



**SEDIBENG DISTRICT MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS**

**for the year ended**

**30 June 2007**

**SEDIBENG DISTRICT MUNICIPALITY**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

**INDEX**

	<b>Page</b>
Declaration Accounting Officer	1
Statement of Financial Position	2
Statement of Financial Performance	3
Statement of Changes in Net Assets	4
Cash Flow Statement	5
Accounting Policies	6 - 11
Notes to the Annual Financial Statements	12 - 23
Appendix B: Analysis of Property, Plant and Equipment	24
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	25
Appendix F: Disclosures of Grants and Subsidies	26

**SEDIBENG DISTRICT MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2007**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 26, 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 15 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.

Ms. L SEFTEL  
Municipal Manager  
31 August 2007

**SEDIBENG DISTRICT MUNICIPALITY  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007**

	Note	2007 R	2006 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>102 042 665</b>	<b>50 715 724</b>
Government grant reserve		21 841 128	21 357 539
Accumulated Surplus/(Deficit)		80 201 537	29 358 185
<b>Non-current liabilities</b>		<b>388 360</b>	<b>40 589 634</b>
Long-term liabilities	1	388 360	40 589 634
<b>Current liabilities</b>		<b>63 547 944</b>	<b>62 318 843</b>
Provisions	2	7 989 323	7 215 025
Creditors	2	23 103 883	27 396 939
Unspent conditional grants and receipts	3	32 162 724	23 684 008
VAT	4	0	248 716
Current portion of long-term liabilities	1	292 014	3 774 155
<b>Total Net Assets and Liabilities</b>		<b><u>165 978 969</u></b>	<b><u>153 624 201</u></b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>55 654 033</b>	<b>52 316 439</b>
Property, plant and equipment	5	55 607 376	52 316 439
Long-term receivables	6	46 657	0
<b>Current assets</b>		<b>110 324 936</b>	<b>101 307 762</b>
Other debtors	7	16 871 091	32 086 028
VAT	4	1 138 955	0
Current portion of long-term debtors	6	0	0
Call investment deposits	8	73 286 287	59 778 902
Bank balances and cash	9	19 028 603	9 442 832
<b>Total Assets</b>		<b><u>165 978 969</u></b>	<b><u>153 624 201</u></b>

**SEDIBENG DISTRICT MUNICIPALITY  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2007**

Budget			Actual	
2006	2007		2007	2006
R	R		R	R
<b>REVENUE</b>				
96 000 000	4 400 000	Regional Services Levies - turnover	0	97 943 222
24 000 000	9 800 000	Regional Services Levies - remuneration	0	31 817 489
5 377 870	5 414 000	Rental of facilities and equipment	6 306 145	6 082 197
3 450 564	6 000 000	Interest earned - external investments	10 423 351	9 989 487
1 584 500	230 000	Interest earned - outstanding levy debtors	351 297	1 356 907
		Dividends received		0
		Fines		0
30 231 300	32 280 593	Licences and permits	34 118 812	29 452 395
359 111	2 664 653	Income for agency services	2 703 653	459 835
24 649 898	178 211 652	Government grants and subsidies	182 616 677	42 700 922
2 427 460	3 169 236	Other income	1 510 466	2 071 124
		Public contributions and donations		0
		Gains on disposal of property, plant and equipment		0
<b>188 080 703</b>	<b>242 170 134</b>	<b>Total Revenue</b>	<b>238 030 401</b>	<b>221 873 578</b>
<b>EXPENDITURE</b>				
94 394 813	108 112 970	Employee related costs	101 115 727	89 938 814
4 638 465	5 888 359	Remuneration of Councillors	5 902 959	5 520 339
1 000 000	500 000	Contribution to Bad debts	1 767 513	0
2 000 000	1 900 000	Contribution to Leave days	1 915 113	2 150 473
		Collection costs		0
	4 441 080	Depreciation	5 645 479	4 869 678
3 697 251	6 226 837	Repairs and maintenance	3 767 017	2 167 343
12 030 706	6 300 569	Interest paid	6 038 484	11 662 629
		Bulk purchases		0
16 017 035	19 589 334	Contracted services	17 348 714	16 362 689
	12 574 202	Grants and subsidies paid	20 670 982	36 366 585
32 155 665	43 646 395	General expenses	33 657 431	25 148 117
		Loss on disposal of property, plant and equipment		0
<b>165 933 935</b>	<b>209 179 746</b>	<b>Total Expenditure</b>	<b>197 829 419</b>	<b>194 186 667</b>
<b>22 146 768</b>	<b>32 990 388</b>	<b>SURPLUS/(DEFICIT)</b>	<b>40 200 982</b>	<b>27 686 911</b>
		Share of surplus/(deficit) of associate accounted for under the equity method	0	
<b>0</b>	<b>0</b>	<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>40 200 982</b>	<b>27 686 911</b>
<b>22 146 768</b>	<b>32 990 388</b>	<b>No segmental statement of financial performance has been prepared</b>		
		<b>Refer to Appendix E(1) for explanation of variances</b>		

**SEDIBENG DISTRICT MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007**

	<b>Pre-GAMAP Old Reserves and Funds</b>	<b>Government Grant Reserve</b>	<b>Accumulated Surplus/ (Deficit)</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>2006</b>				
Balance at 1 July 2005		0	-3 456 833	-3 456 833
<b>Balance at 1 July 2005</b>	0	0	-3 456 833	-3 456 833
Surplus/(deficit) for the year			27 686 911	27 686 911
Depreciation(see note 17)			4 869 678	4 869 678
Contribution to Computer Fund reallocated (see note 17)			0	0
Capital cost redemption ( see note 17)			-8 191 335	-8 191 335
Contribution to capital outlay			-9 103 008	-9 103 008
Appropriation 2005: prior year adjustment	0		-1 223 373	-1 223 373
Operating expenditure against Bursary Fund	0		0	0
<b>Balance at 30 June 2006</b>	<b>0</b>	<b>0</b>	<b>10 582 040</b>	<b>10 582 040</b>
<b>2007</b>				
Implementation of GAMAP (Note 18)		21 357 539	18 776 145	40 133 684
Correction of error (Note 19)				0
<b>Restated balance</b>	<b>0</b>	<b>21 357 539</b>	<b>29 358 185</b>	<b>50 715 724</b>
Surplus/(deficit) for the year			40 200 982	40 200 982
Transfer to CRR			0	0
Property, plant and equipment purchased			0	0
Capital grants used to purchase PPE		1 705 720	-1 705 720	0
Adjustments (See note 18.8)			11 125 959	11 125 959
Asset disposals		-18 181	18 181	0
Offsetting of depreciation		-1 203 950	1 203 950	0
<b>Balance at 30 JUNE 2007</b>	<b>0</b>	<b>21 841 128</b>	<b>80 201 537</b>	<b>102 042 665</b>

**SEDIBENG DISTRICT MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 R	2006 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from/(utilised in) operations	20	71 023 726	9 073 235
Interest received		10 774 648	11 346 394
Interest paid		-6 038 484	-11 662 629
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<u>75 759 890</u>	<u>8 757 000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-8 983 319	-15 250 312
Proceeds on disposal of property, plant and equipment		0	0
(Increase)/decrease in non-current receivables		0	0
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<u>-8 983 319</u>	<u>-15 250 312</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised/(repaid)		0	0
(Decrease)/ Increase in long-term loans		-40 201 274	-3 776 028
(Decrease)/ Increase in short-term loans		-3 482 141	-34 616 429
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<u>-43 683 415</u>	<u>-38 392 457</u>
<b>NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS</b>		<u>23 093 156</u>	<u>-44 885 769</u>
Cash and cash equivalents at the beginning of the year		<b>69 221 734</b>	<b>114 107 503</b>
Cash and cash equivalents at the end of the year	21	<b>92 314 890</b>	<b>69 221 734</b>

**SEDIBENG DISTRICT MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**1. SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS**

**1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention.

The annual financial statements have been prepared in accordance with the 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 General Notice 991 and 992 of 2005.

These standards are summarized as follows:

GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GAMAP 4	Effects of changes in foreign exchange rates
GAMAP 7	Accounting for investments in associates
GAMAP 8	Financial reporting of interests 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 or 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

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

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

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

**1.1 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand.

**1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.



**SEDIBENG DISTRICT MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**1.4 RESERVES**

*1.4.1 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 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 by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). The balance on Government Grant Reserve equals the carrying value of the items of properties, plant and equipment funded from government grants.

When an item of PPE financed from government grants is disposed, the balance in the GGR relating to such items is transferred to the accumulated surplus/(deficit).

*1.4.2 Donations and Public Contributions 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 Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions 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 future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions. The balance on the Donations and Public Contributions Reserve equals the carrying value of the item of property, plant and equipment funded from donations and public contributions.

When items of property, plant and equipment financed from public contributions and donations, the balance relating to such item is transferred to the accumulated surplus/(deficit).

**1.5 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment, is stated at cost, less accumulated depreciation. Land is not depreciated as it is deemed to have an indefinite life.

Land and buildings were recognized as items of property, plant and equipment.

**SEDIBENG DISTRICT MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

Accounting Policy for the 2005/06 financial year:

The carrying values of items of property, plant and equipment have not been adjusted with impairment losses as no impairment testing was done. The useful lives and residual values of assets classified as property, plant and equipment were not reviewed at financial year-end. No property was classified and disclosed as investment property.

*Accounting Policy for the 2006/07 financial year:*

*In terms of the exemptions granted by the Minister of Finance no review of useful life of items of PPE or the depreciation method applied to PPE was done as is required by GAMAP 17. No impairment testing was done for non-cash-generating assets as well as cash-generating assets due to the application of an exemption of IAS 36/AC 128 granted in Gazette 30013.*

*The municipality is exempt from IAS 40 (AC 135) as it has not recognized any property as investment property but as property, plant and equipment in terms of GAMAP 17. It only recognizes its property as investment property when it is certain that it meets the definition of investment property.*

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

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

**Other**

Buildings	30
Motor vehicles	5
Office equipment/computers	3-7
Furniture and fittings	3-10

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

## **1.6 INVESTMENTS**

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.

Accounting policy for 2005/06 financial year:

No impairment testing of assets is done to determine impairment losses that should be recognized as an expense in the period that the impairment is identified

*Accounting policy for 2006/07 financial year:*

*The municipality does not test for impairment of assets as it is exempted from IAS 36 (AC128) in entirety.*

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.

**SEDIBENG DISTRICT MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**1.7 ACCOUNTS RECEIVABLE**

Accounts receivable are carried at anticipated realizable 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 the reporting date are classified as current.

**1.8 TRADE CREDITORS**

Trade creditors are stated at their nominal value.

**1.9 REVENUE RECOGNITION**

*9.1 Revenue from Exchange Transactions*

Interest and rentals are recognized on a time proportion basis.

*9.2 Revenue from non-exchange transactions*

Revenue from Regional Services Levies, both those based on turnover as well as those based on remuneration, is recognised on receipt basis against the appropriation account.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognized when payment is received.

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.

Contributed property, plant and equipment is recognized when such items are brought into use.

Revenue from the recovery of unauthorized, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognized when the recovery thereof is virtually certain.

**1.10 CONDITIONAL GRANTS AND RECEIPTS**

Revenue received from conditional grants, donations and funding are recognized 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 recognized.

**1.11 PROVISIONS**

Provisions are recognized 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.

**SEDIBENG DISTRICT MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**1.12 CASH AND CASH EQUIVALENTS**

Cash is cash on hand and cash with banks. Cash equivalents are all short-term 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 purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, investments in financial instruments and net of bank overdraft.

**1.13 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 (Act No.56 of 2003). Unauthorized 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.

**1.14 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 unauthorized 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.

**1.15 FRUITLESS AND WASTEFUL EXPENDITURE**

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

**1.16 COMPARATIVE INFORMATION**

*1.16.1 Current year comparatives:*

Budgeted amounts have been included in the annual financial statements for the current year only.

**SEDIBENG DISTRICT MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

*1.16.2 Prior year comparatives:*

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

**1.17 LEASES**

Accounting policy for 2005/06 financial year:

Operating lease payments are recognized on the basis of the cash flows in the lease agreement.

*Accounting policy for 2006/07 financial year:*

*Exempted from recognizing operating lease payments on a straight-line basis if the amounts are recognized on the basis of the cash flows in the lease agreement (IAS 17 (AC 105))*

**1.18 RETIREMENT BENEFITS**

The Municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement plans are recognised as an expense when employees and have rendered the employed service or served office entitling them to the contribution.

**1.19.EXEMPTIONS**

1.19.1 Full Advantage

The municipality had taken full advantage of all the exemptions by the Minister of Finance in Government Gazette 30013 of 29 June 2007. These exemptions are for the 2006/07 and 2007/08 financial years.

1.19.2 Adjustment for full compliance

By complying fully with the standards that are now exempted and of which full advantage has been taken will result in changes in the following:

1.19.2.1 Statement of Financial Performance:

- Impairment loss/gain
- Changes in fair value of assets
- Adjustment expenditure for intangible assets

1.19.2.2 Statement of Financial Position:

- Property, plant and equipment adjusted for impairment
- Property, plant and equipment adjusted for intangible assets
- Recognizing of intangible assets

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

	2007 R	2006 R
<b>1 LONG-TERM LIABILITIES</b>		
Annuity Loans	0	43 421 789
Capitalized Lease Liability	680 374	942 000
Government Loans : Other	0	0
Sub-total	<u>680 374</u>	<u>44 363 789</u>
Less : Current portion transferred to current liabilities	-292 014	-3 774 155
Annuity Loans	0	0
Capitalized Lease Liability	-292 014	-3 774 155
Government Loans : Other	0	0
<b>Total External Loans</b>	<u>388 360</u>	<u>40 589 634</u>
<b>2.1 PROVISIONS</b>		
Provision for Performance bonuses	1 960 406	1 852 900
Provision for leave days	6 028 917	5 362 125
<b>Total Provisions</b>	<u>7 989 323</u>	<u>7 215 025</u>
<b>2.2 CREDITORS</b>		
Trade creditors	2 890 182	3 187 262
Retentions	478 110	0
Gauteng Roads, Transport and Public Works	8 576 543	8 062 471
Payments received in advance	0	0
Intercouncil Indebtness	1 908 472	561 082
Committed Capital Projects	5 678 032	7 839 485
Other creditors	3 572 544	7 746 639
<b>Total Creditors</b>	<u>23 103 883</u>	<u>27 396 939</u>
<b>3 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>3.1 Conditional Grants from other spheres of Government</b>	32 157 132	23 581 120
FM Grant	215 934	0
MIG grant	4 127 884	9 443 963
DLG grant	19 030 467	0
MSP grant	575 631	575 631
Incentive Grant	259 653	259 653
HIV & AIDS grant	969 488	443 975
Sports, recreation, arts and culture	1 291 097	915 624
Department of Housing	951 238	951 238
Local Economic Development Grant	708 936	1 366 849
Dwarf	207 000	150 000
Health Subsidy	2 367 660	6 569 998
IDP Grant	600 238	1 341 488
Municipal Systems Improvement Grant	813 386	1 467 511
Lotto Sport	38 520	95 190
<b>3.2 Other Conditional Receipts</b>	5 592	102 888
Bursary Fund	0	97 295
Marnu network Project	842	843
Allan Ross memorial	4 750	4 750
Miscellaneous Receipts	0	0
<b>Total Conditional Grants and Receipts</b>	<u>32 162 724</u>	<u>23 684 008</u>
See Note 10 for reconciliation of grants from other spheres of government. These amounts are invested until utilized.		
<b>4 VAT</b>		
VAT payable / (receivable)	-1 138 955	248 716
VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS		

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

5 PROPERTY, PLANT AND EQUIPMENT  
30-Jun-07

	Land and Buildings	Other PPE	Total
	R	R	R
<b>Reconciliation of Carrying Value</b>			
<b>Carrying values at 1 July 2006</b>	<b>25 731 197</b>	<b>26 585 242</b>	<b>52 316 439</b>
Cost	28 652 121	40 632 034	69 284 155
Accumulated depreciation	2 920 924	14 046 792	16 967 716
- Cost	2 920 924	14 046 792	16 967 716
- Revaluation	0	0	0
Acquisitions	115 991	8 867 328	8 983 319
Depreciation	967 485	4 677 994	5 645 479
- based on cost	967 485	4 677 994	5 645 479
- based on revaluation	0	0	0
Carrying value of disposals	0	-1 972 347	-1 972 347
Cost/revaluation	0	-1 009 625	-1 009 625
Accumulated depreciation	0	-962 722	-962 722
<b>Carrying values at 30 June 2007</b>	<b>24 879 703</b>	<b>30 727 673</b>	<b>55 607 376</b>
Cost	28 768 112	48 489 737	77 257 849
Revaluation	0	0	0
Accumulated depreciation	3 888 409	17 762 064	21 650 473
- Cost	3 888 409	17 762 064	21 650 473
- Revaluation	0	0	0

PROPERTY, PLANT AND EQUIPMENT  
30-Jun-06

	Land and Buildings	Other PPE	Total
	R	R	R
<b>Reconciliation of Carrying Value</b>			
<b>Carrying values at 1 July 2005</b>	<b>27 103 256</b>	<b>26 930 587</b>	<b>54 033 843</b>
Cost	27 103 256	26 930 587	54 033 843
Revaluation	0	0	0
Accumulated depreciation	0	0	0
- Cost	0	0	0
- Revaluation	0	0	0
Acquisitions	1 548 865	13 701 447	15 250 312
Depreciation (backlog accumulated depreciation)	2 920 924	14 046 792	16 967 716
- based on cost	2 920 924	14 046 792	16 967 716
- based on revaluation	0	0	0
Carrying value of disposals	0	0	0
Cost/revaluation	0	0	0
Accumulated depreciation	0	0	0
Other movements: GAMAP implementation	0	0	0
<b>Carrying values at 30 June 2006</b>	<b>25 731 197</b>	<b>26 585 242</b>	<b>52 316 439</b>
Cost	28 652 121	40 632 034	69 284 155
Revaluation	0	0	0
Accumulated depreciation	2 920 924	14 046 792	16 967 716
- Cost	2 920 924	14 046 792	16 967 716
- Revaluation	0	0	0

Refer to Appendix B for more detail on property, plant and equipment

6 LONG-TERM RECEIVABLES

	2007	2006
	R	R
Study loans Children	110 373	110 373
Hau Wei Manufacturing	140 619	
Santam	5 305	5 305
Fuel Deposit	46 657	47 000
Salary claims	0	5 603
Intercouncil Indebtness	0	23 058
Less : Current portion transferred to current receivables		
Less : Provision for Bad Debt (see note 6.1)	-256 297	-191 339
<b>Total</b>	<b>46 657</b>	<b>0</b>

6.1 Reconciliation of Bad Debt Provision

Balance at beginning of year	191 339	191 339
Contribution to provision	64 958	0
Bad Debt written off against provision	0	0
Balance at end of year	<b>256 297</b>	<b>191 339</b>

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

	2007	2006
	R	R
<b>7 OTHER DEBTORS</b>		
Ambulance/Debtors	747 245	473 717
RSC Levies	2 554 765	16 870 264
Fresh Produce Debtors	524 868	280 583
Danida Project (Bridging Finance)	285 077	0
Gauteng Dept of Transport - Licence fees	9 722 223	8 456 472
Department of Health - Emergency Medical Services	3 087 117	6 089 000
Lotto Greening project (Bridging Finance)	1 004 283	
Capital projects - Provincial grants (Brdging Finance)	1 855 843	
Sundry Debtors	68 561	1 368 921
<b>Sub Total</b>	<b>19 849 982</b>	<b>33 538 958</b>
Less: Provision for bad debt (see note 7.1)	-2 978 891	-1 452 930
<b>Total Other Debtors</b>	<b>16 871 091</b>	<b>32 086 028</b>
<b>7.1 Reconciliation of the Bad Debt provision:-</b>	<b>2007</b>	<b>2006</b>
	R	R
Balance at the beginning of the year	1 452 930	32 293 884
Contribution to provision	1 702 555	0
Contribution of Gamap implementation (See note 30.9)	0	0
Bad Debt written off against provision	-176 594	-25 430 759
Reversal of provision and other		-5 410 195
Balance at the end of the year	<b>2 978 891</b>	<b>1 452 930</b>
<b>8 CALL INVESTMENT DEPOSITS</b>	<b>2007</b>	<b>2006</b>
	R	R
Deposits (mature within 3 months)	<b>73 286 287</b>	<b>59 778 902</b>
The allocation of investments :-		
Unspent grants	32 162 724	23 684 008
Operating account	41 123 563	36 094 894
	<b>73 286 287</b>	<b>59 778 902</b>
<b>9 BANK, CASH AND OVERDRAFT BALANCES</b>		
The Municipality has the following bank accounts: -		
<b><u>Current Account (Primary Bank Account)</u></b>		
ABSA, Business Centre East Gate Account Number: 04 808 633 80		
Cash book balance at beginning of year	321 642	408 923
Cash book balance at end of year	<b>8 884 548</b>	<b>321 642</b>
Bank statement balance at beginning of year	1 740 241	2 521 172
Bank statement balance at end of year	<b>9 488 161</b>	<b>1 740 241</b>
<b><u>RSC Levv Account</u></b>		
ABSA, Business Centre East Gate Account Number: 4 060 083 735		
Cash book balance	210 084	236 871
Bank statement balance	<b>209 079</b>	<b>373 424</b>
<b><u>Licensing Account</u></b>		
ABSA, Business Centre East Gate Account Number: 4 057 956 448		
Cash book balance	9 740 003	8 756 148
Bank statement balance	<b>9 740 003</b>	<b>8 756 148</b>
<b><u>Airport Account</u></b>		
Nedbank Vereeniging Account Number: 1729 424 759		
Cash book balance	111 908	104 996
Bank statement balance	<b>111 908</b>	<b>104 996</b>
<b><u>Vereeniging Theatre Account</u></b>		
Nedbank Vereeniging Account Number: 1729 365 426		
Cash book balance	51 685	0
Bank statement balance	<b>51 685</b>	<b>0</b>
<b><u>Cash Advance</u></b>		
Petty Cash & cashier floats	30 375	23 175
<b>BANK, CASH AND OVERDRAFT BALANCES</b>	<b>19 028 603</b>	<b>9 442 832</b>



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

	2007 R	2006 R
<b>10 GOVERNMENT GRANTS AND SUBSIDIES (SPENT)</b>		
Equitable share	140 376 951	999 981
Emergency Medical Services	24 964 000	22 032 275
Youth Grant	600 000	
<i>FM Grant</i>	284 066	363 265
<i>MIG grant</i>	5 316 079	8 996 107
<i>DLG grant</i>	969 533	3 807 619
MSP grant	0	0
Incentive Grant	0	0
HIV & AIDS grant	2 169 227	2 736 708
Sports, recreation, arts and culture	624 526	524 493
Department of Housing	0	0
Local Economic Development Grant	657 913	354 429
Dwarf	0	150 000
Health Subsidy	4 202 338	0
IDP Grant	741 249	766 884
Municipal Systems Improvement Grant	1 654 125	1 763 551
Lotto Sport	56 670	205 610
Miscellaneous Receipts	0	0
<b>Total Government Grant and Subsidies</b>	<b>182 616 677</b>	<b>42 700 922</b>

**10.1 Equitable Share, and Emergency medical services grant**

This unconditional grant is used as general revenue that is used to finance operating expenditure, special projects and capital expenditure

**10.2 Financial Management Grant**

Balance unspent at beginning of year	0	363 265
Current year receipts	500 000	0
Conditions met - transferred to revenue	-284 066	-363 265
Conditions still to be met - transferred to liabilities (see note 3)	<u>215 934</u>	<u>0</u>

The conditions of the grant have been met. There was no delay or withholding of the subsidy

**10.3 MIG Grant**

Balance unspent at beginning of year	9 443 963	8 640 070
Current year receipts	0	9 800 000
Conditions met - transferred to revenue	-5 316 079	-8 996 107
Conditions still to be met - transferred to liabilities (see note 3)	<u>4 127 884</u>	<u>9 443 963</u>

This grant was used for various projects that are not fixed assets of the Municipality. No funds have been withheld

**10.4 DLG Grant**

Balance unspent at beginning of year	0	-25 822
Current year receipts	20 000 000	3 833 441
Conditions met - transferred to revenue	-969 533	-3 807 619
Conditions still to be met - transferred to liabilities (see note 3)	<u>19 030 467</u>	<u>0</u>

**10.5 MSP Grant**

Balance unspent at beginning of year	575 631	575 631
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - transferred to liabilities (see note 3)	<u>575 631</u>	<u>575 631</u>

**10.6 Incentive Grant**

Balance unspent at beginning of year	259 653	259 653
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - transferred to liabilities (see note 3)	<u>259 653</u>	<u>259 653</u>

**10.7 HIV and AIDS Grant**

Balance unspent at beginning of year	443 975	797 683
Current year receipts	2 694 740	2 383 000
Conditions met - transferred to revenue	-2 169 227	-2 736 708
Conditions still to be met - transferred to liabilities (see note 3)	<u>969 488</u>	<u>443 975</u>

The grant is spent in accordance with National Treasury guidelines

**10.8 Sports, recreation, arts and culture**

Balance unspent at beginning of year	915 623	440 116
Current year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	-624 526	-524 493
Conditions still to be met - transferred to liabilities (see note 3)	<u>1 291 097</u>	<u>915 623</u>

The grant is spent in accordance with National Treasury guidelines

**10.9 Department of Housing**

	2007 R	2006 R
Balance unspent at beginning of year	951 238	951 238
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - transferred to liabilities (see note 3)	<u>951 238</u>	<u>951 238</u>

The grant is spent in accordance with National Treasury guidelines

**10.10 Local Economic Development Grant**

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

Balance unspent at beginning of year	1 366 849	1 721 278
Current year receipts		
Conditions met - transferred to revenue	<u>-657 913</u>	<u>-354 429</u>
Conditions still to be met - transferred to liabilities (see note 3)	<u>708 936</u>	<u>1 366 849</u>

The grant is spent in accordance with National Treasury guidelines

**10.11 DWARF**

Balance unspent at beginning of year	150 000	
Current year receipts	57 000	300 000
Conditions met - transferred to revenue		<u>-150 000</u>
Conditions still to be met - transferred to liabilities (see note 3)	<u>207 000</u>	<u>150 000</u>

The grant is spent in accordance with National Treasury guidelines

**10.12 Health subsidy**

Balance unspent at beginning of year	6 569 998	
Current year receipts		6 569 998
Conditions met - transferred to revenue	<u>-4 202 338</u>	
Conditions still to be met - transferred to liabilities (see note 3)	<u>2 367 660</u>	<u>6 569 998</u>

The grant is spent in accordance with National Treasury guidelines

**10.13 IDP Grant**

Balance unspent at beginning of year	1 341 488	2 108 372
Current year receipts		
Conditions met - transferred to revenue	<u>-741 249</u>	<u>-766 884</u>
Conditions still to be met - transferred to liabilities (see note 3)	<u>600 239</u>	<u>1 341 488</u>

The grant is spent in accordance with National Treasury guidelines

**10.14 Municipal System Improvement Grant**

Balance unspent at beginning of year	1 467 512	2 231 063
Current year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	<u>-1 654 125</u>	<u>-1 763 551</u>
Conditions still to be met - transferred to liabilities (see note 3)	<u>813 387</u>	<u>1 467 512</u>

The grant is spent in accordance with National Treasury guidelines

**10.15 Lotto Sport**

Balance unspent at beginning of year	95 190	300 800
Current year receipts		
Conditions met - transferred to revenue	<u>-56 670</u>	<u>-205 610</u>
Conditions still to be met - transferred to liabilities (see note 3)	<u>38 520</u>	<u>95 190</u>

The grant is spent in accordance with National Treasury guidelines

**Summary**

<b>Balance unspent at beginning of year</b>	<b>23 581 120</b>	<b>18 363 347</b>
<b>Current year receipts</b>	<b>25 251 740</b>	<b>24 886 439</b>
<b>Conditions met - transferred to revenue</b>	<b>-16 675 726</b>	<b>-19 668 666</b>
<b>Conditions still to be met - transferred to liabilities (see note 3)</b>	<b>32 157 134</b>	<b>23 581 120</b>

**10.4 Changes in levels of government grants**

Based on the allocations set out in the Division of Revenue Act, 2007, significant changes in the level of government grant funding are expected over the forthcoming three financial years. A RSC Levies Replacement Grant of R 161 814 997 in 2007/08, R 182 447 000 in 2008/09 and R 197 910 000 in 2009/10 will be included in the Equitable Share

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

	2007	2006
	R	R
<b>11 OTHER INCOME</b>		
AMBULANCE FEES	775 189.00	796 143
AIRFIELD FUEL	3 400.00	0
AIRFIELD LANDING FEES	54 104.00	17 782
COMMISSION ON SALARY DEDUCTIONS	94 716.00	87 458
SUNDRIES / UNALLOCATED INCOME	72 255.00	492 449
SKILLS LEVY INCOME	444 856.00	608 242
TENDER INCOME	65 946.00	69 050
	<u>1 510 466</u>	<u>2 071 124</u>

**12 EMPLOYEE RELATED COSTS**

Employee related costs - Salaries and Wages	69 084 865	60 831 464
Employee related costs - Contributions for UIF, pensions and medical aids	18 956 411	16 523 783
Travel and other allowances	6 561 252	5 915 939
Housing subsidy	1 002 607	1 239 068
Overtime payments	5 510 592	5 428 560
Performance bonus	0	0
Less: Employee costs capitalised to Property, Plant and Equipment	0	0
Less: Employee costs included in other expenses	0	0
<b>Total Employee Related Costs</b>	<u>101 115 727</u>	<u>89 938 814</u>

**Remuneration of Individual Executive Directors  
30 JUNE 2006**

	Municipal Manager	Executive Dir. Treasury (CFO)	Executive Dir. Community	Executive Dir. Corporate	Executive Dir. LED	Executive Dir. Technical
	R	R	R	R	R	R
Annual Remuneration	123 272	349 223	0	384 916	0	0
Performance Bonuses	0	0	0	0	0	0
Car Allowance	44 589	180 000	0	161 132	0	0
Medical, pension fund and other allowances	0	99 820	0	82 995	0	0
<b>Total</b>	<u>167 861</u>	<u>629 043</u>	<u>0</u>	<u>629 043</u>	<u>0</u>	<u>0</u>

**Appointment dates of Executive Directors**

MM APPOINTED 01/09/2001 TILL 19/09/2005  
ED TREASURY APPOINTED 01/02/2002 TILL 31/12/2006  
ED CORPORATE APPOINTED 01/02/2002 TILL 31/01/2007

**30 JUNE 2007**

	Municipal Manager	Executive Dir. Treasury (CFO)	Executive Dir. Community	Executive Dir. Corporate	Executive Dir. LED	Executive Dir. Technical
	R	R	R	R	R	R
Annual Remuneration	728 412	389 823	146 712	413 404	179 647	189 400
Performance Bonuses	0	0	0	0	0	0
Car Allowance	34 921	102 500	38 000	154 587	39 928	34 600
Medical, pension fund and other allowances	0	104 988	39 288	100 648	16 283	0
<b>Total</b>	<u>763 333</u>	<u>597 311</u>	<u>224 000</u>	<u>668 639</u>	<u>235 859</u>	<u>224 000</u>

**Appointment dates of Executive Director:**

MM APPOINTED 21/08/2006  
CFO APPOINTED 01/02/2007 AND PREVIOUS CFO ENDED 31/12/2006  
ED CORP APPOINTED 01/02/2007 AND PREVIOUS ED ENDED  
ED COMMUNITY APPOINTED 01/03/2007  
ED LED APPOINTED 15/01/2007  
ED TECHNICAL APPOINTED 01/03/2007

	2007	2006
	R	R
<b>13 REMUNERATION OF COUNCILLORS</b>		
Executive Mayor	524 946	409 790
Speaker	406 241	388 019
Councillors	4 418 944	4 232 644
Councillors' pension contribution	552 828	489 886
<b>Total Councillors' Remuneration</b>	<u>5 902 959</u>	<u>5 520 339</u>

**In-kind Benefits**

The Executive Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Mayor has use of a Council owned vehicle for official duties. The Executive Mayor has a full-time driver and bodyguard.

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

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b>14 INTEREST PAID</b>		
External borrowings - liabilities	6 038 484	11 662 629
Bank overdrafts	<u>0</u>	<u>0</u>
<b>Total Interest on External Borrowings</b>	<b><u>6 038 484</u></b>	<b><u>11 662 629</u></b>
<b>15 GRANTS AND SUBSIDIES PAID</b>		
Grant to Lesedi Local Municipality	3 380 598	1 377 471
Grant to Midvaal Local Municipality	1 628 970	8 214 504
Grant to Emfuleni Local Municipality	15 661 414	26 774 610
Expenditure on regional facilities	<u>0</u>	<u>0</u>
<b>Total Grants and Subsidies</b>	<b><u>20 670 982</u></b>	<b><u>36 366 585</u></b>
The grants to municipalities are for municipal facilities. It includes the transfer of grants, maintenance cost on assets and fixed assets erect		
<b>16 GENERAL EXPENSES</b>		
Included in general expenses is the following:-		
This note is to highlight specific expenditure included in General Expenses		
AUDIT FEES	1 295 211	1 039 114
ADVERTISEMENTS	741 963	378 798
BANK CHARGES	550 790	536 141
COMPUTER SYSTEMS	840 015	434 008
CONGRESSES / ATT. MEETINGS	861 713	347 614
CONSULTATION FEES	978 101	1 330 200
DONATIONS/GRANTS COUNCIL	117 814	494 767
DATA ACCOUNT	131 062	77 369
ELECTRICITY	2 313 903	347 536
ENTERTAINMENT - EXTERNAL	979 786	667 878
OFFICE REFRESHMENTS	251 969	316 343
EXTERNAL BURSARIES	750 705	0
GENERAL EXPENSES FROM GRANTS	2 783 922	0
INTERGOVERNMENTAL RELATIONS	372 830	51 622
LEGAL CHARGES	1 576 929	2 038 091
LICENSE FEES	605 427	521 521
MARKETING/PROMOTION/ADVERTISEMENTS	2 256 841	1 854 926
MEMBERSHIP FEES	536 576	668 593
PERIODICALS/REFERENCE BOOK/MAGAZINES	156 789	70 585
POSTAGE	56 663	165 406
PUBLIC PARTICIPATION	1 291 518	566 547
RENTAL	3 682 221	2 562 678
REFUSE REMOVAL	56 430	88 031
RSC LEVIES	0	302 143
STATIONERY/PRINTING/BINDING ETC	1 849 245	1 286 260
STOCK AND MATERIALS	1 132 390	1 011 598
SEWERAGE BASIC	66 486	106 424
SUBSISTENCE & TRAVEL	937 902	663 639
TELEPHONE - OFFICE	1 684 557	2 368 745
TELEPHONE - CELL PHONES	664 067	563 804
TRAINING	494 417	341 589
TRANSPORT - FUEL AND OIL	360 709	405 079
UNIFORMS	314 903	292 529
CAMPAIGNS	135 997	26 442
WATER	8 575	1 469
TRAINING CONSOLIDATION	594 465	633 552
CASULTY CONTRIBUTIONS	0	1 072 763
INSURANCE - PREMIUM	1 339 069	711 996
INSURANCE - EXCESS PAYMENTS	81 504	62 052
SKILLS DEVELOPMENT LEVY	803 967	740 265
	<u>33 657 431</u>	<u>25 148 117</u>
28.2 Net exchange differences		
None	<u>0</u>	<u>0</u>
28.3 Material losses		
None	<u>0</u>	<u>0</u>

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

**17 RESTATEMENT OF COMPARATIVE AMOUNTS**

**2006**  
**R**

A reconciliation of the surplus/(deficit) reported in the previous years annual financial statements to the restated comparative amounts included in the statements of Financial Performance is set out below:-

Surplus/(Deficit) as currently reported	27 686 911
Depreciation not previously reported	4 869 678
Capital Cost - Redemption	-8 191 335
Contribution to capital outlay	-9 103 008
Prior year adjustments	0
Deficit previously reported	<u>15 262 246</u>

In the previous year's annual financial statements, these transactions were not included in the Statement of Financial Performance due to different recognition criteria. Instead these amounts were recorded as revenue or expenses in the pre-GAMAP Reserves and Funds. Adjustments have been made in the Statement of change in net assets to restate the comparative net assets to those previously reported.

**18 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP**

**2007**  
**R**

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

**18.1 Provisions and Reserves**  
**Balance previously reported**

Section 12(4)(b)	0
Capital reserve fund	20 667 159
Conditional Grant reserve	3 677 708
<b>Total</b>	<u>24 344 867</u>

**Implementation of GAMAP**

Conditional grant reserve Transfer to Unspent conditional grants	3 677 708
Capital reserve Fund transfer to Unspent conditional grants	12 827 674
Capital reserve fund Transferred to Creditors	7 839 485
<b>Total</b>	<u>24 344 867</u>

**18.2 Loans Redeemed and Other Capital Receipts**

**Balance previously reported** 69 637 897

**Implementation of GAMAP**

Transferred to Government Grant Reserve	21 357 539
Transferred to Accumulated Surplus/(Deficit) (see 18.7 below)	48 280 358
<b>Total</b>	<u>69 637 897</u>

**18.3 Provisions**

**Balance previously reported**

none	0
<b>Implementation of GAMAP</b>	<u>0</u>

none	0
<b>Total</b>	<u>0</u>

**18.4 Creditors**

**Balance previously reported** 26 984 796

**Implementation of GAMAP**

Capital reserves fund Transferred from Reserves	7 839 485
Unspent Conditional grants shown as creditors	-7 178 626
Vat not shown separately	-248 716
<b>Total</b>	<u>27 396 939</u>

**18.5 Property, plant and equipment**

**Balance previously reported** 81 820 651

**Implementation of GAMAP**

Property, plant and equipment written off	-12 536 497
Property, plant and equipment not recorded in 2004/05	0
Property, plant and equipment not previously recorded	0
<b>Total</b>	<u>69 284 154</u>

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

	<b>2007</b>
	<b>R</b>
<b>18.6 Accumulated Depreciation</b>	
Balance previously reported	<u>0</u>
<b>Implementation of GAMAP</b>	
Backlog depreciation: Infrastructure	840 139
Backlog depreciation: Community Assets	367 359
Backlog depreciation: Other Assets	15 760 218
Backlog depreciation: Land and Buildings	0
<b>Total (debited to Accumulated Surplus/(Deficit)) (see 18.7 below)</b>	<u><u>16 967 716</u></u>
<b>18.7 Accumulated Surplus/(Deficit)</b>	
<b>Implementation of GAMAP</b>	
Property, plant and equipment previously not recorded	0
Property, plant and equipment written off	-12 536 497
Transferred from Statutory funds	0
Transferred from Loans Redeemed and Other Capital Receipts	48 280 358
Backlog depreciation (see 18.6 above)	-16 967 716
<b>Total</b>	<u><u>18 776 145</u></u>

**CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP (CONTINUED)**

	<b>2006</b>
	<b>R</b>
<b>18.8 Adjustments on the appropriation account</b>	
RSC Levies related to prior years	728 880
Debtors not previously recorded	35 000
Creditors not previously recorded	-179 690
Creditors not realising (Savings on projects)	9 677 006
Asset disposal	-47 353
Incorporation of Theatre bank accounts	904 743
Adjustment on loans	-460
Income Related to prior years	8 122
Internally CCDL funded loan written back	
VAT correction	-289
	<u><u>11 125 959</u></u>

**19 CHANGE IN ACCOUNTING POLICY**

Due to changes in the policy comparative figures can differ from previous years. The municipality was unable to determine the effect of the change resulting from the implementation of GAMAP retrospectively due to the following reason:-

19.1 The Municipality was unable to determine depreciation for the year ended 30 June 2006 as a number of significant adjustments were made to property, plant and equipment. It was not possible to determine the period to which these adjustments related. As a result the provision of GAMAP 17 could only be applied from 1 July 2006.

19.2 Certain balances and transactions, specifically those relating to statutory funds and reserves could not be unbundled prior to 30 June 2005. Some of these balances and transactions do not meet the criteria of assets, liabilities, revenue and expenditure contained in the accounting framework on which standards of GAMAP and GRAP are based.

19.3 The comparative amounts have not been restated in line of GRAP 3 as it was not possible to identify all the balances and transactions included in statutory funds and reserves. The accounting framework has been applied from 1 July 2005 in respect of these balances and transactions.

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b>20 CASH GENERATED BY OPERATIONS</b>		
Surplus/(Deficit) for the year	40 200 982	27 686 911
Adjustment for:-		
Cash contributions from State		
Depreciation	5 645 479	4 869 678
Adjustment provisions		
Gain on disposal of property, plant and equipment	0	0
Contribution to provisions – current		
Contribution to bad debt provision		0
Dividends received	0	0
Surplus/(Deficit) account adjustments	11 126 205	-1 223 373
Investment income	-10 774 648	-11 346 394
Interest paid	6 038 484	11 662 629
<b>Operating surplus before working capital changes:</b>	<u><b>52 236 502</b></u>	<u><b>31 649 451</b></u>
Increase in provisions	774 298	331 786
(Increase)/decrease in other debtors	15 214 937	-22 628 348
(Decrease)/increase in conditional grants and receipts	8 478 716	23 684 008
(Decrease)/Increase in creditors	-4 293 056	-23 963 662
(decrease)/Increase in VAT	-1 387 671	0
<b>Cash generated by/(utilized in) operations</b>	<u><u><b>71 023 726</b></u></u>	<u><u><b>9 073 235</b></u></u>

Due to the inability of the municipality to restate the comparatives in the Statement of Financial Performance and Changes in Net Assets, the comparative amounts in the cash flow statement are based on the cash generated from operations previously reported.

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

21 CASH AND CASH EQUIVALENTS	2007	2006
	R	R
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :		
Bank balances and cash	19 028 603	9 442 832
Call investment	73 286 287	59 778 902
Bank overdraft	0	0
<b>Total cash and cash equivalents</b>	<u><u>92 314 890</u></u>	<u><u>69 221 734</u></u>
22 UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2007	2006
	R	R
<b>22.1 Unauthorized expenditure</b>		
none		
Reconciliation of unauthorized expenditure		
Opening balance	0	0
Unauthorized expenditure current year	0	0
Approved by Council or condoned	0	0
Transfer to receivables for recovery (note 16)	0	0
Unauthorized expenditure awaiting authorization	<u><u>0</u></u>	<u><u>0</u></u>
<b>22.2 Fruitless and wasteful expenditure</b>		
none		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	0	0
Fruitless and wasteful expenditure current year	0	0
Condoned or written off by Council	0	0
To be recovered – contingent asset (see note 40)	0	0
Fruitless and wasteful expenditure awaiting condonement	<u><u>0</u></u>	<u><u>0</u></u>
<b>22.3 Irregular expenditure</b>		
none		
Reconciliation of irregular expenditure		
Opening balance	0	0
Fruitless and wasteful expenditure current year	0	0
Condoned or written off by Council	0	0
Transfer to receivables for recovery – not condoned	0	0
Irregular expenditure awaiting condonement	<u><u>0</u></u>	<u><u>0</u></u>
23 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
<b>23.1 Contributions to organized local government</b>		
none		
Opening balance	0	0
Council subscriptions	0	0
Amount paid - current year	0	0
Amount paid - previous years	0	0
<b>Balance unpaid (included in creditors)</b>	<u><u>0</u></u>	<u><u>0</u></u>
<b>23.2 Audit fees</b>		
Opening balance	0	0
Current year audit fee	-1 295 211	-1 039 113
Amount paid - current year	1 220 652	1 039 113
Amount paid - previous years	0	0
<b>Balance unpaid (included in creditors)</b>	<u><u>-74 559</u></u>	<u><u>0</u></u>
<b>23.3 VAT</b>		
VAT inputs receivables and VAT outputs receivables are shown in note 5. All VAT returns have been submitted by the due date throughout the year.		
<b>23.4 PAYE and UIF</b>		
Opening balance	0	0
Current year payroll deductions	14 138 020	13 432 335
Amount paid - current year	-14 138 020	-13 432 335
Amount paid - previous years	0	0
<b>Balance unpaid (included in creditors)</b>	<u><u>0</u></u>	<u><u>0</u></u>

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

24 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

24.1 Pension and Medical Aid Deductions

	2007	2006
	R	R
Opening balance	0	0
Current year payroll deductions and Council Contributions	26 626 396	24 349 275
Amount paid - current year	-26 626 396	-24 349 275
Amount paid - previous years	0	0
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>

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

The Municipality had deviated from the procurement policy and it was reported

Nature of deviation	Reasons for deviation	AMOUNT
Printing copies for IDP Mayoral Committee (26/03/2007)	Due to unforeseen circumstances copies were needed urgently and copying had to be done over the weekend. (Ons Drukkers)	4 189.50
Fitment of a complete distributor to DZS 564 GP	Refer to the motivation (deviation file)	1 109.22
Advertising – Sedibeng Region as possible host for 2010 Soccer World Cup.	Two (2) of SDM advertisements were issued instead of one (1) advert due to ambiguous instructions by the relevant staff members. SDM derived the benefits of two	86 640.00
Repairing of one window at EMS.	Three quotations could not be obtained in such a short notice. The window had to be urgently replaced due to previous brake in that resulted in six computers being stolen from the very same office. One quotation was received and SC Procedure had to be bypassed in this regard.	234.84
Purchasing of Z94A Register Remittance Books	The current cheque registers that is being utilized by Records Section does not comply with the MFMA (Act 2003). Provincial Archives and Unisa have advised Records Section that the most applicable register for these processes would be Z94A which are only designed and purchased from the Government Printing works in Pretoria.	
Promotional Material for the team to Austria	Batsumi Office supply quoted on short notice and the other suppliers did not quote.	16 530.00
Plumbing Work	Three quotations were requested and suppliers were called in for the site inspection. Only one quote was received and had to be approved to avoid possible exacerbations.	980.00
Electrical Repairs	Site inspection was held where specifications were issued out with a request for quotations upon the end of the process two (2) quotations were received. It was further requested by the requesting department (Facilities) to approve the two quotations that were received to avoid further possible exacerbations of the problem.	17 922.00
Repair & Servicing of the Air Conditioning system (Main building)	Contractors were invited for the site inspection as the normal SCM procedures; one quote was received from Electro Air. It was further requested that it be approved that the submitted supplier execute the requested work.	4 911.18
Electrical Repairs at Mphatlalatsane	Contractors were invited to the site inspection and only two quotes were received i.e. Tsheport Business Enterprise and M B Electrical. It was requested that one of the companies undertake the requested work.	2 861.00
Partitioning of the 4 <sup>th</sup> Floor	The order that was issued out regarding the partitioning of fourth floor had to be extended (order no: 0001011083). There wasn't a motivational attached to the documentation or supporting documentation that states why the order had to be extended.	9 444.56
Tent hire for 1000 people	The office of the Speaker requested a marquee tent & round tables for the 18 August 2007, two quotes were received and the amounts were both subject to tender. Lesedi Local Municipality was supposed to pay for the expenses but due to their financial/budget constrains, Sedibeng had to pay. The request was awarded to Elite tent hire for the amount of R 43 662.00, inclusive of Vat.	43 662.00



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

**25 CAPITAL COMMITMENTS**

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
Commitments in respect of capital expenditure:		
- Approved and contracted for	19 437 365	19 913 688
Infrastructure	19 437 365	16 816 030
Community	0	1 428 894
Other	0	1 668 764
- Approved but not yet contracted for	300 000	1 880 000
Infrastructure	300 000	700 000
Community	0	1 180 000
Other	0	0
<b>Total</b>	<b>19 737 365</b>	<b>21 793 688</b>

**26 RETIREMENT BENEFIT INFORMATION**

Contributions by Council in respect of Councillor and employees retirement funding have been expended in the year

**27 CONTINGENT LIABILITY**

The following contingent liabilities were discovered at year end:

Case	Description	Amount Claimed	Possible liability
Human Resources Disputes	Currently there is cases pending relating to former employees who have cases against Council relating to unfair dismissals, Performance bonuses not paid to section 56 employees. Two Employees within the Human resources department made a case against Council for unfair suspension	R 2 032 902	
Light House Advertising (Pty) Ltd	Sedibeng entered into a contract with Light House for them to advertise on the roads that belong to the provincial council. Such advertisements are prohibited from the provincial roads. Case put on hold.	Consequential Damages	
Vanippa CC	Sedibeng entered into a contract with Vanippa for them to administer the running of the airport and Sedibeng was to ensure that the airport is kept running. Houses were built in the area surrounding the airport which made the airport to be closed and now Vanippa is suing for the lost of revenue as a result of Sedibeng. The parties being sued are both Sedibeng and Emfuleni.	Consequential Damages	R 1 000 000
I-Control	Sedibeng entered into a contract with I-Control for them to enhance revenue on RSC Levies. A legal dispute on the terms and status of the contract is still pending.	R 1 170 961	R 934 513

**28 PRIVATE PUBLIC PARTNERSHIPS**

None

**29 EVENTS AFTER THE REPORTING DATE**

None

**30 COMPARISON WITH THE BUDGET**

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E (1) and E (2)

**APPENDIX B**

**SEDIBENG DISTRICT MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007**

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
<b>Land and Buildings</b>										
Land and Buildings	28 652 121	115 991	0	0	28 768 112	2 920 924	967 485	0	3 888 409	24 879 703
Buildings	0	0	0	0	0	0	0	0	0	0
	<b>28 652 121</b>	<b>115 991</b>	<b>0</b>	<b>0</b>	<b>28 768 112</b>	<b>2 920 924</b>	<b>967 485</b>	<b>0</b>	<b>3 888 409</b>	<b>24 879 703</b>
<b>Infrastructure</b>										
Water	3 152 068	621 017			3 773 085	219 988	160 156		380 144	3 392 941
Runways	846 850				846 850	67 379	42 342		109 721	737 129
Fencing	6 101 505	1 711 770			7 813 275	552 772	1 319 177		1 871 949	5 941 326
	<b>10 100 423</b>	<b>2 332 787</b>	<b>0</b>	<b>0</b>	<b>12 433 210</b>	<b>840 139</b>	<b>1 521 675</b>	<b>0</b>	<b>2 361 814</b>	<b>10 071 396</b>
<b>Community Assets</b>										
Cemetries, Theatres and Community centres	9 162 392	2 240 140			11 402 532	367 360	311 550		678 910	10 723 622
	<b>9 162 392</b>	<b>2 240 140</b>	<b>0</b>	<b>0</b>	<b>11 402 532</b>	<b>367 360</b>	<b>311 550</b>	<b>0</b>	<b>678 910</b>	<b>10 723 622</b>
<b>Heritage Assets</b>										
Paintings	1 876	0	0	0	1 876	0	0	0	0	1 876
	<b>1 876</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 876</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 876</b>
<b>Other Assets</b>										
Furniture and office equipment	4 009 531	758 794		-166 101	4 602 224	2 902 722	243 979	-165 823	2 980 878	1 621 346
Plant and Equipment	5 398 621	411 853		-180 027	5 630 447	4 098 307	433 421	-178 713	4 353 015	1 277 432
Computer equipment and appliances	7 911 218	2 442 254		-576 858	9 776 614	4 065 109	1 436 748	-531 547	4 970 310	4 806 304
Vehicles and Trailers	3 593 382	681 500		-86 639	4 188 243	1 738 757	700 415	-86 639	2 352 533	1 835 710
Aircrafts	384 211				384 211	2 105	25 614		27 719	356 492
Watercraft	68 880				68 880	30 793	4 592		35 385	33 495
Medical Equipment	1 500				1 500	1 500			1 500	0
	<b>21 367 343</b>	<b>4 294 401</b>	<b>0</b>	<b>-1 009 625</b>	<b>24 652 119</b>	<b>12 839 293</b>	<b>2 844 769</b>	<b>-962 722</b>	<b>14 721 340</b>	<b>9 930 779</b>
<b>Total</b>	<b>69 284 155</b>	<b>8 983 319</b>	<b>0</b>	<b>-1 009 625</b>	<b>77 257 849</b>	<b>16 967 716</b>	<b>5 645 479</b>	<b>-962 722</b>	<b>21 650 473</b>	<b>55 607 376</b>

**APPENDIX E(1)**  
**SEDIBENG DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007**

	2007 Actual (R)	2007 Budget (R)	2007 Variance (R)	2007 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
<b>REVENUE</b>					
Regional Services Levies - Renumeration	0	4 400 000	-4 400 000	-100%	Budgeted for income but income related to prior year as RSC levies being abolished in June 2006
Regional Services Levies - Turnover	0	9 800 000	-9 800 000	-100%	Budgeted for income but income related to prior year as RSC levies being abolished in June 2006
Rental of facilities and equipment	6 306 145	5 414 000	892 145	16%	Income higher than anticipated due to increase in Fresh Produce Market sales
Interest earned - external investments	10 423 351	6 000 000	4 423 351	74%	Additional income due to external loan only redeemed in June while anticipation were to settle earlier
Interest earned - outstanding debtors	351 297	230 000	121 297	53%	Credit collection on RSC levies increased which result in old declarations being made while interest has been calculated on those levies.
Licenses and permits	34 118 812	32 280 593	1 838 219	6%	
Income for agency services	2 703 653	2 664 653	39 000	1%	
Government grants and subsidies	182 616 677	178 211 652	4 405 025	2%	
Other income	1 510 466	3 169 236	-1 658 770	-52%	Interdepartmental transfer between Emergency Medical services and Communication centre were budgeted for, however with implementation of GAMAP we can not effect transaction
<b>Total Revenue</b>	<b>238 030 401</b>	<b>242 170 134</b>	<b>-4 139 733</b>	<b>-2%</b>	
<b>EXPENDITURE</b>					
Employee related costs	101 115 727	108 112 970	-6 997 243	-6%	
Remuneration of Councillors	5 902 959	5 888 359	14 600	0%	
Bad debts	1 767 513	500 000	1 267 513	254%	RSC levies possible recovery rate has decreased which implies that we made a provision for the write off in total.
Contribution to leave days	1 915 113	1 900 000	15 113	1%	
Depreciation	5 645 479	4 441 080	1 204 399	27%	Did not budget for depreciation on assets purchase from grants received
Repairs and maintenance	3 767 017	6 226 837	-2 459 820	-40%	Anticipated repair and maintenance programmes not completed as a result of a new Facility unit being created during restructuring process
Interest on external borrowings	6 038 484	6 300 569	-262 085	-4%	
Contracted services	17 348 714	19 589 334	-2 240 620	0%	
Grants and subsidies paid	20 670 982	12 574 202	8 096 780	64%	Grants paid to Local Municipalities is higher than budgeted as a result of prior year projects only realized in this financial year
General expenses - other	33 657 431	43 646 395	-9 988 964	-23%	Under spending as a result of programmes not being finalized according to SDBIP as a result of the restructuring process which had an impact on the alignment of the budget
Loss on disposal of property, plant and equipment		0	0	0%	
<b>Total Expenditure</b>	<b>197 829 419</b>	<b>209 179 746</b>	<b>-11 350 327</b>	<b>-5%</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>40 200 982</b>	<b>32 990 388</b>	<b>7 210 594</b>	<b>22%</b>	

**APPENDIX F**  
**SEDIBENG DISTRICT MUNICIPALITY**  
**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grants and Subsidies received

Name of Grants	Name of organ of state or municipal entity	Total Receipts for the Year	Total Expenditure for the Year	Delay \ withheld	Gazette amount Municipal year	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
		Total	Total	Total	Total		Yes / No	
Equitable Share	DPLG	140 376 951	140 376 951	0	140 377 000	None	Not Applicable	None
Emergency Medical Services Grant	Dept of Health	24 964 000	24 964 000	0	24 964 000	None	Not Applicable	None
Youth Centre Grant	Provincial	600 000	600 000	0	600 000	None	Not Applicable	None
FM Grant	National Treasury	500 000	284 066	0	0	None	Yes	None
<i>MIG grant</i>	DPLG	0	5 316 079	0	0	None	Yes	None
DLG grant	DPLG	20 000 000	969 533	0	0	None	Yes	None
<i>MSP grant</i>	DPLG	0	0	0	0	None	Yes	None
Incentive Grant	DPLG	0	0	0	0	None	Yes	None
HIV & AIDS grant	Provincial	2 694 740	2 169 227	0	0	None	Yes	None
Sports, recreation, arts and culture	Provincial	1 000 000	624 526	0	0	None	Yes	None
Department of Housing	Provincial	0	0	0	0	None	Yes	None
Local Economic Development Grant	Dept of Health	0	657 913	0	0	None	Yes	None
Dwarf	DWARF	57 000	0	0	0	None	Yes	None
Health Subsidy	Dept of Health	0	4 202 338	0	0	None	Yes	None
IDP Grant	National Treasury	0	741 249	0	0	None	Yes	None
Municipal Systems Improvement Grant	DPLG	1 000 000	1 654 125	0	1 000 000	None	Yes	None
Lotto Sport	Sundries	0	56 670	0	0	None	Yes	None
		191 192 691	182 616 677	0	1 000 000			

Equitable Share, Emergency medical services grant and Youth centre grant shown as expended in order that total grant expenditure recognised as revenue balance with Note 10