

Ukhahlamba District Municipality



Financial Statements

2006 - 2007

**UKHAHLAMBA DISTRICT MUNICIPALITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2007**

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UKHAHLAMBA DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 JUNE 2007

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 48 , in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 19 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager

31 August 2007

Date

UKHAHLAMBA DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

	Note	2007 R	2006 R
NET ASSETS AND LIABILITIES			
Net assets		21,704,584	(7,867,836)
Capital replacement reserve		0	0
Capitalisation reserve	1	115,634	290,203
Government grant reserve	1	45,158,666	466,514
Accumulated Surplus/(Deficit)		(23,569,715)	(8,624,554)
Non-current liabilities		7,950,674	7,933,567
Long-term liabilities	2	7,950,674	7,933,567
Non-current provisions	3	0	0
Current liabilities		72,012,772	50,657,196
Creditors	4	50,871,271	19,818,012
Unspent conditional grants and receipts	5	10,958,524	22,809,249
VAT	6	0	0
Bank overdraft	15	8,586,450	7,244,940
Current portion of long-term liabilities	2	1,596,528	784,995
Total Net Assets and Liabilities		<u>101,668,030</u>	<u>50,722,928</u>
ASSETS			
Non-current assets		58,061,090	8,355,025
Property, plant and equipment	7	58,038,872	8,156,157
Investment property	7	0	0
Investments	8	0	0
Long-term receivables	9	22,217	198,868
Current assets		43,606,940	42,367,902
Inventory	10	594,923	556,974
Other debtors	11	8,519,557	1,305,453
Unpaid Conditional Grants	12	1,798,835	845,893
VAT	13	14,555,971	11,092,906
Current portion of long-term debtors	9	286,658	209,115
Call investment deposits	14	17,850,697	28,356,006
Bank balances and cash	15	300	1,555
Total Assets		<u>101,668,030</u>	<u>50,722,928</u>

**UKHAHLAMBA DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 R	2006 R
REVENUE			
Property rates		0	0
Property rates - penalties imposed and collection charges		0	0
Service charges	17(b)	12,348,692	12,799,155
Regional Service Levies - turnover		0	5,979,083
Regional Service Levies - remuneration		0	531,836
Rental of facilities and equipment		11,056	0
Interest earned - external investments		1,579,698	3,294,442
Interest earned - outstanding debtors		204,253	41,394
Dividends received		0	0
Fines		182,174	154,280
Licences and permits		0	0
Income for agency services		0	1,430,465
Government grants and subsidies	16	192,578,651	230,160,432
Other income	17(a)	36,937,104	6,709,906
Public contributions and donations		0	0
Change in Fair Values		0	1,056,088
Internal Transfers		0	
Total Revenue		<u>243,841,627</u>	<u>262,157,080</u>
EXPENDITURE			
Employee related costs	18	61,706,805	61,410,545
Remuneration of Councillors	19	3,117,489	2,316,219
Bad debts		393,280	204,103
Collection costs		0	0
Depreciation		4,053,051	1,598,049
Repairs and maintenance		37,595,005	32,774,650
Interest paid	20	1,704,351	1,322,230
Bulk purchases	21	66,780	2,292,617
Contracted services		527,657	0
Grants and subsidies paid	22	109,482,717	175,433,532
General expenses	23	35,605,943	20,380,242
Small Assets purchased		54,998	
Contributions to and from Provisions		0	
Loss on disposal of property, plant and equipment		0	0
Total Expenditure		<u>254,308,076</u>	<u>297,732,187</u>
SURPLUS/(DEFICIT)		(10,466,448)	(35,575,106)
SURPLUS/(DEFICIT) FOR THE YEAR		<u>(10,466,448)</u>	<u>(35,575,106)</u>

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

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

	<u>Pre-GAMAP Reserves and Funds</u> R	<u>Capital Replacement Reserve</u> R	<u>Capitalisation Reserve</u> R	<u>Government Grant Reserve</u> R	<u>Accumulated Surplus/ (Deficit)</u> R	<u>Total</u> R
Balance at 30 JUNE 2005	0	0	290,203	466,514	36,697,428	37,454,146
2006						
Balance at 30 JUNE 2005	0	0	290,203	466,514	36,697,428	37,454,146
Implementation of GRAP (Note 24)						
Restated balance	0	0	290,203	466,514	36,697,428	37,454,146
Net surplus/(deficit) for the year		0	0	0	(35,575,106)	(35,575,106)
Correction of error (Note 25)					19,642,010	19,642,010
Additional contribution to Bad Debts Provision					(29,388,885)	(29,388,885)
Transfer to CRR	0	633,443	0	0	(633,443)	
Property, plant and equipment purchased	0	(633,443)	0	0	633,443	
Capital grants used to purchase PPE						
Offsetting of depreciation (Note 1)	0	0	0	0		
Balance at 30 JUNE 2006	0	0	290,203	466,514	(8,624,554)	(7,867,836)
2007						
Balance at 30 JUNE 2006		0	0	0	0	0
Restated balance	0	0	290,203	466,514	(8,624,554)	(7,867,836)
Net surplus/(deficit) for the year	0	0	0	0	(10,466,448)	(10,466,448)
Correction of error (Note 25)	0	0	(162,431)	27,738,684	12,462,615	40,038,868
Additional contribution to Bad Debts Provision	0	0	0	0	0	0
Transfer to CRR	0	0	0	0	0	0
Property, plant and equipment purchased	0	0	0	0	0	0
Capital grants used to purchase PPE	0	0	0	19,547,429	(19,547,429)	0
Offsetting of depreciation (Note 1)	0	0	(12,138)	(2,593,962)	2,606,100	0
Balance at 30 JUNE 2007	0	0	115,634	45,158,666	(23,569,715)	21,704,584

UKHAHLAMBA DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from/(utilised in) operations	26	7,785,972	(2,254,971)
Interest received		1,783,951	3,335,836
Interest paid		(1,704,351)	(1,322,230)
NET CASH FROM OPERATING ACTIVITIES		7,865,572	(241,364)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(19,687,176)	(633,443)
(Increase)/decrease in non-current loans	9	99,108	22,284,178
(Increase)/Decrease in call investment deposits			0
NET CASH FROM INVESTING ACTIVITIES		(19,588,068)	21,650,735
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)	2	(125,578)	8,718,562
NET CASH FROM FINANCING ACTIVITIES		(125,578)	8,718,562
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(11,848,074)	30,127,933
Cash and cash equivalents at the beginning of the year		21,112,621	(9,015,312)
Cash and cash equivalents at the end of the year		9,264,547	21,112,621
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(11,848,074)	30,127,933

1. Summary of significant accounting policies for the year ended 30 June 2007

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless otherwise stated.

1.1 Basis of preparation

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

The standards are summarised as follows:

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

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

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

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

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

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

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

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

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

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 140 (Business Combinations) in its entirety.

1.2 Presentation currency

These annual financial statements are presented in South African Rand.

1.3 Going concern assumption

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

1.4 Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

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

1.5 Foreign currency transactions

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

1.6 Housing Development Fund

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. Loans from National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa) read with, *inter alia*, Section 16(2) that the net proceeds of any rental, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Fund:

- The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Any surplus / (deficit) on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

The municipality does not currently have a housing development fund.

1.7 Reserves

1.7.1 Capital Replacement Reserve (CRR)

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash allocated to the CRR can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality. *(Due to insufficient cash available as at the end of the financial year no contributions were made to the CRR.)*
- Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- The CRR is reduced and the accumulated surplus/(deficit) credited with corresponding amounts when the funds are utilised.
- The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects.
- The Council determines the annual contribution to the CRR.

1.7.2 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

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

1.7.3 Government Grant Reserve

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

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

1.7.4 Public Contributions and Donations Reserve

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

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

1.7.5 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. Land and buildings are revalued every four years. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on current values, are credited or charged to the Statement of Financial Performance.

1.8 Financial Instruments

Financial instruments carried in the Statement of Financial Position include cash and cash equivalents, investments, accounts receivable, accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Municipality has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when it is extinguished, i.e. when the contractual right is discharged, cancelled or expires.

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

1.9 Leases

1.9.1 Lessee Accounting

Amounts held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 105 (Leases) with regards to the recognition of operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105]

1.9.2 Lessor Accounting

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.10 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, added to the costs of these assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

1.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

1.12 Provisions

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The municipality has discounted provisions to their present value when the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the Statement of Financial Position.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

1.13 Employee Benefits

(a) Pension obligations

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

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

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Post Retirement Medical obligations

The Municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation, are charged or credited to the Statement of Financial Performance over the expected average remaining working lives of the related employees. These obligations are valued annually by independent qualified actuaries.

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

1.14 Trade Payables (Creditors)

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

1.15 Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the basic salary of the employee.

1.16 Unutilised Conditional Grants

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor – Unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash. The following provisions are set for the creation and utilisation of this creditor:

- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

1.15 Value Added Tax

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

1.16 Property Plant and Equipment

Land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed every four years when the municipal valuation roll is updated.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a Revaluation Reserve in the Statement of Changes in Net Assets. Decreases that offset previous increases of the same asset are charged against the Revaluation Reserve directly in the Statement of Changes in Net Assets; all other decreases are charged to the Statement of Financial Performance. Each year the difference between depreciation based on the revalued carrying amount of the asset is charged to the Statement of Financial Performance and depreciation based on the asset's original cost is transferred from the Revaluation Reserve to the Accumulated Surplus/ (Deficit).

Depreciation on revalued land and buildings is charged to the Statement of Financial Performance. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the Revaluation Reserve is transferred directly to the accumulated surplus / deficit.

Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

All other property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy.

The Municipality has adopted a capitalisation threshold whereby all expenditure below the threshold is expensed when incurred. The threshold is currently R 1 500 per item of PPE.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and buildings under construction over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate

accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised (net) in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the Accumulated Surplus/(Deficit) directly in the Statement of Changes in Net Assets.

Heritage assets, which are defined as culturally significant resources are not depreciated as they are regarded as having an infinite life. Land is also not depreciated for the same reason.

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

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

1.17 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition investment properties are shown at fair value, based on periodic, but at least every three years, valuations by external independent valuers. Gains or losses arising from

changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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

- *The entire standard to the extent that property is accounted for in terms of GAMAP 17.*
- *Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (iii)]*

1.18 Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 129 (Intangible Assets):

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

1.19 Impairment of Tangible and Intangible Assets

At each Statement of Financial Position date the municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A

reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

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

1.20 Financial Assets

The Municipality classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the date of the Statement of Financial Position. They arise when the Municipality provides money for goods or services directly to a debtor with no intention of trading the receivable and are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment.

1.21 Inventories

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

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

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

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

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

1.22 Trade and other Receivables

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

1.23 Cash and Cash Equivalentents

Cash and cash equivalentents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

1.24 Revenue Recognition

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been done. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale. The local municipalities act as service providers for the municipality for this function.

Service charges from sewerage and sanitation for residential and business properties are levied monthly based on a fixed tariff. The local municipalities act as service providers for the municipality for this function.

Interest and rentals are recognised on a time proportion basis.

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

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant creditor, if the grant conditions indicate that interest is payable to the funder.

Revenue from the sale of goods is recognised when **all** the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

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

Revenue from non-exchange transactions

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

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

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

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

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

Conditional Grants and Receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria,

conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

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

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

1.25 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.26 Unauthorised Expenditure

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

1.27 Irregular Expenditure

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

1.28 Fruitless and Wasteful Expenditure

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

1.29 Rounding

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.

UKHAHLAMBA DISTRICT MUNISIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING
30 JUNE 2007

No.	Description	2007 R	2006 R
1 NETT ASSET RESERVES			
	RESERVES	45,274,300	756,718
	Capitalisation Reserve	115,635	290,203
	Government Grant Reserve	45,158,666	466,514
<p>The reserves are being utilised to offset depreciation over the useful lives of the assets purchased funded from the reserves. The municipality is in process of recompiling an asset register and funding methods and will restate offsetting of depreciation once completed.</p> <p>Bank and cash - The reserves are not cash-backed but represent expenditure incurred on property, plant and equipment.</p>			
	Sub-total	45,274,300	756,718
		0	0
	Total Nett Assets Reserves	45,274,300	756,718
2 LONG-TERM LIABILITIES			
	Local Registered Stock Loans		
	Annuity Loans	9,547,202	8,718,562
	Sub-total	9,547,202	8,718,562
	Less : Current portion transferred to current liabilities	(1,596,528)	(784,995)
	Annuity Loans	(1,596,528)	(784,995)
	Total External Loans - At fair value	7,950,674	7,933,567
Refer to Appendix A for more detail on long-term liabilities.			
Financial Instruments - Fair Value Adjustment			
Interest rates are market related and includes a risk factor.			
A Zero Coupon bond of 30% is secured over the loan.			
The value of the bond is R 339 660 as at year end.			
3 NON-CURRENT PROVISIONS			
	Medical/ Retirement Fund	0	0
	Total Non-Current Provisions	0	0
The municipality did not obtain an actuarial valuation for post-retirement medical-aid contributions.			
3 NON-CURRENT PROVISIONS (continued)			
Leave Payment			
The movement in the non-current provisions are reconciled as follows: -			
	Balance at beginning of year	0	
	Contributions to provision		0
	Expenditure incurred		0
	Increase in provision due to discounting		0
	Transfer to creditors in terms of GRAP implementation		0
	Balance at end of year	0	0
"Exemptions taken according to the exemptions gazetted in terms of Government Notice:-			
Employee Benefits (AC116) Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. (paragraphs 29, 48-119, 120A(c) - (q))"			

No.	Description	2007 R	2006 R
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4 CREDITORS

Trade creditors		560	7,787,644
Payments received in advance		9,920,880	9,865,965
Suspence Accounts - Credits		1,373,927	771,061
Priority Allocations		0	343,758
Staff leave		1,866,293	1,198,233
Sundry Creditors		37,709,611	0
DBSA Loan - Interest Accrued		0	349,490

Total Creditors		50,871,271	20,316,151
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Financial Instruments - Fair Value Adjustment

Estimated at 8% over the expected repayment period.

Risk - Accounts are being paid within agreed timeframes.

(498,139)

		50,871,271	19,818,012
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The amount of R37 709 611 for Sundry Creditors consist of the following:

VAT - DEBTORS		138,860
SANITATION GARIEP 2004 - 2005		183,374
WATER ELUNDINI 2004 - 2005		420,716
WATER GARIEP 2004 - 2005		193,787
SANITATION ELUNDINI 2005 - 2006		1,470,113
WATER ELUNDINI 2005 - 2006		1,994,811
SANITATION ELUNDINI 2006 - 2007		1,544,114
SANITATION GARIEP 2006 - 2007		2,614,590
SANITATION MALETSWAI 2006 - 2007		1,186,405
SANITATION SENQU 2006 - 2007		1,841,595
WATER ELUNDINI 2006 - 2007		1,339,763
WATER MALETSWAI 2006 - 2007		861,122
WATER SENQU 2006 - 2007		3,966,237
YEAR END ACCRUALS ORDER PAYMENTS		151,241
YEAR END ACCRUALS SUNDRY PAYMENTS		2,450,483
YEAR END ACCRUALS BLOEM WATER		17,352,400
		37,709,611

5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

5.1 Conditional Grants from other spheres of Government

	10,958,524	23,759,635
Ddc Training	101,027	101,027
Working For Water	2,281,164	0
CMIP/MIG		12,646,934
Elundini Comm Haal And Roads	223,392	223,392
Finance Management Grant	1,035,952	1,055,922
Mtfletcher Mas Food Production		8,223
Bakery Project		145
Gariep Implement Lake	1,999,741	1,863,222
Disaster Management Plan		487,164
Disaster Management Framework	384,789	
Establishment Of Centres	662,372	662,372
Comm Awareness Programme	162,545	162,545
Fire & Emergency Service	111,694	0
Training Of Volunteers	453,062	453,062
M 1 Planning Grant		3,917,489
Remuneration Of Cdw's	796,497	1,726,851
Drought Relief Senqu	580,992	
Drought Relief Elundini	2,066,534	
Trisano Disabled Project		102,525
Disaster Forum	98,763	98,763
Youth Bed & Breakfast		250,000

Financial Instruments - Fair Value Adjustment

Average estimated over 6 months at 8%

(950,385)

	10,958,524	22,809,249
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No.	Description	2007 R	2006 R
6 VAT			
	VAT payable	<u>0</u>	<u>0</u>
	Financial Instruments - Fair Value Adjustment		
	VAT is payable the following month.		
	RISK - All payments are being paid on time.		
7 PROPERTY PLANT AND EQUIPMENT			
7.1 INVESTMENT PROPERTY			
	Fair Value	<u>0</u>	<u>0</u>
	Total Investment Property	<u>0</u>	<u>0</u>
	The municipality does not own any Investment Properties		
8 INVESTMENTS			
	Financial Instruments - Fair Value Adjustment		
	There are no long-term investments	<u>0</u>	<u>0</u>
	Total Investments	<u>0</u>	<u>0</u>
9 LONG-TERM RECEIVABLES			
	Car loans	308,875	407,983
		<u>308,875</u>	<u>407,983</u>
	Less : Current portion transferred to current receivables	286,658	209,115
	Car loans	<u>286,658</u>	<u>209,115</u>
	Sewerage connection loans	0	0
	Electricity appliance purchase scheme	0	0
	Housing selling scheme loans	0	0
	Total	<u>22,217</u>	<u>198,868</u>
	Financial Instruments - Fair Value Adjustment		
	CAR LOANS		
	Senior staff are entitled to car loans which attract interest at 8% per annum and which are repayable over a maximum period of 5 years. These loans are repayable in the year 2009.		
	There are no fair value adjustments as interest are being charged.		
	RISK - The payments are being deducted from the employees' salaries.		
10 INVENTORY			
	Consumable stores – at cost	594,923	556,974
	Total Inventory	<u>594,923</u>	<u>556,974</u>
	Financial Instruments - Fair Value Adjustment		
	There are no adjustments to fair value. The inventory has got a high turnover rate.		

No.	Description	2007 R	2006 R
11 OTHER DEBTORS			
	Suspence account debits	306,934	424,064
	Sundry Debtors	4,623,138	
	Priority Allocations	0	1,460,719
	Deposits	6,083	6,083
	Current debtors	32,972,288	28,964,822
	Less : Provision for bad debts	(29,388,885)	(29,388,885)
	Total	8,519,557	1,466,802
<u>Rates: Ageing</u>			
	Current (0 – 30 days)	126,042	0
	31 - 60 Days	207,391	0
	61 - 90 Days	136,860	0
	91 - 120 Days	743,487	0
	121 - 150 Days	784,129	0
	+ 150 Days	6,521,648	1,466,802
	Total	8,519,557	1,466,802
Financial Instruments - Fair Value Ajustment			(161,348)
Estimated at 11% over 1 year.			
RISK - Substantial provision for bad debts is provided due to uncertain recovery.			8,519,557
			1,305,453
12 UNPAID CONDITIONAL GRANTS			
Government grants and subsidies		1,798,835	869,813
DEPT OF WATER AFFAIRS PROJECTS		194,688	194,688
REBUILDING STRUCK HOUSES			39,986
EXT OFFICE BUILDINGS			251,392
SAN INFOR CENTR EC865 OPENING BALANCE			383,747
BUCKET ERADICATION		1,604,146	
Total Other Debtors		1,798,835	869,813
Financial Instruments - Fair Value Ajustment			(23,920)
Estimated at 11% over 3 months			
RISK - There are no risk for recovery.			1,798,835
			845,893
13 VAT receivable			
		14,555,971	11,300,074
Financial Instruments - Fair Value Ajustment			(207,168)
Estimated at 11% over 2 months			
RISK - There are no risk for recovery.			14,555,971
			11,092,906
14 CALL INVESTMENT DEPOSITS			
	Other Deposits	17,850,697	28,356,006
The deposits are ringfenced in order to finance unspent conditional grants. (See note 5)			
Financial Instruments - Fair Value Ajustment			
Interest are being earned at market related rates.			
RISK - There are no risk for recovery. Interest rates fluctuate according to the markets.			
The municipality does not cover changes in interest rates.			
No investments are being made other than in South Africa in Rands.			

No.	Description	2007 R	2006 R
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15 BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

ABSA Bank
Account Number

Cash book balance at beginning of year – overdrawn	(7,244,940)	(57,491,707)
Cash book balance at end of year - overdrawn	<u>(8,586,450)</u>	<u>(7,244,940)</u>
Bank statement balance at beginning of year - (overdrawn)	2,108,798	12,840,591
Bank statement balance at end of year - (overdrawn)	<u>1,987,368</u>	<u>2,108,798</u>

Petty Cash

Bank
Account Number

Petty Cash	300	1,555
Bank statement balance	<u>8,586,450</u>	<u>7,244,940</u>

Financial Instruments - Fair Value Adjustment

Interest are being earned or paid at market related rates.

RISK - There are no risk for recovery. Interest rates fluctuate according to the markets.

The municipality does not cover changes in interest rates.

The bank accounts are opened in South Africa only.

16 GOVERNMENT GRANTS AND SUBSIDIES

Contributions: Document Management Syst	999,500
Contribution: Msig	29,700
Equitable Share	17,708,218
Municipal Systems Improvement Grant	156,450
Contributions: Dead Lake Gariep	0
Department: Roads	0
Contribution: Cmpj	3,350,244
Contributions Mig	0
Contributions Water Affairs	5,255,850
Contributions: Working F Or Water	9,367,956
Contribution: Msig	29,700
Contribution: Msig	254,450
Equitable Share	755,314
Equitable Share	396,029
Equitable Share	402,529
Contribution: Msig	29,700
Equitable Share	194,980
Contribution: East Cape Aids Council	75,000
Environmental Health	416,856
Environmental Health	321,920
Subsidies	11,000,925
Contributions Roads	4,980,449
Subsidies	9,650,000
Equitable Share	2,511,728
Equitable Share	1,312,366
Equitable Share	2,292,905
Equitable Share	1,456,178
Equitable Share	1,000,276
Equitable Share	796,009
Equitable Share	9,628,890
Equitable Share	5,444,239
Ddc Training - Gariep Expenditure During Year	1,976
Ddc Training - Maletswai Expenditure During Year	37,976
Ddc Training - Senqu Expenditure During Year	1,976
Ddc Training - Elundini Expenditure During Year	1,976
Ddc Training - Ukh Dm Expenditure During Year	11,062
Tf Dm - Expenditure Duri Ng The Year	547,817
Tf Ptf - Expenditure Dur Ing The Year	24,500
Tf Plan Herschel Expenditure During Year	182
Cmpj Expenditure During Year	74,268,517

No.	Decription	2007 R	2006 R
	Dept Water Affairs Proj Expenditure During Year		2,541,599
	Tf Nwsp - Expenditure Du Ring The Year		523,203
	Tf Utvs - Expenditure Du Ring The Year		797,753
	Elundini Comm Hall&roads Expenditure During Year		2,014,937
	Tf Cbpwp Expenditure During Year		9,963,561
	Tf Ups - Expenditure Dur Ing The Year		137,322
	Tf Zws - Expenditure Dur Ing The Year		473,422
	Tf Xws - Expenditure Dur Ing The Year		387,962
	Tf Ms - Expenditure Duri Ng The Year		12,000
	Tf Xs - Expenditure Duri Ng The Year		107,000
	Tf Ew12s - Expenditure D Uring The Year		67,000
	Tf Sup - Expenditure Dur Ing The Year		4,150
	Finance Management Grant Expenditure During Year		1,672,359
	Youth Skills Dev Centre Expenditure During Year		593,024
	Mfletcher Mas Food Prod Expenditure During Year		494,257
	Gariep Bakery Project Expenditure During Year		200,000
	Gariep Implement Lake Expenditure During Year		379,846
	Establishment Of Centres Expenditure During Year		401,880
	Comm Awareness Programme Expenditure During Year		45,704
	Training Of Volunteers Expenditure During Year		25,228
	Rebuilding Struck Houses Expenditure During Year		801,324
	Fire & Emergency Service Expenditure During Year		1,969,431
	M 1 Planning Grant Expenditure During Year		70,694
	Ukh Dm: Ext Office Build Expenditure During Year		1,171,131
	Env Health Sec 78 Asses Expenditure During Year		326
	Rout. Maint. Roads Drpw Expenditure During Year		579,464
	Reconstruc R3222 Drpw Expenditure During Year		5,879
	Working For Wetlands Expenditure During Year		366,753
	Remuneration Cdws Expenditure During Year		203,352
	Cgsr Gariep 2004 - 2005 Expenditure During Year		43,138
	San Inform Centre Ec865 Expenditure During Year		326,324
	Drought Relief Senqu Expenditure During Year		11,771,470
	Drought Relief Elundini Expenditure During Year		5,799,533
	Water Serv Auth Function Expenditure During Year		2,361,771
	Disaster Forum Expenditure During Year		13,040
	Herschel Hep Fbw Program Expenditure During Year		7,674,193
	Bucket Eradication Expenditure During Year		6,133,156
	Bucket Eraditation Senqu Expenditure During Year		2,203,420
	Bucket Eraditation Expenditure During Year		3,109,484
	SUBSIDY : ENVIRONMENTAL HEALTH	1,514,718	
	SUBSIDY : HEALTH	683,678	
	SUBSIDY : SCDOH	5,182,454	
	SUBSIDY ROADS DRAT	14,272,187	
	EQUITABLE SHARE	47,994,549	
	MUN FINANCE MANAGEMENT	974,267	
	FIRE BRIGATE SERVICES	(3,850)	
	MSIG	500,000	
	ROADS	2,908,215	
	YOUTH BED & BREAKFAST	290,000	
	ORANJE FONTEIN HOUSE PROJECT	300,000	
	SPATIAL PLANNING	800,000	
	LED ISRDP	950,000	
	LED NODAL STRATEGY	45,844	
	LED DM STRATEGIES	317,000	
	DEV LAND SURVEY	1,052,000	
	LAND VALUATION	0	
	BACKET ERADITATION	6,911,829	
	IDP MUN PERFORMANCE MANAGEMENT SYSTEM	120,000	
	PROVINCE	2,102,980	
	WATER AFFAIRS	1,471,120	
	DEAT: COMMUNITY HALLS ELUNDINI	0	
	COUNCIL REMUNERATION	975,200	
	DEAT: GOAT FARMING	3,500,000	
	WORKING FOR WATER	14,347,096	
	SARS LEVIES	8,661,147	
	DWAF - ELUNDINI LM WATER SHORTAGE	(127,800)	
	CONTRIBUTIONS CMIP	11,706,198	
	CONTRIBUTIONS MIG	61,513,674	
	CONTRIBUTIONS: DWAF DRINKING WATER QUAL MON	306,395	
	CONTRIBUTIONS: DWAF TRAINING OF DWAF STAFF	319,200	
	CONTRIBUTION: DROUGHT RELIEF	2,990,550	
		192,578,651	230,160,432

No.	Description	2007 R	2006 R	
17 (a) OTHER INCOME				
	Plant Charges and Stores Handling	4,405,000	5,957,080	
	Connection Fees		130,517	
	ARV Projects		119,947	
	Other income	32,532,104	502,362	
	Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 35)		0	
	Total Other Income	36,937,104	6,709,906	
(b) SERVICE CHARGES				
	Sanitation	4,835,578	4,547,473	
	Sewerage Blockage	25,358		
	Water Connections	9,030		
	Water Consumption	7,459,472	8,251,682	
	Water Furrows	1,103		
	Water Reconnections	18,151		
		12,348,692	12,799,155	
18 EMPLOYEE RELATED COSTS				
	Employee related costs - Salaries and Wages and Allowances	53,164,969	52,299,192	
	Employee related costs - Social contributions	8,252,156	8,270,128	
	Overtime	289,680	3,157,444	
	Total Employee Related Costs	61,706,805	63,726,764	
Remuneration of the Municipal Manager				
	Annual Remuneration	528,000	492,911	
	Performance Bonuses	44,000	31,482	
	Car Allowance	48,000	225,714	
	Social Contributions	260,040	97,999	
			0	
	Total	880,040	848,106	
Remuneration of Chief Financial Officer				
	Annual Remuneration - All inclusive package	493,968	429,040	
	Performance Bonuses	41,164	30,000	
	Car Allowance	133,524	141,905	
	Social Contributions	79,378	89,807	
	Total	748,034	690,752	
Remuneration of Individual Executive Directors				
30 JUNE 2007				
		Technical Services	Corporate Services	Community Services
		R	R	R
	Annual Remuneration	425,758	478,715	508,553
	Performance Bonuses	35,480	39,893	42,379
	Car Allowance	170,220	145,440	156,000
	Social Contributions	116,576	83,986	41,102
	Total	748,034	748,034	748,034
30 JUNE 2006				
		Technical Services	Corporate Services	Development and Planning
		R	R	R
	Annual Remuneration	424,011	449,511	397,694
	Performance Bonuses	28,500	31,000	29,478
	Car Allowance	155,985	150,339	141,951
	Social Contributions	97,195	67,073	40,771
	Total	705,691	697,923	609,894

No.	Description	2007 R	2006 R
19 REMUNERATION OF COUNCILLORS			
	Executive Mayor	451,352	334,138
	Councillors	2,522,009	1,667,271
	Councillors' pension contribution & Medical Aid	144,128	157,405
	Total Councillors' Remuneration	3,117,489	2,158,814
<i>In-kind Benefits</i>			
The Executive Mayor, Deputy Executive Mayor, Speaker and one other councillor are full-time. Each is provided with an office and secretarial support at the cost of the Council.			
The Executive Mayor has the use of a Council owned vehicle for official duties.			
20 INTEREST PAID			
	Long-term liabilities	1,704,351	697,088
	External Service Providers - Municipalities		625,142
	Finance leases		0
	Bank overdrafts		0
	Total Interest on External Borrowings	1,704,351	1,322,230
21 BULK PURCHASES			
	Electricity		2,203,674
	Water	66,780	88,943
	Total Bulk Purchases	66,780	2,292,617
22 GRANTS AND SUBSIDIES PAID			
	Children: Children Day Events		27,846
	Children: Support District Choir		2,500
	Children: Support Sports Council		23,560
	Clinic Elundini X 1		63,416
	Deat: Community Elundini		45,798
	Deat: Lake Gariep		74,791
	Deat: Maize Production		498,912
	Deat: Masiphakani Bakery		200,000
	Development Of Intergov Relations Policy		10,451
	Dhlg Idp Support Fund		188,789
	Dis Tourism & Marketing: Maloti Route		10,000
	Dis Tourism & Marketing: Friendly N6		10,000
	Dis Tourism & Marketing: Marketing Dist Municipal		5,750
	Dis Tourism & Marketing: Marketing Events		5,000
	Dis Tourism & Marketing: Red River Route		10,000
	Disable Programme: Awareness Programme		4,581
	Disable Programme: Disable People Month		217,924
	Disable Programme: Planning 2006/2207 Mteif		17,597
	Disable Programme: Support Operation People		17,106
	Disaster Management		411
	Disaster: Fire Brigade Service		32,774
	District Tourism & Marke Ting		120,000
	Dot: Public Transport Facilities Elundini		1,893,850
	Drought Relief		4,120,476
	Elderly: Elderly Programme		4,496
	Establishment & Maint. Of Dist Econ Dev Forums		4,625
	Events: Annual Review Document		9,300
	Events: Freedom Day Celebrations		10,000
	Events: Gifts Visit Dinitories		4,386
	Events: Heritage Day		14,547
	Events: Idp Document		4,440
	Events: Inauguration New Council		17,406
	Events: Launch Of Projects/progr		63,610
	Events: National Imbizo Events		12,120
	Events: State Of The District Ad		29,899
	Events: State Of The Nation Addr		6,290
	Events: State Of The Prov Address		3,665
	Finance Management Grant		48,219
	Ilima Projects		1,945,690
	Intergovern Relation Pol Tech Serv Work Group		825

No.	Decription	2007 R	2006 R
	Intergovern Relation Pol Communicators Forum		2,698
	Intergovern Relation Pol Dimafu		953
	Intergovern Relation Pol Idp/budget Repr Forum		1,540
	Intergovern Relation Pol Led Working Group		700
	Intergovern Relation Pol Outreach Political		20,734
	Intergovern Relation Pol Samwu		2,231
	Intergovern Relation Pol Spu Working Group		7,019
	Intergovern Relation Pol Traditional Leaders		3,216
	Isrdp Shearing Sheds		712,292
	Isrdp 2004 - 2005 Social Infrastructure		165,936
	Isrdp - Agr, Tour & Led Esta & Lrad Campaigns		6,600
	Isrdp - Agr, Tour & Led Goat Farming		115,871
	Isrdp - Agr, Tour & Led Madiba Corridor		168,780
	Isrdp - Agr, Tour & Led Maloti Transfrontier Pro		12,840
	Isrdp - Agr, Tour & Led Support Art & Craft Dev		23,324
	Isrdp - Agr, Tour & Led Tourism & Mark Plans Lms		124,613
	Isrdp - Agr, Tour & Led Tourism Information Dev		70
	Isrdp - Agr, Tour & Led Trans & Dev Tour Industr		2,000
	Isrdp - Agr. Tour & Led Brickmakers Support Prog		3,920
	Isrdp - Agr. Tour & Led Led Mentoring Train Prog		2,310
	Isrdp - Anchor Projects Gariep Complex		62,509
	Isrdp - Anchor Projects Holohlagatsi Dam		514,858
	Isrdp - Anchor Projects Woolclip		1,064,738
	Isrdp - Anchor Projects: Youth B & B Aliwal		60
	Isrdp 2004 - 2005 Roads		3,045
	Isrdp Agr. Tour & Led Led Start Up Fund Alloc.		575,000
	Isrdp Arg, Tour & Led Commonages		506,934
	Learnership Technical Students		418,826
	Library Mt Fletcher		614,035
	Milling Farming Worker Equity Scheme		20,000
	Moral Regeneration: Awareness Programme		39,069
	Msig Grant: Environmental Health Ass		13,960
	Msig Grant: Idp & Pms		148,074
	Msig Grant: Pms		111,529
	Msig Grant: Wast Management Plan		374,347
	Msp		6,970
	Municipal System Improvem Ent Grant		468,860
	Municipal Performance Management System		371,827
	Oranje Fontein Housing Project		1,500
	Prior Allocation: 04/05 Elundini		416,784
	Prior Allocation: 04/05 Gariep		350,000
	Prior Allocation: 04/05 Maletswai		351,500
	Prior Allocation: 04/05 Senqu		450,000
	Proir Allocation: 04/05 Mayoral Fund		319,938
	Projects: Spu		113,893
	Robertson Street Resealing		4,068,528
	Sondela Youth Festival		231,857
	Support Local Government Elections		526,168
	Taxi Rank Aliwal North Fase 3		865,819
	Tembisa Sportsfield		26,886
	Venterstad Sport Facilities		102,850
	Woman Programmes: Sawen House		1,941
	Women Caucus Activities		12,122
	Women Programmes: 16 Days Of Activism		17,200
	Women Programmes: Gender Issues Aware Prog		9,198
	Women Programmes: Planning For 2006/2007		19,052
	Women Programmes: Support Econ Emp Forum		31,901
	Women Programmes: Womens Month		22,729
	Women Programmes: Youth Womens Network Pro		6,028
	Working For Water Potrivier		1,160,410
	Working For Water Tsomo		2,364,744
	Working For Water Umnga		1,274,681
	Working For Water/wet Engobo		498,802
	Working For Water/wet Gatberg		1,555,041
	Working For Water/wet Mooirivier		856,135
	Working For Water/wet Wildebees		504,830
	Working For Water/wet Xuka Drift		2,196,899
	Youth Development Programmes		172,717
	Youth Programmes: Issues Awareness Program		4,820
	Youth Programmes: Planning 2006/2007 Mteif		26,482
	Youth Programmes: Support Youth Council		23,016
	Youth Programmes: Youth Month		27,296
	Contributions: Dot Pub Trans Fac Elundini		6,358
	Ddc Training - Gariep Expenditure During Year		1,976

No.	Decription	2007 R	2006 R
	Ddc Training - Maletswai Expenditure During Year		37,976
	Ddc Training - Senqu Expenditure During Year		1,976
	Ddc Training - Elundini Expenditure During Year		1,976
	Ddc Training - Ukh Dm Expenditure During Year		11,062
	Tf Dm - Expenditure Duri Ng The Year		547,817
	Tf Ptf - Expenditure Dur Ing The Year		24,500
	Tf Plan Herschel Expenditure During Year		182
	Cmip Expenditure During Year		74,268,517
	Dept Water Affairs Proj Expenditure During Year		2,541,599
	Tf Nwsp - Expenditure Du Ring The Year		523,203
	Tf Utvs - Expenditure Du Ring The Year		797,753
	Elundini Comm Hall&roads Expenditure During Year		2,014,937
	Tf Cbpwp Expenditure During Year		9,963,561
	Tf Ups - Expenditure Dur Ing The Year		137,322
	Tf Zws - Expenditure Dur Ing The Year		473,422
	Tf Xws - Expenditure Dur Ing The Year		387,962
	Tf Ms - Expenditure Duri Ng The Year		12,000
	Tf Xs - Expenditure Duri Ng The Year		107,000
	Tf Ew12s - Expenditure D uring The Year		67,000
	Tf Sup - Expenditure Dur Ing The Year		4,150
	Finance Management Grant Expenditure During Year		1,672,359
	Youth Skills Dev Centre Expenditure During Year		593,024
	Mtfletcher Mas Food Prod Expenditure During Year		494,257
	Gariep Bakery Project Expenditure During Year		200,000
	Gariep Implement Lake Expenditure During Year		379,846
	Establishment Of Centres Expenditure During Year		401,880
	Comm Awareness Programme Expenditure During Year		45,704
	Training Of Volunteers Expenditure During Year		25,228
	Rebuilding Struck Houses Expenditure During Year		801,324
	Fire & Emergency Service Expenditure During Year		1,969,431
	M 1 Planning Grant Expenditure During Year		70,694
	Ukh Dm: Ext Office Build Expenditure During Year		1,171,131
	Env Health Sec 78 Asses Expenditure During Year		326
	Rout. Maint. Roads Drpw Expenditure During Year		579,464
	Reconstruc R3222 Drpw Expenditure During Year		5,879
	Working For Wetlands Expenditure During Year		366,753
	Remuneration Cdws Expenditure During Year		203,352
	Cgsr Gariep 2004 - 2005 Expenditure During Year		43,138
	San Inform Centre Ec865 Expenditure During Year		326,324
	Drought Relief Senqu Expenditure During Year		11,771,470
	Drought Relief Elundini Expenditure During Year		5,799,533
	Water Serv Auth Function Expenditure During Year		2,361,771
	Disaster Forum Expenditure During Year		13,040
	Herschel Hep Fbw Program Expenditure During Year		7,674,193
	Bucket Eradication Expenditure During Year		6,133,156
	Bucket Eraditation Senqu Expenditure During Year		2,203,420
	Bucket Eraditation Expenditure During Year		3,109,484
	FINANCE MANAGEMENT	974,267	
	FREE BASIC SERVICES	1,985,397	
	MSIG WAST MANAGE PLAN	204,750	
	MSIG PMS	84,592	
	MSIG IDP & PMS	36,704	
	CLININC ELUNDINI X 1	60,814	
	DISTRICT TOURISM & MARKETING	100,000	
	ESTABLISHMENT & MAINT. OF DIST ECON DEV FORUMS	7,737	
	YOUTH DEVELOPMENT PROGRAMME	108,357	
	DROUGHT RELIEF	2,990,550	
	ISRDP - ANCHOR PROJECT TOURISM GATEWAY	180,000	
	ISRDP - ANCHOR PROJECT HOLOHLAGATSI DAM	566,667	
	ISRDP - ARG. TOUR & LED COMMONAGES	471,122	
	DHLG IDP SUPPORT UNIT	566,528	
	PRIOR ALLOCATION: 04/05 MAYORAL FUND	171,467	
	PRIOR ALLOCATION: 04/05 SENQU	17,852	
	WOMEN PROGRAMMES: SUPPORT ECON EMP FORUM	89,686	
	WOMEN PROGRAMMES: SAWEN HOUSE	84,531	
	WOMEN PROGRAMMES: GENDER ISSUES AWARE PROG	5,000	
	WOMEN PROGRAMMES: WOMAN MONTH	19,500	
	WOMEN PROGRAMMES: PLANNING FOR 06/07	5,500	
	YOUTH PROGRAMMES: SUPPORT YOUTH COUNCIL	51,897	
	YOUTH PROGRAMMES: ISSUES AWARENESS PROGRAM	17,550	
	YOUTH PROGRAMMES: YOUTH MONTH	250	
	YOUTH PROGRAMMES: PLANNING FOR 06/07	3,125	
	DISABLE PROGRAMME: SUPPORT OPERATION PEOPLE	50,664	
	DISABLE PROGRAMME: AWARENESS PROGRAMME	10,384	

No.	Description	2007 R	2006 R
	CHILDREN: CHILDREN DAY EVENTS	16,795	
	ELDERLY: EST OF ELDERLY STRUCTURE	19,900	
	ELDERLY: ELDERLY PROGRAMME	17,028	
	MORAL REGENERATION: AWARENESS PROGRAMME	22,600	
	DIS TOURISM & MARKETING: MARKETING DIST. MUN.	62,455	
	DIST ECON DEV FORUMS: AGRICULTURAL WORK GROUP	12,013	
	INTERGORN RELATION POL TRIDISTRICT ALLIANCE	5,071	
	INTERGOVERN RELATION POL OUTREACH ADMINISTRATIVE	3,719	
	INTERGOVERN RELATION POL SAMWU	20,000	
	EVENTS: LAUNCH OF PROJECTS/PROG	7,192	
	ISRDP - ANCHOR PROJECT YOUTH B & B ALIWAL	290,000	
	ISRDP - AGR, TOUR & LED LED MENTORING TRAIN PROG	2,800	
	ISRDP SHEARING SHEDS	36,175	
	ISRDP - AGR, TOUR & LED DUPPORT SRAD FARMERS	177,984	
	ISRDP - AGR, TOUR & LED TOURISM & MARK PLAN LMS	58,000	
	ISRDP - AGR, TOUR & LED TRANS & DEV TOUR INDUSTR	8,822	
	ISRDP - AGR, TOUR & LED MALOTI TRANSFRONTIER PRO	15,620	
	ROBERTSON STREET RESEALING	52,587	
	DEAT: COMMUNITY ELUNDINI	82,589	
	MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM	256,733	
	TAXI RANK ALIWAL NORTH FASE 3	22,775	
	ORANJE FONTEIN HOUSING PROJECT	976,407	
	VENTERSTAD SPORT FACILITIES	813,090	
	BUCKET ERADICATION	597,315	
	TRAINING OF COUNCILLORS	275,457	
	PROJECTS: SPU	5,237	
	INFORMATION TECHNOLOGY ELECTR COMM. COM&DAILUPS	15,844	
	WORKING FOR WATER/WET BARKLY CRACK WILLOW	69,282	
	WORKING FOR WATER/WET ENGOBO	7,425	
	WORKING FOR WATER/WET MOOIRIVER	66,159	
	WORKING FOR WATER/WET POTRIVER	168,703	
	WORKING FOR WATER/WET TSOMO	151,905	
	WORKING FOR WATER/WET UMNGA	120,383	
	WORKING FOR WATER/WET XUKA DRIFT	192,377	
	WORKING FOR WATER/WET GATBERG	228,119	
	WORKING FOR WATER/WET WILDEBEES	24,684	
	WORKING FOR WATER 06/07 BARKLY EAST	966,335	
	WORKING FOR WATER 06/07 MOOIRIVER	549,146	
	WORKING FOR WATER 06/07 POTRIVER 1	1,046,348	
	WORKING FOR WATER 06/07 UMNGA FLATS 1	1,536,422	
	WORKING FOR WATER 06/07 TSOMO	1,988,445	
	WORKING FOR WATER 06/07 ENGOBO	352,598	
	WORKING FOR WATER 06/07 XUKA DRIFT 2	1,415,230	
	WORKING FOR WATER 06/07 GATBERG	1,862,014	
	WORKING FOR WATER 06/07 WILDEBEES	535,556	
	DISASTER MANAGEMENT RELIEF	7,315	
	DISASTER MANAGEMENT PLANS	345,140	
	DISASTER MANAGEMENT FORUMS	10,340	
	DISASTER MANAGEMENT FIRE SERVICES	68,495	
	DISASTER MANAGEMENT COMMUNITY AWARENESS PROG	130,122	
	DISASTER MANAGEMENT TRAINING OF VOLUNTEERS	162,409	
	DISTR LIASON COMMITTEE	6,000	
	ISRDP - ANCHOR PROJECT LIFESTOCK IMPROVEMENT	833,333	
	WOMEN PROGRAMMES: 16 DAYS OF ACTIVISM	2,400	
	DISABLED PROGRAMME: DISABLED PEOPLES MONTH	12,500	
	DISASTER FORUM	108,650	
	TRADITIONAL LEADERS	4,000	
	IDP DOCUMENT	5,963	
	HERITAGE DAY	10,000	
	SUPPORT UKH EMERG FARMER	8,650	
	GOAT FARMING	446,316	
	MADIBA CORRIDOR	50,000	
	TSITSA RIVER BASIN	1,046,426	
	WITTEBERGEN MISSION	21,557	
	SUPPORT ARTS & CRAFT DEV	12,900	
	LAKE GARIEP	1,962	
	MANAGEMENT SYSTEM	117,400	
	MSIG ENVIRO HEALTH ASSES	(133,901)	
	TRANSPORT INFRASTRUCTURE	644,538	
	LED FMS DM STRATEGIES	187,500	
	PROJECTS: AIDS UNIT	865,565	
	GIS DATABASE DEVELOPMENT	200,000	
	COMPUTER SOFTWARE	47,883	
	LEASE LINE	52,909	

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	XUKA 1	476,711	
	UMNGA FLATS 2	734,061	
	POTRIVER 2	550,911	
	ESTABLISHMENT OF CENTRES	88,099	
	RECONSTRUCTION OF HOUSES	52,771	
	FACILITIES ELUNDINI	18,908	
	TECHNICAL SUPPORT	753,192	
	LIBRARIES	250,000	
	CENTRE	395,102	
	REHAB WEIR ON ORANJE RIV	210,115	
	AUGMENT BULK WATER SUPPL	39,371	
	RURAL WATER SUPPLY	17,058,965	
	REHAB & CONTR CLINICS	853,960	
	SANITATION INFORMAT CENT	670	
	SANITATION TO 378 ERVEN	1,419,018	
	SANITATION DISPOSAL WORK	3,847,212	
	MASAKHANE BUCKET ERADICA	361,249	
	WATER SUPPLY SCHEME	3,748,974	
	BUCKET ERADICATION	814,710	
	NOZIZWE BUCKET ERADICTIO	282,735	
	WASTE WATER TREATMENT W	4,534,858	
	SANITATION	2,477,831	
	TO AREA 13	983,738	
	ORANGE FISH RIVER TUNNEL	10,932,152	
	UPGRADING WATER & SANIT	10,442,024	
	WATER SUPPLY PHASE 2	18,510	
	SANITATION	21,157	
	SANITATION	26,449	
	SANITATION WARD 11	18,421	
	SANITATION WARD 12	247,099	
	SANITATION WARD 8	15,450	
	SANITATION WARD 10	90,454	
	WATER PHASE 2	21,895	
	WATER (EC 422)	8,911,070	
	SANITATION	61,800	
	UPGRAD WATER & SEWER STR	408,690	
	MIG - DISASTER MANAGEMEN PROJETS	2,238,885	
	MIG - MT FLETCHER RURAL WATER SUPPLY	452,420	
	MIG - HERSCHEL SANITATION 700	78,047	
	MASAKHANE BUCKET ERADICA	121,621	
	MIG - MACLEAR OUTFALL SEWER & TREAT WO	245,000	
	MIG - UGIE UPGRADING SANITATION INF	1,459,348	
	MIG - ELUNDINI ACCESS ROADS	38,862	
	MIG - STEYNSBURG ORANGE FISH TUN PUMPING	370,875	
	MIG - PROJECT VATABLE AMOUNT	3,824,574	
	ILIMA PROJECTS	47,745	
	EDUCATIONAL LIT & BOOKS	629	
	DWAF - ELUNDINI LM WATER SHORTAGE	139,781	
	Total Grants and Subsidies	109,482,717	175,433,532

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23 GENERAL EXPENSES

Admin Fees			
Advertising Fees			431,020
Assesment Water	Service Authority		296,861
Audit Fees			897,942
Bank Charges			188,697
Chemicals			922,795
Cleaning Material			34,549
Clinic Equipment			3,499
Commission Collection			0
Computer	Software Development		0
Computer	Software Licenses		10,617
Computer Costs			21,180
Computer Software			0
Consumer Accounts			526,094
Departmental Catering	Meetings		34,179
District Municipality	Levies		93,189
Dwar	Water Purchases		63,600
Entertainment	Ass. Manager Fin. Serv.		2,013
Entertainment	Chief Accountant: Exp.		379
Entertainment	Chief Accountant: Income		1,696
Entertainment	Chief Internal Auditor		781
Entertainment	Chief Professional Nurse		581
Entertainment:	Executive Mayor		15,690
Entertainment:	Ass Dire Ctor Roads		0
Entertainment:	Ass Dire Ctor Services		4,480
Entertainment:	Councill Ors		117,789
Entertainment:	Section Heads		5,294
Entertainment:	Chief Per Sonal Officer		3,457
Fuel & Oil	Equipment		425,331
General Expenses			143,039
Gifts			11,679
Indigent Support			2,014,352
Information Tegnology	Av Software Sophas		36,607
Information Tegnology	Electr Comm: Com&dailups		10,345
Information Tegnology	Electr. Comm: Lease Line		11,715
Information Tegnology	Intranet & Group Comm		40,596
Insurance: Short Term			200,065
Laboratory Analysis			155,362
Legal Fees			16,123
License Fees			52,812
Marketing			21,215
Membership Fees			4,747
Membership Fees	Salga		243,225
Operating Costs:	Attic		264,317
P/s: Computer Paper			6,665
P/s: Computer Ribbons			0
Patient Documentation			34,030
Pauper Burials			2,200
Postage			228,020
Printing & Stationary			788,095
Professional Services			15,471
Publishing & Events			0
Radio Licenses			11,733
Refuse Removal			5,595
Removal Furniture: Staff Appointments			1,500
Rental	Accommodation		22,200
Rental	Offices		35,084
Rental Plant	Department Of Water		46,852
Rental: Borehole			0
Rental: Offices			426,219
Rental: Plant Hire			69,627
S & T	Arv Projects		4,849
S & T: Councillors			1,030,438
S & T: Personnal			2,783,653
S/t: Audit Committee			7,762
Sanitary Containers			5,000
Security			723,800
Service Provider	Internal Audit		0
Sewerage			6,793
Stores & Meterial			650,161
Telephone			1,859,448
Tools & Assesories			4,212

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	Training		11,196
	Training Students		266,216
	Training: Registration Fees		29,003
	Training: Isrds		0
	Training: Training Board		227,391
	Transport Costs		2,596
	Vermin Control		0
	Water Purification		255,444
	Water Research Fee		115,500
	Administration Costs		707,057
	LM Water/sanitation		
	Inventory Items		2,668,519
	ADMINISTRATION COST	788,392	
	ADVERTISING FEES	479,154	
	ASSESSMENT WATER SERVICES AUTHORITY	140,351	
	AUDIT FEES	792,374	
	BANK CHARGES	202,602	
	CHEMICALS	968,935	
	CLEANING MATERIALS	156,610	
	COMMISSION COLLECTION	13,422	
	COMPUTER COST	16,740	
	CONSUMER ACCOUNT	386,964	
	CONSUMER ACCOUNT ELECTRICITY	2,265,271	
	CONSUMER ACCOUNT WATER	96,687	
	CONSUMER ACCOUNT REFUSE	5,874	
	CONSUMER ACCOUNT SEWERAGE	4,814	
	CLINIC EQUIPMENT	4,949	
	DOCUMENT MANAGEMENT SYST. ELUNDINI&MALETSWAI	112,172	
	EMPLOYER ASSISTANCE PROGRAMME	1,347	
	ENTERTAINMENT: DEPT CATERING & MEETINGS	31,530	
	ENTERTAINMENT: MAYOR	17,337	
	ENTERTAINMENT: COUNCILLORS	92,903	
	ENTERTAINMENT: ASS. MAN FINCIAL SERVICE	30,177	
	ENTERTAINMENT: CHIEF ACC.: BUDGET&TREAS	1,683	
	ENTERTAINMENT: CHIEF ACCOUNT: INCOME	2,096	
	ENTERTAINMENT: CHIEF INTERNAL AUDITOR	161	
	ENTERTAINMENT: CHIEF PERSONAL OFFICER	4,173	
	ENTERTAINMENT: CHIEF PROFFESIONAL NURSE	1,029	
	ENTERTAINMENT: SECTION HEADS	1,529	
	FLEET MANAGEMENT SYSTEM	10,216	
	FUEL & OIL VEHICLES	152,011	
	FUEL & OIL EQUIPMENT	469,589	
	GIFTS	6,723	
	INSURANCE: SHORT TERM	601,732	
	INSURANCE: WORKMEN'S COMPENSATION	654,097	
	INTERNAL CHARGES	7,095,952	
	LABORATORY ANALYSIS	385,683	
	LEARNERSHIP : TECHNICAL STUDENTS	404,558	
	LEGAL COSTS	26,158	
	LICENCE FEES VEHICLES	4,612	
	LICENCE FEES RADIO'S	13,329	
	MEMBERSHIP FEES	1,818	
	SALGA	274,433	
	OPERATING COST : ATICC	99,403	
	PATIENT DOCUMENTATION	67,650	
	PAUPER BURIALS	3,680	
	POSTAGE	175,678	
	PROFESSIONAL SERVICES	19,308	
	PROVINCIAL STAFF PRINTING & STATIONERY	765,453	
	PRINTING & STATIONERY COMPUTER PAPER	4,423	
	PRINTING & STATIONERY COMPUTER RIBBONS	5,190	
	PHOTOSTAT PAPER PUBLISING & EVENTS	30,000	
	RENTAL : ACCOMMODATION	17,300	
	RENTAL : OFFICES	465,646	
	RENTAL : PLANT HIRE	11,936	
	RENTAL : EQUIPMENT	49,195	
	RENTAL : OXYGEN	17,825	
	SANITARY CONTAINERS	5,250	
	SECURITY	674,091	
	SKILLS DEVELOPMENT LEVY	207,752	
	SKILLS DEVELOPMENT LEVY : MANAGER	6,551	

No.	Description	2007 R	2006 R
	STORES & MATERIAL	523,179	
	SUBSISTENCE & TRAVEL AUDIT COMMITTEE	22,423	
	SUBSISTENCE & TRAVEL COUNCILLORS	795,661	
	SUBSISTENCE & TRAVEL PERSONNEL	2,074,903	
	SUNDRY EXPENSES	220,630	
	SURVEY	12,770	
	ATTIC EXPENSES	74,129	
	TRANSPORT COST	7,600	
	TELEPHONE	1,454,210	
	TOOLS & ACCESSORIES	1,109	
	TRAINING	10,160	
	TRAINING : BOARD	135,921	
	TRAINING : REGISTRATION	(327,677)	
	UNIFORMS & PROTECTIVE CLOTHING	143,058	
	WATER : PURIFICATION	243,669	
	WATER : RESEARCH FEE	121,275	
	WOMAN CAUCUS ACTIVITIES	1,488	
	ADJUSTMENTS PRIOR YEAR	10,744,917	
		<u>35,605,943</u>	<u>20,380,242</u>

24 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP: -

24.1 Statutory Funds

Balance previously reported: -

Capital Development Fund

Total

0

Implementation of GRAP in terms of GRAP 3

Transferred to Accumulated Surplus/(Deficit) (see 24.5 below)

Total

0

24.2 Loans Redeemed and Other Capital Receipts

Balance previously reported

Implementation of GRAP in terms of GRAP 3

Redemption and depreciation periods differ

Outstanding Internal Loans Transfer to Capitalisation Reserve

Transferred to Government Grant Reserve

Transferred to Accumulated Surplus/(Deficit) (see 24.5 below)

Total

0

24.3 Property, plant and equipment

Balance previously reported

Implementation of GRAP

Assets previously recorded not on Asset Register

Total

0

0

24.4 Accumulated Depreciation

Balance previously reported

Implementation of GRAP

Backlog depreciation: Land and buildings

Backlog depreciation: Infrastructure

Backlog depreciation: Community

Backlog depreciation: Heritage

Backlog depreciation: Other

Backlog depreciation: Housing Development Fund

Total (debited to Accumulated Surplus/(Deficit)) (see 24.5 below)

-

24.5 Accumulated Surplus/(Deficit)

Implementation of GRAP in terms of GRAP 3

Transferred from statutory funds (see 24.1 above)

Transferred from Loans Redeemed and Other Capital Receipts (see 24.2 above)

Fair value of Property, Plant and Equipment previously not recorded (see 24.3 above)

Backlog depreciation (see 24.4 above)

Total

0

No.	Description	2007 R	2006 R
-----	-------------	-----------	-----------

25 CORRECTION OF ERROR

During the 2 financial years, the Accumulated Surplus was restated due to significant prior year adjustments for the years.
Non cash entries in prior year adjustments

12,462,615	19,642,010
(6,111,400)	

Net effect on surplus/(deficit) for the year

6,351,215	19,642,010
6,351,215	19,642,010

For more information refer to Statement of Changes in Net Assets. Water & Sanitation Assets previously under control of the Local Municipalities are taken into the financial records of Council. Outstanding invoices to Bloem Water is taken into account (R 5 586 462)

26 CASH GENERATED BY OPERATIONS

Net surplus for the year

(10,466,448)	(35,575,106)
--------------	--------------

Adjustment for:-

0

Prior Year Adjustments - Note 25

6,351,215	19,642,010
-----------	------------

Depreciation

4,053,051	1,598,049
-----------	-----------

Gain on disposal of property, plant and equipment

Contribution to bad debt provision

(29,388,885)

Bad debt written off

393,280

Investment income

(1,783,951)	(3,335,836)
-------------	-------------

Interest paid

1,704,351	1,322,230
-----------	-----------

Operating surplus before working capital changes:

251,498	(45,737,539)
----------------	---------------------

(Increase) in inventories

(37,949)	(52,207)
----------	----------

(Increase)/decrease in debtors

(7,214,104)	166,305,295
-------------	-------------

(Increase)/decrease in other debtors

(Decrease)/increase in conditional grants and receipts payable

(11,850,726)	(118,484,269)
--------------	---------------

(Decrease)/increase in conditional grants and receipts receivable

(952,941)	50,433,858
-----------	------------

(Decrease)/Increase in creditors

31,053,259	(46,858,673)
------------	--------------

Increase in VAT receivable

(3,463,065)	(7,833,135)
-------------	-------------

Decrease in VAT payable

0	(28,300)
---	----------

Cash generated by/(utilised in) operations

7,785,972	(2,254,971)
7,785,972	(2,254,971)

27 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see Note 2)

9,547,202	8,718,562
-----------	-----------

Used to finance property, plant and equipment – at cost

9,547,202	0
-----------	---

Sub- total

0	8,718,562
---	-----------

Cash set aside for the repayment of long-term liabilities (see note 2)

0	0
---	---

Cash invested for repayment of long-term liabilities

0	8,718,562
0	8,718,562

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of 8.83% and 11.53 % and will be repaid by 2024

28 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance

0

Unauthorised expenditure current year

0	2,986,673
---	-----------

Approved by Council or condoned

0	0
---	---

Transfer to receivables for recovery

0	0
---	---

Unauthorised expenditure awaiting authorisation

0	2,986,673
0	2,986,673

Incident	Disciplinary steps/criminal proceedings
<i>Unspent grants used for other purposes.- See Note 5</i>	

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance

0	0
---	---

Fruitless and wasteful expenditure current year

0	0
---	---

Condoned or written off by Council

0	0
---	---

To be recovered – contingent asset

0	0
---	---

Fruitless and wasteful expenditure awaiting condonement

0	0
0	0

No.	Description	2007 R	2006 R
	Incident	Disciplinary steps/criminal proceedings	

Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	0	0
Fruitless and wasteful expenditure current year	0	0
Condoned or written off by Council	0	0
Transfer to receivables for recovery – not condoned	0	0
Irregular expenditure awaiting condonement	<u>0</u>	<u>0</u>

Incident	Disciplinary steps/criminal proceedings

29 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

29.1 Contributions to organized local government

Opening balance	0	0
Council subscriptions	274,433	0
Amount paid - current year	(274,433)	0
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	<u>0</u>	<u>0</u>

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

29.2 Audit fees

Opening balance	0	0
Current year audit fee	792,374	897,942
Amount paid - current year	(792,374)	(897,942)
Adjustments	0	0
Balance unpaid (included in creditors)	<u>0</u>	<u>0</u>

29.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in note 8. All VAT returns have been submitted by the due date throughout the year.

29.4 PAYE and UIF

Opening balance	0	0
Current year payroll deductions	0	0
Amount paid - current year	0	0
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	<u>0</u>	<u>0</u>

The balance represents PAYE and UIF deducted from the June 2007 payroll. These amounts were paid during July 2007.

29.5 Pension and Medical Aid Deductions

Opening balance	0	0
Current year payroll deductions and Council Contributions	0	0
Amount paid - current year	0	0
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	<u>0</u>	<u>0</u>

The balance represents pension and medical aid contributions deducted from employees in the June 2007 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2007.

No.	Description	2007 R	2006 R
-----	-------------	-----------	-----------

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

29.6 Councillor's arrear consumer accounts

Councillors do not receive any services from the municipality.

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

None

30 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for

Infrastructure

Other

Investment Properties

0	0
0	0
0	0
0	0

- Approved but not yet contracted for

Infrastructure

Other

Investment Properties

0	0
0	0
0	0
0	0

Total

0	0
----------	----------

This expenditure will be financed from:

- External Loans

- Capital Replacement Reserve

- Government Grants

- Own resources

- District Council Grants

0	0
0	0
0	0
0	0
0	0
0	0

31 RETIREMENT BENEFIT INFORMATION

All Councillors and employees belong to 3 defined benefit retirement funds administered by the Provincial Pension Fund. These funds are subject to a triennial actuarial valuation. The last valuation was performed in 2003. These valuations indicate that the funds are in a sound financial position. The estimated liability of the funds is R200,7 million which is adequately financed by assets of R255,4 million.

32 CONTINGENT LIABILITY

Liabilities from the B-municipalities resulting from the transfer of the water- and sewerage functions must be included once the unbundling exercise is complete. The extent is still unknown.

0	0
----------	----------

33 CONTINGENT ASSET

Assets from the B-municipalities resulting from the transfer of the water- and sewerage functions must be included once the unbundling exercise is complete. The extent is still unknown.

--	--

No.	Description	2007 R	2006 R
-----	-------------	-----------	-----------

34 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received no in-kind donations and assistance

35 35.1 Financial Risk Management

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

(a) Foreign exchange currency risk

The municipality does not engage in foreign currency transactions.

(b) Interest rate Risk

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

(c) Credit Risk

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

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

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

(d) Liquidity Risk

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

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

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

35 EVENTS AFTER THE REPORTING DATE

The Regional Services Council levies were discontinued by legislation and replaced by an additional Equitable Share allocation from the National Government. The allocation varies on an annual basis but a 3 year projection is annually included in the Division of Revenue Act.

7.2. PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2007

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Develop. Fund	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2006	10,576,775	26,409,773	0	0	5,418,199	0	42,404,747
Cost	11,311,163	40,408,758	0	0	8,596,378	0	60,316,299
Correction of error	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Accumulated depreciation	(734,388)	(13,998,985)	0	0	(3,178,179)	0	(17,911,552)
- Cost	(734,388)	(13,998,985)	0	0	(3,178,179)	0	(17,911,552)
- Revaluation	0	0	0	0	0	0	0
Acquisitions	0	19,547,429	0	0	139,746	0	19,687,176
Capital under Construction	0	0	0	0	0	0	0
Increases/decreases in revaluation	0	0	0	0	0	0	0
Depreciation	(329,122)	(2,250,441)	0	0	(1,473,488)	0	(4,053,051)
- based on cost	(329,122)	(2,250,441)	0	0	(1,473,488)	0	(4,053,051)
- based on revaluation	0	0	0	0	0	0	0
Carrying value of disposals	0	0	0	0	0	0	0
Cost/revaluation	0	0	0	0	0	0	0
Accumulated depreciation	0	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0	0
Correction of error	0	0	0	0	0	0	0
	10,247,653	43,706,761	0	0	4,084,458	0	58,038,872
Carrying values at 30 JUNE 2007	10,247,653	43,706,761	0	0	4,084,458	0	58,038,872
Cost	11,311,163	59,956,187	0	0	8,736,124	0	60,316,299
Revaluation	0	0	0	0	0	0	0
Accumulated depreciation	(1,063,510)	(16,249,426)	0	0	(4,651,666)	0	(21,964,602)
- Cost	(1,063,510)	(16,249,426)	0	0	(4,651,666)	0	(21,964,602)
- Revaluation	0	0	0	0	0	0	0

10. PROPERTY, PLANT AND EQUIPMENT (continued)

30 JUNE 2006

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Develop. Fund	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2005	4,215,000	0	0	0	3,941,157	0	9,457,912
Cost	4,500,000	0	0	0	7,602,927	0	12,102,927
Revaluation	0	0	0	0	0	0	0
Correction of Error	0	0	0	0	0	0	0
Accumulated depreciation	(285,000)	0	0	0	(3,661,770)	0	(3,946,770)
- Cost	(285,000)	0	0	0	(3,661,770)	0	(3,946,770)
- Revaluation	0	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0	0
Capital under construction	0	0	0	0	0	0	0
Increases/decreases in revaluation	0	0	0	0	0	0	0
Depreciation	(449,388)	(13,998,985)	0	0	483,591	0	(13,964,782)
- based on cost	(449,388)	(13,998,985)	0	0	483,591	0	(13,964,782)
- based on revaluation	0	0	0	0	0	0	0
Carrying value of disposals	0	0	0	0	0	0	0
Cost/revaluation	0	0	0	0	0	0	0
Accumulated depreciation	0	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0	0
Correction of error	6,811,163	40,408,758	0	0	993,451	0	48,213,372
	10,576,775	26,409,773	0	0	5,418,199	0	43,706,502
Carrying values at 30 JUNE 2006	10,576,775	26,409,773	0	0	5,418,199	0	42,404,747
Cost	11,311,163	40,408,758	0	0	8,596,378	0	60,316,299
Revaluation	0	0	0	0	0	0	0
Accumulated depreciation	(734,388)	(13,998,985)	0	0	(3,178,179)	0	(17,911,552)
- Cost	(734,388)	(13,998,985)	0	0	(3,178,179)	0	(17,911,552)
- Revaluation	0	0	0	0	0	0	0

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

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all assets to be included in a new asset register, including infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2008. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting. Furthermore, the municipality has not assessed whether items of property, plant and equipment are impaired. It is expected to be done by 30 June 2008.

Assets for the transfer of functions from the B-municipalities will also be included in the new asset register once the unbundling exercise is completed.

APPENDIX A
UKHAHLAMBA DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2007

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30-06-06	Received during the period	Redeemed written off during the period	Balance at 30-06-07	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			R	R	R	R	R	R
LONG-TERM LOANS								
DBSA Loan - Building (R7,4 mil) - 11,53% - 20 years	100878/1	2024	7,341,016		125,578	7,215,438	6,693,029	
DBSA Loan - Sanitation (R1,5 mil) - 8,83% - 2 years	101914/1	2008	1,377,456			1,377,456	1,377,546	
DBSA Loan - Water (R1,4 mil) -	9980/102	2016		954,308		954,308		
Total long-term loans			8,718,472	954,308	125,578	9,547,202	8,070,575	0
OTHER ANNUITY LOANS								
Total Other Annuity Loans			0	0	0	0	0	0
TOTAL EXTERNAL LOANS			8,718,472	954,308	125,578	9,547,202	8,070,575	0

The Loan for Water R1.4 mil was taken over from Maletswai Municipality in Aug 2005.

This Loan was not reflected in previous financial statements.

The balance as at 30 June 2007 is R954 308.

APPENDIX B
UKHAHLAMBA DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost/Revaluation								Accumulated Depreciation					Carrying Value	Budget Additions 2007	
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals Revenue	Disposals Grants	Closing Balance			
Land and Buildings																
Land	871,948	45,892	0	0	0	0	0	917,840	0	0	0	0	0	917,840		
Buildings	9,873,657	519,666	0	0	0	0	0	10,393,323	734,388	329,122	0	0	1,063,510	9,329,813		
	10,745,605	565,558	0	0	0	0	0	11,311,163	734,388	329,122	0	0	1,063,510	10,247,653	0	0
Infrastructure																
Drains	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Roads	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Beach Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sewerage Mains & Purif	2,955,633	4,500	2,855,808	6,000	0	0	0	5,821,942	599,396	196,627	0	0	796,023	5,025,919		
Electricity Mains	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Electricity Peak Load Equip	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Water Mains & Purification	27,336,752	365,000	9,044,132	0	0	0	0	36,745,884	10,940,854	1,570,420	0	0	12,511,274	24,234,610		
Reservoirs - Water	9,733,872	13,000	7,641,489	0	0	0	0	17,388,361	2,458,735	483,394	0	0	2,942,128	14,446,233		
Water Mains	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	40,026,258	382,500	19,541,429	6,000	0	0	0	59,956,187	13,998,985	2,250,441	0	0	16,249,426	43,706,761	0	0
Community Assets																
Parks & Gardens	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Libraries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recreation Grounds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Civil Buildings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Heritage Assets																
Historical Buildings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Painting & Art Galleries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total carried forward	50,771,863	948,058	19,541,429	6,000	0	0	0	71,267,350	14,733,373	2,579,563	0	0	17,312,936	53,954,414	0	0

* Includes correction of error referred to in Note 32.

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost								Accumulated Depreciation					Carrying Value	Budget Additions 2007	
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance				
Total brought forward	50,771,863	948,058	19,541,429	6,000	0	0	0	71,267,350	14,733,373	2,579,563	0	0	17,312,936	53,954,414	0	0
Housing Rental Stock																
Housing Rentals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Housing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leased Assets (Infrastructure)																
Sewerage Mains & Purify	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Assets																
Office Equipment	449,509	23,658	0	0	0	0	0	473,168	276,229	74,340	0	0	350,569	122,598		
Furniture & Fittings	2,164,613	113,927	53,426	2,812	0	0	0	2,334,778	851,104	312,930	0	0	1,164,035	1,170,743		2,035,000
Bins & Containers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Emergency Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Motor Vehicles	1,502,467	79,077	0	0	0	0	0	1,581,544	619,061	300,493	0	0	919,555	661,989		
Fire Engines	1,654,948	87,103	0	0	0	0	0	1,742,050	27,510	330,990	0	0	358,499	1,383,551		
Refuse tankers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Computer Equipment	1,575,174	82,904	79,333	4,175	0	0	0	1,741,587	1,021,239	293,235	0	0	1,314,474	427,113		
Special Vehicles	24,700	1,300	0	0	0	0	0	26,000	7,417	2,470	0	0	9,887	16,113		
Tools and Equipment	795,148	41,850	0	0	0	0	0	836,998	375,619	159,030	0	0	534,648	302,350		
Councillor Regalia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Conservancy Tankers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Watercraft	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	8,166,559	429,819	132,759	6,987	0	0	0	8,736,124	3,178,179	1,473,488	0	0	4,651,666	4,084,458	2,035,000	0
Total	58,938,422	1,377,877	19,674,188	12,987	0	0	0	80,003,475	17,911,552	4,053,051	0	0	21,964,602	58,038,872	2,035,000	0

APPENDIX C
UKHAHLAMBA DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
30 JUNE 2007

	Cost								Accumulated Depreciation				Carrying
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Value
Executive & Council	848,781	44,673	29,156	1,535	0	0	0	924,144	364,764	157,066	0	521,830	402,314
Finance & Admin	12,204,049	642,318	96,787	5,094	0	0	0	12,948,249	1,535,830	549,485	0	2,085,315	10,862,933
Planning & Development	434,198	22,853	2,685	141	0	0	0	459,876	168,196	105,308	0	273,504	186,372
Health	1,639,982	86,315	0	0	0	0	0	1,726,296	834,420	272,486	0	1,106,906	619,391
Community & Social Services	1,717,604	90,400	4,132	217	0	0	0	1,812,353	12,579	343,862	0	356,441	1,455,912
Housing	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	0	0	0	0	0	0
Sport & Recreation	0	0	0	0	0	0	0	0	0	0	0	0	0
Environmental Protection	0	0	0	0	0	0	0	0	0	0	0	0	0
Waste Management	0	0	0	0	0	0	0	0	0	0	0	0	0
Waste Water Management	5,023,185	113,318	2,855,808	6,000	0	0	0	7,998,311	1,596,175	571,029	0	2,167,204	5,831,107
Road Transport	0	0	0	0	0	0	0	0	0	0	0	0	0
Water	37,070,624	378,000	16,685,621	0	0	0	0	54,134,245	13,399,589	2,053,814	0	15,453,403	38,680,843
Electricity	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	58,938,422	1,377,877	19,674,188	12,987	0	0	0	80,003,475	17,911,552	4,053,051	0	21,964,602	58,038,872

APPENDIX D
UKHAHLAMBA DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (Deficit) R		2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R
0	6,672,572	(6,672,572)	Executive & Council	25,576,916	17,284,645	8,292,271
172,728,930	183,821,241	(11,092,311)	Finance & Admin	16,244,377	16,930,177	(685,800)
1,009,764	1,095,432	(85,668)	Planning & Development	2,299,983	1,961,531	338,452
11,000,925	7,222,016	3,778,909	Health	10,615,511	9,820,702	794,808
802,124	6,082,944	(5,280,821)	Community & Social Services	4,179,101	7,226,351	(3,047,251)
0	0	0	Housing	0	0	0
0	3,230,922	(3,230,922)	Public Safety	0	0	0
0	0	0	Sport & Recreation	0	0	0
738,776	3,241,005	(2,502,229)	Environmental Protection	0	3,999,196	(3,999,196)
12,225,280	14,307,666	(2,082,386)	Waste Management	11,607,375	13,280,552	(1,673,177)
20,405,817	31,439,871	(11,034,055)	Road Transport	21,442,062	32,430,314	(10,988,252)
39,895,221	41,427,913	(1,532,692)	Water	27,904,931	37,088,147	(9,183,216)
0	0	0	Electricity	0	0	0
3,350,244	6,234,352	(2,884,108)	Other	116,504,999	103,422,092	13,082,908
<u>262,157,080</u>	<u>304,775,935</u>	<u>(42,618,854)</u>	Sub Total	<u>236,375,254</u>	<u>243,443,707</u>	<u>(7,068,453)</u>
0	(7,043,748)	7,043,748	Less Inter-Dep Charges	7,466,373	10,864,369	(3,397,996)
<u>262,157,080</u>	<u>297,732,187</u>	<u>(35,575,106)</u>	Total	<u>243,841,627</u>	<u>254,308,076</u>	<u>(10,466,448)</u>
			Add: Share of Associate			

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

REVENUE	2007 Actual (R)	2007 Budget (R)	2007 Variance (R)	2007 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget (Explanations to be recorded)	
Property rates	0	0	0			
Property rates - penalties imposed and collection charges	0	0	0			
Service charges	12,348,692	10,616,855	1,731,837	16		
Regional Service Levies - turnover	0	0	0			
Regional Service Levies - remuneration	0	0	0			
Rental of facilities and equipment	11,056	8,400	2,656	32		
Interest earned - external investments	1,579,698	760,000	819,698	108		
Interest earned - outstanding debtors	204,253	230,000	(25,747)	(11)		
Dividends received	0	0	0			
Fines	182,174	151,654	30,520	20		
Licences and permits	0	0	0			
Income for agency services	0	1,300,000	(1,300,000)	(100)		
Government grants and subsidies	192,578,651	231,708,748	(39,130,097)	(17)		
Other income	36,937,104	11,892,839	25,044,265	211		
Public contributions, donated/contributed PPE	0	0	0			
Change in fair value	0	0	0			
Internal Transfers	0	2,504,136				
Total Revenue	243,841,627	259,172,632	(12,826,869)			
EXPENDITURE						
Executive & Council	18,303,771	7,371,179	10,932,592	148		
Finance & Admin	19,060,526	18,312,468	748,058	4		
Planning & Development	2,181,189	2,716,770	(535,581)	(20)		
Health	10,902,382	11,183,330	(280,948)	(3)		
Community & Social Services	8,572,003	8,762,745	(190,742)	(2)		
Housing	0	0	0			
Public Safety	0	0	0			
Sport & Recreation	0	0	0			
Environmental Protection	4,223,824	3,480,348	743,476	21		
Waste Management	13,280,552	11,221,164	2,059,388	18		
Road Transport	32,435,461	31,860,738	574,723	2		
Water	37,088,147	40,241,281	(3,153,134)	(8)		
Electricity	0	0	0			
Other	108,260,220	119,807,957	(11,547,736)	(10)		
Total Expenditure	254,308,076	254,957,979	(649,904)	(0)		
NET SURPLUS/(DEFICIT) FOR THE YEAR	(10,466,448)	4,214,653	(12,176,965)			

APPENDIX E(1)
UKHAHLAMBA DISTRICT MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2006

REVENUE	2006 Actual (R)	2006 Budget (R)	2006 Variance (R)	2006 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget (Explanations to be recorded)	
Property rates	0	0	0			
Property rates - penalties imposed and collection charges	0	0	0			
Service charges	12,799,155	10,625,800	2,173,355	20		
Regional Service Levies - turnover	5,979,083	4,500,000	1,479,083	33		
Regional Service Levies - remuneration	531,836	3,500,000	(2,968,164)	(85)		
Rental of facilities and equipment	0	2,400	(2,400)	(100)		
Interest earned - external investments	3,294,442	930,000	2,364,442	254		
Interest earned - outstanding debtors	41,394	0	41,394			
Dividends received	0	0	0			
Fines	154,280	0	154,280			
Licences and permits	0	0	0			
Income for agency services	1,430,465	2,430,465	(1,000,000)	(41)		
Government grants and subsidies	230,160,432	141,047,938	89,112,494	63		
Other income	6,709,906	19,017,662	(12,307,756)	(65)		
Public contributions, donated/contributed PPE	0	0	0			
Gains on disposal of property, plant and equipment	1,056,088	0	1,056,088			
Total Revenue	262,157,080	182,054,265	80,102,815	44		
EXPENDITURE						
Executive & Council	6,672,572	4,450,519	2,222,053	50		
Finance & Admin	183,821,241	49,790,258	134,030,983	269		
Planning & Development	1,095,432	2,253,267	(1,157,835)	(51)		
Health	7,222,016	9,957,785	(2,735,769)	(27)		
Community & Social Services	6,082,944	2,795,829	3,287,115	118		
Housing	0	0	0			
Public Safety	3,230,922	6,918,114	(3,687,192)	(53)		
Sport & Recreation	0	0	0			
Environmental Protection	3,241,005	3,716,918	(475,913)	(13)		
Waste Management	14,307,666	12,477,866	1,829,800	15		
Road Transport	31,439,871	25,203,870	6,236,001	25		
Water	41,427,913	31,531,305	9,896,608	31		
Electricity	0	0	0			
Other	6,234,352	32,819,491	(26,585,139)	(81)		
Inter-departmental charges	(7,043,748)	0	(7,043,748)			
Total Expenditure	297,732,187	181,915,222	115,816,965	64		
NET SURPLUS/(DEFICIT) FOR THE YEAR	(35,575,106)	139,043	(35,714,149)			

APPENDIX E (2)
UKHAHLAMBA DISTRICT MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2007

	<u>2007</u> <u>Actual</u>	<u>2007</u> <u>Under</u> <u>Construction</u>	<u>2007</u> <u>Total</u> <u>Additions</u>	<u>2007</u> <u>Budget</u>	<u>2007</u> <u>Variance</u>	<u>2007</u> <u>Variance</u>	<u>Explanation of Significant Variances</u> <u>greater than 5% versus Budget</u>
	R	R	R	R	R	%	<i>(Explanations to be recorded)</i>
Executive & Council	29,156	0	29,156		29,156	0	Budgeted under Finance & Admin
Finance & Admin	96,787	0	96,787	304,000	(207,213)	(1)	Council experience Cash Flow Problem
Planning & Development	2,685	0	2,685	22,000	(19,315)	(1)	Council experience Cash Flow Problem
Health	0	0	0	1,672,000	(1,672,000)	(1)	Council experience Cash Flow Problem
Community & Social Services	4,132	0	4,132	17,000	(12,868)	(1)	Council experience Cash Flow Problem
Housing	0	0	0		0	0	
Public Safety	0	0	0		0	0	
Sport & Recreation	0	0	0		0	0	
Environmental Protection	0	0	0		0	0	
Waste Management	0	0	0		0	0	
Waste Water Management	2,855,808	0					
Road Transport	0	0	0		0	0	
Water	16,685,621	0	16,685,621		16,685,621	0	Asset transfere from Local Municipalities
Electricity	0	0	0		0	0	
Other	0	0	0	20,000	(20,000)	(1)	
Total	19,674,188	0	16,818,380	2,035,000	14,783,380	7	

APPENDIX F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
FOR THE YEAR ENDING 30 JUNE 2007

Grant and Subsidies Received

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed / withheld					Reason for delay/with holding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	March	June	Sept	Dec	March			
DDC Training		0	0	0	0	0	0	0	0								
Disaster Management Plan		0	0	0	0	0	0	0	0								
Working For Water		3,165,563	3,264,986	3,098,028	1,187,066	2,831,481	3,099,212	2,662,569	2,687,871								
CMIP / MIG		6,739,219	7,000,969	37,696,786	22,720,287	10,584,092	17,923,768	21,363,909	26,806,437								
Elundini Comm Hall And Roads		0	0	0	0	0	0	0	0								
Finance Management Grant		0	500,000	0	0	140,479	454,953	278,635	100,200								
Mfletcher Mass Food Production		0	0	0	0	0	0	0	0								
Gariep Bakery Project		0	0	0	0	0	0	0	0								
Gariep Implement Lake		0	0	0	0	0	0	0	0								
Disaster Management Framework		0	0	0	0	0	0	0	0								
Establishment Of Centres		0	0	0	0	0	0	0	0								
Comm Awareness Programme		0	0	0	0	0	0	0	0								
Training Of Volunteers		0	0	0	0	0	0	0	0								
Fire & Emergency Service		0	0	0	0	0	0	0	0								
M 1 Planning Grant		17,815	70,964	134,084	64,477	0	0	0	0								
Working for Wetland		852,685	1,780,431	595,153	380,499	0	0	842,323	919,359								
Remuneration Of Cdw/s		0	0	0	0	0	0	0	0								
Disaster Forum		0	0	0	0	0	0	0	0								
Drought Relief Senqu		0	2,969,377	0	602,165	112,722	0	1,382,553	0								
Drought Relief Elundini		0	0	2,818,424	0	112,722	0	1,382,553	0								
Trisano Disabled Project		0	0	0	0	0	0	0	0								
Youth Bed & Breakfast		0	0	0	0	0	0	0	0								
Equitable Share		15,850,019	11,885,137	11,856,232	0	0	0	0	0								
Subsidy Environmental Health		713,228	0	801,490	0	0	0	0	0								
Subsidy Health		0	0	683,678	0	0	0	0	0								
Subsidy SCDOH		0	0	3,473,260	1,709,194	0	0	0	0								
Total		10,775,281	15,586,727	44,342,475	24,954,494	13,781,497	21,477,933	27,912,542	30,513,867								