

**INXUBA
YETHEMBA
MUNICIPALITY**

**Financial Statements
2007/2008**



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GENERAL INFORMATION

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MEMBERS OF THE INXUBA YETHEMBA MUNICIPALITY

W M Zenzile	(Executive Mayor)
N P Zonke	(Speaker)
N A Sindelo	(Chairperson - Community & Protection Services)
N C Geveza	(Community & Protection Services)
C E B Miles	(Community & Protection Services)
MO Henge	(Community & Protection Services)
P Fose	(Chairperson - Corporate Services)
L Davids	(Corporate Services)
C A Sammy	(Corporate Services)
N R Swartz	(Corporate Services)
T D A Nabo	(Chairperson - Finance)
L A Perring	(Finance)
R H Schulze	(Finance)
J Taljaard	(Finance)
S W Njobo	(Chairperson - Technical Services & Local Economic Development)
T E Miners	(Technical Services & Local Economic Development)
M V Mtila	(Technical Services & Local Economic Development)
N J Smit	(Technical Services & Local Economic Development)

Mayoral Committee : W M Zenzile
 N P Zonke
 N A Sindelo
 P. Fose
 T D A Nabo
 S W Njobo
 MV Mtila

AUDITORS

Office of the Auditor General

BANKERS

First National Bank, ABSA and Old Mutual

REGISTERED OFFICE

Civic Center P O Box 24
J.A. Calata Street Cradock
Cradock **5880**

Tel: (048) 8811515
Fax: (048) 8811421
E-Mail cdktlc@intekom.co.za

MUNICIPAL MANAGER

MS TANTSI
BSC Honours

CHIEF FINANCE OFFICER

J. KRAPOHL
B.COMM

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 5 to 26 were approved by the Municipal Manager on 27 August 2008.

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M S TANTSI

MUNICIPAL MANAGER

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**J.
KRAPOHL
CHIEF FINANCE
OFFICER**

The majority of local Municipalities are experiencing major changes in the local government environment. This put a challenge towards service delivery and the honoring of historical arrear financial commitments as well as current commitments. It is essential to keep on prioritizing the available limited resources to critical key areas. However, all our reserve funds are not fully invested and it will be addressed in the near future in terms of the proposed provision of GAMAP/GRAP. For long term stability it is crucial that the income base be broadened with the emphasize on debtors collection, asset management and budget control.

BUSINESS RESULTS

Details of the business results per department, classification and purpose of expenses are given in Appendices D and E on page 24 and 25. The general business results for the year ended 30 June 2008 are as follows

INCOME	ACTUAL 2007	ACTUAL 2008	DIFFERENCE %	BUDGET 2008	DIFFERENCE ACTUAL BUDGET %
Opening Surplus	R 1 622 489	R 29 174 622			
Business income for the year	R 81 361 334	R 80 220 500	-1.41%	R 69 544 991	-15.35%
Sundry Transfers					
	<u>R 82 983 823</u>	<u>R 109 395 122</u>		<u>R 69 544 991</u>	
EXPENSES					
Business Expenses for the year	R 75 448 072	R 73 777 366	-2.26%	R 69 554 991	-6.07%
Appropriation movement for the year	R -21 638 871	R 22 786 026			
End Surplus	R 29 174 622	R 12 831 730			
	<u>R 82 983 823</u>	<u>R 109 395 122</u>		<u>R 69 554 991</u>	

	ACTUAL 2007	ACTUAL 2008	DIFFERENCE %	BUDGET 2008	DIFFERENCE ACTUAL BUDGET %
Income	R 45 317 180	R 43 487 830	-4.04%	R 36 842 440	18.04%
Expences	R 53 867 963	R 45 896 387	-14.80%	R 43 746 824	4.89%
Surplus (loss)	-R 8 548 949	-R 2 408 557		-R 6 904 384	
Surplus (loss) as % of total income	-18.86%	-5.54%		-18.77%	

Rates and general services is a section where only the economic services are having a greater income than expenses, with the result that shortages is subsidized by the trading services.

HOUSING SERVICES

	ACTUAL 2007	ACTUAL 2008	DIFFERENCE %	BUDGET 2008	DIFFERENCE ACTUAL BUDGET %
Income	R 373 354	R 410 905	10.06%	R 370 475	10.91%
Expences	R 814 403	R 795 041	-2.38%	R 795 460	-0.05%
Surplus (loss)	R -441 049	R -384 136		R -424 985	
Surplus (loss) as % of total income	-118.13%	-93.49%		-114.71%	

TRADING SERVICES

ELECTRICITY SERVICES

	ACTUAL 2007	ACTUAL 2008	DIFFERENCE %	BUDGET 2008	DIFFERENCE ACTUAL BUDGET %
Income	R 23 940 405	R 24 603 159	2.77%	R 23 803 788	3.36%
Expences	R 17 997 285	R 21 728 221	20.73%	R 20 039 831	8.43%
Surplus (loss)	R 5 951 210	R 2 874 938		R 3 763 957	
Surplus (loss) as % of total income	24.85%	11.69%		15.81%	

	ACTUAL 2007	ACTUAL 2008	DIFFERENCE %	BUDGET 2008	DIFFERENCE ACTUAL BUDGET %
Income	R 11 730 395	R 11 718 606	0.10%	R 8 528 288	37.41%
Expenses	R 2 768 421	R 5 357 717	93.53%	R 4 962 876	7.96%
Surplus (loss)	R 8 961 974	R 6 360 889		R 3 565 412	
Surplus (loss) as % of total Income	76.40%	54.28%		41.81%	

CAPITAL EXPENSES

The total capital expenses for the year was R473 160.97

	2008 Expense	2008 Budget	2007 Expense
Furniture, Fittings, ect.	R 0		R 12 631
Vehicles, Implements, ect	R 5 421		R 0
Land and Buildings	R 0		R 0
Other	R 232 352	R 20 262 456	R 0
Infrastructure and other constructions	R 235 388	R 18 194 029	R 3 198 758
TOTAL	R 473 161	R 38 456 485	R 3 211 389

The capital expenses were financed as follows:

	2008 Expense	2008 Budget	2007 Expense
Internal loans Revolving Fund			
External Loans	R 0	R 0	R 0
Contribution out of income	R 139 584	R 0	R 0
Contribution out of grants/other	R 333 577	R 38 456 485	R 3 211 389
CMIP	R 0	R 0	R 0
TOTAL	R 473 161	R 38 456 485	R 3 211 389

The total external loans outstanding are R3 380 264.94 and the internal loans from Revolving Fund R813 939.44. An amount of R182 560.94 is paid for redemption of internal loans. For a complete summary of the capital expenses see appendices B on page 22.

My thanks to the Mayor, Chairperson of Finance, Councillors, Municipal Manager and other Managers for their loyalty and cooperation given to me and my staff during the year.

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J. KRAPOHL
CHIEF FINANCE OFFICER

Basis of presentation

These financial statements have been prepared so as to conform to the standards laid down by the IMFO in its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd edition 1996, as amended).

The financial statements are prepared on the accrual basis:

- Income is accrued when collectable and measurable. Certain direct income is accrued when received, such as traffic fines and certain licences.
- Expenditure is accrued in the year it incurred.

Consolidation

The balance sheet includes the rates and general services, trading services, housing services, and the different funds, reserves and provisions. All inter departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, electricity and water, which are treated as income and expenditure in the respective departments.

Fixed Assets

Fixed assets are stated at historical cost for the Middelburg unit
Fixed assets are stated at market as well as replacement value for the Cradock unit.
An acceptable value will be put in place with the implementation of GAMAP.
Depreciation of assets are not applicable but will change with the implementation of GAMAP/GRAP
All nett proceeds from the sale of fixed property are credited to the Revolving Fund.
Capital assets are financed from different sources, including external loans, subsidies, operating income and internal advances.
Only assets with a cost of R10 000-00 and above are capitalized. The other are part of an inventory list.

Depreciation

The balance against the heading Loans Redeemed and Other Capital receipts is actually provision for depreciation. Assets may be acquired from :

- a) From income - credited immediately to the loans redeemed fund.
- b) Grants and donation - where the amount representing the value of such grant or donation is immediately credited to the Loans redeemed and other capital receipts account.
- c) External loans - where the amount representing the value of such external loan is credited to the loans redeemed fund as soon as it has been paid in full.
- d) Advances - where the amount representing the value of such internal loan is credited to the loans redeemed fund as soon as it has been paid in full.

Stock

The value of stocks and materials is stated at weighted average.

Funds and Reserves

Capital Development fund

The Ordinance no 20 of 1974 requires that a certain contribution should be credited to the Revolving Fund. An amount of R852 101 was contributed.

BALANCE SHEET AT 30 JUNE 2008

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	NOTE	2008	2007
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
Statutory funds	1	25 048 005	23 911 689
RETAINED INCOME/(ACCUMULATED DEFICIT)		12 831 730	29 174 622
TRUST FUNDS	2	11 256 647	9 374 778
LONG-TERM LIABILITIES	3	2 887 516	3 467 710
CONSUMER DEPOSITS: SERVICES	3	1 659 345	1 512 579
		53 683 243	67 441 378
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	4	4 194 205	5 052 293
INVESTMENTS	5	6 066 558	7 252 144
LONG-TERM DEBTORS	6	1 791	2 887
DEFERRED CHARGES	7	0	0
NET CURRENT ASSETS/(LIABILITIES)		43 420 689	55 134 054
CURRENT ASSETS		94 135 940	84 889 159
Inventory	8	788 513	735 908
Debtors	9	93 340 711	84 146 608
Short term portion of long term debtors	6	1 096	1 023
Cash		5 620	5 620
CURRENT LIABILITIES		50 715 251	29 755 105
Provisions	10	2 559 564	3 287 295
Creditors	11	38 454 970	20 362 330
Short-term portion of Long-Term liabilities	3	492 750	588 082
Bank overdraft		9 207 967	5 517 398
		53 683 243	67 441 378

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

2007 Actual Income	2007 Actual Expenses	2007 Actual Surplus (Deficit)		2008 Actual Income	2008 Actual Expenses	2008 Actual Surplus (Deficit)	2008 Budget Surplus/ (deficit)
R	R	R		R	R	R	R
R 45 317 180	R 53 867 963	R -8 550 783	RATES & GENERAL SERVICES	R 43 487 830	R 45 896 387	R -2 408 557	R -6 904 384
R 24 892 964	R 43 223 612	R -18 330 648	Community Services	R 21 300 364	R 29 588 945	R -8 288 581	R -2 188 002
R 2 468 526	R 4 672 597	R -2 204 071	Subsidised Services	R 3 050 164	R 4 644 285	R -1 594 121	R -1 887 411
R 17 955 690	R 5 971 754	R 11 983 936	Economic Services	R 19 137 302	R 11 663 157	R 7 474 145	R -2 828 971
R 373 354	R 814 403	R -441 049	HOUSING SERVICES	R 410 905	R 795 041	R -384 136	R -424 985
R 35 670 800	R 20 765 706	R 14 905 094	TRADING SERVICES	R 36 321 765	R 27 085 938	R 9 235 827	R 7 329 369
<u>R 81 361 334</u>	<u>R 75 448 072</u>	<u>R 5 913 262</u>		<u>R 80 220 500</u>	<u>R 73 777 366</u>	<u>R 6 443 134</u>	<u>R 0</u>
		<u>R 21 638 871</u>	Appropriations for the year			<u>R -22 786 026</u>	
		R 27 552 133	Nett Surplus(deficit) for the year			R -16 342 892	
			Accumulated surplus (deficit)				
		<u>R 1 622 489</u>	beginning of the year			<u>R 29 174 622</u>	
		<u>R 29 174 622</u>	ACCUMULATED SURPLUS/ (DEFICIT) END OF YEAR			<u>R 12 831 730</u>	

	NOTE	2008	2007
CASH UTILIZED FROM OPERATING ACTIVITIES		-10 204 723	-4 244 715
Cash generated by operations	17	-1 784 499	38 541 244
Investment income		0	0
(Increase)/decrease in working capital	18	8 420 224	42 776 035
		-10 204 723	-4 244 715
Less: External interest paid		-692 710	-801 807
CASH UTILIZED/AVAILABLE FROM OPERATIONS		-10 897 433	-5 046 522
Cash contributions from the public and the State		0	0
Nett proceeds on disposal of fixed assets		0	66 907
CASH UTILIZED IN INVESTMENT ACTIVITIES			
Investment in fixed assets		-139 584	-13 594
NET CASH FLOW		-11 037 017	-4 993 209
CASH EFFECTS OF FINANCING ACTIVITIES			
(Decrease)/increase in Long-Term loans	19	-528 759	-685 420
(Increase)/decrease in cash		0	-300
(Increase)/decrease in cash investments	20	7 875 207	5 489 945
(Decrease)/Increase in bank overdraft	21	3 690 569	188 984
Net cash inflow/(outflow)		11 037 017	4 993 209

	2008	2007
1. STATUTORY FUNDS		
Revolving Fund (Refer to appendix A for more details)	R 25 048 005	R 23 911 689
2. TRUST FUNDS		
Squatters Development Grant	R 163 282	R 162 895
Survey in Michausdal	R 70 490	R 70 323
Lidbetter Trust Fund	R 0	R 5 416
Life Project	R 13 707	R 13 098
Services Informal Housing	R 33 232	R 33 154
Structure Plan Middelburg	R 51 462	R 51 340
Independent Farmer	R 0	R 5 446
Transformation	R 0	R 179 853
Vusubuntu Cultural Village	R 0	R 103 000
Vusubuntu DSRAC	R 41 078	R 37 764
Csk Recycling Project	R 17 698	R 16 965
Watermeters	R 229 540	R 863 614
Drought Relief	R 5 306 331	R 5 077 274
IDP	R 82 439	R 96 670
IT Ph3	R 22 635	R 337 975
Establishment of Ward Committees	R 4 226	R 5 295
Finance Management Grant	R 477 939	R 899 662
Mig Funding	R 0	R 839 253
NER Electricity	R 112 991	R 112 791
Spatial Development	R 327 985	R 9 123
DME Bulk Infrastructure	R 259 010	R 453 867
Bulk Supply Industrial Area	R 992 533	R 0
MSIG	R 152 128	R 0
Valuations Property	R 2 673 829	R 0
Performance Agreements	R 205 721	R 0
MMP Capacity (Refer to appendix A for more details)	R 18 391	R 0
	R 11 256 647	R 9 374 778
3. LONG-TERM LIABILITIES		
External Loans	R 3 380 266	R 4 055 792
Less: Current portion transferred to Current Liabilities	R 492 750	R 588 082
(Refer to appendix B for more detail)	R 2 887 516	R 3 467 710
CONSUMERS DEPOSITS: SERVICES		
Deposits - Consumers	R 1 659 345	R 1 512 579
- Tenders	R 2 600	R 2 600
- Services C P A	R 8 097	R 8 097
	R 1 670 042	R 1 523 276

EXTERNAL LOANS

Carry interest at rates varying between 7% and 19% per annum and are repayable over periods of between 7 years and 30 years.

4. FIXED ASSETS

Fixed assets at the beginning of the year

Capital expenditure during the year

Less: Assets written off, transferred or disposed of during the year

Total Fixed Assets

Less: Loans redeemed and other capital receipts

Nett Fixed Assets

	2008	2007
	R 179 642 401	R 176 735 803
	R 378 163	R 3 211 389
	R 180 020 564	R 179 947 192
	R 69 759	R 304 791
	R 179 950 805	R 179 642 401
	R 179 950 805	R 179 642 401
	R 175 756 600	R 174 590 108
	R 4 194 205	R 5 052 293
	R 6 066 558	R 7 252 144
	R 6 066 558	R 7 252 144

5. INVESTMENTS

UNLISTED

Deposits - Banks

(Average rate of return on investments)

6 LONG TERM DEBTORS

S P C A

Cradock Golf Club

Less: Short term portion of long term debtors transferred to Current Assets

	R 2 887	R 3 910
	R 0	R 0
	R 2 887	R 3 910
	R 1 096	R 1 023
	R 1 791	R 2 887
	R 0	R 0
	R 788 513	R 735 908

7 DEFERRED CHARGES

Loan outstanding on Abattoir sold.

8 INVENTORY

Inventory represents consumable stores.

9 DEBTORS

Consumer Debtors
Plus: Amounts paid in advance

Sundry Debtors

Provision for bad debts

10 PROVISIONS

Leave gratuity reserve

11 CREDITORS

Audit fees
Debtors in advance
VAT
Capital Projects and unspent grants
Trade Creditors

	2008	2007
	113 199 070	95 231 634
	593 839	623 691
	113 792 909	95 855 325
	1 188 081	1 931 562
	114 980 990	97 786 887
	21 640 279	13 640 279
	93 340 711	84 146 608
	2 559 564	3 287 295
	2 559 564	3 287 295
	400 000	554 721
	593 839	623 691
	8 411 466	7 155 959
	48 434	103 770
	29 001 231	11 924 188
	38 454 970	20 362 329

The creditors are much more than the prior year

- a) The amount written off in the prior year taken over by CHDM was recovered from the appropriation account on recommendation from the Auditor General.
b) The capital projects were included in Appendix A.

12 RATES AND TAXES

Residential
Commercial
State

	2008	2007
VALUATION AS AT 01/07/2007	ACTUAL INCOME	ACTUAL INCOME
	7 214 455	6 740 772
496 241 575	1 704 202	1 615 917
117 838 700	2 442 690	2 260 372
614 080 275	11 361 347	10 617 061

13 COUNCILLORS' REMUNERATION

Councillor's allowances (All Councillors)

2008	2007
3 304 767	2 821 089

	2008	2007
14 AUDITORS' REMUNERATION		
Audit fees	400 000	554 720
15 FINANCIAL TRANSACTIONS		
Total external interest earned or paid		
- Interest earned	797 252	749 771
- Interest paid	692 710	831 383
Capital charges debited to operating account	548 496	680 040
Interest - External	472 565	583 684
- Internal	75 931	96 356
	858 087	1 201 796
Redemption - External	675 526	855 426
- Internal	182 561	346 370
	1 406 583	1 881 836
16 APPROPRIATIONS		
Accumulated surplus at the beginning of the year	29 174 622	1 622 489
Operating (deficit)/surplus for the year	6 443 134	5 913 262
Prior year adjustments	-22 786 026	21 638 871
Accumulated (deficit)/surplus at the end of the year	12 831 730	29 174 622
OPERATING ACCOUNT		
Capital expenditure		
Contributions to :	956 940	3 258 850
- Leave gratuity fund	104 839	0
- Provision for Bad Debts	0	2 500 000
- Revolving fund	852 101	758 850
	956 940	3 258 850
17 CASH UTILIZED/GENERATED BY OPERATIONS		
(Deficit)/Surplus for the year	6 443 134	5 913 262
Adjustments in respect of previous years' operating transactions	-22 786 026	21 638 871
Appropriations charged against income	9 096 524	3 272 444
Revolving fund	852 101	758 850
Provisions and reserves	8 104 839	2 500 000
Assets	139 584	13 594
Capital charges : Interest paid : Internal funds	75 931	96 356
: External funds	472 565	583 894
: Redemption : Internal advances	182 561	346 370
: External loans	675 526	855 426
Other interest paid	312 064	0
Investment income	738 186	551 405
Non-operating income: Net income funds & Grants	9 949 691	9 298 114
Non-operating expenditure: Expenditure against special funds	-6 944 655	-4 024 822
	-1 784 499	38 531 320

	2008	2007
18 (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/Decrease in inventory	-52 605	-41 072
(Increase)/Decrease in long term debtors	1 096	1 023
(Increase)/Decrease in debtors	-9 194 103	-12 162 939
Increase/(Decrease) in creditors	17 665 836	-30 573 047
	8 420 224	-42 776 035
19 INCREASE/(DECREASE) IN LONG-TERM LIABILITIES		
External loans repaid	-675 526	-855 425
Increase/(Decrease) in consumer deposits	146 767	170 005
	-528 759	-685 420
20 (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS		
Investments made	-13 204 365	-12 030 419
Interest on investments invested	-737 430	-711 670
Investments at year end	6 066 588	7 252 144
	-7 875 207	-5 489 945
21 INCREASE/(DECREASE) IN BANK OVERDRAFT		
Cashbook balance at the beginning of the year	-5 517 398	5 706 382
Less: Cashbook balance at the end of the year	9 207 967	-5 517 398
	3 690 569	188 984
22 REVOLVING FUND		
Internal Investments in the Consolidated Loans Fund	24 234 067	21 404 304
Outstanding advances to borrowing services	813 939	996 500
	25 048 006	22 400 804
Outstanding creditors	0	0
Accumulated funds	25 048 006	22 400 804
23 CONSOLIDATED LOANS FUND		
External loans (Appendix B)	233 772	233 218
24 CONTINGENT LIABILITIES		
R5 300 at FNB for Eskom		

2008 **2007**

Contributions to SALGA

Opening Balance		0
Council Subscriptions - 2006/2007 & 2007/2008	169 681	160 913
Amount Paid - current year	169 681	160 913
Balance	0	0

Audit Fees

Provision was made in note 14	400 000	544 720
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VAT

All VAT returns have been submitted by the due date throughout the year. The outstanding amount are shown in note 11 under Creditors.

PAYE and UIF

Opening Balance	0	9 765 099
Current year payroll deductions not paid over	549 599	0
Interest and Penalty	0	0
Amount paid - Chris Hani District Municipality		9 765 099
Balance unpaid - our records	549 599	0

Unpaid salary deductions on 30 June 2008

1 315 412	1 238 209
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Total Outstanding

1 865 011	1 238 209
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The unpaid salary deduction for June 2008 have been paid in July 2008

26 OBSOLETE STOCK/ASSETS

No auction was held during 2007/2008

27 SURPLUS ON ECONOMIC SERVICES

In terms of the accounting practice by IMFO it is a requirement that economic services be fixed in such a way that the service do not incur a surplus or deficit. At this stage it is difficult to comply because of Council's strife to uniform tariffs and would have a significant negative impact on Council.

28 INTEREST ON OUTSTANDING LIABILITIES

Provision for Interest have been made on :

a) DBSA	72 785	213 571
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29 INTERGOVERNMENTAL & OTHER GRANTS	2007/2008	2006/2007
PROVINCIAL GOVERNMENT	15 872 199	13 532 848
Equitable Share	15 372 199	13 032 848
Financial Reform	500 000	500 000
LOCAL GOVERNMENT		3 587 184
Mig Funding	2 662 215	2 877 184
IDP	50 000	70 000
ICT	500 000	500 000
Organograms	0	100 000
Establishment of Ward Committees		40 000
Spatial Development	300 000	0
Bulk Supply Industrial Area	1 122 000	0
MSIG	150 000	0
Valuations Property	3 200 000	0
Performance Agreements	198 852	0

30 DISCLOSURES CONCERNING COUNCILLORS, MANAGERS AND OFFICIALS

Councillors

The remuneration of Councillors have been done according to the framework of the published Government Notice concerning the upperlimits of the salaries, allowances and benefit of the different members of Council (Government notice R1477 of 22 December 2004).

Only one councillor are in arrears for more than 90 days NA Sindelo R12 575-27

Managers - Remuneration Packages

	2007/2008	2006/2007
Municipal Manager		
Salary Package	545 520	512 556
Performance Bonus *		82 009
Chief Financial Officer		
Salary Package	463 188	435 204
Performance Bonus *		40 619
Manager Human Resources		
Salary Package	463 188	435 204
Performance Bonus *		69 633
LED Manager		
Salary Package	463 188	435 204
Performance Bonus *		17 408

Managers - Remuneration Packages Continue

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	2007/2008	2006/2007
Manager : Community Services		
Salary Package	463 188	435 204
Performance Bonus *		17 408
Manager - Technical Services		
Salary Package	463 188	435 204
Performance Bonus *		87 041
Manager - Civil Protection Services		
Salary Package	463 188	435 204
Performance Bonus *		52 224

* Performance Bonus - No % was available when compiling the Financial Statements

31 ENTITIES

Mmotlie Investments (Pty)(Ltd) - Only Entity

For more details, see the attached addendum

32 CONSOLIDATION OF FINANCIAL STATEMENTS

Inxuba Yethemba - Mmotlie Investments

Due to no guidelines given on how to combine these Financial Statements, the Financial Statements of Mmotlie Investments is attached as an addendum.

33 BANK OVERDRAFT

The overdraft facility (R3 500 000) for the 2007/2008 calender year was approved by Council in May 2007.
Council resolution 05/315

34 ASSETS HELD AS COLLATERAL

The following erven are held by FNB as collateral for the overdraft facility:

Erven 566, 567, 577, 578, 1171 and 5073

STATUTORY FUNDS, TRUST FUNDS AND RESERVES

	BALANCE AT 01.07.2007	CONTRIBUTIONS DURING THE YEAR	INTEREST ON INVESTMENTS/ ADVANCES	OTHER INCOME	EXPENDITURE DURING THE YEAR	BALANCE AT 30.06.2008
STATUTORY FUNDS						
Revolving fund	R 23 911 689	R 852 101	R 59 066	R 226 172	R 1 023	R 25 048 005
	R 23 911 689	R 852 101	R 59 066	R 226 172	R 1 023	R 25 048 005
TRUST FUNDS						
Services Informal Housing	R 33 154	R 0	R 78	R 0	R 0	R 33 232
Structure Plan Middelburg	R 51 340	R 0	R 122	R 0	R 0	R 51 462
Life Project	R 13 098	R 0	R 609	R 0	R 0	R 13 707
Squatters Development Grant	R 162 895	R 0	R 387	R 0	R 0	R 163 282
Survey in Michausdal	R 70 323	R 0	R 167	R 0	R 0	R 70 490
Lidbetter Trust Fund	R 5 416	R 0	R 0	R 0	R 5 416	R 0
Independent Farmers	R 5 446	R 0	R 0	R 0	R 5 446	R 0
Transformation	R 179 853	R 0	R 0	R 0	R 179 853	R 0
Vusubuntu Cultural Village	R 103 000	R 0	R 0	R 0	R 103 000	R 0
Vusubuntu DSRAC	R 37 764	R 0	R 3 314	R 0	R 0	R 41 078
Csk Recycling Project	R 16 965	R 0	R 733	R 0	R 0	R 17 698
Watermeters	R 863 614	R 0	R 63 262	R 0	R 697 336	R 229 540
Drought Relief	R 5 077 274	R 0	R 229 057	R 0	R 0	R 5 306 331
IDP	R 96 670	R 100 000	R 14 860	R 0	R 129 091	R 82 439
IT Ph3	R 337 975	R 0	R 24 541	R 0	R 339 881	R 22 635
Establishment Ward Committees	R 5 295	R 0	R 0	R 0	R 1 069	R 4 226
Finance Management Grant	R 899 662	R 500 000	R 91 407	R 0	R 1 013 130	R 477 939
Mig Funding	R 839 253	R 2 662 215	R 97 418	R 0	R 3 598 886	R 0
NER Electricity	R 112 791	R 0	R 200	R 0	R 0	R 112 991
Spatial Development	R 9 123	R 300 000	R 25 209	R 0	R 6 347	R 327 985
DME Bulk Infrastructure	R 453 867	R 0	R 31 981	R 0	R 226 838	R 259 010
Bulk Supply Industria Area	R 0	R 984 210	R 28 608	R 0	R 20 285	R 992 533
MSIG	R 0	R 150 000	R 11 824	R 0	R 9 696	R 152 128
Valuations Property	R 0	R 3 200 000	R 80 445	R 0	R 606 616	R 2 673 829
Performance Agreements	R 0	R 198 852	R 7 489	R 0	R 620	R 205 721
MMP Capacity	R 13 149	R 0	R 5 364	R 0	R 122	R 18 391
	R 9 387 927	R 8 095 277	R 717 075	R 0	R 6 943 632	R 11 256 647
RESERVES						
Bad Debts	R 13 640 279	R 8 000 000	R 0	R 0	R 0	R 21 640 279
Leave reserve	R 3 287 295	R 104 839	R 0	R 0	R 832 570	R 2 559 564
	R 16 927 574	R 8 104 839	R 0	R 0	R 832 570	R 24 199 843

EXTERNAL LOANS AND INTERNAL ADVANCES

	BALANCE AT '1 July 2007	RECEIVED DURING 2007/2008	REDEEMED DURING 2007/2008	BALANCE AT '30 June 2008
EXTERNAL LOANS				
External Loans	4 055 792		675 526	3 380 266
INTERNAL ADVANCES				
Internal Loans - Revolving Fund	R 996 500		R 182 561	R 813 939
Consolidated Loans Fund	R 233 218	R 554	R 0	R 233 772
	R 1 229 718	R 554	R 182 561	R 1 047 711

APPENDIX C
ANALYSIS OF FIXED ASSETS

EXPENSES 2006/2007		BUDGET 2007/2008	BALANCE AT 1 July 2007	EXPENSES 2007/2008	TRANSFER OR WRITTEN OFF	BALANCE AT 30 June 2008
0	RATES AND GENERAL SERVICES	R 31 828 235	R 99 617 777	378 163	R 69 759	99 926 181
0	COMMUNITY SERVICES	R 19 486 560	R 68 399 840	136 274	R 69 759	68 466 355
	Cemetery	R 0	R 1 800 001	0	0	1 800 001
	Library	R 0	R 167 657	0	0	167 657
	Municipal property, commonage	R 0	R 3 584 439	0	0	3 584 439
	Public works	R 8 533 950	R 30 153 596	11 992	40 000	30 125 588
	Parks, gardens and sport fields	R 0	R 7 422 780	2	0	7 422 782
	Town halls and offices	R 0	R 23 345 084	0	0	23 345 084
	Municipal Manager	R 0	R 59 361	4	0	59 365
	Human Resources	R 0	R 484 481	9	29 759	454 731
	Finance	R 0	R 966 169	124 266	0	1 090 435
	LED	R 10 600 000	R 37 210	1	0	37 211
	Spa	R 352 610	R 151 014	0	0	151 014
	Traffic	R 0	R 195 816	0	0	195 816
	Caravan park	R 0	R 32 232	0	0	32 232
0	SUBSIDIZED SERVICES	R 4 000 000	R 1 827 315	0	0	1 827 315
	Protection services	R 4 000 000	R 356 844	0	0	356 844
	Health	R 0	R 297 196	0	0	297 196
	Clinics	R 0	R 1 173 275	0	0	1 173 275
0	ECONOMIC SERVICES	R 8 341 675	R 29 390 622	241 889	0	29 632 511
	Sanitation	R 0	R 844 387	0	0	844 387
	Sewerage	R 8 341 675	R 28 546 235	241 889	0	28 788 124
	HOUSING SERVICES	R 0	R 67 352			67 352
	General Housing		R 67 352	0	0	67 352
3 211 389	TRADING SERVICES	R 6 628 250	R 79 957 272	0	0	79 957 272
3 211 389	Electricity	R 510 000	R 50 742 375	0	0	50 742 375
0	Water	R 6 118 250	R 29 214 897	0	0	29 214 897
3 211 389	TOTAL FIXED ASSETS	R 38 456 485	R 179 642 401	378 163	69 759	179 950 805
	Less: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		R 174 590 108	1 236 251	69 759	175 756 600
	Loans redeemed		R 10 108 199	858 088		10 966 287
	Contributions from operating income		R 115 579 740	130 165	69 759	115 640 146
	Grants and subsidies		R 48 902 169	247 998		49 150 167
						0
			R 5 052 293	R -858 088	R 139 518	R 4 194 205

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

ACTUAL 2007		ACTUAL 2008	BUDGETED 2007/2008
	INCOME		
10 948 568	Grants and subsidies	3 303 420	18 223 199
5 785 599	- Central Government	0	15 372 000
4 573 193	- Provincial Government	0	0
589 776	- District Council	3 303 420	2 851 199
70 276 376	Operating Income	76 917 080	51 321 792
10 617 061	- Assessment rates	11 360 937	7 627 156
22 491 398	- Sale of electricity	24 438 576	23 583 000
9 956 474	- Sale of water	11 590 445	6 722 280
27 211 443	- Other income	29 527 122	13 389 356
81 224 944		80 220 500	69 544 991
	EXPENSES		
42 831 380	Salaries, wages and allowances	43 891 386	43 657 361
26 098 418	General expenses	26 370 249	22 552 076
13 437 887	- Purchase of electricity	14 499 192	13 240 000
496 423	- Purchase of water	215 085	400 000
12 164 108	- Other general expenses	11 655 972	8 912 076
1 648 458	Repairs and maintenance	2 108 307	2 000 461
1 439 320	Capital charges	1 406 583	1 335 093
13 594	Contribution to fixed assets	840	0
3 280 512	Contributions		
75 311 682	Gross Expenditure	73 777 365	69 544 991
2 521 153	Less: Amounts charged out	2 595 360	0
72 790 529	Net Expenditure	71 182 005	69 544 991

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

2007 ACTUAL INCOME	2007 ACTUAL EXPENSE	2007 SURPLUS (DEFICIT)		2008 ACTUAL INCOME	2008 ACTUAL EXPENSE	2008 SURPLUS (DEFICIT)	2008 BUDGET SURPLUS/ (DEFICIT)
45 317 180	53 867 963	-8 550 783	RATES AND GENERAL SERVICES	43 487 830	45 896 387	-2 408 557	-6 904 384
24 892 964	43 223 612	-18 330 648	COMMUNITY SERVICES	21 300 364	29 588 945	-8 288 581	-2 188 002
R 0	R 8 750 163	R -8 750 163	General expenses council	R 0	R 2 726 550	R -2 726 550	R -2 747 042
R 0	R 487 695	R -487 695	Mayor	R 0	R 335 144	R -335 144	R -329 946
R 25 270	R 951 565	R -926 295	Municipal Manager	R 0	R 439 463	R -439 463	R -444 455
R 78 813	R 3 162 982	R -3 084 169	Corporate Manager	R 0	R 1 706 163	R -1 706 163	R -1 350 204
R 106 488	R 1 884 146	R -1 777 658	Halls and offices	R 106 117	R 1 648 769	R -1 542 652	R -1 262 104
R 466 420	R 1 229 469	R -763 049	Led Manager	R 0	R 433 850	R -433 850	R -436 537
R 1 515	R 371 477	R -369 962	Caravan park	R 905	R 84 182	R -83 277	R -50 312
R 48 326	R 605 531	R -557 205	Commonage	R 55 068	R 700 117	R -645 049	R -434 177
R 1 016 747	R 822 702	R 194 045	Cradock Spa	R 835 434	R 853 192	R -17 758	R -148 225
R 0	R 255 726	R -255 726	Museum	R 0	R 115 220	R -115 220	R -132 834
R 0	R 11 522	R -11 522	Community Programs	R 0	R 0	R 0	R 0
R 1 027	R 208 499	R -207 472	Publicity	R 0	R 199 214	R -199 214	R -205 785
R 409	R 209 322	R -208 913	Youth Center	R 22 338	R 188 112	R -165 774	R -151 000
R 100 434	R 119 227	R -18 793	Vusubuntu Cultural Village	R 0	R 6 338	R -6 338	R -10 510
R 10 051 064	R 1 427 955	R 8 623 109	Financial Officer	R 6 291 935	R 430 228	R 5 861 707	R 15 093 760
R 14 997	R 3 184 513	R -3 169 516	Consumer Services	R 15 185	R 1 254 088	R -1 238 903	R 0
R 10 617 061	R 0	R 10 617 061	Assessment rates	R 11 361 347	R 0	R 11 361 347	R 6 158 209
R 0	R 280 863	R -280 863	Information Technology	R 0	R 421 864	R -421 864	R -334 324
R 128 308	R 1 702 549	R -1 574 241	Internal Services - Salaries	R 0	R 920 473	R -920 473	R -861 706
R 0	R 352 661	R -352 661	Internal Services - Stores	R 0	R 175 963	R -175 963	R -176 613
R 0	R 503 137	R -503 137	Financial Control & Assets	R 0	R 237 889	R -237 889	R -242 122
R 0	R 1 136 078	R -1 136 078	Revenue Management	R 0	R 576 616	R -576 616	R -690 344
R 287 715	R 1 082 459	R -794 744	Community Services	R 272 627	R 1 087 762	R -815 135	R -1 084 500
R 6 821	R 801 357	R -794 536	Libraries	R 6 228	R 844 788	R -838 560	R -827 154
R 0	R 670 137	R -670 137	Street Sweeping	R 0	R 617 385	R -617 385	R -622 470
R 76 891	R 3 332 362	R -3 255 471	Parks and sport fields	R 107 289	R 3 677 029	R -3 569 740	R -3 136 052
R 8 533	R 87 267	R -78 734	Swimming pool	R 9 740	R 66 279	R -56 539	R -54 500
R 137 851	R 49 243	R 88 608	Cemeteries	R 194 648	R 54 069	R 140 579	R 155 753
R 0	R 707 450	R -707 450	Technical Services	R 0	R 856 463	R -856 463	R -868 940
R 85 485	R 314 725	R -229 240	Town Planning	R 123 373	R 265 316	R -141 943	R -264 703
R 0	R 8 745	R -8 745	Aerodrome	R 0	R 579	R -579	R -4 700
R 134 049	R 872 466	R -738 417	Mechanical Workshop	R 121 774	R 786 472	R -664 698	R -769 117
R 36 960	R 2 436 971	R -2 400 011	Public works : Streets	R 29 265	R 2 743 532	R -2 714 267	R -2 474 316
R 0	R 737	R -737	Sidewalks	R 0	R 0	R 0	R 0
R 0	R 82 909	R -82 909	PW : Building & Mtce	R 0	R 111 725	R -111 725	R -93 500
R 75 051	R 2 076 693	R -2 001 642	Public Works	R 88 375	R 1 974 818	R -1 886 443	R -1 953 073
R 0	R 1 627 337	R -1 627 337	Public Works - Plumbing	R 0	R 1 643 296	R -1 643 296	R -1 624 794
R 1 386 729	R 1 414 972	R -28 243	Traffic	R 1 658 716	R 1 405 997	R 252 719	R 190 335
R 2 468 526	R 4 672 597	R -2 204 071	SUBSIDIZED SERVICES	R 3 050 164	R 4 644 285	R -1 594 121	R -1 887 411
R 0	R 604 828	R -604 828	Civil Defense/Fire Protect	R 0	R 639 437	R -639 437	R -634 399
R 6 502	R 222 330	R -215 828	Fire Protection Services	R 12 799	R 7 698	R 5 101	R -11 000
R 2 462 024	R 3 845 439	R -1 383 415	Clinics	R 3 037 365	R 3 997 150	R -959 785	R -1 242 012
R 17 955 690	R 5 971 754	R 11 983 936	ECONOMIC SERVICES	R 19 137 302	R 11 663 157	R 7 474 145	R -2 828 971
R 7 872 456	R 3 823 985	R 4 048 471	Cleansing	R 8 428 561	R 6 980 393	R 1 448 168	R -4 012 098
R 10 083 234	R 2 147 769	R 7 935 465	Sewerage	R 10 708 741	R 4 682 764	R 6 025 977	R 1 183 127

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

2007 ACTUAL INCOME	2007 ACTUAL EXPENSE	2007 SURPLUS (DEFICIT)		2008 ACTUAL INCOME	2008 ACTUAL EXPENSE	2008 SURPLUS (DEFICIT)	2008 BUDGET SURPLUS/ (DEFICIT)
R 373 354	R 814 403	R -441 049	HOUSING SERVICES	R 410 905	R 795 041	R -384 136	R -424 985
<u>R 373 354</u>	<u>R 814 403</u>	<u>R -441 049</u>	Cradock Housing	<u>R 410 905</u>	<u>R 795 041</u>	<u>R -384 136</u>	<u>R -424 985</u>
R 35 670 800	R 20 765 706	R 14 905 094	TRADING SERVICES	R 36 321 765	R 27 085 938	R 9 235 827	R 7 329 369
<u>R 23 940 405</u>	<u>R 17 997 285</u>	<u>R 5 943 120</u>	Electricity	<u>R 24 603 159</u>	<u>R 21 728 221</u>	<u>R 2 874 938</u>	<u>R 3 763 957</u>
<u>R 11 730 395</u>	<u>R 2 768 421</u>	<u>R 8 961 974</u>	Water	<u>R 11 718 606</u>	<u>R 5 357 717</u>	<u>R 6 360 889</u>	<u>R 3 565 412</u>
<u>R 81 361 334</u>	<u>R 75 448 072</u>	<u>R 5 913 262</u>	TOTAL	<u>R 80 220 500</u>	<u>R 73 777 366</u>	<u>R 6 443 134</u>	<u>R 0</u>
		21 638 871	Appropriations for the year			-22 786 026	
		R 27 552 133	Net surplus/(deficit) for the year			R -16 342 892	
		1 622 489	Accumulated surplus/(deficit) beginning of the year			29 174 622	
		<u>R 29 174 622</u>	Accumulated surplus/(deficit) end of the year			<u>R 12 831 730</u>	

STATISTICAL INFORMATION	2005	2006	2006	2007	2007	2008
CRADOCK AND MIDDELBURG						
General Statistics						
Population - Census 2001		60296		60296		60296
Registered Votes		29362		29362		29362
Total Valuation		655 561 746		654847454		614080275
- Non taxable		27 082 266		38362894		38428192
- State Properties		96 202 150		96070148		117838700
- Residential & Commercial		520 738 410		498381862		496241575
- Municipal Properties - Lusaka		11 538 920		242550		1733852
Valuation date - 2001/2002						
Number of sites - Residential		13753		13753		13801
Number of sites - Lusaka		447		447		447
Number of state properties		398		398		444
Exemptions		128		128		15
Number of sites - Commercial		79		79		86
Tax Rate: - Basis		1.69 - 2.10		1.69 - 2.10		1.69 - 2.26
Sanitation (Refuse)						
Km traveled		110291		99440		
Refuse removed (kub m)		71673		55404		
Cost per kub m removed		44.09		69.02		
Income per kub m removed		111.88		138.48		
Electricity						
Units (kwh) purchases		62920588		61697342		
Purchase price per kwh		18.77		20.43		
Units (kwh) sold		53922943		53800082		
Units (kwh) lost during distribution		8997645		7897260		
Percentage lost during distribution		14.3		12.8		
Cost per unit sold		30.55		24.98		
Income per unit sold		37.37		40.21		
No trading takes place in Lingelihle as Eskom is the supplier						
Water - Cradock/Middelburg						
Kl purchases		4087000		6709024		6277731
Purchase price per Kl		0.081		1.41		1.47
Kl sold		3132240		5702670		5833711
Percentage lost during distribution		954760		15		7.08
Income per Kl sold for both units		2.33		1.33		2.01
Prepaid meters installed in Lingelihle & Michausdal since June 2003						
Water - Middelburg						
Kl pumped		1690182	Combined into			
Kl sold		1405545	Cradock			
Percentage lost during distribution		17.1				
Cost per unit pumped		0.56				
Water in Lusake not metered.						
Cost recovered through levy						

