

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

	2007 R	2006 R
<b>1. STATUTORY FUNDS</b>		
Asset Financing	1,637,824	918,691
Housing development Fund	4,047,629	4,657,995
	5,685,453	5,576,686
The Asset Financing Fund is represented by the following assets and liabilities:		
Other Debtors (Cape Winelands DM for Op-die-Berg)	-	615,137
Investments (See note 7)	1,417,996	32,202
Bank and cash	219,828	271,352
	1,637,824	918,691
The Housing Development Fund is represented by the following assets and liabilities:		
Long-term Debtors (See note 8)	3,362,398	3,407,683
Housing Rental Debtors (Included in note 10)	1,953,090	1,776,249
Bank and cash	-1,267,859	-525,937
	4,047,629	5,183,932
<b>2. RESERVES</b>	-	-
<b>3. TRUST FUND</b>	-	-
(Refer to Appendix A for more details)		
<b>4. LONG TERM LIABILITIES</b>		
Local registered stock	-	-
Annuity loans	75,591,361	81,860,343
Short term loans	-	-
Lease commitments	-	-
	75,591,361	81,860,343
Less: Current portion transferred to		
Current liabilities	9,915,572	7,074,047
Local registered stock	-	-
Short-term loans	-	-
Annuity loans	9,915,572	7,074,047
	65,675,789	74,786,296

(Refer to Appendix B for more details on long-term liabilities)

### GOVERNMENT LOANS

None.

### ANNUITY LOANS

Carry interest at rates varying between 9.63% and 18.49% per annum and will be fully redeemed in 2023. The loan from Ned bank to the value of R 10,768,293 is secured by means of the agreement of sale of moveable property, which is leased to the Witzenberg Municipality.

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

	2007 R	2006 R
<b>5. CONSUMER DEPOSITS - SERVICES</b>		
Electricity and water	<u>1,245,768</u>	<u>1,121,026</u>
Guarantees in lieu of electricity and water deposits	<u>-</u>	<u>-</u>
<b>6. FIXED ASSETS</b>		
Fixed assets at the beginning of the year	246,040,729	236,620,246
Capital expenditure during the year	24,241,776	9,420,483
Less: Assets written off, transferred or disposed of during the year	-	-
<b>Total fixed assets</b>	<u>270,282,505</u>	<u>246,040,729</u>
Less: Loans redeemed and other capital receipts	<u>-192,551,705</u>	<u>-163,058,214</u>
<b>Net fixed assets</b>	<u>77,730,800</u>	<u>82,982,515</u>

(Refer to Appendix C and Section 2 of the Treasurer's report for more details on fixed assets)

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

	2007 R	2006 R
<b>7. INVESTMENTS</b>		
<b>Listed</b>	-	-
<b>Unlisted</b>	26,901,386	11,056,058
Long-term investments:	8,483,390	11,023,856
Ned bank - Koekedouw dam loan	8,483,390	11,023,856
Asset Financing Fund	-	-
Other	-	-
Short-term investments:	18,417,996	32,202
Asset Financing Fund	1,417,996	32,202
Unutilized Grants & Subsidies	17,000,000	-
Total investments	26,901,386	11,056,058
Market value of listed investments and management's valuation of unlisted investments		
Listed investments	-	-
Unlisted investments	26,901,386	11,056,058
Average rate of return on investments (gross)	16.26%	17.84%
<p>The long-term investment is established as security against the Nedbank loan as a special financing transaction. The short-term investments are valued at book value.</p>		
<b>8. LONG-TERM DEBTORS</b>		
Housing loans	3,362,398	3,407,683
Sport Clubs Loans	179,283	206,759
Town Development	19,746	51,490
	3,561,427	3,665,932
Less: Short-term portion of long-term debtors transferred to current assets	-135,481	-165,876
	3,425,946	3,500,056
<b>9. INVENTORY</b>		
Inventory represents consumable stores, raw materials, work-in-progress and finished goods. Where necessary specific provision is made for obsolete inventory		
	3,574,482	2,328,662

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

	2007 R	2006 R
<b>10. DEBTORS</b>		
Consumer debtors	47,994,778	39,805,073
Other debtors	1,334,459	2,705,327
Project accounts	1,692,742	2,277,672
Amounts paid in advance	-	-
	<u>51,021,979</u>	<u>44,788,072</u>
Less: Provision for bad debts	35,201,055	27,508,050
	<u>15,820,924</u>	<u>17,280,022</u>
No Bad debts were written off.		
The Age analysis of Consumer debtors are as follow:		
Current	7,653,804	7,581,374
30 days	1,603,331	1,490,690
60 days	1,122,349	981,290
90 days	855,931	1,011,762
Older	36,104,196	27,508,050
<b>11. DEFERRED CHARGES</b>		
	<u>-</u>	<u>-</u>
<b>12. PROVISIONS</b>		
Leave pay	2,293,485	1,996,178
Landfill sites - rehabilitation	3,190,000	3,190,000
Performance bonuses	199,024	-
	<u>5,682,509</u>	<u>5,186,178</u>
<b>13. CREDITORS</b>		
Trade creditors	3,672,499	3,962,945
Other creditors	244,201	687,152
Deposits	95,031	113,550
Project Creditors	20,664,546	28,369,517
Amounts received in advance	709,202	751,038
	<u>25,385,479</u>	<u>33,884,202</u>

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

### 14. ASSESSMENT RATES

	<i>Valuation as at 30 June 2007 R'000</i>	<i>Actual income 2007 R'000</i>	<i>Actual income 2006 R'000</i>
Residential	437,246	7,888	2,238
Commercial	126,473	2,212	3,213
Industrial	151,562	2,826	2,655
Agricultural	598,440	3,455	7,375
State	90,552	1,100	1,020
Non Rate able (including Municipal property)	259,237	-	-
	<u>1,663,510</u>	<u>17,481</u>	<u>16,501</u>

Valuations on land and improvements are executed every four years, but due to the new property rates act it will only be completed and implemented in the 2009/2010 financial year.

The last general valuation came into effect on July 2002. The Council levy a differential tariff based on area and use. The tariffs are as follow:

All agricultural areas	0.57c/R
Ceres	1.95c/R
Prince Alfred's Hamlet	1.08c/R
Op-die- Berg	0.66c/R
Wolseley	1.57c/R
Tulbagh	1.71c/R

### 15. REMUNERATION

#### **Councilors**

	2007 R	2006 R
Executive Mayor	392,871	252,773
Deputy Mayor	312,780	207,806
Speaker	307,282	210,543
Councilors allowances	1,814,380	795,717
Mayoral committee allowances	930,308	547,710
Medical contributions	34,030	16,224
Councilors pension contributions	348,599	159,914
	<u>4,140,250</u>	<u>2,190,687</u>

#### **Officials**

Municipal Manager	783,446	736,340
Director: Community Services	502,969	558,222
Director: Corporate services	537,880	Vacant
Director: Finance Services	507,923	Vacant
Director: Technical Services	549,715	504,720

### 16. AUDITORS' REMUNERATION

Audit fees	670,011	506,614
	<u>670,011</u>	<u>506,614</u>

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

	2007 R	2006 R
<b>17. FINANCE TRANSACTIONS</b>		
Total external interest earned or paid		
- Interest earned	<u>1,920,293</u>	<u>2,122,076</u>
- Interest paid	<u>11,535,125</u>	<u>12,088,472</u>
Capital charges debited to operating account:		
Interest:		
- External	11,508,059	12,058,711
- Internal	-	-
Redemption:		
- External	6,987,684	4,915,083
- Internal	-	-
Deferred charges written off	<u>-</u>	<u>-</u>
	<u>18,495,743</u>	<u>16,973,794</u>
<b>18. APPROPRIATIONS</b>		
Appropriation account:		
Accumulated surplus at the beginning of the year	10,614,459	10,094,384
Operating (deficit) / surplus for the year	282,355	5,247,077
Appropriations for the year	(1,304,849)	(4,727,002)
Previous year adjustments	<u>(1,304,849)</u>	<u>(4,727,002)</u>
Accumulated (deficit) / surplus at the end of the year	<u>9,591,965</u>	<u>10,614,459</u>
Operating account:		
Capital expenditure	-	-
Contributions to:		
- Funds, reserves and provisions	8,983,434	5,223,298
	<u>8,983,434</u>	<u>5,223,298</u>

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

	2007 R	2006 R
<b>19. CASH GENERATED BY OPERATIONS</b>		
(Deficit) / Surplus for the year	282,355	5,247,077
Adjustments in respect of:		
Previous years' operating transactions	-1,304,849	-3,759,747
Appropriations charged against income	8,983,434	5,223,298
Provisions and reserves	8,983,434	5,223,298
Fixed assets	-	-
Capital charges:		
Interest paid:		
- to internal funds	-	-
- on external funds	11,508,059	12,058,711
Redemption:		
- of internal advances	-	-
- of external loans	6,987,684	4,915,083
Deferred charges written off	-	-
Interest paid: (operating account)	27,066	29,761
Investment income (operating account)	-1,920,293	-2,122,076
Non-operating income	-	-
Non-operating expenditure	-685,330	-5,702,422
	23,878,126	15,889,685
<b>20. (INCREASE) / DECREASE IN WORKING CAPITAL</b>		
(Increase) / Decrease in inventory	-1,245,820	87,023
(Increase) / Decrease in debtors, long term debtors	-6,129,402	-4,693,141
Increase / (Decrease) in creditors, consumer deposits	-8,373,981	22,486,520
	-15,749,203	17,880,402
<b>21. INCREASE / (DECREASE) IN LONG-TERM LOANS (EXTERNAL)</b>		
Loans raised	394,432	1,764,911
Loans repaid	-6,663,414	-2,713,978
	-6,268,982	-949,067

**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007**

	2007 R	2006 R
<b>22. INCREASE / (DECREASE) IN SHORT-TERM LOANS (EXTERNAL)</b>		
Loans raised	-	-
Loans repaid	-	-
	<u>-</u>	<u>-</u>
<b>23. (INCREASE) / DECREASE IN EXTERNAL CASH INVESTMENTS</b>		
Investments realised	4,378,167	(3,072,565)
Investments made	20,223,495	2,105,895
	<u>(15,845,328)</u>	<u>(966,669)</u>
<b>24. (INCREASE) / DECREASE IN CASH ON HAND</b>		
Cash balance at the beginning of the year	20,929,706	(1,725,794)
Less: Cash balance at the end of the year	(4,406,483)	20,929,706
	<u>25,336,189</u>	<u>(22,655,500)</u>

**25. RETIREMENT BENEFITS**

Witzenberg Municipal Council contribute towards the following retirement benefit schemes, Cape Joint Pension, South African Local Authority, Cape Joint Retirement, National fund for Municipal workers (IMATU), Municipal Councilors pension fund and SAMWU National Provident Fund.

**26. LIST OF MUNICIPAL ENTITIES UNDER THE SOLE OR SHARED CONTROL OF THE MUNICIPALITY**

None