

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
2. NET ASSET RESERVES		
RESERVES	10 998 394	11 593 439
Capital Replacement Reserve	7 215 062	8 318 870
Housing Development Fund	3 247 432	3 274 569
Valuation Roll Reserve	535 900	-
Total Net Asset Reserve and Liabilities	10 998 394	11 593 439
2.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.		
2.2 The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.		
2.3 The Valuation Roll Reserve is used to finance future general valuations of properties as prescribed by the Municipal Properties Rates Act.		
3. LONG TERM LIABILITIES		
Annuity Loans - At amortised cost	66 468 380	73 760 704
Capitalised Lease Liability - At amortised cost	444 106	662 908
	66 912 486	74 423 612
Less: Current Portion transferred to Current Liabilities	(7 918 509)	(7 511 125)
Annuity Loans - At amortised cost	(7 665 148)	(7 292 323)
Capitalised Lease Liability - At amortised cost	(253 361)	(218 802)
	58 993 977	66 912 487
Plus: Unamortised charges on loans	(6 675 831)	(7 486 147)
Balance 1 July	(7 486 147)	-
Adjustment for the period	810 316	(1 945 691)
Change in Accounting Policy	-	(5 540 456)
Total Long-term Liabilities - At amortised cost using the effective interest rate method	52 318 146	59 426 340
3.2 The obligations under finance leases are scheduled below:		Minimum lease payments
Amounts payable under finance leases:		
Payable within one year	302 211	302 211
Payable within two to five years	201 450	503 661
Payable after five years	-	-
	503 661	805 872
Less: Future finance obligations	(59 555)	(142 964)
Present value of lease obligations	444 106	662 908
Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.		
Hire Purchases and Leases are secured by property, plant and equipment - Note 13		
Exemptions taken for leases according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.		
4. NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	13 903 416	8 336 839
Provision for Clearing of Alien Vegetation	-	-
Total Non-current Provisions	13 903 416	8 336 839

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
4.1 Landfill Sites		
Balance 1 July	12 933 037	3 190 000
Contribution for the year	7 616 887	9 743 037
Expenditure for the year	-	-
Total provision 30 June	20 549 924	12 933 037
Less: Transfer of Current Portion to Current Provisions - Note 7	(6 646 508)	(4 596 197)
Balance 30 June	13 903 416	8 336 839

In terms of the licensing of the landfill refuse sites, the municipality will incur rehabilitation costs of R23 615 308 to restore the sites at the end of their useful lives, estimated to be between 2010 and 2015. Provision has been made for the net present value of this cost, using the average cost of escalation.

5. NON-CURRENT EMPLOYEE BENEFITS

Provision for Post Retirement Health Care Benefits	35 543 633	31 317 755
Provision for Ex-Gratia Pension Benefits	326 827	313 878
Provision for Long Service Awards	1 248 815	1 230 818
Total Non-current Employee Benefits	37 119 275	32 862 451

Post Retirement Health Care Benefits

Balance 1 July	31 935 203	-
Change in Accounting Policy - Note 38.5		28 931 297
Contribution for the year	4 290 236	4 417 500
Expenditure for the year	(617 448)	(565 932)
Actuarial Loss/(Gain)	668 196	(847 662)
Total provision 30 June	36 276 187	31 935 203
Less: Transfer of Current Portion to Current Employee benefits - Note 8	(732 554)	(617 448)
Balance 30 June	35 543 633	31 317 755

Ex-Gratia Pensions

Balance 1 July	346 951	-
Change in Accounting Policy - Note 38.5		332 882
Contribution for the year	34 739	41 660
Expenditure for the year	(33 073)	(32 796)
Actuarial Loss/(Gain)	12 198	5 005
Total provision 30 June	360 816	346 951
Less: Transfer of Current Portion to Current Employee benefits - Note 8	(33 988)	(33 073)
Balance 30 June	326 827	313 878

Long Service Awards

Balance 1 July	1 393 580	-
Change in Accounting Policy - Note 38.5		1 275 128
Contribution for the year	296 150	312 715
Expenditure for the year	(162 762)	(176 901)
Actuarial Loss/(Gain)	(3 989)	(17 362)
Total provision 30 June	1 622 979	1 393 580
Less: Transfer of Current Portion to Current Employee benefits - Note 8	(274 164)	(162 762)
Balance 30 June	1 248 815	1 230 818

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
6.1 Post Retirement Health Care Benefits		
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	232	242
Continuation members (e.g. Retirees, widows, orphans)	33	31
Total Members	<u>265</u>	<u>273</u>

The liability in respect of past service has been estimated to be as follows:

In-service members	26 124 600	22 717 210
Continuation members	10 151 587	9 217 993
Total Liability	<u>36 276 187</u>	<u>31 935 203</u>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Hosmed
Key Health
LA Health
Prosano, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R1 528 405, whereas the Interest Cost for the next year is estimated to be R3 336 517.

Key actuarial assumptions used:

	%	%
i) Rate of Interest		
Discount rate	9.29	9.08
Health Care Cost Inflation Rate	7.36	7.76
Net Effective Discount Rate	1.80	1.22

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 65 years for males and 60 years for females.

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	36 276 187	31 935 203
Fair value of plan assets	-	-
	<u>36 276 187</u>	<u>31 935 203</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	<u>36 276 187</u>	<u>31 935 203</u>

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	31 935 203	28 931 297
Total expenses	3 672 788	3 851 568
Current service cost	1 418 518	1 341 749
Interest Cost	2 871 718	3 075 751
Benefits Paid	(617 448)	(565 932)
Actuarial (gains)/losses	668 196	(847 662)
Present value of fund obligation at the end of the year	<u>36 276 187</u>	<u>31 935 203</u>

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	<u>-</u>	<u>-</u>

Sensitivity Analysis on the Accrued Liability

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption				
Central Assumptions	26.125	10.152	36.276	

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption					
Health care inflation	1%	31.045	11.287	42.332	17%
Health care inflation	-1%	22.189	9.178	31.367	-14%
Post-retirement mortality	-1 yr	26.834	10.512	37.346	3%
Average retirement age	-1 yr	28.175	10.152	38.327	6%
Withdrawal Rate	-50%	29.014	10.152	39.166	8%

5.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year-end, 511 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R232 392 whereas the Interest Cost for the next year is estimated to be R120 610.

Key actuarial assumptions used: % %

i) Rate of interest

Discount rate	8.68	8.85
General Salary Inflation (long-term)	6.24	6.63
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.3	2.09

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	1 522 979	1 393 580
Fair value of plan assets	-	-
	<u>1 522 979</u>	<u>1 393 580</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	<u>1 522 979</u>	<u>1 393 580</u>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 393 580	1 275 128
Total expenses	133 388	135 814
Current service cost	179 805	181 664
Interest Cost	116 345	131 051
Benefits Paid	(162 762)	(176 901)
Actuarial (gains)/losses	(3 989)	(17 362)
Present value of fund obligation at the end of the year	<u>1 522 979</u>	<u>1 393 580</u>

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	<u>-</u>	<u>-</u>

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		1.523	
General salary inflation	1%	1.602	5%
General salary inflation	-1%	1.450	-5%
Average retirement age	+2 yrs	1.275	-16%
Average retirement age	-2 yrs	1.755	15%
Withdrawal rates	-50%	1.817	19%

5.3 Retirement funds

CAPE JOINT PENSION FUND

Both the Cape Joint Fund and Cape Retirement Fund are multi-employer plans. This means that there are multiple local authorities that participate in these funds. In terms of IAS 19, multi-employer plans are defined as defined benefit plans. IAS 19 also state that when sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in IAS 19.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT RETIREMENT FUND

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2009 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2008 - 106,5%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2009 financial year.

MUNICIPAL COUNCILLORS PENSION

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and council (15%) is sufficient to fund the benefits accruing from the fund in the future.

Exemptions taken for provisions according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.

	2010 R	2009 R
6. CONSUMER DEPOSITS		
Water	252 846	-
Electricity	1 304 360	-
Water and Electricity	-	1 488 606
Other	75 561	-
Total Consumer Deposits	1 632 767	1 488 606
7. PROVISIONS		
Current Portion of Rehabilitation of Landfill Sites - Note 4	6 646 508	4 596 197
Total Provisions	6 646 508	4 596 197
The movement in current provisions are reconciled as follows:		
7.1 <u>Rehabilitation of Landfill Sites</u>		
Balance at beginning of year	4 596 197	-
Transfer from non-current	(4 596 197)	4 596 197
Contribution to provision	6 646 508	-
Expenditure incurred	-	-
Balance at end of year	6 646 508	4 596 197
8. CURRENT EMPLOYEE BENEFITS		
Performance Bonuses	529 945	363 255
Staff Bonuses	1 960 382	1 740 569
Staff Leave	4 192 859	2 780 974
Backdated Remuneration	860 395	1 500 000
Current Portion of Non-Current employee benefits	1 040 706	813 283
Current Portion of Post Retirement Benefits - Note 5	732 554	617 448
Current Portion of Ex-Gratia Pension Benefits - Note 5	33 988	33 073
Current Portion of Long-Service Benefits - Note 5	274 164	162 762
Total Current Employee Benefits	8 584 288	7 198 082

The movement in current benefits are reconciled as follows:

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
8.1 <u>Performance Bonuses</u>		
Balance at beginning of year	363 255	264 458
Contribution to current portion	490 903	363 255
Expenditure incurred	(324 213)	(264 458)
Balance at end of year	<u>529 945</u>	<u>363 255</u>

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

8.2 <u>Staff Bonuses</u>		
Balance at beginning of year	1 740 569	1 491 638
Contribution to current portion	3 362 267	3 066 897
Expenditure incurred	(3 162 454)	(2 817 966)
Balance at end of year	<u>1 960 382</u>	<u>1 740 569</u>

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

8.3 <u>Staff Leave</u>		
Balance at beginning of year	2 780 974	2 458 780
Contribution to current portion	1 925 001	982 702
Expenditure incurred	(513 116)	(660 508)
Balance at end of year	<u>4 192 859</u>	<u>2 780 974</u>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

8.4 <u>Backdated Remuneration</u>		
Balance at beginning of year	1 500 000	1 500 000
Contribution to current portion	(639 605)	-
Balance at end of year	<u>860 395</u>	<u>1 500 000</u>

Backdated remuneration are being paid to all placed employees as per TASK results. There is no possibility of reimbursement.

For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to Note 5 to the Financial Statements, Other Defined Benefit Plan Information

Exemptions taken for provisions according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.

9. TRADE AND OTHER PAYABLES		
Trade Payables	19 275 012	16 590 457
Interest Accrued	1 665 142	1 914 479
Pre-paid Electricity	63 838	105 859
Payments received in advance	2 304 115	1 721 708
Retentions	770 245	257 193
Other Creditors	1 275 198	929 490
Deposits: Other	140 378	95 273
Total Trade Payables	<u>25 493 929</u>	<u>21 614 458</u>

Payables are being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.

Sundry deposits include Hall, Builders and Housing Deposits.

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
10.1 <u>Conditional Grants from other spheres of Government</u>		
Unspent Grants	25 071 960	14 631 144
National Government Grants	12 132 543	8 990 769
Provincial Government Grants	9 590 551	4 605 259
District Municipality	3 225 562	1 035 117
Other Sources	123 305	-
	(274 862)	(99 790)
Less: Unpaid Grants		
National Government Grants	(274 862)	-
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	(99 790)
Total Conditional Grants and Receipts	24 797 098	14 531 355

See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

11. TAXES

11.1 VAT Receivable	1 787 180	1 090 690
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VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

12. SHORT-TERM LOANS

The Municipality has no short term loans.

13. PROPERTY, PLANT AND EQUIPMENT
13.1 30 JUNE 2010

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Heritage R	Lease Assets R	Other R	Housing R	Total R
Carrying value at 1 July 2009	96 554 616	21 938 443	727 635	-	647 997	9 189 469	-	129 058 160
Cost	104 754 315	186 500 349	32 907 711	-	728 997	22 386 048	-	347 277 420
Original Cost	145 340 265	186 481 159	32 907 711	-	-	22 680 929	-	387 420 064
Correction of Error - Note 39.5	(40 585 950)	9 190	-	-	-	(294 881)	-	(40 142 644)
Revaluation	-	-	-	-	-	-	-	-
Accumulated Depreciation	(8 199 699)	(164 561 906)	(32 180 076)	-	(81 000)	(13 196 579)	-	(218 219 260)
Original Cost	(8 199 699)	(164 561 906)	(32 180 076)	-	(81 000)	(13 196 579)	-	(218 219 260)
Revaluation	-	-	-	-	-	-	-	-
Acquisitions	-	10 278 376	981 495	-	-	5 663 378	-	16 923 249
Capital under Construction	348 649	10 783 200	1 657 296	-	-	-	-	12 789 145
Depreciation	(1 863 653)	(1 631 695)	(98 268)	-	(242 999)	(2 729 852)	-	(6 566 467)
Normal Depreciation	(1 863 653)	(1 631 695)	(98 268)	-	(242 999)	(2 729 852)	-	(6 566 467)
Backlog Depreciation previously not recorded	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	(9 044)	-	(9 044)
Cost	-	-	-	-	-	(165 051)	-	(165 051)
Accumulated Depreciation	-	-	-	-	-	156 007	-	156 007
Carrying value at 30 June 2010	85 039 612	41 368 324	3 288 188	-	404 998	12 113 951	-	152 195 043
Cost	105 102 985	207 561 924	35 546 502	-	728 997	27 884 375	-	376 824 763
Original Cost	105 102 985	207 561 924	35 546 502	-	728 997	27 884 375	-	376 824 763
Revaluation	-	-	-	-	-	-	-	-
Accumulated Depreciation	(10 063 351)	(166 193 601)	(32 278 344)	-	(323 999)	(15 770 424)	-	(224 629 719)
Original Cost	(10 063 351)	(166 193 601)	(32 278 344)	-	(323 999)	(15 770 424)	-	(224 629 719)
Revaluation	-	-	-	-	-	-	-	-

13.2 30 JUNE 2009

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Heritage R	Lease Assets R	Other R	Housing R	Total R
Carrying value at 1 July 2008	97 762 161	8 370 510	680 166	-	176 650	6 868 363	-	113 857 850
Cost	104 110 834	172 157 587	32 826 972	-	285 338	18 281 936	-	327 642 667
Original Cost	80 482 647	172 157 587	32 826 972	-	285 338	19 031 977	-	304 764 521
Correction of Error - Note 39.5	23 628 187	-	-	-	-	(750 041)	-	22 878 146
Accumulated Depreciation	(6 349 573)	(163 787 077)	(32 146 806)	-	(88 688)	(1 413 573)	-	(213 784 817)
Change in Accounting Policy - Note 38.6	(6 348 673)	(163 787 077)	(32 146 806)	-	(88 688)	(1 413 573)	-	(213 784 817)
Acquisitions	643 482	14 333 574	80 739	-	728 997	4 104 112	-	19 890 904
Capital under Construction	-	9 187	-	-	-	-	-	9 187
Depreciation	(1 851 026)	(774 829)	(93 269)	-	(257 649)	(1 783 006)	-	(4 699 779)
Normal Depreciation	(1 851 026)	(774 829)	(93 269)	-	(257 649)	(1 783 006)	-	(4 699 779)
Backlog Depreciation previously not recorded	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-
Carrying value at 30 June 2009	96 554 617	21 938 442	727 636	-	647 998	9 189 469	-	129 058 162
Cost	104 754 315	186 500 348	32 907 711	-	728 997	22 386 048	-	347 277 419
Original Cost	104 754 315	186 500 348	32 907 711	-	728 997	22 386 048	-	347 277 419
Revaluation	(8 199 699)	(184 561 906)	(32 180 076)	-	(81 000)	(13 196 579)	-	(218 219 260)
Accumulated Depreciation	(8 199 699)	(184 561 906)	(32 180 076)	-	(81 000)	(13 196 579)	-	(218 219 260)
Original Cost	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-

Refer to Appendix B for a more detailed disclosure of Property, Plant and Equipment.

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise or measure all the Property, Plant and Equipment in accordance with the standard, including the following:

- Land;
- Property, Plant and Equipment financed by way of finance leases;
- Property, Plant and Equipment financed by way of provisions;
- Property, Plant and Equipment transferred as a result of the transfer of functions; and
- Componentised infrastructure assets.

The municipality is currently in a process of identifying all Property, Plant and Equipment and have it valued in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2010 financial statements. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2011. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

The municipality therefore did not utilise the transitional provision in the following areas:

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
13.3 Fully Depreciated assets still in use were as follows:		
Cost	209 638 226	209 753 969
Land and Buildings	6 347 220	6 347 220
Infrastructure	163 073 975	163 073 975
Community Assets	32 139 808	32 139 808
Lease Assets	-	-
Heritage	-	-
Other	8 077 222	8 192 965
	(209 638 226)	(209 753 969)
Accumulated Depreciation		
Land and Buildings	6 347 220	6 347 220
Infrastructure	163 073 975	163 073 975
Community Assets	32 139 808	32 139 808
Lease Assets	-	-
Heritage	-	-
Other	8 077 223	8 192 966
Carrying value	<u>(0)</u>	<u>(0)</u>

Intangible assets

Cost	750 041	750 041
Accumulated Depreciation	(750 041)	(750 041)
Carrying value	<u>-</u>	<u>-</u>

13.4 Assets pledged as security:

Leased Property, Plant and Equipment of R 404 998 is secured for leases as set out in Note 3.

14. INVESTMENT PROPERTY

Net Carrying amount at 1 July	-	-
Cost/Valuation	-	-
Accumulated Depreciation	-	-
Acquisitions	-	-
Fair Value Adjustments	-	-
Depreciation for the year	-	-
Net Carrying amount at 30 June	-	-
Cost/Valuation	-	-
Accumulated Depreciation	-	-

Exemptions taken for investment property according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.

15. INTANGIBLE ASSETS

Net Carrying amount at 1 July	286 356	-
Cost	1 044 922	750 041
Change in Accounting Policy - Note 38.9	-	(750 041)
Accumulated Amortisation	(758 567)	-
Acquisitions	-	294 881
Amortisation	(58 976)	(8 527)
Disposals	-	-
Amortisation written back on disposal	-	-
Impairment Loss/ Reversal of Impairment Loss	-	-
Net Carrying amount at 30 June	227 379	286 354
Cost	1 044 922	1 044 922
Accumulated Amortisation	(817 544)	(758 567)

Exemptions taken for intangible assets according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
16. INVESTMENTS		
Unlisted		
Investment in Joint Ventures - at cost	23 025	23 025
Total Investments	23 025	23 025
Unlisted investments comprise of the following. Valuations of investments supplied by council are:		
Ceres Koekedouw Bestuurskomitee - Joint Venture with Koekedouw Besproeingsraad	23 025	23 025
	23 025	23 025
The municipality has a 41% interest in the Koekedouw Besproeinigsraad. The equity method was used to recognised the interest in the joint venture. The joint venture operates the Koekedouw Dam. The financial statements are available at Witzenberg Municipality.		
The financial statements of the joint venture is summarised as follow:		
Income	994 655	873 522
Expenditure	(994 655)	(873 522)
Non-current Assets	70 798	56 160
Current Assets	1 913 886	2 145 739
Non-current Liabilities	(1 746 194)	(1 854 685)
Current Liabilities	(182 331)	(291 055)
Investments are made in terms of the municipality's Cash Management and Investment Policy, as required by means of Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.		
17. LONG TERM RECEIVABLES		
Town Development - At amortised cost	23 491	33 233
Sport Club Loans - At amortised cost	102 045	120 031
Housing Loans - At amortised cost	3 248 019	3 306 411
	3 373 555	3 459 675
Less: Unamortised Discount on Loans	(13 102)	(16 896)
Balance 1 July	(16 896)	-
Adjustment for the period	3 794	4 181
Change in Accounting Policy	-	(21 077)
	3 360 452	3 442 778
Less: Current portion transferred to current receivables	(58 266)	(86 120)
Town Development - At amortised cost	-	(9 742)
Sport Club Loans - At amortised cost	(19 724)	(17 986)
Housing Loans - At amortised cost	(38 542)	(58 392)
	3 302 186	3 356 658
Less: Provision for Impairment of Long Term Receivables	(2 896 151)	(2 850 407)
Total Long Term Receivables	406 035	506 251

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

18. INVENTORY

Consumable Stores - At cost	4 402 654	4 147 134
Land Held for Sale - At cost	315 293	322 340
Water - At purification cost	23 593	20 116
Total Inventory	4 741 540	4 489 590

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

Consumable stores materials written down due to losses as identified during the annual stores counts.	<u>1 739</u>	<u>57 926</u>
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Since the previous reporting date water inventory was measured in accordance with GRAP 12 and restated retrospectively.

Inventories recognised as expense during the reporting period:

Water	<u>5 514 725</u>	<u>6 349 553</u>
Consumable Stores	<u>6 031 741</u>	<u>4 689 305</u>

Exemptions taken for inventory according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.

19. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

Electricity	8 998 228	8 258 936
Water	21 397 530	19 395 223
Housing Rentals	1 670 810	1 989 231
Refuse	15 387 626	14 900 834
Sewerage	11 666 728	11 450 468
Other Arrears	1 304 612	2 261 400
Total: Trade receivables from exchange transactions (before provision)	60 425 536	58 256 092
Provision for Impairments	(52 648 755)	(44 667 626)
Total: Trade receivables from exchange transactions (after provision)	7 776 779	13 588 466

The fair value of other receivables approximate their carrying value.

Included in the outstanding balances are consumer debtors to the value of R10 196 130 (2009: R7 895 645), who have made arrangements to repay their outstanding debt over a re-negotiated period.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	6 131 743	4 553 204
31 - 60 Days	323 965	573 790
61 - 90 Days	222 037	185 014
+ 90 Days	2 320 483	2 966 929
Total	8 998 228	8 258 936
<u>(Water): Ageing</u>		
Current (0 - 30 days)	1 741 409	1 340 992
31 - 60 Days	759 010	749 027
61 - 90 Days	966 489	570 730
+ 90 Days	17 930 622	16 734 473
Total	21 397 530	19 395 223
<u>(Housing): Ageing</u>		
Current (0 - 30 days)	75 366	66 246
31 - 60 Days	39 409	38 279
61 - 90 Days	131 094	32 688
+ 90 Days	1 424 941	1 852 018
Total	1 670 810	1 989 231
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	1 297 741	1 117 496
31 - 60 Days	436 105	455 218
61 - 90 Days	577 645	340 833
+ 90 Days	13 076 135	12 987 286
Total	15 387 626	14 900 834
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	1 012 597	1 082 759
31 - 60 Days	358 948	345 928
61 - 90 Days	454 125	250 830
+ 90 Days	9 841 057	9 770 952
Total	11 666 728	11 450 468
<u>(Other): Ageing</u>		
Current (0 - 30 days)	75 599	93 681
31 - 60 Days	59 090	23 095
61 - 90 Days	161 339	36 828
+ 90 Days	1 008 584	2 107 796
Total	1 304 612	2 261 400
<u>(Total): Ageing</u>		
Current (0 - 30 days)	10 334 455	8 254 378
31 - 60 Days	1 976 528	2 185 336
61 - 90 Days	2 512 729	1 396 924
+ 90 Days	45 601 823	46 419 455
Total	60 426 535	58 256 092

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Summary of Debtors by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2010			
Current (0 - 30 days)	6 717 147	3 477 389	139 919
31 - 60 Days	1 583 366	388 426	4 736
61 - 90 Days	2 303 022	199 820	9 888
+ 90 Days	40 706 205	4 829 403	66 214
Sub-total	51 309 740	8 895 037	220 757
Less: Provision for bad debts	(44 005 833)	(8 453 590)	(189 332)
Total debtors by customer classification	7 303 907	441 447	31 425

Summary of Debtors by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2009			
Current (0 - 30 days)	4 908 408	3 243 727	102 243
31 - 60 Days	1 750 639	429 461	5 237
61 - 90 Days	1 280 340	111 087	5 497
+ 90 Days	41 436 060	4 915 993	67 402
Sub-total	49 375 446	8 700 266	180 378
Less: Provision for bad debts	(37 858 426)	(6 670 896)	(138 304)
Total debtors by customer classification	11 517 020	2 029 372	42 074

Reconciliation of Provision for Bad Debts

	<u>2010 R</u>	<u>2009 R</u>
Balance at beginning of year	44 667 626	39 925 114
Contribution to provision	18 055 185	9 450 640
Bad Debts written off against provision	(10 009 328)	(4 608 541)
Reversal of provision	(64 728)	(99 587)
Balance at end of year	52 648 756	44 667 626
The total amount of this provision is R 52 648 755 and consist of:		
Service Debtors	52 648 756	44 667 626
Total Provision for Bad Debts on Trade Receivables from exchange transactions	52 648 756	44 667 626

Included in the outstanding balances are consumer debtors to the value of R909 151 (2009: R898 899), who have made arrangements to repay their outstanding debt over a re-negotiated period.

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
20. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Taxes - Rates	9 085 736	8 425 862
Other Receivables	14 739 444	10 840 652
Accrued Fines	91 410	-
Accrued Income	11 737 509	8 171 308
Irregular Expenditure	248 872	-
Deposits	124 615	64 615
Housing	1 735 543	1 737 415
Resorts	277 366	343 204
SARS	524 109	524 109
	23 825 180	19 266 514
Less: Provision for bad debts	(7 792 420)	(6 291 259)
Total Other Receivables from non-exchange transactions	16 032 760	12 975 254

The fair value of other receivables approximate their carrying value.

(Rates): Ageing

Current (0 - 30 days)	1 217 922	1 531 101
31 - 60 Days	215 357	207 918
61 - 90 Days	1 293 749	396 446
+ 90 Days	6 358 747	6 290 397
Total	9 086 774	8 425 862

Summary of Debtors (Rates) by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2010			
Current (0 - 30 days)	724 229	478 607	15 086
31 - 60 Days	172 519	42 322	516
61 - 90 Days	1 185 775	102 883	5 091
+ 90 Days	5 676 099	673 415	9 233
Sub-total	7 758 622	1 297 227	29 926
Less: Provision for bad debts	(6 654 186)	(1 112 567)	(25 665)
Total debtors by customer classification	1 104 436	184 660	4 261

Summary of Debtors (Rates) by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2009			
Current (0 - 30 days)	910 459	601 678	18 965
31 - 60 Days	166 560	40 860	498
61 - 90 Days	363 359	31 527	1 560
+ 90 Days	5 638 783	642 801	8 813
Sub-total	7 079 160	1 316 865	29 836
Less: Provision for bad debts	(5 258 681)	(1 009 701)	(22 876)
Total debtors by customer classification	1 820 479	307 164	6 960

Reconciliation of Provision for Bad Debts

Balance at beginning of year	6 291 259	5 623 295
Contribution to provision	2 982 618	1 306 116
Bad Debts written off against provision	(1 481 457)	(649 095)
Reversal of provision	-	10 943
Balance at end of year	7 792 420	6 291 259

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The total amount of this provision is R 7 792 420 and consist of:

Taxes	7 792 420	6 291 259
Other	-	-
Total Provision for Bad Debts on Trade Receivables from non-exchange transactions	7 792 420	6 291 259

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

	2010 R	2009 R
21. OPERATING LEASE ARRANGEMENTS		
21.1 The Municipality as Lessor		
Operating Lease Asset	31 119	27 928
Balance on 30 June	31 119	27 928

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	40 411	48 079
1 to 5 Years	137 483	138 667
More than 5 Years	31 832	71 060
Total Operating Lease Arrangements	209 726	257 806

This operating lease income determined from contracts that have a specific condition income and does not include leases which has a undetermined conditional income.

Reconciliation

Amount previously recorded (Through change in accounting policy)	27 928	-
Change in accounting policy	-	22 492
Movement during the year	3 190	5 437
Balance on 30 June	31 119	27 928

22. CASH AND CASH EQUIVALENTS

22.1 Assets

Call Investments Deposits	38 818 515	32 543 426
Primary Bank Account	4 675 642	17 131
Cash Floats	8 195	12 035
Total Cash and Cash Equivalents - Assets	43 502 352	32 572 592

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

Current Accounts

ABSA Bank Limited - Account Number 350000011 (Primary Bank Account):	4 675 642	17 131
	4 675 642	17 131

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
ABSA Bank Limited - Account Number 350000011 (Primary Bank Account):		
Cash book balance at beginning of year	17 131	4 245 236
Cash book balance at end of year	4 675 642	17 131
Bank statement balance at beginning of year	4 108 606	(2 479 573)
Bank statement balance at end of year	6 851 791	4 108 606
Nedbank Ltd - Account Number 03/7881032766/7 (Asset Replacement Reserve (ARR))		
Cash book balance at beginning of year	-	1 596 987
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	1 596 987
Bank statement balance at end of year	-	-
Nedbank Ltd - Account Number 03/7881032766/7 (Asset Replacement Reserve (ARR))		
Cash book balance at beginning of year	-	1 339 989
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	1 339 989
Bank statement balance at end of year	-	-
Nedbank Ltd - Account Number 03/7881032766/10 (Provisions)		
Cash book balance at beginning of year	-	1 500 000
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	1 500 000
Bank statement balance at end of year	-	-
Nedbank Ltd - Account Number 03/7881032766/10 (Surplus Operating Cash)		
Cash book balance at beginning of year	-	93 946
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	93 946
Bank statement balance at end of year	-	-
Nedbank Ltd - Account Number 03/7881032766/11 (Surplus Operating Cash)		
Cash book balance at beginning of year	-	4 731 871
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	4 731 871
Bank statement balance at end of year	-	-
ABSA Bank Ltd - Account Number 9184483785 (Unutilised capital receipts)		
Cash book balance at beginning of year	-	5 670 952
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	5 670 952
Bank statement balance at end of year	-	-
Standard Bank of SA Ltd - Account Number 088779831-002 (Unutilised capital receipts)		
Cash book balance at beginning of year	-	10 043 737
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	10 043 737
Bank statement balance at end of year	-	-
Nedbank Ltd - Account Number 03/7881032766/12 (Unutilised capital receipts)		
Cash book balance at beginning of year	2 828 810	-
Cash book balance at end of year	-	2 828 810
Bank statement balance at beginning of year	2 828 810	-
Bank statement balance at end of year	-	2 828 810

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Nedbank Ltd - Account Number 03/7881032766/12 (Asset Replacement Reserve (ARR))		
Cash book balance at beginning of year	4 294 648	-
Cash book balance at end of year	-	4 294 648
Bank statement balance at beginning of year	4 294 648	-
Bank statement balance at end of year	-	4 294 648
ABSA Bank Ltd - Account Number 9215104694 (Provisions)		
Cash book balance at beginning of year	4 847 129	-
Cash book balance at end of year	-	4 847 129
Bank statement balance at beginning of year	4 847 129	-
Bank statement balance at end of year	-	4 847 129
Standard Bank of SA Ltd - Account Number 088779831-004 (Unutilised capital receipts)		
Cash book balance at beginning of year	8 369 846	-
Cash book balance at end of year	-	8 369 846
Bank statement balance at beginning of year	8 369 846	-
Bank statement balance at end of year	-	8 369 846
Standard Bank of SA Ltd - Account Number 088779831-005 (Unutilised capital receipts)		
Cash book balance at beginning of year	86 376	-
Cash book balance at end of year	-	86 376
Bank statement balance at beginning of year	86 376	-
Bank statement balance at end of year	-	86 376
Investec Bank Ltd - Account Number 1400-198879-450 (Asset Replacement Reserve (ARR))		
Cash book balance at beginning of year	3 020 787	-
Cash book balance at end of year	-	3 020 787
Bank statement balance at beginning of year	3 020 787	-
Bank statement balance at end of year	-	3 020 787
Investec Bank Ltd - Account Number 1400-198879-500 (Asset Replacement Reserve (ARR))		
Cash book balance at beginning of year	1 003 435	-
Cash book balance at end of year	-	1 003 435
Bank statement balance at beginning of year	1 003 435	-
Bank statement balance at end of year	-	1 003 435
Investec Bank Ltd - Account Number 1400-198879-501 (Unutilised capital receipts)		
Cash book balance at beginning of year	4 106 139	-
Cash book balance at end of year	-	4 106 139
Bank statement balance at beginning of year	4 106 139	-
Bank statement balance at end of year	-	4 106 139
First Rand Bank - Account Number 62192709164 (Unutilised capital receipts)		
Cash book balance at beginning of year	3 986 255	-
Cash book balance at end of year	55 623	3 986 255
Bank statement balance at beginning of year	3 986 255	-
Bank statement balance at end of year	55 623	3 986 255
Nedbank Ltd - Account Number 03/7881032766/14 (Unutilised capital receipts)		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	1 000 175	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	1 000 175	-

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Nedbank Ltd - Account Number 03/7881032766/15 (Asset Replacement Reserve (ARR))		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>7 001 208</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>7 001 208</u>	<u>-</u>
ABSA Bank Ltd - Account Number 9184483785 (Provisions)		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>3 720 570</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>3 720 570</u>	<u>-</u>
ABSA Bank Ltd - Account Number 9184483785 (Provisions)		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>7 001 314</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>7 001 314</u>	<u>-</u>
Standard Bank of SA Ltd - Account Number 088779831-009 (Surplus Operating Cash)		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>61 798</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>61 798</u>	<u>-</u>
Standard Bank of SA Ltd - Account Number 088779831-009 (Asset Replacement Reserve (ARR))		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>702 930</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>702 930</u>	<u>-</u>
Standard Bank of SA Ltd - Account Number 088779831-009 (Provisions)		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>4 603 740</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>4 603 740</u>	<u>-</u>
Standard Bank of SA Ltd - Account Number 088779831-009 (Consumer deposits)		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>1 632 767</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>1 632 767</u>	<u>-</u>
Standard Bank of SA Ltd - Account Number 088779831-010 (Surplus Operating Cash)		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>1 838 459</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>1 838 459</u>	<u>-</u>
Standard Bank of SA Ltd - Account Number 088779831-010 (Unutilised capital receipts)		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>1 162 095</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>1 162 095</u>	<u>-</u>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Investec Bank Ltd - Account Number 1100-198879-451 (Unutilised capital receipts)		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	10 001 644	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	10 001 644	-
ABSA Bank Ltd - Account Number 2070162101 (Asset Replacement Reserve (ARR))		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	24 648	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-
ABSA Bank Ltd - Account Number 2070394805 (Unutilised capital receipts)		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	11 543	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

23. PROPERTY RATES

Actual

	27 844 557	22 354 148
Rateable Land and Buildings		
Residential Property	11 058 459	9 916 785
Commercial Property	4 811 120	3 005 464
Industrial Property	3 412 032	3 445 066
Public Benefits Organisations	4 936	-
Agricultural Purposes	5 070 465	4 112 168
State - National/ Provincial Services	2 791 513	1 641 739
Building Clauses	78 905	232 927
Vacant Property	617 126	-
Less: Rebates	(1 149 377)	(1 108 611)
Total Assessment Rates	26 695 180	21 245 638

Valuations - 1 July 2009

	6 352 491 800	1 736 703 960
Rateable Land and Buildings		
Residential Property	2 209 082 800	453 768 110
Commercial Property	528 186 000	134 481 190
Industrial Property	295 670 000	154 047 260
Informal Property	21 432 000	-
Agricultural Purposes	2 897 297 000	645 579 485
State - National/ Provincial Services	311 140 000	86 225 950
Municipal Property	-	262 601 965
Vacant Property	89 684 000	-
Less: Income Forgone		
Total Assessment Rates	6 352 491 800	1 736 703 960

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Basic Rate

Residential	0.53c/R
Commercial	0.98c/R
Industrial	1.15c/R
Agricultural	0.13c/R

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - The first R15 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

	2010 R	2009 R
24. GOVERNMENT GRANTS AND SUBSIDIES		
Other - Operating Grants	61 262 594	67 008 592
Other - Capital Grants	17 459 643	11 604 212
Total Government Grants and Subsidies	78 722 237	78 612 804
25. SERVICE CHARGES		
Electricity	90 531 120	70 636 133
Service Charges	91 395 607	71 223 632
Less: Income Forgone	(864 486)	(587 499)
Water	22 510 699	20 105 943
Service Charges	24 381 444	21 377 288
Less: Income Forgone	(1 870 745)	(1 271 345)
Refuse Removal	12 529 549	11 996 270
Service Charges	15 695 881	14 148 085
Less: Income Forgone	(3 166 332)	(2 151 816)
Sewerage and Sanitation Charges	11 247 724	10 845 896
Service Charges	14 145 839	12 815 434
Less: income Forgone	(2 898 116)	(1 969 538)
Other Service Charges - Private Works	-	-
Total Service Charges	136 819 092	113 584 242
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
26. RENTAL OF FACILITIES AND EQUIPMENT		
Rental of facilities	5 960 304	6 185 304
Total Rental of Facilities and Equipment	5 960 304	6 185 304
27. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	424 963	376 317
Financial assets	3 245 783	4 309 890
Total Interest Earned - External Investments	3 670 746	4 686 207
28. INTEREST EARNED - OUTSTANDING RECEIVABLES		
Long-term Receivables	174 820	184 238
Trade Receivables	3 297 295	3 951 937
Total Interest Earned - Outstanding Receivables	3 472 115	4 136 175

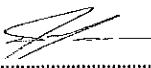
WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
29. OTHER INCOME		
Application fees - Town Planning	40 247	35 759
Building Plan Fees	459 996	416 224
Cemetery Fees	151 802	150 701
Clip Cards	54 130	61 458
Collection Fees	75 177	40 624
Damages Income	62 624	45 318
Electricity	(30)	-
Fire combating fees	-	(987)
Housing	482 894	478 597
Insurance Claims Received	596 587	694 294
Mayor's Golf Day	2 000	24 500
Private Work	-	(2 131)
Re-connection fees	215 180	453 719
Refuse Bags	1 406	1 982
Return on sale of unserviced land	188 684	24 220
Scrap Metal	-	74 150
Sewerage	408 798	482 449
Skills Development Levies received	-	58 472
Special Projects	15 488	1 500
Sundries	830 941	455 982
Water	5 654	8 257
Total Other Income	3 591 578	3 505 089
30. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	44 885 430	38 775 841
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	12 169 254	10 247 939
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	2 194 242	1 954 067
Housing Benefits and Allowances	757 264	919 798
Overtime Payments	3 161 012	2 916 371
Bonuses	3 873 170	3 066 897
Provision for leave	1 925 001	982 702
Contribution to provision - Ex-gratia pensions - Note 5	4 476	4 432
Contribution to provision - Long Service Awards - Note 5	179 805	181 664
Contribution to provision - Post Retirement Medical - Note 5	1 418 518	1 341 749
	70 568 171	60 391 458
Less: Employee Costs allocated elsewhere	(143 354)	(186 869)
Total Employee Related Costs	70 424 817	60 204 589
KEY MANAGEMENT PERSONNEL		
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager</i>		
Annual Remuneration	670 413	489 203
Traveling Allowance	108 000	-
Contributions to UIF, Medical and Pension Funds	149 363	-
Total	927 776	489 203
<i>Remuneration of the Director : Finance</i>		
Annual Remuneration	497 929	560 053
Car Allowance	119 363	-
Contributions to UIF, Medical and Pension Funds	97 096	-
Total	714 387	560 053
<i>Remuneration of Director : Corporate Services</i>		
Annual Remuneration	497 929	441 461
Car Allowance	119 363	-
Contributions - UIF, Medical, Pension	97 096	-
Total	714 387	441 461

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
Remuneration of Director : Community Services		
Annual Remuneration	500 577	526 834
Car Allowance	86 534	-
Contributions - UIF, Medical, Pension	127 276	-
Total	714 387	526 834
Remuneration of Director : Technical Services		
Annual Remuneration	500 577	506 542
Car Allowance	86 534	-
Contributions - UIF, Medical, Pension	127 276	-
Total	714 387	506 542
31. REMUNERATION OF COUNCILLORS		
Mayor	363 932	432 691
Deputy Mayor	367 645	384 067
Speaker	396 625	387 201
Mayoral Committee	988 076	1 067 887
Councillors	2 436 161	2 194 681
Pension fund contributions	500 138	478 815
Medical aid contributions	34 560	34 695
Total Councillors' Remuneration	6 087 137	4 980 037
In-kind Benefits		
<p>The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.</p>		
Certification by the Municipal Manager		
<p>I certify that the remuneration of Councillors and in-kind benefits 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.</p>		
		
<p>..... Signed: Municipal Manager</p>		
32. DEBT IMPAIRMENT		
Trade Receivables from exchange transactions - Note 19	18 055 185	9 450 640
Long-term Receivables - Note 17	45 744	-
Other Receivables from non-exchange transactions - Note 20	2 982 618	1 306 115
Impairment against housing development fund	-	386 398
Total Contribution to Bad Debts Provision	21 083 547	10 756 756
33. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	6 566 467	4 699 779
Intangible assets	58 976	8 527
Total Depreciation and Amortisation	6 625 443	4 708 306
34. FINANCE COSTS		
Long-term Liabilities	8 478 518	10 182 294
Overdraft Facilities	5 090	29 157
Non-current Employee Benefits	3 018 326	3 244 230
Total Finance Costs	11 501 933	13 455 680

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
35. BULK PURCHASES		
Electricity	61 490 651	45 653 909
Water		
Total Bulk Purchases	<u>61 490 651</u>	<u>45 653 909</u>
36. GRANTS AND SUBSIDIES PAID		
Grants-in-aid and Donations	710 600	453 303
Total Grants and Subsidies	<u>710 600</u>	<u>453 303</u>
37. GENERAL EXPENSES		
General Expenses	19 976 669	16 379 742
Total General Expenses	<u>19 976 669</u>	<u>16 379 742</u>
<p>General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.</p>		
38. CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 - IMPLEMENTATION OF GAMAP/GRAP		
<p>The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP/GRAP:</p>		
38.1 Loans Redeemed and Other Capital Receipts		
Balance previously reported:	-	295 646 384
Implementation of GRAP	-	(295 646 384)
Movements before 1 July 2008	-	(233 369 354)
Movements 2008/2009	-	(62 277 030)
Total	<u>-</u>	<u>-</u>
38.2 Provisions and Reserves		
Balance previously reported:		
Staff Leave	-	2 780 974
Performance Bonuses	-	363 255
Backdated Remuneration	-	1 500 000
Total	<u>-</u>	<u>4 644 229</u>
Implementation of GRAP		
Transfer to Current Employee Benefits - Staff Leave - Note 8	-	2 780 974
Transfer to Current Employee Benefits - Performance Bonuses - Note 8	-	363 255
Transfer to Current Employee Benefits - Backdated Remuneration - Note 8	-	1 500 000
Total	<u>-</u>	<u>4 644 229</u>
38.3 Long-term Liabilities		
Balance previously reported:	-	73 760 703
Implementation of GRAP	-	(6 823 239)
Leases previously not recognised - Note 3	-	662 908
Recognition of Unamortised Discount on Loans on 1 July 2008- Note 3	-	(5 540 456)
Movement on Unamortised Discount on Loans for 2008/2009 - Note 3	-	(1 945 691)
Restated Balance	<u>-</u>	<u>66 937 464</u>
38.4 Non-Current Provisions		
Balance previously reported	-	3 190 000
Implementation of GRAP		
Rehabilitation of Landfill-sites at cost - Note 4	-	9 743 037
Restated Balance	<u>-</u>	<u>12 933 037</u>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
38.5 Non-Current Employee Benefits		
Balance previously reported	-	-
Implementation of GRAP		
Transfer from Accumulated Surplus/(Deficit) -	-	33 675 734
Post-Employment Medical Benefit Fund	-	28 931 297
Ex-Gratia Pensions	-	332 881
Long-Service	-	1 275 128
Movements on Non-Current Employee Benefits for 2008/2009 - Note 5	-	3 136 428
Restated Balance	-	33 675 734
38.6 Accumulated Depreciation - GRAP 17		
Balance previously reported		-
Implementation of GRAP		
Transfer to Accumulated Surplus/(Deficit)	-	213 784 817
Backlog Depreciation: Land and Buildings	-	6 348 673
Backlog Depreciation: Infrastructure	-	163 787 077
Backlog Depreciation: Community	-	32 146 806
Backlog Depreciation: Lease Assets	-	88 688
Backlog Depreciation: Other	-	11 413 573
Disposal of Lease Asset - Note 13	-	(265 337)
Depreciation not recognised in 2008/2009 - Note 13	-	4 699 779
Restated Balance	-	218 219 259
38.7 Operating Lease Assets		
Balance previously reported		-
Implementation of GRAP		
Leases previously not recognised - Note 21.1	-	22 492
Movement on operating lease asset in 2008/2009 - Note 21.1	-	5 437
Restated Balance	-	27 928
38.8 Current Employee Benefits		
Balance previously reported	-	4 644 229
Implementation of GRAP		
Staff Bonuses not previously included - Note 8	-	1 740 569
Restated Balance	-	6 384 798
38.9 Intangible Assets		
Balance previously reported	-	-
Implementation of GRAP		
Intangible Assets recognise as expenses in 2008/2009 - Note 15	-	294 881
Amortisation on intangible assets not recognised in 2008/2009 - Note 15	-	(8 527)
Restated Balance	-	286 354
38.10 Long-term Receivables		
Balance previously reported	-	521 224
Implementation of GRAP		
Recognition of Unamortised Discount on Loans on 1 July 2008 - Note 17	-	(21 077)
Accrued Interest on Housing Loans recognised - Note 17	-	1 923
Movement on Unamortised Discount on Loans for 2008/2009 - Note 17	-	4 180
Restated Balance	-	506 251

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
38.11 Inventory		
Balance previously reported	-	4 469 474
Implementation of GRAP		
Recognition of Inventory Water on 1 July 2008 - Note 18	-	49 375
Movement in Water Inventory for 2008/2009 - Note 18	-	(29 260)
Restated Balance	<u>-</u>	<u>4 489 590</u>
38.12 Other Receivables from non-exchange transactions		
Balance previously reported	-	11 095 205
Implementation of GRAP		
Impairment included in trade receivables from exchange transaction prior to 1 July 2009	-	(5 623 295)
Movement in impairment for 2008/2009	-	(667 964)
Accrued income not recognised prior to 1 July 2008 - Note 20	-	3 646 843
Movement in accrued income for 2008/2009 - Note 20	-	4 524 465
Restated Balance	<u>-</u>	<u>12 975 254</u>
38.13 Accumulated Surplus/(Deficit) - 1 July 2008		
Implementation of GRAP		
Transfer from Loans Redeemed and Other Capital Receipts	-	233 369 354
Recognition of Non-current Employee Benefits - Note 5	-	(30 539 306)
Recognition of Unamortised Discount on Loans - Note 3	-	5 540 458
Recognition of Staff Bonuses - Note 8	-	(1 491 639)
Recognition of Unamortised Discount on Loans on 1 July 2008 - Note 17	-	(21 077)
Recognition of Inventory Water on 1 July 2008 - Note 18	-	49 375
Accrued income not recognised prior to 1 July 2008 - Note 20	-	3 646 843
Leases previously not recognised - Note 21.1	-	22 492
Backlog Depreciation - Note 13	-	(213 784 817)
Total	<u>-</u>	<u>(3 208 317)</u>
38.14 Accumulated Surplus/(Deficit) - 2008/2009		
Implementation of GRAP		
Leases previously not recognised - Note 3	-	(662 908)
Rehabilitation of Landfill-sites at cost - Note 4	-	(9 743 037)
Movements on Non-Current Employee Benefits for 2008/2009 - Note 5	-	(3 136 428)
Movement on Staff Bonuses for 2008/2009 - Note 8	-	(248 931)
Intangible Assets recognise as expenses in 2008/2009 - Note 15	-	-
Amortisation on intangible assets not recognised in 2008/2009 - Note 15	-	(8 527)
Depreciation not recognised in 2008/2009 - Note 13	-	(4 699 779)
Capitalised Lease Assets not recognised in 2008/2009 - Note 13	-	728 997
Capital under construction not recognised in 2008/2009 - Note 13	-	9 190
Lease Liability - Redemption previously recognised as expenditure	-	62 277 029
Movement in Water Inventory for 2008/2009 - Note 18	-	(29 260)
Movement in accrued income for 2008/2009 - Note 20	-	4 524 465
Movement on operating lease asset in 2008/2009 - Note 21.1	-	5 437
Accrued Interest on Housing Loans recognised - Note 17	-	1 923
Movement on Unamortised Discount on Loans for 2008/2009 - Note 17	-	4 180
Movement on Unamortised Discount on Loans for 2008/2009 - Note 3	-	1 945 691
Total	<u>-</u>	<u>60 968 043</u>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
39. CORRECTION OF ERROR IN TERMS OF GRAP 3		
39.1 Directive 4 "Transitional Provisions for Medium and Low Capacity Municipalities"		
In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has transitional provisions for the following GRAP Standards;		
GRAP 12 - Inventories		
GRAP 16 - Investment Property		
GRAP 17 - Property, Plant and Equipment		
GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets		
GRAP 100 - Non-current Assets Held for Sale and Discontinued Operations		
GRAP 102 - Intangible Assets		
These provisions were not adopted in the prior year and are now adopted for periods on and after 30 June 2010.		
39.2 Trade and Other Payables		
Balance previously reported	-	12 249 902
Correction of payments received in advance - Note 9	-	451 897
Correction of accrued interest - Note 9	-	1 914 479
Correction of trade payables - Note 9	-	6 614 081
Correction of creditor: Koekedouw Dam - Note 9	-	126 907
Correction of retention creditors - Note 9	-	257 193
Restated Balance	<u>-</u>	<u>21 614 459</u>
39.3 Taxes		
Balance previously reported	-	275 218
Correction on VAT on Trade Payables - Note 11	-	815 471
Restated Balance	<u>-</u>	<u>1 090 689</u>
39.4 Unspent Conditional Government Grants and Receipts		
Balance previously reported	-	14 505 770
Operating expenses not recognised in 2008/2009 - Note 10	-	(9 190)
Interest received not recognised as own revenue in 2008/2009 - Note 10	-	(43 737)
Restated Balance	<u>-</u>	<u>14 452 844</u>
39.5 Property, Plant and Equipment		
Balance previously reported (cost)	-	364 807 256
Land and Buildings previously not recognised - Note 13	-	97 869 510
Land and Buildings prior to 1 July 2008 incorrectly included in asset register - Note 13	-	(74 241 323)
Land and Buildings incorrectly included in asset register in 2008/2009- Note 14	-	(40 585 950)
Leases previously not recognised - Note 13	-	728 997
Capital asset under construction - Note 13	-	9 190
Disposal of leased assets in 2008/2009 - Note 13	-	(265 338)
Intangible Assets incorrectly included under PPE 2008/2009 - Note 13	-	(294 881)
Intangible Assets previously incorrectly included under PPE - Note 13	-	(750 041)
Restated Balance	<u>-</u>	<u>347 277 419</u>
39.6 Intangible Assets		
Balance previously reported	-	-
Intangible Assets previously recognised as Other Assets - Note 13	-	750 041
Accumulated Amortisation not previously recognised - Note 13	-	(750 041)
Restated Balance	<u>-</u>	<u>-</u>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
39.7 Investments		
Balance previously reported		-
Negative capital in Koekedouw Bestuursraad not recognised - Note 16	-	(103 882)
Correction of creditor: Koekedouw Dam - Note 9	-	126 907
Restated Balance	<u>-</u>	<u>23 026</u>
39.8 Unspent Conditional Government Grants and Receipts		
Balance previously reported	-	14 505 770
Operating expenses not recognised in 2008/2009 - Note 10	-	(9 190)
Interest received not recognised as own revenue in 2008/2009 - Note 10	-	(43 737)
Restated Balance	<u>-</u>	<u>14 452 844</u>
39.9 Housing Development Fund		
Balance previously reported	-	2 888 171
Impairment previously recognised directly in Housing Development Fund - Note 2	-	386 398
Restated Balance	<u>-</u>	<u>3 274 569</u>
39.10 Accumulated Surplus/(Deficit) - 1 July 2008		
Correction of payments received in advance - Note 9	-	(328 182)
Correction of accrued interest - Note 9	-	(2 241 870)
Correction of trade payables - Note 9	-	(4 015 743)
Land and Buildings previously not recognised - Note 13	-	97 869 510
Land and Buildings prior to 1 July 2008 incorrectly included in asset register - Note 13	-	(74 241 323)
Negative capital in Koekedouw Bestuursraad not recognised - Note 16	-	(103 882)
Correction of retention creditors - Note 9	-	(150 055)
Accumulated Amortisation not previously recognised - Note 13	-	(750 041)
Total	<u>-</u>	<u>16 038 414</u>
39.11 Accumulated Surplus/(Deficit) - 2008/2009		
Correction of payments received in advance - Note 9	-	(123 714)
Correction of accrued interest - Note 9	-	327 390
Correction of trade payables - Note 9	-	(2 598 337)
Correction of retention creditors - Note 9	-	(107 138)
Operating expenses not recognised in 2008/2009 - Note 10	-	9 190
Interest received not recognised as own revenue in 2008/2009 - Note 10	-	43 737
Impairment previously recognised directly in Housing Development Fund - Note 2	-	(386 398)
Correction on VAT on Trade Payables - Note 11	-	815 472
Land and Buildings incorrectly included in asset register in 2008/2009- Note 14	-	(40 585 950)
Total	<u>-</u>	<u>(42 606 750)</u>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
40. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	11 228 559	11 536 093
Adjustments for:		
Depreciation and amortisation	6 625 443	4 708 306
Contribution to provisions – Non-Current Provisions	7 616 887	9 743 037
Contribution from/to provisions - Non-Current Employee Benefits	2 996 477	2 644 717
Unamortised Discounts - Interest Received	(60 879)	(2 916 076)
Unamortised Discounts - Interest Paid	867 401	966 204
Actuarial Gain	-	(513 736)
Actuarial Loss	1 260 347	192 164
Impairment loss/(Reversal of impairment loss)	9 044	-
Inventories: Write-down/(Reversal of Write-down) to Net Realisable Value	117 191	458
Investment income	(7 142 860)	(8 822 382)
Finance costs	11 501 933	13 455 675
Operating Surplus/(Deficit) before changes in working capital	35 019 542	30 994 459
Changes in working capital	17 362 046	(5 450 007)
Increase/(Decrease) in Consumer Deposits	144 161	72 254
Increase/(Decrease) in Trade and Other Payables	3 879 471	8 771 061
Increase/(Decrease) in Employee Benefits	1 386 206	1 483 205
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	10 540 605	(6 916 995)
Increase/(Decrease) in Taxes	(695 385)	(361 568)
(Increase)/Decrease in Inventory	(369 140)	(1 313 961)
(Increase)/Decrease in Trade Receivables from exchange transactions	5 811 687	(1 827 669)
(Increase)/Decrease in Other Receivables from non-exchange transactions	(3 057 506)	(5 350 898)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(274 862)	-
(Increase)/Decrease in Operating Lease Asset	(3 191)	(5 437)
Cash generated/(absorbed) by operations	52 381 689	25 544 453
41. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 22	38 818 515	32 543 426
Cash Floats - Note 22	8 195	12 035
Bank Account - Note 22	4 675 642	17 131
Total cash and cash equivalents	43 502 352	32 572 592
42. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 41	43 502 352	32 572 592
Less:		
Unspent Committed Conditional Grants - Note 10	(25 071 960)	(14 631 144)
Net cash resources available for internal distribution	18 430 391	17 941 448
Allocated to:		
Capital Replacement Reserve	(7 215 062)	(8 318 870)
Valuation Roll Reserve	(535 900)	-
Resources available for working capital requirements	10 679 429	9 622 577

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
43. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 3	66 912 486	74 423 612
Used to finance property, plant and equipment - at cost	(66 912 486)	(74 423 612)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act

44. BUDGET COMPARISONS

	2010 Actual R	2010 Budget R	2010 Variance R	2010 Variance %
44.1 Operational Budget by source/type				
Revenue by source				
Property rates	26 695 180	31 097 577	(4 402 397)	-14.16%
Property rates - penalties & collection charges	714 134	869 894	(155 760)	-17.91%
Service charges - electricity revenue	90 531 120	90 362 889	168 231	0.19%
Service charges - water revenue	22 510 699	24 548 819	(2 038 120)	-8.30%
Service charges - sanitation revenue	11 247 724	14 260 180	(3 012 456)	-21.12%
Service charges - refuse revenue	12 529 549	15 846 244	(3 316 695)	-20.93%
Service charges - other	-	-	-	-
Rental of facilities and equipment	5 960 304	5 979 079	(18 775)	-0.31%
Interest earned - external investments	3 670 746	3 228 815	441 931	13.69%
Interest earned - outstanding debtors	3 472 115	4 588 758	(1 116 643)	-24.33%
Public Contributions and Donations	530 036	1 729 248	(1 199 212)	-69.39%
Fines	662 259	619 066	43 193	6.98%
Licences and Permits	136 546	203 571	(67 025)	-32.92%
Agency services	2 614 042	2 404 881	209 161	8.70%
Transfers recognised - operational	61 262 594	79 106 875	(17 844 281)	-22.56%
Transfers recognised - capital	17 459 643	45 876 893	(28 417 250)	-61.94%
Other Income	3 652 457	3 808 638	(156 181)	-4.10%
Gains on disposal of PPE	-	1 576	(1 576)	-100.00%
Total Revenue (excluding capital transfers and contributions)	263 649 147	324 533 003	(60 883 856)	-18.76%
	2010 Actual R	2010 Budget R	2010 Variance R	2010 Variance %
Expenditure by Type				
Employee related costs	(70 424 817)	(81 927 600)	11 502 783	-14.04%
Remuneration of councillors	(5 087 137)	(5 630 296)	543 159	-9.65%
Debt impairment	(21 083 547)	(9 578 256)	(11 505 291)	120.12%
Depreciation & asset impairment	(6 624 534)	(5 042 930)	(1 581 604)	31.36%
Finance charges	(11 501 933)	(11 878 696)	376 763	-3.17%
Bulk purchases	(61 490 651)	(59 422 012)	(2 068 639)	3.48%
Other materials	(19 717 261)	(24 292 433)	4 575 172	-18.83%
Contracted services	(5 741 516)	(7 332 434)	1 590 918	-21.70%
Transfers and grants	(31 527 010)	(40 267 751)	8 740 741	-21.71%
Other expenditure	(19 213 138)	(11 533 542)	(7 679 596)	66.58%
Impairment of PPE	(9 044)	-	(9 044)	-
Total Expenditure	(262 420 587)	(256 906 950)	4 485 363	-1.75%
Surplus/(Deficit) for the year	11 228 559	67 627 053	(56 398 494)	-83.40%

Details of material variances

Refer to Appendix E (1) for detailed explanations

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 Actual R	2010 Budget R	2010 Variance R	2010 Variance %
44.2 Operational Budget by Standard Classification				
<u>Revenue - Standard</u>				
Governance and Administration				
Executive and council	1 058 488	1 076 643	(18 155)	-1.69%
Budget and Treasury Office	36 750 005	41 832 289	(5 082 284)	-12.15%
Corporate Services	2 606 167	5 460 106	(2 853 939)	-52.27%
Community and Public Safety				
Community and Social Services	29 324 429	30 004 755	(680 326)	-2.27%
Sport and Recreation	6 127 518	6 427 297	(299 779)	-4.66%
Public Safety	643 823	611 654	32 169	5.26%
Housing	25 839 411	49 807 962	(23 968 551)	-48.12%
Health	-	-	-	
Economic and Environmental Services				
Planning and Development	820 726	1 893 586	(1 072 860)	-56.66%
Road Transport	6 340 378	8 444 697	(2 104 319)	-24.92%
Environmental Protection	-	-	-	
Trading Services				
Electricity	91 732 904	92 889 573	(1 156 669)	-1.25%
Water	32 555 782	45 082 606	(12 527 024)	-27.79%
Waste Water Management	15 999 752	22 578 280	(6 578 528)	-29.14%
Waste Management	13 788 101	18 111 279	(4 323 178)	-23.87%
Other	61 665	312 076	(250 411)	-80.24%
Total Revenue	263 649 147	324 533 003	(60 883 856)	-18.76%

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 Actual R	2010 Budget R	2010 Variance R	2010 Variance %
<u>Expenditure - Standard</u>				
Governance and Administration				
Executive and council	(9 596 775)	(9 573 384)	(23 391)	0.24%
Budget and Treasury Office	(17 657 557)	(12 413 807)	(5 243 750)	42.24%
Corporate Services	(13 524 505)	(10 457 678)	(3 066 827)	29.33%
Community and Public Safety				
Community and Social Services	(14 232 394)	(26 913 039)	12 680 645	-47.12%
Sport and Recreation	(14 859 852)	(15 666 428)	806 576	-5.15%
Public Safety	(3 849 048)	(5 431 252)	1 582 204	-29.13%
Housing	(26 933 415)	(26 417 310)	(516 105)	1.95%
Health	-	-	-	-
Economic and Environmental Services				
Planning and Development	(3 208 749)	(5 181 739)	1 972 990	-38.08%
Road Transport	(7 144 697)	(9 208 532)	2 063 835	-22.41%
Environmental Protection	(445 433)	(627 931)	182 498	-29.06%
Trading Services				
Electricity	(77 179 111)	(81 014 382)	3 835 271	-4.73%
Water	(20 910 655)	(20 197 407)	(713 248)	3.53%
Waste Water Management	(19 014 422)	(16 446 806)	(2 567 616)	15.61%
Waste Management	(23 406 363)	(16 888 173)	(6 518 190)	38.60%
Other	(457 610)	(468 082)	10 472	-2.24%
Total Expenditure	(252 420 587)	(256 905 950)	4 485 363	-1.75%
Surplus/(Deficit) for the year	11 228 559	67 627 053	(56 398 494)	-83.40%

Details of material variances

Refer to Appendix E (1) for detailed explanations

	2010 Actual R	2010 Budget R	2010 Variance R	2010 Variance %
44.3 Capital Expenditure by Standard Classification				
Governance and Administration				
Executive and council	8 225	546 399	(538 174)	
Budget and Treasury Office	525 318	877 625	(352 307)	-40.14%
Corporate Services	2 966 496	3 010 706	(44 210)	-1.47%
Community and Public Safety				
Community and Social Services	717 293	781 333	(64 040)	-8.20%
Sport and Recreation	831 733	932 836	(101 103)	-10.84%
Public Safety	381 042	387 179	(6 137)	-1.59%
Housing	5 050	-	5 050	
Health	-	-	-	
Economic and Environmental Services				
Planning and Development	18 294	40 000	(21 706)	
Road Transport	3 779 140	3 620 510	158 630	4.38%
Environmental Protection	-	-	-	
Trading Services				
Electricity	2 822 230	3 065 815	(243 585)	-7.95%
Water	9 825 465	11 568 836	(1 743 371)	-15.07%
Waste Water Management	6 487 934	7 497 314	(1 009 380)	-13.46%
Waste Management	1 353 362	1 543 375	(190 013)	-12.31%
Other	-	-	-	
Total Capital Expenditure	29 721 582	33 871 928	(4 150 346)	-12.25%

Details of material variances

Refer to Appendix E (2) for detailed explanations

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
45. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
45.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	-	10 010 696
Unauthorised expenditure current year	13 192 216	-
Approved by Council or condoned	-	(10 010 696)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<u>13 192 216</u>	<u>-</u>

Incident	Disciplinary steps/criminal proceedings
Over expenditure of approved budget	None

45.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	-	64 190
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	(64 190)
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	<u>-</u>	<u>-</u>

Incident	Disciplinary steps/criminal proceedings
None	None

45.3 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	61 375	130 743
Irregular expenditure current year	758 366	61 375
Condoned or written off by Council	-	(130 743)
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	<u>819 742</u>	<u>61 376</u>

Incident	Disciplinary steps/criminal proceedings
Non-compliance with internal controls	Under investigation

46. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

46.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS

Opening balance	-	-
Council subscriptions	385 500	207 991
Amount paid - current year	(385 500)	(207 991)
Amount paid - previous years	-	-
Balance unpaid (Included in creditors)	<u>-</u>	<u>-</u>

46.2 Audit fees - [MFMA 125 (1)(b)]

Opening balance	58 137	-
Current year audit fee	2 564 451	1 476 051
External Audit - Auditor-General	1 743 604	1 057 812
Internal Audit	739 699	418 239
Audit Committee	81 148	-
Amount paid - current year	(2 562 992)	(1 417 913)
Amount paid - previous year	(58 137)	-
Balance unpaid (Included in creditors)	<u>1 459</u>	<u>58 137</u>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
46.3 VAT - [MFMA 125 (1)(b)]		
Opening balance	(275 218)	(723 595)
Amounts received - current year	(18 754 378)	(14 495 676)
Amounts claimed - current year (payable)	16 538 086	15 634 767
Amount paid - current year	2 894 335	(1 414 309)
Amount paid - previous year	275 218	723 595
Closing balance	678 043	(275 218)

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

46.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and employer contributions	7 168 570	5 559 542
Amount paid - current year	(7 168 570)	(5 559 542)
Balance unpaid (included in creditors)	-	-

46.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	16 893 315	14 665 704
Amount paid - current year	(16 893 315)	(14 665 704)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

46.6 Non-compliance with Chapter 14 of the Municipal Finance Management Act

Non-compliance to the Supply Chain Management Regulations were identified on the following categories:

	Amount	Single Supplier	Type of deviation		
			Impossible	Impractical	Emergency
July 2009	644 462	10	5	10	4
August 2009	556 428	6	14	10	-
September 2009	362 015	7	5	10	3
October 2009	387 438	8	6	3	8
November 2009	698 443	4	10	8	8
December 2009	604 927	9	10	17	11
January 2010	283 792	4	2	3	16
February 2010	639 851	14	-	10	10
March 2010	557 263	13	2	22	14
April 2010	658 233	14	4	13	3
May 2010	933 034	12	4	16	11
June 2010	391 218	10	1	8	5
	6 717 105	111	63	130	93

The following supplier did not indicated that a member is in service of the state as required by section 13 (c)(i) of the Supply Chain Management Regulations:

Service provider	Name of member	State Department	Contract Value
Mannel Consulting	Josephine Mannel	Western Cape: Education	957 840

46.7 Material losses

Electricity distribution losses

Units purchased (Kwh)	181 084 088	178 616 194
Units lost during distribution (Kwh)	15 335 328	22 503 499
Percentage lost during distribution	8.47%	12.58%
Distribution loss (Rand Value)	5 619 666	5 798 173

Water distribution losses

Units distributed (kl)	6 194 283	6 234 396
Units lost during distribution (kl)	2 143 847	2 231 263
Percentage lost during distribution	34.61%	35.79%
Distribution loss (Rand Value)	6 944 335	6 824 295

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
47. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for:	21 382 812	12 045 680
Infrastructure	10 425 567	10 174 949
Community	2 950 000	697 124
Other	8 007 245	1 173 607
Approved but not yet contracted for	50 973 118	21 826 248
Infrastructure	45 969 081	13 168 315
Community	1 178 037	1 212 725
Other	3 826 000	7 445 208
Total	72 355 930	33 871 928
This expenditure will be financed from:		
External Loans	470 000	5 492 257
Capital Replacement Reserve	14 980 308	7 348 730
Government Grants	51 164 546	20 663 817
Own Resources	3 190 000	-
Private Grants	-	367 124
District Council Grants	2 551 076	-
Total	72 355 930	33 871 928

48. RETIREMENT BENEFIT INFORMATION

Council employees contribute to the Cape Joint Municipal Pension Fund and SAMWU National Provident Fund which is a defined contribution fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs. Full actuarial valuations are performed at least every five years. The last valuation was done on 31 March 2005.

49. FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

(d) Credit Risk

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

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 19 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 19 for balances included in receivables that were re-negotiated for the period under review.

No trade and other receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 19 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

Long-term Receivables	3 373 555	3 459 675
Trade Receivables and Other Receivables	60 425 535	58 256 092
Cash and Cash Equivalents	43 502 352	32 572 592
Unpaid Conditional Grants and Subsidies	(274 862)	(99 790)
	<u>107 026 579</u>	<u>94 188 570</u>

(e) Liquidity Risk

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

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

50. FINANCIAL INSTRUMENTS

In accordance with IAS 39.07 and IAS 39.09 the financial liabilities and assets of the municipality are classified as follows:

50.1 Financial Assets	Classification		
Investments			
Investment in Joint Ventures	Available for sale	23 025	23 025

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
Long-term Receivables			
Town Development	Loans and Receivables	23 491	33 233
Sport Club Loans	Loans and Receivables	102 045	120 031
Housing Loans	Loans and Receivables	3 248 019	3 306 411
Trade Receivables from Exchange Transactions			
Electricity	Loans and Receivables	8 998 228	8 258 936
Refuse	Loans and Receivables	15 387 626	14 900 834
Sewerage	Loans and Receivables	11 666 728	11 450 468
Water	Loans and Receivables	21 397 530	19 395 223
Other Debtors	Loans and Receivables	1 304 612	2 261 400
Trade Receivables from Non-Exchange Transactions			
Assessment Rates	Loans and Receivables	9 085 736	8 425 862
Sundry Debtors	Loans and Receivables	14 365 957	10 776 037
Sundry Deposits	Loans and Receivables	124 615	64 615
Irregular Expenditure	Loans and Receivables	248 872	-
Unpaid Government Grants and Subsidies			
National Government Grants	Loans and Receivables	274 862	-
Provincial Government Grants	Loans and Receivables	-	-
District Municipality Grants	Loans and Receivables	-	-
Taxes			
Vat Receivable	Loans and Receivables	1 787 180	1 090 690
Operating Lease Asset			
Operating Lease Asset	Loans and Receivables	31 119	27 928
Cash and Cash Equivalents			
Bank Balances	Available for sale	4 675 642	17 131
Call Deposits	Available for sale	38 818 515	32 543 426
Cash Floats and Advances	Held to maturity	8 195	12 035
Total Financial Assets		<u>131 571 997</u>	<u>112 707 285</u>
SUMMARY OF FINANCIAL ASSETS			
Held to maturity:			
Cash and Cash Equivalents	Cash Floats and Advances	8 195	12 035
		<u>8 195</u>	<u>12 035</u>
Loans and Receivables:			
Long-term Receivables	Town Development	23 491	33 233
Long-term Receivables	Debtors Capitalised Arrear Services	102 045	120 031
Long-term Receivables	Housing Loans	3 248 019	3 306 411
Trade Receivables from Exchange Transactions	Electricity	8 998 228	8 258 936
Trade Receivables from Exchange Transactions	Refuse	15 387 626	14 900 834
Trade Receivables from Exchange Transactions	Sewerage	11 666 728	11 450 468
Trade Receivables from Exchange Transactions	Water	21 397 530	19 395 223
Trade Receivables from Exchange Transactions	Other Debtors	1 304 612	2 261 400
Trade Receivables from Non-exchange Transactions	Assessment Rates	9 085 736	8 425 862
Trade Receivables from Non-exchange Transactions	Sundry Debtors	14 365 957	10 776 037
Trade Receivables from Non-exchange Transactions	Sundry Deposits	124 615	64 615
Trade Receivables from Non-exchange Transactions	Irregular Expenditure	248 872	-
Unpaid Government Grants and Subsidies	National Government Grants	274 862	-
Unpaid Government Grants and Subsidies	Provincial Government Grants	-	-
Unpaid Government Grants and Subsidies	District Municipality Grants	-	-
Taxes	Vat Receivable	1 787 180	1 090 690
Operating Lease Asset	Operating Lease Asset	31 119	27 928
		<u>88 046 620</u>	<u>80 111 668</u>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
Available for sale:			
Investments	Investment in Joint Ventures	23 025	23 025
Cash and Cash Equivalents	Bank Balances	4 675 642	17 131
Cash and Cash Equivalents	Call Deposits	38 818 515	32 543 426
		<u>43 517 182</u>	<u>32 583 582</u>
Total Financial Assets		<u>131 571 997</u>	<u>112 707 285</u>
50.2 Financial Liabilities	Classification		
Long-term Liabilities			
Annuity Loans	At amortised cost	66 468 380	73 760 704
Capitalised Lease Liability	At amortised cost	444 106	662 908
Consumer Deposits			
Electricity and Water	At amortised cost	1 632 767	1 488 606
Trade and Other Payables			
Trade Creditors	At amortised cost	19 275 012	16 590 457
Payments received in advance	At amortised cost	2 304 115	1 721 708
Retentions	At amortised cost	770 245	257 193
Sundry Deposits	At amortised cost	140 378	95 273
Other Creditors	At amortised cost	3 004 179	2 949 828
Current Employee Benefits			
Staff Leave	At amortised cost	4 192 859	2 780 974
Staff Bonusses	At amortised cost	1 960 382	1 740 569
Unspent Conditional Grants and Receipts			
National Government Grants	At amortised cost	12 132 543	8 990 769
Provincial Government Grants	At amortised cost	9 590 551	4 605 259
District Municipality Grants	At amortised cost	3 225 562	1 035 117
Other	At amortised cost	123 305	(99 790)
		<u>125 264 383</u>	<u>116 579 574</u>
SUMMARY OF FINANCIAL LIABILITIES			
At amortised cost:			
Long-term Liabilities	Annuity Loans	66 468 380	73 760 704
Long-term Liabilities	Capitalised Lease Liability	444 106	662 908
Consumer Deposits	Electricity and Water	1 632 767	1 488 606
Trade and Other Payables	Trade Creditors	19 275 012	16 590 457
Trade and Other Payables	Payments received in advance	2 304 115	1 721 708
Trade and Other Payables	Retentions	770 245	257 193
Trade and Other Payables	Sundry Deposits	140 378	95 273
Trade and Other Payables	Other Creditors	3 004 179	2 949 828
Current Employee Benefits	Staff Leave	4 192 859	2 780 974
Current Employee Benefits	Staff Bonusses	1 960 382	1 740 569
Unspent Conditional Grants and Receipts	National Government Grants	12 132 543	8 990 769
Unspent Conditional Grants and Receipts	Provincial Government Grants	9 590 551	4 605 259
Unspent Conditional Grants and Receipts	District Municipality Grants	3 225 562	1 035 117
Unspent Conditional Grants and Receipts	Other	123 305	(99 790)
		<u>125 264 383</u>	<u>116 579 574</u>

51. EVENTS AFTER THE REPORTING DATE

Sightfull CO (Pty) Ltd had a claim of which the High Court ordered the municipality to erect a fence of 1 210 metres at an estimated cost of R60 000.

52. PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

53. CONTINGENT LIABILITY

Claims against Council	<u>16 302 000</u>
Estimate legal Fees	<u>625 700</u>

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:

GP Bezuidenhout	864 000
Daniels & Norman	228 000
WH Robinson	15 150 000
V Taylor	-
Sightfull Co (Pty) Ltd	60 000
P Bruyns	-
J Fortuin	-
	<u>16 302 000</u>

The Municipality is defending all the claims. The amounts indicated is Management's estimated financial exposure.

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54. RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

54.1 Related Party Transactions

	Rates	Service Charges	Other	Outstanding Balance
Year ended 30 June 2010				
Councillors				
Adams, D	5 127.88	7 691.35	-	1 203.94
Geldenhuis, M	-	5 665.93	-	448.14
Jacobs	325.50	5 377.17	-	905.63
Jooste, E	131.25	4 641.62	-	376.83
Joubert	16 818.64	14 128.32	-	1 417.15
Louw, S	1 491.00	7 360.46	-	635.60
Muller, A	467.25	3 072.52	-	261.62
Robyn, K	3 034.50	6 144.73	-	873.74
September, RE	372.75	4 861.10	-	781.97
Siffle, M	404.25	6 341.88	-	390.58
Swangaza, PX	-	4 392.82	-	721.45
Swarts, H	131.25	2 585.38	-	346.05
Torr, JRF	6 804.00	12 825.92	-	1 446.28
Visagie, JJ	110.25	2 997.50	-	260.50
Warie, S	-	7 837.90	-	661.93
	<u>35 218.52</u>	<u>95 924.60</u>	<u>-</u>	<u>10 731.41</u>
Municipal Manager and Section 57 Employees				
Nasson, D	-	14 789.53	-	-
Krohn, H	-	6 690.91	-	-
	<u>-</u>	<u>21 480.44</u>	<u>-</u>	<u>-</u>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Year ended 30 June 2009	Rates	Service Charges	Other	Outstanding Balance
Councillors				
Adams, D	3 841.60	12 211.47	-	991.04
Geldenhuis, M	-	5 242.40	-	410.87
Jacobs	419.25	5 047.10	-	900.40
Jooste, E	50.88	4 371.79	-	707.26
Joubert	10 377.40	14 525.87	-	804.25
Louw, S	2 846.16	7 829.49	-	798.43
Muller, A	1 392.00	1 574.99	-	353.35
Robyn, K	1 953.05	4 879.71	-	377.78
September, RE	329.55	4 452.61	-	765.86
Sifile, M	551.53	6 111.50	-	429.07
Swangaza, PX	-	3 826.42	-	5 115.18
Swarts, H	50.88	1 141.64	-	11.99
Torr, JRF	6 360.24	10 720.81	-	1 294.48
Visagie, JJ	-	3 047.80	-	454.68
Warie, S	-	5 211.68	-	388.05
	<u>28 172.54</u>	<u>90 195.28</u>	<u>-</u>	<u>13 802.69</u>
Municipal Manager and Section 57 Employees				
Nasson, D	-	10 390.23	-	-
Krohn, H	-	3 249.97	-	-
	<u>-</u>	<u>13 640.20</u>	<u>-</u>	<u>-</u>

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

54.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 30 to the Annual Financial Statements.

55. EXEMPTIONS TAKEN ACCORDING TO DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES

GRAP 12 Inventories

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. Provisional amounts are set at R 0.00 as it might have an effect on other classes of assets such as Property, Plant and Equipment or Agricultural Assets.

The municipality is currently in a process of measuring all inventories in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

GRAP 16 Investment Properties

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. Provisional amounts are set at R 0.00 as it might have an effect on other classes of assets such as Property, Plant and Equipment.

The municipality is currently in a process of identifying and measuring all Investment Properties in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

GRAP 17 Property, Plant and Equipment

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. Provisional amounts are set at R 0.00 as it might have an effect on other classes of assets such as Investment Properties, Intangible Assets or Inventory. The municipality did not measure all the Property, Plant and Equipment in accordance with the standard, including the following:

Land
 Small asset items below a R 500 threshold previously expensed
 Property, Plant and Equipment financed by way of finance leases
 Property, Plant and Equipment financed by way of provisions
 Property, Plant and Equipment transferred as a result of the transfer of functions
 Componentised infrastructure assets.

The municipality is currently in a process of identifying all Property, Plant and Equipment and have it measured in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2011 financial statements. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2011. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

The municipality did not measure the following, in terms of the transitional provisions:

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise the following provisions, contingent liabilities or contingent assets relating to Property, Plant and Equipment:

Refuse tip-sites financed by way of a provision;

The municipality is currently in a process of identifying all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

GRAP 100 Non-Current Assets Held for Sale and Discontinued Operations

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not recognised or measured in terms of the transitional provisions relating to those standards.

GRAP 102 Intangible Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. Provisional amounts are set at R 0.00 as it might have an effect on other classes of assets such as Property, Plant and Equipment.

Computer Software
 Intangible assets financed by way of finance leases
 Intangible assets transferred as a result of the transfer of functions
 Servitudes

The municipality is currently in a process of measuring all Intangible Assets in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

56. PROCESS TO COMPLY FULLY WITH THE IMPLEMENTATION OF GENERAL RECOGNISED ACCOUNTING PRACTICES (GRAP)

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a low capacity municipality and must comply with GRAP by 30 June 2010. The municipality, however, took advantage of transitional provisions and implement GRAP at an earlier date in order to ensure more reliant financial reporting.

57. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

Standard	Description	Effective Date
GRAP 18	Segment Reporting Information to a large extent is already included in Appendix D of the annual financial statements. When the Standard becomes effective the information will form part of the audited financial statements.	Unknown
GRAP 21	Impairment of non-cash-generating assets The municipality complies with IPSAS 21 which forms part of the GRAP Framework in terms of Directive 5. Minimal adjustments will be required to the financial statements.	Unknown
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers) The Municipality has already changed its structure of the financial statements and accounting policy to be in line with GRAP 23. Minimal adjustments will be required to the financial statements.	Unknown
GRAP 24	Presentation of Budget Information in Financial Statements Information to a large extent is already included in Appendix E(1) and E(2) of the annual financial statements. When the Standard becomes effective the information will form part of the audited financial statements.	Unknown
GRAP 26	Impairment of cash-generating assets The municipality complies with IAS 36 which forms part of the GRAP Framework in terms of Directive 5. Minimal adjustments will be required to the financial statements.	Unknown
GRAP 103	Heritage Assets No adjustments will necessary other than a separate line item in the Statement of Financial Position and the transfer of the values from property, plant and equipment.	Unknown

58. GOING CONCERN

Management is of the opinion that will municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.