

ANNUAL FINANCIAL STATEMENT

SOUTHERN DISTRICT MUNICIPALITY

DC40

NORTH WEST PROVINCE

2006/2007

SOUTHERN DISTRICT MUNICIPALITY

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SOUTHERN DISTRICT MUNICIPALITY

1. GENERAL INFORMATION

Executive Mayor	Councillor B E Moloi (Ms)
Speaker	Councillor W J Nelson (Ms)
Single Whip (till 30/04/2007)	Councillor T G Mosiane
Single Whip (from 01/05/2007)	Councillor ZS Present

MEMBERS OF MAYORAL COMMITTEE

MMC Financial Services	Councillor Z Moweli
MMC District Economic Development	Councillor M Lee (Ms)
MMC Corporate Services	Councillor D V Tabane(Ms)
MMC Health and Social Services(till 30/04/2007)	Councillor M I Martins (Ms)
MMC Health and Social Services (from 01/05/2007)	Councillor MM Mojahi
MMC Infrastructure: (till 30/04/2007)	Councillor Z S Present
MMC Infrastructure Development (from 01/05/2007)	Councillor MI Martins
MMC Public Works and Transport	Councillor Z Mathiso
MMC Public Safety and Disaster Management	Councillor M F Ngomane (Ms)
MMC Sports, Arts and Culture (till 30/10/2006)	Councillor C Lephoi (Ms)
MMC transversal Issues (from 01/05/2007)	Councillor M S Galo

PART – TIME COUNCILLORS

Councillor J L Janse van Rensburg
Councillor S S Nkatlo (Ms)
Councillor N Mamabolo (Ms)
Councillor M A Feliti
Councillor W T Mosiane
Councillor C M Hattingh (Ms)
Councillor N P Laubscher
Councillor S B Mokgothu
Councillor M Leschinsky
Councillor M Sebata (Ms)
Councillor E Ngalo
Councillor L van der Westhuizen (Ms)
Councillor L Dire (Ms)
Councillor D Montwedi
Councillor G R Dwayi (Ms)
Councillor S P Terblanche
Councillor T Hart
Councillor R van Jaarsveld
Councillor K S Moeng
Councillor S I Dipico
Councillor N M Koloti (Ms)
Councillor Y M Qokela (Ms)
Councillor E Zwane (Ms)
Councillor J C Landsberg
Councillor TG Mosiane (from 01/05/2007)
Councillor M Matete

Councillor V L Makoba
Councillor N B Bezu (Ms)
Councillor J D W Zwart

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SOUTHERN DISTRICT MUNICIPALITY

GRADING OF MUNICIPAL COUNCIL

Grade 4: Determination of Upper Limits
Grade 10: Bargaining Council

BANKERS

ABSA Bank Ltd
91 O R Tambo Street
KLERKSDORP
2570

AUDITORS

Office of the Auditor-General
Private Bag X1204
POTCHEFSTROOM
2520

REGISTRATION OFFICE

Civic Centre
Patmore Road
ORKNEY
2620

Tel: (018) 473 8000
Fax: (018) 473 2523
E-mail: admin@sdm.org.za

Private Bag X5017
KLERKSDORP
2570

MUNCIPAL MANAGER

Adv. MA DLAVANE
B. Juris, LLB (TURFLOOP)

CERTIFIED AS CORRECT

DATE

CHIEF FINANCIAL OFFICER

M Ratlhogo
MBA (PU VIR CHE)

CERTIFIED AS CORRECT

DATE

SOUTHERN DISTRICT MUNICIPALITY

2. CERTIFICATION BY MUNICIPAL MANAGER

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 4 to 41, in terms of Section 126(1) of the Local Government: Municipal Finance Management Act, No. 56 of 2003 (MFMA) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 24 of these Annual financial Statements are within the upper limits of the framework envisages in Section 219 of the constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, No 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with this Act.

ADVOCATE MA DLAVANE
MUNICIPAL MANAGER

DATE

SOUTHERN DISTRICT MUNICIPALITY

3. TREASURER'S REPORT

INTRODUCTION

The Municipal Council annual Financial Statements are prepared to enhance utilization of the financial data by the various users (councilors, management, financial institutions, communities, etc.). The Municipality has provided written motivation to the Provincial Treasury for the presentation of Annual Financial Statements in terms of Generally Accepted Municipal Accounting Practices (GAMAP)/generally Recognized Accounting Practices (GRAP). The request to present the Annual financial Statements (AFS) in this format although the Honourable Minister of Finance has issued exemption regulation, is informed by considerable work that has been performed.

FINANCIAL PERFORMANCE

I. INCOME

The Municipal Council total operating revenue generated for the 2006/2007 financial year amounts to R98 859 120. The bulk of the Municipal incomes comes from the RSC Levy Replacement Grant transferred by national Treasury. The transfer represent 68.3 % of the total operating revenue.

Although the transfer of R67 485 000 from National Treasury represent the bulk of the revenue generated, the Municipal Council never stopped to make the following on the arrear levy payers. An amount of R12 240 895 was collected from the levy payers and represent 12.4% of the total generated income. The Municipal Council is still empowered in terms of the legislation to collect until 30 June 2008.

The balance of R19 133 225 (R98 859 120 – R79 725 895) represents 19.1%. It consists of R4 562 095 from the equitable share, earned interest of R8 590 004 and total other revenue of R5 945 196.

2. EXPENDITURE

The total operating expenditure is R52 276 602. The operational costs increased by 28% when compared with the 2005/2006 operational costs of R40 722 436. These exclude the grants and subsidies paid.

The main contributors are a total of R5 258 589 for remuneration of Municipal Council members and total of R14 919 828 for the total employee related costs.

The change from Institute of Municipal Finance Officers presentation of AFS to GAMAP/GRAP has brought the indication and inclusion of the depreciation amount. The depreciation value of R923 547 focused on the impairment of vehicles, office equipment and furniture. The bulk infrastructure developments of sanitation and water projects must be transferred to the Water Services Authorities. The transfer of bulk water and sanitation project will affect the provision made in the accumulated surplus.

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The total general expenses and audit fees amounts of R6 614 724 and R819 139, vary with 2005/2006 amounts of R7 400 025 and R552 093 respectively.

3. EXTERNAL LOANS

The long term liability amount of R57 225 515 as at 30 June 2007 is represented by the bulk water and sanitation projects. These external loans amount reflected exclude the amount of Bophirima District Municipality (Schweizer-Reneke, Christiana and Bloemhof). The Southern District Municipality is expecting the determination from the Department of Developmental Local Government and Housing (DDLG & H) for transfer of assets, liabilities, records, etc. to the Bophirima District Municipality and Local Municipalities (Matlosana, Tlokwe, Ventersdorp and Maquassi Hills).

4. INVESTMENTS

The financial year ended 30 June 2006 had investments of R107 718 508, whereas the financial year ended 30 June 2007 has investments of R99 913 537. The approved investment policy requires that funds not available for operational utilization must be invested with reputable financial institutions. The interest earned on investments is utilized to fund the Municipal Council budgeted programmes.

5. GRANTS

The conditional grants that are received from National and Provincial sectors are treated as creditors until the conditions have been met. The actual expenditure incurred is fully reflected in the income and expenditure statement in terms of International Accounting Standard (IAS) 20.

6. INTERNAL CONTROL

The management has undertaken to ensure that all systems that enhances internal control will be treated with required standards of MFMA, Section 62 (1)(c). The management is fully conversant with the fact that the Accounting Officer (Municipal Manager) and; Budget and Treasury Office (B.T.O) are not only responsible for internal controls, but its an organizational fact.

The tabled reports from management are designed to:

- Provide reasonable assurance as to the integrity and reliability of the Annual Financial Statements;
- Adequately safeguard, verify and maintain accountability of assets; and
- Prevent, detect and reduce the risk of fraudulent financial reporting, error and other losses.

7. GOING CONCERN

The Annual Financial Statements (AFS) have been prepared on the underlying assumption that Municipal Council will remain in business of its operations long enough to meet all contractual obligations and commitments. At the date of

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submission of the AFS, nothing has come to the attention of Municipal Council and Management that warrant or violate the going concern principle.

8. ACKNOWLEDGEMENT

A special word of thanks to the Municipal Council/Executive Mayor, Municipal Manager, Senior Managers, Budget and Treasury Office (B.T.O) and entire staff of Municipal Council for the timely submission of relevant information that impact on quality compilation of AFS.

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ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

The Annual Financial Statements (AFS) have been prepared in accordance with Standards of Generally Recognized Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of :

- i) General Notice 991 of 2005, dated 7 December 2005 and Issued in Government Gazette No. 28095 of 15 December 2005; and
- ii) General Notice 992 of 2005, dated 15 December 2005 and issued in Government Gazette No. 28095 of 7 December 2005

These standards are summarised as follows:

GRAP 01	Presentation of financial statements
GRAP 02	Cash flow statements
GRAP 03	Accounting policies, changes in accounting estimates and errors
GRAP 04	Effects of changes in foreign exchange rates
GRAP 09	Revenue
GRAP 07	Accounting for investments in associates
GRAP 08	Financial reporting of interests in joint ventures
GRAP 12	Inventories
GRAP 17	Property, plant and equipment
GRAP 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 Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the above standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

These Annual Financial Statements are prepared on the historical cost basis.

2. PRESENTATION CURRENCY

These Annual Financial Statements are presented in South African Rand.

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3. GOING CONCERN ASSUMPTION

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

4. OFFSETTING

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

5. RESERVES

5.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the roll-over projects to the CRR in terms of a Council resolution in ITEM A.49/06/2006. The cash is in the investments that are held by the Municipal Council in various financial institutions. The CRR is reduced and the accumulated surplus is credit by a corresponding amount when the amounts in the CRR are utilised. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

5.2 Capitalisation Reserve

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

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

When an item of property, plant and equipment is disposed, the balance in the capitalisation reserve relating to such item is transferred to the accumulated surplus/(deficit).

5.3 Government Grant Reserve

The amount that has been expended for the acquisition of property, plant and equipment from the conditional government grants is recognized as revenue. The assets are capitalized for the same amount of revenue. At the end of

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financial year, a transfer is made from the accumulated surplus equal to the grant utilized to a government grant reserve. (GGR). The GGR will be used to offset the future depreciation relating to the item of property, plant and equipment (PPE) financed by way of the government grant. The annual offset depreciation will be processed until the item of PPE is fully depreciated. The closing balance of PPE is shown on the face of the statement of Financial Position after the closing balance of the accumulated depreciation has been deducted. The closing balance is aggregated with the closing balance of PPE and the net amount is included on the face of Financial Position. The depreciation is included in the determination of the net surplus/deficit for the year.

6. PROPERTY, PLANT AND EQUIPMENT

In terms of Government Gazette no 30013 of 29 June 2007 the following exemptions are applicable with regards to GAMAP 17:

- Municipalities are not required to review the useful lives of depreciation methods for the items of property, plant and equipment that have been recognized in its annual financial statements.
- Testing for and impairing any items of property, plant and equipment is not required during the exemption period.
- A municipality need not apply this standard to any investment properties or biological assets that are recognized at cost, in addition, a municipality need not apply this standard to any recognized intangible assets in terms of Government Gazette no 30013 of 29 June 2007 the following exemptions are applicable with regards to IFRS 5 (AC 142):
- The recognition, measurement and disclosure of assets (and liabilities) meeting the criteria of non-current assets held for sale need not be accounted for in terms of this standard.

The municipality has made use of the transitional arrangement contained in GAMAP 17 wherein infrastructure assets are not recognised for the first 3 years after implementation of the new GAMAP/GRAP standards.

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land and buildings.

Work-in-progress assets in the process of construction are recognized at cost and are depreciated once brought into use (on receipt of the applicable completion certificate from the relevant consulting engineer).

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognized as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

Where impaired land and buildings are revalued, the increase in value of land and buildings are recognized as revenue to the extent that it reverses the impairment loss previously recognized as an expense.

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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.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated as follows on the different PPE categories of the municipality:

Building		Year
Synagogue Offices		30
Motor Vehicles:	Truck	7
	Bakkies	5
	Motor Vehicles	5-7
Office Furniture:	Computer Hardware	5
	Computer Software	3-5
	Office Machines	3-5
	Air Conditioners	5-7
Furniture and Fittings:	Chairs	7-10
	Tables/Desks	7-10
	Cabinets	7-10
Bins and Containers:	Household Refuse bins	5
	Bulk containers	10

7. INTANGIBLE ASSETS

In terms of Government Gazette no 30013 of 29 June 2007 the following exemptions are applicable with regards to IAS 38 (AC 129):

- Municipalities are only required to apply this standard to expenditure relating to software and website costs.

8. INVESTMENTS

Financial instruments, which include fixed deposits and short term deposits are invested in the registered commercial banks of credit rating A+, and are stated at cost.

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.

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9. LOANS AND 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. Amounts that are receivable within 12 months from reporting date are classified as current.

Loans and receivables are recognised on a transaction date basis and are initially measured at cost.

The impairment of loans and receivables is recognised by adjusting the carrying value through the use of a bad debt provision. Increases or decreases to the bad debt provision are recognised as a charge or credit in the Statement of Financial Performance.

10. LEASES

In terms of Government Gazette no 30013 of 29 June 2007 the following exemptions are applicable with regards to IAS 17 (AC 105):

- Smoothing of operating lease expenses/revenues in the statement of financial performance is not required for the 2006/2007 and 2007/2008 financial years.

10.1 The municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. 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.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

11. REVENUE RECONITION

In terms of Government Gazette no 30013 of 29 June 2007 the following exemptions are applicable with regards to GAMAP 9:

The initial recognition of revenue at fair value

11.1 Sale of Goods

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

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11.2 Levies

The declared RSC Levy debtors are recognized as revenue as well as fully paid levy payers.

Interest is recognised on a time proportion basis.

12. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

13. 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 overdrafts are expensed as incurred.

14. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognized as an expense when employees and councillors have rendered the employment service or served office entitling them to the contribution.

15. UNAUTHORISED EXPENDITURE

Unauthorized expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act.

NET ASSETS AND LIABILITIES	Note	2007 Rand	2006 Rand
NET ASSETS		400 288 102	407 301 815
Housing Development Fund	1	12 077 617	15 803 907
Capital replacement reserve		112 213 878	112 920 612
Capitalisation reserve		17 583 262	17 583 262
Government grant reserve		30 291	1 200
Bursary Reserve		258 383 054	260 992 834
Accumulated Surplus / (Deficit)			
Non-current liabilities		57 225 515	59 427 434
Long-term liabilities	2	57 225 515	59 427 434
Non-current provisions	3		
Current liabilities		27 897 649	28 726 482
Consumer deposits	4		
Provisions	5		
Creditors	6	14 042 333	14 640 674
Unspent conditional grants and receipts	7	10 204 310	12 261 873
VAT	8	0	0
Short-term loans	9		
Bank overdraft	18	1 504 951	
Current portion of long-term liabilities	2	2 146 055	1 823 935
Total Net Asset and Liabilities		<u>485 411 266</u>	<u>495 455 731</u>
ASSETS			
Non-current assets		395 175 963	393 831 289
Property, plant and equipment	10	381 765 121	381 014 201
Investment property	11		
Investments	12	13 337 108	12 717 908
Long-term receivables	13	73 734	99 180
Current assets		90 235 303	101 624 442
Inventory	14		
Consumer debtors	15	2 597	312 711
Other debtors	16	1 541 283	2 562 799
VAT	8	2 114 994	1 473 487
Current portion of long-term debtors	13		
Call investment deposits	17	86 576 429	95 000 600
Bank balances and cash	18	0	2 274 845
Total Assets		<u>485 411 266</u>	<u>495 455 731</u>

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

2006	Budget 2007 Original	2007 Adjustments		Note	ACTUAL 2007	ACTUAL 2006
R	R	R			R	R
REVENUE						
			Property rates	19		
			Property rates - penalties imposed and collection charges			
			Service charges	20		
41 789 880			Regional Service Levies - turnover		9 365 123	43 839 846
18 210 120			Regional Service Levies - remuneration		2 875 774	18 747 762
	34 320	34 320	Rental of facilities and equipment		39 008	36 504
4 330 800	3 280 000	3 280 000	Interest earned - external investments		9 835 469	5 887 407
550 000	106 400	106 400	Interest earned - outstanding debtors		248 194	784 738
			Dividends received			
			Fines		924	33 000
			Licences and permits		0	
			Income for agency services		0	
12 419 739	74 510 000	74 510 000	Government grants and subsidies	21	72 047 095	1 190 349
43 100	12 700	12 700	Other income	22	11 020 451	130 838
			Public contributions, donated and contributed property, plant and equipment			
			Gains on disposal of property, plant and equipment		180 053	111 000
1 536 000			Bulk supply levy			1 953 978
			Loan DBSA int/redemed Klerksdorp			6 142 876
13 588 385	24 724 685	24 724 685	Transfer from funds			
92 468 024	102 668 105	102 668 105	TOTAL REVENUE		105 612 091	78 858 298
EXPENDITURE						
9 752 308	15 960 337	17 769 615	Employee related costs	23	14 919 828	8 732 905
6 088 837	6 637 926	5 394 521	Remuneration of Councillors	24	5 258 589	4 576 531
	0	0	Bad debts		1 473 807	
	0	0	Collection costs		0	
	390 050	390 050	Depreciation		923 547	0
639 747	559 700	847 159	Repairs and maintenance		428 369	621 646
	0	0	Interest paid	25	8 762 088	10 621 455
	0	0	Bulk purchases	26	0	
423 351	8 445 674	8 445 674	Contracted services		5 846 076	412 941
4 500 000	6 666 450	6 000 650	Environment Health Services		8 031 369	4 506 328
49 176 789	54 366 968	60 088 424	Grants and subsidies paid	27	50 823 252	28 980 662
7 017 483	6 866 000	7 689 341	General expenses	28	6 614 724	7 400 025
	30 000	30 000	Loss on disposal of property, plant and equipment			
4 414 097	500 000	202	Contribution to Leave Reserve		18 205	3 850 605
	2 045 000		Transfer to CCR (Own capital)			
	200 000		Transfer to busary reserves			
82 012 612	102 668 105	106 655 636	TOTAL EXPENDITURE		103 099 854	69 703 098
10 455 412		-3 987 531	SURPLUS/(DEFICIT)		2 512 237	9 155 200
			Share of surplus/(deficit) of associate accounted for under the quity method	29		
10 455 412		-3 987 531	SUPRLUS/(DEFICIT) FOR THE YEAR		2 512 237	9 155 200
			Refer to Appendix E(1) for explanation of variances			

2007										
Balance at 1 July 2006	15 803 907	0							71 733 876	87 537 783
Implementation of GAMAP (Note 30)	-15 803 907		15 803 907	112 920 612	17 583 262		1 200		189 258 958	319 764 032
Change in accounting policy (Note 31)										
Restated balance	0	0	15 803 907	112 920 612	17 583 262	0	1 200	0	260 992 834	407 301 815
Implementation of GAMAP (Note 30.8)									-1 321 818	-1 321 818
Surplus/(Deficit) for the year									0	0
Transfer to CRR										0
Transfer to Bursary Reserve							29 091		-200 000	-170 909
Transfer from Pimms									580 978	580 978
Property, plant and equipment purchased			-3 726 290						3 726 290	0
Capital grants used to purchase PPE										0
Donated/Contribution to Insurance Reserve										0
Insurance claims processed										0
Transfer to Housing Development Fund										0
Offsetting of depreciation									5 045	5 045

	Note	2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from (utilised) operations	33	365 138	-7 056 779
Dividends received		0	0
Interest received		9 772 365	8 623 579
Interest paid		-8 762 088	-10 621 455
NET CASH FROM OPERATING ACTIVITIES		<u>1 375 415</u>	<u>-9 054 655</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-3 726 290	-7 044 685
Proceeds on disposal of property, plant and equipment		180 053	111 000
Increase in investment properties			
(Increase)/decrease in non-current receivables		25 446	437 725
(Increase)/decrease in non-current investments		-619 200	-823 041
(Increase)/decrease in call investments deposits		8 424 171	20 499 401
NET CASH FROM INVESTING ACTIVITIES		<u>4 284 180</u>	<u>13 180 400</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		-1 879 799	-1 587 038
Increase in consumer deposits		0	0
Decrease/(increase) in short-term loans		0	0
NET CASH FROM FINANCING ACTIVITIES		<u>-1 879 799</u>	<u>-1 587 038</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		3 779 796	2 538 707
Cash and cash equivalents at the beginning of the year		2 274 845	-263 862
Cash and cash equivalents at the end of the year	34	-1 504 951	2 274 845

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

	2007 Rand	2006 Rand		
2 LONG-TERM LIABILITIES				
Local Registered Stock Loans	0	0		
Annuity Loans	59 371 570	61 251 369		
Capitalised Lease Liability				
Government Loans: Other				
Sub-total	<u>59 371 570</u>	<u>61 251 369</u>		
Less: Current portion transferred to current liabilities	2 146 055	1 823 935		
Local Registered Stock Loans	<table border="1"><tr><td>0</td></tr></table>	0	<table border="1"><tr><td>0</td></tr></table>	0
0				
0				
Annuity Loans	<table border="1"><tr><td>2 146 055</td></tr></table>	2 146 055	<table border="1"><tr><td>1 823 935</td></tr></table>	1 823 935
2 146 055				
1 823 935				
Capitalised Lease Liability	<table border="1"><tr><td>0</td></tr></table>	0	<table border="1"><tr><td>0</td></tr></table>	0
0				
0				
Government Loans: Other	<table border="1"><tr><td>0</td></tr></table>	0	<table border="1"><tr><td>0</td></tr></table>	0
0				
0				
Total External Loans	<u><u>57 225 515</u></u>	<u><u>59 427 434</u></u>		

Refer to Appendix A for more detail on long-term liabilities

SOUTHERN DISTRICT MUNICIPALITY

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

	2007 Rand	2006 Rand
6 CREDITORS		
Trade creditors	4 698 840	4 420 914
Payments received in advanced	4 161 307	1 544 323
Retentions	3 710 368	4 382 470
Staff leave	589 985	571 780
Other creditors	0	3 668 071
Suspense Accounts	881 833	53 116
Total Creditors	<u>14 042 333</u>	<u>14 640 674</u>

7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

7.1 Conditional Grants from other spheres of Government (See note 21)

MIG Grants	1 149 249	2 095 690
Disaster Management Fund	1 884 476	364 676
Magopa-Resettlement Grant	150 000	92 336
Integrated Municipal Monitoring Grant	72 915	72 915
Emergency Grant	55 601	55 601
DWAF Basic Sanitation	330 532	1 250 037
Councillor Development Training	8 837	8 837
Local Government Support Grant	1 666 505	2 576 301
Finance Management Grant	2 317 242	3 050 523
LED Learnership(seta)	-2 799	89 700
Paypoint (LED)	73 953	216 879
Clinic Sanitation DWAF	374 905	384 648
Drought Relief 2004	-12 021	498 036
Two Roomed Clinics	442 249	365 999
Pimms Centre (GIS)	0	34 292
Municipal System Improvement Grant(MSIG)	1 558 716	1 105 403
PMF	133 950	0

7.2 Other Conditional Receipts

Developers Contributions - Electricity	0	0
Public Contributions	0	0
Total Conditions Grants and Receipts	<u>10 204 310</u>	<u>12 261 873</u>

See Note 21 for reconciliation of grants from other spheres of Government.

8 VAT

VAT payable	<u>2 114 994</u>	<u>1 473 487</u>
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VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS.

SOUTHERN DISTRICT MUNICIPALITY

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

PROPERTY, PLANT AND EQUIPMENT

30 June 2006

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Heritage	Other	Housing Development Fund	Leased Infrastructure	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2005	1 307 566	370 501 269	0		4 241 375			376 050 210
Cost	1 307 566	370 501 269	0		4 241 375			376 050 210
Correction of error (note 32)								
Revaluation								
Accumulated depreciator	0	0	0		0			
- Cost	0	0	0		0			
- Revaluation								
Acquisitions	0	4 890 693			2 153 992			7 044 685
Capital under Construction					0			0
Increase/decrease in revaluation								0
Depreciation	0	0			0			0
- based on cost	0	0			0			0
- based on revaluation								
Carrying value of assets					0			0
Carrying value of disposal:					2 080 694		0	2 080 694
Cost/evaluation					2 080 694			2 080 694
Accumulated depreciator					0			0
Impairment losses								
Other movements								
Carrying values at 30 June 2006	1 307 566	375 391 962	0		4 314 673			381 014 201
Cost	1 307 566	375 391 962	0		4 314 673			381 014 201
Revaluation								
Accumulated depreciator	0	0	0		0			0
- Cost	0	0	0		0			0
- Revaluation	0	0	0		0			0

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

SOUTHERN DISTRICT MUNICIPALITY

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

The Municipality is still awaiting the determination from the Department of Developmental Local Government and Housing (DDLG&H). The receipt will assist with transfers of property, plant and equipment to the Water Services Authorities (Matlosana, Tlokwe, Ventersdorp and Maquassi Hills).

	2 007 Rand	2 006 Rand
Financial Instruments		
Fixed Deposits	<u>13 337 108</u>	<u>12 717 908</u>
Total Cash Investment	<u>13 337 108</u>	<u>12 717 908</u>
Total Investments	<u>13 337 108</u>	<u>12 717 908</u>

This investment is with ABSA Portfolio Managers
The return on this investment was capitalised to interest on investments

SOUTHERN DISTRICT MUNICIPALITY

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

	2007	2006	2005
	Rand	Rand	
13 LONG -TERM RECEIVABLES			
Car Loans	0	0	102180
Study Loans	73 734	79 804	337948
	<u>73 734</u>	<u>79 804</u>	<u>96777</u>
			<u>536905</u>
Less: Current portion transferred to current receivalbes		19 376	
Car Loans	<input type="text"/>	<input type="text"/>	
Study Loans	<input type="text"/>	<input type="text"/>	
Total	<u>73 734</u>	<u>99 180</u>	<u>536905</u>

SOUTHERN DISTRICT MUNICIPALITY

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

CONSUMER DEBTORS

	Gross Balances	Provision for Bad Debts	Net Balances
As at 30 June 2007			
Service debtors	2 597		2 597
Regional Service Levies	7 538 614	-7 538 614	0
Total	<u><u>7 541 211</u></u>	<u><u>-7 538 614</u></u>	<u><u>2 597</u></u>
As at 30 June 2006			
Service debtors	2 600		2 600
Regional Service Levies	7 545 756	-7 235 645	310 111
Total	<u><u>7 548 356</u></u>	<u><u>-7 235 645</u></u>	<u><u>312 711</u></u>

Current Account (Local Government Support Grant)

ABSA Klerksdorp Account no 405 643 8304

Cash book balance at beginning of year – (overdrawn)	<u>2 923 348</u>	<u>779 309</u>
Cash book balance at end of year - (overdrawn)	<u>2 120 940</u>	<u>2 923 348</u>
Bank statement balance at beginning of year - (overdrawn)	<u>2 923 348</u>	<u>2 783 790</u>
Bank statement balance at end of year - (overdrawn)	<u>2 120 940</u>	<u>2 923 348</u>

Current Account (Premier's Support)

ABSA Klerksdorp Account no 950 000 244

Cash book balance at beginning of year – (overdrawn)	<u>511 098</u>	<u>491 031</u>
Cash book balance at end of year - (overdrawn)	<u>540 413</u>	<u>511 098</u>

SOUTHERN DISTRICT MUNICIPALITY

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

	2007 Rand	2006 Rand
21 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	4 562 095	1 190 349
RSC Levies Replacement Grant	67 485 000	0
Total Government Grant and Subsidies	72 047 095	1 190 349
21.1 Equitable Share		
The Grant is unconditional and is utilised to fund operational and capital programmes.		
21.2 RSC Levy Replacement Grant		
The grant has replaced the RSC Levies that were collected by Districts and Metropolitan Municipalities. These municipalities receives the grant until National Treasury produces the tax instrument that meets conditions of a "fair" tax. The Grant is utilised to fund the operational and capital programmes.		
21.3 Disaster Management Grant		
Balance unspent at the beginning of the year	1 564 676	1 284 916
Current year receipts	525 000	1 496 799
Conditions met - transferred to revenue	-205 200	-1 217 039
Conditions still to be met - transferred to liabilities	<u>1 884 476</u>	<u>1 564 676</u>
21.4 DWAF Basic Sanitation		
Balance unspent at the beginning of the year	1 250 037	992 423
Current year receipt		2 179 027
Conditions met - transferred to revenue	-919 506	-1 921 413
Conditions still to be met - transferred to liabilities	<u>330 531</u>	<u>1 250 037</u>
21.5 Local Government Support Grant		
Balance unspent at the beginning of the year	2 576 301	437 424
Current year receipt	153 481	2 468 330
Conditions met - transferred to revenue	-1 063 278	-329 453
Conditions still to be met - transferred to liabilities	<u>1 666 504</u>	<u>2 576 301</u>
21.6 Financial Management Grant		
Balance unspent at the beginning of the year	3 050 523	1 963 530
Current year receipt	500 000	1 614 941
Conditions met - transferred to revenue	-1 233 280	-527 948
Conditions still to be met - transferred to liabilities	<u>2 317 243</u>	<u>3 050 523</u>

SOUTHERN DISTRICT MUNICIPALITY

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

	2007 Rand	2006 Rand
21.7 LED Learnership SETA		
Balance unspent at the beginning of the year	89 700	
Current year receipt	85 467	318 986
Conditions met - transferred to revenue	-177 967	-229 286
Conditions still to be met - transferred to debtors	<u>-2 800</u>	<u>89 700</u>
21.8 Paypoints Social Services		
Balance unspent at the beginning of the year	216 879	471 946
Current year receipt		22 839
Conditions met - transferred to revenue	-142 926	-277 906
Conditions still to be met - transferred to liabilities	<u>73 953</u>	<u>216 879</u>
21.9 DWAF Clinic Sanitation		
Balance unspent at the beginning of the year	384 648	452 298
Current year receipt		27 751
Conditions met - transferred to revenue	-9 743	-95 401
Conditions still to be met - transferred to liabilities	<u>374 905</u>	<u>384 648</u>
21.10 Drought Relief		
Balance unspent at the beginning of the year	498 036	1 186 855
Current year receipt		55 866
Conditions met - transferred to revenue	-510 056	-744 685
Conditions still to be met - transferred to debtors	<u>-12 020</u>	<u>498 036</u>
21.11 Two-Roomed Clinic		
Balance unspent at the beginning of the year	365 999	632 880
Current year receipt	150 000	33 119
Conditions met - transferred to revenue	-73 750	-300 000
Conditions still to be met - transferred to liabilities	<u>442 249</u>	<u>365 999</u>
21.12 Municipal Systems Improvement Grant (MSIG)		
Balance unspent at the beginning of the year	1 105 403	1 825 582
Current year receipt	1 034 292	1 005 951
Conditions met - transferred to revenue	-580 978	-1 726 130
Conditions still to be met - transferred to liabilities	<u>1 558 717</u>	<u>1 105 403</u>
21.13 Integrated Municipal Monitoring Information Systems (IMMIS)	72 915	68 235
21.14 Mogopa Resettlement Grant	150 000	86 410
21.15 Emergency Services	55 601	52 032
21.16 Councillor Development Training (DBSA)	8 837	7 832
21.17 Municipal Performance Management Systems	133 950	
Conditions still to be met - transferred to liabilities	<u>421 303</u>	<u>214 509</u>
22 OTHER INCOME		
Sale of housing	0	0
Other income	11 020 451	130 838
Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 35)		
Total Other Income	11 020 451	130 838

24 REMUNERATION OF COUNCILLORS

Executive Mayor	420 208	449 513
Single Whip	273 005	
Speaker	337 270	372 418
Mayoral Committee Members	1 791 136	2 101 856
Councillors	1 974 328	1 237 898
Councillors' pension contribution	462 642	414 846
Total Councillors' Remuneration	<u>5 258 589</u>	<u>4 576 531</u>

In-kind Benefits

The Executive Mayor, Single Whip, Speaker and Mayoral Committee are secretarial support at municipal council cost. The Members of Mayoral Committee share the secretarial cost provided by municipal council.

The Executive Mayor has use of a municipal council vehicle for official duties.

SOUTHERN DISTRICT MUNICIPALITY

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

	2007 Rand	2006 Rand
25 INTEREST PAID		
Long-term liabilities	8 762 088	10 621 455
Consumer deposits		
Finance leases		
Bank overdrafts		
Total Interest on External Borrowings	<u>8 762 088</u>	<u>10 621 455</u>
26 BULK PURCHASES		
Electricity		
Water		
Total Bulk Purchases	<u> </u>	<u> </u>
27 GRANTS AND SUBSIDIES PAID		
27.1 City of Matlosana		
Jouberton/Alabama Disaster	1 000 000	
Community and Social Services	994 651	
Mayoral Roads	2 532 301	
Road Maintenance	1 736 235	
Buckle and Phuduhudu Roads Developments	4 059 605	
Solid Waste Handling	7 265 147	
CCTV Cameras	8 127 020	
Environment Youth Services (Cleaning Campaign)	3 000 000	
2010 World Cup Legacy	2 000 000	
Total	<u>30 714 959</u>	<u>15 820 603</u>
27.2 City Council of Tlokwe		
Big Street, Sarafina Road development	2 412 287	
Lukhele Road Paving	301 409	
Waste Recovery and Buy Back Centre	500 000	
Total	<u>3 213 696</u>	<u>1 869 089</u>
27.3 Merafong City Local Municipality		
Reconstruction of Merafong City Local Municipality	5 000 000	
Total	<u>5 000 000</u>	
27.4 Ventersdorp Local Municipality		
Refilwe Agricultural Support Centre	511 045	
Total	<u>511 045</u>	<u>4 771 502</u>
27.5 Maquassi Hills Local Municipality		
Solid Waste Facility	2 000 000	
Water Management and Loss Control	1 054 660	
Waste Water Treatment Plant (WwTP)	598 320	
Development of Cemeteries	450 016	
Water Management Awareness Campaign	87 547	
Total	<u>4 190 543</u>	<u>1 000 001</u>

SOUTHERN DISTRICT MUNICIPALITY

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

	2007 Rand	2006 Rand
27.6 Southern District Municipality		
New roads	300 000	
Growth and Development Strategy	1 217 728	
Wesvaal Agriculture Council	500 000	
Outward Youth Bound	1 000 000	
Special Project Desk	523 663	
Southern Development Agency	797 540	
Communication Unit	598 537	
Sport, Arts and Culture	190 401	
Promotion and Marketing	1 057 073	
Strategic Planning	192 395	
Integrated Development Plan (IDP)	321 091	
Executive Mayor's Fund	494 580	
Total	<u>7 193 008</u>	<u>5 519 467</u>
Total Grants and Subsidies	<u>50 823 251</u>	<u>28 980 662</u>
28 GENERAL EXPENSES		
No abnormal expense has been paid out of General Expenses		
	<u>6 614 724</u>	<u>7 400 025</u>

SOUTHERN DISTRICT MUNICIPALITY

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

2007
Rand

30 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP/GRAP

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP/GRAP: -

30.1 Statutory Funds

Balance previously reported: -

Capital Development Fund	15 803 907
Bursary Fund	1 200
Total	15 805 107

Implementation of GAMAPGRAP

Transferred to the Capital Replacement Reserve	15 803 907
Transferred to Bursary Reserves	1 200
Transferred to the Capitalisation Reserve	
Transferred to Accumulated Surplus/(Deficit) (see 31.8 below)	
Total	<u>15 805 107</u>

30.2 Loans Redeemed and Other Capital Receipts

Balance previously reported

Implementation of GAMAP/GRAP

Grants and subsidies	17 583 262
Loans redeemed and advances repaid	7 561 738
Contributions from operating income	<u>181 697 220</u>
	<u>206 842 220</u>

Transferred to Government Grant Reserve	17 583 262
Transferred to Donations and Public Contribution Reserve	
Transferred to Accumulated Surplus/(Deficit) (see 31.8 below)	189 258 958
Total	<u>206 842 220</u>

30.3 Provisions and Reserves

Balance previously reported

Infrastructure Replacement Reserve	112 920 612
Total	<u>112 920 612</u>

Implementation of GAMAP/GRAP

Transfer to capitalization Reserve	<u>112 920 612</u>
Transferred to Accumulated Surplus/(Deficit) (see 30.8 below)	<u>112 920 612</u>

30.8 Accumulated Surplus/(Deficit)

Implementation of GAMAP/GRAP

Adjustments to Assets	-301 386
Excessive provisions and reserves no longer permitted (see 30.3 above)	
Non-current provisions previously not recognised (see 30.5 above)	
Transferred from statutory funds (see 30.1 above)	
Transferred from Loans Redeemed and Other Capital Receipts (see 30.2 above)	189 258 958
Fair value of Property, Plant and Equipment previously not recorded (see 30.6 above)	
Backlog depreciation (see 30.7 above)	-1 020 432
Total	<u>187 937 140</u>

33 CASH GENERATED BY OPERATIONS

Surplus for the year	2 512 237	9 155 200
Adjustment for:-		
Depreciation	2 645 667	1 722 120
Gain on disposal of property, plant and equipment	-180 053	-111 000
Contribution to provisions - non-current		
Contribution to provisions – current		
Contribution to bad debt provision	1 473 807	0
Equity accounted share of associate's surplus		
Dividends received		
Investment income	-9 772 365	-8 623 579
Interest paid	8 762 088	10 621 455
Changes due to Grap implementation	-2 919 670	-6 634 074
Operating surplus before working capital changes:	<u>2 521 711</u>	<u>6 130 122</u>
Decrease in inventories	0	0
(Increase)/decrease in debtors	7 145	1 386 997
(Increase)/decrease in other debtors	-149 321	3 576 049
(Decrease)/increase in conditional grants and receipts	-2 057 563	-1 047 699
Increase/(Decrease) in creditors	-598 341	-17 102 248
Decrease in provisions	0	0
Increase/(Decrease) in VAT	641 507	
Cash generated by/(utilised in) operations	<u><u>365 138</u></u>	<u><u>-7 056 779</u></u>

34 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :

Bank balances and cash	0	2 274 845
Bank overdraft	1 504 951	0
Total cash and cash equivalents	<u><u>1 504 951</u></u>	<u><u>2 274 845</u></u>

SOUTHERN DISTRICT MUNICIPALITY

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

	2007 Rand	2006 Rand
35 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term liabilities (see Note 2)	59 371 570	61 251 369
Used to finance property, plant and equipment – at cost	69 287 324	69 287 324
Sub- total	<u>-9 915 754</u>	<u>-8 035 955</u>
Cash set aside for the repayment of long-term liabilities	9 915 754	8 035 955
Cash invested for repayment of long-term liabilities (see note 17)	<u><u>0</u></u>	<u><u>0</u></u>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

SOUTHERN DISTRICT MUNICIPALITY

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

	2007 Rand	2006 Rand
37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
37.1 Contributions to organized local government		
Opening balance		
Council subscriptions		
Amount paid - current year	84 673	62 340
Amount paid - previous years		
Balance unpaid (included in creditors)	<u><u>84 673</u></u>	<u><u>62 340</u></u>
37.2 Audit fees		
Opening balance		
Current year audit fee		
Amount paid - current year	819 139	522 093
Amount paid - previous years		
Balance unpaid (included in creditors)	<u><u>0</u></u>	<u><u>0</u></u>
37.3 VAT		
VAT inputs receivables and VAT outputs receivables are shown in note 44. All VAT returns have been submitted by the due date throughout the year.		
37.4 PAYE and UIF		
Opening balance		
Current year payroll deductions		
Amount paid - current year	5 161 259	2 482 652
Amount paid - previous years		
Balance unpaid (included in creditors)	<u><u>324 084</u></u>	<u><u>0</u></u>
37.5 Pension and Medical Aid Deductions		
Opening balance		
Current year payroll deductions and Council Contributions		
Amount paid - current year	1 743 832	1 615 961
Amount paid - previous years		
Balance unpaid (included in creditors)	<u><u>325 220</u></u>	<u><u>0</u></u>

SOUTHERN DISTRICT MUNICIPALITY

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

	2007 Rand	2006 Rand
38 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:	2 470 294	38 069 762
- Approved and contracted for		
<i>Infrastructure</i>		
<i>Community</i>	2 470 294	
<i>Heritage</i>		
<i>Other</i>		
<i>Housing Development Fund</i>		
<i>Investment Properties</i>		
- Approved but not yet contracted for	0	0
<i>Infrastructure</i>		
<i>Community</i>		
<i>Heritage</i>		
<i>Other</i>		
<i>Housing Development Fund</i>		
<i>Investment Properties</i>		
Total	<u>2 470 294</u>	<u>38 069 762</u>
This expenditure will be financed from:		
- External Loans		
- Capital Replacement Reserve		
- Government Grants		
- Own resources	2 470 294	38 069 762
- District Council Grants		
	<u>2 470 294</u>	<u>38 069 762</u>

SOUTHERN DISTRICT MUNICIPALITY

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

	2007	2006
	Rand	Rand
44 EVENTS AFTER THE REPORTING DATE		
No event affects 2006/2007 Financial Year were reported or brought to the attention of the management.		

SOUTHERN DISTRICT MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/6/06	Received during the period	Redeemed written off during the period	Balance at 30/6/07	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			R	R	R	R	R	R
LONG-TERM LOANS								
Jouberton Sewerage Upgrade	9743	2015/03/31	2 306 428		168 138	2 138 290	3 191 331	
Kanana Water Pump station	9740	2014/03/31	1 124 110		97 443	1 026 667	1 677 895	
Khuma Upgrade Main water Supply	9741	2014/03/31	1 162 724		100 790	1 061 934	1 735 532	
Tigane Sewerage Scheme	9746	2015/09/30	2 401 819		161 299	2 240 520	3 194 345	
Jouberton/Klerksdorp Upg Sewerage Plant	10556	2018/03/31	11 134 819		371 492	10 763 327	13 360 746	
Leeudoringstad Sewerage Upgrade	10263	2016/09/30	1 590 712		91 344	1 499 368	1 994 122	
Ventersdorp Water Reservoir	10559	2017/09/30	1 167 018		51 204	1 115 814	1 392 000	
Orkney 20 mil Res & Pump Station	10913	2019/09/30	5 156 742		130 488	5 026 254	5 780 000	
Potchefstroom Main Sewer	10908	2019/09/30	681 774		17 252	664 522	751 473	
Orkney Sewerage works Pump Station	10912	2019/09/30	6 700 171		169 544	6 530 627	7 477 000	
Potchefstroom 10 mil Reservoir	10909	2020/09/30	5 172 025		108 784	5 063 241	5 457 695	
Potchefstroom Waste Water Treatment	13708	2022/03/31	18 128 806		297 541	17 831 265	18 364 118	
Klerksdorp Waterpump Mains	10906	2019/09/30	4 524 221		114 483	4 409 738	4 911 067	
Total long-term loans			61 251 369		1 879 801	59 371 568	69 287 324	
Short Term Loans								
Annuity Loans								
Government Loans (Housing)								
Total Government Loans								
LEASE LIABILITY								
TOTAL EXTERNAL LOANS			61 251 369		1 879 801	59 371 568	69 287 324	

APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Land and Buildings										
Land										
Buildings	1 307 566	169 445			1 477 011	0	221 873	0	221 873	1 255 138
	1 307 566	169 445	0	0	1 477 011	0	221 873	0	221 873	1 255 138
Infrastructure										
Sewerage Mains & Purif	245 841 978	0	0	7 633	245 834 345	0	0	0	0	245 834 345
Water Mains and Purification	72 329 101	0	0	0	72 329 101	0	0	0	0	72 329 101
Reservoirs – Water	40 445 880	0	0	0	40 445 880	0	0	0	0	40 445 880
Water meters	669 439	0	0	70 958	598 481	0	0	0	0	598 481
Water Mains	16 105 564	0	0	0	16 105 564	0	0	0	0	16 105 564
	375 391 962	0	0	78 591	375 313 371					375 313 371
Community Assets										
Parks & Gardens										
Libraries										
Recreation Grounds		0	0	0	0	0	0	0	0	0
Civic Buildings										
	0	0	0	0	0	0	0	0	0	0
Heritage Assets										
Historical Buildings										
Painting & Art Galleries										
Total carried forward	376 699 528	169 445	0	78 591	376 790 382	0	221 873	0	221 873	376 568 509

* Includes correction of error referred to in Note 32.

SOUTHERN DISTRICT MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	Cost				Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
Total brought forward	376 699 528	169 445	0	78 591	376 790 382	0	221 873	0	221 873	376 568 509
Housing Rental Stock										
Housing Rental 1										
Housing Rental 2										
Leased Assets (Infrastructure)										
Sewerage Mains & Purify										
Other Assets										
Office Equipment	518 785	1 315 257		222 794	1 611 248	0	404 030	0	404 030	1 207 218
Furniture & Fittings	202 111	102 369		0	304 480	0	77 753	0	77 753	226 727
Motor vehicles	1 298 926	1 634 238		247 498	2 685 666	0	613 582	219 180	394 402	2 291 264
Computer equipment	2 294 850	504 981		0	2 799 831	0	1 328 429	0	1 328 429	1 471 402
	4 314 672	3 556 845		470 292	7 401 225	0	2 423 794	219 180	2 204 614	5 196 611
Total										
	381 014 200	3 726 290	0	548 883	384 191 607	0	2 645 667	219 180	2 426 487	381 765 120

SOUTHERN DISTRICT MUNICIPALITY

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council		476 138			476 138		102 424		102 424	373 714
Finance & Admin									0	0
Corporate Services		23 787			23 787		2 877		2 877	20 910
Financial Services	538 716				538 716	538 716			538 716	0
Planning & Development	375 494 294	1 288 900		78 591	376 704 603	23 740	244 334		268 074	376 436 529
Municipal Manager	4 981 191	1 702 113		470 292	6 213 012	1 159 664	553 203	219 180	1 493 687	4 719 325
Public Safety		235 351			235 351		20 709		20 709	214 642
TOTAL	381 014 201	3 726 289	0	548 883	384 191 607	0	2 645 667	219 180	2 426 487	381 765 120

SOUTHERN DISTRICT MUNICIPALITY

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

2005/2006 Actual Income R	2005/2006 Actual Expenditure R	2005/2006 Surplus/ (Deficit) R		2006/2007 Actual Income R	2006/2007 Actual Expenditure R	20 062 007 Surplus/ (Deficit) R
			Executive & Council	0	15 813 379	-15 813 379
			Municipal Manager	180 053	33 852 714	-33 672 661
			Corporate Services	0	6 228 862	-6 228 862
			Financial services	105 432 038	15 552 502	89 879 536
			Planning & Development	0	31 652 397	-31 652 397
			Other			
78 858 298	69 703 098	-9 155 200	Total income & expenditure 2005/2006			
<u>78 858 298</u>	<u>69 703 098</u>	<u>-9 155 200</u>	Sub Total	<u>105 612 091</u>	<u>103 099 854</u>	<u>2 512 237</u>
0	0		Less Inter-Dep Charges	0	0	0
<u>78 858 298</u>	<u>69 703 098</u>	<u>-9 155 200</u>	Total	<u>105 612 091</u>	<u>103 099 854</u>	<u>2 512 237</u>
		<u>-9 155 200</u>	Add: Share of Associate			<u>2 512 237</u>

SOUTHERN DISTRICT MUNICIPALITY

APPENDIX E(1)

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)

	2007 Actual (R)	2007 Budget (R)	2007 Variance (R)	2007 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property rates					
Property rates - penalties imposed and collection charges					
Service charges					
Regional Services Levies - turnover	9 365 123.0	0.0	9 365 123.0	100.0	Not budget for levy income
Regional Services Levies - remuneration	2 875 774.0	0.0	2 875 774.0	100.0	Not budget for levy income
Rental of facilities and equipment	39 008.0	34 320.0	4 688.0	13.7	Escallation not budgeted for
Interest earned - external investments	9 835 469.0	3 280 000.0	6 555 469.0	199.9	All interest allocated to Revenue
Interest earned - outstanding debtors	248 194.0	106 400.0	141 794.0	133.3	More interest received than budgeted for
Fines	924.0	0.0	924.0	100.0	Fines received not budgeted for
Government grants and subsidies	72 047 095.0	74 510 000.0	(2 462 905.0)	(3.3)	
Other income	11 020 451.0	12 700.0	11 007 751.0	797.1	Payments for the redemption of loans
Public contributions, donated/contributed PPE	0.0		0.0		
Gains on disposal of property, plant and equipment	180 053.0		180 053.0	100.0	Gains on diposal not budgeted for
Bulk supply levy			0.0		
Loan DBSA int/redemed Klerksdorp			0.0		
Transfer from funds		24 724 685.0	(24 724 685.0)	(100.0)	Tranfer from funds to the operating budget not needed
			0.0		
Total Revenue	105 612 091.0	102 668 105.0	2 943 986.0		
EXPENDITURE					
Employee related costs	14 919 828.0	15 960 337.0	(1 040 509.0)	6.5	
Remuneration of councillors	5 258 589.0	6 637 926.0	(1 379 337.0)	20.8	Increase in coucillors remuneration
Bad debt	1 473 807.0		1 473 807.0	100.0	Bad debt as per auditors recommendation
Collection costs			0.0		
Depreciation	923 547.0	390 050.0	533 497.0	136.8	Depreciation more than budgeted for
Repairs and maintenance	428 369.0	559 700.0	(131 331.0)	(23.5)	Less spend than budgeted for
Interest on external borrowing	8 762 088.0	0.0	8 762 088.0	100.0	Interst on DBSA loans must reflect in statements
Bulk purchases			0.0		
Contracted Services	5 846 076.0	8 445 674.0	(2 599 598.0)	30.8	Contracted services less than budgeted for
Environmental Health Services	8 031 369.0	6 666 450.0	1 364 919.0	(20.5)	Claims from Local councils act as agents
Grants and subsidies paid	50 823 252.0	54 366 968.0	(3 543 716.0)	6.5	
General expenses - other	6 614 724.0	6 866 000.0	(251 276.0)	3.7	
Loss on disposal of property, plant and equipment		30 000.0	(30 000.0)	(100.0)	No loss on disposal of assets
Contribution to Leave Reserve	18 205.0	500 000.0	(481 795.0)	(96.4)	Leave reserve in line with register
Transfer to CCR (Own capital)		2 045 000.0	(2 045 000.0)	(100.0)	Amount budgeted for Capital Replacement
Transfer to busary reserves		200 000.0	(200 000.0)	100.0	Amount budgeted for Bursary Reserve
Total Expenditure	103 099 854.0	102 668 105.0	431 749.0		
NET SURPLUS/(DEFICIT) FOR THE YEAR	2 512 237.0	0.0	2 512 237.0		

Negative budget variance is shown in brackets

SOUTHERN DISTRICT MUNICIPALITY

APPENDIX E(2)

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)

	2006/2007 Actual	2006/2007 Under Construction	2006/2007 Total Additions	2006/2007 Budget	2006/2007 Variance	2006/2007 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Land and buildings							
Land							
Buildings	54 725		54 725	55 000	275	0.5	Enhance property
Infrastructure							
Drains							
Roads							
Beach Improvements							
Sewerage Mains & Purif							
Electricity Peak Load Equip							
Water Mains & Purification							
Reservoirs - Water							
Water Meters							
Water Mains							
Community Assets							
Parks & Gardens							
Libraries							
Recreation Grounds							
Civic Buildings							
Heritage Assets							
Historical Buildings							
Painting & Art Galleries							
Housing Rental Stock							
Housing Rental 1							
Housing Rental 2							
Leased assets (Infrastructure)							
Sewerage Mains & Purify							
Other assets							
Land							
Building							
Landfill Site							
Office Equipment							
Furniture & Fittings	102 369		102 369	200 000	97 631	48.8	Increase in staff
Bins and Containers			0				
Emergency Equipment			0				
Motor vehicles	1 639 500		1 639 500	1 660 914	21 414	1.3	
Office Equipment	1 081 364		1 081 364	733 925	-347 439	-47.3	
Plant & Equipment	848 333		848 333	1 445 000	596 667	41.3	Increase in staff
Fire engines							
Refuse tankers							
Computer equipment							
Councillors Regalia							
Conservancy tankers							
Watercraft							
TOTAL	3 726 291		3 726 291	4 094 839	368 548	9.0	The total capital expenditure is in total 9% less than budgeted for

SOUTHERN DISTRICT MUNICIPALITY

APPENDIX F

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

Grant and Subsidies Received

NAME OF GRANTS	NAME OF ORGAN OF STATE OR MUNICIPAL ENTITY	QUARTERLY RECEIPTS					QUARTERLY EXPENDITURE					GRANTS AND SUBSIDIES DELAYED/WITHHELD				REASON FOR DELAY/WITHHOLDING OF FUNDS	DID YOUR MUNICIPALITY COMPLY WITH THE GRANT CONDITIONS IN TERMS OF GRANT FRAMEWORK IN THE LATEST DIVISION OF REVENUE ACT	REASON FOR NON-COMPLIANCE
		SEPT	DEC	MARCH	JUNE	TOTAL	SEPT	DEC	MARCH	JUNE	TOTAL	SEPT	DEC	MARCH	JUNE			
Equitable Share	DPLG			4 562 095		4 562 095				4 562 095	4 562 095							
Finance Management Grant	NT			500 000		500 000	308 320	308 320	308 320	308 320	1 233 280							
Municipal Systems Improvement Grant	DPLG			500 000	500 000	1 000 000	145 245	145 245	145 245	145 245	580 980							
RSC Levies Replacement Grant	NT	24 020 501	18 011 774	25 452 725		67 485 000				67 485 000	67 485 000							
MIG Grants	DPLG						908 722		4 265	33 455	946 442							
Disaster Management	Provincial Grant				525 000	525 000			205 200		205 200							
		24 020 501	18 511 774	31 014 820	525 000	74 072 095	1 362 287	453 565	663 030	72 534 115	75 012 987							

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