

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2008 R	2007 R
1. STATUTORY FUNDS		
Asset Financing	3,688,858	1,637,824
Housing development Fund	3,274,569	4,047,629
	6,963,427	5,685,453
The Asset Financing Fund is represented by the following assets and liabilities:		
Investments (See note 7)	2,789,382	1,417,996
Bank and cash	899,476	219,828
	3,688,858	1,637,824
The Housing Development Fund is represented by the following assets and liabilities:		
Long-term Debtors (See note 8)	3,330,225	3,362,398
Housing Rental Debtors (Included in note 10)	2,207,290	1,953,090
Bank and cash	-2,262,946	-1,267,859
	3,274,569	5,315,488
2. RESERVES	-	-
3. TRUST FUND	-	-
(Refer to Appendix A for more details)		
4. LONG TERM LIABILITIES		
Local registered stock	-	-
Annuity loans	65,733,199	75,591,361
Short term loans	-	-
Lease commitments	-	-
	65,733,199	75,591,361
Less: Current portion transferred to		
Current liabilities	9,304,841	9,915,572
Local registered stock	-	-
Short-term loans	-	-
Annuity loans	9,304,841	9,915,572
	56,428,358	65,675,789

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

GOVERNMENT LOANS

None.

ANNUITY LOANS

Carry interest at rates varying between 9.38% and 18.49% per annum and will be fully redeemed in 2023. The loan from Nedbank to the value of R 4,313,069 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 2008

	2008 R	2007 R
5. CONSUMER DEPOSITS - SERVICES		
Electricity and water	<u>1,416,352</u>	<u>1,245,768</u>
Guarantees in lieu of electricity and water deposits	<u>-</u>	<u>-</u>
6. FIXED ASSETS		
Fixed assets at the beginning of the year	270,282,505	246,040,729
Capital expenditure during the year	34,491,041	24,241,776
Less: Assets written off, transferred or disposed of during the year	<u>9,018</u>	<u>-</u>
Total fixed assets	<u>304,764,528</u>	<u>270,282,505</u>
Less: Loans redeemed and other capital receipts	<u>-233,369,356</u>	<u>-192,551,705</u>
Net fixed assets	<u>71,395,172</u>	<u>77,730,800</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 2008

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7. INVESTMENTS		
Listed	-	-
Unlisted	28,250,683	26,901,386
Long-term investments:	3,464,532	8,483,390
Ned bank - Koekedouw dam loan	3,464,532	8,483,390
Asset Financing Fund	-	-
Other	-	-
Short-term investments:	24,786,151	18,417,996
Asset Financing Fund	2,789,382	1,417,996
Unutilized Grants & Subsidies	15,670,952	17,000,000
Other	6,325,817	-
 Total investments	<u>28,250,683</u>	<u>26,901,386</u>
 Market value of listed investments and management's valuation of unlisted investments		
Listed investments	-	-
Unlisted investments	28,250,683	26,901,386
 Average rate of return on investments (gross)	13.04%	16.26%
<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>		
 8. LONG-TERM DEBTORS		
Housing loans	3,330,225	3,362,398
Sport Clubs Loans	149,476	179,283
Town Development	33,003	19,746
	3,512,704	3,561,427
Less: Short-term portion of long-term debtors transferred to current assets	-97,757	-135,481
	<u>3,414,947</u>	<u>3,425,946</u>
 9. INVENTORY		
Inventory represents consumable stores, raw materials, work-in-progress and finished goods. Where necessary specific provision is made for obsolete inventory	<u>3,184,715</u>	<u>3,574,482</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

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10. DEBTORS		
Consumer debtors	58,512,539	47,994,778
Other debtors	2,152,771	1,334,459
Project accounts	1,714,314	1,692,742
Amounts paid in advance	-	-
	<u>62,379,624</u>	<u>51,021,979</u>
Less: Provision for bad debts	45,548,410	35,201,055
	<u>16,831,214</u>	<u>15,820,924</u>
No Bad debt was written off.		
The Age analysis of Consumer debtors are as follow:		
Current	8,686,590	7,653,804
30 days	1,733,495	1,603,331
60 days	1,165,216	1,122,349
90 days	1,072,842	855,931
Older	45,141,037	36,104,196
11. DEFERRED CHARGES		
	<u>-</u>	<u>-</u>
12. PROVISIONS		
Backdated Remuneration	1,500,000	-
Landfill sites - rehabilitation	3,190,000	3,190,000
Leave pay	2,458,780	2,293,485
Performance bonuses	264,458	199,024
Redundant Stock	58,003	-
	<u>7,471,241</u>	<u>5,682,509</u>
13. CREDITORS		
Trade creditors	4,204,302	3,672,499
Other creditors	1,036,158	244,201
Deposits	104,425	95,031
Project Creditors	21,846,758	20,664,546
Amounts received in advance	684,299	709,202
	<u>27,875,942</u>	<u>25,385,479</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

14. ASSESSMENT RATES

	<i>Valuation as at 30 June 2008 R'000</i>	<i>Actual income 2008 R'000</i>	<i>Actual income 2007 R'000</i>
Residential	446,493	8,513	7,888
Commercial	127,744	2,532	2,212
Industrial	153,821	3,009	2,826
Agricultural	607,001	3,859	3,455
State	91,914	1,175	1,100
Non Rate able (including Municipal property)	260,599	-	-
	<u>1,687,572</u>	<u>19,088</u>	<u>17,481</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	0.60c/R
Ceres	2.07c/R
Op-die- Berg	0.71c/R
Prince Alfred's Hamlet	1.16c/R
Tulbagh	1.84c/R
Wolseley	1.69c/R

15. REMUNERATION

Councillors

	2008 R	2007 R
Executive Mayor	430,574	392,871
Deputy Mayor	314,696	312,780
Speaker	350,370	307,282
Councillors allowances	962,436	1,814,380
Mayoral committee allowances	2,016,013	930,308
Medical contributions	27,881	34,030
Councillors pension contributions	449,732	348,599
	<u>4,551,702</u>	<u>4,140,250</u>

Officials

Municipal Manager	869,892	783,446
Director: Community Services	588,018	502,969
Director: Corporate services	665,170	537,880
Director: Finance Services	641,942	507,923
Director: Technical Services	77,914	549,715

16. AUDITORS' REMUNERATION

Audit fees	700,061	670,011
	<u>700,061</u>	<u>670,011</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2008 R	2007 R
17. FINANCE TRANSACTIONS		
Total external interest earned or paid		
- Interest earned	<u>1,943,207</u>	<u>1,920,293</u>
- Interest paid	<u>10,484,155</u>	<u>11,535,125</u>
Capital charges debited to operating account:		
Interest:		
- External	10,465,749	11,508,059
- Internal	-	-
Redemption:		
- External	10,120,652	6,987,684
- Internal	-	-
Deferred charges written off	<u>-</u>	<u>-</u>
	<u>20,586,401</u>	<u>18,495,743</u>
18. APPROPRIATIONS		
Appropriation account:		
Accumulated surplus at the beginning of the year	9,591,965	10,614,459
Operating (deficit) / surplus for the year	(108,770)	282,355
Appropriations for the year	(971,013)	(1,304,849)
Previous year adjustments	<u>(971,013)</u>	<u>(1,304,849)</u>
Accumulated (deficit) / surplus at the end of the year	<u>8,512,182</u>	<u>9,591,965</u>
Operating account:		
Capital expenditure	-	-
Contributions to:		
- Funds, reserves and provisions	14,084,100	8,983,434
- Other direct contributions to provisions	429,753	-
	<u>14,513,853</u>	<u>8,983,434</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2008 R	2007 R
19. CASH GENERATED BY OPERATIONS		
(Deficit) / Surplus for the year	-108,770	282,355
Adjustments in respect of:		
Previous years' operating transactions	-971,013	-1,304,849
Appropriations charged against income	14,513,853	8,983,434
Provisions and reserves	14,513,853	8,983,434
Fixed assets	-	-
Capital charges:		
Interest paid:		
- to internal funds	-	-
- on external funds	10,465,749	11,508,059
Redemption:		
- of internal advances	-	-
- of external loans	10,120,652	6,987,684
Deferred charges written off	-	-
Interest paid: (operating account)	18,406	27,066
Investment income (operating account)	-1,943,207	-1,920,293
Non-operating income	-	-
Non-operating expenditure	-1,099,793	-685,330
	30,995,877	23,878,126
20. (INCREASE) / DECREASE IN WORKING CAPITAL		
(Increase) / Decrease in inventory	389,767	-1,245,820
(Increase) / Decrease in debtors, long term debtors	-11,308,922	-6,129,402
Increase / (Decrease) in creditors, consumer deposits	2,661,047	-8,373,981
	-8,258,108	-15,749,203
21. INCREASE / (DECREASE) IN LONG-TERM LOANS (EXTERNAL)		
Loans raised	132,608	394,432
Loans repaid	-9,990,770	-6,663,414
	-9,858,162	-6,268,982

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2008 R	2007 R
22. INCREASE / (DECREASE) IN SHORT-TERM LOANS (EXTERNAL)		
Loans raised	-	-
Loans repaid	-	-
	<u>-</u>	<u>-</u>
23. (INCREASE) / DECREASE IN EXTERNAL CASH INVESTMENTS		
Investments realised	42,796,742	4,378,167
Investments made	44,146,039	20,223,495
	<u>(1,349,297)</u>	<u>(15,845,328)</u>
24. (INCREASE) / DECREASE IN CASH ON HAND		
Cash balance at the beginning of the year	(4,406,483)	20,929,706
Less: Cash balance at the end of the year	<u>(5,202,145)</u>	<u>(4,406,483)</u>
	<u>795,662</u>	<u>25,336,189</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