



SEDIBENG DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2008

**SEDIBENG 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 26, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 13 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Ms. L SEFTEL
Municipal Manager
10 November 2008

**SEDIBENG DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008**

	Note	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net assets		178 265 607	118 534 901
Government grant reserve		20 589 053	21 841 128
Accumulated Surplus/(Deficit)	18	157 676 554	96 693 773
Non-current liabilities		59 754	388 360
Long-term liabilities	1	59 754	388 360
Current liabilities		52 716 264	59 980 457
Provisions	2	9 433 101	7 989 323
Creditors	2	22 798 238	17 411 464
Unspent conditional grants and receipts	3	20 153 769	34 287 656
VAT	4	0	0
Current portion of long-term liabilities	1	331 156	292 014
Total Net Assets and Liabilities		<u>231 041 625</u>	<u>178 903 718</u>
ASSETS			
Non-current assets		56 754 851	55 654 033
Property, plant and equipment	5	56 710 652	55 607 376
Long-term receivables	6	44 199	46 657
Current assets		174 286 774	123 249 685
Other debtors	7	29 569 932	16 908 793
Deferred capital cost	31	25 586 584	12 887 047
VAT	4	2 006 834	1 138 955
Current portion of long-term debtors	6	0	0
Call investment deposits	8	102 513 492	73 286 287
Bank balances and cash	9	14 609 932	19 028 603
Total Assets		<u>231 041 625</u>	<u>178 903 718</u>

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

Budget			Actual	
2007	2008		2008	2007
R	R	Note	R	R
REVENUE				
4 400 000	0		0	0
9 800 000	0		0	0
5 414 000	5 770 150		7 556 373	6 306 145
6 000 000	6 384 000		14 788 596	10 423 351
230 000	70 000		140 824	351 296
32 280 593	34 500 000		36 602 220	34 105 779
2 664 653	3 358 702		3 652 677	2 703 653
178 211 652	212 262 997	10	219 292 589	183 533 392
3 169 236	1 457 000	11	1 249 024	1 510 466
				0
				0
242 170 134	263 802 849		283 282 303	238 934 082
EXPENDITURE				
108 112 970	119 446 907	12	120 577 686	101 115 727
5 888 359	6 427 335	13	6 875 035	5 902 959
500 000	450 000		352 563	1 767 513
1 900 000	1 900 000		2 008 489	1 915 113
4 441 080	5 980 460		5 483 078	5 645 479
6 226 837	4 343 671		2 623 603	3 767 017
6 300 569	54 495	14	68 335	6 038 484
11 323 208	17 385 263		10 929 406	10 031 552
8 266 126	9 713 133		8 323 646	7 317 162
12 574 202	20 000 000	15	19 001 178	7 783 935
43 646 395	65 918 894	16	45 092 338	34 950 158
209 179 746	251 620 158		221 335 357	186 235 099
32 990 388	12 182 691		61 946 946	52 698 983
0	0		0	
32 990 388	12 182 691		61 946 946	52 698 983
SURPLUS/(DEFICIT) FOR THE YEAR				
No segmental statement of financial performance has been prepared				
Refer to Appendix E(1) for explanation of variances				

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

	Pre-GAMAP Old Reserves and Funds	Government Grant Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
2007				
Balance at 1 July 2007		0	40 000 555	40 000 555
Balance at 1 July 2007	0	0	40 000 555	40 000 555
Surplus/(deficit) for the year			52 698 983	52 698 983
Creditors commitments restated (note 17)			3 994 235	3 994 235
Balance at 30 June 2007	0	0	96 693 773	96 693 773
Implementation of GAMAP		21 841 128		21 841 128
Restated balance	0	21 841 128	96 693 773	118 534 901
Surplus/(deficit) for the year			61 946 946	61 946 946
Transfer to CRR				0
Property, plant and equipment purchased				0
Capital grants used to purchase PPE		29 897		29 897
Adjustments (See note 188)			-964 165	-964 165
Asset disposals		-21 143		-21 143
Offsetting of depreciation		-1 260 829		-1 260 829
Balance at 30 JUNE 2008	0	20 589 053	157 676 554	178 265 607

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

	Note	2008 R	2007 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from/(utilised in) operations	20	18 129 570	71 023 727
Interest received		14 929 420	10 774 647
Interest paid		-68 335	-6 038 484
NET CASH FROM OPERATING ACTIVITIES		<u>32 990 655</u>	<u>75 759 890</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-7 892 657	-8 983 319
Proceeds on disposal of property, plant and equipment		0	0
(Increase)/decrease in non-current receivables		0	0
NET CASH FROM INVESTING ACTIVITIES		<u>-7 892 657</u>	<u>-8 983 319</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		0	0
(Decrease)/ Increase in long-term loans		-328 606	-40 201 274
(Decrease)/ Increase in short-term loans		39 142	-3 482 141
NET CASH FROM FINANCING ACTIVITIES		<u>-289 464</u>	<u>-43 683 415</u>
NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS		<u>24 808 534</u>	<u>23 093 156</u>
Cash and cash equivalents at the beginning of the year		92 314 890	69 221 734
Cash and cash equivalents at the end of the year	21	117 123 424	92 314 890

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

1. SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

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

The annual financial statements have been prepared in accordance with the Standards of Generally Recognized Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005

These standards are summarized as follows:

GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GAMAP 4	Effects of changes in foreign exchange rates
GAMAP 7	Accounting for investments in associates
GAMAP 8	Financial reporting of interests in joint ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, plant and equipment
GAMAP 19	Provisions, contingent liabilities and contingent assets

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

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

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

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

GAMAP, GRAP and GAAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP, GRAP and GAAP is set out in Note 18 & 19

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

1.1 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

1.3 GOING CONCERN ASSUMPTION

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

1.4 RESERVES

1.4.1 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). The balance on Government Grant Reserve equals the carrying value of the items of properties, plant and equipment funded from government grants.

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

1.4.2 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions. The balance on the Donations and Public Contributions Reserve equals the carrying value of the item of property, plant and equipment funded from donations and public contributions.

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

1.5 PROPERTY, PLANT AND EQUIPMENT

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

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

Accounting Policy for the 2006/07 and 2007/08 financial year

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

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

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

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

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

Other

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

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

1.6 INVESTMENTS

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

Accounting policy for 2006/07 and 2007/08 financial year.

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

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

1.7 ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realizable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

1.8 TRADE CREDITORS

Trade creditors are stated at their nominal value.

1.9 REVENUE RECOGNITION

9.1 Revenue from Exchange Transactions

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

Interest and rentals are recognized on a time proportion basis

9.2 Revenue from non-exchange transactions

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

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

Donations are recognized on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

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

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

1.10 CONDITIONAL GRANTS AND RECEIPTS

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

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

1.11 PROVISIONS

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

1.12 CASH AND CASH EQUIVALENTS

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

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

1.13 UNAUTHORISED EXPENDITURE

Unauthorized expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorized expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14 IRREGULAR EXPENDITURE

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

1.15 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.16 COMPARATIVE INFORMATION

1.16.1 Current year comparatives:

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

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

1.16.2 Prior year comparatives:

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

1.17 LEASES

Accounting policy for 2006/07 and 2007/08 financial year:

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

1.18 RETIREMENT BENEFITS

The Municipality provides retirement benefits for its employees and councillors.

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

The municipality has been exempted in terms of the government gazette from recognising actuarial assets and liabilities.

1.19.EXEMPTIONS

1.19.1 Full Advantage

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

1.19.2 Adjustment for full compliance

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

1.19.2.1 Statement of Financial Performance:

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

1.19.2.2 Statement of Financial Position:

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

1.20 DEFERRED CAPITAL CHARGES

Deferred capital charges are capital assets done on behalf of the Local Municipalities. These projects are only handed over after full completion of the project and therefore all those uncompleted capital projects will be shown as deferred capital charges until date of transfer

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

	2008	2007
	R	R
1 LONG-TERM LIABILITIES		
Annuity Loans	0	0
Capitalized Lease Liability	390 910	680 374
Government Loans : Other	0	0
Sub-total	<u>390 910</u>	<u>680 374</u>
Less : Current portion transferred to current liabilities	-331 156	-292 014
Annuity Loans	-331 156	-292 014
Capitalized Lease Liability	0	0
Government Loans : Other	0	0
Total External Loans	<u><u>59 754</u></u>	<u><u>388 360</u></u>
2.1 PROVISIONS		
Provision for Performance bonuses	2 059 670	1 960 406
Provision for leave days	7 373 431	6 028 917
Total Provisions	<u><u>9 433 101</u></u>	<u><u>7 989 323</u></u>
2.2 CREDITORS		
Trade creditors	2 826 676	2 890 183
Retentions	0	0
Gauteng Roads, Transport and Public Works	11 407 791	8 655 723
Payments received in advance	0	0
Intercouncil Indebtness	4 512 695	1 908 472
Committed Capital Projects	0	159 075
Other creditors	4 051 076	3 798 011
Total Creditors	<u><u>22 798 238</u></u>	<u><u>17 411 464</u></u>
<p>Committed Capital Projects for the 2007 financial year has been restated by reducing this amount with two million rand as this project met the criteria of a conditional grants and therefore has been reclassified as conditional grants (CCTV project) while the rest inclusive of retentions is not in compliance with GAMAP/GRAP and therefore restated (see changes in net assets)</p>		
3 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
3.1 Conditional Grants from other spheres of Government		
	20 148 177	34 282 064
FM Grant	515 863	215 934
MIG grant	2 799 607	4 127 884
DLG grant	10 018 974	19 030 467
MSP grant	575 631	575 631
Incentive Grant	259 653	259 653
HIV & AIDS grant	526 043	969 488
Sports, recreation, arts and culture	1 148 517	1 293 479
Department of Housing	1 125 375	951 238
Local Economic Development Grant	921 217	708 936
Dwarf	207 000	207 000
Health Subsidy	0	2 367 660
IDP Grant	270 152	600 238
Municipal Systems Improvement Grant	1 423 815	813 386
Department of Transport	36 955	122 550
Lotto Sport	38 520	38 520
CCTV Project	280 855	2 000 000
<p>Conditional grants for the 2007 financial year has been restated by increasing this amount with two million rand as this project met the criteria of a conditional grants and therefore has been reclassified as conditional grants (CCTV project) transferred from Creditors</p>		
3.2 Other Conditional Receipts		
Bursary Fund	5 592	5 592
Mamunetwork Project	842	842
Allan Ross memorial	4 750	4 750
Miscellaneous Receipts	0	0
Total Conditional Grants and Receipts	<u><u>20 153 769</u></u>	<u><u>34 287 656</u></u>
<p>See Note 10 for reconciliation of grants from other spheres of government. These amounts are invested until utilized.</p>		
4 VAT		
VAT payable / (receivable)	<u><u>-2 006 834</u></u>	<u><u>-1 138 955</u></u>
<p>VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS</p>		

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

5 PROPERTY, PLANT AND EQUIPMENT
30-Jun-08

	Land and Buildings	Other PPE	Total
	R	R	R
Reconciliation of Carrying Value			
Carrying values at 1 July 2007	24 879 703	30 727 673	55 607 376
Cost	28 768 112	48 489 737	77 257 849
Accumulated depreciation - Cost	3 888 409	17 762 064	21 650 473
Acquisitions	0	7 892 657	7 892 657
Depreciation - based on cost	973 694	5 770 213	6 743 907
- based on revaluation	973 694	5 770 213	6 743 907
Carrying value of disposals	0	0	0
Cost/revaluation	0	-45 474	-45 474
Accumulated depreciation	0	-648 925	-648 925
	0	603 451	603 451
Carrying values at 30 June 2008	23 906 009	32 804 643	56 710 652
Cost	28 768 112	55 733 469	84 501 581
Revaluation	0	0	0
Accumulated depreciation - Cost	4 862 103	22 928 826	27 790 929
- Cost	4 862 103	22 928 826	27 790 929
- Revaluation	0	0	0

PROPERTY, PLANT AND EQUIPMENT
30-Jun-07

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

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

6 LONG-TERM RECEIVABLES

	2008 R	2007 R
Study loans Children	110 373	110 373
Hau Wei Manufacturing	140 619	140 619
Santam	5 305	5 305
Fuel Deposit	44 199	46 657
RSC Levies	2 504 822	
Less : Provision for Bad Debt (see note 6.1)	-2 761 119	-256 297
Total	44 199	46 657

6.1 Reconciliation of Bad Debt Provision

Balance at beginning of year	256 297	191 339
Contribution to provision	2 504 822	64 958
Bad Debt written off against provision	0	0
Balance at end of year	2 761 119	256 297

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

	2008	2007
7 OTHER DEBTORS	R	R
Ambulance/Debtors	981 576	747 245
RSC Levies		2 554 765
Fresh Produce Debtors	499 814	524 868
Danida Project (Bridging Finance)	1 051 216	285 077
Gauteng Dept of Transport - Licence fees	12 836 968	9 709 189
Department of Health - Emergency Medical Services	11 116 840	3 137 853
Lotto Greening project (Bridging Finance)	1 004 283	1 004 283
Capital projects - Provincial grants (Bridging Finance)	2 416 346	1 855 843
Intercouncil Indebtness	391 733	0
Salary claims	60 364	
Sundry Debtors	37 424	68 561
Sub Total	30 396 564	19 887 684
Less: Provision for bad debt (see note 7.1)	-826 632	-2 978 891
Total Other Debtors	29 569 932	16 908 793
7.1 Reconciliation of the Bad Debt provision:-	2008	2007
	R	R
Balance at the beginning of the year	2 978 891	1 452 930
Contribution to provision	-2 152 259	1 702 555
Bad Debt written off against provision	0	-176 594
Reversal of provision and other		
Balance at the end of the year	826 632	2 978 891
8 CALL INVESTMENT DEPOSITS	2008	2007
	R	R
Deposits (mature within 3 months)	102 513 492	73 286 287
The allocation of investments :-		
Unspent grants	20 153 769	32 287 656
Operating account	82 359 723	40 998 631
	102 513 492	73 286 287
9 BANK, CASH AND OVERDRAFT BALANCES		
The Municipality has the following bank accounts: -		
Current Account (Primary Bank Account)		
ABSA, Business Centre East Gate Account Number: 04 808 633 80		
Cash book balance at beginning of year	8 884 548	321 642
Cash book balance at end of year	1 867 622	8 884 548
Bank statement balance at beginning of year	9 488 161	1 740 241
Bank statement balance at end of year	3 820 129	9 488 161
RSC Levy Account		
ABSA, Business Centre East Gate Account Number: 4 060 083 735		
Cash book balance	235 037	210 084
Bank statement balance	236 628	209 079
Licensing Account		
ABSA, Business Centre East Gate Account Number: 4 057 956 448		
Cash book balance	12 417 413	9 740 003
Bank statement balance	12 417 413	9 740 003
Airport Account		
Nedbank Vereeniging Account Number: 1729 424 759		
Cash book balance	0	111 908
Bank statement balance	0	111 908
Vereeniging Theatre Account		
Nedbank Vereeniging Account Number: 1729 365 426		
Cash book balance	51 685	51 685
Bank statement balance	51 685	51 685
Cash Advance		
Petty Cash & cashier floats	38 175	30 375
BANK, CASH AND OVERDRAFT BALANCES	14 609 932	19 028 603

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

	2008	2007
	R	R
10 GOVERNMENT GRANTS AND SUBSIDIES (SPENT)		
Equitable share	161 814 997	140 376 951
Emergency Medical Services	27 836 234	25 014 737
Youth Grant	480 000	600 000
<i>FM Grant</i>	200 071	284 066
<i>MIG grant</i>	1 328 277	846 079
<i>DLG grant</i>	19 011 493	969 533
HIV & AIDS grant	2 193 445	2 169 227
Sports, recreation, arts and culture	144 962	1 576 861
Department of Housing	254 510	0
Local Economic Development Grant	87 719	657 913
Dwarf	0	0
Health Subsidy	2 367 660	4 202 338
IDP Grant	330 087	741 249
Municipal Systems Improvement Grant	389 571	1 654 125
Lotto Sport	0	56 670
Department of transport	1 134 418	4 383 643
Miscellaneous Receipts	1 719 145	0
Total Government Grant and Subsidies	<u>219 292 589</u>	<u>183 533 392</u>

10.1 Equitable Share, Emergency medical services grant & Youth grants

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

10.2 Financial Management Grant

Balance unspent at beginning of year	215 934	0
Current year receipts	500 000	500 000
Conditions met - transferred to revenue	-200 071	-284 066
Conditions still to be met - transferred to liabilities (see note 3)	<u>515 863</u>	<u>215 934</u>

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

10.3 MIG Grant

Balance unspent at beginning of year	4 127 884	4 973 963
Current year receipts	0	0
Conditions met - transferred to revenue	-1 328 277	-846 079
Conditions still to be met - transferred to liabilities (see note 3)	<u>2 799 607</u>	<u>4 127 884</u>

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

10.4 DLG Grant

Balance unspent at beginning of year	19 030 467	0
Current year receipts	10 000 000	20 000 000
Conditions met - transferred to revenue	-19 011 493	-969 533
Conditions still to be met - transferred to liabilities (see note 3)	<u>10 018 974</u>	<u>19 030 467</u>

10.5 MSP Grant

Balance unspent at beginning of year	575 631	575 631
Current year receipts	0	0
Conditions met - transferred to revenue	0	0
Conditions still to be met - transferred to liabilities (see note 3)	<u>575 631</u>	<u>575 631</u>

10.6 Incentive Grant

Balance unspent at beginning of year	259 653	259 653
Current year receipts	0	0
Conditions met - transferred to revenue	0	0
Conditions still to be met - transferred to liabilities (see note 3)	<u>259 653</u>	<u>259 653</u>

10.7 HIV and AIDS Grant

Balance unspent at beginning of year	969 488	443 975
Current year receipts	1 750 000	2 694 740
Conditions met - transferred to revenue	-2 193 445	-2 169 227
Conditions still to be met - transferred to liabilities (see note 3)	<u>526 043</u>	<u>969 488</u>

The grant is spent in accordance with National Treasury guidelines

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

	2008	2007
	R	R
10.8 Sports, recreation, arts and culture		
Balance unspent at beginning of year	1 293 479	1 870 340
Current year receipts		1 000 000
Conditions met - transferred to revenue	-144 962	-1 576 861
Conditions still to be met - transferred to liabilities (see note 3)	<u>1 148 517</u>	<u>1 293 479</u>
The grant is spent in accordance with National Treasury guidelines		
10.9 Department of Housing		
Balance unspent at beginning of year	951 238	951 238
Current year receipts	428 647	
Conditions met - transferred to revenue	-254 510	
Conditions still to be met - transferred to liabilities (see note 3)	<u>1 125 375</u>	<u>951 238</u>
The grant is spent in accordance with National Treasury guidelines		
10.10 Local Economic Development Grant		
Balance unspent at beginning of year	708 936	1 366 849
Current year receipts	300 000	
Conditions met - transferred to revenue	-87 719	-657 913
Conditions still to be met - transferred to liabilities (see note 3)	<u>921 217</u>	<u>708 936</u>
The grant is spent in accordance with National Treasury guidelines		
10.11 DWARF		
Balance unspent at beginning of year	207 000	150 000
Current year receipts		57 000
Conditions met - transferred to revenue		
Conditions still to be met - transferred to liabilities (see note 3)	<u>207 000</u>	<u>207 000</u>
The grant is spent in accordance with National Treasury guidelines		
10.12 Health subsidy		
Balance unspent at beginning of year	2 367 660	6 569 998
Current year receipts		
Conditions met - transferred to revenue	-2 367 660	-4 202 338
Conditions still to be met - transferred to liabilities (see note 3)	<u>0</u>	<u>2 367 660</u>
The grant is spent in accordance with National Treasury guidelines		
10.13 IDP Grant		
Balance unspent at beginning of year	600 239	1 341 488
Current year receipts		
Conditions met - transferred to revenue	-330 087	-741 249
Conditions still to be met - transferred to liabilities (see note 3)	<u>270 152</u>	<u>600 239</u>
The grant is spent in accordance with National Treasury guidelines		
10.14 Municipal System Improvement Grant		
Balance unspent at beginning of year	813 387	1 467 512
Current year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	-389 571	-1 654 125
Conditions still to be met - transferred to liabilities (see note 3)	<u>1 423 816</u>	<u>813 387</u>
The grant is spent in accordance with National Treasury guidelines		
10.15 Lotto Sport		
Balance unspent at beginning of year	38 520	95 190
Current year receipts		
Conditions met - transferred to revenue		-56 670
Conditions still to be met - transferred to liabilities (see note 3)	<u>38 520</u>	<u>38 520</u>
The grant is spent in accordance with National Treasury guidelines		
10.16 Department of transport		
Balance unspent at beginning of year	-1 244 973	-1 952 136
Current year receipts		5 090 806
Conditions met - transferred to revenue	-1 134 418	-4 383 643
Conditions still to be met - transferred to liabilities (see note 3)	<u>-2 379 391</u>	<u>-1 244 973</u>
The grant is spent in accordance with National Treasury guidelines		
10.17 Emfuleni Local Municipality CCTV Project		
Balance unspent at beginning of year	2 000 000	0
Current year receipts		2 000 000
Conditions met - transferred to revenue	-1 719 145	0
Conditions still to be met - transferred to liabilities (see note 3)	<u>280 855</u>	<u>2 000 000</u>
The grant is spent in accordance with Emfuleni Local Municipality		
Summary		
Balance unspent at beginning of year	32 914 543	18 113 701
Current year receipts	13 978 647	32 342 546
Conditions met - transferred to revenue	-29 161 358	-17 541 704
Conditions still to be met - transferred to liabilities (see note 3)	20 148 177	34 282 063
Grants not yet received (shown as debtors)	2 416 346	1 367 520
closing balance at the end of the year	<u>17 731 831</u>	<u>32 914 543</u>

10.4 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, 2007, significant changes in the level of government grant funding are expected over the forthcoming three financial years. A RSC Levies Replacement Grant of R 186 955 000 in 2008/09, R 202 955 000 in 2009/10 and R 213 850 000 in 2010/11 will be included in the Equitable Share

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

11 OTHER INCOME	2008 R	2007 R
AMBULANCE FEES	695 728	775 189
AIRFIELD FUEL	0	3 400
AIRFIELD LANDING FEES	19 928	54 104
COMMISSION ON SALARY DEDUCTIONS	83 804	94 716
SUNDRIES / UNALLOCATED INCOME	110 548	72 255
SKILLS LEVY INCOME	324 794	444 856
TENDER INCOME	14 222	65 946
	<u>1 249 024</u>	<u>1 510 466</u>

12 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	83 443 395	69 084 865
Employee related costs - Contributions for UIF, pensions and medical aids	21 767 928	18 956 411
Travel and other allowances	7 883 346	6 561 252
Housing subsidy	1 301 441	1 002 607
Overtime payments	6 181 576	5 510 592
Performance bonus	0	0
Less: Employee costs capitalised to Property, Plant and Equipment	0	0
Less: Employee costs included in other expenses	0	0
Total Employee Related Costs	<u>120 577 686</u>	<u>101 115 727</u>

Remuneration of Individual Executive Directors
30 JUNE 2007

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

30 JUNE 2008

	Municipal Manager	Executive Dir. Treasury (CFO)	Executive Dir. Community	Executive Dir. Corporate	Executive Dir. LED	Executive Dir. Technical
	R	R	R	R	R	R
Annual Remuneration	891 984.72	488 851.92	475 179.72	429 126.00	542 615.28	625 209.96
Performance Bonuses	0	0	0	0	0	0
Car Allowance	-	102 000.00	114 000.00	163 819.44	119 784.00	90 000.00
Medical, pension fund and other allowances	44 599.20	124 358.04	126 030.24	122 264.52	52 810.68	-
Total	<u>936 584</u>	<u>715 210</u>	<u>715 210</u>	<u>715 210</u>	<u>715 210</u>	<u>715 210</u>

Appointment dates of Executive Directors:

MM APPOINTED 21/08/2006
CFO APPOINTED 01/02/2007
ED CORP APPOINTED 01/02/2007
ED COMMUNITY APPOINTED 01/03/2007
ED LED APPOINTED 15/01/2007
ED TECHNICAL APPOINTED 01/03/2007

13 REMUNERATION OF COUNCILLORS	2008 R	2007 R
Executive Mayor	541 572	524 946
Speaker	426 842	406 241
Councillors	5 320 378	4 418 944
Councillors' pension contribution	586 243	552 828
Total Councillors' Remuneration	<u>6 875 035</u>	<u>5 902 959</u>

In-kind Benefits

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

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

	2008	2007
	R	R
14 INTEREST PAID		
External borrowings - liabilities	68 335	6 038 484
Bank overdrafts	<u>0</u>	<u>0</u>
Total Interest on External Borrowings	<u>68 335</u>	<u>6 038 484</u>
15 GRANTS AND SUBSIDIES PAID		
Grant to Lesedi Local Municipality	3 210 000	3 380 598
Grant to Midvaal Local Municipality	2 608 565	1 628 970
Grant to Emfuleni Local Municipality	13 182 613	2 774 367
Total Grants and Subsidies	<u>19 001 178</u>	<u>7 783 935</u>
The grants to municipalities are for municipal facilities. It includes the transfer of grants, maintenance cost on assets and fixed assets erect		
16 GENERAL EXPENSES		
Included in general expenses is the following:-		
This note is to highlight specific expenditure included in General Expenses		
AUDIT FEES	1 324 964	1 295 211
ADVERTISEMENTS	1 025 992	741 963
BANK CHARGES	625 767	550 790
COMPUTER SYSTEMS	523 532	840 015
COMPUTER REQUIREMENTS	1 185	
CONGRESSES / ATT. MEETINGS	958 206	861 713
CONSULTATION FEES	4 462 260	978 101
WORKSHOPS	3 126 676	
DONATIONS/GRANTS COUNCIL	288 975	117 814
DATA ACCOUNT	128 876	131 062
ELECTRICITY	2 241 632	2 313 903
ENTERTAINMENT - EXTERNAL	114 177	979 786
OFFICE REFRESHMENTS	394 343	251 969
CATERING	1 555 327	
EXTERNAL BURSARIES	790 000	750 705
GENERAL EXPENSES FROM GRANTS	4 024 809	3 649 901
INTERGOVERNMENTAL RELATIONS	0	372 830
LEGAL CHARGES	835 294	1 576 929
LICENSE FEES	1 984 835	605 427
LOSS ON THE SALE OF ASSETS	24 331	
MARKETING/PROMOTION/ADVERTISEMENTS	2 381 576	2 256 841
MEMBERSHIP FEES	536 333	536 576
PERIODICALS/REFERENCE BOOK/MAGAZINES	446 414	156 789
POSTAGE	13 165	56 663
PUBLIC PARTICIPATION	0	1 291 518
RENTAL	4 190 320	3 682 221
REFUSE REMOVAL	6 344	56 430
STATIONERY	1 406 228	1 849 245
PRINTING AND BINDING	943 434	
STOCK AND MATERIALS	823 457	1 132 390
SEWERAGE BASIC	64 365	66 486
SUBSISTENCE & TRAVEL	1 544 368	937 902
TELEPHONE - OFFICE	1 546 467	1 684 557
TELEPHONE - CELL PHONES	973 555	664 067
TRAINING	1 625 952	494 417
TRANSPORT - FUEL AND OIL	461 134	360 709
UNIFORMS	501 993	314 903
CAMPAIGNS	0	135 997
WATER	1 539	8 575
TRAINING CONSOLIDATION	0	594 465
CASUALTY CONTRIBUTION	797 189	426 748
INSURANCE - PREMIUM	1 126 669	1 339 069
INSURANCE - EXCESS PAYMENTS	312 720	81 504
SKILLS DEVELOPMENT LEVY	957 935	803 967
	<u>45 092 338</u>	<u>34 950 158</u>
28.2 Net exchange differences		
None	<u>0</u>	<u>0</u>
28.3 Material losses		
None	<u>0</u>	<u>0</u>

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

17 RESTATEMENT OF COMPARATIVE AMOUNTS

2007
R

Surplus previously reported	92 699 538
Over provision on capital projects and retention prior to 2007	3 872 135
Other creditors not realizing	122 100
Surplus/(Deficit) as currently reported	96 693 773

2007
R

18 ADJUSTMENTS ON THE APPROPRIATION ACCOUNT

RSC Levies related to prior years	834 270
Rates and taxes to Emfuleni Local Municipality prior to 2007 not previously recorded	-1 798 435
	-964 165

19 CHANGE IN ACCOUNTING POLICY

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

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

20 CASH GENERATED BY OPERATIONS

2008
R

2007
R

Surplus/(Deficit) for the year	61 946 946	52 698 983
Adjustment for:-		
Government grant reserve	8 754	
Depreciation	5 483 078	5 645 479
Adjustment provisions		
Disposal of property, plant and equipment	45 474	46 903
Surplus/(Deficit) account adjustments	-964 165	30 050 786
Investment income	-14 929 420	-10 774 647
Interest paid	68 335	6 038 484
Operating surplus before working capital changes:	51 659 002	83 705 988
Increase in provisions	1 443 778	774 298
(Increase)/decrease in debtors	-12 658 681	11 730 578
(Increase)/decrease in Deferred capital cost	-12 699 537	-12 887 047
(Decrease)/increase in conditional grants and receipts	-14 133 887	11 857 871
(Decrease)/Increase in creditors	5 386 774	-22 770 290
(Increase)/decrease in VAT	-867 879	-1 387 671
Cash generated by/(utilized in) operations	18 129 570	71 023 727

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

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

21 CASH AND CASH EQUIVALENTS	2008	2007
	R	R
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :		
Bank balances and cash	14 609 932	19 028 603
Call investment	102 513 492	73 286 287
Bank overdraft	0	0
Total cash and cash equivalents	117 123 424	92 314 890
22 UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2008	2007
	R	R
22.1 Unauthorized expenditure		
none		
Reconciliation of unauthorized expenditure		
Opening balance	0	0
Unauthorized expenditure current year	0	0
Approved by Council or condoned	0	0
Transfer to receivables for recovery (note 16)	0	0
Unauthorized expenditure awaiting authorization	<u>0</u>	<u>0</u>
22.2 Fruitless and wasteful expenditure		
none		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	0	0
Fruitless and wasteful expenditure current year	0	0
Condoned or written off by Council	0	0
To be recovered – contingent asset (see note 40)	0	0
Fruitless and wasteful expenditure awaiting condonement	<u>0</u>	<u>0</u>
22.3 Irregular expenditure		
none		
Reconciliation of irregular expenditure		
Opening balance	0	0
Irregular expenditure current year	881 102	188 484
Irregular expenditure reported to Council	-881 102	-188 484
Transfer to receivables for recovery – not condoned	0	0
Irregular expenditure awaiting condonement	<u>0</u>	<u>0</u>
See note 24.2 for detail on irregular expenditure		
23 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
23.1 Contributions to organized local government		
Opening balance	0	0
Council subscriptions	533 927	533 925
Amount paid - current year	-533 927	-533 925
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	<u>0</u>	<u>0</u>
23.2 Audit fees		
Opening balance	-74 559	0
Current year audit fee	-1 324 964	-1 295 211
Amount paid - current year	1 386 683	1 220 652
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	<u>-12 840</u>	<u>-74 559</u>
23.3 VAT		
VAT inputs receivables and VAT outputs receivables are shown in note 5 . All VAT returns have been submitted by the due date throughout the year.		
23.4 PAYE and UIF		
Opening balance	0	0
Current year payroll deductions	15 728 010	14 138 020
Amount paid - current year	-15 728 010	-14 138 020
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	<u>0</u>	<u>0</u>

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

24.1 Pension and Medical Aid Deductions

	2008	2007
	R	R
Opening balance	0	0
Current year payroll deductions and Council Contributions	30 370 343	26 626 396
Amount paid - current year	-30 370 343	-26 626 396
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	0	0

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

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

Nature of deviation	Reasons for deviation	AMOUNT
Full page newspaper Advert for Human Rights Day Celebration	Mooivaal Media owns all the local newspapers that will be advertising the required advert.	R 36 000.00
Reproduction of Human Rights Festival Male T-Shirts	The selected supplier i.e. Sedgars has produced the same T-shirts for Human Rights, the requesting cluster (Communication) do recommend that SCMU use them to do the reproduction as they already have the required template.	R 8 253.60
Marketing Donations	As per the Accounting Officer's instruction, service provider had to urgently provide promotional material for the team to Australia. SCM Procedures were not followed and only one supplier was prepared to quote and do the work on short notice. Batsumi Office Supply & projects was given the deal on their basis of their will to deliver on short notice	R 16 530.00
Tent Hire for 1000 people-Elite Tents	Lesedi Local Municipality were supposed to procure a tent but due to their budget constraints, SDM had to assist	R 43 662.00
L.S. Technologist: Design Print and layout of booklets	Community Safety is launching a community safety & CCTV Surveillance Centre launch on the 18-04-08. Therefore promotional materials serve this role to sensitise communities about issues related to safety and security. SCM Procurement procedures were followed but the acquiring of the promotional materials did not fall within the tender process bracket.	R 75 240.00
Unblock the Town Hall and Banquet Hall basement sewer pipes	The sewerage pipes of the Halls parkings were blocked and were leaking on the 04-04-2008 in the morning. To remedy the situation, the chief caretaker contacted Iekoa contractors to unblock the pipes, as the parkings are used by the public and council employees during the day.	R 655.50
MAC JAY'S JAZZ BAND: 21 March 2008 laying of Wreaths	The band was issued an order to supply the P.A. System for the event of laying of wreaths on the 21 March 2008, the requesting cluster later realised that during the 2nd phase of the event, a P.A. System was needed. Therefore the same company had to be used for the smooth running of the 2nd phase of the event.	R 5 000.00
Pull Up Banners: Inkoleko Trading	On the 2 March 2008, a company car was stolen with full SDM Branding that was utilized at the carnival which was held on the 01 March 2008. Inkoleko Trading was appointed -2007- during the Human Rights Month. They were contacted to reproduce banners as part of an emergency plan for the branding of the Human Rights Festival for 2008	R 15 500.00
Gazebos (2): Ishfra Trading	On the 2 March 2008, a company car was stolen with full SDM Branding that was utilized at the carnival which was held on the 01 March 2008. Ishfra Trading was appointed -2007- during the Human Rights Month. They were contacted to reproduce banners as part of an emergency plan for the branding of the Human Rights Festival for 2008	R 29, 978.00
Pop Up Banners (8): Full Swing	On the 2 March 2008, a company car was stolen with full SDM Branding that was utilized at the carnival which was held on the 01 March 2008. Skylevel Communications was appointed -2007- during the Human Rights Month. They were contacted to reproduce banners as part of an emergency plan for the branding of the Human Rights Festival for 2008	R 14, 920.00
Skylevel Communications -Banners: A phrase Roll Up Tear drops Flog Fountains with 5 poles	On the 2 March 2008, a company car was stolen with full SDM Branding that was utilized at the carnival which was held on the 01 March 2008. Skylevel Communications was appointed -2007- during the Human Rights Month. They were contacted to reproduce banners as part of an emergency plan for the branding of the Human Rights Festival for 2008	R 90 142.00
Laptop Trolley Case	One supplier quoted, and other 2 suppliers had only small sizes	R 1 500.00
advert for the State of the National Address (Independent Newspapers Gauteng).	time constraints	R 68 526.13
advert for the State of the National Address (Sowetan)	time constraints	R 76 560.12
Repairs and recommissioning of AVGAS at the Vereeniging Airport	Motivation available on request	R 269 879.04
Masenzeni Trading: Erection of a Marquee Tent (soda)	Only one supplier quoted.	R 173 653.92

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

25 CAPITAL COMMITMENTS

	2008 R	2007 R
Commitments in respect of capital expenditure:		
- Approved and contracted for	10 018 974	19 437 365
Infrastructure	10 018 974	19 437 365
Community	0	0
Other	0	0
- Approved but not yet contracted for	0	300 000
Infrastructure	0	300 000
Community	0	0
Other	0	0
Total	10 018 974	19 737 365

26 RETIREMENT BENEFIT INFORMATION

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

27 CONTINGENT LIABILITY

The following contingent liabilities were discovered at year end:

Case	Description	Amount Claimed	Possible liability
Human Resources Disputes	Currently there is cases pending relating to unfair dismissals and unfair labour practise where the amount of liability can not be determined as yet.		
	Performance bonuses not paid to section 57 employees		R 1 280 000
Vanippa CC	Sedibeng entered into a contract with Vanippa for them to administer the running of the airport and Sedibeng was to ensure that the airport is kept running. Houses were built in the area surrounding the airport which made the airport to be closed and now Vanippa is suing for the lost of revenue as a result of Sedibeng. The parties being sued are both Sedibeng and Emfuleni.	Consequential Damages	R 1 000 000
I-Control	Sedibeng entered into a contract with I-Control for them to enhance revenue on RSC Levies. A legal dispute on the terms and status of the contract is still pending.	R 1 170 961	R 934 513

28 PRIVATE PUBLIC PARTNERSHIPS

None

29 EVENTS AFTER THE REPORTING DATE

With effect from 1 November 2008 the Executive Mayor has resigned. As a result of the resignation an acting Executive Mayor has been appointed on the 6th of November 2008 with full delegation in terms of the structures act (act 117 of 1998)

30 COMPARISON WITH THE BUDGET

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

31 DEFERRED CAPITAL COST

Deferred Capital cost of Local Municipalities	25 586 584	12 887 047
Total	25 586 584	12 887 047

32 FULLY COMPLIANCE WITH GAMAP/GRAP

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the mentioned standards and aspects or parts of these standards. According to the exemptions the District Municipality will be fully GAMAP/GRAP compliant by 30 June 2009 as per implementation plans submitted to National Treasury.

33 RELATED PARTIES

EMFULENI LOCAL MUNICIPALITY

Emfuleni Local Municipality is a category B municipality which in terms of the Constitution of South Africa, section 155 (1) (b) means: "a Municipality that shares executive and legislative authority in its area with a category C municipality within whose area it falls."

Included in Property Plant and Equipment (Note 5) is an amount of R 17 607 081 related to the Taxi ranks infrastructure. The land on which the taxi ranks have been constructed belongs to the Emfuleni Local Municipality.

The managing of the taxi ranks is however, a function resorting with the Sedibeng District Municipality, according to sections 84(1), (2), (3) and 85(1) of the Municipal Structures Act, (Act No 117 of 1998).

APPENDIX B

SEDIBENG DISTRICT MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Land and Buildings										
Land and Buildings	28 768 112				28 768 112	3 888 409	973 694	0	4 862 103	23 906 009
Buildings	0				0	0	0	0	0	0
	28 768 112	0	0	0	28 768 112	3 888 409	973 694	0	4 862 103	23 906 009
Infrastructure										
Water	3 773 085				3 773 085	380 144	189 171		569 315	3 203 770
Runways	846 850				846 850	109 721	42 459		152 180	694 670
Fencing	7 813 275	21 518			7 834 793	1 871 949	1 433 377		3 305 326	4 529 467
	12 433 210	21 518	0	0	12 454 728	2 361 814	1 665 007	0	4 026 821	8 427 907
Community Assets										
Cemetries, Theatres and Community centres	11 402 532				11 402 532	678 910	381 126		1 060 036	10 342 496
	11 402 532	0	0	0	11 402 532	678 910	381 126	0	1 060 036	10 342 496
Heritage Assets										
Paintings	1 876	0	0	0	1 876	0	0	0	0	1 876
	1 876	0	0	0	1 876	0	0	0	0	1 876
Other Assets										
Furniture and office equipment	4 602 224	949 411		-39 511	5 512 124	2 980 878	365 925	-36 076	3 310 727	2 201 397
Plant and Equipment	5 630 447	157 910		-1 843	5 786 514	4 353 015	462 888	-1 843	4 814 060	972 454
Computer equipment and appliances	9 776 614	1 833 736		-507 571	11 102 779	4 970 310	2 033 923	-465 532	6 538 701	4 564 078
Vehicles and Trailers	4 188 243	4 930 082		-100 000	9 018 325	2 352 533	831 056	-100 000	3 083 589	5 934 736
Aircrafts	384 211				384 211	27 719	25 684		53 403	330 808
Watercraft	68 880				68 880	35 385	4 604		39 989	28 891
Medical Equipment	1 500				1 500	1 500			1 500	0
	24 652 119	7 871 139	0	-648 925	31 874 333	14 721 340	3 724 080	-603 451	17 841 969	14 032 364
Total	77 257 849	7 892 657	0	-648 925	84 501 581	21 650 473	6 743 907	-603 451	27 790 929	56 710 652

APPENDIX E(1)

SEDIBENG DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual (R)	2008 Budget (R)	2008 Variance (R)	2008 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Rental of facilities and equipment	7 556 373	5 770 150	1 786 223	31%	Income higher than anticipated due to increase in Fresh Produce Market sales
Interest earned - external investments	14 788 596	6 384 000	8 404 596	132%	Additional income due to interest increases and equitable share allocations received in advance.
Interest earned - outstanding debtors	140 824	70 000	70 824	101%	Credit collection on RSC levies increased which result in old declarations being made while interest has been calculated on those levies.
Licenses and permits	36 602 220	34 500 000	2 102 220	6%	
Income for agency services	3 652 677	3 358 702	293 975	9%	
Government grants and subsidies	219 292 589	212 262 997	7 029 592	3%	
Other income	1 249 024	1 457 000	-207 976	-14%	IT services rendered to Midvaal Local Municipality higher than anticipated as a result of salary claims based on actual expenditure
Total Revenue	283 282 303	263 802 849	19 479 454	7%	
EXPENDITURE					
Employee related costs	120 577 686	119 446 907	1 130 779	1%	
Remuneration of Councillors	6 875 035	6 427 335	447 700	7%	
Bad debts	352 563	450 000	-97 437	-22%	RSC levies possible recovery rate has decreased which implies that we made a provision for the write off in total.
Contribution to leave days	2 008 489	1 900 000	108 489	6%	
Depreciation	5 483 078	5 980 460	-497 382	-8%	
Repairs and maintenance	2 623 603	4 343 671	-1 720 068	-40%	Anticipated repair and maintenance programmes not completed as a result of a new Facility unit being created during restructuring process
Interest on external borrowings	68 335	54 495	13 840	25%	Increase in interest rates had an impact on interest payable
Contracted services	10 929 406	17 385 263	-6 455 857	-37%	Contracted services lower than anticipated as a result of identified programmes being performed inhouse and/or postponed
Local Municipal agency services	8 323 646	9 713 133	-1 389 487	-14%	Vacancies within Municipal health services created less expenditure to be paid to locals on claims submitted
Grants and subsidies paid	19 001 178	20 000 000	-998 822	-5%	Grants paid to Local Municipalities is lower than budgeted as a result of projects not yet finalized in this financial year
General expenses - other	45 092 338	65 918 894	-20 826 556	-32%	Under spending as a result of programmes not being finalized according to SDBIP which had an impact on the alignment of the budget
Loss on disposal of property, plant and equipment		0	0	0%	
Total Expenditure	221 335 357	251 620 158	-30 284 801	-12%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	61 946 946	12 182 691	49 764 255	408%	

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

Grants and Subsidies received

Name of Grants	Name of organ of state or municipal entity	Total Receipts for the Year	Total Expenditure for the Year	Delay \ withheld	Gazette amount Municipal year	Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Total	Total	Total	Total		Yes / No	
Equitable Share	DPLG	161 814 997	161 814 997	0	161 814 997	None	Not Applicable	None
Emergency Medical Services Grant	Dept of Health	27 836 234	27 836 234		27 748 000		Not Applicable	None
Youth Centre Grant	Provincial	480 000	480 000		600 000		Not Applicable	None
FM Grant	National Treasury	500 000	200 071	0	0	None	Yes	None
<i>MIG grant</i>	DPLG	0	1 328 277	0		None	Yes	None
<i>DLG grant</i>	DPLG	10 000 000	19 011 493	0	10 000 000	None	Yes	None
<i>MSP grant</i>	DPLG	0	0	0		None	Yes	None
Incentive Grant	DPLG	0	0	0	0	None	Yes	None
HIV & AIDS grant	Provincial	1 750 000	2 193 445	0	1 750 000	None	Yes	None
Sports, recreation, arts and culture	Provincial	0	144 962	0	0	None	Yes	None
Department of Housing	Provincial	428 647	254 510	0	0	None	Yes	None
Local Economic Development Grant	Dept of Health	300 000	87 719	0	0	None	Yes	None
Dwarf	DWARF	0	0	0	0	None	Yes	None
Health Subsidy	Dept of Health	0	2 367 660	0	0	None	Yes	None
IDP Grant	National Treasury	0	330 087	0	0	None	Yes	None
Municipal Systems Improvement Grant	DPLG	1 000 000	389 571	0	1 000 000	None	Yes	None
Roads Infrastructure	Dept. of Transport	0	1 134 418	2 416 346	0	None	Yes	None
Lotto Sport	Sundries	0	0	0	0	None	Yes	None
CCTV Project	Emfuleni LM	0	1 719 145					
		204 109 878	219 292 588	2 416 346	202 912 997			

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