

SOL PLAATJE MUNICIPALITY



CITY OF KIMBERLEY

SOL PLAATJE MUNICIPALITY ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2007

SOL PLAATJE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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SOL PLAATJE 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 34, 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 24 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.

TF Mashilo
Municipal Manager
22 August 2007

**SOL PLAATJE MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007**

	Note	2007 R	2006 R
NET ASSETS AND LIABILITIES			
Net assets		489 031 350	433 517 024
Housing Development Fund	1	0	0
Capital replacement reserve		12 915 083	2 915 083
Capitalisation reserve		61 963 834	69 158 417
Government grant reserve		231 347 890	208 161 971
Donations and public contribution reserves		18	18
Self-insurance reserve		16 729 389	16 506 321
COID reserve		6 689 268	6 015 951
Revaluation reserve		0	0
Accumulated Surplus/(Deficit)		159 385 867	130 759 263
Non-current liabilities		50 611 495	54 452 575
Long-term liabilities	2	50 611 495	54 452 575
Non-current provisions	3	0	0
Current liabilities		110 087 951	114 595 679
Consumer deposits	4	7 507 437	6 825 580
Provisions	5	0	0
Creditors	6	39 178 202	46 123 774
Unspent conditional grants and receipts	7	5 883 743	13 573 007
VAT	8	26 534 171	28 559 244
Short-term loans	9	0	0
Bank overdraft	18	27 640 442	16 746 952
Current portion of long-term liabilities	2	3 343 957	2 767 123
Total Net Assets and Liabilities		<u>649 730 796</u>	<u>602 565 279</u>
ASSETS			
Non-current assets		406 591 274	392 935 979
Property, plant and equipment	10	391 791 266	378 145 302
Investment property	11	0	0
Investments	12	0	0
Long-term receivables	13	14 800 007	14 790 677
Current assets		243 139 523	209 629 300
Inventory	14	8 947 321	8 763 704
Consumer debtors	15	148 899 767	121 640 085
Other debtors	16	5 258 311	4 926 966
Current portion of long-term debtors	13	2 995 310	3 559 730
Call investment deposits	17	77 007 808	70 707 808
Bank balances and cash	18	31 007	31 007
Total Assets		<u>649 730 796</u>	<u>602 565 279</u>

**SOL PLAATJE MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2007**

Budget			Actual	
2006	2007		2007	2006
R	R	Note	R	R
REVENUE				
89 783 252	99 852 722	19	99 894 218	92 852 689
270 805 490	319 153 048	20	313 970 671	273 123 079
9 386 989	9 824 641		10 262 921	11 633 310
5 600 000	6 000 000		8 062 176	6 040 919
21 000 000	39 345 265		39 351 835	29 269 897
7 007 900	4 388 000		3 749 755	3 607 051
5 898 960	4 735 000		3 493 579	4 088 363
124 186 821	106 977 678	21	95 695 641	102 190 773
16 698 342	14 023 236	22	13 446 678	16 543 762
0	0		0	0
0	0		0	0
550 367 754	604 299 590		587 927 474	539 349 844
EXPENDITURE				
187 992 253	201 849 290	23	199 362 788	179 857 069
6 801 969	9 996 800	24	9 656 230	5 829 187
34 800 000	40 000 000	15	40 000 000	34 800 000
702 500	735 575		777 097	662 842
35 035 674	29 172 014		29 812 962	28 931 711
10 827 348	26 222 593		23 202 551	18 633 501
5 115 323	6 311 073	25	5 960 617	7 737 693
94 000 000	112 000 000	26	104 461 061	96 564 179
1 120 000	440 000	27	390 367	534 541
102 076 850	116 744 950	28	115 501 307	105 095 208
0	0		64 096	0
478 471 917	543 472 295		529 189 076	478 645 932
71 895 837	60 827 295		58 738 398	60 703 912
0	0	29	0	0
71 895 837	60 827 295		58 738 398	60 703 912
SURPLUS/(DEFICIT)				
Share of surplus/(deficit) of associate accounted for under the equity method				
SURPLUS/(DEFICIT) FOR THE YEAR				
Refer to Appendix E(1) for explanation of variances				

SOL PLAATJE MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007

	Pre-GAMAP Old Reserves and Funds	Housing Development Fund	Capital Replacement Reserve	Capitalization Reserve	Government Grant Reserve	Donations and Public Contribution Reserve	Self- Insurance Reserve	COID Reserve	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R	R	R	R	R	R
2006											
Balance at 1 July 2005	377 143 833	3 459 017	0	0	0	0	16 310 079	5 480 102	0	-1 535 357	400 857 674
Implementation of GAMAP (Note 30)	-377 143 833		20 000 000	77 351 115	161 506 635	18				78 443 499	-39 842 565
Correction of error (Note 32)										0	0
Change in accounting policy (Note 31)										0	0
Restated balance	0	3 459 017	20 000 000	77 351 115	161 506 635	18	16 310 079	5 480 102	0	76 908 142	361 015 109
Surplus/(deficit) for the year										60 703 912	60 703 912
Transfer to CRR										0	0
Property, plant and equipment purchased			-17 084 917							17 084 917	0
Capital grants used to purchase PPE					57 903 471					-57 903 471	0
Donated/contributed PPE										0	0
Contribution to Insurance Reserve							196 242	535 849		-732 091	0
Adjustments (See note 30.11)										15 257 021	15 257 021
Transfer to Housing Development Fund		-3 459 017								0	-3 459 017
Offsetting of depreciation				-8 192 698	-11 248 134					19 440 832	0
Balance at 30 June 2006	0	0	2 915 083	69 158 417	208 161 971	18	16 506 321	6 015 951	0	130 759 263	433 517 025
2007											
Correction of error (Note 32)										0	0
Change in accounting policy (Note 31)										0	0
Restated balance	0	0	2 915 083	69 158 417	208 161 971	18	16 506 321	6 015 951	0	130 759 263	433 517 025
Surplus/(deficit) for the year										58 738 399	58 738 399
Transfer to CRR			10 000 000							-10 000 000	0
Property, plant and equipment purchased										0	0
Capital grants used to purchase PPE					36 507 805					-36 507 805	0
Donated/contributed PPE										0	0
Contribution to Insurance Reserve							223 068	673 317		-896 386	0
Adjustments (See note 29.1)										-3 224 073	-3 224 073
Transfer to Housing Development Fund										0	0
Asset disposals										0	0
Offsetting of depreciation		0		-7 194 584	-13 321 886					20 516 470	0
Balance at 30 JUNE 2007	0	0	12 915 083	61 963 834	231 347 890	18	16 729 389	6 689 268	0	159 385 867	489 031 350

SOL PLAATJE 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	33	67 860	72 100 142
Dividends received		0	0
Interest received		47 414 011	35 310 816
Interest paid		-5 960 617	-7 737 693
NET CASH FROM OPERATING ACTIVITIES		<u>41 521 254</u>	<u>99 673 265</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	-43 523 023	-76 043 615
Proceeds on disposal of property, plant and equipment		0	0
Increase in investment properties	11	0	0
(Increase)/decrease in non-current receivables	13	-9 330	8 597 086
Increase in non-current investments	12	0	0
NET CASH FROM INVESTING ACTIVITIES		<u>-43 532 353</u>	<u>-67 446 529</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)	2	-3 264 246	-30 711 501
Increase in consumer deposits	4	681 856	1 039 611
Decrease/(increase) in short-term loans	9	0	0
NET CASH FROM FINANCING ACTIVITIES		<u>-2 582 390</u>	<u>-29 671 890</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>-4 593 489</u>	<u>2 554 847</u>
Cash and cash equivalents at the beginning of the year		53 991 863	51 437 016
Cash and cash equivalents at the end of the year	34	49 398 373	53 991 863

SOL PLAATJE MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1. BASIS OF PRESENTATION

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

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

These standards are summarized as follows:

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

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

Consistency in the presentation of the annual financial statements is ensured where the municipality received a qualification in the 2005/06 financial year for not complying with a standard or aspect within a standard and the standard or aspect within the standard has now been exempt by amending the 2005/06 accounting policy to reflect the fact that it did not comply with the standard or aspect within the standard.

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

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

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

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

4. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

5. RESERVES

5.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilized. The CRR is represented by cash or investment.

**SOL PLAATJE MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

5.2 Capitalization Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds that had been utilized for the acquisition of items of property, plant and equipment have been transferred to a Capitalization Reserve. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

The balance on the Capitalization 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 Capitalization Reserve to the accumulated surplus/(deficit). When an item of PPE is disposed, the balance in the CR relating to such items is transferred to the accumulated surplus/(deficit).

5.3 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 issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). The balance on Government Grant Reserve equals the carrying value of the items of properties, plant and equipment funded from government grants. When an item of PPE financed from government grants is disposed, the balance in the GGR relating to

5.4 Donations and Public Contributions Reserve

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

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

5.5 Self Insurance Reserves - Short Term and Vehicles

The insurance reserves is maintained to cover potential claims or losses that may occur. Premiums are charged to the various directorates and paid into the operating accounts. Re-insurance cover is carried for catastrophic occurrences and is paid by the operating account of the reserve. The surplus or deficit on the operating accounts is transferred to the reserves at year end through the accumulated surplus/(deficit). The insurance reserves is represented by cash or investment.

5.6 COID Reserve - Workmen's Compensation

The municipality has been exempted from making contributions to the compensation Commissioner for Occupational Injuries and Diseases (COID). In terms of the exemption from the commissioner, the municipality has established a COID reserve to cover potential claims from employees.

Premiums are charged to the various directorates and paid into the operating account. The surplus or deficit on the operating account is transferred to the reserve at year end through the accumulated surplus/(deficit). The COID reserves is represented by cash or investment.

5.7 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realized 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 revalued amounts, are credited or charged to the Statement of Financial Performance.

**SOL PLAATJE MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

6.PROPERTY, PLANT AND EQUIPMENT

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

Accounting Policy for the 2005/06 financial year:

The carrying values of items of property, plant and equipment have not been adjusted with impairment losses as no impairment testing was done. The useful lives and residual values of assets classified as property, plant and equipment were not reviewed at financial year-end. No property was classified and disclosed as investment property.

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

Accounting Policy for the 2006/07 financial year:

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

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

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

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

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

	Years
Infrastructure	
Roads and Paving	10-30
Electricity	15-30
Water	15-20
Sewerage	10-20
Housing	30
Community	
Buildings	30
Recreational Facilities	15-30
Security	3 - 5
Other	
Buildings	30
Specialist vehicles	5 -15
Other vehicles	5
Office equipment	3 - 7
Furniture and fittings	10
Bins and containers	5
Specialized plant and equipment	2 -15
Landfill sites	30

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

7.REVALUATION OF LAND AND BUILDINGS

Land and buildings are stated at cost less subsequent accumulated depreciation in respect of buildings.

8.INVESTMENTS

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

Accounting policy for 2005/06 financial year:

No impairment testing of assets is done to determine impairment losses that should be recognized as an expense in the period that the impairment is identified

Accounting policy for 2006/07 financial year:

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

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

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

9. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realizable value. In general, the basis of determining cost is the weighted average cost formula. Redundant and slow-moving inventories are identified, written off and disposed of.

Accounting policy for 2005/06 financial year:

Any purified water stock on hand at the end of the financial year is recognized as Inventory in terms of GAMAP 12.

The municipality does not recognize any immovable capital asset as inventory but as property, plant and equipment in terms of GAMAP 17. It only recognizes an immovable capital asset as inventory if it is satisfied that the item is in actual fact inventory.

Accounting policy for 2006/07 financial year:

The municipality is exempt from recognizing and disclosing self-purified water stock on hand at the end of the financial year as inventory in terms of GAMAP 12.

The municipality is exempt from recognizing an immovable capital asset as inventory in accordance with GAMAP 12 if it has recognized the immovable capital asset as property, plant and equipment in terms of GAMAP 17 and has not satisfied itself that the item is in actual fact inventory.

10. ACCOUNTS RECEIVABLE

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

11. TRADE CREDITORS

Trade creditors are stated at their nominal value.

12. REVENUE RECOGNITION

12.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognized as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings for whatever reason, have not been performed. The provisional estimates of consumption are recognized 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 recognized as revenue in the invoicing period. Revenue from the sale of electricity prepaid meters cards are recognized at the point of sale.

Service charges relating to refuse removal are recognized on a monthly basis by applying the approved tariff by Council per category.

Service charges relating to sewerage and sanitation are recognized on a monthly basis by applying the approved tariff by Council per category.

Interest and rentals are recognized on a time proportion basis.

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

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

Finance income from the sale of housing by way of installment sales agreements or finance leases is recognized on a time proportion basis. Revenue from the sale of goods is recognized when the risk is passed to the consumer.

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

Accounting policy for 2005/06 financial year:

No initial measurement of fair value by discounting all future receipts using an imputed rate of interest is done. Revenue from the sale of goods and services are recognized at its face value/cost.

Accounting policy for 2006/07 financial year:

Exemption is granted by the Minister of Finance from paragraph 12 of GAMAP 9 in initial measurement of fair value of revenue by discounting all future receipts using an imputed rate of interest. The initial recognition at fair value in accordance with GAMAP 9 and IAS 39/AC 133 is exempt. The municipality recognizes revenue from the sale of goods and services at its face value. Any payables from the purchase of goods and services are also recognized at face value/cost.

FOR THE YEAR ENDED 30 JUNE 2007

12.2 Revenue from non-exchange transactions

Revenue from property rates is recognized when the legal entitlement to this revenue arises. Collection charges are recognized when such amounts are legally enforceable.

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

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

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

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

13.CONDITIONAL GRANTS AND RECEIPTS

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

14.PROVISIONS

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

15.CASH AND CASH EQUIVALENTS

Cash is cash on hand and cash with banks. Cash equivalents are all short-term liquid investments that are held with registered banking institutions with maturities of twelve months or less.

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

Bank overdrafts are recorded based on the facility utilized. Finance charges on bank overdraft are expensed as incurred.

16.UNAUTHORISED EXPENDITURE

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

17.IRREGULAR EXPENDITURE

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

18.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.

19.FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the prevailing exchange rate on the dates of the transactions.

20.COMPARATIVE INFORMATION

20.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements as per new chart of accounts.

20.2 Prior year comparatives:

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

21.BORROWING COSTS

Borrowing costs are recognized as an expense in the Statement of Financial Performance.

22.RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councilors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable.

23.LEASES

Accounting policy for 2005/06 financial year:

Operating lease payments are recognized on the basis of the cash flows in the lease agreement.

Accounting policy for 2006/07 financial year:

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

24.EXEMPTIONS

24.1 Full Advantage

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

24.2 Adjustment for full compliance

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

24.2.1 Statement of Financial Performance:

- Impairment loss/gain*
- Changes in fair value of assets*
- Adjustment expenditure for intangible assets*
- Decrease in bulk purchases*

24.2.2 Statement of Financial Position:

- Property, plant and equipment adjusted for impairment*
- Property, plant and equipment adjusted for intangible assets*
- Recognizing of intangible assets*
- Inventory of water stock*

SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
1 HOUSING DEVELOPMENT FUND		
Housing Development Fund	0	0
Inappropriate Surplus	0	0
Loans extinguished by Government on 1 April 1998	0	0
The Housing Development Fund is represented by the following assets and liabilities		
Property, plant and equipment (see note 10)	0	0
Housing Debtors (see note 13, 15)	0	0
Bank and cash	0	0
Sub-total	0	0
Creditors	0	0
Total Housing Development Fund Assets and Liabilities	0	0
2 LONG-TERM LIABILITIES		
Local Registered Stock Loans	0	0
Annuity Loans	53 955 452	57 219 698
Capitalized Lease Liability	0	0
Government Loans : Other	0	0
Sub-total	53 955 452	57 219 698
Less : Current portion transferred to current liabilities	-3 343 957	-2 767 123
Local Registered Stock Loans	0	0
Annuity Loans	-3 343 957	-2 767 123
Capitalized Lease Liability	0	0
Government Loans : Other	0	0
Total External Loans	50 611 495	54 452 575
Refer to Appendix A for more detail on long-term liabilities.		
ANNUITY LOANS		
Bear interest between 10 and 12% per annum and are repayable over a period of five to fifteen years. R24 000 000 of the Debtors book is ceded to cover a loan of DBSA .		
3 NON-CURRENT PROVISIONS		
None	0	0
Total Non-Current Provisions	0	0
4 CONSUMER DEPOSITS		
Electricity	2 200 857	1 637 903
Water	5 306 580	5 187 677
Total Consumer Deposits	7 507 437	6 825 580
No interest is paid to consumers when deposits are refunded.		
Guarantees held in lieu of Electricity and Water Deposits	2 147 892	1 868 376
5 PROVISIONS		
Current portion of non-current provisions (see note 3)	0	0
Total Provisions	0	0
6 CREDITORS		
Trade creditors	26 231 754	24 534 243
Payments received in advance	630 163	6 888 236
Retentions	0	0
Staff leave	12 187 984	14 602 153
Other creditors	128 302	99 142
Total Creditors	39 178 202	46 123 774
7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
7.1 Conditional Grants from other spheres of Government		
FM Grant	5 584 015	12 276 904
FBDM Grant	415 801	2 943 448
MIG Grants	468 591	101 276
Provincial Grants	0	0
	4 699 623	9 232 180
7.2 Other Conditional Receipts		
Developers Contributions – Electricity	299 728	1 296 103
Lotto Grant	0	0
Forlang Borlange Grant	180 466	1 056 652
DBSA Grant	13 113	116 020
Public contributions	106 149	123 430
	0	0
Total Conditional Grants and Receipts	5 883 743	13 573 007
See Note 21 for reconciliation of grants from other spheres of government. These amounts are invested until utilized.		
8 VAT		
VAT payable	26 534 171	28 559 244
VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.		
9 SHORT-TERM LOANS		
none	0	0

SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

10 PROPERTY, PLANT AND EQUIPMENT
30 June 2007

	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Develop. Fund	Leased infrastructure
	R	R	R	R	R	R	R
Reconciliation of Carrying Value							
Carrying values at 1 July 2006	0	295 089 405	42 978 995	0	40 076 902	0	0
Cost	0	508 736 300	60 471 354	0	80 951 787	0	0
Correction of error (note 32)	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Accumulated depreciation	0	-213 646 895	-17 492 358	0	-40 874 884	0	0
- Cost	0	-213 646 895	-17 492 358	0	-40 874 884	0	0
- Revaluation	0	0	0	0	0	0	0
Acquisitions	0	32 939 932	5 921 932	0	4 661 159	0	0
Capital under Construction	0	0	0	0	0	0	0
Increases/decreases in revaluation	0	0	0	0	0	0	0
Depreciation	0	-23 434 074	-1 920 988	0	-4 457 900	0	0
- based on cost	0	-23 434 074	-1 920 988	0	-4 457 900	0	0
- based on revaluation	0	0	0	0	0	0	0
Carrying value of disposals	0	0	0	0	-64 097	0	0
Cost/revaluation	0	0	0	0	-106 827	0	0
Accumulated depreciation	0	0	0	0	42 730	0	0
Impairment losses	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0
Carrying values at 30 June 2007	0	304 595 263	46 979 939	0	40 216 065	0	0
Cost	0	541 676 232	66 393 286	0	85 506 119	0	0
Revaluation	0	0	0	0	0	0	0
Accumulated depreciation	0	-237 080 969	-19 413 346	0	-45 290 054	0	0
- Cost	0	-237 080 969	-19 413 346	0	-45 290 054	0	0
- Revaluation	0	0	0	0	0	0	0

PROPERTY, PLANT AND EQUIPMENT
30 June 2006

	Buildings	Infra-structure	Community	Heritage	Other	Housing Rental	Leased infrastructure
	R	R	R	R	R	R	R
Reconciliation of Carrying Value							
Carrying values at 1 July 2005	0	249 287 295	43 683 589	0	38 062 515	0	0
Cost	0	440 405 247	59 289 968	0	74 420 611	0	0
Revaluation	0	0	0	0	0	0	0
Accumulated depreciation	0	-191 117 952	-15 606 378	0	-36 358 096	0	0
- Cost	0	-191 117 952	-15 606 378	0	-36 358 096	0	0
- Revaluation	0	0	0	0	0	0	0
Acquisitions	0	68 331 053	1 181 386	0	6 531 176	0	0
Capital under construction	0	0	0	0	0	0	0
Increases/decreases in revaluation	0	0	0	0	0	0	0
Depreciation	0	-22 528 943	-1 885 980	0	-4 516 788	0	0
- based on cost	0	-22 528 943	-1 885 980	0	-4 516 788	0	0
- 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
Other movements	0	0	0	0	0	0	0
Carrying values at 30 June 2006	0	295 089 405	42 978 995	0	40 076 902	0	0
Cost	0	508 736 300	60 471 354	0	80 951 787	0	0
Correction of error (note 32)	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Accumulated depreciation	0	-213 646 895	-17 492 358	0	-40 874 884	0	0
- Cost	0	-213 646 895	-17 492 358	0	-40 874 884	0	0
- Revaluation	0	0	0	0	0	0	0

Assets are in the process to be revalued to fair value. The revaluation will be used for the financials of 30 June 2009.

After revaluation it is foreseen that asset value is going to increase materially

The revaluation surplus is reconciled as follows: -

	2007	2006
	R	R
Balance at beginning of year	0	0
Surplus realized	0	0
Balance at end of year	<u>0</u>	<u>0</u>

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

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and assets and will recalculate accumulated depreciation if needed once this exercise has been completed. Depreciation on assets is calculated on an average basis of useful life for each category and using information as available on the asset register, using global historical information in the accounting records. Furthermore, the Municipality has not assessed whether assets are impaired as this aspect of the standard has been exempted in terms of government gazette 30013.

SOL PLAATJE MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
11 INVESTMENT PROPERTY		
none	<u>0</u>	<u>0</u>
12 INVESTMENTS		
<u>Listed</u>		
None	<u>0</u>	<u>0</u>
<u>Unlisted</u>		
None	<u>0</u>	<u>0</u>
Total Unlisted	<u>0</u>	<u>0</u>
<u>Financial Instruments</u>		
Fixed Deposits (mature in longer than 12 months)	<u>0</u>	<u>0</u>
Total Cash Investments	<u>0</u>	<u>0</u>
Total Investments	<u>0</u>	<u>0</u>
Market valuation of listed investments		
None	<u>0</u>	<u>0</u>
Council's valuation of unlisted investments		
None	<u>0</u>	<u>0</u>

13 LONG-TERM RECEIVABLES

Car loans	1 242 929	2 485 031
Sport Club loans	1 098	3 147
Interest and services capitalized	24 868 012	26 199 899
Less : Provision for bad debts	-63 487 687	-63 211 767
Housing debtors loans	<u>55 170 965</u>	<u>52 874 097</u>
	17 795 317	18 350 407
Less : Current portion transferred to current receivables	2 995 310	3 559 730
Car loans	<u>642 316</u>	<u>1 047 916</u>
Sport Club loans	1 098	2 049
Housing debtors loans	<u>2 351 896</u>	<u>2 509 765</u>
Total	<u>14 800 007</u>	<u>14 790 677</u>

CAR LOANS

Staff are entitled to car loans which attract interest at 8% for senior and 10% for junior staff per annum and which are repayable over a maximum period of 6 years. These loans are to be phased out over the next years.

HOUSING SELLING SCHEME LOANS

Housing loans are granted to qualifying individuals in terms of the provincial administrations housing programme. These loans attract interest of 10.5% per annum and are repayable over 20 years.

SPORT CLUB LOAN

A loan were granted to Park Tennis Club in 1987. This loan attracts interest of 9.5% per annum and is repayable by 31 December 2007.

14 INVENTORY

Inventory stores – at cost	8 947 321	8 538 704
Water – at cost	0	225 000
Other goods held for resale – at cost	0	0
Unsold properties held for resale – at realizable value	0	0
Total Inventory	<u>8 947 321</u>	<u>8 763 704</u>

15 CONSUMER DEBTORS

	Gross Balances	Provision for Bad Debts	Net Balance
As at 30 June 2007			
Service debtors	437 534 627	-297 725 638	139 808 988
Rates	<u>40 155 208</u>	<u>-297 725 638</u>	<u>-257 570 430</u>
Electricity	50 404 595		50 404 595
Water	70 113 412		70 113 412
Refuse	32 345 043		32 345 043
Sewerage	35 986 070		35 986 070
Miscellaneous	<u>208 530 298</u>		<u>208 530 298</u>
Market	546 249	0	546 249
Other debtors	0	0	0
Housing debtors	8 544 529	0	8 544 529
Total	<u>446 625 405</u>	<u>-297 725 638</u>	<u>148 899 767</u>
As at 30 June 2006			
Service debtors	392 406 060	-277 497 553	114 908 507
Rates	<u>31 232 636</u>	<u>-277 497 553</u>	<u>-246 264 916</u>
Electricity	44 615 851		44 615 851
Water	51 936 996		51 936 996
Refuse	24 145 094		24 145 094
Sewerage	26 504 349		26 504 349
Miscellaneous	<u>213 971 133</u>		<u>213 971 133</u>
Market	568 046	0	568 046
Other debtors	0	0	0
Housing debtors	6 163 532	0	6 163 532
Total	<u>399 137 638</u>	<u>-277 497 553</u>	<u>121 640 085</u>

SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

15 CONSUMER DEBTORS (continued)

	2007	2006
	R	R
<u>Rates: Ageing</u>		
Current (0 – 30 days)	5 810 878	5 407 887
31 - 60 Days	1 605 227	1 298 841
61 - 90 Days	1 306 594	1 239 722
91 - 120 Days	1 354 018	1 037 122
+ 121 Days	30 078 491	22 249 064
Total	<u>40 155 208</u>	<u>31 232 636</u>
<u>(Electricity, Water, Refuse and Sewerage): Ageing</u>		
Current (0 – 30 days)	27 904 677	40 872 341
31 - 60 Days	8 019 505	6 579 874
61 - 90 Days	7 821 801	6 569 984
91 - 120 Days	7 101 762	4 410 229
+ 121 Days	138 001 376	88 769 862
Total	<u>188 849 121</u>	<u>147 202 290</u>
<u>Miscellaneous Services: Ageing</u>		
Current (0 – 30 days)	6 209 744	14 481 954
31 - 60 Days	3 529 616	3 745 530
61 - 90 Days	3 212 321	7 286 604
91 - 120 Days	3 313 535	3 848 416
+ 121 Days	192 811 331	184 608 629
Total	<u>209 076 547</u>	<u>213 971 133</u>
<u>Housing rentals: Ageing</u>		
Current (0 – 30 days)	924 127	739 733
31 - 60 Days	370 767	233 303
61 - 90 Days	351 755	215 308
91 - 120 Days	338 141	199 043
+ 121 Days	6 559 739	4 776 145
Total	<u>8 544 529</u>	<u>6 163 532</u>

Summary of Debtors by Customer Classification
30 June 2007

	<u>Consumers</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
	R	R	R
Current (0 – 30 days)	32 756 696	6 880 744	665 431
31 - 60 Days	12 428 512	945 087	151 516
61 - 90 Days	11 548 039	1 039 983	104 449
91 - 120 Days	11 222 793	706 375	178 287
+ 121 Days	345 604 414	20 757 562	1 635 517
Total debtors by customer classification	<u>413 560 454</u>	<u>30 329 751</u>	<u>2 735 200</u>

Summary of Debtors by Customer Classification
30 June 2006

	<u>Consumers</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
	R	R	R
Current (0 – 30 days)	21 272 674	3 407 712	1 520 484
31 - 60 Days	24 641 956	1 095 684	269 780
61 - 90 Days	12 407 144	487 033	62 154
91 - 120 Days	14 905 084	734 972	56 952
+ 121 Days	302 281 509	15 014 970	979 530
Total debtors by customer classification	<u>375 508 367</u>	<u>20 740 371</u>	<u>2 888 900</u>

Reconciliation of the Bad Debt provision:-

	2007	2006
	R	R
Balance at the beginning of the year	340 709 320	323 648 187
Contribution to provision	40 000 000	34 800 000
Contribution of surplus/deficit account	0	0
Bad Debt written off against provision	-19 495 995	-17 738 866
Reversal of provision and other	0	0
Balance at the end of the year	<u>361 213 325</u>	<u>340 709 320</u>

16 OTHER DEBTORS

	2007	2006
	R	R
Payments made in advance	0	0
Unauthorized expenditure (see Note 36.1)	0	0
Fruitless and wasteful expenditure (see Note 36.2)	0	0
Government subsidies	614 700	925 300
Miscellaneous	4 643 611	4 001 666
Total Other Debtors	<u>5 258 311</u>	<u>4 926 966</u>

To see the real movement in total debtors note 13, 15 and 16 must be added. Total debtors 2006 : R 533 166 719
(2006 : R 485 626 778 ; 2005 : R471 354 925 ; 2004 : R413 438 920 ;2003 : R386 814 976 ;2002 : R345 558 762)

SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
17 CALL INVESTMENT DEPOSITS		
Other Deposits (mature within 12 months)	<u>77 007 808</u>	<u>70 707 808</u>
A fixed deposit of R 2 297 808 was made as a security to the Self-Insurance Workman Compensation reserve as required by the Department of Labour - Compensation Commissioner		
The allocation of investments :-		
Capital replacement reserve	12 915 083	2 915 083
Insurance reserves	16 729 389	16 506 321
COVID reserves	6 689 268	6 015 951
Unspent grants	5 584 015	12 276 904
Consumer deposits	7 507 437	6 825 580
Cash book overdraft and operating account	<u>27 582 616</u>	<u>26 167 969</u>
	<u>77 007 808</u>	<u>70 707 808</u>

18 BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following main bank accounts: -

Current Account (Primary Bank Account)

Standard Bank Kimberley Old Main Roac
Account Number 040065367

Cash book balance at beginning of year / (overdrawn)	-16 746 952	-14 506 845
Cash book balance at end of year / (overdrawn)	<u>-27 640 442</u>	<u>-16 746 952</u>
Bank statement balance at beginning of year / (overdrawn)	772 284	420 759
Bank statement balance at end of year / (overdrawn)	<u>668 781</u>	<u>772 284</u>

Savings Account

None 0

Petty Cash

31 007 31 007

19 PROPERTY RATES

Actual

Residential	45 400 710	43 801 559
Business	29 993 060	26 963 360
Residential Business	2 858 563	2 445 267
Rural	146 330	136 243
Industrial	3 311 444	3 235 136
Post Office	5 872	5 609
State	16 869 923	15 066 876
Mining areas	1 308 316	1 198 639
Exempt	0	0
Total Assessment Rates	<u>99 894 218</u>	<u>92 852 689</u>

Property Valuations

	<u>July 2006</u>	<u>July 2006</u>	<u>July 2005</u>	<u>July 2005</u>
	<u>R000's</u>	<u>R000's</u>	<u>R000's</u>	<u>R000's</u>
	<u>Site</u>	<u>Buildings</u>	<u>Site</u>	<u>Buildings</u>
Residential	458 290 220	3 213 879 950	438 073 000	3 062 458 000
Business	122 116 710	760 184 800	115 373 410	710 239 500
Residential Business	14 053 200	118 162 400	12 543 900	104 016 900
Rural	175 932 318	71 882 000	166 508 918	71 603 600
Industrial	14 515 500	53 023 500	14 592 500	51 418 500
Post Office	30 000	70 000	30 000	70 000
State	43 897 050	410 921 600	42 498 750	404 197 500
Mining areas	10 825 460	34 576 800	10 910 860	34 576 800
Exempt	138 564 530	263 975 350	0	0
Total Property Valuations	<u>978 224 988</u>	<u>4 926 676 400</u>	<u>800 531 338</u>	<u>4 438 580 800</u>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2004. Interim valuations are processed on a as received basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of R0.018018 (2006: R0.017778) is applied to valuations to determine assessment rates. Rates are levied on an annual basis with the final date of payment being 30 November each year. Ratepayers can apply to pay rates monthly.

20 SERVICE CHARGES

	2007	2006
	R	R
Sale of electricity	154 487 166	135 823 434
Sale of water	92 250 533	73 447 231
Refuse removal	23 057 435	20 746 726
Sewerage and sanitation charges	30 861 331	27 936 735
Other service charges	13 314 206	15 168 954
Total Service Charges	<u>313 970 671</u>	<u>273 123 079</u>

SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

21 GOVERNMENT GRANTS AND SUBSIDIES	2007 R	2006 R
Equitable share	50 356 269	42 001 302
Financial Management Grant	3 027 647	1 560 983
Frances Baard District Municipality	4 763 865	1 888 817
Provincial Projects	28 863 928	24 611 085
Provincial resort subsidies	445 000	445 000
Provincial health subsidies	1 950 800	1 841 000
MIG Grant	6 288 132	29 842 586
Total Government Grant and Subsidies	<u>95 695 641</u>	<u>102 190 773</u>

21.1 Equitable Share

This unconditional grant is partly used to subsidise the provision of basic services to registered and verified indigent community members.

21.2 Provincial Health Subsidies

Balance unspent at beginning of year	0	0
Current year receipts - included in public health vote	1 950 800	1 841 000
Conditions met - transferred to revenue	-1 950 800	-1 841 000
Conditions still to be met - transferred to liabilities (see note 7)	<u>0</u>	<u>0</u>

The Municipality renders health services on behalf of the Provincial Government and is refunded the gazette amount. This grant has been used exclusively to health services (included in Appendix D).

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

21.3 MIG Grant

Balance unspent at beginning of year	0	0
Current year receipts	6 288 132	29 842 586
Conditions met - transferred to revenue	-6 288 132	-29 842 586
Conditions still to be met - transferred to liabilities (see note 7)	<u>0</u>	<u>0</u>

This grant was used for various projects (included in Appendix B). No funds have been withheld.

21.4 Provincial Grant

Balance unspent at beginning of year	9 232 180	6 118 500
Current year receipts	24 314 022	30 953 441
Conditions met - transferred to revenue	-28 846 579	-27 839 761
Conditions still to be met - transferred to liabilities (see note 7)	<u>4 699 623</u>	<u>9 232 180</u>

The grant is spent in accordance with business plans approved by the Provincial Government (included in Appendix B). No funds have been withheld.

21.5 Provincial Resort Subsidies

Balance unspent at beginning of year	0	0
Current year receipts	445 000	445 000
Conditions met - transferred to revenue	-445 000	-445 000
Conditions still to be met - transferred to liabilities (see note 7)	<u>0</u>	<u>0</u>

The Municipality renders services on behalf of the Provincial Government and is refunded the gazette amount. This grant has been used exclusively to resort expenditure (included in Appendix D). The conditions of the grant have been met.

21.6 Francis Baard District Municipality Grant

Balance unspent at beginning of year	101 276	205 093
Current year receipts	5 131 179	1 785 000
Conditions met - transferred to revenue	-4 763 865	-1 888 817
Conditions still to be met - transferred to liabilities (see note 7)	<u>468 591</u>	<u>101 276</u>

The grant is spent in accordance with business plans approved by the FBD Municipality (included in Appendix B). No funds have been withheld.

21.7 Financial Management Grant

Balance unspent at beginning of year	2 943 448	3 786 182
Current year receipts	500 000	2 500 000
Conditions met - transferred to revenue	-3 027 647	-3 342 734
Conditions still to be met - transferred to liabilities (see note 7)	<u>415 801</u>	<u>2 943 448</u>

The grant is spent in accordance with National Treasury guidelines (included in Appendix D). No funds have been withheld.

21.8 Changes in Levels of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the next two financial years.

SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
22 OTHER INCOME		
Sale of housing	0	0
Other income	13 446 678	16 543 762
Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 36)	0	0
Total Other Income	<u>13 446 678</u>	<u>16 543 762</u>
Included in other income is the following:-		
Premiums received and claims recovered	3 393 091	3 074 129
Miscellaneous revenue and sale of goods	9 748 448	12 848 578
	<u>13 141 539</u>	<u>15 922 707</u>

23 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	115 370 668	100 176 822
Employee related costs - Contributions for UIF, pensions and medical aids	32 458 842	28 666 550
Travel and other allowances	37 790 633	38 196 094
Housing subsidy	1 943 678	2 117 736
Overtime payments	5 959 487	5 333 262
Performance bonus	0	0
Long-service awards	5 839 480	5 366 605
Less: Employee costs capitalised to Property, Plant and Equipment	0	0
Less: Employee costs included in other expenses	0	0
Total Employee Related Costs	<u>199 362 788</u>	<u>179 857 069</u>

There were no advances to employees. Loans to employees are set out in note 13.

Remuneration of the Municipal Manager

Annual Remuneration	414 504	439 471
Performance Bonuses	0	0
Car Allowance	196 014	198 950
Medical, pension fund and other allowances	129 540	86 806
Total	<u>740 058</u>	<u>725 228</u>

Remuneration of the Chief Finance Officer

Annual Remuneration	363 048	207 263
Performance Bonuses	0	0
Car Allowance	170 340	85 170
Medical, pension fund and other allowances	127 501	7 891
Total	<u>660 889</u>	<u>300 323</u>

Remuneration of Individual Executive Directors
30 June 2007

	<u>Community</u> <u>Directorate</u>	<u>Corporate</u> <u>Directorate</u>	<u>SED</u> <u>Directorate</u>	<u>Technical</u> <u>Directorate</u>
	R	R	R	R
Annual Remuneration	363 048	363 048	363 048	363 048
Performance Bonuses	0	0	0	0
Car Allowance	170 340	170 340	170 340	170 340
Medical, pension fund and other allowances	127 501	109 180	127 501	123 265
Total	<u>660 889</u>	<u>642 568</u>	<u>660 889</u>	<u>656 653</u>

30 June 2006

	<u>Community</u> <u>Directorate</u>	<u>Corporate</u> <u>Directorate</u>	<u>SED</u> <u>Directorate</u>	<u>Technical</u> <u>Directorate</u>
	R	R	R	R
Annual Remuneration	176 132	384 940	339 110	389 867
Performance Bonuses	0	0	0	0
Car Allowance	85 170	131 079	139 957	170 344
Medical, pension fund and other allowances	38 897	62 838	63 738	62 529
Total	<u>300 199</u>	<u>578 857</u>	<u>542 805</u>	<u>622 739</u>

Two new directorates was created in the financial year under review. The amounts of directors vary because the posts were vacant during the year.

	2007 R	2006 R
24 REMUNERATION OF COUNCILORS		
Executive Mayor	451 352	386 023
Speaker	361 081	346 192
Councilors	7 689 635	4 804 172
Councilors' pension contribution	1 154 162	292 800
Total Councilors' Remuneration	<u>9 656 230</u>	<u>5 829 187</u>

In-kind Benefits

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

SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
25 INTEREST PAID		
Long-term liabilities	5 960 617	7 737 693
Bank overdrafts	<u>0</u>	<u>0</u>
Total Interest on External Borrowings	<u>5 960 617</u>	<u>7 737 693</u>
26 BULK PURCHASES		
Electricity	88 770 740	72 699 136
Water	15 690 321	23 865 042
Total Bulk Purchases	<u>104 461 061</u>	<u>96 564 179</u>
27 GRANTS AND SUBSIDIES PAID		
Subsidy paid to SPCA	117 993	120 000
Subsidy to GW Cricket Union	272 374	414 541
Total Grants and Subsidies	<u>390 367</u>	<u>534 541</u>
<p>The subsidy is to help the GWCU to pay for the provincial cricket lights. The subsidy is paid on an annual basis. The last payment will be in August 2007</p> <p>The subsidy to the SPCA is to assist the municipality to care for stray animals and other related tasks. The subsidy is paid on an annual basis.</p>		
28 GENERAL EXPENSES		
<p>Included in general expenses is the following:-</p>		
28.1 Other:-		
Audit fees	2 010 480	1 105 628
Bank charges	599 017	562 983
Cafeteria	354 237	387 414
Clarification	2 878 481	2 266 093
Course fees /Central training fund	1 385 496	1 274 896
Electricity	13 428 246	14 993 830
Fuel	4 332 694	3 680 128
Hire of Equipment	1 577 836	1 387 604
Indigent subsidy	8 036 751	9 630 812
Legal expenses	729 864	620 399
Levy district municipality	0	781 021
Membership fees	579 725	630 418
Postage	1 402 706	1 283 069
Printing and stationary	4 826 215	4 358 531
Professional fees	10 751 050	3 378 097
Projects	19 206 608	11 111 000
Service station	875 367	1 084 044
Stores	972 509	1 056 199
Telephone expenditure	3 816 180	3 883 550
Transport costs	7 513 983	6 838 044
Water	5 980 229	6 261 148
	<u>91 257 674</u>	<u>76 574 910</u>
28.2 Net exchange differences		
None	<u>0</u>	<u>0</u>
28.3 Material losses		
None	<u>0</u>	<u>0</u>
29 UNAPPROPRIATED SURPLUS AND DEFICIT ACCOUNT		
29.1 Adjustments		
Unknown Deposits	162 401	
Inventory corrections	-76 728	
Correction on Sala pension fund	-2 242 449	
Correction on Receiver of revenue (vat corrections)	-905 232	
Correction on debtors controle accounts	62 935	
Other adjustments	-225 000	
	<u>-3 224 073</u>	
29.2 Surplus of associate		
Share of retained profit on the equity method	<u>0</u>	<u>0</u>

SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

30 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP

2006
R

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

30.1 Statutory Funds

Balance previously reported: -

Capital Development Fund	306 945 708
Trust Funds	0
Total	<u>306 945 708</u>

Implementation of GAMAP

Transferred to the Capital Replacement Reserve	20 000 000
Transferred to the Capitalisation Reserve	77 351 115
Transferred to Accumulated Surplus/(Deficit) (see 30.8 below)	209 594 592
Total	<u>306 945 708</u>

30.2 Loans Redeemed and Other Capital Receipts

Balance previously reported

531 062 018

Implementation of GAMAP

Transferred to Government Grant Reserve	161 506 635
Transferred to Donations and Public Contribution Reserve	18
Transferred to Accumulated Surplus/(Deficit) (see 30.8 below)	369 555 365
Total	<u>531 062 018</u>

30.3 Provisions and Reserves

Balance previously reported

Reserves	2 298 427
Trust Funds (previously incorrectly classified as trust funds)	1 027 154
Development Fund	13 547 181
Lost Library books	188 881
Housing repairs	878 095
Total	<u>17 939 738</u>

Implementation of GAMAP

Transferred to Accumulated Surplus/(Deficit) (see 30.8 below)	<u>17 939 738</u>
---	--------------------------

30.4 Inventory

Balance previously reported

8 025 443

Implementation of GAMAP

Transferred to Accumulated Surplus/(Deficit) (see 30.8 below)	0
Water previously expensed now shown as inventory	0
Write-down of spare parts to realisable value	0
Write-down of unsold properties to realisable value	0
Total	<u>8 025 443</u>

30.5 Non-current provisions

Balance previously reported

0

Implementation of GAMAP

Transferred from Accumulated Surplus/(Deficit) (see 30.8 below)	0
Landfill	0
Long-service	0
Total	<u>0</u>

30.6 Property, plant and equipment

Balance previously reported

659 626 855

Implementation of GAMAP

Assets previously incorrectly or/and not recorded as assets to Accumulated Surplus/(Deficit) (see 30.8 below)	-85 511 030
Total	<u>574 115 825</u>

30.7 Accumulated Depreciation

Balance previously reported

0

Implementation of GAMAP

Backlog depreciation: Land and buildings	0
Backlog depreciation: Infrastructure	-191 117 952
Backlog depreciation: Community	-15 606 378
Backlog depreciation: Other	-36 358 096
Backlog depreciation: Housing Development Func	0
Total (debited to Accumulated Surplus/(Deficit)) (see 30.8 below)	<u>-243 082 426</u>

30.8 Accumulated Surplus/(Deficit)

Implementation of GAMAP

Adjustments to inventory (see 30.4 above)	0
Excessive provisions and reserves no longer permitted (see 30.3 above)	17 939 738
Non-current provisions previously not recognized (see 30.5 above)	0
Transferred from statutory funds (see 30.1 above)	209 594 592
Transferred from Loans Redeemed and Other Capital Receipts (see 30.2 above)	369 555 365
Fair value of Property, Plant and Equipment previously not recorded (see 30.6 above)	-85 511 030
Transferred to leave creditor see note 30.10	-3 430 564
Transferred to bad debts provision see note 30.9	-186 622 176
Backlog depreciation (see 30.7 above)	-243 082 426
Total	<u>78 443 499</u>

30.9 Bad Debts provision

Balance previously reported: -

Bad Debts	137 026 011
Transferred from Accumulated Surplus/(Deficit) (see 30.8)	186 622 176
Total	<u>323 648 187</u>

SOL PLAATJE MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

36 UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED 2007
R 2006
R

36.1 Unauthorized expenditure

Reconciliation of unauthorized expenditure		
Opening balance	0	0
Unauthorized expenditure current year	0	0
Approved by Council or condoned	0	0
Transfer to receivables for recovery (note 16)	0	0
Unauthorized expenditure awaiting authorizator	<u>0</u>	<u>0</u>

Incident	Disciplinary steps/criminal proceedings
<i>Unbudgeted expenditure</i>	<i>none</i>

36.2 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 (see note 40)	0	0
Fruitless and wasteful expenditure awaiting condonement	<u>0</u>	<u>0</u>

Incident	Disciplinary steps/criminal proceedings
<i>None</i>	<i>none</i>

36.3 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
<i>none</i>	<i>none</i>

37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

37.1 Contributions to organized local government

Opening balance	0	0
Council subscriptions	576 174	630 418
Amount paid - current year	-576 174	-630 418
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	<u>0</u>	<u>0</u>

37.2 Audit fees

Opening balance	0	0
Current year audit fee	2 010 480	1 105 628
Amount paid - current year	-2 010 480	-1 105 628
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	<u>0</u>	<u>0</u>

37.3 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.

37.4 PAYE and UIF

Opening balance	0	0
Current year payroll deductions	20 305 102	20 508 261
Amount paid - current year	-20 305 102	-20 508 261
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	<u>0</u>	<u>0</u>

SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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

37.5 Pension and Medical Aid Deductions

	2007	2006
	R	R
Opening balance	0	0
Current year payroll deductions and Council Contributions	48 568 359	43 115 280
Amount paid - current year	-48 568 359	-43 115 280
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	0	0

37.6 Councilor's arrear consumer accounts

The following Councilors had arrear accounts outstanding for more than 90 days as at: -

	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 days</u>
30th June 2007			
Councilor Louw A	98 015	693	97 322
Total Councilor Arrear Consumer Accounts	98 015	693	97 322

30th June 2006

	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 days</u>
Councilor Lenyibi	824	277	547
Councilor Louw A	91 522	3 544	87 978
Councilor Steyn JL	649	15	634
Councilor van der Merwe DJP	72	0	72
Total Councilor Arrear Consumer Accounts	93 066	3 835	89 231

During the year the following Councilors' had arrear accounts outstanding for more than 90 days

	<u>Highest Amount Outstanding</u>	<u>Ageing</u>
30th June 2007		
Not available	0	0 days
30th June 2006		
Not available	0	0 days

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

37.7.1 The Municipality had deviated from the procurement policy and it was reported to council (See appendix G
37.7.2 Awards to close family members of persons in the service of the state - None

38 CAPITAL COMMITMENTS

	2007	2006
	R	R
Commitments in respect of capital expenditure:		
- Approved and contracted for	0	10 000 000
<i>Infrastructure</i>	0	10 000 000
<i>Community</i>	0	0
<i>Other</i>	0	0
- Approved but not yet contracted for	155 839 170	31 964 000
<i>Infrastructure</i>	105 348 000	30 314 000
<i>Community</i>	31 996 000	1 650 000
<i>Other</i>	18 495 170	0
Total	155 839 170	41 964 000

This expenditure will be financed from:

- External Loans	35 000 000	0
- Capital Replacement Reserve	10 000 000	0
- Government Grants	90 574 170	40 076 000
- Other Grants	11 040 000	888 000
- Own resources	5 000 000	0
- District Council Grants	4 225 000	1 000 000
	155 839 170	41 964 000

39 RETIREMENT BENEFIT INFORMATION

The 1 July 1999 actuarial valuation of the Cape Joint Pension Fund showed that it was 100% funded. The 30 June 2006 valuator state that Cape Joint Retirement Fund is in a sound financial condition. The 1 July 2006 actuarial valuation of SALA pension Fund the valuation results showed that it was 100% funded. The valuator recommended that to retain a sound financial position, the employer continues to contribute at a rate of 19,18%. At the valuation in 2005 SALA pension fund was 98,4% funded. The actuarial valuator of the Pension Fund for councilors on 30 June 2005 stated that it is in a sound financial position. (In 1999 it was a 100% funded)

Contributions by Council in respect of Councilor and employees retirement funding have been expended in the year	20 456 834	16 970 016
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SOL PLAATJE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006
40 CONTINGENT LIABILITY		
40.1 Claim for damages	<u>100 000</u>	
The Municipality is sued for various vehicle accidents. Litigation is in process.		
40.2 Claim for legal costs	<u>375 815</u>	<u>367 911</u>
The Municipality is sued for legal costs, being for services rendered. Council is contesting the claim based on legal advice.		
40.3 Claim for unpaid cheque	<u>350 000</u>	<u>350 000</u>
The Municipality is sued for an unpaid cheque. Council is contesting the claim based on legal advice.		
40.4 Contractual claim	<u>400 000</u>	
The Municipality is sued for a contractual claim. Arbitration is being arranged.		
40.5 Contractual claim	<u>87 866</u>	
The Municipality is sued for a contractual claim. Council is contesting the claim based on legal advice.		
40.6 Review application	<u>300 000</u>	
The Municipality is to review a building decision. Council is defended on the claim based on legal advice.		
40.7 Outstanding assessment of SARS on VAT	<u>2 081 949</u>	
The Municipality could have a future assessment on VAT that was already paid to council after a claim prepared by a specialist on VAT. The specialist is following the assessment up with SARS.		
40.8 Claim for squatters eviction		
The Municipality could have a future liability to bear the relocation and the resettlement costs of squatters to be evicted from the ratepayers property.		
Guarantees by Sol Plaatje Municipality in respect of bank housing loans to officials	<u><u>1 768 449</u></u>	<u><u>1 827 063</u></u>
41 CONTINGENT ASSET		
Legal action has been proceeded against a seller of electricity coupons to the outstanding amount of R629 051-81. The contract with the seller was terminated on 2 December 2005. Interest at prime plus 1% will be calculated as from 1 November 2005.		
42 IN-KIND DONATIONS AND ASSISTANCE		
The Municipality received the following in-kind donations and assistance		
<u>Description</u>		
▪ Secondment of International Finance Advisor by National Treasury		
43 PRIVATE PUBLIC PARTNERSHIPS		
None		
44 EVENTS AFTER THE REPORTING DATE		
None		
45 CONTRACTUAL OBLIGATION		
Retention Money (not included in creditors)	<u><u>1 727 567</u></u>	<u><u>2 155 771</u></u>
46 COMPARISON WITH THE BUDGET		
The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E (1) and E (2)		

Total	
R	
378 145 302	
650 159 440	
0	
0	
-272 014 138	
-272 014 138	
0	
43 523 023	
0	
0	
-29 812 962	
-29 812 962	
0	
-64 097	
-106 827	
42 730	
0	
0	
391 791 266	
693 575 636	
0	
-301 784 370	
-301 784 370	
0	

Total	
R	
331 033 399	
574 115 825	
0	
-243 082 426	
-243 082 426	
0	
76 043 615	
0	
0	
-28 931 712	
-28 931 712	
0	
0	
0	
0	
0	
378 145 302	
650 159 440	
0	
0	
-272 014 138	
-272 014 138	
0	

APPENDIX A

SOL PLAATJE 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								
None			0	0	0	0	0	0
Total long-term loans			0	0	0	0	0	0
ANNUITY LOANS							58 696 752	
DBSA Loan @ 10%	10112	31-03-2015	20 195 893		1 471 347	18 724 546		
DBSA Loan @ 12%	10113	31-03-2016	16 411 602		918 756	15 492 846		
DBSA Loan @ 12%	10616	31-03-2017	6 258 151		297 011	5 961 140		
DBSA Loan @ 10.91%	101452	31-12-2019	13 771 064		483 511	13 287 552		
Sub total DBSA			56 636 710	0	3 170 626	53 466 084		
DBCM Loan @ 11.25%	1	31-03-2009	26 457		7 873	18 584		
DBCM Loan @ 11.25%	2	30-09-2009	10 616		2 631	7 985		
DBCM Loan @ 11.25%	3	31-03-2010	120 268		25 325	94 944		
DBCM Loan @ 11.25%	4	30-09-2010	83 786		15 227	68 559		
DBCM Loan @ 11.25%	5	31-03-2011	2 711		431	2 280		
DBCM Loan @ 11.25%	6	30-09-2011	126 247		17 684	108 563		
DBCM Loan @ 11.25%	7	31-03-2012	80 303		10 005	70 299		
DBCM Loan @ 11.25%	8	30-09-2012	109 705		12 237	97 467		
DBCM Loan @ 11.25%	9	31-03-2013	13 267		1 332	11 935		
DBCM Loan @ 11.25%	10	30-09-2013	9 627		875	8 752		
Sub total DBCM			582 988		93 620	489 368		
Total Annuity loans			57 219 698	0	3 264 246	53 955 452	58 696 752	0
GOVERNMENT LOANS								
- Other			0	0	0	0	0	0
Total Government Loans			0	0	0	0	0	0
LEASE LIABILITY								
Infrastructure			0	0	0	0	0	0
TOTAL EXTERNAL LOANS			57 219 698	0	3 264 246	53 955 452	58 696 752	0

APPENDIX B
SOL PLAATJE MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Land and Buildings										
Land	0	0	0	0	0	0	0	0	0	0
Buildings	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
Infrastructure										
Storm water	56 769 244				56 769 244	11 060 913	2 681 521		13 742 434	43 026 810
Roads	107 416 071	17 331 311			124 747 382	42 555 010	5 237 460		47 792 470	76 954 912
Pavements	27 008				27 008	19 805	1 801		21 606	5 402
Parking	1 661 298				1 661 298	20 766	83 065		103 831	1 557 467
Refuse sites	160 000				160 000	26 666	5 334		32 000	128 000
Other	96 751 560	675 905			97 427 465	59 228 065	4 234 622		63 462 687	33 964 778
Sewerage	62 154 655	6 622 413			68 777 068	27 072 096	2 928 334		30 000 430	38 776 638
Electricity	77 601 013	2 669 816			80 270 829	30 896 507	3 362 501		34 259 008	46 011 821
Street lights	15 027 653	313 388			15 341 041	5 496 194	876 470		6 372 664	8 968 377
Water	91 167 797	5 327 098			96 494 895	37 270 872	4 022 968		41 293 840	55 201 055
	508 736 299	32 939 931	0	0	541 676 230	213 646 894	23 434 076	0	237 080 970	304 595 260
Community Assets										
Parks & Gardens	2 369 240	399 498			2 768 738	291 948	80 084		372 032	2 396 706
Libraries	6 244 872	451 259			6 696 131	1 942 266	181 946		2 124 212	4 571 919
Recreation	32 451 781	876 186			33 327 967	9 681 948	1 040 217		10 722 165	22 605 802
Halls	3 784 154	874 492			4 658 646	852 406	128 568		980 974	3 677 672
Clinics	4 175 969				4 175 969	1 583 896	133 193		1 717 089	2 458 880
Other	11 445 337	3 320 496			14 765 833	3 139 894	356 980		3 496 874	11 268 959
	60 471 353	5 921 931	0	0	66 393 284	17 492 358	1 920 988	0	19 413 346	46 979 938
Heritage Assets										
Historical Buildings	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
Total carried forward	569 207 652	38 861 862	0	0	608 069 514	231 139 252	25 355 064	0	256 494 316	351 575 198

APPENDIX B (CONTINUED)

SOL PLAATJE MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Total brought forward	569 207 652	38 861 862	0	0	608 069 514	231 139 252	25 355 064	0	256 494 316	351 575 198
Housing Rental Stock										
Housing Rental	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
Other Assets										
Other Land & Buildings	11 801 478	1 171 713			12 973 191	8 557 863	132 301		8 690 164	4 283 027
Markets	3 355 228				3 355 228	1 364 797	105 742		1 470 539	1 884 689
Security	26 288				26 288	26 287	0		26 287	1
Civic Land & Buildings	35 888 767				35 888 767	18 382 723	824 593		19 207 316	16 681 451
Office Equipment	1 304 144	668 048			1 972 192	1 087 532	76 433		1 163 965	808 227
Furniture & Fittings	16 810 971	472 334			17 283 305	4 268 166	1 683 638		5 951 804	11 331 501
Motor vehicles	9 404 177	2 349 065		106 827	11 646 415	6 591 752	1 292 247	42 730	7 841 269	3 805 146
Fire engines	1 292 000				1 292 000	453 267	129 199		582 466	709 534
Refuse tankers	1 068 734				1 068 734	142 498	213 746		356 244	712 490
	80 951 787	4 661 160	0	106 827	85 506 120	40 874 885	4 457 899	42 730	45 290 054	40 216 066
Total	650 159 439	43 523 022	0	106 827	693 575 634	272 014 137	29 812 963	42 730	301 784 370	391 791 264

APPENDIX C
SOL PLAATJE MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
30 JUNE 2007

	Cost				Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
Executive and Council	596 780	1 047 896	0	0	1 644 676	530 143	50 782	0	580 925	1 063 751
Municipal General		107 075	0	0	107 075	0	1 785	0	1 785	105 290
Municipal Manager	10 110	0	0	0	10 110	84	1 011	0	1 095	9 015
Corporate Services	25 743 885	419 791	0	0	26 163 676	9 302 236	1 530 279	0	10 832 515	15 331 161
Community Services	63 162 828	3 836 946	0	0	66 999 774	21 018 231	2 247 362	0	23 265 593	43 734 181
Financial Services	4 177 984	188 640	0	0	4 366 624	814 774	245 217	0	1 059 991	3 306 633
Strategic and Economic development	28 798 170	3 294 143	0	0	32 092 313	12 901 294	743 918	0	13 645 212	18 447 101
Infrastructure and Services	527 669 682	34 628 533	0	106 827	562 191 388	227 447 376	24 992 609	42 730	252 397 255	309 794 133
TOTAL	650 159 439	43 523 024	0	106 827	693 575 636	272 014 138	29 812 963	42 730	301 784 371	391 791 265

APPENDIX D
SOL PLAATJE MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30 JUNE 2007

2006	2006	2006		2007	2007	2007
Actual	Actual	Surplus/		Actual	Actual	Surplus/
Income	Expenditure	(Deficit)		Income	Expenditure	(Deficit)
R	R	R		R	R	R
0	7 540 084	-7 540 084	Executive and Council	50 645	12 986 772	-12 936 127
138 205 746	55 227 050	82 978 696	Municipal General	139 809 655	71 635 470	68 174 185
3 258 366	9 488 727	-6 230 361	Municipal Manager	570 823	5 700 501	-5 129 678
1 796 734	22 992 165	-21 195 431	Corporate Services	1 929 735	25 058 332	-23 128 597
16 520 628	72 454 538	-55 933 911	Community Services	14 820 581	72 551 970	-57 731 389
101 619 500	31 691 861	69 927 639	Financial services	110 212 830	37 419 060	72 793 770
9 031 334	15 163 542	-6 132 208	Strategic and Economic Development	9 189 395	17 644 380	-8 454 985
268 917 537	289 162 617	-20 245 080	Infrastructure and Services	311 343 811	314 497 811	-3 154 000
<u>539 349 844</u>	<u>503 720 585</u>	<u>35 629 259</u>	Sub Total	<u>587 927 475</u>	<u>557 494 296</u>	<u>30 433 179</u>
	-25 074 652	25 074 652	Less Inter-Dep Charges		-28 305 220	28 305 220
<u>539 349 844</u>	<u>478 645 932</u>	<u>60 703 912</u>	Total	<u>587 927 475</u>	<u>529 189 076</u>	<u>58 738 399</u>
		0	Add: Share of Associate			0
		<u>60 703 912</u>				<u>58 738 399</u>

APPENDIX E(1)

SOL PLAATJE MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual (R)	2007 Budget (R)	2007 Variance (R)	2007 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property rates	99 894 218	99 852 722	41 496	0%	
Service charges	313 970 671	319 153 048	-5 182 377	-2%	
Rental of facilities and equipment	10 262 921	9 824 641	438 280	4%	
Interest earned - external investments	8 062 176	6 000 000	2 062 176	34%	Due to increase in interest rates
Interest earned - outstanding debtors	39 351 835	39 345 265	6 570	0%	
Fines	3 749 755	4 388 000	-638 245	-15%	Due to fines not realising
Licenses and permits	3 493 579	4 735 000	-1 241 421	-26%	Due to license fees not realising
Government grants and subsidies	95 695 641	106 977 678	-11 282 037	-11%	Due to unspent grants
Other income	13 446 678	14 023 236	-576 558	-4%	
Public contributions, donated/contributed PPE	0	0	0	0%	
Gains on disposal of property, plant and equipment	0	0	0	0%	
Total Revenue	587 927 474	604 299 590	-16 372 116	-3%	
EXPENDITURE					
Employee related costs	199 362 788	201 849 290	-2 486 502	-1%	
Remuneration of Councilors	9 656 230	9 996 800	-340 570	-3%	
Bad debts	40 000 000	40 000 000	0	0%	
Collection costs	777 097	735 575	41 522	6%	
Depreciation	29 812 962	29 172 014	640 948	2%	
Repairs and maintenance	23 202 551	26 222 593	-3 020 042	-12%	Low expenditure on tar roads
Interest on external borrowings	5 960 617	6 311 073	-350 456	-6%	
Bulk purchases	104 461 061	112 000 000	-7 538 939	-7%	
Grants and subsidies paid	390 367	440 000	-49 633	-11%	Due to public grants not made
General expenses - other	115 501 307	116 744 950	-1 243 643	-1%	
Loss on disposal of property, plant and equipment	64 096	0	64 096	0%	Not budgeted
Total Expenditure	529 189 076	543 472 295	-14 283 219	-3%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	58 738 398	60 827 295	-2 088 897	-3%	

APPENDIX E(2)

SOL PLAATJE MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual	2007 Under Construction	2007 Total Additions	2007 Budget	2007 Variance	2007 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive and Council	1 047 896	0	1 047 896	988 000	59 896	6%	Loose equipment - contribution from operating to capital
Municipal General	107 075	0	107 075	0	107 075	#DIV/0!	Loose equipment - contribution from operating to capital
Municipal Manager	0	0	0	0	0	0%	
Corporate Services	419 791	0	419 791	0	419 791	#DIV/0!	Loose equipment - contribution from operating to capital
Community Services	3 836 946	0	3 836 946	3 783 000	53 946	1%	
Financial Services	188 640	0	188 640	150 000	38 640	26%	Loose equipment - contribution from operating to capital
Strategic and Economic development	3 294 143	0	3 294 143	6 500 000	-3 205 857	-49%	SMME Village roll over project
Infrastructure and Services	34 628 533	0	34 628 533	44 455 678	-9 827 145	-22%	Donkerhoek and De beers stadium roll over projects
TOTAL	43 523 024	0	43 523 024	55 876 678	-12 353 654	-22%	Roll over projects

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

Grants and Subsidies received for the year ended 30 June 2007

Name of Grants	Name of organ of state or municipal entity	Total Receipts for the Year	Total Expenditure for the Year	Delay \ withheld	Gazette amount Municipal year	Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Total	Total	Total	Total			
Enviromental Health	Provincial	176 400	176 400	0	176 000	Late Payment. Revenue accrued.	Yes	None
Library Services	Provincial	533 000	451 259	0	533 000	None	Yes	None
Primary Health	Provincial	1 774 400	1 774 400	0	1 774 000	Late Payment. Revenue accrued.	Yes	None
Subsidy Resort	Provincial	445 000	445 000	445 000	445 000	Payment not yet received. Revenue accrued.	Yes	None
Equitable Share	National	50 356 269	N/A	0	50 356 000	None	Yes	None
Financial Management Grant	National	500 000	3 027 647	0	500 000	None	Yes	None
MIG	National	6 483 349	6 288 132	0	17 026 000	None	Yes	None
MSIP	National	150 000	150 000	0	150 000	None	Yes	None
NEP	National	2 450 000	2 364 943	0	2 000 000	None	Yes	None
Frances Baard Municipality	Municipality	5 131 179	4 763 865	0	0	None	N/A	None
DPLG	Provincial	15 900 000	15 900 000	0	0	None	N/A	None
DTPW	Provincial	1 000 000	1 000 000	0	0	None	N/A	None
PTIF	Provincial	1 500 000	1 500 000	0	1 500 000	None	Yes	None
Provincial projects	Provincial	3 253 483	2 260 694	0	0	None	N/A	None
		89 653 080	40 102 340	445 000	74 460 000			

APPENDIX G
SOL PLAATJE MUNICIPALITY: DEVIATIONS FROM PROCUREMENT POLICY
FOR THE YEAR ENDED 30 JUNE 2007

No.	Service Provider	Service Rendered / Product Purchased	Deviation Date	Financial Implications	Line Manager	Motivation
1	Phambili Wasteman	Hire of Equipment	10.07.2006	80 449.80	Mr. G. van Wyk	An Emergency
2	Marcu Handelaars	Cleaning of area at Ward 17	05.03.2006	285 000.00	Mrs. L. Van Der Linde	An Emergency
3	Phambili Wasteman	Hire of High Pressure Machine	19.07.2006	32 300.00	Mr. D. Leeuw	An Emergency and Work of Art or historical
4	600 S.A. Holdings	Tipper body	27.07.2006	85 550.16	Mr. M. Arthur	Sole Provider and An Emergency
5	Babcock Equipment	Spares	01.08.2006	30 312.14	Mr. M. Arthur	An Emergency and Sole Provider
6	Biz Africa	Maxi Bricks	11.08.2006	378 000.00	Mr. H.J. Limburgh	An Emergency
7	D&A Power Products	Repair & fit transmission	28.08.2006	70 498.74	Mr. P. Grey	Sole Provider and An Emergency
8	Land Irrigation Supplies	Steel doors & Frames	06.09.2006	411 160.00	B. Bensley	An Emergency
9	HTSA Power Economy	Capasitors to improve power factor	13.09.2006	30 899.29	B.D. Pretorius	Sole Provider
10	Westing Corp. Power Economy	Equipment	11.09.2006	30 270.42	Mr. R.D. Engelbrecht	Sole Provider
11	C-PAC Pumps	Supply, Install, comm.V7 Equipment	18.10.2006	62 950.80	S.H. Coetzee	An Emergency
12	ABB Powertech	Install Equipment	23.10.2006	40 093.80	R.D. Pretorius	Sole Provider
13	Diesel Tech	Hire of vehicles and Machinery	16.10.2006	518 400.00	L. V/d Linde	An Emergency
14	TPS Plant Hire & construction	Hire of Vehicles & Machinery	16.10.2006	345 600.00	L. v/d Linde	An Emergency
15	Force Engineering	Repair Engine	16.10.2006	32 217.47	M.P. Arthur	An Emergency
16	D&A Power Products	Repair & fit engine	16.10.2006	34 473.60	M.P. Arthur	Emergency
17	Transtech	Repair Tailgate	19.10.2006	99 390.45	M.P. Arthur	An Emergency & Sole Provider
18	Universal Cables	Cable	31.10.2006	3 119 040.00	F. Aysen	An emergency & Exceptional cases
19	Actaris Measurements & Systems	New Vending Equipment	21.11.2006	72 618.00	Mr. W. Van Wyk	Sole Provider
20	P.E. V.D Sandt H/A Diesel Tech	Prime & Emulsion	14.11.2006	416 228.00	T.C. Matolo	Exceptional Cases
21	Phambili Wasteman	Unblock 300mm sewer line	11.08.2006	32 300.00	Mr. D. Leeuw	An Emergency
22	Waanies Workshop	Brake Overhaul	24.11.2006	92 105.65	Mr. P. Grey	An Emergency
23	Intaka Investment (PTY)	Chemicals for New Mobile plant at Riverton	20.12.2006	338 000.00	B. Dhlwayo	An Emergency and Sole Provider
24	C-Pac Pumps	Replace Pumps	10.11.2006	219 869.52	Mr. C.B. Marsh	Sole Provider
25	ABB Powertech Transm & Distrib.	11 KV Switch Gear	08.11.2006	276 862.68	Mr. F. Aysen	Sole Provider
26	Envirosec (Pty) Ltd.	Oil Spill around mini substation in Edgerton Road	26.01.2007	36 046.80	R. Pretorius	An Emergency and Sole Provider
27	Rocla (Pty) Ltd.	900mm sewer pipe broken at Homevale	26.01.2007	130 712.90	B. Dhlwayo	An Emergency and Sole Provider
28	Steel & Pipes (Pty) Ltd.	Delay of delivery of doors for bucket eradication project	09.02.2007	80 782.00	B. Dhlwayo	An Emergency
29	Charlie's Welding & Hydraulic Works	Manufacturing and Erection of new staircase at Riverton waterslide	12.02.2007	110 000.00	Mr. C. Harmse	An Emergency
30	C-PAC Pumps	Repairs on Allen Gwynn Pump	05.03.2007	453 820.82	Mr. S.H. Coetzee	An Emergency
31	Transtech	Supply and Fit Heil F4000 Tailgate Sub-Ass	28.02.2007	99 407.12	Mr. M.P. Arthur	Sole Supplier
32	BEKA (Pty) Ltd	Bekapole K187, 5M Mounting Height complete with Baseplate, etc.	28.03.2007	76 104.12	Mr. L. Stevens	Sole Supplier
33	C-PAC Pumps & Valves	Repair KSB Pump Model WKLN 125/3r48603.15	05.04.2007	48 603.15	Mr. B. Dhlwayo	Agents / Sole Supplier
34	Transtech	Heil F4000 (Spares)	30.03.2007	94 037.20	Mr. M.P. Arthur	Agents/ Sole Supplier
35	Creative Thinking	Computer Literacy Training for Ward Committees and Councillors	07.05.2007	33 600.00	Ms. L Fouchè	Sole Supplier
36	W E I R D	Hire of Equipment and Vehicles for cleaning purposes at various areas	12.02.2007	277 344.73	Mr. T. Kheshiwe	An Emergency
37	Mandlakazi Lecflo	Supply a Flygt BS 2660 MT 10kw 380V Pump	09.05.2007	42 582.42	Mr. B. Dhlwayo	An Emergency / Sole Supplier
38	Red Ant	Eviction and Relocation of 49 Families from Township	01.06.2007	86 298.00	Mr. S. Mothelesi	An Emergency/Exceptional Case
39	Transtech	Mechanical Broom Demonstration	24.05.2007	43 548.00	Mr. M. Steyn	Sole Supplier/Exceptional Case
40	Force Motor Engineering	Repairs to Deutz Engine on Bell Machine	07.06.2007	149 576.06	Mr. M. Arthur	An Emergency
41	Pescodia Motors	Grey Paving Bricks 25MPA 60mm Interlocking	11.06.2007	72 900.00	Ms. L. Morakile	An Emergency
42	Pescodia Motors	Grey Paving Bricks 25MPA 60mm Interlocking	11.06.2007	38 880.00	Ms. L. Morakile	An Emergency
43	Steel & Pipes (Pty) Ltd	Panels 25x25x3x1.8	13.06.2007	28 924.65	Ms. L. Morakile	An Emergency
44	Jack Madebe	Fencing to Wataka Water Plant in Ritchie	29.06.2007	48 406.68	Municipal Manager	An Emergency & Exceptional Cases