

CHAPTER 4

AUDITED STATEMENTS

& RELATED FINANCIAL INFORMATION

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GENERAL INFORMATION

MEMBERS OF THE FULL TIME COUNCIL

Councillor M E Dapula (Mayor)
Councillor M B Snyders (Speaker)
Councillor N G Xoseni
Councillor M Nontsele
Councillor T T Madubedube
Councillor A E Hulushe
Councillor M M Gongqa (Member-Not Full Time)

MEMBERS OF THE PART TIME COUNCIL

Councillor B M Adoons
Councillor Z A Beje
Councillor J N Birch
Councillor A V Bokuva
Councillor T Booï
Councillor N H Breakfast
Councillor Z A Deliwe
Councillor V V Dondolo
Councillor F N Duda
Councillor Z A Dywili
Councillor T Fikizolo
Councillor S L Gaju
Councillor M Z Gwantshu
Councillor T M Gxaba
Councillor J M Irlam
Councillor L E James
Councillor E K Jikele
Councillor K H Kedema
Councillor N B Keva
Councillor N A Kopolo
Councillor J J Makasi
Councillor N M Malmani
Councillor M Mangqangwana
Councillor N L Maqungo
Councillor G S Mateta
Councillor P X Mbasana
Councillor N O Mfenyana
Councillor N Mfundisi
Councillor N P Mnyengeza
Councillor S C Mpemba
Councillor T V Mpolo
Councillor G N Mrwebi
Councillor S E Mvana
Councillor S S Ndamane
Councillor D X Ndidi
Councillor S N Ndlebe
Councillor Z Pambani
Councillor P M X Sibefu

Councillor L L Sikweyiya
Councillor N E Simayile
Councillor N Sixabayi
Councillor E F Smuts
Councillor F N Sopapaza
Councillor E N Tsotetsi
Councillor L N Twaku
Councillor N C Twalo

GRADING OF LOCAL AUTHORITY

Grade 8 : Category B

AUDITORS

Auditor-General

BANKERS

ABSA Bank

REGISTERED OFFICE

70 Cathcart Road
QUEENSTOWN
5320

Private Bag X7111 Telephone 045-807 2773
QUEENSTOWN Fax 045-807 2733
5320

MUNICIPAL MANAGER

P BACELA

DIRECTOR OF FINANCE

I SCHOEMAN

FOREWORD

The municipality is committed to provide effective and efficient services to the community in its area to ensure that the community have access to basic services including water, electricity and refuse removal etc. The municipality also strive to provide free basic services to its registered customers, but this is still a challenge for the municipality to ensure that all that qualify, register and benefit.

The Municipal council, Mayoral committee, Municipal Manager and Directors continues to work harmoniously with regard to the implementation of the financial management legislation and policies with support from all staff members.

We have also seen the term end for the financial advisor, Bob Eskridge, that formed part of the GTZ programme from National Treasury. Bob have been with the municipality for almost four years to ensure that the implementation of legislation and policies are met, in particular the Municipal Finance Management Act. We have also seen drastic changes to the budget process to involve all stakeholders in the municipal areas.

This might also be the last year that financial statements will be submitted in the IMFO standards formats as the municipality must be GAMAP/GRAP compliant by the end of June 2009. A lot of work still lies ahead to accomplish this change, but the municipality foresee no problem with the conversion.

TREASURER'S REPORT

1. INTRODUCTION

The control over expenditure and the revised budget has resulted in that the expenditure for 2007/08 stayed within the budgeted figure for expenditure and that resulted in the year closing off with a operating surplus of R6 252 562. This surplus is based on the revenue billed against actual expenditure. The operating surplus as at 30 June 2007 has increased from R14 512 904 to R18 691 161.

2. OPERATING RESULTS

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

INCOME	Actual 2006/07 R	Actual 2007/08 R	Variance Actual 07/ Actual 08 %	Budget 2007/08	Variance Actual/ Budget 07/08 %
Opening surplus	18,289,266	14,512,904			
Operating income for the year	154,681,274	181,532,863	17.36%	183,953,764	-1.32%
Closing deficit					
	172,970,540	196,045,767		183,953,764	
EXPENDITURE					
Opening deficit					
Operating expenditure	148,563,299	175,280,301	17.98%	180,052,308	-2.65%
Sundry transfers	9,894,338	2,074,305			
Closing surplus	14,512,904	18,691,161		3,901,456	
	172,970,540	196,045,767		183,953,764	

2.1 RATE AND GENERAL SERVICES

	Actual 2006/07 R	Actual 2007/08 R	Variance Actual 07/ Actual 08 %	Budget 2007/08	Variance Actual/ Budget 07/08 %
Income	97,438,036	123,291,950	26.53%	125,973,691	-2.13%
Expenditure	102,377,262	124,684,396	21.79%	130,920,612	-4.76%
Surplus/Deficit	-4,939,226	-1,392,446	-71.81%	-4,946,921	-71.85%
Surplus (Deficit) as % of total income	-5.07%	-1.13%		-3.93%	

Sanitation service is not included in the 2006/07 and 2007/2008 statistics as the account was transferred to a agency account for Chris Hani District municipality as they became the water authority from 1 July 2004.

2.2 HOUSING SERVICE

	Actual 2006/07	Actual 2007/08	Variance Actual 07/ Actual 08	Budget 2007/08	Variance Actual/ Budget 07/08
	R	R	%		%
Income	137,900	118,491	-14.07%	120,120	-1.36%
Expenditure	41,662	210,358	404.92%	480,010	-56.18%
Surplus/Deficit	96,238	-91,867	-195.46%	-359,890	-74.47%
Surplus (Deficit) as % of total income	69.79%	-77.53%		-299.61%	

2.3 TRADING SERVICES ELECTRICITY

	Actual 2006/07	Actual 2007/08	Variance Actual 07/ Actual 08	Budget 2007/08	Variance Actual/ Budget 07/08
	R	R	%		%
Income	57,105,338	58,122,422	1.78%	57,859,953	0.45%
Expenditure	46,144,375	50,385,547	9.19%	48,651,686	3.56%
Surplus/Deficit	10,960,962	7,736,875	-29.41%	9,208,267	-15.98%
Surplus (Deficit) as % of total income	19.19%	13.31%		15.91%	

WATER

	Actual 2006/07	Actual 2007/08	Variance Actual 07/ Actual 08	Budget 2007/08	Variance Actual/ Budget 07/08
	R	R	%		%
Income					
Expenditure					
Surplus/Deficit					
Surplus (Deficit) as % of total income					

Water service was transferred to a agency account for Chris Hani District municipality as they became the water authority from 1 July 2004.

3. CAPITAL EXPENDITURE

	Actual 2007/08	Budget 2007/08	Actual 2006/07
	R	R	R
Vehicles	4,753,011	8,642,799	5,733,225
Buildings		526,850	
Roads/Stormwater Drainage		13,163,864	
Other Infrastructure		4,753,449	2,505,577
Other	680,503	4,650,277	561,007
	5,433,514	31,737,239	8,799,809

Resources used to finance the fixed assets were as follows :

	Actual 2007/08 R	Budget 2007/08 R	Actual 2006/07 R
Consolidated Loans Fund			
Leases	4,753,011	12,391,500	5,415,525
Contributions from operating income	272,309	1,318,753	803,758
Other Funds	408,194	18,026,986	2,580,526
	5,433,514	31,737,239	8,799,809

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

4. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2008 amounted to R16 845 560 as set out in appendix B.

Investments and cash on 30 June 2008 amounted to R44 633 709 (R31 238 403 in 2007).

The bank balance amounted to R3 198 224 on 30 June 2008 compared to an positive bank balance of R6 597 383 in 2007.

More information regarding loans and investments is disclosed in notes 4 and 7 and appendix B to the financial statements.

5. FUNDS AND RESERVES

The consolidated capital development and loans fund has increased with R1 950 565 to R36 015 829. Advances amounting to Rnil has been granted to borrowing accounts while R1 747 828 has been repaid. The total advances to borrowing accounts amounted to R7 673 123 on 30 June 2008.

More information regarding funds and reserves are disclosed in notes 1 to 3, 11 and appendix A to the financial statements.

EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Councillor's, the Municipal Manager and Directors of Departments for their support during the past year. A special word of thanks to the staff of the Budget and Treasury Directorate for their support and loyalty.

I SCHOEMAN
CHIEF FINANCIAL OFFICER
31 August 2008

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 Finance Officers in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second edition-January 1996).

1.2 The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in note 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 :

- 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 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 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.

3. FIXED ASSETS

3.1 Fixed assets are stated :

- at historical cost, or
- at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the treasurer.

3.2 Depreciation

Vehicles and machinery under the vehicle fleet are depreciated at 25% and equipment at 10% as determined by the Council's policy up to a nominal value. 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 income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
- Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

3.3 All net proceeds from the sale of fixed assets are credited to the Consolidated Loans Fund.

3.4 Capital assets are financed from different sources, including external loans, operating income, internal advances and leases. These loans, advances and leases are repaid within the estimated lives of the assets acquired from such loans, advances or leases. Interest is charged at the ruling interest rate applicable at the time the advance is made and is charged to the service concerned and leases at the time the lease was taken up.

4. STOCK

Stock is also reflected in the Balance Sheet at the lower of cost, determined on the weighted average basis, and net relisable value. Provision has also been made for stock obsolescence. Council took a decision to close the store and to issue all stock to departments that can be used and to sell the balance that can not be used. All stock has been charged out to the departments and reflects a zero balance in the statements.

5. FUNDS AND RESERVES

5.1 Capital Development Fund

The Capital Development Fund Ordinance No 20 of 1974 requires a minimum contribution of seven and a half percent of the product of assessment rates in respect of the financial year immediately preceding the financial year for which such contribution is required to be made.

5.4 RESERVES

Reserve Funds are utilised for purposes unknown and which may occur in the future. Contributions are made from the operating account and in certain instances according to the policy of the Department of Housing e.g. Rental reserve. The following reserve is applicable to this section:

Housing Development Fund - Maintenance and repairs to existing properties still in the name of the municipality.

Nature Conservation : Nature Reserves - Funds receivable from Game sales for use in Reserve. The purpose of the fund is to purchase new game for the nature reserve as well as repairs and maintenance to the reserve.

5.5 PROVISIONS

Provisions are utilised for specific purposes and contributions are made from the operating account.

5.6 TRUST FUNDS

Funds are paid to the Council for a specific purpose and consists of grants, subsidies and bequests from the public or higher authorities.

6. RETIREMENT BENEFITS

The employees of Queenstown TLC contribute to the Cape Joint Pension Fund/Retirement Fund, the South African Local Authorities Pension Fund, the Transkei Municipal Pension Fund and the Old Mutual Provident Fund. Councillors contribute to the Pension Fund for Municipal Councillors. Current contributions are charged against the operating account at the rate of a fixed percentage of the basic salary paid to employees and Councillors.

7. SURPLUSES AND DEFICITS

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

8. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

Administration charges are allocated to each department on a percentage basis, based on the actual expenditure from the previous year. Interdepartmental users are charged at actual cost and debited to each user department.

9. INVESTMENTS

Investments are shown at the lower of cost or market value if a permanent decline in the value occurs, and are invested per Council's Investment Policy.

10. INCOME RECOGNITION

10.1 Electricity and Water Billing

All electricity and water meters are read and invoiced on a monthly basis. If a reading cannot be obtained an estimated reading, based on the average consumption is made. Income is recognised on the date when invoicing is done.

10.2 Assessment Rates

Assessment Rates are levied at the same tariff for land and improvements. Rebates are granted according to Council's Policy. Income is recognised when the annual levies are done.

11. CONSOLIDATED LOANS FUND

The capital resources of the Consolidated Loans Fund consist both of external and internal loans. Advances are made to borrowing departments at an interest rate approved by the Premier. Loans are repaid over the useful life of the asset acquired.

12. LEASES ASSETS

Fixed assets held under finance leases are capitalised. Such assets are effectively amortised over the term of the agreements. 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 utilized in each accounting period.

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

LUKHANJI MUNICIPALITY

BALANCE SHEET FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		38,508,276	36,504,481
Statutory Funds	1	36,015,829	34,065,264
Reserves	3	2,492,447	2,439,217
(ACCUMULATED DEFICIT)/RETAINED SURPLUS	17	18,691,161	14,512,904
		57,199,437	51,017,385
TRUST FUNDS	2	20,444,457	20,016,921
LONG-TERM LIABILITIES	4	13,402,258	13,848,084
CONSUMER DEPOSITS : SERVICES	5	7,086,805	6,750,517
		98,132,958	91,632,908
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	26,391,798	25,156,877
INVESTMENTS	7	663,821	626,453
LONG-TERM DEBTORS	8	0	0
		27,055,619	25,783,329
NET CURRENT ASSETS/LIABILITIES		71,077,339	65,849,578
CURRENT ASSETS		92,058,367	101,299,944
Stock	9	0	0
Debtors	10	44,655,189	63,850,543
Cash		658,381	610,465
Bank		3,198,224	6,597,384
Call and short-term Investments	7	43,311,507	30,001,486
Short-term portion of Long-term debtors	8	235,066	240,066
CURRENT LIABILITIES		-20,981,028	-35,450,366
Provisions	11	7,745,050	4,560,115
Creditors	12	9,792,676	30,183,001
Short-term of Long-term liabilities	4	3,443,302	707,250
Bank overdraft			0
		98,132,958	91,632,908

.....
P BACELA
MUNICIPAL MANAGER

.....
CERTIFIED AS CORRECT
I SCHOEMAN
CHIEF FINANCIAL OFFICER

LUKHANJI MUNICIPALITY

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 Budget Surplus/ (Deficit) R
			RATE AND GENERAL SERVICES				
97,438,036	102,377,262	(4,939,226)		123,291,950	124,684,396	(1,392,446)	(4,946,921)
81,714,952	76,448,864	5,266,088	Community Services	105,281,967	96,340,557	8,941,410	7,242,768
1,200,197	10,905,195	(9,704,998)	Subsidised Services	1,599,741	11,881,634	(10,281,893)	(11,386,354)
14,522,887	15,023,203	(500,316)	Economic Services	16,410,242	16,462,205	(51,963)	(803,335)
137,900	41,662	96,238	HOUSING SERVICES	118,491	210,358	(91,867)	(359,890)
57,105,338	46,144,375	10,960,962	TRADING SERVICES	58,122,422	50,385,547	7,736,875	9,208,267
<u>154,681,274</u>	<u>148,563,299</u>	6,117,975	TOTAL	<u>181,532,863</u>	<u>175,280,301</u>	6,252,562	<u>3,901,456</u>
			Appropriations for this year (Refer to note 17)			(2,074,305)	
			Net surplus/(deficit) for the year			4,178,257	
			Accumulated surplus/ (deficit) beginning of the year			14,512,904	
			ACCUMULATED SURPLUS/ (DEFICIT) END OF YEAR			<u>18,691,161</u>	

LUKHANJI MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
CASH RETAINED FROM OPERATING ACTIVITIES :	(29,050,786)	(34,457,972)
Cash receipts from ratepayers, consumers, and users of services	180,852,087	151,526,460
Cash paid to employees and suppliers	(208,519,755)	(185,658,598)
From Operations	(27,667,668)	(34,132,138)
Interest received	215,930	
Redemption external	(706,853)	
Interest paid	(892,196)	(325,834)
INVESTING ACTIVITIES	(15,866,320)	(87,972)
Purchase of property, plant and equipment	(5,433,514)	(8,799,809)
Proceeds from disposal of fixed assets	3,181,891	4,152,777
Receipts from long term debtors	5,000	432,425
Increase in cash on hand	(13,619,697)	4,126,635
FINANCING ACTIVITIES	41,565,865	49,528,800
Net loans repaid	2,290,226	3,494,192
Increase in consumer deposits	336,289	494,496
Cash contribution from public and state	38,939,350	45,540,112
NET CASH GENERATED	(3,351,242)	14,982,856
Cash resources at beginning of year	7,207,847	(7,775,009)
Cash resources at 30 June 2008	3,856,605	7,207,847
	<u>3,351,242</u>	<u>(14,982,856)</u>

LUKHANJI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
1. STATUTORY FUNDS		
Consolidated Loans Fund (Refer to Appendix A for more detail)	36,015,829	34,065,264
	36,015,829	34,065,264
2. TRUST FUNDS		
Grants, Subsidies and Bequests	20,426,842	20,003,406
Mayor's Christmas Fund		
Storm Relief Fund	17,615	13,514
(Refer to Appendix A for more detail)	20,444,457	20,016,921
3. RESERVES		
Rental Reserve	2,401,130	2,367,900
Removal Expenses Reserve	59,245	39,245
Repairs and Renewals	32,072	32,072
(Refer to Appendix A for more detail)	2,492,447	2,439,217
4. LONG TERM LIABILITIES		
Capital leases	11,597,150	8,578,469
Annuity Loans	5,248,410	5,976,866
	16,845,560	14,555,334
Less : Current portion transferred to current liabilities	(3,443,302)	(707,250)
Capital leases	2,646,841	
Annuity Loans	796,461	707,250
(Refer to Appendix B for more detail on long term liabilities)	13,402,258	13,848,084
CAPITAL LEASES		
Capital leases with an average interest rate of ± 11% were entered into with West Bank to finance vehicles over a 5 year period. Capital leases with an average interest rate of ± 12.84% were entered into with Nedbank to finance vehicles and plant over a 5 year period.		
ANNUITY LOANS		
No Annuity loans. All debt rescheduled with DBSA. Interest rate payable on loan at 12,00% over a period of 8 years.		
5. CONSUMER DEPOSITS		
Electricity	7,086,805	6,750,517
Guarantees in lieu of electricity deposits were R20 320.		

6. FIXED ASSETS

Fixed Assets at the beginning of the year	179,247,757	204,827,395
Capital Expenditure during the year	5,433,514	8,799,809
Adjustments to balance statements to Genetal Ledger		6,032,580
Less : Assets written off, transferred or disposed of during the year	77,250,165	(40,412,027)
TOTAL FIXED ASSETS	261,931,437	179,247,757
		(154,090,88
Less : Loans redeemed and other capital receipts	(235,539,639)	1)
NET FIXED ASSETS	26,391,798	25,156,877

(Refer to Appendix C for more detail)

7. INVESTMENTS

Listed

RSA Internal Registered Stock	18,500	18,500
	18,500	18,500

Unlisted

Fixed deposits	645,321	607,953
Call deposits	43,311,507	30,001,486
	43,956,828	30,609,439
TOTAL INVESTMENTS	43,975,328	30,627,939

Market value of listed investments and managements
valuation of unlisted investments

Listed	23,200	23,200
Unlisted	43,975,328	30,627,939

Average rate of return on investments 9.65% 7.99%

Funds are invested according to Council's Investment Policy.

No investments were written off during the year.

8. LONG TERM DEBTORS

Loans to :

Housing Loans

Sale of Land	230,036	230,036
Study Loans	-	-
Vehicle Loans	5,030	10,030
	235,066	240,066
Less : Current portion transferred to current assets	(235,066)	(240,066)

9. INVENTORY

Stock represents consumable stores, raw materials and finished goods.

Less : Stock Obsolescence

		-
	0	0
	0	0
	0	0

10. DEBTORS

Consumer debtors

Less provision for doubtful debts

Sundry debtors

Deposits

Recoverable costs

Agency account Chris Hani

125,129,880	107,447,724
(88,628,201)	(69,240,935)
36,501,679	38,206,789
5,932,123	22,709,542
61,168	61,168
0	7,000
2,160,220	2,866,045
44,655,189	63,850,543

Age analysis

Current Debtors

30 Days Outstanding

60 Days Outstanding

90 Days Outstanding

120 Days and more Outstanding

Plus : Agency account Chris Hani

Plus : Vat accounts

Plus : Vat accounts

Plus : Suspence accounts

Plus : Payments in Advance

Plus : Unknown Payments

6,692,281	28,841,886
4,014,797	3,864,467
2,618,860	2,945,344
114,812,255	77,582,231
2,160,220	2,866,045
1,775,036	15,487,665
1,209,941	1,503,839
133,283,390	133,091,478
(88,628,201)	(69,240,935)
44,655,189	63,850,543

Debtors to the value of R8,576,822,12, regarded as bad debt were written off during the year.

Agency account Chris Hani

Assets:

Water and Sanitation assets

Less: Loans redeemed and other capital receipts

41,188,084	40,412,027
(41,188,084)	(40,412,027)
0	0

Accumulated surplus

Surplus and Losses on the operational accounts for Water and Sanitation from 01/07/2004 to 30/06/2008

Debt management:

Outstanding Water and Sanitation debtors at 30 June 2008

Provision for Doubtful Debts on Water and Sanitation transferred

Balance 30 June 2008

(14,124,110)	(12,209,559)
71,604,095	63,429,022
(55,319,765)	(48,353,418)
16,284,330	15,075,604
2,160,220	2,866,045

On 1 July 2004 the Chris Hani District Municipality took over the service delivery of water and sanitation as part of their Water authority functions and the Lukhanji Municipality went on with the administration thereof as an agency service.

11. PROVISIONS

Leave Gratuity	5,933,583	3,062,849	
Valuation Expenses	1,811,468	1,497,266	
	<u>7,745,050</u>	<u>4,560,115</u>	*

The leave gratuity were calculated on the leave days due by staff as at 30 June 2008.

Any shortfall or overprovision will be rectified in 2008/09 financial year.

12. CREDITORS

Trade Creditors	4,371,603	6,268,762	*
Payments in Advance	3,287,787	2,640,999	*
Deposits	106	46	*
VAT	0	16,160,866	
Other	2,133,180	5,112,328	*
	<u>9,792,676</u>	<u>30,183,001</u>	

13. ASSESSMENT RATES

	2008	2007
	R	R
	Actual	Actual
	Income	Income
Residential	8,848,077	7,781,258
Commercial	1,289,230	1,232,950
Industrial	2,201,382	2,030,649
Business	1,929,715	1,784,689
Institutional	16,945	15,836
Agricultural	4,292	4,012
Educational	1,662,164	1,376,256
State	1,742,880	1,447,871
Transnet	342,471	320,065
Post and Telecommunications	77,673	72,592
Municipal	36,294	33,919
Grant-in-Aid	90,758	153,357
Sport Clubs	38,909	36,363
	<u>18,280,789</u>	<u>16,289,818</u>

Valuations on land and improvements are performed every four years and the last general valuation came into effect on 1 July 1998. The basic rate was 2,045 per cent in the Rand on land and improvements. The following rebates were granted :

Residential	15%
Commercial	5%
Industrial	5%
Business	5%
Institutional	5%
Agricultural	15%

Educational	20%
State	20%
Grant-in-Aid	100%
Residential-R1300	23.75%

14. COUNCILLOR'S REMUNERATION

Mayor's allowance	481,821	394,992
Executive Councillors allowances	2,050,220	1,671,832
Councillor's allowances	6,112,897	5,784,323
Councillor's pension contribution	564,525	755,818
Councillor's medical aid contribution	193,267	192,796
	<u>9,402,730</u>	<u>8,799,761</u>

All coucillors remuneration is paid in accordance with the determination of the upper limits of salaries, allowances and benefits of different members of municipal councils. (Remuneration of Public Office Bearers Act, 1998)(Act no. 209 of 1998)

15. AUDITOR'S REMUNERATION

Audit Fees	<u>1,159,096</u>	<u>1,225,396</u>
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16. FINANCE TRANSACTIONS

Total external interest earned or paid :

Interest Earned	<u>6,595,906</u>	<u>3,460,135</u>
Interest Paid	<u>667,583</u>	<u>745,912</u>

Capital charges debited to operating account :

Interest :	2,501,115	2,240,327
: External	892,196	325,834
: Internal	1,608,920	1,914,493
Redemption :	3,344,480	2,924,238
: External	1,596,653	1,162,692
: Internal	1,747,828	1,761,546
	<u>5,845,596</u>	<u>5,164,565</u>

17. APPROPRIATIONS

Appropriation account :

Accumulated surplus at the beginning of the year	14,512,904	18,289,266
Operating surplus for the year	6,252,562	6,117,975
- Rate and General services	6,252,562	6,117,975
- Dog Tax fund		
- Parking Areas Development Fund		
Appropriations for the year	<u>(2,074,305)</u>	<u>(9,894,338)</u>
	<u>18,691,161</u>	<u>14,512,904</u>

The accumulated surplus at the end of the year

is made up as follows :

- Rate and General services	18,691,161	14,512,904
- Dog Tax fund		
- Parking Areas Development Fund		
	<u>18,691,161</u>	<u>14,512,904</u>

Operating Account :

Capital expenditure	272,309	456,433
Contributions to :		
Bad Debt	24,437,678	16,195,782
Leave Gratuity	3,620,000	720,000
Removal Expenses	20,000	20,000
Rental reserve	33,230	33,230
Stock Obsolescence		
Valuation expenses	250,000	250,000
	<u>28,360,908</u>	<u>17,219,012</u>

18. OFFICIALS REMUNERATION

Remuneration of the Municipal Manager

Annual Remuneration	365,432	334,776
Other (Pension, Transport, Medical Aid, UIF, Housing Subsidy ect.)	198,217	174,172
Bonus	44,778	40,726
Total	<u>608,427</u>	<u>549,673</u>

Remuneration of the Chief Financial Officer

Annual Remuneration	379,287	310,765
Other (Pension, Transport, Medical Aid, UIF, Housing Subsidy ect.)	130,505	151,980
Bonus	42,193	38,867
Total	<u>551,986</u>	<u>501,611</u>

Remuneration of the Director Administration

Annual Remuneration	334,399	307,172
Other (Pension, Transport, Medical Aid, UIF, Housing Subsidy ect.)	168,070	167,533
Bonus	41,903	38,600
Total	<u>544,372</u>	<u>513,304</u>

Remuneration of the Director Community Services

Annual Remuneration	333,646	308,060
Other (Pension, Transport, Medical Aid, UIF, Housing Subsidy ect.)	175,910	167,991
Bonus	41,928	38,600
Total	<u>551,484</u>	<u>514,650</u>

Remuneration of the Director Estates Services

Annual Remuneration	324,241	297,583
Other (Pension, Transport, Medical Aid, UIF, Housing Subsidy ect.)	190,394	188,998
Bonus	41,065	38,600
Total	<u>555,700</u>	<u>525,181</u>

Remuneration of the Director Technical Services

Annual Remuneration	249,376	221,807
Other (Pension, Transport, Medical Aid, UIF, Housing Subsidy ect.)	243,659	243,583
Bonus	41,082	56,900
Total	534,116	522,291

19. CASH GENERATED BY OPERATIONS

Surplus for the year	6,252,562	6,117,975
Adjustments in respect of previous years operating expenses	(2,074,305)	(1,180,573)
Appropriations charged against income :	25,451,326	25,501,582
Contributions	28,360,908	27,623,868
Administration Charges (Non Cash)		1,302,393
Proceeds on sale of assets	(3,181,891)	(4,152,777)
Long Term Debtors		
Less : Brought to Account		
Contribution Ex CCDLF		
Provisions and Reserves		
Fixed Assets	272,309	728,098

Capital Charges :	6,726,058	11,346,877
Interest Paid		
- to internal funds	1,608,920	1,914,493
- to external loans	892,196	325,834
Redemption Paid		
- to internal funds	1,747,828	7,958,593
- to external loans	2,477,115	1,147,957

Operating account	36,355,641	41,785,861
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Grants and Subsidies (Operating Account)

Non-operating income :	3,211,196	3,420,603
Funds	707,098	1,422,365
Trust	2,499,948	1,998,238
Bad Debt Provision	4,150	0

Non-operating expenditure :	(46,652,267)	(44,860,175)
Expenditure charged against Accumulated Fund		
Expenditure charged against Trust Funds	40,603,567	44,003,952
Expenditure charged against Reserves		4,093
Expenditure charged against Provisions	5,955,556	
Financing funds	(272,309)	
Expenditure charged against Consolidated Loans Fund	365,454	852,130

Non operating transactions	(43,441,071)	(41,439,571)
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(Increase)/decrease in stock		
(Increase)/decrease in debtors	(191,912)	(42,239,738)
Increase/(decrease) in creditors	(20,390,326)	3,304,728
Working capital transactions	(20,582,238)	(38,935,011)

	(27,667,668)	(38,588,721)
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20. (INCREASE)/DECREASE IN WORKING CAPITAL

(Increase)/decrease in stock		
(Increase)/decrease in debtors	(191,912)	(42,239,738)
Increase/(decrease) in creditors	(20,390,326)	3,304,728
	<u>(20,582,238)</u>	<u>(38,935,011)</u>

21. (INCREASE)/DECREASE IN LONG-TERM LOANS (EXTERNAL)

Loans Raised	4,767,341	5,415,525
Adjustment		4,310,901
Loans Repaid	(2,477,115)	(1,921,334)
	<u>2,290,226</u>	<u>7,805,092</u>

22. (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENT

Investment realised	41,237,758	38,594,283
Investment made	(27,890,371)	(42,720,918)
	<u>13,347,387</u>	<u>(4,126,636)</u>

23. (INCREASE)/DECREASE IN CASH ON HAND

Cash balance at the beginning of the year	7,207,847	(7,775,009)
Less : Cash balance at the end of the year	3,856,605	7,207,848
	<u>3,351,242</u>	<u>(14,982,857)</u>

24. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS

Guarantees in respect of housing bonds to employees	202,125	201,690
Meliziswe International Property Group	1,423,000	1,000,000
MaxProf - VAT	250,000	1,600,000
Mkhetsu - Damages		24,000
Motile - Damages	100,000	94,000
AS Burwana	200,000	
Civil & General	150,000	
Chithi	100,000	
D Osborne	200,000	
AV Magqabi		
Sala Pension Fund		
	<u>2,625,125</u>	<u>2,919,690</u>

Figures for AV Magqabi and Sala Pension Fund not quantified as yet.

25. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure :

- Approved and contracted for
Refuse Compactor

1,722,403

This expenditure will be financed from :

-Internal sources
-External sources

1,722,403

1,722,403

26. CONSOLIDATED LOANS FUND

External Loans	16,845,560	6,750,242
Internal Investments	36,015,829	34,065,264
Creditors		
Bank	(3,832,214)	(7,181,457)
	49,029,175	33,634,050
Less :	41,356,052	28,092,033
External Investments	43,975,326	30,627,939
Debtors		7,000
Temporary Advances	(2,619,274)	(2,542,906)
(Refer to Appendix B for more detail)	7,673,123	5,542,017

27. FRUITLESS and WASTEFULL EXPENDITURE

Payment made to Civil & General for Excavator that burnt out The municipality had to insure the equipment, but failed to do so therefor when the equipment burnt out we had to pay the replacement cost. Relevant staff member has left the service of the municipality that did not attend to the insurance. Council agreed that amount was irrecoverable and approved write off

555,750

28. Unauthorised expenditure

An amount of R90 989 has been overspent in the Electricity operating budget. This is largely due to the final Eskom account not being Available at year end and an estimation is made. Council condoned such expenditure

90,989

29. Irregular Expenditure which arose from these sections

Section of Supply Chain Management Policy

Section 13

136,721

Section 16

8,184

Section 13 and Section 16

294,719

Section 13 and Section 14

32,652

Section 13,14 and Section 16

157,354

629,630

30. Retirement Benefit Information

Lukanji municipality makes provision for post-retirement benefits to eligible Councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes. These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation.

Cape Joint Pension Fund

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme.

Defined Benefit Scheme

The Defined benefit section is a multi employer plan and the contribution rate payable is 27%, 9% by the member and 18% by the Council. The fund was last valued at 30 June 2008.

Defined Contribution Scheme

This scheme was established to accommodate the unique characteristics of contract employees and "cost to company" employees. All existing members were given the option to transfer to the defined contribution plan before 1 July 2003. The actuary report certified that, the structure of the assets is appropriate relative to the nature of the liabilities, assuming a smoothed bonus philosophy and given normal circumstances. The report further indicated that the defined contribution plan is funded on sound actuarial principles.

CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9%) and their councils (18%) is sufficient to fund the benefits accruing from the Fund in future. The Actuary certified the fund as being in a sound financial position as at 30 June 2006.

SALA PENSION FUND

The fund, a defined benefit plan, is financially sound and was last valued at 30 June 2008.

MUNICIPAL COUNCILLORS' PENSION FUND

The Municipal Councillors' Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13.75%) and their councils (15%) is sufficient to fund the benefits accruing from the fund in future.

The last actuarial valuation of the fund was undertaken at 30 June 2005 and the actuary reported that the Fund as a whole is in a sound financial condition.

APPENDIX A

**LUKHANJI MUNICIPALITY
STATUTORY FUNDS, RESERVES AND TRUST FUNDS FOR THE YEAR ENDED 30 JUNE 2008**

	Balance at 2007-06-30	Contributions during the year	Interest on Investments	Other Income	Expenditure during the year	Capital Expenditure during the year	Written Off	Balance at 2008-06-30
	R	R	R	R	R	R		R
STATUTORY FUNDS								
Consolidated Loans Fund	(34,065,264)			(2,316,018)	365,454			(36,015,829)
	(34,065,264)			(2,316,018)	365,454			(36,015,829)
TRUST FUNDS								
Grants, Subsidies and Bequests	(20,003,406)		(2,485,543)	(38,939,349)	45,005,930	250,940	(4,255,414)	(20,426,842)
Storm Relief Fund	(13,514)		(4,101)					(17,615)
	(20,016,921)		(2,489,644)	(38,939,349)	45,005,930	250,940	(4,255,414)	(20,444,457)
RESERVE FUNDS								
Rental Reserve	(2,367,900)	(33,230)			(2,401,130)			(2,401,130)
Removal Expenses Reserve	(39,245)	(20,000)			(59,245)			(59,245)
Repairs and Renewals	(32,072)				(32,072)			(32,072)
	(2,439,217)	(53,230)			(2,492,447)			(2,492,447)

APPENDIX B

**LUKHANJI MUNICIPALITY
EXTERNAL LOANS AND EXTERNAL ADVANCES FOR THE YEAR ENDED 30 JUNE 2008**

		Balance at 2007-06-30 R	Received during the year R	Redeemed or written off during the year R	Balance at 2008-06-30 R
EXTERNAL LOANS	Loan No Redeemable				
Capital Leases		8,578,469	4,788,944	1,770,263	11,597,150
Annuity Loans		5,976,866	(21,603)	706,853	5,248,410
		<u>14,555,334</u>	<u>4,767,341</u>	<u>2,477,115</u>	<u>16,845,560</u>

	Balance at 2007-06-30 R	Received during the year R	Redeemed or written off during the year R	Balance at 2008-06-30 R
INTERNAL ADVANCES TO BORROWING SERVICES				
Consolidated Loans Fund	9,420,951		1,747,828	7,673,123
	<u>9,420,951</u>		<u>1,747,828</u>	<u>7,673,123</u>

APPENDIX C
LUKHANJI MUNICIPALITY
ANALYSIS OF FIXED ASSETS FOR THE YEAR ENDED 30 JUNE 2008

Expenditure 2007 R	RATE AND GENERAL SERVICES	Budget 2008 R	Balance at 2007-06-30 R	Expenditure 2008 R	Written off transferred redeemed or disposed of during the year R	Balance at 2008-06-30 R
6,294,232		26,178,790	74,649,244	5,426,902	(78,962,928)	159,039,074
6,229,625	<u>Community Services</u>	20,459,893	49,419,624	5,324,691	(78,286,242)	133,030,558
66,100	Administration : Council General	470,620	6,081,210		(5,432,068)	11,513,278
20,010	Administration : Estates	4,100	20,288	36,927	(75,479,702)	75,536,917
12,015	Health Services	252,212	1,815,586	30,092	(890,458)	2,736,137
	Community Services : Admin	20,488		176,688	(439,851)	616,539
	Municipal Security		3,548		3,548	
	Pound		122,818		(4,099)	126,917
5,733,225	Vehicle Fleet	7,990	10,572,527		(3,355,120)	13,927,647
12,349	Public Works/Town Planning	16,249,664	6,473,305	1,375,235	(6,773,211)	14,621,752
2,350	Workshop	1,951,188	2,350	3,434,601	3,434,601	2,350
4,252	Infrastructural Development	831,381	3,009,341	105,516	(174,772)	3,289,629
	Services		5,243,305		(657,252)	5,900,557
6,513	Municipal Manager	24,650	30,756	4,780	(207,806)	243,341
15,275	Administration and Human Resources	11,600	131,961		(176,034)	307,995
323,529	Financial Services	530,500	2,239,554	25,841	(14,899)	2,280,293
34,007	Traffic Services	55,500	123,437	31,274	(804,104)	958,815
	Dog Kennels		366,000			366,000
	Bongola Dam		53,080		100	52,980
	Computers and Printers	50,000	288,262	103,739	(157,410)	549,411
	Hewu TRC		760,150		760,150	
	Queenstown TRC		11,126,789		11,126,789	
	Tylden TRC		144,655		144,655	
	Whittlesea		810,701		810,701	

47,857	<u>Subsidised Services</u>	1,377,866	11,608,763	90,312	(37,060)	11,736,136
6,050	Aerodrome		200,000			200,000
	Art Gallery		297,099		(60,185)	357,284
	Cemeteries	100,000	64,339		11,249	53,090
	Civic Centre	6,180	3,836,666		(1,272,736)	5,109,402
2,451	Fire Brigade		83,966		(172,866)	256,832
	Libraries	392,436	855,698	86,892	(369,142)	1,311,732
39,356	Parks and Recreation	879,250	6,270,995	3,420	1,826,620	4,447,795
-						
16,750	<u>Economic Services</u>	4,341,031	13,620,856	11,899	(639,625)	14,272,380
16,750	Cleansing Services	3,912,760	990,837	11,899	(91,150)	1,093,886
	Estates	26,850	12,274,650		(532,485)	12,807,135
	Nature Reserve	401,421	355,370		(13,990)	369,360
	Sewerage				(2,000)	2,000
0	<u>Housing Services</u>		1,770,469		1,770,469	
	Sub-Economic Housing		1,770,469		1,770,469	
	Self Help Schemes					
2,505,577	<u>Trading Services</u>	5,558,449	102,828,045	6,612	(57,706)	102,892,363
2,505,577	Electricity	5,539,749	102,828,045	6,612	(57,706)	102,892,363
	Water	18,700				
<u>8,799,809</u>	TOTAL FIXED ASSETS	<u>31,737,239</u>	<u>179,247,757</u>	<u>5,433,514</u>	<u>(77,250,165)</u>	<u>261,931,437</u>
	LESS : LOANS REDEEMED AND OTHER					
	CAPITAL RECEIPTS		154,090,881	7,601,389	(73,847,369)	235,539,639
	Loans redeemed and advances paid		44,371,684	3,518,090	3,402,796	44,486,978
	Contribution ex operating income		76,700,724	3,675,105	(77,250,165)	157,625,995
	Lease Agreements					
	Provision and Reserves		58,098			58,098
	Grants and Subsidies		32,960,375	408,194		33,368,569
	NET FIXED ASSETS	31,737,239	25,156,877	(2,167,875)	(3,402,796)	26,391,798

APPENDIX D

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

Actual 2007 R		Actual 2008 R	Budget 2008 R
	INCOME		
46,608,663	Grants and Subsidies - Provincial & Government	52,091,379	53,213,471
108,072,611	Operating Income	129,441,485	130,740,293
16,289,818	- Assessment Rates	18,280,659	18,615,973
52,225,618	- Sale of Electricity	51,212,121	51,844,867
39,557,175	- Sale of Water	59,948,704	60,279,453
	- Other services and charges		
<u>154,681,274</u>		<u>181,532,863</u>	<u>183,953,764</u>
	EXPENDITURE		
71,951,953	Salaries, wages and allowances	78,006,953	78,538,574
49,564,388	General Expenses	55,808,947	59,843,758
31,912,347	- Purchase of Electricity	36,261,933	36,290,975
101,153	- Purchase of Water	292,849	306,630
17,550,888	- Entertainment	19,254,165	23,246,153
	- Other general Expenses		
3,624,555	Repairs and Maintenance	5,884,605	6,942,543
5,164,565	Capital Charges	5,845,596	2,696,000
456,433	Contribution to fixed assets	272,309	1,273,203
17,854,898	Contributions	29,531,806	30,802,160
148,616,792	Gross expenditure	175,350,215	180,096,238
(53,493)	Less : Amounts charged out	(69,914)	(43,930)
148,563,299	Net Expenditure	175,280,301	180,052,308

APPENDIX E
LUKHANJI MUNICIPALITY
DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

Actual Income 2007 R	Actual Expenditure 2007 R	Actual Surplus/ (Deficit) 2007 R		Actual Income 2008 R	Actual Expenditure 2008 R	Actual Surplus/ (Deficit) 2008 R	Budget Surplus/ (Deficit) 2008 R
97,438,036	102,377,262	(4,939,226)	RATE AND GENERAL SERVICES	123,291,950	124,684,396	(1,392,446)	(4,946,921)
- 81,714,952	- 76,448,864	- 5,266,088	<u>Community Services</u>	- 105,281,967	- 96,340,557	- 8,941,410	- 7,242,768
27,011,455	4,879,911	22,131,545	Assessment Rates	- 29,491,466	4,085,546	25,405,920	25,022,763
33,442,072	12,978,632	20,463,440	Council's General	38,566,655	16,216,138	22,350,517	27,021,092
28,655	1,904,525	(1,875,870)	Community Services:	5,680	2,601,734	(2,596,054)	(2,581,730)
	17,015	(17,015)	Admin		25,321	(25,321)	(28,000)
51,322	3,650,651	(3,599,330)	Disaster Management	16,324	4,515,816	(4,499,492)	(4,535,514)
4,399,407	6,850,567	(2,451,160)	Administration : Estates	8,420,994	6,814,195	1,606,799	(484,709)
1,714,031	1,078,753	635,278	Health Services	1,597,752	1,240,883	356,869	426,705
95,596	475,822	(380,226)	Pound	95,596	535,387	(439,791)	(389,189)
373,310	15,588,117	(15,214,807)	Protection Services	2,715,474	19,067,891	(16,352,417)	(17,067,176)
	3,225,803	(3,225,803)	Public Works/Town		3,790,967	(3,790,967)	(3,893,371)
	2,338,182	(2,338,182)	Planning		3,432,305	(3,432,305)	(3,452,802)
	3,364,064	(3,364,064)	Security		3,965,673	(3,965,673)	(4,100,594)
30	11,521	(11,491)	Municipal Manager		4,765	2,539	(2,030)
8,592,421	14,119,318	(5,526,898)	Administration & HR	7,304	23,372,662	(5,949,257)	(8,984,090)
6,006,655	5,965,985	40,670	Water: Bongolo Dam	17,423,405	6,671,274	270,043	291,413
			Financial Services				
			Traffic Services				
- 1,200,197	- 10,905,195	- (9,704,998)	<u>Subsidised Services</u>	- 1,599,741	- 11,881,634	- (10,281,893)	- (11,386,354)
2,622	107,966	(105,344)	Aerodrome	- 2,622	305,729	(303,107)	(333,732)
	78,296	(78,296)	Art Gallery		65,980	(65,980)	(166,618)
662,422	742,808	(80,386)	Cemetaries	711,075	809,433	(98,358)	(264,266)
308,437	1,630,305	(1,321,868)	Civic Centre	543,517	1,739,600	(1,196,083)	(1,868,852)

	24,883	393,336	(368,453)	Fire Brigade	6,523	448,335	(441,812)	(374,724)
	58,156	2,067,792	(2,009,636)	Libraries	59,344	2,325,650	(2,266,306)	(2,322,666)
	143,678	5,884,693	(5,741,016)	Parks and Recreation	276,660	6,186,907	(5,910,247)	(6,055,496)
-	14,522,887	15,023,203	(500,316)	<u>Economic Services</u>	16,410,242	16,462,205	(51,963)	(803,335)
	13,717,284	13,667,879	49,406	Cleansing Services	-	15,008,415	148,114	(265,417)
	476,342	953,099	(476,757)	Estates	524,143	949,518	(425,375)	(257,240)
	329,261	402,225	(72,965)	Nature Reserve	729,570	504,272	225,298	(280,678)
			-	Sewerage				
	137,900	41,662	96,238	<u>Housing Services</u>	118,491	210,358	(91,867)	(359,890)
	137,900	41,662	96,238	Economic Housing	118,491	210,358	(91,867)	(359,890)
	57,105,338	46,144,375	10,960,962	<u>Trading Services</u>	58,122,422	50,385,547	7,736,875	9,208,267
	57,105,338	46,144,375	10,960,962	Electricity	58,122,422	50,385,547	7,736,875	9,208,267
			-	Water				
	154,681,274	148,563,299	6,117,975	TOTAL	181,532,863	175,280,301	6,252,562	3,901,456
			(9,894,338)	Appropriations for this year (Refer to note 17)			(2,074,305)	
			(3,776,362)	Net surplus/(deficit) for the year			4,178,257	
			18,289,266	Accumulated surplus/(deficit) beginning of the year			14,512,904	
			14,512,904	ACCUMULATED SURPLUS/(DEFICIT) END OF YEAR			18,691,161	

APPENDIX F

LUKHANJI MUNICIPALITY STATISTICAL INFORMATION

a) GENERAL STATISTICS	2007/08	2006/07
Population	300,000	300,000
Total Registered Voters	180,000	180,000
Area km	4,191	4,191
Total Valuation :		
- Rateable	1,249,782,695	1,242,982,097
- Non Rateable	76,313,278	76,257,808
- Residential	754,277,825	750,351,346
- Commercial	65,770,820	67,906,810
Number of Sites :		
- Residential	17,664	17,664
- Commercial	84	162
Assessment Rates : Levies		
- Basic (per Rand)	2.0450	1.9112
- Rebate : Residential Monthly	10,00%	15,00%
- Rebate : Residential Annually	15,00%	
- Other Rebate : Pensioners	23,75%	23,75%
Number of Employees of the Local Authority	585	623
b) ELECTRICITY STATISTICS		
Units bought	180,661,217	172,443,022
Cost per unit bought	0.2007	0.1851
Units sold	138,966,085	122,970,036
Units lost in distribution	41,695,132	49,472,986
Units lost in distribution as a %	23.08	28.69
Cost per unit sold	0.2609	0.2595
Income per unit sold	0.3685	0.4037

APPENDIX G

LUKHANJI MUNICIPALITY

SECTION 123 & 125 DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT, NO 56 OF 2003

1. PROVINCIAL GOVERNMENT HOUSING FUNDS	-	RECEIVED 2008-06-30	TOTAL PER SERVICE	TOTAL PER DEPARTMENT
Ekuphumleni Top Structure		-537,808.00		
Ekuphumleni Transfer Fees		-6,300.00		
Ezibeleni Phase 2 Establishment Grant		-166,440.00		
Ezibeleni Phase 2 Top Structure		-4,869,423.37		
Ensam Design Fees		-140,431.90		
Ensam Establishment Grant		-50,875.00		
Ilinge registration fee		-32,850.00		
Tambo Village Top Structure		-4,523,485.00		
Ilinge Top Structure		-2,324,533.95		
McBride Design Fees		-210,765.66		
McBride Top Structure		-2,983,514.97		
Merino Walk Design Fees		-38,680.31		
Nomzamo Project Linked		-2,091,144.70		
Poplar Grove Top Structure		-556,716.07		
Who-Can-Tell Top Design Fees		-350,882.99		
Who-Can-Tell Top Structure		-3,274,277.75	-22,158,129.67	
OTHER ALLOCATIONS – PROVINCIAL				
Shiloh Greenfields - Survey Project		-275,000.00		
Planning of Shiloh Greenfields		-225,000.00		
Brakkloof Settlement Planning		-58,050.00		
Brakkloof Survey Prejects		-70,950.00		

LGW Seta – Training	-207,322.72	-836,322.72	-22,994,452.39
NATIONAL GOVERNMENT - DoRa Allocations			
Municipal Infrastructure Grant	-8,865,084.21		
Municipal Systems Improvement Program	-1,000,000.00		
Financial Management Grant	-750,000.00	-10,615,084.21	-10,615,084.21
DEVELOPMENT BANK OF SOUTH AFRICA			
None	0.00	0.00	0.00
CHRIS HANI DISTRICT MUNICIPALITY			
Disaster Funds	-1,366,791.94		
Revenue Management	-1,414,509.70		
Computerized Library System	-268,590.36		
Development of Performance Contracts for Managers	-80,000.00		
Integrated Development Plan	-50,000.00	-3,179,892.00	-3,179,892.00
	-36,789,428.60	-36,789,428.60	-36,789,428.60

All funds received were utilized in terms of the necessary conditions that were attached to the allocations.

2. No funds in terms of the Division of revenue Act were delayed or withheld during the 2007/2008 financial year.

3. OUTSTANDING DEBTOR ACCOUNTS COUNCILLORS AND STAFF MEMBERS IN EXCESS OF 90 DAYS

ZA Beje	37,023.39
LN Twaku	3,032.93
NG Xoseni	1,729.05

4. The Municipality does not have any entities under their control.

5. TOTAL AMOUNTS PAID IN RESPECT OF FOLLOWING FOR THE 2007/2008 FINANCIAL YEAR

PAYE, UIF	7,592,498
PENSION FUNDS	11,253,840
MEDICAL AIDS	8,752,671
SDL & INDUSTRIAL COUNCIL LEVIES	865,422

All contributions were paid as at year end and nothing was outstanding.

LUKHANJI MUNICIPALITY

SECTION 123 & 125 DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT, NO 56 OF 2003

6. BANK ACCOUNTS NAMES	TYPE OF ACCOUNT	2007-06-30	2008-06-30	2008-06-30
Absa Bank	INVESTMENT	9,845.00	9,845.00	
Absa Bank	INVESTMENT	22,000.00	22,000.00	
Absa Bank	INVESTMENT	10,100.00	10,100.00	
Absa Bank	INVESTMENT	16,000.00	16,000.00	
Absa Bank	INVESTMENT	5,870.50	6,305.50	
Absa Bank	INVESTMENT	15,000.00	15,000.00	
Absa Bank	INVESTMENT	10,935.29	10,935.29	
Absa Bank	INVESTMENT	8,266.36	8,266.36	
Absa Bank	INVESTMENT	14,177.00	14,177.00	
Absa Bank	INVESTMENT	14,500.00	14,500.00	
Absa Bank	INVESTMENT	7,000.00	7,000.00	
Absa Bank	INVESTMENT	7,000.00	7,000.00	
Absa Bank	INVESTMENT	18,500.00	18,500.00	
Absa Bank	INVESTMENT	17,500.00	17,500.00	
Absa Bank	INVESTMENT	25,000.00	25,000.00	202,129.15
Standard Bank	INVESTMENT	12,600.95	13,208.62	
Standard Bank	INVESTMENT	19,889.60	19,013.20	
Standard Bank	INVESTMENT	80,772.09	86,805.79	
Standard Bank	INVESTMENT	325,576.91	356,911.43	475,939.04
Absa Bank	INVESTMENT	32,572.38	34,832.22	
Absa Bank	INVESTMENT	36,947.85	39,331.59	74,163.81
Absa Bank	INVESTMENT	555,507.78	605,692.96	605,692.96
Absa Bank	INVESTMENT	88,555.21	100,007.54	
Absa Bank	INVESTMENT	6,886.86	7,487.06	

Absa Bank	INVESTMENT	4,183.25	4,523.95	112,018.55
Absa Bank	CHEQUE	11,340,121.14	10,406,832.86	
Absa Bank	CHEQUE	2,388,052.96	26,631.60	10,433,464.46
Absa Bank	MONEY MARKET FUND	29,850,435.70	43,146,434.80	43,146,434.80
		44,943,796.83	55,049,842.77	55,049,842.77