

METSWEDING DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2007

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2007

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METSWEDING DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION

for the year ended 30 June 2007

EXECUTIVE MAYOR

Councillor A. Mlondobozi

SPEAKER OF THE COUNCIL

Councillor R. Sibanyoni

MEMBERS OF THE MAYORAL COMMITTEE

Councillor S.J. Mabona

Councillor J.M. Masango

Councillor R.N. Seoketsa

MEMBERS OF THE METSWEDING DISTRICT MUNICIPALITY

Councillor V.S. Botha

Councillor M.M. Chaba

Councillor H.A.M. Khan

Councillor C. Knox

Councillor S.P. Mabena

Councillor P.M. Moloi

Councillor N.E. Ntshabeleng

Councillor P. Pitseng

Councillor T.J. Rossouw

Councillor P.J.A. van der Merwe

MUNICIPAL MANAGER

Mr. C.A. Chikane

CHIEF FINANCIAL OFFICER

Mr. E.V. Sweeney

METSWEDING DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION

for the year ended 30 June 2007

GRADING OF THE LOCAL AUTHORITY

Grade 3 (2006 – Grade 4) for the purpose of the remuneration of councillors and grade 8 for the purpose of remuneration of officials.

AUDITORS

Auditor – General

BANKERS

ABSA Bank Limited

REGISTERED OFFICE

MEEC Building
287 Iridium Street
Ekandustria

POSTAL ADDRESS

Private Bag X10579
Bronkhorstspuit
1020

CONTACT DETAILS

Tel: (013) 933 3483/6/7/8
Fax: (013) 933 3566

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 9 to 21 were approved by the Municipal Manager on 29 August 2007.

Mr. C.A. Chikane
MUNICIPAL MANAGER
29 August 2007

Mr. E.V. Sweeney
CHIEF FINANCIAL OFFICER
29 August 2007

METSWEDING DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

REPORT OF THE AUDITOR-GENERAL

for the year ended 30 June 2007

METSWEDING DISTRICT MUNICIPALITY

REPORT OF THE MUNICIPAL MANAGER for the year ended 30 June 2007

The Metsweding District Municipality was established as a cross-boundary category C municipality on 5 December 2000 by the Members of the Executive Councils (MEC's) responsible for local government in the Gauteng and Mpumalanga provinces, per notice 6767 of 2000 as published in the provincial gazette extraordinary no. 141 of 01 October 2000, in terms of Section 12 of the Municipal Structures Act, Act No. 117 of 1998. The Local Municipalities of Kungwini and Nokeng tsa Taamane were established as category B municipalities within the jurisdiction of Metsweding.

The year ended 30 June 2007 has been the sixth year of operations for the Metsweding District Municipality. Revenue from RSC Levies has been reduced by 78,69%. Regional Services Council levies have been terminated by the Minister of Finance with effect from June 2006, and has been replaced by an increase in the equitable share grant. Interest received has decreased by 13% mainly due to a reduction in interest rates. Interest received will not be sustained on the same levels, due to an envisaged outflow of cash to fund increased development aid activities. Grants and subsidies have increased by 21,1%. During the 2003/04 financial year the Gauteng Department of Health appointed the Metsweding District Municipality as the appointed agent of the Department to provide Emergency Medical Services (Ambulance Services). The Service is funded in total by the Gauteng Health Department. For the year under review the service operated at a deficit of R676,063 compared to the prior year deficit of R422,402. The agency agreement came to an end on the 30th April 2007, and has not been renewed. All staff has been appointed by the Department of Health.

Regional services have increased by 32,83%. Capital Transfers to Local B Municipalities have decreased by 94,67% mainly due to the termination of grant funding from the Municipal Infrastructure Grant, as well as additional spending of own reserves.

With the establishment of the municipality, an agency agreement was reached between the Metsweding District Municipality and the Kungwini Local Municipality whereby Kungwini administered certain corporate functions for Metsweding. The agreement was terminated during the year under review.

During the previous financial year local government elections were held and twelve new councillors had been elected to office, whilst three councillors had the honour to return w.e.f. March 2006. The municipality has been demarcated to fall within the Gauteng Province only, and has thus stopped being a cross-boundary municipality with the Gauteng and Mpumalanga Provinces.

REPORT OF THE MUNICIPAL MANAGER for the year ended 30 June 2007

1. KEY FINANCIAL INDICATORS: FINANCIAL STATISTICS

Balance sheet ratios and financial statements ratios

	2007	2006
Surplus/(Deficit) before appropriations	R856,501	(R7,951,444)
Surplus at the end of the year	R16,070,023	R14,792,067
Salaries and wages as % of Total expenses	47,03%	29,58%
Councillor remuneration as % of Total expenses	5,92%	2,78%
General Expenses as % of Total expenses	25,76%	13,58%
Repairs & Maintenance as % of Total expenses	1,47%	0,26%
Depreciation as % of Total expenses	1,88%	0,75%
Regional services as % of Total expenses	13,54%	18,97%
Transfers to Municipalities - Capital as % of Total expenses	4,40%	33,60%
Transfers to Municipalities - Opex as % of Total expenses	-%	0,31%
Current ratio	1,7:1	1,6:1
Levy debtors days	30 days	34 days

2. POST BALANCE SHEET EVENTS

There are no significant post balance sheet events to report.

REPORT OF THE MUNICIPAL MANAGER for the year ended 30 June 2007

3. RECONCILIATION OF BUDGET TO ACTUAL

	2007 R	2006 R
3.1 Operating budget		
Budgeted surplus/(deficit) before appropriations	(1,984,514)	(8,199,028)
Revenue variances	(3,910,118)	(3,966,452)
Expense variance – Regional services	4,531,937	8,747,537
Expense variance – Transfers to Local B Municipalities	(390,889)	(7,533,019)
Expense variance – Operating expenses	2,610,085	2,999,518
Expense variances – Depreciation	15,121	(26,223)
Expense variances – General expenses	(885,151)	804,304
Expense variances – Repairs and maintenance	(266,050)	(19,948)
Expense variances – Salaries, wages and allowances	3,733,603	2,018,009
Expense variances – Councillor remuneration	(114,889)	113,376
Expense variances – Bad debt	(49)	-
Expense variances – Contributions	126,500	110,000
Expense variances – Loss with disposal / write-off of fixed assets	1,000	-
Actual surplus/(deficit) before appropriations	856,501	(7,951,444)

Reasons for variances:

- Negative Revenue variance due to a combination of unforeseen collection of Regional Services Council levies and grant income not utilised, therefore deferred to future years.
- Positive Expense variance of Regional services due to the slow spending of grant funding, deferred to the next budget.
- Negative Expense variances of Transfers to Local B Municipalities due to rollovers from prior year unspent grant funding.
- Expense variance - Operating expenses
 - Positive Expense variances of Depreciation due to timing of the acquisition of PPE.
 - Negative Expense variances of General expenses due to unfilled vacancies.
 - Negative Expense variances of Repairs and maintenance due to higher than anticipated maintenance costs of buildings.
 - Positive Expense variances of Salaries, wages and allowances due to unfilled vacancies.
 - Negative variances of Councillor remuneration due to the two salary increments authorised by the Minister.
 - Negative Expense variances of Contributions due to the contribution towards the Asset Financing Fund below the line in the Income Statement.

METSWEDING DISTRICT MUNICIPALITY

REPORT OF THE MUNICIPAL MANAGER for the year ended 30 June 2007

3.2 Capital budget

	Land & Buildings	Office furniture	Office equipment	Other furniture and equipment	Motor vehicles	Computer and computer equipment
Budgeted Capital Expenses	-	77,000	12,000	18,000	1,030,000	165,000
Actual Expenses	-	323,498	200,271	18,526	868,608	199,851
Variances	-	(246,498)	(188,271)	(526)	161,392	(34,851)

Reasons for variances:

- Negative Expense variances on office furniture & office equipment due to an increase in demand not known at the time of the budget, funded in full from the Asset Financing Fund.
- Negative Expense variances on office furniture & office equipment due to an increase in demand not known at the time of the budget, funded in full from the Asset Financing Fund.
- Negative Expense variances on other furniture & equipment due to an increase in demand not known at the time of the budget, funded in full from the Asset Financing Fund.
- Positive Expense variances on motor vehicles due to a change in operational requirements.
- Negative variances on computer and computer equipment due to an increase in demand not known at the time of the budget.

4. FINANCIAL FORECAST FOR THE FORTHCOMING YEAR

	Budget 2008	Actual 2007
A summary of the 2008 operating budget is as follows:		
Revenue	38,235,685	35,624,820
Regional services	(15,433,800)	(4,706,273)
Transfers to Local B Municipalities – Capital	(1,137,338)	(1,528,227)
Transfers to Local B Municipalities – Operational	-	-
Operating expenses	(27,290,951)	(28,533,819)
Capital costs	(298,412)	-
Contributions	(1,050)	-
Councillor remuneration	(2,202,172)	(2,057,807)
Bad Debt	-	(49)
Depreciation	(850,000)	(654,879)
General expenses	(8,730,332)	(8,957,477)
Repairs and maintenance	(314,500)	(513,050)
Salaries, wages and allowances	(14,893,485)	(16,350,557)
Loss with disposal / write-off of fixed assets	(1,000)	-
Surplus/(Deficit) before budgeted appropriations	(5,626,404)	856,501
Appropriation of non distributable reserves to off-set depreciation	285,000	540,419
Appropriation of distributable reserves	5,341,404	-
Prior year appropriations	-	-
Transfer to Asset Financing Fund	-	(118,964)
Surplus/(Deficit) for the year	-	1,277,956

METSWEDING DISTRICT MUNICIPALITY

REPORT OF THE MUNICIPAL MANAGER for the year ended 30 June 2007

	Budget 2008	Actual 2007
A summary of the 2008 capital budget is as follows:		
Community services	<u>6,905,000</u>	<u>1,610,754</u>
	6,905,000	1,610,754

5. INTER – GOVERNMENTAL TRANSFERS FOR THE YEAR ENDED 30 JUNE 2007

Inter - governmental transfer	Opening balance	Received	Expensed	Used to finance fixed assets	Closing balance	Purpose
Equitable Share	-	14,986,802	14,986,802	-	-	Unconditional
TOTAL	-	14,986,802	14,986,802	-	-	Unconditional
Gauteng – MSP	1,635,412	-	902,984	-	732,428	Institutional Support
National – LGTF	14,982	-	-	-	14,982	Establishment Costs
Gauteng – LED	162,023	-	108,659	-	53,364	Local Economic Development
City of Tshwane – PR/R11	105,938	-	105,938	-	-	Infrastructure – Pedestrian Bridge
Gauteng – HIV/Aids	2,486,249	4,596,660	822,674	-	6,260,235	HIV/Aids Programme
Gauteng – LED	2,086,539	1,080,000	1,985,837	-	1,180,702	Local Economic Development
Gauteng – LED	7,436,365	-	2,054,468	-	5,381,897	Entrepreneurial Development Centre
Gauteng – WW/S45	92,449	-	92,449	-	-	Infrastructure
National – Building for Sport & Recreation	522,954	-	71,400	-	451,554	Infrastructure – Sport Complex
National – MSIG	1,436,794	1,000,000	868,151	-	1,568,643	Municipal Systems Improvement
Gauteng – Capacity Building	965,829	-	-	-	965,829	Institutional Support – Master Plans
Gauteng – NTT Roads	1,137,338	-	618,647	-	518,691	Infrastructure – Roads
National – MFM	234,773	500,000	308,933	-	425,840	Financial Management
Gauteng – Capacity Building	311,633	-	170,636	-	140,997	Institutional Support – Capacity Building
Gauteng – Railway Study	87,149	-	-	-	87,149	Railway Study
LGSETA	-	128,750	-	-	128,750	Sector Education
TOTAL	18,716,427	7,305,410	8,110,776	-	17,911,061	Conditional
Gauteng – EMS	(2,138,250)	8,553,000	6,414,750	-	-	Emergency Medical Services Agency
TOTAL	(2,138,250)	8,553,000	6,414,750	-	-	Agency

METSWEDING DISTRICT MUNICIPALITY

BALANCE SHEET as at 30 June 2007

	NOTES	2007 R	2006 R
CAPITAL EMPLOYED			
STATUTORY FUNDS	1	-	1,438,532
NON DISTRIBUTABLE RESERVES	2	1,813,858	796,781
DISTRIBUTABLE RESERVES		16,070,023	14,792,067
Unappropriated surplus		16,070,023	14,792,067
		<hr/>	<hr/>
		17,883,881	17,027,380
		<hr/>	<hr/>
EMPLOYMENT OF CAPITAL			
PROPERTY, PLANT AND EQUIPMENT	3	3,067,227	2,111,352
NET CURRENT ASSETS		14,816,654	14,916,028
CURRENT ASSETS		34,959,619	41,281,529
Levy debtors	4	214,038	203,389
Other debtors	5	518,339	3,483,788
Cash and cash equivalents	6	34,227,242	37,594,352
CURRENT LIABILITIES		20,142,965	26,365,501
Provisions	7	1,123,304	3,324,385
Creditors	8	1,108,600	4,324,689
Deferred income	9	17,911,061	18,716,427
		<hr/>	<hr/>
		17,883,881	17,027,380
		<hr/>	<hr/>

METSWEDING DISTRICT MUNICIPALITY

INCOME STATEMENT for the year ended 30 June 2007

	NOTES	2007 R	2006 R
(DEFICIT)/SURPLUS FROM ORDINARY ACTIVITIES			
Regional services		856,501	(7,951,444)
NET (DEFICIT)/SURPLUS FOR THE YEAR	10	856,501	(7,951,444)
NET (DEFICIT)/SURPLUS BEFORE APPROPRIATIONS		856,501	(7,951,444)
UNAPPROPRIATED SURPLUS AT BEGINNING OF THE YEAR		14,792,067	21,875,002
APPROPRIATIONS:			
Prior year appropriations	11	-	538,385
Transfer to Asset Financing Fund	12	(118,964)	(118,147)
Transfer from Non-Distributable Reserves	13	540,419	448,271
UNAPPROPRIATED SURPLUS AT END OF THE YEAR		16,070,023	14,792,067

METSWEDING DISTRICT MUNICIPALITY

CASH FLOW STATEMENT for the year ended 30 June 2007

	NOTES	2007 R	2006 R
CASH FLOW UTILISED IN OPERATING ACTIVITIES			
Cash receipts from levy payments, government and other sources		35,041,102	48,438,104
Cash paid to suppliers and employees		(39,530,610)	(59,617,048)
Cash utilised in operations	14	(4,489,508)	(11,178,944)
Interest received		2,733,152	3,141,853
NET CASH UTILISED IN OPERATING ACTIVITIES		(1,756,356)	(8,037,091)
CASH FLOWS UTILISED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,610,754)	(785,473)
Proceeds on disposal of fixed assets		-	8,500
NET CASH UTILISED IN INVESTING ACTIVITIES		(1,610,754)	(776,973)
CASH FLOWS FROM FINANCING ACTIVITIES			
Other capital receipts		-	395,567
NET CASH FROM FINANCING ACTIVITIES		-	395,567
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT	15	(3,367,110)	(8,418,497)

ACCOUNTING POLICIES for the year ended 30 June 2007

1. BASIS OF PRESENTATION

- 1.1 These annual financial statements have been prepared so as to conform to Generally Accepted Municipal Accounting Practice as determined by the National Treasury.
- 1.2 The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention.

2. PROPERTY, PLANT AND EQUIPMENT

- 2.1 Property, plant and equipment is stated at cost less accumulated depreciation.
- 2.2 Major improvements to buildings, plant and equipment are capitalised. Maintenance and repairs are expensed when incurred.
- 2.3 Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The depreciation rates are based on the following estimated asset lives.

Community assets

Cemeteries	30 years
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Other assets

Office furniture	7 years
Office equipment	3 years
Other furniture and equipment	3 to 5 years
Motor vehicles	5 years
Computer and computer equipment	3 to 5 years

3. RETIREMENT BENEFITS

- 3.1 The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. The municipality associates with defined contribution funds, under the protection of the Registrar of Pension Funds.

ACCOUNTING POLICIES **for the year ended 30 June 2007**

4. REVENUE RECOGNITION

- 4.1 Revenue from levies is recognised when the legal entitlement to this revenue arises. This entitlement arises on the payment due date as reflected on the RSC4 declaration, alternatively upon receipt when no RSC4 declaration is made whilst it is certain that the economic benefits have flown to the municipality. If no RSC4 declaration was made, revenue so recognised is proportionately split between Regional Establishment Levies (82.48%) and Regional Services Levies (17.52%). Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid levies is recognised on a time basis.
- 4.2 Interest is recognised on the time basis that takes into account the effective yield on assets.
- 4.3 Amounts received from government and donors for the purpose of acquiring items of property, plant and equipment are classified as capital receipts and credited to non-distributable reserves. These amounts are released to the income statement over the estimated life of the item of property, plant and equipment acquired.
- 4.4 Amounts received from government and donors for the purpose of operating expenses are classified as deferred income. These amounts are released to the income statement when the corresponding expenses are incurred.

5. SEGMENTAL INFORMATION

- 5.1 The principle segments have been identified on a primary basis by service operation and on a secondary basis by the classification of income and expenditures. The primary basis is representative of the internal structure for both budgeting and management purposes. The secondary basis classifies all operations based on the classification of income and expenditure.

6. INTERNAL FINANCING OF PROPERTY, PLANT AND EQUIPMENT

- 6.1 In order to finance the provision of items of property, plant and equipment, amounts are set aside from unappropriated surpluses in the Asset Financing Fund (AFF). A total contribution, based on 1% of the revenue from RSC levies received during the previous financial year is made towards the Asset Financing Fund.

NOTES TO ANNUAL THE FINANCIAL STATEMENTS for the year ended 30 June 2007

	2007 R	2006 R
1. STATUTORY FUNDS		
Asset Financing Fund	-	<u>1,438,532</u>

Movements in funds are reconciled as follows:

Asset Financing Fund

Balance at the beginning of the year	1,438,532	1,408,512
Contributions charged to income	118,964	118,146
Cash utilised to finance property, plant and equipment	<u>(1,557,496)</u>	<u>(88,126)</u>
Balance at the end of the year	<u>-</u>	<u>1,438,532</u>

The purpose of the Asset Financing Fund is to set aside cash to finance fixed asset additions from internal sources. The contribution to the AFF is based on the Integrated Development Plan financing requirements. When cash is used to finance property, plant and equipment a corresponding amount is transferred to a non-distributable reserve. (See note 2).

2. NON – DISTRIBUTABLE RESERVES

Capital Receipts	343,590	630,111
Transfers from Asset Financing Fund	<u>1,470,268</u>	<u>166,670</u>
	<u>1,813,858</u>	<u>796,781</u>

Movements

Capital receipts	-	395,567
Used to finance property, plant and equipment	-	395,567
Unutilised	-	-
Transfers from Asset Financing Fund used to finance property, plant and equipment	<u>1,557,496</u>	<u>88,126</u>
Net movements	<u>1,557,496</u>	<u>483,693</u>

Movements can be reconciled as follows:

Capital Receipts (used to finance property, plant and equipment)

Balance at beginning of year	630,111	936,633
Used to finance current year additions	-	395,567
Transfer to income statement to offset depreciation charge	(286,521)	(354,144)
Disposal of fixed assets	-	(347,945)
Accumulated depreciation of fixed assets disposed	-	-
Balance at end of year	<u>343,590</u>	<u>630,111</u>

NOTES TO ANNUAL THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

These amounts represent property, plant and equipment financed by government grants, subsidies and contributions from the public. The intention of the benefactor of these amounts is to subsidise the cost of acquiring property, plant and equipment. Accordingly, these amounts are released to the income statement over the estimated useful lives of the property, plant and equipment so financed to offset the relevant depreciation charge. The balance of the reserve is transferred to the income statement when the fixed asset so financed is disposed of.

	2007 R	2006 R
Transfers from Asset Financing Fund		
Balance at beginning of year	166,670	550,204
Used to finance current year additions	1,557,496	88,126
Transfer to income statement to offset depreciation charge	(253,898)	(94,127)
Disposal of fixed assets	-	(377,533)
Balance at end of year	<u>1,470,268</u>	<u>166,670</u>

These amounts represent property, plant and equipment financed by the Asset Financing Fund. These amounts are released to the income statement over the estimated useful lives of the property, plant and equipment so financed to offset the relevant depreciation charge and avoid duplication in expenses.

3. PROPERTY, PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Net Book Value R
30 June 2007			
OWNED PROPERTY, PLANT AND EQUIPMENT			
Community	-	-	-
Other	<u>5,067,027</u>	<u>(1,999,800)</u>	<u>3,067,227</u>
	<u>5,067,027</u>	<u>(1,999,800)</u>	<u>3,067,227</u>
30 June 2006			
OWNED PROPERTY, PLANT AND EQUIPMENT			
Community	-	-	-
Other	<u>3,456,273</u>	<u>(1,344,921)</u>	<u>2,111,352</u>
	<u>3,456,273</u>	<u>(1,344,921)</u>	<u>2,111,352</u>

Refer to Appendix A and B for more detail on property, plant and equipment.

METSWEDING DISTRICT MUNICIPALITY

NOTES TO ANNUAL THE FINANCIAL STATEMENTS for the year ended 30 June 2007

	2007 R	2006 R
4. LEVY DEBTORS		
Levy debtors	214,038	830,102
Less: Provision for bad debts	-	(626,713)
	<u>214,038</u>	<u>203,389</u>
Bad Debt Provision		
The bad debt provision is calculated by recognising all debtors as doubtful, less accruals. All bad debt has been written off against the provision.		
5. OTHER DEBTORS		
Float account - Emerging contractors	-	400,000
Eastern Gauteng Services Council - Distribution account	7,754,333	7,754,333
Less: Provision for bad debts	(7,754,333)	(8,154,333)
VAT receivable	409,919	1,300,922
Sundry debtors	108,420	2,182,866
	<u>518,339</u>	<u>3,483,788</u>
6. CASH AND CASH EQUIVALENTS		
Current account	<u>34,227,242</u>	<u>37,594,352</u>
	<u>34,227,242</u>	<u>37,594,352</u>

METSWEDING DISTRICT MUNICIPALITY

NOTES TO ANNUAL THE FINANCIAL STATEMENTS for the year ended 30 June 2007

	2007 R	2006 R
7. PROVISIONS		
Development aid – Transfers to Local B Municipalities	292,725	1,829,017
Leave pay	830,579	1,495,368
	<u>1,123,304</u>	<u>3,324,385</u>
Movements in Leave Pay Provision		
Balance at the beginning of the year	1,495,368	1,133,852
Contributions charged to income	385,903	813,462
Leave paid out to employees	(1,050,692)	(451,946)
Balance at the end of the year	<u>830,579</u>	<u>1,495,368</u>
Movements in Development aid – Transfers to Local B Municipalities Provision		
Balance at the beginning of the year	1,829,017	3,018,227
Paid to service providers	(1,451,851)	(871,706)
Recouped provisions recognised as income	(84,441)	(317,504)
Balance at the end of the year	<u>292,725</u>	<u>1,829,017</u>
8. CREDITORS		
Accruals	239,730	2,269,698
Retention creditors	868,870	1,699,624
RSC Levies – unallocated credits	-	154,261
Sundry creditors	-	201,106
	<u>1,108,600</u>	<u>4,324,689</u>
9. DEFERRED INCOME		
Government grants received not yet expensed	<u>17,911,061</u>	<u>18,716,427</u>
10. NET DEFICIT/(SURPLUS) FOR THE YEAR		
The following has been taken into account in determining the net deficit/(surplus) for the year:		
Contribution to provisions		
Leave pay	385,903	813,462
Bad debt provision	-	(194,014)
	<u>385,903</u>	<u>619,448</u>

METSWEDING DISTRICT MUNICIPALITY

NOTES TO ANNUAL THE FINANCIAL STATEMENTS for the year ended 30 June 2007

	2007 R	2006 R
Councillors remuneration		
Executive Mayor's allowance	416,097	329,337
Speaker of the Council's allowance	332,358	228,626
Councillors' allowances	448,714	332,185
Members of the Mayoral Committee's allowances	740,360	666,591
Councillors' pension contribution	120,278	130,191
	<u>2,057,807</u>	<u>1,686,930</u>
<p>The remuneration of Councillors are within the upper limits of the framework envisaged in section 219 of the Constitution.</p>		
Depreciation		
Community	-	-
Other	654,879	516,223
	<u>654,879</u>	<u>516,223</u>
Interest received		
Banking institutions	2,731,672	3,141,491
Levies	1,480	362
	<u>2,733,152</u>	<u>3,141,853</u>
Operating lease charges	<u>11,668</u>	<u>51,695</u>
Audit fees	<u>762,100</u>	<u>12,507</u>
Rental of offices and buildings		
Rental of main office block	<u>701,036</u>	<u>-</u>
Municipal Manager's remuneration		
Salary	345,600	326,954
13 th Cheque	28,000	26,500
Leave encashed	28,870	56,469
Travel allowance	123,000	118,635
Housing allowance	69,954	65,845
Pension contribution	51,840	48,825
Performance bonus	-	57,500
Total	<u>647,264</u>	<u>700,728</u>
Chief Financial Officer's remuneration		
Salary	291,000	284,400
13 th Cheque	23,500	23,500
Leave encashed	21,334	-
Acting allowance	4,232	2,116
Travel allowance	90,000	72,500
Housing allowance	45,220	38,798
Pension contribution	64,020	62,040
Performance bonus	-	46,684
Total	<u>539,306</u>	<u>530,037</u>

METSWEDING DISTRICT MUNICIPALITY

NOTES TO ANNUAL THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Strategic Manager Corporate Service's remuneration (11 months)

Salary	249,500	260,097
13 th Cheque	39,125	21,000
Leave encashed	23,093	-
Travel allowance	88,300	91,500
Housing allowance	60,285	55,059
Pension contribution	37,425	38,550
Performance bonus	-	45,315
Total	497,728	511,521

Strategic Manager Community Service's remuneration (10 months)

Salary	202,500	261,347
13 th Cheque	22,000	21,000
Leave encashed	70,731	-
Acting allowance	-	29,930
Travel allowance	72,000	92,100
Housing allowance	34,075	36,969
Pension contribution	44,550	56,540
Performance bonus	-	45,315
Total	445,856	543,201

Strategic Manager Infrastructure's remuneration

Salary	-	114,000
13 th Cheque	-	9,500
Leave encashed	-	68,159
Travel allowance	-	45,000
Housing allowance	-	35,325
Pension contribution	-	25,080
Medical contribution	-	4,514
Performance bonus	-	46,684
Total	-	348,262

Revenue

RSC levies	2,534,626	11,896,447
Government, Provincial and other grants and subsidies	22,899,191	29,021,388
- Inter-government grants	22,899,191	29,021,388
- Other	-	-
Interest received	2,733,152	3,141,853
Ambulance fees	94,667	138,489
Ambulance agency fee	6,414,750	8,322,571
Other income	948,434	94,800
- Sundry	463,896	94,800
- Recouped from suspense accounts	604	-
- Recouped from other creditors	201,106	-
- Recouped from provisions	84,441	-
- Recouped from project savings funded by government grants	198,387	-
	35,624,820	52,615,548

**NOTES TO ANNUAL THE FINANCIAL STATEMENTS
for the year ended 30 June 2007**

	2007	2006
	R	R
11. PRIOR YEAR APPROPRIATIONS		
Prior year appropriations		
- Retention credit reversed	-	7,504
- Provision for completed development aid projects reversed	-	317,504
- Suspense credit reversed	-	-
- Levy debtors' credit balances appropriated as revenue	-	149,710
- Levy debtor's bad debt provision appropriated	-	63,667
	<u>-</u>	<u>538,385</u>
12. TRANSFER TO ASSET FINANCING FUND		
Contributions	<u>118,964</u>	<u>118,147</u>
The total contribution is based 1% of the revenue from RSC levies received during the previous financial year.		
13. TRANSFERS FROM NON-DISTRIBUTABLE RESERVES		
Transfer from capital receipts to offset depreciation charges (See note.2)	286,521	354,144
Transfer from Asset Financing Fund to offset depreciation charges (See note.2)	253,898	94,127
	<u>540,419</u>	<u>448,271</u>

**NOTES TO ANNUAL THE FINANCIAL STATEMENTS
for the year ended 30 June 2007**

	2007	2006
	R	R
14. CASH UTILISED IN OPERATIONS		
Net surplus/(deficit) for the year	856,501	(7,951,444)
Adjustments for:		
Previous year's appropriations (See note.11)	-	538,385
Depreciation	654,879	516,222
Profit on disposal of property, plant and equipment	-	(8,500)
Loss on disposal of property, plant and equipment	-	-
Interest received	(2,733,152)	(3,141,853)
Operating deficit before working capital changes:	<u>(1,221,772)</u>	<u>(10,047,190)</u>
(Increase)/Decrease in levy debtors	(10,649)	335,579
(Increase)/Decrease in other debtors	2,965,449	(121,431)
Decrease in provisions	(2,201,081)	(827,694)
Increase/(Decrease) in creditors	(3,216,089)	1,261,416
Increase/(Decrease) in deferred income	(805,366)	(1,779,624)
	<u>(4,489,508)</u>	<u>(11,178,944)</u>
15. NET DECREASE IN CASH AND CASH EQUIVALENTS		
Balance at the end of the year	34,227,242	37,594,352
Balance at the beginning of the year	<u>37,594,352</u>	<u>46,012,849</u>
	<u>(3,367,110)</u>	<u>(8,418,497)</u>

16. RETIREMENT BENEFIT INFORMATION

All councillors and employees belong to 5 defined contribution retirement funds administered individually, under the statutory protection of the Registrar of Pension Funds. These funds are the Municipal Councillors Pension Fund, the Municipal Employees Gratuity Fund, the Municipal Employees Provident Fund, the Local Government Pension Fund and the National Fund for Municipal Workers.

Council contributed an amount of R1,982,286 (R2,099,976: 2006) in respect of councillor and employees retirement fund. These contributions have been expensed.

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
for the year ended 30 June 2007

	COST			ACCUMULATED DEPRECIATION				
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Current year	Disposals	Closing balance
Other assets								
Land	999,105	-	-	999,105	-	-	-	-
Office furniture	545,870	323,498	-	869,368	284,771	75,930	-	360,701
Office equipment	222,890	200,271	-	423,161	89,805	95,873	-	185,678
Other furniture and equipment	195,914	18,526	-	214,440	114,640	42,696	-	157,336
Motor vehicles	690,622	868,608	-	1,559,230	481,100	214,399	-	695,499
Computers and computer equipment	801,872	199,851	-	1,001,723	374,605	225,981	-	600,586
Total	3,456,273	1,610,754	-	5,067,027	1,344,921	654,879	-	1,999,800

	BOOK VALUE	
	Opening balance	Closing balance
Other assets		
Land	999,105	999,105
Office furniture	261,098	508,667
Office equipment	133,085	237,483
Other furniture and equipment	81,275	57,104
Motor vehicles	209,522	863,731
Computers and computer equipment	427,267	401,137
Total	2,111,352	3,067,227

SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

for the year ended 30 June 2007

2006 Expenditure Net book value R		Balance at 01/07/2006 Net book value R	2007 Expenditure Net book value R	2007 Disposals Net book value R	Balance at 30/06/2007 Net book value R
	REGIONAL SERVICES				
	Community services				
269,250	Administration	2,111,352	955,875	-	3,067,227
269,250	TOTAL	2,111,352	955,875	-	3,067,227

ANALYSIS OF OPERATING REVENUE AND EXPENSES
for the year ended 30 June 2007

2006		2007	2007
R		R	R
Actual		Actual	Budget
REVENUE			
11,896,447	RSC levies	2,534,626	-
29,021,388	Government, Provincial and other grants and subsidies	22,899,191	28,139,338
3,141,853	Interest received	2,733,152	2,500,000
8,322,571	Provincial agency fee – emergency medical services	6,414,750	8,622,600
233,289	Other income	1,043,101	273,000
52,615,548		35,624,820	39,534,938
EXPENSES			
3,543,107	Regional services	4,706,273	9,238,210
28,646,801	Transfers to Local B municipalities – capital	1,528,227	1,137,338
855,118	Transfers to Local B municipalities – operational	-	-
27,521,966	Operating expenses	28,533,819	31,143,904
516,223	- Depreciation	654,879	670,000
7,989,972	- General and other expenses	8,957,477	8,072,326
185,948	- Repairs and maintenance	513,050	247,000
17,142,893	- Salaries, wages and allowances	16,350,557	20,084,160
1,686,930	- Councillor remuneration	2,057,807	1,942,918
-	- Bad debt	49	-
-	- Contributions	-	126,500
-	- Loss with disposal/writing-off of fixed assets	-	1,000
60,566,992		34,768,319	41,519,452
(7,951,444)	NET SURPLUS/(DEFICIT) FOR THE YEAR	856,501	(1,984,514)
21,875,002	UNAPPROPRIATED SURPLUS AT BEGINNING OF THE YEAR	14,792,067	
APPROPRIATIONS:			
538,385	Prior year appropriations	-	1,497,644
(118,147)	Transfer to Asset Financing Fund	(118,964)	-
448,271	Transfer from Non-Distributable Reserves	540,419	500,000
14,792,067	UNAPPROPRIATED SURPLUS AT END OF THE YEAR	16,070,023	13,130

SEGMENTAL INCOME STATEMENT
for the year ended 30 June 2007

2006 R	2006 R	2006 R		2007 R	2007 R	2007 R
Actual income	Actual expenditure	Surplus / (deficit)		Actual income	Actual expenditure	Surplus / (deficit)
REGIONAL SERVICES						
44,154,488	-51,683,530	-7,529,042	Community Services	29,115,403	-27,582,839	1,532,564
			<i>Administration</i>			
11,896,447	-	11,896,447	RSC levies	2,534,626	-	2,534,626
29,021,388	-	29,021,388	Government and Provincial grants and subsidies	22,899,191	-	22,899,191
3,141,853	-	3,141,853	Interest received	2,733,152	-	2,733,152
94,800	-	94,800	Other income	948,434	-	948,434
-	-3,543,107	-3,543,107	Regional services	-	-4,706,273	-4,706,273
-	-28,646,801	-28,646,801	Transfers to Local B municipalities – capital	-	-1,528,227	-1,528,227
-	-855,118	-855,118	Transfers to Local B municipalities – operational	-	-	-
-	-18,638,504	-18,638,504	Operating expenses	-	-21,348,339	-21,348,339
-	-516,223	-516,223	- Depreciation	-	-654,879	-654,879
-	-7,123,530	-7,123,530	- General and other expenses	-	-8,598,179	-8,598,179
-	-177,676	-177,676	- Repairs and maintenance	-	-511,041	-511,041
-	-9,134,145	-9,134,145	- Salaries, wages and allowances	-	-9,526,384	-9,526,384
-	-1,686,930	-1,686,930	- Councillor remuneration	-	-2,057,807	-2,057,807
-	-	-	- Bad debt	-	-49	-49
EMERGENCY MEDICAL SERVICES						
8,461,060	-8,883,462	-422,402	Ambulance Services	6,509,417	-7,185,480	-676,063
8,322,571	-	8,322,571	Provincial agency fee	6,414,750	-	6,414,750
138,489	-	138,489	Ambulance fees	94,667	-	94,667
-	-8,883,462	-8,883,462	Operating expenses	-	-7,185,480	-7,185,480
-	-866,442	-866,442	- General and other expenses	-	-359,298	-359,298
-	-8,272	-8,272	- Repairs and maintenance	-	-2,009	-2,009
-	-8,008,748	-8,008,748	- Salaries, wages and allowances	-	-6,824,173	-6,824,173
52,615,648	-60,566,992	-7,951,444	TOTAL	35,624,820	34,768,319	856,501

STATISTICAL INFORMATION
for the year ended 30 June 2007

A. GENERAL STATISTICS

1. Population (approximate)	159,891	119,539
	2007	2006
	R	R
2. RSC levies: Establishment levies	1,884,383	8,337,458
Services levies	650,243	3,558,989
	2,534,626	11,896,447
3. RSC levies: Establishment levy (incl. 14% VAT)	0,15162%	0,15162%
Services levy (incl. 14% VAT)	0,37962%	0,37962%
4. Number of employees at Metsweding District Municipality		
Active employees.	40	111