

# Camdeboo Municipality



Financial Statements 2006/2007

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## ACCOUNTING POLICIES

### 1. Basis of presentation

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Accounting Practice(1997) and Report on Published Annual Financial Statements (Second edition - January 1996)
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous year, except as otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis :
- Income is accrued when measurable and available through finance operations.  
Certain direct income is accrued when received, such as traffic fines and certain entrance fees.
  - Expenditure is accrued in the year it is incurred.

### 2. Consolidation

The balance sheet includes the Rate and General Services, Housing service, Trading services and the different funds, reserves and provisions. All inter departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, electricity and water, which are treated as income and expenditure in the respective departments.

### 3. Fixed Assets

- 3.1 Fixed assets are stated at historical cost while they are in existence and fit for use and are written off at the end of their estimated life as determined by the Treasurer.
- 3.2 All net proceeds from the sale of fixed property are credited to the Revolving Fund.
- 3.3 Capital assets are financed from different sources, including external loans, operating income and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest on internal advances is charged to the service concerned at the ruling interest rate determined by the Treasurer.

### 4. Inventory

Inventory is valued at cost, determined on the weighted average basis, and reflected in the Balance sheet at historical cost.

### 5. Funds and reserves

#### 5.1 Revolving Fund

The municipal ordinance No. 20 of 1974,section 75(1),requires a contribution to the fund of not less than seven and one-half per cent of the Rates income, which was levied in respect of the financial year immediately preceding the financial year for which such contributions is required to be made.

#### 5.2 Loan Redemption Fund

The half-yearly redemption is paid into the Loan Redemption Fund and invested at a financial institution to enable full repayment of capital at the maturity date of the loan.

#### 5.3 Housing Development Fund

This fund is maintained in terms of the Housing Bill No. 107 of 1997 and all income from housing operations is paid into this account.

#### 5.4 Dog Tax Account

This fund is maintained in terms of Ordinance No. 19 of 1978 and all income from Dog licences are paid into this account. A monthly contribution is made out of this fund to the local S.P.C.A. to assist in their operating costs.

#### 5.5 Parking Area development Fund

This fund was established to provide parking area facilities in town to businesses, where needed.

#### 5.6 Insurance Fund

A General Insurance fund is maintained to cover unforeseen claims and excess payments that may occur. Once the fund is large enough, contributions could be made to the operating insurance account to soften tariff increases.

5.7 Reserves

The Sewerage and Sanitation-, Electricity- and Water Tariff Stabilization reserves are maintained to soften future tariff increases.

Some special funds are held on behalf of the Provincial Department and contains special conditions to the use thereof.

All other reserves as set out in Appendix A are maintained to provide capital in future for replacement or capital charges when new assets are to be purchased. Contribution to these funds are made at the end of the year out of income if the year close off with a sufficient surplus.

6. **Surplusses and Deficits**

Any surplusses or deficits arising from the operation of the Electricity and Water services are transferred to Rate and General services.

8. **Treatment of administration charges**

The cost of internal support services are transferred to the different services on a percentage basis by expenditure of department over total expenditure.

9. **Investments**

Investments are shown at cost and are invested in terms of the Code of Investment Practice. Investments are also made at registered banking institutions.

10. **Income recognition**

10.1 Electricity and Water billings

All meters in Council's jurisdictional area are read and billed monthly.

10.2 Assessment Rates

Assessment rates are levied on the total value of land and improvements.

Rebates were granted on State properties in terms of the Rating of State Property Act, (Act 79 of 1984).

Rebates were also granted to owners of property used for agricultural purposes.

## TREASURER'S REPORT

### 1 OPERATING RESULTS

The Cambeboo Municipality represents the towns of Graaff Reinet ,Aberdeen,and Nieu Bethesda.

This set of Financial Statements includes the figures of all three units.

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The overall operating results for the year ended 30 June 2006 are as follows:

INCOME	Actual 2006 R	Actual 2007 R	Variance 2006/2007 %
Opening Surplus	5 034 916	4 803 672	-16.5
Operating income for the year	55 449 987	62 280 210	10.6
	60 484 903	67 083 882	
EXPENDITURE			
Operating expenditure for the year	51 241 035	56 876 011	11.00
Appropriations	4 440 196	4 492 721	1.18
Closing surplus	4 803 672	5 715 150	18.97
	60 484 903	67 083 882	

#### 1.1 Rate and General Services

	Actual 2006 R	Actual 2006 R	Variance 2005/2006 %
Income	30 164 513	34 807 466	15.39
Expenditure	27 946 864	31 143 806	11.44
Surplus (deficit)	2 217 649	3 663 659	65.20
Surplus (deficit) as % of total income	7.4	10.53	

#### 1.2 Trading Services

The following is a summary of the operating results of the Municipality's Trading services:

##### Electricity Service

	Actual 2006 R	Actual 2007 R	Variance 2006/2007 %
Income	18 883 601	20 272 402	7.35
Expenditure	19 016 301	21 287 850	11.95
Surplus (deficit)	-132 700	-1 015 448	665.22
Surplus (deficit) as % of total income	-0.7	-5.01	

### Water service

The "Free basic service " policy of Government is in place and all consumers received the first six kilo liters free of charge.

This policy is Funded out of the councils Equitable share Fund.

In Aberdeen and Nieu-Bethesda all consumers are receiving the first ten kilo liters free of charge

This is done in conjunction with Council policy of the previous Municipalities

	Actual 2006 R	Actual 2007 R	Variance 2006/2007 %
Income	6 390 511	7 118 389	11.39
Expenditure	4 152 475	4 318 236	3.99
Surplus (deficit)	2 238 036	2 800 153	25.12
Surplus (deficit) as % of total income	35	39.34	

### Concrete Works

	Actual 2006 R	Actual 2007 R	Variance 2005/2006 %
Income	9 978	81 954	721.35
Expenditure	125 395	126 119	0.58
Surplus (deficit)	-115 417	-44 165	-61.73
Surplus (deficit) as % of total income	-1 156.70	-53.89	

## **2 CAPITAL EXPENDITURE AND FINANCING**

The expenditure on capital items during the year amounted to R 8 253 931.00

The Capital expenditure is 17.80% less than budgeted for and consists of the following.

	Actual 2007 R	Budget 2007 R	Actual 2006 R
Land and Buildings	365 163	670 000	430 283
Sport & Recreational Facilities	96 051	230 000	93 570
Traffic & Fire	194 791	220 000	189 944
Streets and bridges	316 743	950 000	720 947
Furniture & Fittings	195 821	281 000	279 185
Sewerage	1 645 416	1 840 000	92 452
Refuse	1 229 296	1 010 000	699 068
Vehicles & Machinery	2 288 965	2 410 000	379 176
Tools	37 535	60 000	143 044
Electricity Services	1 584 093	1 940 000	4 142 585
Water Services	300 057	430 000	302 049
	8 253 931	10 041 000	7 472 303

Resources used to finance the capital expenditure were as follows:-

	Actual 2007 R		Actual 2006 R
Internal loans	7 941 576		6 937 511
Operating Income	397 822		
Reserve funds	272 573		378 677
Other			156 115
	8 253 931		7 472 303

Capital items, which represent mainly upgrading and maintenance were financed against the surplus account and not against loans.

This will result in savings to the loan charges in the coming years.

### 3 EXTERNAL LOANS AND INVESTMENTS

External loans outstanding on 30 June 2007 amounted to R229315 (R334511 in 2006), as set out in appendix B.

Investments and cash on hand at 30 June 2007 amounted to R40,555,919 (R46,077,356 in 2006)

More information regarding loans and investments are disclosed in the notes (4 and 7) and appendix B to the financial statements.

### 4 FUNDS AND RESERVES

During the year under review the following contributions were made :

#### Contributions from Operating Account to :

Statutory Funds	
Equitable Share	3 000 000
Leave Reserve	6 000
Revolving Fund	527 273
	<u>3 533 273</u>

#### Contributions from Reserve funds to Operating Account:

Reserve funds	<u>900 000</u>
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#### Contribution from Accumulated Surplus to:

Working Capital Debtors	2 000 000
Working Capital Stores	360 007
Additional Audit fee provisio	513 179
Leave Fund	556 338
Operating /	1 300 000
	<u>4 293 656</u>

More information regarding funds and reserves are disclosed in the notes (1 to 3) and Appendix A to the financial statements.

### 5 POST BALANCE SHEET EVENTS

No material post balance sheet events took place during the year under review.

### 6 INTER AUTHORITY GRANT

An amount of R11,874,652 was received from Government during the 2006/2007 financial year.

An amount of R 5,564,646 was used to assist the poor for the 2006/2007 financial year.. This scheme will continue for the next financial year.

### 7 WORKING CAPITAL

According to the Department of Finance a provision for working capital, at least equal to a level of non-payment, during the previous financial year, should be made.

Particulars of the funds are as follows:-

Working Capital - Debtors	
Balance as at 01 / 07 /2006	12 308 935
Contribution from Accumulated Surplus	2 000 000
Balance 30/06/2006	<u>14 308 935</u>

Provision is made for inventory to the extent of the year-end inventory value.

#### **Working Capital - Inventory**

Balance as at 01 / 07 /2006	1 606 211
Contribution from Accumulated Surplus	360 007
Balance 30/6/2007	<u>1 966 218</u>

## **8 GENERAL**

The Treasury Department is still understaffed and the current staff is finding it difficult to maintain control and financial discipline.

The non payment of services is becoming a serious problem .Council will have to address this problem before matters deteriorate further.

Overspending on overtime seems to be out of hand .Overspending on other votes is also a matter of concern. An appeal is made to the Heads of Departments to exercise their responsibilities to control their budget expenditure.

Capital under spending is once again a concern and the Heads of Departments wil have to report to Council on this matter.

## **EXPRESSION OF APPRECIATION**

I am grateful to the staff of the Treasury Department for their loyalty and hard work during the past financial year. Acknowledgement is given to the treasury staff for a job well done under extremely difficult circumstances..

May God bless you

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A D Grimbeek  
Chief Financial Officer  
Camdeboo Municipality

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20 August 2007  
Date



## General Information

### Vision

Camdeboo Municipality strives to ensure the development and participation of all its inhabitants within an economically viable and sustainable environment, where equal opportunities are promoted. Poverty is uprooted and services provided at an affordable cost within a crime free, healthy, environmentally friendly and well managed administration.

### GRADING OF LOCAL AUTHORITY

Grade 7

### AUDITORS

Auditor General

### BANKERS

First National Bank

### REGISTERED OFFICE

Church Square  
Graaff - Reinet  
6280

P O Box 71  
Graaff - Reinet  
6280

Tel. (049) 8922121  
Fax (049) 8924319

### MUNICIPAL MANAGER

M G Langbooi (Acting)

### Chief Financial Officer

A D Grimbeek

#### **MEMBERS OF THE COUNCIL**

Mayor and Speaker	Councillor	D Japhta
Ward 1	Councillor	V G Jacobs
Ward 2	Councillor	A R Knott-Craig
Ward 3	Councillor	K. Hoffman
Ward 4	Councillor	C R E Abels
Ward 5	Councillor	I Reid
Ward 6	Councillor	A Booysen
Proportional Councillors		
ANC	Councillor	D Japhta
ANC	Councillor	M Jacobs
Democratic Alliance	Councillor	M Block
ANC	Councillor	S J Mbotya
Democratic Alliance	Councillor	T J Eksteen

#### **APPROVAL OF THE FINANCIAL STATEMENTS**

The Annual financial statements set out on pages 9 to 21 were approved by the Chief Executive / Municipal Manager on 31 August 2006 and presented to and approved by Council during September 2006

\_\_\_\_\_  
MUNICIPAL MANAGER  
(Accounting Officer)  
20-Aug-07

\_\_\_\_\_  
Registered Town Treasurer  
(EO 319)  
20-Aug-07

**BALANCE SHEET AT 30 JUNE 2007**

	Note	2007	2006
		R	R
<b>CAPITAL EMPLOYED</b>			
FUNDS AND RESERVES		74 743 808	72 995 785
Statutory funds	1	52 615 970	48 431 413
Reserves	2	22 127 838	24 564 372
RETAINED INCOME	17	5 715 150	4 803 672
		<u>80 458 958</u>	<u>77 799 457</u>
TRUST FUNDS	5	1 418 719	1 536 156
LONG TERM LIABILITIES	3	179 165	228 913
CONSUMER DEPOSIT'S	4	1 044 857	999 132
		<u><b>83 101 698</b></u>	<u><b>80 563 657</b></u>
<b>EMPLOYMENT OF CAPITAL</b>			
FIXED ASSETS	6	29 100 639	25 503 359
INVESTMENTS	7		
LONG-TERM DEBTORS	8	225 700	343 256
		<u><b>29 326 339</b></u>	25 846 615
NET CURRENT ASSETS / LIABILITIES		53 775 359	54 717 042
CURRENT ASSETS		61 751 912	64 418 181
Inventory	9	1 867 743	1 642 242
Debtors	10	17 772 151	16 494 669
Cash on hand		1 463 220	89 561
Short-term investments	7	40 555 919	46 077 357
Short-term portion of lon	8	92 879	114 352
CURRENT LIABILITIES		<u><b>-7 976 554</b></u>	<u><b>-9 701 139</b></u>
Provisions	11	-584 907	-482 717
Creditors	12	-7 341 497	-9 112 824
Short-term portion of lon	4	-50 150	-105 598
Bank overdraft			
		<u><b>83 101 698</b></u>	<u><b>80 563 657</b></u>

**INCOME STATEMENT FOR THE YEAR ENDED**  
**30 JUNE 2007**

2005 Actual Income R	2005 Actual Expenditure R	2005 Surplus/ (Deficit) R		2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (Deficit) R	2006 Budget Surplus/ (Deficit) R
30 164 512	27 946 863	2 217 648	<b>RATE AND GENERAL SERVICES</b>	34 806 081	31 143 806	3 662 275	-280 134
24 009 522	18 241 725	5 767 796	<i>Community Services</i>	28 278 140	21 221 918	7 056 222	3 716 702
180 246	3 488 530	-3308284	<i>Subsidised Services</i>	166 385	3 441 579	-3 275 194	-4 036 074
5 974 744	6 216 608	-241 864	<i>Economic Services</i>	6 361 556	6 480 309	-118 753	39 238
1 385	0	1 385	<b>HOUSING SERVICES</b>	1 385	0	1 385	0
25 284 090	23 294 171	1 989 919	<b>TRADING SERVICES</b>	27 472 744	25 732 205	1 740 539	828 454
<u>55 449 987</u>	<u>51 241 034</u>	<u>4 208 952</u>	<b>TOTAL</b>	<u>62 280 210</u>	<u>56 876 011</u>	<u>5 404 199</u>	<u>548 320</u>
		-4 440 196	Appropriations, for the year (refer to note 17)			-4 492 721	
		-231 244	Net surplus for the year			911 478	
		5 034 916	Accumulated surplus beginning of the year			4 803 672	
		<u>4 803 672</u>	<b>ACCUMULATED SURPL AT END OF THE YEAR</b>			<u>5 715 150</u>	

(Refer to appe

**NOTES TO THE FINANCIAL STATEMENTS**

	<u>2007</u>	<u>2006</u>
1 STATUTORY FUNDS	52 615 970	48 431 413
(Refer to Appendix A for more detail)		
2 RESERVES	24 201 404	26 328 773
Less transferred to Provisions	2 073 565	1 764 401
	<u>22 127 838</u>	<u>24 564 372</u>
(Refer to Appendix A for more detail)		
3 TRUST FUNDS	<u>1 418 719</u>	<u>1 536 156</u>
(Refer to Appendix A for more detail)		
4 LONG TERM LIABILITIES		
Government loans		
Local Registered Stock		
Annuity Loans	229 315	334 511
	229 315	334 511
Short term portion of Longterm loans	50 150	105 598
	<u>179 165</u>	<u>228 913</u>
5 Non Current Provision		
Provision for long service		
6 CONSUMER DEPOSIT'S		
Electricity and Water	<u>1 044 857</u>	<u>999 132</u>
11 PROVISIONS		
Audit Fees	1 054 103	0
Obsolete stock	57 765	50 791
Leave Pay	584 907	482 717
	<u>1 696 775</u>	<u>533 508</u>
8 CREDITORS		
General services	7 016 098	8 807 302
Housing	325 399	305 522
	<u>7 341 497</u>	<u>9 112 824</u>
9 Conditional Grants and Receipts	8706378	
Total Conditional Grants	8706378	
10 FIXED ASSETS		
Total Fixed Assets	131 212 566	115 352 816
Less Loans Redeemed and other Capital Receipts	102 111 927	89 849 457
Net Fixed Assets	<u>29 100 639</u>	<u>25 503 359</u>
(Refer to Appendix C for more details)		

11 INVESTMENTS

Unlisted		
Short term Deposits	36 542 020	38 435 620
Call Deposits	4 013 900	7 641 737
Building Soc (Bond quarentees)		

	40 555 919	46 077 357
	40 555 919	46 077 357

Management's valuation of unlisted investments	40 555 919	46 077 357
Average rate of return on investments	7.02%	7.02%

No investments have been written off during the year

No investments have been pledged as security for any funding facilities of the Council.

12 LONG TERM DEBTORS

Housing Loans	181 738	183 725
Motor Loans	136 203	272 940
Loans to Instutions	638	943
	318 579	457 608

Less short-term portion transferred to current assets	92 879	114 352
	225 700	343 256
	225 700	343 256

13 INVENTORY

General	317 620	293 893
Electrical	1 414 540	1 223 963
Water	177 199	158 725
Mechanical Workshops	16 149	16 452
	1 925 508	1 693 033
Less obsolete transferred to provisions.	57 765	50 791
	1 867 743	1 642 242
	1 867 743	1 642 242

14 DEBTORS

Assesment Rates	7 686 284	7 878 321
Electricity & Water	6 111 730	5 352 416
Housing	4 373 357	3 890 807
Miscellaneous Debtors	784 340	400 411
Other	247 334	203 607
	19 203 045	17 725 562
Less provision for bad debts	1 430 894	1 230 894
	17 772 151	16 494 669
	17 772 151	16 494 669

16 Bank Cash and overdraft Balances

The Municipality has the following Bank Account

Current Account (Primary Bank Account)

First National Bank -Graaff Reiniet Branch  
Account No.52300007898 Branch Code 210216

Cash book Balance at beginning of the Year	85 447.23	2257334
Cash bookbalance at the end of the year(overdawn)	1 459 106.14	85447.23

Bank statement Balance at beginning of the year	1935056	4803346
Bank statement Balance at the end of the year	1363279	1935056

17 Property Rates

Valuation at 30/06/2005	Actual Income	Actual Income
R'000		2 006

Rateable properties	361 732	7 511 046	6 453 617
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The basic rate on land and improvements is 1.22c/Rand for Graaff-Reinet,  
1.22c/Rand for Aberdeen and .0025c/Rand for Nieu-Bethesda.

18 Service Charges

Sale of electricity		20 105 584	18 761 396
Sale of Water		7 057 089	6 349 427
Refuse removal		2 048 314	1 942 565
Sewerage and sanitation		4 088 683	3 853 418
Total Service Charges		<b>33 299 670</b>	<b>30 906 806</b>

19 Government Grants and Subsidies

Equitable Share		9 427 842	9427842
Provincial Led Projects			
Provincial health subsidies		3 228 142	3228142
Cmip Grant			
Total Government Grant and Subsidies		<b>14 810 023</b>	<b>12 648 220</b>

20 Fines

		461995	381480
Interest Earned External		741 493	506835.66
Interest Earned Internal Debtors		741 722	729 780
Other Income		4 714 261	3 246 563
Total Income		<b>62280210</b>	<b>55449987.38</b>

21 Employee related cost

Salaries		11 502 707	11 047 649
Wages		7 297 232	6 775 499
Overtime		1 017 791	759 361
Group Insurance		419 178	427 883
Housing Subsidy		77 241	67 052
Medical Aid Fund		1 222 524	1 059 081
Pension Fund		2 942 407	2 784 188
Traveling allowance		306 970	336 745
Unemployment Insurance Fund		183 862	173 803
Uniforms & Overalls		92 855	90 828

<b>Total</b>		<b>25 062 767</b>	<b>23 522 089</b>
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Remuneration of the Municipal Manager		546602	510558
Remuneration of the Chief Finance Officer		492749	460265

22 COUNCILLORS' REMUNERATION

Mayor	232 227	134 569
Deputy Mayor		
Councillors	1 304 710	708 805
Total Councillors Remuneration	<b>1 536 937</b>	<b>843 374</b>

Certification by the Municipal Manager

I certify that the remuneration of councillors and in -kind benefits are in accordance with the Public Office Bearers Act and the Minister of Provincial and Local Governments determination in accordance with that Act.

Signed: Municipal Manager

23 Bad Debts

Contribution to Bad Debt Provision  
Bad Debt Written of  
Total Bad Debt

24 Interest on External Borrowings

External Loans	18 698	36090
Bank Overdrafts		
Total Interest on External Borrowings	<b>18698</b>	<b>36090</b>

25 Bulk Purchases

Electricity	10 947 295	10 134 075
Total Bulk Purchase	<b>10 947 295</b>	<b>10 134 075</b>

26 Grants and Subsidies Paid

	14723	40419.44
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Total Grant and Subsidies

**14723**      **40419**

27 Contributions to/from provisions

Igg spes fund	3 000 000	1 700 000
Leave Reserve	6 000	6000
Revolving Fund	527 273	484 021
Total Contributions	<b>3 533 273</b>	<b>2 190 021</b>

28 FINANCE TRANSACTIONS

Total external interest earned or paid

Interest earned	3 086 318	3 022 122
Interest paid	18 698	36 090

Capital charges debited to operating account

Interest - External	18 698	36 090
- Internal	1 142 292	1 009 390

Redemption - External

103 208      104 944

- Internal

3 214 881      2 964 186

**4 479 079**      **4 114 609**



29 APPROPRIATIONS

Appropriation Account		
Accumulated Surplus at beginning of the year	4 803 672	594 720
Operating surplus for the year	5 404 199	4 208 952
Appropriations for the year	-4 492 721	-4 440 196
Working Capital Debtors	-2 000 000	-1500000
Working Capital Stores	-360 007	0
Additional Provision Audit fees	-513179	-359764
Provision for Performance Bonus	-64435	0
Leave Fund	-556 338	-527796
Closing of Igg Account	505350	0
Additional Cont IGG	0	-1500000
Adjustments in respect of previous year	-1504112	-552636
Accumulated Surplus at end of the year	<u>5 715 150</u>	<u>4 803 672</u>

Operating Account

Contribution to Fixed Assets:	51 562	43503
Contributions to:		
Equitable Share	3000000	1700000
Leave Reserve	6000	6000
Provision Performance Bonus	69668	
Revolving Fund	527 273	484 021
Contributions from:		
Transport Fund	-500000	-200000
Water stab Fund	-300000	-300000
Sewerage	-100000	-100000
Accumelated Surplus	-1300000	-250000
Building Fund	0	-50000
Operating Expenditure Funded from Surplus	0	-156114
	<u>1 454 503</u>	<u>1 177 410</u>

30 CASH GENERATED BY OPERATIONS

Surplus for year	5 404 199	4 208 952
Ajustments in respect of:		
Previous year operating transactions	-1 504 112	-552 636
Appropriations charged against income (See note 29)	1 454 503	1 177 410
Capital Charges:		
Intrest Paid to Internal Funds	1 142 292	1 009 390
on External loans	18 698	36 090
Redemption of Internal Advances	3 214 881	2 964 186
of External Loans	103 208	104 944
Investment Income - Operating	-1 483 215	-1 236 616
Grants & Subsidie from State	-14 810 023	-12 648 220
Non- Operating Expenditure spes Funds	-9 995 994	-7709148
Non-Operating Income spes Funds	5 480 306	6679389
	<u>-10 975 258</u>	<u>-5 966 260</u>

31 (INCREASE)/DECREASE IN WORKING CAPITAL

(Increase)/Decrease in Inventory	-225 501	-212 719
(Increase)/Decrease in Debtors	-1 277 483	-1 173 374
(Increase)/Decrease in Long-term Debtors	117 556	104 849
Increase/(Decrease) in Creditors	-1 771 327	2 923 998
	-3 156 754	1 642 753

32 INCREASE/(DECREASE) IN LONG TERM LOANS (EXTERNAL)

External Loans	49 748	106 683
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33 INCREASE IN SHORT-TERM LOANS(EXTERNAL)		
External Loans		
34 (INCREASE) IN EXTERNAL CASH INVESTMENTS		
Investments	5 521 437	-4 572 441
35 (INCREASE)/DECREASE IN CASH ON HAND		
Cash balance beginning of year	85 447	2 257 334
Less Cash balance end of year	1 459 106	85 447
	-1 373 659	2 171 887
36 CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
Building Society - Bond quarentees		
37 CAPITAL COMMITMENTS		
Commitments in respect of Capital Expenditure		
Approved and contracted for		
Approved but not yet contracted for	20 877 000	10 104 000
This expenditure will be funded from:		
Internal sources	11 098 000	10 104 000
External sources	9779000	
	20 877 000	10 104 000
38 REVOLVING FUND		
Accumulated Funds	45 619 796	41 732 125
Creditors	19 559	19 259
	45 639 355	41 751 384
Less: External Investments	19 324 913	21 363 157
External Loans to Institutions	637.97	943
Staff Vehicle Loans	136 203	272 940
Advances to Borrowing Services	30 852 945	26 183 744
Temporary advance from/(to) Rate Fund	-4 694 903	-6 069 400
<b>39 Additional Disclosures in terms of Municipal Finance Management Act.</b>		
Contribution to Salga		
Opening Balance		
Council subscription	92410	106410
Amount paid current year	-92410	-106410
Amount paid previous year		
Balance unpaid(included in Creditors)	<u>0</u>	<u>0</u>

Audit Fees

Opening Balance		
Current year audit fee	611313	768 014
Amount paid current year	-611313	-768 014
Amount paid previous year		
Balance unpaid(included in Creditors)	<u>0</u>	<u>0</u>

Vat

PAYE and Uif		
Opening Balance		
Current year payroll deductions	2169220	2100681
Amount paid current year	-2169220	-2100681
Amount paid previous year		
Balance unpaid(included in Creditors)	<u>0</u>	<u>0</u>

Pension and medical aid deductions

Opening Balance		
Current year payroll deductions and council contribution	7983953	7268702
Amount paid Current year	-7983953	-7268702
Amount paid previous year		
Balance unpaid(included in Creditors)	<u>0</u>	<u>0</u>

32 Councillors arrear consumer accounts

The following Coucillors had arrear accounts outstanding for more than 90 days at; 30 June 2007

**Rates & Services**

Clr K Hoffman R 2 216.89

Clr I Reid R 928.64

**Overpayment of allowances**

Clr T Eksteen R 20 901.22

Clr J Jacobs R 23 472.24

Clr D Japtha R 37 051.54

Clr A Knott -Craig R 24 278.82

33 Capital Commitments

34 Retirement Benefit information

35 Contingent Liability

36 In-kind donations and assistance



**Cash Flow Statement for the year ended 30 June 2007**

	Note	2006 R	2006 R
<b>CASH RETAINED FROM OPERATING ACTIVITIES :</b>		<b>12 424 566</b>	<b>11 712 472</b>
<i>Cash generated by Operations</i>	30	-10 975 258	-5 966 260
<i>Investment Income</i>	28	3 086 318	3 022 122
<i>(Increase/decrease in working capital</i>	31	-3 156 754	1 642 754
		-11 045 694	-1 301 381
<i>Less : Interest paid</i>	28	18 698	36 090
<b>Cash available from operations</b>		<b>-11 064 392</b>	<b>-1 337 471</b>
<i>Cash contributions from public and state</i>		23 473 957	12 946 088
<i>Net proceeds on disposal of fixed assets</i>		15 000	44 736
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>			
<i>Investment in Fixed assets</i>		-16 522 596	-9 164 116
<b>NET CASH FLOW</b>		<b>-4 098 030</b>	<b>2 507 237</b>
<b>CASH EFFECTS OF FINANCING ACTIVITIES :</b>			
<i>Increase / (decrease) in long-term loans</i>	32	-49 748	-106 683
<i>Increase / (decrease) in short-term loans</i>	33	0	
<i>(Increase) / decrease in cash investments</i>	34	5 521 437	-4 572 441
<i>(Increase) / decrease in cash</i>	35	-1 373 659	2 171 887
<b>NET CASH (GENERATED) / UTILISED</b>		<b>4 098 030</b>	<b>-2 507 237</b>

**APPENDIX A**

**STATUTORY FUNDS, RESERVES AND TRUST FUNDS**

	Balance at 30/6/2006	Contributions	Interest received	Other Inc. & Trfs	Operating Exp. & Trfs	Capital Expenditure	Balance at 30/06/2007
<b>STATUTORY FUNDS</b>							
<i>Dog Tax Account</i>	540 407	0	46 177	0	18 000		568 585
Housing Development Fund	4 515 038	0	292 999	3 386	0	0	4 811 423
Insurance Fund	1 471 563	0	94 851	52 214	177 574		1 441 054
<i>Parking Area Dev. Fund</i>	172 280	0	14 832	7 560	0	0	194 671
<i>Revolving Fund</i>	41 732 125	527 273	2 217 782	1 123 057	0	0	45 600 237
	<u>48 431 413</u>	<u>527 273</u>	<u>2 666 641</u>	<u>1 186 217</u>	<u>195 574</u>	<u>0</u>	<u>52 615 969</u>
<b>RESERVES</b>							
<i>Accumulated Leave</i>	1 206 791	562 338	69 261	0	376 124		1 462 266
<i>Fire Brigade</i>	1 414 986	0	91 775	1 593	0		1 508 353
<i>Equitable Share</i>	2 548 271	3 000 000	16 375	0	5 564 646	0	0
<i>Machinery. &amp; Office</i>	486 954	0	31 646	0	184 823		333 776
<i>Municipal Buildings</i>	170 618	0	12 545	1 398	18 588		165 972
<i>Special Fund Eastern Cape</i>	3 648 720		329 393	778 787	2 459 614	0	2 297 286
<i>Tarriff Stab Sew &amp; San</i>	405 239	0	35 258	0	100 000	0	340 497
<i>Tarriff Stabilization Electricity</i>	177 613	0	15 392	0	0		193 005
<i>Tarriff Stabilization Water</i>	768 102	0	66 912	0	300 000	0	535 014
<i>Traffic Control</i>	52 937	0	4 587	0	0		57 524
<i>Transitional Local Grant</i>	464 779	0	0	0	0	0	464 779
<i>Transport</i>	1 068 618	0	69 719	0	570 560		567 776
<i>Working Capital - Debtors</i>	12 308 935	2 000 000	0	0	0		14 308 935
<i>Working Capital - Stores</i>	1 606 212	360 007	0	0	0		1 966 218
	<u>26 328 773</u>	<u>5 922 345</u>	<u>742 863</u>	<u>781 778</u>	<u>9 574 355</u>	<u>0</u>	<u>24 201 404</u>
<i>Less transferred to provisions</i>							
<i>Leave Pay (note 11)</i>	482 717						584 907
<i>Obsolete Stock (note 11)</i>	50 791						57 765
<i>Bad debts (note 10)</i>	1 230 894						1 430 894
<b>Grandtotal</b>	<u>24 564 372</u>	<u>5 922 345</u>	<u>742 863</u>	<u>781 778</u>	<u>9 574 355</u>	<u>0</u>	<u>22 127 838</u>
<b>TRUST FUNDS</b>							
<i>Aloe Project</i>	1 194 400	0	73 193	0	218 251		1 049 342
<i>Alex Laing Play ground</i>	256 738		22 249	0	0		278 987
<i>Graaff-Reinet Cemetry</i>	13 274		1 147	0	0		14 421
<i>Laing Hall Furnishers</i>	16 793		1 629	0	0		18 422
<i>Mary Lane Park</i>	41 423		3 590	0	0		45 013
<i>Mayoral Christmas</i>	1 993	5 820	0	0	7 813	0	0.35
<i>PR Church Cemetry</i>	11 534		999	0	0		12 534
	<u>1 536 156</u>	<u>5 820</u>	<u>102 807</u>	<u>0</u>	<u>226 064</u>		<u>1 418 719</u>

**APPENDIX B**

**EXTERNAL LOANS AND INTERNAL ADVANCES**

	Balance at 2006 R	Received during the year R	Redeemed or written off during the year R	Balance at 2007 R
<b>EXTERNAL LOANS</b>				
<b>Annuity Loans</b>	334 511	0	105 196	229 315
		0	105 196	229 315

	Balance at 2 006 R	Received during the year R	Redeemed or written off during the year R	Balance at 2 007 R
<b>INTERNAL ADVANCES TO BORROWING SERVICES</b>				
<i>Revolving Fund</i>	26 183 744	7 941 577	3 272 376	30 852 945
<i>Housing Development Fund</i>	89 090	0	11 573	77 517
		0		
	26 272 834	7 941 577	3 283 949	30 930 462

## APPENDIX C

### ANALYSIS OF FIXED ASSETS

Expenditure 2006		Balance at 2006	Expenditure during the year	Redeemed or written off during the year	Balance at 2007
R		R	R	R	R
4 049 708	<b>RATE AND GENERAL SERVICES</b>	67 596 025	12 037 251	150 607	79 482 670
778 109	<i>Land and Buildings</i>	13 093 258	631 129	26 340	13 698 047
786 265	<i>Street and Bridges</i>	15 018 485	316 742	0	15 335 227
786 129	<i>Furniture</i>	3 689 012	273 446	0	3 962 458
917 124	<i>Sewerage</i>	22 639 193	8 436 927	47 284	31 028 836
575 097	<i>Motor Vehicles</i>	12 471 297	2 288 965	24 476	14 735 786
206 984	<i>Tools</i>	684 780	90 042	52 507	722 315
	<i>Stocks(Abattoir)</i>	0	0	0	0
	<b>0 HOUSING</b>	4 410 737	0	331 758	4 078 979
5 096 408	<b>TRADING SERVICES</b>	43 346 054	4 485 345	180 481	47 650 918
0	<i>Concrete Works</i>	1 794	0	0	1 794
4 806 800	<i>Electricity</i>	18 212 760	1 747 780	152 942	19 807 598
289 608	<i>Waterworks</i>	25 131 500	2 737 565	27 539	27 841 526
9 146 116	<b>TOTAL FIXED ASSETS</b>	115 352 816	16 522 596	662 846	131 212 566
	<b>LESS: CAPITAL REDEEMED AND OTHER CAPITAL RECEIPTS</b>	89 849 458	12 593 558	331 088	102 111 928
3 135 515	<i>Loans redeemed and advances paid</i>	9 876 835	3 387 157	267 630	12 996 362
1 414 022	<i>Contribution ex operating income</i>	25 612 958	500 022	24 476	26 088 504
291 509	<i>Grants and subsidies</i>	54 359 665	8 706 378	0	0
4 305 070	<b>NET FIXED ASSETS</b>	25 503 358	3 929 039	331 758	29 100 638



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**APPENDIX D**

**ANALYSIS OF OPERATING INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 30 JUNE 2007**

APPD Promun

Sien IGL 120  
Begroting gedoen 3.07.2007

Actual 2006 R		Actual 2007 R	Budget 2007 R
12 648 220	<b>INCOME</b>		
	<i>Grants and Subsidies</i>	14 810 023	11 802 130
12 648 220	- Provincial Government	14 810 023	11 802 130
38 056 894	<i>Operating Income</i>	45 986 972	45 617 801
7 030 303	- Assessment Rates	7 511 046	7 020 300
18 761 396	- Sale of Electricity	20 105 584	19 484 216
6 347 941	- Sale of Water	7 057 089	6 123 110
9 425 512	- Other service charges	11 313 253	12 990 175
1 236 616	<i>Interest Received</i>	1 483 215	1 149 658
<u>55 449 988</u>		<u>62 280 210</u>	<u>58 569 589</u>
	<b>EXPENDITURE</b>		
23 522 089	<i>Salaries, wages and allowanc</i>	25 062 773	28 603 831
23 156 690	<i>General expenses</i>	28 452 030	25 016 995
10 134 075	- Purchase of electricity	10 947 295	10 603 000
15 120 838	- Other general expenses	17 504 735	14 413 995
1 396 211	<i>Repairs and maintenance</i>	1 531 314	1 988 811
4 114 609	<i>Capital charges</i>	4 479 079	4 678 584
43 503	<i>Contributions to fixed assets</i>	51 562	63 000
2 190 021	<i>Contributions to other funds</i>	3 533 273	3 006 000
<u>56 521 346</u>	<b>Gross Expenditure</b>	<u>63 110 031</u>	<u>63 357 221</u>
5 280 311	<i>Less: Amounts charged out</i>	6 234 020	5 335 952
<u>51 241 035</u>	<b>Net Expenditure</b>	<u>56 876 011</u>	<u>58 021 269</u>

**APPENDIX E**

**DETAILED INCOME STATEMENT FOR THE YEAR  
ENDED 30 JUNE 2007**

2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (Deficit) R		2007 Actual Income	2007 Actual Expenditure	2007 Surplus/ (Deficit)	2007 Budget Surplus/ (Deficit)
<b>30 164 512</b>	<b>27 946 863</b>	<b>2 217 649</b>	<b>RATE AND GENERAL SERVICES</b>	<b>34 806 081</b>	<b>31 143 806</b>	<b>3 662 275</b>	<b>-280 134</b>
24 009 522	18 241 725	5 767 796	<b>Community Services</b>	28 278 140	21 221 918	7 056 222	3 716 702
7030303	484021	6 546 281	Assessment Rates	7511046	5272730	6983773.12	7 028 300
21108	2134445	-2 113 337	Admin Town Clerk	20957	2340725	-2319767.69	-2 618 727
	64199	-64 199	Civil Defence	0	78084	-78083.87	-113 479
10642	1129942	-1 119 300	Council's Gen. Exp.	12315	1671457	-1659142.89	-1 093 635
0	45419	-45 419	Grants and Donations	0	24723	-24723.35	-35 000
3228142	2900880	327 262	Health Services	2943922	2941958	1964.59	-478 985
0	59901	-59 901	Hester Rupert Art Mus.	0	63581	-63580.73	-62 835
18630	1019617	-1 000 987	Libraries	14869	1063739	-1048870.56	-1 190 029
74174	6489441	-6 415 267	Public Works	105718	6965897	-6860179.54	-7 084 689
0	136800	-136 800	Swimming Baths	0	157282	-157282.46	-215 766
31268	512536	-481 268	Town Engineer	50749	430329	-379579.3	-1 122 065
12209558	2340883	9 868 675	Town Treasurer	16303415	3929174	12374240.92	10 631 078
1385697	923641	462 056	Traffic Control	1315148	1027695	287453.38	72 534
180 246	3 488 530	-3 308 284	<b>Subsidised Services</b>	166 385	3 441 579	-3 275 194	-4 036 074
5761	318672	-312 911	Fire Protection	5413	365304	-359 891	-538 112
3256	382096	-378 840	Air Port	23051	374767	-351 715	-422 691
166226	497783	-331 557	Municipal Buildings	134036	492423	-358 387	-424 872
5003	1863109	-1 858 106	Parks & Recr. Grounds	3860	1902716	-1 898 856	-2 293 611
0	0	0	Proclaimed Roads	25	0	25	
	426870	-426 870	Workshops		306369	-306 369	-356 788
5 974 744	6 216 608	-241 864	<b>Economic Services</b>	6 361 556	6 480 309	-118 753	39 238
1942565	2327976	-385 411	Cleansing Services	2048314	2551025	-502 711	-264 586
85986	102862	-16 876	Commonage & Pound	137898	109389	28 508	-12 992
12885	12885	0	Parking Meters	11234	11234	0	-98 777
574510	1024463	-449 953	Sanitation	593544	1260542	-666 998	-535 727
3302800	2707816	594 984	Sewerage Scheme	3512044	2508393	1 003 651	939 107
55998	40606	15 392	Urquhart Park	58523	39727	18 796	12 213
		0				0	
		0	<b>HOUSING SERVICES</b>			0	
1385	0	1 385	Sub Econ. Houses	1385	0	1 385	
		0				0	
<b>25 284 090</b>	<b>23 294 171</b>	<b>1 989 919</b>	<b>TRADING SERVICES</b>	<b>27 472 744</b>	<b>25 732 205</b>	<b>1 740 539</b>	<b>828 454</b>
9978	125395	-115 417	Concrete Works	81954	126119	-44 165	-108 694
18883601	19016301	-132 700	Electricity	20272402	21287850	-1 015 448	-1 067 794
6390511	4152475	2 238 036	Water	7118389	4318236	2 800 153	2 004 942
0	0	0		0	0	0	
		0				0	
<b>55 449 987</b>	<b>51 241 034</b>	<b>4 208 952</b>	<b>TOTAL</b>	<b>62 280 210</b>	<b>56 876 011</b>	<b>5 404 199</b>	<b>548 320</b>
		-4 440 196	Appropriations, for the year (refer to note 17)			-4 492 720.94	
		-231 244	Net Surplus for the year			911 477.75	
		5 034 916	Acc.surplus beginning of the year			4 803 672	
		<b>4 803 672</b>	<b>ACC.SURPLUS AT END OF THE YEAR</b>			<b>5 715 150</b>	