

**Annual Financial Statements
for the year ended
30 June 2007**

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**CAPE WINELANDS DISTRICT
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA**

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CAPE WINELANDS DISTRICT MUNICIPALITY

GENERAL INFORMATION

COUNCILLORS AS AT 30 JUNE 2007

MAYORAL COMMITTEE

Cllr. C.W. JOHNSON (Executive Mayor)
Cllr. A.H. KROTZ (Deputy Executive Mayor)
Cllr. C.C.BRINK
Cllr. C.G. DU PLESSIS
Cllr. Z.J. MTHINI
Cllr. D.J. OOSTHUIZEN
Cllr. E.B.PHEKO
Cllr. E.N. BUSHWANA

ANDER/OTHER:

Cllr. J.J. ABRAHAMS
Cllr. D. ADAMS
Cllr. R. BRAND
Cllr. G. BRUWER
Cllr. C.A. DE BRUYN
Cllr. A.M. DU TOIT
Cllr. J.I.K. GAGIANO
Cllr. S. GELDENHUYS
Cllr. H.P. GEYER
Cllr. S. GOEDEMAN
Cllr. C.J. GROOTBOOM
Cllr. N.D. HANI
Cllr. H.M. JANSEN
Cllr. L.E.J. JANTJIES
Cllr. (Dr) N.E. KAHLBERG
Cllr. B. MFUTWANA
Cllr. A. MULLER
Cllr. W.F. ORTELL
Cllr. C. PHILANDER
Cllr. L. RICHARDS
Cllr. H.J. SMIT
Cllr. J. SMIT
Cllr. L. SIWAKAMISA
Cllr. J. THOMAS
Cllr. S.W. VAN EEDEN
Cllr. E.J. VAN ZYL
Cllr. B.E. VOS
Cllr. D.K. XHASO

GRADING OF COUNCIL

GRADE 9

AUDITOR

AUDITOR GENERAL

BANKER

ABSA

REGISTERED OFFICES

STELLENBOSCH:
46 ALEXANDER STREET
STELLENBOSCH 7600

POSTAL ADDRESS:
P O BOX 100
STELLENBOSCH 7599

TELEPHONE:
021 888 5100

FAX:
021 883 8871

WORCESTER
51 TRAPPES STREET
WORCESTER 6850

POSTAL ADDRESS
P O BOX 91
WORCESTER 6850

TELEPHONE
023 348 2300

FAX
023 342 8442

.....
K. CHETTY
MUNICIPAL MANAGER
(B.Sc Chemistry; BA Econ; BA Hons - Public Finance)

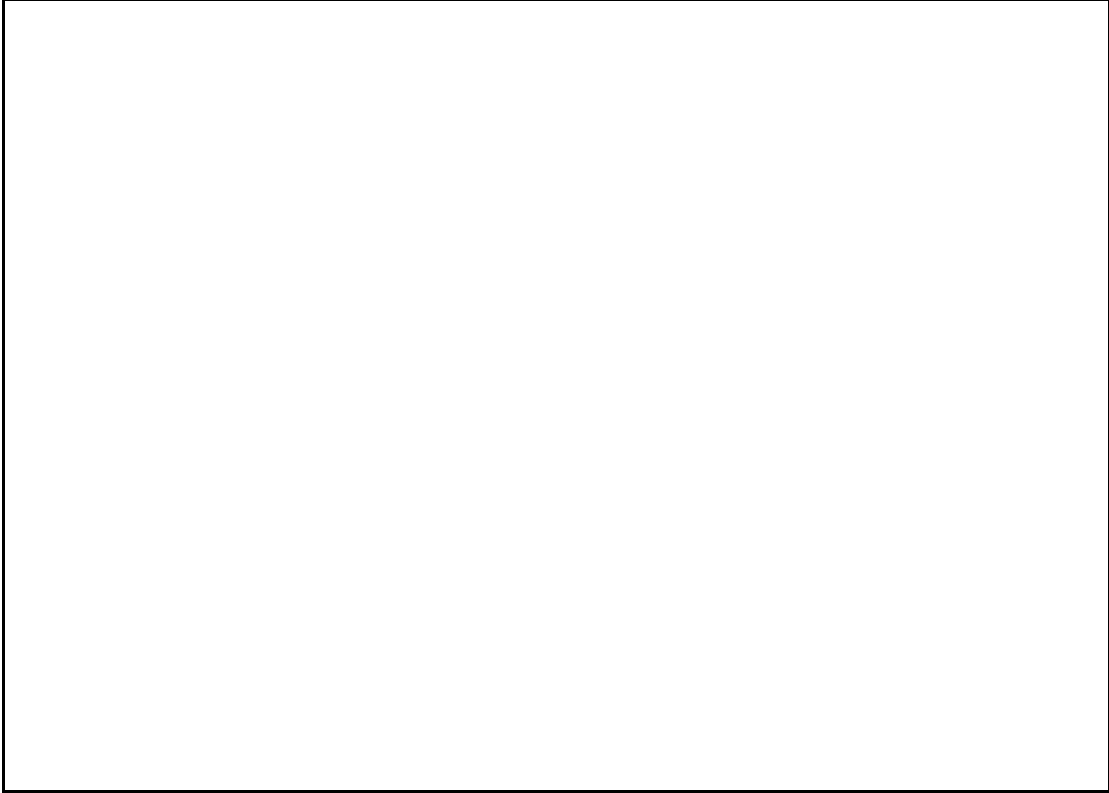
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DATE

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J.G. MARAIS
EXECUTIVE DIRECTOR:
FINANCIAL SERVICES
(B. COMM; AIMFO Registered Municipal Accountant - Associate)

.....
DATE

CAPE WINELANDS DISTRICT MUNICIPALITY

3. REPORT BY THE AUDITOR - GENERAL



CAPE WINELANDS DISTRICT MUNICIPALITY

4. DECLARATION: MUNICIPAL MANAGER

<p style="text-align: center;">CAPE WINELANDS DISTRICT MUNICIPALITY</p> <p style="text-align: center;">ANNUAL FINANCIAL STATEMENTS</p> <p style="text-align: center;">for the year ended</p> <p style="text-align: center;">30 June 2007</p>

I am responsible for the preparation of these annual financial statements, which are set out on pages 7 to 59, in terms of Section 126(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 17 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 Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

K. Chetty
Municipal Manager
(B.Sc Chemistry; BA Econ; BA Hons - Public Finance)

Date

5. GRAP ACCOUNTING POLICY FOR THE YEAR ENDED 30 JUNE 2007

1. BASIS OF PRESENTATION

The Cape Winelands District Municipality has adopted standards of Generally Recognised Accounting Practice (GRAP) during the 2004/2005 financial year - issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act 56 of 2003). GAMAP and GRAP standards are fundamentally different to the fund accounting policies adopted previously and have been approved by National Treasury. In terms of the MFMA phased implementation strategy, medium capacity municipalities should only comply within the 2006/2007 financial year with the new GRAP compliant financial statements.

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the Standards of Generally Accepted Municipal Accounting Practice (GAMAP) prescribed by the Minister of Finance in terms of:

- General Notice 991 of 2005, issued in Government Gazette no. 28095 of 7 December 2005; and
- General Notice 992 of 2005, issued in Government Gazette no. 28095 of 15 December 2005.

The Standard comprise the following:

3 Standards of Generally Recognised Accounting Practice (GRAP)

- Preface to Standards of Generally Recognised Accounting Practice
- GRAP 1 Presentation of financial statements
- GRAP 2 Cash Flow statements
- GRAP 3 Accounting policies, changes in accounting estimates and errors

8 Standards of Generally Accepted Municipal Accounting Practice Standards (GAMAP)

- GAMAP 4 Effects of changes in foreign exchange rates
- GAMAP 6 Consolidated financial statements and accounting for controlled entities
- GAMAP 7 Accounting for investments in associates
- GAMAP 8 Financial reporting of interest in joint ventures
- GAMAP 9 Revenue
- GAMAP 12 Inventories
- GAMAP 17 Property, Plant and Equipment
- GAMAP 19 Provisions, contingent liabilities and contingent assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements, issued by the Accounting Practices Board.

Council fully comply with the GAMAP, GRAP and GAAP statements as mentioned above, therefore it did not apply for the exemptions.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

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

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements are prepared on the going concern basis.

In finalising the financial statements, management must in terms of GRAP 1 disclose any material uncertainties related to events or conditions, which may cast significant doubt upon the organisation's ability to continue as a going concern. The determination whether the going concern assumption is appropriate is primarily relevant for individual entities rather than for a government as a whole.

The primary source of revenue for the Cape Winelands District Municipality is transfer payments from the National Government. The following National allocations were made to Cape Winelands District Municipality:

2007/2008 Financial Year R148 960 000

2008/2009 Financial Year R168 283 000

2009/2010 Financial Year R187 083 000

The abovementioned allocations are sufficient for the sustainability of the District Municipality. An alternative source of income should be explored to reduce the dependency of the District Municipality on National funds.

4. RESERVES

4.1 Capital Replacement Reserve (CRR)

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the Capital Replacement Reserve (CRR). A corresponding amount is transferred to a designated CRR bank account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment with a value of more than R10 000. The following provisions are set for the creation and utilisation of the CRR:

- * The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- * Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance.
- * The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- * The CRR is reduced and the accumulated surplus/(deficit) credited with corresponding amounts when the funds are utilised.
- * If a gain or loss is made on the sale of assets the gain or loss on the sale of assets is reflected in the Statement of Financial Performance.
- * The amounts transferred to the CRR is based on the Municipality's need to finance future capital projects included in the Integrated Development Plan.

4.2 Government Grant Reserve

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

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

4.3 Public Contributions and Donations Reserve

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

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

4.4 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on current values, are credited or charged to the Statement of Financial Performance.

5. **PROPERTY, PLANT AND EQUIPMENT (PPE)**

5.1 PPE is stated:

- * At cost less accumulated depreciation

Heritage assets : Building in 46 Alexander street, was declared as a Provincial Heritage site on 8 September 1967.

5.2 Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, then it is regarded as repairs and maintenance and is expensed. The enhancement of an existing asset so that its use is expanded or the further development of an asset so that its original life is extended are examples of subsequent expenditure which should be capitalised.

5.3 The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

5.4 **Depreciation and impairment losses**

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

Buildings	30
Specialist Vehicles	10
Other Vehicles	5
Office Equipment & Airconditioners	3
Furniture & Fittings	5
Specialist plant & equipment	10
Other Plant & Equipment	5

In the case of vehicles, Depreciation is calculated on cost less residual values, using the straight line method, over the estimated useful lives of the assets. The Auto Dealers Guide was used to determine the following percentages for residual values:

- Motor Cars	40%
- LDV's	50%
- Combi's	30%
- Specialized Fire Vehicles	60%

5.4.2 Heritage assets, which are defined as culturally significant resources, are not depreciated as they are regarded as having an infinite life. Land is also not depreciated for the same reason.

5.4.3 Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

5.4.4 The carrying amount of an item or a group of identical items of PPE is reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount (impairment loss). When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The amount of the reduction is recognised as an expense immediately, unless it reverses a previous revaluation, in which case it is charged to the revaluation non distributable reserve.

5.5 **Disposal and retirement of assets**

- * Assets are written off on disposal or retirement.
- * The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the Statement of Financial Performance.

6. **REVALUATION OF LAND AND BUILDINGS**

Land, Buildings and Heritage assets are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Land and Buildings are revalued every 4 years.

7. **INTANGIBLE ASSETS**

Intangible assets are treated in accordance with the provisions of International Accounting Standard (IAS) 38. In accordance with these provisions intangible assets are initially recorded at their cost price and are subsequently amortised over their expected useful lives. An intangible asset is defined as an identifiable non – monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. The intangible assets under the control of the Municipality, is amortised according to the straight line method.

8. **INVESTMENTS**

8.1 **Financial Instruments**

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

The municipality may have the following types of financial instruments.

- * **Held to maturity (HTM) investments** are financial assets with fixed or determinable payments and fixed maturity where the entity has the positive intent and ability to hold the investment to maturity.
- * **Loans and receivables originated by the enterprise** are financial assets that are created by providing money, goods or services directly to a debtor.

INITIAL MEASUREMENT of financial instruments is **at cost, which is the fair value** of the consideration given. The fair value is usually the transaction price or market price. **Transaction costs** are included in the initial measurement of financial assets. Transaction costs include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges and transfer taxes and duties. Transaction costs do not include debt premium or discount, financing costs or allocations of internal administrative or holding costs.

SUBSEQUENT MEASUREMENT of financial assets.

HTM investments and loans and receivables originated by the entity and not held for trading are subsequently recognised at **amortised cost using the effective interest rate method**. **Amortised cost** is the amount at which the financial asset was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and minus any write-down for impairment or uncollectability.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments.

8.2 **Interests in Joint Ventures**

A joint venture is a contractual arrangement whereby the Municipality and other parties undertake an economic activity that is subject to joint control. Interests in joint ventures are stated at cost.

9. INVENTORIES

Inventories consist of consumables, raw materials, work in progress and finished goods which are valued at the lower of cost, determined on the weighted average cost basis, and net realisable value. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Cost of inventories comprises all costs of purchase, cost of conversion and other cost incurred in bringing the inventories to its present location and condition.

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

Redundant and slow moving inventories are identified and written down with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

10. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Provision is made for debts - outstanding longer than 120 days.

11. TRADE CREDITORS

Trade creditors are stated at their nominal value.

12. UNUTILISED CONDITIONAL GRANTS

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor – Unspent Conditional Grants. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash. The following provisions are set for the creation and utilisation of this creditor:

- * The cash which backs up the creditor is invested until it is utilised.
- * Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

- * Whenever an asset is purchased out of the unutilised conditional grant, an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unspent Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

13. **VALUE ADDED TAX**

The Council accounts for Value Added Tax on the cash basis.

14. **REVENUE RECOGNITION**

Revenue excluding value-added taxation where applicable is derived from a variety of sources which include rates levied in the District Management Area, Grants from other spheres of Government, RSC Levies and other services provided. Revenue is Recognised when it is Probable that future Economic Benefits or Service potential will flow to the Municipality and these benefits can be measured reliably.

- * The Regional Establishment Levy and Regional Services Levy are recognized at the time of receipt of the RSC 4 return submitted by all registered levy payers. Where RSC4 returns are not submitted a historical estimate is made of revenue for the year. Levies that must be recognised are calculated as a percentage of turnover and remuneration. RSC Levies will finally be phased out as at 30 June 2008.
- * Revenue from rates in the DMA is recognised when the Legal Entitlement to this revenue arises. Rates are levied on the land and improvements value of property.
- * Income in respect of housing rental and instalments sales agreements is accrued monthly in terms of the agreement.
- * Government grants and public contributions are recognised as revenue when all conditions associated with the grant have been met.
- * Interest earned on unutilised conditional grants is allocated directly to the Statement of Financial Performance. Then the interest is allocated to the creditor : Unspent Conditional Grants, if the grant conditions indicate that interest is payable to the funder.

- * Interest on outstanding debtors is recognised on a time proportionate basis and is charged on all outstanding debtors older than 30 days.
- * Collection charges are recognized when such amounts are legally enforceable.
- * Donations are recognized on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.
- * Revenue arising from the application of the approved tariff of charges is recognized when the relevant service is rendered by applying the relevant authorized tariff. This includes the issuing of licences and permits.

15. **CONDITIONAL GRANTS AND RECEIPTS**

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

16. **PROVISIONS**

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

17.1 **Employee Benefits**

17.1.1 **Pension / Retirement Fund**

The Council and its employees contribute to various Pension and Retirement Funds and its councillors contribute to the Pension Fund for Municipal Councillors. These funds provide retirement benefits to such employees and councillors.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis.

Current contributions are charged against the operating account of the Council at a percentage of the pensionable remuneration paid to employees or councillors.

A provision is made for the best estimate of the current cost of gratuities payable to employees that were not previously members of a pension fund.

A provision is raised as the best estimate of the current cost of paying future pensions to employees who have become disabled as a result of injuries sustained whilst on duty.

17.1.2 Medical Aid: Continued Members

Council provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which Council is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% or 40% of the medical aid membership fee, and Council for the remaining 70% or 60%. Council adopted a policy whereby the age of staff appointed under the new conditions of service would determine their portion of contribution to the medical aid on retirement.

An Actuarial valuation was performed during June 2007. According to AC116 Council has 5 years from the first date the accounting standard is implemented to recognize the liability. Approximately 51% of this liability was recognized as at 30 June 2005. As at 30 June 2006 approximately 67% of the initial liability has been recognized. The Council recognized the remaining 33% of the initial liability as well as the additional liability as calculated, during 2006/2007 financial year.

17.1.3 Actuarial (Gain)/Loss

Actuarial gains or losses are recognized as income or expenses when the cumulative actuarial gains or losses exceed 10% of the higher of the defined benefit obligation and the fair value of the plan assets, if any, at that date. These gains or losses are recognized over the expected average remaining working lives of the employees.

17.1.4 Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. Provision is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

17.1.5 Provision for Performance Bonuses

The Municipality makes provision for bonuses payable owing to officials in terms of performance agreements.

17.2 Provision for constructive obligations

Provision is made for any constructive obligations of the Municipality. A constructive obligation arises through an established pattern of past practice, published policies or a sufficiently specific current standard, whereby the Municipality has indicated to other parties that it will accept certain responsibilities and as a result, the Municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

18. LEASES

LESSEE ACCOUNTING

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality.

Operating leases are those leases which do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the lease term or any other basis which is representative of the time pattern of the lessees benefit.

Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

The Municipality will not incur a foreign currency lease liability other than that allowed by the MFMA.

LESSOR ACCOUNTING

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases.

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

Currently Council does not have any leases.

19. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Trade creditors denominated in foreign currency are reported at the Statement of Financial Position date by using the exchange rate at that date. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded during the period are recognised as revenue or as expenses in the period in which they arise.

Where the transaction is covered by a forward exchange contract, the rate specified in the contract is used. The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

20. SEGMENTAL INFORMATION

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

21. COMMUNITY SUPPORT

The Cape Winelands District Municipality annually awards grants to organisations in terms of section 67 of the MFMA. When making these transfers, Council does not:

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

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

In order to comply with the MFMA section 67(4)(a), a limit of R30 000 was approved by Council.

22. CASH AND CASH EQUIVALENTS

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

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

23. 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 in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

24. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

25. FRUITLESS AND WASTEFUL EXPENDITURE

In terms of the MFMA, fruitless and wasteful expenditure is an expenditure that was made in vain and would have been avoided should reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as an expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

26. ROUNDING

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.

J. G. Marais
Executive Director: Financial Services
(B. Comm; AIMFO Registered Municipal Accountant - Associate Member)

Date

CAPE WINELANDS DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

	Note	2007 R	2006 R
NET ASSETS AND LIABILITIES			
Net assets		334,733,306	299,120,468
Housing Development Fund		-	-
Capital Replacement Reserve		31,446,637	24,995,112
Capitalisation Reserve		-	-
Government Grant Reserve		5,460,112	873,605
Donations and Public Contribution Reserves		-	-
Self-Insurance Reserve		-	-
Revaluation Reserve		99,627,397	97,974,791
Accumulated Surplus/(Deficit)		198,199,160	175,276,960
Non-current liabilities		71,446,110	39,900,576
Long-term Liabilities		-	-
Non-current Provisions	1	71,446,110	39,900,576
Current liabilities		43,477,065	31,298,845
Consumer Deposits		-	-
Provisions		-	-
Creditors	2	18,248,136	9,888,248
Unspent conditional grants and receipts	3	12,930,559	12,310,059
Taxes	4	-	1,246,538
Short-term Loans		-	-
Bank Overdraft	11	3,158,370	-
Current portion of Provisions	1	9,140,000	7,854,000
Total Net Assets and Liabilities		<u>449,656,480</u>	<u>370,319,889</u>
ASSETS			
Non-current assets		153,956,675	138,855,970
Property, Plant and Equipment	5	153,547,333	137,563,671
Investment Property		-	-
Investments		-	-
Long-term receivables	6	409,342	1,292,299
Current assets		295,699,805	231,463,919
Inventory	7	1,214,540	832,835
Consumer Debtors	8	2,165,070	2,916,287
Other Debtors	9	6,499,830	10,771,696
Taxes	4	248,098	-
Current portion of long-term receivables	6	502,881	865,409
Call investment deposits	10	285,069,386	209,000,000
Bank balances and cash	11	-	7,077,692
Total Assets		<u>449,656,480</u>	<u>370,319,889</u>

**CAPE WINELANDS DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30th JUNE 2007**

Budget			Actual	
2006	2007		2007	2006
R	R	Note	R	R
REVENUE				
779,210	824,300	Property rates	824,301	740,720
-	37,170	Property rates - penalties imposed and collection charges	51,247	-
118,350	135,980	Service charges	2,362,876	2,789,928
24,521,630	4,509,294	Regional Services Levies – remuneration	4,986,304	26,298,152
95,718,410	19,135,109	Regional Services Levies - turnover	20,689,659	101,604,975
77,800	83,000	Rental of facilities and equipment	68,807	157,754
6,500,000	12,600,000	Interest earned - external investments	26,597,817	16,219,351
740,335	281,844	Interest earned - outstanding debtors	573,856	950,922
-	-	Dividends received	-	-
-	-	Fines	-	-
-	-	Licences and permits	-	-
-	76,085,998	Income for agency services	58,262,646	-
107,984,508	167,297,967	Government grants and subsidies	155,676,194	91,793,009
13,646,115	1,840,644	Other income	4,029,136	4,252,315
27,386,180	22,591,490	Contribution from Surplus	8,424,177	12,312,162
-	-	Public contributions, donated and contributed property, plant and equipment	-	-
-	-	Gains on disposal of property, plant and equipment	95,145	435,814
277,472,538	305,422,796	Total Revenue	282,642,165	257,555,102
EXPENDITURE				
80,135,086	75,006,467	Employee related costs	67,771,774	68,458,766
3,485,602	5,871,180	Remuneration of Councillors	6,052,258	3,306,068
361,300	332,400	Bad debts	2,435,359	1,518,355
470,000	578,000	Collection costs	564,806	452,576
3,449,126	5,305,046	Depreciation	11,652,457	5,988,445
56,768,297	74,765,029	Repairs and maintenance	63,013,531	52,121,603
-	-	Interest paid	1,983,312	1,193,834
-	-	Medical Aid Liability - Interest Paid	6,313,000	5,317,000
-	2,400,000	Medical Aid Liability - Current Service Cost	2,827,000	2,537,000
-	27,000,000	Medical Aid Liability - Transitional Liability Recognised	26,292,191	9,933,119
-	-	Bulk purchases	-	-
-	-	Contracted services	-	-
-	-	Grants and subsidies paid	-	-
120,976,752	96,631,505	General expenses	61,562,197	74,392,727
11,826,375	-	Contribution to Capital Replacement Reserve	-	6,602,358
-	(0)	Loss on disposal of property, plant and equipment	-	-
277,472,538	287,889,627	Total Expenditure	250,467,885	231,821,850
-	17,533,169	SURPLUS/(DEFICIT) FOR THE YEAR	32,174,280	25,733,251
-	-	Share of surplus/(deficit) of associate accounted for under the equity method	-	-
-	17,533,169	NET SURPLUS/(DEFICIT) FOR THE YEAR	32,174,280	25,733,251

Refer to Appendix E(1) for explanation of variances

CAPE WINELANDS DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		-	-
Cash paid to suppliers and employees		-	-
Cash generated from/(utilised in) operations	21	52,618,237	17,714,105
Interest received		27,171,674	17,170,273
Interest paid		-	-
NET CASH FROM OPERATING ACTIVITIES		79,789,911	34,884,378
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(15,569,798)	(6,602,358)
Proceeds on disposal of fixed assets		367,725	435,814
Increase in investment properties		-	-
(Increase)/decrease in non-current loans		1,245,486	1,787,425
Increase in non-current investments		-	-
(Increase)/Decrease in call investment deposits		(76,069,386)	(49,000,000)
NET CASH FROM INVESTING ACTIVITIES		(90,025,973)	(53,379,120)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		-	-
Increase in consumer deposits		-	-
Decrease/(increase) in short-term loans		-	-
NET CASH FROM FINANCING ACTIVITIES		-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVAL		(10,236,062)	(18,494,742)
Cash and cash equivalents at the beginning of the year		7,077,692	25,572,434
Cash and cash equivalents at the end of the year		(3,158,370)	7,077,692
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVAL		(10,236,062)	(18,494,742)

CAPE WINELANDS DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007

	<u>Capital Replacement Reserve</u>	<u>Capitalisation Reserve</u>	<u>Government Grant Reserve</u>	<u>Donations and Public Contribution Reserve</u>	<u>Self- Insurance Reserve</u>	<u>Revaluation Reserve</u>	<u>Accumulated Surplus/ (Deficit)</u>	<u>Total</u>
	R	R	R	R	R	R	R	R
2006								
Balance at 1 July 2005	14,970,294	-	483,225	-	-	-	160,837,780	176,291,299
Prior Year Adjustments (Note 20)							3,479,001	3,479,001
Implementation of GRAP (Note 19)							(9,397,642)	(9,397,642)
Restated balance	14,970,294	-	483,225	-	-	-	154,919,139	170,372,658
Net surplus/(deficit) for the year	-	-	-	-	-	-	25,733,251	25,733,251
Transfer of Functions to B-Municipalities	-	-	-	-	-	-	-	-
Transfer to CRR	16,000,000	-	-	-	-	-	-	16,000,000
Property, plant and equipment purchased	(5,975,182)	-	-	-	-	-	5,975,182	-
Capital grants used to purchase PPE	-	-	627,176	-	-	-	(627,176)	-
Donated/contributed PPE	-	-	-	-	-	-	-	-
Revaluation of Property	-	-	-	-	-	97,974,791	-	97,974,791
Contribution for the year	-	-	-	-	-	-	(10,960,232)	(10,960,232)
Insurance claims processed	-	-	-	-	-	-	-	-
Offsetting of depreciation	-	-	(236,796)	-	-	-	236,796	-
Depreciation on Heritage Assets reversed	-	-	-	-	-	-	-	-
Balance at 30 June 2006	24,995,112	-	873,605	-	-	97,974,791	175,276,960	299,120,468
2007								
Correction of errors (Note 20)	-	-	-	-	-	-	8,367,526	8,367,526
Implementation of GRAP (Note 19)	-	-	-	-	-	-	-	-
Change in accounting policy (Note 31)	-	-	-	-	-	-	-	-
Restated balance	24,995,112	-	873,605	-	-	97,974,791	183,644,487	307,487,995
Net surplus/(deficit) for the year	-	-	-	-	-	-	32,174,280	32,174,280
Transfer of Functions to B-Municipalities	-	-	-	-	-	-	-	-
Transfer to CRR	15,000,000	-	-	-	-	-	(15,000,000)	-
Property, plant and equipment purchased	(8,548,475)	-	-	-	-	-	8,548,475	-
Capital grants used to purchase PPE	-	-	4,961,227	-	-	-	(4,961,227)	-
Donated/contributed PPE	-	-	-	-	-	-	-	-
Revaluation of Property	-	-	-	-	-	3,495,209	-	3,495,209
Contribution for the year	-	-	-	-	-	-	(8,424,177)	(8,424,177)
Insurance claims processed	-	-	-	-	-	-	-	-
Transfer to Housing Development Fund	-	-	-	-	-	-	-	-
Asset disposals	-	-	-	-	-	-	-	-
Offsetting of depreciation	-	-	(374,720)	-	-	(1,842,603)	2,217,324	(0)
Balance at 30 June 2007	31,446,637	-	5,460,112	-	-	99,627,397	198,199,160	334,733,306

CAPE WINELANDS DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
1 NON-CURRENT PROVISIONS		
Performance bonus	-	-
Ex Gratia Pensions	-	-
Medical Contributions	80,586,110	47,754,576
Audit Fees (Removed with implementation of GAMAP)	-	-
Current portion of long-service provision	(9,140,000)	(7,854,000)
Total Provisions	<u>71,446,110</u>	<u>39,900,576</u>
1.1 FUTURE MEDICAL AID LIABILITY		
1.1.1 Reconciliation of Net liability recognized in the Balance Sheet:		
Opening Balance	47,754,576	32,177,457
Current Service Cost	2,827,000	2,537,000
Interest Cost	6,313,000	5,317,000
Transitional Liability Recognised	26,292,191	9,933,119
Actuarial (Gain) / Loss Recognized	-	-
Past Service cost Recognized	-	-
Effect of Curtailment or Settlement	-	-
Miscellaneous Item	-	-
Expense Recognized	83,186,767	49,964,576
Expected Employer Benefit Payments	(2,600,657)	(2,210,000)
Closing Balance	<u>80,586,110</u>	<u>47,754,576</u>
1.1.2 Reconciliation of Unrecognised Teransitinal Liability		
Opening Unrecognized Transitional Liability	20,442,424	30,375,543
Transitional Liability Recognized	(20,442,424)	(9,933,119)
Closing Unrecognized Transitional Liability	<u>-</u>	<u>20,442,424</u>
Transitional Liability at Date of adopting AC116	62,553,000	62,553,000
Transitional Liability to be Recognized in Current Year	20,442,424	9,933,119
1.1.3 Reconciliation of Unrecognized Actuarial Gains and Losses		
Opening Unrecognized Gain/(Loss)	-	-
Actuarial Gain /(Loss) Arising	-	1,609,000
Actuarial Gain /(Loss) Recognized	-	-
Closing Unrecognized Gain/(Loss)	<u>-</u>	<u>1,609,000</u>
1.1.4 Reconciliation of Assets and Liabilities Recognized in the Balance Sheet		
Present Value of Funded Obligations	-	-
Fair Value of Plan Assets	80,586,110	47,754,576
Present Value of Unfunded Obligations	<u>80,586,110</u>	<u>66,588,000</u>
Present Value of Obligations in excess of Plan assets	-	18,833,424
Unrecognized Transitional Liability	-	(20,442,424)
Unrecognized Actuarial Gains/(Losses)	-	1,609,000
Unrecognized Past Service Cost	-	-
Miscellaneous Item	-	-
Net Liability in Balance Sheet	<u>-</u>	<u>-</u>

	2007 R	2006 R
Reconciliation of Fair Value of Plan Assets Reconized in the Balance Sheet		
1.1.5 Opening of Fair Value of Plan Assets	47,754,556	32,177,457
Expected Return on Plan Assets	4,059,137	2,735,084
Actuarial Gain /(Loss)	1,257,953	(157,975)
Employer Contribution	30,115,121	15,210,000
Employer Benefit Payments	(2,600,657)	(2,210,010)
Closing Fair Value of Plan Assets	80,586,110	47,754,556

1.2 VALUATION METHODOLOGY AND ASSUMPTIONS

1.2.1 METHODOLOGY

Liabilities are valued using discounted cash flow techniques. Using a set of Actuarial assumptions, future cash flows are projected and discounted back to the Valuation Date, allowing for future investment returns and the probability of each cash flow occurring.

This methodology allows for the probability of and benefit payable in respect of different types of exit from Active Employment e.g. Withdrawal, Death, Retirement.

We assume that benefit entitlement accrues uniformly over each Employee's Total Service. The accrued liability is calculated as the ratio of the Past Service to Total Service for each Employee.

The method of valuing the PRMA liabilities of the Municipality is consistent with the Previous Valuation.

We have not explicitly allowed for the impact of HIV/AIDS on projected future healthcare costs. This could be a source of significant strain over the short to medium term future, leading to higher Medical Aid Inflation than was allowed for.

It was implicitly assumed that all Members would stay on the same Medical Aid scheme and chosen option in future. We have also not allowed for any significant shift in the demographic profiles of the various Medical Aid schemes e.g. the impact of an ageing population.

1.2.2 ASSUMPTIONS

In order to project the liability, it is necessary to make a number of assumptions concerning future experience.

Assumptions should not be assessed in isolation, but rather in relation to each other. The difference between the financial assumptions drives the results of the Valuation.

The set of assumptions used in this Valuation are largely similar to those used in the Previous Valuation. Differences have been highlighted below.

1.2.2.1 Financial Assumptions

The main financial assumptions are as follows:

Medical Aid Inflation rate	7.5%	8%
Investment return	8.5%	9%

Accounting Standard AC116 defines the determination of the Investment Return assumption to be used as the rate that can

"be determined by reference to Market Yields at the Balance Sheet Date on high quality Corporate Bonds. In countries where there is no deep market in such bonds, the market yields (at the Balance Sheet Date) on Government Bonds should be used. The currency and term of the Corporate Bonds or Government Bonds should be consistent with the currency and estimated term of the Post-Employment Benefit obligations."

Our Investment Return assumption was based on the current yields of long-term Government bonds plus a risk premium as a proxy for the yield on high quality Corporate Bonds.

Medical Aid Inflation was based on an assumed long-term rate of consumer inflation of 6% p.a. plus a margin of 1.5% p.a.

The Real Rate of Return (Investment Return less Medical Aid Inflation) is thus 1% p.a.

1.2.2.2 Normal Retirement Age

The Normal Retirement Age for employees that are members of the Cape Joint Provident Fund is 60 years.

The Normal Retirement Age for employees that are members of the Cape Joint Pension Fund is the earlier of age 65 or age after 55 when the employee has completed 35 years of service.

2007
R

2006
R

1.2.2.3 Mortality Rates

Mortality for Pre-Retirement benefits has been based on the SA 56-62 mortality table rated down by three years for Females.
 Mortality for Post-Retirement benefits has been based on the PA (90) ultimate mortality table.

1.2.2.4 Withdrawal Rates

Withdrawal rates from Employment were allowed for using the following rates:

AGE	MALES	FEMALES
20	16%	24%
25	12%	18%
30	10%	15%
35	8%	10%
40	6%	6%
45	4%	4%
50	2%	2%
55+	0%	0%

1.2.2.5 III -Health Retirement Rates

III-Health Retirement rates from Employment were allowed for using the following rates:

AGES	MALES	FEMALES
25	0.00%	0.00%
30	0.01%	0.02%
35	0.08%	0.12%
40	0.21%	0.22%
45	0.38%	0.32%
50	0.82%	0.50%
55	1.96%	1.02%
59	3.00%	1.50%
64	4.30%	2.50%

1.2.2.6 Early Retirement Rates

Early Retirement rates from Employment were allowed for using the following rates:

AGES	MALES	FEMALES
55	2.00%	2.00%
56	1.00%	1.00%
57	1.00%	1.00%
58	1.00%	1.00%
59	2.00%	2.00%
60	2.00%	2.00%
61	2.00%	2.00%
62	3.00%	3.00%
63	4.00%	4.00%
64	5.00%	5.00%

1.2.2.7 Family and General Assumptions

It was assumed that all employees currently married will be married at the time of their exit from Employment. It was assumed that 90% of current single Male Employees and 20% of current single Female Employees would be married at the time of their exit from Employment.

We assumed that Husbands are on average 4 years older than their Wives; the previous Valuation assumed a difference of 5 years.

After Retirement the actual number of qualifying children were taken into account up to a maximum of two. It was assumed that Child Dependant status ceases at age 23; the Previous Valuation assumed age 21.

An increase in Medical Aid premiums was allowed for to reflect the Valuation Date being set midway through a Calendar Year.

CAPE WINELANDS DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
Medical		
Contributions		
Balance at beginning of year	47,754,576	32,177,467
Transfers	-	-
Contributions to provision	27,514,465	13,000,000
Interest on Investments	5,317,069	2,577,109
Expenditure incurred	-	-
Balance at end of year	<u>80,586,110</u>	<u>47,754,576</u>

2 CREDITORS

Trade creditors	-	-
Payments received in advance	1,235,865	2,237,277
Retentions	1,976,861	1,778,216
Staff leave	4,616,146	4,397,921
Other creditors	10,419,264	1,474,833
Total Creditors	<u>18,248,136</u>	<u>9,888,248</u>

3 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

3.1 Conditional Grants from other spheres of Government	12,930,559	12,310,059
MIG Grants	-	-
PAWC and State Funds: Various Projects	12,930,559	12,310,059
Provincial LED Projects	-	-
Total Conditional Grants and Receipts	<u>12,930,559</u>	<u>12,310,059</u>

See Note 14 and Appendix G for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilized

4 TAXES

VAT payable	-	<u>1,246,538</u>
VAT receivable	<u>248,098</u>	-

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

5 PROPERTY, PLANT AND EQUIPMENT

Please refer to the detailed schedule of Property, Plant and Equipment on page 44.

A revaluation of Land and Buildings was carried out during May and June 2006.

An evaluation of Property Plant and Equipment was done by the Workshop Superintendent and the Engineering Department. No impairments were reported.

CAPE WINELANDS DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
6 LONG-TERM RECEIVABLES		
Loans to controlled Municipal Entities	-	-
Car loans	912,223	2,157,709
Sewerage connection loans	-	-
Electricity appliance purchase scheme	-	-
Housing selling scheme loans	-	-
	<u>912,223</u>	<u>2,157,709</u>
Less : Current portion transferred to current receivables	502,881	865,409
Car loans	502,881	865,409
Sewerage connection loans	-	-
Electricity appliance purchase scheme	-	-
Housing selling scheme loans	-	-
Total	<u>409,342</u>	<u>1,292,299</u>
7 INVENTORY		
Consumable stores – at cost	1,214,540	832,835
Total Inventory	<u>1,214,540</u>	<u>832,835</u>
8 CONSUMER DEBTORS		
Service debtors	420,859	248,262
Rates	420,859	248,262
Electricity	-	-
Water	-	-
Sewerage	-	-
Trade Debtors (VAT included)	14,299,493	17,677,664
Levy Debtors (VAT included)	5,844,957	5,363,962
Housing rentals	-	-
Less : Provision for bad debts	(18,400,239)	(20,373,601)
Total	<u>2,165,070</u>	<u>2,916,287</u>
<u>Trade Debtors: Ageing</u>		
Current (0 – 30 days)	960,589	51,218
31 - 60 Days	58,844	1,035,658
61 - 90 Days	808,740	17,150
91 - 120 Days	925,284	1,938,109
121 + Days	11,546,036	14,635,529
Total	<u>14,299,493</u>	<u>17,677,664</u>

CAPE WINELANDS DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
<u>Levy Debtors: Ageing</u>		
Current (0 – 30 days)	-	-
31 - 60 Days	-	26,638
61 - 90 Days	-	222,494
91 - 120 Days	-	203,399
121+ Days	5,844,957	4,911,431
Total	5,844,957	5,363,962

Summary of Debtors by Customer Classification

30 June 2007

	<u>Consumers</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
	R	R	R
Current (0 – 30 days)	167,202	-	793,388
31 - 60 Days	58,844	-	-
61 - 90 Days	774,586	-	34,154
91 - 120 Days	743,689	-	181,595
121+ Days	2,171,444	5,844,957	9,795,451
Sub-total	3,915,765	5,844,957	10,804,588
Less: Provision for bad debts	(1,750,694)	(5,844,957)	(10,804,588)
Total debtors by customer classification	2,165,071	(0)	0

Summary of Debtors by Customer Classification

30 June 2006

	<u>Consumers</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
	R	R	R
Current	-	-	-
Current (0 – 30 days)	51,218	-	-
31 - 60 Days	1,035,658	26,638	-
61 - 90 Days	17,150	222,494	-
91 - 120 Days	1,938,109	203,399	-
121 + Days	538,922	4,911,431	14,344,868
Sub-total	3,581,057	5,363,962	14,344,868
Less: Provision for bad debts	(664,771)	(5,363,962)	(14,344,868)
Total debtors by customer classification	2,916,286	-	-

Due to major fires during December 2005, January 2006 and February 2006 Industrial and Commercial Debtors increased substantially.

CAPE WINELANDS DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
9 OTHER DEBTORS		
Payments made in advance	-	-
Unauthorized expenditure (see Note 35)	-	-
Fruitless and wasteful expenditure (see Note 35)	-	-
Other	6,445,458	10,759,356
Insurance claims	54,372	12,340
Government subsidies	-	-
Total Other Debtors	6,499,830	10,771,696

10 CALL INVESTMENT DEPOSITS

ABSA Call Account	15,069,386	
ABSA	60,000,000	50,000,000
FNB	30,000,000	40,000,000
INVESTEC	55,000,000	55,000,000
NEDCOR	65,000,000	34,000,000
STANDARD BANK	60,000,000	30,000,000
Other Deposits	<u>285,069,386</u>	<u>209,000,000</u>
Average Rate of Return on Investments	8.53%	7.13%

Other deposits of R9 134 193 (2004: R10 405 960) are ring-fenced and attributable to the Capital Replacement Reserve.

11 BANK BALANCES AND CASH

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

ABSA Bank Ltd
 Account Number 4053536026

Cash book balance at beginning of year	7,077,692	25,572,434
Cash book balance at end of year	(3,158,370)	7,077,692
Primary Bank Account	(3,163,460)	7,069,882
Floats	-	-
Petty Cash	5,090	7,810
Bank statement balance at beginning of year - (overdrawn)	<u>12,254,313</u>	<u>38,140,963</u>
Bank statement balance at end of year - (overdrawn)	<u>4,688,149</u>	<u>12,254,313</u>

CAPE WINELANDS DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
12 PROPERTY RATES		
<i>Actual</i>		
Residential	-	-
Commercial	824,301	740,720
State	-	-
Total Assessment Rates	824,301	740,720
<i>Valuations</i>		
	<i>July 2003</i>	<i>July 2002</i>
	<i>R000's</i>	<i>R000's</i>
Residential	-	-
Commercial	-	-
State	-	-
Municipal	-	-
Total Property Valuations	-	-

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2003. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations.

13 SERVICE CHARGES

Electric Prepaid Income	-	4,810
Building Plan Scrutiny Fees	6,723	18,507
Fire Fighting Services	2,356,152	2,766,611
Sewerage and sanitation charges	-	-
Total Service Charges	2,362,876	2,789,928

14 GOVERNMENT GRANTS AND SUBSIDIES

Equitable share	2,132,000	2,153,160
RSC Replacement Grant	125,302,231	
Provincial LED Projects	65,211	180,457
CMIP	-	2,559,192
Working for water	1,908,459	
Public Contributions	261,389	3,082,340
PAWC Housing Subsidy	7,024,590	2,335,254
Land Affairs Subsidy	-	-
PAWC - Roads Agency Function	58,262,646	53,632,000
PAWC - Health Agency Function	10,323,466	16,599,824
Contributions from Municipalities - Health	-	-
Global Funding	736,676	1,121,167
Public Transport Regulations	-	2,082,415
WCPG - Planning Grant	90,000	-
PIM centre	1,075,563	3,718,320
Finance Management Grant	741,727	945,423
MIG Grant	1,042,100	-
WCPG - Wolwekloof	4,961,228	2,769,664
Entrepre. Support (PAWC)	11,554	60,821
Sandhills	-	552,972
Government Grant and Subsidies	213,938,840	91,793,009

CAPE WINELANDS DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
15 OTHER INCOME		
Sale of housing	-	-
Task Refund (Salaries)	683,005	964,426
Tourism	62,227	87,657
Roads	238,926	798,472
Comprehensive Health	488,533	14,222
Environmental Services	-	187,775
Recovery of Tax on Group Life	993,219	-
Seta Refund	442,318	285,405
Contribution form Leave Account	-	-
Recoverables - Personell	327,273	-
Fire Fighting Services	34,998	667,887
Transport Pool	-	309,972
Other	758,636	936,499
Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 35)	-	-
Total Other Income	<u>4,029,136</u>	<u>4,252,315</u>
16 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	73,882,639	77,088,819
Employee related costs - Contributions for UIF, pensions and medical aids	15,523,989	16,248,587
Travel, motor car, accommodation, subsistence and other allowances	-	-
Housing benefits and allowances	-	-
Overtime Payments	-	-
Performance bonus	-	-
Long-service awards	-	-
Less: Employee costs capitalised to Property, Plant and Equipment	-	-
Less: Employee costs included in other expenses	(21,634,854)	(24,878,641)
Total Employee Related Costs	<u>67,771,774</u>	<u>68,458,766</u>
Remuneration of the Municipal Manager		
Annual Remuneration	775,000	747,135
Performance Bonuses	136,468	128,743
Car Allowance	80,000	80,000
Computer Allowance	17,500	-
Study Allowance	24,000	-
Medical, pension fund and other allowances	220,802	145,691
Total	<u>1,253,770</u>	<u>1,101,569</u>

CAPE WINELANDS DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006	
	R	R	
16 EMPLOYEE RELATED COSTS (continued)			
<i>Remuneration of the Chief Finance Officer</i>			
Annual Remuneration	432,440	465,767	
Performance Bonuses	88,451	83,445	
Car Allowance	65,628	12,200	
Medical, pension fund and other allowances	192,536	119,316	
Total	<u>779,055</u>	<u>680,728</u>	
<i>Remuneration of Individual Executive Directors</i>			
30 June 2007	<u>Technical</u> <u>Services</u> R	<u>Corporate</u> <u>Services</u> R	<u>Community</u> <u>Services</u> R
Annual Remuneration	421,981	409,732	807,210
Performance Bonuses	88,451	88,451	176,902
Car Allowance	35,000	133,022	150,544
Medical, pension fund and other allowances	226,378	105,402	322,256
Total	<u>771,810</u>	<u>736,607</u>	<u>1,456,912</u>
30 June 2006	<u>Technical</u> <u>Services</u> R	<u>Corporate</u> <u>Services</u> R	<u>Community</u> <u>Services</u> R
Annual Remuneration	416,155	375,394	749,453
Performance Bonuses	83,445	83,445	166,889
Car Allowance	71,314	120,000	192,000
Medical, pension fund and other allowances	108,373	85,874	157,903
Total	<u>679,287</u>	<u>664,713</u>	<u>1,266,245</u>
			2007
<i>Executive Director Councillor Support</i>			
Annual Remuneration			457,568
Performance Bonuses			74,200
Car Allowance			30,267
Medical, pension fund and other allowances			124,019
Total			<u>686,054</u>

Performance bonuses accrue to employees biannually, subject to certain conditions. The provision is an estimate of the amount due to staff at the reporting date.

In the previous Financial Year, provision for performance bonuses was made but not indicated in the notes.

K. Chetty
 Municipal Manager
 (B.Sc Chemistry; BA Econ; BA Hons - Public Finance)

J.G Marais
 Executive Director Finance
 (B.Com AIMFO; Registered Municipal Accountant)

CAPE WINELANDS DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
17 REMUNERATION OF COUNCILLORS		
Executive Mayor	413,900	222,313
Deputy Executive Mayor	309,605	50,461
Speaker	324,448	178,613
Mayoral Committee Members	1,721,947	946,502
Councillors	1,351,336	571,731
Travelling Expenses	1,060,305	501,813
Allowances: Other	303,831	614,212
Councillors' pension contribution	566,886	220,423
Total Councillors' Remuneration	<u>6,052,258</u>	<u>3,306,068</u>

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

As certified in the declaration by the municipal manager, salaries, allowances and benefits of Councillors as disclosed in this note are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

18 INTEREST ALLOCATED TO INTERNAL FUNDS

Unspent Grants and Funds	1,983,312	1,193,834
Future Medical Aid Liability	6,313,000	5,317,000
Total interest allocated to internal funds	<u>8,296,312</u>	<u>6,510,834</u>

19 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GRAP

The following adjustments were made to amounts previously reported in the Annual Financial Statements of the Municipality arising from the implementation of GRAP: -

Due to the implementation of GRAP Council had to make the following adjustments:

Transfer to increase the Capital Replacement Reserve	-	-9,397,642
	<u>-</u>	<u>(9,397,642)</u>

The effect of the change in accounting policy at the beginning of the year on the accumulated surplus/(deficit) is as follows: -

	<u>-</u>	<u>(9,397,642)</u>
--	----------	--------------------

20 CORRECTION OF ERRORS

During the year ended 30 June 2007, errors were corrected: -

The comparative amount has been restated as follows: -

Transfer to Creditor - Training Housing Department	200,000	
Retention previously settled erroneously	(2,812)	
RSC Levies paid back	(221,386)	
Correction to offsetting of Depreciation - Assets below R10 000	2,818,129	
Capitalization of Assets below R10 000 previously expensed	(10,081,833)	
Backlog Depreciation on Assets below R10 000 previously not capitalized	8,155,683	
Depreciation written back due to the implementation of Residual Values on vehicles	(9,235,307)	
Expenditure on Lanquedoc Housing in prior years	-	(2,306,466)
Various projects completed in prior years	-	222,006
Prior year Levies written off, levied again	-	9,282
Provision for Task Creditor written back	-	5,554,179
Net effect on surplus/(deficit) for the year	<u>(8,367,527)</u>	<u>3,479,001</u>

CAPE WINELANDS DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
21 CASH GENERATED FROM OPERATIONS		
Surplus for the year	32,174,280	25,733,251
Adjustment for:-		
Depreciation	11,652,457	5,988,445
Prior year Transactions	(24,199)	3,479,001
Utilization of Government Grants received in prior years	(4,961,228)	
Corrections on PPE	(74,709)	13,396
Gain on disposal of Property, Plant and Equipment	(95,145)	(435,814)
Contribution to Capital Replacement Reserve	-	6,602,358
Contribution to Future Medical Aid Liability	26,292,191	
Payment against Medical Aid Liability	-	-
Current Service Cost Medical Aid Liability	2,827,000	
Contribution from the Surplus	(8,424,177)	-
Contribution to bad debt provision	(0)	-
Investment income	(27,171,674)	(17,170,273)
Internal Interest Paid	8,296,312	3,770,943
	-	-
Operating surplus before working capital changes:	40,491,108	27,981,307
(Increase)/Decrease in inventories	(381,705)	12,608
(Increase)/decrease in debtors	751,217	(2,129,663)
(Increase)/decrease in other debtors	4,271,866	2,055,421
(Decrease)/increase in conditional grants and receipts	620,499	(135,077)
Increase in creditors	8,359,889	(11,048,243)
Decrease in provisions	-	-
(Increase)/decrease in VAT	(1,494,636)	977,752
Cash generated by/(utilised in) operations	52,618,237	17,714,105

During the implementation of GAMAP, only 2004 figures were converted to GRAP. No comparison 2003 figures were converted, thus no Cash Flow Statement could be compiled.

22 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

22.1 Contributions to organized local government

Opening balance	-	-
Council subscriptions	-	-
Amount paid - current year	-	-
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

CAPE WINELANDS DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R

22 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)

22.2 Audit fees

Opening balance	-	-
Current year audit fee	766,212	658,052
Amount paid - current year	(766,212)	(658,052)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

The balance unpaid represents the audit fee for an interim audit conducted during May and June 2005 and is payable by 31 July 2005

22.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in note 8. All VAT returns have been submitted by due dates throughout the year.

22.4 PAYE and UIF

Opening balance	-	-
Current year payroll deductions	12,318,278	12,789,219
Amount paid - current year	(12,318,278)	(12,789,219)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

22.5 Pension and Medical Aid Deductions

Opening balance	8,806	-
Current year payroll deductions and Council Contributions	23,856,334	23,966,674
Amount paid - current year	(23,865,140)	(23,957,868)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	8,806

22.6 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

A Supply Chain Management Policy has been developed and has been implemented in January 2006.

2007
R
2006
R

23 RETIREMENT BENEFIT INFORMATION

All Council's employees belong to one of the following funds. These schemes are subject to a tri- annual, bi- annual or annual actuarial valuation as set out. The Council's contributions to these funds are reflected as a charge against income in the financial statements.

23.1 Cape Joint Pension Fund, which is a defined benefit fund and is governed by the Pension Funds Act of 1956. 6.81% of Council's employees are members of this fund. The fund is also a multi employer plan and the contribution rate payable is 27 %, 9 % by the members and 18 % by Council. No actuarial valuation is available yet. The actuarial valuation of the Cape Joint Pension Fund disclosed an Assets Value of R 2 865 million on 30 June 2006. The funding level of the fund was 111.4% on 30 June 2006. The 2006/2007 Financial Statements are not available yet.

According to current information available, the fund is still fully funded. If it should happen that the fund becomes under funded, Council will have an obligation to cover the shortfall in terms of the rules of this fund. The possible obligation could not be determined as at 30 June 2007.

23.2 Cape Joint Retirement Fund is a defined contribution fund and is governed by the Pensions Funds Act of 1956. 86.88 of Council's employees are members of this fund. The contribution rate paid by the members (9%) and Council (18%) is sufficient to fund the benefits accruing from the fund in future. According to the actuarial valuation, the value of total net assets of the Cape Joint Retirement Fund is R 5 809 million on 30 June 2006. The 2006/2007 Financial Statements are not available yet.

23.3 SAMWU National Provident Fund, which is a privately-administered fund. The fund is subject to actuarial valuation. According to the actuarial valuation, the value of total assets of the SAMWU National provident Fund was R 1 511 461 million on 30 June 2005. 6.49 % of Council's employees are members of this fund. The funding level of the fund was 111.4% on 30 June 2006. The 2006/2007 Financial Statements are not available yet. The next Actuarial Valuation will be done in 2008.

23.4 13 Councillors of the Cape Winelands District Municipality are members of the Municipal Councillors Pension Fund, which operates as a defined contribution scheme. The fund was established in 1988 and an actuarial valuation is carried out every 3 years. The fund was sound at its previous valuation in 2005 and was valued at R 691 million. There is no actuarial valuation for the year under review available. The 2006/2007 Financial Statements are not available yet.

24 CONTINGENT LIABILITY

Cape Joint Pension Fund - There might be a possibility that this fund is not 100% funded. The amount cannot be disclosed because it cannot be calculated from the information that is currently available from the fund. See also note 23.1

Guarantees to Building Societies and Banks in respect of housing loans to employees	142,880	156,400
Obligation to implement TASK	-	5,950,192
	<u>142,880</u>	<u>6,106,592</u>

This liability is going to be phased out.

The obligation to implement task was phased out, because personell are being remunerated according to the posts they were placed in although the Task Job Evaluation proprocess has not been completed yet.

25 REGIONAL SERVICE LEVIES

With regard to item 14 of the Accounting Policy the following needs to be noted: Provisional RSC Levies are raised where levy payers do not submit declarations of their actual liabilities. The provisional RSC Levies are calculated based on actual historical declarations or information submitted with initial registration as a levy payer. As these provisional levies cannot be determined accurately and the eventual recovery thereof is uncertain, it was not recognised in the Statement of Financial Performance for the year under review.

CAPE WINELANDS DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
26 DEVIATIONS		
No deviations were reported during the financial year under review.		
27 PRIMARY HEALTH CARE		
The Primary Health Care function is in the process of being transferred to the Provincial Government of the Western Cape. The decrease in the salary cost is caused by this process. This transfer process will be completed during the 2006/2007 financial year.		
28 FUTURE COMMITMENTS		
Please refer to APPENDIX G		
29 GENERAL EXPENSES		
Advertisements	494,225.90	430,916
Delivery of Agendas	34,355.24	23,711
Deed Enquiries	4,340.10	8,354
Tourism Advisory Committee	18,117.00	14,350
Banking Costs	132,059.06	142,539
Property Tax	656,515.24	554,991
Books and Publications	9,313.82	6,969
Fire Fighting Special Events	944,381.20	3,283,721
Fuel - Diesel	3,307,890.06	2,897,457
Fuel - Petrol	1,797,866.19	1,755,492
Marketing Collateral	307,037.80	234,060
Fire Extinguishers: Mainten.	21,718.66	19,867
Flowers, Wreaths, Gifts	2,307.62	2,648
Group Life	993,218.57	
Chemicals & Disinfectants		903
Chemicals Foam	119,750.00	91,800
Council Special Projects	120,000.00	
Administration Costs	556,928.12	
Miscellaneous Equipment	4,799.35	2,295
Miscellaneous Expenses	192,749.57	281,070
Printing and Stationery	1,190,914.76	1,275,260
District Learning Network	8,056.40	77,845
Community Development - Worker	216,000.00	
Electricity	908,821.15	793,572
Photo Copy Machine Expenses	260.51	
Property Rates: Rebate	4,354.37	
Property Rates: Exemption	38.68	
Contingencies	180,597.09	211,881
Interest Allocated(Future Medical Aid Liability)	6,313,000.00	
Interest Allocated to Creditors	2,340,458.39	
Rental General	54,583.71	101,894
Rental Buildings	49,149.00	55,601
Rental Machinery	161,913.25	32,662
Relet Station (Radio's/Telem.	28,248.00	28,248
Information Notices	0.00	3,660
Internet Costs	14,041.58	46,076
Subscriptions / Regulations	104,963.13	60,048
Medical Services		287,233
Journalists	28,541.92	43,717
Cash Handling	57,563.00	99,139
Congress Expenses	253,715.42	256,007
Consultancy Fees Planning	1,415,261.45	1,885,777
COLLECTION: RSC LEVI COMMISSION ON INCOME	0.00	
Cellphone Charges	706,151.17	697,833
Selection Cost: Personnel	9,334.56	26,341
Member Fees	305,795.63	271,654
Licence Fees - Other	317,402.02	124,536
Licence Fees - Radio's	40,878.80	11,354
Licence Fees - Vehicles	21,919.50	19,521
Medies PDP	5,820.02	575
Medical Consumable Items	17,291.55	13,152

CAPE WINELANDS DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
Municipal Police	361,382.00	400,106
Bargaining Council Levy	20,815.06	
Communication	819,676.42	187,506
Emergency Aid	45,624.10	41,123
Oil and Lubrications	197,034.26	188,659
Parts and Accessories	1,618,891.25	1,516,433
Entertainment	110,630.73	77,944
Public Functions	111,436.67	147,378
Training Other	479,490.44	48,508
Audit Fees	766,212.10	658,052
Audit Committee	31,904.00	39,854
Audit Support Service	277,432.27	283,051
Operators Costs	49,834.80	107,616
Training of Personnel	723,369.63	597,864
Training of Councillors		84,962
Postage and Minor Expense.	110,128.89	232,837
Professional Fees (Coat of Arms)	11,657.00	6,265
Program Changes (Mainframe)	46,811.58	43,839
Public Participation	200,585.61	128,985
Co-operational Agreements	431,827.99	173,295
Legal Fees - Other	14,774.50	85,855
TOURISM TRAVEL AND SUBSISTANCE ALLOWAN	1,381,573.61	
RSC 5	1,000.00	6,252,247
Radio		41,111
Software Licence Fees	8,491.50	8,492
Security Services / Monitoring	322,100.69	249,411
Cleaning Services and Cleans.	221,001.45	242,785
Study and Examination fees	265,319.88	247,919
Sanitary Services	83,182.20	109,617
Software Purchases	340,596.77	573,045
SETA Levies	705,577.92	658,685
Study Bursary Fund	274,060.00	85,000
Telephones & Telexes	2,344,357.69	2,183,137
Transfer Fees: Property	6,083.01	82,227
Equipment General items	431,876.11	314,068
Gardening Purchases	168.52	
Tourism	106,574.84	175,798
Magazines	907.02	898
Task Post Evaluation	253,008.67	171,519
Exhibitions	771,842.81	761,405
Uniforms	650,700.24	524,825
Trade Union Representation	5,337.03	8,833
Trade Union Exp: SAMWU	45,412.13	46,892
Trade Union Exp: IMATU	33,017.61	26,599
Guidance	0.00	1,959
Consumable Materials	247,956.34	198,140
Consumable Equipment	801.87	
Relocation Costs	156,456.29	203,635
Refreshments and Tea	186,230.02	204,164
Transport Internal	3,818,543.19	4,969,917
Water/Food Sample/Testing	382,570.86	186,418
Voluntary Fire Service	146,688.52	113,129
Refuse Removal Domestic	40,790.45	55,972
Insurance	1,528,770.28	1,402,428
Vehicle Repairs (External)	1,492,564.41	1,994,288
Laundry Service	2,827.21	5,367
Water Supply	230,801.53	213,111
Disposal of Sewerage	49,393.32	84,837
Workshop Costs(Internal)	4,423,103.89	
Translation	208,850.32	171,191
Workshops/Meetings	89,664.73	55,230
Workshops/Training	2,368.26	
Employee Wellness	98,686.49	
Audit Training Support :Mun.		20,695
Assets Below R10 000	0.00	1,152,335

**CAPE WINELANDS DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	R	R
Data Processing Equipment	139,334.59	
Rental - Construction Machinery	902,409.98	
Learnership Training	145,752.65	
Events	444,278.23	
Other		1,641,297
Projects	41,276,120.38	46,975,450
Less: Int. Alloc.(Future Medical Aid Liability)	-6,313,000.00	
Less: Int. Allocated to Creditors	-2,340,458.39	
Less Expenditure by TASK	0.00	-106,485
Less Expenditure by Debited elsewhere	-24,953,665.59	-19,139,724
TOTAL	<u>61,562,197.39</u>	<u>74,392,727</u>

30 RELATED PARTIES

Council entered into business agreements with the following related parties:

Kleinplasia Restaurant	52,704	-
Odette Rogers	31,020	-
	<u>83,724</u>	<u>-</u>

31 RISK MANAGEMENT

31.1 CREDIT RISK

Credit Risk primarily relates to cash investments. Council deposits cash surpluses with financial institutions of high quality and standing. A Cash Management and Investment policy has been approved.

In terms of the MFMA Act 56 of 2003 the granting of credit (Loans) is prohibited.

31.2 RELIANCE ON NATIONAL GOVERNMENT FOR FUNDS (INCOME)

With the phasing out of the Regional Services Levies on 30 June 2006, the Cape Winelands will be dependant on the National and Provincial Governments for +/-75.8% of its income . This created a lot of uncertainties regarding the future of District Municipalities.

31.3 INTEREST RISK (EXTERNAL BORROWING)

The Council has no outstanding loans as at 30 June 2006. The increases in interest rates will therefore have no effect on the liquidity of Council.

31.4 FOREIGN EXCHANGE RISK

Foreign currency risk is deemed to be minimal as very few international transactions are conducted.

CAPE WINELANDS DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007
R

2006
R

31.5 POLITICAL RISK

The political landscape of the Western Cape has been quite stable and there is respect for the rule of law.

31.6 DISCLOSURE ON COLLATERAL

Refer to note 24.

32 INVESTMENT PLAN

Particulars of the investments as prescribed by section 17(1)(f) of the Local Government: Municipal Finance Management Act(Act 56 of 2003)

Invested as at 30 June 2007 at the following A1 Banks as prescribed by Council's Investment Policy:

ABSA Call Account	15,069,386	
ABSA	60,000,000	50,000,000
FNB	30,000,000	40,000,000
INVESTEC	55,000,000	55,000,000
NEDCOR	65,000,000	34,000,000
STANDARD BANK	60,000,000	30,000,000
	<u>285,069,386</u>	<u>209,000,000</u>
Bank / Cash - ABSA	-3,158,370	7,077,692
TOTAL : CASH AND INVESTMENTS	<u>281,911,016</u>	<u>216,077,692</u>

Commitments linked to investments as at 30 June 2007

Future Medical Aid contributions	80,586,110	66,588,000
Capital Replacement Reserve	31,446,637	24,995,112
Future Depreciation	32,764,882	23,571,727
Government Grant Reserve	5,460,112	873,605
Future Commitments	25,805,728	3,134,422
Unspent Grants	12,930,559	12,310,059
Staff Leave	4,616,146	4,397,921
Retention	1,976,861	1,778,216
Other Creditors	11,655,129	
Provision for Bad Debt	18,400,239	
Working Capital	56,268,613	78,428,630
	<u>281,911,016</u>	<u>216,077,692</u>

33 ACCUMULATED SURPLUS

Opening Balance	175,276,960	160,837,780
Correction of errors (Note 20)	8,367,526	3,479,001
Implementation of GRAP (Note 19)		(9,397,642)
Restated balance	<u>183,644,487</u>	<u>154,919,139</u>
Additions	42,940,078	31,945,229
Contributions made	(28,385,404)	(11,587,408)
Closing Balance	<u>198,199,160</u>	<u>175,276,960</u>

34 DEPRECIATION

Opening Balance	(23,571,728)	(42,153,477)
Additions	(11,652,457)	(5,988,445)
Write offs	1,219,777	23,595,516
Corrections	1,092,416	974,678
Disposals	147,110	
	<u>(32,764,882)</u>	<u>(23,571,728)</u>

35 FAIR VALUE

Financial instruments which includes short-term trade receivables and payables are stated at cost excluding debt premiums and discounts which is also equal to their fair value. Therefore every material line item in the financial instruments carrying value approximates the fair value.

36 PLAN ASSETS

Although there are no specific investments linked to the Future Medical Aid Liability Fund, it was cash backed.

Council's surplus funds are not managed by external asset management service providers.

CAPE WINELANDS DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
37 Pension Fund Liability		
The following information about the Cape Joint Pension Fund is disclosed in its financial statements:		
37.1 Net Assets available for benefits		3,460,729,000
37.2 The actuarial value of the net assets available for benefits, for the purposes of comparison with the actuarial present value of promised retirement benefits:		
Defined Benefit Section		3,090,489,000
Defined Contribution Section		370,240,000
37.3 The actuarial present value of promised retirement benefits:		
DB Section (based on a salary increase of 6% effective 1 July 2006)		
- Active and deferred members' liabilities		771,492,000
- Pensioners		1,800,610
DC Section:		
- Active members' shares		350,895,000
37.4 Reserve account balances:		
DC Section Investment Reserve		19,345,000
37.5 Details of the valuation method adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary of report:		
<p>The future service contribution rate has been calculated according to the Attained Age method. This method gives a uniform rate of contribution required to fund future benefits over the remaining working lifetime of the membership.</p> <p>Liabilities for DB active service members and pensioners are taken as the actuarial present values of all future benefit payments using the long term valuation assumptions. For DB active service members, salaries are projected to retirement, and past service liabilities are calculated based on members' pensionable service completed at the valuation date including bonus service. Minimum benefits are allowed for based on the long term valuation assumptions.</p> <p>Member's Shares and contributions in the DC section were accumulated with declared interest of 20% p.a. over the year ending 30 June 2006.</p> <p>The value of the asset for DB liabilities has been determined by discounting the expected future investment proceeds generated by a notional portfolio of assets at the valuation rate of interest. The notional portfolio of assets used reflects the long-term benchmark outlined in the investment strategy adopted by the Trustees.</p> <p>The notional portfolio is based on the overall investment strategy benchmark for both pensioners and active members.</p>		
37.6 Details of the actuarial basis adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary report. (There were no changes since the previous summary.)		
	30 June 2006	
Interest rate	8% p.a.	
Pension Increase	2% p.a.	
Interest rate net of pension increases	6% p.a.	
Price Inflation	4% p.a.	
Dividend Growth	4.5% p.a.	
Mortality of pensioners	PA(90) - 2 years	
Mortality of ill-health pensioners	PA(90) + 8 years	
Husband's age greater than wife	4 years	
Proportion Married:		
- actives at retirement	90%	
- male pensioners	80%	
- females with Pension Age 65	100%	

CAPE WINELANDS DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
37.7 Any other particulars deemed necessary by the valuator for the purposes of this summary.		
<u>Financial condition</u>		
<i>Defined Benefit Section</i>		
Actuarial value of assets		2,865,117,000
Past service liabilities		2,572,102,000
- Active service members		766,114,000
- Paid-up members		5,378,000
- Pensioner liability		1,800,610,000
Surplus / (deficit)		<u>293,015,000</u>
Funding level (DB Section)		111.40%
<i>Defined Contribution Section</i>		
Declared		
20% p.a.		
Market value of assets		370,240,000
Members' Shares		350,895,000
Investment Reserve		<u>19,345,000</u>
Funding level (DC Section)		105.50%
<u>Future service contribution rate</u>		
		% of salaries
<i>Defined Benefit Section</i>		
Future service benefits		
- Retirement benefits		25.55%
- Death and withdrawal benefits		3.17%
Expense allowance		1.40%
Total Contribution		<u>30.12%</u>
Less: Member contributions		9.00%
Recommended Local Authority contribution rate		<u>21.12%</u>
Current Local Authority contribution rate		18.00%
Over / -under provision		-3.12%

37.8 A statement as to whether the fund was in a sound financial condition for the purposes of the Pension Funds Act, 1956.

After declaring a bonus rate of 20% p.a. for the DC Section and a pension increase of 3% plus a 60% bonus, the Fund is in a sound financial condition as at 30 June 2006 on an ongoing basis.

If the recommended contribution rate under the Attained Age method is adopted for the DB Section, the Fund, in the normal course of events, will be funded on sound actuarial principles.

37.9 Disclosure 2006/2007

No actuarial valuation could be obtained to make the proper disclosures for the 2006/2007 financial year, see note 23.1.

38 COUNCIL'S RIGHT TO AMEND THE ANNUAL FINANCIAL STATEMENTS

In terms of IAS 10.17 Council has the right and power to amend the Annual Financial Statements after issue.

CAPE WINELANDS DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEART ENDED 30 JUNE 2007

5. PROPERTY, PLANT AND EQUIPMENT

30 June 2007

Reconciliation of Carrying Value	Land and Buildings		Infra-structure		Community		Heritage		Other		Housing Develop. Fund		Leased infrastructure		Total		
	R		R		R		R		R		R		R		R		
Carrying values at 1 July 2006																	
	93,313,056	-			18,014,358		8,467,000		17,769,257		-		-				137,563,671
Cost	36,059,202	-			7,691,869		3,944,419		40,076,210		-		-				87,771,700
Correction of error (note 20)	-	-			-		-		-		-		-				-
Depreciation written back	23,238,712	-			356,804		-		-		-		-				23,595,516
Revaluation	80,882,976.00	-			12,569,234.00		4,522,581.00		-		-		-				97,974,791
Disposals	-	-			-		-		-40,898.00		-		-				(40,898)
Accumulated depreciation	(46,867,834)	-			(2,603,549)		-		(22,266,055)		-		-				(71,737,438)
- Cost	(46,867,834)	-			(2,603,549)		-		(22,266,055)		-		-				(71,737,438)
- Revaluation	-	-			-		-		-		-		-				-
Acquisitions	-	-			7,992,267		-		7,577,531		-		-				15,569,798
Capital under Construction	-	-			-		-		-		-		-				-
Increases/decreases in revaluation	3,495,209	-			-		-		-		-		-				3,495,209
Depreciation written back	-	-			1,219,777		-		-		-		-				1,219,777
Depreciation	(3,640,074)	-			(1,776,497)		-		(6,235,886)		-		-				(11,652,457)
- based on cost	(3,640,074)	-			(1,776,497)		-		(6,235,886)		-		-				(11,652,457)
- based on revaluation	-	-			-		-		-		-		-				-
Carrying value of disposals	-	-			-		-		(220,615)		-		-				(220,615)
Cost/revaluation	-	-			-		-		367,725		-		-				367,725
Accumulated depreciation	-	-			-		-		147,110		-		-				147,110
Impairment losses	-	-			-		-		-		-		-				-
Corrections	(1,177,976)	-			(2,356,870)		-		11,106,797		-		-				7,571,951
	91,990,215	-			23,093,035		8,467,000		29,997,083		-		-				153,547,333
Carrying values at 30 June 2007																	
	91,990,215	-			23,093,035		8,467,000		29,997,083		-		-				153,547,333
Cost	93,313,056	-			28,286,977		3,944,419		46,638,164		-		-				172,182,616
Depreciation written back	-	-			-		-		-		-		-				-
Corrections	(1,190,768)	-			(2,391,396)		-		10,061,698		-		-				6,479,534
Revaluation	3,495,209	-			-		4,522,581		-		-		-				8,017,790
Disposals	-	-			-		-		(367,725)		-		-				(367,725)
Accumulated depreciation	(3,627,282)	-			(2,802,546)		-		(26,335,054)		-		-				(32,764,882)
- Cost	(3,627,282)	-			(2,802,546)		-		(26,335,054)		-		-				(32,764,882)
- Revaluation	-	-			-		-		-		-		-				-

5. PROPERTY, PLANT AND EQUIPMENT (continued)

30 June 2006 Reconciliation of Carrying Value	Land and Buildings		Infra-structure		Community		Heritage		Other		Housing Develop. Fund	Leased infrastructure	Total
	R	R	R	R	R	R	R	R	R	R	R	R	R
Carrying values at 1 July 2005	10,463,623	-	-	5,381,606	-	3,944,419	-	19,270,727	-	-	-	-	39,060,375
Cost	34,092,745	-	-	7,292,208	-	3,944,419	-	35,884,480	-	-	-	-	81,213,852
Correct Error (note 32)	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	(23,629,122)	-	-	(1,910,602)	-	-	-	(16,613,753)	-	-	-	-	(42,153,477)
- Cost	(23,629,122)	-	-	(1,910,602)	-	-	-	(16,613,753)	-	-	-	-	(42,153,477)
- Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions	2,415,621	-	-	-	-	-	-	4,186,737	-	-	-	-	6,602,358
Capital under construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Increases/decreases in revaluation	80,882,976	-	-	12,569,234	-	4,522,581	-	-	-	-	-	-	97,974,791
Depreciation written back	23,238,712	-	-	356,804	-	-	-	-	-	-	-	-	23,595,516
Depreciation	(23,238,712)	-	-	(692,947)	-	-	-	(5,652,302)	-	-	-	-	(29,583,961)
- based on cost	-	-	-	(336,143)	-	-	-	(5,652,302)	-	-	-	-	(5,988,445)
- based on revaluation	(23,238,712)	-	-	(356,804)	-	-	-	-	-	-	-	-	(23,595,516)
Carrying value of disposals	-	-	-	-	-	-	-	40,898	-	-	-	-	40,898
Cost/revaluation	-	-	-	-	-	-	-	1,015,577	-	-	-	-	1,015,577
Accumulated depreciation	-	-	-	-	-	-	-	(974,678)	-	-	-	-	(974,678)
Impairment Losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections	(449,164)	-	-	399,661	-	-	-	4,993	-	-	-	-	(44,510)
	70,523,508	-	-	17,257,893	-	8,467,000	-	17,846,060	-	-	-	-	137,563,671
Carrying values at 30 June 2006	93,313,056	-	-	18,014,358	-	8,467,000	-	17,769,257	-	-	-	-	137,563,671
Cost	36,059,202	-	-	7,691,869	-	3,944,419	-	40,076,210	-	-	-	-	87,771,700
Depreciation written back	23,238,712	-	-	356,804	-	-	-	-	-	-	-	-	23,595,516
Revaluation	80,882,976	-	-	12,569,234	-	4,522,581	-	-	-	-	-	-	97,974,791
Disposals	-	-	-	-	-	-	-	(40,898)	-	-	-	-	(40,898)
Accumulated depreciation	(46,867,834)	-	-	(2,603,549)	-	-	-	(22,266,055)	-	-	-	-	(71,737,438)
- Cost	(46,867,834)	-	-	(2,603,549)	-	-	-	(22,266,055)	-	-	-	-	(71,737,438)
- Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-

Land and buildings are carried at cost in accordance with GRAP on Property, Plant and Equipment. The general valuation of land and buildings will be effected by B-Municipalities in terms of the Local Government: Municipal Property Rates Act (Act 6 of 2004).

A revaluation of Land and Buildings was done June 2006.

Items of Property Plant and Equipment in the amount of R596 289 are going to be sold in the next financial year.

In the case of vehicles Depreciation is calculated on cost less residual values, using the straight line method, over the estimated useful lives of the assets. The Auto Dealers Guide was used to determine the following percentages for residual values:

- Motor Cars	40%
- LDV's	50%
- Combi's	30%
- Specialized Fire Vehicles	60%

APPENDIX A
CAPE WINELANDS DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2007

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/03	Received during the period	Redeemed written off during the period	Balance at 30/06/04	Carrying Value of Property, Plant & Equip
LONG-TERM LOANS			R	R	R	R	R
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
Total long-term loans			-	-	-	-	-
ANNUITY LOAN							
			-	-	-	-	-
GOVERNMENT LOANS							
			-	-	-	-	-
Total Government Loans			-	-	-	-	-
LEASE LIABILITY							
			-	-	-	-	-
TOTAL EXTERNAL LOANS			-	-	-	-	-

Council do not have any outstanding loans.

Other Costs in accordance with the MFMA
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APPENDIX B
CAPE WINELANDS DISTRICT MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost/Revaluation						Accumulated Depreciation					Carrying Value	Budget Additions 2007		
	Opening Balance	Additions	Revaluation	Depr. Write back	Corrections	Disposals	Closing Balance	Opening Balance	Additions	Depr. Write back	Corrections			Disposals	Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings															
Land	-	-	3,495,209	-	26,901,086	-	30,396,295	-	-	-	-	-	-	30,396,295	-
Buildings	93,313,056	-	-	-	(28,091,854)	-	65,221,202	-	(3,640,074)	-	12,792	-	(3,627,282)	61,593,920	-
	93,313,056	-	3,495,209	-	(1,190,768)	-	95,617,497	-	(3,640,074)	-	12,792	-	(3,627,282)	91,990,215	-
Infrastructure															
Water Schemes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Mains & Purif	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Beach Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Mains & Purif	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reservoirs – Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets															
Parks & Gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	20,294,709	7,992,267	-	-	(2,391,396)	-	25,895,581	(2,280,351)	(1,776,497)	1,219,777	34,526	-	(2,802,546)	23,093,035	-
	20,294,709	7,992,267	-	-	(2,391,396)	-	25,895,581	(2,280,351)	(1,776,497)	1,219,777	34,526	-	(2,802,546)	23,093,035	-
Heritage Assets															
Historical Buildings	8,467,000	-	-	-	-	-	8,467,000	-	-	-	-	-	-	8,467,000	-
Painting & Art Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	8,467,000	-	-	-	-	-	8,467,000	-	-	-	-	-	-	8,467,000	-
Total carried forward	122,074,765	7,992,267	3,495,209	-	(3,582,163)	-	129,980,078	(2,280,351)	(5,416,571)	1,219,777	47,318	-	(6,429,828)	123,550,250	-

* Includes correction of error referred to in Note 32.

**APPENDIX B
CAPE WINELANDS DISTRICT MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007**

	Cost							Accumulated Depreciation					Carrying Value	Budget Additions 2007	
	Opening Balance	Additions	Revaluation	Depr. Write back	Corrections	Disposals	Closing Balance	Opening Balance	Additions	Depr. Write back	Corrections	Disposals			Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R			R
Total brought forward	122,074,765	7,992,267	3,495,209	-	(3,582,163)	-	129,980,078	(2,280,351)	(5,416,571)	1,219,777	47,318	-	(6,429,828)	123,550,250	-
Housing Rental Stock															
Housing Rental 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing Rental 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leased Assets (Infrastructure)															
Sewerage Mains & Purify	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets															
Furniture & Fittings	470,970	56,649	-	-	-	-	527,619	(322,888)	(84,141)	-	(34,526)	-	(441,555)	86,064	-
Office Equipment	6,059,657	2,637,073	-	-	10,061,698	-	18,758,428	(4,977,189)	(2,103,934)	-	(8,155,683)	-	(15,236,806)	3,521,622	-
Other Plant	1,015,734	884,584	-	-	-	-	1,900,318	(551,662)	(121,471)	-	-	-	(673,132)	1,227,186	-
Other Vehicles	30,296,987	2,488,670	-	-	(9,723,455)	(367,725)	22,694,476	(14,714,367)	(2,859,785)	-	9,235,307	147,110	(8,191,735)	14,502,741	-
Special Plant	678,257	14,210	-	-	-	-	692,467	(186,242)	(67,856)	-	-	-	(254,098)	438,368	-
Special Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire engines	-	1,496,345	-	-	9,723,455	-	11,219,800	-	(998,698)	-	-	-	(998,698)	10,221,102	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Councillors Regalia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy tankers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation Roll	539,029	-	-	-	-	-	539,029	(539,029)	-	-	-	-	(539,029)	(0)	-
Watercraft	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	39,060,633	7,577,531	-	-	10,061,698	(367,725)	56,332,137	(21,291,377)	(6,235,886)	-	1,045,098	147,110	(26,335,054)	29,997,083	-
Total	161,135,398	15,569,798	3,495,209	-	6,479,535	(367,725)	186,312,215	(23,571,728)	(11,652,457)	1,219,777	1,092,416	147,110	(32,764,882)	153,547,333	-

Other Assets include the Other Assets of the two agency functions: Roads (R449712.71) and Comprehensive Health (R244 887)

CURRENT ASSETS
CAPE WINELANDS DISTRICT MUNICIPALITY : ANALYSIS OF CURRENT ASSETS AS AT 30 JUNE 2007

	Cost/Revaluation				Accumulated Depreciation				Carrying Value		
	Opening Balance	Additions	Revaluation	Corrections	Closing Balance	Opening Balance	Additions	Corrections		Closing Balance	
Other Assets											
Other Vehicles											
1992 Toyota Corolla 1300	CW 23086	51,329.77			51,329.77	51,329.77			51,329.77	0.00	
1992 Toyota Landcruiser	CL 25174	140,963.87			140,963.87	140,963.87			140,963.87	0.00	
1993 Ford Courier 1800	CL 41890	0.00			0.00	0.00			0.00	0.00	
1993 Ford Meteor 1300	CW 33259	51,329.77			51,329.77	51,329.77			51,329.77	0.00	
1993 Ford Meteor 1300	CW 33243	0.00			0.00	0.00			0.00	0.00	
1994 Nissan Cabstar 3.5 ton	CJ 70374	88,120.34			88,120.34	88,120.34			88,120.34	0.00	
1994 VW Fox Trippa 1300	CW 39863	0.00			0.00	0.00			0.00	0.00	
1994 VW Fox Trippa 1300	CW 39864	59,226.66			59,226.66	59,226.66			59,226.66	0.00	
1995 Ford Courier 4 x 4	CW 57925	0.00			0.00	0.00			0.00	0.00	
1995 VW Citi Shuttle 1.6	CW 57932	59,226.66			59,226.66	59,226.66			59,226.66	0.00	
1995 Mazda 323 1300	CW 55284	0.00			0.00	0.00			0.00	0.00	
1998 Mitsubishi Kombi	CL 22074	0.00			0.00	0.00			0.00	0.00	
1999 Ford Courier 3.4 4 x 4	CW 24598	94,762.64			94,762.64	94,762.64			94,762.64	0.00	
1999 Toyota Corolla 160 i	CW 25438	51,329.77			51,329.77	51,329.77			51,329.77	0.00	
1999 Nissan Primera 2.0	CW 25485	0.00			0.00	0.00			0.00	0.00	
2000 Ford Laser Tonic 1300	CL 12661	0.00			0.00	0.00			0.00	0.00	
Total		596,289.48	0.00	0.00	0.00	596,289.48	596,289.48	0.00	0.00	596,289.48	0.00

APPENDIX C
CAPE WINELANDS DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
30 June 2007

	Cost						Accumulated Depreciation						Carrying Value	
	Opening Balance	Additions	Revaluation	Corrections	Depr. Write Back	Disposals	Closing Balance	Opening Balance	Additions	Depr. Write Back	Corrections	Disposals		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R		R
Executive & Council	1,054,955	16,046		-			1,071,001	(984,624)	(52,291)	-			(1,036,915)	34,086
Finance & Admin	141,677,317	13,682,219	3,495,209	(3,243,921)	-	(367,725)	155,243,099	(17,426,115)	(9,640,295)	1,219,777	1,092,416	147,110	(24,607,108)	130,635,992
Planning & Development	73,606	-					73,606	(61,118)	(10,022)				(71,140)	2,466
Health	2,890,359	-					2,890,359	83,522	(53,606)				29,916	2,920,275
Community & Social Services	-						-						-	-
Housing	66,678						66,678	(58,259)	(8,116)				(66,375)	303
Public Safety	14,324,525	1,804,108		9,723,455			25,852,088	(4,839,286)	(1,799,342)				(6,638,628)	19,213,460
Sport & Recreation	-						-						-	-
Environmental Protection	-						-						-	-
Waste Management	-						-						-	-
Road Transport	1,030,144	67,424					1,097,568	(273,972)	(82,846)				(356,818)	740,750
Water	-						-						-	-
Electricity	-						-						-	-
Other	17,815						17,815	(11,876)	(5,938)				(17,814)	1
TOTAL	161,135,399	15,569,797	3,495,209	6,479,535	-	(367,725)	186,312,215	(23,571,728)	(11,652,457)	1,219,777	1,092,416	147,110	(32,764,882)	153,547,333

APPENDIX D
CAPE WINELANDS DISTRICT MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30 June 2007

2006 Actual Income	2006 Actual Expenditure	2006 Surplus/ (Deficit)		2007 Actual Income	2007 Actual Expenditure	2007 Surplus/ (Deficit)
R	R	R		R	R	R
19,962,567	18,220,784	1,741,783	Executive & Council	36,527,004	56,681,186	(20,154,182)
139,208,245	64,735,515	74,472,730	Finance & Admin	177,016,515	47,515,271	129,501,244
2,963,441	9,179,311	(6,215,869)	Planning & Development	1,646,797	7,978,063	(6,331,267)
20,615,227	20,740,620	(125,393)	Health	11,044,773	14,283,944	(3,239,170)
		-	Community & Social Services			-
11,611,738	20,162,533	(8,550,794)	Housing	9,667,273	22,641,807	(12,974,534)
3,835,817	24,384,710	(20,548,893)	Public Safety	2,207,920	24,158,589	(21,950,669)
		-	Sport & Recreation			-
3,198,171	18,898,970	(15,700,798)	Environmental Protection		21,641,699	(21,641,699)
		-	Waste Management		-	-
58,717,236	51,152,377	7,564,859	Road Transport	59,689,475	65,007,016	(5,317,541)
		-	Water			-
		-	Electricity			-
257,042	7,161,415	(6,904,373)	Other	643,700	6,361,603	(5,717,903)
		-				-
260,369,485	234,636,234	25,733,251	Sub Total	298,443,457	266,269,178	32,174,280
(24,898,681)	(24,898,681)	-	Less Inter-Dep Charges	(14,963,575)	(14,963,575)	-
235,470,804	209,737,553	25,733,251	Total	283,479,882	251,305,603	32,174,280
		-	Add: Share of Associate			-
		25,733,251				32,174,280

APPENDIX E(1)
CAPE WINELANDS DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2007

	2007	2007	2007	2007	Explanation of Significant Variances
REVENUE	Actual (R)	Budget (R)	Variance (R)	Variance (%)	greater than 10% versus Budget
Property rates	824,301	824,300	1	0.00%	
Property rates - penalties imposed and collection charges	51,247	37,170	14,077	37.87%	
Service charges	2,362,876	135,980	2,226,896	1637.66%	
Regional Services Levies - remuneration	4,986,304	4,509,294	477,010	10.58%	
Regional Services Levies - turnover	20,689,659	19,135,109	1,554,550	8.12%	
Rental of facilities and equipment	68,807	83,000	(14,193)	-17.10%	
Interest earned - external investments	26,597,817	12,600,000	13,997,817	111.09%	
Interest earned - outstanding debtors	573,856	281,844	292,012	103.61%	
Dividends received	-	-	-	0.00%	
Fines	-	-	-	0.00%	
Licences and permits	-	-	-	0.00%	
Income for agency services	58,262,646	76,085,998	(17,823,352)	-23.43%	
Government grants and subsidies	155,676,194	167,297,967	(11,621,773)	-6.95%	
Other income	4,029,136	1,840,644	2,188,492	118.90%	
Contributions from Surplus	8,424,177	22,591,490	(14,167,313)	-62.71%	
Public contributions, donated/contributed PPE	-	-	-	0.00%	
Gains on disposal of property, plant and equipment	95,145	-	95,145	0.00%	
Total Revenue	282,642,165	305,422,796	(22,780,632)	-7.46%	
EXPENDITURE					
Employee related costs	67,771,774	75,006,467	(7,234,693)	-9.65%	
Remuneration of Councillors	6,052,258	5,871,180	181,078	3.08%	
Bad debts	2,435,359	332,400	2,102,959	632.66%	
Collection costs	564,806	578,000	(13,194)	-2.28%	
Depreciation	11,652,457	5,305,046	6,347,411	119.65%	
Repairs and maintenance	63,013,531	74,765,029	(11,751,498)	-15.72%	
Internal Interest paid	1,983,312	-	1,983,312	0.00%	
Medical Aid Liability - Interest Paid	6,313,000	-	6,313,000	0.00%	
Medical Aid Liability - Current Service Cost	2,827,000	2,400,000	427,000	17.79%	
Medical Aid Liability - Transitional Liability Recognised	26,292,191	27,000,000	(707,809)	-2.62%	
Bulk purchases	-	-	-	0.00%	
Contracted services	-	-	-	0.00%	
Grants and subsidies paid	-	-	-	0.00%	
General expenses - other	61,562,197	96,631,505	(35,069,308)	-36.29%	
Contributions to Capital Replacement Reserve	-	-	-	0.00%	
Loss on disposal of property, plant and equipment	-	(0)	0	-100.00%	
Total Expenditure	250,467,885	287,889,627	(37,421,742)	-13.00%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	32,174,280	17,533,169	14,641,110	83.51%	

APPENDIX E(1)
CAPE WINELANDS DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2006

	2006	2006	2006	2006	Explanation of Significant Variances
REVENUE	Actual (R)	Budget (R)	Variance (R)	Variance (%)	greater than 10% versus Budget
Property rates	740,720	779,210	(38,490)	-4.94%	(Explanations to be recorded)
Property rates - penalties imposed and collection charges	-	-	-	0.00%	
Service charges	2,789,928	118,350	2,671,578	2257.35%	Extensive mountain fires during December 2005
Regional Services Levies - remuneration	26,298,152	24,521,630	1,776,522	7.24%	
Regional Services Levies - turnover	101,604,975	95,718,410	5,886,565	6.15%	
Rental of facilities and equipment	157,754	77,800	79,954	102.77%	More facilities was rented out than anticipated
Interest earned - external investments	16,219,351	6,500,000	9,719,351	149.53%	Investments increased with R49 000 000
Interest earned - outstanding debtors	950,922	740,335	210,587	28.44%	
Dividends received	-	-	-	0.00%	
Fines	-	-	-	0.00%	
Licences and permits	-	-	-	0.00%	
Income for agency services	-	-	-	0.00%	
Government grants and subsidies	91,793,009	107,984,508	(16,191,499)	-14.99%	Due to the transfer of the Health function to PAWC less expenditure was incurred therefore less money was claimed from PAWC.
Other income	4,252,315	13,646,115	(9,393,800)	-68.84%	The selling of milk was discontinued.
Contributions from Surplus	12,312,162	27,386,180	(15,074,018)	-55.04%	Not all the role over Projects realised
Public contributions, donated/contributed PPE	-	-	-	0.00%	
Gains on disposal of property, plant and equipment	435,814	-	435,814	0.00%	
Total Revenue	257,555,102	277,472,538	(19,917,436)	-7.18%	
EXPENDITURE					
Employee related costs	68,458,766	80,135,086	(11,676,320)	-14.57%	Budgeted for full staff establishment. Health pers. To PAWC
Remuneration of Councillors	3,306,068	3,485,602	(179,534)	-5.15%	
Bad debts	1,518,355	361,300	1,157,055	320.25%	Extensive mountain fires - Accounts handed over.
Collection costs	452,576	470,000	(17,424)	-3.71%	
Depreciation	5,988,445	3,449,126	2,539,319	73.62%	Due to the implementation of GRAP and an electronic asset management system at the beginning of the 2005/2006 financial year depreciation could not have been budgeted accurately.
Repairs and maintenance	52,121,603	56,768,297	(4,646,694)	-8.19%	
Interest paid	1,193,834	-	1,193,834	0.00%	
Medical Aid Liability - Interest Paid	5,317,000	-	5,317,000	0.00%	Council did not budget for this item because AC116 was implemented during the audit process of 0506.
Medical Aid Liability - Current Service Cost	2,537,000	-	2,537,000	0.00%	Council did not budget for this item because AC116 was implemented during the audit process of 0506.
Medical Aid Liability - Transitional Liability Recognised	9,933,119	-	9,933,119	0.00%	Council did not budget for this item because AC116 was implemented during the audit process of 0506.
Bulk purchases	-	-	-	0.00%	
Contracted services	-	-	-	0.00%	
Grants and subsidies paid	-	-	-	0.00%	
General expenses - other	74,392,727	120,976,752	(46,584,025)	-38.51%	Not all the Projects realised. Weather conditions also had an influence on the maintenance work on roads.
Contributions to Capital Replacement Reserve	6,602,358	11,826,375	(5,224,017)	-44.17%	The vehicle tracking system, disaster management centre as well as the the upgrade of the firebrigade building was not completed.
Loss on disposal of property, plant and equipment	-	-	-	0.00%	
Total Expenditure	231,821,850	277,472,538	(45,650,688)	-16.45%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	25,733,251	-	25,733,251	0.00%	

APPENDIX E(2)

CAPE WINELANDS DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual	2007 Under Construction	2007 Total Additions	2007 Budget	2007 Variance	2007 Variance greater than 5% versus Budget	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	(Explanations to be recorded)
Land and Buildings							
Land			-		-	0.00%	
Buildings	-		-	-	-	0.00%	
	-	-	-	-	-	0.00%	
Infrastructure							
Drains			-		-	0.00%	
Roads			-		-	0.00%	
Beach Improvements			-		-	0.00%	
Sewerage Mains & Purif			-		-	0.00%	
Electricity Mains			-		-	0.00%	
Electricity Peak Load Equip			-		-	0.00%	
Water Mains & Purification			-		-	0.00%	
Reservoirs - Water			-		-	0.00%	
Water Meters			-		-	0.00%	
Water Mains			-		-	0.00%	
	-	-	-	-	-	0.00%	
Community Assets							
Parks & Gardens			-		-	0.00%	
Libraries			-		-	0.00%	
Recreation Grounds			-		-	0.00%	
Civic Buildings	7,992,267	-	7,992,267	11,947,714	(3,955,447)	-33.11%	
	7,992,267	-	7,992,267	11,947,714	(3,955,447)	-33.11%	
Heritage Assets							
Historical Buildings			-		-	0.00%	
Painting & Art Galleries			-		-	0.00%	
	-	-	-	-	-	0.00%	
Total carried forward	7,992,267	-	7,992,267	11,947,714	(3,955,447)		

APPENDIX E(2)
CAPE WINELANDS DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual	2007 Under Construction	2007 Total Additions	2007 Budget	2007 Variance	2007 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Total brought forward	7,992,267	-	7,992,267	11,947,714	(3,955,447)		
Housing Rental Stock							
Housing Rental 1			-		-	0.00%	
Housing Rental 2			-		-		
	-	-	-	-	-	0.00%	
Leased Assets (Infrastructure)							
Sewerage Mains & Purify			-		-	0.00%	
	-	-	-	-	-	0.00%	
Other Assets							
Furniture & Fittings	56,649	-	56,649	127,850	(71,201)	-55.69%	
Office Equipment	2,637,073	-	2,637,073	994,595	1,642,478	165.14%	
Other Plant	884,584	-	884,584	324,445	560,139	172.65%	
Other Vehicles	2,488,670	-	2,488,670	2,557,327	(68,657)	-2.68%	
Special Plant	14,210	-	14,210	73,110	(58,900)	-80.56%	
Special Vehicles	-	-	-		-	0.00%	
Fire engines	1,496,345	-	1,496,345	1,508,128	(11,783)	-0.78%	
Refuse tankers			-		-	0.00%	
Computer equipment			-		-	0.00%	
Councillors Regalia			-		-	0.00%	
Conservancy tankers			-		-	0.00%	
Watercraft			-		-	0.00%	
	7,577,531	-	7,577,531	5,585,455	1,992,076	35.67%	
Total	15,569,798	-	15,569,798	17,533,169	(1,963,371)	-11.20%	

APPENDIX F

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

Grants and Subsidies Received

DESCRIPTION	FUNDS UNSPENT 01/07/2006 R	INCOME			EXPENDITURE 2006/2007 R	UNSPENT 30/06/2007 (B+E+F) R
		RECEIVED 2006/2007 R	INTEREST R	TOTAL INCOME R		
ROAD SIGNAGE: TOURISM	-	-20,000.00	-1,706.00	-21,706.00	-	-21,706.00
DWAF CONTRIBUTION: FRANSCHOEK	-	-186,646.82	-1,960.01	-188,606.83	140,310.40	-48,296.43
TCTA CONTRIBUTION: FRANSCHOEK	-	-510,191.23	-3,388.43	-513,579.66	430,085.38	-83,494.28
MASIBAMBANE: MEETINGS/ WORKSHOPS	-	-275,000.00	-25,163.50	-300,163.50	-	-300,163.50
MASIBAMBANE: GUIDANCE	-	-120,000.00	-10,236.00	-130,236.00	-	-130,236.00
MASIBAMBANE: BASE LINE INFO	-	-900,000.00	-76,770.00	-976,770.00	-	-976,770.00
PERCEPTION SURVEY	-	-2,500,000.00	-105,748.63	-2,605,748.63	-	-2,605,748.63
COMMUNITY DEVELOPMENT WORKERS	-	-350,000.00	-14,804.81	-364,804.81	-	-364,804.81
TRAINING OF HOUSING OFFICIALS	-	-200,000.00	-5,482.77	-205,482.77	44,930.97	-160,551.80
TOURISM DEVELOPMENT FRAMEWORK	-86,638.71	-	-7,390.28	-7,390.28	-	-94,028.99
MULTI PURPOSE CENTRE	-462,073.12	-	-39,414.84	-39,414.84	-	-501,487.96
PEDESTN/ CYCLE PATH MR 191/ 201	-67,021.32	-	-5,716.92	-5,716.92	-	-72,738.24
UPGRADE REST AREAS & BAINS/ KL	-75,616.78	-	-6,450.11	-6,450.11	-	-82,066.89
IMPROVE SIDEWALKS IMP PEDESTN	-34,484.09	-	-2,941.49	-2,941.49	-	-37,425.58
SIDEWALK SLANGHOEK	-1,354,900.22	-	-82,742.14	-82,742.14	461,973.03	-975,669.33
PUBLIC TRANSPORT. INFRASTRUCTURE PAWC	-120,277.41	-	-10,259.66	-10,259.66	-	-130,537.07
TOURISM TRAININ G- PAWC	-474,704.23	-	-40,492.27	-40,492.27	-	-515,196.50
PUBLIC WORKS: MEERLUST HOUSING	-69,321.25	-	-5,530.29	-5,530.29	9,050.00	-65,801.54
WOLWEKLOOF: CONTRIBUTION PAWC	-4,961,228.24	-1,000,000.00	-42,299.45	-1,042,299.45	4,961,228.24	-1,042,299.45
PAWC: ECON. DEV. - MADIBA HOUSE	-190,473.49	-	-16,247.39	-16,247.39	-	-206,720.88
PAWC: ECON DEV UNIT	-424,593.14	-	-33,459.43	-33,459.43	65,210.53	-392,842.04
FINANCE MANAGEMENT GRANT	-2,409,507.17	-1,000,000.00	-247,844.10	-1,247,844.10	741,726.66	-2,915,624.61
SPATIAL DEVELOPMENT PLAN	-720,288.29	-	-61,440.61	-61,440.61	-	-781,728.90
BREERIVIER STRUKTUURPLAN	-286,538.92	-	-24,441.77	-24,441.77	-	-310,980.69
MANAGEMENT SUPPORT PROGRAMME	-38,432.78	-	-3,278.32	-3,278.32	-	-41,711.10
LED- PROGRAM: RURAL TOURISM	-1,880.45	-	-160.40	-160.40	-	-2,040.85
PIM CENTRE	-139,231.75	-1,000,000.00	-6,217.71	-1,006,217.71	1,075,562.96	-69,886.50
GLOBAL FUND	-392,848.05	-497,985.45	-	-497,985.45	890,833.50	-
	-12,310,059.41	-8,559,823.50	-881,587.33	-9,441,410.83	8,820,911.67	-12,930,558.57

APPENDIX G

FINANCIAL COMMITMENTS

Non-Capital Projects approved and contracted for

Project name	Contractor / Service Provider	Classification	Amount R
Security and Access Control Services, Paarl Offices	Dickson Protection Services CC	Institutional	100,519.20
Security and Access Control Services, Stellenbosch Offices	Dickson Protection Services CC	Institutional	174,698.52
Security and Access Control Services, Worcester Offices	Sondella Security Services CC	Institutional	9,441,960.00
Cleaning Services, Worcester Offices	Smith Cleaning Services	Institutional	28,200.00
Cleaning Services, Paarl Offices	Siyakhusela Cleaning Solutions	Institutional	24,706.08
Cleaning and Refreshment Services, Stellenbosch Offices (Annexure)	Kelero Cleaning Services CC	Institutional	48,000.00
Healthcare Services, Stellenbosch Offices	Total Hygiene	Institutional	30,863.04
Healthcare Services, Worcester, Ceres, Robertson, Montagu Offices	Rentokil Initial (Pty) Ltd	Institutional	53,006.60
Pest Control Services, Stellenbosch Offices	Rentokil Initial (Pty) Ltd	Institutional	36,120.00

APPENDIX G

FINANCIAL COMMITMENTS

Non-Capital Projects approved and contracted for

Project name	Contractor / Service Provider	Classification	Amount R
Pest Control, Stellenbosch Offices	Pestnet CC	Institutional	9,097.20
Maintenance Agreement: Collaborator Electronic Document Management System	Business Engineering (Pty) Ltd	Institutional	22,500.00
Maintenance Agreement: Franking Machine, Worcester Offices	Pitney Bowes (SA) (Pty) Ltd	Institutional	617.07
Maintenance Agreement: Franking Machine, Stellenbosch Offices	TMS Hasler (Pty) Ltd	Institutional	6,000.00
Maintenance Agreements : Office Machines	Minolco (Pty) Ltd	Institutional	91,955.28
Maintenance Agreements : Office Machines	Sharp	Institutional	19,063.20
Maintenance Agreements : Office Machines	Copytype	Institutional	9,833.20
Cellphone Contracts	Vodacom		475,572.00
LANQUEDOC STORMWATER - CWDM 08/06	Requad Construction	Infrastructure	9,181,296.36