

***NGAKA MODIRI MOLEMA DISTRICT
DISTRICT MUNICIPALITY***

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2007

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

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NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

GENERAL INFORMATION

MEMBERS OF THE MAYORAL COMMITTEE

Clr T. B. Gwabeni (Executive Mayor)
Clr N. Mokoto
Clr L. B. Kotze
Clr P. Mopalami
Clr B. Tshenepe
Clr L. A. Magagane
Clr K. S. Saane-Bertrand
Clr P. J. Seabelo

MEMBERS OF THE AUDIT COMMITTEE

Prof A. A. I. Bootha Chairperson (External member)
Adv. O. K. Chwaro (External member)
Mr. A. Kyeren (External member)
Mr. P. Muthupi (External member)
Mr. F. Thupaemang (External member)

GRADING OF THE DISTRICT MUNICIPALITY

Grade 10

AUDITORS

Auditor-General

BANKERS

First National Bank

REGISTERED OFFICE

Corner Carrington & Firs Ave
Industrial site
Mafikeng, 2745

Private Bag X 2167
MAFIKENG
2745

Tel: 018 381 9400
Fax No: 018 381 0561
E-mail cdm@za.org

EXECUTIVE MAYOR

Councillor T. B. Gwabeni

MUNICIPAL MANAGER

Adv. T. Ramphele

CHIEF FINANCIAL OFFICER

P. A. Semenya

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

COUNCIL MEMBERS

COUNCILLOR

PROPORTIONAL - COUNCILLOR

- 1 T. B. Gwabeni (ANC)
- 2 T. A. Mogatusi (ANC)
- 3 T. R. Moiloa (ANC)
- 4 N. Mokoto (ANC)
- 5 L. B. Kotze (ANC)
- 6 P. Mopalami (ANC)
- 7 B. Tshenepe (ANC)
- 8 P. J. Seabelo (ANC)
- 9 L. A. Magagane (ANC)
- 10 K. S. Saane-Bertrand (ANC)
- 11 A. Mohoera (ANC)
- 12 T. J. Makolomakwa (ANC)
- 13 K. K. M. Mokgoetsi (ANC)
- 14 M. H. Moxabase (ANC)
- 15 T. V. Tambam (ANC)
- 16 M. D. Mosikare (ANC)
- 17 L. J. Bogatsu (ANC)
- 18 T. Mvundisi (ANC)
- 19 F. Dilapiso (ANC)
- 20 M. G. Rakgoale (ANC)
- 21 M. P. Pilane (ANC)
- 22 M. P. Mokotong (ANC)
- 23 B. E. Plaatjie (ANC)
- 24 I. O. Magagane (ANC)
- 25 M. Koikoi (ANC)
- 26 J. K. Gaobotse (ANC)
- 27 M. E. Makhongoana (ANC)
- 28 M. S. Mosimane (ANC)
- 29 M. Tlhape (ANC)
- 30 K. B. Senna (UCDP)
- 31 E.T. Seatlholo (UCDP)
- 32 D. T. Mothibi (UCDP)
- 33 P. M. Tabane (UCDP)
- 34 M. P. Modisenyane (UCDP)
- 35 M. M. Mabote (UCDP)
- 36 C. S. Tsile (UCDP)
- 37 L. D. Muller (DA)
- 38 M. J. Van Rensburg (DA)
- 39 B. C. Jabana (INDEPENDENT)

- ANC**
- T. B. Gwabeni
M. D. Mosikare
T. A. Mogatusi
L. J. Bogatsu
T. R. Moiloa
T. Mvundisi
N. Mokoto
F. Dilapiso
L. B. Kotze
M. G. Rakgoale
P. Mopalami
M. P. Pilane
B. Tshenepe
M. P. Mokotong
P. J. Seabelo
B. E. Plaatjie
L. A. Magagane
I. O. Magagane
K. S. Saane-Bertrand
M. Koikoi
A. Mohoera
J. K. Gaobotse
T. J. Makolomakwa
M. E. Makhongoana
K. K. M. Mokgoetsi
M. S. Mosimane
M. H. Moxabase
M. Tlhape
T. V. Tambam

UCDP

- K. B. Senna
K. M. Tootla
D. T. Mothibi
P. M. Tabane
M. P. Modisenyane
M. M. Mabote
C. S. Tsile

DA

- L. D. Muller
M. J. Van Rensburg

INDEPENDENT

- B. C. Jabana

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 10 to 27 were approved by the Municipal Manager on 31 August 2007

Adv. T. RAMPHELE
MUNICIPAL MANAGER
(ACCOUNTING OFFICER)

31 AUGUST 2007

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

FOREWORD

The submission of the financial statements for the fiscal year 2006/7 by municipalities marks an important step in our democracy. This piece of legislation was promulgated in July 2004 and the implementation was staggered according to capacities of municipalities because the intent remains that as municipalities we understand the benefit of accountability and its relation to financial sustainability. Our interpretation of the MFMA must ensure that, it is a tool that enhances service delivery and does not become an impediment to our macro direction as government. I present the financial statements to the Auditor-General with full confidence that we have grown in our grasp of the 'spirit' of this Constitutional mandate.

We thank the Minister for his announcement on the MFMA and understand that he deferred strict compliance not out of permissiveness or lowering of standards, but understanding our objective realities as municipalities. This however gives us more courage to strive for compliance and I believe that with challenges that we may have had, our record is and will be better than last financial year.

The financial statements will reflect our attempts to ensure proper risk management, strengthening of our internal audit, especially the efforts to support our local municipalities to create coherent programs, planning and execution in order to achieve MFMA cooperative government objectives. We also have taken strides to make municipalities accessible to communities and have improved on consultative processes. We are certain that this shall ensure that our people govern. This objective we shall improve until the budget and accountability is a norm in our communities.

The financial statement for the 2006/2007 financial year is a product of the collective effort of councilors and officials who showed dedication and were willing to lead the purpose of our government. With specific regard to the officials I believe that top management and the Accounting Officer showed a clear direction and leadership in this regard. Some of the efforts taken expeditiously included critical appointment like the appointment of the CFO, and important other positions in the finance department. The challenge is far from over and we hope to accelerate this improvement.

I would like to extend a word of gratitude to the officials in budget and treasury office under the leadership of the Chief Financial Officer for the long hours they have put in preparing the financial statements for the year 2006/2007 financial year. The CFO determinedly carried this task in the manner that enabled us to deliver the statements on time. This effort is appreciated. I wish that in years to come all senior managers will continue to play a significant role in this effort as required by the MFMA.

Good financial management does not lie in numbers only, but also good cost-benefit analysis and understanding of the broad mission of government. MFMA is not an impediment but a tool which enhances our goal of a developmental local government. Developmental means each individual becomes part, each section of our community matters, the systems are generated to be user-friendly, that the communities understand how government works and can relate to timelines in their expectations of our intervention, the principles of *ubuntu* guides and we obviate sterile financial interpretation.

T. GWABENI
EXECUTIVE MAYOR

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

During the 2006/2007 the municipality was able to approve the budget and the Integrated Development Plan (IDP) which were used to implement projects and programs to provide basic services and promote Local Economic Development in a quest to improve the lives of the citizens within the district. Implementation of the financial reforms also continued and the Municipal Finance Management Act being implemented to effect day-to-day operations.

2. BUDGET

Council approved an operating budget of R167,2 million and capital budget of R99,4 million for the 2006/2007 financial year. The council incurred actual expenditure of R124,5 million in terms of operating requirements and R96,3 million on capital expenditure.

3. OPERATING RESULTS

The total operating expenditure represents 74% of total operating budgeted expenditure. This represent an increase from previous year which was 54%. Total amount spent amounts to R124 564 303 and R4 539 421 represent a provision on Regional servives debtors.

Operating income for the current year has increased from R122 092 838 in the previous year to R175 125 191 in the current year. This represents a 43% increase, 89% of this revenue represent grants received from National government.

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

REPORT OF THE CHIEF FINANCIAL OFFICER

4. CAPITAL EXPENDITURE

Capital expenditure in the current year amounted to R6 363 418, whilst it was R3 385 907 in the previous year. An amount of R2 840 775 was spent towards redemption of loans for assets finance with loans, these assets are capitalised in the books of the municipality.

5. EXTERNAL LOANS

External loans taken from Development Bank of South Africa are not fully redeemed. The balance at year-end amounts to R4 818 763 and an amount of R1 522 238 will be repaid in the next financial year. Some of these loans will be fully redeemed by 2015.

6. INVESTMENTS

On 30 June 2007 investments amounted to R42 798 990. No withdrawals were made from the investments account and no additional amounts were invested from prior year. Average rate of return for the year was 7.6%.

7. CASH

At 30 June 2007, cash at bank amounted to R20 811 768

8. FUNDS AND RESERVES

At 30 June 2007, the balance in the trust fund account was R9 253 877. An amount of R98 483 206 was received in the 2006/2007 financial year. An amount of R103 345 634 was utilised in capital projects. Closing balance represents retentions and other projects that are in progress

9. PROVISIONS

Provisions of R 2 005 925 were provided for in the R2006/2007 financial year.

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
REPORT OF THE CHIEF FINANCIAL OFFICER

10. TABLE OF OPERATING RESULTS

The overall operating results for Ngaka Modiri Molema District Municipality for the year ended 30 June 2007 are shown below:

Income	Actual 2005/2006	Actual 2006/2007	Variance 2006/7 %	Budget 2007	Variance Actual/ budget %
Opening Surplus	29 630 771	-		-	
Operating income	122 092 838	175 125 191	43	167 210 472	(5)
Closing deficit	-			-	
	151 723 609	175 125 191		167 210 472	
EXPENDITURE					
Opening Deficit				-	
Operating expenditure	118 540 346	124 564 304	5	167 210 472	26
Sundry transfers	29 630 771	-		-	
Closing surplus	3 552 492	50 560 887	1323	-	
	151 723 609	175 125 191		167 210 472	

11. APPRECIATION

My appreciation goes to the Executive Mayor, the Speaker Councillors, the Municipal Manager, Executive Managers, Managers and the staff for their support and cooperation received during the year.

I wish to convey a special word of appreciation to all the staff members who assisted me during the compilation of the financial statements for their dedication and hard work, as well as to all the staff in the Finance department for their full support and dedication in all the operations of the Municipality.

P. A. Semanya
Chief Financial Officer
31 AUGUST 2007

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

ACCOUNTING POLICIES

1. Basis of presentation

- 1.1 These financial statements have been prepared so as to conform to the standard laid down by the Institute of Municipal Treasurers and Accountants in its Code of Accounting Practice (1997) and the Report on Published Annual Financial Statements (Second edition - January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in note 2. The accounting policies are consistent with those applied in the previous year, except where 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. Fixed assets

2.1 Fixed assets are stated

- * at historical cost; or
- * at valuation (based on the market price at the date of acquisition), where assets have been acquired by a 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.

2.2 Depreciation

The balance shown against the heading "Loans Redeemed" in the notes to the balance sheet is tantamount 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:

- * Appropriation 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.

2.3 Sale of assets

All net proceeds from the sale of fixed property are credited to the Fixed Property Sales Fund. Net proceeds from sale of all assets are credited either to the Special Capital Fund or the Capital Development Fund

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

ACCOUNTING POLICIES

2.4 Financing

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 services concerned at the ruling interest rate applicable at the time that the advance is made.

3. Consolidation

The financial statements include the Levy and General services and the different funds and reserves. All inter departmental charges are set-off against each other.

4. Inventory

Inventory is valued at the lower of cost, determined on the latest cost basis, and net realisable value.

5. Funds and reserves

5.1. Capital development fund

In terms of the Financial Regulations applicable to the District Council per Act 109 of 1985, and detailed in paragraph 5, it was promulgated that Council will establish a Capital Development Fund. Paragraph 5 (2) sets out the methods to contribute towards the fund. The net operating surpluses after prior year adjustments are transferred to the Capital Development fund.

5.2. Trust funds

Trust funds represent earmarked funds and include income and expenditure per fund as and when they occur. Trust funds must at all times be backed up by cash on hand and investments. Interest is annually calculated on proportional basis.

5.3. Mmabatho Guest house

Transfers from the Department of Local Government, Housing, Planning and Development to maintain the Mmabatho Guest House.

5.4. Masakhane Trust Fund

A grant was received from the Department of Local Government, Housing, Planning and Development for nation building. The grant was meant for spending on the improvement of payment of levies and services.

5.5. Pachsdraai

These funds were received from the Provincial Government for capital projects on storm water, water networks and building of a hall in the Pachsdraai area.

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

ACCOUNTING POLICIES

6. Retirement Benefits

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. Provisions are made for leave payments and debtors.

7. Surpluses and deficits

The net operating surpluses after prior year adjustments are disclosed as retained income on the face of the balance sheet.

8. Income

Income comprises raised RSC levies from registered levy payers based on the returns submitted. A consumer debtor on outstanding returns is raised at year-end. Levy income does not include Value-added Tax. Grants and subsidies are recorded as and when it is received.

9. Investments

Investments comprise surplus funds that are invested at approved financial institutions at market related interest rates. These investments may include earmarked funds and operational surpluses.

10. Leased assets

Leased assets are recorded at cost and capitalised as a fixed assets. The leased assets are written-off over a period not exceeding its useful operational lifespan.

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

BALANCE SHEET AS AT 30 JUNE 2007

	NOTE	2007 R	2006 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		2 580 472	2 580 472
Statutory Funds	1	2 580 472	2 580 472
RETAINED INCOME	14	66 303 506	(5 973 483)
TRUST FUNDS	2	9 253 877	14 116 305
LONG-TERM LIABILITY	3	3 296 525	4 919 909
		81 434 380	15 643 201
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	4	4 818 762	7 659 536
INVESTMENTS	5	584 078	584 078
LONG-TERM DEBTORS	6	-	151 139
		5 402 840	8 394 753
NET CURRENT ASSETS		76 031 537	7 248 448
CURRENT ASSETS			
		91 245 713	20 537 053
Inventory	7	256 069	881 154
Cash and Bank	19	20 811 968	(41 908 771)
Debtors	8	27 808 453	21 929 527
Short-term portion of investments	5	42 214 912	39 277 401
Short-term portion of long term Debtors	6	154 312	357 742
CURRENT LIABILITIES		15 214 177	13 288 605
Provisions	9	2 005 925	2 571 376
Creditors	10	11 686 014	7 977 600
Short term portion of Long term liability	3	1 522 238	2 739 629
Bank overdraft		-	-
		81 434 380	15 643 201

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

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

2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus (Deficit) R		2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus (Deficit) R	2007 Budget Surplus (Deficit) R
122 092 838	118 540 346	3 552 492	LEVY AND GENERAL SER	175 125 191	124 564 304	50 560 887	-
122 092 838	118 540 346	3 552 492	Community services	175 125 191	124 564 304	50 560 887	-
			Subsidised services	-	-	-	-
			Economic services	-	-	-	-
-	-	-	HOUSING SERVICES	-	-	-	-
-	-	-	TRADING SERVICES	-	-	-	-
122 092 838	118 540 346	3 552 492	TOTAL	175 125 191	124 564 304	50 560 887	-
		(39 156 745)	Appropriation for the year			21 716 102	
		(35 604 253)	Net Surplus for the year			72 276 989	
		29 630 770	Beginning of the year			(5 973 483)	
		(5 973 483)	Accumulated Surplus : end of the year			66 303 506	

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED
30 JUNE 2007

	Notes	2007 R	2006 R
CASH RETAINED FROM OPERATING ACTIVITIES		74 862 446	(33 935 066)
Cash generated by operations	15	71 260 443	(39 438 398)
Investment Income	13	6 350 294	4 136 379
(Increase)/decrease in working capital	16	(1 756 308)	20 677
		75 854 429	(35 281 342)
Less: External interest paid	13	(991 983)	(1 346 276)
Cash available from operations		74 862 446	(33 935 066)
Cash contributions from public and the state		-	-
Net proceeds on disposal of fixed assets		-	-
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed assets	4	(6 363 418)	(3 385 907)
NET CASH FLOW		<u>68 499 027</u>	<u>(37 320 973)</u>
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase/(decrease) in long-term loans	17	(2 840 775)	(2 858 191)
Increase in cash investments	18	(2 937 511)	(20 231 630)
(Increase)/decrease in cash	19	(62 720 739)	60 410 794
		<u>(68 499 027)</u>	<u>37 320 973</u>

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

	2007 R	2006 R
1. STATUTORY FUNDS		
- Capital Development Fund (Refer to appendix A for more detail)	2 580 472	2 580 472
	<u>2 580 472</u>	<u>2 580 472</u>
2. TRUST FUNDS		
- Seta	209 372	30 529
- Rural development Fund	4 114 224	4 114 224
- Masakhane	153 782	153 782
- Pachdraai Projects	47 938	47 938
- CMIP	2 061 004	(84 046)
- DWAF	6 964 621	6 964 621
- DPLG	253 402	253 402
- Provincial Local Government and Housing	1 253 244	728 244
- IDP	(50 950)	(50 950)
- LEG	(358 673)	(358 673)
- Popo Molefe Hall	2 254 897	2 254 897
- IMMIS Trust Fund	252 439	252 439
- DBSA Capacity Building	(475 744)	(430 582)
- Health Posts	(328 263)	(328 263)
- Public Works Internal Roads	(3 000 000)	(3 000 000)
- Welbedacht Bulk Water Supply	(0)	568 296
- DBSA Bucket Eradication Programme	4 576 277	(974 502)
- Drought Relief	(7 682 517)	4 954 201
- Paypoints	(991 177)	(979 252)
	<u>9 253 877</u>	<u>14 116 305</u>

(Refer to appendix A for more detail)

3. LONG TERM LIABILITY

- Government loan - Lichtenburg Bulk Services	2 503 861	5 129 993
- Annuity Loans	2 314 902	2 529 545
	<u>4 818 763</u>	<u>7 659 538</u>
Less: Portion transferred to current liability:		
<i>Lichtenburg Bulk Services</i>	1 522 238	2 739 629
	<u>1 286 266</u>	
<i>Annuity Loans</i>	235 971	
	<u>3 296 525</u>	<u>4 919 909</u>

Government loan - Lichtenburg Bulk Services

Carry interest at rates varying between 14% and 16.5% per annum and are repayable over the periods of between three and five years and will be fully redeemed in 2009.

Annuity loans

Carry interest at rates varying between 10% per annum and are repayable over the periods of between nine and eleven years and will be fully redeemed in 2015.

None of these loans are secured by any assets of the Ngaka Modiri Molema District Municipality.
(Refer to appendix B for more detail on long term liabilities)

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007 (continued)

	2007	2006
	R	R
4. FIXED ASSETS		
Fixed assets: Beginning of the year	54 533 428	51 147 521
Capital expenditure during the year	<u>6 363 418</u>	<u>3 385 907</u>
	60 896 846	54 533 428
Less: Assets written off, transferred or disposed of during the year	<u>(946 388)</u>	<u>-</u>
Total fixed assets	59 950 458	54 533 428
Less: Loans redeemed and other capital receipts	<u>(55 131 696)</u>	<u>(46 873 891)</u>
Net fixed assets	<u>4 818 762</u>	<u>7 659 536</u>

(Refer to appendix C and section 2 of the Treasurer's report for more details on assets)

5. INVESTMENTS

Unlisted

Long term deposits

- Absa Aims

584 078	584 078
<u>584 078</u>	<u>584 078</u>

Short-term deposit

- New Republic Bank
 - ABSA AIMS
 - P.S.G.
 - Nedbank
 - FNB

6 335 845	5 889 832
1 039 046	1 039 046
156 941	146 068
12 385 266	11 452 304
22 297 814	20 750 151
<u>42 214 912</u>	<u>39 277 401</u>

Total	<u>42 798 990</u>	<u>39 861 479</u>
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Management's valuation of unlisted investments	<u>42 798 990</u>	<u>39 861 479</u>
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Average gross rate of return on investment	7.6%	7.8%
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No investments were written off during the year.

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

6. LONG TERM DEBTORS

Vehicle Loans	154 312	508 881
less: Short term portion of long term debtors transferred to current assets	<u>(154 312)</u>	<u>(357 742)</u>
	<u>-</u>	<u>151 139</u>

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007 (continued)

	2007 R	2006 R
7. INVENTORY		
Inventory represents consumable stores, and finished goods. Where necessary specific provision is made for obsolete inventory.	<u>256 069</u>	<u>881 154</u>
8. DEBTORS		
Current debtors (consumer and other)	8 603 958	21 910 763
VAT	23 725 151	-
Study loans	<u>18 764</u>	<u>18 764</u>
	32 347 873	21 929 527
Less: Provision for bad debts	<u>(4 539 421)</u>	<u>-</u>
	<u>27 808 453</u>	<u>21 929 527</u>
No bad debts have been written-off during the year (2006: R0).		
9. PROVISIONS		
Development Tlc & TRC	845 347	845 347
Accrued Leave	981 257	2 277 906
Reparation Fund	179 321	179 321
Audit Fees	0	(731 198)
	<u>2 005 925</u>	<u>2 571 376</u>
(Refer to appendix A for more detail)		
10. CREDITORS		
Trade creditors	<u>11 686 014</u>	<u>7 977 600</u>
	<u>11 686 014</u>	<u>7 977 600</u>
11. COUNCILLORS AND MANAGEMENT REMUNERATION		
<i>Councillors</i>		
Executive Mayor's allowance	322 429	233 811
Mayoral committee allowance	2 068 060	1 499 841
Councillors' allowance	1 232 375	1 185 610
Pension fund contributions for councillors	439 584	295 438
Travel allowances	<u>1 320 925</u>	<u>698 981</u>
	<u>5 383 372</u>	<u>3 913 680</u>
<i>Management</i>		
Municipal Manager	1 159 469	862 118
Chief Financial Officer	431 486	709 689
Senior Managers	<u>3 212 735</u>	<u>4 147 252</u>
	<u>4 803 691</u>	<u>5 719 059</u>
12. AUDITOR'S REMUNERATION		
Audit fees	<u>3 685 497</u>	<u>1 073 598</u>

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007 (continued)

	2007 R	2006 R
13. FINANCE TRANSACTIONS		
To external interest earned or paid		
Interest earned	6 350 294	4 136 379
Interest paid	<u>991 983</u>	<u>1 346 276</u>
Capital charges debited in operating account:		
Interest: External	991 983	1 346 276
Internal		-
Redemption: External	2 840 775	2 481 395
Internal		-
	<u>3 832 758</u>	<u>3 827 671</u>
14. APPROPRIATION		
Appropriation account		
Accumulated surplus : beginning of year	(5 973 483)	29 630 770
Operating surplus for the year	50 560 887	3 552 492
Appropriations for the year	21 716 102	(39 156 745)
Appropriations to funds		
Contribution to Capital Development Fund	-	
Contribution to Leave Reserve	-	
Provision for bad debts	-	
Provision for insurance	-	
Provision for audit	-	
Prior year adjustments	21 716 102	
	<u>66 303 506</u>	<u>(5 973 483)</u>
Accumulated surplus: end of year		
Operating account		
Fixed assets	6 363 418	3 385 907
Contributions to:	-	2 571 376
- Capital development fund	-	
- Bursary fund	-	
- Leave provision	-	
- Reserve for replacement of vehicles	-	
- Mayors discretionary fund	-	
- Community facilities fund	-	
- Bad debts provision	-	
- Maintenance reserve	-	
- Centenary provision	-	
	<u>6 363 418</u>	<u>5 957 283</u>

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007 (continued)

	2007	2006
	R	R
15. CASH GENERATED BY OPERATIONS		
Surplus for the year	50 560 887	3 552 492
Adjustments in respect of previous year's operating transactions	21 716 102	(39 156 745)
(Note 14)		
Appropriations charged against income:	10 902 839	2 037 001
Capital development fund	-	
Mayors discretionary fund	-	
Provisions and reserves	4 539 421	1 348 906
Fixed Assets	6 363 418	3 385 907
Capital charges:	3 832 758	3 827 671
Interest and redemption paid:	991 983	1 346 276
to internal funds		-
on external loans	2 840 775	2 481 395
Investment income (operations)	(6 350 294)	(4 136 379)
Non operating income	98 483 206	109 408 985
Credited to funds	98 483 206	109 408 985
Credited to provisions and reserves	-	-
Capital expenditure		
Non operating expenditure	(107 885 055)	(114 971 423)
Debited to funds	(103 345 634)	(113 801 204)
Debited to provisions and reserves	-	(1 170 219)
Non-cash flow adjustment	(4 539 421)	-
	<u>71 260 443</u>	<u>(39 438 398)</u>
16. (INCREASE)/DECREASE IN WORKING CAPITAL		
Increase(decrease) in stock	625 085	(731 923)
Increase in debtors	(5 878 926)	(3 308 764)
(Decrease) in Long term debtors	354 569	-
Increase in creditors	3 708 414	4 061 364
Increase(decrease) in provisions	(565 451)	-
	<u>(1 756 308)</u>	<u>20 677</u>
17. (INCREASE) / DECREASE IN LONG TERM LOANS		
Loans repaid	<u>2 840 775</u>	<u>2 858 191</u>
	<u>2 840 775</u>	<u>2 858 191</u>
18. (INCREASE) / DECREASE IN EXTERNAL INVESTMENTS		
Investments made	<u>2 937 511</u>	<u>20 231 630</u>
	<u>2 937 511</u>	<u>20 231 630</u>
19. (INCREASE) / DECREASE IN CASH ON HAND		
Cash balance at the beginning of the year	41 908 771	18 502 023
Less: Cash balance at the end of the year	20 811 968	41 908 771
	<u>62 720 739</u>	<u>60 410 794</u>

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007 (continued)

	2007	2006
	R	R
20. CONSOLIDATED LOANS FUND		
External Loans	-	-
Less: External investment	<u>(42 798 990)</u>	<u>(39 861 479)</u>
(Refer to appendix B for more detail)	<u>(42 798 990)</u>	<u>(39 861 479)</u>
Interest paid on external loans	991 983	1 346 276
Less: Interest earned on external investment	<u>(6 350 294)</u>	<u>(4 136 379)</u>
	<u>(5 358 311)</u>	<u>(2 790 103)</u>
Loans carry interest at an average rate of 13.5% per annum.		
21. BANK ACCOUNT		
First NationalBank Current Account - 529 100 867 95		
Opening balance	<u>25 686 221</u>	<u>30 043 979</u>
Closing balance	<u>20 811 768</u>	<u>25 686 221</u>
22. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
Guarantees by the Council in respect of Vehicle loans.	154 312	508 881
Litigations (Cases against council)	<u>7 000 000</u>	<u>-</u>
	<u>7 154 312</u>	<u>508 881</u>
23. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure		
- Approved and contracted for	6 846 654	-
- Approved but not yet contracted for	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

APPENDIX A

STATUTORY FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS AS AT 30 JUNE 2007

	Balance at 30 June 2006 R	Contributions during the year R	Interest on Investments R	Other Income R	Expenditure during the year R	Balance at 30 June 2007 R
STATUTORY FUNDS						
Capital Development Fund	2 580 472	-	-	-	-	2 580 472
	2 580 472	-	-	-	-	2 580 472
TRUST FUNDS						
Seta	30 529	-	-	287 094	108 250	209 372
Rural development Fund	4 114 224	-	-	-	-	4 114 224
Masakhane	153 782	-	-	-	-	153 782
Pachdraai Projects	47 938	-	-	-	-	47 938
MIG	(84 046)	-	-	82 671 112	80 526 062	2 061 004
DWAF	6 964 621	-	-	-	-	6 964 621
DPLG	253 402	-	-	-	-	253 402
Provincial Local Government and Housing	728 244	-	-	525 000	-	1 253 244
IDP	(50 950)	-	-	-	-	(50 950)
LEG	(358 673)	-	-	-	-	(358 673)
Popo Molefe Hall	2 254 897	-	-	-	-	2 254 897
IMMIS Trust Fund	252 439	-	-	-	-	252 439
DBSA Capacity Building	(430 582)	-	-	-	45 162	(475 744)
Health Posts	(328 263)	-	-	-	-	(328 263)
Public Works Internal Roads	(3 000 000)	-	-	-	-	(3 000 000)
Welbedacht Bulk Water Supply	568 296	-	-	-	568 296	(0)
DBSA Bucket Eradication Programme	(974 502)	-	-	15 000 000	9 449 221	4 576 277
Drought Relief	4 954 201	-	-	-	12 636 718	(7 682 517)
Paypoints	(979 252)	-	-	-	11 925	(991 177)
	14 116 305	-	-	98 483 206	103 345 634	9 253 877
PROVISIONS						
Development Tlc & TRC	845 347	-	-	-	-	845 347
Accrued Leave	2 277 906	-	-	-	1 296 649	981 257
Reparation Fund	179 321	-	-	-	-	179 321
Audit Fees	(731 198)	-	-	-	731 198	0
	2 571 376	-	-	-	2 027 848	2 005 925
Grand Total	19 268 153	-	-	98 483 206	105 373 482	13 840 274

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

	Loan Number	Redeemable	Balance at 30 June 2006 R	Received during the year R	Redeemed/ Written-off during the year R	Balance at 30 June 2007 R
EXTERNAL LOANS						
Local Registered Stock						
Government Loans - LTX bulk						
10648 @ 14%	1	2009	1 666 996	-	778 556	888 440
10649 @ 14%	2	2007	647 715	-	647 715	0
10649 @ 16.5%	3	2008	911 162	-	321 898	589 264
10650 @ 14%	4	2007	555 284	-	555 284	-
10758 @ 14%	5	2009	1 348 836	-	322 678	1 026 158
			5 129 993	-	2 626 132	2 503 861
Annuity Loans						
9742 @ 10%	6	2014	414 641	-	35 943	378 698
9747 @ 10%	7	2014	1 877 867	-	162 781	1 715 086
9994 @ 10%	8	2015	237 037	-	15 919	221 118
			2 529 545	-	214 643	2 314 902
			7 659 538	-	2 840 775	4 818 763

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

APPENDIX C

ANALYSIS OF FIXED ASSETS

Expenditure 2006	Service	Budget 2007	Balance at 30 June 2006	Expenditure during year	Redeemed, transferred or written off	Balance at 30 June 2007
R		R	R	R	R	R
RATES AND GENERAL						
3 385 907	SERVICES	26 049 575	54 533 428	6 363 418	946 388	61 843 235
	Council	1 474 000		1 315 939	-	1 315 939
3 385 907	Municipal Manager	15 025 000	33 958 499	1 746 477	946 388	34 758 588
	Technical Services	3 155 000	20 574 929	953 536	-	21 528 465
	Planning and Development	835 000		197 212	-	197 212
	Protective Services	1 815 575		715 886		715 886
	Corporate Services	535 000		367 956	-	367 956
	Finance	3 210 000		1 066 412		1 066 412
LESS: LOANS REDEEMED AND						
5 867 302	OTHER CAPITAL RECEIPTS	-	46 873 891	9 204 193	946 388	57 024 472
2 481 395	Loans redeemed and advances r	-	13 487 598	2 840 775	-	16 328 373
3 385 907	Contributions from operating income		28 364 337	6 363 418	946 388	35 674 143
-	Provisions and reserves	-	1 113 455	-	-	1 113 455
-	Grants and subsidies	-	3 908 501	-	-	3 908 501
(2 481 395)	Net fixed assets	26 049 575	7 659 537	(2 840 775)	-	4 818 762

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2007

ACTUAL 2006		ACTUAL 2007	BUDGET 2007
R	INCOME	R	R
71 991 000	Grants and Subsidies:	156 123 897	156 123 897
71 991 000	-National Government	156 123 897	156 123 897
50 101 838	Operating Income	19 001 294	11 086 575
33 437 498	-Regional service levies	6 838 616	-
16 664 340	-Other income	12 162 677	11 086 575
122 092 838	TOTAL INCOME	175 125 191	167 210 472
	EXPENDITURE		
43 079 504	Salaries, Wages and Allowances	49 265 459	62 372 549
22 446 381	General expenses	40 106 229	43 449 212
4 648 515	Repairs and maintenance	5 652 327	4 677 085
3 827 671	Capital Charges	991 983	4 984 875
3 385 907	Contributions of fixed assets	6 363 418	22 547 575
41 152 368	Allocations to TLC'S, TRC'S	17 645 465	29 179 174
-	Provision for bad debts	4 539 421	-
118 540 346	GROSS EXPENDITURE	124 564 303	167 210 472
3 552 492	NET EXPENDITURE	50 560 887	-

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

APPENDIX E

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

2006 Actual Income	2006 Actual Expenditure	2006 Surplus (Deficit)		2007 Actual Income	2007 Actual Expenditure	2007 Surplus (Deficit)	2007 Budget Surplus (Deficit)
R	R	R					
122 092 838	118 540 346	3 552 492	RATES AND GENERAL SERVICES				
			Community services	175 125 191	124 564 304	50 560 887	-
122 092 838	77 387 978	44 704 860	Council	-	14 948 258	(14 948 258)	-
-	41 152 368	(41 152 368)	Municipal Manager	946 388	14 556 538	(13 610 150)	-
			Technical Services	-	31 528 503	(31 528 503)	-
			Planning and Development	-	11 254 255	(11 254 255)	-
			Protective Services	-	19 979 514	(19 979 514)	-
			Corporate Services	-	8 536 039	(8 536 039)	-
			Finance	174 178 802	23 761 197	150 417 605	
122 092 838	118 540 346	3 552 492	TOTAL	175 125 191	124 564 304	50 560 887	-
		(39 156 745)	Appropriation for the year			21 716 102	
		(35 604 253)	Net Surplus			72 276 989	
		29 630 770	Beginning of the year			(5 973 485)	
		(5 973 483)	Accumulated Surplus end of the year			66 303 504	

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY

APPENDIX F

STATISTICAL INFORMATION

		2007	2006
General statistics			
Population		597 112	597 112
Number of levy payers		N/A	4 371
Levy rates	(1) Services Levy	N/A	0.28%
	(2) Establishment Levy	N/A	0.135%
Number of employees		249	230
Registered voters		428 008	428 008
Area in hectares		2 388 746	2 388 746 ha
Total valuations:	Taxable (R' 000)	N/K	N/K
	Non-taxable (R' 000)	N/K	N/K
	Residential (R'000)	N/K	N/K
	Commercial (R'000)	N/K	N/K
		N/K	N/K
		N/K	N/K
Valuation date:		N/K	N/K
Number of properties:	Residential	N/K	N/K
	Commercial	N/K	N/K
Assessment rate:	Basic (per Rand)	N/K	N/K
	Rebate: residential	N/K	N/K
N/K = Not known			
N/A = Not applicable			