

Nxuba Municipality



Annual Financial Statements 2007/2008

EC 128

NXUBA MUNICIPALITY
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Year ended 30 June 2008

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NXUBA MUNICIPALITY
GENERAL INFORMATION
Year ended 30 June 2008

MEMBERS OF THE COUNCIL

Councillors

Mr. M Mhana (Mayor)

Mrs. CA Auld (Chairperson:- Finance and Estates)

Mrs. NB Mahleza (Chairperson:- Community Services and Health)

Mr. FF Ngqwebo (Chairperson: - Public Works and Trading Services)

Mr. G De Lange (Deputy Chairperson:- Community Services and Health)

Mr. SE Gqezengele (Deputy Chairperson:- Public Works and Trading Services) (Deceased)

Mr. S Maseti (Deputy Chairperson: - Finance and Estates)

Mr. X Makhenyane

GRADING OF LOCAL AUTHORITY

Nxuba Municipality is a Grade 2 Local Authority

EXTERNAL AUDITORS

Office of the Auditor General - East London

BANKERS

ABSA Bank - Adelaide

First National Bank - Bedford

REGISTERED OFFICE

Private Bag 350
Adelaide
5760

Telephone : 046 - 684 0034
Facsimile : 046 - 684 1931

MUNICIPAL MANAGER as at 30 June 2008

M Bongco

Telephone : 046 - 684 0034

CHIEF FINANCIAL OFFICER as at 30 June 2008

M Dyushu

Telephone : 046 - 684 0034

NXUBA MUNICIPALITY
GENERAL INFORMATION
Year ended 30 June 2008

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements as set out on pages 4 to 22 were approved by the Municipal Manager and the

Chief Financial Officer on this the2008.

.....
MUNICIPAL MANAGER: NXUBA MUNICIPALITY
(Accounting Officer - M Bongco)

.....
CHIEF FINANCIAL OFFICER: NXUBA MUNICIPALITY
M Dyushu

NXUBA MUNICIPALITY
ACCOUNTING OFFICER'S REPORT
Year ended 30 June 2008

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 2007 R	Actual 2008 R	Variance 2007/2008 %	Budget 2008 R	Variance Actual to Budget %
Income:					
Opening surplus/(deficit)	(1,378,166)	(2,259,742)			
Operating income for the year	22,985,306	25,011,028	8.8	26,271,244	4.8
	<u>21,607,140</u>	<u>22,751,287</u>		<u>26,271,244</u>	
Expenditure					
	27,580,811	23,467,775	(14.9)	26,271,244	10.7
Contributions to approved funds					
Appropriation	(3,713,928)	-			
Closing surplus/(deficit)	(2,259,742)	(4,603,544)		-	
	<u>21,607,140</u>	<u>18,864,232</u>		<u>26,271,244</u>	
Significant variances:					

1.1 Rates and General Services

	Actual 2007 R	Actual 2008 R	Variance 2007/2008 %	Budget 2008 R	Variance Actual to Budget %
Income	15,688,442	17,356,338	10.6	19,807,910	12.4
Expenditure	19,898,597	15,766,373	(20.8)	18,704,981	15.7
Surplus / (Deficit)	<u>(4,210,155)</u>	<u>1,589,965</u>	(137.8)	<u>1,102,929</u>	(44.2)
Surplus / (Deficit) as % of total income	(26.8)	9.2		5.6	
Significant variances:					
Actual Income exceeded the budget income for the year. Actual Expenditure was below the budgeted amount due to cashflow constraints.					

NXUBA MUNICIPALITY
ACCOUNTING OFFICER'S REPORT
Year ended 30 June 2008

1.2 The following is a summary of the operating results of the local authority's Trading Services

Electricity Service

	Actual 2007 R	Actual 2008 R	Variance 2007/2008 %	Budget 2008 R	Variance Actual - Budget %
Income	5,816,896	7,172,101	23.3	6,463,334	(11.0)
Expenditure	6,914,710	7,525,065	8.8	7,566,263	0.5
Surplus / (Deficit)	(1,097,814)	(352,964)	(67.8)	(1,102,929)	68.0
Surplus / (Deficit) as % of total income	(18.9)	(4.9)		(17.1)	
Significant variances:					
During the current year the municipality billing exceeded the budgeted income from electricity. This is mainly due to tariff increases by electricity supplier being passed onto the consumers Spending was inline with the original budgeted amounts.					

Water Service

	Actual 2007 R	Actual 2008 R	Variance 2007/2008 %	Budget 2008 R	Variance Actual - Budget %
Income	1,183,176	0	(100.0)	-	Note 1
Expenditure	140,701	0	(100.0)	-	Note 1
Surplus / (Deficit)	1,042,475	0	(100.0)	-	Note 1
Surplus / (Deficit) as % of total income	88.1	0.0		0.0	
Significant variances:					
Note 1: As of 1 July 2006 all water services were taken over by the Amathole District Municipality.					

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets during the year are detailed below: -

	Actual 2007 R	Budget 2008 R	Actual 2008 R
Community Services	664,429	-	83,140
Subsidised Services	68,895	-	19,619
Trading Services	68,000	-	1,600
	801,324	-	104,358

NXUBA MUNICIPALITY
ACCOUNTING OFFICER'S REPORT
Year ended 30 June 2008

Resources used to finance the fixed assets were as follows: -

- Internal Sources	71,139	-	7,414
- External Sources	730,184	-	96,944
Other Sources	730,184	-	96,944
Provincial Government		-	
	801,324	-	104,358

Significant variances:

The over spend in relation to the budgeted amount is attributable to replacement of outdated assets. The bulk of the funds assets came from subsidies and grants.

A complete analysis of capital expenditure (budgeted and actual) per department, classification of service is included in appendix C. More details regarding external loans and internal advances used to finance fixed assets are shown in appendix B.

3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans owing to the Development Bank of South Africa as at 30 June 2008 amounted to R 115,866. (2007 - R97,303)

Cash resources and short-term deposits less bank overdraft at 30 June 2008 amounted to a positive of R 39,644 (2007 - R405,578). This amount excludes projects, statutory and reserve funds.

Investments as at 30 June 2008 amounted to R 46,400 (2007: R 46,400).

Trust Fund Investments as at 30 June 2008 amounted to R 318,434 (2007: R 2,319,169). The investments are held for specific projects.

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

4. POST BALANCE SHEET EVENTS

No post balance sheet events have been identified.

5. EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Councillors and the municipal staff for their assistance and support during the past financial year.

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MUNICIPAL MANAGER: NXUBA MUNICIPALITY
 (Accounting Officer - M Bongco)

NXUBA MUNICIPALITY
ACCOUNTING POLICIES
Year ended 30 June 2008

1. Basis of preparation

- 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 and its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd edition - January 1996)
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis as stated:
 - * Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licences
 - * Expenditure is accrued in the year it is incurred.

2. Consolidation

reserves. All inter-departmental charges are set off against each other, with the exception of assessment rates, refuse removal, sewerage, electricity and water which are treated as income and expenditure in the respective departments.

3. Fixed assets

- 3.1 Fixed assets are stated:
 - * at historical cost, or

- 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:

- * Appropriations from operating 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 provisions for depreciation.
 - * Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and other Capital Receipts" account.
- 3.3 All net proceeds from the sale of fixed property are credited to the Revolving Fund.
 - 3.4 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

NXUBA MUNICIPALITY
ACCOUNTING POLICIES
Year ended 30 June 2008

4. Funds and reserves

4.1 Revolving fund

The fund requires a minimum contribution of 7.5 % of the assessment rates that were levied for the previous financial year. It is not required from Council to contribute the amount that is 20% more than the amount required to be contributed in the previous financial year.

Net proceeds from the sale of fixed property are invested in the Revolving Fund. Funds accumulated in the Revolving Fund are utilised for the purpose of providing advances to borrowing services and to finance the acquisition or upgrading of land or fixed property.

4.2 Other funds and reserves

Other funds and reserves, which are disclosed in the notes (1-3) and appendix A to the financial statements are built up either by appropriations made on an annual basis from the operating account to the relevant funds and reserves or from contributions received from the public and state with the objective of providing community facilities and funds to finance bad debts.

5. Provisions

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

6. Retirement benefits (Defined Contribution Plan)

The Council and its employees contribute to various pension, provident and retirement funds. The larger funds include the SAMWU Provident Fund, SALA Pension Fund, Cape Joint Retirement Fund, Local Government Pension Fund. The councillors contribute to the Municipal Councillors Pension Fund.

The retirement benefits are calculated in accordance with the rules of the respective funds. Current contributions by the Council are charged against operating income at the rate of a fixed percentage of the basic salary paid to employees.

7. Surpluses and deficits

Any surpluses and deficits arising from the operation of the Electricity and Water Services are transferred to Rates and General Services.

8. Investments

Investments are disclosed at the lower of cost or market value if a permanent decline in the value has occurred, and are invested per Circulars issued by the Provincial Legislature.

NXUBA MUNICIPALITY
ACCOUNTING POLICIES
Year ended 30 June 2008

9. Income recognition

11.1 Electricity and Water billings

All meters are read and billed monthly. Income is recognised when meters are read and the monthly levies debited to the respective consumer account. 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. With regard to prepayment electricity purchases, income is recognised at the date of purchase.

11.2 Assessment rates

The local authority applies a uniform system of rating. In terms of this system the assessment rates are levied on the land value of property and improvements, at the same rate. Rebates are granted on state owned properties. Income is recognised when such levies are raised and debited to the respective ratepayer account.

11.3 Other income

Income from services such as refuse removal, recovered by way of debtors is, recognised when such levies are raised and debited against the respective consumer accounts. Income from other sources are recognised when paid.

11.4 Interest income

Income from investments and operations are recognised when receipted.

10. Leased Assets

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

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

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

11. Deferred Charges

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

12. Consolidated Loans Fund

The capital resources of the Consolidated Loans Fund consists of both external and internal loans. Advances made to borrowing departments at an interest rate equal to the cost of servicing the funds capital and are repaid over the useful life of the asset acquired.

NXUBA MUNICIPALITY
BALANCE SHEET AT 30 JUNE 2008

	Note	2008 R	2007 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		3,650,085	3,383,517
Statutory funds	1	3,650,085	3,383,517
ACCUMULATED DEFICIT		(4,603,544)	(2,259,742)
		(953,459)	1,123,775
TRUST FUNDS	2	318,435	2,319,169
LONG TERM LIABILITIES	3	39,242	50,818
CONSUMER DEPOSITS: SERVICES	4	322,787	327,293
		(272,995)	3,821,055
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	5	39,242	50,818
INVESTMENTS	6	318,435	2,319,169
		357,677	2,369,987
NET CURRENT ASSETS		(630,672)	1,451,068
CURRENT ASSETS		7,045,759	8,085,299
	7	6,624,692	7,633,321
Cash and Cash Equivalents	8	374,667	405,578
Short-term Investments	6	46,400	46,400
CURRENT LIABILITIES		7,676,431	6,634,232
Creditors	10	6,302,555	5,813,493
Bank overdraft	11	335,563	-
Provisions	9	961,688	774,253
Short-term portion of long-term liabilities	3	76,624	46,485
		(272,995)	3,821,054

NXUBA MUNICIPALITY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	2007 Actual income		2007 Actual expenditure		2007 surplus/ (deficit)		2008 Actual income		2008 Actual expenditure		2008 surplus/ (deficit)		2008 Budgeted surplus/ (deficit)	
	R		R		R		R		R		R		R	
	15,688,442		19,898,597		(4,210,155)		17,356,338		15,766,373		1,589,965		(1,102,929)	
	11,957,779		14,838,165		(2,880,386)		13,066,609		13,548,263		(481,654)		(773,915)	
	1,277,774		1,216,076		61,698		988,572		1,019,244		(30,673)		(42,779)	
	2,452,889		3,844,357		(1,391,468)		3,301,157		1,198,866		2,102,291		(286,235)	
RATES AND GENERAL SERVICES	296,793		626,803		(330,010)		482,589		176,337		306,253		-	
Community services														
Subsidised services														
Economic services														
HOUSING SERVICES	7,000,071		7,055,410		(55,339)		7,172,101		7,525,065		(352,964)		1,102,929	
TRADING SERVICES														
TOTAL	22,985,306		27,580,811		(4,595,504)		25,011,028		23,467,775		1,543,253		-	
Transfer of Water and Sanitation Services (refer note 7)													(3,887,055)	
Appropriations for the year (refer note 16)					3,713,928								(2,343,802)	
NET SURPLUS (DEFICIT) FOR THE YEAR					(881,576)								(2,259,742)	
Accumulated deficit beginning of the year					(1,378,166)								(4,603,544)	
ACCUMULATED SURPLUS/(DEFICIT) END OF THE YEAR					(2,259,742)								(4,603,544)	

NXUBA MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	NOTES	2008 R	2007 R
CASH RETAINED FROM OPERATING ACTIVITIES		(2,281,414)	(917,559)
Cash utilised in operations	17	(18,808,024)	(16,858,851)
Investment income		94,560	212,356
(Increase) / Decrease in working capital	18	611,503	(5,612,536)
		(18,101,962)	(22,259,032)
Less: External interest paid		(18,563)	(15,388)
Cash available from operations		(18,120,525)	(22,274,419)
Net Proceeds on disposal of fixed assets		-	87,045
Cash contributions from the public and the State		15,839,111	21,269,815
CASH UTILISED IN INVESTING ACTIVITIES		(104,358)	(801,324)
Investment in fixed assets		(104,358)	(801,324)
NET CASH FLOW		(2,385,772)	(1,718,883)
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase / (Decrease) in long-term liabilities	19	18,563	(111,123)
(Increase) / Decrease in cash	21	366,474	(757,127)
(Increase) / Decrease in cash investments	20	2,000,735	2,587,133
NET CASH UTILISED		2,385,772	1,718,883

NXUBA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2008 R	2007 R
1. STATUTORY FUNDS		
Revolving Fund	3,650,085	3,383,517
	<u>3,650,085</u>	<u>3,383,517</u>
<i>(Refer to Appendix A for more details)</i>		
2. TRUST FUNDS		
As detailed in Appendix A	<u>318,435</u>	<u>2,319,169</u>
All trust funds are back by investments held with various banks. <i>(Refer to Appendix A for more details)</i>		
3. LONG-TERM LIABILITIES		
Development Bank of South Africa	115,866	97,303
Less: Short Term portion transferred to Current Liabilities	(76,624)	(46,485)
	<u>39,242</u>	<u>50,818</u>
<i>(Refer to Appendix B for more detail)</i>		
4. CONSUMER DEPOSITS: SERVICES		
Service Deposits	<u>322,787</u>	<u>327,293</u>
5. FIXED ASSETS		
Fixed assets at the beginning of the year	43,520,548	42,719,224
Capital expenditure during the year	104,358	801,324
Less: Assets written off, transferred or disposed of during year	-	-
Total fixed assets	<u>43,624,906</u>	<u>43,520,548</u>
Less: Loans redeemed and other capital receipts	<u>43,585,664</u>	<u>43,469,730</u>
	<u>39,242</u>	<u>50,818</u>
<i>(Refer to Appendix C for more details)</i>		
6. INVESTMENTS		
Project Investments	<u>318,435</u>	<u>2,319,169</u>
Circular no 19 of 1984 issued by the Provincial Administration Community Development Branch, requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a plenary rate to meet commitments.		
Security Investments		
J Korkie	14,000	14,000
JB Marais	13,800	13,800
JH Erasmus	11,600	11,600
AW Meier	7,000	7,000
	<u>46,400</u>	<u>46,400</u>
The above investments are held as securities for bonds over property purchased by the above staff members		

NXUBA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2008 R	2007 R
7. DEBTORS		
Current Debtors	25,351,911	21,408,222
Sundry Debtors	14,218	166,171
Amathole District Municipality	-	3,918,682
Less Provision for Bad debts	18,741,437	17,859,754
	<u>6,624,692</u>	<u>7,633,321</u>
<p>Consumer Debtors amounting to R 13,193,824 were taken over by the Amathole District Municipality on 1 July 2006. No cash inflow is expected from the Amathole District Municipality Debtor of R3,887,055.00. The R3,887,055.00 represents the net Assets taken over by Amathole District Municipality as at 1 July 2006.</p>		
8. CASH AND CASH EQUIVALENT		
Floats	668	668
Operating Account - ABSA Bank		353,027
Operating Account - FNB	64,274	50,773
Operating Account - ABSA Bank (Traffic)	307,919	
Call Account - ABSA Bank	1,806	1,109
	<u>374,667</u>	<u>405,578</u>
9. PROVISIONS		
Leave Reserve	961,688	774,253
Audit Fees	-	-
	<u>961,688</u>	<u>774,253</u>
10. CREDITORS		
Trade Creditors	3,853,380	2,288,289
VAT Provision	362,428	343,643
VAT Control	-	-
Sundry Creditors	632,579	507,084
Advances from Trust Funds	1,454,168	2,674,477
	<u>6,302,555</u>	<u>5,813,493</u>
11. BANK OVERDRAFT		
ABSA Bank	335,563	-
	<u>335,563</u>	<u>-</u>

NXUBA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2008 R	2007 R
12. ASSESSMENT RATES		
Valuations on land and improvements are performed every four years. The last general valuation came into effect on 1 July 1994. The basic rate on land and improvements varies from area to area.		
Site valuations 2004/2005		
- Residential	125,972,115	125,972,115
- State	13,540,940	13,540,940
- Exempt	19,702,780	19,702,780
	159,215,835	159,215,835
	<u>Rates - All</u>	
Residential		
All Erven and Improvements	0.0176000	0.0176000
<i>The following rebates were granted:</i>		
- State	20.00%	20.00%
Actual Rateable Income	<u>2,747,517</u>	<u>3,554,243</u>
13. DIRECTORS AND OFFICIALS REMUNERATION		
Mayor's allowance:	364,449	379,186
Councillor's allowances:	981,771	1,091,963
	<u>1,346,220</u>	<u>1,471,149</u>
Municipal Manager	436,997	334,815
Salary	436,997	334,815
Other Senior Managers	536,425	744,629
Salaries	536,425	744,629
Total Remuneration	<u>973,422</u>	<u>1,079,444</u>
The municipalities employees cost spend as a percentage of total spend is: -	52.4%	38.9%
<u>The following amounts were due by councillors at year end: -</u>		
Mr Makhaya Mhana		1,064
Mr SE Gqezengele		(14)
Mr S Maseti		3,986
Mr NB Mahleza		93
Mrs CA Auld	6,685	4,595
Mr FF Ngqwebo		4,747
Mr G De Lange		3,465
Mr X Makenyane		2,059
14. AUDITOR'S REMUNERATION		
Audit fees	-	108,327
15. FINANCE TRANSACTIONS		
Total external interest earned or paid:		
- Interest earned	19,028	6,241
- Interest paid	18,563	15,388

NXUBA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2008 R	2007 R
<i><u>Capital charges debited to operating account:</u></i>		
- Interest paid on external loans	18,563	15,388
- Interest paid on internal loans	-	-
- Redemption of external loans	11,576	9,794
- Redemption of internal loans	-	-
	<u>30,139</u>	<u>25,182</u>
16. APPROPRIATIONS		
Appropriation account		
Accumulated surplus at the beginning of the year	(2,259,742)	(1,378,166)
Operating surplus for the year	<u>1,543,253</u>	<u>(4,595,504)</u>
	(716,489)	(5,973,670)
Less: Appropriations for the year:	-	3,713,928
- Prior year adjustments	<u> </u>	<u>3,713,928</u>
Accumulated surplus at the end of year	<u>(716,489)</u>	<u>(2,259,742)</u>
The prior year adjustment represents VAT previously not claimed and Income relating to previous years.		
Operating account		
Capital expenditure	7,414	71,140
Contributions to:		
- Revolving Fund	266,568	169,571
- Doubtful debts Provision	881,683	7,345,976
- Leave Provision	187,435	-
	<u>273,982</u>	<u>240,711</u>
17. CASH UTILISED IN OPERATIONS		
Deficit for the year	1,543,253	(4,595,504)
<u>Adjustments in respect of:</u>		
- Prior Year's Operating Transactions	-	3,713,928
<u>Appropriations charged against income:</u>	1,155,665	7,586,687
- Revolving Fund	266,568	169,571
- Provisions	881,683	7,345,976
- Fixed Assets	7,414	71,140
Investment income (operating account)	(19,028)	(6,241)
<u>Capital charges</u>	30,139	25,182
Interest Paid on External Loans	18,563	15,388
Redemption on External Loans	11,576	9,794
Grants and Subsidies Received from the State	(8,692,032)	(8,622,924)
<u>Non Operating Expenditure</u>	(14,353,628)	(14,476,691)
- Expenditure charged against funds	(10,654,008)	(14,226,667)
- Expenditure charged against provisions	(3,699,620)	(250,024)
<u>Non Operating Income</u>	1,527,606	(483,288)
- Transfers to funds and reserves	1,527,606	(483,288)
	<u>(18,808,024)</u>	<u>(16,858,851)</u>

NXUBA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2008 R	2007 R
18. (INCREASE) / DECREASE IN WORKING CAPITAL		
(Increase) / Decrease in Debtors, Long Term Debtors	126,946	(5,065,067)
(Decrease) / Increase in Creditors, Consumer Deposits	484,557	(547,469)
	611,503	(5,612,536)
19. INCREASE / (DECREASE) IN LONG-TERM LIABILITIES		
Loans raised	-	-
Loans repaid	18,563	(111,123)
	18,563	(111,123)
20. (INCREASE) / (DECREASE) IN CASH INVESTMENT		
Investments Realised	2,000,735	2,587,133
Investments Made	-	-
	2,000,735	2,587,133
21. (INCREASE) / DECREASE IN CASH		
Cash balance at the beginning of the year	405,578	(351,549)
Less: Cash balance at end of year	39,103	405,578
	366,474	(757,127)
22. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
No material contingent liabilities have been identified.		
23. POST BALANCE SHEET EVENTS		
No material post balance sheet events have been identified.		
24. RETIREMENT BENEFITS		
The employees of the municipality and the municipality contribute to various pensions, provident and retirement funds. The main funds being listed below: -		
	<u>Employee</u>	<u>Employer</u>
SAMWU Provident Fund	7.50%	18.00%
SALA Pension Fund	8.60%	20.78%
Cape Joint Pension Fund	9.00%	18.00%
Local Government Pension	7.50%	15.00%
Municipal Councillors Pension	13.75%	15.00%
25. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure	-	-
This expenditure will be funded financed from: -		
- Internal Sources	-	-
- External Sources	-	-
Other Sources	-	-
Provincial Government	-	-
	-	-
No major contracts were awarded during the year. The municipality acts as a agent for the Department of Local Government Housing and Traditional affairs. Only once funds are released from the department can work be done.		

NXUBA MUNICIPALITY

STATUTORY FUNDS, RESERVES AND TRUST FUNDS

Year ended 30 June 2008

	Balance at 30 June 2007 R	Contributions during year R	Interest on Investments Net of Refunds R	VAT Refunds R	Transfers during year R	Operating expenditure during year R	Capital expenditure during year R	Balance at 30 June 2008 R
STATUTORY FUNDS								
Revolving Fund	3,383,517	266,568	-	-	-	-	-	3,650,085
	3,383,517	266,568						3,650,085
TRUST FUNDS								
Cash Backed Funds								
Bucket Eradication	41,971		8,259	14,906	(1,251,041)	689	1,312,514	2,974
Capital Development Fund	28,979		308		29,287			-
Cemetery - Adelaide	72,951		1,531		73,000			1,482
Cemetery - Bedford	52,808		940		52,000			1,749
Civils VAT	-							-
Cleanest Town	45,889				45,889			-
Finance Management Grant	298,785	500,000	8,516		277,606	378,096	141,978	9,622
Framework Plan	40,463		1,194			49		41,608
General Valuation Grant	61,249		1,889		62,000			1,138
Infrastructure Grant	20,313		1,234		(20,000)	40,120		1,426
Integrated Development Plan	88,493	78,114	4,658		33,178	32,994		105,092
Municipal Support	303,874		5,023		(215,287)	500,782		23,401
Ndlovini Fund	28,988		574		28,000			1,562
NER	1,017	2,922,000	12,601		(685,200)	3,614,972		5,846
Nxuba Housing - 172 Zinc Houses	153,490	1,057,204	11,869		170,000	856	1,007,574	44,133
Nxuba Housing - 200 Units Goodwin Park	121,779		1,794		95,885	684	27,000	4
Nxuba Housing - 428 Mud Houses	819,854	2,115,551	9,251		(183,844)	1,453	3,125,143	1,906
Nxuba Housing - 481 Units	120,696	97,607	4,504		(135)	942	173,377	48,624
Nxuba Housing - 624 Units	17,570	279,660	1,386	24,038		695	294,090	27,870
Performance Award	-							-
Settlement Plan	-							-
	2,319,169	7,050,135	75,532	38,944	(1,488,662)	4,572,332	6,081,675	318,435

APPENDIX A

NXUBA MUNICIPALITY
EXTERNAL LOANS AND INTERNAL ADVANCES

Year ended 30 June 2008

	Rate	Termination	Balance at 30 June 2007 R	Received during the year R	Redeemed/ written off during year R	Balance at 30 June 2008 R
EXTERNAL LOANS - Funding Fixed Assets						
Development Bank of South Africa (Electricity) - Capital	17.65%	31-Dec-2010	50,818	-	11,576	39,242
Development Bank of South Africa (Electricity) - Arrears	18.00%	Current	46,485	-	(30,139)	76,624
Development Bank of South Africa (Water) - Capital	16.15%	31-Dec-2010	-	-	-	-
Development Bank of South Africa (Water) - Arrears	18.00%	Current	-	-	-	-
Development Bank of South Africa (Water) - Capital	17.01%	30-Jun-2009	-	-	-	-
Development Bank of South Africa (Water) - Arrears	18.00%	Current	-	-	-	-
			<u>97,303</u>	<u>-</u>	<u>(18,563)</u>	<u>115,866</u>
INTERNAL LOANS						
Loans outstanding			-	-	-	-

APPENDIX B

NXUBA MUNICIPALITY

ANALYSIS OF FIXED ASSETS

Year ended 30 June 2008

	2007 Expenditure R	Balance at 30 June 2007 R	Expenditure during year R	Redeemed, trans- ferred or written off during year R	Assets Transferred to ADM R	Balance at 30 June 2008 R
RATES AND GENERAL SERVICES		22,103,448	102,758	-	-	22,206,207
Community Services	664,429	13,800,681	83,140	-	-	13,883,821
Roads and Streetworks	631,385	7,147,867	(0)	-	-	7,147,867
Management Services	33,043	1,824,881	81,658	-	-	1,906,538
Civil Defence	-	9,558	-	-	-	9,558
Town Estates	-	3,598,599	-	-	-	3,598,599
Traffic Services	-	89,994	1,482	-	-	91,476
Health Services	-	1,129,783	-	-	-	1,129,783
Subsidised Services	68,895	7,405,617	19,619	-	-	7,425,236
Buildings	68,895	4,353,625	19,619	-	-	4,373,244
Parks and Recreation	-	2,512,117	-	-	-	2,512,117
Cemetery	-	474	-	-	-	474
Fire	-	410,000	-	-	-	410,000
Library Services	-	129,401	-	-	-	129,401
Economic Services	-	897,150	-	-	-	897,150
Refuse	-	539,094	-	-	-	539,094
Abattoir	-	77,485	-	-	-	77,485
Sewerage	-	-	-	-	-	-
Sawmill	-	280,571	-	-	-	280,571
Housing Services	-	13,337,682	1,600	-	-	13,337,682
Trading Services	68,000	8,079,418	1,600	-	-	8,081,017
Electricity Services	68,000	8,079,418	1,600	-	-	8,081,017
Water Services	-	-	-	-	-	-
TOTAL FIXED ASSETS	801,324	43,520,548	104,358	-	-	43,624,906
LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		43,469,730	104,358	(11,576)	-	43,585,664
Contributions from Other Sources		18,803,239		(11,576)		18,814,815.12
Contributions from operating income		5,522,522	7,414			5,529,935.66
Grants and subsidies		19,143,969	96,944			19,240,913.44
NET FIXED ASSETS		50,818	(0)	11,576	-	39,242

APPENDIX C

NXUBA MUNICIPALITY

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2008

	2007 Actual R	2008 Actual R	2008 Budget R
INCOME			
Grants and subsidies	8,622,924	8,692,032	11,091,196
Operating income	14,362,383	16,318,996	15,180,048
Assessment Rates	3,554,243	2,747,517	3,799,152
Electricity Charges	5,692,111	6,688,788	6,321,300
Refuse	1,816,384	2,097,461	1,839,755
Sewerage and Sanitation	77,452	-	-
Water Charges	1,061,649	-	-
Interest Received	832,386	1,684,512	118,627
Income from Tariffs, Service Charges etc	1,328,159	3,100,718	3,101,214
Total income	22,985,306	25,011,028	26,271,244
EXPENDITURE			
Salaries, wages and allowances	10,721,604	12,302,611	12,239,979
Electricity Bulk Purchases	5,723,334	5,886,320	5,855,716
General expenditure	3,172,947	3,417,781	6,757,856
Repairs and maintenance	240,796	487,824	509,956
Capital charges	25,182	30,139	53,000
Contributions to fixed assets	71,140	7,414	-
Contributions to Funds	7,625,808	1,335,686	854,737
Total Expenditure	27,580,811	23,467,775	26,271,244

APPENDIX D

NXUBA MUNICIPALITY

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	2007 Actual income R	2007 Actual expenditure R	2007 Surplus/ (deficit) R	2008 Actual income R	2008 Actual expenditure R	2008 Surplus/ (deficit) R	2008 Budgeted surplus/ (deficit) R
RATES AND GENERAL SERVICES	15,688,442	19,898,597	(4,210,155)	17,356,338	15,766,373	1,589,965	(1,102,929)
Community services	11,957,779	14,838,165	(2,880,386)	13,066,609	13,548,263	(481,654)	(773,915)
Assessment Rates	3,554,243	4,004,512	(450,269)	3,229,235	619,242	2,609,994	(3,399,152)
Council's General Expenses	538,522	1,811,393	(1,272,871)	461,997	1,956,305	(1,494,308)	1,358,456
Health	2,039,521	1,430,263	609,257	1,324,546	1,677,115	(352,569)	-
Municipal Manager	3,021,669	2,860,252	161,417	3,514,278	3,690,885	(176,608)	200,138
Financial Manager	1,438,635	2,675,517	(1,236,882)	3,050,643	3,411,418	(360,775)	218,989
Public Works	1,346,304	1,795,266	(448,962)	1,462,969	2,193,299	(730,309)	288,409
Estates	18,886	260,961	(242,076)	22,921	-	22,921	559,245
Subsidised services	1,277,774	1,216,076	61,698	988,572	1,019,244	(30,673)	(42,779)
Library Service	134,813	394,365	(259,552)	9,961	447,830	(437,869)	(150,965)
Parks and Recreation	388,980	491,662	(102,682)	478,892	473,075	5,817	108,186
Environmental Health	753,981	330,048	423,932	499,718	98,339	401,379	-
Economic services	2,452,889	3,844,357	(1,391,468)	3,301,157	1,198,866	2,102,291	(286,235)
Refuse	2,337,351	3,698,453	(1,361,102)	3,210,655	1,198,866	2,011,789	(286,235)
Abattoir	23,504	-	23,504	90,502	-	90,502	-
Sewerage	92,033	145,904	(53,871)	-	-	-	-
HOUSING SERVICES	296,793	626,803	(330,010)	482,569	176,337	306,253	-
Selling and letting schemes	296,793	626,803	(330,010)	482,569	176,337	306,253	-
TRADING SERVICES	7,000,071	7,055,410	(55,339)	7,172,101	7,525,065	(352,964)	1,102,929
Electricity Services	5,816,896	6,914,710	(1,097,814)	7,172,101	7,525,065	(352,964)	1,102,929
Water Services	1,183,176	140,701	1,042,475	-	-	-	-
TOTAL	22,985,306	27,580,811	(4,595,504)	25,011,028	23,467,775	1,543,253	-
Transfer of Water and Sanitation Services (refer to Note 7)						(3,887,055)	
Appropriations for the year (refer to note 16)			3,713,928				
NET (DEFICIT) SURPLUS FOR THE YEAR			(881,576)			(2,343,802)	
Accumulated deficit beginning of the year			(1,378,166)			(2,259,742)	
ACCUMULATED DEFICIT END OF THE YEAR			(2,259,742)			(4,603,544)	

APPENDIX E

NXUBA MUNICIPALITY
APPENDIX F
STATISTICAL INFORMATION
Year ended 30 June 2008

GENERAL STATISTICS

Population	<u>24,801</u>
<u>Site valuations at</u>	
- Residential	125,972,115
- State	13,540,940
- Exempt	19,702,780
	<u>159,215,835</u>
Assessment rates:	
- All properties 0.0176 cents in the rand	
- Pensioners can apply for a 40% rebate if income less than R1,100 per month	
- Churches exempt	
Number of residential properties	5,706
Number of employees of local authority	

ELECTRICITY STATISTICS

Units bought/generated	6.900
Units sold	6.350
Units lost in distribution	0.55
Units lost in distribution (%)	8.0%
Cost per Unit Sold	
Income per Unit Sold	

WATER STATISTICS

See below note

SANITATION

See below note

Note: -

The District municipality took over all Water, Sewerage and Sanitation Services.