

BERGRIVIER MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 31, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act. Payments occur in accordance with the determination of the MEC for Local Government.



D P Daniels
Acting Municipal Manager

3-Sep-08

Date



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BERGRIVIER MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

GENERAL INFORMATION

| | |
|----------------------------------|---|
| Nature of Business | Bergrivier Municipality is a local municipality performing the functions as set out in the Constitution.(Act no 105 of 1996) |
| Country of Origin and Legal Form | South African local municipality as defined by the Municipal Structures Act (Act no 117 of 1998) |
| Management | <ul style="list-style-type: none">- Acting Municipal Manager : D P Daniels- Chief Financial Officer : J A van Niekerk- Director: Administration : J D Joubert- Director: Technical Services : A J Willemse- Director: Social Services : D Lambrechts |
| Principal Bankers | ABSA |
| Auditors | Office of the Auditor General (WC) : Contracted to Deloitte & Touche |
| Attorneys | De Villiers Van Zyl Britz en Pretorius Swemmer & Levin |
| Registered Office | P.O.Box 60 PIKETBERG 7320 |
| Relevant Legislation | <p>Municipal Finance Management Act (Act no 56 of 2003)</p> <p>Division of Revenue Act</p> <p>The Income Tax Act</p> <p>Value Added Tax Act</p> <p>Municipal Structures Act (Act no 117 of 1998)</p> <p>Municipal Systems Act (Act no 32 of 2000)</p> <p>Municipal Planning and Performance Management Regulations</p> <p>Water Services Act (Act no 108 of 1997)</p> <p>Housing Act (Act no 107 of 1997)</p> <p>Municipal Property Rates Act (Act no 6 of 2004)</p> <p>Electricity Act (Act no 41 of 1987)</p> <p>Skills Development Levies Act (Act no 9 of 1999)</p> <p>Employment Equity Act (Act no 55 of 1998)</p> <p>Unemployment Insurance Act (Act no 30 of 1966)</p> <p>Basic Conditions of Employment Act (Act no 75 of 1997)</p> <p>Supply Chain Management Regulations, 2005</p> <p>Collective Agreements</p> <p>Infrastructure Grants</p> <p>SALBC Leave Collective Agreement</p> |

BERGRIVIER MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

| | Note | 2008 R | 2007 R |
|--|------|--------------------|--------------------|
| NET ASSETS AND LIABILITIES | | | |
| Net assets | | | |
| | | 137,734,985 | 129,155,962 |
| Housing Development Fund | 2 | 2,434,162 | 2,434,162 |
| Capital replacement reserve | 3 | 11,781,906 | 16,348,317 |
| Capitalisation reserve | 3 | 14,052,607 | 16,146,301 |
| Government grant reserve | 3 | 49,840,311 | 44,973,042 |
| Accumulated Surplus/(Deficit) | | 59,626,010 | 49,254,150 |
| Non-current liabilities | | | |
| | | 18,579,494 | 15,416,673 |
| Long-term liabilities | 4 | 16,117,827 | 14,555,054 |
| Non-current provisions | 5 | 2,461,668 | 861,619 |
| Current liabilities | | | |
| | | 26,339,810 | 22,188,160 |
| Consumer deposits | 6 | 1,766,061 | 1,621,823 |
| Provisions | 7 | 1,304,745 | 1,281,791 |
| Trade payables | 8 | 9,492,572 | 10,714,765 |
| Unspent conditional grants and receipts | 9 | 7,175,388 | 5,214,611 |
| Taxes | 10 | 1,751,077 | 1,901,996 |
| Cash and cash equivalents | 16 | 2,964,269 | - |
| Current portion of long-term liabilities | 4 | 1,895,699 | 1,453,174 |
| Total Net Assets and Liabilities | | 182,654,290 | 166,760,795 |
| ASSETS | | | |
| Non-current assets | | | |
| | | 121,510,492 | 110,349,468 |
| Property, plant and equipment | 11 | 120,609,817 | 109,326,573 |
| Intangible Assets | 11 | - | - |
| Long-term receivables | 12 | 900,674 | 1,022,895 |
| Current assets | | | |
| | | 61,143,799 | 56,411,327 |
| Inventory | 13 | 255,389 | 184,892 |
| Trade receivables from exchange transactions | 14 | 12,540,376 | 10,837,402 |
| Other receivables from non-exchange transactions | 15 | 12,409,124 | 6,312,581 |
| Unpaid conditional grants and receipts | 9 | - | 2,167,058 |
| Current portion of long-term receivables | 12 | 162,418 | 171,447 |
| Cash and cash equivalents | 16 | 35,766,490 | 36,737,947 |
| Total Assets | | 182,654,290 | 166,760,795 |

BERGRIVIER MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

| | | Actual | |
|---|-------------------------|--------------------|-------------------|
| | | 2008 | 2007 |
| | | R | R |
| REVENUE | | | |
| Revenue from Non-exchange Transactions | | 48,592,082 | 36,360,835 |
| | Taxation revenue | 21,145,965 | 19,313,801 |
| Property rates | 17 | 21,145,965 | 19,313,801 |
| | Transfer revenue | 24,716,560 | 16,329,376 |
| Government grants and subsidies | 19 | 24,716,560 | 16,329,376 |
| | Other revenue | 829,557 | 717,658 |
| Fines | App "E (1)" | 829,557 | 717,658 |
| Revenue from Exchange Transactions | | 60,505,178 | 54,071,187 |
| Property rates - penalties imposed and collection charges | App "E (1)" | - | - |
| Service charges | 18 | 45,284,278 | 43,325,806 |
| Rental of facilities and equipment | App "E (1)" | 2,060,591 | 2,032,451 |
| Interest earned - external investments | App "E (1)" | 4,162,345 | 2,965,240 |
| Interest earned - outstanding debtors | App "E (1)" | 1,958,488 | 1,448,908 |
| Licences and permits | App "E (1)" | 1,118,855 | 718,348 |
| Income for agency services | App "E (1)" | 1,002,904 | 817,153 |
| Other income | 20 | 4,919,839 | 2,765,271 |
| Total Revenue | | 107,197,260 | 90,432,022 |
| EXPENDITURE | | | |
| Employee related costs | 21 | 36,248,819 | 32,764,113 |
| Remuneration of Councillors | 22 | 2,881,642 | 2,634,796 |
| Bad debts | 14 | 1,363,400 | 604,888 |
| Depreciation | 11 | 7,514,182 | 6,878,983 |
| Amortisation - Intangible Assets | 11 | - | - |
| Repairs and maintenance | | 4,855,999 | 2,516,811 |
| Interest paid | 24 | 1,973,553 | 1,750,021 |
| Bulk purchases | 25 | 18,487,993 | 17,084,146 |
| Grants and subsidies paid | 26 | - | 2,619,438 |
| Operating Grant Expenditure | App "F" | 7,785,905 | - |
| General expenses | 27 | 17,842,353 | 14,658,156 |
| Total Expenditure | | 98,934,845 | 81,611,353 |
| Surplus for the year | | 8,262,415 | 8,820,669 |
| Loss on disposal of property, plant and equipment | 30 | - | - |
| Gain on disposal of property, plant and equipment | 30 | 316,609 | 1,453,934 |
| NET SURPLUS/(DEFICIT) FOR THE YEAR | | 8,579,023 | 10,274,603 |

Refer to Appendix E(1) for explanation of variances



BERGRIVIER MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

| | Pre-GAMAP Reserves and Funds | | Housing Development Fund | | Capital Replacement Reserve | | Capitalisation Reserve | | Government Grant Reserve | | Accumulated Surplus/ (Deficit) | | Total | |
|--|------------------------------|-----------|--------------------------|-------------|-----------------------------|-------------|------------------------|---|--------------------------|---|--------------------------------|---|-------|---|
| | R | R | R | R | R | R | R | R | R | R | R | R | R | R |
| 2007 | | | | | | | | | | | | | | |
| Balance at 30 June 2006 | 0 | 2,567,837 | 20,000,000 | 17,908,145 | 41,963,930 | 36,441,447 | 118,881,359 | | | | | | | |
| Restated balance | 0 | 2,567,837 | 20,000,000 | 17,908,145 | 41,963,930 | 36,441,447 | 118,881,359 | | | | | | | |
| Net surplus/(deficit) for the year | 0 | 0 | 0 | 0 | 0 | 10,274,603 | 10,274,603 | | | | | | | |
| Transfer to/from CRR | 0 | 0 | 3,563,982 | 0 | 0 | (3,563,982) | 0 | | | | | | | |
| Property, plant and equipment purchased | 0 | 0 | (7,215,675) | 0 | 0 | 7,215,675 | 0 | | | | | | | |
| Capital grants used to purchase PPE | 0 | 0 | 0 | 0 | 5,420,081 | (5,420,081) | 0 | | | | | | | |
| Transfer to Housing Development Fund | 0 | (133,685) | 0 | 0 | 0 | 133,685 | 0 | | | | | | | |
| Offsetting of depreciation | 0 | 0 | 0 | (1,761,844) | (2,410,969) | 4,172,813 | 0 | | | | | | | |
| Balance at 30 June 2007 | 0 | 2,434,152 | 16,348,317 | 16,146,301 | 44,973,042 | 49,254,150 | 129,155,962 | | | | | | | |
| 2008 | | | | | | | | | | | | | | |
| Correction of error - Note 29.3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | | |
| Restated balance | 0 | 2,434,152 | 16,348,317 | 16,146,301 | 44,973,042 | 49,254,150 | 129,155,962 | | | | | | | |
| Net surplus/(deficit) for the year | 0 | 0 | 0 | 0 | 0 | 8,579,023 | 8,579,023 | | | | | | | |
| Transfer to/from CRR | 0 | 0 | 3,447,890 | 0 | 0 | (3,447,890) | 0 | | | | | | | |
| Property, plant and equipment purchased | 0 | 0 | (8,014,163) | 0 | 0 | 8,014,162 | 0 | | | | | | | |
| Capital grants used to purchase PPE | 0 | 0 | 0 | 0 | 7,595,335 | (7,595,335) | 0 | | | | | | | |
| Transfer to Housing Development Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | | |
| Asset Disposals | 0 | 0 | 0 | (468,894) | (75,926) | 543,512 | 0 | | | | | | | |
| Offsetting of depreciation - Intangible Assets | 0 | 0 | 0 | (1,624,010) | (2,652,139) | 4,276,148 | 0 | | | | | | | |
| Balance at 30 June 2008 | 0 | 2,434,152 | 11,781,906 | 14,952,807 | 49,840,311 | 59,826,070 | 137,734,985 | | | | | | | |

BERGRIVIER MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

| | Note | 2008 R | 2007 R |
|---|------|----------------------------|----------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash receipts from ratepayers, government and other | 30 | 92,892,285 | |
| Cash paid to suppliers and employees | 30 | (90,879,304) | |
| Cash generated from/(utilised in) operations | 30 | 2,508,635 | 18,760,643 |
| Interest received | 30 | 4,162,345 | 4,414,148 |
| Interest paid | 30 | (1,973,553) | (1,750,021) |
| NET CASH FROM OPERATING ACTIVITIES | | <u>4,695,428</u> | <u>21,424,770</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | 11 | (19,450,517) | (18,772,105) |
| Proceeds on disposal of fixed assets | 11 | 881,390 | 1,453,934 |
| (Increase)/Decrease in Intangible Assets | 11 | - | - |
| (Increase)/Decrease in long-term receivables | 12 | 131,249 | 379,345 |
| NET CASH FROM INVESTING ACTIVITIES | | <u>(18,437,877)</u> | <u>(14,938,826)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| New loans raised/(repaid) | 4 | 2,005,298 | 4,030,370 |
| Increase/(Decrease) in consumer deposits | 5 | 144,238 | 138,573 |
| NET CASH FROM FINANCING ACTIVITIES | | <u>2,149,536</u> | <u>4,168,943</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | <u>(11,592,913)</u> | <u>10,654,887</u> |
| Cash and cash equivalents at the beginning of the year | 31 | 36,737,947 | 26,083,060 |
| Cash and cash equivalents at the end of the year | 31 | 32,802,222 | 36,737,947 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | <u>(3,935,725)</u> | <u>10,654,887</u> |