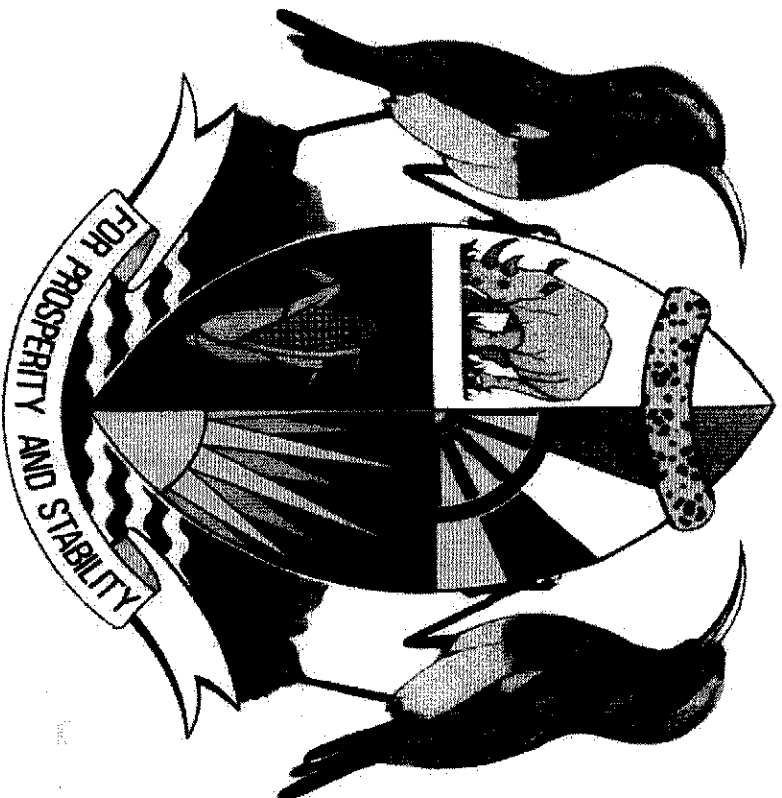


WATERBERG DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS 2007/08



Waterbergs
District Municipality

on the Go for Growth

WATERBERG DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

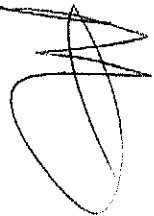
FOR THE YEAR ENDED

30 JUNE 2008

I am responsible for the preparation of these annual financial statements which are set out on pages 1 to 33, 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 Councilors as disclosed in note 15 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, the Minister of Provincial and Local Government's determination in accordance with this Act and Government Gazette no. 1227 of 2007 dated 18 December 2007.

I have complied with the disclosure requirements in terms of section 122 to 126 of the Municipal Finance Management Act, No 56 of 2003.



27/08/08

N C MOTSEPE
MUNICIPAL MANAGER

DATE

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The reports and statements set out below comprise the annual financial statements:

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WATERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	Note	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Reserves			
Government Grant Reserve		1 181 026	164 730
Donations and Public Contributions Reserve		1 993 284	1 863 968
Revaluation Reserve		431 997	431 997
Accumulated surplus		115 862 284	114 619 626
		119 468 591	117 080 321
Current liabilities			
Consumer deposits	1	10 866	9 366
Provisions	2	2 663 255	1 624 276
Creditors	4	1 412 962	638 246
Unspent conditional grants and receipts	5	3 753 372	6 092 591
		7 840 455	8 364 478
		127 309 046	125 444 799
TOTAL NET ASSETS AND LIABILITIES			
ASSETS			
Non-current assets			
Property, plant and equipment	3	32 450 765	26 272 809
Long term receivables	6	35 827	30 465
		32 486 591	26 303 274
Current assets			
Consumer debtors	7	204 370	322 956
Other debtors	8	1 809 573	814 010
Investment deposits	9	13 000 000	20 000 000
Bank balance and cash	10	78 965 049	77 206 158
VAT	11	843 462	798 401
		94 822 454	99 141 525
		127 309 046	125 444 799
TOTAL ASSETS			

WATERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R
REVENUE			
Regional Services Levies - turnover		252 557	4 020 244
Regional Services Levies - remuneration		-	896 927
Interest earned - external investments		11 016 163	8 099 390
Interest earned - outstanding debtors & deposits		59 090	165 042
Service charges	12	1 865 650	2 004 164
Other income		203 786	399 708
Government and other grants	13	67 224 529	57 093 560
Public contributions and donations		506 850	902 160
Gain on disposal of Property, Plant and Equipment		-	52 982
Reversal on provision for bad debt		30 858	-
Total Revenue		81 159 483	73 634 177
EXPENDITURE			
Employee related costs	14	24 455 697	16 674 562
Remuneration of councillors	15	3 197 239	2 819 494
Bad debt		-	635 759
General expenses		10 523 566	7 352 072
Repairs & Maintenance		481 386	262 478
Fire Fighting		3 113 932	2 858 077
Project Expenditure		34 802 247	12 749 237
MIG Expenditure		405 586	5 962 083
Depreciation		1 778 370	1 442 515
Loss on disposal of Property, Plant and Equipment		13 190	-
Total Expenditure		78 771 213	50 756 277
SURPLUS FOR THE YEAR		2 388 270	22 877 900

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

WATERBERG DISTRICT MUNICIPALITY

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

	<u>Government Grant Reserve</u>	<u>Donations and Public Contributions Reserve</u>	<u>Revaluation Reserve</u>	<u>Accumulated Surplus</u>	<u>Total</u>
	R	R	R	R	R
2007					
Balance at 1 July 2006	226 978	1 158 321	431 997	92 385 125	94 202 421
Correction of errors				-	-
Restated balance	<u>226 978</u>	<u>1 158 321</u>	<u>431 997</u>	<u>92 385 125</u>	<u>94 202 421</u>
Net deficit for the year				22 877 900	22 877 900
Donated/contributed PPE		902 160		(902 160)	-
Offsetting of Depreciation	(62 248)	(196 513)		258 761	-
Balance at 30 June 2007	<u>164 730</u>	<u>1 863 968</u>	<u>431 997</u>	<u>114 619 626</u>	<u>117 080 321</u>
2008					
Balance as at 1 July 2007	164 730	1 863 968	431 997	114 619 626	117 080 321
Net surplus for the year				2 388 270	2 388 270
Capital grants used to obtain PPE	1 094 145			(1 094 145)	-
Donated/contributed PPE		506 850		(506 850)	-
Disposal of assets	(2 004)	(658)		2 662	-
Offsetting of Depreciation	(75 845)	(376 876)		452 721	-
Balance at 30 June 2008	<u>1 181 026</u>	<u>1 993 284</u>	<u>431 997</u>	<u>115 862 284</u>	<u>119 468 591</u>

WATERBERG 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		67 107 540	60 495 556
Cash paid to suppliers and employees		<u>(68 449 023)</u>	<u>(58 432 871)</u>
Cash generated from operations	16	(1 341 483)	2 062 685
Interest received		11 075 253	8 264 433
NET CASH FROM OPERATING ACTIVITIES		<u>9 733 770</u>	<u>10 327 118</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(7 969 517)	(3 541 181)
Proceeds on disposal of property, plant and equipment		-	79 501
(Increase)/Decrease in Long Term Receivables		(5 362)	163 165
NET CASH FROM INVESTING ACTIVITIES		<u>(7 974 879)</u>	<u>(3 298 516)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		1 758 891	7 028 602
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>(77 206 158)</u>	<u>(70 177 556)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	17	<u>78 965 049</u>	<u>77 206 158</u>

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

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for the revaluation of land and buildings, which are carried at fair value.

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

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

The standards comprise of the following:

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

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraph 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board. Exemptions were given from complying with certain standards in terms of clause 2(2) of *Government Gazette* no. 30013 of 29 June 2007.

The accounting policies are consistent with those of the previous financial year. A summary of the significant accounting policies are disclosed below.

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

**WATERBERG DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2008**

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

1.3 GOING CONCERN ASSUMPTION

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

1.4 RESERVES

1.4.1 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (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 by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset from this reserve to the accumulated surplus/(deficit).

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).

1.4.2 Donation and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donation and Public Contributions Reserve equal to the donations and public contributions 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 Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

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

1.4.3 Revaluation Reserve

The surplus arising from the revaluation of the property, plant and equipment is credited to the Revaluation Reserve.

**WATERBERG DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2008**

1.5 PROPERTY, PLANT AND EQUIPMENT

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

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

The fair value of land is stated at the market value, determined by appraisal. An appraisal of the value is undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. Revaluations shall be made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

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

	<u>Years</u>
Buildings	30
Motor Vehicles	5
Office Equipment	5
Furniture and Fittings	7
Machinery	5
Security systems	7
Specialised vehicles	20

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

The municipality did not review the useful life or the depreciation method used on the assets recognised in the annual financial statements for the 2007/08 financial year due to the exemption granted in Gazette 30013. The municipality is also exempted from applying IAS36: Impairment of Assets for the financial year ending 30 June 2008 in terms of clause 2(2) of Government Gazette no. 30013 of 29 June 2007. Donated assets' useful lives were reviewed simultaneously with the market valuation for inclusion in the Fixed Asset Register.

1.6. INVESTMENTS

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

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

If the recoverable amount is greater than the carrying amount of the investment, it is written back to the recoverable amount and the reversal of impairment is credited to the Statement of Financial Performance, limited to the original amount of the investment plus interest.

**WATERBERG DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2008**

1.6. INVESTMENTS (continued)

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

1.7 ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables on the abattoir and RSC levy debtors, based on a review on outstanding amounts above 90 days at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

1.8 TRADE CREDITORS

Trade creditors are stated at their nominal value.

1.9 REVENUE RECOGNITION

Revenue from the sale of goods and or services may be recognised at its face value (i.e. cost), and in addition, any payables from the purchase of goods and services should also be recognised at face value (i.e. cost) in terms of the exemptions of Government Gazette no. 30013 of 29 June 2007.

The municipality is also exempted from applying IAS20: Accounting for Government Grants and Disclosure of Government Assistance for the financial year ending 30 June 2008 in terms of clause 2(2) of Government Gazette no. 30013 of 29 June 2007 as adequate guidance can be found in GAMAP 9, GAMAP 17 and GAMAP 12.

1.9.1 Revenue from Exchange Transactions

Interest is recognised on a time proportion basis.

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

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 recognized.

**WATERBERG DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2008**

1.9 REVENUE RECOGNITION (continued)

1.9.2 Revenue from non-exchange transactions

Revenue from RSC Levies, both those based on turnover as well as those based on remuneration, is recognised on the payment due basis. Where declarations have not been submitted in the reporting period when payment was due, estimated levies based on average data is determined.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are officially transferred and brought into use. Contributed property, plant and equipment are recognized when such items of property, plant and equipment are officially transferred and 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 recognized when the recovery thereof from the responsible councillors or officials is virtually certain.

1.10 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.

Unutilised conditional grants are reflected in the Statement of Financial Position as a current liability and are always cash backed.

1.11 PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

1.12 CASH AND CASH EQUIVALENTS

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

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments up to 90 days in financial instruments, net of bank overdrafts.

6 Month investments are disclosed separately as Investment Deposits.

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

1.13 LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

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

“Smoothing” of operating lease expenses/revenues in the statement of financial performance is not required for the 2007/08 financial year in terms of the exemptions of Government Gazette no. 30013 of 29 June 2007.

1.14 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.

1.15 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.

1.16 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.

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

1.17 COMPARATIVE INFORMATION

1.17.1 Current year comparatives

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

1.17.2 Prior year comparatives

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

1.18 RETIREMENT BENEFITS

The Municipality provides retirement benefits for its employees and councillors. The Municipality has accounted for the defined contribution plan for the 2007/08 financial year in terms of IAS19 Employee Benefits. Accordingly, the Municipality recognises the contributions to the scheme as an expense when the employees and councillors have rendered the employment service or served office entitling them to the contributions. The Municipality has no members of defined benefit plans. Municipalities are exempted from IAS19 from defined benefit accounting as it relates to defined benefit plans.

1.19 FINANCIAL INSTRUMENTS

Non-derivative financial instruments comprise consumer and other debtors, cash and cash equivalents and consumer and other creditors.

Non-derivative financial instruments are recognized at face value (i.e. cost), in terms of the exemptions of Government Gazette no. 30013 of 29 June 2007, plus any attributable transaction costs.

A financial instrument is recognized if the Municipality becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Municipality's contractual rights to the cash flows from the financial assets expire or if the Municipality transfers the financial asset to another party without retaining control or substantially all risk and rewards of the asset. Financial liabilities are derecognized if the Municipality's obligations specified in the contract expire or are discharged or cancelled.

Accounting for cash and cash equivalents is discussed in note 1.12.

Accounting for interest is discussed in note 1.9.

In terms of Gazette 30013, the Municipality is exempted from initially measuring financial instruments at fair value and all the financial instrument disclosure in terms of IFRS 7 *Financial Instruments: Disclosures*.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R

1 CONSUMER DEPOSITS

Abattoir	<u>10 866</u>	<u>9 366</u>
Guarantees held in lieu of abattoir deposits	<u>12 000</u>	<u>17 000</u>

2 PROVISIONS

Leave	2 365 873	1 345 175
Long service awards	3 000	10 500
Performance bonus	294 382	268 601
	<u>2 663 255</u>	<u>1 624 276</u>

Annual leave is paid out as per employees' request or at the end of employment.

The movement is reconciled as follows:

Balance at beginning of year	1 345 175	1 218 183
Contributions/(reversals) to provision	2 149 642	781 424
Expenditure incurred	(1 128 944)	(654 432)
Balance at year end	<u>2 365 873</u>	<u>1 345 175</u>

Long service awards are paid out once a year for employees with 10, 15 or 20 years service.

The movement is reconciled as follows:

Balance at beginning of year	10 500	-
Contributions/(reversals) to provision	3 000	10 500
Expenditure incurred	(10 500)	-
Balance at year end	<u>3 000</u>	<u>10 500</u>

Performance bonuses are paid one year in arrears as the assessment of eligible employees has not taken place at the reporting date and no present obligations exist.

The movement is reconciled as follows:

Balance at beginning of year	268 601	493 365
Contributions/(reversals) to provision	25 781	(224 764)
Expenditure incurred	-	-
Balance at year end	<u>294 382</u>	<u>268 601</u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

3

PROPERTY, PLANT & EQUIPMENT

	Land and Buildings	Other	Total
Reconciliation of Carrying Value			
	R	R	R
Carrying values at 1 July 2007	19 988 129	6 284 680	26 272 809
Cost	22 050 427	10 206 225	32 256 653
Accumulated Depreciation	(2 062 298)	(3 921 546)	(5 983 844)
Acquisitions	15 450	6 043 221	6 058 671
Capital under Construction	1 910 846	-	1 910 846
Depreciation	(334 909)	(1 443 461)	(1 778 370)
Carrying value of disposals	-	(13 190)	(13 190)
Cost	-	(99 382)	(99 382)
Accumulated depreciation	-	86 192	86 192
Transfers between votes	-	-	-
Cost	-	-	-
Accumulated depreciation	-	-	-
Carrying values at 30 June 2008	21 579 515	10 871 250	32 450 765
Cost	23 976 722	16 150 065	40 126 787
Accumulated Depreciation	(2 397 207)	(5 278 815)	(7 676 022)
Reconciliation of Carrying Value			
Carrying values at 1 July 2006	18 464 854	5 735 807	24 200 661
Cost	20 192 588	8 649 355	28 841 943
Accumulated Depreciation	(1 727 734)	(2 913 548)	(4 641 282)
Acquisitions	-	1 683 342	1 683 342
Capital under Construction	1 857 839	-	1 857 839
Depreciation	(334 564)	(1 107 951)	(1 442 515)
Carrying value of disposals	-	(26 519)	(26 519)
Cost	-	(126 472)	(126 472)
Accumulated depreciation	-	99 953	99 953
Transfers between votes	-	-	-
Cost	-	-	-
Accumulated depreciation	-	-	-
Carrying values at 30 June 2007	19 988 129	6 284 680	26 272 809
Cost	22 050 427	10 206 225	32 256 653
Accumulated Depreciation	(2 062 298)	(3 921 546)	(5 983 844)

Refer to Appendix B for more detail on property, plant and equipment, including those in the process of being constructed.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
4 CREDITORS		
Trade creditors	894 844	480 848
Other creditors	51 223	51 223
Retentions	466 895	106 174
Payments received in advance	-	-
	<u>1 412 962</u>	<u>638 246</u>
5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Conditional Grants from other spheres of Government		
Municipal Infrastructure Grant	1 614 965	2 020 550
Transitional Grant	-	-
District Transport Plan	351 989	357 426
Municipal Systems Improvement Grant	1 14 528	344 828
Finance Management Grant	595 515	573 954
LED learnership	-	-
Drought relief	94 084	869 180
Public Works - Mokamole agriculture farm	-	23 450
Umsobomvu Youth Grant	-	80 320
Community Based Public Works Program	547 884	547 883
Fire Fighting Grant	155 855	1 250 000
DBSA Grant	-	-
IT Municipal Systems Plan Grant	-	-
LG SETA Grant	208 552	-
Health Grant	-	-
Total Unspent Conditional Grants and Receipts from other spheres of Government	<u>3 683 372</u>	<u>6 067 591</u>
Other conditional grants		
Mayor's Bursary Grant	25 000	25 000
Disaster Grant	45 000	-
Total Unspent Other Conditional Grants and Receipts	<u>70 000</u>	<u>25 000</u>
Total Unspent Conditional Grants and Receipts	<u>3 753 372</u>	<u>6 092 591</u>

See note 13 for reconciliation of grants.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R

6 LONG TERM RECEIVABLES

Deposit water and electricity

35 827

30 465

Deposit water and electricity

These are deposits paid for water and electricity services.

7 CONSUMER DEBTORS

RSC levies

Abattoir

580 560
261 059

717 440
273 623

Less: Provision for bad debts (Refer to Appendix E1)

841 619
(637 249)

991 063
(668 107)

Total

204 370

322 956

Abattoir: Ageing

Current (0 - 30 days)

31 - 60 days

61 - 90 days

+ 91 days

Total

100 791
96 189
7 390
56 689
261 059

165 465
38 447
35 215
34 496
273 623

RSC levies: Ageing

Current (0 - 30 days)

31 - 60 days

61 - 90 days

+ 91 days

Total

4 632
4 176
3 973
567 779
590 560

4 851
5 010
5 010
702 569
717 440

Reconciliation of the bad debt provision

Balance at beginning of the year

(Reversal)/Contributions to provision

Bad debts written off against provision

Balance at end of year

668 107
(30 858)
-
637 249

32 347
635 760
-
668 107

8 OTHER DEBTORS

Investments

Expenditure paid in advance

Sundry debtors

259 541
39 069
1 510 963
1 809 573

259 541
4 200
550 269
814 010

An investment amounting to R1 041 296 capital is held with New Republic Bank, which is presently under receivership. An investment amounting to R325 904 capital is held with Regal Treasury Bank which is presently under liquidation. The investments were written down to fair value:

New Republic Bank Limited
Regal Treasury Private Bank Limited

259 541
-

259 541
-

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
9 INVESTMENT DEPOSITS		
6 Month fixed deposits	<u>13 000 000</u>	<u>20 000 000</u>
10 BANK BALANCES AND CASH		
The municipality has the following bank accounts:		
<u>Current Account (Primary Bank Account)</u>		
First National Bank - Modimolle branch Account number 53170034748	5 204 458	5 175 856
Cash book balance at beginning of year	<u>1 963 349</u>	<u>5 204 458</u>
Cash book balance at end of year	7 271 132	8 322 717
Bank statement balance at beginning of year	<u>6 275 415</u>	<u>7 271 132</u>
Bank statement balance at end of year		
<u>Other accounts</u>		
Investments	18 000 000	20 000 000
Call	-	-
14 Days fixed deposits	5 000 000	-
32 Days fixed deposits	21 000 000	24 000 000
60 Days fixed deposits	33 000 000	28 000 000
90 Days fixed deposits	<u>77 000 000</u>	<u>72 000 000</u>
Petty cash	1 700	1 700
Total Balance	<u><u>78 965 049</u></u>	<u><u>77 206 158</u></u>
11 VAT		
VAT refundable	<u><u>843 462</u></u>	<u><u>798 401</u></u>
<p>VAT is accounted for on the payment basis. Only once payment is received from debtors, VAT is paid over to SARS.</p>		
12 SERVICE CHARGES		
Abattoir services	<u><u>1 865 650</u></u>	<u><u>2 004 164</u></u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
13 GOVERNMENT AND OTHER GRANTS		
Equitable share	56 783 635	47 544 602
Municipal Infrastructure Grant	405 585	5 962 083
Transitional Grant	-	63 303
District Transport Plan	5 437	557 315
Municipal Systems Improvement Grant	1 230 300	1 327 867
Finance Management Grant	478 439	290 985
LED learnership	-	25 755
Drought Relief Grant	775 096	62 028
Public Works - Mokamole agricultural farm	23 450	1 025
Umsobomvu Youth Grant	800 320	819 680
Community Based Public Works Programme	-	-
Fire Fighting Grant	1 094 145	-
DBSA Grant	188 176	438 917
IT Municipal Systems Plan Grant	2 129 000	-
LG SETA Grant	148 487	-
Municipal Health Grant	3 162 461	-
Mayor's Bursary Grant	-	-
Disaster Grant	-	-
	<u>67 224 529</u>	<u>57 093 560</u>

13.1 Equitable share

The equitable share is an unconditional grant and is utilised to fund fire fighting services, projects and operating expenditure.

13.2 Municipal Infrastructure Grant

Balance unspent at beginning of year
 Current year receipts
 Conditions met - transferred to income
 Conditions still to be met - transferred to liabilities

	2 020 550	7 982 633
	-	-
	(405 585)	(5 962 083)
	<u>1 614 965</u>	<u>2 020 550</u>

The grant is used to construct infrastructure assets in the local municipalities. The conditions of the grant were met. There were no delay or withholding of the grant.

13.3 Transitional grant

Balance unspent at beginning of year
 Current year receipts
 Conditions met - transferred to income
 Conditions still to be met - transferred to liabilities

	-	63 303
	-	-
	-	(63 303)
	<u>-</u>	<u>-</u>

The grant was utilised to finance changes on the financial system.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
13 GOVERNMENT GRANTS (continued)		
13.4 District Transport Plan		
Balance unspent at beginning of year	357 426	914 741
Current year receipts	<u>(5 437)</u>	<u>(557 315)</u>
Conditions met - transferred to income	<u>351 989</u>	<u>357 426</u>
Conditions still to be met - transferred to liabilities		
The grant was utilised to develop the current public transport record system and to review the transport plan and the balance will be utilised to implement the integrated transport plan.		
13.5 Municipal Systems Improvement Grant		
Balance unspent at beginning of year	344 828	672 695
Current year receipts	1 000 000	1 000 000
Conditions met - transferred to income	<u>(1 230 300)</u>	<u>(1 327 867)</u>
Conditions still to be met - transferred to liabilities	<u>114 528</u>	<u>344 828</u>
The grant was utilised to fund the PIMSS unit. The grant is also used for the implementation of new legislation and the IDP review process. The conditions of the grant were met. No funds have been withheld.		
13.6 Finance Management Grant		
Balance unspent at beginning of year	573 954	364 939
Current year receipts	500 000	500 000
Conditions met - transferred to income	<u>(478 439)</u>	<u>(290 985)</u>
Conditions still to be met - transferred to liabilities	<u>595 515</u>	<u>573 954</u>
The grant is utilised for the appointment of the financial interns, financial training and assist with the implementation of the MFMA and compliance with GAMAP/GRAP. The conditions of the grant were met. No funds have been withheld.		
13.7 LED Learnership		
Balance unspent at beginning of year	-	25 755
Current year receipts	-	-
Conditions met - transferred to income	<u>-</u>	<u>(25 755)</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
The grant was utilised for the training of LED learners. The conditions of the grant were met.		

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
13 GOVERNMENT GRANTS (continued)		
13.8 Drought Relief		
Balance unspent at beginning of year	869 180	931 208
Current year receipts	-	-
Conditions met - transferred to income	<u>(775 096)</u>	<u>(62 028)</u>
Conditions still to be met - transferred to liabilities	<u>94 084</u>	<u>869 180</u>
The grant was utilised for emergency drought relief in the District. The projects were be identified by the local municipalities.		
13.9 Public Works - Mokamole agricultural farm		
Balance unspent at beginning of year	23 450	24 475
Current year receipts	-	-
Conditions met - transferred to income	<u>(23 450)</u>	<u>(1 025)</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>23 450</u>
These funds were utilised for LED projects. Balance was transferred to Mogalakwena Local Municipality who is now responsible for this project.		
13.10 Unsobomvu Youth Grant		
Balance unspent at beginning of year	80 320	-
Current year receipts	720 000	900 000
Conditions met - transferred to income	<u>(800 320)</u>	<u>(819 680)</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>80 320</u>
The grant is utilised to fund youth advisors at the local municipalities.		
13.11 Community Based Public Works Program		
Balance unspent at beginning of year	547 884	-
Current year receipts	-	547 884
Conditions met - transferred to income	<u>-</u>	<u>-</u>
Conditions still to be met - transferred to liabilities	<u>547 884</u>	<u>547 884</u>
The grant will be utilised to fund infrastructure projects. The conditions were met. No funds have been withheld.		
13.12 Fire Fighting Grant		
Balance unspent at beginning of year	1 250 000	-
Current year receipts	-	1 250 000
Conditions met - transferred to income	<u>(1 094 145)</u>	<u>-</u>
Conditions still to be met - transferred to liabilities	<u>155 855</u>	<u>1 250 000</u>
The grant was utilised to fund the acquisition of fire fighting equipment.		

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

2008	2007
R	R

13 GOVERNMENT GRANTS (continued)

13.13 DBSA Grant

Balance unspent at beginning of year	-	-
Current year receipts	188 176	438 917
Conditions met - transferred to income	(188 176)	(438 917)
Conditions still to be met - transferred to liabilities	-	-
	<u> </u>	<u> </u>

The grant was utilised to fund the training of finance officials in the Finance Departments of the District and Local Municipalities.

13.14 IT Municipal Systems Plan Grant

Balance unspent at beginning of year	-	-
Current year receipts	2 129 000	-
Conditions met - transferred to income	(2 129 000)	-
Conditions still to be met - transferred to liabilities	-	-
	<u> </u>	<u> </u>

The grant was utilised to fund the IT Master Systems Plan of the municipality.

13.15 LG SETA Grant

Balance unspent at beginning of year	-	-
Current year receipts	357 039	-
Conditions met - transferred to income	(148 487)	-
Conditions still to be met - transferred to liabilities	208 552	-
	<u> </u>	<u> </u>

The grant was utilised to fund the IT Learnership for community members. The remainder will be utilised for training of officials in the District Municipality.

13.16 Municipal Health Grant

Balance unspent at beginning of year	-	-
Current year receipts	3 162 461	-
Conditions met - transferred to income	(3 162 461)	-
Conditions still to be met - transferred to liabilities	-	-
	<u> </u>	<u> </u>

The grant was utilised to fund the Environmental Health function that was devolved to the District Municipality during the year under review.

13.17 Mayor's Bursary Grant

Balance unspent at beginning of year	25 000	-
Current year receipts	-	25 000
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	25 000	25 000
	<u> </u>	<u> </u>

The grant will be utilised to fund study bursaries.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R

13 GOVERNMENT GRANTS (continued)		
13.18 Disaster Grant		
Balance unspent at beginning of year	45 000	-
Current year receipts	-	-
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	<u>45 000</u>	<u>-</u>
The grant will be utilised to fund disasters in the District.		

14 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and wages	15 805 464	11 869 255
Employee related costs - Contributions for UIF, pension and medical aid	4 522 573	3 255 941
Travel and other allowances	3 821 102	1 425 455
Housing benefits and allowances	213 331	95 778
Overtime allowances	93 227	28 133
(Refer to Appendix E1)	<u>24 455 697</u>	<u>16 674 562</u>

Remuneration of the Municipal Manager		
Annual Remuneration	335 194	460 417
Travel allowance	91 000	116 866
Council contributions	873	119 013
Total	<u>427 067</u>	<u>696 296</u>

The previous Municipal Manager resigned as from 30 June 2007.
The new Municipal Manager was appointed as from 1 December 2007.

Remuneration of the Chief Financial Officer		
Annual Remuneration	481 534	302 998
Travel allowance	120 669	70 700
Council contributions	1 473	64 000
Total	<u>603 676</u>	<u>437 698</u>

The Chief Financial Officer was appointed as from 11 June 2007.

Remuneration of Individual Managers:		
Infrastructure Development		
Annual Remuneration	366 040	295 598
Travel allowance	145 160	78 400
Council contributions	76 798	933
Total	<u>587 998</u>	<u>374 931</u>

The previous Infrastructure Development Manager resigned as from 28 February 2007. The new Infrastructure Development manager was appointed as from 9 July 2007.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
14 EMPLOYEE RELATED COSTS (continued)		
Remuneration of Individual Managers (continued):		
Planning & Economic Development		
Annual Remuneration	290 134	371 220
Travel allowance	68 438	69 957
Council contributions	75 205	99 423
Total	<u>433 777</u>	<u>540 600</u>
<p>The previous Planning & Economic Development Manager resigned as from 5 December 2007. The new Planning & Economic Development manager was appointed as from 1 March 2008.</p>		
Corporate Support & Shared Services		
Annual Remuneration	312 952	381 000
Travel allowance	74 600	122 958
Council contributions	61 536	85 219
Total	<u>449 088</u>	<u>589 177</u>
<p>The previous Corporate Support & Shared Service Manager resigned as from 31 August 2007. The new Corporate Support & Shared Services Manager was appointed as from 1 January 2008.</p>		
Social Development & Community Services		
Annual Remuneration	345 560	322 140
Travel allowance	96 274	97 565
Council contributions	95 841	89 095
Total	<u>536 675</u>	<u>508 800</u>
<p>The manager Social Services was appointed as from 1 August 2005.</p>		
Executive Mayor's Office		
Annual Remuneration	315 232	177 567
Travel allowance	89 531	50 962
Council contributions	92 037	51 471
Total	<u>496 800</u>	<u>280 000</u>

The manager Executive Mayor's Office was appointed as from 1 December 2006.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
15 REMUNERATION OF COUNCILLORS		
Executive Mayor	435 199	406 024
Speaker	362 058	212 542
Full time Mayoral Committee member	251 637	-
Mayoral Committee members	670 624	515 861
Councillors	1 146 221	1 397 810
Council's contributions	331 500	287 257
Total Councillors' Remuneration	3 197 239	2 819 494

In kind benefits
The Executive Mayor, Speaker and a Mayoral Committee member are full time councillors. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has use of a Council owned vehicle and has a driver.

16 CASH GENERATED FROM OPERATIONS		
Net surplus for the year	2 388 270	22 877 900
Adjustment for: -		
Depreciation	1 778 370	1 442 515
Investment Income	(11 075 253)	(8 264 432)
Loss on disposal of property, plant and equipment	13 190	-
Gain on disposal of property, plant and equipment	-	(52 982)
Contributions to provisions - current	1 038 979	(87 272)
Operating surplus/(deficit) before working capital changes	(5 856 445)	15 915 728
Decrease in Consumer Debtors	118 586	1 559 313
(Increase)/Decrease in Other Debtors	(995 562)	35 723
Increase in VAT asset	(45 061)	(905 973)
Decrease in Unspent Conditional Grants and Receipts	(2 339 219)	(4 887 158)
Increase/(Decrease) in Creditors	774 717	(2 651 948)
Increase/(Decrease) in Consumer Deposits	1 500	(3 000)
Decrease/(Increase) in investment deposits	7 000 000	(7 000 000)
Cash generated from operations	(1 341 483)	2 062 685

17 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents in the cash flow statement comprise the following statements of amounts indicating financial position:		
Bank balance	1 963 349	5 204 458
Call investment deposits	77 000 000	72 000 000
Petty cash	1 700	1 700
	78 965 049	77 206 158

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

18 FINANCIAL INSTRUMENTS

The main risks of the Municipality are interest rate risk, liquidity risk, credit risk and the fair value of financial instruments.

Interest rate risk

The Municipality is exposed to interest rate risk on its investments. The risk is managed by only investing with counterparties of a high credit standing.

Currency risk

The Municipality does not have currency risk as in terms of section 163 of the Municipal Finance Management Act, No.56 of 2003, no municipality may incur a liability or risk payable in a foreign currency.

Liquidity risk

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality's strong credit profile and diversified funding sources ensure that sufficient liquid funds are maintained to meet its daily cash requirements. The Municipality's policy on counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash. The municipality is also investigating a donor funding strategy to further diversify its funding sources.

Credit risk

Credit risk is the risk that would be incurred as a result of non-performance by counterparties of their contractual obligations towards the Municipality.

To manage the risk the Municipality has a credit control policy. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

Counterparties:

The Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. The Municipality has no significant concentration of credit risk with any single counterparty or a group of counterparties.

Fair value of financial instruments

At year end the carrying amounts of cash and short-term deposits, trade and other receivables and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities.

	2008	2007
	R	R
19 POST EMPLOYMENT BENEFITS: DEFINED CONTRIBUTION PLANS		

The municipality has no members of defined benefit plans. All contributions due in the 2007/08 financial year have been paid and therefore no accrued or prepaid expense exists.

Contributions made to medical aid	999 495	705 670
Contributions made to pension fund	3 074 820	2 265 999
Amount Paid - Current year	<u>(4 074 315)</u>	<u>(2 971 669)</u>

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R

20 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

Reconciliation of fruitless and wasteful expenditure

Opening Balance	-	66 315
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered - Contingent Asset	-	(66 315)
Fruitless and wasteful expenditure awaiting condonement	-	-
	<u> </u>	<u> </u>

Prior year

This expenditure arose from late payment to a contractor on an MIG project. The disciplinary case against the employee responsible was finalised in December 2006. The fruitless and wasteful expenditure is to be recovered from the dismissed employee.

Reconciliation of irregular expenditure

Opening Balance	-	200 498
Irregular expenditure current year	-	-
Condoned or written off by Council	-	(200 498)
To be recovered - Contingent Asset	-	-
Irregular expenditure awaiting condonement	-	-
	<u> </u>	<u> </u>

Prior year

Expenses were incurred on the discretionary fund vote without a policy for this expenditure. The expenditure incurred on this vote was condoned by Council and a policy on discretionary expenses was approved by Council.

Reconciliation of unauthorised expenditure

Opening Balance	175 167	-
Unauthorised expenditure current year	-	175 167
Condoned or approved by Council	(175 167)	-
To be recovered - Contingent Asset	-	-
Unauthorised expenditure awaiting authorisation	-	175 167
	<u> </u>	<u> </u>

Current year

Damaged meat claims was paid out to customers due to malfunctioning of equipment. The abattoir is currently being upgraded to address this issue. Legal fees were overspent due to a disciplinary hearing. Municipal accounts were overspent due to difficulty in estimation of water and electricity usage. Council condoned this expenditure.

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R

21 CHANGE IN ACCOUNTING ESTIMATE

RSC levies

Change to the Statement of Financial Performance	91 506	715 658
Total net effect on Surplus for the year	<u>91 506</u>	<u>715 658</u>

The change in accounting estimate relates to unpaid RSC levies that was estimated as at 30 June 2006. The actual receipts on that debtors during the current year was less than what was estimated.

The amount of the effect in future periods is not disclosed because estimating it is impracticable.

22 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

22.1 Contributions to organised local government

Opening Balance	92 077	83 765
Council subscriptions	<u>(92 077)</u>	<u>(83 765)</u>
Amount Paid - current year	-	-

22.2 Audit fees

Opening balance	665 247	689 657
Current year audit fees - statutory	794 548	18 073
- forensic	<u>(1 459 795)</u>	<u>(707 730)</u>
Amount paid - current year	-	-

22.3 VAT

VAT input receivables and VAT output payables are shown in note 11. All VAT returns have been submitted by the due date throughout the year.

22.4 PAYE

Opening Balance	3 891 293	2 938 627
Current year payroll deductions	<u>(3 891 293)</u>	<u>(2 938 627)</u>
Amount Paid - Current year	-	-

WATERBERG DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R

23 REMUNERATION OF AUDIT COMMITTEE MEMBERS

Remuneration

29 716

75 405

3 Members serve on the Audit Committee. The members are paid an allowance per day and are reimbursed for travel expenses.

24 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for
- Land and buildings

912 835

2 193 987

The expenditure will be financed from:

- Own resources

912 835

2 193 987

Commitment in respect of operating leases:

Minimum lease payments

Not later than 1 year

254 075

225 023

Later than 1 year and not later than 5 years

243 898

282 556

Present value of minimum lease payment

497 973

507 579

The operating lease commitments consists of copiers, telephones and faxes with Minolta, Panasonic, Northern Telecom and Nashua.

25 RELATED PARTIES

Municipal Entity

Waterberg Economic Development Agency

There are no related party transactions or balances for the current year.

26 COMPARISON WITH THE BUDGET

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

WATERBERG DISTRICT MUNICIPALITY

APPENDIX A SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

EXTERNAL LOANS	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
TOTAL EXTERNAL LOANS							-	-

WATERBERG DISTRICT MUNICIPALITY

APPENDIX B ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Transfer	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer	Disposals	Closing Balance	
Land and Buildings												
Land	728 000	-	-	-	-	728 000	-	-	-	-	-	728 000
Buildings	21 322 428	15 450	-	1 910 846	-	23 248 724	2 062 299	334 909	-	-	2 397 208	20 851 516
	22 050 428	15 450	-	1 910 846	-	23 976 724	2 062 299	334 909	-	-	2 397 208	21 579 516
Other Assets												
Motor Vehicles	5 812 972	4 512 553	-	-	-	10 325 525	1 333 508	754 175	-	-	2 087 683	8 237 842
Computer equipment	1 749 615	973 655	-	-	38 275	2 684 994	879 686	336 175	-	37 003	1 178 858	1 506 136
Office equipment	947 966	29 656	-	-	39 468	938 154	759 666	75 397	-	29 094	805 969	132 185
Furniture and Fittings	1 371 409	285 428	-	-	13 138	1 643 698	746 941	198 253	-	11 596	933 597	710 101
Machinery	324 263	241 929	-	-	8 500	557 692	201 744	79 461	-	8 499	272 706	284 986
	10 206 225	6 043 221	-	-	99 382	16 150 064	3 921 545	1 443 461	-	86 192	5 278 814	10 871 250
TOTAL	32 256 653	6 058 671	-	1 910 846	99 382	40 126 787	5 983 844	1 778 370	-	86 192	7 676 022	32 450 765

Assets under construction refers to the District Disaster Centres in Modimolle and Lephalale.

WATERBERG DISTRICT MUNICIPALITY

**APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**

	Cost					Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Transfers		Closing Balance
Budget & Treasury Office	824 524	9 867	-	(765)	(58 777)	774 848	417 191	112 261	(762)	(53 251)	475 438	299 410
Municipal Manager	316 772	18 812	-	-	(218 354)	117 230	264 248	16 063	-	(197 247)	83 064	34 166
Corporate Support & Shared Services	10 144 683	894 071	-	(46 269)	443 739	11 436 224	2 658 714	527 111	(44 986)	415 003	3 555 843	7 880 381
Planning and Economic Development	330 039	32 775	-	-	25 367	388 181	147 663	65 576	-	13 450	226 689	161 492
Infrastructure Development	362 547	121 391	-	(5 345)	(29 109)	449 484	192 661	63 663	(4 102)	(18 276)	233 946	215 538
Executive Mayor's Office	1 417 233	832 536	-	(34 711)	20 370	2 235 428	815 602	291 973	(25 472)	10 900	1 093 003	1 142 425
Social Development & Community Services	268 936	88 195	-	(750)	(61 425)	294 956	92 356	38 892	(749)	(26 168)	104 331	190 625
Fire fighting	16 764 537	3 668 912	1 910 846	-	1 121	22 345 415	518 599	513 603	-	1 119	1 033 321	21 312 094
Environmental Health	-	392 113	-	-	45 478	437 591	-	50 758	-	9 897	60 655	376 936
PIMSS	398 422	-	-	(3 042)	(179 312)	216 068	277 927	41 806	(1 622)	(158 458)	159 453	56 615
Abattoir	1 428 961	-	-	(8 500)	10 901	1 431 362	598 883	56 864	(8 499)	3 031	650 279	781 083
TOTAL	32 256 653	6 058 671	1 910 846	(99 382)	(0)	40 126 787	5 983 844	1 778 370	(86 192)	(0)	7 676 022	32 450 765

WATERBERG DISTRICT MUNICIPALITY

APPENDIX D

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2008**

2007 Actual Income R	2007 Actual Expenditure R	2007 (Surplus)/ Deficit R		2008 Actual Income R	2008 Actual Expenditure R	2008 (Surplus)/ Deficit R
61 550 433	6 170 746	55 379 688	Financial	68 811 821	6 043 055	62 768 766
-	2 005 480	(2 005 480)	Municipal Manager	-	2 779 464	(2 779 464)
184 357	6 450 232	(6 265 875)	Corporate	2 278 907	11 117 022	(8 838 115)
634 100	4 641 885	(4 007 785)	Planning and Economic Development	38 987	5 773 644	(5 734 757)
6 024 111	12 147 258	(6 123 147)	Technical	1 275 547	25 885 934	(24 610 388)
819 680	8 087 959	(7 268 278)	Executive Mayor's Office	800 320	11 808 565	(11 008 245)
210	3 966 063	(3 965 853)	Social	-	2 222 952	(2 222 952)
1 082 845	3 325 942	(2 243 097)	Fire fighting	1 148 183	3 979 108	(2 830 925)
-	-	-	Environmental Health	3 669 311	5 728 396	(2 059 085)
1 328 285	1 874 639	(546 354)	PIM/SS	1 230 299	1 265 794	(35 495)
2 010 156	2 196 077	(185 922)	Abattoir	1 875 350	2 136 420	(261 070)
-	-	-	Project Management Unit	-	-	-
73 634 177	50 866 281	22 767 896	TOTAL	81 128 625	78 740 354	2 388 270
	(110 004)	110 004	Less Inter-Department Charges			
73 634 177	50 756 277	22 877 900	TOTAL	81 128 625	78 740 354	2 388 270

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED INFORMATION - APPENDIX E(1)
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

REVENUE	2008	2008	2008	2008	Explanation of Significant Variances greater than 10% versus Budget
	Actual R	Budget R	Variance R	Variance %	
Regional Services Levies - turnover	252 557	-	252 557		RSC levies were abolished on 30 June 2006. No levies were budgeted in the current financial year. The levies received are additional income for the current year due to change in estimates.
Regional Services Levies - remuneration	-	-	-		RSC levies were abolished on 30 June 2006. No levies were budgeted in the current financial year. The levies received are additional income for the current year due to change in estimates.
Interest earned - external investments	11 016 163	3 800 000	7 216 163	189.90	The increase is due to surplus funds invested at competitive rates and an increase in the interest rate. Surplus funds due to underspending on the IDP projects.
Interest earned - outstanding debtors	59 090	8 300	50 790	611.93	RSC debtors are long outstanding and handed over to lawyers. Provision is made for bad debt on these accounts.
Abattoir Income	1 865 650	2 312 200	(446 550)	-19.31	Abattoir income is lower than budgeted due to the loss of one of the biggest clients.
Government grants and subsidies	67 224 529	61 149 294	6 075 235	9.94	LG Seta and Umsobomvu grants were not budgeted as these grants only materialised during the course of the year.
Other income	203 786	36 000	167 786	466.07	Recovery of provision for loss on investment and retentions was not budgeted for.
Public contributions, donated and contributed property, plant and equipment	506 850	-	506 850		Donated and contributed property, plant and equipment was not budgeted for. Transfer of health assets only occurred in June 2008.
Gain on disposal of property, plant and equipment	-	-	-		Disposals of property, plant and equipment was not budgeted for.
Reversal on provision for bad debt	30 858	-	30 858		RSC debts provided for as bad debts was recovered by the lawyers.
Total Revenue	81 159 483	67 305 784	13 853 699		
EXPENDITURE					
Employee related costs	24 455 697	29 868 320	(5 412 623)	-18.12	The underspending is due to vacancies that existed in the departments.
Remuneration of Councillors	3 197 239	3 370 820	(173 581)	-5.15	
Bad debt	-	11 000	(11 000)	-100.00	RSC debts provided for as bad debts was recovered by the lawyers.
General expenses	10 523 566	14 274 630	(3 751 064)	-26.28	Mainly due to underspending on printing and stationery, delegation expenses, training, programming and legal expenses. Waterberg Economic Development Agency was budgeted in the current year but formal establishment was not completed by year end.
Repairs & Maintenance	481 386	482 225	(839)	-0.17	
Fire Fighting	3 113 932	4 786 600	(1 672 668)	-34.94	Mainly due to under claiming of local municipalities.
Project expenditure	34 802 247	67 547 925	(32 745 678)	-48.48	Under spending of projects on the 2007/08 IDP.
M/G project expenditure	405 586	-	405 586		Expenditure incurred for projects rolled over from previous financial year. Roll overs was approved by Council.
Depreciation	1 778 370	1 564 500	213 870	13.67	Depreciation of Fire fighting assets were more than budgeted due to significant increase in value because of market valuation of these assets.
Loss on disposal of Property, Plant and Equipment	13 190	-	13 190		Assets written off after annual fixed asset count was not budgeted for.
Total Expenditure	78 771 213	121 906 020	(43 134 807)		
NET SURPLUS FOR THE YEAR	2 388 270	(54 600 226)	56 988 496		

WATERBERG DISTRICT MUNICIPALITY

**UNAUDITED INFORMATION - APPENDIX E(2)
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008**

	<u>2008 Actual</u>	<u>2008 Under Construction</u>	<u>2008 Revaluation</u>	<u>2008 Total Additions</u>	<u>2008 Budget</u>	<u>2008 Variance</u>	<u>2008 Variance</u>	<u>Explanation of Significant Variances greater than 5% versus Budget</u>
	R	R		R	R	R	%	
Land and Buildings								
Land	-	-	-	-	-	-	-	Disaster centre construction funded from roll over budget from prior years. Modimolle Disaster Centre completed. Lephalale Disaster Centre construction re-advertised, therefore delay in implementation.
Buildings	15 450	1 910 846	-	1 926 296	4 815 450	(2 889 154)	-60.00	
Other Assets								
Motor Vehicles	4 512 553		-	4 512 553	6 539 018	(2 026 465)	-30.99	The remainder of motor vehicles still to be procured, but gradually phased in with Environmental Health function. Remainder to be procured in 2008/09.
Computer Equipment	973 655		-	973 655	2 200 000	(1 226 345)	-55.74	R 2,200,000 is funds for IT Municipal Systems implementation plan to be completed in 2008/09.
Office Equipment	29 656		-	29 656	30 000	(344)	-1.15	
	285 428		-	285 428	300 000	(14 572)	-4.86	
Furniture and Fittings								
Machinery	241 929		-	241 929	-	241 929	-	All machinery was donated and thus received at no cost.
TOTAL	<u>6 058 671</u>	<u>1 910 846</u>	<u>-</u>	<u>7 969 517</u>	<u>13 884 468</u>	<u>(5 914 951)</u>		