogs									
Backlogs to be eliminated (No. Households Not Receiving Minimum Standard of Service)	17,274	R18,565m	R18,565m	17,274	R18,565m	R18,565m	R24,245m	R24,099m	R 518,891.49
Backlogs to be eliminated (No. HH identified as backlogs / total HH in municipality)	29,308	R18,565m	R18,565m	29,308	R18,565m	R18,565m	R24,245m	R24,099m	R 518,891.49
Spending on New Infrastructure to Eliminate backlogs (R'000)	29,308	R18,565m	R18,565m	29,308	R18,565m	R18,565m	R24,245m	R24,099m	R 518,891.49
Spending on Renewal of Existing Infrastructure to Eliminate backlogs (R'000)	Upgr of Sub station	R 10,900,086	R 10,900,086	Upgr of Sub station	R 10,900,086	R 10,900,086	R24,245m	R24,099m	R 518,891.49
Total Spending to Eliminate Backlogs (R'000)	29,308	R18,565m	R18,565m	29,308	R18,565m	R18,565m	R24,245m	R24,099m	R 518,891.49
Spending on Maintenance to Ensure No New Backlogs Created (Rand '000)	Eskom	Eskom	Eskom	Eskom	Eskom	Eskom	Eskom	Eskom	Eskom
Roads Backlogs									
Backlogs to be eliminated (No. Households Not Receiving Minimum Standard of Service)									
Backlogs to be eliminated (No. HH identified as backlogs / total HH in municipality)	27900	1500	1500	26400	500	500	25900	500	500
Spending on New Infrastructure to Eliminate backlogs (R'000)	60%	2.50%	2.50%	59%	2.00%	2.00%	57%	2.00%	2.00%
Spending on Renewal of Existing Infrastructure to Eliminate backlogs (R'000)	R423.4	R10.4 m	R10.4 m	R423.4 m	R10 m	R10 m	R423.4	0	0
Total Spending to Eliminate Backlogs (R'000)	R5.7 m	R5.7 m	R5.7 m	R12.3 m	R3 m	R3 m	R20m	R5m	R5m
Spending on Maintenance to Ensure No New Backlogs Created (Rand '000)	R417.7 m	0	0	R120 m			R123m	R8m	R5m
TOTALS	R2 m	R2m	R2 m	R10 m	0	0	R20m	R5m	R5m

CHAPTER 3

HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT

HUMAN RESOURCE & OTHER ORGANISATIONAL MANAGEMENT

Employee Demographic Profile												
C. Total number of employees in the Enterprise as at 2011												
Employment Category	RACE											
	African		Coloured		Indian		White		TOTAL		TOTAL	
	M	F	M	F	M	F	M	F	M	F		
Leadership & Governance SOC 100												
Executive Mayor			1							0	1	1
Mayor										0	0	0
Councilors	38	21	1					1	39	22		61
Traditional leaders	1	1							1	1		2
Board Member									0	0		0
Other (specify below)									0	0		0
Senior Officials and Managers SOC 100												
CEO/MD									0	0		0
Executive Directors									0	0		0
Directors	1	2							1	2		3
Financial Directors									0	0		0
City/Municipal Manager	1								1	0		1
Department/Division Heads									0	0		0
Plant Managers									0	0		0
Information Technology									0	0		0
Other (specify below)									0	0		0
Professionals SOC 200												
Health Care	1								1	0		1
Public Safety/Emergency Services	3								3	0		3
LED	1								1	0		1
Water Conservation/Treatment	1								1	0		1
Waste									0	0		0
Client Services									0	0		0
Parks/Community Facilities	2								2	0		2
Community Development									0	0		0
Public Transport									0	0		0
Land Management			1						1	0		1
Housing Administration									0	0		0
Environmental Management									0	0		0
Roads	1								1	0		1
Electricity		1							0	1		1
Information Technology									0	0		0
Corporate Services/Core Administration	2	2							2	2		4
Core Finance	1				1		1		3	0		3

Technicians/Associated Professionals SOC 300											
Health Care	2	5							2	5	7
Public Safety/Emergency Services	12								12	0	12
LED	2	4							2	4	6
Water Conservation/Treatment	21	1	2						23	1	24
Waste	2								2	0	2
Client Services									0	0	0
Parks/Community Facilities	8	2							8	2	10
Community Development									0	0	0
Public Transport	2								2	0	2
Land Management	1	1			1				2	1	3
Housing Administration	2	2							2	2	4
Environmental Management	1								1	0	1
Roads	6		1						7	0	7
Electricity	2	1							2	1	3
Information Technology									0	0	0
Corporate Services/Core Administration	3	1							3	1	4
Core Finance	3	3			1				3	4	7
Skilled Agric & Fishery Workers SOC 600											
Health Care									0	0	0
Public Safety/Emergency Services									0	0	0
LED									0	0	0
Water Conservation/Treatment									0	0	0
Waste									0	0	0
Client Services									0	0	0
Parks/Community Facilities									0	0	0
Community Development									0	0	0
Public Transport									0	0	0
Land Management									0	0	0
Housing Administration									0	0	0
Environmental Management									0	0	0
Roads									0	0	0
Electricity									0	0	0
Information Technology									0	0	0
Corporate Services/Core Administration									0	0	0
Core Finance									0	0	0
Clerks SOC 400											
Health Care									0	0	0
Public Safety/Emergency Services	5	14		1					5	15	20
LED									0	0	0
Water Conservation/Treatment	2	2	1	1			2	1	5	4	9
Waste									0	0	0
Client Services									0	0	0
Parks/Community Facilities		10							0	10	10
Community Development									0	0	0
Public Transport									0	0	0
Land Management									0	0	0
Housing Administration		5							0	5	5
Environmental Management									0	0	0
Roads									0	0	0
Electricity									0	0	0
Information Technology									0	0	0
Corporate Services/Core Administration	7	21		2				1	7	24	31
Core Finance	27	24	1	1					28	25	53

Service Workers SOC 500												
Health Care										0	0	0
Public Safety/Emergency Services	63	7	3					1		67	7	74
LED										0	0	0
Water Conservation/Treatment										0	0	0
Waste										0	0	0
Client Services										0	0	0
Parks/Community Development										0	0	0
Public Transport										0	0	0
Land Management										0	0	0
Housing Administration										0	0	0
Environmental Management										0	0	0
Roads										0	0	0
Electricity										0	0	0
Information Technology										0	0	0
Corporate Services/Core Administration										0	0	0
Core Finance										0	0	0
Core & Related Workers SOC 700												
Health Care										0	0	0
Public Safety/Emergency Services										0	0	0
LED										0	0	0
Water Conservation/Treatment										0	0	0
Waste										0	0	0
Client Services										0	0	0
Parks/Community Facilities										0	0	0
Community Development										0	0	0
Public Transport										0	0	0
Land Management										0	0	0
Housing Administration										0	0	0
Environmental Management										0	0	0
Roads										0	0	0
Electricity										0	0	0
Information Technology										0	0	0
Corporate Services/Core Administration										0	0	0
Core Finance										0	0	0
Plant & Machine Operators SOC 800												
Health Care										0	0	0
Public Safety/Emergency Services										0	0	0
LED										0	0	0
Water Conservation/Treatment										0	0	0
Waste	15									15	0	15
Client Services										0	0	0
Parks/Community Facilities										0	0	0
Community Development										0	0	0
Public Transport										0	0	0
Land Management										0	0	0
Housing Administration										0	0	0
Environmental Management										0	0	0
Roads	8									8	0	8
Electricity										0	0	0
Information Technology										0	0	0
Corporate Services/Core Administration										0	0	0
Core Finance	1									1	0	1

Elementary Occupations SOC 900												
Health Care			1							0	1	1
Public Safety/Emergency Services	10	1								10	1	11
LED										0	0	0
Water Conservation/Treatment	68	9								68	9	77
Waste	82	70								82	70	152
Environmental Health	1									1	0	1
Parks/Community Facilities	79	3								79	3	82
Community Development										0	0	0
Public Transport										0	0	0
Land Management										0	0	0
Housing Administration										0	0	0
Environmental Management										0	0	0
Roads	82	1								82	1	83
Electricity	2									2	0	2
Information Technology										0	0	0
Corporate Services/Core Administration	14	31								14	31	45
Core Finance	2	1								2	1	3
Apprentices										0	0	0
TOTALS	588	248	10	5	2	1	4	3	604	257	861	
												861
												861

NB: For costing and demographic breakdown, see Number of Staff per Function below:

D. Number of Staff per Function (Chapter 3)	
DEPARTMENT	NUMBER OF STAFF AT 2010
Municipal Manager	17
Corporate Support Services	61
Finance	66
Data Processing	4
Stores	8
Communication	2
Internal Audit	0
Cleansing	83
Street Sweeping	70
Clinic	2
Health	10
Disaster & Management	4
Fire Brigade	34
Security Guards	31
Traffic	33
Licensing	56
Civil Protection	0
Infrastructure	9
Public Works	85
Workshop	32
Library	10
Parks	82
Sewerage	38
Water	39
Human Resource	
Pensioners	0
Planning and Development	21
Contract Workers	0
Councillors	64
TOTAL	861

NB: For costing and demographic breakdown, see Employee Qualification Profile below:

E. Employment Qualification Profile (Chapter 3)																								
Employees qualification profile as at 30 June 2011																								
Employment Category	Highest level qualifications held by employees RACE																		TOTAL					
	Below NQF 1		NQF 1		NQF 2		NQF 3		NQF 4		NQF 5		NQF 6		NQF 7		NQF 8			UN-KNOWN		TOTAL		
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F		M	F	M	F	TOTAL
Leadership & Governance SOC 100																								
Executive Mayor										1											0	1	1	
Mayor																						0	0	0
Councillors									39	22												39	22	61
Traditional leaders									1	1												1	1	2
Board Member																						0	0	0
Other (specify below)																						0	0	0
Senior Officials and Managers SOC 100																								
CEO/MD																						0	0	0
Executive Directors																						0	0	0
Directors												1		1		1						0	3	3
Financial Directors																						0	0	0
City/Municipal Manager															1							1	0	1
Department/Division Heads																						0	0	0
Plant Managers																						0	0	0
Information Technology																						0	0	0
Other (specify below)																						0	0	0
Professionals SOC 200																								
Health Care													1									1	0	1
Public Safety/Emergency Services										2								1				3	0	3
LED													1									1	0	1
Water Conservation/Treatment										1												1	0	1
Waste																						0	0	0
Client Services																						0	0	0
Parks/Community Facilities													1					1				2	0	2
Community Development																						0	0	0
Public Transport																						0	0	0
Land Management										1												1	0	1
Housing Administration																						0	0	0
Environmental Management																						0	0	0
Roads											1											1	0	1
Electricity											1											1	0	1
Information Technology																						0	0	0
Corporate Services/Core Administration														2	2							2	2	4
Core Finance										2		1										3	0	3
Technicians/Associated Professionals SOC 300																								
Health Care													2	5								2	5	7
Public Safety/Emergency Services								11		1												12	0	12
LED										1	1	1	3									2	4	6
Water Conservation/Treatment								24														24	0	24
Waste										1		1										2	0	2
Client Services																						0	0	0
Parks/Community Facilities														2	2							8	2	10
Community Development																						0	0	0
Public Transport														2								2	0	2
Land Management														3								3	0	3
Housing Administration									2	2												2	2	4
Environmental Management															1							1	0	1
Roads												7										7	0	7
Electricity												3										3	0	3
Information Technology																						0	0	0
Corporate Services/Core Administration											1		2	1								3	1	4
Core Finance								3	2				1	1								3	4	7

Skilled Agric & Fishery Workers SOC 600																				
Health Care																		0	0	0
Public Safety/Emergency Services																		0	0	0
LED																		0	0	0
Water Conservation/Treatment																		0	0	0
Waste																		0	0	0
Client Services																		0	0	0
Parks/Community Facilities																		0	0	0
Community Development																		0	0	0
Public Transport																		0	0	0
Land Management																		0	0	0
Housing Administration																		0	0	0
Environmental Management																		0	0	0
Roads																		0	0	0
Electricity																		0	0	0
Information Technology																		0	0	0
Corporate Services/Core Administration																		0	0	0
Core Finance																		0	0	0
Clerks SOC 400																				
Health Care																		0	0	0
Public Safety/Emergency Services								5	15									5	15	20
LED																		0	0	0
Water Conservation/Treatment								5	4									5	4	9
Waste																		0	0	0
Client Services																		0	0	0
Parks/Community Facilities									10									0	10	10
Community Development																		0	0	0
Public Transport																		0	0	0
Land Management																		0	0	0
Housing Administration									5									0	5	5
Environmental Management																		0	0	0
Roads																		0	0	0
Electricity																		0	0	0
Information Technology																		0	0	0
Corporate Services/Core Administration								6	21							1	3	7	24	31
Core Finance								27	23	1	2							28	25	53
Service Workers SOC 500																				
Health Care																				
Public Safety/Emergency Services	63	7	3														1	67	7	74
LED																		0	0	0
Water Conservation/Treatment																		0	0	0
Waste																		0	0	0
Client Services																		0	0	0
Parks/Community Development																		0	0	0
Public Transport																		0	0	0
Land Management																		0	0	0
Housing Administration																		0	0	0
Environmental Management																		0	0	0
Roads																		0	0	0
Electricity																		0	0	0
Information Technology																		0	0	0
Corporate Services/Core Administration																		0	0	0
Core Finance																		0	0	0

Core & Related Workers SOC 700																							
Health Care																				0	0	0	
Public Safety/Emergency Services																				0	0	0	
LED																				0	0	0	
Water Conservation/Treatment																				0	0	0	
Waste																				0	0	0	
Client Services																				0	0	0	
Parks/Community Facilities																				0	0	0	
Community Development																				0	0	0	
Public Transport																				0	0	0	
Land Management																				0	0	0	
Housing Administration																				0	0	0	
Environmental Management																				0	0	0	
Roads																				0	0	0	
Electricity																				0	0	0	
Information Technology																				0	0	0	
Corporate Services/Core Administration																				0	0	0	
Core Finance																				0	0	0	
Plant & Machine Operators SOC 800																							
Health Care																				0	0	0	
Public Safety/Emergency Services																				0	0	0	
LED																				0	0	0	
Water Conservation/Treatment																				0	0	0	
Waste			15																	15	0	15	
Client Services																				0	0	0	
Parks/Community Facilities																				0	0	0	
Community Development																				0	0	0	
Public Transport																				0	0	0	
Land Management																				0	0	0	
Housing Administration																				0	0	0	
Environmental Management																				0	0	0	
Roads			8																	8	0	8	
Electricity																				0	0	0	
Information Technology																				0	0	0	
Corporate Services/Core Administration																				0	0	0	
Core Finance			1																	1	0	1	
Elementary Occupations SOC 900																							
Health Care			1																	0	1	1	
Public Safety/Emergency Services	10	1																		10	1	11	
LED																				0	0	0	
Water Conservation/Treatment	68	8						1												68	9	77	
Waste	82	66	4																	82	70	152	
Client Services																				0	0	0	
Parks/Community Facilities	80	3																		80	3	83	
Community Development																				0	0	0	
Public Transport																				0	0	0	
Land Management																				0	0	0	
Housing Administration																				0	0	0	
Environmental Management																				0	0	0	
Roads	82	1																		82	1	83	
Electricity			2																	2	0	2	
Information Technology																				0	0	0	
Corporate Services/Core Administration	14	28				1	2													14	31	45	
Core Finance	2	1																		2	1	3	
Apprentices																				0	0	0	
TOTALS	401	116	31	4	0	1	42	74	95	28	22	2	22	18	1	1	0	0	3	0	607	254	861

Analysis of the Function	Staff Numbers per directorate/Unit/Section	Number of Staff 2010/2011
	Department	
	Council General Admin	14
	Municipal Manager	3
	Speaker	6
	Executive Mayor	3
	IDP	2
	Communications	2
	Corporate Support	0
	Leagal & Valuation	3
	Human Resources	15
	Finance Admin	14
	Assessment Rates	7
	Data Processing	4
	Stores & Procurement	8
	Revenue & Debt Collection	13
	Expenditure & Assets	12
	Budgetig & Reporting	4
	Infrastructure Admin	9
	Civic Buildings	0
	Public Works	32
	Roads	85
	Workshop	32
	Sewerage	38
	Staff Housing	0
	Water	39
	Fire Brigade	34
	Parking Meters	5
	Licensing	36
	Security Office	31
	Traffic	28
	Disaster & Emergency Management	4
	Public Safety Admin	20
	Cleansing	83
	Clinic services	2
	Health Services	10
	Library	10
	Parks	82
	Street Cleaning	70
	Civic Centre	15
	Planning & Dev Admin	5
	L.E.D	8
	Housing	9
	Contract Workers	0
	Pensioners	0
	TOTAL	797
	<u>Councillors Remuneration</u>	<u>2009/2010</u>
	Executive Mayor	618,260.00
	Speaker	649,422.00
	Executive/Mayoral Committee Members	4,665,789.00
	Councillors	11,723,933.00
		17,657,404.00

<u>In-kind Benefits</u>	
The Executive Mayor, Speaker, Chief Whip and Mayoral Committee. Members are full-time. The Mayoral Committee is supported by the secretariat which is situated in the Directorate of Corporate Support Services. The Executive Mayor, Speaker and Chief Whip has own staff that provide secretarial support and other office administrative duties at the Cost of the Council.	
The Executive Mayor has use of a council owned vehicle for official duties.	
<u>Employee Related Costs</u>	
Employee related costs - Salaries and Wages	99,485,157.00
Employee related costs - Contribution for UIF	1,423,956.00
Pension Contributions	13,386,254.00
Medial Aid Contributions	5,725,037.00
Travel, Motor Car, Accommodation, subsistence and other Allowance	131,141.00
Housing benefits and allowances	1,088,071.00
Overtime payments	6,958,683.00
Bonus	6,470,669.00
	134,668,968.00
<u>Remuneration of the Municipal Manager</u>	
Annual remuneration, Contribution to UIF, Medical Aids, Pension Funds (All inclusive package cost to employer)	1,036,665.00
	1,036,665.00
<u>Remuneration of the Chief Finance Officer</u>	
Annual remuneration, contribution to UIF, Medical Aids, Pension Funds (All inclusive total cost to employer package)	863,669.00
	863,669.00
<u>Remuneration of the 5 Directors</u>	
Annual remuneration, Contribution to UIF, Medical aids, Pension Funds (All inclusive, total lost to employer package)	4,366,334.00
Cell phone Allowance	4,366,334.00
	4,366,334.00
GRAND TOTAL	6,266,668.00
Employees Debt (during financial year 2009/2010)	
Councillors	58,516.55
Directors & Management	59,977.74
Employees	440,086.31
GRAND TOTAL	558,580.60

MAFIKENG LOCAL MUNICIPALITY - MEDICAL AID SCHEMES AND PENSION FUNDS (Chapter 3)	
MEDICAL AIDS	PENSION FUNDS
Samwumed	Pension Fund Services (Liberty Life)
Munimed	National Pension Fund for Municipal Workers
Bonitas	Municipal Councillors Pension Fund
Global Health	Sanlam
Hosmed	
Sizwe	

Pension Fund Claims				
DETAILS	DEATH	RESIGNATION	RETIREMENT	TERM ENDED
Councillors	0	0	0	0
Municipal Manager	0	0	0	1
Corporate Support Services	0	6	0	-
Finance	0	2	0	-
Infrastructure	0	3	1	-
Public Safety	2	3	2	-
Community Services	14	0	8	-
Planning and Development	0	1	0	-
Contracts	0	4	0	-
Disability	0	0	0	-
Pensioners	0	0	0	-
TOTALS	16	19	11	1

CHAPTER 4

DRAFT

FINANCIAL

STATEMENTS &

FINANCIAL

INFORMATION



MAFIKENG

LOCAL MUNICIPALITY

Diversity. Culture. Heritage

Mafikeng Local Municipality
(Registration number NW 383)
Annual Financial Statements
for the year ended 30 June 2011

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Provision of municipal services in terms of the Municipal Finance Management Act No.56 of 2003 and the Municipal Systems Act No.32 of 2000.
Mayoral committee	
Executive Mayor	Clr. Miga NL Clr. M Leepile(Public Safety and Acting Corporate Support Services) Clr. Moepi DP (Community Service) Clr. KA Poenyane (Planning and Development) Clr. EFK Molete (Local Economic Development) Clr. Tirano R (Special Projects) Clr. Ngqobe NR (Finance) Clr. Mogoetsi KKM (Infrastructure)
Councillors	Clr. Jabanyane MD (Speaker) Clr Makolomakwa (Chief Whip) Clr. Mafabatho AP Clr. Maloisane SSN Clr. Mosenogi IS Clr. Nthutang B Clr. Thomas G Clr. Babedi P Clr. Ntshabele T Clr. Mpegezi N Clr. Diakanyo KB Clr. Moamogwe N Clr. Mosikare MD Clr. Lesejane RS Clr. Motsamai IS Clr. Moremedi SD Clr. Molale PP Clr. Nkoane GJ Clr. Mafete ME Clr. Tabane PM Clr. Ngobeni BS Clr. Johnson OJ Clr. Nkolisa BJ Clr. Novolo GS Clr. Lolwane AN Clr. Moeti ME Clr. Lomo FL Clr. Nkosi P Clr. Mathakathaka KG Clr. Mokolemako MC Clr. Dintoe MM Clr. Magogodi MP Clr. Mothupi HR Clr. Legalatladi GU Clr. Mathlako SM Clr. Theologo JR

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

General Information

Clr. Chanda MM
Clr. Chili EM
Clr. Africa AJ
Clr. Selepe TL
Clr. Mtunzi DT
Clr. Motshegoa T
Clr. Mahura SM
Clr. Mhathle KK
Clr. Mmono CD
Clr. Sephoti MW
Clr. Lebelela TW
Clr. Kgaje GK
Clr. Ngqobe M
Clr. Molete GM
Clr. Lekhobe ME
Clr. Matlholwa MR
Clr. Letlakana KC

Grading of local authority

Grade 4

Acting Chief Finance Officer (CFO)

Mr. T. Sesinyi

Accounting Officer

Mr. Kgotso Rabanye

Registered office

Cnr University Drive & Hector Peterson Road
Mmabatho
2735

Business address

Cnr University Drive & Hector Peterson Road
Mmabatho
2735

Postal address

Private Bag X63
Mmabatho
2735

Bankers

Standard Bank of South Africa
Business Centre, Nelson Mandela Avenue, Mafikeng, 2745

Auditors

Auditor-General of South Africa
124 Kock Street
Rustenburg
0300

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Index

The reports and statements set out below comprise the annual financial statements presented to the Mafikeng Local Municipality's Council:

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
IFRS	International Financial Reporting Standards
MSIG	Municipal Systems Improvement Grant
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
FMG	Finance Management Grant
COGTA	Department of Co-operative Governance & Traditional Affairs
MEC	Member of Executive Council

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Officer's Responsibilities and Approval

I, as accounting officer, am required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and am responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is my responsibility 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 were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

I acknowledge that I am ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, I set the 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.

I am 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.

I have reviewed the municipality's cash flow forecast for the year to 30 June 2012 and, in the light of this review and the current financial position, I am satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality operations depend on a number of sources of revenue, ranging from National Government to its own sources and donations. There are no signs or indications that any of these sources will be significantly curtailed. As such, the annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

Although I am primarily responsible for the financial affairs of the municipality, I am supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. Thus, the annual financial statements will be examined by the municipality's external auditors, with an objective of expressing an independent opinion on the annual financial statements.

The annual financial statements set out on pages 53 to 113, which have been prepared on the going concern basis, were approved and signed by me on 16 January 2012

Mr. Kgotso Rabanye
Accounting Officer

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2011.

1. Review of activities

Main business and operations

The municipality is engaged in the provision of municipal services in terms of the municipal Finance Management Act no.56 of 2003 and Municipal Systems Act no.32 of 2000 and operates principally in South Africa.

The operating results for the year were satisfactory for the following reasons:

The municipality's net surplus was R 39 129 587 [2010: (R41 035 519)]. This shows the an improvement in the municipality's revenue enhancement measures that are being implemented. It is expected that these measures will bear even better results in future.

Improvement in the proportion of our own income relative to grants and subsidies.

Proportion of income generated / raised

2011

Type of income	Proportion of contribution	Amount
Property rates	30 %	122 895 745
Services charges	17 %	70 197 067
Grants and subsidies	31 %	125 702 839
Other	22 %	91 516 170

2010

Type of income	Proportion of contribution	Amount
Property rates	31 %	128 166 363
Service Charges	16 %	65 393 315
Grants and subsidies	29 %	117 083 271
Other	24 %	98 057 956

2. Going concern

The municipality recorded a surplus of R39 129 745 [2010: (R41 035 519)], during the year ended 30 June 2011, has accumulated surplus of R636 769 870 (2010: R643 635 578) and the municipality's total assets exceed its liabilities by R 715 584 874 (2010: R703 851 746). These are signs that the municipality has no going concern challenges. The decrease in the level of losses experienced further confirms this matter.

In light of the foregoing, the annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continues to procure funding for the on-going operations for the municipality.

3. Accounting policies

The annual financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the framework prescribed by National Treasury.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Officer's Report

4. Accounting officer

The accounting officer of the municipality as at the date of this report is as follows:

Name	Nationality	Changes
Mr. Kgotso Rabanye	South African	Appointed 10 February 2011

5. Corporate governance

General

The Accounting Officer is committed to business integrity, transparency and professionalism in all its the activities of the municipality. As part of this commitment, the Accounting Officer supports the highest standards of corporate governance and the on-going development of best practice.

The municipality confirms and acknowledges its responsibility to comply with relevant and applicable principles of Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa in 2010. The Accounting Officer discusses the responsibilities of management in this respect, at management and council meetings and monitors the municipality's compliance with adopted principles of the code that are relevant to the municipality.

Management meetings

The Accounting Officer meets with Section 57 Managers once every week. Thus, the Accounting Officer is scheduled to meet with them at least 52 times per annum. During the current year, this was satisfactorily achieved.

Audit and Risk Committee

The municipality is in the process of setting up its own Audit Committee and Internal Audit function. It is hoped that the unit will be functional by the end of the 2012 financial period.

6. Bankers

The municipality's bankers did not change during the current year.

7. Auditors

Auditor-General of South Africa will continue to audit the Annual Financial Statements of the municipality.

8. Subsidy

The municipality continues to receive a water subsidy through the district municipality. The subsidy is mainly meant to reimburse the municipality for part of the water related costs incurred in the provision of water to its residents, as it is not a water service authority.

9. Public Private Partnership

The municipality entered into an agreement with Thandeka Trust (a property developing company) to form a Special Purpose Vehicle (SPV) called Mafikeng Leisure DevCo (Pty) Ltd. The main purpose of this was to develop portions 56 & 57 of Mmabatho Town and Town Lands for mixed-use development. The terms of the agreement are that:

- the municipality will contribute land to the value of R10 million. Of this amount, R3 million was contributed on behalf of the BaRolong Boora Tshidi Tribe as equity towards the partnership.
- the developers' contribution is the construction and installation of Sewer Pipeline and pumping stations on the said pieces of land.

In addition to the foregoing, the municipality entered into another agreement with Miagra Property Development (Pty) Ltd to develop portion 55 of Mmabatho Town and Town Lands for sectional title development. The purchase price for the land was R5 million, of which R2 million was contributed on behalf of the BaRolong Boora Tshidi Tribe. Please refer to **note 5** for more information.

10. Non compliance with applicable legislation

Significant non-compliance with various legislations has been properly disclosed in the notes to the financial statements.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Officer's Report

11. Subsequent Events

There are a number of subsequent events that occurred the following are the major ones:

(a) Hawks Landing Investment 24 (Pty) Ltd

The company purchased land from the municipality in 2007 to the value of R144 million. The main purpose of this was to develop the piece of land for both residential and commercial purposes

In 2009, 23 stands valued at R81 011 746.07 were transferred to Hawks Landing (the purchaser) and they paid R5 000 000, leaving a balance of R 76 011 764,07. This has not been paid to date (refer to note 6 in the annual financial statements)

On 22 September 2011, the High Court of South Africa (North West High Court - Mafikeng) (Case No. 2774/2010) ordered that Hawks Landing 24 (Pty) Ltd be placed under final winding up.

A liquidator was subsequently appointed and the first creditors' meeting was held in December 2011. The minutes are not yet at the office of the Master of The High Court. Please refer to **note 6** for more information.

(b) Labour Related Cases

The municipality has a number of labour related cases. As at the date of approval of the financial statements the Presiding Judge and Arbitrators ruled in favour of the applicants. Please refer to Note 50 of the Annual Financial Statements.

(c) Forensic Audit Investigation

During the month of September 2011, a firm of chartered accountants was appointed to perform a forensic investigation regarding the disposal of various pieces of municipal land and the valuation roll. As at the date of approval of the annual financial statements, the work is still in progress.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Position

Figures in Rand	Note(s)	2011	2010 (Restated)
Assets			
Current Assets			
Inventories	12	31 361 287	30 813 547
Other receivables	13	854 984	6 754 575
Other receivables from non-exchange transactions	14	11 535 942	14 645 186
Consumer Debtors	15	17 430 050	19 077 389
Money Market Investments	9	7 291 658	4 904 849
Shares & Unit Trusts	11	3 711 996	3 561 342
Cash and cash equivalents	16	7 413	5 110
		72 193 330	79 761 998
Non-Current Assets			
Investment property	2	397 972 720	353 741 126
Property, plant and equipment	3	433 647 551	433 935 880
Intangible assets	4	1 446 880	44 655
Investments in Public Private Partnership Entity	5	8 771 930	8 771 930
Long term Debtors	6	65 220 823	57 211 249
Held to Maturity Investments	10	7 041 195	6 414 551
		914 101 099	860 119 391
Total Assets		986 294 429	939 881 389
Liabilities			
Current Liabilities			
Other Interest Bearing Liabilities	19	5 431 921	5 246 786
Finance lease obligation	20	2 106 392	2 406 673
Trade and other payables	24	96 790 354	79 188 219
VAT payable	25	15 604 360	19 136 163
Consumer deposits	26	4 115 992	3 671 530
Retirement benefit obligation	8	68 000	62 000
Unspent conditional grants	21	14 905 097	10 212 808
Provisions	22	11 352 091	3 089 181
Bank overdraft	16	17 708 509	10 138 974
		168 082 716	133 152 334
Non-Current Liabilities			
Other Interest Bearing Liabilities	19	36 078 771	42 050 875
Finance lease obligation	20	2 799 932	4 920 435
Retirement benefit obligation	8	47 300 000	40 782 000
Provisions	22	9 235 796	8 709 448
Employee Pension Fund	23	7 041 196	6 414 551
		102 455 695	102 877 309
Total Liabilities		270 538 411	236 029 643
Net Assets		715 756 018	703 851 746
Net Assets			
Reserves			
Housing Development Fund	17&17	3 470 046	3 470 046
Government grant reserve	18&18	75 516 102	56 746 122
Accumulated surplus		636 769 870	643 635 578
Total Net Assets		715 756 018	703 851 746

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010
Revenue			
Land Sales		-	2 524 470
Property rates	28	122 895 745	128 166 363
Service charges	29	70 197 067	65 393 315
Rental of facilities and equipment		2 761 339	2 769 662
Interest received - Debtors balances		26 167 840	34 156 047
Fines		1 512 547	1 813 111
Licences and permits/certificates		4 285 362	3 558 130
Government grants & subsidies	30	125 702 839	117 083 271
Miscellaneous other revenue		351 340	852 775
Fees earned		890 038	860 728
Commissions received		240 201	227 873
Fair Value Adjustment		44 231 594	42 266 771
Recoveries		807 529	339 173
Blocked drains revenue		102 922	158 383
Unwound Interest- Long term Debtor		8 009 574	7 025 943
Other income	32	117 683	286 620
Building plans fees		158 844	129 989
Interest received - investment	38	1 879 199	971 353
Total Revenue		410 311 663	408 583 977
Expenditure			
Personnel	35	(176 351 449)	(146 107 825)
Remuneration of councillors	36	(14 933 904)	(17 657 404)
Depreciation and amortisation	40	(25 607 480)	(24 094 379)
Finance costs	41	(4 799 577)	(5 840 417)
Debt impairment	37	(11 710 659)	(116 330 349)
Collection costs		(802 595)	(864 441)
Repairs and maintenance		(5 108 870)	(7 521 230)
Bulk purchases	44	(43 489 896)	(37 721 658)
General Expenses	33	(88 377 646)	(93 481 587)
Total Expenditure		(371 182 076)	(449 619 393)
Loss on disposal of assets and liabilities		-	(103)
Surplus (deficit) for the year		39 129 587	(41 035 519)

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Statement of Changes in Net Assets

	Housing Development Fund	Government grant reserve	Total reserves	Accumulated surplus	Total net assets
Figures in Rand					
Balance at 30 June 2009	3 470 046	32 122 241	35 592 287	487 190 019	522 782 306
Changes in net assets					
Current Year Additions (as previously disclosed)	-	27 586 466	27 586 466	(27 586 466)	-
Depreciation Charge	-	(2 962 585)	(2 962 585)	2 962 585	-
Net income (losses) recognised directly in net assets	-	24 623 881	24 623 881	(24 623 881)	-
Surplus for the year	-	-	-	(41 035 519)	(41 035 519)
Total recognised income and expenses for the year	-	24 623 881	24 623 881	(65 659 400)	(41 035 519)
Prior year adjustment (note 38)	-	-	-	222 104 959	222 104 959
Total changes	-	24 623 881	24 623 881	156 445 559	181 069 440
Balance at 30 June 2010	3 470 046	56 746 122	60 216 168	653 236 506	713 452 674
Changes in net assets					
Current Year Additions	-	21 476 142	21 476 142	(21 476 142)	-
Depreciation Charge	-	(2 706 162)	(2 706 162)	2 706 162	-
Net income recognised directly in net assets	-	18 769 980	18 769 980	(18 769 980)	-
Surplus for the year	-	-	-	39 129 587	39 129 587
Total recognised income and expenses for the year	-	18 769 980	18 769 980	20 359 607	39 129 587
Prior Year Adjustment (Note 38)	-	-	-	(36 826 243)	(36 826 243)
Total changes	-	18 769 980	18 769 980	(16 466 636)	2 303 344
Balance at 30 June 2011	3 470 046	75 516 102	78 986 148	636 769 870	715 756 018
Note(s)	17	18			

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Cash Flow Statement

Figures in Rand	Note(s)	2011	2010
Cash flows from operating activities			
Receipts			
Sale of goods and services		180 014 664	141 843 330
Grants & Subsidies		120 761 283	117 083 271
Interest income		1 879 199	971 353
Other receipts		33 631 303	109 286 938
		<u>336 286 449</u>	<u>369 184 892</u>
Payments			
Employee costs & Councillor Remuneration		(170 795 644)	(158 593 060)
Payments suppliers & other service providers		(113 158 223)	(149 512 033)
Finance costs		(4 799 577)	(5 840 417)
		<u>(288 753 444)</u>	<u>(313 945 510)</u>
Net cash flows from operating activities	45	<u>47 533 005</u>	<u>55 239 382</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(42 818 300)	(32 693 489)
Purchase of other intangible assets	4	(1 500 414)	(54 641)
Increase in money market investments		(2 423 116)	-
Increase of held to maturity investments		(626 644)	(581 341)
Increase in shares and unit trusts		(150 654)	-
		<u>(47 519 128)</u>	<u>(33 329 471)</u>
Cash flows from financing activities			
Repayment of other interest bearing liabilities		(5 786 970)	2 593 757
Movement in employee pension fund		626 645	581 341
Finance lease payments		(2 420 784)	(1 670 753)
		<u>(7 581 109)</u>	<u>1 504 345</u>
Net increase/(decrease) in cash and cash equivalents		(7 567 232)	23 414 256
Cash and cash equivalents at the beginning of the year		(10 133 864)	(4 527 295)
Cash and cash equivalents at the end of the year	16	<u>(17 701 096)</u>	<u>(10 133 864)</u>

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1. Presentation of Annual Financial Statements

1.1 Statement of Compliance

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless specified otherwise. They are presented in South African Rand.

e.

STATEMENT AND INTERPRETATION NOT YET EFFECTIVE

At the date of authorisation of these Annual Financial Statements, the following standards and interpretations were in issue but not yet effective and have not been early adopted by the municipality:

- GRAP 18 - Segment Reporting
- GRAP 21 - Impairment of non-cash-generating Assets
- GRAP 23 - Revenue from non-exchange transactions
- GRAP 24 - Presentation of Budget Information in Financial Statements
- GRAP 25 - Employee benefits
- GRAP 26 - Impairment of Cash-generating assets
- GRAP 103 - Heritage assets
- GRAP 104 - Financial Instruments
- GRAP 105 - Transfer of functions between entities under common control
- GRAP 106 - Transfer of functions between entities not under common control
- GRAP 107 - Mergers
- GRAP 20 - Related party disclosures

1.2 Accounting estimates and judgements

Key sources of estimation uncertainty

The preparation of financial statements in conformity with GRAP requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on managements best knowledge of the current events and actions they may undertake in the future actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In the process of applying the municipality's policies, management has made the following significant accounting judgments, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements and these are consistent with the previous period.

Impairment of Trade and Other Receivables

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

Provisions and contingent liabilities

Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions are included in note 22 - Provisions.

Pension and other post-retirement benefits

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Additional information is disclosed in Note 8

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.2 Accounting estimates and judgements (continued)

Classification as investment property

The municipality has reviewed its property portfolio and determined which items of land and buildings are held to earn rental revenue or for capital appreciation. Land and buildings fulfilling these requirements have been classified as investment property, whilst the remainder of the portfolio has either been classified as property, plant and equipment or inventory depending on management's intention in dealing with these properties.

Depreciation and carrying value of items of property, plant and equipment

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

1.3 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
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is held at fair value.

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

Transitional provision

According to the transitional provision, 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, as disclosed in note 2. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where investment property was acquired through a transfer of functions, the municipality is not required to measure that investment property for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. However, currently, the municipality does not have an investment property acquired as a result of transfer of function.

Until such time as the measurement period expires and investment property is recognised and measured in accordance with the requirements of the Standard of GRAP on Investment property, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Investment property implies that any associated presentation and disclosure requirements need not be complied with for investment property not measured in accordance with the requirements of the Standard of GRAP on Investment property.

1.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment or at fair where assets have been acquired by grant or donation.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.4 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 capabilities of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

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

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value, and is recognised in the Statement of Financial Performance.

Property, plant & equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Assets held under finance leases are depreciated over their useful lives on the same basis as owned assets or, where appropriate, the terms of the relevant lease, and the depreciation are recognised in the Statement of Financial Performance.

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

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

Item	Average useful life
Buildings	30
Furniture and fixtures	5-10
Motor vehicles	7-10
Office equipment	5-7
IT equipment	5
Emergency Equipment	5 - 10
Refuse Tankers	5 - 10
Infrastructure	10-40
Community	15 - 30
Other property, plant and equipment	4 - 20
Bins and containers	5
Landfill site	17

Impairment of property, plant and equipment

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

Heritage Assets.

A heritage asset is defined as an asset that has cultural, environmental, historical, natural, scientific, technological or artistic significance, and are held and preserved indefinitely for the benefit of present and future generations.

A heritage asset that qualifies for recognition as an asset shall be measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Heritage assets are not depreciated, as their long economic life and high residual value mean that any depreciation would be immaterial.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.4 Property, plant and equipment (continued)

Transitional provision

According to the transitional provision as per 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. Property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in note 3. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant and equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant and equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later.

Until such time as the measurement period expires and property, plant and equipment is recognised and measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Property, plant and equipment implies that any associated presentation and disclosure requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment.

1.5 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Item	Useful life
Computer software	5 years

Transitional provision

According to the transitional provision, the municipality is not required to measure intangible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Intangible assets. Intangible Assets has accordingly been recognised at provisional amounts, as disclosed in 4. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where intangible assets was acquired through a transfer of functions, the municipality is not required to measure that intangible assets for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later.

Until such time as the measurement period expires and intangible assets is recognised and measured in accordance with the requirements of the Standard of GRAP on Intangible assets, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Intangible assets implies that any associated presentation and disclosure requirements need not be complied with for intangible assets not measured in accordance with the requirements of the Standard of GRAP on Intangible assets.

Mafikeng Local Municipality

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Accounting Policies

1.6 Site restoration and dismantling cost

Where the municipality has an obligation to dismantle, remove and restore items of property, plant and equipment, such obligations are referred to as 'decommissioning, restoration and similar liabilities'. These costs include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located and the obligation for which municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. The costs are capitalised to the cost of the relevant assets.

If the related asset is measured using the cost model:

- subject to changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited to other comprehensive income and accumulated in the revaluation surplus in equity, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to other comprehensive income as a decrease to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and to other comprehensive income under (a). If a revaluation is necessary, all assets of that class are revalued.

1.7 Financial instruments

Classification

The Financial instruments are recognised when the municipality becomes a party to the contractual provisions of the instrument and are initially measured at fair value plus, in the case of a financial asset or liability, not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability:

The municipality classifies financial assets, and financial liabilities into the following categories:

- Held-to-maturity investment
- Loans and receivables
- Financial liabilities measured at amortised cost

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.

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.7 Financial instruments (continued)

Impairment losses are reversed when an increase in the financial asset'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 financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost. 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 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the amount expected to be recovered in future. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit. Interest is charged on overdue amounts.

Amounts receivable within 12 months from the date of reporting are classified as current.

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.

Liabilities for annual leave (accrued leave pay) and annual bonus are recognised as they accrue to employees. Accrual is based on the potential liability of the Municipality. Liabilities for goods and services rendered to the municipality before year-end are accrued based on management's estimate if the invoice or statement have not been issued.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months and are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks, net of bank overdrafts. The Municipality categories cash and cash equivalents as financial assets, loans and receivables. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. Cash and cash equivalents and bank borrowings are subsequently recorded at amortised cost.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.7 Financial instruments (continued)

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.

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.

Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of contractual agreements entered into. Trade and other payables are stated at their nominal value. Equity instruments are recorded at the amount received, net of direct issue costs.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Derecognition

Financial assets

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the municipality has transferred substantially all risks and rewards of ownership, or when the municipality loses control of contractual rights that comprise the assets.

Financial liabilities

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

1.8 Leases

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

Finance leases - municipality lessee

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

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

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.8 Leases (continued)

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

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

Assets leased under operating leases, except for property interests held by the municipality as investment property, are not recognised in the statement of financial position.

Operating leases - municipality as lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Operating leases - municipality as lessee

Operating lease payments are recognised in surplus or deficit on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

1.9 Inventories

Inventories consist of raw materials, work in progress, consumables finished goods and unsold properties. Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are fair value as at the date of acquisition.

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

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.

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 inventories are acquired at no cost, or for nominal consideration, the cost is deemed to be the fair value as at the date of acquisition. Cost is generally determined using the first-in-first-out principle except where stated otherwise.

Unsold properties are measured at the lower of cost and net realisable value. Cost is primarily determined by reference to Valuation roll values as at the date of initial recognition or total cost of servicing the land. Net realisable values are based on the latest valuation roll values less estimated cost to sell.

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 12. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where inventories were acquired through a transfer of functions, the municipality is not required to measure those inventories for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.9 Inventories (continued)

Until such time as the measurement period expires and inventories is recognised and measured in accordance with the requirements of the Standard of GRAP on Intangible assets, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Inventories implies that any associated presentation and disclosure requirements need not be complied with for inventories not measured in accordance with the requirements of the Standard of GRAP on Inventories.

1.10 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. The municipality 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.

1.11 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 of 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.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

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

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.12 Employee benefits

Short-term employee benefits

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

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

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

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expects to pay in exchange for that service and had accumulated at the reporting date.

Defined contribution plans

Mafikeng Local Municipality

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Accounting Policies

1.12 Employee benefits (continued)

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in surplus or deficit in the period in which the service is rendered by the relevant employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The municipality contributes to various national-and provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer plans and are accounted for as defined contribution plans as there is no consistent and reliable basis available for allocating the obligation, plan assets and cost to individual municipalities participating in the plan. The contributions to fund obligations for the payment of retirement benefits are expensed in the year it becomes payable. These multi-employer plans are actuarially valued annually on a national-or provincial level using the projected unit credit method. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined benefit plans

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses are recognised in full in the year they are incurred.

The municipality provides certain post- retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of all of the medical aid funds with which the municipality is associated, a member is entitled to remain a continued member of the medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. These medical aid funds are classified as defined benefit plans.

The current service cost is recognised as a period expense in the statement of financial performance and is matched to the benefit received during the working life of the employee. The current service cost includes the expense for benefits received by the employee currently in service and the cost of funding the employee when no longer in service. The expense for the year is included in the employee benefits expense in the statement of financial performance.

Where some of the employees are not members of any qualifying medical aid scheme as at reporting date, the municipality accrues 50% of such potential liability. This management estimate is meant to cater for employees who are likely to join the qualifying medical schemes in future but before retirement.

Other long-term employee benefits

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The cost for each employee is computed at each reporting date based on the probability of being employed at each service award date, taking into account the assumed rates of withdrawal, early retirement and death. On determining this liability due allowance is made for future salary increases. Actuarial gains and losses are recognised in full in the year they are incurred.

The municipality's net obligation in respect of long service awards is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value.

The current service cost is recognised as a period expense in the statement of financial performance and is matched to the benefit received during the working life of the employee. The current service cost includes the expense for benefits received by the employee currently in service. The expense for the year is included in the employee benefits expense in the statement of financial performance.

Where some of the employees have already reached the prescribed milestones but payments for the equivalent leave days accrued has not been made by year- end, the amount is recognised as accruals.

1.13 Provisions

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.

Mafikeng Local Municipality

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Accounting Policies

1.13 Provisions (continued)

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 47.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.13 Provisions (continued)

Site Restoration

In accordance with applicable legal requirements, a provision for site restoration in respect of landfill sites is recognised when the land is contaminated. The related expense is capitalised against the cost of the landfill sites.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the municipality from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

Reimbursements

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Restructuring

A provision for restructuring is recognised when the municipality has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced as publicly.

Long Service Award

In terms of the Collective Bargaining Agreement, employees who achieve a certain predetermined milestone of service within the municipality are entitled to leave days or cash equivalent. A provision is made at the end of each balance sheet date based on the estimated number of employees who are likely to achieve the milestones in the future. The provision is discounted using a reasonable discounting rate.

Transitional provision

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where provisions, contingent liabilities and contingent assets were acquired through a transfer of functions, the municipality is not required to measure those provisions, contingent liabilities and contingent assets for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later.

Until such time as the measurement period expires and the provisions, contingent liabilities and contingent assets are recognised and measured in accordance with the requirements of the Standard of GRAP on Provisions, contingent liabilities and contingent assets, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Provisions, contingent liabilities and contingent assets implies that any associated presentation and disclosure requirements need not be complied with for provisions, contingent liabilities and contingent assets not measured in accordance with the requirements of the Standard of GRAP on Provisions, contingent liabilities and contingent assets.

1.14 Revenue

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Revenue from exchange transactions includes revenue from trading activities and other services provided while revenue from non-exchange transactions includes rates levied, fines, donations and grants from other spheres of government.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.14 Revenue (continued)

Revenue from exchange transactions

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

- (1) the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- (2) the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (3) the amount of revenue can be measured reliably;
- (4) it is probable that the economic benefits associated with the transaction will flow to the municipality; and
- (5) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the rendering of services is recognised in surplus or deficit in proportion to the stage of completion of the transaction at the reporting date.

Revenue is measured at the fair value of the consideration received or receivable, net of value added tax, estimated returns, rebates and discounts.

Services

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service Charges.

Service charges relating to distribution of water are based on consumption. Meters are read on a regular basis consumption is recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made on a monthly basis 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 it being invoiced. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is raised based on the average monthly consumption. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters are read. These adjustments are recognised as revenue in the invoicing period.

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

Service charges from sewerage and sanitation services are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council. Revenue is recognised on a monthly basis.

Interest, royalties and dividends

Interest earned and rentals received

Interest income is recognised in surplus or deficit as it accrues, using the effective interest method. Interest earned on unutilised conditional grants is recognised as an unspent conditional grants liability if the grant conditions indicate that interest is payable to the grantor.

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

Dividends

Dividends are recognised on the date that the municipality's right to receive the dividend has been established.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.14 Revenue (continued)

Royalties

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreements.

Other

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.

Housing rental and installments

Finance income from the sale of housing by way of installment sales agreements or finance leases is recognised as it accrues in surplus or deficit using the effective interest method.

1.15 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, the amount of the revenue can be measured reliably and, if applicable, there has been compliance with the relevant legal requirements or restrictions.

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 councilors or officials is virtually certain.

Rates and Taxes

Revenue from rates, including collection charges and penalty interest, is recognised on a monthly basis when the taxes are levied as this is regarded to be the date when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably and there has been compliance with the relevant legal requirements.

A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are either processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines is recognised on receipt

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

Donations and contributions.

Revenue from donations is recognised when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably and any restrictions associated with the donation have been met.

Revenue from donations is measured at the fair value of the consideration received or receivable, which is the cash amount received or where the donation is in the form of property, plant and equipment, the fair value of the property, plant and equipment received or receivable.

Unconditional grants and receipts

Revenue from unconditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality the amount of the revenue can be measured reliably. Since these grants are unconditional and there are no attached stipulations, the grants are recognised as revenue or, if the recognition criteria had been met, as assets in the reporting period in which they are received or receivable.

Conditional grants and receipts

Revenue from conditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality the amount of the revenue can be measured reliably and to the extent that there has been compliance with any restrictions associated with the grant.

Interest earned on investments is treated in accordance with grant conditions. If interest is payable to the grantor, it is recognised as a liability and if not, it is recognised as interest earned in the statement of financial performance.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Consumer Deposits

Consumer deposits are charged when new water and/or electricity accounts are opened except for owner occupied proportions. The amounts vary per type of consumer and are approved by Council as part of the tariff structure.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.16 Investment income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method. Dividend income is recognised in surplus or deficit on the date that the municipality's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets through profit or loss and impairment losses recognised on financial assets. Borrowing costs are recognised in surplus or deficit using the effective interest method.

1.17 Comparative figures

When the presentation or classification of items in the annual financial statements are amended, comparative amounts are reclassified. The nature and amounts of reclassifications as well as the reasons are disclosed in the notes to the financial statements.

1.18 Unauthorised expenditure

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

1.19 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 recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000) and the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the municipality's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by the relevant authority, it is treated as a receivable until it is recovered or written off as irrecoverable.

1.21 Presentation of currency

These annual financial statements are presented in South African Rand, which is the municipality's functional currency. All financial information has been rounded to the nearest Rand.

1.22 Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the municipality has a legal right to set off amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.23 Budget information

Mafikeng Local Municipality is subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipalities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.23 Budget information (continued)

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period has been included in the annual financial statements.

The Statement of comparative and actual information have been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by GRAP 1.

1.24 Tax

Value Added Tax (VAT)

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

- The annual financial statements have been prepared on the assumption that the municipality will continue to operate on a going concern basis for at least the next twelve months.

1.25 Investments in Public Private Partnership Entity

1.26 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.27 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand 2011 2010

2. Investment Property

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	397 972 720	-	397 972 720	353 741 126	-	353 741 126

Reconciliation of investment property - 2011

	Opening balance	Fair value adjustments	Total
Investment property	353 741 126	44 231 594	397 972 720

Reconciliation of investment property - 2010

	Opening balance	Fair value adjustments	Total
Investment property	311 474 355	42 266 771	353 741 126
Fair value of investment properties		397 972 720	353 741 126

Pledged As Security

There were no pledges made against investment properties. However, income from one of the investment properties is used as security for one of the DBSA Loans.

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.

Transitional provisions

Investment property recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, investment property are recognised at provisional amounts, which are based on the municipality's valuation roll as 30 June 2008. This approach was used for all the investment properties recognised in the financial statements. However, for land not included in the valuation, a provisional amount of R0 was used, pending subsequent valuation of all the municipal land so as to determine the final values of the investment property. The provisional amounts are due to initial adoption of GRAP 16.

Due to initial adoption of GRAP 16

Investment Property	397 972 720	353 741 126
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Steps taken to establish the values of investment property recognised at provisional amounts due to the initial adoption of GRAP 16 commenced with the identification process of all investment property belonging to the municipality, during the current financial year. In the ensuing periods (prior to expiry of Directive 4), the municipality will appoint an independent appraiser to value all the investment properties.

The date at which full compliance with GRAP 16 is expected, is 30 June 2012.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand

2011

2010

3. Property, plant and equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	34 466 370	-	34 466 370	34 466 370	-	34 466 370
Buildings	33 825 051	(3 130 363)	30 694 688	33 434 566	(2 014 829)	31 419 737
Furniture and fixtures	6 495 310	(2 502 138)	3 993 172	5 884 436	(1 628 802)	4 255 634
Motor vehicles	20 607 440	(8 494 811)	12 112 629	20 607 440	(5 550 890)	15 056 550
Office equipment	1 389 082	(464 695)	924 387	1 231 220	(283 246)	947 974
IT equipment	1 502 948	(603 228)	899 720	1 128 356	(339 518)	788 838
Roads, Storm Drains & Pavements	145 323 115	(13 526 864)	131 796 251	145 323 115	(8 682 761)	136 640 354
Community Buildings	3 771 081	(280 629)	3 490 452	3 771 081	(154 923)	3 616 158
Emergency Equipment	1 262 898	(549 726)	713 172	1 128 070	(301 799)	826 271
Other Assets	3 531 737	(1 214 716)	2 317 021	3 362 943	(782 338)	2 580 605
Bins and containers	1 260 029	(540 013)	720 016	1 260 029	(360 008)	900 021
Capital work in progress	18 485 711	-	18 485 711	12 722 066	-	12 722 066
Refuse Tanker	209 544	(104 195)	105 349	209 543	(83 240)	126 303
Bridges	48 188 375	(4 558 183)	43 630 192	44 676 819	(2 978 454)	41 698 365
Sanitation Skips	178 200	(53 460)	124 740	178 200	(35 640)	142 560
High Mast Lights	53 788 945	(6 792 700)	46 996 245	44 516 592	(4 145 323)	40 371 269
Recreational Facilities	926 221	(126 628)	799 593	926 221	(80 314)	845 907
Landfill Site	1 831 645	(161 615)	1 670 030	1 831 645	(53 872)	1 777 773
Stadiums	6 410 965	(960 546)	5 450 419	6 410 964	(640 000)	5 770 964
Farms	20 428 214	-	20 428 214	20 428 214	-	20 428 214
Sewerage, Water network & Piping	95 303 022	(27 193 127)	68 109 895	95 303 022	(17 662 825)	77 640 197
Heritage	913 750	-	913 750	913 750	-	913 750
Reservoirs	4 824 702	(19 167)	4 805 535	-	-	-
Total	504 924 355	(71 276 804)	433 647 551	479 714 662	(45 778 782)	433 935 880

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand 2011 2010

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Transfers	Depreciation	Total
Land	34 466 370	-	-	-	34 466 370
Buildings	31 419 737	390 485	-	(1 115 534)	30 694 688
Furniture and fixtures	4 255 634	610 874	-	(873 336)	3 993 172
Motor vehicles	15 056 550	-	-	(2 943 921)	12 112 629
Office equipment	947 974	157 863	-	(181 450)	924 387
IT equipment	788 838	374 592	-	(263 710)	899 720
Roads, Storm Drains & Pavements	136 640 354	-	-	(4 844 103)	131 796 251
Community Buildings	3 616 158	-	-	(125 706)	3 490 452
Emergency Equipment	826 271	134 827	-	(247 926)	713 172
Other	2 580 605	168 794	-	(432 378)	2 317 021
Bins and containers	900 021	-	-	(180 005)	720 016
Capital work in progress	12 722 066	23 372 255	(17 608 610)	-	18 485 711
Refuse Tanker	126 303	-	-	(20 954)	105 349
Bridges	41 698 365	3 511 556	-	(1 579 729)	43 630 192
Sanitation Skips	142 560	-	-	(17 820)	124 740
High Mast Lights	40 371 269	9 272 352	-	(2 647 376)	46 996 245
Recreational Facilities	845 907	-	-	(46 314)	799 593
Landfill site	1 777 773	-	-	(107 743)	1 670 030
Stadiums	5 770 964	-	-	(320 545)	5 450 419
Farms	20 428 214	-	-	-	20 428 214
Sewerage, Water network and Piping	77 640 197	-	-	(9 530 302)	68 109 895
Heritage	913 750	-	-	-	913 750
Water Reservoirs	-	4 824 702	-	(19 167)	4 805 535
	433 935 880	42 818 300	(17 608 610)	(25 498 019)	433 647 551

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Disposals	Depreciation	Total
Land	34 466 370	-	-	-	34 466 370
Buildings	31 595 684	930 323	-	(1 097 886)	31 419 737
Furniture and fixtures	5 015 537	71 882	(39)	(831 785)	4 255 634
Motor vehicles	17 356 665	465 837	(5)	(2 765 952)	15 056 550
Office equipment	912 418	199 256	(11)	(163 700)	947 974
IT equipment	929 832	46 334	(23)	(187 329)	788 838
Roads, Storm Drains & Pavements	128 874 559	12 485 154	-	(4 719 359)	136 640 354
Community Buildings	2 696 297	1 030 941	-	(111 080)	3 616 158
Emergency Equipment	733 669	260 200	(3)	(167 599)	826 271
Other	2 529 151	502 832	(22)	(451 378)	2 580 605
Bins and containers	1 080 025	-	-	(180 004)	900 021
Capital work in progress	6 302 839	6 419 227	-	-	12 722 066
Refuse Tankers	148 828	8	-	(22 525)	126 303
Bridges	43 187 591	-	-	(1 489 292)	41 698 365
Sanitation Skips	160 380	-	-	(17 820)	142 560
High Masts Lights	39 201 872	3 333 081	-	(2 163 684)	40 371 269
Recreational Facilities	892 283	-	-	(46 311)	845 907
Landfill Site	-	1 831 645	-	(53 872)	1 777 773
Stadiums	6 080 000	10 964	-	(320 065)	5 770 964
Farms	20 428 214	-	-	-	20 428 214
Sewerage, Water network & Piping	81 820 827	5 105 805	-	(9 286 435)	77 640 197
Heritage	913 750	-	-	-	913 750
	425 326 791	32 693 489	(103)	(24 076 076)	433 935 880

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3. Property, plant and equipment (continued)

Pledged as security

Leased vehicles are self-secured in that they are used as security for the loans which were used to fund them. Carrying value of assets pledged as security:

Motor vehicles	4 444 438	6 457 168
The terms of the agreement are that the lessor retains ownership of the vehicles until the loan is fully paid. More details of the loan are disclosed under finance leases.		

Assets subject to finance lease (Net carrying amount)

Motor vehicles	4 444 438	6 457 168
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Transitional provisions

Property, plant and equipment recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, as disclosed in note 1.4 certain property, plant and equipment with a carrying value of 402 521 284 (2010: 402 521 284) was recognised at provisional amounts. Carrying amounts of property, plant and equipment carried at provisional amounts are as follows:

Due to initial adoption of GRAP 17

Infrastructure Assets	304 717 653	304 717 653
Community Assets	10 233 029	10 233 029
Land	34 466 370	34 466 370
Heritage Assets	913 750	913 750
Farms	20 428 214	20 428 214
Other Buildings	31 762 268	31 762 268
Total	402 521 284	402 521 284

Steps taken to establish the values of property, plant and equipment recognised at provisional amounts due to the initial adoption of GRAP 17 commenced with the identification of all the assets, preliminary unbundling of infrastructure assets and use of various high level techniques to determine the fair value of the provisional amounts. A detailed formal plan is in the process of being developed so as to establish the actual values of the foregoing assets by the expiry date of Directive 4. For other assets with a carrying amount of R32,983,153 (2010: R25,482,093) the values determined at conversion has been adopted as final values for that class of assets. For assets acquired subsequent to 30 June 2008, actual purchase cost was used whilst for assets that were acquired prior to 30 June 2008, the fair value was determined by reference to current market value and the physical state of the assets.

All provisional amounts were retrospectively adjusted.

The date at which full compliance with GRAP 17 is expected, is 30 June 2012.

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.

4. Intangible assets

	2011			2010		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 555 054	(108 174)	1 446 880	54 641	(9 986)	44 655

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4. Intangible assets (continued)

Reconciliation of intangible assets - 2011

	Opening balance	Additions	Amortisation	Total
Computer software	44 655	1 500 414	(98 189)	1 446 880

Reconciliation of intangible assets - 2010

	Opening balance	Additions	Amortisation	Total
Computer software,	-	54 641	(9 986)	44 655

Pledged as security

There are no intangible assets pledged as security.

Transitional provisions

Intangible assets recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, as disclosed in note , certain intangible assets with a carrying value of R1 (2010: R1) was recognised at provisional amounts. Carrying amounts of intangible assets carried at provisional amounts are as follows:

Due to initial adoption of GRAP 102

Venus Software	1	1
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The municipality is in the process of engaging the software provider to provide a realisable fair value of the software in use. The process will be completed before the expiry period of Directive 4 and other related directives.

Provisional amounts retrospectively adjusted during the year, are as follows (refer to note for effect on the annual financial statements:

Venus Software	1	1
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The date at which full compliance with GRAP 102 is expected, is 30 June 2012.

5. Investments in Public Private Partnership Entity

Name of company	Held by	% holding 2011	% holding 2010	Carrying amount 2011	Carrying amount 2010
Mafikeng Leisure DevCo (Pty) Ltd	Local Economic Development Agency of Mafikeng (LEDAMA)	10,00 %	10,00 %	8 771 930	8 771 930

Mafikeng Local Municipality established an agency company in terms Section 21 of the Companies Act 2008 called Local Economic Development Agency of Mafikeng (LEDAMA). The company, which is wholly owned by the municipality, owns 10% shareholding in Mafikeng Leisure Development Company (DevCo), a company formed with private sector entities. The main objective of was to establish and operate a commercial project which will include an acqurium, commercial and residential properties in Mafikeng. This project was aimed to be one of the major tourism related projects in the province.

Whilst the project is not operational, during the formation and establishment of the project, there are some regulatory requirements that were not complied with in full. The municipality is in the process of engaging the relevant stakeholders, with the objective of regularising such regulatory requirements. It is hoped that the process will be completed by the end of the ensuing financial period.

Mafikeng Local Municipality

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5. Investments in Public Private Partnership Entity (continued)

Shareholding pledged as security

The municipality's shareholding is not pledged as security.

6. Long term Debtors

Long Term Debtors

Land Sale	65 220 823	57 211 249
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Non-current assets

Long term debtor	65 220 823	57 211 249
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Additional information

The municipality sold a piece of land to a developer for servicing and development purposes. The land, which had already been subdivided into a number of stands, was sold for a total amount of R144 million. In terms of the agreement, which was signed on 30 October 2007, payments from the purchaser were due on registration of the pieces/portion(s) of the said land i.e. stands transferred to the purchaser. Further, the purchaser was obligated to pay the said amount by the end of three years from date of signing the agreement. Should payment not have been made by the end of the three years, the purchaser had an option to extend the repayment period by two years, with an escalation of 10% per annum of the amount due and for each extension period. On 2 February 2009, 23 stands valued at R81,011,764.07 were transferred to the purchaser. The purchaser paid R5,000,000 by the end of June 2009. To date, no other stands have been transferred and no other payment has been received from the purchaser. Management is of the opinion that the purchaser has opted for the extension period. As such, payment is expected by the end of the fifth year. Further, management is of the opinion that the purchaser has the ability and intention to settle the amount on due date. As such, there is no need for a provision of the balance due. The effect of this transaction has been discounted, as the municipality did not opt for the exemptions in Directive 4 and other relevant exemptions.

On 22 September 2011, the High Court of South Africa (North West High Court - Mafikeng) (Case No. 2774/2010) ordered that Hawks Landing 24 (Pty) Ltd be placed under final winding up. A liquidator was subsequently appointed and the first creditors meeting was held in mid-December 2011. A second creditors' meeting where creditor claims will be lodged is still to be held and as at the date of signing the Annual Financial Statements the minutes of the first meeting had not yet been submitted at the Office of the Master. It was therefore not possible to determine the estimated payout ratio. Thus, the debtor may be impaired but at the present time it is impracticable to determine the level of impairment, if any.

The net amount due of R93,024,234.52 was discounted for a period of 44 months (2010: 56 months) at an estimated effective annual interest rate of 14%. Interest is unwound on an annual basis and pro-rated in the annual financial statements.

7. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2011

	Loans and receivables	Cash and cash equivalents	Fair value through surplus or deficit - designated	Held to maturity investments	Total
Trade and other receivables	19 408 762	-	-	-	19 408 762
Other receivables from non-exchange transactions	11 535 942	-	-	-	11 535 942
Cash and cash equivalents	-	7 413	-	-	7 413
Shares in unit trusts	-	-	3 711 996	-	3 711 996
Held to maturity investment	-	-	-	7 041 195	7 041 195
Money Market Investments	-	7 327 965	-	-	7 327 965
	30 944 704	7 335 378	3 711 996	7 041 195	49 033 273

Mafikeng Local Municipality

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7. Financial assets by category (continued)

2010

	Loans and receivables	Cash and cash equivalents	Held to maturity investments	Available-for-sale	Total
Trade and other receivables	25 706 005	-	-	-	25 706 005
Other receivables from non-exchange transactions	14 645 186	-	-	-	14 645 186
Cash and cash equivalents	-	5 110	-	-	5 110
Shares in unit trusts	-	-	-	3 561 342	3 561 342
Held to maturity investment	-	-	6 414 551	-	6 414 551
Money Market Investments	-	4 904 849	-	-	4 904 849
	40 351 191	4 909 959	6 414 551	3 561 342	55 237 043

8. Employee benefit obligations

Post Retirement Medical Aid Benefit

The municipality operates a funded post-employment health care defined benefit plans for qualifying employees. Employees of the municipality are members of Bonitas, Keyhealth, Samwumed, Discovery and Hosmed medical schemes.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2011 by Mr R. Smit (Momentum Actuaries), Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the unfunded net liabilities in excess of plan assets	(47 368 000)	(40 844 000)
Non-current liabilities	(47 300 000)	(40 782 000)
Current liabilities	(68 000)	(62 000)
	(47 368 000)	(40 844 000)

The municipality does not have assets set aside for post-employment medical aid funding that qualify as plan assets in terms of the requirements of IAS19. As such no value has been ascribed to the fair value of plan assets and no other disclosure has been done relating to plan assets.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	40 844 000	-
First time adoption-recognised during the year	-	35 075 000
Benefits paid	(101 583)	(116 929)
Net expense recognised in the statement of financial performance	6 625 583	5 885 929
Closing balance	47 368 000	40 844 000

Net expense recognised in the statement of financial performance

Current service cost	3 673 000	3 154 000
Interest cost	2 913 000	2 673 000
Actuarial (gains) losses	39 583	58 929
Total included in employee related costs	6 625 583	5 885 929

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

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Figures in Rand	2011	2010
8. Employee benefit obligations (continued)		
Calculation of actuarial gains and losses		
Expected benefit payments	(116 929)	(101 583)
Actual benefit payments	58 000	62 000
Total	(58 929)	(39 583)

Key assumptions used

The principal assumptions used for the purposes of the actuarial valuation on 30 June 2011 were as follows:

Discount rates used	9,00 %	- %
Net discount rate	0,93 %	- %
Expected increase in salaries	7,25 %	- %
Expected increase in healthcare costs	8,00 %	- %

The expense for the current year was derived and discounted to determine the valuation for the financial period 2009/10 which is an acceptable practice when valuing such defined plans. As such there are no key assumptions for the comparative period.

Demographic Assumptions: Normal Retirement Age (65 years); Fully accrued age (65 years); Age between husband and wife (Active members - 4 years, Pensioners 4 years); Proportion married (Active members - 90%, Pensioners actual married status used) .

Decrement Assumptions: Mortality [Active members: SA85 - 90, Pensioners: PA(90 - 2)]

Data Assumption: The actual date of birth for pensioners spouses were not provided. As such the age difference between the husband and wife was assumed to be four years.

Continuation percentages: It was assumed that 100% of the deceased pensioners' spouses will continue with their membership.]

Other assumptions - Sensitivity Analysis

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Health Care Costs: Effect on the aggregate of the service cost and interest cost	6 900 000	4 534 000
Health Care Costs: Effect on defined benefit obligation	45 723 000	30 502 000
Discount Rate: Effect on defined benefit obligation	30 534 000	46 047 000
Expected Retirement Age (1 year change): Effect on defined benefit obligation	33 791 000	41 056 000

Amounts for the current and previous four years are as shown below. These amounts are before taking into account the transitional provisions adopted by the municipality but after taking into account 60% of the non-medical scheme members as at 30 June 2011.

The valuation exercise did not cover the period ending 30 June 2008. To determine the estimated amounts for 2008 financial period, the balance for 30 June 2009 were discounted by about 92.5%, which was the average change in the amounts for the other periods. This, however, had no effect on the values disclosed elsewhere.

Mafikeng Local Municipality

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8. Employee benefit obligations (continued)

	2011	2010	2009	2008	
Defined benefit obligation at end of the year	47 368 000	40 844 000	35 075 000	29 980 000	-
Interest cost	3 673 000	3 154 000	2 697 000	1 591 640	-
Current service cost	2 913 000	2 673 000	2 452 000	2 249 270	-
Expected payments	(62 000)	(58 000)	(54 000)	(50 280)	-

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act and some are multi-employer, exist for this purpose.

The total economic entity contribution to pension schemes	14 390 632	15 631 700
The amount recognised as an expense for medical aid contributions	6 034 836	6 316 532

Included in defined contribution plan information above, is the Multi- Employer Pension Fund contributions, which due to the fact that sufficient information is not available to enable the municipality to account for the plan(s) as a defined benefit plan(s), are accounted for as Defined Contribution Plans.

Multi Employer and State Plans

The following are the defined benefit plans that the municipality's employees belong to:

- SAMWU Provident Fund
- Metropolitan Pension Fund
- South African Local Authorities (SALA) Pension Fund
- Municipal Gratuity Fund

These are not treated as defined benefit plans as defined by IAS 19, but are accounted for as defined contribution plans. This is in line with the exemption in IAS 19 paragraph 30 which states that where information required for proper defined benefit accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of detail. In terms of contributions to the fund

In terms of contributions to the fund, the municipality and employee contributions are as follows:

- SALA Pension Fund - Employee (8.6%); Employer (20.78%);
- SAMWU Pension Fund - Employee (8.6%); Employer (18.6%)
- Metropolitan Pension Fund - Employee (8.6%); Employer (18.06%)
- Municipal Gratuity Fund - Employee (8.6%); Employer (18.6%)

9. Held to Maturity Investments

These are money market placements and call investments. The amounts are invested over a fixed period of time. When the municipality has no immediate need for the cash, investments that would have matured are re-invested.

The average interest rate for these investments was 11% (2009: 12%).

10. Held to Maturity Investments

This relates to shares given to the municipality when Old Mutual demutualised in 1996. The amount has been invested bonds through Old Mutual, which mature in 2013 pending a decision by the Board of Trustees on the way forward. The municipality has no intention to dispose of this investment before it matures.

Opening Balance	6 414 551	5 833 211
Interest	626 644	581 340
	7 041 195	6 414 551

Mafikeng Local Municipality

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	2011	2010
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11. Shares in Unit Trusts

The municipality has shares in Sanlam, which were obtained through the demutualisation process. Furthermore, other investments in unit trusts are also maintained.

Opening Balance	3 561 342	3 660 756
Movement in share price/ Changes in investment	150 654	(99 414)
	3 711 996	3 561 342

12. Inventories

Land	-	28 804 255
Consumable stores	31 361 287	2 009 292
	31 361 287	30 813 547

Inventory pledged as security

There were no security pledges made against inventory during the current and prior financial period.

Transitional provisions

Inventories recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, inventories can be recognised at provisional amounts. During the current and prior financial periods, land inventories are carried at provisional amounts. The provisional amounts have, however, been determined differently for the two main types/classes of land. The value for land surveyed has been determined by reference to the valuation roll, sale agreement or latest land sales value per square metre whilst land not yet surveyed has been valued at R1.

Due to initial adoption of GRAP 12

The municipality will, in future appoint an independent valuer to value the land not yet serviced and where there are no agreements in place. Land pending transfer, that would not have been transferred by the date of valuation or expiry of the directive, which ever happens first, it would also be valued.

The date at which full compliance with GRAP 12 is expected, is 30 June 2012.

13. Other receivables from exchange transactions

Accrued Income	24 281	2 942 035
Health Subsidy Debtors	2 000	-
Staff Debtors	2 369	-
Other debtors	422 100	3 233 922
Sundry Debtors	7 250 929	8 192 113
Provision for bad debts	(6 846 695)	(7 613 495)
	854 984	6 754 575

14. Trade & Other receivables from non-exchange transactions

Property Rates	190 919 347	207 347 594
Provision for bad debts	(179 383 405)	(192 702 408)
	11 535 942	14 645 186

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

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	2011	2010
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Fair value of other receivables from non-exchange transactions

Other receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2011, and at 30 June 2010 there were no amounts past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	3 984 675	5 446 990
2 months past due	3 702 850	4 674 631
3 months past due	3 848 416	4 523 564

Other receivables from non-exchange transactions impaired

As of 30 June 2011, other receivables from non-exchange transactions of R179 383 405 (2010: R192 702 408) were impaired and provided for.

15. Consumer Debtors

Gross balances

Water	92 992 863	88 979 482
Sewerage	39 653 597	39 874 509
Refuse	33 773 689	28 248 895
Interest Levied (on Consumer Debtors)	121 226 123	112 996 154
	287 646 272	270 099 040

Less: Provision for debt impairment

Water	(87 363 826)	(82 694 765)
Sewerage	(37 246 020)	(37 058 129)
Refuse	(31 723 019)	(26 253 645)
Interest (on Consumer Debtors)	(113 883 357)	(105 015 112)
	(270 216 222)	(251 021 651)

Net balance

Water	5 629 037	6 284 717
Sewerage	2 407 577	2 816 380
Refuse	2 050 670	1 995 250
Interest (on Consumer Debtors)	7 342 766	7 981 042
	17 430 050	19 077 389

Water

Current (0 -30 days)	3 135 780	2 224 804
31 - 60 days	1 234 419	2 877 236
61 - 90 days	1 258 838	1 182 677
	5 629 037	6 284 717

Sewerage

Current (0 -30 days)	922 360	1 115 658
31 - 60 days	758 533	878 119
61 - 90 days	726 684	822 603
	2 407 577	2 816 380

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15. Consumer Debtors (continued)		
Refuse		
Current (0 -30 days)	778 100	788 565
31 - 60 days	655 832	634 340
61 - 90 days	616 738	572 345
	2 050 670	1 995 250
Interest (on Consumer Debtors)		
Current (0 -30 days)	2 521 933	3 554 752
31 - 60 days	2 447 591	3 435 929
61 - 90 days	2 373 242	990 361
	7 342 766	7 981 042
Reconciliation of debt impairment provision		
Balance at beginning of the year	(251 021 651)	(241 319 711)
Net contributions to provision	(19 194 571)	(9 701 940)
	(270 216 222)	(251 021 651)
Consumer debtors pledged as security		
There were no pledges made against consumer debtors.		
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 2011, there were no amounts past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	7 358 173	7 683 779
2 months past due	5 096 375	7 825 624
3 months past due	4 975 502	3 567 986
Consumer debtors impaired		
As of 30 June 2011, consumer debtors of R 270 216 222 (2010: R251 021 651) were impaired and provided for.		
16. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	7 413	5 110
Bank overdraft	(17 708 509)	(10 138 974)
	(17 701 096)	(10 133 864)
Current assets	7 413	5 110
Current liabilities	(17 708 509)	(10 138 974)
	(17 701 096)	(10 133 864)

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Figures in Rand	2011	2010
16. Cash and cash equivalents (continued)		
The municipality had the following bank account		
Account number / description	Bank statement balances	Cash book balances
	30 June 2011 30 June 2010	30 June 2011 30 June 2010
Standard Bank - Current Account	1 567 895 924 606	- (17 701 096) (10 133 864)
Petty Cash	- -	- 7 413 5 110
Total	1 567 895 924 606	- (17 693 683) (10 128 754)
17. Housing Development Fund		
The grant was used to fund the construction of RDP houses. The projects are undertaken on behalf of the Department of Human Settlement. During the current year there were no disbursements or receipts made.		
Opening and Closing Balance	3 470 046	3 470 046
18. Government grant reserve		
Opening Balance	56 746 122	32 122 241
Additions	21 476 142	27 586 466
Depreciation charge	(2 706 162)	(2 962 585)
	75 516 102	56 746 122
19. Other Interest Bearing Liabilities		
Held at amortised cost		
DBSA Loans (Long Term Portion)	18 959 476	23 672 471
The loans carry interest rates varying between 10% and 15% per annum and are repayable over period ranging between 10 - 20 years. As at 30 June 2011 no amount was in arrears. These loans were used to fund the municipality's infrastructure assets. The Loans are secured by rental income form one of the municipality's investment property.		
DBSA Loans (Short Term Portion)	4 172 812	4 013 457
The terms and conditions are as described above.		
INCA Loans (Long Term Portion)	17 119 295	18 378 404
The loans carry interest rates varying between 10% and 15% per annum and are repayable over period ranging between 10 - 20 years. As at 30 June 2010 no amount was in arrears. These loans were used to fund the municipality's infrastructure assets. The loans are secured by the municipality's income from assessment rates.		
INCA Loans (Short Term Portion)	1 259 109	1 233 329
The terms and conditions are as described above		
	41 510 692	47 297 661
Non-current liabilities at amortised cost		
Development bank of South Africa	18 959 476	23 672 471
INCA	17 119 295	18 378 404
	36 078 771	42 050 875
Current liabilities at amortised cost		
Development bank of South Africa	4 172 812	4 013 457
INCA	1 259 109	1 233 329
	5 431 921	5 246 786
	41 510 692	47 297 661

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Figures in Rand	2011	2010
19. Other Interest Bearing Liabilities (continued)		
Fair value of the financial liabilities carried at amortised cost		
Bank loans	41 510 692	47 297 661
20. Finance lease obligation		
Minimum lease payments due		
- within one year	2 437 762	2 777 180
- in second to fifth year inclusive	3 009 157	5 677 937
	5 446 919	8 455 117
Less: future finance charges	(540 595)	(1 128 008)
Present value of minimum lease payments	4 906 324	7 327 109
Present value of minimum lease payments due		
- within one year	2 106 392	2 406 673
- in second to fifth year inclusive	2 799 932	4 920 436
	4 906 324	7 327 109
Non-current liabilities	2 799 932	4 920 435
Current liabilities	2 106 392	2 406 673
	4 906 324	7 327 108

It is the municipality policy to lease certain property, plant and equipment under finance leases.

The average lease term was 5 years and the average effective borrowing rate was 10% (2010: 10%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 3.

21. Unspent conditional grants

Unspent conditional grants and receipts comprises of:

Municipal Infrastructure Grant (MIG)	14 795 777	8 325 769
Rural Water Grant	67 560	614 402
Library Grant	-	22 863
Finance Management Grant (FMG)	41 760	742 837
Municipal Systems Improvement Grant (MSIG)	-	506 937
	14 905 097	10 212 808

Movement during the year

Balance at the beginning of the year	10 212 508	7 663 432
Net additions during the year (Receipts net of adjustments)	31 837 000	25 456 884
Income recognition during the year including VAT (expenditure)	(27 144 411)	(22 907 508)
	14 905 097	10 212 808

See note 29 for reconciliation of grants from National/Provincial Government.

Mafikeng Local Municipality

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22. Provisions

Reconciliation of provisions - 2011

	Opening Balance	Additions	Interest cost	Current service costs	Actuarial (gains)/losses	Actual benefit payments	Total
Long Service Award	9 600 930	-	823 967	658 495	1 251 444	(2 142 926)	10 191 911
Environmental rehabilitation- Landfill Sits	2 197 699	230 758	-	-	-	-	2 428 457
Legal proceedings	-	7 967 520	-	-	-	-	7 967 520
	11 798 629	8 198 278	823 967	658 495	1 251 444	(2 142 926)	20 587 887

Reconciliation of provisions - 2010

	Opening Balance	Additions	Interest cost	Current service cost	Actuarial (gain)/losses	Actual benefits paid	Total
Restructuring	-	9 050 852	777 172	604 124	503 099	(1 334 317)	9 600 930
Environmental rehabilitation	-	2 197 699	-	-	-	-	2 197 699
	-	11 248 551	777 172	604 124	503 099	(1 334 317)	11 798 629

Non-current liabilities	9 235 796	8 709 448
Current liabilities	11 352 091	3 089 181
	20 587 887	11 798 629

Long Service Award

The municipal employees, excluding those with fixed term contracts, who have been with the employer for a certain period of time are entitled to additional leave days (in addition to normal leave) as recognition for service at the same employer. The additional leave (long service award) is paid out when the employee has reached the required continued period of service

The Long Service Award computations were calculated for the first time as at 30 June 2011. To determine the liability values as at 30 June 2009 and 2010, the projected liability as at 30 June 2011 was discounted backwards. As such there are no comparative figures for the key assumptions and sensitivity analysis.

The number of leave days payable for each milestone (number of years served) are detailed in the table below

Service/ Milestone

10 years	10	10
15 years	20	20
20 years	30	30
25 years	30	30
30 years	30	30
30 years	30	30
40 years	30	30
45 years	30	30
	-	-

The following key assumptions were used in the valuation.

Assumption

Discount rate (%)	9	-
Award inflation (%)	7	-
Mortality (SA-aggregate)	88	-
Normal retirement age (years)	65	-
Average number of resignations per 1000 members	73	-
Average number of ill-health/early retirement per 1000 members	3	-
	-	-

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Figures in Rand	2011	2010
22. Provisions (continued)		
The table below shows the resulting movement of the accrued liability as at 30 June 2011 as well as the sensitivity of the accrued liability to changes in the foregoing assumptions.		
Movement of the accrued liability		
Opening balance	9 600 930	9 050 852
Current service costs	658 495	604 124
Interest cost	823 967	777 172
Actual benefits payments	(2 202 809)	(1 444 036)
Actuarial losses	1 311 327	612 818
	10 191 910	9 600 930
Sensitivity Analysis		
Accrued liability assuming no increases in award amounts	6 719 892	-
Accrued liability assuming a 1% decrease in the discount rate	10 874 110	-
Accrued liability assuming a 1% increase in the discount rate	9 582 815	-
	-	-
Transitional provisions		
Provisions recognised at provisional amounts		
In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, as disclosed in note 1.13, provisions could be recognised at provisional amounts. However, during the current year no provisions were recognised at provisional amounts. The amount disclosed is based on a market related estimate for the provisions and have been discounted at the estimated effective interest rate.		
23. Employee Pension Fund		
24. Trade and other payables		
Trade payables	31 501 551	35 999 831
Unallocated receipts	876 347	3 185 205
Debtors with credit balances	28 296 457	18 074 147
Accrued leave pay	14 620 920	14 389 465
Accrued bonus	4 936 671	3 937 068
Accrued Leave Pay above 48 days	2 747 952	-
Accrued Long Service Award	11 205 962	-
Sundry Creditors	2 604 494	3 602 503
	96 790 354	79 188 219
25. VAT payable		
Balance due	15 604 360	19 136 163
26. Consumer deposits		
Water	1 507 498	1 539 629
Other Deposits	2 608 494	2 131 901
	4 115 992	3 671 530

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Figures in Rand	2011	2010
27. Revenue		
Land Sales	-	2 524 470
Property rates	122 895 745	128 166 363
Service charges	70 197 067	65 393 315
Rental of facilities & equipment	2 761 339	2 769 662
Interest received – trading	26 167 840	34 156 047
Fines	1 512 547	1 813 111
Licences and permits	4 285 362	3 558 130
Government grants & subsidies	125 702 839	117 083 271
Miscellaneous other revenue	351 340	852 775
	353 874 079	356 317 144
The amounts included in revenue arising from exchanges of goods or services are as follows:		
Land Sales	-	2 524 470
Service charges	70 197 067	65 393 315
Rental of facilities & equipment	2 761 339	2 769 662
Interest received – trading	26 167 840	34 156 047
Licences and permits	4 285 362	3 558 130
Miscellaneous other revenue	351 340	852 775
	103 762 948	109 254 399
The amounts included in revenue arising from non-exchange transactions are as follows:		
Taxation revenue		
Property rates	122 895 745	128 166 363
Fines	1 512 547	1 813 111
Transfer revenue		
Grants and Subsidies	125 702 839	117 083 271
	250 111 131	247 062 745
28. Property rates		
Rates received		
Residential	123 421 753	128 647 261
Less: Income forgone	(526 008)	(480 898)
	122 895 745	128 166 363
Valuations		
Residential	1 627 015 184	1 519 343 360
Commercial	650 091 894	649 211 910
State	1 080 025 111	1 210 087 036
Industrial	129 697 564	117 928 663
Small holdings and farms	349 273 126	345 347 041
Creche	2 293 945	2 488 555
Guest Houses	18 434 609	7 292 193
Other	1 274 615 232	525 961 480
	5 131 446 665	4 377 660 238

Valuations on land and buildings are performed every four years. The latest general valuation came into effect on 1 July 2010. Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

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Notes to the Annual Financial Statements

Figures in Rand 2011 2010

28. Property rates (continued)

A general rate of 0.105 cents per rand (2010: 0.105 cents per rand) is applied to property valuations to determine assessment rates. Discounts of 85% (Residential), 60% (Business/Commercial), 60% (Industrial) and 60% (Agricultural) {2010: 85% (Residential), 60% (Business/Commercial), 80% (Industrial) and 85% (Agricultural)}. Qualifying pensioners were granted a further 80 - 85% rebate (2009: 60 - 85%) are granted to residential and state property owners. For residential properties, the R15,000 is non-rateable (rebate). Thus, the discount for such properties is calculated after deducting the rebate.

Rates are levied on a monthly basis. Interest is levied on rates not paid by the due date.

29. Service charges

Sale of water	39 222 320	34 796 209
Sewerage and sanitation charges	15 779 129	17 074 095
Refuse removal	15 195 618	13 523 011
	70 197 067	65 393 315

30. Government grants and subsidies

Government training subsidies	396 474	-
District Water Subsidy	-	5 700 000
EPWP Grant	113 000	-
Health Services Subsidy	73 472	-
Parks Amenities Subsidy	17 160	-
Special Projects Subsidy	29 604	-
Health Subsidy - District Municipality	1 577 671	7 733 682
Equitable share	96 350 746	79 132 320
Library Grant	692 863	627 137
Municipal Infrastructure Grant (MIG)	22 946 993	13 798 621
Municipal System Improvement Grant (MSIG)	1 256 937	228 063
Finance Management Grant (FMG)	1 701 077	1 881 711
Signal Hill Subsidy	-	1 607 427
Rural Water	546 842	6 374 310
	125 702 839	117 083 271

Equitable Share

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

All registered indigents receive a monthly subsidy of 12 kilolitres of water per month (2010: 12 kilolitres), which is funded from the grant.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	8 325 769	6 831 055
Current-year receipts	29 417 000	15 291 000
Conditions met - transferred to revenue (excluding vat)	(20 128 941)	(12 102 005)
Conditions met - VAT	(2 818 051)	(1 694 281)
	14 795 777	8 325 769

The grant was used to fund infrastructure related projects (mainly as part of the service delivery). Capitalised projects funded by this grant are included in property, plant & equipment whilst the unspent portion of the grant is included in current liabilities (see note 21)

No grant was held during the current period.

Mafikeng Local Municipality

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Figures in Rand	2011	2010
30. Government grants and subsidies (continued)		
Rural Water Support Grant		
Balance unspent at beginning of year	614 402	(792 172)
Current-year receipts	-	7 780 884
Conditions met - transferred to revenue (excluding vat)	(479 686)	(6 296 029)
Conditions met - VAT	(67 156)	(78 281)
	67 560	614 402

This is mainly used in assisting municipalities in supplying water to the rural areas. This includes the purchase and installation of equipment used in supplying water to the various communities.

No grants were withheld during the year.

Library Grant

Balance unspent at beginning of year	22 863	-
Current-year receipts	670 000	650 000
Conditions met - transferred to revenue (excluding vat)	(692 863)	(627 137)
	-	22 863

Conditions still to be met - remain liabilities (see note 21)

This is mainly used in assisting municipalities with services they offer at public libraries. The services covers capacitating them with human capital and computer hardware/software.

Finance Management Grant (FMG)

Balance unspent at beginning of year	742 837	1 624 549
Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue (excluding vat)	(1 632 077)	(1 400 520)
Conditions met - VAT	(69 000)	(481 192)
	41 760	742 837

The grant is mainly used for promoting and supporting reforms in financial management by building capacities in municipalities to implement the MFMA and improve progressive financial reporting for municipalities.

Conditions still to be met are included in current liabilities.

No grants were withheld during the year.

Municipal Systems Infrastructure Grant (MSIG)

Balance unspent at beginning of year	506 937	506 937
Current-year receipts	750 000	735 000
Conditions met - transferred to revenue (excluding vat)	(1 131 111)	(667 480)
Conditions met - VAT	(125 826)	(67 520)
	-	506 937

Conditions still to be met - remain liabilities (see note 21)

The grant is meant to assisting municipalities in the improvement of system related transactions.

Changes in level of government grants

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

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Figures in Rand	2011	2010
31. Other revenue		
Fees earned	890 038	860 728
Commissions received	240 201	227 873
Fair value adjustments	44 231 594	42 266 771
Recoveries	807 529	339 173
Blocked drains revenue	102 922	158 383
Unwound Interest Income - Long term debtors	8 009 574	7 025 943
Other income	117 683	286 620
Building plans fees	158 844	129 989
	54 558 385	51 295 480
32. Other income		
Dividends Received	46 067	-
Tender fees	71 616	72 576
Allowances	-	214 044
	117 683	286 620

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Notes to the Annual Financial Statements

Figures in Rand	2011	2010
33. General expenses		
Advertising	1 689 748	1 534 731
Auditors remuneration	1 337 185	3 365 596
Bank charges	796 016	1 098 922
Cleaning	83 800	409 494
Computer expenses	267 799	207 288
Consulting and professional fees	6 154 545	4 887 923
Valuation Roll	2 877 752	2 543 128
Delivery expenses	130 470	61 024
Entertainment	583 905	930 560
Disaster Management	2 188 592	2 144 444
Insurance	1 284 479	983 353
Post Employment Benefit Interest	4 350 139	4 046 648
Lease rentals on operating lease	1 118 494	1 093 568
Expended public works programme	3 832 757	-
License vehicles	242 618	201 399
Skills Development Levy	447 350	439 700
Magazines, books and periodicals	189 525	128 390
Medical expenses	86 854	144 056
Motor vehicle expenses	1 957 680	1 995 688
Road Paintings & Repairs	10 298 736	8 406 679
Unwound Interest	230 758	96 161
Fuel and oil	2 656 343	2 443 593
Postage and courier	535 879	497 244
Printing and stationery	1 316 519	1 603 184
Service Delivery	788 722	973 038
Protective clothing	231 477	757 627
Project maintenance costs	688 846	1 070 340
Royalties and license fees	698 961	1 021 281
Heritage Trails	-	668 093
Security (Guarding of municipal property)	2 772 988	3 405 765
Municipal Water Charges	-	621 192
Contribution to Leave	4 578 045	5 500 915
Subscriptions and membership fees	3 426 729	1 818 262
Telephone & faxes	2 645 308	3 251 403
Business Audit/Cooperatives	-	629 650
Training	1 963 047	2 062 124
Travelling costs	1 564 284	1 578 301
Meters	342 984	186 067
Electricity	9 034 533	7 116 524
Donation (Note 57)	-	1
Materials	431 340	446 535
Ward Committee Expenses	1 206 459	1 099 641
Laboratory related costs	680 145	995 925
Internal Audit contribution	-	366 248
World Cup Related Costs	-	1 835 771
Fencing - Signal Hill	-	1 393 170
Meter Reading	462 088	428 176
Free Basic Water	5 793 383	4 879 802
Disposal Site Expenditure	2 209 662	3 181 070
Chemicals	712 121	802 262
Distribution costs	2 506 284	4 028 616
Other expenses	982 297	4 101 118
	88 377 646	93 481 690

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Figures in Rand	2011	2010
34. Operating surplus (deficit)		
Operating surplus (deficit) for the year is stated after accounting for the following:		
Operating lease charges		
Lease rentals on operating lease - Other		
• Contractual amounts	1 118 494	1 093 568
Loss on sale of property, plant and equipment	-	(103)
Amortisation on intangible assets	16 944	9 986
Depreciation on property, plant and equipment	25 604 238	24 084 393
Employee costs	191 285 353	163 765 229
35. Employee related costs		
Basic	115 318 843	98 338 248
Bonus	5 830 677	5 136 352
Medical aid - company contributions	5 948 913	5 624 173
UIF	599 970	1 423 956
Post Retirement Benefit- Interest costs	4 496 967	3 931 172
Post Retirement Benefit - Service costs	3 571 495	3 277 124
Post Retirement benefit - actuarial loss	1 291 027	562 028
Overtime payments	6 152 323	6 958 683
Long-service awards	11 205 962	-
Other Allowances	123 008	131 141
Housing benefits and allowances	1 048 224	1 088 071
Pension Funds	14 374 973	13 370 189
	169 962 382	139 841 137
Remuneration of municipal manager		
Annual Remuneration	813 504	734 144
Car Allowance	150 000	180 000
Other	223 107	122 511
	1 186 611	1 036 655
Remuneration of chief finance officer		
Annual Remuneration	748 578	700 553
Car Allowance	153 979	153 980
Other	40 871	9 166
	943 428	863 699
Remuneration of corporate services directors		
Annual Remuneration	728 136	751 558
Car Allowance	85 200	85 200
Other Allowance	31 284	9 116
	844 620	845 874

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Figures in Rand	2011	2010
35. Employee related costs (continued)		
Remuneration of planning & development services director		
Annual Remuneration	667 785	727 177
Car Allowance	108 000	108 000
Other Allowances	56 136	9 174
	831 921	844 351
Remuneration of infrastructure services director		
Annual Remuneration	507 920	533 132
Car Allowance	170 519	170 519
Other Allowance	161 770	116 347
	840 209	819 998
Remuneration of community services director		
Annual Remuneration	836 186	798 250
Other Allowances	32 053	9 483
	868 239	807 733
Remuneration of public safety		
Annual Remuneration	613 237	776 472
Car Allowance	110 413	148 500
Other Allowance	150 389	123 406
	874 039	1 048 378
36. Remuneration of councillors		
Executive Major	631 828	605 089
Mayoral Committee Members	3 633 809	4 084 344
Speaker	501 730	484 071
Councillors	10 166 537	12 483 900
	14 933 904	17 657 404
In-kind benefits		
The Executive Mayor, Speaker, Chief Whip, Single Whip of Council and Mayoral Committee Members are full-time and are provided office space at the cost of the council. In addition, they are paid travelling allowances for trips outside Mafikeng. The Executive Mayor, Speaker, Chief Whip and Single Whip of Council are also provided with secretarial support at the cost of the Council.		
The Executive Mayor has use of a Council owned vehicle for official duties. The Mayor's driver also acts as a bodyguard.		
37. Debt impairment		
Debts impaired	11 710 659	116 330 349
Debtors written off during the year amounted to R11 710 659 (2009: R116 330 349).		
38. Investment revenue		
Interest revenue		
Interest earned (bank & investment accounts)	1 879 199	971 353

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Notes to the Annual Financial Statements

Figures in Rand	2011	2010
39. Fair value adjustments		
40. Depreciation and amortisation		
Property, plant and equipment	25 590 536	24 084 393
Intangible assets	16 944	9 986
	25 607 480	24 094 379
41. Finance costs		
Other interest paid	4 799 577	5 840 417
42. Auditors' remuneration		
Fees	1 337 185	3 365 596
43. Rental of facilities and equipment		
Premises		
Rental of offices and halls	2 761 317	2 594 213
Rental of plant/equipment	22	175 449
	2 761 339	2 769 662
44. Bulk purchases		
Water	43 489 896	37 721 658
45. Cash generated from operations		
Surplus (deficit)	39 129 587	(41 035 519)
Adjustments for:		
Depreciation and amortisation	25 607 480	24 094 379
Gain on sale of assets and liabilities	-	103
Debt impairment	11 710 659	116 330 349
Movements in retirement benefit assets and liabilities	6 524 000	-
Movements in provisions	8 789 258	-
Other non-cash items	(59 545 441)	(7 186 502)
Changes in working capital:		
Inventories	(547 740)	2 359 009
Other receivables	5 899 591	3 814 912
Other receivables from non-exchange transactions	3 109 244	-
Consumer debtors	(10 063 320)	(80 022 071)
Money Market Investments	(2 386 809)	6 965 627
Shares & Unit Trusts	99 414	99 414
Trade and other payables	17 602 134	30 382 227
VAT	(3 531 803)	(1 671 169)
Unspent conditional grants	4 692 289	2 549 377
Consumer deposits	444 462	(1 440 754)
	47 533 005	55 239 382

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Figures in Rand	2011	2010
46. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	38 256 511	33 449 085
Not yet contracted for but authorised		
• Property, plant and equipment	57 810 779	82 385 343

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated and grants from provincial and national government.

47. Contingencies

Balances from Attorneys Correspondences

Service provider Cases	200 000	-
Property loss/damage cases	5 030 000	-

(a) Litigation is in the process against the municipality relating to Section 57 Managers performance bonus. The estimated financial exposure due to this case is to be calculated on the finalisation of the case. The municipality lawyers and management consider the likelihood of the action against the municipality as being likely but the resulting outflow may not be determined at this stage. As such no provision has been made in the financial statements.

(b) A claim of R5 million was put against the municipality by Pestanav for damages to a burned house after the fire and emergency did not respond to a call on time.

(c) A claim of R200 000 was put against the municipality by Afrikanism Civil and Project cc in relation to commissioning of automated fibre glass doors at the Fire Station. The plaintiff's case against the municipality is that their contract was not cancelled in terms of the Service Level Agreement, thereby resulting in breach of contract by the municipality.

(d) A claim of R30 000 was put against the municipality by Maf Properties in relation to demolishing a dilapidated house. In the municipality's opinion, the house was inhabitable, a fact which the plaintiff is arguing. The plaintiff is therefore suing the municipality on their estimated value of the demolished property.

Contingent Liabilities- Environmental Act

In terms of the Environmental the municipality is responsible for a number of environmental related transactions that may take place in its jurisdiction. This give rise to contingent liabilities. However, the nature of such transactions cannot be estimated both financially and the number of occurrence, if any are to occur. Whilst the municipality is not aware of such liabilities, the following are the key transactions:

- contingent liabilities relating to fines that may be imposed by the Department of Environmental Affairs as a result of illegal dumping by the municipal residents.
- penalties relating to lack of proper security at the municipal's dumping site or lack of monitoring waste being dumped there as some waste should be dumped in certain specified ways so as to avoid related healthy hazards e.g. medical waste.]
- costs related to the rehabilitation of sewerage plants. This is despite the fact that sewerage infrastructure are seldomly rehabilitated but rather upgraded.

Contingent liabilities - Post Retirement Medical Aid Benefits

The municipality provides post retirement medical aid benefits to employees who meets the criteria as per the funds' terms. As at year end, 319 were not members of the funds thus did not qualify for the benefit. However, should these employees join an approved medical scheme prior to their retirement, they would qualify for such benefits, upon retirement. The municipality estimated the number of employees who are currently not members of the fund but are likely to join prior to their retirement. Based managements estimate, 160 employees are likely to join. As a result of this, an obligation of R10,092,000 (2010: R8,467,000) was recognised to cater for the obligation likely to be settled in relation to this. The municipality therefore has a contingent liability amounting to R10,092,000(2010: R8,467,000). Refer to note 8, for more information.

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Figures in Rand 2011 2010

48. Related parties

During the year, there were no related part transactions. The municipality has various processes in place to identify and note any related party transactions. These range from disclosure by bidders on the bid documents (MB4) to maintenance of a conflict of interest register. For councillors, this is kept in the Office of the Speaker whilst for other senior managers it is kept by the Corporate Services Directorate.

49. Prior Year Adjustments & Errors

A number of correction were made to the prior years' financial statements as a result of prior period errors and/or changes in the reporting framework (Changes in Accounting Policies). Where applicable, the corrections and/or changes were adjusted retrospectively, unless otherwise stated. These corrections/changes resulted in the following adjustments:

Statement of financial position

Inventory	-	31 328 725
Other Receivables	-	3 990 624
Consumer Debtors	-	(166 613 216)
Investments	-	723 548
Investment Property	305 768 406	-
Cash & cash equivalents	-	5 550
Investment property	-	47 972 720
Property, plant and equipment	-	55 803 383
Intangible assets	42 360	-
Investment in Public Private Partnership Entity	-	8 771 930
Long term Debtors	-	50 185 306
Post employment liability	(40 844 000)	-
Other interest bearing liabilities	-	1 730 943
Staff Debtors	(3 763 399)	-
Trade and other payables	-	8 170 588
VAT payable	-	(23 135 308)
Sundry Debtors	8 033 289	-
Unspent conditional grants	-	7 663 431
Sundry Creditors	(1 422 614)	-
Amounts received in advance	-	(15 112 403)
Bank overdraft	-	(5 550)
Provisions	-	13 892 784
Employee pension fund	-	(6 825 430)
Accumulated Surplus	-	(413 670 870)
Government grant reserve	-	32 122 241
Provision for bad debts	(46 050 725)	-

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Notes to the Annual Financial Statements

Figures in Rand

	2011	2010
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49. Prior Year Adjustments & Errors (continued)

Statement of Financial Performance

Depreciation expense	8 472	21 694 389
Fair value adjustment	(42 266 770)	-
Post employment liability expenses	5 885 929	-
Medical aid	(116 929)	-
Bad debts written off	70 273 624	-

Statement of Financial Position

Investment Property: The prior year figure has been restated due to land which belongs to the municipality which was previously recognised at a provisional amount of R1 on GRAP conversion as the land had not yet been valued

Intangible Assets: The restatement refers to Caseware Software which was previously not recognised by the municipality though it had been acquired in the prior year.

Post Employment Liability: In the prior periods, the municipality did not perform a valuation exercise of its Post Retirement Medical Aid (PRMA) benefit. This was performed during the current year, covering the prior periods as well. Prior periods amounts have therefore been restated.

Staff Debtors: The prior year amount was adjusted for long outstanding balances that the municipality considers to be amounts already recovered but not cleared

Sundry Debtors: The prior year amount was adjusted by amounts that had been written off in error in the prior year

Sundry Creditors: The amount was restated by amounts that have been long outstanding and the municipality considers these amounts to have been settled but not cleared in the account.

Provision for Bad Debts: In the prior year, provision for bad debts was understated by R46,050,725. This was mainly due to incorrect calculation of the provision. The restatement has resulted in increase in both provision for bad debts and bad debts by the same amount.

Accumulated Depreciation: The restatement is due to the accumulated depreciation of the intangible asset

Statement of Financial Performance

Post Employment Liability related costs: As mentioned above, actuarial valuations were performed during the current year. However, the transactions valuation results were adjusted in retrospective. This resulted in the recognition of the following amounts:

Interest	3 154 000	-
Service costs	2 673 000	-
Actuarial loss	58 929	-
	<u>5 885 929</u>	-

Depreciation: The amount was restated with the depreciation for the intangible asset mentioned above

Fair Value Adjustment: The restatement relates to the fair value adjustment done for the land recognised as investment property mentioned above.

Medical Aid: The amount was adjusted by payments made to employees on the Post Employment Benefit scheme.

Bad debts written off: The amount was adjusted by long outstanding debts the municipality considers to be impaired and were not adjusted for in the prior year.

Statement of Financial Position

Net changes in current assets	(41 780 835)	-
Net changes in non current assets	305 810 766	-

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Notes to the Annual Financial Statements

Figures in Rand	2011	2010
49. Prior Year Adjustments & Errors (continued)		
Net changes in current liabilities	(1 422 614)	-
	262 607 317	-
Statement of Financial Performance		
Net change in income	(42 266 770)	-
Net change in expenses	76 051 096	-
	33 784 326	-

50. Comparative figures

Certain comparative figures have been reclassified.

51. 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 municipality's management under policies approved by the Accounting Officer. The Accounting Officer provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

Liquidity risk

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

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

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain borrowings in fixed and variable rate instruments, all denominated in the Rand.

Credit risk

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.

Trade receivables comprise a widespread customer base. The municipality cannot, however, limit the rate at which it can offer services to its stakeholders as it has a constitutional mandate to offer these services. Credit control measures are therefore implemented within the approved municipal policies and relevant acts governing municipal operations.

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Figures in Rand

2011

2010

52. Events after the reporting date

a) Hawks Landing Investments 24 (Pty) Ltd

The company purchased land from the municipality in 2007 to the value of R144 million. The main purpose of this was to develop the piece of land for both residential and commercial purposes

In 2009, 23 stands valued at R81 011 746.07 were transferred to Hawks Landing (the purchaser) and they paid R5 000 000, leaving a balance of R 76 011 764,07. This has not been paid to date (refer to note 6 in the annual financial statements)

On 22 September 2011, the High Court of South Africa (North West High Court - Mafikeng) (Case No. 2774/2010) ordered that Hawks Landing 24 (Pty) Ltd be placed under final winding up.

A liquidator was subsequently appointed and the first creditors' meeting was held in December 2011. A second creditors meeting where creditor claims will be lodged is still to be held and as at the date of the Annual Financial Statements the minutes of the first meeting had not yet been submitted at the Office of the Master.

b) Unspent Portion of Municipal Infrastructure Grant

During the first quarter of 2011/12 financial year National Treasury rejected the Municipality's request for approval to roll forward part of the unspent portion of the Municipal Infrastructure Grant. This meant that the unspent funds should be returned to National Treasury. The Municipality has engaged them on the matter and negotiations are continuing.

c) Labour Related Cases - MM Sibanda and 72 others

The municipality was sued by MM Sibanda and 72 others for the underpayment of standby and fire protection allowances for the four year period ended 2003. On the 10th of August 2011 the Labour Court of South Africa (held at Johannesburg) ruled in favour of the applicant and the municipality was ordered to pay the full amount including interest of 15.5% per annum from 31 July 2006 to 10 August 2011 as well as the interest between 2003 and 2006 at the same rate. The total amount due as per the court order was R5,521,371.35.

On the 17th of November 2011 the Registrar of the Labour Court of South Africa issued a Writ of Execution to the municipality's bankers to the amount of R5,521,371.35. As a result of this, the municipal bankers effected the required payment to the sheriff on the 5th of December 2011. The municipality is in the process of engaging the applicants' attorneys regarding, inter alia, the correctness of the number of the applicants, the calculation of interest and total amount due.

d) Labour Related Cases - Arbitration Matters

The municipality was taken to the South African Local Government Bargaining Councils Arbitration by two separate groups of employees for unfair labour practices. Both matters centred on the municipality's alleged failure to implement council resolutions for labour related matters. The Arbitrator, in both cases, ruled in favour of the applicants. The total amount that the municipality had to pay as a result of this ruling is R2,446,148.69. No interest was charged. This amount has been included in Provisions (refer to note 21).

53. Unauthorised expenditure

Operating expenditure exceeded the adjusted budget by R5,311,406 as shown in Note 58 in the financial statements. Management is in the process of obtaining council approval for the unauthorised expenditure.

Council is in the process of considering condoning this expenditure.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
54. Fruitless and wasteful expenditure		
Add: fruitless and wasteful Expenditure - current year: SARS PAYE Penalties	136 045	14 212
SARS Penalties interest	39 084	4 304
SARS UIF Penalties	15 004	354
SARS UIF Penalties interest	614	-
SARS SDL Penalties	3 080	-
SARS SDL Penalties interest	3 375	-
Interest Eskom	9 350	3 816
Less: Amounts condoned	-	(22 686)
	206 552	-

The municipality incurred penalty and/or interest payment of some of its loans, invoices and remittance to SARS for PAYE/UIF/SDL. This was mainly due to the cash flow challenges that the municipality experience on a regular basis. The amounts have been presented to council for condonment as it not recoverable from municipal officials.

Council is in the process of considering condoning this expenditure.

55. Irregular expenditure

Add: Irregular Expenditure - current year	3 393 553	11 887 095
Less: Amounts condoned	(3 393 553)	(11 887 095)
	-	-

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
55. Irregular expenditure (continued)		
Irregular expenditure condoned -Supply Chain Deviations		
	Details	
Ecor Tar	Due to time constraints and further deterioration of our roads, that exposes the municipality to face continuous claims by motorists. The infrastructure department therefore requested the accounting officer to allow the department to purchase these pothole patching material.	270 000
Ambient Morrison Connect	Urgent request to attend to sewerage maintenance	57 520
JVR Enterprise	Urgent request to attend to sewerage maintenance	108 502
Tsentlethata Trading Enterprise	Urgent request to attend to sewerage maintenance	257 800
Aboo's Distributors	Fuel Supply: The company was approved for appointment as a preferred supplier after an emergency and the other suppliers could not provide fuel as required.	30 658
Carboncor SA Pty (Ltd)	Due to time constraints and further deterioration of our roads, that exposes the municipality to face continuous claims by motorists. The infrastructure department therefore requested the accounting officer to allow the department to purchase these pothole patching material.	600 392
King Motor Spares	Purchase of tyres for a municipal truck	37 500
Letmag Transport and Logistics Cc	Profiling of the municipality on the SA Local Government Chronicle April 2011 issue	31 920
Mail Unique	Printing of valuation letters	70 988
Baikane Mathobela Attorneys	Appointment as presiding officer in disciplinary enquiries of Mr N.M Mokgwamme, Ms Y Mogopa and Ms S Mpolokeng	108 324
Sasol	The service provider was requested to supply fuel for municipal vehicles	42 669
Semaushu Attorneys	Legal Services: The company was appointed as a preferred supplier due to their experience on similar projects under taken in the recent past after approval by the Accounting Officer. Only the Accounting Officer is authorised to appoint legal service providers	169 683
Ramathe Fivaz	Fees in respect of conducting a forensic audit and support in respect of disciplinary processes for the period 26 July 2010 to 22 October 2010	164 312
Moto Tech	Repair & Service of municipal sewerage and pump stations on emergency basis	256 882
Mmabatho Palms	Dinner on 19 January 2011. No motivation attached	60 575
Maserumule	The service provider was appointed to represent the municipality in the arbitrations (SALGBC) matters for Ms T Kgosimore, Mr K Mogorosi and Mr D.N Ngamlane	112 444
Leruarua Pool Builders & Contractors	The service provider was appointed to remove refuse in Mafikeng CBD, Golf View, Riviera Park and other affected areas for a period of five (05) days from 31 March 2011 to 08 April 2011	57 500
Submersible Pump Services	Urgent request to attend to sewerage and pumpstation service/maintenance	446 142
Retrospective Trading 722	Sole supplier of the required chemical for sewerage maintenance	89 706

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
55. Irregular expenditure (continued)		
Sensus Metering System	The supplier is the sole supplier/manufacturer of the type of meters requested	167 032
Mr Injector & Spares Cc	Repair & Maintenance to municipal vehicle, the unit had to be stripped to assess the extent of repairs, no quotation possible - BCZ 238 NW	38 210
Mafikeng Toyota	Sole supplier of gear ass(steering pump) for municipal vehicle CHK 403 NW	40 071
Fire Raiders	Repairs: The company was appointed as a preferred supplier due to their experience on similar projects under taken in the recent past.	- 85 457
		3 393 551

56. Additional disclosure in terms of Municipal Finance Management Act

Water Losses

Units bought (kl)	11 543 020	12 012 598
Units sold (kl)	(10 502 148)	(9 910 393)
Units lost in distribution	1 040 872	2 102 205
Units lost in distribution	1 040 872	2 102 205
Average cost per kl sold	4	4
Loss in distribution (revenue)	3 921 619	7 525 894
Percentage loss	9	18
Revenue per (kl) sold	7	6
No. of metres	14 151	13 985
No. of stands	19 265	18 684
	-	-

The municipality purchases water from the local water service authority and sells to its residents. During the current year the bought 11,543,020 kilolitres (2010: 12,012,598 kilolitres) and sold 10,502,148 kilolitres (2010: 9,910,393), resulting in water losses of 1,040,872 kilolitres (2010: 2,102,205 kilolitres), valued at about R3,921,619 (2010: R7,525,894). The losses are attributable to illegal connections and burst pipes. The municipality has implemented processes to reduce the amount of water lost through such means.

Audit fees

Opening balance	779 071	-
Current year subscription	1 524 390	3 837 190
Amount paid - current year	(2 300 254)	(3 058 119)
	3 207	779 071

PAYE and UIF

Opening balance	1 367 117	-
Current year subscription	20 007 260	19 009 407
Amount paid	(19 624 299)	(17 642 290)
	1 750 078	1 367 117

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand 2011 2010

56. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and Medical Aid Deductions

Current year subscription / fee	21 025 438	22 586 817
Amount paid - current year	(21 025 438)	(22 586 817)
	-	-

VAT

VAT payable	15 604 360	19 136 163
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The municipality is registered for VAT on a cash basis. As such VAT is claimed or paid on receipt of payment or settlement of the transaction, respectively.

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2011:

30 June 2011	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor Africa AJ	147	4 533	4 680
Councillor Chilli (Kekana)	247	4 998	5 245
Councillor Sephoti M W	336	59 410	59 746
Councillor Molete G M	746	72 792	73 538
Councillor Ngqobe M	475	33 594	34 069
Councillor Ngqobe M	1 400	97 872	99 272
Councillor Ntshabele T	183	3 857	4 040
Councillor Selepe T L	276	3 763	4 039
	3 810	280 819	284 629
30 June 2010	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor Sephoti M W	1 027	57 192	58 219
Councillor Phoolo LP	-	6 688	6 688
Councillor Tabane PM	-	2 834	2 834
	1 027	66 714	67 741

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
56. Additional disclosure in terms of Municipal Finance Management Act (continued)		
30 June 2011	Highest outstanding amount	Aging (in days)
Councillor Africa AJ	4 533	90
Councillor Chillli (Kekana)	4 998	90
Councillor Sephoti M W	59 410	90
Councillor Molete G M	72 792	90
Councillor Ngqobe M	33 594	90
Councillor Ngqobe M	97 872	90
Councillor Ntshabele T	3 857	90
Councillor Selepe T L	3 763	90
	280 819	720
30 June 2010	Highest outstanding amount	Aging (in days)
Councillor SLM Milner-Bertrand	20 244	90
Councillor PM Tabane	24 543	90
Councillor LP Phoolo	14 508	90
Councillor GL Mathane	1 215	90
Councillor MZ Meko	53	90
	60 563	450
57. Land Sales		
Details		
Portion 9609	-	1
ERF 7047 to 7049 & 7080 to 7083	-	2 524 469
	-	2 524 470

ERF 7047 to 7049 and ERF 7080 to 7083 were transferred to the purchasers, namely Ilima Real Real Estate (Pty) Ltd. The registration of the deeds was, however, done subsequent to year-end.

Portion 9609 was donated to the North West Department Health for R1. The land, upon completion of servicing, will be used for the construction of the Bophelong Psychiatric Hospital.

The remaining pieces of land were transferred during the previous financial period and the deeds were finally registered during the current year.

58. Domestic Waste Removal Project

The municipality entered into an agreement with the Department of Environmental Affairs and Tourism (DEAT) to jointly offer waste removal services to the surrounding communities. In terms of the agreement, which was signed in June 2009, DEAT will initially fund the project in full. Their funding component will reduce on an equal graduating scale to no funding by the end of the third year.

59. Land Donation

The municipality donated portion 428 (ERF 9610) to the North West Provincial Department of Health for the construction of a Psychiatric Hospital. The land, which was valued at about R5,2 million, was donated at R1 as the donation was to an organ of state.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand

60. Statement of comparative and actual information

2011

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance							
Property rates	161 248 000	124 218 000	124 218 000	122 895 745	1 322 255	99 %	76 %
Service charges	134 375 000	74 190 478	74 190 478	70 197 067	3 993 411	95 %	52 %
Investment revenue	2 400 000	1 200 000	1 200 000	1 879 199	(679 199)	157 %	78 %
Grants and Subsidies	96 350 000	143 402 363	143 402 363	125 656 075	17 746 288	88 %	130 %
Other own revenue	28 015 000	46 494 865	46 494 865	89 595 490	(43 100 625)	193 %	320 %
Total revenue (excluding capital transfers and contributions)	422 388 000	389 505 706	389 505 706	410 223 576	(20 717 870)	105 %	97 %
Employee costs	(160 308 000)	(156 358 124)	(156 358 124)	(176 351 449)	19 993 325	113 %	110 %
Remuneration of councillors	18 133 000	(16 181 710)	(16 181 710)	(14 933 904)	(1 247 806)	92 %	(82)%
Debt impairment	-	-	-	(11 710 659)	11 710 659	- %	- %
Depreciation and asset impairment	(45 200 000)	(6 281 985)	(6 281 985)	(25 607 480)	19 325 495	408 %	57 %
Finance charges	(5 200 000)	(5 648 950)	(5 648 950)	(4 799 577)	(849 373)	85 %	92 %
Bulk purchases	(60 854 000)	(42 000 000)	(42 000 000)	(43 489 896)	1 489 896	104 %	71 %
Other expenditure	(168 807 000)	(139 399 901)	(139 399 901)	(94 289 111)	(45 110 790)	68 %	56 %
Total expenditure	(422 236 000)	(365 870 670)	(365 870 670)	(371 182 076)	5 311 406	101 %	88 %
Surplus/(Deficit) for the year	152 000	23 635 036	23 635 036	39 041 500	(15 406 464)	165 %	25 685 %

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand

60. Statement of comparative and actual information (continued)

Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
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Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

APPENDIX A

GOVERNMENT TEMPLATE: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

Loan Number	Redeemable	Balance at 30 June 2010	Received during the period	Redeemed written off during the period	Balance at 30 June 2011	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		Rand	Rand	Rand	Rand	Rand	Rand
FINANCE LEASES							
STANDARD BANK	1-57	7 327 109	-	2 420 784	4 906 325	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		7 327 109	-	2 420 784	4 906 325	-	-
INCA LOANS							
INCA	MAF-1-00-0001	2015/09/30	5 000 000	-	1 000 000	4 000 000	-
INCA	MAF-1-00-0002	2028/06/30	14 611 734	-	233 329	14 378 405	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
		19 611 734	-	1 233 329	18 378 405	-	-
		-	-	-	-	-	-

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

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 you municipality comply with the grant conditions in terms of the grant framework in the latest Division of Revenue Act	
EQUITABLE SHARE		96 350 746	-	-	-	-	96 350 746	-	-	-	-	-	-	-	-	-	Yes
MSIG		750 000	-	-	-	-	750 000	-	-	-	-	-	-	-	-	-	Yes
MIG		29 417 000	-	-	-	-	22 946 992	-	-	-	-	-	-	-	-	-	Yes
FMG		1 000 000	-	-	-	-	1 000 000	-	-	-	-	-	-	-	-	-	Yes
LIBRARY GRANT		670 000	-	-	-	-	670 000	-	-	-	-	-	-	-	-	-	Yes
EPWP		113 000	-	-	-	-	113 000	-	-	-	-	-	-	-	-	-	
		<u>128 300 746</u>	-	-	-	-	<u>121 830 738</u>	-	-	-	-	-	-	-	-	-	

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

CHAPTER 5

FUNCTIONAL AREA

SERVICE DELIVERY

REPORTING

CHAPTER 5 - FUNCTIONAL SERVICE DELIVERY REPORTING

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	Water Distribution	135	
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Public Safety	Fire Rescue & Disaster Management	138	✓
	Public Safety Administration	140	✓
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	Security & Fleet Management	143	✓
	Law Enforcement(Traffic)	144	✓
Community Services	Clinic	146	✓
	Libraries	148	✓
	Community Halls	150	
	Health Services	151	✓
	Parks and Recreation	153	✓
	Waste Management Solid Waste	155	✓
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5.1 GENERAL INFORMATION

MAFIKENG LOCAL MUNICIPALITY GENERAL INFORMATION			
Reporting Level	Detail	Total	
Overview:	Mafikeng Local Municipality the capital city of the North West Province situated in the central region of the province, consisting of 28 Wards which 80% of the Wards are predominantly rural. The inclusion of the rural areas into Mafikeng Local Municipality has resulted in an increase of backlogs on basic services. the Municipality generates its revenue from rates and taxes received from 20% of the community thus result into lack of resources in addressing backlogs both in rural and urban areas. The loss of electricity income has contributed to the low income in addressing service delivery. despite the above mentioned, Mafikeng Local Municipality continues to implement its constitutional mandate through optimal use of available resources.		
Information:	1 Geography: Geographical area in square kilometres <i>Source of information</i>	3,703 <i>MLM IDP Document of 2010/2011</i>	
	2 Demography: Total population <i>Source of information</i>	292 228 <i>MLM IDP Document of 2010/11</i>	
	3 Indigent Population <i>Source of information</i>	22,000 <i>Indigent Register</i>	
	4 Total number of voters	<i>Not available</i>	
	5 Aged breakdown of population - 65 years and over - between 40 and 64 years - between 15 and 39 years - 14 years and under Number and cost of all personnel associated with provision of municipal housing:	5% 40% 55% 0% <i>Stats SA</i>	
	6 Household income: - over R3,499 per month - between R1,100 and R2,499 per month - under R1,100 per month <i>Source of information</i>	3% 70% 27% <i>Stats SA</i>	

5.2 Executive and Council

Function: Executive and Council			
Sub Function: N/A			
Reporting Level	Detail	Total	
Overview:	The Executive consists of Executive Mayor, Mayoral Committee, Portfolio Committees and Council. Their function is to provide political oversight of municipal operations.		
Description of the Activity:	<p>The function of executive and council within the municipality is administered as follows and includes:</p> <p>Executive Mayor /Council <i>Functions:</i> <i>Identify needs of the Municipality</i> <i>Review and evaluate those needs in order of preference</i> <i>Recommend strategies and programmes through IDP</i> <i>Determine the best way to deliver those strategies to the maximum benefit of the community, etc.</i></p> <p>Mayoral Committee <i>Appointed by the executive mayor</i> <i>Assist the executive mayor in carrying out her duties and mandate</i></p> <p>Portfolio Committees <i>Portfolio Committees play an important role in the development of policies and work as watchdogs of indispensable aspect that affect the municipality in different directorates.</i> <i>The following committees exist within the MLM, i.e.</i> <i>Corporate Support, Infrastructure, Community Services, Finance, Planning and Development, and Public Safety</i></p> <p>Ward Committee</p> <ul style="list-style-type: none"> ➤ <i>May make recommendations on any matter affecting its ward;</i> <ul style="list-style-type: none"> • <i>to the councillor</i> • <i>through the councillor to the executive mayor</i> ➤ <i>Has powers and duties as the municipality may delegate to it.</i> <p>These services extend to include executive, but do not take account of Executive duties which resides within the jurisdiction of National/North West provincial/other private sector government. The municipality has a mandate to:</p> <p><i>To fulfil their constitutional obligations:</i></p> <ul style="list-style-type: none"> ➤ <i>to ensure sustainable, effective and efficient municipal services and</i> ➤ <i>promote social and economic development</i> ➤ <i>encourage a safe and healthy environment</i> <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> ➤ <i>Improved billing system that ensures accuracy</i> ➤ <i>Developing a strategy that attends to consumer enquiries/queries and customer care.</i> ➤ <i>Develop a strategy that will enhance a safe and healthy environment</i> ➤ <i>Developing a strategy that will encourage partnership with community initiatives</i> ➤ <i>Develop a strategy that will encourage business partnerships with the municipality</i> <p>The key issues for 2010/2011 are:</p> <ul style="list-style-type: none"> ➤ <i>To coordinate and implement LED projects and programmes in line with Council approved LED strategy</i> ➤ <i>SMME training and development</i> ➤ <i>Ensure that economic objectives are clearly defined and achievable</i> ➤ <i>All projects identified should be measured and motivated in terms of the overall objectives and strategies and appraised in terms of a clear set of evaluative criteria</i> ➤ <i>Ensure that an implementation program is formulated and implemented in accordance to the approved IDP and Budget</i> 		

5.2 Executive and Council

Reporting Level	Detail	Total	
	➤ <i>Ensure that monitoring and evaluation measures and criteria are in place and implemented</i>		
Analysis of the Function:	1 Councillor detail:		
	Total number of Councillors	56	56
	Number of Councillors on Executive Committee	7	8
	2 Ward detail:		
	Total number of Wards	28	28
	Number of Ward Meetings	12 per ward	
	3 Number and type of Council and Committee meetings:		
	<i>Mayoral Committee</i>	1	1
	<i>Portfolio Committees</i>	7	8
	<i>Council (Ordinary)</i>	1	9
	<i>Council (Special)</i>	1	8
	<i>Local Labour Forum</i>	1	
	<i>Board of trustees</i>	1	
Council meetings, followed by individual committee and the number of times that each met			
<i>Mayoral Committee</i>	1	2	
<i>Portfolio Committee</i>	14	30	
<i>Council (Ordinary)</i>	6	9	
<i>Council (Special)</i>	10	8	
<i>Local Labour Forum</i>		3	
<i>Board of Trustees</i>		1	

5.2.1 Executive and Council: Office of the Executive Mayor

Function:	COUNCIL GENERAL
Sub Function:	Executive Mayor

Reporting Level	Detail	Total	
Overview:	The function of the Executive Mayor's Office is mainly to report to Council on issues such as IDP and Budget, Performance Management, Communications (Community Liaison & Media Relations) and Marketing as well as Special Projects. Reporting is prescribed by legislation.		
Description of the Activity:	<p>The function of executive mayor's office within the municipality is administered as follows and includes:</p> <p>1. Integrated Development Planning <i>The Office of the Executive Mayor does political coordination, monitoring, evaluation and review of the municipal IDP and lobby for funding. It also reports to Council, communities and stakeholders on the progress of IDP.</i></p> <p>2. Special Projects <i>Special Projects is divided into a number of components namely, The Aged, Youth, Women, the disabled and Mayoral discretionary projects</i> <i>The Office performs political coordination and decision making and develops broad project scopes and plans. It also plays advocacy role for HIV/AIDS and develops policy and special programmes addressing all issues that are deemed to be of national and local priority community priority e.g. HIV, social welfare, gender and youth development as well as the interests of the disabled etc.</i></p> <p>3. Community Liaison (Stakeholder Relations) & Media Relations <i>The Executive Mayor oversee the municipality's Communication and Marketing functions, with special focus on community liaison, media relations, relations with other spheres of government and traditional authorities, communication with local, provincial and international communities</i></p> <p>4. Council Performance Management <i>The Executive Mayor defines and develops KPA's for Council. reviews the performance and manages the Municipal Manager's Performance Agreement. Ensure that resources are available for delivery. The Executive Mayor also reports on the overall performance of the municipality to council in accordance to the IDP.</i></p> <p>The strategic objectives of this function are to: <i>To Develop and implement Performance Management System as per Chapter 6 of MSA. To develop the IDP in compliance with chapter 5 and 4 of MSA. To enhance internal and external communications to improve the image of the municipality</i></p>		

5.2.1 Executive and Council: Office of the Executive Mayor

Reporting Level	Detail	Total	
Analysis of the Function:	1 Number and cost to employer of all municipal staff employed:		<i>R (000s)</i>
	- Professional (Managerial/Specialist)	6	1612
	- Office (Clerical/Administrative)	2	390
	Note: total number to be calculated on full-time equivalent (FTE) basis, providing detail of race and gender according to the breakdown described above. Total cost to include total salary package		
	2 Total operating cost of executive mayor's office function		<i>R 5,433</i>

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<i>Refer to Chapter 2 on Performance reporting</i>		

5.2.2 Executive and Council: Office of the Speaker

Function:	COUNCIL GENERAL
Sub Function:	Speaker

Reporting Level	Detail	Total	
Overview:	The office of the Speaker provides administrative support to Councillors as well as ensuring functionality of ward committees and capacitate them for improved community participation.		
Description of the Activity:	<p>The function of speaker within the municipality is administered as follows and includes:</p> <ul style="list-style-type: none"> > <i>Councillor support: this entails the provision of administrative support to ensure that there is capacity and sufficient community participation and involvement in line with Batho Pele principles.</i> > <i>provide legislative education to ensure good understanding of all pieces of legislation and councillors.</i> > <i>Council meetings: the speaker coordinates and chair Council meeting and also ensures compliance to Code of Conduct by Councillors</i> <p>The strategic objectives of this function are to: <i>To promote Good Governance and Public Participation</i></p> <p>The key issues for 2010/11 are: <i>Capacitation of councillors and ward Committees for improved public participation</i> Establish stakeholders data base</p>		
Analysis of the Function:	<p>1 Number and cost to employer of all municipal staff employed:</p> <ul style="list-style-type: none"> - Professional (Managerial/Specialist) - Contract Staff <p>2 Total operating cost of speaker function</p>	<p>1</p> <p>4</p>	<p><i>R (000s)</i></p> <p>329</p> <p>232</p> <hr/> <p>1 561</p>

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<i>Refer to Chapter 2 on Performance Reporting</i>		

5.2.3 Executive and Council: Office of the Municipal Manager: IDP PMS

Function:	COUNCIL GENERAL
Sub Function:	IDP/PMS

Reporting Level	Detail	Total	
Overview:	The IDP/PMS Office is responsible for strategic planning (IDP), institutional performance management system implementation and reporting (Monitoring and Evaluation). The office is situated in the office of the municipal manager.		
Description of the Activity:	<p>The function of IDP/PMS within the municipality is administered as follows and includes:</p> <ul style="list-style-type: none"> <i>o Coordinate municipal strategic planning (IDP)</i> <i>o Manage and coordinate the IDP Review process</i> <i>o Facilitate reporting on the IDP</i> <i>o Manage institutional Performance Planning</i> <i>o Coordinates Implementation of PMS</i> <i>o Monitoring and Evaluation</i> <i>o Reporting on institutional performance</i> <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> <i>o To develop, review and monitor the Integrated Development Planning / strategic planning of the municipality</i> <i>o To develop and implement Performance Management System as per Chapter 6 of Municipal Systems Act</i> <p>The key issues for 2010/11 are:</p> <p><i>The revision of the IDP and to draft a new IDP document for the in-coming council after the 2011 local government elections</i></p> <p><i>Refer to Chapter 2</i></p>		
Analysis of the Function:	<p>1 Number and cost to employer of all municipal staff employed:</p> <ul style="list-style-type: none"> - Professional (Managerial/Specialist) - Office (Clerical/Administrative) <p>2 Total operating cost of IDP/PMS function</p>	<p>1</p> <p>1</p>	<p><i>R (000s)</i></p> <p><i>R 204</i></p> <p><i>R 220</i></p> <p><i>R 424</i></p>

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<i>Refer to Chapter 2 on Performance Reporting</i>		

5.2.4 Executive and Council: Office of the Municipal Manager: IDP PMS

COUNCIL GENERAL			
Sub Function: Communication			
Reporting Level	Detail	Total	
Overview:	The Communications and Public Relations Unit renders an integrated communication function for Mafikeng Local Municipality. The Unit located under Office of the Executive Mayor intends to meet information needs local and global citizens. The unit also strives to build and maintain a good corporate image of the municipality by establishing and maintain media relations and profiling the municipality as well the executive mayor.		
Description of the Activity:	<p>The function of communication within the municipality is administered as follows and includes:</p> <ul style="list-style-type: none"> <i>o Render an internal communications service to keep employees informed of management decisions, proposals and objectives</i> <i>o Establish and maintain media relations</i> <i>o Create good publicity for the municipality and the Executive Mayor</i> <i>o Build and maintain corporate image of Mafikeng Local Municipality</i> <i>o Keep Mafikeng communities informed about municipal events, plans, services projects and programmes</i> <i>o To enable interaction between the municipality and the community</i> <i>o Create a strong brand for Office of the Executive Mayor</i> <i>o Profile Mafikeng as place to live and work-in</i> <i>o Provide support to municipal events (both internal or external)</i> <i>o Development and distribution of publications</i> <i>o Render support or communication services to the municipality</i> <i>o Development and implementation of communication strategies and plans</i> <i>o Establish and maintain relationships with other stakeholders</i> <p>These services extend to include communication, but do not take account of communication which resides within the jurisdiction of North West Provincial government. The municipality has a mandate to:</p> <p><i>To keep the residents informed of the municipal operations and affairs.</i></p> <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> <i>o To promote Good governance and public participation</i> <i>o To promote Municipal transformation and organisational development</i> <i>o To be consistency with national and provincial government messages</i> <p>The key issues for 2010/11 are:</p> <ul style="list-style-type: none"> <i>o Revamping the municipal website to industry standards</i> <i>o Strengthen and maintain existing relations with media and establish new relations</i> <i>o Improve and align municipal messages to the National Communication Strategy</i> <i>o Establish and improve Mafikeng Local Municipality relationship with other spheres of government as well general stakeholders</i> <i>o Align all service delivery projects with the key message "Working Together We Can Do more"</i> 		
Analysis of the Function:	<p>1 Number and cost to employer of all municipal staff employed:</p> <ul style="list-style-type: none"> - Professional (Managerial/Specialist) - Office (Clerical/Administrative) - Temporary Staff 	<p>1</p> <p>1</p> <p>1</p>	<p><i>R (000s)</i></p> <p>302</p> <p>272</p> <p>54</p>

5.2.4 Executive and Council: Office of the Municipal Manager: IDP PMS

Reporting Level	Detail	Total	
	<p><i>Note: total number to be calculated on full-time equivalent (FTE) basis, providing detail of race and gender according to the breakdown described above. Total cost to include total salary package</i></p> <p>2 Total operating cost of communication function</p>		R 741

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Refer to Chapter 2	Refer to Chapter 2 on Performance Reporting		

5.3.1 Corporate Support: Administration Support

Function:	Corporate Support Services
Sub Function:	Administrative Support

Reporting Level	Detail	Total	
A. Overview	Administration Unit is divided into three sub-sections: namely Committees, Achieves and Events and Cleaning.		
B. Description of the Activity	<p>The function of Administrative Support within the Municipality is administrated as follows:</p> <ul style="list-style-type: none"> • <i>Coordination of council meetings, compilation and distribution of agendas.</i> • <i>Minute taking and administering the implementation of Council Resolutions.</i> • <i>Coordination of Events Management and catering.</i> • <i>Overseeing the management of filing archiving services.</i> <p>1. <u>Council Committees</u></p> <ul style="list-style-type: none"> • <i>The sub – section is hanging there with two committee clerks.</i> • <i>Council meetings both Ordinary and Special are held as provided by legislation, minutes are prepared and implemented as required.</i> <p><u>Achievements</u></p> <ul style="list-style-type: none"> • <i>Accuracy of minutes which was a problem before, had been largely address and improvement had been attained.</i> • <i>Implementation of Resolution is consistent.</i> • <i>Minutes are prepared within seven days.</i> • <i>Agendas for Ordinary Council is compiled and delivered within seven days before Council meeting and within forty eight hours for Special Council meeting.</i> <p><u>Challenges</u></p> <ul style="list-style-type: none"> • <i>There is a shortage of Committee clerks: Presently there are only two Committee clerks for the following meetings:-</i> <ul style="list-style-type: none"> o <i>Council seatings</i> o <i>Mayoral seatings</i> o <i>Management meetings</i> o <i>8 Portfolio Committees, LLF, Board of Trustees and recently Municipal Public Account Committee, and with two Committee Clerks the sub-section is bound to failures.</i> • <i>There is a need for further refinement of minutes writing skills of same Committee clerks.</i> • <i>Council minutes still a problem because of not understanding English Language the same way.</i> <p>2. <u>Records & Archives System</u></p> <p>The strategic objectives of this function are:-</p> <ul style="list-style-type: none"> • <i>Introduction of regulated messaging and mailed system through a schedule mail distribution system.</i> • <i>Ensuring timeously distribution of agendas, documents to Council and officials.</i> • <i>To develop quality printing of Council documents.</i> • <i>To secure an environment which foster for the protection of confidential documents.</i> <p><u>Achievements</u></p> <ul style="list-style-type: none"> • <i>Printing service management system is well functioning.</i> • <i>Messenger management system well functioning.</i> • <i>Orbit electronic filling system acquired.</i> 		

5.3.1 Corporate Support: Administration Support

Reporting Level	Detail	Total	
	<ul style="list-style-type: none"> • Incoming and outgoing mail well coordinated. • Printing machines acquired. <p><u>Challenges</u></p> <ul style="list-style-type: none"> • There is a serious challenge with the administration of mail from the office of the Municipal Manager. • Reluctance in the use of the orbit electronic filling system. • Too many records keeping offices. • No policy for printing services management system. • Telephone system not yet linked with the Call Centre. 		
	<p>3. <u>Events and Cleaning Management system</u> <i>The sub-section is to coordinate events and cleanliness of the Municipality.</i></p> <p><u>Achievements</u></p> <ul style="list-style-type: none"> • Cleanliness of offices is a priority that governed by legislation. <p><u>Challenges</u></p> <ul style="list-style-type: none"> • Events management system not well coordinated. • Acquisition of furniture to overcome the problem of office space is outstanding due to funds, this impact negatively on the day to day functioning of staff. • Reluctance to fill vacant position, Retired staff not replaced. • Reluctance to acquire SABS cleaning materials. • Reluctance to acquire protective clothing. • Shortage of cleaning equipments. • Office space not well coordinated. • Political interference in allocation of cleaning staff. 		
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	Refer Chapter 2 on Performance Reporting		

5.3.2 Corporate Support: Legal Valuations

Function:	Corporate Support Services
Sub Function:	Legal & Valuation 101005

Reporting Level	Detail	Total	
A. Overview	<p>The Directorate Corporate Services is comprised of three main units Human Resources, Administration and Legal & Valuations. A summary of the KPA's for every unit are as follows:</p> <ul style="list-style-type: none"> • <i>Research, drafting and review of By-Laws.</i> • <i>Rendering of legal opinion, advice and ensuring legal compliance.</i> • <i>Administration and coordination of litigation processes.</i> • <i>Contract management.</i> • <i>Liaison with external legal practitioners and institutions.</i> • <i>Representation at quasi - judicial tribunals.</i> • <i>Facilitation of representation at courts of justice.</i> 		
B. Description of the Activity	<p>Breakdown and analysis of the function of Legal and Valuation Services within the municipality is administered as follows and includes:</p> <ul style="list-style-type: none"> • <i>Research, drafting and review of by-laws.</i> • <i>Rendering of legal opinion, advice and ensuring legal compliance.</i> • <i>Administration and coordination of litigation processes.</i> • <i>Contract management.</i> • <i>Liaison with external legal practitioners and institutions.</i> <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> • <i>Ensure that 24 By-laws are gazetted</i> • <i>Developing more municipal by-laws to curb lawlessness and have activities such as nuisances and traffic in and around the City of Mafikeng properly regulated.</i> • <i>Continuous provision of well researched and good quality legal advice.</i> • <i>The continued collection of various directorate's service contracts and the centralization thereof in the legal unit.</i> • <i>The establishment of a law library which is expected to be operational in the near future.</i> 		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<i>Legal advise and support is upon requirement given on continuous basis. Even though there are challenges in respect of incomplete information given to the Legal Unit when seeking legal opinions. The Legal Unit has given guidelines as to what information to include when seeking same.</i>	<i>4 Quarterly Reports covering 33 legal opinions.</i>	<i>4 Quarterly Reports</i>
	<i>Contract Management is not well coordinated</i>	<i>4 Reports have been submitted which includes perusal of 29 Contracts.</i>	<i>4 Quarterly Reports</i>
	<i>By-laws are continuously developed gazetted and reviewed. There is a challenge however of not getting workshops running. We have reviewed the strategy of getting workshops running by engaging the Speaker of Council.</i>	<i>4 Quarterly reports submitted which include 10 By-laws submitted for workshopping</i>	<i>4 Quarterly Reports</i>

5.3.3 Corporate Support: Human Resources

Function:	Corporate Support Services		
Sub Function:	Human Resources, Administrative Support & Legal and Valuation		
Reporting Level	Detail	Total	
A. Overview	The Human Resources Unit is divided into three sub units namely Human Resources Management, Labour Relations and Human Resources Development. The Unit provides the function of staff acquisition, maintenance, capacitating and maintaining sound employee and employer relations.		
B. Description of the Activity	<p>Breakdown and analysis of the function of Human Resource Management within the Municipality:</p> <p>1. Human Resources Management</p> <ul style="list-style-type: none"> • <i>Management of staff recruitment and termination.</i> • <i>Development and maintenance of HR policies, systems and implementation thereof.</i> • <i>Development and updating of job descriptions.</i> • <i>Leave management and updating.</i> • <i>Safekeeping of employee records</i> • <i>Handling queries related to HR Administration.</i> • <i>Ensuring proper allocation of conditions of employment and payment of benefits.</i> • <i>Managing the termination processes in cases of resignations, retirements, death and ensures proper payment of pensions.</i> • <i>Facilitating the sitting of Board of Trustees for the Municipal Pension Fund.</i> <p>Achievement</p> <ul style="list-style-type: none"> * <i>The staff appointments process have been affected by the cashflow in the Municipality, and have to be put on hold for some time.</i> * <i>The absorption of temporary contract workers was effected in October 2010.</i> * <i>There was an improvement in the turnaround time for Pension Fund Payouts.</i> <p>Challenges</p> <ul style="list-style-type: none"> * <i>The cashflow problem affected the recruitment process and critical position like Head Income remain vacant.</i> * <i>Lack of an official vehicle made it possible to reach employees on retirement and disability who need assistance.</i> * <i>No lineage between payday and orgplus.</i> * <i>All HR Policies developed from SALGA are still to approved.</i> * <i>The delays in SALGA job evaluation still causes the Municipality to</i> * <i>Minimum storage for staff files.</i> * <i>The position of Personnel Manager is till unfilled.</i> 		
	<p>2. The Labour Relations Section</p> <p><i>This is a three position sub-unit manned by one official. The functions include:</i></p> <ul style="list-style-type: none"> * <i>Facilitation of the LLF.</i> * <i>Coordination of misconduct and grievance hearings.</i> * <i>Playing advisory role in employer and employee relations.</i> * <i>Management of conflict resolution.</i> * <i>Management and administration of disputes.</i> 		

5.3.3 Corporate Support: Human Resources

Reporting Level	Detail	Total	
	<p>Achievement</p> <ul style="list-style-type: none"> * <i>The Sub-Unit managed to dispose 4 disciplinary cases for the year. The shortage of Prosecutors and Presiding Officers posed a threat to the function.</i> <p>Challenges</p> <ul style="list-style-type: none"> * <i>Shortage of Prosecutors and Presiding Officers.</i> * <i>Shortage of staff.</i> * <i>Poor line management with regard to absenteeism and other ill acts of discipline.</i> * <i>Delays by line Management to resolve staff grievances.</i> * <i>Poor attendance to LLF.</i> 		
	<p>3. Skills Development</p> <p>Achievement</p> <ul style="list-style-type: none"> * <i>Workplace Skills, Plan was timeously developed and submitted to LGSETA</i> * <i>At least 178 employees were trained on different short skills and skills programmes</i> * <i>8 employees completed the AAT Certificate Programme</i> * <i>8 employees completed Diploma in Municipal management</i> * <i>Induction DVD was developed.</i> * <i>Employment Equity Report was submitted to DOL timeously.</i> * <i>There is a total of 33 ABET beneficiaries.</i> <p>Challenges</p> <ul style="list-style-type: none"> * <i>Budget constraints</i> * <i>Delay in supply chain management</i> * <i>There is still poor cooperation from directorate with regard to training need analysis.</i> * <i>ABET beneficiaries not showing interest in the programme.</i> * <i>Employment Equity Forum not yet functional.</i> * <i>Organogram not yet approved.</i> 		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<i>Refer Chapter 2 on Performance Reporting</i>		

5.4.1 Finance: Finance

Function:	Finance
Sub Function:	Finance

Reporting Level	Detail	Total	
Overview:	Includes all activities relating to the financial management and viability of the municipality. Note: grants information should appear in Chapter 4 on <i>Financial Statements and Related Financial Information</i> .		
Description of the Activity:	<p>The function of finance within the municipality is administered as follows and includes:</p> <p><i>Financial Planning, Accounting (Recordkeeping), Financial Reporting, Management of Revenue and expenditure, supply chain management risk assessment and information technology.</i></p> <p>These services extend to include debtors and encouraging indigent clients to disclose their status but do not take account of internal audit function which resides within the jurisdiction of the central district municipality. The municipality has a mandate to:</p> <p>→ <i>Ensure financial viability of the municipality.</i></p> <p>The strategic objectives of this function are to:</p> <p>→ <i>To ensure effective and sustainable financial management system in line with legislation</i></p> <p>→ <i>To stimulate and promote Local Economic Development through Supply Chain Management</i></p> <p>→ <i>Develop financial management policies.</i></p> <p>The key issues for 2010/11 are:</p> <ol style="list-style-type: none"> 1 <i>Compliance with MFMA Reporting requirements</i> 2 <i>Senior Staff Training in Financial Management Skills (CPMD)</i> 		
Analysis of the Function:	<ol style="list-style-type: none"> 1 Debtor billings: number and value of monthly billings: <ul style="list-style-type: none"> <i>July 2010</i> 24,059,939 <i>August 2010</i> 23,643,713 <i>September 2010</i> 5,720,037 <i>October 2010</i> 48,984,122 <i>November 2010</i> 4,277,828 <i>December 2010</i> 9,725,352 <i>January 2011</i> 10,327,666 <i>February 2011</i> 16,256,678 <i>March 2011</i> 18,496,681 <i>April 2011</i> 22,009,600 <i>May 2011</i> 16,374,974 <i>June 2011</i> 493,494 	191,814,427	

5.4.1 Finance: Finance

Reporting Level	Detail	Total	
	<p>- Number and amount billed each month across debtors by function (e.g.: water, electricity etc)</p> <p>Note: create a suitable table to reflect monthly billed and received (against billed) across debtors by function (e.g.: water, electricity etc)</p>		
2	<p>Debtor collections: value of amount received and interest:</p> <p><i>July 2010</i></p> <p><i>August 2010</i></p> <p><i>September 2010</i></p> <p><i>October 2010</i></p> <p><i>November 2010</i></p> <p><i>December 2010</i></p> <p><i>January 2011</i></p> <p><i>February 2011</i></p> <p><i>March 2011</i></p> <p><i>April 2011</i></p> <p><i>May 2011</i></p> <p><i>June 2011</i></p> <p>- Value received from monthly billings each month and interest from the previous month across debtors by function (e.g.: water, electricity etc.)</p> <p>Note: create a suitable table to reflect amount received from that month's billings plus interest from the previous month across debtors by function</p>	<p>213,017,767</p> <p>12,500,903</p> <p>12,039,304</p> <p>12,246,935</p> <p>52,337,621</p> <p>25,770,532</p> <p>8,352,516</p> <p>17,141,493</p> <p>19,353,862</p> <p>15,007,446</p> <p>17,427,622</p> <p>10,457,419</p> <p>10,382,115</p>	
3	<p>Debtor analysis: amount outstanding over 30, 60, 90 and 120 plus days:</p> <p><i>See attached schedule "Debtor Analysis"</i></p> <p>- Total debts outstanding over 30, 60, 90 and 120 plus days across debtors by function (e.g.: water, electricity etc)</p> <p>Note: create a suitable table to reflect debts outstanding over 30, 60, 90 and 120 plus days across debtors by function</p>	<p>R (000s)</p> <p><i>See Note 13 & 14 of Financial statement</i></p>	
4	<p>Write off of debts: number and value of debts written off:</p> <p>- Total debts written off each month across debtors by function (e.g.: water, electricity etc)</p> <p>Note: create a suitable table to reflect write offs each month across debtors by function</p>		6,602
5	<p>Property rates (Residential):</p> <p>- Number and value of properties rated</p> <p>- Number and value of properties not rated</p> <p>- Number and value of rate exemptions</p> <p>- Rates collectible for the current year</p>	<p>13,796</p> <p>3,530</p> <p>56</p>	<p>R (000s)</p> <p>40,261</p> <p>-</p> <p>-</p> <p>40,261</p>
6	<p>Property rates (Commercial):</p> <p>- Number and value of properties rated</p> <p>- Number and value of properties not rated</p> <p>- Number and value of rate exemptions</p>	<p>780</p>	<p>R (000s)</p> <p>72,038</p>

5.4.1 Finance: Finance

Reporting Level	Detail	Total	
	- Rates collectible for the current year		72,038
7	Regional Service Council (RSC) levies: RSC levies have been discontinued as a form of raising revenue for municipality.		
8	Property valuation: - Year of last valuation - Regularity of valuation	2010 every 4 yrs	
9	Indigent Policy: - Quantity (number of households affected) - Quantum (total value across municipality)	5,793	
10	Creditor Payments: <i>See attached schedule "Creditors Payments"</i>	R (000s)	
11	Credit Rating: <i>Non. Council does not have a credit rating.</i>		
12	External Loans: - Total loans received and paid during the year <i>See attached schedule "External Loans"</i>	<i>See Appendix "A" of Financial statement</i>	
13	Delayed and Default Payments: <i>No payment was delayed nor did the municipality default on the terms of the loans</i>		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<i>See Chapter 2 on Performance Reporting</i>		

5.4.2 Finance: Procurement

Function: Finance
Sub Function: Procurement

Reporting Level	Detail	Total	
Overview:	The Procurement Section is a section in the Finance Directorate which support other directorates with procurement and warehousing of commodities. New SCM Strategies were implemented in phases between March/June 2006 to date. The implementation of Supply Chain Management is funded by National Treasury by way of MFMA Grant in respect of training and subsistence allowance for relevant matters. Human Resource salaries and benefits are paid by Council.		
Description of the Activity:	<p>The function of procurement within the municipality is administered as follows and includes:</p> <ol style="list-style-type: none"> <i>Demand:</i> This Planning Stage of the acquisition of goods and services. Budget and IDP Research, networking are key at this <i>Acquisition:</i> This is an execution stage where orders are issued, follow-up for outstanding orders to the Payment Section to effect payment to creditors. <i>Warehousing/Stores:</i> Goods which are not for immediate use are stored according to use and commodity codes. Issues and receipts are effected and records are daily updated. <i>Disposal:</i> Goods that are obsolete, unserviceable, and redundant are stored in terms of lots at warehouse for disposal. Disposal is arranged annually depending on the number of items. Goods are disposed in terms of MFMA, Sections 14 and 90. <i>Secretariat:</i> Since 2009 the Bid Committees are supported by Bid Officer who coordinate meetings, write minutes, distribute agenda and other related SCM matters. <p>These services extend to include <i>procurement</i>, but do not take account of <i>procurement</i> which resides within the jurisdiction of <i>National/North West Provincial</i> government. The municipality has a mandate to:</p> <p><i>Implement Supply Chain Management by Strategies from 1 July 2006 in terms of Section 110 - 119 of MFMA.</i></p> <p>The strategic objectives of this function are to:</p> <p><i>To ensure adherence to procurement guidelines, regulations and procedures from national treasury, Supply Chain Management Policy of the municipality and other relevant supply chain management prescripts</i></p> <p>The key issues for 2010/11 are:</p> <p><i>Implementation of Supply Chain Management Policy, Training, Appointment of staff, review of implemented policy within legislative mandates, delegation and code of conduct.</i></p>		

5.4.2 Finance: Procurement

Reporting Level	Detail	Total	
Analysis of the Function:	<p><i>Supply Chain Management Office commenced 1 April 2006.</i></p> <p>1 Details of tender / procurement activities:</p> <ul style="list-style-type: none"> - Total number of times that tender committee met during year - Total number of tenders considered - Total number of tenders approved - Average time taken from tender advertisement to award of tender 	4	26
	<p>2 Details of tender committee:</p> <p><i>There are three bid committees, that is -</i> <u>Bid Specification Committee</u> <i>Supply Chain Manager and User Directorate</i></p> <p><u>Members:</u> <i>Mokgwamme NM (Chair)</i> <i>Tiro T</i> <i>Mahlakoleng T</i> <i>Nyembe K.P.</i></p>	4	
	<p><u>Bid Evaluation Committee</u></p> <p><u>Members:</u> <i>Morris RA (Chair)</i> <i>Kembo P</i> <i>Malamud M</i> <i>Pole LD</i> <i>Modise T</i> <i>Mpholokeng SM</i></p> <p><u>Bid Adjudication Committee</u></p> <p><u>Members of the tender committee:</u> <i>Finale N</i> <i>Adv. Morule MEN</i> <i>Rantao RA</i> <i>Tsogang KE (Supply Chain Management)</i> <i>Boikanyo KI (Chairperson)</i></p>		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	See chapter 2 on Performance Reporting		

5.5.1 Infrastructure: Electricity Distribution

Function: Electricity		Sub Function: Electricity Distribution	
Reporting Level	Detail	Total	Cost
Overview:	Facilitation of electricity distribution in different wards by Eskom. The municipality does not have a license to distribute electricity. Electricity in the Mafikeng Local Municipality area is distributed directly to consumers by ESKOM.		
Description of the Activity:	<p>The electricity purchase and distribution functions of the municipality are administered as follows and include:</p> <p>The following areas were electrified within the municipality but it should be noted that this was done directly by ESKOM. Mafikeng Local Municipality does not have a licence to distribute electricity.</p> <p><i>Lethogoring</i> 90 hh R 3,524</p> <p><i>Seboana</i> 90 hh R 2,529</p> <p><i>Tsokoane</i> 56 hh R 3,712</p> <p><i>Ditshilo</i> 100 hh R 2,439</p> <p><i>Lekhubu-la-Seipone</i> 40 hh R 1,711</p> <p><i>Mantsa</i> 150 hh R 3,182</p> <p><i>Infills</i> 600 hh R 1,368</p> <p><i>Vryburg Road Vryhof Silo 22KV Feeder 3.5km feeder Line</i> 3.5km R 967</p> <p><i>Sannieshof Munic Gelukspan 22KV feeder install Voltage regulator at SHGP125</i> 1 R 1,001</p> <p><i>Sannieshof Munic Gelukspan 22KV feeder install Voltage Regulator at SM59</i> 1 R 924</p> <p><i>Mareetsane Mooifontein Feeder</i> 1 R 2,729</p> <p><i>Lekoko Ext(design)</i> 66hh R 52</p> <p><i>Lekhung Ext(design)</i> 120hh R 1,942</p> <p>The strategic objectives of this function are to: <i>Facilitate electricity distribution through Eskom</i></p> <p>The key issues for 2010/11 are: <i>Facilitation of electrification of 1126 households</i></p>		R'000
Analysis of the Function:	<p>1 Number and cost to employer of all personnel associated with the electricity distribution function:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - - - Field (Supervisors/Foremen) - - - Office (Clerical/Administration) - - - Non-professional (blue collar, outside workforce) - - - Temporary - - <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.</p> <p>2 Total quantity and cost of bulk electricity purchases in kilowatt hours and rand, by category of consumer. (Refer Par 1 above)</p> <ul style="list-style-type: none"> - Residential R 30,616 - Commercial R 133,933 - Industrial R 16,345 - Mining R 21,261 - Agriculture R 119,679 - Other R 816,838,850 		R'000

5.5.1 Infrastructure: Electricity Distribution

Reporting Level	Detail	Total	Cost
3	Total quantity and receipts for bulk electricity sales in kilowatt hours and rand, by category of consumer: (Refer par 1 above)		R (000s)
	- Household	-	R 33,929
	- Commercial	-	R 185,575
	- Industrial	-	R 29,284
	- Mining	-	R 42,517
	- Agriculture	-	R 114,162
	- Other	-	R 1,282,802,709
4	Total year-to-date electricity losses in kilowatt hours and rand : (Refer par 1 above)	-	R (000s)
			R 0.00
5	Number of households with electricity access, and type and cost of service: (Refer par 1 above)		R (000s)
	- Electrified areas		
	- Municipal	-	-
	- Eskom	-	-
	- Alternate energy source		
	- Gas	-	-
	- Paraffin	-	-
	- Solar	-	-
	- Wood	-	-
	- Non electrified	-	-
	Note: if other types of services are available, please provide details		
6	Number and cost of new connections: (Refer par 1 above)	-	R (000s)
7	Number and cost of disconnections and reconnections (Refer par 1 above)	-	R (000s)
8	Number and total value of electrification projects planned and current: (Refer par 1 above)		R (000s)
	- Current (financial year after year reported on)	-	-
	- Planned (future years)	-	-
	Note: provide total project and project value as per initial or revised budget		
9	Anticipated expansion of electricity service:	-	R (000s)
10	Estimated backlog in number (and cost to provide) water connection: (Refer Par 1 above)	-	R (000s)
11	Free Basic Service Provision: (Refer Par 1 above)		
	- Quantity (number of households affected)	-	-
	- Quantum (value to each household)	-	-
12	Type and number of grants and subsidies received: (Refer Par 1 above)	-	R (000s)
13	Total operating cost of electricity distribution function		-

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	Mafikeng Local Municipality does not perform this function.		

5.5.2 Infrastructure: Road Transport: Roads

Function: Road Transport			
Sub Function: Roads			
Reporting Level	Detail	Total	Cost
Overview:	Construction and maintenance of roads within the municipality's jurisdiction		
Description of the Activity:	<p>The road maintenance and construction responsibilities of the municipality are administered as follows and include:</p> <ul style="list-style-type: none"> ▪ Identification of the priorities, be it construction or maintenance. ▪ Design for construction either internally or involving private professionals. ▪ Set-out a programme with costs of the activities that will be performed. <p>These functions include ongoing patching of potholes and maintenance of stormwater drains and grading of gravel roads to cemeteries and other main roads, but do not take account of national and provincial roads.</p> <p><i>The Municipality has a mandate to:</i></p> <ul style="list-style-type: none"> ▪ Re-gravel roads within the municipal area ▪ Re-seal tarred roads ▪ Patch potholes ▪ Construct new roads <p><i>Main all the roads to acceptable standards</i></p> <p><i>The following projects are identified for the year 2010/11:</i></p> <ul style="list-style-type: none"> ▪ Provision of tar road from Lotlhakane to Rapulana Clinic 5,000 ▪ Regravelling of road from Kaalpan to Nooitgedacht 4,000 ▪ Provision of a bridge in Tontonyane Phase II 3,500 ▪ Construction of a bridge and internal roads between Ramoila Section and Phatsima 5,000 ▪ Blading of 10 km.access roads in the rural areas 27,000 ▪ Regravelling of 12km of gravel roads in rural areas 1,354 ▪ Construction of gravel roads in Ext. 38 and 39 2,000 ▪ Pothole patching and maintenance of urban roads 2,000 ▪ Rural and urban stormwater upgrading and maintenance 2,000 <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> ▪ To ensure the provision of Basic Municipal services through integrated service delivery to the satisfaction of the customer <p>The key issues for 2010/11 are:</p> <ul style="list-style-type: none"> ▪ Upgrade the existing road network by implementing a phased resealing programme. ▪ Extend the rural road network by upgrading the existing gravel roads. ▪ Upgrading the existing stormwater network. 		R'000
Analysis of the Function:	<p><Provide statistical information on (as a minimum):></p> <p>1 Number and cost to employer of all personnel associated with road maintenance and construction:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) 1 368 - Field (Supervisors/Foremen) - - - Office (Clerical/Administration) 1 - - Non-professional (blue collar, outside workforce) - - - Contract 2 66 <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>		

5.5.2 Infrastructure: Road Transport: Roads

Reporting Level	Detail	Total	Cost
2	Total number, kilometres and total value of road projects planned and current: - New bitumenised (number) - Existing re-tarred (number) - New gravel (number) - Existing re-sheeted (number) Note: if other types of road projects, please provide details		9,084
		10 kms.	7,744
		20 kms.	940
		30 kms.	400
		0	-
	- Gravel	1000 kms.	100,000
3	Total kilometres and maintenance cost associated with existing roads provided		R'000
	- Tar	7.4 kms.	4,876
	- Gravel	20 kms.	1,590
	Note: if other types of road provided, please provide details		
4	Average frequency and cost of re-tarring, re-sheeting roads		R'000
	- Tar	7.4 km./annum	3,375
	- Gravel	20 km./annum	3,498
	Note: based on maintenance records		
5	Estimated backlog in number of roads, showing kilometres and capital cost		R'000
	- Tar	250 kms.	318,000
	- Gravel	1000 kms.	100,000
	Note: total number should appear in IDP, and cost in future budgeted road construction programme		
6	Type and number of grants and subsidies received: SMIF (MIG) Note: total value of specific road grants actually received during year to be recorded over the five quarters - Apr to Jun this year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.	2	9,200
7	Total operating cost of road construction and maintenance function		34,491

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	Refer to Chapter 2 on Performance Reporting		

5.5.3 Infrastructure: Waste Water Management: Sewerage

Function:	Waste Water Management
Sub Function:	Sewerage etc

Reporting Level	Detail	Total	Cost
Overview:	Includes provision of sewerage services not including infrastructure and water purification, also includes toilet facilities		
Description of the Activity:	<p>The sewerage functions of the municipality are administered as follows and include:</p> <p><i>The collection of sewerage from residential and commercial sites through main sewer lines.</i></p> <p><i>Disposing of sewerage into the sewerage treatment works.</i></p> <p><i>Treatment of the sewerage and disposing the final effluent into streams as approved by DWAF.</i></p> <p><i>Maintenance of the Infrastructure (main sewer pipes and treatment works) to maintain acceptable levels of effluent.</i></p> <p><i>The provision and maintenance of VIP's is the responsibility of the District Municipality who are the Water Services Authority.</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Maintain the sewerage treatment works and other infrastructure within acceptable health standards.</i></p> <p><i>To attend to complaints efficiently and effectively.</i></p> <p>The key issues for 2010/11 are: <List here></p>		
Analysis of the Function:	<p><Provide statistical information on (as a minimum):></p> <p>1 Number and cost to employer of all personnel associated with sewerage functions:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) 2 662 - Field (Supervisors/Foremen) 9 65 - Office (Clerical/Administration) 1 1,605 - Non-professional (blue collar, outside workforce) 32 2,493 - Temporary 30 2,070 - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p> <p>2 Number of households with sewerage services, and type and cost of service:</p> <ul style="list-style-type: none"> - Flush toilet (connected to sewerage system) 20,030 143,800 - Flush toilet (with septic tank) 1,445 14,800 - Chemical toilet - - - Pit latrine with ventilation 6,570 50,480 - Pit latrine without ventilation 38,055 4,000 		

5.5.3 Infrastructure: Waste Water Management: Sewerage

Reporting Level	Detail	Total	Cost
	- Bucket latrine	4,206	-
	- No toilet provision Note: if other types of services are available, please provide details	-	-
3	Anticipated expansion of sewerage: - Flush - Pit latrine - Bucket latrine - No toilet provision Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality	500 1,200 -	3,600 9,200 -
4	Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household) Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.	<total> <value>	
5	Total operating cost of sewerage function		18,520

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
No. of blockages attended to within 24 hours	An average of 10 blockages per day are handled, with the result that minimal sewer is flowing into streams	Same	Attend to sewer blockage within 24 hours
Monthly laboratory reports	The effluent from both sewer treatment works is of acceptable standards and verified by monthly reports	Same	Keep the effluent within acceptable standards by DWAF
No. of breakdowns per month	The breakdowns of pumpstations have been kept to the minimum to ensure smooth running of sewer system	Same	Maintain the pumpstation functional to acceptable standards
	Installation of VIP toilets is implemented by CDM		

5.5.4 Infrastructure: Water Distribution

Function: Water			
Sub Function: Water Distribution			
Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of water		
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"> * Purchasing of ± 11,4 million kilolitres of treated water from water board (Botshelo Water) and distribution to about 18,000 households and businesses. * Billing the consumers in accordance with approved tariffs. * Attending to leaking pipes, valves and meters on an ongoing basis. * Managing the water balance between purchased and distributed quantities. <p>These services extend to include all areas within the proclaimed areas of some rural areas which are serviced by the District Municipality and Botshelo Water. The municipality has a mandate to:</p> <ol style="list-style-type: none"> 1. Provide potable water to all the residents 2. Educate community to preserve water. 3. Keep the loss of water to the minimum <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> * To provide water to all the residents where the WSA has authorised WSP status. * To keep the water loss to the minimum * To restrict where residents are not paying their accounts - as informed by the Finance Directorate <p>The key issues for 2010/11 are:</p> <ul style="list-style-type: none"> * Provide access to clean water through the provision of appropriate infrastructure. * Reduce the level of unaccounted for water losses. * Improvement of access by all households to a portable water service. 		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		R (000s)
	1 Number and cost to employer of all personnel associated with the water distribution function:		7,017
	- Professional (Engineers/Consultants)	2	662
	- Field (Supervisors/Foremen)	6	1,818
	- Office (Clerical/Administration)	1	65
	- Non-professional (blue collar, outside workforce)	46	2,615
	Contractor	10	1,857
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.		
	2 Percentage of total water usage per month	59%	
	Note: this will therefore highlight percentage of total water stock used per month		
	3 Total volume and cost of bulk water purchases in kilolitres and rand, by category of consumer		
	<i>Bulk Water</i>	11,475,921	45,250
	4 Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer:		
	<i>Bulk Water</i>	6,749,605	44,657
	5 Total year-to-date water losses in kilolitres and rand	4 726 316kl.	59
	6 Number of households with water service, and type and cost of service:		R (000s)
	- Piped water inside dwelling	20,730	44,657
	- Piped water inside yard	5,000	8,000
	- Piped water on community stand: distance < 200m from dwelling	10,000	10,000

5.5.4 Infrastructure: Water Distribution

Reporting Level	Detail	Total	Cost
	- Piped water on community stand: distance > 200m from dwelling	7,000	5,000
	- Borehole	12,041	9,400
	Note: if other types of services are available, please provide details		
7	Number and cost of new connections:	500	1,000
8	Number and cost of disconnections and reconnections:	1,000	400
9	Number and total value of water projects planned and current:		
	- Current (financial year after year reported on)	1	4,000
	- Planned (future years) - CDM to implement as Water Supply Authority	1	12,000
	Note: provide total project and project value as per initial or revised budget		
10	Anticipated expansion of water service:		R (000s)
	- Piped water inside dwelling	-	-
	- Piped water inside yard	500	1,000
	- Piped water on community stand: distance < 200m from dwelling	-	-
	- Piped water on community stand: distance > 200m from dwelling	-	-
	- Borehole	300	3,500
	- Spring	-	-
	- Rain-water tank	-	-
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
11	Estimated backlog in number (and cost to provide) water connection:		R (000s)
	- Piped water inside dwelling	-	-
	- Piped water inside yard	-	-
	- Piped water on community stand: distance < 200m from dwelling	21,041	168,330
	- Piped water on community stand: distance > 200m from dwelling	-	-
	- Borehole	500	5,800
	- Spring	-	-
	- Rain-water tank	-	-
	Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
12	Free Basic Service Provision:		
	- Quantity (number of households affected)	22,000	4,520
	- Quantum (value to each household)	22,000	205
	Note: 6 kilolitres per household as free but in rural areas water are provided by means of tankers and diesel provided free for pumps		
13	Type and number of grants and subsidies received:		R (000s)
	<i>MIG through CDM</i>	-	-
	Note: total value of specific water grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
14	Total operating cost of water distribution function		60,434

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Number of rural household of rural	25 Boreholes drilled and equipped The number of households receiving free basic water is 37,500	NMMDM has taken over	A further 2.5% of household to be
Reduction of water loss in percentages	Waterloss is now at 35%	Same	Keep or improve the waterloss at 15%
Number of household benefiting from boreholes	of the 36,000 households receiving free basic water, 16,000 are supplied from borehole	25 boreholes drilled and equipped	Service extended to rural ares where pumps(diesel or electircal) supply water to communities
Reduced Overtime	Due to lack of staff - untill vacancies are filled this target is still a challenge. Some plumber's posts were filled, but due to nature of trade - burst pipe at night, overtime still a challenge.		Improve productivity of plumbers and reduce overtime by 20%

5.5.5 Infrastructure: Street Lighting

Function:	Electricity
Sub Function:	Street Lighting

Reporting Level	Detail	Total	Cost
Overview:	Includes all activities associated with the provision of street lighting to the community		
Description of the Activity:	<p>Street lighting responsibilities of the municipality are administered as follows and include:</p> <p><i>The total number:</i></p> <ul style="list-style-type: none"> * High Mast Lights * Street lights <p>Erection of 48 High Mast Lights in Motlhabeng, Dibate, Seweding, Tontonyane and Lokaleng</p> <p>Erection of 30 High Mast Lights in Lomanyaneng, Sehuba and Tlhabologo</p> <p>Erection of High Mast Lights in Majemantsho, Diamond Field, Moonlights, Louisdal, Enselsrus, Goedgevonden, Brooksby, Lotlhakane, Ditsilo East and</p> <p>Erection of 25 High Mast Lights in Mapetla, Lomanyaneng, Sehuba and Tlhabologo</p> <p>The Municipality is Mandated to ensure that the entire area is provided with lights to reduce any criminal activity.</p> <p>To ensure that all wards are illuminated</p> <p>Repairs are done where maintenance is needed</p> <p>The key issues for 2010/11 are:</p> <p>Percentage increase in the number of functional streetlights and highmast lights</p> <p>Installation of highmast lights in rural areas as per IDP allocation</p>	<p>8609</p> <p>439</p> <p>8170</p> <p>48</p> <p>32</p> <p>25</p>	<p>R (000s)</p> <p>R4,500m maintenance budget only</p> <p>6,432</p> <p>8,500</p> <p>4,300</p>
Analysis of the Function:	<p>1 Number and total operating cost of streetlights and highmast lights servicing population:</p> <p>Note: total streetlights and highmast lights should be available from municipal inventory</p> <p>2 Total bulk kilowatt hours consumed for public lighting:</p> <p>Note: total number of kilowatt hours consumed by all public lighting for year</p>	<p>8609</p>	<p>R (000s)</p> <p>4,500</p> <p>8,910</p>
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	Refer to Chapter 2 on Performance Reporting		

5.6.1 Public Safety: Fire Rescue Disaster Management

Function: Public Safety		Sub Function: Fire, Rescue & Disaster Management	
Reporting Level	Detail	Total	
Overview:	The subunit is responsible for Fire, Rescue & Disaster Management control		
Description of the Activity:	<p>The Fire, Rescue & Disaster Management control functions of the municipality are administered as follows and include:</p> <p><i>Fire, Rescue & Disaster Management Services (extinguishing fire, fire prevention, recommend approval of building plans, inspection of business, conducting fire safety inspections, provision of rescue services, fire education awareness, rendering a coordination, mitigation and support function during disaster, liaison with all stakeholders on matters relating to disaster management.</i></p> <p>These services extend to include <i>Fire, Rescue & Disaster Management</i>, but do not take account of <i>Fire, Rescue & Disaster Management</i> which resides within the jurisdiction of <i>North West Provincial</i> government. The municipality has a mandate to:</p> <p>The strategic objectives of this function are to:</p> <p>>To provide effective, efficient <i>Fire, Rescue and Disaster Management services that meet the expectation of the community.</i></p> <p>The key issues for 2010/11 are:</p> <ul style="list-style-type: none"> • To conduct fire safety education at schools and business premises • To conduct fire safety compliance at schools and other premises 		
Analysis of the Function:	<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) - Field (Supervisors) - Office (Clerical/Administration) - Non-professional (visible police officers on the street) - Volunteer - Temporary - General workers <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Office includes desk bound police and traffic officers, non-professional includes aides</p>		R (000s)
	<p>2 Total number of call-outs attended:</p> <ul style="list-style-type: none"> - Emergency call-outs <ul style="list-style-type: none"> ▪ <i>Special Services</i> 340 ▪ <i>Motor Vehicles Accident Calls</i> 53 ▪ <i>Natural Disaster: Number of houses destroyed by -</i> <ul style="list-style-type: none"> * fire 79 * floods/winds 53 - Standard call-outs <ul style="list-style-type: none"> ▪ <i>Building plans approved</i> 64 <p>Note: provide total number registered, based on call classification at municipality</p>	340 53 79 53 64 42	
	<p>3 Average response time to call-outs:</p> <ul style="list-style-type: none"> - Emergency call-outs 5 minutes - Standard call-outs 5 minutes <p>Note: provide average by dividing total response time by number of call-outs</p>	5 minutes 5 minutes	

5.6.1 Public Safety: Fire Rescue Disaster Management

Reporting Level	Detail	Total	
5	Total number and type of emergencies leading to a loss of life or disaster: <i>None</i>		
6	Type and number of grants and subsidies received: <i>No grants received during the year under review</i> Note: total value of specific public safety grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.	-	R (000s) -
7	Total operating cost of police and traffic function		

Key Performance	Performance During the Year, Performance Targets Against Actual	Current	Target
	<i>See Chapter 2: Public Safety Performance Report</i>		

5.6.2 Public Safety: Administration

Function: Public Safety			
Sub Function: Public Safety Administration & Other			
Reporting Level	Detail	Total	
Overview:	To enable the directorate of the Public Safety to render a sustainable and effective service to the public. The Department consists of four units viz. Law Enforcement, Fire, Rescue & Disaster Management, Testing & Licensing as well as Security & Fleet Management.		
Description of the Activity:	<p>The purpose of the directorate Public Safety is to provide quality, professional and sustainable public safety services to Mafikeng Local Municipality</p> <p><i>Public Safety Administration: Focuses on the rendering of administration and support function to all units in the Directorate</i></p> <p><i>Law Enforcement: Includes traffic control, management and enforcement to ensure compliance with all National, Provincial and Municipality Legislation & By-laws.</i></p> <p><i>Testing & Licensing: Includes the testing of all motor vehicle categories for roadworthiness, the examination of learner/driving applicants for learners & driving licenses.</i></p> <p><i>Fire, Rescue and Disaster Management: Includes fire fighting, inspection of buildings, rescue services as well as responds to emergencies and life threatening situations.</i></p> <p><i>Security & Fleet Management: Includes rendering of physical security for council property and cash in transit service and the management of all council vehicles.</i></p> <p>These services extend to include <i>Law Enforcement</i>, but do not take account of <i>Law Enforcement</i> which resides within the jurisdiction of <i>North West Provincial</i> government. The municipality has a mandate to:</p> <p>The strategic objectives of this function are to:</p> <ol style="list-style-type: none"> 1. To provide quality, professional and sustainable integrated testing, license registration services in accordance with relevant legislation 2. To provide effective, efficient Fire, Rescue and Disaster Management services that meet the expectation of the community 3. To render cost effective and efficient and professional traffic management, law enforcement 4. To provide quality, professional and sustainable security and fleet management <p>The key issues for 2010/2011 are:</p> <ol style="list-style-type: none"> 1. Parking enforcement is being attended to by personnel transferred from Security section/Cash in transit 2. The parking meter management function has been outsourced. 3. Reduction in number of stray animals in the area due to the effective management of the Municipal pound function 4. Four sets of by-laws relevant to Public Safety were approved by Council 5. The Road Traffic Management Corporation has allocated a K78 Roadblock trailer to enable the Department to hold compliant Roadblocks. 6. Service provider has been appointed for installation of a fleet management system and the monitoring thereof. 7. Reduction in overtime claims was achieved 8. Departmental meetings were held. 		

5.6.2 Public Safety: Administration

Reporting Level	Detail	Total	
	<p>9. Service delivery Implementation Plan was timeously completed and submitted.</p> <p>10. Queries and complaints regarding the booking systems at the DLTC were attended and the system has been improved tremendously.</p>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	<p>Number and cost to employer of all personnel associated with policing and traffic control:</p> <ul style="list-style-type: none"> - Professional (Senior Management) - Field (Detectives/Supervisors) - Office (Clerical/Administration) - Non-professional (visible police officers on the street) - Volunteer - Temporary - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Office includes desk bound police and traffic officers, non-professional includes aides</p>	-	R (000s)
6	Type and number of grants and subsidies received:		
	<i>No grants and subsidies for under review</i>	-	-
	n/a		
7	Total operating cost of police and traffic function		240

Key Performance	Performance During the Year, Performance Targets Against Actual	Current	Target
	See Chapter 2: Public Safety Performance Report		

5.6.3 Public Safety: Licensing

Function:	Public Safety
Sub Function:	Testing & Licensing

Reporting Level	Detail	Total	
Overview:	The subunit provides police force and traffic (and parking) control		
Description of the Activity:	<p>The policing and traffic control functions of the municipality are administered as follows and include: <i>Testing and Licensing Services (testing and issuing learners license of all classes, testing and issuing of drivers licenses of all classes except motor cycles, to issue Public Professional Driving Permit, renewal of all drivers licenses codes, testing vehicles for road worthiness, testing public transport vehicles for certificate of fitness, cashier services, eye testing).</i></p> <p>These services extend to include <i>Law Enforcement</i>, but do not take account of <i>Law Enforcement</i> which resides within the jurisdiction of <i>North West Provincial</i> government. The municipality has a mandate to:</p> <p>The strategic objectives of this function are to: <i>To provide quality, professional and sustainable intergrated testing and licence registration services in accordance with relevant legislation</i> The key issues for 2010/11 are: <i>To test all motor vehicle categories for roadworthiness</i> <i>To test applicants for learner and driving licences</i></p>		
Analysis of the Function:	<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) - Office (Clerical/Administration) - Non-professional (visible police officers on the street) - Temporary <p>2 Total number of licences</p> <ul style="list-style-type: none"> ▪ <i>Learners drivers tested</i> 5285 ▪ <i>Driving licenses services renewed according to the provisions of the Act.</i> 5242 ▪ <i>Applicants for drivers licenses examined as prescribed by legislation</i> 2707 ▪ <i>Number of Permits issued</i> 1697 ▪ <i>Roadworthy tests conducted</i> 5460 <p>3 Total operating cost of licensing function</p>		R (000s)

Key Performance	Performance During the Year, Performance Targets Against Actual	Current	Target
	a. <i>Compliance by examiners of drivers license to conduct PrDP tests.</i>		<i>Achieved</i>
	b. <i>Upgraded and repaired vehicle testing station equipment</i>		<i>Achieved</i>

5.6.4 Public Safety: Security Fleet Management

Reporting Level	Detail	Total	
Function:	Public Safety		
Sub Function:	Security & Fleet Management		
Overview:	The unit performs function such as Security & Fleet Management services		
Description of the Activity:	<p>The Security & Fleet Management functions of the municipality are administered as follows and include: <i>Security & Fleet Management Services(Providing protective security i.e. physical security in municipal properties, information security, investigations, communication security, personnel security, fire arm management and control, threat and risk assessment services, develop and manage council fleet system.</i></p> <p>These services extend to include <i>Security & Fleet Management</i> , but do not take account of <i>Security & Fleet Management</i> which resides within the jurisdiction of <i>North West Provincial</i> government. The municipality has a mandate to:</p> <p>The strategic objectives of this function are to: <i>To provide quality, professional and sustainable security and fleet management</i></p> <p>The key issues for 2010/11 are to: <i>To ensure better control and utilisation of council vehicles</i></p>		
Analysis of the Function:	<p>1 Number and cost to employer of all personnel associated with policing and traffic control: - Professional (Senior Management) - Field (Detectives/Supervisors) - Office (Clerical/Administration) Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Office includes desk bound police and traffic officers, non-professional includes aides</p>		R (000s)
	<p>2 Total number of call-outs attended: <i>n/a</i> Note: provide total number registered, based on call classification at municipality</p>		
	<p>3 Average response time to call-outs: - Emergency call-outs - Standard call-outs Note: provide average by dividing total response time by number of call-outs</p>	5 minutes 5 minutes	
	<p>4 Total number and type of emergencies leading to a loss of life or disaster: <i>N/A</i></p>	-	
	<p>5 Type and number of grants and subsidies received: <i>No subsidy granted to this unit during the year under review</i></p>	-	R (000s) -
	6 Total operating cost of Security & Fleet Management function		(93)

5.6.4 Public Safety: Security Fleet Management

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<p>a. Number of security policies developed and approved. Security policy has been finalised and awaiting workshops</p> <p>b. Number of security personnel trained:</p> <ul style="list-style-type: none"> • Firearm training <p>c. Centralized Council fleet management function</p> <p>d. Number of new vehicles purchased</p> <p>e. Outsourced cash in transit function.</p> <p>f. Outsourcing of physical security component for guarding other council properties.</p>	<p>1</p> <p>0</p> <p>Achieved</p> <p>0</p> <p>Achieved</p> <p>Achieved</p>	<p>July 2010 - June 2011</p>

5.6.5 Public Safety: Law Enforcement (Traffic)

Reporting Level	Detail	Total																																																																																																									
Function:	Public Safety																																																																																																										
Sub Function:	Law Enforcement - Police (Traffic)																																																																																																										
Overview:	Includes police force and traffic (and parking) control																																																																																																										
Description of the Activity:	<p>The policing and traffic control functions of the municipality are administered as follows and include:</p> <p><i>The Law Enforcement function includes traffic control, municipal pound and logistics. Traffic management services (Issuing of summons, traffic control, administration, processing of traffic offences, execution of warrant of arrest, provision of court related functions). Logistics (Road safety awareness education, maintenance of road infrastructure relating to road signs and markings)</i></p> <p>These services extend to include <i>Law Enforcement</i> , but do not take account of <i>Law Enforcement</i> which resides within the jurisdiction of <i>North West Provincial</i> government. The municipality has a mandate to:</p> <p>The strategic objectives of this function are to:</p> <p><i>To render cost effective, efficient and professional traffic management and law enforcement services</i></p> <p>The key issues for 2010/11 are:</p> <p><i>To ensure compliance will all National, provincial and Municipality Legislation By-laws</i></p>																																																																																																										
Analysis of the Function:	<p><Provide statistical information on (as a minimum):></p> <table border="1"> <thead> <tr> <th></th> <th></th> <th></th> <th>R (000s)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Number and cost to employer of all personnel associated with policing and traffic control:</td> <td></td> <td></td> </tr> <tr> <td></td> <td>* Professional (Senior Management)</td> <td>2</td> <td></td> </tr> <tr> <td></td> <td>* Field (Detectives/Supervisors)</td> <td>7</td> <td></td> </tr> <tr> <td></td> <td>* Office (Clerical/Administration)</td> <td>2</td> <td></td> </tr> <tr> <td></td> <td>* Non-Professional (Visible traffic officers on the street)</td> <td>9</td> <td></td> </tr> <tr> <td></td> <td>* Non-Professional (Traffic Wardens)</td> <td>5</td> <td></td> </tr> <tr> <td>2</td> <td>Total number of call-outs attended:</td> <td></td> <td></td> </tr> <tr> <td></td> <td>- Emergency call-outs</td> <td>-</td> <td></td> </tr> <tr> <td></td> <td>- Standard call-outs</td> <td>-</td> <td></td> </tr> <tr> <td>3</td> <td>Average response time to call-outs:</td> <td></td> <td></td> </tr> <tr> <td></td> <td>- Emergency call-outs</td> <td>-</td> <td></td> </tr> <tr> <td></td> <td>- Standard call-outs</td> <td>-</td> <td></td> </tr> <tr> <td></td> <td>Note: provide average by dividing total response time by number of call-outs</td> <td></td> <td></td> </tr> <tr> <td>4</td> <td>Total number of targeted violations eg: traffic offences:</td> <td></td> <td></td> </tr> <tr> <td></td> <td>● Warrants of arrests executed</td> <td>229</td> <td></td> </tr> <tr> <td></td> <td>● Summons issued/traffic fines</td> <td>42,359</td> <td></td> </tr> <tr> <td></td> <td>● Percentage of NTRA 93/96 compliant road signs</td> <td>100%</td> <td></td> </tr> <tr> <td></td> <td></td> <td>compliant</td> <td></td> </tr> <tr> <td></td> <td>● Road blocks conducted (day to day law enforcement operation)</td> <td>26</td> <td></td> </tr> <tr> <td></td> <td>● Repainted faded road markings (Junctions were repainted)</td> <td>100%</td> <td></td> </tr> <tr> <td></td> <td>● Number of Schools trained for scholar patrol activities</td> <td>13</td> <td></td> </tr> <tr> <td></td> <td>● Number of law enforcement equipment purchased.</td> <td>0</td> <td></td> </tr> <tr> <td></td> <td>● Number of Law Enforcement officers appointed</td> <td>0</td> <td></td> </tr> <tr> <td></td> <td>● Outsourced Municipal Pound Facility.</td> <td>Achieved</td> <td></td> </tr> <tr> <td></td> <td>● Improve collection rate of traffic fines by focusing on serving of outstanding warrants of arrests, income generated in this regard has increased.</td> <td>1,424,880.00</td> <td></td> </tr> </tbody> </table>						R (000s)	1	Number and cost to employer of all personnel associated with policing and traffic control:				* Professional (Senior Management)	2			* Field (Detectives/Supervisors)	7			* Office (Clerical/Administration)	2			* Non-Professional (Visible traffic officers on the street)	9			* Non-Professional (Traffic Wardens)	5		2	Total number of call-outs attended:				- Emergency call-outs	-			- Standard call-outs	-		3	Average response time to call-outs:				- Emergency call-outs	-			- Standard call-outs	-			Note: provide average by dividing total response time by number of call-outs			4	Total number of targeted violations eg: traffic offences:				● Warrants of arrests executed	229			● Summons issued/traffic fines	42,359			● Percentage of NTRA 93/96 compliant road signs	100%				compliant			● Road blocks conducted (day to day law enforcement operation)	26			● Repainted faded road markings (Junctions were repainted)	100%			● Number of Schools trained for scholar patrol activities	13			● Number of law enforcement equipment purchased.	0			● Number of Law Enforcement officers appointed	0			● Outsourced Municipal Pound Facility.	Achieved			● Improve collection rate of traffic fines by focusing on serving of outstanding warrants of arrests, income generated in this regard has increased.	1,424,880.00	
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5.6.5 Public Safety: Law Enforcement (Traffic)

Reporting Level	Detail	Total	
5	Total number and type of emergencies leading to a loss of life or disaster: <i>N/A</i>	-	
6	Type and number of grants and subsidies received: <i>None</i>	-	<i>R (000s)</i> -
7	Total operating cost of police and traffic function		<u>11 832</u>

Key Performance	Performance During the Year, Performance Targets Against Actual	Current	Target
	<i>See Chapter 2: Public Safety Performance Report</i>		

5.7.1 Community and Social Services: Clinic

Function: Community Services			
Sub Function: Clinic			
Reporting Level	Detail	Total	
Overview:	The clinic caters for municipal staff, Councillors, their spouses and dependants on daily basis.		
Description of the Activity:	<p>The function for the provision of community health clinic services within the municipality is administered as follows and includes:</p> <ul style="list-style-type: none"> * To provide and manage all comprehensive Primary Health Care Services to all Council employees and their dependants. * To provide awareness raising campaigns on HIV/AIDS, STI and TB to all communities around Mafikeng/Mmabatho area including Youth and Council employees. * To provide Health and Safety Programme and Wellness Programme. * To provide health education programme. <p>These services extend to include clinic services, but do not take account of clinics which reside within the jurisdiction of North West Provincial Government. The Municipality has a mandate to;</p> <p>To ensure effective provision of all Healthcare Service.</p> <p>The strategic objectives of this function are to:</p> <p>To ensure effective provision of all Healthcare Service.</p> <p>The key issues for 2010/11 are:</p> <ul style="list-style-type: none"> * Consultation and Treatment of diseases * HIV/AIDS Awareness Raising Campaigns * Health Educational Programme. 		
Analysis of the Function:	<p>Statistics -</p> <ul style="list-style-type: none"> * Consultation and Treatment of diseases * Chronic Disease Programme * Mother and Child programme * Voluntary counselling and testing * Routine blood test (Health & Safety) * Routine medical examination Dr. Molosi * Injury on duty * TB Treatment Programme * Referral to other Health Care facilities * Follow up visit * HIV/AIDS Awareness Raising Campaign * Health Educational Programme * Condom Distribution <p>69 300</p> <p>1 Number and cost to employer of all health personnel:</p> <ul style="list-style-type: none"> * Professional (Doctor/Specialists) * Professional (Nurses/Aides) * Non-professional (Clinic staff unqualified) <p>Note: Total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.</p> <p>2 Number, cost of public, private clinics servicing population:</p> <ul style="list-style-type: none"> * Public Clinics (owned by municipality) * Medication purchases * Income Clinic fees * Laundry and equipment * HIV and AIDS Campaigns * Private Clinics (owned by private, fees based) <p>0</p> <p>3 Total annual patient head count for service provided by the</p> <ul style="list-style-type: none"> * 65 years and over * between 40 and 64 years 	<p>980</p> <p>700</p> <p>95</p> <p>17</p> <p>nil</p> <p>nil</p> <p>17</p> <p>33</p> <p>70</p> <p>34</p> <p>2</p> <p>22</p> <p>69 300</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>0</p> <p>10</p> <p>800</p>	<p>R (000s)</p> <p>27,672</p> <p>6,120</p> <p>150</p> <p>39,820</p> <p>-</p>

5.7.1 Community and Social Services: Clinic

Reporting Level	Detail	Total	
	* between 15 and 39 years	953	
	* 14 years and under	54	
	Note: If no age range available, place to other.		
4	Estimated backlog in number of and costs to build clinics: None		
	Competency of the Department of Health in Province		
5	Type and number of grants and subsidies received		
	No grants received during the year under review		
6	Total operating cost of health (clinic) function:		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
* Number of HIV and AIDS campaigns conducted.	* HIV and AIDS, Disability Day and 16 Days of Activism of no violence against Women and children commemorated on the 3rd December 2010 at Council Chamber; Candle light memorial day was commemorated on the 2nd June 2011 at Civic Centre.		

5.7.3 Community and Social Services: Community Halls

Reporting Level	Detail	Total		
Function: Sub Function:	Community and Social Services Community Halls			
Overview:	To offer competent administration of Community Halls that will meet the needs of the communities of the people of Mafikeng.			
Description of the Activity:	<p>The function of providing Information services as follows and includes:</p> <ul style="list-style-type: none"> • Management of Mafikeng Community Hall (Mmabatho Civic Centre). • Making Mmabatho Community Hall available to the community. <p>Strategic objectives:</p> <ul style="list-style-type: none"> • To ensure access for all communities and provide quality services to them. <p>The key issues for annual year 2010/11 are to:</p> <ul style="list-style-type: none"> • Ensure that the Mafikeng Community Hall is operational. • Ensure that the Batho Pele principles are in practice 			
Analysis of the Function:	<p>1 Nature and extent of facilities provided:</p> <ul style="list-style-type: none"> • Mafikeng Community Hall <p><u>Statistics of usage: June 2009 - July 2010</u></p> <ul style="list-style-type: none"> • Foyer • Hall • Gallery • Stage • P.A. System • Kitchen • Chairs • Tables • Podium • Board room • Piano <hr/> <p>Total</p> <p>2 Number and cost to employer of all personnel associated with each community services function:</p> <ul style="list-style-type: none"> - Other community halls/facilities - Administration Assistant - General Worker <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p> <p>6 Total operating cost of community halls function</p>	<p>no of facilities:</p> <p>1</p>	<p>no of users:</p> <p>9</p> <p>82</p> <p>17</p> <p>76</p> <p>39</p> <p>24</p> <p>22,193</p> <p>2,310</p> <p>9</p> <p>2</p> <p>4</p> <hr/> <p>40,549</p> <p>R (000s)</p> <p>1</p> <p>1</p> <p>R (000s)</p>	
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target	
* Management and maintenance of Mafikeng Community Hall.	<ul style="list-style-type: none"> • Mafikeng Community Halls has been successfully operational • Usage of Facility 	24,765		
* Management of furniture and equipment. Marketing is an ongoing project	<ul style="list-style-type: none"> • Charge of deposit as security for any damages incurred has been successfully implemented. • Plans to Improve * Intensify the marketing of the Mmabatho Civic Centre * Get quotations for office furniture and or hall furniture * Improve general maintenance 			

5.7.2 Community and Social Services: Libraries

Reporting Level	Detail	Total	
Function: Sub Function:	Community and Social Services Libraries		
Overview:	To offer competent information services that will meet the educational, recreational, developmental, cultural and socio-economic needs of the communities of the peoples of Mafikeng.		
Description of the Activity:	<p>The function of providing Information services as follows and includes:</p> <ul style="list-style-type: none"> Maintaining and storing of a collection of library material to cater for the needs of the communities. Bibliographic retrieval of materials with sub functions: electronic cataloguing, classification and indexing and physical preparation of the materials. Making the collection available to library users with sub-functions: lending, receiving, mending, shelving and replacing material and controlling of lending process, reminding and collection of fines. Conducting awareness raising programs with sub functions publicity services, material and information, and special programmes to promote the library services amongst children. <p>Strategic objectives:</p> <ul style="list-style-type: none"> To ensure access for all communities and provide quality library services. To initiate library awareness campaigns and promote awareness of reading. To establish library user groups <p>The key issues for 2010/11 are:</p> <ul style="list-style-type: none"> Provision of Library Services. 		
Analysis of the Function:	<p>1 Nature and extent of facilities provided:</p> <ul style="list-style-type: none"> Libraries Barolong, Danville, Mafikeng, Miga, Mmabatho Community Library and Ottoshoop. Mmabatho Library Hall ✓ Hall bookings <p>2 Number and cost to employer of all personnel associated with each</p> <ul style="list-style-type: none"> - Librarian - Assistant Librarian - Library Assistants <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	no of facilities:	no of users:
		6	
		1	0
		8	R (000s)
		1	
		1	
		6	
	<p>Statistics</p> <ul style="list-style-type: none"> Membership <ul style="list-style-type: none"> Children & Adults Circulation <ul style="list-style-type: none"> Book Adult <ul style="list-style-type: none"> Non-Fiction Fiction/Eng Fiction/Afr. Indigenous Literacy Juvenile books <ul style="list-style-type: none"> Non-Fiction Fiction/Eng Fiction/Afr. Indigenous Non-book material <ul style="list-style-type: none"> Periodical, pamphlets, cutting 		
			5,897
			6,131
			2,634
			2,651
			261
			75
			11,752
			1,016
			1,398
			348
			74
			2,836
			134

5.7.2 Community and Social Services: Libraries

Reporting Level	Detail	no of facilities:	no of users:
	<ul style="list-style-type: none"> ➤ <u>Internal use of library material</u> <ul style="list-style-type: none"> • Books • Reference • Newspapers • Study guides • Magazines • GCIS • Toys 		29,038 10,961 - 2,363 4,385 63 1,293
	<ul style="list-style-type: none"> <ul style="list-style-type: none"> <u>Total</u> 		<u>48,103</u>
	<ul style="list-style-type: none"> ➤ <u>Information & Community Technology</u> <ul style="list-style-type: none"> • Photocopier (copies made) • Faxes sent & received • Internet searches 		54,230 785 2,095
			<u>57,110</u>

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
* Management of libraries and information services * Management of acquisition selection and ordering of reading material (I.e. audio and print)	<ul style="list-style-type: none"> * Circulation (receiving in and giving out of material to the users) * Shelf reading - proper maintenance of shelves by shelving returned books to the shelves, tracing lost books, and weeding unused material. * Record keeping (statistics daily & monthly. * Provision of library awareness programmes. * Information management provision through book format or electronic. 		
* Management of literacy programmes and other special programmes in the library.	<ul style="list-style-type: none"> * <i>Achievements Library Programmes</i> * Attendance = Library awareness programmes 	345 3957	
* Management of electronic information facilities (i.e. CD-ROMs and databases). * Management of inter-library loans or special requests made in the library	<ul style="list-style-type: none"> * <i>Variance explanation</i> * Membership fees have been removed. * <i>Improvements</i> * Library membership has increased and the circulation of materials have decreased compared to the last financial year, this is due to the Danville library which was closed due to upgrading hence the circulation of materials was affected. The children circulation has increased compared to last financial year. * To improve membership & circulation by having recruitment drives, advertising library activities. 		
* Management of cataloguing and classification of books in the library. * Management of photocopying facility in the library. * Maintenance of stock register in the library. * Maintenance of stock register and other.	<ul style="list-style-type: none"> * <i>Staff development</i> * <i>Training</i> * <i>PMDS Training:</i> Messdames: K.E. Phuthi, B. Modisapudi, L. Shuping, N. Lidziya, G. Ntsoane, B. Moate, and Mr M. Mbunge. * <i>Basic reference:</i> Ms. B. Modisapudi * <i>ALLSA conference:</i> Ms S. Setsetse and Ms B. Moate. Toy training: Ms. G. Bojosi. * <i>Visually impaired ABET literacy training:</i> Mr. L.L. Mogorosi, Mr. P.V. Bokies, Mr. G.A. Mokai. Book Fair: Mr. M. Mbunge. . * <i>Toy training:</i> Ms. L. Sethibe * <i>Slims:</i> Ms. K. Phuthi and Mr. Mbunge. 		

5.7.4 Community and Social Services: Health Services

Function: Community and Social Services		Sub Function: Health	
Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the provision of environmental health services		
Description of the Activity:	<p>The function for the provision of environmental health services within the municipality is administered as follows:</p> <ol style="list-style-type: none"> 1. Food Hygiene and monitoring. 2. Health Surveillance on public and miscellaneous facilities 3. Health Surveillance at hotels and guesthouse 4. Health surveillance at creches 5. Health education and awareness raising campaigns 6. Health aspects regarding building plans <p>These services extend to include <i>environmental health services</i> but do not take account of <i>environmental health services</i> which resides within the jurisdiction of <i>North West Provincial</i> government. The municipality has a mandate to:</p> <p>→ Provide efficient, effective and sustainable environmental health services</p> <p>The strategic objectives of this function are to:</p> <p>→ Provide efficient, effective and sustainable environmental health services</p> <p>The key issues for 2010/2011 are :</p> <ol style="list-style-type: none"> 1. Food Hygiene and monitoring. 2. Health Surveillance on public and miscellaneous facilities 3. Health Surveillance at hotels and guesthouse 4. Health surveillance at creches 5. Health education and awareness raising campaigns 		
Analysis of the Function:	<ol style="list-style-type: none"> 1. Food Hygiene and monitoring <ol style="list-style-type: none"> 1.1. Inspections of food handling/processing premises and street vendors 1.2 Issuing of certificates of acceptability 1.3 Issuing of business licenses 1.4 Closure of non-compliant business 1.5 Sampling for analysis 1.6 Condemnation of unfit foodstuff 2. Health Surveillance on public and miscellaneous facilities <ol style="list-style-type: none"> 2.1 Inspections of Funeral undertakers <ol style="list-style-type: none"> 2.1.1 Issuing of certificates of competence 2.2 Inspection of hair salon 2.3 Inspections of liquor outlets and taverns 2.4 Inspections of workshops 2.5 Inspections of public toilets 3. Health Surveillance at hotels and guesthouse <ol style="list-style-type: none"> 3.1 Inspections of hotels <ol style="list-style-type: none"> 3.1.1 Inspections of guesthouse 4. Health surveillance at creches <ol style="list-style-type: none"> 4.1 Inspection of creches 5. Health education and awareness raising campaigns <ol style="list-style-type: none"> 5.1 Conducting Health education and awareness raising campaign 6. Health aspects regarding building plans <ol style="list-style-type: none"> 6.1 Scrutinizing building plans 	<p>No.</p> <p>1152</p> <p>33</p> <p>97</p> <p>5</p> <p>96</p> <p>29041kg</p> <p>4</p> <p>3</p> <p>12</p> <p>56</p> <p>9</p> <p>2</p> <p>22</p> <p>50</p> <p>1</p> <p>No. approved</p> <p>281</p>	<p>No. of notices issued</p> <p>301</p> <p>2</p> <p>97</p> <p>2</p> <p>0</p> <p>15</p> <p>data collection</p> <p>14</p> <p>36</p> <p>12 Sessions</p> <p>No. not approved</p> <p>12</p>

5.7.4 Community and Social Services: Health Services

Reporting Level	Detail	Total	
	<i>7. Complaints lodged</i>		
	<i>7.1 Investigation of complaints</i>	37	30
	<i>8. Meetings</i>		
	<i>8.1 Attendance of meetings, workshops, etc.</i>	70	
1	Number and cost to employer of all health service personnel: - Professional (Environmental Health Officers) - Non-professional (Clerical / Administrative) - Non-professional (blue collar, outside workforce) Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package	6	
6	Total operating cost of health function		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<i>Provision of efficient, effective and sustainable environmental health services</i>	<ol style="list-style-type: none"> 1. Annual target of inspection of premises 2. Street Trading By-Laws to be implemented soon after promulgation of same and issuing of contravention notices. <ul style="list-style-type: none"> • No of lease agreement for occupation of 79 selling points 3. Enforcement of health regulations to ensure compliance by business people. 	407	1 200 79

5.7.5 Community and Social Services: Parks and Recreation

Reporting Level	Detail	Total	
Function:	Community Services		
Sub Function:	PARKS		
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 :</p> <ol style="list-style-type: none"> 1 Parks Development: The section is responsible for parks development and these includes: Landscaping, planting of trees, flowers and shrubs, cutting of weeds and installing of irrigation system 2 Open Spaces: removing of rubble, mowing of grass, trimming of trees and removal of dead ones removal of invader species 3 Recreational facilities: installation and repairing of broken playing grounds equipments, maintenance of local stadium by cutting of lawn up to the level of acceptable standards for playing, cleaning ablution blocks 4 Graveyards: Maintaining graveyards by applying herbicides to control weeds also weeding the weeds manually. Made some bookings for burials service the funerals during weekends and maintain fallen graves 5 Road verges: Cutting and cleaning of road verges control of weeds chemically and manually on road sides, road signs, paved areas and paved islands <p>These services extend to include <function/area> , but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <ol style="list-style-type: none"> 1 To upgrade parks 2 To maintain parks and park facilities and road verges. 3 To allocate graves and maintain grave yards. 4 To provide Recreational facilities. <p>The strategic objectives of this function are to: <i>Keep Mafikeng clean, To provide Mafikeng communities with</i></p> <p>The key issues for 2010/2011 are</p> <ol style="list-style-type: none"> 1 To develop parks for people to adopt them 2 To fill vacant post 3 To buy new equipments :trucks, chainsaws etc 4 To maintain existing developed parks 5 To beautify the entrance to town 	<p>17 17/480 Hectors 6 9</p>	
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	<p>Nature and extent of facilities provided:</p> <p>Cemeteries</p> <p>Sporting facilities (specify)</p> <p>Parks</p> <p>Note: the facilities figure should agree with the assets register</p>	<p>No. of facilities</p> <p>6</p> <p>2</p> <p>110</p>	<p>No. of users:</p> <p>635,040</p>
2	<p>Number and cost to employer of all personnel associated with each community services function:</p> <p>Cemeteries</p> <p>Parks</p> <p>Note: Total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	<p>6</p> <p>80</p> <p>86</p>	<p>6,433,506</p> <p>July - December</p>
6	Total operating cost of community and social services function		7,979,153

5.7.5 Community and Social Services: Parks and Recreation

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	CURRENT	TARGET
1. Develop parks	Development of 1 park		1
2. Rehabilitation and maintain Parks	Rehabilitaton of 4 parks		5
3. Maintain side walks and open spaces	Cutting side walks and open spaces once a month		480 hectors
4 Trimming of trees interfering with electricity lines	Trimming of all trees in Mafikeng that are interfering with electric lines on discarnated areas		9 Wards

5.7.6 Community and Social Services: Solid Waste

Function: Waste Management																																																																																				
Sub Function: Solid Waste																																																																																				
Reporting Level	Detail	Total																																																																																		
Overview:	Includes refuse removal, solid waste disposal and landfill, street cleaning and recycling																																																																																			
Description of the	<p>The refuse collection functions of the municipality are administered as follows</p> <p><i>j)Refuse removal unit</i></p> <ul style="list-style-type: none"> ▪ this unit is responsible for collection, transportation and safe disposal of solid waste, including household refuse, trade refuse, garden refuse, construction and demolition waste, as well as illegally dumped refuse. ▪ this unit is also responsible for delivery of refuse bags to residents <p><i>ii)Street Sweeping unit</i></p> <ul style="list-style-type: none"> ▪ This unit is responsible for street sweeping and litter picking in the CBD, residential areas, entrance routes and open spaces. ▪ The Solid Waste Management section also carries out environmental awareness and clean-up campaigns. <p>These services extend to include all the general refuse generated in the urban as</p> <p><i>i) ensure an environment that is not detrimental to the health and well being of people</i></p> <p><i>ii) reduce, recycle, collect and dispose of waste within its area (NEMA: Waste Act 59 of</i></p> <p><i>iii) Introduce and enforce by-laws relating to waste management and pollution control</i></p> <p>The strategic objectives of this function are to:</p> <p><i>i) establish a healthy and investor friendly environment.</i></p> <p><i>ii) undertake sustainable clean-up campaigns.</i></p> <p><i>iii) provide an efficient and affordable waste collection and streetcleaning system which include waste minimization and recycling</i></p> <p>The key issues for 2010/11 are to:</p> <p><i>i) Monitor and evaluate the domestic waste collection pilot project</i></p> <p><i>iii) Embark on environmental awareness and clean-up campaigns</i></p> <p><i>iiii) Extend 240l bins usage to other areas</i></p> <p><i>iv) Undertake waste recycling initiatives</i></p> <p><i>v) Formulate a local integrated waste management plan (IWMP)</i></p>																																																																																			
Analysis of the Function:	<p><i>Statistics</i></p> <p>1 Number and cost to employer of all personnel associated with refuse removal:</p> <table border="1"> <thead> <tr> <th></th> <th>Total</th> <th>Cost</th> </tr> </thead> <tbody> <tr> <td>- Manager: Solid Waste Management</td> <td>1</td> <td></td> </tr> <tr> <td>- Superintendent</td> <td>1</td> <td></td> </tr> <tr> <td>- Supervisors</td> <td>3</td> <td></td> </tr> <tr> <td>- Team Leaders</td> <td>5</td> <td></td> </tr> <tr> <td>- Drivers</td> <td>15</td> <td></td> </tr> <tr> <td>- Streetsweepers</td> <td>74</td> <td></td> </tr> <tr> <td>- General Workers(Refuse removal)</td> <td>64</td> <td></td> </tr> <tr> <td>- Contract Workers</td> <td>13</td> <td></td> </tr> <tr> <td>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</td> <td>176</td> <td>12 657 093</td> </tr> </tbody> </table> <p>2 Number of households receiving regular refuse removal services, and frequency and cost of service:</p> <table border="1"> <thead> <tr> <th></th> <th>Total</th> <th>Cost</th> </tr> </thead> <tbody> <tr> <td>- Removed by municipality at least once a week(Urban area)</td> <td>15 000</td> <td>2 196 937</td> </tr> <tr> <td>- Removed by municipality less often</td> <td>0</td> <td>0</td> </tr> <tr> <td>- Communal refuse dump used</td> <td>80</td> <td>0</td> </tr> <tr> <td>- Refuse removal in peri urban area</td> <td>30 000</td> <td>14 000 000</td> </tr> <tr> <td>- No rubbish disposal</td> <td>25 000</td> <td>0</td> </tr> <tr> <td>Note: if other intervals of services are available, please provide details</td> <td></td> <td></td> </tr> </tbody> </table> <p>3 Total and projected tonnage of all refuse disposed:</p> <table border="1"> <thead> <tr> <th></th> <th>55000m3</th> <th>100 000m3</th> </tr> </thead> <tbody> <tr> <td>- Domestic/Commercial</td> <td>36000m3</td> <td>80000m³</td> </tr> <tr> <td>- Garden</td> <td>91000m3</td> <td>180000m³</td> </tr> <tr> <td>Note: provide total tonnage for current and future years activity</td> <td></td> <td></td> </tr> </tbody> </table> <p>4 Total number, capacity and life expectancy of refuse disposal sites:</p> <table border="1"> <thead> <tr> <th></th> <th>71ha</th> <th>1</th> </tr> </thead> <tbody> <tr> <td>- Domestic/Commercial (one)</td> <td>71ha</td> <td>20yrs</td> </tr> <tr> <td>- Garden (number)</td> <td></td> <td></td> </tr> <tr> <td>Note: provide the number of tip sites, their total current capacity and the expected lifespan as at end of reporting period(1)</td> <td></td> <td></td> </tr> </tbody> </table> <p>5 Anticipated expansion of refuse removal service:</p> <table border="1"> <thead> <tr> <th></th> <th>25 000</th> <th>R (000s)</th> </tr> </thead> <tbody> <tr> <td>- Domestic/Commercial</td> <td></td> <td>R 12,000,000</td> </tr> </tbody> </table>		Total	Cost	- Manager: Solid Waste Management	1		- Superintendent	1		- Supervisors	3		- Team Leaders	5		- Drivers	15		- Streetsweepers	74		- General Workers(Refuse removal)	64		- Contract Workers	13		Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package	176	12 657 093		Total	Cost	- Removed by municipality at least once a week(Urban area)	15 000	2 196 937	- Removed by municipality less often	0	0	- Communal refuse dump used	80	0	- Refuse removal in peri urban area	30 000	14 000 000	- No rubbish disposal	25 000	0	Note: if other intervals of services are available, please provide details				55000m3	100 000m3	- Domestic/Commercial	36000m3	80000m ³	- Garden	91000m3	180000m ³	Note: provide total tonnage for current and future years activity				71ha	1	- Domestic/Commercial (one)	71ha	20yrs	- Garden (number)			Note: provide the number of tip sites, their total current capacity and the expected lifespan as at end of reporting period(1)				25 000	R (000s)	- Domestic/Commercial		R 12,000,000		
	Total	Cost																																																																																		
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- Domestic/Commercial		R 12,000,000																																																																																		

5.7.6 Community and Social Services: Solid Waste

	- Garden Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality	25000	R 12,000,000
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Reporting Level	Detail	Total	
6	Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household) Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.	0	R 0.00
		0	R 0.00
7	Total operating cost of solid waste management function		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
i) Provision of waste management services in the entire municipal area	The domestic waste collection pilot project whereby refuse removal services has been extended to 30000 out of 55 000 periurban /rural house holds is being carried out as scheduled.	60%	100%
ii) Embark on environmental awareness and cleanup campaigns	Environmental awareness and cleanup campaigns are undertaken on an ongoing basis	100%	100%
iii) Roll out 240l Refuse bins.	So far 6500 out of 15000 bins have been issued. There was a contractual dispute between the municipality and the service provider hence the delay	43%	100%
iv) Construction of a buy back centre for recyclables	Buyisa e bag, which is a Section 21 company established by DEA delayed to inspect and approve the land identified for construction of the buy back centre		

5.8.1 Planning and Development: Economic Development

Function: Planning and Development			
Sub Function: Economic Development			
Reporting Level	Detail	Total	
Overview:	Includes all activities associated with economic development initiatives		
Description of the Activity:	<p>The function of economic planning / development within the municipality is administered as follows and includes:</p> <p>1. <i>Marketing & Tourism Management</i> 2. <i>Project Management in Agriculture</i> 3. <i>Policy Research & promotion of Sports, Arts & Culture</i></p> <p>These services extend to include <i>economic development</i>, but do not take account of <i>economic development</i> which resides within the jurisdiction of <i>North West Provincial</i> government. The municipality has a mandate to:</p> <p><i>Mandate to Facilitate & Workshop</i> <i>Capacitating SMME's</i></p> <p>The strategic objectives of this function are to:</p> <p><i>SMMEs training (tendering, Business Management and Marketing)</i></p> <p>The key issues for 2010/2011 are:</p> <p><i>Number of SMME products marketed</i> 4 products 350 <i>Goat Farming Project assisted (Phase two)</i> 4 Wards 250 <i>Famers Support Initiative supported</i> 5 wards 150 <i>Women Sewing Project supported</i> Ward 17 200 <i>Rural and Agricultural Strategy developed</i> 40909 350 <i>Flea Market (Arts & Crafters)</i> 300</p> <p><i>Number of business plans developed and sourced to implemented IDP objectives</i> 10 <i>Number of local emerging contractors engaged</i> 9 <i>Number of projects awarded to women contractors</i> 3 <i>Number of projects awarded to disabled contractors</i> 2 <i>Number of projects awarded to young contractors</i> 4</p> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>		
2	<p>Detail and cost of incentives for business investment:</p> <p>Note: list incentives by project, with total actual cost to municipality for year</p>		R (000s)
3	<p>Detail and cost of other urban renewal strategies:</p> <p><i>None</i></p> <p>Note: list strategies by project, with total actual cost to municipality for year</p>		R (000s) -
4	<p>Detail and cost of other rural development strategies:</p> <p><i>None</i></p> <p>Note: list strategies by project, with total actual cost to municipality for year</p>	1	R (000s)
5	<p>Number of people employed through job creation schemes:</p> <ul style="list-style-type: none"> - Short-term employment - Long-term employment <p>Note: total number to be calculated on full-time equivalent (FTE) basis, and should only be based on direct employment as a result of municipal initiatives</p>		
6	<p>Number and cost to employer of all Building Inspectors employed:</p> <ul style="list-style-type: none"> - Number of Building Inspectors <p>Note: total number to be calculated on a full-time equivalent (FTE) basis, total cost to include total salary package</p>	2	R (000s)
6.1	<p>Details of building plans:</p> <ul style="list-style-type: none"> - Number of building plans approved - Value of building plans approved <p>Note: Figures should be aggregated over year to include building plan approvals only</p>	244	261,142

5.8.1 Planning and Development: Economic Development

Reporting Level	Detail	Total	
7	Type and number of grants and subsidies received: <i>Mafikeng Marketing and Tourism Master Plan -</i> <i>MLM</i> <i>DBSA</i> <i>Housing Sector Plan</i> <i>MLM</i> <i>Department Of Developmental Local Government & Housing</i> Note: total value of specific planning and development grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.	None	<i>R (000s)</i>
		<i>100,000</i>	
		<i>430,000</i>	<i>530,000</i>
		<i>200,000</i>	
		<i>230,000</i>	<i>430,000</i>

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<i>See Chapter 2: Planning & Development Performance Report</i>		

5.8.2 Planning and Development: Housing

Function: Planning and Development			
Sub Function: Housing			
Reporting Level	Detail	Total	
Overview:	Identification of land for the purpose of housing development. Conduct housing data base and survey in Municipal area. Develop land use plans in the municipality. Management and maintenance of housing waiting list in the municipality and communicate with beneficiaries in the municipal area. Secure funds for housing projects. Facilitation of construction and administration of housing in the municipal area. Monitoring of housing projects. Formalisation of peri urban area in terms of our Spatial Development frame work. Enforce the Municipal Town Planning Scheme in terms of the various planning legislation. Enforce the the Outdoor Advertising Policy. Manage Land Administration and disposal .		
Description of the Activity:	<p>The function of provision of housing within the municipality is administered as follows and includes:</p> <ul style="list-style-type: none"> * <i>Land Use Management</i> * <i>Spatial Planning</i> * <i>Housing Provision</i> * <i>Building Control and Inspectorate</i> <p>These services extend to include <i>economic development</i> , but do not take account of <i>economic development</i> which resides within the jurisdiction of <i>North West Provincial</i> government. The municipality has a mandate to:</p> <ul style="list-style-type: none"> * <i>Transportation Planning</i> * <i>Geographical Information System</i> * <i>Environmental Management</i> <p><i>SMMEs training (tendering, Business Management and Marketing)</i> <i>Implement housing projects allocated from Housing Department, report on progress made on housing backlogs, project manage all their housing projects</i></p> <p>Number of SMME products marketed</p> <p>Goat Farming Project assisted (Phase two)</p> <p><i>Famers Support Initiative supported</i></p> <p>Women Sewing Project supported</p> <p><i>Rural and Agricultural Strategy developed</i></p> <p><i>Flea Market (Arts & Crafters)</i></p> <p><i>Number of business plans developed and sourced to implemented IDP objectives</i></p> <p><i>Number of local emerging contractors engaged</i></p> <p>Number of projects awarded to women contractors</p> <p><i>Number of projects awarded to disabled contractors</i></p> <p><i>Number of projects awarded to young contractors</i></p>	<p>4 products</p> <p>4 Wards</p> <p>5 wards</p> <p>Ward 17</p> <p>40909</p> <p>10</p> <p>9</p> <p>3</p> <p>2</p> <p>4</p>	<p>350</p> <p>250</p> <p>150</p> <p>200</p> <p>350</p> <p>300</p>
Analysis of the Function:	<p>1 Number and cost of all personnel associated with provision of municipal housing:</p> <ul style="list-style-type: none"> - Professional (Architects/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary 	<p>8</p> <p>3</p> <p>0</p> <p>5</p> <p>0</p> <p>0</p>	<p>R (000s)</p>

5.8.2 Planning and Development: Housing

Reporting Level	Detail	Total	
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Professional includes project design, Field includes all tradespersons.		R (000s)
2	Number and total value of housing projects planned and current: - Current (financial year after year reported on) - Planned (future years) Note: provide total project and project value as per initial or revised budget	6,000 38,769	319,800 2,066,388
			R (000s)
3	Total type, number and value of housing provided: <list details by type of dwelling, see below> <list details, including number of units handed over to residents>	-	-
5	Estimated backlog in number of (and costs to build) housing: <list details by type of dwelling, see below> Note: total number should appear in IDP, and cost in future budgeted capital housing programmes	244	R (000s) 0 261141.876
6	Type of habitat breakdown: - number of people living in a house or brick structure - number of people living in a traditional dwelling - number of people living in a flat in a block of flats - number of people living in a town/cluster/semi-detached group dwelling - number of people living in an informal dwelling or shack - number of people living in a room/flatlet	252,000 190,000 7,000 700 3,500 2,500	
7	Type and number of grants and subsidies received: <i>Lomanyaneng Rural Housing</i> <i>Mafikeng Ext 39</i> <i>Matshepe Rural Housing</i> <i>Matshepe, Lotlhakane, Seweding, Lonely Park</i> <i>Mafikeng Emergency Houses</i> <i>Mafikeng Ext 38</i> <i>Rooigrond Project</i> <i>Welteverden Rural Housing</i> <i>Moletsamongwe Rural Housing</i> <i>Mooifotein Rural Housing</i> <i>Madibe Ga Kubu</i> <i>Mafikeng Rural Housing Project</i> <i>Moshawane Rural Housing</i> Note: total value of specific housing grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.	120&82 2,500 500 10 10 1259&68 1,000 250 206 119 250 2,000 300	R (000s)
8	Total operating cost of housing function		
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Construction of 8801 housing unit in both Rural and Urban areas	Type and number of grants and subsidies received:		
	<i>Lomanyaneng Rural Housing</i>	202	
	<i>Mafikeng Ext 39</i>	2500	
	<i>Matshepe Rural Housing</i>	326	
	<i>Matshepe, Lotlhakane, Seweding, Lonely Park</i>	19	
	<i>Mafikeng Emergency Houses</i>	981	
	<i>Mafikeng Ext 38</i>	900	
	<i>Rooigrond Project (new Developer Appointed)</i>	0	
	<i>Welteverden Rural Housing(Blocked)</i>	0	
	<i>Moletsamongwe Rural Housing</i>	150	
	<i>Mooifotein Rural Housing(Blocked)</i>	0	
	<i>Madibe Ga Kubu</i>	250	
	<i>Danville</i>	83	
<i>Mafikeng Rural Houses (Fikile)</i>	524		
Total Occupied		5935	

Planning by	Reviewed	Performed by	Final review



MAFIKENG

LOCAL MUNICIPALITY

Diversity. Culture. Heritage

Mafikeng Local Municipality
(Registration number NW 383)
Annual Financial Statements
for the year ended 30 June 2011

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Provision of municipal services in terms of the Municipal Finance Management Act No.56 of 2003 and the Municipal Systems Act No.32 of 2000.
Mayoral committee	
Executive Mayor	Clr. Miga NL Clr. M Leepile(Public Safety and Acting Corporate Support Services) Clr. Moepi DP (Community Service) Clr. KA Poenyane (Planning and Development) Clr. EFK Molete (Local Economic Development) Clr. Tirano R (Special Projects) Clr. Ngqobe NR (Finance) Clr. Mogoetsi KKM (Infrastructure)
Councillors	Clr. Jabanyane MD (Speaker) Clr Makolomakwa (Chief Whip) Clr. Mafabatho AP Clr. Maloisane SSN Clr. Mosenogi IS Clr. Nthutang B Clr. Thomas G Clr. Babedi P Clr. Ntshabele T Clr. Mpegezi N Clr. Diakanyo KB Clr. Moamogwe N Clr. Mosikare MD Clr. Lesejane RS Clr. Motsamai IS Clr. Moremedi SD Clr. Molale PP Clr. Nkoane GJ Clr. Mafete ME Clr. Tabane PM Clr. Ngobeni BS Clr. Johnson OJ Clr. Nkolisa BJ Clr. Novolo GS Clr. Lolwane AN Clr. Moeti ME Clr. Lomo FL Clr. Nkosi P Clr. Mathakathaka KG Clr. Mokolemako MC Clr. Dintoe MM Clr. Magogodi MP Clr. Mothupi HR Clr. Legalatladi GU Clr. Mathlako SM Clr. Theologo JR

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

General Information

Clr. Chanda MM
Clr. Chili EM
Clr. Africa AJ
Clr. Selepe TL
Clr. Mtunzi DT
Clr. Motshegoa T
Clr. Mahura SM
Clr. Mhathle KK
Clr. Mmono CD
Clr. Sephoti MW
Clr. Lebelela TW
Clr. Kgaje GK
Clr. Ngqobe M
Clr. Molete GM
Clr. Lekhobe ME
Clr. Matlholwa MR
Clr. Letlakana KC

Grading of local authority

Grade 4

Acting Chief Finance Officer (CFO)

Mr. T. Sesinyi

Accounting Officer

Mr. Kgotso Rabanye

Registered office

Cnr University Drive & Hector Peterson Road
Mmabatho
2735

Business address

Cnr University Drive & Hector Peterson Road
Mmabatho
2735

Postal address

Private Bag X63
Mmabatho
2735

Bankers

Standard Bank of South Africa
Business Centre, Nelson Mandela Avenue, Mafikeng, 2745

Auditors

Auditor-General of South Africa
124 Kock Street
Rustenburg
0300

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
IFRS	International Financial Reporting Standards
MSIG	Municipal Systems Improvement Grant
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
FMG	Finance Management Grant
COGTA	Department of Co-operative Governance & Traditional Affairs
MEC	Member of Executive Council

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Officer's Responsibilities and Approval

I, as accounting officer, am required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and am responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is my responsibility 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 were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

I acknowledge that I am ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, I set the 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.

I am 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.

I have reviewed the municipality's cash flow forecast for the year to 30 June 2012 and, in the light of this review and the current financial position, I am satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality operations depend on a number of sources of revenue, ranging from National Government to its own sources and donations. There are no signs or indications that any of these sources will be significantly curtailed. As such, the annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

Although I am primarily responsible for the financial affairs of the municipality, I am supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. Thus, the annual financial statements will be examined by the municipality's external auditors, with an objective of expressing an independent opinion on the annual financial statements.

The annual financial statements set out on pages 53 to 113, which have been prepared on the going concern basis, were approved and signed by me on 16 January 2012

Mr. Kgotso Rabanye
Accounting Officer

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2011.

1. Review of activities

Main business and operations

The municipality is engaged in the provision of municipal services in terms of the municipal Finance Management Act no.56 of 2003 and Municipal Systems Act no.32 of 2000 and operates principally in South Africa.

The operating results for the year were satisfactory for the following reasons:

The municipality's net surplus was R 39 129 587 [2010: (R41 035 519)]. This shows the an improvement in the municipality's revenue enhancement measures that are being implemented. It is expected that these measures will bear even better results in future.

Improvement in the proportion of our own income relative to grants and subsidies.

Proportion of income generated / raised

2011

Type of income	Proportion of contribution	Amount
Property rates	30 %	122 895 745
Services charges	17 %	70 197 067
Grants and subsidies	31 %	125 702 839
Other	22 %	91 516 170

2010

Type of income	Proportion of contribution	Amount
Property rates	31 %	128 166 363
Service Charges	16 %	65 393 315
Grants and subsidies	29 %	117 083 271
Other	24 %	98 057 956

2. Going concern

The municipality recorded a surplus of R39 129 745 [2010: (R41 035 519)], during the year ended 30 June 2011, has accumulated surplus of R636 769 870 (2010: R643 635 578) and the municipality's total assets exceed its liabilities by R 715 584 874 (2010: R703 851 746). These are signs that the municipality has no going concern challenges. The decrease in the level of losses experienced further confirms this matter.

In light of the foregoing, the annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continues to procure funding for the on-going operations for the municipality.

3. Accounting policies

The annual financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the framework prescribed by National Treasury.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Officer's Report

4. Accounting officer

The accounting officer of the municipality as at the date of this report is as follows:

Name	Nationality	Changes
Mr. Kgotso Rabanye	South African	Appointed 10 February 2011

5. Corporate governance

General

The Accounting Officer is committed to business integrity, transparency and professionalism in all its the activities of the municipality. As part of this commitment, the Accounting Officer supports the highest standards of corporate governance and the on-going development of best practice.

The municipality confirms and acknowledges its responsibility to comply with relevant and applicable principles of Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa in 2010. The Accounting Officer discusses the responsibilities of management in this respect, at management and council meetings and monitors the municipality's compliance with adopted principles of the code that are relevant to the municipality.

Management meetings

The Accounting Officer meets with Section 57 Managers once every week. Thus, the Accounting Officer is scheduled to meet with them at least 52 times per annum. During the current year, this was satisfactorily achieved.

Audit and Risk Committee

The municipality is in the process of setting up its own Audit Committee and Internal Audit function. It is hoped that the unit will be functional by the end of the 2012 financial period.

6. Bankers

The municipality's bankers did not change during the current year.

7. Auditors

Auditor-General of South Africa will continue to audit the Annual Financial Statements of the municipality.

8. Subsidy

The municipality continues to receive a water subsidy through the district municipality. The subsidy is mainly meant to reimburse the municipality for part of the water related costs incurred in the provision of water to its residents, as it is not a water service authority.

9. Public Private Partnership

The municipality entered into an agreement with Thandeka Trust (a property developing company) to form a Special Purpose Vehicle (SPV) called Mafikeng Leisure DevCo (Pty) Ltd. The main purpose of this was to develop portions 56 & 57 of Mmabatho Town and Town Lands for mixed-use development. The terms of the agreement are that:

- the municipality will contribute land to the value of R10 million. Of this amount, R3 million was contributed on behalf of the BaRolong Boora Tshidi Tribe as equity towards the partnership.
- the developers' contribution is the construction and installation of Sewer Pipeline and pumping stations on the said pieces of land.

In addition to the foregoing, the municipality entered into another agreement with Miagra Property Development (Pty) Ltd to develop portion 55 of Mmabatho Town and Town Lands for sectional title development. The purchase price for the land was R5 million, of which R2 million was contributed on behalf of the BaRolong Boora Tshidi Tribe. Please refer to **note 5** for more information.

10. Non compliance with applicable legislation

Significant non-compliance with various legislations has been properly disclosed in the notes to the financial statements.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Officer's Report

11. Subsequent Events

There are a number of subsequent events that occurred the following are the major ones:

(a) Hawks Landing Investment 24 (Pty) Ltd

The company purchased land from the municipality in 2007 to the value of R144 million. The main purpose of this was to develop the piece of land for both residential and commercial purposes

In 2009, 23 stands valued at R81 011 746.07 were transferred to Hawks Landing (the purchaser) and they paid R5 000 000, leaving a balance of R 76 011 764,07. This has not been paid to date (refer to note 6 in the annual financial statements)

On 22 September 2011, the High Court of South Africa (North West High Court - Mafikeng) (Case No. 2774/2010) ordered that Hawks Landing 24 (Pty) Ltd be placed under final winding up.

A liquidator was subsequently appointed and the first creditors' meeting was held in December 2011. The minutes are not yet at the office of the Master of The High Court. Please refer to **note 6** for more information.

(b) Labour Related Cases

The municipality has a number of labour related cases. As at the date of approval of the financial statements the Presiding Judge and Arbitrators ruled in favour of the applicants. Please refer to Note 50 of the Annual Financial Statements.

(c) Forensic Audit Investigation

During the month of September 2011, a firm of chartered accountants was appointed to perform a forensic investigation regarding the disposal of various pieces of municipal land and the valuation roll. As at the date of approval of the annual financial statements, the work is still in progress.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Position

Figures in Rand	Note(s)	2011	2010 (Restated)
Assets			
Current Assets			
Inventories	12	31 361 287	30 813 547
Other receivables	13	854 984	6 754 575
Other receivables from non-exchange transactions	14	11 535 942	14 645 186
Consumer Debtors	15	17 430 050	19 077 389
Money Market Investments	9	7 291 658	4 904 849
Shares & Unit Trusts	11	3 711 996	3 561 342
Cash and cash equivalents	16	7 413	5 110
		72 193 330	79 761 998
Non-Current Assets			
Investment property	2	397 972 720	353 741 126
Property, plant and equipment	3	433 647 551	433 935 880
Intangible assets	4	1 446 880	44 655
Investments in Public Private Partnership Entity	5	8 771 930	8 771 930
Long term Debtors	6	65 220 823	57 211 249
Held to Maturity Investments	10	7 041 195	6 414 551
		914 101 099	860 119 391
Total Assets		986 294 429	939 881 389
Liabilities			
Current Liabilities			
Other Interest Bearing Liabilities	19	5 431 921	5 246 786
Finance lease obligation	20	2 106 392	2 406 673
Trade and other payables	24	96 790 354	79 188 219
VAT payable	25	15 604 360	19 136 163
Consumer deposits	26	4 115 992	3 671 530
Retirement benefit obligation	8	68 000	62 000
Unspent conditional grants	21	14 905 097	10 212 808
Provisions	22	11 352 091	3 089 181
Bank overdraft	16	17 708 509	10 138 974
		168 082 716	133 152 334
Non-Current Liabilities			
Other Interest Bearing Liabilities	19	36 078 771	42 050 875
Finance lease obligation	20	2 799 932	4 920 435
Retirement benefit obligation	8	47 300 000	40 782 000
Provisions	22	9 235 796	8 709 448
Employee Pension Fund	23	7 041 196	6 414 551
		102 455 695	102 877 309
Total Liabilities		270 538 411	236 029 643
Net Assets		715 756 018	703 851 746
Net Assets			
Reserves			
Housing Development Fund	17&17	3 470 046	3 470 046
Government grant reserve	18&18	75 516 102	56 746 122
Accumulated surplus		636 769 870	643 635 578
Total Net Assets		715 756 018	703 851 746

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010
Revenue			
Land Sales		-	2 524 470
Property rates	28	122 895 745	128 166 363
Service charges	29	70 197 067	65 393 315
Rental of facilities and equipment		2 761 339	2 769 662
Interest received - Debtors balances		26 167 840	34 156 047
Fines		1 512 547	1 813 111
Licences and permits/certificates		4 285 362	3 558 130
Government grants & subsidies	30	125 702 839	117 083 271
Miscellaneous other revenue		351 340	852 775
Fees earned		890 038	860 728
Commissions received		240 201	227 873
Fair Value Adjustment		44 231 594	42 266 771
Recoveries		807 529	339 173
Blocked drains revenue		102 922	158 383
Unwound Interest- Long term Debtor		8 009 574	7 025 943
Other income	32	117 683	286 620
Building plans fees		158 844	129 989
Interest received - investment	38	1 879 199	971 353
Total Revenue		410 311 663	408 583 977
Expenditure			
Personnel	35	(176 351 449)	(146 107 825)
Remuneration of councillors	36	(14 933 904)	(17 657 404)
Depreciation and amortisation	40	(25 607 480)	(24 094 379)
Finance costs	41	(4 799 577)	(5 840 417)
Debt impairment	37	(11 710 659)	(116 330 349)
Collection costs		(802 595)	(864 441)
Repairs and maintenance		(5 108 870)	(7 521 230)
Bulk purchases	44	(43 489 896)	(37 721 658)
General Expenses	33	(88 377 646)	(93 481 587)
Total Expenditure		(371 182 076)	(449 619 393)
Loss on disposal of assets and liabilities		-	(103)
Surplus (deficit) for the year		39 129 587	(41 035 519)

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Statement of Changes in Net Assets

	Housing Development Fund	Government grant reserve	Total reserves	Accumulated surplus	Total net assets
Figures in Rand					
Balance at 30 June 2009	3 470 046	32 122 241	35 592 287	487 190 019	522 782 306
Changes in net assets					
Current Year Additions (as previously disclosed)	-	27 586 466	27 586 466	(27 586 466)	-
Depreciation Charge	-	(2 962 585)	(2 962 585)	2 962 585	-
Net income (losses) recognised directly in net assets	-	24 623 881	24 623 881	(24 623 881)	-
Surplus for the year	-	-	-	(41 035 519)	(41 035 519)
Total recognised income and expenses for the year	-	24 623 881	24 623 881	(65 659 400)	(41 035 519)
Prior year adjustment (note 38)	-	-	-	222 104 959	222 104 959
Total changes	-	24 623 881	24 623 881	156 445 559	181 069 440
Balance at 30 June 2010	3 470 046	56 746 122	60 216 168	653 236 506	713 452 674
Changes in net assets					
Current Year Additions	-	21 476 142	21 476 142	(21 476 142)	-
Depreciation Charge	-	(2 706 162)	(2 706 162)	2 706 162	-
Net income recognised directly in net assets	-	18 769 980	18 769 980	(18 769 980)	-
Surplus for the year	-	-	-	39 129 587	39 129 587
Total recognised income and expenses for the year	-	18 769 980	18 769 980	20 359 607	39 129 587
Prior Year Adjustment (Note 38)	-	-	-	(36 826 243)	(36 826 243)
Total changes	-	18 769 980	18 769 980	(16 466 636)	2 303 344
Balance at 30 June 2011	3 470 046	75 516 102	78 986 148	636 769 870	715 756 018
Note(s)	17	18			

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Cash Flow Statement

Figures in Rand	Note(s)	2011	2010
Cash flows from operating activities			
Receipts			
Sale of goods and services		180 014 664	141 843 330
Grants & Subsidies		120 761 283	117 083 271
Interest income		1 879 199	971 353
Other receipts		33 631 303	109 286 938
		<u>336 286 449</u>	<u>369 184 892</u>
Payments			
Employee costs & Councillor Remuneration		(170 795 644)	(158 593 060)
Payments suppliers & other service providers		(113 158 223)	(149 512 033)
Finance costs		(4 799 577)	(5 840 417)
		<u>(288 753 444)</u>	<u>(313 945 510)</u>
Net cash flows from operating activities	45	<u>47 533 005</u>	<u>55 239 382</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(42 818 300)	(32 693 489)
Purchase of other intangible assets	4	(1 500 414)	(54 641)
Increase in money market investments		(2 423 116)	-
Increase of held to maturity investments		(626 644)	(581 341)
Increase in shares and unit trusts		(150 654)	-
		<u>(47 519 128)</u>	<u>(33 329 471)</u>
Cash flows from financing activities			
Repayment of other interest bearing liabilities		(5 786 970)	2 593 757
Movement in employee pension fund		626 645	581 341
Finance lease payments		(2 420 784)	(1 670 753)
		<u>(7 581 109)</u>	<u>1 504 345</u>
Net increase/(decrease) in cash and cash equivalents		<u>(7 567 232)</u>	<u>23 414 256</u>
Cash and cash equivalents at the beginning of the year		(10 133 864)	(4 527 295)
Cash and cash equivalents at the end of the year	16	<u>(17 701 096)</u>	<u>(10 133 864)</u>

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1. Presentation of Annual Financial Statements

1.1 Statement of Compliance

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless specified otherwise. They are presented in South African Rand.

e.

STATEMENT AND INTERPRETATION NOT YET EFFECTIVE

At the date of authorisation of these Annual Financial Statements, the following standards and interpretations were in issue but not yet effective and have not been early adopted by the municipality:

- GRAP 18 - Segment Reporting
- GRAP 21 - Impairment of non-cash-generating Assets
- GRAP 23 - Revenue from non-exchange transactions
- GRAP 24 - Presentation of Budget Information in Financial Statements
- GRAP 25 - Employee benefits
- GRAP 26 - Impairment of Cash-generating assets
- GRAP 103 - Heritage assets
- GRAP 104 - Financial Instruments
- GRAP 105 - Transfer of functions between entities under common control
- GRAP 106 - Transfer of functions between entities not under common control
- GRAP 107 - Mergers
- GRAP 20 - Related party disclosures

1.2 Accounting estimates and judgements

Key sources of estimation uncertainty

The preparation of financial statements in conformity with GRAP requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on managements best knowledge of the current events and actions they may undertake in the future actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In the process of applying the municipality's policies, management has made the following significant accounting judgments, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements and these are consistent with the previous period.

Impairment of Trade and Other Receivables

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

Provisions and contingent liabilities

Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions are included in note 22 - Provisions.

Pension and other post-retirement benefits

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Additional information is disclosed in Note 8

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.2 Accounting estimates and judgements (continued)

Classification as investment property

The municipality has reviewed its property portfolio and determined which items of land and buildings are held to earn rental revenue or for capital appreciation. Land and buildings fulfilling these requirements have been classified as investment property, whilst the remainder of the portfolio has either been classified as property, plant and equipment or inventory depending on management's intention in dealing with these properties.

Depreciation and carrying value of items of property, plant and equipment

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

1.3 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
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is held at fair value.

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

Transitional provision

According to the transitional provision, 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, as disclosed in note 2. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where investment property was acquired through a transfer of functions, the municipality is not required to measure that investment property for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. However, currently, the municipality does not have an investment property acquired as a result of transfer of function.

Until such time as the measurement period expires and investment property is recognised and measured in accordance with the requirements of the Standard of GRAP on Investment property, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Investment property implies that any associated presentation and disclosure requirements need not be complied with for investment property not measured in accordance with the requirements of the Standard of GRAP on Investment property.

1.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment or at fair where assets have been acquired by grant or donation.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.4 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 capabilities of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

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

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value, and is recognised in the Statement of Financial Performance.

Property, plant & equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Assets held under finance leases are depreciated over their useful lives on the same basis as owned assets or, where appropriate, the terms of the relevant lease, and the depreciation are recognised in the Statement of Financial Performance.

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

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

Item	Average useful life
Buildings	30
Furniture and fixtures	5-10
Motor vehicles	7-10
Office equipment	5-7
IT equipment	5
Emergency Equipment	5 - 10
Refuse Tankers	5 - 10
Infrastructure	10-40
Community	15 - 30
Other property, plant and equipment	4 - 20
Bins and containers	5
Landfill site	17

Impairment of property, plant and equipment

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

Heritage Assets.

A heritage asset is defined as an asset that has cultural, environmental, historical, natural, scientific, technological or artistic significance, and are held and preserved indefinitely for the benefit of present and future generations.

A heritage asset that qualifies for recognition as an asset shall be measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Heritage assets are not depreciated, as their long economic life and high residual value mean that any depreciation would be immaterial.

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1.4 Property, plant and equipment (continued)

Transitional provision

According to the transitional provision as per 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. Property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in note 3. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant and equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant and equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later.

Until such time as the measurement period expires and property, plant and equipment is recognised and measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Property, plant and equipment implies that any associated presentation and disclosure requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment.

1.5 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Item	Useful life
Computer software	5 years

Transitional provision

According to the transitional provision, the municipality is not required to measure intangible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Intangible assets. Intangible Assets has accordingly been recognised at provisional amounts, as disclosed in 4. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where intangible assets was acquired through a transfer of functions, the municipality is not required to measure that intangible assets for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later.

Until such time as the measurement period expires and intangible assets is recognised and measured in accordance with the requirements of the Standard of GRAP on Intangible assets, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Intangible assets implies that any associated presentation and disclosure requirements need not be complied with for intangible assets not measured in accordance with the requirements of the Standard of GRAP on Intangible assets.

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1.6 Site restoration and dismantling cost

Where the municipality has an obligation to dismantle, remove and restore items of property, plant and equipment, such obligations are referred to as 'decommissioning, restoration and similar liabilities'. These costs include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located and the obligation for which municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. The costs are capitalised to the cost of the relevant assets.

If the related asset is measured using the cost model:

- subject to changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited to other comprehensive income and accumulated in the revaluation surplus in equity, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to other comprehensive income as a decrease to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and to other comprehensive income under (a). If a revaluation is necessary, all assets of that class are revalued.

1.7 Financial instruments

Classification

The Financial instruments are recognised when the municipality becomes a party to the contractual provisions of the instrument and are initially measured at fair value plus, in the case of a financial asset or liability, not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability:

The municipality classifies financial assets, and financial liabilities into the following categories:

- Held-to-maturity investment
- Loans and receivables
- Financial liabilities measured at amortised cost

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.

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

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Accounting Policies

1.7 Financial instruments (continued)

Impairment losses are reversed when an increase in the financial asset'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 financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost. 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 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the amount expected to be recovered in future. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit. Interest is charged on overdue amounts.

Amounts receivable within 12 months from the date of reporting are classified as current.

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.

Liabilities for annual leave (accrued leave pay) and annual bonus are recognised as they accrue to employees. Accrual is based on the potential liability of the Municipality. Liabilities for goods and services rendered to the municipality before year-end are accrued based on management's estimate if the invoice or statement have not been issued.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months and are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks, net of bank overdrafts. The Municipality categories cash and cash equivalents as financial assets, loans and receivables. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. Cash and cash equivalents and bank borrowings are subsequently recorded at amortised cost.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

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Accounting Policies

1.7 Financial instruments (continued)

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.

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.

Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of contractual agreements entered into. Trade and other payables are stated at their nominal value. Equity instruments are recorded at the amount received, net of direct issue costs.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Derecognition

Financial assets

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the municipality has transferred substantially all risks and rewards of ownership, or when the municipality loses control of contractual rights that comprise the assets.

Financial liabilities

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

1.8 Leases

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

Finance leases - municipality lessee

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

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

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1.8 Leases (continued)

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

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

Assets leased under operating leases, except for property interests held by the municipality as investment property, are not recognised in the statement of financial position.

Operating leases - municipality as lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Operating leases - municipality as lessee

Operating lease payments are recognised in surplus or deficit on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

1.9 Inventories

Inventories consist of raw materials, work in progress, consumables finished goods and unsold properties. Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are fair value as at the date of acquisition.

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

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.

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 inventories are acquired at no cost, or for nominal consideration, the cost is deemed to be the fair value as at the date of acquisition. Cost is generally determined using the first-in-first-out principle except where stated otherwise.

Unsold properties are measured at the lower of cost and net realisable value. Cost is primarily determined by reference to Valuation roll values as at the date of initial recognition or total cost of servicing the land. Net realisable values are based on the latest valuation roll values less estimated cost to sell.

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 12. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where inventories were acquired through a transfer of functions, the municipality is not required to measure those inventories for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later.

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Accounting Policies

1.9 Inventories (continued)

Until such time as the measurement period expires and inventories is recognised and measured in accordance with the requirements of the Standard of GRAP on Intangible assets, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Inventories implies that any associated presentation and disclosure requirements need not be complied with for inventories not measured in accordance with the requirements of the Standard of GRAP on Inventories.

1.10 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. The municipality 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.

1.11 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 of 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.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

Mafikeng Local Municipality

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1.11 Impairment of cash-generating assets (continued)

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

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.12 Employee benefits

Short-term employee benefits

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

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

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

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expects to pay in exchange for that service and had accumulated at the reporting date.

Defined contribution plans

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1.12 Employee benefits (continued)

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in surplus or deficit in the period in which the service is rendered by the relevant employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The municipality contributes to various national-and provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer plans and are accounted for as defined contribution plans as there is no consistent and reliable basis available for allocating the obligation, plan assets and cost to individual municipalities participating in the plan. The contributions to fund obligations for the payment of retirement benefits are expensed in the year it becomes payable. These multi-employer plans are actuarially valued annually on a national-or provincial level using the projected unit credit method. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined benefit plans

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses are recognised in full in the year they are incurred.

The municipality provides certain post- retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of all of the medical aid funds with which the municipality is associated, a member is entitled to remain a continued member of the medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. These medical aid funds are classified as defined benefit plans.

The current service cost is recognised as a period expense in the statement of financial performance and is matched to the benefit received during the working life of the employee. The current service cost includes the expense for benefits received by the employee currently in service and the cost of funding the employee when no longer in service. The expense for the year is included in the employee benefits expense in the statement of financial performance.

Where some of the employees are not members of any qualifying medical aid scheme as at reporting date, the municipality accrues 50% of such potential liability. This management estimate is meant to cater for employees who are likely to join the qualifying medical schemes in future but before retirement.

Other long-term employee benefits

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The cost for each employee is computed at each reporting date based on the probability of being employed at each service award date, taking into account the assumed rates of withdrawal, early retirement and death. On determining this liability due allowance is made for future salary increases. Actuarial gains and losses are recognised in full in the year they are incurred.

The municipality's net obligation in respect of long service awards is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value.

The current service cost is recognised as a period expense in the statement of financial performance and is matched to the benefit received during the working life of the employee. The current service cost includes the expense for benefits received by the employee currently in service. The expense for the year is included in the employee benefits expense in the statement of financial performance.

Where some of the employees have already reached the prescribed milestones but payments for the equivalent leave days accrued has not been made by year- end, the amount is recognised as accruals.

1.13 Provisions

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.

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1.13 Provisions (continued)

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 47.

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1.13 Provisions (continued)

Site Restoration

In accordance with applicable legal requirements, a provision for site restoration in respect of landfill sites is recognised when the land is contaminated. The related expense is capitalised against the cost of the landfill sites.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the municipality from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

Reimbursements

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Restructuring

A provision for restructuring is recognised when the municipality has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced as publicly.

Long Service Award

In terms of the Collective Bargaining Agreement, employees who achieve a certain predetermined milestone of service within the municipality are entitled to leave days or cash equivalent. A provision is made at the end of each balance sheet date based on the estimated number of employees who are likely to achieve the milestones in the future. The provision is discounted using a reasonable discounting rate.

Transitional provision

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where provisions, contingent liabilities and contingent assets were acquired through a transfer of functions, the municipality is not required to measure those provisions, contingent liabilities and contingent assets for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later.

Until such time as the measurement period expires and the provisions, contingent liabilities and contingent assets are recognised and measured in accordance with the requirements of the Standard of GRAP on Provisions, contingent liabilities and contingent assets, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Provisions, contingent liabilities and contingent assets implies that any associated presentation and disclosure requirements need not be complied with for provisions, contingent liabilities and contingent assets not measured in accordance with the requirements of the Standard of GRAP on Provisions, contingent liabilities and contingent assets.

1.14 Revenue

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Revenue from exchange transactions includes revenue from trading activities and other services provided while revenue from non-exchange transactions includes rates levied, fines, donations and grants from other spheres of government.

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Accounting Policies

1.14 Revenue (continued)

Revenue from exchange transactions

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

- (1) the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- (2) the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (3) the amount of revenue can be measured reliably;
- (4) it is probable that the economic benefits associated with the transaction will flow to the municipality; and
- (5) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the rendering of services is recognised in surplus or deficit in proportion to the stage of completion of the transaction at the reporting date.

Revenue is measured at the fair value of the consideration received or receivable, net of value added tax, estimated returns, rebates and discounts.

Services

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service Charges.

Service charges relating to distribution of water are based on consumption. Meters are read on a regular basis consumption is recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made on a monthly basis 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 it being invoiced. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is raised based on the average monthly consumption. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters are read. These adjustments are recognised as revenue in the invoicing period.

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

Service charges from sewerage and sanitation services are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council. Revenue is recognised on a monthly basis.

Interest, royalties and dividends

Interest earned and rentals received

Interest income is recognised in surplus or deficit as it accrues, using the effective interest method. Interest earned on unutilised conditional grants is recognised as an unspent conditional grants liability if the grant conditions indicate that interest is payable to the grantor.

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

Dividends

Dividends are recognised on the date that the municipality's right to receive the dividend has been established.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.14 Revenue (continued)

Royalties

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreements.

Other

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.

Housing rental and installments

Finance income from the sale of housing by way of installment sales agreements or finance leases is recognised as it accrues in surplus or deficit using the effective interest method.

1.15 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, the amount of the revenue can be measured reliably and, if applicable, there has been compliance with the relevant legal requirements or restrictions.

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 councilors or officials is virtually certain.

Rates and Taxes

Revenue from rates, including collection charges and penalty interest, is recognised on a monthly basis when the taxes are levied as this is regarded to be the date when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably and there has been compliance with the relevant legal requirements.

A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are either processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines is recognised on receipt

Mafikeng Local Municipality

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Accounting Policies

Donations and contributions.

Revenue from donations is recognised when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably and any restrictions associated with the donation have been met.

Revenue from donations is measured at the fair value of the consideration received or receivable, which is the cash amount received or where the donation is in the form of property, plant and equipment, the fair value of the property, plant and equipment received or receivable.

Unconditional grants and receipts

Revenue from unconditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality the amount of the revenue can be measured reliably. Since these grants are unconditional and there are no attached stipulations, the grants are recognised as revenue or, if the recognition criteria had been met, as assets in the reporting period in which they are received or receivable.

Conditional grants and receipts

Revenue from conditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality the amount of the revenue can be measured reliably and to the extent that there has been compliance with any restrictions associated with the grant.

Interest earned on investments is treated in accordance with grant conditions. If interest is payable to the grantor, it is recognised as a liability and if not, it is recognised as interest earned in the statement of financial performance.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Consumer Deposits

Consumer deposits are charged when new water and/or electricity accounts are opened except for owner occupied proportions. The amounts vary per type of consumer and are approved by Council as part of the tariff structure.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.16 Investment income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method. Dividend income is recognised in surplus or deficit on the date that the municipality's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets through profit or loss and impairment losses recognised on financial assets. Borrowing costs are recognised in surplus or deficit using the effective interest method.

1.17 Comparative figures

When the presentation or classification of items in the annual financial statements are amended, comparative amounts are reclassified. The nature and amounts of reclassifications as well as the reasons are disclosed in the notes to the financial statements.

1.18 Unauthorised expenditure

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

1.19 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 recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000) and the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the municipality's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by the relevant authority, it is treated as a receivable until it is recovered or written off as irrecoverable.

1.21 Presentation of currency

These annual financial statements are presented in South African Rand, which is the municipality's functional currency. All financial information has been rounded to the nearest Rand.

1.22 Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the municipality has a legal right to set off amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.23 Budget information

Mafikeng Local Municipality is subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipalities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.23 Budget information (continued)

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period has been included in the annual financial statements.

The Statement of comparative and actual information have been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by GRAP 1.

1.24 Tax

Value Added Tax (VAT)

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

- The annual financial statements have been prepared on the assumption that the municipality will continue to operate on a going concern basis for at least the next twelve months.

1.25 Investments in Public Private Partnership Entity

1.26 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.27 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand 2011 2010

2. Investment Property

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	397 972 720	-	397 972 720	353 741 126	-	353 741 126

Reconciliation of investment property - 2011

	Opening balance	Fair value adjustments	Total
Investment property	353 741 126	44 231 594	397 972 720

Reconciliation of investment property - 2010

	Opening balance	Fair value adjustments	Total
Investment property	311 474 355	42 266 771	353 741 126
Fair value of investment properties		397 972 720	353 741 126

Pledged As Security

There were no pledges made against investment properties. However, income from one of the investment properties is used as security for one of the DBSA Loans.

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.

Transitional provisions

Investment property recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, investment property are recognised at provisional amounts, which are based on the municipality's valuation roll as 30 June 2008. This approach was used for all the investment properties recognised in the financial statements. However, for land not included in the valuation, a provisional amount of R0 was used, pending subsequent valuation of all the municipal land so as to determine the final values of the investment property. The provisional amounts are due to initial adoption of GRAP 16.

Due to initial adoption of GRAP 16

Investment Property	397 972 720	353 741 126
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Steps taken to establish the values of investment property recognised at provisional amounts due to the initial adoption of GRAP 16 commenced with the identification process of all investment property belonging to the municipality, during the current financial year. In the ensuing periods (prior to expiry of Directive 4), the municipality will appoint an independent appraiser to value all the investment properties.

The date at which full compliance with GRAP 16 is expected, is 30 June 2012.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand

2011

2010

3. Property, plant and equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	34 466 370	-	34 466 370	34 466 370	-	34 466 370
Buildings	33 825 051	(3 130 363)	30 694 688	33 434 566	(2 014 829)	31 419 737
Furniture and fixtures	6 495 310	(2 502 138)	3 993 172	5 884 436	(1 628 802)	4 255 634
Motor vehicles	20 607 440	(8 494 811)	12 112 629	20 607 440	(5 550 890)	15 056 550
Office equipment	1 389 082	(464 695)	924 387	1 231 220	(283 246)	947 974
IT equipment	1 502 948	(603 228)	899 720	1 128 356	(339 518)	788 838
Roads, Storm Drains & Pavements	145 323 115	(13 526 864)	131 796 251	145 323 115	(8 682 761)	136 640 354
Community Buildings	3 771 081	(280 629)	3 490 452	3 771 081	(154 923)	3 616 158
Emergency Equipment	1 262 898	(549 726)	713 172	1 128 070	(301 799)	826 271
Other Assets	3 531 737	(1 214 716)	2 317 021	3 362 943	(782 338)	2 580 605
Bins and containers	1 260 029	(540 013)	720 016	1 260 029	(360 008)	900 021
Capital work in progress	18 485 711	-	18 485 711	12 722 066	-	12 722 066
Refuse Tanker	209 544	(104 195)	105 349	209 543	(83 240)	126 303
Bridges	48 188 375	(4 558 183)	43 630 192	44 676 819	(2 978 454)	41 698 365
Sanitation Skips	178 200	(53 460)	124 740	178 200	(35 640)	142 560
High Mast Lights	53 788 945	(6 792 700)	46 996 245	44 516 592	(4 145 323)	40 371 269
Recreational Facilities	926 221	(126 628)	799 593	926 221	(80 314)	845 907
Landfill Site	1 831 645	(161 615)	1 670 030	1 831 645	(53 872)	1 777 773
Stadiums	6 410 965	(960 546)	5 450 419	6 410 964	(640 000)	5 770 964
Farms	20 428 214	-	20 428 214	20 428 214	-	20 428 214
Sewerage, Water network & Piping	95 303 022	(27 193 127)	68 109 895	95 303 022	(17 662 825)	77 640 197
Heritage	913 750	-	913 750	913 750	-	913 750
Reservoirs	4 824 702	(19 167)	4 805 535	-	-	-
Total	504 924 355	(71 276 804)	433 647 551	479 714 662	(45 778 782)	433 935 880

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand 2011 2010

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Transfers	Depreciation	Total
Land	34 466 370	-	-	-	34 466 370
Buildings	31 419 737	390 485	-	(1 115 534)	30 694 688
Furniture and fixtures	4 255 634	610 874	-	(873 336)	3 993 172
Motor vehicles	15 056 550	-	-	(2 943 921)	12 112 629
Office equipment	947 974	157 863	-	(181 450)	924 387
IT equipment	788 838	374 592	-	(263 710)	899 720
Roads, Storm Drains & Pavements	136 640 354	-	-	(4 844 103)	131 796 251
Community Buildings	3 616 158	-	-	(125 706)	3 490 452
Emergency Equipment	826 271	134 827	-	(247 926)	713 172
Other	2 580 605	168 794	-	(432 378)	2 317 021
Bins and containers	900 021	-	-	(180 005)	720 016
Capital work in progress	12 722 066	23 372 255	(17 608 610)	-	18 485 711
Refuse Tanker	126 303	-	-	(20 954)	105 349
Bridges	41 698 365	3 511 556	-	(1 579 729)	43 630 192
Sanitation Skips	142 560	-	-	(17 820)	124 740
High Mast Lights	40 371 269	9 272 352	-	(2 647 376)	46 996 245
Recreational Facilities	845 907	-	-	(46 314)	799 593
Landfill site	1 777 773	-	-	(107 743)	1 670 030
Stadiums	5 770 964	-	-	(320 545)	5 450 419
Farms	20 428 214	-	-	-	20 428 214
Sewerage, Water network and Piping	77 640 197	-	-	(9 530 302)	68 109 895
Heritage	913 750	-	-	-	913 750
Water Reservoirs	-	4 824 702	-	(19 167)	4 805 535
	433 935 880	42 818 300	(17 608 610)	(25 498 019)	433 647 551

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Disposals	Depreciation	Total
Land	34 466 370	-	-	-	34 466 370
Buildings	31 595 684	930 323	-	(1 097 886)	31 419 737
Furniture and fixtures	5 015 537	71 882	(39)	(831 785)	4 255 634
Motor vehicles	17 356 665	465 837	(5)	(2 765 952)	15 056 550
Office equipment	912 418	199 256	(11)	(163 700)	947 974
IT equipment	929 832	46 334	(23)	(187 329)	788 838
Roads, Storm Drains & Pavements	128 874 559	12 485 154	-	(4 719 359)	136 640 354
Community Buildings	2 696 297	1 030 941	-	(111 080)	3 616 158
Emergency Equipment	733 669	260 200	(3)	(167 599)	826 271
Other	2 529 151	502 832	(22)	(451 378)	2 580 605
Bins and containers	1 080 025	-	-	(180 004)	900 021
Capital work in progress	6 302 839	6 419 227	-	-	12 722 066
Refuse Tankers	148 828	8	-	(22 525)	126 303
Bridges	43 187 591	-	-	(1 489 292)	41 698 365
Sanitation Skips	160 380	-	-	(17 820)	142 560
High Masts Lights	39 201 872	3 333 081	-	(2 163 684)	40 371 269
Recreational Facilities	892 283	-	-	(46 311)	845 907
Landfill Site	-	1 831 645	-	(53 872)	1 777 773
Stadiums	6 080 000	10 964	-	(320 065)	5 770 964
Farms	20 428 214	-	-	-	20 428 214
Sewerage, Water network & Piping	81 820 827	5 105 805	-	(9 286 435)	77 640 197
Heritage	913 750	-	-	-	913 750
	425 326 791	32 693 489	(103)	(24 076 076)	433 935 880

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Notes to the Annual Financial Statements

Figures in Rand 2011 2010

3. Property, plant and equipment (continued)

Pledged as security

Leased vehicles are self-secured in that they are used as security for the loans which were used to fund them. Carrying value of assets pledged as security:

Motor vehicles	4 444 438	6 457 168
The terms of the agreement are that the lessor retains ownership of the vehicles until the loan is fully paid. More details of the loan are disclosed under finance leases.		

Assets subject to finance lease (Net carrying amount)

Motor vehicles	4 444 438	6 457 168
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Transitional provisions

Property, plant and equipment recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, as disclosed in note 1.4 certain property, plant and equipment with a carrying value of 402 521 284 (2010: 402 521 284) was recognised at provisional amounts. Carrying amounts of property, plant and equipment carried at provisional amounts are as follows:

Due to initial adoption of GRAP 17

Infrastructure Assets	304 717 653	304 717 653
Community Assets	10 233 029	10 233 029
Land	34 466 370	34 466 370
Heritage Assets	913 750	913 750
Farms	20 428 214	20 428 214
Other Buildings	31 762 268	31 762 268
Total	402 521 284	402 521 284

Steps taken to establish the values of property, plant and equipment recognised at provisional amounts due to the initial adoption of GRAP 17 commenced with the identification of all the assets, preliminary unbundling of infrastructure assets and use of various high level techniques to determine the fair value of the provisional amounts. A detailed formal plan is in the process of being developed so as to establish the actual values of the foregoing assets by the expiry date of Directive 4. For other assets with a carrying amount of R32,983,153 (2010: R25,482,093) the values determined at conversion has been adopted as final values for that class of assets. For assets acquired subsequent to 30 June 2008, actual purchase cost was used whilst for assets that were acquired prior to 30 June 2008, the fair value was determined by reference to current market value and the physical state of the assets.

All provisional amounts were retrospectively adjusted.

The date at which full compliance with GRAP 17 is expected, is 30 June 2012.

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.

4. Intangible assets

	2011			2010		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 555 054	(108 174)	1 446 880	54 641	(9 986)	44 655

Mafikeng Local Municipality

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4. Intangible assets (continued)

Reconciliation of intangible assets - 2011

	Opening balance	Additions	Amortisation	Total
Computer software	44 655	1 500 414	(98 189)	1 446 880

Reconciliation of intangible assets - 2010

	Opening balance	Additions	Amortisation	Total
Computer software,	-	54 641	(9 986)	44 655

Pledged as security

There are no intangible assets pledged as security.

Transitional provisions

Intangible assets recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, as disclosed in note , certain intangible assets with a carrying value of R1 (2010: R1) was recognised at provisional amounts. Carrying amounts of intangible assets carried at provisional amounts are as follows:

Due to initial adoption of GRAP 102

Venus Software	1	1
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The municipality is in the process of engaging the software provider to provide a realisable fair value of the software in use. The process will be completed before the expiry period of Directive 4 and other related directives.

Provisional amounts retrospectively adjusted during the year, are as follows (refer to note for effect on the annual financial statements:

Venus Software	1	1
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The date at which full compliance with GRAP 102 is expected, is 30 June 2012.

5. Investments in Public Private Partnership Entity

Name of company	Held by	% holding 2011	% holding 2010	Carrying amount 2011	Carrying amount 2010
Mafikeng Leisure DevCo (Pty) Ltd	Local Economic Development Agency of Mafikeng (LEDAMA)	10,00 %	10,00 %	8 771 930	8 771 930

Mafikeng Local Municipality established an agency company in terms Section 21 of the Companies Act 2008 called Local Economic Development Agency of Mafikeng (LEDAMA). The company, which is wholly owned by the municipality, owns 10% shareholding in Mafikeng Leisure Development Company (DevCo), a company formed with private sector entities. The main objective of was to establish and operate a commercial project which will include an acqurium, commercial and residential properties in Mafikeng. This project was aimed to be one of the major tourism related projects in the province.

Whilst the project is not operational, during the formation and establishment of the project, there are some regulatory requirements that were not complied with in full. The municipality is in the process of engaging the relevant stakeholders, with the objective of regularising such regulatory requirements. It is hoped that the process will be completed by the end of the ensuing financial period.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand 2011 2010

5. Investments in Public Private Partnership Entity (continued)

Shareholding pledged as security

The municipality's shareholding is not pledged as security.

6. Long term Debtors

Long Term Debtors

Land Sale	65 220 823	57 211 249
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Non-current assets

Long term debtor	65 220 823	57 211 249
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Additional information

The municipality sold a piece of land to a developer for servicing and development purposes. The land, which had already been subdivided into a number of stands, was sold for a total amount of R144 million. In terms of the agreement, which was signed on 30 October 2007, payments from the purchaser were due on registration of the pieces/portion(s) of the said land i.e. stands transferred to the purchaser. Further, the purchaser was obligated to pay the said amount by the end of three years from date of signing the agreement. Should payment not have been made by the end of the three years, the purchaser had an option to extend the repayment period by two years, with an escalation of 10% per annum of the amount due and for each extension period. On 2 February 2009, 23 stands valued at R81,011,764.07 were transferred to the purchaser. The purchaser paid R5,000,000 by the end of June 2009. To date, no other stands have been transferred and no other payment has been received from the purchaser. Management is of the opinion that the purchaser has opted for the extension period. As such, payment is expected by the end of the fifth year. Further, management is of the opinion that the purchaser has the ability and intention to settle the amount on due date. As such, there is no need for a provision of the balance due. The effect of this transaction has been discounted, as the municipality did not opt for the exemptions in Directive 4 and other relevant exemptions.

On 22 September 2011, the High Court of South Africa (North West High Court - Mafikeng) (Case No. 2774/2010) ordered that Hawks Landing 24 (Pty) Ltd be placed under final winding up. A liquidator was subsequently appointed and the first creditors meeting was held in mid-December 2011. A second creditors' meeting where creditor claims will be lodged is still to be held and as at the date of signing the Annual Financial Statements the minutes of the first meeting had not yet been submitted at the Office of the Master. It was therefore not possible to determine the estimated payout ratio. Thus, the debtor may be impaired but at the present time it is impracticable to determine the level of impairment, if any.

The net amount due of R93,024,234.52 was discounted for a period of 44 months (2010: 56 months) at an estimated effective annual interest rate of 14%. Interest is unwound on an annual basis and pro-rated in the annual financial statements.

7. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2011

	Loans and receivables	Cash and cash equivalents	Fair value through surplus or deficit - designated	Held to maturity investments	Total
Trade and other receivables	19 408 762	-	-	-	19 408 762
Other receivables from non-exchange transactions	11 535 942	-	-	-	11 535 942
Cash and cash equivalents	-	7 413	-	-	7 413
Shares in unit trusts	-	-	3 711 996	-	3 711 996
Held to maturity investment	-	-	-	7 041 195	7 041 195
Money Market Investments	-	7 327 965	-	-	7 327 965
	30 944 704	7 335 378	3 711 996	7 041 195	49 033 273

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

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Figures in Rand 2011 2010

7. Financial assets by category (continued)

2010

	Loans and receivables	Cash and cash equivalents	Held to maturity investments	Available-for-sale	Total
Trade and other receivables	25 706 005	-	-	-	25 706 005
Other receivables from non-exchange transactions	14 645 186	-	-	-	14 645 186
Cash and cash equivalents	-	5 110	-	-	5 110
Shares in unit trusts	-	-	-	3 561 342	3 561 342
Held to maturity investment	-	-	6 414 551	-	6 414 551
Money Market Investments	-	4 904 849	-	-	4 904 849
	40 351 191	4 909 959	6 414 551	3 561 342	55 237 043

8. Employee benefit obligations

Post Retirement Medical Aid Benefit

The municipality operates a funded post-employment health care defined benefit plans for qualifying employees. Employees of the municipality are members of Bonitas, Keyhealth, Samwumed, Discovery and Hosmed medical schemes.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2011 by Mr R. Smit (Momentum Actuaries), Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the unfunded net liabilities in excess of plan assets	(47 368 000)	(40 844 000)
Non-current liabilities	(47 300 000)	(40 782 000)
Current liabilities	(68 000)	(62 000)
	(47 368 000)	(40 844 000)

The municipality does not have assets set aside for post-employment medical aid funding that qualify as plan assets in terms of the requirements of IAS19. As such no value has been ascribed to the fair value of plan assets and no other disclosure has been done relating to plan assets.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	40 844 000	-
First time adoption-recognised during the year	-	35 075 000
Benefits paid	(101 583)	(116 929)
Net expense recognised in the statement of financial performance	6 625 583	5 885 929
Closing balance	47 368 000	40 844 000

Net expense recognised in the statement of financial performance

Current service cost	3 673 000	3 154 000
Interest cost	2 913 000	2 673 000
Actuarial (gains) losses	39 583	58 929
Total included in employee related costs	6 625 583	5 885 929

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
8. Employee benefit obligations (continued)		
Calculation of actuarial gains and losses		
Expected benefit payments	(116 929)	(101 583)
Actual benefit payments	58 000	62 000
Total	(58 929)	(39 583)

Key assumptions used

The principal assumptions used for the purposes of the actuarial valuation on 30 June 2011 were as follows:

Discount rates used	9,00 %	- %
Net discount rate	0,93 %	- %
Expected increase in salaries	7,25 %	- %
Expected increase in healthcare costs	8,00 %	- %

The expense for the current year was derived and discounted to determine the valuation for the financial period 2009/10 which is an acceptable practice when valuing such defined plans. As such there are no key assumptions for the comparative period.

Demographic Assumptions: Normal Retirement Age (65 years); Fully accrued age (65 years); Age between husband and wife (Active members - 4 years, Pensioners 4 years); Proportion married (Active members - 90%, Pensioners actual married status used) .

Decrement Assumptions: Mortality [Active members: SA85 - 90, Pensioners: PA(90 - 2)]

Data Assumption: The actual date of birth for pensioners spouses were not provided. As such the age difference between the husband and wife was assumed to be four years.

Continuation percentages: It was assumed that 100% of the deceased pensioners' spouses will continue with their membership.]

Other assumptions - Sensitivity Analysis

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Health Care Costs: Effect on the aggregate of the service cost and interest cost	6 900 000	4 534 000
Health Care Costs: Effect on defined benefit obligation	45 723 000	30 502 000
Discount Rate: Effect on defined benefit obligation	30 534 000	46 047 000
Expected Retirement Age (1 year change): Effect on defined benefit obligation	33 791 000	41 056 000

Amounts for the current and previous four years are as shown below. These amounts are before taking into account the transitional provisions adopted by the municipality but after taking into account 60% of the non-medical scheme members as at 30 June 2011.

The valuation exercise did not cover the period ending 30 June 2008. To determine the estimated amounts for 2008 financial period, the balance for 30 June 2009 were discounted by about 92.5%, which was the average change in the amounts for the other periods. This, however, had no effect on the values disclosed elsewhere.

Mafikeng Local Municipality

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Figures in Rand 2011 2010

8. Employee benefit obligations (continued)

	2011	2010	2009	2008	
Defined benefit obligation at end of the year	47 368 000	40 844 000	35 075 000	29 980 000	-
Interest cost	3 673 000	3 154 000	2 697 000	1 591 640	-
Current service cost	2 913 000	2 673 000	2 452 000	2 249 270	-
Expected payments	(62 000)	(58 000)	(54 000)	(50 280)	-

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act and some are multi-employer, exist for this purpose.

The total economic entity contribution to pension schemes	14 390 632	15 631 700
The amount recognised as an expense for medical aid contributions	6 034 836	6 316 532

Included in defined contribution plan information above, is the Multi- Employer Pension Fund contributions, which due to the fact that sufficient information is not available to enable the municipality to account for the plan(s) as a defined benefit plan(s), are accounted for as Defined Contribution Plans.

Multi Employer and State Plans

The following are the defined benefit plans that the municipality's employees belong to:

- SAMWU Provident Fund
- Metropolitan Pension Fund
- South African Local Authorities (SALA) Pension Fund
- Municipal Gratuity Fund

These are not treated as defined benefit plans as defined by IAS 19, but are accounted for as defined contribution plans. This is in line with the exemption in IAS 19 paragraph 30 which states that where information required for proper defined benefit accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of detail. In terms of contributions to the fund

In terms of contributions to the fund, the municipality and employee contributions are as follows:

- SALA Pension Fund - Employee (8.6%); Employer (20.78%);
- SAMWU Pension Fund - Employee (8.6%); Employer (18.6%)
- Metropolitan Pension Fund - Employee (8.6%); Employer (18.06%)
- Municipal Gratuity Fund - Employee (8.6%); Employer (18.6%)

9. Held to Maturity Investments

These are money market placements and call investments. The amounts are invested over a fixed period of time. When the municipality has no immediate need for the cash, investments that would have matured are re-invested.

The average interest rate for these investments was 11% (2009: 12%).

10. Held to Maturity Investments

This relates to shares given to the municipality when Old Mutual demutualised in 1996. The amount has been invested bonds through Old Mutual, which mature in 2013 pending a decision by the Board of Trustees on the way forward. The municipality has no intention to dispose of this investment before it matures.

Opening Balance	6 414 551	5 833 211
Interest	626 644	581 340
	7 041 195	6 414 551

Mafikeng Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2011	2010
11. Shares in Unit Trusts		
The municipality has shares in Sanlam, which were obtained through the demutualisation process. Furthermore, other investments in unit trusts are also maintained.		
Opening Balance	3 561 342	3 660 756
Movement in share price/ Changes in investment	150 654	(99 414)
	3 711 996	3 561 342
12. Inventories		
Land	-	28 804 255
Consumable stores	31 361 287	2 009 292
	31 361 287	30 813 547
Inventory pledged as security		
There were no security pledges made against inventory during the current and prior financial period.		
Transitional provisions		
Inventories recognised at provisional amounts		
In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, inventories can be recognised at provisional amounts. During the current and prior financial periods, land inventories are carried at provisional amounts. The provisional amounts have, however, been determined differently for the two main types/classes of land. The value for land surveyed has been determined by reference to the valuation roll, sale agreement or latest land sales value per square metre whilst land not yet surveyed has been valued at R1.		
Due to initial adoption of GRAP 12		
The municipality will, in future appoint an independent valuer to value the land not yet serviced and where there are no agreements in place. Land pending transfer, that would not have been transferred by the date of valuation or expiry of the directive, which ever happens first, it would also be valued.		
The date at which full compliance with GRAP 12 is expected, is 30 June 2012.		
13. Other receivables from exchange transactions		
Accrued Income	24 281	2 942 035
Health Subsidy Debtors	2 000	-
Staff Debtors	2 369	-
Other debtors	422 100	3 233 922
Sundry Debtors	7 250 929	8 192 113
Provision for bad debts	(6 846 695)	(7 613 495)
	854 984	6 754 575
14. Trade & Other receivables from non-exchange transactions		
Property Rates	190 919 347	207 347 594
Provision for bad debts	(179 383 405)	(192 702 408)
	11 535 942	14 645 186

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand

	2011	2010
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Fair value of other receivables from non-exchange transactions

Other receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2011, and at 30 June 2010 there were no amounts past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	3 984 675	5 446 990
2 months past due	3 702 850	4 674 631
3 months past due	3 848 416	4 523 564

Other receivables from non-exchange transactions impaired

As of 30 June 2011, other receivables from non-exchange transactions of R179 383 405 (2010: R192 702 408) were impaired and provided for.

15. Consumer Debtors

Gross balances

Water	92 992 863	88 979 482
Sewerage	39 653 597	39 874 509
Refuse	33 773 689	28 248 895
Interest Levied (on Consumer Debtors)	121 226 123	112 996 154
	287 646 272	270 099 040

Less: Provision for debt impairment

Water	(87 363 826)	(82 694 765)
Sewerage	(37 246 020)	(37 058 129)
Refuse	(31 723 019)	(26 253 645)
Interest (on Consumer Debtors)	(113 883 357)	(105 015 112)
	(270 216 222)	(251 021 651)

Net balance

Water	5 629 037	6 284 717
Sewerage	2 407 577	2 816 380
Refuse	2 050 670	1 995 250
Interest (on Consumer Debtors)	7 342 766	7 981 042
	17 430 050	19 077 389

Water

Current (0 -30 days)	3 135 780	2 224 804
31 - 60 days	1 234 419	2 877 236
61 - 90 days	1 258 838	1 182 677
	5 629 037	6 284 717

Sewerage

Current (0 -30 days)	922 360	1 115 658
31 - 60 days	758 533	878 119
61 - 90 days	726 684	822 603
	2 407 577	2 816 380

Mafikeng Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2011	2010
15. Consumer Debtors (continued)		
Refuse		
Current (0 -30 days)	778 100	788 565
31 - 60 days	655 832	634 340
61 - 90 days	616 738	572 345
	2 050 670	1 995 250
Interest (on Consumer Debtors)		
Current (0 -30 days)	2 521 933	3 554 752
31 - 60 days	2 447 591	3 435 929
61 - 90 days	2 373 242	990 361
	7 342 766	7 981 042
Reconciliation of debt impairment provision		
Balance at beginning of the year	(251 021 651)	(241 319 711)
Net contributions to provision	(19 194 571)	(9 701 940)
	(270 216 222)	(251 021 651)
Consumer debtors pledged as security		
There were no pledges made against consumer debtors.		
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 2011, there were no amounts past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	7 358 173	7 683 779
2 months past due	5 096 375	7 825 624
3 months past due	4 975 502	3 567 986
Consumer debtors impaired		
As of 30 June 2011, consumer debtors of R 270 216 222 (2010: R251 021 651) were impaired and provided for.		
16. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	7 413	5 110
Bank overdraft	(17 708 509)	(10 138 974)
	(17 701 096)	(10 133 864)
Current assets	7 413	5 110
Current liabilities	(17 708 509)	(10 138 974)
	(17 701 096)	(10 133 864)

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
16. Cash and cash equivalents (continued)		
The municipality had the following bank account		
Account number / description	Bank statement balances	Cash book balances
	30 June 2011 30 June 2010	30 June 2011 30 June 2010
Standard Bank - Current Account	1 567 895 924 606	- (17 701 096) (10 133 864)
Petty Cash	- -	- 7 413 5 110
Total	1 567 895 924 606	- (17 693 683) (10 128 754)
17. Housing Development Fund		
The grant was used to fund the construction of RDP houses. The projects are undertaken on behalf of the Department of Human Settlement. During the current year there were no disbursements or receipts made.		
Opening and Closing Balance	3 470 046	3 470 046
18. Government grant reserve		
Opening Balance	56 746 122	32 122 241
Additions	21 476 142	27 586 466
Depreciation charge	(2 706 162)	(2 962 585)
	75 516 102	56 746 122
19. Other Interest Bearing Liabilities		
Held at amortised cost		
DBSA Loans (Long Term Portion)	18 959 476	23 672 471
The loans carry interest rates varying between 10% and 15% per annum and are repayable over period ranging between 10 - 20 years. As at 30 June 2011 no amount was in arrears. These loans were used to fund the municipality's infrastructure assets. The Loans are secured by rental income form one of the municipality's investment property.		
DBSA Loans (Short Term Portion)	4 172 812	4 013 457
The terms and conditions are as described above.		
INCA Loans (Long Term Portion)	17 119 295	18 378 404
The loans carry interest rates varying between 10% and 15% per annum and are repayable over period ranging between 10 - 20 years. As at 30 June 2010 no amount was in arrears. These loans were used to fund the municipality's infrastructure assets. The loans are secured by the municipality's income from assessment rates.		
INCA Loans (Short Term Portion)	1 259 109	1 233 329
The terms and conditions are as described above		
	41 510 692	47 297 661
Non-current liabilities at amortised cost		
Development bank of South Africa	18 959 476	23 672 471
INCA	17 119 295	18 378 404
	36 078 771	42 050 875
Current liabilities at amortised cost		
Development bank of South Africa	4 172 812	4 013 457
INCA	1 259 109	1 233 329
	5 431 921	5 246 786
	41 510 692	47 297 661

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
19. Other Interest Bearing Liabilities (continued)		
Fair value of the financial liabilities carried at amortised cost		
Bank loans	41 510 692	47 297 661
20. Finance lease obligation		
Minimum lease payments due		
- within one year	2 437 762	2 777 180
- in second to fifth year inclusive	3 009 157	5 677 937
	5 446 919	8 455 117
Less: future finance charges	(540 595)	(1 128 008)
Present value of minimum lease payments	4 906 324	7 327 109
Present value of minimum lease payments due		
- within one year	2 106 392	2 406 673
- in second to fifth year inclusive	2 799 932	4 920 436
	4 906 324	7 327 109
Non-current liabilities	2 799 932	4 920 436
Current liabilities	2 106 392	2 406 673
	4 906 324	7 327 108

It is the municipality policy to lease certain property, plant and equipment under finance leases.

The average lease term was 5 years and the average effective borrowing rate was 10% (2010: 10%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 3.

21. Unspent conditional grants

Unspent conditional grants and receipts comprises of:

Municipal Infrastructure Grant (MIG)	14 795 777	8 325 769
Rural Water Grant	67 560	614 402
Library Grant	-	22 863
Finance Management Grant (FMG)	41 760	742 837
Municipal Systems Improvement Grant (MSIG)	-	506 937
	14 905 097	10 212 808

Movement during the year

Balance at the beginning of the year	10 212 508	7 663 432
Net additions during the year (Receipts net of adjustments)	31 837 000	25 456 884
Income recognition during the year including VAT (expenditure)	(27 144 411)	(22 907 508)
	14 905 097	10 212 808

See note 29 for reconciliation of grants from National/Provincial Government.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010					
22. Provisions							
Reconciliation of provisions - 2011							
	Opening Balance	Additions	Interest cost	Current service costs	Actuarial (gains)/losses	Actual benefit payments	Total
Long Service Award	9 600 930	-	823 967	658 495	1 251 444	(2 142 926)	10 191 911
Environmental rehabilitation- Landfill Sits	2 197 699	230 758	-	-	-	-	2 428 457
Legal proceedings	-	7 967 520	-	-	-	-	7 967 520
	11 798 629	8 198 278	823 967	658 495	1 251 444	(2 142 926)	20 587 887

Reconciliation of provisions - 2010

	Opening Balance	Additions	Interest cost	Current service cost	Actuarial (gain)/losses	Actual benefits paid	Total
Restructuring	-	9 050 852	777 172	604 124	503 099	(1 334 317)	9 600 930
Environmental rehabilitation	-	2 197 699	-	-	-	-	2 197 699
	-	11 248 551	777 172	604 124	503 099	(1 334 317)	11 798 629

Non-current liabilities	9 235 796	8 709 448
Current liabilities	11 352 091	3 089 181
	20 587 887	11 798 629

Long Service Award

The municipal employees, excluding those with fixed term contracts, who have been with the employer for a certain period of time are entitled to additional leave days (in addition to normal leave) as recognition for service at the same employer. The additional leave (long service award) is paid out when the employee has reached the required continued period of service

The Long Service Award computations were calculated for the first time as at 30 June 2011. To determine the liability values as at 30 June 2009 and 2010, the projected liability as at 30 June 2011 was discounted backwards. As such there are no comparative figures for the key assumptions and sensitivity analysis.

The number of leave days payable for each milestone (number of years served) are detailed in the table below

Service/ Milestone		
10 years	10	10
15 years	20	20
20 years	30	30
25 years	30	30
30 years	30	30
30 years	30	30
40 years	30	30
45 years	30	30
	-	-

The following key assumptions were used in the valuation.

Assumption		
Discount rate (%)	9	-
Award inflation (%)	7	-
Mortality (SA-aggregate)	88	-
Normal retirement age (years)	65	-
Average number of resignations per 1000 members	73	-
Average number of ill-health/early retirement per 1000 members	3	-
	-	-

Mafikeng Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2011	2010
22. Provisions (continued)		
The table below shows the resulting movement of the accrued liability as at 30 June 2011 as well as the sensitivity of the accrued liability to changes in the foregoing assumptions.		
Movement of the accrued liability		
Opening balance	9 600 930	9 050 852
Current service costs	658 495	604 124
Interest cost	823 967	777 172
Actual benefits payments	(2 202 809)	(1 444 036)
Actuarial losses	1 311 327	612 818
	10 191 910	9 600 930
Sensitivity Analysis		
Accrued liability assuming no increases in award amounts	6 719 892	-
Accrued liability assuming a 1% decrease in the discount rate	10 874 110	-
Accrued liability assuming a 1% increase in the discount rate	9 582 815	-
	-	-
Transitional provisions		
Provisions recognised at provisional amounts		
In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, as disclosed in note 1.13, provisions could be recognised at provisional amounts. However, during the current year no provisions were recognised at provisional amounts. The amount disclosed is based on a market related estimate for the provisions and have been discounted at the estimated effective interest rate.		
23. Employee Pension Fund		
24. Trade and other payables		
Trade payables	31 501 551	35 999 831
Unallocated receipts	876 347	3 185 205
Debtors with credit balances	28 296 457	18 074 147
Accrued leave pay	14 620 920	14 389 465
Accrued bonus	4 936 671	3 937 068
Accrued Leave Pay above 48 days	2 747 952	-
Accrued Long Service Award	11 205 962	-
Sundry Creditors	2 604 494	3 602 503
	96 790 354	79 188 219
25. VAT payable		
Balance due	15 604 360	19 136 163
26. Consumer deposits		
Water	1 507 498	1 539 629
Other Deposits	2 608 494	2 131 901
	4 115 992	3 671 530

Mafikeng Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2011	2010
27. Revenue		
Land Sales	-	2 524 470
Property rates	122 895 745	128 166 363
Service charges	70 197 067	65 393 315
Rental of facilities & equipment	2 761 339	2 769 662
Interest received – trading	26 167 840	34 156 047
Fines	1 512 547	1 813 111
Licences and permits	4 285 362	3 558 130
Government grants & subsidies	125 702 839	117 083 271
Miscellaneous other revenue	351 340	852 775
	353 874 079	356 317 144
The amounts included in revenue arising from exchanges of goods or services are as follows:		
Land Sales	-	2 524 470
Service charges	70 197 067	65 393 315
Rental of facilities & equipment	2 761 339	2 769 662
Interest received – trading	26 167 840	34 156 047
Licences and permits	4 285 362	3 558 130
Miscellaneous other revenue	351 340	852 775
	103 762 948	109 254 399
The amounts included in revenue arising from non-exchange transactions are as follows:		
Taxation revenue		
Property rates	122 895 745	128 166 363
Fines	1 512 547	1 813 111
Transfer revenue		
Grants and Subsidies	125 702 839	117 083 271
	250 111 131	247 062 745
28. Property rates		
Rates received		
Residential	123 421 753	128 647 261
Less: Income forgone	(526 008)	(480 898)
	122 895 745	128 166 363
Valuations		
Residential	1 627 015 184	1 519 343 360
Commercial	650 091 894	649 211 910
State	1 080 025 111	1 210 087 036
Industrial	129 697 564	117 928 663
Small holdings and farms	349 273 126	345 347 041
Creche	2 293 945	2 488 555
Guest Houses	18 434 609	7 292 193
Other	1 274 615 232	525 961 480
	5 131 446 665	4 377 660 238

Valuations on land and buildings are performed every four years. The latest general valuation came into effect on 1 July 2010. Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

Mafikeng Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand 2011 2010

28. Property rates (continued)

A general rate of 0.105 cents per rand (2010: 0.105 cents per rand) is applied to property valuations to determine assessment rates. Discounts of 85% (Residential), 60% (Business/Commercial), 60% (Industrial) and 60% (Agricultural) (2010: 85% (Residential), 60% (Business/Commercial), 80% (Industrial) and 85% (Agricultural)). Qualifying pensioners were granted a further 80 - 85% rebate (2009: 60 - 85%) are granted to residential and state property owners. For residential properties, the R15,000 is non-rateable (rebate). Thus, the discount for such properties is calculated after deducting the rebate.

Rates are levied on a monthly basis. Interest is levied on rates not paid by the due date.

29. Service charges

Sale of water	39 222 320	34 796 209
Sewerage and sanitation charges	15 779 129	17 074 095
Refuse removal	15 195 618	13 523 011
	70 197 067	65 393 315

30. Government grants and subsidies

Government training subsidies	396 474	-
District Water Subsidy	-	5 700 000
EPWP Grant	113 000	-
Health Services Subsidy	73 472	-
Parks Amenities Subsidy	17 160	-
Special Projects Subsidy	29 604	-
Health Subsidy - District Municipality	1 577 671	7 733 682
Equitable share	96 350 746	79 132 320
Library Grant	692 863	627 137
Municipal Infrastructure Grant (MIG)	22 946 993	13 798 621
Municipal System Improvement Grant (MSIG)	1 256 937	228 063
Finance Management Grant (FMG)	1 701 077	1 881 711
Signal Hill Subsidy	-	1 607 427
Rural Water	546 842	6 374 310
	125 702 839	117 083 271

Equitable Share

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

All registered indigents receive a monthly subsidy of 12 kilolitres of water per month (2010: 12 kilolitres), which is funded from the grant.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	8 325 769	6 831 055
Current-year receipts	29 417 000	15 291 000
Conditions met - transferred to revenue (excluding vat)	(20 128 941)	(12 102 005)
Conditions met - VAT	(2 818 051)	(1 694 281)
	14 795 777	8 325 769

The grant was used to fund infrastructure related projects (mainly as part of the service delivery). Capitalised projects funded by this grant are included in property, plant & equipment whilst the unspent portion of the grant is included in current liabilities (see note 21)

No grant was held during the current period.

Mafikeng Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2011	2010
30. Government grants and subsidies (continued)		
Rural Water Support Grant		
Balance unspent at beginning of year	614 402	(792 172)
Current-year receipts	-	7 780 884
Conditions met - transferred to revenue (excluding vat)	(479 686)	(6 296 029)
Conditions met - VAT	(67 156)	(78 281)
	67 560	614 402

This is mainly used in assisting municipalities in supplying water to the rural areas. This includes the purchase and installation of equipment used in supplying water to the various communities.

No grants were withheld during the year.

Library Grant

Balance unspent at beginning of year	22 863	-
Current-year receipts	670 000	650 000
Conditions met - transferred to revenue (excluding vat)	(692 863)	(627 137)
	-	22 863

Conditions still to be met - remain liabilities (see note 21)

This is mainly used in assisting municipalities with services they offer at public libraries. The services covers capacitating them with human capital and computer hardware/software.

Finance Management Grant (FMG)

Balance unspent at beginning of year	742 837	1 624 549
Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue (excluding vat)	(1 632 077)	(1 400 520)
Conditions met - VAT	(69 000)	(481 192)
	41 760	742 837

The grant is mainly used for promoting and supporting reforms in financial management by building capacities in municipalities to implement the MFMA and improve progressive financial reporting for municipalities.

Conditions still to be met are included in current liabilities.

No grants were withheld during the year.

Municipal Systems Infrastructure Grant (MSIG)

Balance unspent at beginning of year	506 937	506 937
Current-year receipts	750 000	735 000
Conditions met - transferred to revenue (excluding vat)	(1 131 111)	(667 480)
Conditions met - VAT	(125 826)	(67 520)
	-	506 937

Conditions still to be met - remain liabilities (see note 21)

The grant is meant to assisting municipalities in the improvement of system related transactions.

Changes in level of government grants

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

Mafikeng Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2011	2010
31. Other revenue		
Fees earned	890 038	860 728
Commissions received	240 201	227 873
Fair value adjustments	44 231 594	42 266 771
Recoveries	807 529	339 173
Blocked drains revenue	102 922	158 383
Unwound Interest Income - Long term debtors	8 009 574	7 025 943
Other income	117 683	286 620
Building plans fees	158 844	129 989
	54 558 385	51 295 480
32. Other income		
Dividends Received	46 067	-
Tender fees	71 616	72 576
Allowances	-	214 044
	117 683	286 620

Mafikeng Local Municipality

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Figures in Rand	2011	2010
33. General expenses		
Advertising	1 689 748	1 534 731
Auditors remuneration	1 337 185	3 365 596
Bank charges	796 016	1 098 922
Cleaning	83 800	409 494
Computer expenses	267 799	207 288
Consulting and professional fees	6 154 545	4 887 923
Valuation Roll	2 877 752	2 543 128
Delivery expenses	130 470	61 024
Entertainment	583 905	930 560
Disaster Management	2 188 592	2 144 444
Insurance	1 284 479	983 353
Post Employment Benefit Interest	4 350 139	4 046 648
Lease rentals on operating lease	1 118 494	1 093 568
Expended public works programme	3 832 757	-
License vehicles	242 618	201 399
Skills Development Levy	447 350	439 700
Magazines, books and periodicals	189 525	128 390
Medical expenses	86 854	144 056
Motor vehicle expenses	1 957 680	1 995 688
Road Paintings & Repairs	10 298 736	8 406 679
Unwound Interest	230 758	96 161
Fuel and oil	2 656 343	2 443 593
Postage and courier	535 879	497 244
Printing and stationery	1 316 519	1 603 184
Service Delivery	788 722	973 038
Protective clothing	231 477	757 627
Project maintenance costs	688 846	1 070 340
Royalties and license fees	698 961	1 021 281
Heritage Trails	-	668 093
Security (Guarding of municipal property)	2 772 988	3 405 765
Municipal Water Charges	-	621 192
Contribution to Leave	4 578 045	5 500 915
Subscriptions and membership fees	3 426 729	1 818 262
Telephone & faxes	2 645 308	3 251 403
Business Audit/Cooperatives	-	629 650
Training	1 963 047	2 062 124
Travelling costs	1 564 284	1 578 301
Meters	342 984	186 067
Electricity	9 034 533	7 116 524
Donation (Note 57)	-	1
Materials	431 340	446 535
Ward Committee Expenses	1 206 459	1 099 641
Laboratory related costs	680 145	995 925
Internal Audit contribution	-	366 248
World Cup Related Costs	-	1 835 771
Fencing - Signal Hill	-	1 393 170
Meter Reading	462 088	428 176
Free Basic Water	5 793 383	4 879 802
Disposal Site Expenditure	2 209 662	3 181 070
Chemicals	712 121	802 262
Distribution costs	2 506 284	4 028 616
Other expenses	982 297	4 101 118
	88 377 646	93 481 690

Mafikeng Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2011	2010
34. Operating surplus (deficit)		
Operating surplus (deficit) for the year is stated after accounting for the following:		
Operating lease charges		
Lease rentals on operating lease - Other		
• Contractual amounts	1 118 494	1 093 568
Loss on sale of property, plant and equipment	-	(103)
Amortisation on intangible assets	16 944	9 986
Depreciation on property, plant and equipment	25 604 238	24 084 393
Employee costs	191 285 353	163 765 229
35. Employee related costs		
Basic	115 318 843	98 338 248
Bonus	5 830 677	5 136 352
Medical aid - company contributions	5 948 913	5 624 173
UIF	599 970	1 423 956
Post Retirement Benefit- Interest costs	4 496 967	3 931 172
Post Retirement Benefit - Service costs	3 571 495	3 277 124
Post Retirement benefit - actuarial loss	1 291 027	562 028
Overtime payments	6 152 323	6 958 683
Long-service awards	11 205 962	-
Other Allowances	123 008	131 141
Housing benefits and allowances	1 048 224	1 088 071
Pension Funds	14 374 973	13 370 189
	169 962 382	139 841 137
Remuneration of municipal manager		
Annual Remuneration	813 504	734 144
Car Allowance	150 000	180 000
Other	223 107	122 511
	1 186 611	1 036 655
Remuneration of chief finance officer		
Annual Remuneration	748 578	700 553
Car Allowance	153 979	153 980
Other	40 871	9 166
	943 428	863 699
Remuneration of corporate services directors		
Annual Remuneration	728 136	751 558
Car Allowance	85 200	85 200
Other Allowance	31 284	9 116
	844 620	845 874

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Figures in Rand	2011	2010
35. Employee related costs (continued)		
Remuneration of planning & development services director		
Annual Remuneration	667 785	727 177
Car Allowance	108 000	108 000
Other Allowances	56 136	9 174
	831 921	844 351
Remuneration of infrastructure services director		
Annual Remuneration	507 920	533 132
Car Allowance	170 519	170 519
Other Allowance	161 770	116 347
	840 209	819 998
Remuneration of community services director		
Annual Remuneration	836 186	798 250
Other Allowances	32 053	9 483
	868 239	807 733
Remuneration of public safety		
Annual Remuneration	613 237	776 472
Car Allowance	110 413	148 500
Other Allowance	150 389	123 406
	874 039	1 048 378
36. Remuneration of councillors		
Executive Major	631 828	605 089
Mayoral Committee Members	3 633 809	4 084 344
Speaker	501 730	484 071
Councillors	10 166 537	12 483 900
	14 933 904	17 657 404
In-kind benefits		
The Executive Mayor, Speaker, Chief Whip, Single Whip of Council and Mayoral Committee Members are full-time and are provided office space at the cost of the council. In addition, they are paid travelling allowances for trips outside Mafikeng. The Executive Mayor, Speaker, Chief Whip and Single Whip of Council are also provided with secretarial support at the cost of the Council.		
The Executive Mayor has use of a Council owned vehicle for official duties. The Mayor's driver also acts as a bodyguard.		
37. Debt impairment		
Debts impaired	11 710 659	116 330 349
Debtors written off during the year amounted to R11 710 659 (2009: R116 330 349).		
38. Investment revenue		
Interest revenue		
Interest earned (bank & investment accounts)	1 879 199	971 353

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Figures in Rand	2011	2010
39. Fair value adjustments		
40. Depreciation and amortisation		
Property, plant and equipment	25 590 536	24 084 393
Intangible assets	16 944	9 986
	25 607 480	24 094 379
41. Finance costs		
Other interest paid	4 799 577	5 840 417
42. Auditors' remuneration		
Fees	1 337 185	3 365 596
43. Rental of facilities and equipment		
Premises		
Rental of offices and halls	2 761 317	2 594 213
Rental of plant/equipment	22	175 449
	2 761 339	2 769 662
44. Bulk purchases		
Water	43 489 896	37 721 658
45. Cash generated from operations		
Surplus (deficit)	39 129 587	(41 035 519)
Adjustments for:		
Depreciation and amortisation	25 607 480	24 094 379
Gain on sale of assets and liabilities	-	103
Debt impairment	11 710 659	116 330 349
Movements in retirement benefit assets and liabilities	6 524 000	-
Movements in provisions	8 789 258	-
Other non-cash items	(59 545 441)	(7 186 502)
Changes in working capital:		
Inventories	(547 740)	2 359 009
Other receivables	5 899 591	3 814 912
Other receivables from non-exchange transactions	3 109 244	-
Consumer debtors	(10 063 320)	(80 022 071)
Money Market Investments	(2 386 809)	6 965 627
Shares & Unit Trusts	99 414	99 414
Trade and other payables	17 602 134	30 382 227
VAT	(3 531 803)	(1 671 169)
Unspent conditional grants	4 692 289	2 549 377
Consumer deposits	444 462	(1 440 754)
	47 533 005	55 239 382

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Notes to the Annual Financial Statements

Figures in Rand	2011	2010
46. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	38 256 511	33 449 085
Not yet contracted for but authorised		
• Property, plant and equipment	57 810 779	82 385 343

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated and grants from provincial and national government.

47. Contingencies

Balances from Attorneys Correspondences

Service provider Cases	200 000	-
Property loss/damage cases	5 030 000	-

(a) Litigation is in the process against the municipality relating to Section 57 Managers performance bonus. The estimated financial exposure due to this case is to be calculated on the finalisation of the case. The municipality lawyers and management consider the likelihood of the action against the municipality as being likely but the resulting outflow may not be determined at this stage. As such no provision has been made in the financial statements.

(b) A claim of R5 million was put against the municipality by Pestanav for damages to a burned house after the fire and emergency did not respond to a call on time.

(c) A claim of R200 000 was put against the municipality by Afrikanism Civil and Project cc in relation to commissioning of automated fibre glass doors at the Fire Station. The plaintiff's case against the municipality is that their contract was not cancelled in terms of the Service Level Agreement, thereby resulting in breach of contract by the municipality.

(d) A claim of R30 000 was put against the municipality by Maf Properties in relation to demolishing a dilapidated house. In the municipality's opinion, the house was inhabitable, a fact which the plaintiff is arguing. The plaintiff is therefore suing the municipality on their estimated value of the demolished property.

Contingent Liabilities- Environmental Act

In terms of the Environmental the municipality is responsible for a number of environmental related transactions that may take place in its jurisdiction. This give rise to contingent liabilities. However, the nature of such transactions cannot be estimated both financially and the number of occurrence, if any are to occur. Whilst the municipality is not aware of such liabilities, the following are the key transactions:

- contingent liabilities relating to fines that may be imposed by the Department of Environmental Affairs as a result of illegal dumping by the municipal residents.
- penalties relating to lack of proper security at the municipal's dumping site or lack of monitoring waste being dumped there as some waste should be dumped in certain specified ways so as to avoid related healthy hazards e.g. medical waste.]
- costs related to the rehabilitation of sewerage plants. This is despite the fact that sewerage infrastructure are seldomly rehabilitated but rather upgraded.

Contingent liabilities - Post Retirement Medical Aid Benefits

The municipality provides post retirement medical aid benefits to employees who meets the criteria as per the funds' terms. As at year end, 319 were not members of the funds thus did not qualify for the benefit. However, should these employees join an approved medical scheme prior to their retirement, they would qualify for such benefits, upon retirement. The municipality estimated the number of employees who are currently not members of the fund but are likely to join prior to their retirement. Based managements estimate, 160 employees are likely to join. As a result of this, an obligation of R10,092,000 (2010: R8,467,000) was recognised to cater for the obligation likely to be settled in relation to this. The municipality therefore has a contingent liability amounting to R10,092,000(2010: R8,467,000). Refer to note 8, for more information.

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Figures in Rand 2011 2010

48. Related parties

During the year, there were no related party transactions. The municipality has various processes in place to identify and note any related party transactions. These range from disclosure by bidders on the bid documents (MB4) to maintenance of a conflict of interest register. For councillors, this is kept in the Office of the Speaker whilst for other senior managers it is kept by the Corporate Services Directorate.

49. Prior Year Adjustments & Errors

A number of corrections were made to the prior years' financial statements as a result of prior period errors and/or changes in the reporting framework (Changes in Accounting Policies). Where applicable, the corrections and/or changes were adjusted retrospectively, unless otherwise stated. These corrections/changes resulted in the following adjustments:

Statement of financial position

Inventory	-	31 328 725
Other Receivables	-	3 990 624
Consumer Debtors	-	(166 613 216)
Investments	-	723 548
Investment Property	305 768 406	-
Cash & cash equivalents	-	5 550
Investment property	-	47 972 720
Property, plant and equipment	-	55 803 383
Intangible assets	42 360	-
Investment in Public Private Partnership Entity	-	8 771 930
Long term Debtors	-	50 185 306
Post employment liability	(40 844 000)	-
Other interest bearing liabilities	-	1 730 943
Staff Debtors	(3 763 399)	-
Trade and other payables	-	8 170 588
VAT payable	-	(23 135 308)
Sundry Debtors	8 033 289	-
Unspent conditional grants	-	7 663 431
Sundry Creditors	(1 422 614)	-
Amounts received in advance	-	(15 112 403)
Bank overdraft	-	(5 550)
Provisions	-	13 892 784
Employee pension fund	-	(6 825 430)
Accumulated Surplus	-	(413 670 870)
Government grant reserve	-	32 122 241
Provision for bad debts	(46 050 725)	-

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand

	2011	2010
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49. Prior Year Adjustments & Errors (continued)

Statement of Financial Performance

Depreciation expense	8 472	21 694 389
Fair value adjustment	(42 266 770)	-
Post employment liability expenses	5 885 929	-
Medical aid	(116 929)	-
Bad debts written off	70 273 624	-

Statement of Financial Position

Investment Property: The prior year figure has been restated due to land which belongs to the municipality which was previously recognised at a provisional amount of R1 on GRAP conversion as the land had not yet been valued

Intangible Assets: The restatement refers to Caseware Software which was previously not recognised by the municipality though it had been acquired in the prior year.

Post Employment Liability: In the prior periods, the municipality did not perform a valuation exercise of its Post Retirement Medical Aid (PRMA) benefit. This was performed during the current year, covering the prior periods as well. Prior periods amounts have therefore been restated.

Staff Debtors: The prior year amount was adjusted for long outstanding balances that the municipality considers to be amounts already recovered but not cleared

Sundry Debtors: The prior year amount was adjusted by amounts that had been written off in error in the prior year

Sundry Creditors: The amount was restated by amounts that have been long outstanding and the municipality considers these amounts to have been settled but not cleared in the account.

Provision for Bad Debts: In the prior year, provision for bad debts was understated by R46,050,725. This was mainly due to incorrect calculation of the provision. The restatement has resulted in increase in both provision for bad debts and bad debts by the same amount.

Accumulated Depreciation: The restatement is due to the accumulated depreciation of the intangible asset

Statement of Financial Performance

Post Employment Liability related costs: As mentioned above, actuarial valuations were performed during the current year. However, the transactions valuation results were adjusted in retrospective. This resulted in the recognition of the following amounts:

Interest	3 154 000	-
Service costs	2 673 000	-
Actuarial loss	58 929	-
	<u>5 885 929</u>	-

Depreciation: The amount was restated with the depreciation for the intangible asset mentioned above

Fair Value Adjustment: The restatement relates to the fair value adjustment done for the land recognised as investment property mentioned above.

Medical Aid: The amount was adjusted by payments made to employees on the Post Employment Benefit scheme.

Bad debts written off: The amount was adjusted by long outstanding debts the municipality considers to be impaired and were not adjusted for in the prior year.

Statement of Financial Position

Net changes in current assets	(41 780 835)	-
Net changes in non current assets	305 810 766	-

Mafikeng Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2011	2010
49. Prior Year Adjustments & Errors (continued)		
Net changes in current liabilities	(1 422 614)	-
	262 607 317	-
Statement of Financial Performance		
Net change in income	(42 266 770)	-
Net change in expenses	76 051 096	-
	33 784 326	-

50. Comparative figures

Certain comparative figures have been reclassified.

51. 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 municipality's management under policies approved by the Accounting Officer. The Accounting Officer provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

Liquidity risk

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

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

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain borrowings in fixed and variable rate instruments, all denominated in the Rand.

Credit risk

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.

Trade receivables comprise a widespread customer base. The municipality cannot, however, limit the rate at which it can offer services to its stakeholders as it has a constitutional mandate to offer these services. Credit control measures are therefore implemented within the approved municipal policies and relevant acts governing municipal operations.

Mafikeng Local Municipality

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Figures in Rand

2011

2010

52. Events after the reporting date

a) Hawks Landing Investments 24 (Pty) Ltd

The company purchased land from the municipality in 2007 to the value of R144 million. The main purpose of this was to develop the piece of land for both residential and commercial purposes

In 2009, 23 stands valued at R81 011 746.07 were transferred to Hawks Landing (the purchaser) and they paid R5 000 000, leaving a balance of R 76 011 764,07. This has not been paid to date (refer to note 6 in the annual financial statements)

On 22 September 2011, the High Court of South Africa (North West High Court - Mafikeng) (Case No. 2774/2010) ordered that Hawks Landing 24 (Pty) Ltd be placed under final winding up.

A liquidator was subsequently appointed and the first creditors' meeting was held in December 2011. A second creditors meeting where creditor claims will be lodged is still to be held and as at the date of the Annual Financial Statements the minutes of the first meeting had not yet been submitted at the Office of the Master.

b) Unspent Portion of Municipal Infrastructure Grant

During the first quarter of 2011/12 financial year National Treasury rejected the Municipality's request for approval to roll forward part of the unspent portion of the Municipal Infrastructure Grant. This meant that the unspent funds should be returned to National Treasury. The Municipality has engaged them on the matter and negotiations are continuing.

c) Labour Related Cases - MM Sibanda and 72 others

The municipality was sued by MM Sibanda and 72 others for the underpayment of standby and fire protection allowances for the four year period ended 2003. On the 10th of August 2011 the Labour Court of South Africa (held at Johannesburg) ruled in favour of the applicant and the municipality was ordered to pay the full amount including interest of 15.5% per annum from 31 July 2006 to 10 August 2011 as well as the interest between 2003 and 2006 at the same rate. The total amount due as per the court order was R5,521,371.35.

On the 17th of November 2011 the Registrar of the Labour Court of South Africa issued a Writ of Execution to the municipality's bankers to the amount of R5,521,371.35. As a result of this, the municipal bankers effected the required payment to the sheriff on the 5th of December 2011. The municipality is in the process of engaging the applicants' attorneys regarding, inter alia, the correctness of the number of the applicants, the calculation of interest and total amount due.

d) Labour Related Cases - Arbitration Matters

The municipality was taken to the South African Local Government Bargaining Councils Arbitration by two separate groups of employees for unfair labour practices. Both matters centred on the municipality's alleged failure to implement council resolutions for labour related matters. The Arbitrator, in both cases, ruled in favour of the applicants. The total amount that the municipality had to pay as a result of this ruling is R2,446,148.69. No interest was charged. This amount has been included in Provisions (refer to note 21).

53. Unauthorised expenditure

Operating expenditure exceeded the adjusted budget by R5,311,406 as shown in Note 58 in the financial statements. Management is in the process of obtaining council approval for the unauthorised expenditure.

Council is in the process of considering condoning this expenditure.

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54. Fruitless and wasteful expenditure		
Add: fruitless and wasteful Expenditure - current year: SARS PAYE Penalties	136 045	14 212
SARS Penalties interest	39 084	4 304
SARS UIF Penalties	15 004	354
SARS UIF Penalties interest	614	-
SARS SDL Penalties	3 080	-
SARS SDL Penalties interest	3 375	-
Interest Eskom	9 350	3 816
Less: Amounts condoned	-	(22 686)
	206 552	-

The municipality incurred penalty and/or interest payment of some of its loans, invoices and remittance to SARS for PAYE/UIF/SDL. This was mainly due to the cash flow challenges that the municipality experience on a regular basis. The amounts have been presented to council for condonment as it not recoverable from municipal officials.

Council is in the process of considering condoning this expenditure.

55. Irregular expenditure

Add: Irregular Expenditure - current year	3 393 553	11 887 095
Less: Amounts condoned	(3 393 553)	(11 887 095)
	-	-

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Notes to the Annual Financial Statements

Figures in Rand	2011	2010
55. Irregular expenditure (continued)		
Irregular expenditure condoned -Supply Chain Deviations		
	Details	
Ecor Tar	Due to time constraints and further deterioration of our roads, that exposes the municipality to face continuous claims by motorists. The infrastructure department therefore requested the accounting officer to allow the department to purchase these pothole patching material.	270 000
Ambient Morrison Connect	Urgent request to attend to sewerage maintenance	57 520
JVR Enterprise	Urgent request to attend to sewerage maintenance	108 502
Tsentlethata Trading Enterprise	Urgent request to attend to sewerage maintenance	257 800
Aboo's Distributors	Fuel Supply: The company was approved for appointment as a preferred supplier after an emergency and the other suppliers could not provide fuel as required.	30 658
Carboncor SA Pty (Ltd)	Due to time constraints and further deterioration of our roads, that exposes the municipality to face continuous claims by motorists. The infrastructure department therefore requested the accounting officer to allow the department to purchase these pothole patching material.	600 392
King Motor Spares	Purchase of tyres for a municipal truck	37 500
Letmag Transport and Logistics Cc	Profiling of the municipality on the SA Local Government Chronicle April 2011 issue	31 920
Mail Unique	Printing of valuation letters	70 988
Baikane Mathobela Attorneys	Appointment as presiding officer in disciplinary enquiries of Mr N.M Mokgwamme, Ms Y Mogopa and Ms S Mpolokeng	108 324
Sasol	The service provider was requested to supply fuel for municipal vehicles	42 669
Semaushu Attorneys	Legal Services: The company was appointed as a preferred supplier due to their experience on similar projects under taken in the recent past after approval by the Accounting Officer. Only the Accounting Officer is authorised to appoint legal service providers	169 683
Ramathe Fivaz	Fees in respect of conducting a forensic audit and support in respect of disciplinary processes for the period 26 July 2010 to 22 October 2010	164 312
Moto Tech	Repair & Service of municipal sewerage and pump stations on emergency basis	256 882
Mmabatho Palms	Dinner on 19 January 2011. No motivation attached	60 575
Maserumule	The service provider was appointed to represent the municipality in the arbitrations (SALGBC) matters for Ms T Kgosimore, Mr K Mogorosi and Mr D.N Ngamlane	112 444
Leruarua Pool Builders & Contractors	The service provider was appointed to remove refuse in Mafikeng CBD, Golf View, Riviera Park and other affected areas for a period of five (05) days from 31 March 2011 to 08 April 2011	57 500
Submersible Pump Services	Urgent request to attend to sewerage and pumpstation service/maintenance	446 142
Retrospective Trading 722	Sole supplier of the required chemical for sewerage maintenance	89 706

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Figures in Rand	2011	2010
55. Irregular expenditure (continued)		
Sensus Metering System	The supplier is the sole supplier/manufacturer of the type of meters requested	167 032
Mr Injector & Spares Cc	Repair & Maintenance to municipal vehicle, the unit had to be stripped to asses the extent of repairs, no quotation possible - BCZ 238 NW	38 210
Mafikeng Toyota	Sole supplier of gear ass(steering pump) for municipal vehicle CHK 403 NW	40 071
Fire Raiders	Repairs: The company was appointed as a preferred supplier due to their experience on similar projects under taken in the recent past.	- 85 457
		3 393 551

56. Additional disclosure in terms of Municipal Finance Management Act

Water Losses

Units bought (kl)	11 543 020	12 012 598
Units sold (kl)	(10 502 148)	(9 910 393)
Units lost in distribution	1 040 872	2 102 205
Units lost in distribution	1 040 872	2 102 205
Average cost per kl sold	4	4
Loss in distribution (revenue)	3 921 619	7 525 894
Percentage loss	9	18
Revenue per (kl) sold	7	6
No. of metres	14 151	13 985
No. of stands	19 265	18 684
	-	-

The municipality purchases water from the local water service authority and sells to its residents. During the current year the bought 11,543,020 kilolitres (2010: 12,012,598 kilolitres) and sold 10,502,148 kilolitres (2010: 9,910,393), resulting in water losses of 1,040,872 kilolitres (2010: 2,102,205 kilolitres), valued at about R3,921,619 (2010: R7,525,894). The losses are attributable to illegal connections and burst pipes. The municipality has implemented processes to reduce the amount of water lost through such means.

Audit fees

Opening balance	779 071	-
Current year subscription	1 524 390	3 837 190
Amount paid - current year	(2 300 254)	(3 058 119)
	3 207	779 071

PAYE and UIF

Opening balance	1 367 117	-
Current year subscription	20 007 260	19 009 407
Amount paid	(19 624 299)	(17 642 290)
	1 750 078	1 367 117

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56. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and Medical Aid Deductions

Current year subscription / fee	21 025 438	22 586 817
Amount paid - current year	(21 025 438)	(22 586 817)
	-	-

VAT

VAT payable	15 604 360	19 136 163
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The municipality is registered for VAT on a cash basis. As such VAT is claimed or paid on receipt of payment or settlement of the transaction, respectively.

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2011:

30 June 2011	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor Africa AJ	147	4 533	4 680
Councillor Chilli (Kekana)	247	4 998	5 245
Councillor Sephoti M W	336	59 410	59 746
Councillor Molete G M	746	72 792	73 538
Councillor Ngqobe M	475	33 594	34 069
Councillor Ngqobe M	1 400	97 872	99 272
Councillor Ntshabele T	183	3 857	4 040
Councillor Selepe T L	276	3 763	4 039
	3 810	280 819	284 629
30 June 2010	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor Sephoti M W	1 027	57 192	58 219
Councillor Phoolo LP	-	6 688	6 688
Councillor Tabane PM	-	2 834	2 834
	1 027	66 714	67 741

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

Mafikeng Local Municipality

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Figures in Rand	2011	2010
56. Additional disclosure in terms of Municipal Finance Management Act (continued)		
30 June 2011	Highest outstanding amount	Aging (in days)
Councillor Africa AJ	4 533	90
Councillor Chillli (Kekana)	4 998	90
Councillor Sephoti M W	59 410	90
Councillor Molete G M	72 792	90
Councillor Ngqobe M	33 594	90
Councillor Ngqobe M	97 872	90
Councillor Ntshabele T	3 857	90
Councillor Selepe T L	3 763	90
	280 819	720
30 June 2010	Highest outstanding amount	Aging (in days)
Councillor SLM Milner-Bertrand	20 244	90
Councillor PM Tabane	24 543	90
Councillor LP Phoolo	14 508	90
Councillor GL Mathane	1 215	90
Councillor MZ Meko	53	90
	60 563	450
57. Land Sales		
Details		
Portion 9609	-	1
ERF 7047 to 7049 & 7080 to 7083	-	2 524 469
	-	2 524 470

ERF 7047 to 7049 and ERF 7080 to 7083 were transferred to the purchasers, namely Ilima Real Real Estate (Pty) Ltd. The registration of the deeds was, however, done subsequent to year-end.

Portion 9609 was donated to the North West Department Health for R1. The land, upon completion of servicing, will be used for the construction of the Bophelong Psychiatric Hospital.

The remaining pieces of land were transferred during the previous financial period and the deeds were finally registered during the current year.

58. Domestic Waste Removal Project

The municipality entered into an agreement with the Department of Environmental Affairs and Tourism (DEAT) to jointly offer waste removal services to the surrounding communities. In terms of the agreement, which was signed in June 2009, DEAT will initially fund the project in full. Their funding component will reduce on an equal graduating scale to no funding by the end of the third year.

59. Land Donation

The municipality donated portion 428 (ERF 9610) to the North West Provincial Department of Health for the construction of a Psychiatric Hospital. The land, which was valued at about R5,2 million, was donated at R1 as the donation was to an organ of state.

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand

60. Statement of comparative and actual information

2011

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance							
Property rates	161 248 000	124 218 000	124 218 000	122 895 745	1 322 255	99 %	76 %
Service charges	134 375 000	74 190 478	74 190 478	70 197 067	3 993 411	95 %	52 %
Investment revenue	2 400 000	1 200 000	1 200 000	1 879 199	(679 199)	157 %	78 %
Grants and Subsidies	96 350 000	143 402 363	143 402 363	125 656 075	17 746 288	88 %	130 %
Other own revenue	28 015 000	46 494 865	46 494 865	89 595 490	(43 100 625)	193 %	320 %
Total revenue (excluding capital transfers and contributions)	422 388 000	389 505 706	389 505 706	410 223 576	(20 717 870)	105 %	97 %
Employee costs	(160 308 000)	(156 358 124)	(156 358 124)	(176 351 449)	19 993 325	113 %	110 %
Remuneration of councillors	18 133 000	(16 181 710)	(16 181 710)	(14 933 904)	(1 247 806)	92 %	(82)%
Debt impairment	-	-	-	(11 710 659)	11 710 659	- %	- %
Depreciation and asset impairment	(45 200 000)	(6 281 985)	(6 281 985)	(25 607 480)	19 325 495	408 %	57 %
Finance charges	(5 200 000)	(5 648 950)	(5 648 950)	(4 799 577)	(849 373)	85 %	92 %
Bulk purchases	(60 854 000)	(42 000 000)	(42 000 000)	(43 489 896)	1 489 896	104 %	71 %
Other expenditure	(168 807 000)	(139 399 901)	(139 399 901)	(94 289 111)	(45 110 790)	68 %	56 %
Total expenditure	(422 236 000)	(365 870 670)	(365 870 670)	(371 182 076)	5 311 406	101 %	88 %
Surplus/(Deficit) for the year	152 000	23 635 036	23 635 036	39 041 500	(15 406 464)	165 %	25 685 %

Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand

60. Statement of comparative and actual information (continued)

Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
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Mafikeng Local Municipality

Annual Financial Statements for the year ended 30 June 2011

APPENDIX A

GOVERNMENT TEMPLATE: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

Loan Number	Redeemable	Balance at 30 June 2010	Received during the period	Redeemed written off during the period	Balance at 30 June 2011	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		Rand	Rand	Rand	Rand	Rand	Rand
FINANCE LEASES							
STANDARD BANK	1-57	7 327 109	-	2 420 784	4 906 325	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		7 327 109	-	2 420 784	4 906 325	-	-
INCA LOANS							
INCA	MAF-1-00-0001	2015/09/30	5 000 000	-	1 000 000	4 000 000	-
INCA	MAF-1-00-0002	2028/06/30	14 611 734	-	233 329	14 378 405	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
		19 611 734	-	1 233 329	18 378 405	-	-
		-	-	-	-	-	-

GOVERNMENT TEMPLATE: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006
Cost/ Revalued Amount **Accumulated Depreciation**

	Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand
EXECUTIVE COUNCIL	19 550	452 875	-	-	472 425	962	3 165	-	4 127	468 298
FINANCE AND ADMINISTRATION	203 829 119	363 975 130	7 193 254	-	574 997 503	26 132 197	14 521 775	-	40 653 972	534 343 531
PLANNING	3 411 428	1 704 739	-	-	5 116 167	419 787	362 816	-	782 603	4 333 564
HEALTH	76 107	103 215	-	-	179 322	12 664	25 928	-	38 592	140 730
COMMUNITY AND SOCIAL SERVICES	7 543 332	-	-	-	7 543 332	2 115 679	1 075 093	-	3 190 772	4 352 560
HOUSING	82 718 499	-	-	-	82 718 499	47 023	39 906	-	86 929	82 631 570
PUBLIC SAFETY	5 661 835	919 942	-	-	6 581 777	1 469 742	931 288	-	2 401 030	4 180 747
SPORT AND RECREATION	7 650 203	-	-	-	7 650 203	725 074	377 293	-	1 102 367	6 547 836
WASTE MANAGEMENT	6 972 860	-	-	-	6 972 860	1 318 288	817 221	-	2 135 509	4 837 351
WASTE WATER MANAGEMENT	680 582	-	-	-	680 582	212 794	94 428	-	307 222	373 360
ROAD TRANSPORT	194 723 107	3 511 555	6 770 675	-	205 005 337	12 858 795	7 101 115	-	19 959 910	185 045 427
WATER	1 690 978	4 843 141	-	-	6 534 119	467 294	254 652	-	721 946	5 812 173
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	514 977 600	375 510 597	13 963 929	-	904 452 126	45 780 299	25 604 680	-	71 384 979	833 067 147

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

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 you municipality comply with the grant conditions in terms of the grant framework in the latest Division Revenue Act	
EQUITABLE SHARE		96 350 746	-	-	-	-	96 350 746	-	-	-	-	-	-	-	-	-	Yes
MSIG		750 000	-	-	-	-	750 000	-	-	-	-	-	-	-	-	-	Yes
MIG		29 417 000	-	-	-	-	22 946 992	-	-	-	-	-	-	-	-	-	Yes
FMG		1 000 000	-	-	-	-	1 000 000	-	-	-	-	-	-	-	-	-	Yes
LIBRARY GRANT		670 000	-	-	-	-	670 000	-	-	-	-	-	-	-	-	-	Yes
EPWP		113 000	-	-	-	-	113 000	-	-	-	-	-	-	-	-	-	
		128 300 746	-	-	-	-	121 830 738	-	-	-	-	-	-	-	-	-	

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.