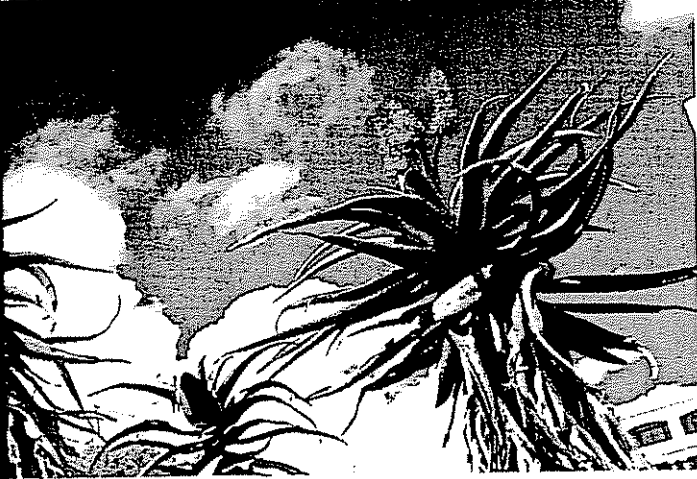
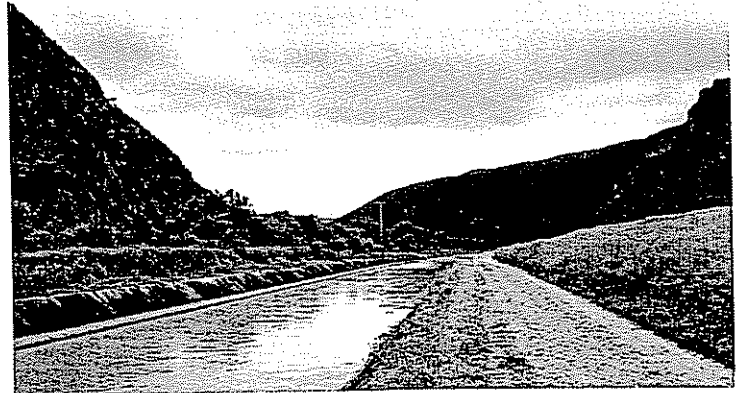
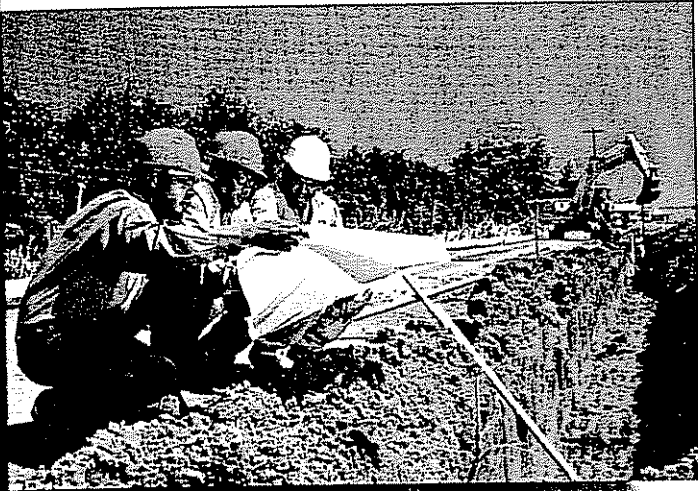


Cacadu District Municipality



Annual Report 2006/2007



C a c a d u
DISTRICT MUNICIPALITY
Province of the Eastern Cape
progress through development



*Cacadu is committed to the fight
against HIV & Aids*

CONTENTS

		<u>PAGE</u>
<u>CHAPTER 1 : INTRODUCTION AND OVERVIEW</u>		
1.1	Executive Mayor's Foreword	1-4
1.2	Overview of the Municipality	5-8
1.3	Executive Summary	9-15
<u>CHAPTER 2 : PERFORMANCE HIGHLIGHTS</u>		
2.1	Services provided and highlights for 2006/2007	16-18
2.3	Mandatory Performance Measures	19-21a
<i>(Auditor-General's report on Performance Management And the Municipality's response thereto are included In Chapter 4)</i>		
<u>CHAPTER 3 : HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT</u>		22-26
<u>CHAPTER 4 : AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION</u>		
4.1	Financial Statements	27-69
4.2	Report by Auditor-General	70-75
4.3	Response to Report by Auditor-General	76-85
4.4	Report by the Audit Committee	86-88
<u>CHAPTER 5 : FUNCTIONAL AREA SERVICE DELIVERY REPORTS</u>		
FUNCTION	SUB-FUNCTION	PAGE
Executive and Council		89-92
Finance and Corporate Services	Budget and Treasury	93-100
	Human Resources	101-102
	Information Technology	103-104
	Other Admin (Support Services)	105-106
	Other Admin (Public Relations)	107-109
Planning and Development	District Wide Strategic Planning	110-114
	Economic Development	115-119
	Other (Capacity Building)	120-124

CHAPTER 5 : FUNCTIONAL AREA SERVICE DELIVERY REPORTS (Contd)

FUNCTION	SUB-FUNCTION	PAGE
Health	Primary Health Care	125-130
	Other (Municipal Health)	131-136
Community and Social Services		137-143
Housing		144-146
Public Safety	Disaster Management	147-150
	Fire	151-154
Sport and Recreation		155-156
Environmental Protection	Biodiversity and Landscape	157-158
Waste Management	Solid Waste	159-160
Waste Water Management	Sanitation	161-163
Road Transport	Other (Transport Planning)	164-168
Water	Water Distribution	169-172
Electricity	All inclusive	173
Other	Tourism	174-176
	Performance Management	177-179

CHAPTER 1

INTRODUCTION AND OVERVIEW

EXECUTIVE MAYOR'S FOREWORD

THE DEVELOPMENT FACILITATION ROLE

The Cacadu District Municipality (Cacadu DM) adopted a Development Facilitation model to guide its business processes.

This role has three complementary subsidiary roles –

- the Cacadu DM as a district-wide integrated planning authority.
- the Cacadu DM as an infrastructure development agent.
- the Cacadu DM as a technical and institutional capacity resource to local municipalities.

The decision to embark on this route was as a result of extensive consultation with the local municipalities and other stakeholders. It was agreed that for the District as a whole to flourish, it needs strong and vibrant local municipalities. Local municipalities are therefore directly responsible for the provision of municipal services. The Cacadu DM's role is to support the local municipalities to achieve this objective.

When the Integrated Development Plan for 2006/07 was considered, it was agreed that the Development Facilitation model should be re-evaluated by the new Council which was to take office following the municipal elections in March 2006.

A strategic planning session was held in September 2006, with the primary objective to evaluate the development facilitation model. It was agreed that the Municipality continue with this role. The Stratplan exercise also identified certain strategic issues that must find expression in the 2007/08 Integrated Development Plan. These included –

- having a formal local municipality support programme.
- forging partnerships for development.
- being a Communication and Information Centre.
- being a Planning and Integration hub.

The identification of the above issues, as well as the need for organizational revitalization, was crucial in helping shape the strategic agenda (IDP) of the Cacadu DM, for the next five years.

HIV AND AIDS

During the period of review, the HIV and AIDS Workplace Policy was approved. This policy essentially sets out this institution's obligations in assisting its employees with regards to the HIV and AIDS pandemic.

The District HIV and AIDS Council met four times during the period of review. It was recognized that a comprehensive district-wide strategy is required. The processes to develop the strategy commenced in 2006/07. It is envisaged that the strategy will be formally adopted in the 2007/08 financial year. The involvement of stakeholders is gratifying. However, it is acknowledged that greater involvement of the private sector is needed for an integrated approach.

The Cacadu DM hosted the Provincial World Aids Day programme in Grahamstown, Makana. The occasion was well attended and graced by the presence of the Premier and Members of the Executive Council. Build-up programmes and door to door campaigns highlighted the scourge of the pandemic. Needy families were assisted, and the help of other social partners was also enlisted.

SPECIAL PROGRAMMES

The Cacadu DM has been actively involved in celebrating most of the National commemoration days, the International Day of the Disabled, as well as Childrens' Day. In addition, it has financially assisted the local municipalities to ensure the success of various events.

The institution has also financially supported schools sporting events, as well as teams from the District that were involved in Regional, Provincial and National events.

As much as Youth, Disabled and Women across the District were trained in life skills and business skills, it recognized that this needs to be part of an integrated development strategy, and not be done on an ad hoc basis. For this reason, the need to develop a comprehensive strategy targeting youth, women and the disabled was highlighted. It is envisaged that this will be completed in the 2007/08 financial year.

In conjunction with the SABC, the Municipality actively campaigned in the 16 Days of Activism Against Abuse and Violence Towards Women and Children. The occasion culminated in a Jazz Festival. The proceeds of the event were utilized to assist needy families in the Hankey area.

TOUCH AFRICA

The Cacadu DM, in partnership with a private sector company, also embarked on an initiative that dealt with the revitalization or upgrade of community facilities in parts of the Baviaans, Koukamma, Kouga and District Management Areas. This project was appropriately named Touch Africa. This is a make-over of community facilities, using local artisans. The project was not confined to the upgrade of community facilities. It included,

for example, the placement of a child needing constant medical attention into specialized care, as well as the refurbishment of a school bus for the transportation of learners.

Each of these initiatives were filmed and broadcast on various DSTV channels.

BRANDING AND PROMOTING THE CACADU DISTRICT

The Cacadu brand was launched during October 2006 in Johannesburg and Port Elizabeth. The brand, which was developed with extensive input from stakeholders, aims to create opportunity for economic growth for local businesses by communicating the District's distinct appeal more effectively.

Advertising and media coverage in terms of the brand has resulted in increased interest in trade and investment initiatives, as well as tourism products and destinations in the District. Over 400 products have been registered on the Cacadu Website, and signboards welcoming travellers to the District were erected on all routes entering the District.

In addition, the Cacadu DM financially supported the International Society for Conservation Biology Convention in Port Elizabeth, and the South African F1 Power Boat Grand Prix in Port Alfred.

The Municipality's support of these events brought increased visitors to the District.

INTERGOVERNMENTAL RELATIONS AND PARTNERSHIPS

All intergovernmental structures in the District are aligned to comply with the provisions of the Intergovernmental Relations Framework Act.

The Cacadu District Mayors Forum plays an important role in ensuring that development in the District receives the necessary attention. The Forum is supported by a number of Technical Forums.

The decisions taken at the Forum have to be formally adopted by the various Councils, and certain issues are taken up to the Premier's Co-ordinating Forum.

Due to the geographic position and interdependence of the Cacadu District and the Nelson Mandela Metro, a partnership agreement was signed between the two municipal institutions. The agreement highlights the areas in which the municipalities have agreed to exchange experience, knowledge and co-operation.

In the ensuing financial years, we hope to see the benefits of the partnership with the Metro, as well as the other partnership that we signed with the Cape Winelands District Municipality.

PUBLIC PARTICIPATION, OUTREACHES AND IMBIZOS

During the period under review, a number of outreaches to communities were conducted. Many of these outreaches culminated in the hand-over of completed projects. Furthermore,

some of the National Departments, as well as many of the Provincial Departments, accompanied the Premier and the MECs, also conducted outreaches in the District, and engaged extensively with communities. The big challenge is to now realistically address the issues identified in the outreaches. These matters will inform the Ward Based Plans and the IDPs of the local municipalities and the District Municipality.

In a further effort to reach its constituency, the Cacadu DM held three Council meetings in its area of jurisdiction, namely in Graaff-Reinet, Jeffreys Bay and Grahamstown.

During the Growth and Development Summit processes, the Cacadu DM also made significant progress in reaching out to business organizations and other formalized associations, to further its development agenda. The Municipal Manager will further elaborate on this matter in his Executive Summary.

STRENGTHENING GOVERNANCE IN THE DISTRICT

In an effort to improve governance in the District, the Cacadu DM initiated a Good Governance Survey in four of its local municipalities. The four local municipalities that participated were Blue Crane Route, Kouga, Sundays River Valley and Koukamma. The survey will be conducted in the remaining five local municipalities in the next financial year.

The methodology for the research consisted of a survey of various stakeholders within the municipality, including municipal officials and Councillors, members of the general public, Ward Committees and organized structures within civil society (e.g. NGOs and CBOs). The survey used a standardized questionnaire covering various themes related to good governance, namely decision-making, transparency, public participation and consultation, disclosure, service delivery, corruption, and systems and structures. Results were then analysed to compare the different responses of the various stakeholders in terms of perceptions about good governance practices within the municipality. As a follow-up to the survey, a focus group meeting was convened, to which representatives from each stakeholder group interviewed in the survey were invited. The purpose of the focus group was to verify the survey findings and to obtain additional insights into key themes.

The detailed findings with recommendations, have been forwarded to the four local municipalities to consider and adopt.

Furthermore, during the period of review, all local municipalities in the District were assisted with the capacitation of Ward Committees, in order to fulfil their mandates.

CONCLUSION

The Municipal Manager's Executive Summary and other reports, indicate the various highlights and successes that we have made in the period of review.

There are still many challenges and difficulties, but we can be proud of what has been achieved in the 2006/07 financial year.

OVERVIEW OF THE MUNICIPALITY

The Cacadu District Municipality (CDM), DC10, is the largest (58 243 km²) of the six (6) District Municipalities in the Eastern Cape Province. The District is situated in the western portion of the Province, bordering the Western Cape, Northern Cape and two other District Municipalities in the Eastern Cape, namely Chris Hani District Municipality and Amathole District Municipality.

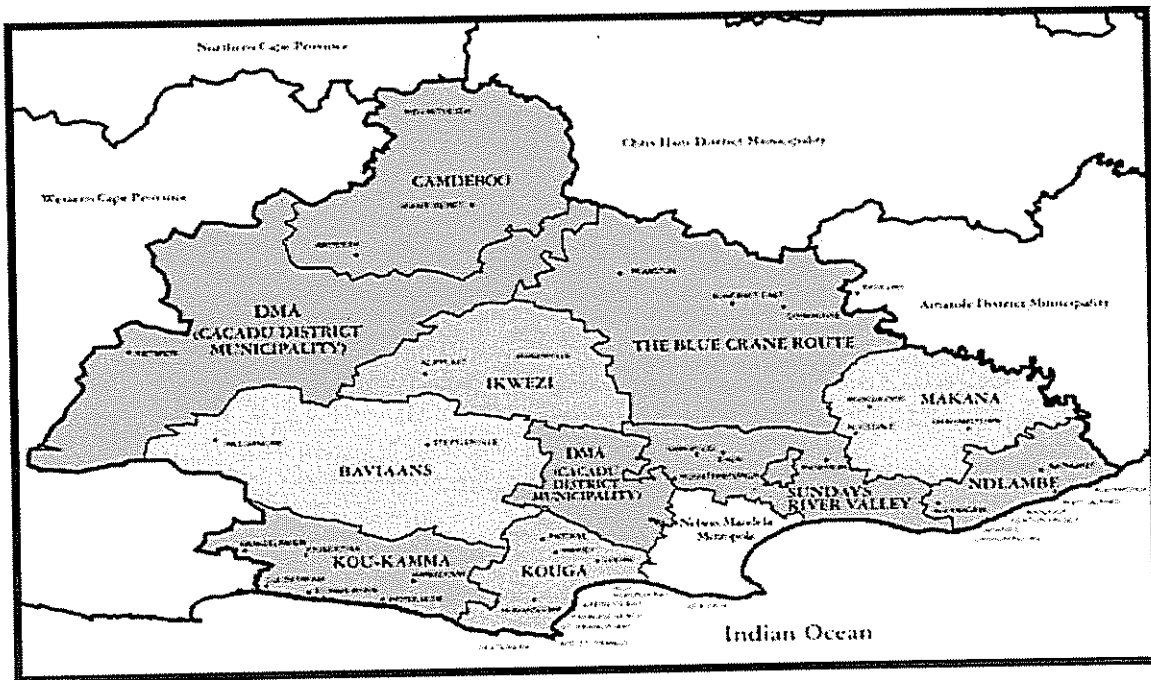
The District consists of nine (9) local municipalities (Category B Municipalities) and four other portions collectively known as the District Management Area (DMA). Two of the four areas are National Parks, namely the Addo National Elephant Park and the Tsitsikamma National Park. These parks are managed by the South African National Parks Board.

The District wholly borders the Nelson Mandela Metropolitan Municipality (NMMM), and consequently, land access to the NMMM is via the CDM. The nine local municipalities in CDM and their respective towns are:

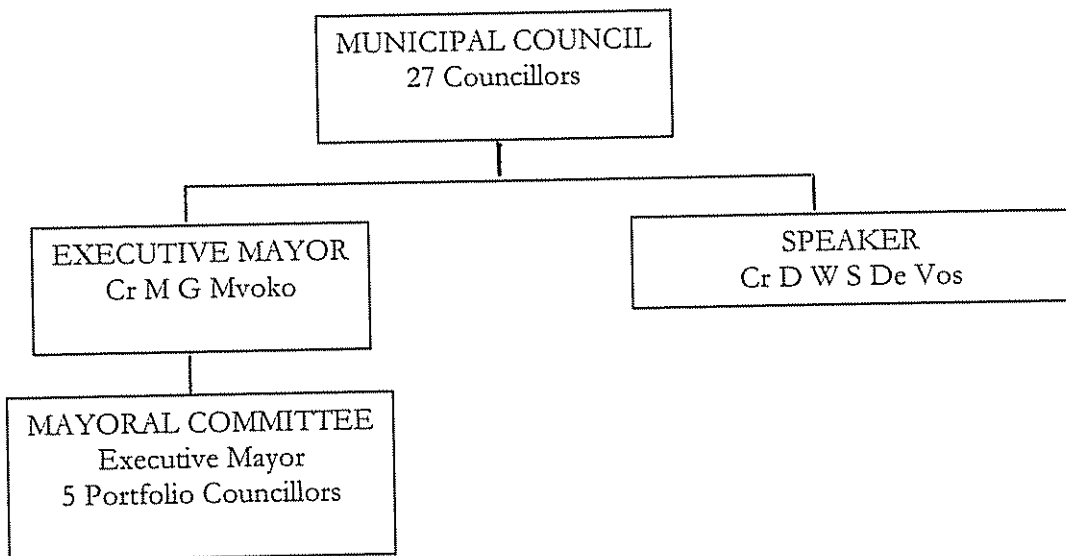
	MUNICIPALITY	MAJOR SETTLEMENTS / TOWNS
EC101	Camdeboo	Graaff-Reinet, Aberdeen, Nieu-Bethesda
EC102	Blue Crane Route	Somerset-East, Cookhouse, Pearston
EC103	Ikwezi	Jansenville, Klipplaat, Waterford
EC104	Makana	Grahamstown, Alicedale, Riebeeck-East
EC105	Ndlambe	Port Alfred, Kenton-on-Sea, Bushmans River, Alexandria
EC106	Sundays River Valley	Kirkwood, Addo, Paterson
EC107	Baviaans	Willowmore, Steytlerville
EC108	Kouga	Jeffreys Bay, Humansdorp, Hankey, Patensie
EC109	Kou-Kamma	Joubertina, Kareedouw, Louterwater
DC10	Cacadu DMA	Rietbron, Wolwefontein, Voldeling, Glenconner

Cacadu District Municipality has the largest number of Category "B" Municipalities in the country.

GEOGRAPHIC AREA



COUNCIL AND EXECUTIVE STRUCTURE



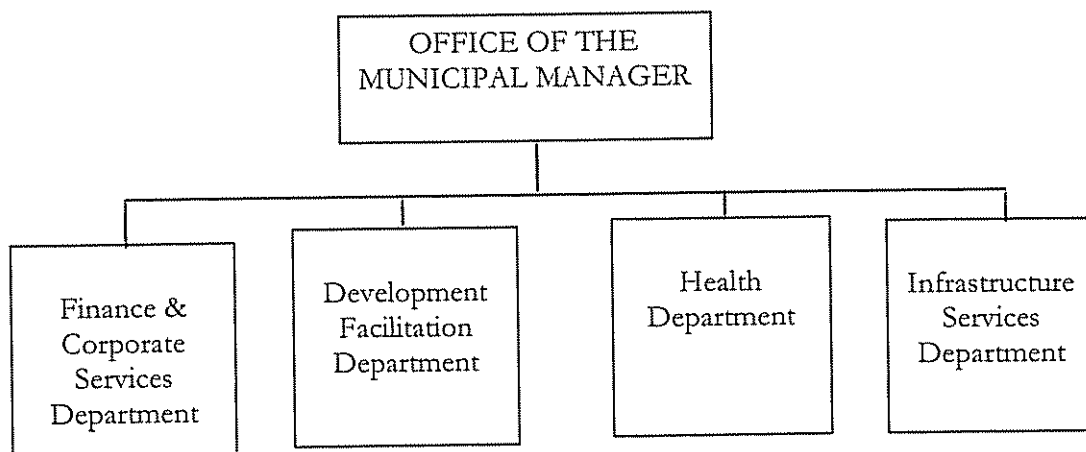
**PORTFOLIO COUNCILLORS AND
MEMBERS OF MAYORAL COMMITTEE**

Development Facilitation	Cr P Faxi
Infrastructure	Cr V Lwana
Corporate Services	Cr H Plaatjies
Finance	Cr M G Mvoko (Executive Mayor)
Health Services	Cr K Kekana
Office of the Executive Mayor and Municipal Manager	Cr N Pieters

MEMBERS OF THE COUNCIL AS AT 30 JUNE 2007

Mr D J Bezuidenhout
 Mr J Cawood
 Mr D S W de Vos
 Ms N V Faltein
 Mr P P Faxi
 Ms G Hawu
 Mr V G Jacobs
 Mr V S Jonas
 Mr C Jones-Phillipson
 Mrs K E Kekana
 Mr Z A Lose
 Mr V Lwana
 Mr Z Mantla
 Ms M Mateti
 Mr K M Mbolekwa
 Mr M G Mvoko
 Mr J M Nel
 Mr A L Nortje
 Ms N N Pieters
 Ms H L Plaatjies
 Mr M S Swepu
 Mr K M Tshume
 Ms N Vanda
 Mrs E C van Lingen
 Mr M G Whisson
 Mr O M Williams
 Mr M Wogane

ADMINISTRATIVE STRUCTURE



MUNICIPAL MANAGER

Mr D M (Ted) Pillay

DIRECTOR : FINANCE AND CORPORATE SERVICES

Mr D de Lange

DIRECTOR : INFRASTRUCTURE SERVICES

Mr L Nama

DIRECTOR : DEVELOPMENT FACILITATION (Post vacant from 1 January 2007)

Ms K Manzi

MANAGER : HEALTH SERVICES

Mrs X Sandi

GRADING OF LOCAL AUTHORITY

Grade 8

REGISTERED OFFICE

Standard Bank Building
32 Govan Mbeki Avenue
Port Elizabeth
6001

P O Box 318
Port Elizabeth
6000

Telephone Number
Fax Number

041 – 508 7111
041 – 508 7000

EXECUTIVE SUMMARY

The National Treasury guidelines require that the performance of a municipality be reported in functional areas. This Annual Report has been compiled in accordance with these guidelines.

An overview of each functional area is presented elsewhere in this Annual Report, together with a description of the activity. In addition, the strategic objectives of each function, as well as priorities and progress reports, key issues for the period under review, key performance indicators, together with targets and variances, are included.

Support to local municipalities will be highlighted in each functional area.

HEALTH ISSUES

Primary Health Care is a competency of the Provinces. The Cacadu District Municipality is one of the agents of the Eastern Cape Provincial Government in rendering primary health care in various parts of the District. It operates 18 fixed clinics, 11 satellite clinics, and also operates 26 mobile clinics (approximately 286 routes), with a staff complement of 148 employees.

The local municipalities in the Cacadu District collectively operate 30 fixed clinics and 3 satellite clinics, whilst the Province operates 3 set clinics.

One of the main challenges facing the District Municipality is the limited funding for Primary Health Care. A budget request of R20,1 million was made to the Province, but only R15,0 million was received for the year. The actual expenditure amounted to R16,5 million, which had to be funded by a surplus from the previous financial year. This limited funding puts a huge strain on the existing service. There has been increased patient numbers to the clinics, substantially increasing the patient : nurse ratio.

Another dilemma facing the service is the difficulty in recruiting suitably qualified personnel to work in rural areas, and remunerating them appropriately.

The Health MINMEC has already resolved that the service throughout the country will be provincialized. In the Eastern Cape, this process was originally set to be completed by 1 July 2007. Despite the Province setting new deadlines for this to be finalized, there has been very little progress in this regard. It is difficult to envisage when the process will be finalized. When it does eventually occur, the Municipality will ensure that the staff interests are protected.

Environmental Health is a function of the District Municipality. In the period of review, seven local municipalities rendered the service as agents of the District Municipality. An amount of R4,122 million was disbursed to local municipalities for this service. In addition, the District Municipality procured various capital assets for the local municipalities to improve the service. The District Municipality continues to render the service in Baviaans, Ikwezi and the DMA.

The anticipated move of certain environmental health practitioners from the Province to Cacadu has not been forthcoming and is being pursued by the Municipality.

In an effort to further improve the service, a Section 78 assessment will be conducted in the 2007/08 financial year. This will assist the Municipality to gauge the most effective mechanism for rendering the service, as well as the appropriate level of funding.

FINANCIAL PERFORMANCE

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.

The Statement of Financial Position (Balance Sheet) reflects that the Municipality is in a very favourable financial position. The net assets increased from R136,9 million to R161,4 million. The primary reason for this is an increase in the Accumulated Surplus by R17,8 million (with appropriations), as well as an increase of R7,3 million in the Revaluation Reserve.

The primary reason for the increase in the accumulated surplus is the revenue from RSC levies of R7 million (including prior year adjustment) which was not budgeted for, savings from unfilled positions and other operating expenditure.

The provision for long-term liabilities increased from R52,5 million to R54,2 million, to be in line with the actuarial valuation of (retrenched and retired) staff liabilities.

The Municipality started the period under review with conditional grants of R83,8 million. Current year receipts for conditional grants was R49,3 million, and interest of R3,1 million was accrued to the grants. Expenditure and transfers amounted to R55,1 million. The balance of R81,1 million is still unacceptably high, and strategies to expend these funds will be put into place. It must be mentioned that some of the funds were received late in the financial year, or held on behalf of some local municipalities.

The bulk of the provision and reserves are backed by cash. As the financial statements indicate, Municipality is still heavily dependent on interest income from investments.

The Municipality received an unqualified audit report. This is a tremendous achievement when one compares it with the previous financial year. The Municipality will continue to make every effort to comply with the various standards.

During the period under review, three local municipalities were assisted with the compilation of GAMAP / GRAP financial statements. Furthermore, all local municipalities were successfully assisted in setting up Audit Committees and performing the Internal Audit function.

The training of Budget and Treasury officials of local municipalities will continue to receive ongoing attention.

DEVELOPMENT FACILITATION

The Cacadu District Municipality has benefitted extensively from its partnerships with various organizations in supporting local municipalities. The Development Bank of Southern Africa (DBSA) and the German Aid Agency (GTZ) warrant special mention.

The Municipal Structures Act states very explicitly that a district municipality must seek to achieve the integrated, sustainable and equitable social and economic development of its area. As stated in the Executive Mayor's foreword, Cacadu DM has embarked on a development facilitation model to realize this objective.

Increasingly, District Municipalities are pivotal in promoting economic growth in the area that they are responsible for. There is consensus amongst the district's stakeholders that a District-Wide Economic Growth and Development Strategy, co-ordinated by Cacadu District Municipality, is critical if the district as a whole is to rise to the challenge of addressing the various developmental issues in the region, as well as to address the past planning and resource disparities.

During the period of review, Council adopted a Growth and Development Strategy with objectives aligned to the Provincial Growth and Development Plan, as well as National targets. The strategy, having been developed after extensive consultation with stakeholders, hinges on 5 pillars –

- Investing in Economic Infrastructure
- Promoting Sector Development
- Investing in Human Resources and Skills Development
- Forging of Regional Linkages, Partnerships and Networks
- Ensuring that proper Institutional Arrangements and Systems are in place

An Economic Growth and Development Summit was hosted by the Cacadu DM in April 2007. The event was honoured by the presence of the Minister of Trade and Investment, Mr M Mphahlwa, and several Members of the Executive Council of the Eastern Cape Provincial Government, as well as other stakeholders.

A formal Summit Agreement was signed, whereby all stakeholders made specific commitments to grow the District Economy.

During the period under review, the District Municipality implemented several projects and also assisted its local municipalities to initiate projects in their respective areas, as well as in the DMA. In addition, the Provincial Department of Economic Development and Environmental Affairs channeled funding through the District Municipality for the

implementation of projects. The District Municipality not only has to account for the funding, but also to ensure the success of the projects.

There are two Development Agencies in the District. The Kouga Development Agency was set up in the previous year in conjunction with Kouga Municipality. The purpose of the Agency is to drive an eco-tourism initiative in the Jeffreys Bay area. The land for the development has been secured, and the Master Plan for the development has been adopted. Calls for expression of interest will be received in the next financial year. During the period of review, the Municipality has assisted the Blue Crane Route Municipality to re-constitute the Blue Crane Development Agency, in line with the relevant legislation. The Cacadu District Municipality is grateful to the IDC for the majority of the financing of both agencies.

The Municipality is also close to finalizing a partnership with SEDA to set up offices in the District, to assist with the development and support of SMMEs. During the period of review, an agreement was signed with the Provincial Government to host the Thina Sinako LED Support Programme. It is envisaged that this programme will assist the local municipalities, as well as the District Municipality, with institutional support and project financing.

Tourism is one of the main economic drivers of the District economy. The Cacadu brand was launched during the year. During the period of review, an extensive marketing and publicity campaign was embarked on, promoting the region and its products. There are already positive results in the increased number of visitors to the District.

Very little attention unfortunately has been devoted to tourism development by the District Municipality itself. The Municipality has applied to the DBSA for the development of Tourism Sector Plans for five local municipalities, as well as to compile the Master Plan for the District. (The remaining four local municipalities already have tourism sector plans). It is anticipated that approval will be received in the 2007/08 financial year.

The Municipality has taken a decision to perform the tourism development and marketing function in-house, in future. This will commence in the 2007/08 financial year.

During the period of review, the Municipality has engaged with the Nelson Mandela Metro with regards to a joint marketing campaign, as well as to position the District to benefit from World Cup 2010. These matters will be further pursued in the coming months.

The Cacadu District Municipality will continue to engage with its stakeholders to ensure that the Economic Growth and Development Strategy is successfully implemented.

Capacity building and support to local municipalities is the corner-stone of the District Municipality's responsibility. All local municipalities were visited by the Mayoral Committee and Management. The needs of the local municipalities were identified, and a Capacity Building Strategy has been developed and adopted. Whilst all local municipalities in the District will benefit from the Strategy, the focus initially will be on assisting the three least capacitated institutions.

The Municipality successfully assisted all local municipalities to compile new by-laws. Previous by-laws were repealed. In the 2007/08 period, a process will commence to publicize the by-laws, so that all communities are well informed.

Furthermore, Ward Committees in all local municipalities and public participation structures were trained on their roles and responsibilities. In addition, a Good Governance Survey was carried out in four local municipal areas.

All local municipalities were connected to the LG Net, through the initiative of the DBSA. This enables all local municipalities to have internet and email access.

In the period of review, several of the areas in the District were affected by severe flooding. Through the efforts of Municipality, funding to rehabilitate the areas was secured. However, only R11,4 million was received in 2006/07 financial year. The majority of the funding of R176 million will be received in 2007/08 financial year.

During the period of review, a risk assessment of all possible hazards was done in the District. Strategies will be embarked on to mitigate disasters in the areas. All municipalities benefitted from training, awareness campaigns, and financial assistance, with regards to disaster management and fire fighting services.

INFRASTRUCTURE DEVELOPMENT

In view of the manner in which the powers and functions of Local Government in the District are structured, local municipalities in the Cacadu District are primarily responsible for technical and infrastructure services.

This does not mean that the District Municipality will not implement infrastructure projects, but it will only do so where it is requested by other spheres of Government, or by the local municipalities themselves. An example of this is that during the 2007/08 financial year, the Municipality will be rehabilitating many of the Provincial Roads, as a result of the floods that affected the District. Obviously the District Municipality is responsible for all services in the DMA.

This, in essence, has seen a shift of emphasis within the institution. The Cacadu District Municipality is now a facilitator of infrastructure investment. During the period of review, this has been realized through the lobbying efforts to increase the Municipal Infrastructure Grant (MIG) allocation to local municipalities. The District Municipality has also negotiated with funding institutions on behalf of local municipalities, as well as supported local municipalities in their negotiations with sector departments for project finance. In addition, a District-Wide Infrastructure Forum has been set up to co-ordinate development matters.

Notwithstanding the shift of emphasis, many water and sanitation projects that were initiated during the prior years were completed in 2006/07, and some of the local municipalities were assisted with project finance by the District Municipality. The Project Management Unit has assisted local municipalities with project implementation.

With regard to housing, there has been substantial progress towards the completion and finalization of many outstanding housing projects. Furthermore, the Municipality has been successful in sourcing additional funding to complete certain housing developments. Notwithstanding this, many of the housing projects are still plagued with problems, and strategies are being put into place to address this.

With regard to Transport, the Municipality has successfully secured an amount of R2,7 million to upgrade transport facilities. Furthermore, all local transport forums in the local municipalities were supported. The Cacadu District Municipality continues to lobby the Provincial Roads Department to improve the roads infrastructure in the District.

The Cacadu DM has also completed several sports facilities on behalf of the local municipalities.

All local municipalities were assisted to enhance existing Water Services Development Plans. A Section 78 (1) assessment has been completed for water provision in all areas. The response of local municipalities is awaited, to take the process forward. Furthermore, the Backlog Assessment that was done in the previous year has been updated and serves as a useful tool in assessing the needs and progress towards eradicating backlogs in the District.

The shift of emphasis also saw the Cacadu DM focus on regional issues. Planning for the District is co-ordinated by the Planning Unit. Furthermore, the Spatial Development Framework provides the basis for development in the District.

All local municipalities were assisted to compile their IDPs, whilst some of them received hands-on support. A Project Prioritization tool has been developed and made available to local municipalities, to assist them in prioritizing projects for budgetary purposes. Furthermore, some of the local municipalities received funding and assistance to deal with spatial planning, valuation of properties, as well as zoning.

Many of the local municipalities were assisted with regards to cemetery establishment, which is a very onerous process. Progress was also made with establishment of cemeteries in most of the DMA settlements.

The Capacity Building Strategy, which was compiled in the review period, serves as a good basis for Infrastructure Master Planning and Strategic Spatial Planning for the next financial year.

BUILDING A WINNING TEAM

The total staff complement of the Cacadu DM stood at 273 employees, of which 204 are females (75%). Historically disadvantaged individuals constitute 97% of the total workforce.

At Head of Department level, females comprise 40%, whilst historically disadvantaged persons make up 80%.

A Skills Development Plan is in place, and the DM continues to invest in the training and development of its employees in line with the plan.

The Cacadu DM has substantially financed the job evaluation programme for all positions in the District Municipality and the local municipalities to be evaluated. Whilst some of the results have been received, these cannot be implemented as there are many outstanding matters still to be finalized by the SALGBC.

An organizational culture survey has been conducted, and strategies are being put into place to address the concerns of the employees.

Substantial progress has been made with regards to performance management. It is envisaged that all employees will be on a performance management system from 1 July 2007.

CHAPTER 2

PERFORMANCE HIGHLIGHTS

SERVICES PROVIDED AND HIGHLIGHTS FOR 2006/2007

For statistical information on number of services installed/projects completed, see the Functional Area Services Delivery reports contained in Chapter 5.

1. Development Facilitation/Economic Development

During the year under review, a number of strategic workshops were held to re-assess the successes and challenges of the development facilitation model and to identify whether the municipality was optimally structured in order to deliver on its mandate. This led to a review of the institutional arrangements and the adoption of new development priorities for the 2007/2008 financial year.

Economic Development was identified as one of the key development priorities for the Cacadu District Municipality in terms of its Integrated Development Plan for the five year period commencing 1 July 2007. In order to achieve this objective, an Economic Development Department, which will be responsible for the following functions, has been established with effect from 1 July 2007:

- Tourism Marketing, Development and Management;
- Trade and Investment Promotion;
- Municipal Entities (Development Agencies);
- Agricultural Development;
- Environmental Management;
- Heritage Management;
- SMME, BEE;
- Capacity Building and Support

Growth and Development Summit

The CDM hosted its Economic Growth and Development Summit in April 2007 at Mentor's Kraal, Jeffreys Bay in Kouga Local Municipality. The event was attended by over 200 delegates and was honoured by the presence of the Minister of the Department of Trade and Investment, Mr T Mphahlela and Honourable MECs for Economic Development and Environmental Affairs, Mr Sogoni, and Agriculture, Mr G Nkwinti. The Summit Agreement was signed by six signatories representing 32 organisations from the private and public sectors and organized labour, all of which made specific commitments in the agreement towards growing the economy of the District.

2. Capacity Building

Capacity Building and Support to the nine Local Municipalities in the District is of primary importance to CDM and is one of its main focus areas.

A Capacity Building Strategy for the next five years was developed based on data regarding the capacity and state of affairs in each local municipality which was collected from various sources.

A Mayoral Outreach to local municipalities which was conducted in June/July 2006 was also a major source of information on which the strategy has been based.

The main aim of the Capacity Building Strategy is to build in house capacity in local municipalities in the District and to support them so that they can perform their functions and strengthen their institutional and corporate governance systems.

The Capacity Building Strategy has identified the 3 local municipalities which need the most assistance for priority interventions. The main focus will initially be on these 3 local municipalities, but there will also be district wide capacity building projects on specific issues, which will include all local municipalities.

Projects identified in the Capacity Building Strategy have been included in the IDP in terms of the relevant development priority.

3. Health Services

The District Municipality performs a Primary Health Care function as an agent of the Provincial Government.

Since 1 July 2004, the District Municipality has been responsible for the Municipal (Environmental) Health function throughout the District.

The District Municipality is also involved in the following HIV/Aids initiatives and special projects:

- Home Based Care programme
- Aids Awareness Programmes
- Voluntary Counselling and Testing
- Circumcision programmes
- Payment of stipends for volunteers who assist at the clinics and with Home Based Care
- Capacity building programmes for NGO's

A directive was received from National Government that the Primary Health Care function would be transferred to the Provincial Health Department from 1 July 2007. However, due to various administrative delays, this date has been extended.

4. Infrastructure Services

The main role of the Infrastructure Services Department of the District Municipality is planning for infrastructure development throughout the District. With the adoption of the new development priorities and the resultant restructuring process, the function of Integrated Development Planning as well as the functions previously performed by the PIMS Section were transferred to the Infrastructure Services Department's Planning Division.

The Municipality also physically renders Infrastructure Services on behalf of or in support of local municipalities' development projects, and on its own behalf in the District Management Area. These services include construction of housing schemes and services thereto, provision of water and sanitation, road transport planning, and construction and upgrading of various community facilities.

5. Support Services

The Municipality has a Finance and Corporate Services Department which provides financial, legal and administrative services to the Council and Executive as well as other departments in the organisation. One of the major governance projects undertaken during the year was the formulation of by-laws for the District and Local municipalities as well as for the District Management Area.

6. District Management Area (DMA)

The District Municipality is the local authority for the DMA, and is therefore directly responsible for provision of all services to communities in this area.

The DMA Committee continued with regular meetings during the year under review. This regular, direct communication between community representatives and councillors and officials of the Municipality is invaluable in identifying the service delivery gaps and problems, thus bringing about ongoing improvement to the services the Municipality is rendering in this area.

The LED strategy adopted for the DMA focusses on a multi-dimensional approach towards the development of the DMA community, which will include capacity building and skills development to access employment opportunities, with aspects of social upliftment and life-skills programmes forming part of such initiatives.

In terms of the Municipality's indigent policy, households unable to afford the basic level of service receive a monthly subsidy of approximately R 110 covering the following:

- 6 kilolitres of water;
- refuse removal;
- sewage removal charges; and
- sanitation charges.

MANDATORY PERFORMANCE MEASURES

In terms of section 43 of the Local Government: Municipal Systems Act, the Minister for Local Government has prescribed general key performance indicators (KPI's). Every municipality is required to include these indicators in their IDPs and report on these KPIs.

Water

Historically high levels of household water security, made possible by infrastructure investments from the former Western District Council continue to characterise Cacadu household water access. In fact the levels of household access to water on site has increased consistently and significantly across all local municipal areas.

Every local municipality in Cacadu scores well above the provincial norm for households who have water on site (37% of households in 2001 compared to 42% in 2006) with the district average twice that of the province (75% in 2001 and 86% in 2006).

Ndlambe scored the lowest levels of households who access water on site (62% in 2001 and 69% in 2006) but this is still way above the provincial average. The number of households relying on natural water sources in Cacadu is low with Ndlambe the only local municipality out of character with the rest of the district (8% in 2006).

	Water on site		Community Stand		Borehole/tank		Natural water/dam		water vendor/other	
	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006
	%	%	%	%	%	%	%	%	%	%
Eastern Cape	37.4	41.8	25.3	25.1	4.0	3.8	31.4	28	1.9	1.4
Cacadu DC	74.7	85.8	17.9	10.0	3.1	1.4	2.8	1.4	1.5	1.3
Camdeboo	91.0	98.4	8.2	1.6	0.2	0.0	0.2	0.0	0.4	0.0
Blue Crane	76.8	100.0	13.4	0.0	3.2	0.0	4.4	0.0	2.2	0.0
Ikwezi	91.0	83.1	7.6	0.0	0.5	12.9	0.2	0.0	0.7	4.0
Makana	76.2	76.5	19.0	16.5	2.3	2.5	1.7	1.6	0.9	2.9
Ndlambe	62.1	69.2	27.3	19.7	5.6	0.7	3.1	8.3	1.8	2.2
Sunday's River Valley	61.8	86.6	17.6	13.4	9.4	0.0	7.4	0.0	3.8	0.0
Baviaans	86.1	90.6	8.9	0.0	2.0	7.2	2.6	0.0	0.5	2.1
Kouga	75.2	83.6	22.4	15.3	0.4	0.0	0.8	0.0	1.1	1.1
Kou-Kamma	77.0	93.8	12.5	6.2	3.9	0.0	5.3	0.0	1.3	0.0
ECDMA10	73.0	79.4	24.3	8.3	1.6	8.2	0.9	4.1	0.1	0.0

Source: SSA 2001 and RSS 2006

Sanitation

Although households in all local municipal areas in Cacadu are above the provincial average in terms of formal household sanitation, the levels between local municipal areas are extremely uneven suggesting that targeted sanitation investments in areas of greatest need should be prioritized. The proportion of households in Cacadu who report no formal household sanitation is generally way below the provincial norm (22% in 2006). The exceptions are Ndlambe (32%) and Ikwezi (21%) the former recording higher levels than the provincial norm. These would seem to be priority areas for household sanitation. Cacadu has amongst the highest levels of households in the province who still rely on buckets for household sanitation. The highest levels are recorded in Baviaans (48%), Blue Crane route (26%), Ikwezi (22%), Makana (18%) and Ndlambe (17%), with the remaining areas also recording significant levels.

	Flush toilet (connected to sewerage system)		Flush toilet (with septic tank)		Chemical toilet		Pit latrine with ventilation (VIP)		Pit latrine without ventilation		Bucket latrine		None	
	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Eastern Cape	30.9	31.1	2.2	1.3	2.0	0.6	5.6	7.2	23.1	33.9	5.6	4.0	30.6	21.8
Cacadu DC	40.3	67.8	11.1	3.5	0.8	0.0	5.3	0.1	16.2	4.9	14.3	14.5	12.0	9.3
Camdeboo	68.7	85.8	7.0	0.8	0.1	0.0	4.3	0.0	3.2	9.4	11.2	0.6	5.5	3.4
Blue Crane	47.1	74.2	4.1	0.0	2.5	0.0	1.4	0.0	8.0	0.0	20.1	25.8	16.7	0.0
Ikwezi	17.7	66.7	11.4	0.0	0.1	0.0	4.8	0.0	2.8	11.6	48.8	21.7	14.5	0.0
Makana	34.1	57.1	2.9	1.6	0.2	0.0	7.9	0.0	13.6	2.9	29.7	17.5	11.6	20.8
Ndlambe	24.3	44.7	27.3	4.7	0.5	0.0	5.8	0.7	28.0	0.7	0.6	17.0	13.6	32.2
Sunday's River Valley	24.0	58.8	4.8	0.0	1.6	0.0	8.7	0.0	40.7	28.5	6.5	12.7	13.7	0.0
Baviaans	30.3	34.8	21.7	14.5	0.4	0.0	5.8	0.0	11.4	0.0	19.0	47.5	11.3	3.2
Kouga	51.8	75.2	10.8	7.9	0.7	0.0	2.5	0.0	9.8	1.5	13.3	11.8	11.0	3.5
Kou-Kamma	50.6	88.8	12.3	5.0	1.3	0.0	5.1	0.0	15.5	0.0	5.5	6.2	9.8	0.0
ECDMA10	13.9	29.4	21.6	20.0	0.1	1.4	17.3	8.3	18.3	22.7	4.1	1.4	24.7	16.7

Electricity

Household access to electricity for the local municipal areas in Cacadu is widespread with a consistently high proportion of households reporting access to electricity at least for lighting. In 2006 some 83% of households in Cacadu reported using electricity at least for lighting. Over the period 2001 - 2006 a full 11% of households in Cacadu were connected to the grid. Challenges associated with greater access to the grid for household energy in Cacadu are generally associated with household rather than community connectedness to the grid. All the main urban centres in Cacadu are clearly connected to the grid.

	Electricity		Gas		Paraffin		Candles		Solar and other	
	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006
	%	%	%	%	%	%	%	%	%	%
Eastern Cape	49.7	67.1	0.3	0.4	23.3	14.0	25.9	18.3	0.8	0.2
Cacadu DC	71.9	82.6	0.4	0.5	19.3	11.7	7.7	5.2	0.6	0.1
Camdeboo	84.8	92.7	0.1	2.7	5.8	3.0	8.8	1.6	0.5	0.0
Blue Crane	65.0	95.0	0.3	0.9	22.5	2.1	11.3	2.1	0.8	0.0
Ikwezi	72.2	77.9	0.3	0.0	22.7	18.1	4.1	4.0	0.8	0.0
Makana	73.4	72.0	0.7	0.0	23.4	17.2	2.0	10.8	0.5	0.0
Ndlambe	66.6	80.1	0.4	0.0	29.1	8.9	3.4	10.3	0.4	0.7
Sunday's River Valley	65.7	78.6	0.2	0.0	28.2	18.7	5.3	2.7	0.7	0.0
Baviaans	69.3	73.1	0.4	0.0	16.8	21.7	12.2	5.3	1.4	0.0
Kouga	76.2	82.0	0.2	0.7	14.9	15.1	8.4	2.2	0.3	0.0
Kou-Kamma	76.2	87.5	0.3	0.0	4.6	11.2	18.5	1.2	0.5	0.0
ECDMA10	44.3	60.0	0.9	1.4	26.7	31.6	25.7	7.0	2.5	0.0

Source: SSA 2001 and RSS 2006

21a

NOTE: THE FOLLOWING FIGURES ARE SUPPLIED FROM THE CDM'S RECORDS FOR THE PERIOD UNDER REVIEW

<p>% of households earning less than R1 720 per month with access to free basic services</p>	<p>51 % Note: This relates to free water in the DMA only</p>
<p>% of municipality's capital budget actually spent on capital projects identified in the IDP</p>	<p>0% Note: MIG projects carried out in local municipalities only and dealt with on operating budget of CDM</p>
<p>Number of jobs created through the municipality's local economic development initiatives including capital projects</p>	<p>221</p>
<p>Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality approved employment equity plan</p>	<p>15 of the 18 officials currently employed in the three highest levels of management are from the EE target groups</p>
<p>% of a municipality's budget actually spent on implementing its workplace skills plan</p>	<p>$416\,461 / 388\,144\,641 * 100 = 0.1\%$ Note: the budget has been inflated by an allocation of R 187 m for flood relief.</p>
<p>Total outstanding debtors divided by annual revenue actually received for services</p>	<p>$936\,990 / 211\,990 = 4.42$</p>
<p>Cash available and investments at 30 June, 2007 divided by monthly fixed operating expenditure</p>	<p>$248\,403\,947 / 5\,084\,001 = 48.86$</p>

CHAPTER 3

HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT

ORGANISATIONAL STRUCTURE

The Municipality's organizational structure consists of the following four departments under the umbrella of the Municipal Manager's Office:

- Development Facilitation
- Finance and Corporate Services
- Infrastructure Services
- Health Services

The Municipal Manager's Office holds the accountability and responsibility for the effective, efficient and sound financial administration of the CDM. It also provides executive support to the political structure through administration of special programmes (Youth Development, Gender and Women Empowerment, HIV & AIDS); Disaster Management, Performance Management and Capacity Building to Local Municipalities.

The total number of staff employed in each of the four departments on the organizational structure is as follows:

DEPARTMENT	NUMBER OF EMPLOYEES
Office of the Municipal Manager	29
Development Facilitation	10
Finance and Corporate Services	34
Infrastructure Services	20
DMA: Rietbron	11
SUB-TOTAL - CDM	104
Health Services: <u>AGENCY FUNCTION</u>	169
TOTAL	273

EMPLOYEE RELATED COSTS

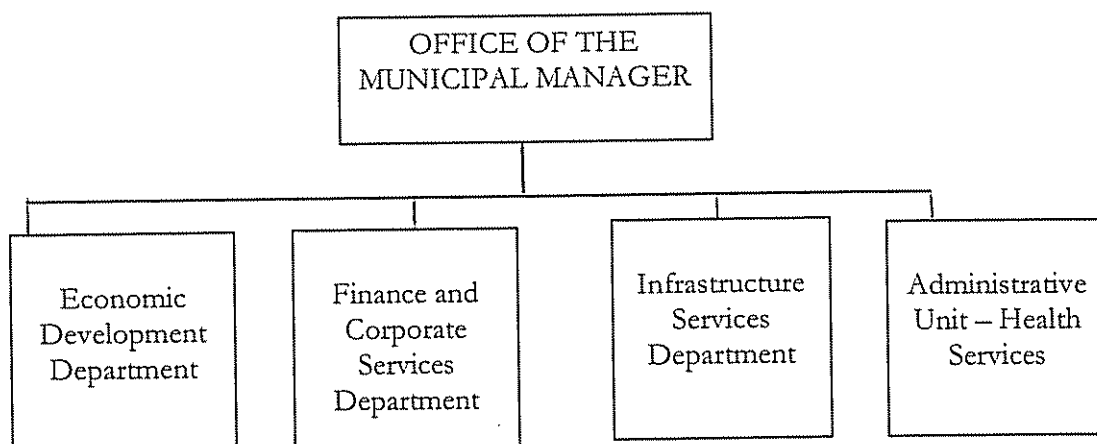
	2004/2005	2005/2006	2006/2007
	R	R	R
Actual	19 910 187	23 290 009	24 799 959
Salary budget	24 334 400	26 835 600	29 392 562
Total budget	56 144 800	155 933 979	390 340 441
	35,46%	14,94%	6,35%

TOTAL AMOUNT OWED TO THE MUNICIPALITY BY STAFF - R5 576

VARIOUS INITIATIVES RELATING TO EMPLOYMENT ISSUES

The following initiatives relating to employment issues were successfully implemented in 2006/07 financial year::

- The successes and challenges of the development facilitation model were reviewed. The Municipality's service menu and institutional arrangements were also reviewed in order to improve and maximize its service delivery impact. The new high level organizational arrangements to be implemented on 1 July 2007 are detailed below:



- The Workplace Skills Plan for 2007/8 financial year has been adopted and the implementation report for 2006/7 has been submitted to LGWSETA as required by Skills Development Act

SKILLS DEVELOPMENT PROGRESS REPORT

The Workplace Skills Plan for the 2006/7 financial year has been adopted and the implementation report for 2005/6 has been submitted to LGWSETA as required by the Skills Development Act

For the period July 2006 to June 2007, the following progress has been made with regard to skills development as projected by the Workplace Skills Plan:

Training conducted

Assessors, Coaches & Mentors - LGSETA
 Municipal Management Skills – Rhodes University
 Contract Management – National Treasury
 Records Management – DSRAC, EC
 Computer – Addskills
 Complex Procurement & Vendor Management – Lisho Events Management Forum

Courses attended by CDM councilors & employees	Total
Assessors, Coaches & Mentors	2
Complex Procurement & Vendor Management	1
Computer	7
Contract Management	3
Municipal Management	3
Records Management	2
Grand Total	18

Courses attended by employees in local municipalities	Total
Municipal Management Skills	35
Records Management	14

The total number of participants trained in the past three months is 67, with 18 coming from CDM and 49 from local municipalities.

Challenges

Councillors and staff in their busy schedule find it difficult to prioritize training matters and therefore there is never 100% attendance on courses.

The status of training Committees in the District is also a matter of concern. A workshop is due to be held to identify and address the problems which lead to lack of attendance at training committee meetings.

HR POLICIES

The following HR policy was reviewed :

- HIV and Aids Workplace Policy

The following HR policies are still under review:

- Student Training and Critical Skills
- Experiential Training
- Recruitment and Retention Strategy : Scarce Skills

EMPLOYER/EMPLOYEE RELATIONS

The CDM and organized labour generally continued with their spirit of mutual respect and co-operation during the period under review.

The Local Labour Forum, a committee comprising of representatives from the employer and employee components which deals with human resources related matters, is operating well. Of twelve meetings scheduled for the year only three were cancelled due to insufficient items submitted. All recommendations emanating from this forum are referred to Council for approval and implementation.

EMPLOYMENT EQUITY

The following is the Municipality's Employment Equity Profile as at 30 June 2007. A key driver behind the staff appointment process is ensuring that the staff composition will ultimately reflect the demographics of the District.

CACADU DUSTRICT MUNICIPALITY EMPLOYMENT EQUITY PROFILE-OCCUPATIONAL LEVELS
(RACE & GENDER) 30 JUNE 2007

Occupational Levels	MALES				FEMALES				TOTAL EE DESIGNATED GROUPS				TOTAL			
	BLACKS		WHITES		BLACKS		WHITES		DESIGNATED GROUPS		WHITES		NO	% OF TOTAL	NO	% OF TOTAL
	NO	% OF TOTAL	NO	% OF TOTAL	NO	% OF TOTAL	NO	% OF TOTAL	NO	% OF TOTAL	NO	% OF TOTAL	NO	% OF TOTAL	NO	% OF TOTAL
Top management	2	40	1	20	2	40	0	0	4	80	1	20	5	20	5	2
Senior management	7	54	2	15	3	23	1	8	11	85	2	15	13	15	13	5
Professionally qualified and experienced specialists and mid-management	10	9	3	3	59	51	44	38	113	97	3	3	116	3	116	41
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	14	29	3	6	28	58	3	6	45	94	3	6	48	3	48	18
Semi-skilled and discretionary decision making	10	23	0	0	33	77	0	0	43	100	0	0	43	0	43	16
Unskilled and defined decision making	17	35	0	0	31	65	0	0	48	100	0	0	48	0	48	18
TOTAL	60	23	9	3	156	57	48	18	264	97	9	3	273	3	273	100

CHAPTER 4**AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION****STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2007**

	Note	2007 R	2006 R
Net Assets		161,400,429	136,897,553
Capital Replacement Reserve	2	47,306,735	47,966,667
Revaluation Reserve	2	45,860,623	38,516,658
Government Grant Reserve	2	1,793,799	1,758,248
Accumulated Surplus		66,439,272	48,655,980
Non-current Liabilities		69,582,785	68,420,761
Long-term Liabilities	3	15,382,785	15,920,761
Provisions	3	54,200,000	52,500,000
Current Liabilities		84,461,687	90,039,815
Trade and Other Payables	4	17,849,618	20,766,158
Short-term Portion of Deferred Income	3	66,145,861	68,821,846
Short-term Portion of Long Term Liabilities	3	466,208	451,811
TOTAL NET ASSETS AND LIABILITIES		<u>315,444,901</u>	<u>295,358,129</u>

ASSETS

Non-Current Assets		62,470,595	63,281,152
Property, Plant And Equipment	6	54,490,663	49,205,632
Long-term Receivables	7	7,979,932	14,075,520
Current Assets		252,974,306	232,076,977
Inventory	9	1,105,000	-
Trade and Other Receivables	10	3,304,135	10,457,481
Short-term Portion of Long-term Receivables	7	143,504	162,320
Deposits	11	17,720	15,130
Cash and Cash Equivalents	12	248,403,947	221,442,046
TOTAL ASSETS		<u>315,444,901</u>	<u>295,358,129</u>

CHAPTER 4**AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION****CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2007**

	Note	2007 R	2006 R	
Net Assets		161,400,429	136,897,553	73,593,764
Capital Replacement Reserve	2	47,306,735	47,966,667	48,752,580
Revaluation Reserve	2	45,860,623	38,516,658	
Government Grant Reserve	2	1,793,799	1,758,248	1,916,824
Accumulated Surplus		66,439,272	48,655,980	22,924,360
Non-current Liabilities		69,582,785	68,420,761	52,112,017
Long-term Liabilities	3	15,382,785	15,920,761	1212017
Provisions	3	54,200,000	52,500,000	50900000
Current Liabilities		84,461,687	90,039,815	128,873,504
Trade and Other Payables	4	17,849,618	20,766,158	29846179
Short-term Portion of Deferred Income	3	66,145,861	68,821,846	98663793
Short-term Portion of Long Term Liabilities	3	466,208	451,811	363532
TOTAL NET ASSETS AND LIABILITIES		<u>315,444,901</u>	<u>295,358,129</u>	254,579,285

ASSETS

Non-Current Assets		62,470,595	63,281,152	12,046,628
Property, Plant And Equipment	6	54,490,663	49,205,632	5487920
Long-term Receivables	7	7,979,932	14,075,520	6558708
Current Assets		252,974,306	232,076,977	242,532,657
Inventory	9	1,105,000	-	
Trade and Other Receivables	10	3,304,135	10,457,481	8123158
Short-term Portion of Long-term Receivables	7	143,504	162,320	171536
Deposits	11	17,720	15,130	15130
Cash and Cash Equivalents	12	248,403,947	221,442,046	234222833
TOTAL ASSETS		<u>315,444,901</u>	<u>295,358,129</u>	254,579,285

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

Budget		Note	Actual	
2006	2007		2007	2006
R	R		R	R
REVENUE				
19,200,000	-		2,181,404	22,900,422
10,800,000	-		753,013	13,791,270
871,000	800,000		811,120	734,275
10,350,000	16,200,000		17,131,133	13,421,124
350,400	106,500		375,003	574,610
80,000	40,000		88,536	90,892
94,768,617	326,766,564	13	98,003,962	89,346,338
87,100	87,300		196,716	152,535
30,000	30,000		27,134	27,168
19,396,862	36,618,137	14	4,836,961	9,250,572
-	-		12,218	-
155,933,979	380,648,501		124,417,199	150,289,206
EXPENDITURE				
26,835,600	29,392,562	15.1	24,799,959	22,820,535
2,883,100	3,194,300	15.2	3,646,310	2,686,994
-	1,500,000	10	(1,339,961)	1,282,585
-	-		54,913	61,022
1,400,000	235,000		331,565	1,316,223
478,300	741,900		2,044,764	1,920,154
4,717,600	1,512,050		1,379,367	2,660,978
-	-		190,730	55,662
3,176,000	3,147,300	17	2,270,223	2,673,135
82,070,017	278,158,740	19	46,124,699	70,417,655
34,974,162	70,997,044		26,345,095	24,152,392
-	1,200,000		1,700,000	1,600,000
-	-		23,071	28,461
1,456,300	261,545		43,191	38,731
155,933,979	390,340,441		107,613,929	131,714,525
-	(9,691,940)		16,803,271	18,574,680

Refer to Appendix E(1) for explanations of variances

(Note: the income statement has been prepared in accordance with GRAP 1 and the budget formats)

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

	Note	Capital Replacement reserve (CRR)	Revaluation Reserve	Government Grant Reserve	Unappropriated Surplus	Total
		R	R	R	R	R
Previously stated balance as at 30 June 2005		48,752,581	-	1,916,824	22,924,360	73,593,765
Adjustment to 2005		-	-	-	5,857,784	5,857,784
Implementation of GAMAP/GRAP						
Understatement of finance leases	3	-	-	-	(291,797)	(291,797)
Overstatement of accounts payable	4	-	-	-	5,128	5,128
Understatement of motor vehicles financed	6	-	-	-	267,204	267,204
Overstatement of accumulated depreciation	6	-	-	-	5,690,750	5,690,750
Understatement of Property Plant and Equipment	6	-	-	-	(382,760)	(382,760)
Understatement of accounts receivable(VAT)	10	-	-	-	564,849	564,849
Understatement of debtors	10	-	-	-	4,409	4,409
Restated balance at 30 June 2005		48,752,581	-	1,916,824	28,782,144	79,451,549
Change in policy to GAMAP/GRAP						
Fair value of Land and buildings at 1 July 2005	6	-	38,871,324	-	-	38,871,324
Restated net surplus for the year - 2006		(785,913)	(354,666)	(158,577)	19,873,836	18,574,680
Previously stated net surplus for the year - 2006		-	-	-	13,644,566	13,644,566
Capital purchases		-	-	349,378	(349,378)	-
PPE purchased from CRR		(785,913)	-	-	785,913	-
Offsetting of depreciation.		-	-	(507,955)	507,955	-
Adjustments:						
Overstatement of finance lease	3	-	-	-	93,464	93,464
Understatement 2006 accounts payable	4	-	-	-	(197,586)	(197,586)
Transfer to revaluation reserve	6	-	(354,666)	-	354,666	-
Understatement of depreciation	6	-	-	-	(935,993)	(935,993)
Understatement of fixed assets	6	-	-	-	17,561	17,561
Understatement of accounts receivable(VAT)	10	-	-	-	679,908	679,908
Overstatement of debtors	10	-	-	-	(968)	(968)
Understatement of Regional service levies - turnover	10,4	-	-	-	3,269,711	3,269,711
Understatement of Regional service levies - Remuneration	10,4	-	-	-	2,004,017	2,004,017
Restated at 30 June 2006		47,966,668	38,516,658	1,758,247	48,655,980	136,897,553
2007		(659,933)	7,343,965	35,552	17,783,292	24,502,876
Net Surplus for the year		-	-	-	16,803,271	16,803,271
Capital purchases		-	-	290,167	(290,167)	-
PPE purchased from CRR		(659,933)	-	-	659,933	-
Increase in Land and Buildings as result of revaluation at 30 June 2007	6	-	7,699,605	-	-	7,699,605
Transfer to revaluation reserve - offset of depreciation	6	-	(355,640)	-	355,640	-
Transfer from revaluation reserve - reverse depreciation		-	-	-	(324,100)	-
Transfer to Government Grant reserve		-	-	324,100	(324,100)	-
Offsetting of depreciation.		-	-	(578,715)	578,715	-
Balance at 30 June 2007		47,306,735	45,860,623	1,793,799	66,439,272	161,400,429

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from levies, government and other	132,910,505	148,946,529
Cash paid to suppliers and employees	125,432,807	152,177,649
Cash generated from/(utilised by) operations	7,477,698	(3,231,120)
Interest received	17,506,136	13,995,734
Interest paid	(190,730)	(55,662)
NET CASH FROM OPERATING ACTIVITIES	24,793,104	10,708,951
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment.	(950,100)	(1,137,415)
Proceeds on disposal of fixed assets.	204,057	200,196
(Increases)/Decreases in non-current loans	6,114,404	(7,507,596)
NET CASH INFLOW/(OUTFLOWS) FROM INVESTING ACTIVITIES	5,368,361	(8,444,815)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance leases repaid	(523,579)	(202,977)
(Decrease) in deferred income	(2,675,985)	(14,841,947)
NET CASH FROM FINANCING ACTIVITIES	(3,199,564)	(15,044,924)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	26,961,900	(12,780,788)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	221,442,046	234,222,833
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	248,403,947	221,442,046

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1.1.1 Reporting Entity

The Cacadu District Municipality is a district municipality domiciled in South Africa. The registered address of the district municipality is 32 Govan Mbeki Avenue, Port Elizabeth. The Cacadu District Municipality is situated in the western portion of the Eastern Cape Province. It covers an area of 58 242 square kilometers. The area of the District Municipality includes nine local municipalities and four other portions collectively known as the District Management Areas (DMA's). The District Municipality's primary function is to support the development of a strong system of local government and service delivery across the district that meets the needs of our stakeholders – the Local Municipalities, residents, and the Private Sector.

1.1.2 Basis of preparation

(a) Statement of compliance

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

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated financial statements and accounting for controlled entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset
GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements. ¹	

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

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

The entity has elected to early adopt the following requirement(s) in GRAP, GAMAP or SA GAAP, which were exempted in terms of General notice 552 of 2007:

Standard no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s), exempted in terms of General notice 552 of 2007, that have been early adopted
GRAP 03	Accounting policies, changes in accounting estimates and errors	▪ Identification and impact of GRAP standards that have been issued but are not yet effective (GRAP 3.30 – 31)
		▪ Changes in accounting policies (GRAP 3.14, 19)
GAMAP 12	Inventories	▪ The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP17.
GAMAP 17	Property, plant and equipment	▪ Review of useful life of items of PPE recognised in the annual financial statements (GAMAP 17.69 – 61, 77)
		▪ Review of depreciation method applied to PPE recognised in the annual financial statements (GAMAP 17.62, 77)
IAS 17 (AC 105)	Leases	▪ Recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement (IAS 17.33 – 34 and 50 – 51, SAICA circular 12/06.8 – 11)
IAS 40 (AC 135)	Investment property	▪ The entire standard to the extent that the property is accounted for in terms of GAMAP 17
IAS 19 (AC 116)	Employee benefits	Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and defined benefit obligation disclosed by narrative information (IAS 19.29,48-119 and 120A(c) - (q))

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for Land and Buildings, which are revalued.

(c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Notes 3 and 23 – provisions and contingencies

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. PROPERTY, PLANT AND EQUIPMENT (PPE)

Property, plant and equipment, is stated at cost, less accumulated depreciation except land and buildings, which are revalued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

The “initial measurement” of property, plant and equipment, upon its “initial recognition” refers to property, plant and equipment’s value when the current basis of accounting was first adopted, i.e. 1 July 2005. The “cost” of property, plant and equipment upon “initial recognition” is either its cost or fair value at initial recognition. The “cost” of land and buildings on 1 July 2005 would constitute its fair value on that date as no cost is available. The “cost” of other assets would be its carrying amount (cost less accumulated depreciation) as at that date on the assumption that the carrying amount represents the asset’s fair value at 1 July 2005 if the asset was acquired prior to this date.

Where the cost of an item of property, plant and equipment was acquired in exchange for, a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets it was measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents transferred.

The cost of assets acquired in an exchange of similar assets, are measured at the carrying value of the asset given up and no profit or loss is recognized.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, then it is regarded as repairs and maintenance and is expensed.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and shall be depreciated according to their different useful life.

The gains and losses arising from the de-recognition of property, plant and equipment (difference between carrying amount less any revaluation surpluses and net disposal proceeds) are included in surplus or deficit when the item is derecognized.

The residual value and the useful life of each asset are reviewed annually.

The depreciation charge for each year is recognized in surplus and deficit unless it is included in the carrying amount of another asset.

Assets held under finance leases are depreciated over the life of the lease period.

Land and buildings will be re-valued every five years commencing from 1 July 2007.

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

	Years
Buildings	50
Specialised vehicles	5-20
Electricity	5-30
Motor vehicles	5-10
Water	5-20
Office equipment	2-10
Sewerage	15-20
Furniture and fittings	7-15
Bins and containers	5-10
Specialised plant and equipment	5-15
Computer equipment	2-10

1.5 RESERVES

1.5.1 Capital Replacement Reserve (CRR)

Current year policy

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised. Interest earned on the CRR investment is recorded as interest earned in the Statement of Financial Performance and may be appropriated to the CRR in accordance with council policy

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

Prior year policy

In order to finance the purchase of items of property, plant and equipment amounts are transferred out of the net surplus for a period (when needed) into the Capital Replacement Reserve (CRR). These transfers from the net surplus may only be made if they are backed by cash. The following provisions are set for the creation and utilisation of the CRR:

- The cash backing up the CRR is invested, in accordance with the investment policy of the Council, until it is utilised.
- Interest earned on the CRR investment is recorded as interest earned in the Statement of Financial Performance and may be appropriated to the CRR in accordance with council policy.
- The CRR may only be utilised for the purpose of purchasing items or construction of property, plant and equipment for the Council and may not be used for the maintenance of these items. If Council wants to utilise the CRR for expensing something other than PPE an amount equal to the expense must be transferred to net surplus.
- If a profit is made on the disposal of PPE other than land the profit on these assets sold is reflected in the statement of financial performance and is then transferred via the statement of changes in net assets to the CRR provided that it is backed by cash.
- Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

1.5.2 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus) 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 by transfers from this reserve to the accumulated surplus/deficit.

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

1.6 PROVISIONS

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If the municipality has an onerous contract, the present obligation under the contract shall be recognized and measured as a provision.

1.7 EMPLOYEE BENEFITS

Current year policy

1.7.1 Defined Contributions

Payments to defined contribution retirement benefit plans are charged to the Statement of financial performance as they fall due. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the scheme is equivalent to those arising in a defined contribution retirement benefit plan.

The Council provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the Council for the remaining 70%. The medical aid contributions are charged to the Statement of financial performance as they fall due.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis on defined benefits contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds.

1.7.2 Defined Benefits

The municipality's net obligation in respect of defined benefit retirement and post retirement plans are calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The actuarial valuation is performed by an independent qualified actuary on a regular basis using the projected unit credit method. When the calculation results in a benefit to the municipality, the recognised asset is limited to

the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the statement of financial performance on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the statement of financial performance.

1.7.3 Accrued Leave Pay

The leave pay accrual is calculated taking into account the municipality's leave pay accrual policy.

Prior year policy

Retirement Funds

The Council and its employees contribute to various Pension Funds and its councillors may contribute to the various Pension Funds. These funds provide retirement benefits to such employees and councillors.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis on defined benefits contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds.

Current contributions are charged against the operating account of the Council at a percentage of the basic salary paid to employees, or allowances in the case of councillors.

Medical Aid: Continued Members

The Council provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the Council for the remaining 70%.

Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The leave pay accrual is calculated taking into account the municipality's leave pay accrual policy.

1.8. LEASES

1.8.1 Municipality as the lessee

Leases in terms of which the municipality assumes substantially all the risks and rewards of ownership are classified as finance leases and where the lessor retains substantially all the risks and rewards of ownership, these are classified as operating leases.

Upon initial recognition the finance leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments and the corresponding liabilities are raised. Subsequent to initial recognition, the asset is accounted for in

accordance with the accounting policy applicable to that asset. 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

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

1.8.2 Municipality as the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

1.9. INVESTMENTS

The Municipality classifies its investments in the following categories:

- loans and receivables and
- held-to-maturity investments.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

1.9.1 Loans and receivables

Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables, receivable within 12 months are included in trade and other receivables in the Statement of Financial Position.

1.9.2 Held-to-maturity investments

Held-to-maturity investments are fixed or determinable payments and fixed maturities that the municipality has the positive intention and ability to hold to maturity.

The accounting policy for financial instruments recognition, measurement and disclosures is in accordance with the exemptions in Gazette no. 30013 of 29 June 2007

1.10. INVENTORIES

Current year policy

Unsold properties are valued at the lower of cost and net realisable value. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

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

Prior year policy

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

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

1.11. TRADE AND OTHER RECEIVABLES

Accounts receivable are carried at anticipated realisable 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.

1.12. TRADE AND OTHER PAYABLES

Current year policy

Trade and other payables are initially recognized at the cost of the present obligation of a past event.

Prior year policy

Trade creditors are stated at their nominal value.

1.13. REVENUE RECOGNITION

Revenue comprises the cost of the consideration received or receivable for the sale of goods and services in the ordinary course of the Municipality's activities. Revenue is shown net of value added tax, estimated returns, rebates and discounts and after eliminated revenue within departments of the Municipality. Revenue is recognised as follows:

1.13.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when consumed. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when consumed and accrued accordingly.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined

per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

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

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

Income collected on behalf of "principals" is recognised on a monthly basis once the income collected on behalf of the principal has been quantified. The income recognised is in terms of the agency agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

All other revenue is recognised as it accrues.

1.13.2 Revenue from non-exchange transactions

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

Revenue from Regional Levies, both those based on turnover as well as those based on remuneration, is recognised on the payment due basis.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, at the cost of the consideration received or receivable.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

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

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

1.14. CONDITIONAL GRANTS AND RECEIPTS

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

The accounting policy for conditional grants and receipts is in accordance with the exemptions in Gazette no. 30013 of 29 June 2007

1.15. VALUE ADDED TAX

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

1.16. SEGMENTAL INFORMATION

Current year policy

The principal segments have been identified on a primary basis by classification of the revenue and expenditure and on a secondary basis by the classification of service of operations. The secondary basis is representative of the internal structure for both budgeting and management purposes.

Prior year policy

The principal segments have been identified on a primary basis by service operation and on a secondary basis by the classification of revenue and expenditure. The primary basis is representative of the internal structure for both budgeting and management purposes. The secondary basis classifies all operations based on the classification of revenue and expenditure.

1.17. GRANTS-IN-AID

The Council transfers money, from time to time to individuals, organisations and other sectors of government in accordance with the Municipal Finance Management Act.

1.18. CASH AND CASH EQUIVALENTS

Current year policy

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

Prior year policy

Cash includes cash on hand and cash with banks. Cash equivalents are 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 purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

1.19. 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 detailed further in the notes to the financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20. 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 detailed further in the notes to the financial statement, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21. 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 detailed further in the notes to the financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22. COMPARATIVE INFORMATION

1.22.1 Current year comparatives:

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

1.22.2 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.

1.23. BORROWING COSTS

Borrowing costs are recognised as incurred and expensed in the Statement of Financial Performance.

1.24. CONSOLIDATION OF KOUGA DEVELOPMENT AGENCY (KDA)

The municipality has a 50% interest in The Kouga Development Agency (KDA). It exercises management control over the KDA. The accounting policy for consolidation of a subsidiary is in accordance with the exemptions in Gazette no. 30013 of 29 Jun'07.

All the above accounting policy is in accordance with the exemptions in Gazette no. 30013 of 29 June 2007.

1.25. EXEMPTIONS

Cacadu District Municipality applied for the following exemptions in accordance with Gazette no. 30013 of 27 June 2007.

GAMAP 9 Revenue

- The entire standard as far as it relates to measurement at fair value.

GAMAP 17 Property plant and equipment

- Impairment of non- cash generating assets [paragraphs 64-69 and 75(e)(v)-(vi)]
- Impairment of cash generation assets [paragraphs 63 and 75(e)(v) – (vi)]

IAS 36 (AC 128) Impairment of assets

- Entire standard

GAMAP 12 Inventories

- The entire standard to the extent that it relates to water stock that was not purchased by the municipality

IAS 39 (AC 133) Financial Instrument: Recognition and measurements

- Initially measuring financial assets and financial liabilities at fair value.(SAICA circular 09/06, paragraph 43, AG 79, AG 64 and AG65 of IAS 39/ AC 133)

IFRS 7 (AC 144) Financial Instruments: Disclosures

- Entire statement to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.

IAS 20 (AC 134) Accounting for Government Grants and disclosures of government assistance

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
2. RESERVES		
Capital Replacement Reserve	47,306,735	47,966,667
Revaluation Reserve	45,860,623	38,516,658
Government Grant Reserve		
- Assets financed ex Government Grants	1,793,799	1,758,248
Total Reserves	94,961,157	88,241,573

The CRR is fully invested.

3. LONG- TERM LIABILITIES

Finance leases

Finance leases	848,993	1,372,572
As previously stated	-	1,174,238
Add: Understatement of finance lease due to understatement of cost and previous overstatement of finance charges.	-	198,334
	(466,208)	(451,811)
As previously stated	-	(394,592)
Add: Understatement of prior year's short term portion	-	(57,219)
	382,785	920,761

The finance leases are secured by hypothecs over motor vehicles with book values of R 1 054 140 (2006 : R 1 349 506) as per note 6. The finance leases interest rate fluxuates at .5% below prime and is repayable in monthly instalments of R 50 050 per month. The long term balance is repayable within five years.

The total of the present value of the future minimum lease payments at the balance sheet date are :

Within one year	466,208
Later than one year, but not later than five years	382,785
	848,993

Detailed information is available on Appendix A.

Deferred income

Conditional Grants from Government	77,162,671	80,799,602
National Government Grants	37,458,921	42,597,949
Provincial Grants and subsidies	39,703,749	38,201,653
Conditional Third party Grants from Government.	3,944,588	2,974,121
Provincial Grants and subsidies - 3rd party	3,387,758	2,809,872
Other	556,829	164,249
Other donations	38,602	48,123
Total Conditional Grants and Subsidies	81,145,861	83,821,846
Less : Short term portion transferred to current liabilities	66,145,861	68,821,846
Total Defered income	15,000,000	15,000,000
The long term portion of deferred income of R 15m represents Restructuring Grant Funds that have been ring-fenced for the construction of a new office building in Jeffreys Bay.		
Total long term liabilities	15,382,785	15,920,761

See **Appendix F** for a reconciliation of grants from National/Provincial Government. These amounts are fully invested until utilised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
Non-current provisions		
Provision for Post Retirement Benefits.	54,200,000	52,500,000
Total Non-Current Provisions	<u>54,200,000</u>	<u>52,500,000</u>

The District Municipality's net obligation in respect of post retirement medical benefits was calculated by Arch Actuarial Consulting on the 30 August 2005. The value of the post retirement medical and pension benefits was arrived at by calculating the value of the subsidies at 30 June 2005 with escalations for 3 years. The key financial assumptions used were, discount rate 8.5%, Health care cost inflation rate (long term) 7% and net effective discount rate of 1.4%. Allowances were made for the increases in subsidies in the future at a rate equal to that of the expected medical aid inflation rate. The liability for CDM amounts to R54.2M. The contribution for the year under review amounts to R1.7m. The contribution has been funded from the accumulated surplus. The provision was established for the purpose of generating interest that is utilised to fund the yearly medical scheme commitments in respect of post retirement benefits. The expected future outflows is dependent upon the life expectancy of existing members and their spouses.

	<u>Post Retirement Benefits</u>	
The movement in the provisions is reconciled as follows:-		
Balance at beginning of year	52,500,000	50,900,000
Contributions	2,745,774	2,968,471
Expenditure incurred	(2,745,774)	(2,968,471)
Increase in provision	1,700,000	1,600,000
Balance at end of year	<u>54,200,000</u>	<u>52,500,000</u>

The estimated expected timing of resulting outflows of post retirement benefits are:

With one year	2,539,841
Later than one year, not later than five years	12,736,269
Later than five years	38,923,890
	<u>54,200,000</u>

4. TRADE AND OTHER PAYABLES

Payments in advance- RSC Levies	681,400	2,744,542
Payments in advance- Other	-	143
Payments in advance- Service debtors	11,096	10,190
Payments in advance - Sundry debtors	319,487	387,321
Payments in advance - Surety deposits	14,461	14,461
Unidentified deposits	54,002	521,916
Accrued leave	1,125,373	-
Deferred income	8	-
Infrastructure projects Levies	11,011,498	13,352,224
Salaries and Wages	204,353	356,190
Sundry creditors	86,607	98,687
Accruals	4,341,333	3,669,786
As previously stated	<u>17,849,618</u>	<u>21,155,460</u>
Adjustments GAMAP/GRAP		
Understatement of 2006 creditors as result of an error	-	197,585
Overstatement of RSC Levies 2006	-	(1,775,051)
Overpayments of trade debtors previously treated as unidentified deposits now transferred to income	-	(5,128)
Reclassification		
Accrued leave previously classified as provisions	-	1,193,292
Total trade and other payables	<u>17,849,618</u>	<u>20,766,158</u>

5. PROVISIONS

As previously stated	-	1,193,292
Less: Reclassified as trade and other payables	-	(1,193,292)
Restated balance	<u>-</u>	<u>-</u>

CACADU DISTRICT MUNICIPALITY

47

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

6. PROPERTY, PLANT AND EQUIPMENT	Infrastructure	Community	Other	Total
Restated Carrying value at 30 June 2006	-	18	49,205,614	49,205,632
Cost	1	19	12,794,933	12,794,953
Revaluation	-	-	42,636,000	42,636,000
Accumulated Depreciation				
- Based on cost	1	1	5,870,653	5,870,655
- Based on revaluation	-	-	354,666	354,666
Depreciation			2,044,764	2,044,764
-Cost	-	-	1,689,124	1,689,124
-Revaluation	-	-	355,640	355,640
Carrying value of disposals/transfer to inventory			(1,319,910)	(1,319,910)
Cost	-	-	(285,106)	(285,106)
Revaluation transfer to current asset	-	-	(1,105,000)	(1,105,000)
Accumulated Depreciation - cost	-	-	70,196	70,196
Accumulated Depreciation - revaluation	-	-	-	-
Revaluation at 30 June 2007	-	-	7,699,605	7,699,605
Reversal of previous accumulated depreciation	-	-	-	-
Revaluation at 30 June 2007	-	-	7,699,605	7,699,605
Additions			950,100	950,100
Cost	-	-	950,100	950,100
Revaluation of Land and buildings to Fair value at 30 June 2007	-	-	-	-
Carrying value at 30 June 2007		18	54,490,645	54,490,663
Cost	1	19	13,459,927	13,459,947
Revaluation	-	-	49,230,605	49,230,605
Accumulated Depreciation			-	-
- Based on cost	1	1	7,489,581	7,489,583
- Based on revaluation	-	-	710,306	710,306
As Previously stated carrying values at 1 July 2005		18	5,487,922	5,487,940
Cost	1	19	15,582,491	15,582,511
Revaluation	-	-	-	-
Accumulated Depreciation			-	-
- Based on cost	1	1	10,094,569	10,094,571
- Based on revaluation	-	-	-	-
Understatement (overstatement) of previous carrying values			44,562,074	44,562,074
-Accumulated depreciaiton	-	-	(5,690,750)	(5,690,750)
Increase in valuations of Land and Buildings GAMAP/GRAP	-	-	38,871,324	38,871,324
Acquisitions			1,137,415	1,137,415
Cost	-	-	1,137,415	1,137,415
Overstatement of previous cost	-	-	-	-
Depreciation			1,920,154	1,920,154
- Based on cost as previously stated	-	-	984,161	984,161
- Understatment of 2006 depreciation - GAMAP/GRAP	-	-	581,327	581,327
- Understatement of 2006 depreciaiton on revaluation	-	-	354,666	354,666
Disposals			61,644	61,644
- Cost	-	-	160,296	160,296
- Accumulated Depreciation	-	-	(98,652)	(98,652)
Restated Carrying value at 30 June 2006	1	18	49,205,613	49,205,632
Cost	1	19	16,559,610	16,559,630
Revaluation	-	-	38,871,324	38,871,324
Accumulated Depreciation			-	-
- Based on cost	1	1	5,870,655	5,870,657
- Based on revaluation	-	-	354,666	354,666

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Land and buildings were valued at 30 June 2007 using the income capitalisation, comparable sales of sectional title office developments and comparable sales methods by DDP valuers Pty(Ltd) a registered and independent valuator. As the date of adoption of GAMAP GRAP was 1 June 2005, the valuation was present valued to 1 June 2005, using growth rates as determined by the independent valuator for the land and buildings to determine their fair value at 1 June 2005. Buildings are depreciated on cost less residual value, using the straight line method, over their estimated useful lives. As the carrying value of the Land and Buildings differed materially to the valuation of Land and Buildings at 30 June 2007, the Land and Buildings were revalued to the fair value at 30 June 2007 as determined by DDP valuers Pty(Ltd) a registered and independent valuator.

The revaluation surplus is reconciled as follows:

	2007 R	2006 R
Balance at beginning of the year	38,516,658	38,871,324
Surplus realised	<u>(355,640)</u>	<u>(354,666)</u>
	38,161,018	38,516,658
Revaluation at 30 June 2007	<u>7,699,605</u>	<u>-</u>
Balance at beginning of the year	<u><u>45,860,623</u></u>	<u><u>38,516,658</u></u>

Backlog depreciation was calculated according to GAMAP 17 taking into consideration the estimated useful life of the asset.

Refer Appendixes B and C for more detail on property, plant and equipment.

7. LONG-TERM RECEIVABLES

Loans to Kouga Local Municipality	209,183	334,736
Department of Housing (Housing Schemes)	7,855,461	-
Staff loans	<u>58,791</u>	<u>40,215</u>
	8,123,436	374,951
Less : Short-term portion transferred to current assets	<u>143,504</u>	<u>162,319</u>
As previously stated Total Non-Current receivables	7,979,932	212,632
Reclassification		
Reclassification of Department of Housing from Trade and other receivables	-	13,862,888
Restated Long-term Receivables	<u><u>7,979,932</u></u>	<u><u>14,075,520</u></u>

The loan to Kouga Local Municipality is unsecured, bears interest at 14.25 % per annum and is repayable in 30, 6 monthly payments.

The loan to the Department of Housing is unsecured, interest free and has no fixed terms of re-payment.

8. INVESTMENTS

Unlisted

CDM has a 50 percent share in the Kouga Development Agency (KDA)

Financial instruments	-	217,000,000
Other short-term deposits	<u>-</u>	<u>217,000,000</u>
As previously stated	-	217,000,000
Less: Reclassified as cash and cash equivalents	<u>-</u>	<u>-</u>
Restate balance	<u><u>-</u></u>	<u><u>-</u></u>

9. INVENTORY

Land	480,000	-
Building - Grahamstown depot	<u>625,000</u>	<u>-</u>
	<u><u>1,105,000</u></u>	<u><u>-</u></u>

The land Erf 722 measuring 1.716ha and Erf 723 measuring 1331 m2 and building thereon is in the process of being transferred to the Makana Municipality and have been classified as inventory.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
10. TRADE AND OTHER RECEIVABLES		
Levies	3,825,650	-
Services	936,990	-
Rates	47,889	-
Sundry Debtors	990	44,524
Other Debtors - Rietbron	-	182,857
Rental	90,614	88,738
Accrued Rent	12,871	-
Staff accounts	5,576	4,977
Nelson Mandela Metropolitan debtors bank deposits	50,833	2,479,491
Interest on investments accrued	-	1,006,939
General	381,825	2,237,064
Housing scheme	-	13,862,888
Deposits	-	15,130
Salaries and Wages	29,627	30,146
VAT	1,615,510	-
	<u>6,998,375</u>	<u>19,952,754</u>
Less: Provision for bad debts other	-	(1,528,422)
As Previously stated	<u>6,998,375</u>	<u>18,424,332</u>
Reclassification		
Reclassification of housing scheme to Loans receivable	-	(13,862,888)
VAT previously separately disclosed, now disclosed as trade and other receivables	-	1,002,028
Deposits separately disclosed as deposits	-	(15,130)
Interest on investments accrued reclassified as cash and cash equivalents	-	(1,006,939)
Kouga Development Agency	-	713,912
Consumer debtors previously separately disclosed	-	
-Levies	-	3,365,780
-Services	-	554,345
-Rates	-	40,943
Adjusted for		
Provision for bad debts	-	1,528,422
Misstatement of 2006 VAT	-	506,436
Understatement of VAT for 2005 - apportionment calculation	-	564,849
Understatement of VAT for 2006 - apportionment calculation	-	679,908
Overstatement of VAT for 2006 - overstatement of Levies	-	(738,322)
Overstatement of 2006 debtors	-	(968)
Understatement of 2006 debtors	-	4,409
Understatement of 2006 levies	-	4,236,999
	<u>6,998,375</u>	<u>15,491,681</u>
Less: Provision for bad debts	(3,694,240)	(5,034,200)
Balance at beginning of year	5,034,200	3,751,616
Contributions to/(from) bad debt provision	(1,339,961)	1,282,586
Bad debts written off	54,913	61,022
Bad debts expenses	(54,913)	(61,022)
Restated Total Trade and other Receivables	<u><u>3,304,135</u></u>	<u><u>10,457,481</u></u>
61 - 90 Days	-	125,340
91 - 120 Days	-	103,997
121 - 150 Days	-	87,945
151 - 180 Days	-	91,312
+ 180 Days	3,825,650	2,680,225
Total	<u><u>3,825,650</u></u>	<u><u>3,088,819</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
Services: Ageing		
0 - 90 Days	63,509	21,344
+ 90 Days	873,481	533,000
Total	<u>936,990</u>	<u>554,344</u>

Rates : Ageing

0 - 90 Days	4,838	-
+ 90 Days	33,994	40,943
Total	<u>47,889</u>	<u>40,943</u>

SERVICE CHARGES

Sale of water	131,046	66,511
Refuse removal	22,685	19,391
Sewerage and sanitation charges	58,259	51,752
	<u>211,990</u>	<u>137,654</u>

The RSC Levies are collected by the Nelson Mandela Metropolitan Municipality on a contractual basis.

According to legislation passed during 2004/2005, the collection of RSC levies has been abolished effective 1 July 2006.

11. DEPOSITS

Deposits - Electricity	5,500	5,500
Deposits - Parking	1,220	1,200
Deposits - Reitbron fuel	2,000	-
Deposits - Post Office	9,000	9,000
	<u>17,720</u>	<u>15,130</u>

12. CASH AND CASH EQUIVALENTS

The Municipality has the following bank account:

Current Account (Primary Bank Account)

ABSA Limited
32 Govan Mbeki Avenue
Port Elizabeth
Account Number : 1640 000 062 (Current Account)

Cashbook balance at the beginning of the year	<u>3,430,008</u>	<u>7,890,844</u>
Cashbook balance at the end of the year	<u>3,865,929</u>	<u>3,430,008</u>
Bank statement balance at the beginning of the year	<u>7,933,832</u>	<u>9,574,043</u>
Bank statement balance at the end of the year	<u>12,435,889</u>	<u>7,933,832</u>

Short Term Investments**Short Term Deposits**

Cashbook balance at beginning of year	<u>218,066,939</u>	<u>227,000,000</u>
Cashbook balance at end of the year	<u>244,534,917</u>	<u>218,066,939</u>
Bank statement balance at beginning of the year	<u>218,066,939</u>	<u>227,000,000</u>
Bank statement balance at end of the year	<u>244,534,917</u>	<u>218,066,939</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
Disclosed in the Statement of Financial Position as follows:-		
Cash and cash equivalents	248,403,946	221,442,047
Bank Balances	3,865,929	3,430,008
Call Account Deposits	244,534,917	218,006,939
Petty cash	3,100	5,100
Balance at the end of the year	248,403,946	3,435,108
Balance at the beginning of the year	221,442,047	16,215,895
Net Increase/(Decrease) in cash and cash equivalents	26,961,899	(12,780,787)
Held to maturity investments		
Interest on investments accrued	1,534,917	1,006,939
Short Term Deposits	242,000,000	217,000,000
Short Term Deposits	243,534,917	218,006,939
Call Account Deposits	1,000,000	-
Total cash investments	244,534,917	218,006,939
Total Short Term Deposits	244,534,917	218,006,939
Allocation of external investments		
Surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-		
Reserves (Excluding Future Depreciation Reserves)	47,306,734	47,966,667
Provisions (Including Bad Debt Provision)	57,894,240	58,727,491
Conditional Grants and Receipts	81,145,861	83,832,046
Infrastructure projects from Levies	11,011,498	13,352,224
Unappropriated surplus	44,641,667	13,121,572
Total	242,000,000	217,000,000
The prior year short term deposits was previously disclosed as investments, see note 8.		
13. GOVERNMENT GRANTS AND SUBSIDIES		
Government Grants		
Equitable share	41,734,852	3,292,473
Skills Development	-	714,451
Disaster Management	-	1,000,000
Restructuring Grant - LED	-	2,000,000
Restructuring Grant - Capacity Building	-	500,000
Restructuring Grant - Development Facilitation	794,395	13,692,334
Total Government Grants	42,529,247	21,199,258
Provincial Subsidies		
Contribution to Retirement benefits- (Roads pensioners)	2,897,345	2,924,503
Environmental Health	4,028,471	3,800,444
Total Provincial Subsidies	6,925,816	6,724,947
Total Government Grants and Subsidies received	49,455,063	27,924,205
National/Provincial Government Grant funding (expenditure reimbursement)		
Goat Farming at Ikhwezi LM	99,446	-
Drought Relief	887,456	6,416
Libraries - Municipalities	2,951,453	353,194
Mayor's Special Projects	12,969	63,382
Disaster Management	2,773,014	3,070,893
Community Development Workers	-	840,642

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
Finance Management Grant	1,132,978	871,241
HIV/AIDS ATICCS	-	311,000
HIV/AIDS District Aids Council	-	9,979
Payment of Stipend to Volunteers	-	1,102,704
HIV/AIDS NGO Funding	-	505,884
HIV/AIDS Medications	1,688,439	1,779,604
HIV/AIDS LSA Activities	695,964	1,575,394
HIV/AIDS Home Based Care Kit Top	-	53,189
Ikwezi Library	89,525	137,248
Municipal System Improvement Grant	1,297,499	4,398,968
IDP Support Grant for LM's and DM's	849,141	9,211
Restructuring Grant	3,666,200	6,089,243
Steytlerville Sport Field	15,136	-
Ambulance Subsidy	1,370,566	565,010
Spatial Development Framework- DHLG & TA	63,666	86,334
Inter-Governmental Relations	-	103,541
Longmore Flower Trail	40,000	760,000
Housing Projects	7,339,643	4,638,894
Peoples Housing Project	1,063,006	5,467,821
Economic Growth and Development Strategy - DFID	245,900	54,100
Thornham - Water Supply	-	36,052
Municipal Grant LED	112,000	-
Grant DBSA-CDM Spatial Data Base	-	1,267,094
Ikwezi Youth Development	136,063	295,738
Ikwezi MSP	-	45,101
Ikwezi - Hardwood Farm	699,099	475,568
Ikwezi Financial Aid	75,970	-
Ndlambe Disability Special Projects	36,936	-
Passenger Transport Plans and Facilities	457,858	2,939,701
Election Elections	-	80,646
Planning and Rudimentary Services	244,100	-
Pilot Housing Project - Addo	-	251,988
Pilot Housing Project Thornhill	-	-
District Wide Projects - Ex TRC funds	108,756	5,700
Aberdeen TRC	-	233,130
Land Survey Projects	41,500	-
Albany TRC	-	664,336
Spatial Planning Projects	75,000	-
Dept Agriculture; Develop a Spacial plan	427,500	-
Town Planning Services	-	17,278
Willowmore TRC	-	193,656
Multiannual Action Plans - MAAP	1,016,588	3,096,717
MIG	6,605,695	17,745,703
Department of Sport, Recreation Arts and Culture	32,009	166,680
Public Works Projects	-	221,061
Building for Sport and Recreation	732,743	832,092
Valuation Projects	1,875,374	-
Blue Crane Route: Municipal Finance IT	118,590	-
Blue Crane Route: Municipal Finance AFS	123,690	-
Blue Crane Route: Municipal Finance Mentor	41,540	-
Vinhanzo Baartman (Bursary)	1,540	-
Thumeka Toni (Bursary)	1,890	-
Flood Damage Roads	9,012,457	-
BCR - Misty Mountain Flower Project	290,000	-
Total National/Provincial Government Grants (expenditure reimbursements)	48,548,899	61,422,133
TOTAL GOVERNMENT GRANTS AND SUBSIDIES	98,003,962	89,346,338

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
Equitable share		
In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to the DMA and Rietbron. The balance is used to supplement the Municipalities revenue as regional levies are not sufficient.		
14. OTHER INCOME		
Finance charges to funding	648,424	1,167,341
Contribution from Skills Development Fund	202,989	-
Contributions from Local Municipalities-Job Description Unit	640,499	-
Printing Costs Recovered	573,525	-
Infrastructure projects funded from Infrastructure Contingency Fund (ICF)	2,288,230	-
Insurance claims	82,258	-
Other	401,036	8,083,231
Total Other Income	4,836,961	9,250,572
15. EMPLOYEE RELATED COSTS		
15.1 Employee Related Costs		
Salaries and wages	17,951,578	16,278,857
Social contributions	6,848,381	6,541,678
	24,799,959	22,820,535
Remuneration of the Municipal Manager		
Annual Remuneration	613,441	431,320
Car Allowance	161,063	156,000
Performance Bonus	102,851	45,544
Total	877,355	632,864
Remuneration of the Director Finance and Corporate Service		
Annual Remuneration	570,309	421,758
Car Allowance	103,667	100,000
Performance Bonus	93,636	40,584
Total	767,612	562,342
Remuneration of the Manager of Health		
Annual Remuneration	303,556	309,417
Car Allowance	102,528	96,000
Performance Bonus	61,182	26,400
Total	467,266	431,817
Remuneration of the Director Infrastructure		
Annual Remuneration	509,621	346,231
Car Allowance	100,000	92,667
Performance Bonus	74,572	28,832
Total	684,193	467,730
Remuneration of the Director Development Facilitation		
Annual Remuneration	276,374	463,671
Car Allowance	50,000	100,000
Performance Bonus	87,262	44,058
Total	413,636	607,729
Office vacated after 6 months in the 2006/2007 financial year.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
15.2 Remuneration of Councillors		
Executive Mayor	503,407	385,697
Speaker	391,256	171,425
Mayoral Committee members	1,872,193	1,507,351
Councillors	1,034,476	725,893
Councillors' pension and Medical contribution	-	21,294
Total Councillors' Remuneration	<u>3,801,332</u>	<u>2,811,660</u>
Less: Amounts include in general expenses, which represents cellular telephone allowances.	155,022	124,666
	<u>3,646,310</u>	<u>2,686,994</u>
In-kind Benefits		
The Executive Mayor is full-time and with the Mayoral Committee Members is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.		
16. KEY MANAGEMENT PERSONNEL		
The following are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director of Cacadu District Municipality:		
Executive Mayor		
Speaker		
Mayoral Committee members		
Councillors		
Municipal Manager		
Director: Infrastructure		
Director: Development Facilitation		
Director: Finance and Corporate Services		
Manager: Health Services		
Their short term employee benefits are disclosed in note 15.		
17. Finance cost		
Finance leases	190,730	55,662
Total interest on External Borrowings	<u>190,730</u>	<u>55,662</u>
18. BULK PURCHASES		
Water purchases	15,791	55,776
19. GRANTS AND SUBSIDIES PAID		
Tourism (District Tourism Organisation)	-	650,482
Other	-	7,293,265
Expenditure charged against conditional grants	46,124,699	62,473,908
Total Grants and Subsidies paid	<u>46,124,699</u>	<u>70,417,655</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
20. CASH GENERATED FROM / (UTILISED BY) OPERATIONS		
Net surplus for the year	16,803,271	18,574,680
Adjustment for:-		
Depreciation	2,044,764	1,920,154
Loss on disposal of property, plant and equipment	10,854	28,461
Provision for post retirement benefits	1,700,000	1,600,000
Contributions to/(from) bad debt provision	(1,339,961)	1,282,585
Investment income	(17,506,136)	(13,995,734)
Interest paid	190,730	55,662
Operating surplus before working capital changes:	1,903,522	9,465,808
(Increase)/Decrease in accounts receivable	8,493,305	(3,616,907)
(Increase)/Decrease in deposits	(2,590)	-
Increase/(Decrease) in accounts payable	(2,916,540)	(9,080,021)
Cash generated/(utilised) by operations	7,477,698	(3,231,120)

21. RETROSPECTIVE RESTATEMENT OF ERRORS

During the year under review it was discovered that:

- Regional Service Levies for Turnover of R3 269 711 that should have been recognised in 2006 were incorrectly omitted from 2006 and recognised as revenue in 2007
- Regional Service Levies for Remuneration of R2 004 017 that should have been recognised in 2006 were incorrectly omitted from 2006 and recognised as revenue in 2007
- Government grants and subsidies of R308 627 that should have been recognised in 2006 were incorrectly omitted from 2006 and recognised as revenue in 2007.
- Tarrifs and charges of R968 that should not have been recognised in 2006 were incorrectly recognised in 2006 and incorrectly not recognised as revenue in 2007.
- Overstatement of Employee related cost of R353 798 as a result of understatement of 2006 provision post retirement benefits that has now been corrected and R1 15 676 incorrectly omitted in 2006 and recognised as expenditure in 2007.
- Bad debts written off of R61 022 that should have been separately disclosed in 2006 were incorrectly disclosed as general expenses in 2006
- Depreciation of R930 108 was understated in 2006 as a result of Buildings not being fair valued and depreciated and residual values not being taken into account when calculating depreciation for plant and equipment.
- Repairs and maintenance of R17 561 that should not have been recognised as an expense in 2006 as it related to fixed assets has now been corrected in 2006.
- Finance costs of R93 464 that were incorrectly recognised as an expenditure in 2006 as a result of understatement of finance lease in 2006 has now been corrected in 2006.
- Government grants and subsidies of R308 627 that should have been recognised in 2006 were incorrectly omitted from 2006 and recognised as expenditure in 2007.
- General expenses other of R543 345 that should have been recognised as an expenses in 2006 were incorrectly omitted from 2006 and incorrectly recognised as an expense in 2007.
- Understatement of provision for post retirement benefits of R353 798 as a result of an overstatement of 2006 employee related cost

The municipality's accounting records for 2007 showed revenue of R129 689 960 (including Regional levies of R5 273 728 and Tarrifs and charges of -R968) and expenditure of R107 811 513 (including expenditure of R197 585) for a surplus of R21 878 447.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007
R

2006
R

The comparative and current amounts have been appropriately restated. The effect of the errors are as follows:

	2007	2006 Restated	2006 As Previously stated
Revenue	124,417,199	150,289,206	144,707,819
Regional Services Levy- Turnover	2,181,404	22,900,422	19,630,711
Regional Services Levy- Remuneration	753,013	13,791,270	11,787,254
Rental	811,120	734,275	734,275
Investment Interest	17,131,133	13,421,124	13,421,124
Other Interest	375,003	574,610	574,610
Income for agency services	88,536	90,892	90,892
Government grants and subsidies	98,003,962	89,346,338	89,037,711
Tariffs and Charges	196,716	152,535	153,503
Property Rates	27,134	27,168	27,168
Other income	4,836,961	9,250,572	9,250,572
Gains on disposal of property, plant and equipment	12,218	-	-
Expenditure	107,613,929	131,714,525	131,063,253
Employee related costs	24,799,959	22,820,535	23,174,333
Remuneration of Councillors	3,646,310	2,686,994	2,686,994
Contribution to bad debt provision	(1,339,961)	1,282,585	1,282,585
Bad debts written off	54,913	61,022	-
Collection costs	331,565	1,316,223	1,316,223
Depreciation	2,044,764	1,920,154	990,046
Repairs and maintenance	1,379,367	2,660,978	2,678,539
Interest on External Borrowings	190,730	55,662	149,126
Contracted services	2,270,223	2,673,135	2,673,135
Grants and Subsidies paid	46,124,699	70,417,655	70,109,028
General expenses-other	26,345,095	24,152,392	24,689,852
Provision for post retirement benefits	1,700,000	1,600,000	1,246,202
Loss on disposal of property, plant and equipment	23,071	28,461	28,461
Cross subsidisation	43,191	38,731	38,731
	<u>16,803,271</u>	<u>18,574,680</u>	<u>13,644,565</u>
The effect of the error on accumulated surplus is as follows:	<u>5,075,176</u>	<u>(145,061)</u>	

22. EXTERNAL LOANS RECONCILIATION

Cacadu District Municipality has external loans in the form of finance leases. Refer Appendix A

23. CONTINGENT LIABILITY

A possible liability exists in respect of group life insurance claims that have been

450,000

-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
24. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
<u>Unauthorised expenditure</u>		
Reconciliation of unauthorised expenditure		
Opening balance	-	-
Unauthorised expenditure current year	1,310,323	-
The Executive and Council Function has been overspent for the year under review. Below are the contributing factors :	Budget/Actual Variance	
Advertising - all municipal advertising costed to Executive and Council	410,222	
Entertainment - all catering for meetings costed to Executive and Council	279,905	
Councillors Remuneration - approved by Council, adjustment budget not proposed in error	452,010	
Printing and Stationery - budget inadequate	151,607	
In addition the year end transaction for the leave provision has been higher than expected.		
Approved by Council - subsequent to year end	(1,310,323)	-
Transfer to statement of Financial performance - authorised losses	-	-
Transfer to receivables for recovery	-	-
Closing balance	-	-
<u>Irregular, fruitless and wasteful expenditure</u>		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Approved by Council	-	-
Transfer to statement of Financial performance - authorised losses	-	-
Transfer to receivables for recovery	-	-
Closing balance	-	-
Total unauthorised, fruitless and wasteful expenditure disallowed	-	-
25. ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT		
25.1 Contributions to SALGA		
Opening balance	-	-
Council subscriptions	204,140	219,547
Amount paid - current year	(204,140)	(219,547)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
25.2 Audit fees		
Opening balance	-	-
Current year audit fee	796,814	664,923
Amount paid - current year	(864,558)	(664,923)
Amount paid - previous years	-	-
Balance due (included in debtors)	(67,744)	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
25.3 VAT		
Input tax	(2,468,550)	(2,031,446)
Output tax	679,400	1,029,418
NET VAT -(receivable)	<u><u>(1,789,150)</u></u>	<u><u>(1,002,028)</u></u>

All Vat returns have been submitted by the due date throughout the year.

25.4 PAYE and UIF

Opening balance	2,969	(16,097)
Current year payroll deductions	5,869,499	5,852,641
Amount paid - current year	(5,863,207)	(5,849,672)
Amount paid - previous years	(2,969)	16,097
Balance unpaid (included in debtors)	<u><u>6,292</u></u>	<u><u>2,969</u></u>

The balance represents PAYE and UIF paid to SARS on behalf of employees

25.5 Pension and Medical Aid Deductions

Opening balance	(50,102)	(3,144)
Current year payroll deductions and Council Contributions	2,404,164	2,899,399
Amount paid - current year	(2,404,164)	(2,949,501)
Amount paid - previous years	(389)	3,144
Balance unpaid (included in creditors)	<u><u>(50,491)</u></u>	<u><u>(50,102)</u></u>

26. CAPITAL COMMITMENTS

A capital commitment of R 15 m exists for the construction of a new office building in Jeffreys Bay. This amount has been ringfenced and is recorded in the Restructuring Grant account.

27. OPERATING COMMITMENTS

Operating leases - as lessee (expense): photostat and facsimile machines

Minimum future lease payments due		
-within one year	19,015	206,296
-second to fifth year inclusive	<u>109,193</u>	<u>354,303</u>
Total	<u>128,208</u>	<u>560,599</u>

28. RETIREMENT BENEFIT INFORMATION**28.1 Post-Retirement Medical Benefit**

Provision is made for post retirement medical benefits in the form of health care plans for eligible employees and pensioners.

28.2 Pension and Retirement Fund Benefits

Employees and Council contribute to the Cape Joint Pension and Retirement Funds on the basis of a fixed contribution which is charged against income as incurred.

29. IN-KIND DONATIONS AND ASSISTANCE

No in-kind donations and assistance were made during the year

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
30. AGENCY FUNCTIONS		
The District Municipality provides Primary Health Care services on an agency basis, and the net transactions are recorded below;		
Subsidy received	17,527,959	18,007,232
Expenditure incurred	<u>17,527,959</u>	<u>16,376,009</u>
Surplus	<u>-</u>	<u>1,631,223</u>

31. RISK MANAGEMENT**31.1 Liquidity risk**

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity through an ongoing review of future commitments and credit facilities.

Stringent cash management procedures are in place. These include cash flow forecasting.

31.2 Interest rate risk

Deposits attract interest at a rate that varies according to the prime banking rate. The municipality manages this interest rate risk by ensuring that all surplus funds are invested in fixed rate instruments and by maintaining the minimum possible balance in the current account.

31.3 Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and debtors. The Municipality only deposits cash with the five major banks which have an equity above R 6 billion with good credit rating. The Municipality also limits exposure according to a pre determined formulae.

Consumer debtors comprise a widespread customer base. Management evaluates credit risk relating to consumers on an ongoing basis.

32. ACTUAL OPERATING EXPENDITURE VERSUS BUDGETED OPERATING EXPENDITURE

Refer to Appendix E (1) for the comparison of actual operating expenditure versus budgeted operating expenditure.

33. ACTUAL CAPITAL EXPENDITURE VERSUS BUDGETED CAPITAL EXPENDITURE

Refer to Appendix E (2) for the comparison of actual capital expenditure versus budgeted capital expenditure.

34. EVENTS AFTER THE REPORTING DATE

The provincialisation of the Health Agency function will have a direct effect on the support functions of the Municipality and will result in a reduction in income from administration fees.

35. COMPLIANCE WITH CHAPTER 11 OF THE MUNICIPAL FINANCE MANAGEMENT ACT

The Municipality has adopted a Supply Chain Management policy with effect from 1 January 2006 in accordance with the Act and applicable regulations. However, the Municipality has experienced difficulties in populating a comprehensive supplier database which is due to a poor response from potential suppliers. As a result the application of the regulations have not been fully implemented.

APPENDIX A

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

EXTERNAL LOANS	LOAN NUMBER	REDEEMABLE DATE	PREVIOUSLY STATED BALANCE AT 30/06/2006	PREVIOUSLY UNDERSTATED/ (OVERSTATED)	RESTATE BALANCE AT 30/06/2006	PAYMENTS MADE DURING THE YEAR	FINANCE CHARGES FOR THE YEAR	REDEEMED WRITTEN OFF DURING THE PERIOD	BALANCE AT 30/06/2007	NET BOOK VALUE OF FINANCE LEASES	SHORT TERM PORTION	PRESENT VALUE OF FUTURE MIN PAYMENTS - WITHIN 1 - 5 YEARS
LEASE LIABILITY			R	R	R	R	R	R	R	R	R	
			1,174,238	198,333	1,372,572	620,364	190,730	93,945	848,993	883,314	466,208	382,785
Vehicle finance lease - DHG 880 EC	1	2009/02/20	120,746	42,918	163,664	70,076	16,176	-	109,764	112,623	60,137	49,627
Vehicle finance lease - DHN 456 EC	2	2009/04/03	97,040	2,280	99,320	48,935	17,438	-	67,823	69,788	35,253	32,569
Vehicle finance lease - DHM 454 EC	3	2009/04/03	97,040	2,280	99,320	48,935	17,438	-	67,823	69,788	35,253	32,569
Vehicle finance lease - DHD 265 EC	4	2009/02/24	74,618	34,321	108,939	19,756	4,762	93,945	-	-	-	-
Vehicle finance lease - DHF 730 EC	5	2009/02/27	94,556	2,322	96,878	48,946	17,136	-	65,068	67,076	35,604	29,463
Vehicle finance lease - DHD 277 EC	6	2009/02/24	74,618	34,321	108,939	47,657	10,486	-	71,768	77,146	41,478	30,290
Vehicle finance lease - DHD 723 EC	8	2009/02/23	81,235	(201)	81,034	45,146	17,624	-	53,512	57,303	30,871	22,641
Vehicle finance lease - DHM 433 EC	9	2009/04/03	97,040	2,280	99,320	48,935	17,438	-	67,822	69,788	35,253	32,569
Vehicle finance lease - DHD 245 EC	10	2009/02/23	74,619	34,320	108,939	47,657	10,486	-	71,768	77,326	41,478	30,290
Vehicle finance lease - DHN 631 EC	11	2009/02/20	86,793	25,858	112,652	48,042	10,942	-	75,552	77,320	41,393	34,159
Vehicle finance lease - DHD 254 EC	12	2009/02/24	80,398	18,232	98,630	47,507	16,049	-	67,171	67,500	37,811	29,360
Vehicle finance lease - DHR 646 EC	13	2009/04/03	99,621	(301)	99,320	48,975	17,478	-	67,822	69,788	35,253	32,569
Vehicle finance lease - DHD 725 EC	14	2009/02/24	95,914	(295)	95,619	49,796	17,276	-	63,099	67,668	36,421	26,678
			1,174,238	198,333	1,372,572	620,364	190,730	93,945	848,993	883,314	466,208	382,785

APPENDIX B

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

CLASSIFICATION	COST				ACCUMULATED DEPRECIATION				CARRYING VALUE	BUDGET ADDITIONS 2007	
	OPENING BALANCE	ADDITIONS	DISPOSALS	REVALUATION	CLOSING BALANCE	OPENING BALANCE	ADDITIONS	DISPOSALS			CLOSING BALANCE
INFRASTRUCTURE											
Electricity infrastructure	280,254	-	-	-	280,254	98,986	24,747	-	123,733	156,521	-
Land	-	-	-	205,000	205,000	-	-	-	-	205,000	-
Water	162,893	-	-	-	162,893	52,126	13,031	-	65,157	97,736	-
	443,147	-	-	205,000	648,147	151,112	37,778	-	188,890	459,257	-
COMMUNITY											
Land	-	-	-	8,367,730	8,367,730	-	-	-	-	8,367,730	-
	-	-	-	8,367,730	8,367,730	-	-	-	-	8,367,730	-
OTHER											
Bins and containers	10,821	-	-	-	10,821	8,656	-	-	8,656	2,164	-
Buildings	66,414	-	2	22,035,000	22,101,412	335,772	355,640	-	691,412	21,410,000	15,000,000
Computer equipment	4,752,228	485,476	15,138	-	5,222,566	3,050,667	560,014	11,841	3,598,840	1,623,726	590,000
Furniture and fittings	1,002,997	59,838	17,000	-	1,045,835	227,612	52,395	17,000	263,007	782,828	59,900
Land	625,000	-	1,105,000	19,017,570	18,537,570	-	-	-	-	18,537,570	-
Motor vehicles	3,900,706	116,002	269,968	-	3,746,740	1,207,334	736,961	56,285	1,888,010	1,858,729	-
Office equipment	874,994	34,123	27,200	-	881,917	472,966	112,943	27,200	558,708	323,209	35,100
Specialised plant and equipment	1,476,907	254,661	-	-	1,731,568	672,429	156,698	-	829,127	902,442	240,000
Specialist vehicles	377,355	-	-	-	377,355	122,010	32,335	-	154,345	223,010	-
	13,087,421	950,100	1,434,308	41,052,570	53,655,783	6,097,445	2,006,986	112,326	7,992,105	45,663,679	15,925,000
TOTAL	13,530,568	950,100	1,434,308	49,625,300	62,671,660	6,248,557	2,044,764	112,326	8,180,995	54,490,665	15,925,000

APPENDIX E(1)
CACADU DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED
30 JUNE 2007

	Actual 2007	Budget 2007	Variance R	Variance %	Explanation of Significant Variances Greater than 10% versus Budget
REVENUE					
Regional Services Levy- Turnover	2,181,404	-	(2,181,404)	100	Income not expected and therefore not included in the budget
Regional Services Levy- Remuneration	753,013	-	(753,013)	100	Income not expected and therefore not included in the budget
Rental	811,120	800,000	(11,120)	1	-
Investment Interest	17,131,133	16,200,000	(931,133)	6	Reserves higher than expected during the year
Other Interest	375,003	106,500	(268,503)	252	Interest in outstanding levy debt higher than expected
Income for agency services	88,536	40,000	(48,536)	121	Higher than expected income for IT Bureau and payroll services
Government grants and subsidies	98,003,962	326,766,564	228,762,602	-70	Flood relief funds received late in the financial year
Tariffs and Charges	196,716	87,300	(109,416)	125	Administration in Reitbron improved resulting in more reliable data
Property Rates	27,134	30,000	2,866	-10	-
Other income	4,836,961	36,618,137	31,781,176	-87	Contribution from a surplus not utilised and budgeted contributions from creditor funds not utilised
Gains on disposal of property, plant and equipment	12,218	-	(12,218)	100	Income not expected and therefore not included in the budget
Total Income	124,417,199	380,648,501	256,231,302	-67	
EXPENDITURE					
Employee related costs	24,799,959	29,392,562	4,592,603	-16	Vacant positions not filled
Remuneration of Councillors	3,646,310	3,194,300	(452,010)	14	Increase in remuneration for office bearers as per legislation
Contribution to bad debt provision	(1,339,961)	-	1,339,961	-100	Writedown of bad debt provision, not included in budget
Bad debts written off	54,913	1,500,000	1,445,087	-96	Lower than expected contribution required
Collection costs	331,565	235,000	(96,565)	41	Linked to collection rate of RSC Levies
Depreciation	2,044,764	741,900	(1,302,864)	176	Recalculation of depreciation based on revised useful life of assets
Repairs and maintenance	1,379,367	1,512,050	132,683	-9	Repairs to office buildings lower than expected
Interest on External Borrowings	190,730	-	(190,730)	100	Finance charges on leased vehicles budget under General Exp - leases
Contracted services	2,270,223	3,147,300	877,077	-28	Savings
Grants and Subsidies paid	46,124,699	278,158,740	232,034,041	-83	Slow expenditure on projects and flood relief funds budgeted for but not received
General expenses-other	26,345,095	68,801,244	42,456,149	-62	Savings in general expenditure and slow expenditure on self funded projects
Provision for post retirement benefits	1,700,000	1,200,000	(500,000)	100	Higher than expected provision required
Loss on disposal of property, plant and equipment	23,071	-	(23,071)	100	Unplanned cost. Not included in budget
Cross subsidisation	43,191	261,545	218,354	-83	Lower than expected contribution required
Total Expenditure	107,613,929	388,144,641	280,530,712	-72	
NET SURPLUS/(DEFICIT) FOR THE YEAR	16,803,271	(7,496,140)	(24,299,411)		

**APPENDIX E(2)
CACADU DISTRICT MUNICIPALITY: CAPITAL EXPENDITURE ACTUAL VERSUS BUDGET FOR THE YEAR ENDED
30 JUNE 2007**

	2007 Total Additions R	2007 Budget R	2007 Variance R	2007 Variance %	Explanation of Significant Variances Greater than 5% versus Budget
INFRASTRUCTURE ASSETS					
Car Parks	-	-	-	-	
Street Lighting	-	-	-	-	
OTHER ASSETS					
Buildings		15,000,000	15,000,000	100.00%	
Office Building	-	15,000,000	15,000,000	100.00%	Relocation to Jeffreys Bay still in the planning phase.
Computer equipment	485,476	590,000	104,524	-21.53%	
Computer Hardware	485,476	590,000	104,524	-21.53%	Computer Equipment not required.
Furniture and fittings	59,838	59,900	62	-0.10%	
Office Machines	5,999	6,000	1	-0.01%	
Chairs	24,358	24,400	42	-0.17%	
Tables/Desks	6,619	6,500	-119	1.80%	
Cabinets/Cupboards	20,422	20,500	78	-0.38%	
Miscellaneous	2,440	2,500	60	-2.48%	
Motor vehicle	116,002	-	-116,002	100.00%	
Motor Vehicles	116,002	-	-116,002	100.00%	Vehicle written-off. Replacement financed from the proceeds of the insurance claim.
Office equipment	34,123	35,100	977	-2.86%	
Office Machines	15,484	16,100	616	-3.98%	
Miscellaneous	18,639	19,000	361	-1.94%	
Specialised plant and equipment	254,661	240,000	-14,661	5.76%	
Miscellaneous	166,051	150,000	-16,051	9.67%	Upgrade of PA system in Council Chambers. Cost more than expected.
Compressor	4,250	5,000	750	-17.65%	Actual cost less than estimate.
General	84,359	85,000	641	-0.76%	
Grand Total	950,100	15,925,000	14,974,900	-1576.14%	

CACADU DISTRICT MUNICIPALITY

APPENDIX F

CONDITIONAL GRANTS AND RECEIPTS

DESCRIPTION	UNSPENT BALANCE 1 July 2006	CONTRIBUTIONS/ADJUSTMENTS	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE	CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30 June 2007	Conditions Complied With
CAPACITY BUILDING FOR COUNCIL	-	-	170,000	12,408	-	-	-	182,408	Yes
GOAT FARMING AT IKHWEZI LM	100,000	-	200,000	7,577	99,446	-	-	208,131	Yes
DROUGHT RELIEF	1,339,175	-	-	-	887,456	-	-	451,719	Yes
LIBRARIES - MUNICIPALITIES	96,806	-	5,189,000	291,302	2,951,453	-	-	2,625,656	Yes
MA YOR'S SPECIAL PROJECTS	48,123	-	-	3,448	12,969	-	-	38,602	Yes
DISASTER MANAGEMENT	3,416,393	-	3,000,000	389,181	2,773,014	-	-	4,032,560	Yes
FINANCE MANAGEMENT GRANT	2,224,163	-	500,000	-	1,132,978	290,167	-	1,301,017	Yes
HIV/AIDS ATICCS	265,386	-	-	-	-	-	265,386	-	Yes
HIV/AIDS NGO/CBO CAPACITY BUILDING	63,022	-	-	-	-	-	63,022	-	Yes
HIV/AIDS DISTRICT AIDS COUNCIL	13,976	-	-	-	-	-	13,976	-	Yes
HIV/AIDS LABORATORY SERVICES	12,718	-	-	-	-	-	12,718	-	Yes
HIV/AIDS NGO FUNDING	14,492	-	-	-	-	-	14,492	-	Yes
HIV/AIDS MEDICATIONS	1,688,439	-	-	-	1,688,439	-	-	-	Yes
HIV/AIDS LSA ACTIVITIES	696,277	-	-	-	695,964	-	-	-	Yes
HIV/AIDS HOME BASED CARE KIT	15,144	-	-	-	-	-	15,144	-	Yes
HIV/AIDS HOME BASED CARE KIT TOP	273	-	-	-	-	-	273	-	Yes
IDP - CACADU	-	-	800,000	17,488	-	-	-	817,488	Yes
IKWEZI LIBRARY	109,752	-	-	3,779	89,525	-	-	24,006	Yes
MUNICIPAL SYSTEM IMPROVEMENT GRANT	2,444,465	-	1,000,000	228,388	1,297,499	-	-	2,375,354	Yes
IDP SUPPORT GRANT FOR LMS AND DM'S	2,564,078	-	600,000	226,148	849,141	-	-	2,541,085	Yes
RESTRUCTURING GRANT	26,708,157	-	-	-	3,666,200	-	-	23,041,957	Yes
STEYTLERVILLE SPORT FIELD	1,000,000	-	-	89,400	15,136	-	-	1,074,264	Yes
AMBULANCE SUBSIDY	1,874,628	-	131,221	128,121	1,370,566	-	-	763,404	Yes
SPACIAL DEVELOPMENT FRAMEWORK- DHLG & TA	63,666	-	-	-	63,666	-	-	-	Yes
IDP/LDO	422,502	-	-	37,772	-	-	-	460,274	Yes
ECSECC	75,000	-	75,000	-	-	-	150,000	-	Yes
INTER-GOVERNMENTAL RELATIONS	157,670	-	-	14,096	-	-	-	171,766	Yes
LONGMORE FLOWER TRAIL	40,000	-	-	-	40,000	-	-	-	Yes
ENON	18,449	-	-	1,649	-	-	-	20,098	Yes
HOUSING PROJECTS	1,612,743	-	10,191,660	-	7,339,643	-	2,663,219	1,801,541	Yes
HONEYBUSH TEA	134,808	-	-	12,052	-	-	-	146,860	Yes
PEOPLES HOUSING PROJECT	7,774,908	-	4,079,466	646,979	1,063,006	-	2,912,217	8,526,130	Yes
RURAL ACCESS ROADS	101,773	-	-	9,099	-	-	-	110,872	Yes
TOURISM PLANS - DEAT	240,000	-	-	21,456	-	-	-	261,456	Yes
MULTI PURPOSE COMMUNITY CENTRE	34,092	-	-	3,048	-	-	-	37,140	Yes
ECONOMIC GROWTH AND DEV STRATEGY - DFID	245,900	-	-	-	245,900	-	-	-	Yes
THORNHAM - WATER SUPPLY	86,190	-	-	7,705	-	-	-	93,895	Yes
MUNICIPAL GRANT LED	1,000,000	-	-	84,020	112,000	-	-	972,020	Yes
YOUTH CENTRE - SOMERSET EAST	244,621	-	-	21,869	-	-	-	266,490	Yes

**CACADU DISTRICT MUNICIPALITY
APPENDIX F**

CONDITIONAL GRANTS AND RECEIPTS

DESCRIPTION	UNSPENT BALANCE 1 July 2006	CONTRIBUTIONS/ ADJUSTMENTS	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE	CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30 June 2007	Conditions Complied With
IKWEZI YOUTH DEVELOPMENT	244,157	-	-	20,249	136,063	-	-	128,343	Yes
IKWEZI - HARDWOOD FARM	1,164,940	-	-	90,312	699,099	-	-	556,153	Yes
IKWEZI FINANCIAL AID	75,970	-	-	-	75,970	-	-	-	Yes
NDLAMBE DISABILITY SPECIAL PROJECTS	102,168	-	-	7,705	36,936	-	-	72,938	Yes
PASSENGER TRANSPORT PLANS AND FACILITIES	2,389,492	-	1,000,000	241,497	457,858	-	-	3,173,131	Yes
ELECTION ELECTIONS	105,754	-	-	-	-	-	-	105,754	Yes
PLANNING AND RUDIMENTARY SERVICES	423,428	-	-	36,001	244,100	-	-	215,329	Yes
PILOT HOUSING PROJECT - ADDO	658,241	-	-	58,847	-	-	-	717,088	Yes
PILOT HOUSING PROJECT THORNHILL	24,315	-	-	2,174	-	-	-	26,489	Yes
DISTRICT WIDE PROJECTS - EX TRC	385,662	-	-	-	108,756	-	-	276,906	Yes
LAND SURVEY PROJECTS	-	-	908,000	62,928	41,500	-	-	929,428	Yes
SPATIAL PLANNING PROJECTS	-	-	700,000	45,178	75,000	-	-	670,178	Yes
DEPT AGRICULTURE; DEV A SPAC	427,500	-	-	-	427,500	-	-	-	Yes
KIRKWOOD TRC - ADDO (I.D.P.)	97,679	-	-	8,732	-	-	-	106,411	Yes
MULTI ANNUAL ACTION PLANS - MAAP MIG	9,578,857	-	1,701	-	1,016,388	-	-	8,563,970	Yes
DEPT OF SPORT, RECREAT. ARTS AND CULTURE	8,849,616	-	1,342,183	-	6,605,695	-	-	3,586,104	Yes
PUBLIC WORKS PROJECTS	28,384	-	3,625	-	32,009	-	-	-	Yes
DISABILITY EMPOWERMENT PROGRAM	1,072,885	-	-	-	-	-	-	1,072,885	Yes
DWAF PURCHASE OF A NEW COMPUTER	26,076	-	-	2,331	-	-	1,133	28,407	Yes
BUILDING FOR SPORT AND RECREATION .	1,133	-	-	-	-	-	-	-	Yes
VALUATION PROJECTS	1,217,800	-	-	88,050	732,743	-	-	573,107	Yes
BLUE CRANE ROUTE: MUNICIPAL FINANCE IT	-	-	2,300,000	102,339	1,875,374	-	-	526,965	Yes
BLUE CRANE ROUTE: MUNICIPAL FINANCE AFS	-	-	200,000	-	118,590	-	-	81,410	Yes
BLUE CRANE ROUTE: MUNICIPAL FINANCE MENTOR	-	-	150,000	8,420	123,690	-	-	34,730	Yes
LED STRATEGY SMME	-	-	150,000	6,283	41,540	-	-	114,743	Yes
VINHANZO BAARTMAN (BURSARY)	-	-	317,000	17,858	-	-	-	334,858	Yes
THUMEKA TONI	-	-	2,200	-	1,540	-	-	660	Yes
FLOOD DAMAGE ROADS	-	-	2,700	-	1,890	-	-	810	Yes
SRV - HAWKERS FACILITIES	-	-	11,400,000	-	9,012,457	-	-	2,387,543	Yes
KOUKAMMA - WOODLAND FLOWER PROJECT	-	-	200,000	4,556	-	-	-	204,556	Yes
BCR - MISTY MOUNTAIN FLOWER PROJECT	-	-	500,000	11,389	-	-	-	511,389	Yes
CACADU DISTRICT GROWTH & DEV S	-	-	290,000	-	290,000	-	200,000	-	Yes
CMTP - LAND AVAILABILITY AUDIT	-	-	200,000	-	-	-	-	-	Yes
RAIN HARVESTING	-	-	400,000	7,348	-	-	-	407,348	Yes
FREE BASIC STRATEGY - LMS	-	-	3,000,000	45,557	-	-	-	3,045,557	Yes
	-	-	328,000	18,478	-	-	-	346,478	Yes
TOTAL	83,821,846	-	49,331,756	3,143,217	48,548,898	290,167	6,311,893	81,145,861	

**REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE
PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND
PERFORMANCE INFORMATION OF THE CACADU DISTRICT
MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2007**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of Cacadu District Municipality which comprise the statement of financial position as at 30 June 2007, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 27 to 69.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by National Treasury, as set out in accounting policy note 1.1.2 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:

- appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
7. Paragraph 11 et seq. of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is still in the process of being developed, I have determined that my audit of any disclosures made by Cacadu District municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

9. The municipality's policy is to prepare financial statements on the basis of accounting determined by National Treasury, as set out in accounting policy note 1.1.2.

Opinion

10. In my opinion the financial statements present fairly, in all material respects, the financial position of Cacadu District Municipality as at 30 June 2007 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by National Treasury, as set out in accounting policy note 1.1.2 and in the manner required by the MFMA.

Emphasis of matter

11. Without qualifying my audit opinion, I draw attention to the following matters:

12. Highlighting matters affecting the financial statements

12.1 Restatement of comparatives

With reference to note 21 to the financial statements, there were various account balances and classes of transactions in the comparative period that have been restated due to the following:

- 12.1.1 Prior period errors reported on for which the municipality received a qualification in the prior year.
- 12.1.2 The prior period's financial statements included material misstatements discovered in the current period.
- 12.1.3 Reclassification errors which have resulted in amounts being incorrectly included in other account balances.
- 12.1.4 Reclassification requirements in terms of legislation and prescribed financial reporting standards.

Where applicable, the accumulated surplus was adjusted accordingly.

13. Departure and deviations from the basis of accounting

As set out in accounting policy note 1.1, the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of *General Notice 552 of 2007* issued in *Government Gazette 30013 of 29 June 2007*.

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

14. Non-compliance with applicable legislation

14.1 Division of Revenue, 2006 (Act 2 of 2006)

No supporting documentation could be provided for an amount of R317 000 received for a Local Economic Development (LED) Small Medium Micro Enterprises (SMME) Strategy conditional grant.

14.2 Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA)

14.2.1 Late submission of financial statements

In terms of section 126(1)(a) of the MFMA the accounting officer of the municipality must within two months after the end of the financial year submit the financial statements to the Auditor-General for auditing. The financial statements were only submitted on 3 September 2007.

14.2.2 Failure to pay creditors within 30 days

All monies owing by the municipality were not paid within 30 days of receiving the relevant invoice or statement as required in terms of section 65 (2)(e) of the MFMA

14.3 Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000)

Various goods and services were acquired without meeting all the requirements of the established supply chain management policies.

15. Material corrections made to the financial statements submitted for audit

The financial statements, approved by the accounting officer and submitted for auditing on 3 September 2007, have been significantly revised in respect of the following misstatements identified during the audit:

15.1 Revenue from regional service council (RSC) levies was not recognised in terms of GAMAP 9 Revenue, as reliable estimates were not recognised as revenue for the current and prior period, resulting in the following:

- An understatement of RSC levies debtors by R1 369 073 (2006: R4 236 999)
- An overstatement of the RSC levies paid in advance liability by R44 851 (2006: R1 775 051)
- An understatement of the VAT liability by R173 640 (2006: R738 322)
- An understatement of revenue from RSC levies by R1 240 284 (2006: R5 273 728).

- 15.2 The transitional provisions to GAMAP 17 *Property, Plant and Equipment* were applied to land and buildings. This application was incorrect as the date of adoption for GRAP/GAMAP/GAAP was 1 July 2005. This prior period error resulted in an understatement of the carrying value of land and buildings and accumulated surplus by R812 323. Furthermore the accumulated surplus was overstated and the revaluation reserve understated by an amount of R45 860 623.
- 15.3 Comparative figures in the statement of financial position, statement of financial performance and the cash flow statement were restated as a result of the items mentioned in paragraph 11 above. Disclosures detailing the nature of the prior period error, the amount of correction per each financial statement line item and the amount of the correction at the beginning of the earliest prior period presented as required by GRAP 3: *Accounting policies, changes in accounting estimates and errors* were not included in the annual financial statements.
- 15.4 Interest received as reflected in the financial statements included an amount that related to the prior year. Consequently, interest received in the current year was overstated by R1 006 939 and accumulated surplus understated by the same amount.
16. **Value for Money**

A significant variance existed between the planned and actual activities regarding infrastructure projects. This variance indicated a possibility of inadequate service delivery during the financial year ended 30 June 2007. It is acknowledged that service delivery was hampered due to the fact that property transfers to Cacadu District Municipality were delayed due to circumstances beyond the control of management. The unspent balance at 30 June 2007 amounted to R11.01m (2006: R13.35m).

17. **Internal control**

Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the District Municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The following significant control weakness has been identified. The table below depicts the root causes of the matters indicated, as they relate to the five components of internal control. In some instances deficiencies existed in more than one internal control component.

Reporting item	Control environment	Assessment of risks	Control activities	Information and communication	Monitoring
Emphasis of matter					
Restatement of comparatives					√

Other matters					
Non-compliance with legislation	√				√
Material corrections to the financial statements	√				√
Value for money matters			√		√

18. Unaudited supplementary schedules

The supplementary information set out on pages 60 to 69 does not form part of the annual financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion on them.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

19. I have audited the performance information as set out in Chapters 2 and 5.

Responsibility of the accounting authority

20. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

21. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with *General Notice 646 of 2007*, issued in *Government Gazette No. 29919 of 25 May 2007*.

22. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate audit evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgment.

23. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings

24. Non-compliance with regulatory requirements

24.1 Municipal Systems Act 32 of 2000 (MSA) and Planning and Performance Management Regulations of 2001

- 24.1.1 The performance objectives and targets per the performance management system have not been cascaded down to all managers directly accountable to the municipal manager as required by chapter 8 section 57(4)(a) of the MSA and regulation 7(2)(c) of the Municipal Planning and Performance Management Regulations of 2001.
- 24.1.2 The system to monitor, measure and review development priorities and objectives against the key performance indicators and targets as required by chapter 6 section 41 (c) of the MSA are not in place, as the outputs reflected in the Draft Service Delivery and Budget Implementation Plan (SDBIP) for 2006/2007 revealed various instances of under spending on budgeted objectives.

25. Lack of sufficient appropriate audit evidence

- 25.1 No evidence was made available to determine whether the municipality gave notice to the public within 14 days of the adoption of the Integrated Development Plan (IDP) as required by chapter 5 section 24 (a) of the MSA.
- 25.2 Priorities and objectives in respect of projects planned for completion in the prior year had not been met resulting in various projects being carried over to the current year. The status of these projects at the end of the current year could not be determined due to lack of information available for audit purposes.

APPRECIATION

26. The assistance rendered by the staff of the Cacadu District Municipality during the audit is sincerely appreciated.

Auditor - General

Port Elizabeth

30 November 2007



A U D I T O R - G E N E R A L

RESPONSE TO REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS AND PERFORMANCE OF THE MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2007

Introduction

The audit of the Cacadu District Municipality for the year ended 30 June 2007 was completed and the report received from the Auditor-General (AG) was available on 30 November 2007 which is the date specified in the Municipal Finance Management Act.

In the previous financial year, because of the significance of the matters raised by the AG and the uncertainty on the effect thereof on the financial statements, the AG could not express an opinion on the financial statements. The matters raised by the AG included:

- The annual financial statements were not presented in the format prescribed in the Appendix GRAP 1;
- The accounting policy for revenue did not comply with the requirements of GAMAP 9;
- The accounting policy for the revaluation of land and buildings as per financial statements complied with paragraph 41 of GAMAP 17, however the accounting policy did not comply with requirements of GAMAP 17;
- The accounting policy for property, plant and equipment did not comply with the requirements of GAMAP 17;
- Financial Instruments: The category of financial assets held by the Council was not disclosed in the financial statements as required in terms of paragraph 9 of IAS 39. Loans and receivables were not measured at amortized cost as required in paragraph 46 of IAS 39.

Besides these qualifications the AG also raised concerns regarding a number of internal control weaknesses.

For the financial year under review the AG stated “the financial statements present fairly, in all material respects, the financial position of Cacadu District Municipality as at 30 June 2007 and its financial performance and cash flows for the year ended, in accordance with the basis of accounting determined by National Treasury”.

The efforts of the municipality to progress from a disclaimer of audit opinion to an unqualified audit opinion in one financial year is a remarkable achievement. There is however still work to be done to achieve full compliance with GAMAP, GRAP and GAAP Accounting Standards.

Progress Made with the Implementation of GAMAP / GRAP / GAAP

The Cacadu District Municipality as a pilot site for the implementation of the MFMA Budgetary and Accounting Reforms voluntarily elected in 2003/2004 financial year to adopt the GRAP / GAMAP basis of accounting. Since 2003 the municipality has adopted a phased approach to the implementation of the new accounting standards.

Compliance with the new accounting standards is an onerous undertaking that requires technical expertise, financial resources and changes to accounting processes. There is no doubt that the rigorous application of the new accounting standards has resulted in an increase in the compliance costs which will be an additional financial burden for the low and medium capacity municipalities. During the 2006/2007 financial year it became apparent that it would be necessary to initiate programmes that would ensure compliance with the new accounting standards. Three programmes were launched:

- Revaluation of Land and Buildings;
- Review of GAMAP / GRAP / GAAP Annual Financial Statements (Technical interpretation and implementation of Accounting Standards); and
- VAT Audit.

Service providers were appointed to assist with the implementation of these projects.

Subsequent to the appointment of the service providers, the Minister of Finance promulgated regulations Vol. 504 No 30013 dated 29 June 2007 which exempted inter alia medium capacity municipalities from:

- Complying to section 122 (2) of the MFMA to prepare consolidated financial statements;
- Complying to section 122 (3) of the Act to the extent that they are required in the preparation of their financial statements to comply with the standards referred to in that section.

In terms of these regulations no medium capacity municipality may deviate from the exemptions unless the municipality has consulted the relevant Provincial Treasury and has agreed on the basis of presentation of the Annual Financial Statements, or any consolidated financial statements if such consolidated statements are to be presented.

An Audit Steering Committee meeting was arranged on 12 July 2007 with the Auditor-General's office to discuss the impact of the regulations on the preparation of the annual financial statements. It was agreed that in spite of the risks of non-compliance, the municipality was at an advanced stage of implementing the new accounting standards and that it would be a step backwards if full exemptions were adopted.

It was therefore decided to apply for exemption only in respect of certain accounting standards.

Emphasis of Matter

Restatement of comparatives was necessary to avoid an audit qualification. With regard to the departure and deviation from basis of accounting, the progress with regard to the implementation of GAMAP / GRAP / GAAP as well as the details of the deviation from the basis of accounting applicable to the municipality in terms of General Notice 552 of

2007 issued in Government Gazette 30013 of 29 June 2007 is dealt with in detail under the heading "Progress made with the Implementation of GAMAP / GRAP / GAAP".

Other Matters

The financial statements were available for submission on 31 August 2007, however it was felt that there was room for refinement. Permission was obtained from the Auditor-General's staff on site to submit the AFS on 3 September 2007. A National Treasury directive however instructed the Auditor-General to view all financial statements received after 16:30 on Friday, 31 August 2007 as a late submission. The agreement with the Auditor-General's staff was done good faith and could not have anticipated the directive from National Treasury.

With regard to the supporting documentation that could not be provided for the amount of R317 000 received for economic development, it was established that the amount was a conditional grant received from the EC Provincial Government.

It is standard practice for the municipality to pay creditors within 30 days and the non compliance in this regard is an exception to the rule. The creditors administration and systems will however be reviewed during the current financial year. To overcome non-compliance with regard to the Supply Chain Management system a two day training programme on Supply Chain Management Policies and Procedures will be arranged in March 2008.

Material Corrections

It is clear from the audit report that the first set of annual financial statements were not up to standard. Material corrections were made to the original set of annual financial statements to achieve an unqualified audit opinion.

One of the main challenges was that initially the transitional provisions to GAMAP 17, Property, Plant and Equipment were applied to land and buildings. This application was incorrect as the date of adoption for GRAP / GAMAP / GAAP was 1 July 2005. This resulted in the understatement of the accumulated surplus and revaluation reserve by R812 323 and R45 860 623 respectively. To recalculate the opening balances, the municipality obtained technical advice regarding the methodology to be used. There were a number of areas where the knowledge base to interpret and apply the new accounting standards were lacking and which lead to delays in finalizing the annual financial statements.

Value for Money

It should be noted that the exception report regarding Infrastructure spending relates to projects from Infrastructure Services Budget. A large part of the unspent balance relates to projects in the DMA which is dependent on the transfer of properties from Transnet to the CDM.

The municipality is currently reviewing the projects to evaluate whether funds should not be diverted to alternative projects.

Performance Management – Progress to Date

The existing Performance Management System was introduced in the 2003/2004 financial year and performance contracts were drafted for the Municipal Manager, Section 57 Directors and all senior employees up to level 4.

Following concerns as to the effectiveness of the system, an investigation was conducted together with research by way of benchmarking. In addition to this DBSA (who funded the initial system) also conducted a simultaneous study which again raised questions regarding the fact that it was not computerized, did at the stage not convert performance into percentages achieved and it was regarded as an onerous system producing a significant amount of paperwork.

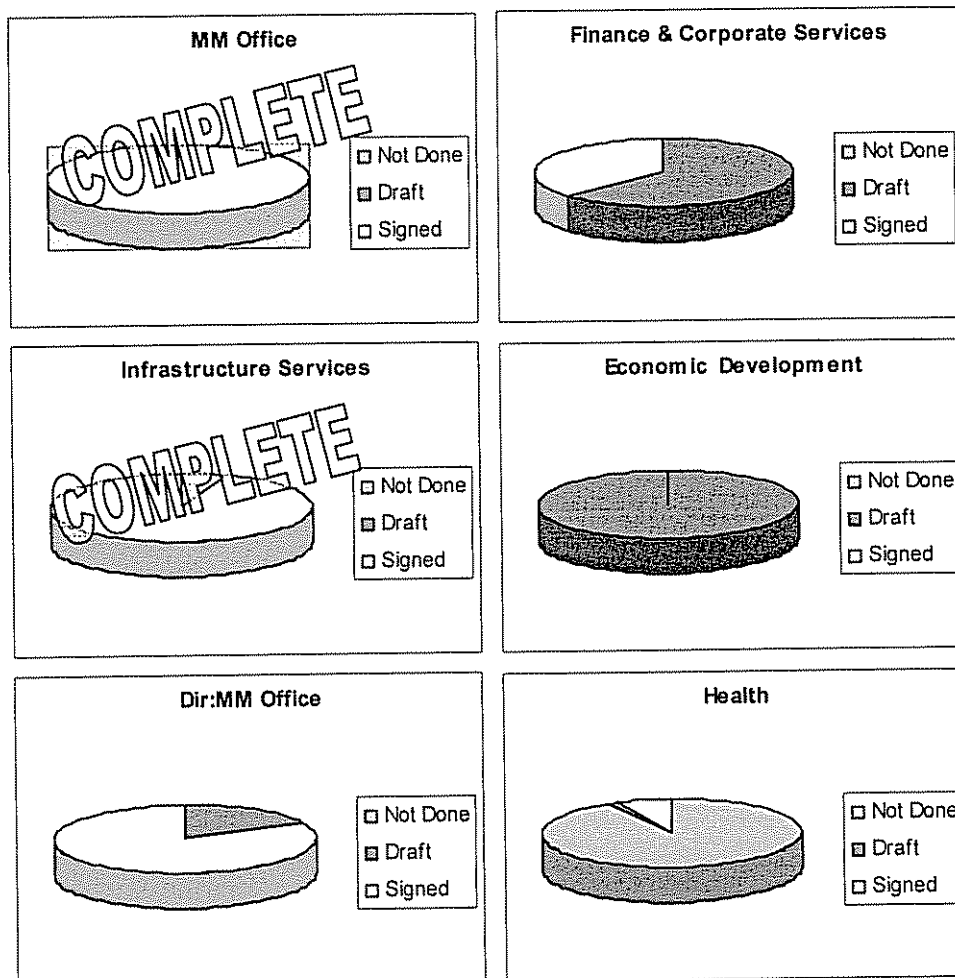
CDM concluded that the system is not the most appropriate to be rolled-out throughout the municipality. It was regarded imperative that these preliminary issues be resolved prior to embarking on a full roll-out.

During 2006/2007 financial year the PM Officer was already involved in preparation in order to develop a new system utilizing a revised methodology. During the 2006/2007 financial year the Performance Audit Committee was advised of these developments (see agenda – 18 January 2007).

Significant progress has been made with the rollout of the new system and details are provided below:

PMS Roll-Out Update

The following developments have taken place with regards to the roll-out of the PMS



	Total Existing Employees	Not Done	Draft	Signed
MM Office	5	0	0	5
Finance & Corporate Services	41	0	26	15
Infrastructure	18	1 (maternity leave)	0	17
Economic Development	1	0	1	0
Dir: MM Office	17	0	3	14
Health	148	136	2	10

Health

The introduction of a PMS has proved to be more of a challenge than originally anticipated and it was only after the appointment of a Senior Performance Management Officer (SPMO) in 2006 that the project reflected satisfactory progress. Unfortunately the SPMO recently resigned and the position is now vacant and a recruitment process has been initiated.

Annexure A

FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES – first plan to be submitted

Name of municipality:	Cacadu District Municipality	Demarcation Code:	DC10
Name of preparer:	D J De Lange	Date completed:	23 October 2007
Contact Details:	041 – 508 7109	Financial period:	2007/08
Capacity category:	Medium Capacity	(delete whichever not applicable)	

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
Presentation of financial statements (GRAP 1)	<ul style="list-style-type: none"> • Complied with under current GRAP with exemptions 		
Cash flow statements (GRAP 2)	<ul style="list-style-type: none"> • Complied with 	D J De Lange	
Accounting policies, changes in accounting estimates and errors (GRAP 3)	<ul style="list-style-type: none"> • Early adoption of standard approved as follows : <ul style="list-style-type: none"> ➢ Identification and impact of GRAP standards that have been issued but are not yet effective (GRAP 3.30 – 31) ➢ Changes in accounting policies (GRAP 3.14, 19) <p>It is expected that a revision to the accounting policy will be required. This amended will be done in due</p>	D J De Lange	June 2009

Annexure A

FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES – first plan to be submitted

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
	course.		
The Effects of Changes in Foreign Exchange Rates (GRAP 4)	<ul style="list-style-type: none"> Not Applicable, no foreign exchange transactions 		
Consolidated and Separate Financial Statements (GRAP 6)	<ul style="list-style-type: none"> Exemption <p>Will be re-assessed once entity complies fully.</p>	Z Tshetu entity CEO (KDA)	The earliest of entity complying or June 2010
Investments in Associates (GRAP 7)	<ul style="list-style-type: none"> Not Applicable, no investment in associates 		
Interests in Joint Ventures (GRAP 8)	<ul style="list-style-type: none"> Not Applicable, no investment in joint ventures 		
Revenue from Exchange Transactions (GRAP 9)	<ul style="list-style-type: none"> Complied with exemption, exemption on fair values on the entire standard. <p>Implies major financial system changes. These will be implemented incrementally during the 2009/10 financial year</p>	D J De Lange	June 2009
Construction Contracts (GRAP 11)	<ul style="list-style-type: none"> Not Applicable, no construction contracts 		

Annexure A

FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES – first plan to be submitted

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
Inventories (GRAP 12)	Early adoption approved.		
Leases (GRAP 13)	• Early adoption approved.		
Events after the Reporting Date (GRAP 14)	• Complied with standard in 2006/07.		
Investment Property (GRAP 16)	• No investment property as defined.		
Property, Plant and Equipment (GRAP 17)	• Will be implemented in 2008/09, GAMAP 17 complied with in 2006/07 (excluding impairment)	D J De Lange	June 2009
Provisions, Contingent Liabilities and Contingent Assets (GRAP 19)	• Complied with standard in 2006/07.		
Non-current Assets held for Sale and Discontinued Operations (GRAP 100)	• Will be implemented from 2008/09	D J De Lange	June 2009
Agriculture	• Not Applicable		

Annexure A

FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES – first plan to be submitted

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
(GRAP 101)			
Intangible assets (GRAP 102)	<ul style="list-style-type: none"> • Not Applicable 		
Financial Instruments: Disclosures (IFRS 7/AC 144)	<ul style="list-style-type: none"> • Will be implemented from 2009/10 	D J De Lange	June 2010
Income Taxes (IAS 12/AC 102)	<ul style="list-style-type: none"> • Not applicable 		
Employee benefits (IAS 19/AC 116)	<ul style="list-style-type: none"> • Will be implemented from 2007/08 	D J De Lange	June 2009
Accounting for Government Grants and Disclosure of Government Assistance (IAS 20/AC 134)	<ul style="list-style-type: none"> • Complied with standard in 2006/07. 		
Financial Instruments: Presentation (IAS 32/AC 125)	<ul style="list-style-type: none"> • Will be implemented from 2009/10 	D J De Lange	June 2010
Impairment of Cash-generating Assets (IAS 36/AC 128)	<ul style="list-style-type: none"> • Will be implemented from 2009/10 	D J De Lange	June 2010
Financial Instruments: Recognition and Measurement (IAS 39/AC 133)	<ul style="list-style-type: none"> • Will be implemented from 2009/10 	D J De Lange	June 2010

Annexure A

FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES – first plan to be submitted

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
Impairment of non-cash-generating Assets (IPSAS 21)	<ul style="list-style-type: none"> Will be implemented from 2007/08 	D J De Lange	June 2010

**REPORT OF THE AUDIT COMMITTEE FOR THE
YEAR ENDED 30 JUNE 2006**

We present our report for the year ended 30 June 2007.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee has adopted appropriate formal terms of reference and consisted of the four independent, outside members as listed below.

The audit committee meets at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises.

During the 2006/7 year four meetings were held.

<u>Name of member</u>	<u>No of meetings attended</u>
S G Zamisa (Chair)	4
S M Dondolo	4
F E Prinsloo	4
Dr R Snelgar	3

AUDIT COMMITTEE RESPONSIBILITIES

The committee reports that it has complied, as far as possible, with its responsibilities set out in its Council approved terms of reference.

REVIEW OF THE ANNUAL FINANCIAL STATEMENTS

The Audit Committee has noted the unqualified opinion expressed by the Auditor-General in his report on the Annual Financial Statements and commends management on addressing the issues raised in the previous year regarding the Application of the Financial Statement Preparation Framework.

The Auditor-General has without qualifying his opinion emphasised the matters set out below:

- Restatement of comparatives: this relates to the presentation and disclosures in the financial statements and arose through the application of the basis of accounting in the current year.
- Departures and deviations from the basis of accounting: these were elections made by the municipality in preparing the financial statements

The committee is satisfied that these matters relate to presentation and do not represent a risk to the district municipality.

The other matters raised in the balance of the report have been noted by the committee and measures identified by management to address these.

The Committee has:

- Reviewed the audited annual financial statements;
- Reviewed management responses to the management letters of the Auditor-General;
- Concluded that the going concern premise is appropriate in preparing the annual financial statements.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROLS

The matters reported in the reports of Internal Audit (received quarterly) and the Auditor-General as well as matters brought to the attention of the Accounting Officer, by way of informal queries and management letters, indicate that whilst there is always room for improvement the internal checking and control measures generally functioned adequately during the year under review.

The Committee has urged management to take corrective action to ensure that internal checking and control measures are as effective as possible so as to improve the internal control environment.

RELEVANT LEGISLATION

The committee's terms of reference include responsibility for monitoring certain legislation such as Local Government Municipal Systems Act, the Local Government Transition Amendment Act, Performance Management Regulations and The Municipal Finance Management Act.

The Committee concentrated primarily on financial legislation. In addition, the committee took cognisance of the recommendations of the King II Report on Corporate Governance

PERFORMANCE MEASUREMENT

The municipality is monitoring and comparing actual to targeted progress on a regular basis according to a framework. Use is made of the Service Delivery and Budget Implementation Plan (SDBIP) report which reflects planned completion dates for all projects.

The findings of the Auditor-General regarding performance information are noted, specifically that the performance management system has not been cascaded to all managers and that instances of under spending on budgeted objectives indicates that the system to monitor development objectives against key performance indicators and targets was not in place. It is the view of the committee that the system is in place but was not effective, and

they concur that the performance management system must be cascaded to all managers. They have confirmed with management that this is in process

CONCLUSION

The Audit Committee, accepts the conclusions of the Auditor-General on the annual financial statements for the year ended 30 June 2007 and recommends that the audited annual financial statements should be adopted by the Council.

S G Zamisa
Chairman

xx January 2008

Glossary:

GRAP Generally Recognised Accounting Practice

GAMAP Generally Accepted Municipal Accounting Practice

GAAP South African Statements of Generally Accepted Accounting Practice

PAA Public Audit Act, 2004 (Act 25 of 2004)

CHAPTER 5

FUNCTIONAL AREA SERVICE DELIVERY REPORTS

FUNCTION : EXECUTIVE AND COUNCIL

Overview

Includes all activities relating to the executive and council function of the municipality, including costs associated with mayoral, councillor and committee expenses and governance.

Costs Relating To Function : Executive And Council : 2006/2007

Office of the Mayor	
Council's Expenses	5 124 194
Mayoral Committee	4 034 851
Secretariat	910 694
Auxiliary Services	1 250 601
	11 320 340
Total : Office of the Mayor	
Office of the Municipal Manager	1 477 777
	R 12 798 117
TOTAL : EXECUTIVE AND COUNCIL	

Description of Activity

The function of Executive and Council within the Municipality is administered by the Office of the Executive Mayor and Municipal Manager.

All decisions are taken by the Council, the Executive Mayor in consultation with the Mayoral Committee, or senior officials in terms of authority delegated by legislation and/or the delegations of authority adopted by the Council on 1 December 2004.

The following committees have been established to deal with specific issues and make recommendations thereon to the Mayoral Committee, or the Council via the Mayoral Committee:

- Audit/Performance Audit Committee
- Cacadu District Mayors' Forum
- Cacadu Municipal Managers Forum
- Cacadu District Health Authority

Local Labour Forum
 Water Services Authority
 District Aids Council
 DMA Committee
 Municipal Finance Management Act Implementation Steering Committee
 District Wide Infrastructure Forum
 Chief Financial Officers Forum
 Heritage Advisory committee
 Bid specification, evaluation and adjudication committees

Strategic objectives

- Improve municipal governance
- Move head office to Jeffrey's Bay
- Create closer linkages with constituency
- Promote effective and transparent communication

Key issues for 2006/2007

- Partnership agreement entered into with Nelson Mandela Bay Metropolitan Municipality
- Launch of Cacadu Brand
- New database and website developed as part of brand marketing plan
- Road signage project implemented as part of brand marketing plan
- District Outreach to all LMs by Mayoral Committee completed in July 2006. Information gathered during road shows was used to assist with the compilation of the Municipality's Capacity Building Strategy
- Outreach to farmers in the District
- By-laws promulgated for the District in November 2007
- Councillors trained on by-laws
- New development priorities approved for IDP 2007-2012:
 - Capacity Building and support to LMs
 - Infrastructure Investment
 - Economic Development
 - Community Services
- Organisation restructured to facilitate achievement of development objectives
- Hon MEC N Sogoni outreach to Cacadu District in June 2007 to deal mainly with issues relating to biodiversity management and economic development.

Analysis of Function

Total number of councillors:	27
Number of full-time councillors serving on Mayoral Committee	6
Full-time Speaker	1

Number and type of Council/Committee meetings:

	NUMBER OF MEETINGS 2006/2007
Council	7
Mayoral Committee	14
Audit/Performance Audit Committee	4
Bid Committees	12
Cacadu District Mayors' Forum (IGF)	2
Municipal Managers Forum	1
Cacadu District Health Authority	4
Local Labour Forum	10
District Aids Council	4
DMA Committee	3
MFMA Implementation Steering Committee	3
District Wide Infrastructure Forum	4
Chief Financial Officers Forum	4
Heritage Advisory Committee	-
Municipal managers Forum	2

KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES

Project	Performance Indicator	Actual 2005/6	Target 2006/7	Actual 2006/7	Target 2007/8
Ensure a thoroughly informed community on all aspects of local government	Develop a community participation plan	-	Development of a communication plan	A final Communications plan (including a full strategy) was in draft stage as at the close of the year.	In place by September 2007
Intergovernmental relations policy	Policy developed	Policy developed in house and approved by Council on 30 May 2006	-	Co-operation agreement signed with the Nelson Mandela Bay Municipality	-

Allocation of grants and donations	Develop donations policy	-	Policy developed and implemented	A decision was formally taken to retain the status quo, therefore no new policy was developed.	-
Oversight Council operations and exercise delegated authority	Planned meetings held	-	20 meetings	14 Mayoral Committee meetings took place (cancellations due to postponements and merging of dates).	Not monitored as part of the SDBIP
Ensure the institution is managed in an efficient and effective manner	% of SDBIP implemented	-	100%	66% of identified projects were completed. Part of the problem can be attributed to over ambitious resourcing and planning. The performance reviews of the senior management will be used to establish whether any of the non-completed items can be associated with external factors rather than CDM error.	100%
CDM / NMBM co-operation		-	-	-	4 quarterly meetings (when organised by NMBM)
Councilor Development Program		-	-	-	Councilor training programme implemented

FUNCTION : FINANCE AND CORPORATE SERVICES
SUB-FUNCTION: FINANCE (Budget and Treasury Office)

Overview

This includes all activities relating to the finance function of the municipality, including revenue collection.

Description of Activity

The function of finance within the municipality is administered by the Budget and Treasury Office of the Department : Finance and Corporate Services, and includes:

- provision of relevant, accurate and reliable financial information to all users including councillors, managers, levy payers and stakeholders to facilitate informed decision making
- provision, maintenance and implementation of sound financial policy, controls and systems
- ongoing introduction of budgetary and accounting reforms
- production of annual budget and GAMAP / GRAP / GAAP compliant annual financial statements
- internal audit and risk management
- the maintenance of an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds. All monies owed to suppliers and service providers are paid within 30 days of receiving the relevant invoice or statement unless there are special arrangements
- provision of financial advice to the Mayoral Committee, Council and Departments
- administration of the investment and insurance portfolios of the municipality
- management of conditional grants
- asset and liability management
- revenue collection and cash flow management
- capacity building by way of training interns, councillors and officials.

Strategic Objectives

- ensure long-term financial sustainability
- ensure full compliance with all accounting statutory and legal requirements including implementation of the MFMA
- implement revenue generating strategies and lobby for additional equitable share of National Revenue
- recover outstanding monies owed by the Provincial Government in respect of health subsidies and long term liabilities

- provide support to nine local municipalities

Key Issues for 2006/2007

- Produced Operating and Capital budget in the prescribed format and within the specified guidelines;
- Compiled GAMAP / GRAP / GAAP compliant Financial Statements;
- Implementation of the Municipal Finance Management Act (MFMA);
- Implementation of Supply Chain Management regulations, policy and systems;
- Improvement of financial system with regards to costing;
- Improvements to MFMA reporting requirements;
- Substantial progress made with regards to the property valuation project and all land and buildings owned by the Municipality valued at market value; and
- Business Risk Assessment and Evaluation Project.

Analysis of Function

Grants received and spent - An analysis of the grants received is contained in Appendix F of the Financial Statements.

<u>Remuneration of councillors</u>	2006/2007	2005/2006
	R	R
Executive Mayor	503 407	385 697
Speaker	391 256	171 425
Mayoral Committee members	1 872 193	1 507 351
Councillors	1 034 476	725 893
Councillors pension and medical contributions	-	21 294
Total Councillors' remuneration	3 801 332	2 811 660
<u>Employee related costs (CDM)</u>		
Salaries and wages	17 951 578	16 632 656
Social contributions	6 848 381	6 541 678
Total employee related costs(CDM)	24 799 959	23 174 334
<u>Employee related costs (Primary Health Care)(PHC)</u>		
Salaries, wages and allowances	14 709 297	13 659 251
Total employee related costs(PHC)	14 709 297	13 659 251
Total remuneration councillors and officials	43 310 588	39 645 245

Debtor billings : number and value of monthly billingsServices - Rietbron

Number billed each month across debtors by function

334

Amount billed each month across debtors by function

Period	Admin	Water	Refuse	Sanitation	Housing	Total
July 2006	1,570	5,777	1,835	4,575	-	13,757
August 2006	1,570	5,402	1,835	4,529	-	13,336
September 2006	1,570	4,339	1,835	4,569	-	12,313
October 2006	1,573	9,587	1,840	4,548	1,073	18,620
November 2006	1,573	11,469	1,840	4,548	1,073	20,503
December 2006	1,573	7,313	1,840	4,548	1,073	16,347
January 2007	1,573	14,441	1,840	4,548	1,073	23,475
February 2007	1,573	10,931	1,840	4,548	1,073	19,965
March 2007	1,573	9,045	1,840	4,930	1,073	18,461
April 2007	1,573	11,683	1,840	4,892	1,073	21,061
May 2007	1,573	12,783	1,840	4,949	1,073	22,218
June 2007	1,573	8,897	1,913	5,166	1,073	18,622
Total	18,869	111,667	22,140	56,348	9,656	218,680

Value of amount received and interest

Payments received

Period	Admin	Water	Refuse	Sanitation	Housing	Total
July 2006	-	-	-	-	-	-
August 2006	-	-	-	-	-	-
September 2006	249	-	-	-	-	249
October 2006	-	2,964	877	423	-	4,264
November 2006	106	562	165	204	-	1,036
December 2006	47	208	94	79	-	428
January 2007						622

	136	317	169	-	-	
February 2007	282	757	311	73	-	1,422
March 2007	242	1,232	172	79	-	1,725
April 2007	214	1,501	248	-	-	1,963
May 2007	108	435	127	21	3	694
June 2007	220	3,749	393	540	-	4,902
Total	1,603	11,724	2,556	1,419	3	17,306

Interest Received

Period	Admin	Water	Refuse	Sanitation	Housing	Total
July 2006	-	-	-	-	-	-
August 2006	-	-	-	-	-	-
September 2006	-	-	-	-	-	-
October 2006	-	-	-	-	-	-
November 2006	-	-	-	-	-	-
December 2006	-	-	-	-	-	-
January 2007	-	-	-	-	-	-
February 2007	-	-	-	-	-	-
March 2007	-	-	-	-	-	-
April 2007	-	-	102	272	26	400
May 2007	-	1,007	210	546	90	-
June 2007	-	1,146	232	623	107	2,108
Total	-	2,153	544	1,441	223	2,508

Regional Services Levies : Ageing

	2006/2007	2005/2006
	R	R
Current (0 - 30 days)	-	97 351
31 - 60 days	-	179 610
61 - 90 days	-	125 340
91 - 120 days	-	103 997
121 - 150 days	-	87 945
151 - 180 days	-	91 312
+ 180 days	3 825 650	2 680 225