

**SENQU MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2007

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 28, in terms of Section 126 (1) of the Municipal Finance Management Act, Act No 56 of 2003, and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 20 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.

\_\_\_\_\_  
M M Yawa  
Municipal Manager

\_\_\_\_\_  
Date



## INDEX

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1. GENERAL INFORMATION	Page 1
2. APPROVAL OF FINANCIAL STATEMENTS	Page 2
3. FOREWORD	Page 3
4. REPORT OF THE AUDITOR-GENERAL	Page
5. TREASURER'S REPORT	Page 5
6. ACCOUNTING POLICIES	Page 8
7. BALANCE SHEET	Page 10
8. INCOME STATEMENT	Page 11
9. CASH FLOW STATEMENT	Page 12
10. NOTES TO THE FINANCIAL STATEMENTS	Page 13
11. APPENDICES	
A. STATUTORY FUNDS, TRUST FUNDS AND RESERVES	Page 23
B. EXTERNAL LOANS AND INTERNAL ADVANCES	Page 24
C. ANALYSIS OF FIXED ASSETS	Page 25
D. ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2007	Page 26
E. DETAILED INCOME STATEMENT OF THE YEAR ENDED 30 JUNE 2007	Page 27
F. STATISTICAL INFORMATION	Page 28



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**GENERAL INFORMATION**

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**MEMBERS OF THE COUNCIL**

Mr Z I Dumzela	Mayor / Chairperson of Executive Committee
Mr D D Mqungquthu	Speaker
Mr M M Mafilika	Member Executive Committee / Chairperson Housing & Estate Services
Mr V V Mbulawa	Member Executive Committee / Chairperson Corporate & Support Services
Ms N Kuse	Member Executive Committee / Chairperson Budget & Treasury Services
Ms G N Mbonyana	Member Executive Committee / Chairperson Community & Social Services
Ms P August	Member Executive Committee / Chairperson Technical & Engineering Services

Ms M N Ngendane	Ms G S Mvunyiswa
Ms A P Kwinana	Ms M Stanley
Mr M W Mpelwane	Mr J Konstable
Ms B Juju	Ms I Elia
Ms N G Beje	Mr J J Lamane
Mr S S Ndzongana	Ms E N Mbobo
Ms N Nombula	Mr M P Bingwa
Ms L M Tokwe	Ms N A Mkhontwana
Mr M G Moeletsi	Mr L Booï
Ms G N Parkies	Ms N C Mraji
Ms N M Kwinana	Ms A H Sobhuza
Mr M G Ncise	Mr X Ganamfana
Mr A M Mateisi	

**AUDITORS**

The Auditor-General

**BANKERS**

Standard Bank  
LADY GREY

**REGISTERED OFFICE**

19 Murray Street, P O Box 18, LADY GREY, 9755  
Tel No: 051 - 603 0019 Fax No: 051 - 603 0445

**MUNICIPAL MANAGER**

M M Yawa

**CHIEF FINANCIAL OFFICER**

C R Venter



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**APPROVAL OF FINANCIAL STATEMENTS**

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The Annual Financial Statements set out on pages 1 - 28 were approved by the Municipal Manager on the **24th August 2007**.

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MUNICIPAL MANAGER  
M M YAWA

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CHIEF FINANCIAL OFFICER  
C R VENTER





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## FOREWORD

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As the Chinese saying goes "... every million miles journey begins with one step." A three phased transitional approach was adopted. It was to take a shape of a metamorphic approach in that, each ending of a particular phase marks the beginning of another. The three phases were:

- > Pre-interim phase;
- > The interim phase; and
- > Final / implementation phase.

Since 2000, the final phase has began and is posing significant challenges which I believe will be accomplished if we put a transformation plan with some strategic focus areas which I suggest going forward:

- > Viable municipality;
- > Improved capacity to deliver basic services;
- > Strong, democratic and developmental local state;
- > Rural-urban integration;
- > Integrated service delivery;
- > Local economic development strategy;
- > Human resource development strategy;
- > Rationalisation of local government;
- > Institutional capacity;
- > Leadership development; and
- > Promotion of partnerships.

The experience of the municipality so far has confirmed that change or transformation does not come easily. A lot of work still lies ahead, with the new legal demands on local governance.

### Municipal Finance Management

Municipal Finance Management refers to the financial decisions municipalities make to fulfill their mandate and meet community needs. It involves long-term and short-term decisions that promotes development and maximize the use of monies available for service delivery and to promote development. Municipalities have pre-determined financial goals and objectives to achieve. Municipal Finance Management deals with the flow of cash and the investment of surplus funds. It encompasses the collection and disbursement of public money and the use of these funds between the time of receipt and disbursement in a manner consistent with public interests. The objectives for this are to:

- > Ensure safety of public resources;
- > Maintain liquidity when needed;
- > Increase availability for investments; and
- > Obtain the highest feasible yield.

These funds are valuable public resources, which should work for the community. Leaving them idle in a current bank account, for instance, provides safety and liquidity but not the maximum possible yield. In broad terms municipal finance management has four basic purposes:

- > **Safeguarding** - municipalities need to ensure that there are proper control to protect the revenue, assets and capital against improper use, loss or left;
- > **Monitoring municipality** - local government needs to monitor that the actual performance and results are in line with those budgetedfor;
- > **Accountability** - municipalities should report to the public on how the money they have is used. They do this by making the audited financial statements available; and
- > **Budgeting** - municipalities must develop financial plans that will enable them to pay for all the services and capital projects they need to deliver and to raise the income required.

The launch of the MFMA was part of the initiative to introduce best practices into the municipal finance management. It also takes cognizance of the challenges that are faced by local government. Given the comprehensive nature of the act and the lack of financial management capacity at local government level, the MFMA is being implemented in phases. This implementation seeks to modernize municipal financial management by focusing on areas such as improved accountability, transparency and oversight over important financial management functions.



So far we pride ourselves to have implemented the Municipal Finance Management Act, No 56 of 2003, 95% and hope that this will yield better results which will manifest itself in various forms including but not limited to the following:

- > Good audit report;
- > Satisfied customers;
- > Good corporate governance, etc

I wish to express my gratitude to the Municipal Manager, the Chief Financial Officer and the Budget and Treasury for the sterling work done with the support from their management team.

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Z I Dumzela  
Mayor

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Date

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**TREASURER'S REPORT**


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**1. OPERATING RESULTS**

Details of the operating results per department, classification and object of expenditure are included in appendix D and E. The overall operating results for the period ended 30 June 2007 are as follows:

	2007	2006	Variance	Budget 2007	Variance Act / Budg
<b>INCOME</b>					
Opening Surplus	33 940 225	27 457 950			
Operating Income for the Year	62 401 593	56 600 900	10.25%	65 425 104	4.62%
Sundry Transfers	(5 794 969)	335 694			
Closing Deficit	-	-			
	<b>90 546 849</b>	<b>84 394 544</b>			
<b>EXPENDITURE</b>					
Opening Deficit	-	-			
Operating Expenditure for the Year	54 487 635	50 454 319	7.99%	65 425 104	( 16.72%)
Sundry Transfers	-	-			
Closing Surplus	36 059 214	33 940 225			
	<b>90 546 849</b>	<b>84 394 544</b>			

**1.1 COUNCIL AND EXECUTIVE**

Income	10 743 869	7 509 937	43.06%	10 860 610	(1.07%)
Expenditure	11 126 855	7 409 603	50.17%	11 422 163	(2.59%)
Surplus / (Deficit)	(382 986)	100 334		(561 553)	
Surplus / (Deficit) as % of Total Income	(3.56%)	1.34%			

**1.2 CORPORATE & SUPPORT SERVICES**

Income	3 258 555	3 367 588	(3.24%)	3 843 230	(15.21%)
Expenditure	2 473 651	3 389 608	(27.02%)	3 843 230	(35.64%)
Surplus / (Deficit)	784 904	(22 020)		-	
Surplus / (Deficit) as % of Total Income	24.09%	(0.65%)			

**1.3 BUDGET & TREASURY SERVICES**

Income	7 426 900	6 383 250	16.35%	6 143 646	20.89%
Expenditure	3 226 509	2 824 484	14.23%	5 471 233	(41.03%)
Surplus / (Deficit)	4 200 391	3 558 766		672 413	
Surplus / (Deficit) as % of Total Income	56.56%	55.75%			

**1.4 TECHNICAL & ENGINEERING SERVICES**

Income	27 830 128	28 674 683	(2.95%)	29 726 915	(6.38%)
Expenditure	26 282 059	27 371 664	(3.98%)	29 837 775	(11.92%)
Surplus / (Deficit)	1 548 069	1 303 019		(110 860)	
Surplus / (Deficit) as % of Total Income	5.56%	4.54%			

**1.5 COMMUNITY & SOCIAL SERVICES**

Income	13 142 141	10 665 442	23.22%	14 850 703	(11.50%)
Expenditure	11 378 561	9 458 960	20.29%	14 850 703	(23.38%)
Surplus / (Deficit)	1 763 580	1 206 482		-	
Surplus / (Deficit) as % of Total Income	13.42%	11.31%			

## 2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on assets incurred during the year amounted to **R 12 287 018**; **10.61%** less than the previous year's expenditure of **R 13 745 773**. The actual expenditure is 74.12% of that was budgeted for (**R 16 578 219**) and consists of the following:

Land & Buildings	Land	24 334
	Buildings	2 469 254
Infrastructure	Electricity	-
	Roads	3 812 629
	Buildings	3 583 808
Community	Recreational Facilities	-
	Security Measures	-
Other Assets	Buildings	-
	Office Equipment	261 470
	Furniture & Fittings	80 569
	Bins & Containers	-
	Motor Vehicles	1 051 525
	Plant & Equipment	1 003 429
		<u>12 287 018</u>

Detail of these assets are reflected in council's assets register.

A complete analysis of capital expenditure (actual) per department, classification or service is included in appendix C.

Resources used to finance the fixed assets were as follows:

Contribution Ex Revenue	6 185 732
Grants & Subsidies	6 101 286
	<u>12 287 018</u>

More details regarding external loans and internal advances used to finance fixed assets are shown in appendix B.

**R 7 615 949** of the budgeted **R 20 381 437** (37.37%) was spent on housing projects.

## 3. EXTERNAL LOANS, INVESTMENTS AND CASH

An outstanding external loan amounting to **R 465 156** taken up to finance the sewerage reticulation was duly transferred to the Water Service Authority (Ukhahlamba District Municipality).

Investments and cash on 30 June 2007 amounts to **R 54 169 586** (R 55 325 950 in 2006).

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

## 4. FUNDS AND RESERVES

The movement regarding statutory funds, reserves and trust funds is given in Appendix A.

The following contributions were made:

Reserves	Leave Gratuity	1 015 998
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The following Trust Funds were received:	Ward Committee Establishment	50 000
	Performance Agreements	110 000
	Performance Management Sys	70 000
	Holo Hlahatsi Agricultural Proj	400 000
	Commonage Management	112 500
	Libraries	132 500
	People's Housing	2 713 848



Hillside Housing	2 065 773
Municipal Infrastructure Grant	8 084 739
Herschel People's Housing	2 461 783

## 5 POST BALANCE SHEET EVENTS

As from the 1 July 2003 Senqu municipality has acted as Interim Water Service Provider for Ukhahlamba district municipality - the Water Service Authority. An agreement as to the transfer of Assets and Liabilities have not yet been reached which would also influence the Assets and Liabilities of Senqu municipality.

## 6 APPRECIATION

I would like to thank the Mayor, Speaker, the Chairperson of the Finance Standing Committee, the members of the Executive Committee, other Councillors, the Municipal Manager and Departmental Heads for the support they have given me and my personnel during the year. A special word of thanks to the personnel of the Budget and Treasury Department for their loyalty and commitment in preparing the financial accounts of our municipality.

C R Venter  
Chief Financial Officer  
23 August 2007





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## ACCOUNTING POLICIES

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### 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 *Published Annual Financial Statements for Local Authorities (2nd edition 1996, as amended)*.
- 1.2. The financial statements are prepared on 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 if otherwise indicated.
- 1.3. The financial statements are prepared on the accrual basis as stated:
  - > Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licences.
  - > Expenditure is accrued in the year it is incurred.

### 2 CONSOLIDATION

The balance sheet includes the Rates and General Services, Housing Services, Trading Services and different funds and reserves. 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, or
  - > at valuation, where assets have been acquired by grant or donation.

while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Treasurer.

- 3.2. Depreciation.

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the financial statements is the amount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:

  - > Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
  - > Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.
- 3.3. All net proceeds from the sale of fixed property are credited to the Revolving Fund.
- 3.4. Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

### 4 INVENTORY

No stock is kept, but purchases are debited directly to the applicable expense account.

### 5 FUNDS AND RESERVES

- 5.1. Statutory Funds
  - > The prescribed 7.5% was contributed to the Revolving Fund.
  - > A Housing Development Fund was established and is maintained in terms of the Housing Act 107 of 1997.



5.2. Trust Funds  
> All Trust Funds were received from either the National, Provincial Government and District Municipality and will only be utilized for the purpose it was received for.

5.3. Reserves  
> Council has not yet compiled an accounting policy on reserves transferred from the previous Transitional Councils.

## **6 PROVISIONS**

Provisions are created for liabilities or contingencies which are known at the date of the balance sheet but for which the amounts involved cannot be determined with substantial accuracy.

## **7 SURPLUSES AND DEFICITS**

Any surpluses or deficits arising from the operation of Trading Services - Water and Electricity - are transferred to Rates and General Services to alleviate the tax burden of rate payers.

## **8 TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES**

The cost of internal support services are transferred to the different services in accordance with the Institute Report on Accounting for Support Services (June 1997).

## **9 LEASED ASSETS**

Fixed assets held under finance leases are capitalized. Such assets are effectively amortised over the term of the lease agreement.

Lease finance charges are allocated to accounting periods over the duration of the leases, by effective interest rate method, which reflects the extent and cost of lease finance utilized in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

## **10 INVESTMENTS**

Investments are shown at the lower cost or market value if a permanent decline in the value occurred.

## **11 DEFERRED CHARGES REPRESENTS**

10.1. The balance outstanding on the costs incurred in raising loans on the capital market which is recovered from operating income over periods of the various loans involved.

10.2. Assets written off before the loans financing them are fully repaid.

## **12 INCOME RECOGNITION**

11.1. Electricity and Water Billings.  
Meters are read and billed monthly.

11.2. Assessment Rates.  
Senqu Municipality applies a differential site rating system. In terms of this system the assessment rates are levied on the land value of property, and rebates are granted according to use which a particular property is put.

## BALANCE SHEET AT 30 JUNE 2007

	Note	2007	2006
<b>CAPITAL EMPLOYED</b>			
FUNDS AND RESERVES		8 732 947	7 785 625
Statutory Funds	1	6 316 736	5 841 168
Reserves	2	2 416 211	1 944 457
RETAINED SURPLUS / (ACCUMULATED DEFICIT)	23	36 059 214	33 940 225
		44 792 161	41 725 850
TRUST FUNDS	3	15 401 683	15 784 796
LONG-TERM LIABILITIES	4	-	387 417
CONSUMER DEPOSITS	5	314 728	290 372
		<b>60 508 572</b>	<b>58 188 435</b>
<b>EMPLOYMENT OF CAPITAL</b>			
FIXED ASSETS	6	-	465 156
LONG-TERM INVESTMENTS	7	11 439 397	10 643 785
LONG-TERM DEBTORS	8	59 304	105 292
DEFERRED CHARGES	11	-	-
<b>Net Current Assets / (Liabilities)</b>		<b>49 009 871</b>	<b>46 974 202</b>
CURRENT ASSETS		51 248 266	49 960 211
Accounts Receivable / Debtors	10	8 487 634	5 075 113
Cash and Bank	14	1 367 600	3 463 013
Short-term Investments	7	41 362 589	41 219 152
Short-term Portion of Long-term Debtors	8	30 443	202 933
CURRENT LIABILITIES		2 238 395	2 986 009
Provisions	12	482 690	477 625
Accounts Payable / Creditors	13	1 755 705	2 430 645
Loans: Short-term Portion	4	-	77 739
Bank Overdraft	14	-	-
		<b>60 508 572</b>	<b>58 188 435</b>

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

30/06/2006 Actual Income R	30/06/2006 Actual Expenditure R	30/06/2006 Surplus / (Deficit) R		30/06/2007 Actual Income R	30/06/2007 Actual Expenditure R	30/06/2007 Surplus / (Deficit) R	30/06/2007 Budgeted Surplus/(Deficit) R
7 509 937	7 409 603	100 334	Council & Executive	10 743 869	11 126 855	(382 986)	(561 553)
3 367 588	3 389 608	(22 020)	Corporate & Support Services	3 258 555	2 473 651	784 904	-
6 383 250	2 824 484	3 558 766	Budget & Treasury Services	7 426 900	3 226 509	4 200 391	672 413
28 674 683	27 371 664	1 303 019	Technical & Engineering Services	27 830 128	26 282 059	1 548 069	(110 860)
10 665 442	9 458 960	1 206 482	Community & Social Services	13 142 141	11 378 561	1 763 580	-
<u>56 600 900</u>	<u>50 454 319</u>	6 146 581	TOTAL	<u>62 401 593</u>	<u>54 487 635</u>	7 913 958	-
		335 694	Appropriations for this year - refer to Note 23			(5 794 969)	
		6 482 275	Net Surplus / (Deficit) for the year.			2 118 989	
		27 457 950	Accumulated Surplus / (Deficit) at beginning of the year.			33 940 225	
		<u>33 940 225</u>	ACCUMULATED SURPLUS / (DEFICIT) AT END OF THE YEAR			<u>36 059 214</u>	

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**CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2007**


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	Note	2007	2006
		R	R
<b>CASH RETAINED FROM OPERATING ACTIVITIES:</b>			
Cash Generated by Operations	24	(5 366 804)	(18 381 124)
Investment Income		4 172 036	3 976 807
(Increase) / Decrease in Working Capital	25	(3 844 627)	(6 700 375)
Less: External interest paid		(65 938)	(73 619)
Cash Contributions from the Public and State		16 701 143	19 284 856
Net Proceeds on Disposal of Fixed Assets		-	137 003
Investment in Fixed Assets		(12 287 018)	(13 745 773)
		<u>(691 208)</u>	<u>(15 502 225)</u>
<b>CASH EFFECTS OF FINANCING ACTIVITIES:</b>			
Increase / (Decrease) in Long-term Loans	26	(465 156)	(84 747)
Increase / (Decrease) in Short-term Loans	27	-	-
(Increase) / Decrease in Cash Investments	28	(939 049)	16 611 590
(Increase) / Decrease in Cash	29	2 095 413	(1 024 618)
Net cash (generated) / utilized		<u>691 208</u>	<u>15 502 225</u>

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2007	2006
<b>1 STATUTORY FUNDS</b>		
Revolving Fund	6 316 736	5 841 168
<b>Total Statutory Funds</b>	<b>6 316 736</b>	<b>5 841 168</b>
(Refer to Appendix A for more detail)		
<b>2 RESERVES</b>		
Working Capital Reserve	1 232 139	1 141 398
Leave Reserve	1 039 566	669 195
Disaster	144 506	133 864
<b>Total Reserves</b>	<b>2 416 211</b>	<b>1 944 457</b>
(Refer to Appendix A for more detail)		
<b>3 TRUST FUNDS</b>		
Performance Agreements	92 831	-
Holo Hlahatsi Agricultural Project	400 000	-
Commonage Management Plan	99 457	-
Libraries	52 751	-
Surveying / Land Audit	516 022	478 020
DEAT Brickmaking	323 850	300 000
LED (Lady Grey)	264 206	443 058
People's Housing (Lady Grey)	1 509 238	2 739 467
Municipal Finance Management	569 987	258 119
Municipal Support Programme	321 734	536 309
Disabled Project BE	131 574	127 783
Hillside Housing	2 237 602	3 262 488
Drought Relief Water	821 888	2 406 926
Pilot Housing	-	143 518
Municipal Infrastructure Grant	319 882	(443 057)
Implementation Ownership	470 935	492 249
Traffic Test Station (Sterkspruit)	128 998	127 392
Rossouw Agricultural Project	442 571	469 163
Municipal Systems Improvement	155 218	143 787
Herschel People's Housing	5 986 491	3 784 106
Internet/Communication Systems	556 448	515 468
<b>Total Trust Funds</b>	<b>15 401 683</b>	<b>15 784 796</b>
(Refer to Appendix A for more detail)		
<b>4 LONG TERM LIABILITIES</b>		
Development Bank of South Africa	-	465 156
<b>Sub-total</b>	<b>-</b>	<b>465 156</b>
<b>Less: Current portion transferred to current liabilities</b>	<b>-</b>	<b>77 739</b>
Development Bank of South Africa	-	77 739
<b>Total External Loans</b>	<b>-</b>	<b>387 417</b>
(Refer to Appendix B for more detail on long-term liabilities)		





## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2007	2006
<b>5 CONSUMER DEPOSITS - SERVICES</b>		
Electricity and Water	314 728	290 372
Interest paid	-	-
<b>Total Consumer Deposits</b>	<b>314 728</b>	<b>290 372</b>
No interest on Consumer Deposits is paid on refund.		
<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<b>-</b>	<b>-</b>
<b>6 FIXED ASSETS</b>		
Fixed assets at the beginning of the year.	108 853 632	95 290 006
Capital expenditure during the year.	12 287 018	13 745 773
Less: Assets written off, transferred or disposed of during the year.	25 848 301	182 147
<b>Total fixed assets</b>	<b>95 292 349</b>	<b>108 853 632</b>
Less: Loans redeemed and other capital receipts	95 292 349	108 388 476
<b>Net fixed assets</b>	<b>-</b>	<b>465 156</b>
(Refer to Appendix C and section 2 of the Treasurer's Report for more details on fixed assets)		
<b>7 INVESTMENTS</b>		
<b>Listed</b>	-	-
Stock	-	-
<b>Unlisted</b>	<b>52 801 986</b>	<b>51 862 937</b>
Call deposits	4 787 108	7 430 481
Short-term deposits	36 575 481	33 788 671
Long-term deposits	11 439 397	10 643 785
<b>Total Investments</b>	<b>52 801 986</b>	<b>51 862 937</b>
Market value of listed investments and managements valuation of unlisted investments.		
Listed investments	-	-
Unlisted investments	52 801 986	51 862 937
Profit / (Loss) on investment transactions.		
	-	-
Average rate of return on investments (Net)	7.95%	7.41%
No investments have been pledged as security for any funding facilities of the council.		
<b>8 LONG-TERM DEBTORS</b>		
Motor Vehicle and Housing loans	89 747	308 225
Less: Short-term portion of long-term debtors transferred to current assets.	30 443	202 933
<b>Total Long-term Debtors</b>	<b>59 304</b>	<b>105 292</b>

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

		2007	2006
<b>9 INVENTORY</b>			
Inventory represents consumable store, raw materials, work in progress and finished goods.		-	-
<b>Total Inventory</b>		<u>-</u>	<u>-</u>
<b>10 DEBTORS</b>			
Consumer debtors		4 643 735	3 642 569
Payments made in advance		-	144 064
Current debtors (other)		6 919 696	3 640 754
		<u>11 563 431</u>	<u>7 427 387</u>
Less: Provision for bad debts		3 075 797	2 352 274
<b>Total Debtors</b>		<u>8 487 634</u>	<u>5 075 113</u>
<b>CONSUMER DEBTORS</b>	<b>Gross Balance</b>	<b>Provision for Bad Debts</b>	<b>Net Balance</b>
<b>As at 30 June 2007</b>			
Service debtors	4 516 602	2 986 859	1 529 743
Rates	1 207 099	1 087 983	119 116
Electricity	943 860	80 249	863 611
Water	735 714	578 264	157 450
Sewerage / Sanitation	776 188	575 386	200 802
Refuse removal	853 741	664 977	188 764
Other	127 133	88 938	38 195
<b>Total</b>	<u>4 643 735</u>	<u>3 075 797</u>	<u>1 567 938</u>
<b>As at 30 June 2006</b>			
Service debtors	3 496 986.00	2 241 070	1 255 916
Rates	959 840	858 696	101 144
Electricity	736 984	104 835	632 149
Water	623 937	445 273	178 664
Sewerage / Sanitation	552 505	407 696	144 809
Refuse removal	623 720	424 570	199 150
Other	145 583	111 204	34 379
<b>Total</b>	<u>3 642 569</u>	<u>2 352 274</u>	<u>1 290 295</u>
<b><u>Rates: Ageing</u></b>			
Current (0 - 30 days)		27 941	24 632
31 - 60 days		47 166	40 139
61 - 90 days		44 009	36 373
91 - 120 days		84 191	39 420
120 + days		1 003 792	819 276
		<u>1 207 099</u>	<u>959 840</u>



## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2007	2006
<b><u>Electricity: Ageing</u></b>		
Current (0 - 30 days)	670 348	559 627
31 - 60 days	169 838	64 087
61 - 90 days	23 425	8 435
91 - 120 days	15 757	11 202
120 + days	64 492	93 633
	<b>943 860</b>	<b>736 984</b>
<b><u>Water: Ageing</u></b>		
Current (0 - 30 days)	90 386	97 273
31 - 60 days	43 801	67 112
61 - 90 days	23 262	14 279
91 - 120 days	48 945	18 692
120 + days	529 320	426 581
	<b>735 714</b>	<b>623 937</b>
<b><u>Sewerage / Sanitation: Ageing</u></b>		
Current (0 - 30 days)	117 051	100 993
31 - 60 days	55 460	31 595
61 - 90 days	28 291	12 221
91 - 120 days	44 305	16 999
120 + days	531 081	390 697
	<b>776 188</b>	<b>552 505</b>
<b><u>Refuse removal: Ageing</u></b>		
Current (0 - 30 days)	105 636	99 165
31 - 60 days	53 341	89 438
61 - 90 days	29 788	10 548
91 - 120 days	52 244	23 117
120 + days	612 732	401 452
	<b>853 741</b>	<b>623 720</b>
<b><u>Other: Ageing</u></b>		
Current (0 - 30 days)	13 162	14 372
31 - 60 days	13 773	10 797
61 - 90 days	11 260	8 754
91 - 120 days	14 746	9 153
120 + days	74 192	102 507
	<b>127 133</b>	<b>145 583</b>
<b>11 DEFERRED CHARGES</b>		
Preliminary Expenses	-	-
	-	-
<b>12 PROVISIONS</b>		
Audit Fees	482 690	477 625
Performance bonus	-	-
<b>Total Provisions</b>	<b>482 690</b>	<b>477 625</b>

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2007	2006
<b>13 CREDITORS</b>		
Trade creditors	990 737	1 998 498
Creditors (consumers)	-	455
Staff Leave	-	-
Payments received in advance	-	66
Other creditors	764 968	431 626
<b>Total Creditors</b>	<b>1 755 705</b>	<b>2 430 645</b>

**14 BANK, CASH AND OVERDRAFT BALANCES**

The Municipality has the following bank accounts: -

**Current Account (Primary Bank Account)**

Standard Bank - Lady Grey Branch - Account Number 28 063 130 8

Cash book balance at beginning of year -	3 411 566	2 072 237
Cash book balance at end of year -	<b>1 366 700</b>	<b>3 411 566</b>
Bank Statement balance at beginning of year -	3 355 451	2 263 378
Bank Statement balance at end of year -	<b>1 302 209</b>	<b>3 355 451</b>

**Current Account**

Standard Bank - Lady Grey Branch - Account Number 28 063 500 1

Cash book balance at beginning of year -	50 247	364 958
Cash book balance at end of year -	-	<b>50 247</b>
Bank Statement balance at beginning of year -	364 958	3 489 389
Bank Statement balance at end of year -	-	<b>364 958</b>

**Cashier's Float**

Balance at beginning of year -	1 200	1 200
Balance at end of year -	<b>900</b>	<b>1 200</b>

**TOTAL BANK AND CASH**

<b>1 367 600</b>	<b>3 463 013</b>
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**15 PROPERTY RATES**

	Valuation	Actual	
Residential Property	86 536 060	1 246 641	1 298 041
Commercial Property	21 637 500	344 036	324 562
Industrial Property	-	-	-
Public Benefits Organisations	5 494 000	-	-
Agricultural Purposes	291 176 650	289 357	-
State - National / Provincial Services	29 424 500	374 280	353 094
Municipal Property	25 597 520	-	-
Vacant Property	7 579 650	120 516	113 695
	<b>467 445 880</b>	<b>2 374 830</b>	<b>2 089 392</b>

Valuations on land and improvements are performed every four years. The last General Valuation was performed during 2004, approved on 27 January 2005 and implemented on 1 July 2005. The current assessment rate tariff is R 0.0159 or 1.59%.



## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2007	2006
<b>16 SERVICE CHARGES</b>		
Sale of electricity	6 594 216	5 377 625
Sale of water	1 700 710	1 438 227
Refuse removal	2 544 185	2 245 842
Sewerage and sanitation charges	2 328 759	1 814 116
<b>Total Service Charges</b>	<b>13 167 870</b>	<b>10 875 810</b>
<b>17 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Equitable share	27 649 635	23 692 758
Provincial Local Economic Development projects	-	300 000
National Local Economic Development projects	-	-
Municipal Infrastructure Grant	8 084 739	4 723 202
<b>Total Government Grants and Subsidies</b>	<b>35 734 374</b>	<b>28 715 960</b>
<i>17.1. Equitable Share.</i>		
In terms of the Constitution this grant is mainly used to subsidise the provision of basic services to indigent community members.		
<i>17.2. Provincial Local Economic Development projects.</i>		
Balance unspent at beginning of year	896 945	770 822
Current year receipts	66 132	341 182
Conditions met - transferred to revenue	(65 083)	(215 059)
Conditions still to be met	<b>897 994</b>	<b>896 945</b>
<i>17.3. National Local Economic Development projects.</i>		
Balance unspent at beginning of year	443 058	570 147
Current year receipts	19 457	30 566
Conditions met - transferred to revenue	(198 309)	(157 655)
Conditions still to be met	<b>264 206</b>	<b>443 058</b>
<i>17.4. Municipal Infrastructure Grant.</i>		
Balance unspent at beginning of year	(443 057)	2 990 424
Current year receipts -	8 084 739	4 723 202
Conditions met - transferred to revenue	(7 321 800)	(8 156 683)
Conditions still to be met	<b>319 882</b>	<b>(443 057)</b>
<b>18 OTHER INCOME</b>		
Rentals	1 384 330	3 234 906
Traffic	1 478 181	899 342
Other	4 462 646	3 751 715
<b>Total Other Income</b>	<b>7 325 157</b>	<b>7 885 963</b>

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2007	2006
<b>19 EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and Wages	13 045 692	12 079 069
Employee related costs - Contributions for UIF, pensions and medical aids	3 428 304	1 906 195
Travel, motor car, accomodation, subsistence and other allowances	-	710 393
Housing benefits and allowances	20 342	78 489
Overtime and Standby payments	268 934	250 989
Performance bonus	480 662	453 211
Annual bonus	764 375	770 600
<b>Total Employee Related Costs</b>	<b>18 008 309</b>	<b>16 248 946</b>

There were no advances to employees. Loans to employees are set out in note 8.

*Remuneration of the Municipal Manager*

Annual Remuneration	454 674	400 553
Performance Bonuses	117 812	111 143
Travelling Allowance	92 248	111 144
Contributions to UIF, Medical and Pension Funds	172 982	74 583
<b>Total</b>	<b>837 716</b>	<b>697 423</b>

*Remuneration of the Chief Finance Officer*

Annual Remuneration	431 927	295 281
Performance Bonuses	94 212	88 758
Travelling Allowance	92 207	159 679
Contributions to UIF, Medical and Pension Funds	5 036	-
<b>Total</b>	<b>623 382</b>	<b>543 718</b>

*Remuneration of other Individual Managers*30 June 2007

	<u>Technical Services</u>	<u>Corporate &amp; Support Services</u>	<u>Community &amp; Social Services</u>
Annual Remuneration	374 818	294 129	355 417
Performance Bonuses	87 213	94 212	87 213
Travelling Allowance	93 705	98 414	32 000
Contributions to UIF, Medical and Pension Funds	36	3 030	8 030
<b>Total</b>	<b>555 772</b>	<b>489 785</b>	<b>482 660</b>

30 June 2006

	<u>Technical Services</u>	<u>Corporate &amp; Support Services</u>	<u>Community &amp; Social Services</u>
Annual Remuneration	351 732	296 890	351 732
Performance Bonuses	82 276	88 758	82 276
Travelling Allowance	82 276	160 829	82 276
Contributions to UIF, Medical and Pension Funds	-	-	-
<b>Total</b>	<b>516 284</b>	<b>546 477</b>	<b>516 284</b>

**20 REMUNERATION OF COUNCILLORS**

Mayor	430 070	258 190
Speaker	333 274	197 591
Executive Committee Members	932 748	441 285
Councillors	3 787 836	1 278 789
Councillors' pension and medical aid contributions	642 188	106 120
<b>Total Councillors' Remuneration</b>	<b>6 126 116</b>	<b>2 281 975</b>



## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2007	2006
<b><i>In-kind Benefits</i></b>		
The Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council		
The Mayor's private residence is rented by the Council to serve as a Mayoral Residence.		
The Mayor has use of a Council owned vehicle for official duties.		
<b>21 AUDIT FEES</b>		
Opening balance	477 625	722 130
Current year audit fee	482 690	477 625
Amount paid in respect of current year	-	-
Amount paid in respect of previous years	(381 313)	(350 466)
Provision provided not utilized	(96 312)	(371 664)
<b>Balance unpaid (included in provisions)</b>	<b>482 690</b>	<b>477 625</b>
<b>22 FINANCE TRANSACTIONS</b>		
<b>Total external interest earned or paid:</b>		
Interest earned	4 172 036	3 976 807
Interest paid	(65 938)	(73 619)
	<b>4 106 098</b>	<b>3 903 188</b>
<b>Capital charges debited to operating:</b>		
Interest: Internal	-	21 302
External	65 938	73 619
Redemption: Internal	-	1 058 908
External	465 156	84 747
	<b>531 094</b>	<b>1 238 576</b>
<b>23 APPROPRIATIONS</b>		
<b>Appropriation Account</b>		
Accumulated Surplus / (Deficit) at beginning of the year	33 940 225	27 457 950
Operating Surplus / (Deficit) for the year	7 913 958	6 146 581
Appropriations for the year	(5 794 969)	335 694
Prior Year Adjustments	(5 794 969)	335 694
<b>Accumulated Surplus / (Deficit) at the end of the year</b>	<b>36 059 214</b>	<b>33 940 225</b>
<b>Operating Account</b>		
Capital Expenditure	6 185 732	6 139 115
Contributions to:	1 015 998	184 398
Provisions & Reserves	1 015 998	117 763
Revolving Fund	-	66 635
	<b>7 201 730</b>	<b>6 323 513</b>