

**OVERBERG
DISTRICKSMUNISIPALITEIT**



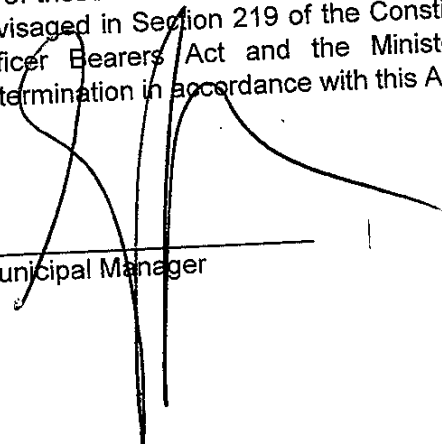
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30 JUNIE 2008

OVERBERG DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended
30 June 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 54 including appendices A to F as set out on pages 46 to 54, 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 23 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.


Municipal Manager

20 Jan 2009
Date

OVERBERG DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2008

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OVERBERG DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

OTHER INFORMATION

Nature of Business	Overberg Municipality is a district municipality performing the functions as set out in the Constitution.(Act no 105 of 1996).
Country of Origin and Legal Form	South African district municipality as defined by the Municipal Structures Act (Act no 117 of 1998)
Directors	Municipal Manager: T Botha (currently suspended) Chief Financial Officer: R Butler (currently suspended) Director Technical and Planning Services: GW Hermanus (currently acting as Municipal Manager)
Principal Bankers	ABSA
Auditors	Auditor General
Attorneys	Mrs Luttig and Seun
Registered Office	26 Long Street Bredasdorp 7280
Postal address	Private Bag X22 Bredasdorp 7280
Relevant Legislation	Municipal Finance Management Act (Act no 56 of 2003) Division of Revenue Act The Income Tax Act Value Added Tax Act Municipal Structures Act (Act no 117 of 1998) Municipal Systems Act (Act no 32 of 2000) Municipal Planning and Performance Management Regulations Water Services Act (Act no 108 of 1997) Housing Act (Act no 107 of 1997) Municipal Property Rates Act (Act no 6 of 2004) Electricity Act (Act no 41 of 1987) Skills Development Levies Act (Act no 9 of 1999) Employment Equity Act (Act no 55 of 1998) Unemployment Insurance Act (Act no 30 of 1966) Basic Conditions of Employment Act (Act no 75 of 1997) Supply Chain Management Regulations, 2005 Collective Agreements Infrastructure Grants SALBC Leave Regulations

OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	Note	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net assets		27,153,384	23,077,594
Capital replacement reserve	2	759,086	759,086
Government grant reserve	2	6,292,412	6,955,922
Donations and public contribution reserves	2	503,755	530,805
Revaluation reserve		-	-
Accumulated Surplus/(Deficit)		19,598,131	14,831,780
Non-current liabilities		8,040,268	10,385,153
Long-term liabilities	3	8,040,268	10,385,153
Non-current provisions	4	-	-
Current liabilities		10,605,584	12,366,044
Provisions	5	746,259	-
Trade Payables	6	4,717,358	3,273,813
Unspent conditional grants and receipts	7	2,642,396	6,781,408
Taxes	8	132,312	146,152
Bank overdraft	17	-	-
Current portion of long-term liabilities	3	2,367,260	2,164,671
Total Net Assets and Liabilities		<u>45,799,236</u>	<u>45,828,791</u>
ASSETS			
Non-current assets		29,751,241	30,659,666
Property, plant and equipment	10	29,588,715	30,496,475
Investment property	11	-	-
Intangible assets	12	19,926	3,478
Investments	13	142,600	159,712
Current assets		16,047,995	15,169,124
Inventory	14	1,574,742	1,050,725
Trade Receivables from Exchange Transactions	15	133,340	84,782
Trade Receivables from Non-Exchange Transactions	16	4,791,544	2,661,901
Cash and Cash Equivalents	17	9,548,369	11,371,716
Total Assets		<u>45,799,236</u>	<u>45,828,790</u>

**OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30th JUNE 2008**

	Note	2008 K	2007 K
REVENUE		68,422,229	79,934,452
Revenue from Non-Exchange Transactions			
<i>Taxation Revenue</i>			
Property rates DMA	18	-	-
Property rates - penalties imposed and collection charges		-	-
Regional Service Levies - turnover		-	-
Regional Service Levies - remuneration		-	-
		68,280,768	79,828,930
<i>Transfer Revenue</i>			
Government grants and subsidies	20	68,280,768	79,828,930
Public contributions		-	-
		141,461	105,522
<i>Other Revenue</i>			
Fines		-	2,850
Bad Debts Recovered		141,461	-
Changes in Fair Value		-	102,672
		24,690,285	18,194,154
Revenue from Exchange Transactions			
Service charges	19	3,577,766 #	3,355,180
Rental of facilities and equipment		9,016,325 #	8,447,425
Interest earned - external investments		2,228,579 #	3,264,314
Interest earned - outstanding debtors		1,535 #	188,054
Dividends received	13	20,281 #	2,139
Licences and permits		- #	-
Income for agency services	21	3,230,495 #	-
Other income		6,615,303 #	2,937,042
		93,112,514	98,128,606
Total Revenue			
EXPENDITURE			
Employee related costs	22	37,959,467	49,055,728
Remuneration of Councillors	23	2,917,431	2,974,632
Bad debts		337,562	3,243,016
Collection costs		-	-
Depreciation		2,983,252	2,763,036
Amortisation		2,977	7,804
Repairs and maintenance		13,145,964	18,381,894
Interest paid	24	1,415,932	1,557,955
Bulk purchases	25	-	-
Contracted services		1,966,596	1,143,116
Grants and subsidies paid	26	405,646	247,147
General expenses	27	27,901,899	31,885,600
		89,036,724	111,259,928
Total Expenditure			
SURPLUS/(DEFICIT)		4,075,790	-13,131,322
Gains on disposal of property, plant and equipment		-	-
Loss on disposal of property, plant and equipment		-	-
		4,075,790	-13,131,322
SURPLUS/(DEFICIT) FOR THE YEAR			
Share of surplus/(deficit) of associate accounted for under the equity method	28	-	-
		4,075,790	-13,131,322
SURPLUS/(DEFICIT) FOR THE YEAR			

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

OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	Housing Development Fund	Capital Replacement Reserve	Capitalisation Reserve	Government Grant Reserve	Donations and Public Contribution Reserve	Self- Insurance Reserve	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R	R	R	R
2007									
Balance at 30 June 2006	-	1,000,000	-	7,054,559	-	-	-	28,084,323	36,138,882
Correction of Error (Note 29)	-	-	-	-	-	-	-	84,200	84,200
Restated balance	-	1,000,000	-	7,054,559	-	-	-	28,168,523	36,223,082
Net surplus/(deficit) for the year								-13,131,322	-13,131,322
Transfer to CRR									
Property, plant and equipment purchased		-240,914		589,328	539,526			240,914	
Capital grants used to purchase PPE		-		-	-			-1,128,854	
Net (surplus)/deficit for the year (Agency function)								-14,166	-14,166
Correction of Error (Note 29)				-687,964	-8,721			696,685	
Offsetting of depreciation				6,955,922	530,805			14,831,780	23,077,594
Balance at 30 June 2007		759,086		6,955,922	530,805			14,831,780	23,077,594
2008									
Balance at 30 June 2007	-	759,086	-	6,955,922	530,805	-	-	14,831,780	23,077,594
Restated balance	-	759,086	-	6,955,922	530,805	-	-	14,831,780	23,077,594
Net surplus/(deficit) for the year								4,075,790	4,075,790
Transfer to CRR									
Property, plant and equipment purchased		2,094,916		-	-			-2,094,916	
Capital grants used to purchase PPE		-2,094,916		-	-			2,094,916	
Offsetting of depreciation				-663,511	-27,050			690,561	
Balance at 30 June 2008		759,086		6,292,411	503,755			19,598,131	27,153,384

OVERBERG DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other	30a	90,934,312	107,103,794
Cash paid to suppliers and employees		-89,372,023	-118,643,369
Cash generated from/(utilised in) operations	30	1,562,289	-11,539,575
Interest received		2,230,114	3,452,368
Interest paid		-1,415,932	-1,557,955
Dividends received		20,281	2,139
NET CASH FROM OPERATING ACTIVITIES		2,396,752	-9,643,023
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-2,075,491	-4,056,615
Proceeds on disposal of fixed assets		-	-
Purchase of intangible assets		-19,425	-
Decrease in non-current loans		-	124,141
Decrease in non-current investments		17,112	-102,672
NET CASH FROM INVESTING ACTIVITIES		-2,077,804	-4,035,146
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		-2,142,294	-1,028,738
Increase in consumer deposits		-	-
NET CASH FROM FINANCING ACTIVITIES		-2,142,294	-1,028,738
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		-1,823,346	-14,706,907
Cash and cash equivalents at the beginning of the year		11,371,716	26,078,623
Cash and cash equivalents at the end of the year	17a	9,548,369	11,371,716
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		-1,823,347	-14,706,907

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

1. Summary of significant accounting policies for the year ended 30 June 2008

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 annual 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 and 992 of 2005.

The standards are summarised 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	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
GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements.	

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

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards.

The Municipality applied all the exemptions as per General notice 552 of 2007 as issued by the Minister of Finance. Further details of the Minister's exemptions are mentioned throughout this policy.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of GAMAP 3 (Accounting Policies, Changes of Accounting Estimates and Errors):

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

- *Identification and impact of GRAP standards that have been issued but are not yet effective and changes to accounting policies. [Paragraphs 14, 19 and 30-31]*

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 142 (Non-current Assets held for Sale and Discontinued Operations):

- *Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]*

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 109 (Construction Contracts) in its entirety.

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.

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 return that are different from those of segments operating in other economic environments.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 115 (Segment Reporting) and AC 146 (Operating Segments).

1.5 Foreign currency transactions

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

1.6 Reserves

1.6.1 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:

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

- 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.
- 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 originally financed through the CRR must be transferred to the CRR.
- All proceeds from the sale of land will be transferred from the Accumulated Surplus to the CRR via the Statement of Changes in Net Assets.
- 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 Integrated Development Plan, the municipality's ability to raise external finance and the amount of government grants and subsidies that will be received in future will be taken into account in order to determine the annual contribution to the CRR.

1.6.2 Government Grant Reserve

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

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

1.6.3 Public Contributions and Donations Reserve

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

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

be incurred over the estimated useful life of the item of property, plant and equipment financed from Public Contributions and Donations.

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

1.7 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.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

1.8 Leases

1.8.1 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 may be capitalised in accordance with the Municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense on the basis of the cash flows in the leases.

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

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 105 (Leases) with regards to the recognition of operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105]

1.9 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 or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets may be 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.

1.10 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.

1.11 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.

1.12 Employee Benefits

(a) Pension obligations

The Municipality contribute to two separate funds on behalf of every employee at a rate of R2 for every rand deducted from employees. The funds applicable are the Cape Joint Fund and the SAMWU National Provident Fund. Employees have freedom of choice as to which fund they want to join.

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

The Municipality has both defined benefit and 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. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated bi-annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. 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 are immediately charged or credited to the Statement of Financial Performance. These obligations are valued bi-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.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 116 (Employee benefits) with regards to defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. [paragraphs 29, 48 – 119, 120A(c) to (q)]

1.13 Trade Payables (Creditors)

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

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

1.14 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.

1.15 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 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.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants):

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

- *Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.*

1.16 Value Added Tax

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

1.17 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 original cost amounts, less any subsequent accumulated depreciation.

All land and buildings recorded in the Municipality's asset register shall be revalued when the Council is of the opinion that economic conditions have had a substantial impact on the value of land and buildings within the municipal area. Under such circumstances a sworn valuer will be appointed to perform a valuation of all land and buildings.

Increases in the carrying amount arising on revaluation of land and buildings will be credited to a Revaluation Reserve in the Statement of Changes in Net Assets. Decreases that offset previous increases of the same asset will be 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 will be charged to the Statement of Financial Performance and depreciation based on the asset's original cost will be transferred from the Revaluation Reserve to the Accumulated Surplus/ (Deficit).

Depreciation on revalued land and buildings will be 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 will be 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. Historical cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy.

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,

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

using the straight-line method. 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 guiding estimated useful lives:

	Years		Years
1 Infrastructure		2 Other	
Roads and Paving	10-20	Buildings	30
Pedestrian Malls	20	Specialist vehicles	20
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	5-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5-10
Community		Specialised plant and	
Improvements	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	3-5	Equipment	2-5
		Landfill sites	30

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.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of GAMAP 17 (Property, Plant and Equipment):

- *Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]*
- *Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]*
- *Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]*
- *Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]*

1.18 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 will in future be shown at fair value, based on periodic, but at least every three 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.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 135 (Investment Property):

- *The entire standard to the extent that property is accounted for in terms of GAMAP 17.*

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

- *Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (iii)]*

1.19 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.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 129 (Intangible assets) The entire standard except for the recognition, measurement and disclosure of computer software and website costs [SIC 32/AC 432] and all other costs are expensed.

1.20 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.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 128 (Impairment of Assets) in its entirety.

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

1.21 Financial Assets

The Municipality classifies its financial assets in the following categories: 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.

- ***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.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

1.22 Inventories

Inventories consist of consumables and are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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

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

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of GAMAP 12 (Inventories):

- *The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.*
- *The entire standard to the extent that it relates to water stock that was not purchased by the municipality.*

1.23 Trade and other Receivables

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance. When a trade receivable is uncollectible, it is written off in terms of the municipality's Credit Control and Debt Collection Bylaw. Subsequent recoveries of amounts previously written off are credited against to the Statement of Financial Performance.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

1.24 Grants-in-aid

The Municipality make grants to organisations and other sectors of society from time to time. When making these grants, the Municipality does not:

- Receive any goods or services as a quid pro quo;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These grants are recognised in the financial statements as expenses during the period in which transfers are made.

1.25 Cash and Cash Equivalents

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

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

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

1.26 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.

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

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.

Interest and rentals are recognised on a time proportion basis.

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

Income for agency services is recognised on an annual basis at the end of the financial year on a predetermined rate on total expenditure. The income recognised is in terms of the agency agreement.

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

Revenue from non-exchange transactions

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.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of GAMAP 9 (Revenue):

- *Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]*

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.

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants):

- *Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.*

1.27 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.

1.28 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.

1.29 Irregular Expenditure

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

1.30 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.

1.31 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.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
2 NETT ASSET RESERVES		
RESERVES	7,555,252	8,245,513
Capitalisation Reserve	759,086	759,086
Government Grant Reserve	6,292,411	6,955,622
Donations and public contribution reserves	503,755	530,805
The reserves are being utilised to offset depreciation over the useful lives of the assets purchased funded from the reserves.	-	-
Bank and cash - The reserves are not cash-backed but represent expenditure incurred on property, plant and equipment.	-	-
Sub-total	<u>7,555,252</u>	<u>8,245,513</u>
Total Nett Asset Reserves	<u><u>7,555,252</u></u>	<u><u>8,245,513</u></u>

3 LONG-TERM LIABILITIES

Local Registered Stock Loans	-	-
Annuity Loans	9,276,869	11,006,205
Capitalised Lease Liability	1,130,659	1,543,619
Government Loans : Other	-	-
Sub-total	<u>10,407,528</u>	<u>12,549,824</u>
Less : Current portion transferred to current liabilities	-2,367,260	-2,164,671
Annuity Loans	-1,952,055	-1,745,925
Capitalised Lease Liability	-415,204	-418,745
Government Loans : Other	-	-
Total External Loans	<u><u>8,040,268</u></u>	<u><u>10,385,153</u></u>

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

The future payments on the leases are as follows:

	Within 1 Year	Rest of period	Total
Interest Payments	123,594	75,077	198,671
Capital payments	415,204	715,454	1,130,659
	<u>538,799</u>	<u>790,531</u>	<u>1,329,330</u>

Capitalised lease liability is secured by office equipment and motor vehicles (see note 10 on Property, Plant and Equipment)

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

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice

• Leases (AC 105) Recognising operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105]

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
	2008	2007
	R	R
4 NON-CURRENT PROVISIONS		
Medical/ Retirement Fund	-	-
Provision for Leave Payment	-	-
Total Non-Current Provisions	<u>-</u>	<u>-</u>

The municipality applied the exemption, mentioned here under, granted by the Minister of Finance and therefore did not obtain an actuarial valuation for post-retirement medical-aid contributions and therefore no amounts are disclosed.

In terms of the rules of the medical aid scheme the municipality has an obligation to provide post retirement medical aid contributions to all former employees that qualify for this benefit.

Number of retired employees receiving this benefit	105	105
Amount paid to medical aid on behalf of these retired employees	1,835,358	1,829,550

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 116 (Employee Benefits) with regards to defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. (paragraphs 29, 48-119, 120A(c) – (q)) The municipality applied this exemption.

5 PROVISIONS

Current portion of Medical/ Retirement Fund	-	-
Current portion of long-service provision (see note 3 above)	-	-
Provision for service bonuses	746,259	-
Total Provisions	<u>746,259</u>	<u>-</u>
Provision for Bonuses		
Balance at beginning of year	-	-
Contributions to provision - current year provision	746,259	-
Expenditure incurred	-	-
Balance at end of year	<u>746,259</u>	<u>-</u>

6 TRADE PAYABLES

Trade creditors	2,410,967	1,471,453
Payments received in advance	365,993	257,346
Suspense Accounts	34,329	25,711
Staff leave	1,824,295	1,436,978
Deposits	81,775	82,325
Total Trade Payables	<u>4,717,358</u>	<u>3,273,813</u>

	2008	2007
	R	R
7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS	2008	2007
	R	R
	2,620,049	4,210,137
7.1 Conditional Grants from other spheres of Government		
Municipal Infrastructure Grant	64,364	1,660,667
Finance Management Grant	831,490	1,085,560
Napier Tourism Office	1,127	1,019
Local Economic Development	16,433	14,863
Non-motorised transport	5,579	5,047
Spatial development framework	686,409	351,137
SETA training fund	502,419	454,130
Tourism routes	47,454	42,921
Human rights programme	78,173	127,165
Kogelberg Biosphere	20,391	112,283
Breede River spatial development framework	11,026	9,973
Alcohol abuse	40,559	40,559
Umsobomvu funds	-	22,455
Tourism workshops	15,743	14,239
Tourism projects	88,946	81,684
Housing training	172,957	156,438
CDW grant	36,980	29,997
7.1a Conditional Grants from other spheres of Government for agency functions performed on their behalf		
Roads function on behalf of Provincial Government	-	2,548,925
7.2 Other Conditional Receipts		
Public contributions	22,346	22,346
	22,346	22,346
Total Conditional Grants and Receipts	2,642,396	6,781,408

See note 21 for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilized.

Refer to Appendix G for Unspent Grants at year-end and movements during the year.

8 TAXES

VAT payable	<u>132,312</u>	<u>146,152</u>
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VAT is payable the following month.

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

10. PROPERTY, PLANT AND EQUIPMENT

		30 June 2008							Total	
Reconciliation of Carrying Value		Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Develop. Fund	Leased Assets	Investment Properties	
		R	R	R	R	R	R	R	R	R
Carrying values at 1 July 2007		-	7,430,868	1,260,657	-	20,356,096	-	1,448,854	-	30,486,475
Cost		-	9,284,897	1,378,759	-	39,941,716	-	2,129,922	-	52,735,295
Residual Value		-	-	-	-	-	-	-	-	-
Correction of error (note 29)		-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-
Accumulated depreciation		-	-1,854,029	-118,103	-	-19,585,620	-	-681,068	-	-22,238,820
- Cost		-	-1,854,029	-118,103	-	-19,585,620	-	-681,068	-	-22,238,820
- Revaluation		-	-	-	-	-	-	-	-	-
Acquisitions		-	209,483	488,266	-	1,377,743	-	-	-	2,075,491
Acquisitions (Residual Value)		-	-	-	-	-	-	-	-	-
Capital under Construction		-	-	-	-	-	-	-	-	-
Increases/decreases in revaluation		-	-	-	-	-	-	-	-	-
Depreciation		-	-471,338	-47,614	-	-2,023,443	-	-440,857	-	-2,983,252
- based on cost		-	-471,338	-47,614	-	-2,023,443	-	-440,857	-	-2,983,252
- based on revaluation		-	-	-	-	-	-	-	-	-
Carrying value of transfers		-	-	-	-	-	-	-	-	-
Cost/revaluation		-	-	-	-	-	-	-	-	-
Residual Value		-	-	-	-	-	-	-	-	-
Accumulated depreciation		-	-	-	-	-	-	-	-	-
Impairment losses		-	-	-	-	-	-	-	-	-
Correction of error		-	-	-	-	-	-	-	-	-
		-	7,169,013	1,701,308	-	19,710,396	-	1,007,997	-	29,588,715
Carrying values at 30 June 2008		-	7,169,013	1,701,308	-	19,710,396	-	1,007,997	-	29,588,715
Cost		-	9,494,380	1,867,025	-	41,319,459	-	2,129,922	-	54,810,786
Residual Value		-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-
Accumulated depreciation		-	-2,325,367	-165,717	-	-21,609,063	-	-1,121,925	-	-25,222,071
- Cost		-	-2,325,367	-165,717	-	-21,609,063	-	-1,121,925	-	-25,222,071
- Revaluation		-	-	-	-	-	-	-	-	-

10. PROPERTY, PLANT AND EQUIPMENT (continued)

30 June 2007										
Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Develop. Fund.	Leased Assets	Investment Properties	Total	
	R	R	R	R	R	R	R	R	R	R
Carrying values at 1 July 2006		6,685,757	1,125,915		20,571,765		821,619			29,205,056
Cost		8,107,697	1,202,704		38,517,417		1,179,459			49,007,277
Residual Value										
Correction of Error (Note 29)					-326,437					-326,437
Accumulated depreciation		-1,421,939	-76,789		-17,619,215		-357,840			-19,475,783
- Cost		-1,421,939	-76,789		-17,936,530		-357,840			-19,793,098
Correction of Error (Note 29)					317,314					317,314
Leased Assets previously not recorded										
Acquisitions		1,177,201	176,055		1,750,736		950,463			4,054,455
Capital under construction										
Increases/decreases in revaluation										
Depreciation		-432,090	-41,313		-1,966,405		-323,229			-2,763,037
- based on cost		-432,090	-41,313		-1,966,405		-323,229			-2,763,037
- based on revaluation										
Carrying value of transfers										
Cost/revaluation										
Accumulated depreciation										
Impairment losses										
Correction of error										
		7,430,868	1,260,657		20,356,096		1,448,854			30,496,475
Carrying values at 30 June 2007		7,430,868	1,260,657		20,356,096		1,448,854			30,496,475
Cost		9,284,897	1,378,759		39,941,716		2,129,922			52,735,295
Residual Value										
Revaluation										
Accumulated depreciation		-1,854,029	-118,103		-19,585,620		-681,068			-22,238,820
- Cost		-1,854,029	-118,103		-19,585,620		-681,068			-22,238,820
- Revaluation										

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

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The leased property, plant and equipment is secured as set out in Note 2.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2009. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 17 (Property, Plant and Equipment):

- Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]
- Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]
- Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
11 INVESTMENT PROPERTY		
Cost	-	-
Less: Accumulated depreciation	-	-
Total Investment Property	-	-

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 135 (Investment Property):

- The entire standard to the extent that property is accounted for in terms of GAMAP 17.

- Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (iii)]

The municipality applied this exemption.

12 INTANGIBLE ASSETS

Balance at beginning of the year	3,478	9,123
Cost	328,597	326,437
Less Accumulated amortisation	(325,118)	(317,314)
Acquisitions for the year - At cost	19,425	2,160
Accumulated Amortisation for the year	(2,977)	(7,804)
Balance at end of the year	19,926	3,478
Cost	348,022	328,597
Less Accumulated amortisation	(328,096)	(325,118)
Total Intangible Assets	19,926	3,478

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice.

- Intangible Assets (AC 129) The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.

13 INVESTMENTS

Listed

-	-
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Unlisted

2 582 Shares in Overberg Agri @ R56 per share - Held at fair value through profit and loss		159,712
2 582 Shares in Overberg Agri @ R50 per share - Held at fair value through profit and loss	142,600	-
Total Unlisted	142,600	159,712

The municipality obtained these shares through the former Caledon Divisional Council that became part of this municipality through amalgamation with the former Divisional Council of Bredasdorp/ Swellendam on 1 July 1989. The shares have never been declared in previous years. Shares are shown at fair value as at the end of each financial year.

Dividends received on these shares

20,281	2,139
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Financial Instruments

Long term Deposits	-	-
Short term Deposits	-	-
Total Investments	142,600	159,712

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
14 INVENTORY		
Consumable stores – at cost	1,574,742	1,050,725
Other	-	-
Total Inventory	1,574,742	1,050,725

Financial Instruments - Fair Value Adjustment

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 12 (Inventories):

- The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.
- The entire standard to the extent that it relates to water stock that was not purchased by the municipality.

The municipality applied this exemption.

15 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service debtors	256,460	312,588
Electricity	13,361	17,105
Water	5,784	11,321
Sewerage	750	1,370
Housing rentals	41,070	36,435
Refuse	3,046	3,522
Legal fees	97,811	135,539
VAT	94,639	107,297
	-	-
Less : Provision for bad debts	(123,120)	(227,807)
Total	133,340	84,782

(Electricity, Water, Refuse, Sanitation and Other): Ageing

Current (0 – 30 days)	21,374
31 - 60 Days	66,282
61 - 90 Days	36,744
+ 90 Days	132,060
Total	256,460

Other Debtors: Ageing (Sundry Debtors)

Current (0 – 30 days)	1,013,788
31 - 60 Days	331,527
61 - 90 Days	45,269
+ 90 Days	282,267
Total	1,672,850

16 TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Suspence account debits	204,836	560,013
Postponed Payments	335,562	335,562
District Council Levies	249,108	452,910
Agency Function - Provincial Health Services	-	-
Agency Function - Provincial Health Services: Electricity deposits clinics	3,874	-
Agency Function - Provincial Roads	2,660,876	-
Sundry Debtors	1,672,850	1,313,417
	5,127,105	2,661,901
Less : Provision for bad debts	(335,562)	-
	4,791,544	2,661,901

OVERBERG DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
	2008	2007
	R	R
17 BANK, CASH AND OVERDRAFT BALANCES		
<u>Assets</u>		
Call Investment Deposits	5,000,000	10,000,000
Petty Cash	3,120	3,120
Primary Bank Account	4,545,249	1,368,596
Total Cash and Cash Equivalents - Assets	<u>9,548,369</u>	<u>11,371,716</u>
The effective interest rate was 6.98% (2006: 6.3%).		
The Municipality has the following bank accounts:-		
<u>Current Account (Primary Bank Account)</u>		
ABSA Bank - Bredasdorp branch		
Account Number: 178 0000 062		
Cash book balance at beginning of year	1,368,596	10,951,287
Cash book balance at end of year	<u>4,545,249</u>	<u>1,368,596</u>
Bank statement balance at beginning of year - (overdrawn)	2,338,023	7,317,507
Bank statement balance at end of year - (overdrawn)	<u>6,173,307</u>	<u>2,338,023</u>
17a Cash and cash equivalent		
Call investment deposits	5,000,000	10,000,000
Petty Cash	3,120	3,120
Cash book balance	4,545,249	1,368,596
	<u>9,548,369</u>	<u>11,371,716</u>
18 PROPERTY RATES		
<u>Actual</u>		
Residential, Commercial, State	-	-
Less: Income for Gone	-	-
	-	-
Total Assessment Rates	<u>-</u>	<u>-</u>
<u>Valuations</u>	<u>July 2006</u>	<u>July 2005</u>
	<u>R000's</u>	<u>R000's</u>
Residential, Commercial	-	-
State	-	-
Building Clause	-	-
	-	-
Total Property Valuations	<u>-</u>	<u>-</u>
19 SERVICE CHARGES	2008	2007
	R	R
Cost Recover	1,606,245	1,634,058
Sewerage and sanitation charges	46,600	4,521
Sale of Water/Electricity	220,522	199,109
Type Site	1,681,194	1,500,372
Refuse removal	23,205	17,120
	-	-
Total Service Charges	<u>3,577,766</u>	<u>3,355,180</u>

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
	2008	2007
	R	R
20 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	28,070,560	24,680,765
Councillor Allowances	714,000	-
Fire Department Capacity Building	-	187,207
CMIP Funds	-	2,004,969
Infrastructure Grant	2,755,556	-
Drought relieve	-	330,000
Kogelberg Biosphere	97,347	203,443
Financial Management Grant	754,071	1,165,361
Global Funds	1,963,840	1,723,419
Human Rights Projects	56,427	4,939
Municipal Systems Improvement Grant	1,000,000	1,648,346
Napier Tourism Office	-	4,499
Spatial Development Framework	-	31,095
Public Transport Facility	-	50,860
SETA Training Fund	57,915	77,697
Tourism Routes	-	245,614
Social Capital Funds	-	269,139
PAWK Subsidy	32,755,888	46,424,551
Tourism Workshop	-	36,938
Housing Training	-	62,727
SEDA Funds	-	50,000
Umsobomvu Funds	24,422	247,545
CDW Funds	30,742	287,149
Alcohol Abuse	-	36,629
Other	-	-
Job Creation	-	56,037
Total Government Grant and Subsidies	68,280,768	79,828,930

Refer to Appendix F for Unspent Grants at year-end and movements during the year.

	2008	2007
21 OTHER INCOME		
Administration Cost	303,290	315,330
Fire Fighting	8,674	10,674
Fire Fighting Contribution Chopper	-	144,560
Fire Fighting ABI Contributions	200,000	106,402
Uitenkraalsmond contributions from public for connection to sewerage system	-	539,526
Databank	120,840	-
Kogelberg Biosphere	-	-
Global fund levy	-	191,010
Fire Permits	2,610	2,160
Breakages Recovered	3,760	10,857
Sundry Income	166,464	573,347
Corrections iro Previous Years - Leased Assets	-	12,293
Sanitation Unit Fees	-	1,008
Electricity Connections	420	1,265
Rent Pipeline Landfill Site	-	5,000
Arbitration Settlement Landfill Site	-	115,000
Indirect Cost Recovered	2,949,463	-
Inspection Fees	43,508	29,536
Inspection Km Fees	14,665	22,565
Card/Key Fees	553	2,675
Cost Recovered	351,899	582,866
Building Plan Copies	178	271
Resort Picnic Fees	76,621	66,030
Pont Money	77,965	63,392
Insurance Money Recovered	28,411	139,998
Valuation Certificate	50	1,275
Agency function shortfall to be recovered from provincial roads	2,265,932	-
Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 35)	-	-
Total Other Income	6,615,303	2,937,042

OVERBERG DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
22 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	31,858,764	42,685,854
Other Allowances	361,457	348,176
Housing Subsidy	353,087	341,470
Bonus	1,677,781	1,857,026
Long Service Bonus	171,370	254,408
Wages	1,482,834	1,050,467
Overtime	1,292,016	1,722,826
Salaries	23,938,939	25,578,152
Telephone allowances	-	-
Retrenchment packages	-	8,956,790
Uniform Allowance	1,246	35,033
Leave	-	145,402
Provision for Bonus	746,259	-
Provision for Leave	625,114	-
Leave Reserve Fund	-	447,120
Transport Allowance	1,208,661	1,948,986
Employee related costs - Social contributions	6,100,703	6,369,874
Provident fund	998,532	618,024
Group insurance	452,754	494,155
Medical Aid Contribution	1,721,979	1,862,876
Bargaining Council	12,238	12,378
Pension Fund Contribution	2,670,992	3,123,560
Unemployment Fund	244,209	258,882
Performance bonus	-	-
Long-service awards	-	-
Less: Employee costs capitalised to Property, Plant and Equipment	-	-
Less: Employee costs included in other expenses	-	-
Total Employee Related Costs	37,959,467	49,055,728

RETRENCHMENT PACKAGES

With the abolishment of RSC levies certain staff members were additional to the service. One staff member was retrenched due to this. Council also embarked on a restructuring process and all 4 the previous managers were retrenched as part of this process.

Contract Paid till end of Period		
Contribution to future Medical Aid		
Retrenchment package paid due to the abolishment of RSC levies	-	2,321,505
Retrenchment packages paid due to the restructuring process	-	6,599,315
		8,920,820

Remuneration of the Municipal Manager

Annual Remuneration - All inclusive package		
Salary	408,000	367,293
Travel Allowance	94,000	86,167
Contribution to Pension Fund	79,560	72,930
Contribution to Medical Aid	24,332	18,562
Contribution to UIF	1,473	1,283
Contribution to Bargaining Council	38	33
Training Council Levy	4,863	4,476
Performance Bonuses	-	-
Contribution to Group Insurance	9,302	8,527
Bond Subsidy	22,494	21,707
Leave Payment	-	-
Travel Allowance for actual km's travelled	22,867	15,765
Total	666,930	596,742

OVERBERG DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
	2008	2007
	R	R
22 EMPLOYEE RELATED COSTS		
	From 24 April 2008	
<i>Remuneration of Chief Financial Officer</i>		
Annual Remuneration - All inclusive package		-
Salary	67,658	321,092
Acting Allowance	16,158	-
Relocation Allowance	47,250	-
Travel Allowance	24,833	125,847
Contribution to Pension Fund	12,480	57,797
Contribution to Medical Aid	3,431	24,358
Contribution to Group Insurance	-	7,321
Contribution to UIF	250	1,283
Contribution to Bargaining Council	6	33
Training Council Levy	-	3,968
Performance Bonuses	-	13,885
Travel Allowance for actual km's travelled	-	15,551
		-
Total	172,065	571,134

Remuneration of Individual Executive Directors
 30-Jun-08

	<u>Engineering Services</u>	<u>Corporate Services</u>	<u>Safety and Health Services</u>
	R	R	R
	From 24 April 2008		
Annual Remuneration - All inclusive package			
Salary	67,658	-	-
Acting Allowance	1,715	-	-
Relocation Allowance	47,250	-	-
Travel Allowance	27,662	-	-
Contribution to Pension Fund	12,480	-	-
Contribution to Medical Aid	1,715	-	-
Contribution to UIF	250	-	-
Contribution to Bargaining Council	6	-	-
Performance Bonuses	-	-	-
Leave Payment	10,800	-	-
Total	169,536	-	-

30-Jun-07

	<u>Engineering Services</u>	<u>Corporate Services</u>	<u>Safety and Health Services</u>
	R	R	R
Annual Remuneration - All inclusive package			
Salary	306,975	321,092	306,975
Travel Allowance	158,589	134,034	163,306
Telephone Allowance	836	-	-
Contribution to Pension Fund	55,256	57,797	55,256
Contribution to Medical Aid	16,170	16,170	12,289
Contribution to Group Insurance	-	7,321	-
Contribution to UIF	1,283	1,283	1,283
Contribution to Bargaining Council	33	33	33
Training Council Levy	4,259	3,984	4,084
Performance Bonuses	13,274	13,885	13,274
Leave Payment	-	-	-
Travel Allowance for actual km's travelled	77,449	27,870	39,929
Total	634,124	583,469	596,429

	2008	2007
	R	R
	2008	2007
	R	R
23 REMUNERATION OF COUNCILLORS		
Executive Mayor - JS Januarie		
<i>(From 01/07/2007 till 31/08/2007)</i>		
Cell phone allowance	2,400	
Transport Allowance	19,471	
Salary	48,289	
Pension contribution	7,243	
Medical aid contribution	2,880	
Travelling	1,384	
	<u>81,667</u>	
Executive Mayor - N Botha-Guthrie		
<i>(From 16/10/2007 till 20/01/2008)</i>		
Cell phone allowance	3,777	
Transport Allowance	30,646	
Salary	91,937	
	<u>126,361</u>	
Executive Mayor - MN Gillion		
<i>(From 21/01/2008 till 30/06/2008)</i>		
Cell phone allowance	6,372	
Transport Allowance	51,691	
Salary	131,253	
Pension contribution	19,688	
Medical aid contribution	4,176	
	<u>213,179</u>	
Executive Deputy Mayor - MN Gillion		
<i>(From 01/07/2007 till 15/10/2007)</i>		
Cell phone allowance	4,180	
Transport Allowance	27,132	
Salary	68,601	
Pension contribution	10,293	
Medical aid contribution	2,482	
	<u>112,689</u>	
Executive Deputy Mayor - PJ Jones		
<i>(From 16/10/2007 till 30/06/2008)</i>		
Cell phone allowance	11,326	
Transport Allowance	70,614	
Salary	204,207	
Medical aid contribution	7,636	
Travelling	4,578	
	<u>298,361</u>	
Speaker - R Stevens		
<i>(From 01/07/2007 till 15/10/2007)</i>		
Cell phone allowance	4,192	
Transport Allowance	27,206	
Salary	68,114	
Pension contribution	10,217	
Medical aid contribution	3,296	
	<u>113,025</u>	
Speaker - DF du Toit		
<i>(From 16/10/2007 till 20/01/2008)</i>		
Cell phone allowance	3,820	
Transport Allowance	24,794	
Salary	74,179	
	<u>102,794</u>	

OVERBERG DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
Speaker - JC October		
<i>(From 21/01/2008 till 30/06/2008)</i>		
	6,372	
Cell phone allowance	41,352	
Transport Allowance	124,057	
Salary	<u>171,781</u>	
Member Executive Committee - JC October		
<i>(From 01/11/2007 till 20/01/2008)</i>		
	3,228	
Cell phone allowance	19,644	
Transport Allowance	58,932	
Salary	<u>81,805</u>	
Member Executive Committee - I Stevens		
<i>(From 01/07/2007 till 15/10/2007 and 21/01/2008 till 30/06/2008)</i>		
	10,524	
Cell phone allowance	64,037	
Transport Allowance	159,192	
Salary	23,879	
Pension contribution	8,638	
Medical aid contribution	<u>266,270</u>	
Member Executive Committee - RJ Smith		
<i>(From 01/07/2007 till 31/08/2007)</i>		
	902	
Cell phone allowance	9,134	
Transport Allowance	23,827	
Salary	3,574	
Pension contribution	14,451	
Travelling	<u>51,887</u>	
Member Executive Committee - MR Dennis		
<i>(From 10/04/2008 till 30/06/2008)</i>		
	2,255	
Cell phone allowance	20,776	
Transport Allowance	62,848	
Salary	448	
Travelling	<u>86,327</u>	
Member Executive Committee - AE Franken		
<i>(From 01/11/2007 till 20/01/2008)</i>		
	3,189	
Cell phone allowance	19,404	
Transport Allowance	48,546	
Salary	2,695	
Medical aid contribution	<u>73,834</u>	
Member Executive Committee - VE Mentile		
<i>(From 01/07/2007 till 21/09/2007 and 21/01/2008 till 30/06/2008)</i>		
	3,769	
Cell phone allowance	36,615	
Transport Allowance	108,978	
Salary	<u>149,362</u>	
Member Executive Committee - LD Oosthuizen		
<i>(From 01/11/2007 till 20/01/2008)</i>		
	1,199	
Cell phone allowance	11,642	
Transport Allowance	36,635	
Salary	<u>49,476</u>	

OVERBERG DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
Other Councillors		
Cell phone allowance	43,136	
Transport Allowance	173,805	
Salary	529,682	
Pension contribution	22,616	
Medical aid contribution	36,447	
Travelling	71,831	
	<u>877,517</u>	
Executive Mayor	421,207	483,188
Deputy Executive Mayor	411,050	373,561
Speaker	387,600	368,061
Executive Committee Members	758,960	801,565
Councillors	877,517	948,237
Total Councillors' Remuneration	<u>2,856,334</u>	<u>2,974,632</u>

In-kind Benefits

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

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

24 INTEREST PAID

Long-term liabilities	1,241,037	1,419,057
Finance leases	174,895	138,898
Bank overdrafts		-
Total Interest on External Borrowings	<u>1,415,932</u>	<u>1,557,955</u>

25 BULK PURCHASES

Electricity	-	-
Water	-	-
Total Bulk Purchases	<u>-</u>	<u>-</u>

OVERBERG DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
26 GRANTS AND SUBSIDIES PAID	2008	2007
	R	R
Womens Day Celebrations	-	18,567
Swellendam Bursary Fund	20,000	-
Riviersonderend Primary School	20,000	-
Cape Agulhas Football Association	7,334	-
SAFA Overberg	5,400	-
Youth Leadership Camp	16,340	-
Greyton Primary School	20,000	-
Overstrand Development Trust	23,220	-
IKAMVA	2,000	-
Victoria Service Centre	10,000	-
Liefdesnessie	1,800	-
Child Welfare Bredasdorp	5,000	-
Hawston Health and Welfare	5,000	-
Albert Myburgh School	2,500	-
Agri Mega	40,000	-
Geluksoord Club for the Aged	5,000	-
Groenberg Secondary School	25,000	-
Hermanus High School	25,000	-
Fire Victims Grabouw	5,925	-
	-	-
ID Campaign Overstamd Area	480	3,335
Transport Gala Evening	-	12,465
Development Program Mega Week	-	35,750
Mispah School Culture Evening	7,000	2,000
St Johns Primary School	-	7,050
May Day Celebrations	-	10,480
SA Disability Golf Association	-	2,900
Swellendam Municipality	-	19,600
Riviersonderend Youth Committee	-	10,000
Elim Moravian Church	-	5,000
Pineview Primary School	-	11,500
M Carelse - SAPS National Netball Championship	-	2,500
Department of Social Development	-	5,000
Joshwin Dreyer - People to People Summit - USA	-	15,000
Elim Home	-	15,000
Hawston - Harbour Facilities	-	30,000
Mooihawens Congregation - Complete Church Building	-	15,000
Otto Du Plessis Hospital	-	1,000
Mispah School	-	15,000
Overberg Tourism	-	10,000
Exploration Studies Airport	158,646	-
	-	-
Total Grants and Subsidies	405,646	247,147

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
27 GENERAL EXPENSES	2008	2007
	R	R
Included in general expenses are the following:-		
Advertisements	114,037	245,654
Deeds summaries	2,562	1,986
Alcohol miss-use (ex government grants)		36,629
Pauper burials		6,482
Tyres	824,400	683,743
Bank charges	95,642	105,549
Housing training		62,727
Protective clothing & uniforms	255,648	159,470
Fuel	5,452,518	4,392,465
Contributions Task	139,100	166,832
Assistance external organizations	49,159	83,308
Standby chopper	491,800	133,000
CDW grant	30,742	287,149
Chemicals	9,870	4,752
Corrections previous years		10,449
DAC admin	18,000	18,000
Regional data bank	120,840	803,680
Disaster Management	38,849	-
DMA Spatial Development Framework	-	31,095
Doctors accounts	434	740
Printing & stationary	322,747	293,906
Property rates	527,773	100,689
Economic development	-	2,796,310
Electricity purchases	734,173	653,760
Finance Management Grant	363,730	57,560
Financial reform	-	275,671
Sundries	129,675	146,568
Health & welfare committees	95,865	90,381
Global funds projects	1,623,762	1,653,617
IDP revision	34,267	4,643
IDP/Fire fighting units	43,857	12,445
Human rights programme	56,427	4,939
Rental vehicles	178,857	40,828
Rental buildings	23,402	50,588
Rental offices	163,067	104,068
Rental equipment	44,813	251,958
Indirect costs	296,298	325,995
Infrastructure Grant	2,755,556	-
Tow-in costs	208,053	142,293
ISP dial-ups	34,453	37,829
Youth development	106,925	163,433
Card fees	27,156	24,220
Capacity building	-	24,300
Kogelberg Biosphere	97,347	203,443
Consultant fees	7,465	101,183
Flowers & food	4,749	6,442
Paraffin	300,282	289,644
LED summit	-	70,585
Membership fees	109,826	98,997
Air Pollution Control	5,421	-
Blades	279,540	319,964
Lead Removal	9,588	-
Napier tourism office	-	4,499
Oil	55,846	54,400
Environment monitoring	34,662	27,118
Environment audit	-	23,427
Interviews & furniture transport	1,610	51,731
Workmans compensation	163,967	118,710
Deforestation	25,632	99,161
Public functions & demonstrations	29,172	35,362
Sub-total carried forward	<u>16,539,564</u>	<u>15,994,376</u>

OVERBERG DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
Sub-total brought forward	16,539,564	15,994,376
Operators costs	-	1,049,801
Training costs	74,296	144,431
Skills development levy	254,331	273,842
Surveying of plots	-	18,110
Audit fees	814,068	709,833
Audit Committee compensation	23,761	4,144
Parental guidance alcohol miss-use	47,905	46,000
Pensioners	1,967,447	1,938,249
Personnel advisory services	187,740	184,632
Personnel entertainment	35,968	34,726
Pest control	60	945
Postage & telephone	1,462,978	1,620,843
Public transport facilities	-	50,860
Legal costs	219,440	199,306
Subsistence and travel	314,964	517,380
Travel costs Global funds	12,347	16,441
Swellendam water purification works	-	937,699
Sanitation and refuse removal	144,267	180,875
SEDA funds	-	50,000
Security services	341,315	273,678
SETA training fund	57,915	77,697
Cleaning material	78,649	76,443
Shelters and protection programme	45,310	14,498
Social capital funds	-	269,139
Spanjaardskloof water	-	199,601
Special projects	478,294	251,754
Subscriptions & congresses	9,306	80,692
Entertainment allowance: Mayor	-	33,410
Tourism roadsigns framework	-	245,614
Tourism workshops	-	36,938
Umsobumvu funds	4,547	247,545
Co-use agreement TFDC airport	-	272,133
Insurance	433,479	384,309
Food samples	26,909	41,659
Vehicle licences	10,011	15,608
Early child development	27,751	44,215
Waste management plan	-	70,000
Water purchases	108,331	112,918
Water samples	176,445	226,873
Weigh bridge calibration	7,148	6,576
Plant/vehicle rental	3,980,241	4,064,135
Waenhuiskrans bulk water supply	-	323,689
Waenhuiskrans sewerage system	-	543,981
Agency fee on roads function	-	-
Fair value loss	17,112	-
	<u>27,901,899</u>	<u>31,885,600</u>

OVERBERG DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
28 SURPLUS OF ASSOCIATE	2008	2007
	R	R
Share of retained profit on the equity method	<u>-</u>	<u>-</u>
29 CORRECTION OF ERROR		
<u>29.1 Intangible Assets</u>		
Computer software was incorrectly classified under Property, Plant and Equipment in previous years. The balances were restated as at 1 July 2006 and transferred to Intangible Asset.		
		01 July 2006
29.1.1 Property, plant and equipment - Cost		
Balance previously reported		<u>49,007,277</u>
Reclassification of computer software as Intangible Assets		-326,437
Restated Balance		<u>48,680,840</u>
29.1.2 Accumulated Depreciation		
Balance previously reported		<u>19,793,098</u>
Reclassification of computer software as Intangible Assets		-317,314
Restated Balance		<u>19,475,783</u>
29.1.3 Intangible Assets		
Balance previously reported		<u>-</u>
Transferred from Property, Plant and Equipment - Cost		326,437
Transferred from Property, Plant and Equipment - Accumulated Depreciation		-317,314
Restated Balance		<u>9,123</u>
<u>29.2 RSC Levies</u>		
All RSC Levies received during 2007/2008 were credited to the opening balance of the accumulated surplus on 1 July 2006.		
		01 July 2006
29.2.1 Accumulated Surplus		
Balance previously reported		<u>28,084,323</u>
RSC Levies received during 2007/2008		84,200
Restated Balance		<u>28,168,523</u>
<u>29.3 Reclassification of Trade Receivables</u>		
Trade Receivables were previously classified as Consumer Debtors and Other Debtors. In terms of GRAP 1 Trade Receivables should have been classified as from Non-Exchange Transactions or from Exchange Transactions. The amounts were restated as at 30 June 2007. An amount of R3 243 016 relating to Health subsidies was also written-off since it was not recoverable.		
		30 June 2007
29.3.1 Consumer Debtors		
Balance previously reported		<u>2,749,803</u>
Service debtors transferred to Trade Receivables from Exchange Transactions		-312,588
Suspense Account debits transferred to Trade Receivables from Non-Exchange Transactions		-560,013
Postponed Payments transferred to Trade Receivables from Non-Exchange Transactions		-335,562
Sundry Debtors transferred to Trade Receivables from Non-Exchange Transactions		-1,313,417
Provision for bad debt transferred to Trade Receivables from Exchange Transactions		227,807
Cash Advances transferred to Trade Receivables from Non-Exchange Transactions		-3,120
RSC Levies transferred to Trade Receivables from Non-Exchange Transactions		-452,910
Restated Balance		<u>0</u>

OVERBERG DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
29 CORRECTION OF ERROR (Continued)		30 June 2007
29.3.2 Other Debtors		
Balance previously reported		<u>3,158,816</u>
Agency Function Provincial Health transferred to Trade Receivables from Non-Exchange Transactions		<u>-3,158,816</u>
Restated Balance		<u>-</u>
29.3.3 Trade Receivables from Non-Exchange Transactions		
Balance previously reported		<u>-</u>
Transferred from Consumer Debtors (Note 29.3.1)		2,665,021
Transferred from Other Debtors (Note 29.3.2)		3,158,816
Health Subsidy written-off (Note 29.3)		-3,243,016
RSC Levies not previously recognised (Note XXX)		84,200
Cash Advances reclassified as Cash and Cash Equivalents (Note 29.4)		-3,120
Restated Balance		<u>2,661,901</u>
29.3.4 Trade Receivables from Exchange Transactions		
Balance previously reported		<u>-</u>
Transferred from Consumer Debtors (Note 29.3.1)		84,781
Restated Balance		<u>84,781</u>
29.3.5 Accumulated Surplus		
Balance previously reported		<u>18,074,797</u>
Health Subsidy written-off (Note 29.3.3)		<u>-3,243,016</u>
Restated Balance		<u>14,831,780</u>
<u>29.4 Cash Advances and Call Investment Deposits</u>		
Cash advances were incorrectly classified as Consumer Debtors in the prior year financial statements. It should have been classified as Cash and Cash Equivalents. Call Investment Deposits were also reclassified as Cash and Cash Equivalents. These amounts were restated as at 30 June 2007.		
		30 June 2007
29.4.1 Cash and Cash Equivalents		
Balance previously reported		<u>1,368,596</u>
Reclassification of Cash Advances (Note 29.3.3)		3,120
Reclassification of Call Investment Deposits (Note 29.4.2)		10,000,000
Restated Balance		<u>11,371,716</u>
29.4.2 Call Investment Deposits		
Balance previously reported		<u>10,000,000</u>
Reclassification of Call Investment Deposits as Cash and Cash Equivalents (Note 29.4.1)		<u>-10,000,000</u>
Restated Balance		<u>-</u>

OVERBERG DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
	2008	2007
	R	R
30 CASH GENERATED BY OPERATIONS		
Net surplus for the year	4,075,790	-13,131,322
Adjustment for:-		
(Surplus)/Deficit of agency functions		-14,166
Depreciation	2,983,252	2,763,036
Amortisation	2,977	7,804
Contribution to provisions – Bonus	746,259	-
Investment income	-2,230,114	-3,452,368
Interest paid	1,415,932	1,557,955
Dividends received	-20,281	-2,139
Operating surplus before working capital changes:	6,973,815	-12,271,200
(Increase) in inventories	-524,017	-23,264
(Increase)/decrease in debtors	-48,558	7,151,178
(Increase)/decrease in other debtors	-2,129,643	1,908,209
(Decrease)/increase in conditional grants and receipts	-4,139,013	-5,655,588
Increase in creditors	1,443,545	-2,517,796
Increase in VAT	-13,840	-131,114
Cash generated by/(utilised in) operations	1,562,289	-11,539,575

OVERBERG DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
	2008	2007
	R	R
30 CASH GENERATED BY OPERATIONS (Continued)		
30a Cash receipts from ratepayers, government and other		
Revenue for the year	93,112,514	98,128,606
Plus: Debtors at the beginning of the year	2,746,683	11,721,871
	<u>95,859,196</u>	<u>109,850,477</u>
Less: Debtors at the end of the year	4,924,884	2,746,683
	<u><u>90,934,312</u></u>	<u><u>107,103,794</u></u>

31 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see Note 3)	10,407,528	12,549,824
Used to finance property, plant and equipment – at cost	-	-
Sub- total	<u>10,407,528</u>	<u>12,549,824</u>
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities (see note 17)	<u><u>10,407,528</u></u>	<u><u>12,549,824</u></u>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 9.75 % and 17.50 % and will be repaid by 2021

32 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance	-	-
Unauthorised expenditure current year	-	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<u><u>-</u></u>	<u><u>-</u></u>

Incident	Disciplinary steps/criminal proceedings

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance	1,637,104	1,637,104
Fruitless and wasteful expenditure current year	-	-
To be recovered – contingent asset (see note 40)	-	-
Fruitless and wasteful expenditure awaiting condonement	<u><u>1,637,104</u></u>	<u><u>1,637,104</u></u>

Incident	Disciplinary steps/criminal proceedings
<i>After the election on 5 March 2006 a new council was elected. The council decided to end the contract of the Municipal Manager that was valid until November 2007. Costs paid to the Municipal Manager. Condonement was asked from National Treasury but no response has been received.</i>	

Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	3,019,229	1,503,577
Fruitless and wasteful expenditure current year	-	1,515,652
Condoned or written off by Council	-	-
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	<u><u>3,019,229</u></u>	<u><u>3,019,229</u></u>

Incident	Disciplinary steps/criminal proceedings
<i>Consultant, Senzenina was appointed on a long term contract without following the tender procedures. The contract was allocated to put a Economic Development Strategy in place. The contract was terminated during 2006/07. Condonement was asked from National Treasury but no response has been received</i>	

	2008	2007
	R	R
32 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
	2008	2007
	R	R
<u>32.1 Contributions to organized local government</u>		
Opening balance	-	-
Council subscriptions	109,826	98,997
Amount paid - current year	-109,826	-98,997
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
<u>32.2 Audit fees</u>		
Opening balance	-	-
Current year audit fee	814,068	709,833
Amount paid - current year	-814,068	-709,833
Adjustments	-	-
Balance unpaid (included in creditors)	-	-
<u>32.3 VAT</u>		
	-	-
<p>VAT inputs receivables and VAT outputs receivables are shown in note 8. All VAT returns have been submitted by the due date throughout the year.</p>		
<u>32.4 PAYE and UIF</u>		
Opening balance	-	-
Current year payroll deductions	3,584,084	4,916,395
Amount paid - current year	-3,584,084	-4,916,395
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
<u>32.5 Pension and Medical Aid Deductions</u>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	8,876,588	13,003,910
Amount paid - current year	-8,876,588	-13,003,910
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

2008
R

2007
R

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

32.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at -

	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 days</u>
30-Jun-08			
Councillor	-	-	-
Councillor	-	-	-
Councillor	-	-	-
Councillor	-	-	-
Councillor	-	-	-
Councillor	-	-	-
Total Councillor Arrear Consumer Accounts	-	-	-
30-Jun-07			
Councillor	-	-	-
Councillor	-	-	-
Councillor	-	-	-
Councillor	-	-	-
Councillor	-	-	-
Councillor	-	-	-
Total Councillor Arrear Consumer Accounts	-	-	-

During the year the following Councillors' had arrear accounts outstanding for more than 90 days

	<u>Highest Amount Outstanding</u>	<u>Ageing</u>
30-Jun-08		
Councillor	-	--- days
Councillor	-	--- days
Councillor	-	--- days
Councillor	-	--- days
Councillor	-	--- days
Councillor	-	--- days
30-Jun-07		
Councillor		--- days
Councillor		--- days
Councillor		--- days
Councillor		--- days
Councillor		--- days
Councillor		--- days

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

None

	2008	2007
	R	R
33 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved and contracted for	-	2,000,000
<i>Infrastructure</i>	-	2,000,000
<i>Community</i>	-	-
<i>Heritage</i>	-	-
<i>Other</i>	-	-
<i>Housing Development Fund</i>	-	-
<i>Investment Properties</i>	-	-
- Approved but not yet contracted for	-	-
<i>Infrastructure</i>	-	-
<i>Community</i>	-	-
<i>Heritage</i>	-	-
<i>Other</i>	-	-
<i>Housing Development Fund</i>	-	-
<i>Investment Properties</i>	-	-
Total	-	2,000,000
This expenditure will be financed from:		
- External Loans	-	2,000,000
- Capital Replacement Reserve	-	-
- Government Grants	-	-
- Own resources	-	-
- District Council Grants	-	-
	-	2,000,000

34 RETIREMENT BENEFIT INFORMATION

All employees belong to the Cape Joint Fund or the SAMWU National Provident Fund and Council makes a contribution towards the fund on behalf of each employee. Councillors have the option of belonging to the Pension Fund for Municipal Councillors. Their contributions are included in their total cost to company.

35 CONTINGENT LIABILITY

1. Senzenina, who was appointed to perform LED on behalf of the municipality disputes Council's decision to cancel their contract. The case was withdrawn after year end.

2. The Municipal Manager was suspended during the financial year. He disputed his suspension and the case is still under investigation. This may result in a possible payment to the Municipal Manager

3. A claim of R660 000 was made against the municipality by the widow of mnr A Eksteen who was killed when his car ran into a ditch caused by a flood. The matter is on the Supreme Court roll for the 9 March 2009. Estimated legal cost exposure R200 000.

4. Fijnbosch Farm CC and R Hanel instituted a claim against the municipality of R131 000 for alleged damages suffered in a veld fire. Estimated legal cost exposure R20 000

2008
R

2007
R

36 CONTINGENT ASSET

The Municipality is not aware of any contingent assets

37 IN-KIND DONATIONS AND ASSISTANCE

The Municipality did not receive any in-kind donations and assistance.

38 FINANCIAL INSTRUMENTS

38.1 Financial Risk Management

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising Currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign exchange currency risk

The municipality does not engage in foreign currency transactions.

(b) Interest rate Risk

The Municipality is mainly exposed to interest rate risk due to the movements in long-term and short term interest rates.
This risk is managed on an ongoing basis.

(c) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

(d) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

OVERBERG DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
38 FINANCIAL INSTRUMENTS (Continued)		
	2008	2007
The maximum credit and interest risk exposure in respect of the relevant financial instruments are as follows:	R	R
Trade Receivables - Exchange Transactions	133,340	84,782
Trade Receivables - Non-Exchange Transactions	4,791,544	2,661,901
Short term Investment Deposits	5,000,000	10,000,000
Bank Balances and Cash	4,548,369	1,371,716
VAT	132,312	146,152
Maximum Credit and Interest Risk Exposure	<u>14,605,565</u>	<u>14,264,551</u>

39 RELATED PARTY TRANSACTIONS

39.1 Related Party Transactions	Rates	Service Charges	Outstanding Balances
Year ended 30 June 2008			
Councillors			
Municipal Manager and Section 57 Personnel			
Year ended 30 June 2007			
Councillors			
Municipal Manager and Section 57 Personnel			

39.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are no longer permitted.

39.3 Related Parties

The following are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director of Overberg District Municipality:

- * Executive Mayor
- * Speaker
- * Mayoral Committee members
- * Councillors
- * Municipal Manager
- * Director: Finance
- * Director: Engineering Services

Their short term employee benefits are disclosed in notes 22 & 23

**APPENDIX A
OVERBERG DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008**

EXTERNAL LOANS	Loan Rate	Loan Number	Redeemable	Balance at 2007/06/30	Received during the period	Redeemed written off during the period	Balance at 2008/06/30	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
				R	R	R	R	R	R
LONG-TERM LOANS									
Total long-term loans				-	-	-	-	-	-
ANNUITY LOAN									
Absa	8.50%		2010/06/30	154,366		44,781	109,585	-	-
Absa	8.50%		2010/06/30	69,256		20,091	49,165	-	-
Absa	8.50%		2010/06/30	253,244		73,466	179,779	-	-
Absa	8.50%		2010/06/30	123,577		35,849	87,727	-	-
Absa	8.50%		2010/06/30	208,603		60,515	148,088	-	-
Inca	14.21%		2011/06/30	4,682,077		940,413	3,741,664	-	-
Inca	9.15%		2009/12/31	386,591		136,842	229,749	-	-
Inca	9.30%		2014/12/31	3,578,109		347,728	3,230,381	-	-
Inca	9.45%		2019/12/31	1,570,381		68,649	1,500,732	-	-
Total Annuity Loans				11,006,205	-	1,729,335	9,276,869	-	-
GOVERNMENT LOANS									
Total Government Loans				-	-	-	-	-	-
LEASE LIABILITY									
Vehicles and Equipment				1,543,619		412,960	1,130,659	-	-
				1,543,619	-	412,960	1,130,659	-	-
TOTAL EXTERNAL LOANS				12,549,824	-	2,142,296	10,407,528	-	-

APPENDIX B
OVERBERG DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation					Accumulated Depreciation					Carrying Value	
	Opening Balance	Opening Balance Residual Value	Additions	Transfers	Disposals	Disposals Residual Value	Closing Balance	Opening Balance	Additions	Transfers		Disposals
Land and Buildings	0	0	0	0	0	0	0	0	0	0	0	0
Land	0	0	0	0	0	0	0	0	0	0	0	0
Buildings	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure	51,008	0	0	0	0	0	51,008	0	0	0	0	51,008
ACCESS CONTROL	21,430	0	0	0	0	0	6,433	716	0	0	0	7,149
BRIDGES, SUBWAYS & CULVERTS	243,862	0	0	0	0	0	195,789	31,818	0	0	0	227,618
FENCING	43,375	0	0	0	0	0	6,512	2,175	0	0	0	8,687
ELECTRICITY MAINS	877,375	0	209,483	0	0	0	1,086,857	45,730	0	0	0	1,086,857
WATER MAINS	430,000	0	0	0	0	0	430,000	6,016	0	0	0	388,033
OTHER ROADS	118,368	0	0	0	0	0	118,368	12,612	0	0	0	105,859
SECURITY SYSTEM	7,006,570	0	0	0	0	0	7,006,570	351,288	0	0	0	1,059,361
SEWER NETWORK	452,910	0	0	0	0	0	452,910	19,143	0	0	0	272,498
ELECTRICITY SUPPLY/RETICULATION	30,000	0	0	0	0	0	30,000	1,504	0	0	0	13,798
STORM WATER DRAINS	10,000	0	0	0	0	0	10,000	334	0	0	0	668
TRANSFORMER KIOSKS	9,284,897	0	209,483	0	0	0	9,494,380	1,854,023	471,338	0	0	2,325,387
Community Assets	1,001,642	0	0	0	0	0	1,001,642	98,922	33,480	0	0	132,402
FIRE STATIONS	17,500	0	0	0	0	0	17,500	5	877	0	0	882
GOLF COURSES	359,617	0	488,266	0	0	0	847,883	19,175	13,257	0	0	32,433
PUBLIC CONVENIENCES/BATHHOUSES	1,378,759	0	488,266	0	0	0	1,867,025	118,103	47,614	0	0	165,717
Heritage Assets	0	0	0	0	0	0	0	0	0	0	0	0
Historical Buildings	0	0	0	0	0	0	0	0	0	0	0	0
Painting & Art Galleries	0	0	0	0	0	0	0	0	0	0	0	0
Total carried forward	10,563,657	0	697,748	0	0	0	11,361,405	1,972,132	819,952	0	0	2,491,064

* Includes correction of error referred to in Note 32.

APPENDIX B
OVERBERG DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost										Accumulated Depreciation			Carrying Value
	Opening Balance	Opening Balance Residual Value	Additions	Additions Residual Value	Under Construction	Transfers	Disposals Residual Value	Closing Balance	Opening Balance	Additions	Transfers	Closing Balance		
Total brought forward	10,663,657	0	697,748	0	0	0	0	11,361,405	1,972,132	518,952	0	2,491,084	8,870,322	
Housing Rental Stock	0	0	0	0	0	0	0	0	0	0	0	0	0	
Housing	0	0	0	0	0	0	0	0	0	0	0	0	0	
Housing	0	0	0	0	0	0	0	0	0	0	0	0	0	
Leased Assets (Other)	765,676	0	0	0	0	0	765,676	440,186	0	163,881	0	604,067	161,609	
Motor vehicles	1,364,246	0	0	0	0	0	1,364,246	240,862	276,976	276,976	0	517,858	846,388	
Office machines	2,129,922	0	0	0	0	0	2,129,922	681,068	440,857	440,857	0	1,121,926	1,007,987	
Other Assets	113,783	0	0	0	0	0	113,783	40,791	15,927	15,927	0	56,719	57,065	
AIR CONDITIONERS	9,900	0	3,465	0	0	0	13,365	1,983	1,135	1,135	0	3,118	10,247	
CABINETS/CUPBOARDS	0	0	0	0	0	0	0	0	0	0	0	0	0	
CARAVANS PARKS	149,759	0	0	0	0	0	149,759	95,973	25,104	25,104	0	121,076	28,683	
CHAIRS	1,673,455	0	126,160	0	0	0	1,799,614	1,280,449	203,313	203,313	0	1,483,761	315,853	
COMPUTER HARDWARE	0	0	0	0	0	0	0	0	0	0	0	0	0	
COMPUTER SOFTWARE	187,355	0	42,026	0	0	0	229,381	153,795	26,278	26,278	0	180,074	49,307	
RADIO EQUIPMENT	26,005	0	0	0	0	0	26,005	23,982	677	677	0	24,659	1,346	
TELECOM. EQUIPMENT	373,782	0	45,073	0	0	0	418,855	63,074	27,841	27,841	0	90,915	327,910	
FIRE	1,257,030	0	5,570	0	0	0	1,262,599	501,963	248,684	248,684	0	750,646	511,953	
FURNITURE & EQUIPMENT	1,066,806	0	0	0	0	0	1,066,806	644,526	126,416	126,416	0	770,842	295,863	
GENERAL	99,070	0	0	0	0	0	99,070	90,864	3,311	3,311	0	94,175	4,895	
HOSTELS-WORKERS	259,324	0	0	0	0	0	259,324	195,342	3,209	3,209	0	198,550	60,774	
HOUSING SCHEME	143,851	0	1,910	0	0	0	145,761	33,475	14,779	14,779	0	48,253	97,508	
MISCELLANEOUS	3,228,066	0	4,610	0	0	0	3,232,675	2,491,868	26,407	26,407	0	2,518,285	714,381	
OFFICE BUILDINGS	518,586	0	20,756	0	0	0	539,382	284,798	91,292	91,292	0	396,090	153,293	
OFFICE MACHINES	17,940	0	0	0	0	0	17,940	5,385	600	600	0	5,985	11,955	
WATER SUPPLY/RETICULATION	90,050	0	0	0	0	0	90,050	43,782	14,750	14,750	0	58,631	31,518	
TABLES/DESKS	8,771,725	0	0	0	0	0	8,771,725	1,755,947	293,192	293,192	0	2,048,139	6,722,586	
TIP SITES	373,308	0	0	0	0	0	373,308	278,251	40,892	40,892	0	319,143	54,165	
BUSES	50,850	0	0	0	0	0	50,850	37,167	2,158	2,158	0	39,325	11,525	
MOTOR VEHICLES	21,920	0	23,754	0	0	0	45,674	18,277	3,467	3,467	0	21,744	23,981	
BOAT	18,879	0	0	0	0	0	18,879	18,879	0	0	0	18,879	0	
COMPRESSORS	4,224,533	0	986,890	0	0	0	5,211,423	915,208	294,887	294,887	0	1,210,175	4,001,248	
FIRE ENGINES	48,820	0	3,581	0	0	0	52,411	46,734	3,188	3,188	0	49,822	2,489	
LAWN/MOWERS	1,316,450	0	0	0	0	0	1,316,450	911,191	102,950	102,950	0	1,014,131	302,320	
TRUCKS/BAKKIES	50,150	0	0	0	0	0	50,150	28,154	3,788	3,788	0	31,942	18,208	
TRACTORS	15,860,350	0	113,889	0	0	0	15,964,248	9,613,675	449,198	449,198	0	10,062,874	5,901,374	
CARAVAN PARKS	0	0	0	0	0	0	0	0	0	0	0	0	0	
INVENTORY	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total	33,941,716	0	1,377,743	0	0	0	41,319,459	19,585,620	2,023,443	2,023,443	0	21,609,063	19,710,386	
	0	0	0	0	0	0	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	0	0	0	0	0	0	
	52,735,285	0	2,076,491	0	0	0	54,811,786	27,238,820	2,983,252	2,983,252	0	25,222,071	29,586,716	

APPENDIX C
OVERBERG DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
30 June 2006

	Cost					Accumulated Depreciation					Carrying Value			
	Opening Balance	Opening Balance Residual Value	Additions	Additions Residual Value	Transfers	Disposals	Disposals Residual Value	Closing Balance	Opening Balance	Additions		Transfers	Disposals	Closing Balance
Executive & Council	695,623	-	-	-	-	-	-	695,623	410,277	132,933	-	-	543,210	152,413
Finance & Admin	7,226,853	86,640	-	-	-	-	7,313,494	7,313,494	4,572,966	603,735	-	-	5,176,701	2,135,793
Planning & Development	161,997	-	-	-	-	-	181,997	181,997	73,850	40,965	-	-	114,816	67,181
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community & Social Services	38,128	-	-	-	-	-	38,128	38,128	12,473	8,743	-	-	21,217	16,911
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	7,422,466	1,134,499	-	-	-	-	8,556,965	8,556,965	2,195,240	613,831	-	-	2,748,871	5,809,093
Sport & Recreation	26,299,826	816,909	-	-	-	-	27,116,735	27,116,735	11,870,535	1,110,574	-	-	12,881,109	14,135,626
Environmental Protection	551,708	37,443	-	-	-	-	589,151	589,151	362,261	78,051	-	-	440,312	148,839
Waste Management	8,797,715	-	-	-	-	-	8,797,715	8,797,715	1,779,764	295,365	-	-	2,075,129	6,722,586
Road Transport	391,430	-	-	-	-	-	391,430	391,430	376,433	716	-	-	377,149	14,281
Water	257,640	-	-	-	-	-	257,640	257,640	149,304	12,617	-	-	161,921	95,719
Electricity	452,910	-	-	-	-	-	452,910	452,910	253,355	18,143	-	-	272,498	180,412
Other	418,999	-	-	-	-	-	418,999	418,999	242,361	66,776	-	-	309,137	109,862
Leased assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	52,735,295	-	2,075,491	-	-	-	54,810,786	54,810,786	22,238,620	2,893,252	-	-	25,222,071	29,586,715

APPENDIX D
OVERBERG DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30 June 2008

2007 Actual Income	2007 Actual Expenditure	2007 Surplus/ (Deficit)		2008 Actual Income	2008 Actual Expenditure	2008 Surplus/ (Deficit)
R	R	R		R	R	R
3,631,009	19,938,416	-16,307,407	Executive & Council	1,904,861	6,710,566	-4,805,706
34,182,772	15,348,014	18,834,758	Finance & Admin	40,812,035	12,991,964	27,820,071
129,152	2,007,154	-1,878,003	Planning & Development	219,290	785,012	-565,721
3,403,861	3,403,861	-	Health	95,495	95,495	-
2,475,710	3,436,021	-960,311	Community & Social Services	1,988,704	3,055,799	-1,067,095
-	-	-	Housing	-	-	-
1,317,966	8,789,093	-7,471,127	Public Safety	257,973	10,035,788	-9,777,814
9,060,251	7,373,697	1,686,554	Sport & Recreation	9,332,204	8,511,344	820,860
139,817	5,989,011	-5,849,194	Environmental Protection	98,742	6,054,860	-5,956,118
3,255,130	2,612,886	642,244	Waste Management	3,289,939	2,145,863	1,144,076
44,788,064	44,773,898	14,166	Road Transport	36,541,227	38,807,159	-2,265,932
-	-	-	Water	-	-	-
-	-	-	Electricity	-	-	-
39,589	1,882,591	-1,843,003	Other	32,018	1,302,848	-1,270,831
<u>102,423,319</u>	<u>115,554,642</u>	<u>-13,131,322</u>	Sub Total	<u>94,572,488</u>	<u>90,496,697</u>	<u>4,075,790</u>
-4,294,713	-4,294,713	-	Less Inter-Dep Charges	-1,459,974	-1,459,974	-
<u>98,128,606</u>	<u>111,259,929</u>	<u>-13,131,322</u>	Total	<u>93,112,514</u>	<u>89,036,724</u>	<u>4,075,790</u>
		-	Add: Share of Associate			-
		<u>-13,131,322</u>				<u>4,075,790</u>

APPENDIX E(1)

OVERBERG DISTRICT MUNICIPALITY

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual (R)	2008 Budget (R)	2008 Variance (R)	2008 Variance (%)	2008 Explanation of Significant Variances greater than 10% versus Budget (Explanations to be recorded)
REVENUE					
Property rates	0	0	0	0%	
Property rates - penalties imposed and collection charges	0	0	0	0%	
Service charges	3,577,766	3,611,500	-33,734	-1%	
Regional Service Levies - turnover	0	0	0	#DIV/0!	
Regional Service Levies - remuneration	0	0	0	#DIV/0!	
Rental of facilities and equipment	9,016,325	9,614,840	-598,515	-6%	
Interest earned - external investments	2,228,579	2,400,000	-171,421	-7%	
Interest earned - outstanding debtors	1,535	37,420	-35,885	-96%	
Dividends received	20,281	0	20,281	0%	
Fines	0	2,350	-2,350	-100%	
Bad Debts Recovered	141,461	0	141,461	100%	
Licences and permits	0	0	0	0%	
Income for agency services	3,230,495	3,330,180	-99,685	0%	
Government grants and subsidies	68,280,768	73,397,990	-5,117,222	-7%	
Other income	6,615,303	2,059,760	4,545,543	220%	
Public contributions, donated/contributed PPE	0	0	0	0%	
Gains on disposal of property, plant and equipment	0	0	0	0%	
Change in fair value	0	0	0	100%	
Total Revenue	93,112,514	94,464,040	-1,351,526	0	
EXPENDITURE					
Executive & Council	6,710,566	8,718,654	-2,008,088	-23%	Managers not appointed
Finance & Admin	12,991,964	15,686,790	-2,694,826	-17%	
Planning & Development	785,012	860,419	-75,407	-9%	
Health	95,495	150,000	-54,505	0%	
Community & Social Services	3,055,799	3,797,941	-742,142	-20%	No funds received from Umsobumvu
Housing	0	0	0	0%	
Public Safety	10,035,788	10,162,520	-126,732	-1%	
Sport & Recreation	8,511,344	7,974,909	536,435	7%	
Environmental Protection	6,054,860	7,695,739	-1,640,879	0%	
Waste Management	2,145,863	2,290,490	-144,627	-6%	
Road Transport	38,807,159	36,908,990	1,898,169	5%	Due to additional subsidy received
Water	0	0	0	#DIV/0!	
Electricity	0	0	0	#DIV/0!	
Other	1,302,848	1,427,490	-124,642	0%	
Inter-departmental charges	-1,459,974	-1,561,830	121,856	0%	
Total Expenditure	89,036,724	94,092,112	-5,055,388	-5%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	4,075,790	371,928	3,703,862	996%	

APPENDIX E(1)
OVERBERG DISTRICT MUNICIPALITY
ACTUAL VERSUS BUDGET 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 (Explanations to be recorded)
Property rates	-	-	0	0%	(Explanations to be recorded)
Property rates - penalties imposed and collection charges	-	-	0	0%	
Service charges	3,355,180	3,421,050	-65,870	-2%	
Regional Service Levies - turnover	-	2,000,000	-2,000,000	-100%	
Regional Service Levies - remuneration	-	1,475,000	-1,475,000	-100%	
Rental of facilities and equipment	8,447,425	23,412,720	-14,965,295	-64%	Investments higher than expected
Interest earned - external investments	3,266,453	2,450,000	816,453	33%	Interest on RSC levies
Interest earned - outstanding debtors	188,054	126,710	61,344	48%	
Dividends received	-	-	0	0%	
Fines	2,850	2,350	500	21%	
Licences and permits	-	-	0	0%	
Income for agency services	-	-	0	0%	
Government grants and subsidies	79,828,930	81,987,750	-2,158,820	-3%	
Other income	2,937,042	11,388,760	-8,451,718	-74%	Income due to calculation of leased liabilities
Public contributions, donated/contributed PPE	-	-	-	0%	
Gains on disposal of property, plant and equipment	-	-	-	0%	
Change in fair value	102,672	-	102,672	100%	Increase share value Overberg Agri
Total Revenue	98,128,606	126,264,340	-28,135,734	-22%	
EXPENDITURE					
Executive & Council	19,938,416	14,401,470	5,536,946	38%	Due to payment of retrenchment packages
Finance & Admin	15,348,014	13,698,550	1,649,464	12%	
Planning & Development	2,007,154	2,524,710	-517,556	-20%	Due to resignation of PIMS manager and staff
Health	3,403,861	3,540,120	-136,259	-4%	
Community & Social Services	3,436,021	3,588,040	-152,019	-4%	
Housing	-	-	0	0%	
Public Safety	8,789,093	8,666,530	122,563	1%	
Sport & Recreation	7,373,697	7,514,640	-140,943	-2%	
Environmental Protection	5,989,011	6,469,570	-480,559	-7%	
Waste Management	2,612,886	2,604,220	8,666	0%	
Road Transport	44,773,898	71,442,570	-26,668,673	-37%	
Water	-	-	0	0%	
Electricity	-	-	0	0%	
Other	1,862,591	1,895,550	-12,960	-1%	
Inter-departmental charges	-4,294,713	-5,685,470	1,390,757	-24%	
Total Expenditure	111,259,928	130,660,500	-19,400,572	-15%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	-13,131,322	-4,396,160	-8,735,162	199%	

APPENDIX E(2)

OVERBERG DISTRICT MUNICIPALITY

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual		2008 Actual Residual Value		2008 Under Construction		2008 Total Additions		2008 Budget		2008 Variance		2008 Variance greater than 5% versus Budget		2008 Explanation of Significant Variances	
	R		R		R		R		R		R		R		%	(Explanations to be recorded)
Executive & Council	-		-		-		-		-		-		-		0.00%	
Finance & Admin	90,231		-		-		90,231		95,000		(4,769)				-5.02%	Saving on project
Planning & Development	-		-		-		-		-		-				0.00%	
Health	-		-		-		-		-		-				0.00%	
Community & Social Services	-		-		-		-		-		-				0.00%	
Housing	-		-		-		-		-		-				0.00%	
Public Safety	1,130,908		-		-		1,130,908		1,108,000		22,908				2.07%	
Sport & Recreation	816,909		-		-		816,909		821,000		(4,091)				-0.50%	
Environmental Protection	56,868		-		-		56,868		60,000		(3,132)				-5.22%	Saving on project
Waste Management	-		-		-		-		-		-				0.00%	
Road Transport	-		-		-		-		-		-				0.00%	
Water	-		-		-		-		-		-				0.00%	
Electricity	-		-		-		-		-		-				0.00%	
Other	-		-		-		-		-		-				0.00%	
Total	2,094,916		-		-		2,094,916		2,084,000		10,916				0.52%	

APPENDIX F
OVERBERG DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MIFMA, 56 OF 2003

Grant Description	Balance at	Contributions	Interest on	Operating	Capital	Transfers	Balance at
	30-Jun-07	during year	Investments	expenditure	expenditure		30-Jun-08
	R	R		Transferred to	during year		R
				Revenue	Revenue		
Municipal Infrastructure Grant	1,660,667	1,159,253		2,755,586			64,364
Municipal Systems Improvement Grant	0	1,000,000		1,000,000			0
Finance Management Grant	1,085,560	500,000	108	754,071			831,490
Napier Tourism Office	1,019						1,127
Draught relief	0						-
Local Economic Development	14,863		1,570				16,433
Non-motorised transport	5,047		533				5,579
Spatial development framework	351,137	275,000	60,272				686,409
SETA training fund	454,130	106,204		57,915			502,419
Tourism routes	42,921		4,532				47,454
Human rights programme	127,165		7,435	56,427			78,173
Fire brigade capacity building	0						-
Fire brigade ABI contribution	0						-
Kogelberg Biosphere	112,283		5,454	97,347			20,391
Breede River spatial development framework	9,973		1,053				11,026
Tourism workshops	14,239		1,504				15,743
Tourism projects	81,684		7,262				88,946
Housing training	156,438		16,520				172,957
SEDA funds	0						-
Global funds	0						-
Umsobomvu funds	22,455			22,455			(0)
CDW funds	29,997	36,000	1,726	30,743			36,980
Alcohol abuse	40,559						40,559
Unspent conditional grants and receipts -							
End of year	4,210,137	3,076,457	107,968	4,774,513	-	-	2,620,049