

Sundays River Valley Municipality

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2007

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 32, in terms of Section 12(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

Municipal Manager

Date

SUNDAYS RIVER VALLEY MUNICIPALITY

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SUNDAYS RIVER VALLEY MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2007

	Note	2007 R	2006 R
Net Assets		45 184 172	51 314 294
Reserves	2	19 982 156	19 982 156
Accumulated Surplus	2	25 202 016	31 332 138
Non-current Liabilities		3 308 614	1 110 492
Long-Term Liabilities	3	1 996 088	30 492
Non-current provisions	4	1 312 526	1 080 000
Current Liabilities		17 844 809	8 183 277
Trade and other payables	5	9 017 930	4 850 026
Short term portion of long term liabilities	3	34 404	3 195
Short term portion of unspent grants and subsidies	3,11	3 254 302	1 822 963
Bank overdraft	10	5 538 174	1 507 093
		66 337 596	60 608 063
ASSETS			
Non-Current Assets		53 905 589	50 368 939
Property, Plant And Equipment	6	53 837 082	50 101 332
Long-Term Receivables	7	68 507	267 607
Current Assets		12 432 007	10 239 124
Inventory	8	1 197 169	-
Trade and other receivables	9	9 332 673	7 662 447
Short term portion of long-term receivables	7	2 475	41 862
Cash and cash equivalents	10	1 899 690	2 534 815
Total Assets		66 337 596	60 608 063

SUNDAYS RIVER VALLEY MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

Budget			Note		Actual	
2006	2007				2007	2006
R	R				R	R
REVENUE						
63 940	75 294	Rental of facilities and equipment	12	12	49 039	47 464
41 000	43 132	Investment Interest	14	14	59 752	206 188
124 030	272 635	Other Interest	16	16	2 574 527	1 913 905
12 643 050	15 697 532	Government grants and subsidies- operating	26	12 26	13 061 753	26 854 329
6 824 000	16 154 900	Government grants and subsidies- capital			242 484	11 006 327
4 613 903	3 968 498	Property Rates	2	2	4 591 925	3 573 631
7 120	7 484	Property rates - penalties imposed and collection charges			10 298	9 918
711 000	871 500	Fines			2 186 193	821 121
10 769 549	12 062 778	Service Charges			11 048 128	12 600 784
748 300	825 096	Licences and permits			3 164 931	3 076 982
1 944 533	1 571 438	Other income	28	13 28	4 760 173	1 193 694
		Gains on disposal of property, plant and equipment	30		78 615	
38 490 425	51 550 287	Total Income			41 827 818	61 304 343
EXPENDITURE						
13 641 026	15 971 232	Employee related costs	50,52	14 50,52	16 686 430	13 806 988
1 076 948	2 523 576	Remuneration of Councillors	58	15 58	2 376 814	986 020
1 295 668	773 640	Contributions to/from Provision			232 526	120 000
-	-	Decrease in provision for bad debts			(1 305 276)	-
-	-	Depreciation	64	64	3 249 491	2 959 398
2 949 758	2 536 061	Repairs and maintenance	66	66	1 820 510	1 564 539
12 320	183 198	Interest on External Borrowings	68	16 68	128 969	17 676
3 029 890	3 509 583	Bulk Purchases		17	3 653 018	2 910 193
371 400	344 426	Contracted services	74	74	238 359	253 943
5 245 575	5 563 406	Grants and Subsidies paid	76	18 76	4 695 774	4 635 627
8 308 174	7 435 477	General expenses-other	78	78	20 802 040	27 035 312
-	-	Loss on disposal of property, plant and equipment	80	80	118 745	-
-	226 400	Internal Charges			-	-
35 930 759	39 066 999	Total Expenditure			52 697 400	54 289 696
		Net Surplus / (Deficit) for the year			(10 869 582)	7 014 647
Refer to Appendix E(1) for explanations of variances						

(Note: the income statement has been prepared in accordance with GRAP 1 and the budget formats)

**SUNDAYS RIVER VALLEY MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from levies, government and other	40 157 592	75 449 494
Cash paid to suppliers and employees	48 709 825	63 259 069
Cash generated from operations	19 (8 552 233)	12 190 425
Interest received	2 634 279	2 120 093
Interest paid	(128 969)	(17 676)
	-	-
NET CASH FROM OPERATING ACTIVITIES	(6 046 923)	14 292 842
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment.	(7 191 777)	(670 564)
Proceeds on disposal of fixed assets.	166 402	
(Increases)/Decreases in non-current loans	238 487	121 798
NET CASH FROM INVESTING ACTIVITIES	(6 786 888)	(548 766)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term liabilities raised (repaid)	1 996 805	(14 100)
Increase (Decrease) in deferred income	1 431 339	(2 946 062)
NET CASH FROM FINANCING ACTIVITIES	3 428 144	(2 960 162)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	10.6 (9 405 667)	10 783 914
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1 027 722	3 220 897
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	(3 638 484)	1 027 722

SUNDAYS RIVER VALLEY MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007

	Capital Replacement reserve (CRR)	Capitalisation reserve	Government Grant Reserve	Unappropriated Surplus	Total
	R		R	R	R
Restated as at 30 June 2005	219 884	16 877 284	11 936 323	27 643 245	56 676 736
As previously stated at 30 June 2005	219 884	16 877 284	11 936 323	78 477 519	107 511 010
Adjustments					
Previous overstatement of cost	0		0	-29 407 110	-29 407 110
Previous understatement of accumulated depreciation	0		0	-20 467 164	-20 467 164
Previous understatement of provision for landfill sites				-960 000	-960 000
Restated Net surplus for the year ended 30 June 2006				7 014 647	7 014 647
Net surplus for the year as previously stated				9 953 281	9 953 281
Less: Increase in provision for landfill sites				-120 000	-120 000
Less: Understatement of depreciation for the year				-2 948 018	-2 948 018
Less: Income prepaid previously not accounted for				-12 086	-12 086
Add: Accrued income previously not accounted for				141 470	141 470
Adjustments 2006	4 501	-11 302 798	2 246 962	-3 325 754	-12 377 089
Prior year GAMAP/GRAP adjustment				-50 354 870	-50 354 870
Prior year GAMAP/GRAP adjustment overstatement				28 813 607	28 813 607
Correction of 2006 understatement of cost of fixed assets				-8 251 219	-8 251 219
Adjustment to agree accumulated depreciation				16 815 393	16 815 393
Reversal of incorrect liability raised for security	0		0	600 000	600 000
Interest received	4 501			-4 501	
Capital grants used to purchased PPE			7 705 550	-7 705 550	
Offsetting of depreciation	0	-11 302 798	-5 458 588	16 761 386	
	0		0		0
Restated opening balance at 1 July 2006	224 385	5 574 486	14 183 285	31 332 138	51 314 294
Net deficit for the year				-10 869 582	-10 869 582
GAMAP/GRAP adjustment				4 739 461	4 739 461
Accumulated surplus at 30 June 2007	224 385	5 574 486	14 183 285	25 202 016	45 184 172

SUNDAY'S RIVER VALLEY MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
2. RESERVES		
Capital Replacement Reserve	224 385	224 385
Capitalisation Reserve	5 574 486	5 574 486
Government Grant Reserve	14 183 285	14 183 285
Total Reserves	19 982 156	19 982 156
Accumulated Surplus	25 202 016	31 332 138
3. LONG-TERM LIABILITIES		
DBSA Loans	2 030 492	33 687
Secured	2 000 000	-
Unsecured	30 492	33 687
Less: Current Portion transferred to current liabilities	34 404	3 195
	1 996 088	30 492
<p>The unsecured loan bears interest at 16.68% and is repayable in monthly instalments of R 4,346. The secured loan bears interest at 11.679% and is repayable in monthly instalments of R 132,073 The municipality has placed a short term investment as security of R 396,827 (2006: R 600,000) for the secured loan. See note 11</p>		
Deferred income		
Conditional Grants from Government	-	-
As previously stated	3 254 302	1 655 065
Reclassified debit balances as trade and other receivables	-	167 898
Restated balance	3 254 302	1 822 963
Less : Short term portion transferred to current liabilities	3 254 302	1 822 963
Total long term liabilities	1 996 088	30 492
<p>See Appendix G for a reconciliation of grants from National/Provincial Government.</p>		
4. Non-current provisions		
Provision for leave pay	-	898 057
Provision for Post Retirement Benefits.	112 526	-
Provision for rehabilitation of landfill sites	1 200 000	-
As previously stated	1 312 526	898 057
Previously understated provision for landfill sites	-	1 080 000
Reclassified and disclosed as trade and trade payables	-	(898 057)
	1 312 526	1 080 000
Post Retirement Benefits		
The movement in the provisions is reconciled as follows:-		
Balance at beginning of year	1 080 000	960 000
Contributions	-	-
Expenditure incurred	-	-
Expense in Statement of Financial Position	-	-
Increase in provision	232 526	120 000
Balance at end of year	1 312 526	1 080 000
5. TRADE AND OTHER PAYABLES		
Trade creditors	6 363 750	2 447 158
Deposits	209 480	-
Payments in advance - water and electricity	1 009 228	-
Leave pay accrual	1 358 479	-
Accrued expenses	45 710	-
Prepaid income	31 282	-
Securities	-	600 000
Other creditors	-	1 305 413
As previously stated	9 017 930	4 352 571
Reclassification of deposits as trade and trade payables	-	187 312
Reclassification of leave pay provision as leave pay accrual	-	898 057
Prepaid electricity not previously raised, now raised	-	12 086
Securities held previously accrued for, now corrected	-	(600 000)
Total (restated) trade and other payables	9 017 930	4 850 026

SUNDAY'S RIVER VALLEY MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R	
6. PROPERTY, PLANT AND EQUIPMENT			
	<u>Cost</u>	<u>Accumulated Depreciation</u>	
	<u>R</u>	<u>R</u>	
30 June 2007		<u>Carring Value</u>	
	<u>R</u>	<u>R</u>	
Infrastructure	66 085 220	20 220 992	45 864 228
Community	2 707 700	1 039 539	1 668 161
Other	11 202 335	4 897 642	6 304 693
Totals	<u>79 995 255</u>	<u>26 158 173</u>	<u>53 837 082</u>
30 June 2006			
Previously stated opening balance 1 July 2005	102 264 440	-	102 264 440
Infrastructure	94 840 480	-	94 840 480
Community assets	-	-	-
Other	7 423 960	-	7 423 960
Previously stated movements for the year	8 921 783	16 826 774	(7 904 991)
Infrastructure	8 327 542	9 930 066	(1 602 524)
Community assets	-	-	-
Other	594 241	6 896 708	(6 302 467)
Previously stated balance at 30 June 2006	<u>111 186 223</u>	<u>16 826 774</u>	<u>94 359 449</u>
Adjustments as result of GAMAP/GRAP 2005	(29 407 110)	20 467 164	(49 874 274)
Infrastructure (overstated) understated	(33 423 771)	16 063 841	(49 487 612)
Community assets (overstated) understated	2 707 700	892 859	1 814 841
Other (overstated) understated	1 308 961	3 510 464	(2 201 503)
Adjustments as result of GAMAP/GRAP 2006	(8 251 219)	(16 815 393)	8 564 174
Infrastructure (overstated) understated	(8 299 714)	(10 003 405)	1 703 691
Community assets (overstated) understated	-	73 340	(73 340)
Other (overstated) understated	48 495	(6 885 328)	6 933 823
2006 Depreciation previously understated	-	2 948 017	2 948 017
Infrastructure (overstated) understated	-	2 062 240	2 062 240
Community assets (overstated) understated	-	-	-
Other (overstated) understated	-	885 777	885 777
Restated balance at 30 June 2006	73 527 894	23 426 562	50 101 332
Infrastructure	61 444 537	18 052 742	43 391 795
Community assets	2 707 700	966 199	1 741 501
Other	9 375 657	4 407 621	4 968 036
All assets were valued and recorded in the fixed asset register. Backlog depreciation was calculated according to GAMAP 17 taking into consideration the estimated lifespan and residual value.			
Refer Appendixes B and C for more detail on property, plant and equipment.			
7. LONG-TERM RECEIVABLES			
Car Loans	-	62 100	
ACVV	70 982	73 583	
Bergsig Self Help Scheme	-	59 421	
Bergsig Electricity Loans	-	54 341	
Paterson Houses	-	60 024	
	<u>70 982</u>	<u>309 469</u>	
Less : Short-term portion transferred to current assets	2 475	41 862	
Car Loans	-	32 400	
ACVV	2 475	2 475	
Bergsig Self Help	-	3 884	
Bergsig Electricity	-	3 103	
Total Non-Current receivables	<u>68 507</u>	<u>267 607</u>	
8. INVENTORY			
Diesel	6 821	-	
Water	27 550	-	
Work-in-progress - traffic building	1 162 799	-	
	<u>1 197 169</u>	<u>-</u>	
Inventory is valued as stated in note 1.10			

SUNDAY'S RIVER VALLEY MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
9. TRADE AND OTHER RECEIVABLES		
Trade debtors	22 749 269	27 517 851
Income accrued	1 475 400	-
Other debtors	2 523 820	560 888
VAT	506 615	424 842
Debit balance in unspent grants and subsidies	1 922 793	-
Less provision for bad debts	(19 845 224)	(21 150 499)
As previously stated	9 332 673	7 353 082
Accrued income for services rendered previously not accounted for	-	141 470
Reclassification of debit balances of unspent grants and subsidies	-	167 898
Restated trade and other receivables	<u>9 332 673</u>	<u>7 662 450</u>
Services: Ageing		
0 - 90 Days	1 731 239	1 872 416
+ 90 Days	13 539 208	20 451 076
Total	<u>15 270 447</u>	<u>22 323 492</u>
Rates : Ageing		
0 - 90 Days	376 153	354 040
+ 90 Days	5 100 556	3 806 870
Total	<u>5 476 709</u>	<u>4 160 910</u>
Housing : Ageing		
0 - 90 Days	879 059	567 252
+ 90 Days	919 640	466 197
Total	<u>1 798 699</u>	<u>1 033 449</u>
Other : Ageing		
0 - 90 Days	1 009	-
+ 90 Days	202 406	-
Total	<u>203 415</u>	<u>-</u>
SERVICE CHARGES		
Sale of electricity	2 630 790	3 175 093
Sale of water	2 089 288	5 717 672
Refuse removal	1 071 335	2 555 965
Sewerage and sanitation charges	1 610 209	1 027 767
Services Charges Housing	3 149 657	126 590
Services Charges Other Debtors	496 848	(2 303)
	<u>11 048 128</u>	<u>12 600 784</u>
10. CASH AND CASH EQUIVALENTS		
The Municipality has the following bank accounts:		
Current Account (Primary Bank Account)		
10.1 Current account		
First National Bank - Kirkwood Branch		
Account Number : 6202 549 0856		
Cashbook balance at the beginning of the year	(1 507 093)	(2 575 642)
Cashbook balance at the end of the year	<u>(5 538 174)</u>	<u>(1 507 093)</u>
Bank statement balance at the beginning of the year	71 738	733 726
Bank statement balance at the end of the year	<u>(690 603)</u>	<u>71 738</u>
10.2 Current Account (Motor Registration)		
First National Bank - Kirkwood Branch		
Account Number 62027651935		
Cash book balance at beginning of year	41 265	192 437
Cash book balance at end of year	<u>132 163</u>	<u>41 265</u>
Bank statement balance at beginning of year	41 265	192 906
Bank statement balance at end of year	<u>132 163</u>	<u>41 265</u>

SUNDAY'S RIVER VALLEY MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
10.3 Current Account (Traffic Fines)		
First National Bank - Kirkwood Branch		
Account Number 62070775310		
Cash book balance at beginning of year	11 631	11 900
Cash book balance at end of year	<u>6 158</u>	<u>11 631</u>
Bank statement balance at beginning of year	11 631	11 900
Bank statement balance at end of year	<u>6 158</u>	<u>11 631</u>
10.4 Current Account (Easy Pay)		
First National Bank - Kirkwood Branch		
Account Number 62098449385		
Cash book balance at beginning of year	16 556	-
Cash book balance at end of year	<u>-</u>	<u>16 556</u>
Bank statement balance at beginning of year	3 316	-
Bank statement balance at end of year	<u>4 069</u>	<u>3 316</u>
10.5 Held to maturity investments		
Bank a/c		
Account Number -		
<u>Held to maturity investments</u>		
Interest on investments accrued	170 340	-
Call Account Deposits	1 586 085	-
Total held to maturity investments	<u>1 756 425</u>	<u>2 463 465</u>
<i>Which are disclosed in the Statement of Financial Position as follows:-</i>		
10.6 Cash and cash equivalents		
Bank Balances	142 925	71 310
Held to maturity investments	1 756 425	-
Petty cash	340	40
As previously stated	1 899 690	71 350
Held to maturity investments previously incorrectly classified as loans receivable	-	2 463 465
	<u>1 899 690</u>	<u>2 534 815</u>
Balance at the end of the year	1 899 690	3 435 108
Balance at the beginning of the year	2 534 815	(6 198 800)
Net Increase/(Decrease) in cash and cash equivalents	<u>(635 125)</u>	<u>9 633 908</u>
Included in call account deposits is an amount of R 396,827 which is held as security by DBSA for a loan made to the municipality see note 3		
Allocation of external investments		
Surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-		
Reserves (Excluding Future Depreciation Reserves)	2 227	-
Provisions (Including Bad Debt Provision)	22 516 229	-
Conditional Grants and Receipts	628830,91	-
Infrastructure projects from Levies	-	-
Unappropriated surplus	-	-
Total	<u>1 756 425</u>	<u>2 463 465</u>

SUNDAY'S RIVER VALLEY MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
11. GOVERNMENT GRANTS AND SUBSIDIES		
<u>Government Grants</u>		
6.1 Conditional Grants from other spheres of Government		
MIG Grants	2 313	452 765
MIG Grants	(98 794)	-
Addo Nolutando 801 Housing Balance Unspent	(80 000)	-
IDP	50 866	16 510
Rezoning	29 464	27 504
Planning Moses Mabida	13 994	13 097
Agri Rates trust	65 270	-
Spatial Dev. Plan	43 146	40 623
Paterson Micro Enterprises	8 559	276 815
Human Res. Dev.	1 000	60 138
MSP	(240 494)	17 823
Enon Citrus Farm	-	114 704
Kirkwood Cemetery	67 524	63 029
Rect Encroachment - Paterson	47 343	44 143
Rect Encroachment - Moses Mabida	1 134	1 057
Rect Encroachment - Nomathamsanqa	1 820	1 697
Finance Management	-	14 024
Survey Moses Mabida 40 Erven	14 516	13 545
Capacity Building for Ward Committee	15 279	14 261
Revision & Integration of Zoning Scheme	191 269	178 474
Paterson Labour	(1 096)	49 049
Paterson Bucket Eradication Phase 2	2 261	277 356
Drought Relief	(131 916)	3 190
Performance Management Systems	1 140	50 499
Addo / Noma 91 Sites Housing Project	973	2 629
NM Paterson Accident	8 759	14 283
Emsengeni 282 Establishment Grant	-	-
KK113 Fund	637 409	-
Municipal systems improvement	(53 186)	-
Municipal Infrastructure	(4 402)	-
Paterson Housing	(96 186)	12 699
Paterson Housing Establishment Grant	59 892	(139 756)
Paterson Bucket Eradication	(956 416)	2 243
Aqua Park Waterborne Sewerage Transfer	(139 374)	1 006
Moses Mabida Waterborne Sewerage Transfer	1 982 610	58 794
Free Basic Electricity	(43 379)	(28 142)
Water service authority	(77 550)	-
Kirkwood Upgrade Water Treatment	7 761	1 006
Transfer of debit balances to trade and other receivables	1 922 793	-
As previously stated	3 254 302	1 655 065
Reclassified debit balances as trade and other receivables	-	167 898
Restated unspent grants and subsidies	3 254 302	1 822 963
12. Government grants and subsidies		
Equitable share	11 468 866	9 513 717
Disaster Management	-	2 038 780
Restructuring Grant - LED	-	11 006 327
Restructuring Grant - Capacity Building	-	262 838
Restructuring Grant - Development Facilitation	-	15 038 994
Total Government Grants	11 468 866	37 860 656
<u>Provincial Subsidies</u>		
Subsidy : Health	1 369 571	2 038 780
Subsidy : Cacadu District Municipality	223 316	-
Capital Grant : Cacadu District Municipality	-	-
Total Provincial Subsidies	1 592 887	2 038 780
Total Government Grants and Subsidies received	13 061 753	39 899 436
Equitable share		
In terms of the Constitution, this grant is used to subsidize basic services.		

SUNDAY'S RIVER VALLEY MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
13. OTHER INCOME		
Sale of Housing		1 193 694
Cash sales electricity	1 053 290	-
Councillors Salaries Payments- Audit	791 657	-
General Income	179 725	-
Network Maintenance	241 212	-
General project income	153 674	-
Other	39 632	-
Total Other Income	2 459 189	1 193 694
14 EMPLOYEE RELATED COSTS		
Salaries and wages	14 207 399	11 641 568
Social contributions	2 479 032	2 165 420
	16 686 430	13 806 988
Remuneration of the Municipal Manager		
Annual Remuneration	478 157	344 449
Car Allowance	72 054	72 054
Performance Bonus	66 573	9 417
Total	616 784	425 920
Remuneration of the Chief Finance Officer		
Annual Remuneration	287 946	260 093
Car Allowance	78 000	78 000
Performance Bonus	63 034	39 644
Allowance- Housing Subsidy	-	454
Allowance- Other	-	20 585
Social Contributions	54 867	38 644
Total	483 847	437 420
Remuneration of the Director of Technical services		
Annual Remuneration	246 143	228 826
Car Allowance	54 000	54 000
Performance Bonus	55 721	35 991
Allowance- Housing Subsidy	0	5 142
Allowance- Telephone	12 000	12 000
Social Contributions	66 568	53 997
Total	355 864	389 956
Remuneration of the Director Corporate Services		
Annual Remuneration	301 581	241 759
Car Allowance	78 000	98 166
Performance Bonus	63 034	19 822
Allowance- Other	-	23 907
Social Contributions	49 825	38 644
Total	492 440	422 298
Remuneration of the Director Community Services		
Annual Remuneration	297 480	193 546
Car Allowance	78 000	77 293
Performance Bonus	63 034	19 822
Allowance- Housing Subsidy	-	454
Allowance- Telephone	-	9 000
Allowance- Other	-	16 308
Social Contributions	49 715	49 653
Total	488 230	366 076
15. REMUNERATION OF COUNCILLORS		
Mayor/Speaker	132 034	95 840
Deputy Executive Mayor	-	-
Speaker	-	-
Mayoral Committee members	-	-
Councillors	1 417 637	368 720
Councillors' pension and Medical contribution	69 305	154 221
Allowances	757 838	367 239
Total Councillors' Remuneration	2 376 814	986 020

SUNDAY'S RIVER VALLEY MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
16. INTEREST ON EXTERNAL BORROWINGS		
DBSA loans	8 693	6 950
Bank overdraft	120 276	10 726
Total interest on External Borrowings.	128 969	17 676
17 BULK PURCHASES		
Electricity purchases	3 317 284	2 749 422
Water purchases	335 734	160 771
	3 653 018	2 910 193
18. GRANTS AND SUBSIDIES PAID		
Grant : Study Centralized	1 667	-
Grant Exp : Subsidy Assessment Rates	854 154	-
Grant Exp : Subsidy Water	1 919 965	-
Grant Exp : Subsidy Refuse	428 715	-
Grant Exp : Subsidy Sewerage	1 491 272	-
Expenditure charged against conditional grants		
Total Grants and Subsidies paid	4 695 774	-
19. CASH GENERATED BY (UTILISED BY) OPERATIONS		
Net (deficit) surplus for the year	-10 869 582	7 014 647
Adjustment for:-		
Depreciation	3 249 491	2 959 398
(Gain)/Loss on disposal of property, plant and equipment	40 130	-
Provision for post retirement benefits	112 526	-
Contributions to bad debt provision	-1 305 275	10 150 503
Reversal of security incorrectly raised	-	600 000
Contribution (from)/to reserves	120 000	120 000
Adjustments in respect of appropriation account	-	-
Investment income	-2 634 279	(2 120 093)
Interest paid	128 969	17 676
Operating surplus before working capital changes:	-11 158 020	18 742 131
Decrease/(Increase) in inventories	-1 197 169	9 265
(Increase) Decrease in accounts receivable	-364 948	(6 909 151)
Increase in accounts payable	4 167 904	348 180
Cash (utilised by) generated by operations	-8 552 233	12 190 425
20. EXTERNAL LOANS RECONCILIATION		
The Municipality has external loans in the form of finance leases. Refer Appendix A		
21. CONTINGENT LIABILITY		
We are not aware of any pending or threatened litigation, proceedings, hearings, claims or negotiations which may result in a contingent liability to the municipality		
22. UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
No such expenditure was incurred during the year..		
23. ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT		
24. Contributions to SALGA		
Opening balance		-
Council subscriptions	55 512	219 547
Amount paid - current year	(55 512)	(219 547)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
25. Audit fees		
Opening balance	-	-
Current year audit fee	527 158	664 923
Amount paid - current year		(664 923)
Amount paid - previous years	-	-
Balance due (included in trade and other payables)	527 158	-

SUNDAY'S RIVER VALLEY MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
26. VAT		
Input tax	1 055 195	(2 031 446)
Output tax	548 580	1 029 418
NET VAT -included in trade and other receivable (payable)	<u>506 615</u>	<u>(1 002 028)</u>
All Vat returns have been submitted by the due date throughout the year.		
27. PAYE and UIF		
Opening balance	-	(16 097)
Current year payroll deductions	-	5 852 641
Amount paid - current year	-	(5 849 672)
Amount paid - previous years	-	16 097
Balance unpaid (included in debtors)	<u>-</u>	<u>2 969</u>
28. Pension and Medical Aid Deductions		
Opening balance	-	(3 144)
Current year payroll deductions and Council Contributions	1 525 857	2 899 399
Amount paid - current year	-1 525 857	(2 949 501)
Amount paid - previous years	-	3 144
Balance unpaid (included in creditors)	<u>-</u>	<u>(50 102)</u>
29. OPERATING COMMITMENTS		
Operating leases - as lessee (expense): photostat and facsimile machines		
Minimum future lease payments due (refer to Appendix G for more detail)		
-within one year	441 672	-
-second to fifth year inclusive	1 766 688	-
Total	<u>2 208 360</u>	<u>-</u>

30. RETIREMENT BENEFIT INFORMATION

30.1 Post- Retirement Medical Benefit

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

30.2 Pension and Retirement Fund Benefits

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

30.3 Post- Retirement Medical Benefit

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

30.4 Pension and Retirement Fund Benefits

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

31. IN-KIND DONATIONS AND ASSISTANCE

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

32. RISK MANAGEMENT

32.1 Liquidity risk

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

SUNDAY'S RIVER VALLEY MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007	2006
R	R

32.2 Interest rate risk

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

32.3 Credit risk

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

34. ACTUAL OPERATING EXPENDITURE VERSUS BUDGETED OPERATING EXPENDITURE

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

35. ACTUAL CAPITAL EXPENDITURE VERSUS BUDGETED CAPITAL EXPENDITURE

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

36. ACTUAL OPERATING EXPENDITURE VERSUS BUDGETED OPERATING EXPENDITURE

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

37. ACTUAL CAPITAL EXPENDITURE VERSUS BUDGETED CAPITAL EXPENDITURE

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

38. EVENTS AFTER THE REPORTING DATE

The provincialisation of the Health Agency function will have a direct effect on the support functions of the Municipality and will result in a reduction in income from administration fees.

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

The Municipality has adopted a Supply Chain Management policy with effect from 1 January 2006 in accordance with the Act and applicable regulations. However, the

40. EVENTS AFTER THE REPORTING DATE

The Regional Services Council Act has been abolished with effect from 1 July 2006. This revenue stream will therefore not be available to the Municipality after the reporting date. The National Government has however made replacement funding available in the form of a Levy Replacement Grant.

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

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

APPENDIX A
SCHEDULE OF EXTERNAL LOANS AS AT 30 June 2007

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30 June 2006	Received during the period	Redeemed written off during the period	Balance at 30 June 2007	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			R	R	R	R	R	R
LONG-TERM LOANS								
Total long-term loans			-	-	-	-	-	-
ANNUITY LOAN								
DBSA - Swimming Pool			33 687	-	3 195	30 492	264 350	-
DBSA - Traffic Department			-	-	-	1 500 000	1 500 000	-
DBSA - Backhoe			-	-	-	500 000	500 000	-
Total Annuity Loans			33 687	-	3 195	2 030 492	1 764 350	-
GOVERNMENT LOANS								
Total Government Loans			-	-	-	-	-	-
TOTAL EXTERNAL LOANS			33 687	-	3 195	2 030 492	1 764 350	-

**APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 June 2007**

	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals adjustments	
Land and Buildings									
Land	7 525 630			11 140	7 514 490	0		0	6 812 990
Buildings	19 692 480				19 692 480	4 707 153	321 578		5 022 731
	27 218 110	0	0	11 140	27 206 970	4 707 153	321 578	0	5 022 731
Infrastructure									
Drains									
Roads									
Beach Improvements									
Sewerage Mains & Purif	5 840 300	2 996 272			8 836 572	3 276 765	344 386		3 624 670
Electricity Mains	5 277 865	203 538			5 481 403	1 010 245	165 923		1 176 169
Electricity Substations	2 632 365				2 632 365	1 093 939	74 818		1 168 757
Electricity Meters						30	349		378
Electricity Peak Load Equip							0		
Water Mains & Purification	17 308 999				17 308 999	6 189 805	1 108 805		7 227 805
Reservoirs - Water	3 848 068	1 452 013			5 300 081	1 774 804	154 872		1 999 940
Water Meters									
Water Mains								540	8 459
	34 907 597	4 651 823	0	0	39 559 420	13 345 588	1 849 152	0	15 198 259
Community Assets									
Parks & Gardens									
Libraries									
Recreation Grounds	2 600 000				2 600 000	914 221	65 800		980 021
Civic Buildings						51 978			59 518
	2 600 000	0	0	0	2 600 000	966 199	65 800	0	1 039 539
Heritage Assets									
Historical Buildings									
Painting & Art Galleries									
	0	0	0	0	0	0	0	0	0
Housing Rental Stock									
Housing Rental 1									
Housing Rental 2									
	0	0	0	0	0	0	0	0	0
Leased Assets (Infrastructure)									
Sewerage Mains & Purify									
	0	0	0	0	0	0	0	0	0
Other Assets									
Landfill sites	0					282 192	18 667		300 858
Office Equipment	838 930	35 386			874 316	347 776	106 038		424 284
Furniture & Fittings	2 091 003	1 047 071			3 138 074	792 040	300 495		1 092 934
Bins and Containers									
Emergency Equipment									
Motor vehicles	2 845 105	673 326		195 396	3 323 035	1 921 382	244 541	0	1 648 968
Fire engines									
Refuse tankers									
Computer equipment	1 317 358	283 251			1 600 609	479 836	201 888		681 821
Tools	-450	782			332		06		29
Conservancy tankers									
Other	1 192 364	500 138			1 692 502	584 396	141 326		748 751
	8 284 310	2 539 954	0	195 396	10 628 868	4 407 622	1 012 961	0	4 897 645

Total	73 010 017	7 191 777	0	206 536	79 995 258	23 426 562	3 249 491	0	26 158 174	53 837 083
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APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT 30 June 2007

	Cost				Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
Executive & Council	26 718 928	33 909		48 640	26 704 197	4 948 158	340 018		5 175 676	21 528 521
Finance & Admin	2 813 866	278 474			3 092 340	1 094 870	401 544		1 496 414	1 595 926
Planning & Development	1 912 536	1 266 155		90 000	3 088 691	1 274 775	218 558		1 223 333	1 865 358
Health Services	166 604	177 809			344 413	80 081	16 731		96 812	247 602
Community & Social Services	430 613	756 854			1 187 467	124 943	61 392		186 335	1 001 132
Public Safety	595 189	2 705		67 896	529 998	384 628	68 654		317 902	212 095
Sport & Recreation	2 681 899	0			2 681 899	942 700	80 649		1 023 349	1 658 550
Road Transport	674 083	6 567			680 650	305 620	58 965		364 585	316 066
Waste Management	1 396 000	0			1 396 000	683 504	89 767		773 271	622 729
Waste Water Management	6 326 519	3 003 156			9 329 675	3 495 496	393 702		3 889 198	5 440 477
Electricity	7 916 480	203 538			8 120 018	2 107 092	241 991		2 349 083	5 770 935
Water	21 377 296	1 462 610			22 839 906	7 984 694	1 277 522		9 262 216	13 577 691
Other										
TOTAL	73 010 013	7 191 777	0	206 536	79 995 254	23 426 561	3 249 493	0	26 158 174	53 837 082

APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2007

2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (Deficit) R		2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R
0	2 694 224	-2 694 224	Executive & Council	953 888	5 146 320	4 192 432
14 840 756	6 530 681	8 310 075	Finance & Admin	18 705 216	-2 101 615	-20 806 831
7 041 379	8 567 195	-1 525 816	Planning & Development	593 721	2 719 681	2 125 959
2 038 780	1 642 718	396 062	Health	1 369 571	1 897 197	527 626
51 375	1 203 376	-1 152 001	Community & Social Services	303 031	1 632 642	1 329 611
815 599	1 412 936	-597 337	Public Safety	2 332 298	2 940 422	608 124
6 152	517 653	-511 501	Sport & Recreation	5 799	718 156	712 358
-	-	-	Environmental Protection	223 316	155 632	-67 683
3 078 101	3 551 710	-473 609	Road Transport	3 160 515	3 703 679	543 163
11 288 650	11 683 677	-395 027	Housing	433 129	2 269 983	1 836 855
2 705 344	3 268 579	-563 235	Waste Management	2 870 837	7 586 064	4 715 227
6 505 865	1 979 000	4 526 865	Waste Water Management	1 241 003	4 288 395	3 047 392
4 903 877	3 762 405	1 141 472	Electricity	4 791 476	5 415 721	624 245
7 666 862	4 407 528	3 259 334	Water	4 843 802	16 324 907	11 481 105
60 942 740	51 221 682	9 721 058	Sub Total	41 827 603	52 697 185	10 869 582
-	-	-	Less Inter-Dep Charges	-	-	-
60 942 740	51 221 682	9 721 058	Total	41 827 603	52 697 185	10 869 582

APPENDIX E(1)
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 June 2006

REVENUE	2007 Actual (R)	2007 Budget (R)	2007 Variance (R)	2007 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Property rates	4 591 925	3 968 498	623 427	16	new properties rated
Property rates - penalties imposed and collection charges	10 298	7 484	2 814	38	late payments received and non-payments
Service charges	11 048 128	12 062 778	-1 014 650	-8	
Rental of facilities and equipment	49 039	75 294	-26 255	-35	over estimated
Interest earned - external investments	59 752	43 132	16 620	39	quicker outflow of funds
Interest earned - outstanding debtors	2 574 527	272 635	2 301 892	844	under estimated
Fines	2 186 193	871 500	1 314 693	151	under estimated
Licences and permits	3 164 931	825 096	2 339 835	284	increase service
Grants & subsidies received - Operating	13 061 753	15 697 532	-2 635 779	-17	under estimated
Grants & subsidies received - Capital	242 484	16 154 900	-15 912 416	-98	accounting recognition
Other income	4 760 173	1 571 438	3 188 735	203	accounting recognition
Gains on disposal of property, plant and equipment	78 615	-	78 615	#DIV/0!	assets diposals recognized
Total Revenue	41 827 818	51 550 287	-9 722 469	-19	
EXPENDITURE					
Employee related costs	16 686 430	15 971 232	715 198	4	
Remuneration of Councillors	2 376 814	2 523 576	-146 762	-6	
Decrease in provision for bad debts	-1 305 276	-	-1 305 276	#DIV/0!	accounting recognition
Depreciation	3 249 491	-	3 249 491	#DIV/0!	depreciation accounted for
Repairs and maintenance	1 820 510	2 536 061	-715 551	-28	saving on involuntary expenditure
Interest on external borrowings	128 969	183 198	-54 229	-30	over estimated
Bulk purchases	3 653 018	3 509 583	143 435	4	
Contracted services	238 359	344 426	-106 067	-31	over estimated
Grants and subsidies paid	4 695 774	5 563 406	-867 632	-16	over estimated
General expenses - other	20 802 040	7 435 477	13 366 563	180	accounting recognition, inflationary increased, under estimated
Contributions To/From Provisions	232 526	773 640	-541 114	-70	over estimated
Internal Charges	-	226 400	-226 400	-100	not entry posted
Loss on disposal of property, plant and equipment	118 745	-	118 745	#DIV/0!	asset disposal recognition
Total Expenditure	52 697 400	39 066 999	13 630 401	35	
NET SURPLUS/(DEFICIT) FOR THE YEAR	-10 869 582	12 483 288	-23 352 870	-54	

APPENDIX F

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

GRANTS AND SUBSIDIES RECEIVED

Name of Grants	Name of organ of state or municipality	Quarterly Receipts				Quarterly Expenditures				Grants and Subsidies delayed/withheld				Reason for delayof/withheld	Did your municipality comply with conditions	Reasons for non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June			
MIG HEALTH MSIG	NATIONAL TREASURY	41072393	4223202	4223202	4223203	3211768	4510077	4510077	4510077	0	0	0	0	N/A	YES	
	PROVINCIAL TREASURY			1015072	354499	400140	531959	431788	433258	0	0	0	0	N/A	YES	
	NATIONAL TREASURY	500000				50231	295362	167431	185569	0	0	0	0	N/A	YES	
			41572393	4223202	5238274	4577702	3662139	5337398	5109296	5128904	0	0	0	0		