

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

	2007 R	2006 R
<b>2. RESERVES</b>		
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
<b>Total Reserves</b>	<b>94,961,157</b>	<b>88,241,573</b>

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
	<b>(466,208)</b>	<b>(451,811)</b>
As previously stated	-	(394,592)
Add: Understatement of prior year's short term portion	-	(57,219)
	<b>382,785</b>	<b>920,761</b>

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
	<b>848,993</b>

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
<b>Total Conditional Grants and Subsidies</b>	<b>81,145,861</b>	<b>83,821,846</b>
<b>Less : Short term portion transferred to current liabilities</b>	<b>66,145,861</b>	<b>68,821,846</b>
<b>Total Deferred income</b>	<b>15,000,000</b>	<b>15,000,000</b>
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.		
<b>Total long term liabilities</b>	<b>15,382,785</b>	<b>15,920,761</b>

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
<b>Non-current provisions</b>		
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>	
<b>The movement in the provisions is reconciled as follows:-</b>		
Balance at beginning of year	52,500,000	50,900,000
Contributions	2,745,774	2,968,471
<b>Expenditure incurred</b>	<b>(2,745,774)</b>	<b>(2,968,471)</b>
Increase in provision	1,700,000	1,600,000
<b>Balance at end of year</b>	<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
<b>As previously stated</b>	<u>17,849,618</u>	<u>21,155,460</u>
<b>Adjustments GAMAP/GRAP</b>		
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)
<b>Reclassification</b>		
Accrued leave previously classified as provisions	-	1,193,292
<b>Total trade and other payables</b>	<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>

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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	-	-	-	-
<b>Carrying value at 30 June 2007</b>		<b>18</b>	<b>54,490,645</b>	<b>54,490,663</b>
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
<b>As Previously stated carrying values at 1 July 2005</b>		<b>18</b>	<b>5,487,922</b>	<b>5,487,940</b>
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
<b>Reclassification</b>		
Reclassification of Department of Housing from Trade and other receivables	-	13,862,888
<b>Restated Long-term Receivables</b>	<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
<b>10. TRADE AND OTHER RECEIVABLES</b>		
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)
<b>As Previously stated</b>	<u>6,998,375</u>	<u>18,424,332</u>
<b>Reclassification</b>		
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
<b>Adjusted for</b>		
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)
<b>Restated Total Trade and other Receivables</b>	<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
<b>Total</b>	<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
<b>Services: Ageing</b>		
0 - 90 Days	63,509	21,344
+ 90 Days	873,481	533,000
Total	<u>936,990</u>	<u>554,344</u>
<b>Rates : Ageing</b>		
0 - 90 Days	4,838	-
+ 90 Days	33,994	40,943
Total	<u>47,889</u>	<u>40,943</u>
<b>SERVICE CHARGES</b>		
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>
<b>Short Term Investments</b>		
<b>Short Term Deposits</b>		
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
<b>Disclosed in the Statement of Financial Position as follows:-</b>		
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
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>26,961,899</b>	<b>(12,780,787)</b>
<b>Held to maturity investments</b>		
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
<b>Total Short Term Deposits</b>	<b>244,534,917</b>	<b>218,006,939</b>
<b>Allocation of external investments</b>		
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
<b>Total</b>	<b>242,000,000</b>	<b>217,000,000</b>
The prior year short term deposits was previously disclosed as investments, see note 8.		
<b>13. GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b>Government Grants</b>		
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
<b>Total Government Grants</b>	<b>42,529,247</b>	<b>21,199,258</b>
<b>Provincial Subsidies</b>		
Contribution to Retirement benefits- (Roads pensioners)	2,897,345	2,924,503
Environmental Health	4,028,471	3,800,444
<b>Total Provincial Subsidies</b>	<b>6,925,816</b>	<b>6,724,947</b>
<b>Total Government Grants and Subsidies received</b>	<b>49,455,063</b>	<b>27,924,205</b>
<b>National/Provincial Government Grant funding (expenditure reimbursement)</b>		
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	-
<b>Total National/Provincial Government Grants (expenditure reimbursements)</b>	<b>48,548,899</b>	<b>61,422,133</b>
<b>TOTAL GOVERNMENT GRANTS AND SUBSIDIES</b>	<b>98,003,962</b>	<b>89,346,338</b>



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

	2007 R	2006 R
<b>Equitable share</b>		
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.		
<b>14. OTHER INCOME</b>		
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
<b>Total Other Income</b>	<b>4,836,961</b>	<b>9,250,572</b>
<b>15. EMPLOYEE RELATED COSTS</b>		
<b>15.1 Employee Related Costs</b>		
Salaries and wages	17,951,578	16,278,857
Social contributions	6,848,381	6,541,678
	<b>24,799,959</b>	<b>22,820,535</b>
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	613,441	431,320
Car Allowance	161,063	156,000
Performance Bonus	102,851	45,544
<b>Total</b>	<b>877,355</b>	<b>632,864</b>
<b>Remuneration of the Director Finance and Corporate Service</b>		
Annual Remuneration	570,309	421,758
Car Allowance	103,667	100,000
Performance Bonus	93,636	40,584
<b>Total</b>	<b>767,612</b>	<b>562,342</b>
<b>Remuneration of the Manager of Health</b>		
Annual Remuneration	303,556	309,417
Car Allowance	102,528	96,000
Performance Bonus	61,182	26,400
<b>Total</b>	<b>467,266</b>	<b>431,817</b>
<b>Remuneration of the Director Infrastructure</b>		
Annual Remuneration	509,621	346,231
Car Allowance	100,000	92,667
Performance Bonus	74,572	28,832
<b>Total</b>	<b>684,193</b>	<b>467,730</b>
<b>Remuneration of the Director Development Facilitation</b>		
Annual Remuneration	276,374	463,671
Car Allowance	50,000	100,000
Performance Bonus	87,262	44,058
<b>Total</b>	<b>413,636</b>	<b>607,729</b>
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
<b>15.2 Remuneration of Councillors</b>		
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
<b>Total Councillors' Remuneration</b>	<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><u>3,646,310</u></u>	<u><u>2,686,994</u></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
<b>Total interest on External Borrowings</b>	<u>190,730</u>	<u>55,662</u>

**18. BULK PURCHASES**

Water purchases	15,791	55,776
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**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
<b>Total Grants and Subsidies paid</b>	<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
<b>20. CASH GENERATED FROM / (UTILISED BY) OPERATIONS</b>		
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
<b>Operating surplus before working capital changes:</b>	<b>1,903,522</b>	<b>9,465,808</b>
(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)
<b>Cash generated/(utilised) by operations</b>	<b>7,477,698</b>	<b>(3,231,120)</b>

**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
<b>Revenue</b>	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	-	-
<b>Expenditure</b>	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
<b>24. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>		
<b><u>Unauthorised expenditure</u></b>		
<b>Reconciliation of unauthorised expenditure</b>		
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	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b><u>Irregular, fruitless and wasteful expenditure</u></b>		
<b>Reconciliation of fruitless and wasteful expenditure</b>		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Approved by Council	-	-
Transfer to statement of Financial performance - authorised losses	-	-
Transfer to receivables for recovery	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Total unauthorised, fruitless and wasteful expenditure disallowed</b>	<b>-</b>	<b>-</b>
<b>25. ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>25.1 Contributions to SALGA</b>		
Opening balance	-	-
Council subscriptions	204,140	219,547
Amount paid - current year	(204,140)	(219,547)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>25.2 Audit fees</b>		
Opening balance	-	-
Current year audit fee	796,814	664,923
Amount paid - current year	(864,558)	(664,923)
Amount paid - previous years	-	-
<b>Balance due (included in debtors)</b>	<b>(67,744)</b>	<b>-</b>

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

	2007 R	2006 R
<b>25.3 VAT</b>		
Input tax	(2,468,550)	(2,031,446)
Output tax	679,400	1,029,418
<b>NET VAT -(receivable)</b>	<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
<b>Balance unpaid (included in debtors)</b>	<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
<b>Balance unpaid (included in creditors)</b>	<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><u>128,208</u></u>	<u><u>560,599</u></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
<b>30. AGENCY FUNCTIONS</b>		
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	
			120,746	42,918	163,664	70,076	16,176	-	109,764	112,623	60,137	49,627
Vehicle finance lease - DHG 880 EC	1	2009/02/20	97,040	2,280	99,320	48,935	17,438	-	67,823	69,788	35,253	32,569
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	74,618	34,321	108,939	19,756	4,762	93,945	-	-	-	-
Vehicle finance lease - DHD 265 EC	4	2009/02/24	94,556	2,322	96,878	48,946	17,136	-	65,068	67,076	35,604	29,463
Vehicle finance lease - DHF 730 EC	5	2009/02/27	74,618	34,321	108,939	47,657	10,486	-	71,768	77,146	41,478	30,290
Vehicle finance lease - DHD 277 EC	6	2009/02/24	81,235	(201)	81,034	45,146	17,624	-	53,512	57,303	30,871	22,641
Vehicle finance lease - DHD 723 EC	8	2009/02/23	97,040	2,280	99,320	48,935	17,438	-	67,822	69,788	35,253	32,569
Vehicle finance lease - DHM 433 EC	9	2009/04/03	74,619	34,320	108,939	47,657	10,486	-	71,768	77,326	41,478	30,290
Vehicle finance lease - DHD 245 EC	10	2009/02/23	86,793	25,858	112,652	48,042	10,942	-	75,552	77,320	41,393	34,159
Vehicle finance lease - DHN 631 EC	11	2009/02/20	80,398	18,232	98,630	47,507	16,049	-	67,171	67,500	37,811	29,360
Vehicle finance lease - DHD 254 EC	12	2009/02/24	99,621	(301)	99,320	48,975	17,478	-	67,822	69,788	35,253	32,569
Vehicle finance lease - DHR 646 EC	13	2009/04/03	95,914	(295)	95,619	49,796	17,276	-	63,099	67,668	36,421	26,678
Vehicle finance lease - DHD 725 EC	14	2009/02/24										
			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
<b>INFRASTRUCTURE</b>											
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	-
<b>COMMUNITY</b>											
Land	-	-	-	8,367,730	8,367,730	-	-	-	-	8,367,730	-
	-	-	-	8,367,730	8,367,730	-	-	-	-	8,367,730	-
<b>OTHER</b>											
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
<b>TOTAL</b>	<b>13,530,568</b>	<b>950,100</b>	<b>1,434,308</b>	<b>49,625,300</b>	<b>62,671,660</b>	<b>6,248,557</b>	<b>2,044,764</b>	<b>112,326</b>	<b>8,180,995</b>	<b>54,490,665</b>	<b>15,925,000</b>









**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
<b>REVENUE</b>					
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
<b>Total Income</b>	<b>124,417,199</b>	<b>380,648,501</b>	<b>256,231,302</b>	<b>-67</b>	
<b>EXPENDITURE</b>					
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
<b>Total Expenditure</b>	<b>107,613,929</b>	<b>388,144,641</b>	<b>280,530,712</b>	<b>-72</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>16,803,271</b>	<b>(7,496,140)</b>	<b>(24,299,411)</b>		

**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
<b>INFRASTRUCTURE ASSETS</b>					
Car Parks	-	-	-	-	
Street Lighting	-	-	-	-	
<b>OTHER ASSETS</b>					
<b>Buildings</b>		<b>15,000,000</b>	<b>15,000,000</b>	<b>100.00%</b>	
Office Building	-	15,000,000	15,000,000	100.00%	Relocation to Jeffreys Bay still in the planning phase.
<b>Computer equipment</b>	<b>485,476</b>	<b>590,000</b>	<b>104,524</b>	<b>-21.53%</b>	
Computer Hardware	485,476	590,000	104,524	-21.53%	Computer Equipment not required.
<b>Furniture and fittings</b>	<b>59,838</b>	<b>59,900</b>	<b>62</b>	<b>-0.10%</b>	
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%	
<b>Motor vehicle</b>	<b>116,002</b>	<b>-</b>	<b>-116,002</b>	<b>100.00%</b>	
Motor Vehicles	116,002	-	-116,002	100.00%	Vehicle written-off. Replacement financed from the proceeds of the insurance claim.
<b>Office equipment</b>	<b>34,123</b>	<b>35,100</b>	<b>977</b>	<b>-2.86%</b>	
Office Machines	15,484	16,100	616	-3.98%	
Miscellaneous	18,639	19,000	361	-1.94%	
<b>Specialised plant and equipment</b>	<b>254,661</b>	<b>240,000</b>	<b>-14,661</b>	<b>5.76%</b>	
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%	
<b>Grand Total</b>	<b>950,100</b>	<b>15,925,000</b>	<b>14,974,900</b>	<b>-1576.14%</b>	



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
<b>TOTAL</b>	<b>83,821,846</b>	<b>-</b>	<b>49,331,756</b>	<b>3,143,217</b>	<b>48,548,898</b>	<b>290,167</b>	<b>6,311,893</b>	<b>81,145,861</b>	<b>69</b>

**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
<b>Emphasis of matter</b>					
Restatement of comparatives					√

<b>Other matters</b>					
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.

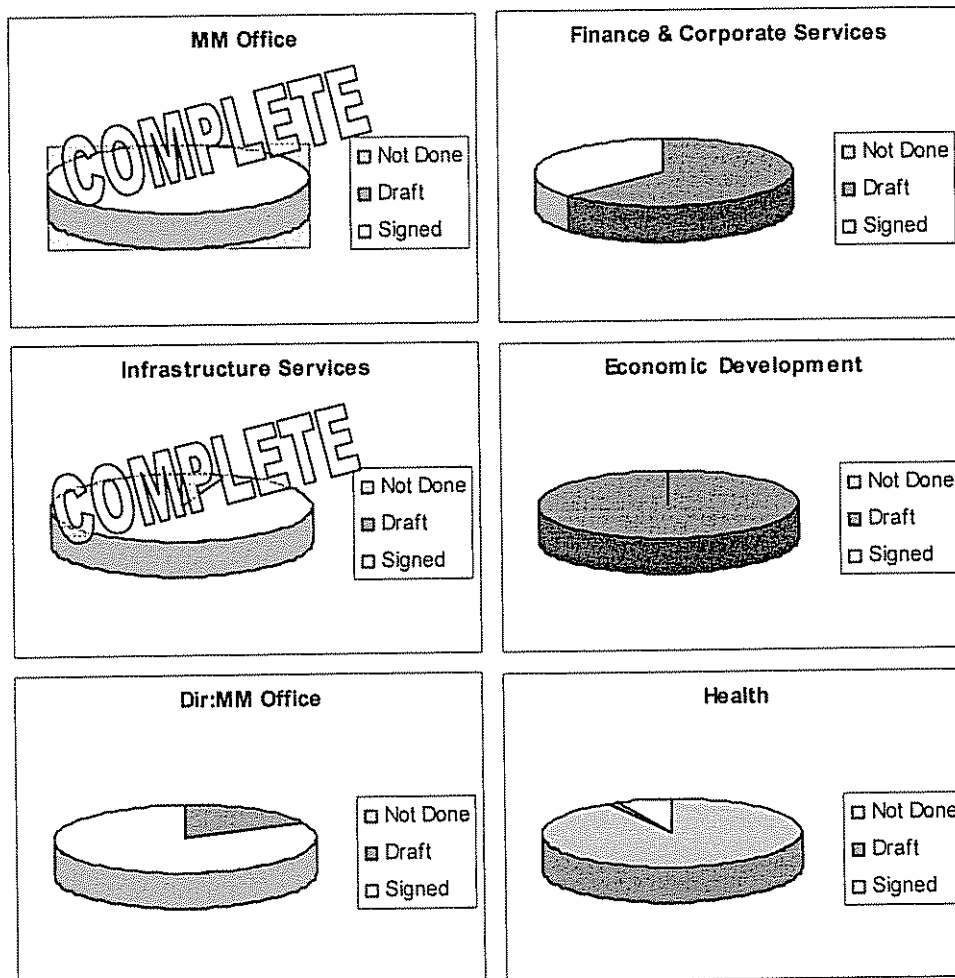
CDM concluded that the system is not the most appropriate to be rolled-out throughout the municipality. It was regarded imperative that these preliminary issues be resolved prior to embarking on a full roll-out.

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

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

<b>Financial reporting standard</b>	<b>Milestones to be achieved to comply with the standard</b> <i>(include the key challenges that have to be overcome)</i>	<b>Person responsible</b>	<b>Estimate date of compliance</b> <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"> <li>• Complied with under current GRAP with exemptions</li> </ul>		
Cash flow statements (GRAP 2)	<ul style="list-style-type: none"> <li>• Complied with</li> </ul>	D J De Lange	
Accounting policies, changes in accounting estimates and errors (GRAP 3)	<ul style="list-style-type: none"> <li>• Early adoption of standard approved as follows :               <ul style="list-style-type: none"> <li>➢ Identification and impact of GRAP standards that have been issued but are not yet effective (GRAP 3.30 – 31)</li> <li>➢ Changes in accounting policies (GRAP 3.14, 19)</li> </ul> </li> </ul> <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"> <li>Not Applicable, no foreign exchange transactions</li> </ul>		
Consolidated and Separate Financial Statements (GRAP 6)	<ul style="list-style-type: none"> <li>Exemption</li> </ul> <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"> <li>Not Applicable, no investment in associates</li> </ul>		
Interests in Joint Ventures (GRAP 8)	<ul style="list-style-type: none"> <li>Not Applicable, no investment in joint ventures</li> </ul>		
Revenue from Exchange Transactions (GRAP 9)	<ul style="list-style-type: none"> <li>Complied with exemption, exemption on fair values on the entire standard.</li> </ul> <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"> <li>Not Applicable, no construction contracts</li> </ul>		

# 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)	<ul style="list-style-type: none"> <li>• Early adoption approved.</li> </ul>		
Events after the Reporting Date (GRAP 14)	<ul style="list-style-type: none"> <li>• Complied with standard in 2006/07.</li> </ul>		
Investment Property (GRAP 16)	<ul style="list-style-type: none"> <li>• No investment property as defined.</li> </ul>		
Property, Plant and Equipment (GRAP 17)	<ul style="list-style-type: none"> <li>• Will be implemented in 2008/09, GAMAP 17 complied with in 2006/07 (excluding impairment)</li> </ul>	D J De Lange	June 2009
Provisions, Contingent Liabilities and Contingent Assets (GRAP 19)	<ul style="list-style-type: none"> <li>• Complied with standard in 2006/07.</li> </ul>		
Non-current Assets held for Sale and Discontinued Operations (GRAP 100)	<ul style="list-style-type: none"> <li>• Will be implemented from 2008/09</li> </ul>	D J De Lange	June 2009
Agriculture	<ul style="list-style-type: none"> <li>• Not Applicable</li> </ul>		



# 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"> <li>• Not Applicable</li> </ul>		
Financial Instruments: Disclosures (IFRS 7/AC 144)	<ul style="list-style-type: none"> <li>• Will be implemented from 2009/10</li> </ul>	D J De Lange	June 2010
Income Taxes (IAS 12/AC 102)	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>		
Employee benefits (IAS 19/AC 116)	<ul style="list-style-type: none"> <li>• Will be implemented from 2007/08</li> </ul>	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"> <li>• Complied with standard in 2006/07.</li> </ul>		
Financial Instruments: Presentation (IAS 32/AC 125)	<ul style="list-style-type: none"> <li>• Will be implemented from 2009/10</li> </ul>	D J De Lange	June 2010
Impairment of Cash-generating Assets (IAS 36/AC 128)	<ul style="list-style-type: none"> <li>• Will be implemented from 2009/10</li> </ul>	D J De Lange	June 2010
Financial Instruments: Recognition and Measurement (IAS 39/AC 133)	<ul style="list-style-type: none"> <li>• Will be implemented from 2009/10</li> </ul>	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"> <li>Will be implemented from 2007/08</li> </ul>	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.

<b><u>Name of member</u></b>	<b><u>No of meetings attended</u></b>
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**


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**FUNCTION :** EXECUTIVE AND COUNCIL

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**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**

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

**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:

	<b>NUMBER OF MEETINGS 2006/2007</b>
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**

<b>Project</b>	<b>Performance Indicator</b>	<b>Actual 2005/6</b>	<b>Target 2006/7</b>	<b>Actual 2006/7</b>	<b>Target 2007/8</b>
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

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

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**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