

KGALAGADI 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 3 to 28, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 17 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr M.K.Mmoiemang
Municipal Manager

28 August 2007

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KGALAGADI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

	Note	2007 R	2006 R
NET ASSETS AND LIABILITIES			
Net assets		18 744 098	16 618 232
Housing Development Fund		-	-
Capital replacement reserve		6 828 750	6 267 805
Capitalisation reserve		-	-
Government grant reserve		519 907	314 857
Donations and public contribution reserves		-	-
Self-insurance reserve		450 000	250 000
Revaluation reserve		-	-
Accumulated Surplus/(Deficit)		10 945 441	9 785 570
Non-current liabilities		3 856 976	437 928
Long-term liabilities	1	3 856 976	437 928
Non-current provisions	2	-	-
Current liabilities		14 719 776	19 614 994
Consumer deposits		-	-
Provisions	3	617 573	-
Creditors	4	2 040 144	3 599 422
Unspent conditional grants and receipts	5	12 000 803	15 631 384
Taxes		-	-
Short-term loans		-	-
Bank overdraft		-	-
Current portion of long-term liabilities	1	61 256	384 188
Total Net Assets and Liabilities		<u>37 320 850</u>	<u>36 671 154</u>
ASSETS			
Non-current assets		14 675 478	9 974 559
Property, plant and equipment	7	14 671 861	9 971 114
Investment property		-	-
Investments	9	3 618	3 445
Long-term receivables		-	-
Current assets		22 645 371	26 696 595
Inventory	10	-	1 802
Consumer debtors	11	27 288	108 027
Other debtors	12	2 150 290	157 172
Unpaid conditional grants and receipts		-	-
Taxes	6	549 263	1 235 967
Current portion of long-term debtors		-	-
Call investment deposits	13	19 727 649	24 861 811
Bank balances and cash	14	190 882	331 816
Total Assets		<u>37 320 850</u>	<u>36 671 154</u>

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

	Note	2007 R	2006 R
REVENUE			
Property rates	15	21 673	8 042
Less income forgone	15	-7 362	
Service charges	16	129 257	98 430
Rental of facilities and equipment		18 103	8 320 546
Interest earned - external investments		2 217 707	4 349 694
Interest earned - outstanding debtors		25 184	115 876
Levies		2 807 315	21 170 518
Fines		426	
Roads/Workshop income			2 540 280
Government grants and subsidies	17	60 783 905	78 400 327
Public Contributions and Donations		181 295	
Other income	18	25 574 217	152 799
Contributions Local Municipalities			6 425 000
Gains on disposal of property, plant and equipment		145 558	
Less Transfers			-2 958 042
Total Revenue		91 897 278	118 623 470
EXPENDITURE			
Employee related costs	19	26 496 490	24 670 247
Remuneration of Councillors	20	3 124 909	2 166 889
Bad debts		50 000	
Collection costs			
Depreciation		1 632 738	1 838 690
Repairs and maintenance		13 780 615	27 511 823
Interest paid	21	200 940	150 892
Grants and subsidies paid	22	1 829 602	42 449 132
General expenses	23	42 656 118	21 613 389
Less Charge-outs			-572 132
Total Expenditure		89 771 412	119 828 930
SURPLUS/(DEFICIT) FOR THE YEAR		2 125 866	-1 205 460

Refer to Appendix E(1) for the comparison with the approved budget

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

	<u>Pre-GAMAP Old Reserves and Funds</u> R	<u>Capital Replacement Reserve</u>	<u>Government Grant Reserve</u> R	<u>Capitalisation Reserve</u> R	<u>Donations and Public Contribution Fund</u> R	<u>Self Insurance Reserve</u> R	<u>Accumulated Surplus/Deficit</u> R	<u>Total</u> R
2006								
Balance at 1 July 2005			1 101 591	5 264 415			10 117 037	16 483 043
Correction of error							3 191 203	3 191 203
Restated balance	-		1 101 591	5 264 415	-		13 308 240	19 674 246
Surplus/(deficit) for the year							-1 205 460	-1 205 460
Capital grants used to purchase PPE				-3 205 501			-136 017	-3 341 518
Donated/contributed PPE				4 200 779				4 200 779
Asset disposals				8 112				8 112
Offsetting of depreciation								
Balance previously reported at 30 June 2006	-	-	1 101 591	6 267 805	-	-	11 966 763	19 336 159
Prior year adjustment (Note 24)		6 267 805	-786 734	-6 267 805		250 000	-2 181 193	-2 717 927
Restated balance at 30 June 2006		6 267 805	314 857	-	-	250 000	9 785 570	16 618 232
2007								
Balance at 1 July 2006	-	6 267 805	314 857	-	-	250 000	9 785 570	16 618 232
Correction of error								
Restated balance	-	6 267 805	314 857	-	-	250 000	9 785 570	16 618 232
Surplus/(deficit) for the year							2 125 866	2 125 866
Capital grants used to purchase PPE			284 285				-284 285	-
Property, Plant and Equipment Purchased		-3 124 469					3 124 469	-
Donated/contributed PPE								-
Contribution to CRR		3 685 414					-3 685 414	-
Contribution to Self Insurance Reserve						200 000	-200 000	-
Asset disposals								-
Assets written off			-15 280				15 280	-
Offsetting of depreciation			-63 955				63 955	-
Balance at 30 June 2006	-	6 828 750	519 907	-	-	450 000	10 945 441	18 744 098

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

	Note	2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		137 531 064	
Cash paid to suppliers and employees		-151 265 820	
Cash generated from/(utilised in) operations	24	<u>-13 734 756</u>	<u>-78 105 122</u>
Interest received		2 217 707	4 349 694
Interest paid	21	-200 940	-150 892
NET CASH FROM OPERATING ACTIVITIES		<u><u>-11 717 989</u></u>	<u><u>-73 906 320</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		7 042 701	3 205 501
Proceeds on disposal of property, plant and equipment			
Decrease in non-current receivables		-3 699 541	54 993 828
Increase in non-current investments		172	210
NET CASH FROM INVESTING ACTIVITIES		<u><u>3 343 332</u></u>	<u><u>58 199 539</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		3 096 116	
Increase in consumer deposits			
NET CASH FROM FINANCING ACTIVITIES		<u><u>3 096 116</u></u>	<u><u>3 096 116</u></u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u><u>-5 278 541</u></u>	<u><u>-12 610 665</u></u>
Cash and cash equivalents at the beginning of the year		25 195 322	40 902 103
Cash and cash equivalents at the end of the year		19 916 781	25 195 322

Accounting Policy for Kgalagadi District Municipality

Summary of significant accounting policies for the year ended 30 June 2007

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared in accordance with the Standards of Generally Recognised 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 of 2005, issued in Government Gazette no. 28095 of 15 December 2005; and
- General Notice 992 of 2005, issued in Government Gazette no. 28095 of 7 December 2005; and

The Standard comprise of the following:

GRAP 1	- Presentation of Financial Statements
GRAP 2	- Cash Flow Statements
GRAP 3	- Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	- The Effects of Changes in Foreign Exchange Rates
GAMAP 6	- Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	- Accounting for Investments in Associates
GAMAP 8	- Financial Reporting of Interests in Joint Ventures
GAMAP 9	- Revenue
GAMAP 12	- Inventories
GAMAP 17	- Property, Plant and Equipment
GAMAP 19	- Provisions, Contingent Liabilities and Contingent Asset

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 (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board. A summary of the significant accounting policies are disclosed below.

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

1.2 Presentation currency

These annual financial statements are presented in South African Rand.

1.3 Going concern assumption

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

Accounting Policy for Kgalagadi District Municipality

1.4 Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

1.5 Reserves

1.5.1 Capital Replacement Reserve (CRR)

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash allocated to the CRR can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- The proceeds from the disposal of property, plant and equipment must be transferred to the CRR.
- The CRR is reduced and the accumulated surplus/(deficit) credited with corresponding amounts when the funds are utilised.
- The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects.
- The Council determines the annual contribution to the CRR.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed 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).

1.5.2 Government Grant Reserve

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

Accounting Policy for Kgalagadi District Municipality

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

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

1.6 Financial Instruments

Financial instruments carried in the Statement of Financial Position include cash and cash equivalents, investments, accounts receivable, accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Municipality has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when it is extinguished, i.e. when the contractual right is discharged, cancelled or expires.

1.7 Leases

1.7.1 Lessee Accounting

Amounts held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

1.7.2 Lessor Accounting

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

Accounting Policy for Kgalagadi District Municipality

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

1.8 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, added to the costs of these assets, until such time as the assets are substantially ready for their intended use of sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

1.9 Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

1.10 Provisions

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

The municipality has discounted provisions to their present value when the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the Statement of Financial Position.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

1.11 Employee Benefits

(a) Pension obligations

The Municipality operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has only defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Accounting Policy for Kgalagadi District Municipality

For defined contribution plans the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory contractual or voluntary basis. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Post Retirement Medical obligations

The Municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to the Statement of Financial Performance over the expected average remaining working lives of the related employees. These obligations are valued annually by independent qualified actuaries.

(c) Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality in the form of leave.

1.12 Trade Payables (Creditors)

Trade payables and other receivables are originally carried at fair value and subsequently remeasured at amortised cost using the effective interest method.

1.13 Accrued Leave Pay

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

1.14 Unutilised Conditional Grants

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

- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions.
- If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as Revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant

Accounting Policy for Kgalagadi District Municipality

- Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

1.15 Value Added Tax

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

1.16 Property Plant and Equipment

Land and buildings held for use in the production or supply of goods and services or for administrative purposes are stated in the Statement of Financial Position at their revalued amounts being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed every four years when the municipal valuation roll is Updated.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a Revaluation Reserve in the Statement of Changes in Net Assets. Decreases that offset previous increases of the same asset are charged against the Revaluation Reserve directly in the Statement of Changes in Net Assets; all other decreases are charged to the Statement of Financial Performance. Each year the difference between depreciation based on the revalued carrying amount of the asset is charged to the Statement of Financial Performance and depreciation based on the asset's original cost is transferred from the Revaluation Reserve to the Accumulated Surplus! (Deficit).

Depreciation on revalued land and buildings is charged to the Statement of Financial Performance. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the Revaluation Reserve is transferred directly to the accumulated surplus / deficit.

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

All other property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy.

The Municipality has adopted a capitalisation threshold whereby all expenditure below the threshold is written off after capitalization. The threshold is currently R 5 000.00 per item of PPE.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and buildings under construction over their estimated useful lives, using the straight-line method.

Accounting Policy for Kgalagadi District Municipality

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	<u>Years</u>
Infrastructure	
Water.....	15
Reservoir Tanks.....	10
Community	
Buildings.....	30
Recreational Facilities.....	15
Sport Facilities.....	15
Cemeteries.....	20
Community Halls.....	20
Other	
Office Buildings.....	30
Specialist vehicles.....	7
Other vehicles.....	5
Office equipment.....	3
Furniture and fittings.....	7
Security measures.....	3
Fencing.....	5

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised (net) in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the Accumulated Surplus/(Deficit) directly in the Statement of Changes in Net Assets.

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

1.17 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition investment properties are shown at fair value, based on periodic, but at least every four years, valuations by external independent valuers. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

1.18 Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Accounting Policy for Kgalagadi District Municipality

1.19 Impairment of Tangible and Intangible Assets

At each Statement of Financial Position date the municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

1.20 Financial Assets

The Municipality classifies its financial assets in the following categories: available for sale through Statement of Financial Performance, held to maturity and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the date of the Statement of Financial Position. Purchases and sales of available-for-sale investments are recognized on the trade date at fair value including transaction costs. Investments are subsequently carried at fair value. Realised and unrealized gains and losses arising from changes in the value of these investments are recognized in the Statement of Changes in Net Assets. When these investments are sold or impaired the accumulated fair value adjustments are included in the Statement of Financial Performance and reversed in the Statement of Changes in net Assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the Statement of Financial Performance. Dividends on available-for-sale equity instruments are recognised in the Statement of Financial Performance when the right to receive payments is established.

Accounting Policy for Kgalagadi District Municipality

(b) Held- to- maturity

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of loans and receivables that the management of the Municipality has a positive intention and ability to hold to maturity.

These assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

Interest on held-to-maturity securities calculated using the effective interest method is recognised in the Statement of Financial Performance. Dividends on available-for-sale equity instruments are recognised in the Statement of Financial Performance when the right to receive payments is established.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the date of the Statement of Financial Position. They arise when the Municipality provides money for goods or services directly to a debtor with no intention of trading the receivable and are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment.

1.21 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

1.22 Revenue Recognition

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

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

Service charges from sewerage and sanitation are split between business and residential rates. The business tariff is based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly. Residential properties are levied monthly based on a fixed tariff.

Interest and rentals are recognised on a time proportion basis.

Accounting Policy for Kgalagadi District Municipality

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant creditor, if the grant conditions indicate that interest is payable to the funder.

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

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use.

Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

1.23 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses

Accounting Policy for Kgalagadi District Municipality

that will be received based on past experience of amounts collected.

Donations are recognised 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 are recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management

Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.24 Conditional Grants and Receipts

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

1.25 Borrowing costs

All borrowing costs, being interest cost incurred by the Municipality when borrowing funds, are recognised as finance costs expenses in the period in which it is incurred.

1.26 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.27 Unauthorised Expenditure

Unauthorised 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). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28 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

Accounting Policy for Kgalagadi District Municipality

policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 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

1.30 Rounding

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

Application for exemptions in terms of Government Gazette No 30013 dated 29 June 2007 was approved by the National Treasury on 21 August 2007.

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

	2007 R	2006 R
1 LONG-TERM LIABILITIES		
Annuity Loans	3 918 232	822 116
Government Loans : Other		
Sub-total	<u>3 918 232</u>	<u>822 116</u>
Less : Current portion transferred to current liabilities	-61 256	-384 188
Local Registered Stock Loans		
Annuity Loans	<u>-61 256</u>	<u>-384 188</u>
Government Loans : Other		
Total External Loans	<u>3 856 976</u>	<u>437 928</u>
Refer to Appendix A for more detail on long-term liabilities.		
2 NON-CURRENT PROVISIONS		
Provision for Leave Payments	-	-
Total Non-Curent Provisions	<u>-</u>	<u>-</u>
The movement in the non-current provision is reconciled as follows: -		
Balance at beginning of year	-	-
Contributions to provision	-	-
Expenditure incurred	-	-
Increase in provision due to discounting	-	-
Transfer to current provisions	-	-
Balance at end of year	<u>-</u>	<u>-</u>
3 PROVISIONS		
Performance Bonus	617 573	-
	<u>617 573</u>	<u>-</u>
The movement in the provision is reconciled as follows: -		
Balance at beginning of year	-	-
Contributions to provision	617 573	-
Expenditure incurred	-	-
Increase in provision due to discounting	-	-
Transfer to current provisions	-	-
Balance at end of year	<u>617 573</u>	<u>-</u>
4 CREDITORS		
Trade Creditors	593 250	195 258
Payments in Advance	55 944	48 481
Leave Provision	1 134 922	1 006 500
Loan Debtors	256 029	-
Trust Bursaries	-	2 349 183
	<u>2 040 144</u>	<u>3 599 422</u>

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)

2007
R

2006
R

5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

5.1 Conditional Grants from other spheres of Government

MIG Grants

Provincial LED Projects

5.2 Conditional Grants not MIG Grants

MSIG

FMG

Sanitation 05/06

Sanitation (household)

Health - Section 78 Report

IDP

Spacial Development Framework

Dipudi Project

Housing Accreditation

SETA Leadership Training

EPWP Fencing of Roads

EPWP Fencing of Graveyards

EPWP Donkey Carts

Vanzylsus Library - magazines

Vanzylsus Library Development Programme

Capacity Building

LED

Donkey and Human Drawn Carts - North West

Asbestos Roads

PIMMS

MSIG

Baklaros Training Centre

HIV/Aids Council

School Sanitation

Kgalagadi Projects

4 383 156

15 631 384

4 383 156

15 631 384

-

7 617 647

107 713

1 310 045

404 843

183 104

61 042

103 219

87 705

168 270

1 000 000

221 858

750 633

15 000

76 786

862

54 730

125 551

35 206

273 026

1 124 977

198 333

21 165

150 830

133 629

100 000

909 120

Total unspent conditional grants and receipts

12 000 803

15 631 384

6 VAT

VAT receivable

-

-

VAT payable

549 263

1 235 967

VAT is payable on the invoice basis.

7 PROPERTY, PLANT AND EQUIPMENT

30 June 2007

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Develop Fund	Investment Assets	Investment Properties	Total
	R	R	R	R	R	R	R	R	R
Carrying values at 1 July 2006	6 810 955				3 160 156				9 971 111
Cost	7 897 803				8 071 143				15 968 946
Correction of error									
Revaluation									
Accumulated depreciation	-1 086 848				-4 910 985				-5 997 833
- Cost	-1 086 848				-4 910 985				-5 997 833
- Revaluation									
Acquisitions					2 103 391				2 103 391
Capital under Construction	4 939 311								4 939 311
Increases/decreases in revaluation									
Depreciation	-263 844				-1 368 894				-1 632 738
- based on cost	-263 844				-1 368 894				-1 632 738
- based on revaluation									
Carrying value of disposals					-709 216				-709 216
Cost/revaluation					-1 450 269				-1 450 269
Accumulated depreciation					741 053				741 053
Impairment losses									
Correction of error									
	11 486 422				3 185 435				14 671 857
Carrying values at 30 June 2007	11 486 422				3 185 435				14 671 857
Cost	12 837 114				8 724 265				21 561 379
Revaluation									
Accumulated depreciation	-1 350 692				-5 538 826				-6 889 518
- Cost	-1 350 692				-5 538 826				-6 889 518
- Revaluation									

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)

30 June 2006

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Development Fund	Investment Assets	Investment Properties	Total
	R	R	R	R	R	R	R	R	R
Carrying values at 1 July 2005	5 448 822	-	-	-	3 323 409	-	-	-	8 772 231
Cost	6 295 072	-	-	-	7 991 364	-	-	-	14 286 436
Correction of error	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-846 250	-	-	-	-4 667 955	-	-	-	-5 514 205
- Cost	-846 250	-	-	-	-4 667 955	-	-	-	-5 514 205
- Revaluation	-	-	-	-	-	-	-	-	-
Acquisitions	1 615 435	-	-	-	1 590 066	-	-	-	3 205 501
Capital under Construction	-	-	-	-	-	-	-	-	-
Increases/decreases in revaluation	-	-	-	-	-	-	-	-	-
Depreciation	-241 831	-	-	-	-1 514 483	-	-	-	-1 756 314
- based on cost	-241 831	-	-	-	-1 514 483	-	-	-	-1 756 314
- based on revaluation	-	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-	-
Cost/revaluation	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-
Prior year adjustment see Note 24	-11 471	-	-	-	-238 834	-	-	-	-250 305
	6 810 955	-	-	-	3 160 158	-	-	-	9 971 113
Cost	7 897 803	-	-	-	8 071 143	-	-	-	15 968 946
Revaluation	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-1 086 848	-	-	-	-4 910 985	-	-	-	-5 997 833
- Cost	-1 086 848	-	-	-	-4 910 985	-	-	-	-5 997 833
- Revaluation	-	-	-	-	-	-	-	-	-

Application for exemptions in terms of Government Gazette No 30013 dated 29 June 2007 was approved by the National Treasury on 21 August 2007

	2007 R	2006 R
8 CORRECTION OF ERROR		
During the year ended 30 June 2007, the Government Grant Reserve opening balance was restated to be in line with the book value of assets funded by Government Grants and Donations according to the Asset register at the beginning of the year ended 30 June 2006.	786 733.98	
An amount of R2 800 000 for Investments overstated in the year ended 30 June 2006 was not recorded in the Statement of Change in Net Assets for the year ended 30 June 2006, but was correctly stated in the Statement of Financial Position at 30 June 2006.	-2 800 000.00	
Capital Replacement Reserve was stated as Capitalisation Reserve in the Statement of Change in Net Assets for the year ended 30 June 2006	6 267 805.00	
Self Insurance Reserve was stated as a Provision in the year ended 30 June 2006 and not included in the Statement of Change in Net Assets for the year ended 30 June 2006. Disclosed to be GRAP Compliant.	250 000.00	
The comparative amount has been restated as follows: -	-	-
Corrections of improvements to libraries expensed as repairs and maintenance	-	-
Depreciation	-	-
Net effect on surplus/(deficit) for the year	<u>4 504 539</u>	<u>-</u>

KGALAGADI DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)

	2007	2006
	R	R
9 INVESTMENTS		
Financial Instruments		
Long-term Deposits- Collateral P Seele	3 618	3 445
Fixed Deposits	<u>3 618</u>	<u>3 445</u>

10 INVENTORY		
Balance as at the beginning of the year	1 802	-
Consumable stores – at cost	-	1 802
Written off	1 802	-
Total Inventory	<u>-</u>	<u>1 802</u>

The stores are not in use and the amount reflected is for fuel that cannot be withdrawn from the tanks

11 CONSUMER DEBTORS		
Consumer Debtors	127 906	162 657
Less Provision for Bad Depts	-100 618	-54 630
	<u>27 288</u>	<u>108 027</u>

Summary of Debtors by Customer Classification As at 30 June 2007	Gross Balances R	Provision for Bad Debts R	Net Balance R
Service debtors			
Rates	11 360		11 360
Refuse	5 854		5 854
Water	26 001		26 001
VAT	252		252
Miscellaneous Vatable	11 465		11 465
Miscellaneous Non Vatable	72 974		72 974
Working Capital		-100 618	-100 618
Total	<u>127 906</u>	<u>-100 618</u>	<u>27 288</u>

As at 30 June 2006	Gross Balances R	Provision for Bad Debts R	Net Balance R
Service debtors			
Rates	11 149	-	11 149
Refuse	5 192	-	5 192
Water	19 178	-	19 178
VAT	4 920	-	4 920
Miscellaneous Vatable	29 059	-	29 059
Miscellaneous Non Vatable	93 159	-	93 159
Working Capital		-54 630	-54 630
Total	<u>162 657</u>	<u>-54 630</u>	<u>108 027</u>

	2007	2006
	R	R
Rates: Ageing		
Current (0 – 30 days)	990	753
31 - 60 Days	740	519
61 - 90 Days	716	435
91 - 120 Days	535	362
121 - 150 Days	532	341
More than 150 days	7 847	8 739
Total	<u>11 360</u>	<u>11 149</u>

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)

	2007 R	2006 R
11 CONSUMER DEBTORS (continued)		
(Water and refuse removal): Ageing		
Current (0 – 30 days)	31 403	20 542
31 - 60 Days	11 544	6 454
61 - 90 Days	7 436	2 517
91 - 120 Days	7 913	18 817
121 - 150 Days	3 924	4 398
More than 151 days	54 326	98 779
Total	116 546	151 507
Summary of Debtors by Customer Classification		
30 June 2007		
	Consumers	Industrial/ Commercial
	National and Provincial Government	
	R	R
Current (0 – 30 days)	28 084	1 590
31 - 60 Days	8 379	3 262
61 - 90 Days	7 367	160
More than 91 days	57 333	6 999
Sub-total	101 163	12 011
Less: Provision for bad debts	-100 618	-
Total debtors by customer classification	545	12 011
	14 728	14 728
30 June 2006		
	Consumers	Industrial/ Commercial
	National and Provincial Government	
	R	R
Current (0 – 30 days)	18 908	1 755
31 - 60 Days	4 420	1 705
61 - 90 Days	1 219	1 363
More than 91 days	115 349	591
Sub-total	139 896	5 414
Less: Provision for bad debts	-54 630	-
Total debtors by customer classification	85 266	5 414
	17 346	17 346
Reconciliation of the bad debt provision		
	2007	2006
	R	R
Balance at beginning of the year	54 630	520 000
Contributions to provision	50 000	-
Bad debts written off against provision	-4 012	-
Reversal of provision	-	-465 370
Balance at end of year	100 618	54 630
12 OTHER DEBTORS		
Education Trust	74 259	-
Pay As You Earn	2 071 730	-
Deposit Escom	1 000	1 000
Tranquility Trust	3 300	3 300
Asbestos Roads	-	149 685
Salaries	-	3 187
	2 150 290	157 172
13 CALL INVESTMENT DEPOSITS		
Call Investment deposits	19 727 649	24 861 811
14 BANK, CASH AND OVERDRAFT BALANCES		
The Municipality has the following bank accounts: -		
Current Account (Primary Bank Account)	189 132	330 066
Petty Cash	1 750	-
	190 882	330 066
ABSA Bank No 960000999		
Cash book balance at beginning of year	330 066	242 887
Cash book balance at end of year	189 132	330 066
Bank statement balance at beginning of year	2 568 928	-
Bank statement balance at end of year	395 981	2 568 928

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)

	2007 R	2006 R
15 PROPERTY RATES		
<u>Actual</u>		
Residential, Commercial and State	21 673	14 489
Less: Income Forgone	7 362	6 447
Total Assessment Rates	14 311	8 042
<u>Valuations</u>		
Stand Valuation R 157701	1 183	
Improvement Valuation R 2572100	19 291	
Building Clause R 160000	1 200	
Total Tax Levied	21 674	
<p>Valuations on land and buildings came into effect on 1 July 2002. A general rate of R0.0075 (2005/06 R0.005) is applied to property valuations to determine assessment rates. Rebates of R15000.00 on valuation is granted to residential property and a 20% d</p>		
16 SERVICE CHARGES		
Sale of water	101 062	74 993
Refuse removal	23 727	20 212
Sanitation removal	4 467	3 225
Total Service Charges	129 256	98 430
17 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable Share		14 164 440
Provincial Road Subsidies	2 802 414	3 096 217
Provincial Health Subsidies	-	
Provincial Library Grant	73 000	16 000
Provincial Library Grant (magazines)	1 019	-
Provincial Disaster Management Grant	469 000	469 000
Provincial Grant - Fire Equipment	436 000	435 000
Municipal Systems Improvement Grant	1 000 000	1 750 000
Capital Grant Electricity	40 000	50 000
Local Government Finance Management Grant	500 000	1 000 000
Drought Relieve	-	16 663 000
LED	-	
MIG Grant	12 324 284	29 542 888
Sanitation Grant	-	10 000 000
Asbestos Roads	7 600 000	1 063 782
Cleaning Ga-Segonyana	151 441	150 000
Electricity Olifantshoek	-	526 316
District Growth and Development Summit	850 000	
Housing Accreditation	1 000 000	
Seta Leadership Training	221 858	
EPWP Fencing Roads	750 633	
EPWP Donkey Carts	100 000	
EPWP Fencing Graveyards	15 000	
Total Government Grant and Subsidies	28 334 649	78 926 643
18 OTHER INCOME		
Included in other income are Unspent funds from 2005/2006	19 888 451	
	19 888 451	

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)

	2007 R	2006 R
19 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	15 673 245	14 997 547
Employee related costs - Contributions for UIF, pensions and medical aids	5 341 825	6 761 870
Travel, motor car, accommodation, subsistence and other allowances	4 004 967	1 499 439
Housing benefits and allowances	1 030 306	1 015 479
Overtime payments	-	-
Performance bonus	446 147	395 912
Total Employee Related Costs	<u>26 496 490</u>	<u>24 670 247</u>

There were no advances to employees. Loans to employees are set out in note 10.

Remuneration of the Municipal Manager

Annual Remuneration-All inclusive package	705 780	646 838
Performance Bonuses	125 977	107 756
Leave Payment	60 399	24 405
Total	<u>892 156</u>	<u>778 999</u>

Remuneration of the Chief Finance Officer

Position Vacant

Remuneration of Individual Executive Directors

	Special Projects	Technical Services	Corporate Services (4 Months Only)	Development and Planning
	R	R	R	R
30 June 2007				
Annual Remuneration-All inclusive package	556 104	671 508	202 373	601 426
Performance Bonuses	97 280	117 438	-	105 452
Leave Payment	29 317	52 885	85 883	-
Total	<u>682 701</u>	<u>841 831</u>	<u>288 256</u>	<u>706 878</u>
30 June 2006				
Annual Remuneration-All inclusive package	509 521	615 265	607 119	550 923
Performance Bonuses	-	100 453	97 503	90 200
Leave Payment	26 652	32 175	31 230	64 174
Total	<u>536 173</u>	<u>747 893</u>	<u>735 852</u>	<u>705 297</u>

20 REMUNERATION OF COUNCILLORS

Executive Mayor	478 184	345 624
Speaker	374 485	287 310
Executive Committee Members	1 160 456	980 566
Councillors	727 617	311 547
Councillors' pension and medical aid contribution	384 167	241 842
Total Councillors' Remuneration	<u>3 124 909</u>	<u>2 166 889</u>

In-kind Benefits

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

The Executive Mayor has use of a Council owned vehicle for official duties.

The Executive Mayor has a full-time driver.

21 INTEREST PAID

Long-term liabilities	200 940	150 892
Total Interest on External Borrowings	<u>200 940</u>	<u>150 892</u>

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)

	2007 R	2006 R
22 GRANTS AND SUBSIDIES PAID		
Grant to Ga-Segonyana Local Municipality	950 000	1 800 000
Grant to Gamagara Local Municipality	480 282	1 260 000
Grant to Moshaweng Local Municipality	291 075	1 300 000
Grant to Northern Cape Tourism	76 000	2 065 000
Grant to SMME	32 245	
Total Grants and Subsidies	<u>1 829 602</u>	<u>6 425 000</u>
23 GENERAL EXPENSES		
23.1 Flood damage	<u>-</u>	<u>41 260</u>
Flood damage costs resulted from unseasonal floods that occurred in the Moshaweng areas. The Municipality had to provide temporary shelter and food aid to affected residents until the flooding subsided and residents were able to return to their homes.		
23.2 Material losses		562
Burglary at Vanzylsrus office	<u>-</u>	<u>562</u>
23.3 Included in general expenses are the following: Projects that was funded by Grants and Subsidies	37 608 095	-
	<u>37 608 095</u>	<u>-</u>
24 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	2 125 866	-1 205 461
Operating surplus	<u>2 125 866</u>	<u>-1 205 461</u>
Decrease in inventories	1 802	-
(Increase)/decrease in debtors	-2 722 540	5 900 555
(Decrease)/increase in conditional grants and receipts	-11 860 827	-59 671 952
Increase in creditors	-1 279 057	-23 128 264
Cash generated by/(utilised in) operations	<u>-13 734 756</u>	<u>-78 105 122</u>
25 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	189 132	330 066
Investment deposits	19 727 649	24 865 256
Total cash and cash equivalents	<u>19 916 781</u>	<u>25 195 322</u>
26 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term liabilities (see Note 1)	3 856 976	437 928
Used to finance property, plant and equipment – at cost		3 205 501
Total	<u>3 856 976</u>	<u>3 643 429</u>
Cash set aside for the repayment of long-term liabilities	-	822 116
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.		

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)

27 PRIOR YEAR ADJUSTMENT

	2007	2006
	R	R

During the current year it was discovered that a number of items were incorrectly classified in the prior year's financial statements which required the municipality to restate some of the balances previously reported. This was also done to ensure a meani

27.1 Funds and reserves

Balance previously reported

Government Grant Reserve	1 101 591	
Capitalisation Reserve	6 267 805	
	7 369 396	

During the year ended 30 June 2007, the Government Grant Reserve prior year closing balance was restated to be inline with the book value of assets funded by Government Grants and Donations according to the Asset register at the end of the year ended 30 June

The Capital Replacement Reserve was incorrectly stated as the Capitalisation Reserve in the Statement of Change in Net Assets and Statement of Financial Position for the year ended 30 June 2006

Restated Balance

Transferred to Capital Replacement Reserve	6 267 805	
Government Grant Reserve	314 857	
Transferred to the Accumulated Surplus	786 734	
	7 369 396	

27.2 Non-Current Provisions

Balance previously reported

Provision for Leave Payments		1 006 500
------------------------------	--	-----------

In the financial statements for the year ended 30 June 2006 the closing balance for the provision for leave payments was incorrectly classified as a non-current provision. It should have been classified as a creditor.

Restated Balance

Transferred to Creditors		1 006 500
--------------------------	--	-----------

27.3 Provisions

Balance previously reported

Insurance Fund		250 000
----------------	--	---------

Self Insurance Reserve was stated as a Provision in the year ended 30 June 2006 and not included in the Statement of Change in Net Assets for the year ended 30 June 2006.

Restated Balance

Transferred to Self Insurance Reserve		250 000
---------------------------------------	--	---------

27.4 Creditors

Balance previously reported

		243 739
Transferred from Trust Funds	2 349 183	
Transferred from Non-current Provisions	1 006 500	

Restated Balance

		3 599 422
--	--	-----------

KGALAGADI DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)

27 PRIOR YEAR ADJUSTMENT (Continued)

2007
R

2006
R

In the annual financial statements for the year ended 30 June 2006 an amount was indicated as "Trust Funds" which should in fact have been classified as Creditors.

In the financial statements for the year ended 30 June 2006 the closing balance for the provision for leave payments was incorrectly classified as a non-current provision. It should have been classified as a creditor

27.5 Trust Funds

Balance previously reported

Trust Funds 2 349 183

In the annual financial statements for the year ended 30 June 2006 an amount was indicated as "Trust Funds" which should in fact have been classified as Creditors.

Restated Balance

Transferred to Creditors 2 349 183

27.6 Property, Plant & Equipment

Balance previously reported

Property, Plant & Equipment 10 139 041

Closing balance in Statement of Financial Position did not balance with notes to the financial statements and Fixed Asset Register.

Assets with a cost price of below the capitalisation threshold should have been written off previously with the implementation of GRAP.

Cost price of assets below capitalisation amount written off from Accumulated Surplus -1 522 992

Accumulated depreciation of assets below capitalisation amount written off to Accumulated Surplus 1 272 687

Transferred to Accumulated Surplus 82 378

Restated Balance 9 971 114

27.7 Consumer Debtors

Balance previously reported

1 496 866

Transferred to Other Debtors -152 872

VAT transferred to Taxes -1 235 967

Restated Balance 108 027

Suspense accounts were incorrectly disclosed as Consumer Debtors and should have been classified as Other Debtors.

In the financial statements for the year ended 30 June 2006 VAT was classified under Consumer Debtors and should have been classified as Taxes.

27.8 Other Debtors

Balance previously reported

6 050

Transferred from Consumer Debtors 152 872

Petty Cash transferred to Bank Balances and Cash -1 750

Restated Balance 157 172

In the financial statements for the year ended 30 June 2006 VAT was classified under Consumer Debtors and should have been classified as Taxes.

Petty Cash was incorrectly classified as Other Debtors and should have been allocated as Bank Balances and Cash.

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)

27 PRIOR YEAR ADJUSTMENT (Continued)	2007	2006
	R	R
<i>Balance previously reported</i>		<u>-</u>
VAT transferred from Consumer Debtors		-1 235 967
<i>Restated Balance</i>		<u><u>-1 235 967</u></u>
In the financial statements for the year ended 30 June 2006 VAT was classified under Consumer Debtors and should have been classified as Taxes.		
<u>27.9 Bank Balances and Cash</u>		
<i>Balance previously reported</i>		330 066
Petty Cash transferred from Other Debtors		1 750
<i>Restated Balance</i>		<u><u>331 816</u></u>
Petty Cash was incorrectly classified as Other Debtors and should have been allocated as Bank Balances and Cash.		
<u>27.10 Accumulated Surplus</u>		
<i>Balance previously reported</i>		9 166 763
Transferred from Government Grant Reserve		786 734
Transferred to Property, Plant and Equipment		-1 522 992
Transferred from Property, Plant and Equipment		1 272 687
Transferred from Property, Plant and Equipment		82 378
		<u><u>9 785 570</u></u>
28 Contingent Liability		
There was an audit done by SARS and it was found that there was not enough funds paid over to them in the for five years. The amount indicate is for the period 2003 to 2005 and there is still an amount outstanding for the period 2001 and 2002. At this stage it is unknown what the nett amount payable to SARS will be.		
	<u>2 071 730</u>	-
	<u><u>2 071 730</u></u>	<u><u>-</u></u>
29 POST-EMPLOYMENT BENEFITS		
An Actuarial Valuation was done in accordance with AC 116 and the Liability Projection is as indicated. There will be endeavour to make provision in the budget within the next ten years.		
	<u>10 220 991</u>	-
	<u><u>10 220 991</u></u>	<u><u>-</u></u>

Application for exemptions in terms of Government Gazette No 30013 dated 29 June 2007 was approved by the National Treasury on 21 August 2007.

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)

	2007	2006
	R	R
30 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
25.1 Unauthorised expenditure		
Opening Balance	-	-
Manager Corporate Service		605 943
Municipal Manager		12 618
Council		227 769
Financial Services		78 740
DMA Vanzylsrus		258 658
Manager Special Projects		646 262
MIG Office (PMU)		686 264
Ga-Segonyana Projects		10 623 880
Moshaweng Projects		9 551 246
Gamagara Projects		155 850
Kgalagadi Projects		2 090 031
<i>Included in Kgalagadi Projects from operating budget:</i>		
Targeted Groups R 17 530.00		
Provincial and National Events R 250 922.00		
Unauthorised expenditure previous year		24 937 261
Unauthorised expenditure current year	5 393 203	-
Executive and Council	1 015 819	
Development and Planning	90 268	
Roads	2 768 017	
Other	1 519 099	
Approved or condoned by Council (F27.22/08/2007 for 2006/2007)	-5 393 203	-
Unauthorised expenditure awaiting authorization	-	24 937 261
31 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
31.1 Contributions to organized local government		
Opening balance		
Council subscriptions	110 859	99 199
Amount paid - current year	-110 859	-99 199
Amount paid - previous years		-
Balance unpaid (included in creditors)	-	-
31.2 Audit fees		
Opening balance		
Current year audit fee	562 853	308 211
Amount paid - current year	-562 853	-308 211
Amount paid - previous years		
Balance unpaid (included in creditors)	-	-
31.3 VAT		
VAT inputs receivables and VAT outputs receivables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.		
31.4 PAYE and UIF		
Opening balance		
Current year payroll deductions	5 263 538	5 259 768
Amount paid - current year	-5 263 538	-5 259 768
Amount paid - previous years		
Balance unpaid (included in creditors)	-	-
31.5 Pension and Medical Aid Deductions		
Opening balance		
Current year payroll deductions and Council Contributions	5 250 292	5 459 606
Amount paid - current year	-5 250 292	-5 459 606
Amount paid - previous years		
Balance unpaid (included in creditors)	-	-
31.6 Councillor's arrear consumer accounts		

No Councillor had any arrear accounts outstanding.

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)

	2007 R	2006 R
32 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)		
29.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act		
In April 2006 a disaster occurred at Bothitong village and liquifire gel stoves were bought for the affected families. The official procurement processes were not followed as no competitive bids were invited.	-	42 750
<i>The following deviations from the supply chain management policy and regulations occurred during the 2006/2007 financial year:</i>		
1. Tihapi Media/Hyper Act Promotions - District Growth and Development Summit A deviation from the SCM policy was approved on the condition that the service provider be appointed by means of quotations instead of formal tenders	F20.21/02/2007 1 482 550	
2. Earthmoving Repairs - 17.5x25 Tyres Only 2 vendors locally can supply CAT products, therefore it's impractical to follow the National SCM processes	F19.22/08/2007 26 220	
3. Idwala Industrial Holdings - Limestone Impractical to follow procurement process because acquisition of limestone is available from single supplier	F19.22/08/2007 97 455	
4. Rocktech Earthmoving - Grader Blades Only 2 vendors locally can supply CAT products, therefore it's impractical to follow the National SCM processes	F19.22/08/2007 25 410	
5. Kido Staalwerke- Stainless Steel Tank for Sewerage Traitort The sole supplier of a steel tank of this magnitude	F19.22/08/2007 28 279	
6. Sebata Municipal Solutions - Time and Attendance System The time and attendance system should be linked to Sebata FMS Payroll, therefore it was impractical to comply with SCM processes	F19.22/08/2007 146 141	
7. Spangenberg Laboratory - Testing of water samples Only qualified micro-biologist in Kuruman	F07.09/05/2007 10 380	
8. Shoprite - Food parcels for needy Was the only supermarket with affordable food parcels at that time	F07.09/05/2007 7 500	
9. Earthmoving Repairs - TA fittings Sole supplier	F07.09/05/2007 35 161	
10. Idwala Industrial Holdings- 224 tons of hydrated lime Sole supplier in region	F07.09/05/2007 218 333	
11. Price Watehouse Coopers- Sec 78 Assessment Hotazel Council resolution taken	F07.09/05/2007 51 000	
12. Earthmoving Repairs- Reconditioning hydraulic pump Sole supplier	F07.09/05/2007 13 949	
13. Spangenberg Laboratory- Testing of water samples Only micro-biologist in Kuruman	F07.09/05/2007 10 602	
14. La Rey Design- Printing of posters Only supplier who can provide material according to DWAFF standerds	F07.09/05/2007 22 700	
15. Kgomoiso Image and Sound - Drop handle zip files Only HDI company who can provide this service	F07.09/05/2007 11 571	
16. Barloworld Kuruman- 15W40 Oil 208l Only supplier of CAT oil in the Kuruman	F07.09/05/2007 14 109	
17. Rocktech- Grader blades Sole provider in the region	F07.09/05/2007 32 677	
18. Marleon - Health education material Only supplier who can provide material according to DWAFF standerds	F07.09/05/2007 9 600	
Total	2 243 637	-
33 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).		
34 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved and contracted for	-	884 565
Infrastructure	-	-
Community	-	884 565
Heritage	-	-
Other	-	-
- Approved but not yet contracted for	-	639 883
Infrastructure	-	-
Community	-	-
Heritage	-	-
Other	-	639 883
Total	-	1 524 448
This expenditure will be financed from:		
- Own resources	-	1 524 446
	-	1 524 446
35 RETIREMENT BENEFIT INFORMATION		
All Councillors and employees belong to defined benefit retirement funds.		
36 EVENTS AFTER THE REPORTING DATE		

31.1 *Councillor Remuneration:*
Backpay for councillors relating to the 2005/2006 financial year, paid during the
2006/2007 financial year.

 - 49 117

APPENDIX A

KGALAGADI DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2007

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/2006	Received during the period	Redeemed written off during the period	Balance at 30/06/2007
ANNUITY LOAN						
DBSA	2		822 116		822 116	
DBSA	NC101797			918 232		918 232
DBSA	NC102567			3 000 000		3 000 000
TOTAL EXTERNAL LOANS			822 116	3 918 232	822 116	3 918 232

Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
921 691	
918 232	
4 021 079	
5 861 002	

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

	Cost/Revaluation				Accumulated Depreciation					
	Opening Balance	Capital under construction	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value
Land and Buildings										
Land	893 976				893 976	121 163	28 623		149 786	744 190
Buildings	7 003 827	4 939 311			11 943 138	965 685	235 221		1 200 906	10 742 232
	7 897 803	4 939 311	-	-	12 837 114	1 086 848	263 844	-	1 350 692	11 486 422
Other Assets										
	8 071 144		2 103 390	1 450 269	8 724 265	4 910 984	1 368 894	741 053	5 538 826	3 185 439
	15 968 947	4 939 311	2 103 390	1 450 269	21 561 379	5 997 832	1 632 738	741 053	6 889 518	14 671 861

APPENDIX C
KGALAGADI DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
30 JUNE 2007

	Cost/Revaluation				Accumulated Depreciation					Carrying Value
	Opening Balance	Capital under construction	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council	2 038 787		1 318 624	1 305 600	2 051 811	781 594	228 108	637 519	372 183	1 679 628
Finance & Admin	13 544 535	4 939 311	498 748	35 668	18 946 925	4 398 239	1 100 108	-	5 498 347	13 448 578
Planning & Development	15 480		1 733	1 733	15 480	15 480	0	-	15 480	0
Health	50 742			-	50 742	31 859	3 711	-	35 570	15 173
Community & Social Services					-			-	-	-
Public Safety			284 286	107 268	177 018	639 218	235 089	103 534	770 773	-593 755
Sport & Recreation					-			-	-	-
Environmental Protection					-			-	-	-
Waste Management					-			-	-	-
Road Transport					-			-	-	-
Water					-			-	-	-
Electricity					-			-	-	-
Other	319 402			-	319 402	131 442	65 722	-	197 164	122 238
TOTAL	15 968 947	4 939 311	2 103 390	1 450 269	21 561 379	5 997 832	1 632 739	741 053	6 889 518	14 671 861

APPENDIX E
KGALAGADI DISTRICT MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30 JUNE 2007

2006	2006	2006		2007	2007	2007
Actual	Actual	Surplus/		Actual	Actual	Surplus/
Income	Expenditure	(Deficit)		Income	Expenditure	(Deficit)
R	R	R		R	R	R
257 042	8 736 020	-8 478 978	Executive & Council	2 361 126	10 614 288	-8 253 162
40 197 877	14 325 685	25 872 192	Finance & Admin	38 462 617	14 177 987	24 284 630
1 815 758	5 494 886	-3 679 128	Planning & Development	1 175 805	4 001 017	-2 825 212
184 719	2 265 034	-2 080 315	Health	17 156	2 303 784	-2 286 628
625 073	9 735 630	-9 110 557	Community & Social Services			-
		-	Housing			-
914 344	2 315 764	-1 401 420	Public Safety	911 910	2 548 739	-1 636 829
		-	Sport & Recreation			-
		-	Environmental Protection			-
		-	Waste Management			-
3 215 086	6 557 796	-3 342 710	Road Transport	14 829 245	15 455 904	-626 659
		-	Water			-
		-	Electricity			-
71 413 571	70 398 116	1 015 455	Other	34 146 781	41 896 698	-7 749 917
118 623 470	119 828 931	-1 205 461	Sub Total	91 904 640	90 998 417	906 223
-	-	-	Less Inter-Department Charges	-	-1 219 643	-1 219 643
118 623 470	119 828 931	-1 205 461	Total	91 904 640	89 778 774	2 125 866

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

REVENUE	2007 Actual (R)	2007 Budget (R)	2007 Variance (R)	2007 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Property rates	21 673	21 673	-		
Property rates - penalties imposed and collection charges	-	-	-		
Service charges	129 257	126 700	2 557	2.02	
Rental of facilities and equipment	18 103	49 200	-31 097	-63.21	
Interest earned - external investments	2 217 707	2 150 000	67 707	3.15	
Interest earned - outstanding debtors	25 184	16 000	9 184	57.40	Interest received was more than budgeted for.
Levies	2 807 315	2 595 000	212 315	8.18	
Fines	426	125	301	240.80	
Government grants and subsidies	61 683 905	58 730 379	2 953 526	5.03	
Public Contributions and Donations	181 295	-	181 295	100.00	
Other income	24 674 217	25 085 632	-411 415	-1.64	
Contributions Local Municipalities			-	-	
Gains on disposal of property, plant and equipment	145 558		145 558	-	
Less: Transfers			-	-	
Total Revenue	91 904 640	88 774 709	3 129 931	3.53	
EXPENDITURE					
Executive & Council	10 614 288	9 598 469	1 015 819	10.58	Loss on disposal of assets were not budgeted for. Expenditure on depreciation and travel and subsistence exceeded the budgeted amounts.
Finance & Admin	14 177 987	14 855 782	-677 795	-4.56	
Planning & Development	4 001 017	3 910 749	90 268	2.31	
Health	2 303 784	2 634 690	-330 906	-12.56	Savings on personnel budget because of the vacancy for head of department that existed during the 2006/2007 financial year
Community & Social Services			-	-	
Housing			-	-	
Public Safety	2 548 739	2 609 124	-60 385	-2.31	
Sport & Recreation			-	-	
Environmental Protection			-	-	
Waste Management			-	-	
Road Transport	15 455 904	12 687 887	2 768 017	21.82	An amount of R3.6 million was received from the department of roads, transport and public works. This amount was not included in the original and adjustment budget.
Water			-	-	
Electricity			-	-	
Other	41 896 698	41 611 705	284 993	0.68	
Less Inter-Departmental Charges	-1 219 643		-1 219 643		
Total Expenditure	89 778 774	87 908 406	1 870 368	2.13	
NET SURPLUS/(DEFICIT) FOR THE YEAR	2 125 866	866 303	1 259 563		

APPENDIX E(2)

KGALAGADI DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

	<u>2007</u> <u>Actual</u>	<u>2007</u> <u>Under</u> <u>Construction</u>	<u>2007</u> <u>Total</u> <u>Additions</u>	<u>2007</u> <u>Budget</u>	<u>2007</u> <u>Variance</u>	<u>2007</u> <u>Explanation of Significant Variances</u> <u>Variance greater than 5% versus Budget</u>
	R	R	R	R	R	% (Explanations to be recorded)
Executive & Council	1 318 624		1 318 624	706 500	612 124	86.64 The mayoral car was written off in an accident and was replaced by a new car.
Finance & Admin	498 748	4 939 311	5 438 059	4 345 500	1 092 559	25.14 1) An amount of R663 747 was transferred from 2005/2006.2) An amount of R2 200 000 was budgeted in 2004/2005 for the Multi Purpose Centre in Vanzylsrus and the work only started in 2006/2007.
Planning & Development	1 733		1 733	73 500	-71 767	97.64 There was budgeted for furniture but the offices were not ready in 2006/2007
Health				132 960	-132 960	100.00 There was budgeted for furniture but the offices were not ready in 2006/2007
Community & Social Services						
Public Safety	284 285		284 285	316 500	-32 215	10.17 Savings on budgeted amount.
Sport & Recreation						
Environmental Protection						
Waste Management						
Road Transport				5 000	-5 000	100.00 No expenditure incurred during 2006/2007
Water						
Electricity						
Other				15 635	-15 635	100.00 No expenditure incurred during 2006/2007
TOTAL	2 103 390	4 939 311	7 042 701	5 595 595	1 447 106	

**KGALAGADI DISTRICT MUNICIPALITY
TRAIL BALANCE AT 30 JUNE 2007**

CAPITAL	FOLIO	DEBIT	CREDIT
Manager Corporate Services	30100010000	12 984 240	
Council	30100020000	237 254	
Financial Services	30100030000	2 405 135	
Human Resources	30100040000	303 497	
Health Services	30100090000	50 742	
Mayoral Office	30100070000	1 588 832	
Management Area	30100060000	1 695 668	
Disaster Management	30100050000	1 686 986	
PIM Centre	30100080000	15 480	
Projects Management	30100100000		
Municipal Manager	30100110000	214 130	
Development & Planning	30100120000		
MIG Office	30100130000	319 402	
Internal Audit	30100150000	60 012	
FUNDS & RESERVES			
Loans Outstanding Office Building	30100160000		3 000 000
Loan Outstanding MPC Vanzylsrus	30100170000		918 232
Government Grant Reserve	30200310000		519 907
N D R Assets finance	30200320000		
N D R EFF	30200330000		
Acc Depreciation	30200340000		6 889 517
Capital Replacement Reserve	40600510000		6 828 750
Working Capital	40700710000		100 618
Leave Payments (Provisions)	40700720000		1 134 922
Trust Bursaries	40700730000		
Insurance Fund	40703370000		450 000
Accumulated Surplus	50902410000		10 945 441
CREDITORS			
Unspent Grants	5110226012		7 617 647
MIG Funding	50103250000		4 383 156
Trade Creditors	50602040000		593 250
Provision Performance Bonus	51103160000		617 573
Loans Debtors	51103170000		256 029
SUNDRY DEBTORS			
Trading Debtors- Water	50101200000	26 001	2 059
Trading Debtors- Rates	50101210000	11 360	1 179
Trading Debtors- Refuse	50101220000	5 854	143
Trading Debtors- VAT	50101240000	252	74
Trading Debtors- Miscellaneous Vatable	50101250000	11 465	29 208
Trading Debtors- Miscellaneous None Vatable	50101260000	72 974	23 281
Pay As You Earn Tax	51103130000	2 071 730	
Education Trust	51103190000	74 259	
VAT	51103370000	549 263	
INVESTMENTS & DEPOSITS			
Petty Cash	50000910000	1 750	
Deposit Eskom	50301340000	1 000	
Collateral P Seele	50501730000	3 618	
ABSA Acc 2065950272	50501720000	7 961 588	
ABSA Acc 9103544168	50501760000	1 206 756	
ABSA Acc 9105009621	50501770000	8 323	
FNB Acc 62016341208	50501740000	10 548 563	
FNB Acc 62047254272	50501750000	2 419	
Cheque Account	51002610000	189 132	
Tranquility Trust	50301330000	3 300	
STOCK			
Inventory	50401510000		
		44 310 985	44 310 985