

IKWEZI MUNICIPALITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AT 30/06/08

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FOREWORD BY THE MAYOR

It is a great pleasure for Ikwezi Local Municipality to present the 2007/2008 Annual Financial Statements to the relevant organs of state. As the Mayor of the municipality, it is my responsibility to provide general political guidance over the fiscal and financial affairs of the municipality as prescribed by the Municipal Finance Management Act, 2003.

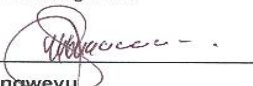
The political leadership and administration paid serious attention to Financial Viability and Good Governance in 2007/2008 financial year. Council practised sound Financial Planning and Management and broadened the scope of Internal Auditors. Management responded to matters of significance raised by the auditors.

Council is still faced with the following huge challenges:

- o Conversion from IMFO to GAMAP/GRAP
- o The Asset Register
- o Capacity within Finance Department and
- o Strategic alignment of the IDP, Budget, SDBIP and PMS

Through MSIG, FMG and other grants and support from Provincial Government, donors and other organs of state, Council is determined to overcome the said challenges.

Once again, I express my sincere gratitude and appreciation to the Accounting Officer, Chief Financial Officer, Senior Accountant, staff and our internal auditing team.



S.A. Mngwevu
Mayor: Ikwezi Local Municipality



IKWEZI MUNICIPALITY

GENERAL INFORMATION

Members of the Municipality Council -

Mngwevu S.A	-	Mayor
Bester J.	-	Councillor
Ferreira S.G	-	Councillor
Lizwane A.	-	Councillor
Vanda N.P	-	Councillor

Grading of Local Authority - Grade2

Auditors - Auditor General

Bankers - ABSA Bank - Jansenville

Registered Office
35 Main Street
Jansenville
6266

Tel. 049 836 0021 / 193
Fax. 049 836 0106

Municipal Manager - Mnyimba T.T

Chief Financial Officer - April R.D

IKWEZI MUNICIPALITY

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The financial statements for the 2007/2008 book year were approved by the Municipal Manager on 8 August 2008.

Mnyimba T.T
Municipal Manager

IKWEZI MUNICIPALITY

ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

1.1 These financial statements have been prepared so as to conform to the standards laid down by the institute of Municipal Treasurers and Accountants in its Report on the Standardisation of Financial Statements of Local Authorities. (2nd edition - 1996)

1.2 The financial statements are prepared on the historical cost basis. The accounting policies are consistent with those applied in the previous year.

1.3 *The financial statements are prepared on the accrual basis:*

income is accrued when collectable and measurable.

Expenditure is accrued in the year it is incurred.

2. CONSOLIDATION

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

3. FIXED ASSETS

3.1 Fixed assets are stated at historical cost while they are in existence and fit for use, except for the property that is brought in at the valuation as determined by the Valuer in 2007.

3.2 **Depreciation:** The balance shown against the heading "Loans Redeemed and other Capital Receipts" 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 operating income. Where the full cost of the assets forms an immediate and direct charge against operating income, and therefore it is unnecessary to make any further provision for depreciation.

Grant of donation where the amount representing the value of such grant or donation is immediately credited to the "Local Redeemed and other Capital Receipts" account.

- 3.3 All Nett proceeds from the sale of property and proceeds from the sale of all other assets are credited to the Revolving Fund.
- 3.4 Capital assets are financed from different sources, including external loans, operating income and Government Grants. These loans repaid within the estimated lives of the assets acquired from such loans. Interest is charged to the service concerned at the ruling rates applicable at the time the advance is made.

4. FUNDS AND RESERVES

4.1 Revolving Fund

The Municipal Ordinance, No. 20 of 1974 section 75 (1)(a) requires a minimum contribution equal to 20 % more than the previous year's contribution.

5. PROVISIONS

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

6. RETIREMENT BENEFITS

Ikwezi Municipality and its employees contribute to the SALA Pension Fund, IMATU Retirement Fund and the SAMWU National Provident Fund.

7. SURPLUS AND DEFICITS

Any surplus or deficit arising from the operating of the electricity and water services are transferred to Rate and General Services to alternate the tax burden of the rate payers.

8. INVESTMENTS

Investments are shown at market value and are invested according to the provisions contained in Circular 43 of 1993 issued by the Provision Administration.

9. INCOME RECOGNITION

9.1 Electricity and Water Billings

Electricity meters are read and billed monthly. Where meters cannot be read during a particular month, they are provisionally billed with the necessary adjustments made in the month they are indeed read. Water is charged at fixed monthly tariffs.

9.2 *Assessment rates*

Assessments rates are levied at the same rate on the value of land and building.

10. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The Cost Section: "Administrations" and "Councils' General Expenses" are charged out to other departments according to their respective expenditure incurred during the year.

IKWEZI MUNICIPALITY

FINANCIAL MANAGER'S REPORT FOR THE YEAR ENDED AT 30/06/08

I have pleasure in presenting my annual report, together with the financial statements for the year ended 30 June 2008.

The primary objective of the Finance Department is to assist the Head of Departments to control their budgets and to ensure effective application of financial resources.

1. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The overall operating results for the year ended 30 June 2008, are as follows:

	Actual 2008	Actual 2007	Variance	Budget 2008	Variance Actual/ Budget
	R	R	2007/08	R	%
			%		
Income					
Opening (deficit)/surplus	(2 232 593)	208 367			
Operating income	13 862 960	12 519 476	10.73%	14 402 800	3.75%
Closing Deficit	2 891 734	2 232 593			
	<u>14 522 101</u>	<u>14 960 436</u>			
Expenditure					
Operating Exp.	13 303 291	11 311 425	17.61%	14 343 640	7.25%
Appropriations	1 218 810	3 649 011			
Closing deficit					
	<u>14 522 101</u>	<u>14 960 436</u>			

The consolidated accumulated deficit has increased from R 2,232,593 to a deficit of R 2,891,734 during the year. The reason for this is mainly because of a liability raised by SARS on outstanding PAYE and UIF returns for the years from 2000 to 2004. Penalties and interest were added in the total outstanding amount of R1, 013,482. The operating account realised a surplus of R559,669 as a result of savings on Indigent support and a increase in interest on investments.

1.1 RATES AND GENERAL SERVICES

	Actual 2008	Actual 2007	Variance	Budget 2008	Variance Actual/ Budget
	R	R	2007/08	R	%
			%		
Income	10 856 005	9 812 104	10.64%	11 501 300	5.61%
Expenditure	10 099 818	8 710 796	15.95%	11 107 590	9.07%
Surplus/(deficit)	<u>756 187</u>	<u>1 101 308</u>		<u>393 710</u>	

1.2 TRADING SERVICES

	Actual 2008 R	Actual 2007 R	Variance 2007/08 %	Budget 2008 R	Variance Actual/ Budget %
Electricity service					
Income	2 192 976	1 996 645	9.83%	2 130 500	2.93%
Expenditure	1 989 594	1 937 454	2.69%	2 119 420	6.13%
Surplus/(deficit)	<u>203 382</u>	<u>59 191</u>		<u>11 080</u>	

The increase in the surplus of electricity, is the result of ongoing checking and testing of pre-paid meters, that were "by-passing" in the past which resulted in losses in electricity sales.

	Actual 2008 R	Actual 2007 R	Variance 2007/08 %	Budget 2008 R	Variance Actual/ Budget %
Water service					
Income	813 979	710 727	14.53%	771 000	5.57%
Expenditure	1 213 879	663 175	83.04%	1 116 630	8.71%
Surplus/(Deficit)	<u>(399 900)</u>	<u>47 552</u>		<u>(345 630)</u>	

a Provision of R572,631 for bad debts, led to this deficit in water services. Debtors 90 days and older were fully provided as bad debts.

2. CAPITAL EXPENDITURE AND FINANCING

	Actual 2008	Budget 2008	Actual 2007
	R	R	R
Land & buildings			30 995
Infrastructure:			
Roads	79 362		1 649 056
Town Planning			74 788
Sewerage and sanitation	14 557 935	6 428 000	6 298 315
Water	2 059 224		1 277 127
Electricity			79 885
Housing services	2 248 026		1 945 420
Other fixed assets:			
Vehicles			
Software	415 695		
Furniture and equipment	341 383		325 723
	<u>19 701 625</u>	<u>6 428 000</u>	<u>11 681 309</u>

Resources used to finance the fixed assets were as follows:

	Actual 2008	Budget 2008	Actual 2007
	R	R	R
Grants and subsidies	19 545 518	6 428 000	11 613 995
Provision and reserves	127 123		
Contributions from income	28 984		67 314
	<u>19 701 625</u>	<u>6 428 000</u>	<u>11 681 309</u>

A complete analysis of capital expenditure(budget and actual)per department and a classification of service are included in appendix "C".

3. EXTERNAL LOANS, INVESTMENTS AND CASH

No external loans were outstanding at 30 June 2008 as also in 2007.

Investments and cash amounts to R 3,783,308 (2007: R 2,496,598).

4. POST BALANCE SHEET EVENTS

No material transactions or events can be reported since 30 June 2008.

EXPRESSION OF APPRECIATION

I am grateful to the Mayor, members of the Council, the Municipal Manager and Heads of Departments for the support they have given to my staff and me during the year under review.

I would also like to express my appreciation to the staff of the Auditor-General for their co-operation and assistance during the audit of the Council's financial statements.

ML Meyer (A.I.M.F.O)
Acting Financial Manager
Ikwezi Municipality
08 August 2008

IKWEZI MUNICIPALITY
BALANCE SHEET
AT 30/06/08

	<u>Note</u>	<u>2008</u> R	<u>2007</u> R
<u>CAPITAL EMPLOYED</u>			
FUNDS AND RESERVES		2 281 087	2 319 789
Statutory Funds	1.1	1 027 050	1 014 125
Reserves	1.2	1 254 037	1 305 664
ACCUMULATED DEFICIT		(2 891 734)	(2 232 593)
		(610 647)	87 196
TRUST FUNDS	1.3	2 629 174	2 225 269
LONG-TERM LIABILITIES	2	-	-
CONSUMER DEPOSITS: SERVICES	3	-	-
		2 018 527	2 312 465
<u>EMPLOYMENT OF CAPITAL</u>			
NON - CURRENT ASSETS			
Fixed Assets	4	-	-
NET CURRENT ASSETS		2 018 527	2 312 465
CURRENT ASSETS		6 686 423	6 814 814
Debtors	5	2 815 344	4 318 216
Investments	6	3 871 079	2 038 847
Bank and cash	7	-	457 751
CURRENT LIABILITIES		4 667 896	4 502 349
Bank overdraft	7	87 771	-
Provisions	8	328 400	200 000
Creditors	9	4 251 725	4 302 349
		2 018 527	2 312 465

IKWEZI MUNICIPALITY
INCOME STATEMENT
FOR THE YEAR ENDED 30/06/08

<u>2007</u> <u>Actual</u> <u>Income</u> R	<u>2007</u> <u>Actual</u> <u>Expenditure</u> R	<u>2007</u> <u>Surplus/</u> <u>(Deficit)</u> R		<u>2008</u> <u>Actual</u> <u>Income</u> R	<u>2008</u> <u>Actual</u> <u>Expenditure</u> R	<u>2008</u> <u>Surplus/</u> <u>(Deficit)</u> R	<u>2008</u> <u>Budget</u> <u>Surplus/</u> <u>(Deficit)</u> R
9 812 104	8 710 796	1 101 308	RATES AND GENERAL SERVICES	10 856 005	10 099 818	756 187	393 710
7 413 351	6 079 342	1 334 009	Community services	8 956 986	6 960 825	1 996 161	940 570
-	102 675	(102 675)	Subsidised services	-	134 241	(134 241)	(170 540)
2 398 753	2 528 779	(130 026)	Economic services	1 899 019	3 004 752	(1 105 733)	(376 320)
-	-	-	HOUSING SERVICES				
2 707 372	2 600 629	106 743	TRADING SERVICES	3 006 955	3 203 473	(196 518)	(334 550)
12 519 476	11 311 425	1 208 051	TOTAL	13 862 960	13 303 291	559 669	59 160
		(3 649 011)	Appropriations for the year (refer to Note 14)			(1 218 810)	
		(2 440 960)	Net deficit for the year			(659 141)	
		208 367	Accumulated surplus/(deficit) at beginning of the year the year			(2 232 593)	
		(2 232 593)	ACCUMULATED SURPLUS/(DEFICIT) AT END OF THE YEAR			(2 891 734)	

IKWEZI MUNICIPALITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30/06/08

	<u>Note</u>	<u>2008</u> R	<u>2007</u> R
CASH RETAINED FROM OPERATING ACTIVITIES		20 988 335	9 076 676
Cash available from operations	15	(10 267 941)	(7 438 800)
Cash received in investing activities		595 171	359 735
(Increase)/decrease in Working capita	16	(754 332)	(1 696 898)
Less: External interest paid		-	-
Cash utilised by operations		(10 427 102)	(8 775 963)
<u>Add:</u> Grants & Subsidies		31 415 437	17 851 539
Nett proceeds on disposal of assets		-	1 100
CASH EFFECT OF FINANCING ACTIVITIES			
Investment in fixed assets		(19 701 625)	(11 681 309)
Net Cash flow		<u><u>1 286 710</u></u>	<u><u>(2 604 633)</u></u>
CASH EFFECT OF FINANCING ACTIVITIES			
Increase / (Decrease) in Long-term Liabilities	17	-	(58 243)
(Increase) / Decrease in Cash investments	18	(1 832 232)	2 735 275
(Increase) / Decrease in Cash	19	545 522	(72 399)
Net cash (generated) / utilised		<u><u>(1 286 710)</u></u>	<u><u>2 604 633</u></u>

IKWEZI MUNICIPALITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30/06/08**

	<u>2008</u>	<u>2007</u>
	R	R
1 FUNDS		
1.1 STATUTORY FUNDS		
Revolving fund	929 475	919 142
Dog Tax fund	48 822	47 381
Housing Development fund	48 753	47 602
	<u>1 027 050</u>	<u>1 014 125</u>
(Refer to Appendix A for more detail)		
1.2 RESERVES		
Leave reserve Fund	600 899	510 539
Capital Replacement Reserve	653 138	795 125
	<u>1 254 037</u>	<u>1 305 664</u>
1.3 TRUST FUNDS		
Water Report	29 716	29 902
IDP	8 189	42 984
MIG: Jansenville Sewer project	1 373 679	
HIV Aids Programme	-	2 653
MSP Funds	-	130 205
Drought Relief	-	440 338
LED - Ostrich/Feedlot	416 823	738 349
CMIP - Bucket eradication	79 107	80 715
General Valuation	166 622	-
Klipplaat Housing Project (250 Houses)	95 852	178 293
Klipplaat Housing Project (210 Houses)	-	456 054
MSIG	114 486	2 536
PMS and Municipal Organ gram	9 003	9 877
Water Service Authority	41 253	62 354
Development of By-Laws	24 386	51 009
LED - Co-ordinator/Thina Sinako project	196 466	
Performance Management System	22 849	
Indigent Register	48 252	
Angora Goat project	2 491	
	<u>2 629 174</u>	<u>2 225 269</u>
(Refer to Appendix A for more detail)		
2 LONG-TERM LIABILITIES		
Development Bank of South Africa	-	-
<u>Less:</u> Current portion of Long term liabilities	-	-
	<u>-</u>	<u>-</u>
These loans bearded interest at rates of 16.85% and 15.72 % per annum and was fully redeemed at 30 June 2007 - an application was approved by Development Bank to write off all arrear interest on condition that the loans were fully redeemed on 31 March 2007, which was adhered.		
(Refer to Appendix B for more details)		

IKWEZI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30/06/08

	<u>2008</u>	<u>2007</u>
	R	R
3 <u>CONSUMER DEPOSITS : SERVICES</u>		
Electricity & Water		-
Other		-
	<u> -</u>	<u> -</u>

4 FIXED ASSETS

Fixed Assets at beginning of year	49 973 215	23 936 832
<u>Add:</u> Capital expenditure during the year	19 701 625	11 681 309
Assets transferred during the year	(12 992)	14 355 074
Total Fixed Assets	<u>69 661 848</u>	<u>49 973 215</u>
<u>Less:</u> Loans redeemed and other capital receipts	69 661 848	49 973 215
Net Fixed Assets	<u> -</u>	<u> -</u>

Not included in above total, is an amount of R25 000 and R172 000 relating to clinic and Admin offices in Kliplaat respectively, which are still not transferred to the Municipality. Also not included is the infrastructure cost for the period before the financial year 2004/05, value of which still needs to be determined.

(Refer to Appendix C for more details)

5 DEBTORS

Debtors for rates and service charges *	9 864 432	7 669 317
Less: Provision for bad debts	<u>(9 270 986)</u>	<u>(7 064 406)</u>
	593 446	604 911
Grants claimable from Cacadu DM -		
LED Projects	21 230	30 667
├ Hardwood Farm	210 938	62 789
Other	283 753	
Accumulated Interest	41 920	18 078
VAT - Debtors *	652 562	470 257
VAT - creditors not yet paid	174 404	340 178
VAT - Claim for May/June	480 654	446 844
Grants from Prov. Government - Housing	287 290	2 260 774
Sundry Debtors	69 147	83 718
	<u>2 815 344</u>	<u>4 318 216</u>

* VAT shown separate

6 INVESTMENTS

<i>Name of Bank</i>	<i>Acc Nr</i>	<i>Type of investment</i>		
Absa Bank	9137635959	Money market deposit	3 800 586	1 861 676
Absa Bank	9101589574	Savings deposit	4 312	9 072
Absa Bank	9118667183	Call deposit	66 181	168 099
			<u>3 871 079</u>	<u>2 038 847</u>

IKWEZI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30/06/08

	<u>2008</u> R	<u>2007</u> R
7 <u>BANK AND CASH/(BANKOVERDRAFT)</u>		
<i>Current Bank account: ABSA Bank (Acc no 4053099797)</i>		
Bank statement balance at the end of year	182 974	608 993
<i>Current Bank account: ABSA Bank (Acc no 2520141122)</i>		
Bank statement balance at the end of year	1 105	32 628
Consolidated Cash Book Balance at the end of year	<u>(87 771)</u>	<u>457 751</u>
8 <u>PROVISIONS</u>		
Audit Costs	250 000	200 000
Performance Bonuses: Section 57 employs	78 400	
	<u>328 400</u>	<u>200 000</u>
9 <u>CREDITORS</u>		
Trade creditors	1 178 467	2 908 100
Auditor-General	275 634	
Workman's Compensation	100 711	100 711
Service charges paid in advance	62 450	84 988
VAT - Income raised not yet paid by debtors	652 562	470 257
Dept. of Transport	32 770	34 174
Retention	913 159	678 216
Sundry creditors	22 490	25 903
PAYE/UIF in arrears for years 2000 - 2004	1 013 482	
	<u>4 251 725</u>	<u>4 302 349</u>
10 <u>ASSESSMENT RATES</u>		
	<u>Actual</u> <u>income</u> 2008 R	<u>Actual</u> <u>income</u> 2007 R
The total General valuation as at 30 June 2008 was R571 974 310	1 202 753	981 348
This includes residential, businesses and farms		
11.1 <u>COUNCILLORS INFORMATION</u>		
<i>Remuneration</i>		
Speaker	195 900	182 236
Councillors	525 252	507 652
	<u>721 152</u>	<u>689 888</u>
These remuneration of the Councillors are within the upper limits of the framework envisaged in section 219 of the Constitution		
<i>Arrear rates and service charges outstanding for more than 90 days</i>		
Speaker: SA Mngwevu	2 716	2 836
Councillor: SG Ferreira	8	5 326
Councillor: NP Vanda	7 052	6 743
Councillor: JJ Bester	1 993	64
Councillor: A Lizwane	6 585	
	<u>18 354</u>	<u>14 969</u>

IKWEZI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30/06/08

	<u>2008</u>	<u>2007</u>
	R	R
11.2 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	3 655 684	3 992 108
Employee related costs - Contributions to pension, medical aids	558 097	578 975
Travel allowances	132 499	324 335
Housing, standby, SDL and other allowances	177 202	136 758
Overtime payments	270 670	151 914
Bonuses	320 763	313 104
Cell phone allowance (Councillors only)	721 152	41 820
	<u>5 836 067</u>	<u>5 539 014</u>
An amount of R1,013,482 is raised by SARS as outstanding PAYE and UIF returns and penalties, This was for the periods 2000 - 2004 and is shown under Note 9 - Trade and other payables		
<i>Remuneration of the Municipal Manager</i>		
Annual Remuneration	196 846	224 889
Performance Bonus	28 000	35 077
Car Allowance	55 004	67 416
Contributions to UIF, SDL	968	4 128
	<u>280 818</u>	<u>331 510</u>
<i>Remuneration of the Chief Finance Officer</i>		
Annual Remuneration	178 591	165 254
Performance Bonus	18 094	32 612
Car Allowance	43 880	76 320
Contributions to UIF, SDL	1 327	3 647
	<u>241 892</u>	<u>277 833</u>
<i>Remuneration of the Technical Manager</i>		
Annual Remuneration	191 171	150 000
Performance Bonus	33 600	14 000
Car Allowance	53 833	50 000
Contributions to UIF, SDL	1 452	3 128
	<u>280 056</u>	<u>217 128</u>
12 AUDITORS' REMUNERATION		
Opening Balance	584 693	235 488
Current year external audit fee (Provision)	250 000	200 000
Current year internal audit fee	153 120	130 618
Previous years external audit fee under provided	128 041	289 042
Amount paid - current year internal audit fee	(6 945)	(6 956)
Amount paid - previous years external audit fee	(437 100)	(208 011)
Amount paid - previous year internal audit fee	-	(55 488)
Balance unpaid (Included in provisions and creditors)	<u>671 809</u>	<u>584 693</u>

IKWEZI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30/06/08

	<u>2008</u>	<u>2007</u>
	R	R
13 <u>FINANCE TRANSACTIONS</u>		
Total external interest paid and earned :		
- Interest earned	595 171	359 735
- Interest paid	-	-
	<hr/>	<hr/>
Capital charges debited to operating account :		
Interest : External	-	-
	<hr/>	<hr/>
14 <u>APPROPRIATIONS</u>		
<i>Appropriation account</i>		
Accumulated (deficit)/surplus at beginning of the year	(2 232 593)	208 367
Operating Surplus for the year	559 669	1 208 051
Appropriations for the year	(1 218 810)	(3 649 011)
Back-Pay for Councillors	-	(146 560)
Additional VAT claimed from SARS	-	113 119
RSC Levies for previous years	-	(38 695)
PWC: VAT audit i.r.o. previous years	-	(43 156)
Audit cost - under provided	(128 041)	(289 042)
Write-off Indigent debts	-	(1 036 703)
Performance Bonuses: 2005/06	-	(74 495)
Unknown consumer deposit's	-	32 417
Development Bank's Instalments	-	579 724
Disaster Trust not cash backed	-	59 402
Provision for bad debts - previous years	-	(2 808 353)
SARS PAYE/UIF arrears - returns not submitted from years 2000 - 2004	(1 013 482)	-
Billing corrections of previous years levies	(77 287)	3 331
	<hr/>	<hr/>
Accumulated (Deficit)/surplus at end of the year	(2 891 734)	(2 232 593)
	<hr/>	<hr/>
15 <u>CASH AVAILABLE FROM OPERATIONS</u>		
Surplus/(deficit) for the year	559 669	1 208 051
Adjustment in respect of:		
Previous years' operating transactions	(1 218 810)	(3 649 011)
Appropriations charged against income	3 003 135	3 976 055
- Accumulated Funds (Interest)	251 028	186 718
- Revolving Fund	-	91 560
- Provisions & reserves	2 723 123	3 630 463
- Fixed assets	28 984	67 314
Capital charges:		
Interest: external		
Redemption: external		29 122
<u>Less :</u>		
Operating grants and subsidies	(6 437 895)	(6 113 270)
Expenditure charged against Provisions and reserves	(5 585 951)	(2 534 348)
Investment income (Operating Account)	(588 089)	(355 399)
	<hr/>	<hr/>
	(10 267 941)	(7 438 800)
	<hr/>	<hr/>

IKWEZI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30/06/08

	<u>2008</u>	<u>2007</u>
	R	R
16 <u>(INCREASE)/DECREASE IN WORKING CAPITAL</u>		
(Increase)/Decrease in Inventory	-	-
(Increase)/Decrease in Trade and other receivables	(703 708)	(3 715 657)
Increase/(Decrease) in Trade and other payables	(50 624)	2 018 759
	<u>(754 332)</u>	<u>(1 696 898)</u>
17 <u>INCREASE/(DECREASE) IN LONG-TERM LIABILITIES</u>		
Loans raised	-	-
Loans repaid	-	(58 243)
	<u>-</u>	<u>(58 243)</u>
18 <u>(INCREASE)/DECREASE IN CASH INVESTMENTS</u>		
Investments made	(9 566 232)	(2 398 903)
Investments realised	7 734 000	5 134 178
	<u>(1 832 232)</u>	<u>2 735 275</u>
19 <u>(INCREASE)/DECREASE IN CASH</u>		
Cash on hand at beginning of year	457 751	385 352
Less: Cash on hand at end of year	(87 771)	457 751
	<u>545 522</u>	<u>(72 399)</u>
20 <u>CONTRIBUTION TO ORGANIZED LOCAL GOVERNMENT</u>		
Opening balance		
Council subscriptions	20 055	3 249
Amount paid - current year	(20 055)	(3 249)
Balance unpaid	<u>-</u>	<u>-</u>
21 <u>RETIREMENT BENEFIT INFORMATION</u>		
The employees of this Municipality are members of the following pension funds:		
SALA Pension Fund		
IMATU Retirement		
SAMWU Provident Fund		

APPENDIX A
IKWEZI MUNICIPALITY
STATUTORY FUNDS, TRUST FUNDS AND RESERVES
FOR THE YEAR ENDED 30/06/08

	<u>Balance at</u> <u>1 July 2007</u>	<u>Contributions</u> <u>during the year</u>	<u>Interest on</u> <u>investments</u>	<u>Other</u> <u>income</u>	<u>Operating</u> <u>Expenditure</u>	<u>Capital</u> <u>Expenditure</u>	<u>Balance at</u> <u>30 June 2008</u>
STATUTORY FUNDS							
Revolving Fund	919 142		28 135		17 802		929 475
Dog Tax Fund	47 381		1 441				48 822
Housing Development fund	47 602		1 445		294		48 753
	1 014 125	0	31 021	0	18 096	0	1 027 050
RESERVES							
Leave reserve	510 539	188 143	12 930		110 713		600 899
Capital Replacement Reserve	795 125		20 423		35 287	127 123	653 138
	1 305 664	188 143	33 353	0	146 000	127 123	1 254 037
TRUST FUNDS							
Water Report	29 902		891		1 077		29 716
IDP	42 984		954	50 000	85 749		8 189
MIG: Jansenville Sewer project			121 173	18 659 000	2 773 122	14 633 372	1 373 679
HIV Aids Programme	2 653		11		2 664		0
MSP Funds	130 205		1 554		89 680	42 079	0
Drought Relief	440 338		6 884		174 234	272 988	0
Financial Management Grant	0		5 020	500 000	505 020		0
LED - Ostrich/Feedlot	738 349		19 692	120 411	410 624	51 005	416 823
CMIP - Bucket eradication	80 715		2 415		98	3 925	79 107
General Valuation	0		6 044	625 000	464 422		166 622
Klipplaat Housing Project (250 Houses)	178 293		7 082	15 750	31 273	74 000	95 852
Klipplaat Housing Project (210 Houses)	456 054		4 538	1 677 312	4 538	2 133 366	0
Jansenville Housing project (350 Houses)				50 691	10 032	40 659	0
MSIG	2 536		8 045	734 000	233 629	396 466	114 486
PMS and Municipal Organogram	9 877		273		1 147		9 003
Water Service Authority	62 354		1 661		22 762		41 253
Development of By-Laws	51 009		1 550		28 173		24 386
Rainwater Harvest				2 022 360	236 124	1 786 236	0
LED - Co-ordinator/Thina Sinako project			1 466	230 265	35 265		196 466
Performance Management System			2 119	123 875	2 257	100 888	22 849
Indigent Register			2 364	145 000	88 578	10 534	48 252
Angora Goat project				23 878	21 387		2 491
	2 225 269	0	193 736	24 977 542	5 221 855	19 545 518	2 629 174

APPENDIX B
IKWEZI MUNICIPALITY
EXTERNAL LOANS AND INTERNAL ADVANCES
FOR THE YEAR ENDED 30/06/08

EXTERNAL LOANS	<u>Balance at</u> <u>1 July 2007</u>	<u>Interest</u> <u>during the year</u>	<u>Redeemed</u> <u>during the year</u>	<u>Balance at</u> <u>30 June 2008</u>
Development Bank of South Africa (16,85% - 2011)	0		0	0
Development Bank of South Africa (15,72% - 2008)	0		0	0
(Refer to Note 3)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Above loans were fully redeemed during 2006/07 financial year
(See also Note 9)

APPENDIX C
IKWEZI MUNICIPALITY
ANALYSIS OF FIXED ASSETS
FOR THE YEAR ENDED 30/06/08

<u>Expenditure</u> <u>2006/07</u>	<u>Service</u>	<u>Budget</u> <u>2007/08</u>	<u>Balance at</u> <u>1 July 2007</u>	<u>Expenditure</u> <u>during year</u>	<u>Transferred or</u> <u>written off</u>	<u>Balance at</u> <u>30 June 2008</u>
R		R	R	R	R	R
8 378 877	RATES AND GENERAL SERVICES	6 428 000	28 145 653	15 394 375	(12 992)	43 527 036
1 999 224	Community services	-	9 002 675	658 311	(12 992)	9 647 994
30 995	Land & Buildings		6 287 748			6 287 748
	Administration		620 249	549 965		1 170 214
	Council's General		240 000	28 984		268 984
	Motor vehicles		-			-
93 826	Office furniture & equipment		-			-
10 713	Health - Clinic		10 713			10 713
139 846	Computer equipment		-			-
	Health - General		-			-
1 649 056	Roads & Storm water		1 684 056	79 362	(12 992)	1 750 426
	Public works		-			-
74 788	Town Planning		159 909			159 909
5 600	Subsidised services	-	5 600	-	-	5 600
	Civil buildings					-
5 600	Library		5 600			5 600
6 374 053	Economic services	6 428 000	19 137 378	14 736 064	-	33 873 442
6 298 315	Sewerage services	6 428 000	13 807 473	14 557 935		28 365 408
	Refuse Removal		234 550			234 550
29 738	LED: Feedlot Project		29 738	51 006		80 744
11 842	LED: Bakery Project		125 174			125 174
34 158	LED: Shoe Fabric		144 848	127 123		271 971
	LED: Hardwood Farm		4 795 595			4 795 595
1 357 012	TRADING SERVICES	-	3 476 553	2 059 224	-	5 535 777
79 885	Electricity		376 360			376 360
1 277 127	Water works		3 100 193	2 059 224		5 159 417
1 945 420	HOUSING SERVICES	-	18 351 009	2 248 026	-	20 599 035
1 945 420	Sub economic housing		18 351 009	2 248 026		20 599 035
11 681 309	TOTAL FIXED ASSETS	6 428 000	49 973 215	19 701 625	(12 992)	69 661 848
11 739 552	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		49 973 215	19 701 625	(12 992)	69 661 848
58 243	Loans redeemed and advances repaid		-			-
67 314	Contributions ex operating income		218 314	28 984		247 298
	Provisions and reserves		-	127 123		127 123
11 613 995	Grants and subsidies		49 754 901	19 545 518	(12 992)	69 287 427
(58 243)	NET FIXED ASSETS	6 428 000	-	-	-	-

APPENDIX D
IKWEZI MUNICIPALITY
ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30/06/08

<u>Actual</u> <u>2007</u> R	<u>INCOME</u>	<u>Actual</u> <u>2008</u> R	<u>Budget</u> <u>2008</u> R
981 348	Assessment Rates	1 202 753	1 550 000
4 985 299	Equitable share	5 694 191	5 694 000
4 405	Income from Burial sites	5 570	3 500
0	Income from Library	0	1 400
889 228	Income from other Sources	1 111 159	393 500
71 662	Income from Traffic	84 861	85 000
355 399	Interest earned - external	588 089	100 000
705 172	Refuse Removal	714 426	690 500
22 291	Rentals	19 507	8 000
1 972 426	Sale of electricity	2 187 932	2 130 500
710 727	Sale of water	813 979	771 000
693 548	Sanitation/Sewerage	696 789	760 980
1 127 971	Subsidies/Government Grants	743 704	2 214 420
12 519 476	<u>TOTAL INCOME</u>	13 862 960	14 402 800
	<u>EXPENDITURE</u>		
5 539 014	Salaries, wages & allowances	5 836 067	6 716 249
5 289 126	General Expenses	5 146 752	6 665 931
1 351 536	Electricity purchased	1 414 294	1 470 000
3 937 590	Other	3 732 458	5 195 931
226 928	Repairs and Maintenance	400 781	1 306 900
29 122	Capital charges	0	0
67 314	Contribution to capital	28 984	0
713 670	Contribution to funds	2 394 723	400 000
11 865 174	GROSS EXPENDITURE	13 807 307	15 089 080
553 749	Less : Amounts charged out	504 016	745 440
11 311 425	<u>NET EXPENDITURE</u>	13 303 291	14 343 640

APPENDIX E
IKWEZI MUNICIPALITY
DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30/06/08

<u>2007</u> <u>Actual</u> <u>Income</u> R	<u>2007</u> <u>Actual</u> <u>Expenditure</u> R	<u>2007</u> <u>Surplus/</u> <u>(Deficit)</u> R		<u>2008</u> <u>Actual</u> <u>Income</u> R	<u>2008</u> <u>Actual</u> <u>Expenditure</u> R	<u>2008</u> <u>Surplus/</u> <u>(Deficit)</u> R	<u>2008</u> <u>Budget</u> <u>Surplus/</u> <u>(Deficit)</u> R
9 812 104	8 710 796	1 101 308	RATES & GENERAL SERVICES	10 856 005	10 099 818	756 187	393 710
7 413 351	6 079 342	1 334 009	Community services	8 956 986	6 960 825	1 996 161	940 570
981 348	91 560	889 788	Assessment rates	1 202 753		1 202 753	1 550 000
5 594 289	3 374 718	2 219 571	Administration: Finance & Corporative	6 766 905	3 926 933	2 839 972	1 406 950
	504 184	(504 184)	Administration: Public Works		672 106	(672 106)	(658 270)
4 405	3 935	470	Cemeteries	5 570	11 258	(5 688)	(11 690)
237 356	458 963	(221 607)	Health: Klipplaat clinic	304 101	348 891	(44 790)	
511 001	882 288	(371 287)	Council's General	583 598	1 123 116	(539 518)	(441 840)
	698 088	(698 088)	Streets & storm water		736 014	(736 014)	(857 120)
	9 052	(9 052)	Sport grounds		57 634	(57 634)	(14 700)
13 290	41 763	(28 473)	Town Halls	9 198	70 598	(61 400)	(95 880)
71 662	14 791	56 871	Traffic & licensing	84 861	14 275	70 586	63 120
-	102 675	(102 675)	Subsidised services	-	134 241	(134 241)	(170 540)
	102 675	(102 675)	Civil buildings				
			Library		134 241	(134 241)	(170 540)
2 398 753	2 528 779	(130 026)	Economic services	1 899 019	3 004 752	(1 105 733)	(376 320)
705 855	467 567	238 288	Refuse Removal	714 426	890 917	(176 491)	46 770
693 548	1 061 862	(368 314)	Sanitation & sewerage	696 789	1 626 031	(929 242)	(423 090)
86 920	86 920		LED: Bakery Project	86 172	86 172	-	-
73 332	73 332		LED: Shoe Factory	7 056	7 056	-	-
839 098	839 098		LED: Hardwood Farm	394 576	394 576	-	-
2 707 372	2 600 629	106 743	TRADING SERVICES	3 006 955	3 203 473	(196 518)	(334 550)
1 996 645	1 937 454	59 191	Electricity	2 192 976	1 989 594	203 382	11 080
710 727	663 175	47 552	Water	813 979	1 213 879	(399 900)	(345 630)
12 519 476	11 311 425	1 208 051	TOTAL	13 862 960	13 303 291	559 669	59 160
		(3 649 011)	Appropriations for the year (refer to Note 14)			(1 218 810)	
		(2 440 960)	NET DEFICIT FOR THE YEAR			(659 141)	
		208 367	ACCUMULATED SURPLUS AT BEGINNING OF THE YEAR			(2 232 593)	
		(2 232 593)	ACCUMULATED SURPLUS/(DEFICIT) AT END OF THE YEAR			(2 891 734)	

**ANNEXURE F
IKWEZI MUNICIPALITY
STATISTICAL INFORMATION
FOR THE YEAR ENDED 30/06/08**

	<u>2008</u>	<u>2007</u>	<u>2006</u>
A. <u>General statistics</u>			
1. <u>Population:</u>			
Jansenville	5791	5791	5791
Klipplaat	3275	3275	3275
2. <u>Area (km²)</u>	4293	4293	4293
3. <u>Valuation of Property</u>			
Rateable property			
- Land & Improvements	R571 974 310		
Non-rateable property			
- Land	N/A		
- Improvements			
Date of Valuation	01 July 2007		
Residential property			
- Land	N/A		
- Improvements			
Commercial, industrial and other property			
- Land	N/A		
- Improvements			
4. <u>Number of properties</u>			
- Residential	N/A		
- Commercial, industrial and other	N/A		
5. <u>Assessment rates: Cent in the Rand</u>			
Residential properties			
- Land	1.476	0.034026	0.034026
- Buildings	1.476	0.034026	0.034026
Commercial, industrial and other property			
- Land	1.771	0.036068	0.034026
- Buildings	1.771	0.036068	0.034026
Agriculture			
- Land	0.300		
- Buildings	0.300		
6. <u>Number of employees</u>	69	63	71
B. <u>Electricity Statistics</u>			
Units purchased	5 663 629	5 613 622	5 486 463
Units Sold	4 233 372	4 044 343	3 440 309
Units lost in distribution	1 430 257	1 569 279	2 046 154
Percentage lost in distribution	25%	28%	37%
Cost per unit sold	R 0.47	R 0.48	R 0.47
C. <u>Water statistics</u>			
Units purified	N/A	N/A	N/A
Units Sold	N/A	N/A	N/A
Units lost in distribution	N/A	N/A	N/A
Percentage lost in distribution	N/A	N/A	N/A
Cost per unit sold	N/A	N/A	N/A
- Residential	N/A	N/A	N/A
- Commercial	N/A	N/A	N/A