

**ALFRED NZO DISTRICT MUNICIPALITY  
INDEX TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

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**ALFRED NZO DISTRICT MUNICIPALITY  
GENERAL INFORMATION TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**01/07/06 to 30/06/07**

**Executive Mayor :**

G.G. Mpumza

**Speaker :**

R.V. Lepheana

**Mayoral Committee :**

N. Goya  
L. Tshiki  
M. Nyamakazi  
V.N. Mdingazwe

**Grade of District Municipality :**

Grade 4

**Auditors :**

The Office of the Auditor General

**Bankers :**

First National Bank Limited - Mount Frere

**Registered Office :**

Physical Address:

Erf 1400  
Ntsizwa Street  
Mount Ayliff

Postal Address

Private Bag X 511  
Mount Ayliff  
4735

**Municipal Manager/Accounting Officer:**

X.H. Jakuja

**ALFRED NZO DISTRICT MUNICIPALITY  
GENERAL INFORMATION TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

**01/07/2006 - 30/06/2007**

**Chief Finance Officer**

V. Nobongoza

**Councillors :**

M.S. Socikwa  
S. Mbekeni  
M. Hlanekela  
X. Jona  
C.M. Lebenya  
K. Magaya  
N.A. Magadla  
B.N. Maome  
M. Makaula  
N. Mbele  
P. Mbuto  
W.B. Mfulana  
V.V. Mhlala  
N. Mpanda  
L.S. Mtshoniswa  
M.V. Nkqayi  
M.M. Notshele  
M.M. Popokhane  
F. Nxuseka

**APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

The annual financial statements set out on pages 1 to 29 were approved by the Finance Portfolio Committee of the District Municipality on.....and are signed by:

\_\_\_\_\_  
**MUNICIPAL MANAGER**

\_\_\_\_\_  
**CHIEF FINANCE OFFICER**

**ALFRED NZO DISTRICT MUNICIPALITY  
REPORT OF THE CHIEF FINANCIAL OFFICER  
FOR THE YEAR ENDED 30 JUNE 2007**

	<b>2007</b>	<b>2006</b>
	R	R
<b>1. OPERATING RESULTS</b>		
Accumulated (surplus)/deficit at the beginning of the year	15 304 203	52 674 816
Current Year (surplus)/deficit	(37 866 928)	(2 107 569)
Appropriations for the year	3 493 569	(35 263 044)
<b>Accumulated (surplus)/deficit at the end of the year</b>	<b>(19 069 156)</b>	<b>15 304 203</b>

Comment on current year surplus

The current year deficit amounting to R 37,866,928 includes grants for the 2006/2007 financial year amounting to R 228,880,911.

The portion of the grants amounting to R 228,880,911 was utilised to finance operations and the remaining R 56,321,993 has financed capital expenditure

**2. TRUST FUNDS AND RESERVES**

Trust Fund at the end of the financial year amounted to - **See Appendix A:** 76 082 332      30 352 958

*This represents an increase in trust funds for the current year 2006/07, by R 45,729,374.*

The increase in trust funds will be utilised through the following:-

- a) Increase in the rate of delivery of services to the community
- b) Capacity growth within the institution delivering on projects

**3. CAPITAL EXPENDITURE**

Capital Expenditure during the year	(56 321 993)	(12 177 542)
Add: Motor Vehicle (Volvo sold on Auction)	-	460 000
Less: Assets written-off or disposed during the year - Volvo	-	(460 000)
Less: Assets Transferred to Sisonke District Municipality	-	3 709 204
<b>Total Fixed Assets Acquired</b>	<b>(56 321 993)</b>	<b>(8 468 338)</b>

**ALFRED NZO DISTRICT MUNICIPALITY  
REPORT OF THE CHIEF FINANCIAL OFFICER  
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

**4. INVESTMENTS AND CASH**

Call Deposits	11 206 739	34 806 325
Long-term Investments with Investec	11 509 997	11 959 997
Closing balance at financial year end	<u>22 716 736</u>	<u>46 766 322</u>

*The Call Deposits are held by the District Municipality in call accounts for financing various projects. Included also is an investment with Investec totalling to R 11,509,997 reflected at both market and fair value as at 30th June 2007.*

Favourable bank balance on the 30 June 2006 amounted to R 2,552,843 which is a clear indication of sound cash flow management.

**5. LONG TERM DEBTORS**

Long term debtors balance at the end of the financial year is:	<u>261 239</u>	<u>821 926</u>
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*This represents a decrease of R 560,687*

This is as a result of car loans issued to staff before 1st July 2004, and hence terminated thereafter by the implementation of MFMA.

*The primary reason for the decrease is due to payments made by staff during the course of the financial year.*

**6. ACCOUNTS RECEIVABLE**

Accounts receivable balance at the end of the year is:	<u>22 919 691</u>	<u>35 781 853</u>
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*This represents a decrease of R 12,9 million*

*The primary reason for the decrease is the outstanding amount in favour of ANDM by SARS*

**7. LONG TERM LIABILITIES**

During 2004/05 financial year, loan amounting to R12,026,793.00 was received from DBSA to finance Phase 2 of Offices.

**ALFRED NZO DISTRICT MUNICIPALITY  
REPORT OF THE CHIEF FINANCIAL OFFICER  
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

**5. GOING CONCERN**

The municipality is experiencing a challenge of a very narrow revenue base. On the 30th June 2006, billing for RSC levies has been permanently terminated. The municipality will continue to operate as a going concern as it receives a yearly equitable share grant from National Treasury Department and the RSC Levies will be incorporated in the equitable share in total. Also, Council took the resolution of taking over the responsibility of providing water from the district municipalities and that will assist in increasing our revenue base. Revenue enhancement strategy is in a process of being developed.

The Alfred Nzo District Municipality has the financial backing of both the National and Provincial Treasury Department and hence the risk of losing its status as a going concern is low.

**6. APPRECIATION**

I would like to thank the Executive Mayor, Finance Political Head, Members of the Mayoral Committee, Councillors, Municipal Manager, Department Heads of Alfred Nzo District Municipality for the support that they have given to me during the financial year. A special word of thanks to the personnel of the Finance Department for their loyalty, commitment and diligence in preparing the financial statements of our municipality.

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**V. Nobongoza**  
Chief Financial Officer

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**Date**

**ALFRED NZO DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED**  
**30 JUNE 2007**

**1. Basis of preparation**

The Annual Financial Statements are prepared in accordance with standards laid down by the Institute Of Municipal Treasurers And Accountants (now known as IMFO) in it's Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second Edition: January 1996).

The Annual Financial Statements are prepared on a historical cost basis. The following are the principal accounting policy directives used by the district municipality which are consistent with those of the previous year, except if otherwise indicated:

**1.1 Revenue Recognition**

Revenue is recognised in the financial statements when measurable and available to finance operations and is matched with expenditure to comply with the accrual basis of accounting.

**1.2 Property, Plant and Equipment**

**1.2. Property, Plant and Equipment** is stated at historical cost; or at valuation (based on the market price at the 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 useful life as determined by the treasurer.

**1.2. Depreciation**

The balance shown against the heading "Loans Redeemed And Other Capital Receipts" in the notes to the balance sheet is a 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 the following two sources of finance:

**ALFRED NZO DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES FOR THE YEAR ENDED  
30 JUNE 2007 (continued)**

**1.2.2 Depreciation (continued)**

*Appropriations from income* - Where the full cost of the asset forms an immediate and direct charge against the operating income, it is unnecessary to make an additional depreciation provision; and

*Grant or donation* - The amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed And Other Capital Receipts" account.

**1.2.3 Financing of Property, Plant and Equipment**

Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. Interest is charged to the service concern at the ruling interest rate at the time the advance is made.

**1.3 Employee benefits**

***Defined contribution plan***

Alfred Nzo District Municipality, employees and Councillors contribute to a Provident Fund and Pension Fund respectively.

These Funds are defined contribution plans in terms of the Pension Fund Act of 1965. Contributions to a defined contribution plan in respect of service in a particular period are recognised as an expense in that period.

**1.4 Investments**

Investments are stated at the lower of cost or market valuation and are written down only where there is a permanent impairment in value.

**1.5 Provisions**

Provisions are recognised when the District Municipality has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

**1.6 Inventory**

The Municipality has no stock (or stores) under its control as stock items are bought for direct use.



**ALFRED NZO DISTRICT MUNICIPALITY  
BALANCE SHEET AS AT 30 JUNE 2007**

	Notes	2007 R	2006 R
<b>CAPITAL EMPLOYED</b>			
<b>Funds and Reserves</b>			
Trust Funds	1	76 082 332	30 352 958
(Accumulated Deficit)/Retained Surplus	2	(19 069 156)	15 304 204
<b>Non-Current Liabilities</b>			
Long Term Liabilities	3	21 748 612	35 511 365
		<b>78 761 788</b>	<b>81 168 527</b>
<b>EMPLOYMENT OF CAPITAL</b>			
<b>Non-Current Assets</b>			
Fixed Assets	4	-	-
Long-Term Investments	8	11 509 997	11 959 997
Long-Term Debtors	5	261 239	821 926
		11 771 236	12 781 923
<b>Net Current Assets/(Liabilities)</b>		66 990 552	68 386 604
<b>Current Assets</b>			
Debtors	6	22 919 691	35 781 853
Inventory	7	293 848	-
Short-term investments	8	11 206 739	34 806 325
Short-term portion of long-term debtors	5	968 896	525 494
Cash and cash equivalents	9	59 985 541	9 896 577
<b>Current Liabilities</b>			
		28 384 162	12 623 645
Provisions	10	350 000	350 000
Creditors	11	27 371 983	12 273 645
Short-term portion of long-term liabilities	3	662 179	-
		<b>78 761 788</b>	<b>81 168 527</b>

**ALFRED NZO DISTRICT MUNICIPALITY**  
**INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007**

Actual Income R	2006 Actual Expenditure R	Surplus/ (Deficit) R		Actual Income R	2007 Actual Expenditure R	Surplus/ (Deficit) R
11 049 202	39 050 835	(28 001 633)	<b>RATES AND GENERAL SERVICES</b>	232 487 889	270 272 390	(37 784 501)
Not available	Not available	Not available	Community Services	232 487 889	269 481 636	(36 993 747)
Not available	Not available	Not available	Subsidised Services	-	790 754	(790 754)
Not available	Not available	Not available	Economic Services	-	-	-
-	-	-	<b>TRADING SERVICES</b>	-	82 427	(82 427)
25 894 064	-	25 894 064	<b>GRANTS AND SUBSIDIES</b>	-	-	-
<u>36 943 266</u>	<u>39 050 835</u>	<u>(2 107 569)</u>	<b>NET SURPLUS</b>	<u>232 487 889</u>	<u>270 354 817</u>	<u>(37 866 928)</u>
		(35 263 044)	Appropriations for the year (Refer to note 2)			3 493 569
		(37 370 613)	<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>			(34 373 359)
		52 674 816	<b>RETAINED SURPLUS AT THE BEGINNING OF THE YEAR</b>			15 304 203
		<u>15 304 203</u>	<b>ACCUMULATED SURPLUS/ (DEFICIT) AT THE END OF THE YEAR</b>			<u>(19 069 156)</u>

Refer to Appendices D & E for further details.

**ALFRED NZO DISTRICT MUNICIPALITY  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2007**

	Notes	2007 R	2006 R
<b>CASH RETAINED FROM OPERATING ACTIVITIES:</b>		(6 706 706)	(58 994 556)
Cash generated by operations	15	(34 373 359)	(37 370 613)
Investment Income		(2 385 242)	(3 837 825)
(Increase)/Decrease in working capital	16	27 666 653	(21 623 943)
		(9 091 948)	(62 832 381)
<i>Add:</i> Investment income		2 385 242	3 837 825
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>		-	-
Grants received		266 037 015	8 468 338
Investment in Fixed Assets	4	(266 037 015)	(8 468 338)
<b>NET CASH FLOW</b>		<b>(6 706 706)</b>	<b>(58 994 556)</b>
<b>CASH EFFECTS OF FINANCING ACTIVITIES:</b>		6 706 706	58 994 556
Decrease in long-term loans	17	(13 100 574)	24 120 251
Increase in cash investments		24 049 586	61 834 619
Increase in long term debtors		117 284	1 066 566
Increase/(Decrease) in trust funds		45 729 374	(41 231 789)
Decrease in cash	18	(50 088 964)	13 204 909
<b>NET CASH (GENERATED)/APPLIED</b>		<b>6 706 706</b>	<b>58 994 556</b>

**ALFRED NZO DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

	2007 R	2006 R
<b>1. TRUST FUNDS</b>		
Administration Fund	238 701	-
Bucket Eradication	108 178	2 594 496
Capital Projects	-	294 955
Access roads	50 000	-
Municipal Election Support	-	4 227 490
CMIP	258 895	-
CETA	-	674 132
CDW	1 154 747	117 405
Council Offices	8 280 322	-
Council Allowances	-	27 928
Disaster - Management	152 106	362 396
DWAF Capital	-	1 316 129
DWAF Sanitation	646 457	1 709 599
Establishment Fund	525 097	-
HIV/Aids	2 092 622	1 066 325
Holding Account	6 030 990	-
Ibisi - Township	1 562 626	656 026
Local Economic Development	20 426	96 867
Provincial Dept of Roads & Transport - T98 & T85	-	5 838 096
Maluti Tribal Authority	2 373	-
MSIG Projects	-	1 434 506
Municipal Support Grant	3 218 390	16 920
Reserve Funds	-	9 135 405
Sports & Recreation	714 453	703 151
CRPUP	241 838	-
Clydesdale Pilot Hou	4 815 386	81 132
Equitable Shares	14	-
FMG	851 140	-
Maluti Township	6 287 432	-
EQS Vote 1	4 219 180	-
EQS Vote 3	292 530	-
EQS Vote 4	1 750 373	-
EQS Vote 5	2 441 744	-
EQS Vote 6	5 569 179	-
EQS Vote 7	1 750 373	-
SDI Fund	12 920 782	-
Sports Field	1 231 197	-

**ALFRED NZO DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

<b>1. TRUST FUNDS (continued)</b>	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
Taxi ranks	116 400	-
Water/Station Gra	2 116 312	-
Grants received	6 422 069	-
	<u><b>76 082 332</b></u>	<u><b>30 352 958</b></u>

(Refer to Appendix A for more detail)

**2. APPROPRIATIONS**

**Appropriation account**

Retained surplus at the beginning of the year	15 304 203	52 674 816
Operating deficit for the year	(37 866 928)	(2 107 569)
Appropriations for the year:	3 493 569	(35 263 044)
Previously reported	-	(350 000)
Alignment of accumulated surplus as at 30 June 2006 according to AFS with Trial Balance	2 977 181	-
Balancing of 2007 Trial Balance	516 388	-
Correction of comparative figures:		
Bank balances and cash	-	(34 806 325)
Petty cash	-	(789)
Long - term investments	-	244 070
Current liabilities	-	(350 000)
<b>Accumulated (deficit)/surplus at the end of the year</b>	<u><b>(19 069 156)</b></u>	<u><b>15 304 203</b></u>

**ALFRED NZO DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

<b>3. LONG TERM LIABILITIES</b>	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
Annuity loans	22 410 791	35 511 365
Less: Short term portion transferred to current liabilities	(662 179)	-
	<u><u>21 748 612</u></u>	<u><u>35 511 365</u></u>

Refer to Appendix B for more detail on Long term Liabilities

**Annuity loans**

Bear interest at rates between 5% and 11.47% per annum and are repayable over periods between three and twenty years.

**4. FIXED ASSETS**

Fixed assets at the beginning of the year	209 715 022	-
Fixed assets purchased or received during the year	56 321 993	12 177 542
Add: Motor Vehicle (Volvo sold on auction)	-	460 000
Less: Assets written off, transferred or disposed of during the year	-	(460 000)
Transfer to Sisonke District Municipality	-	(3 709 204)
<b>Total Fixed Assets</b>	<u>266 037 015</u>	<u>8 468 338</u>
Less: Loans redeemed and other capital receipts	(266 037 015)	(8 468 338)
<b>Net fixed assets</b>	<u><u>-</u></u>	<u><u>-</u></u>

(Refer to Appendix C for more detail on fixed assets)

**ALFRED NZO DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b>5. LONG TERM DEBTORS</b>		
Staff Motor Vehicle loans	1 230 135	1 347 420
Less: Short-term portion of long-term debtors	(968 896)	(525 494)
	<u><b>261 239</b></u>	<u><b>821 926</b></u>
The municipality is still in the process of reconciling the long - term debtors.		
<b>6. DEBTORS</b>		
Vat	20 918 036	31 000 226
Sundry debtors	1 965 523	-
Trade Debtors (Establishment & Services Levies)	422	4 754 628
Staff Study Loans	35 710	26 999
	<u><b>22 919 691</b></u>	<u><b>35 781 853</b></u>
<b>7. INVENTORY</b>		
Consumable stores - at cost	293 848	-
Inventory exclude VAT at 14 %.	<u><b>293 848</b></u>	<u><b>-</b></u>

**ALFRED NZO DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

	2007 R	2006 R
<b>8. INVESTMENTS</b>		
<b>Unlisted investments:</b>		
Short term	11 206 739	34 806 325
- Call Deposits	11 206 739	34 806 325
Long Term Investments	11 509 997	11 959 997
<b>Total Investments</b>	<b>22 716 736</b>	<b>46 766 322</b>
Managements valuation of unlisted investments	22 716 736	46 766 322

Average interest received on investments were 6.67 %.  
All interest on investments are credited to Accumulated funds.

**9. BANK BALANCES AND CASH**

The Municipality has the following bank accounts:

**First National Bank - Mount Frere**

*Account Number: 62024932974 (Primary Bank Account):*

Cash book balance at beginning of year	9 891 425	30 162 327
Cash book balance at end of year	20 998 637	9 891 425
Bank statement balance at beginning of year	9 925 772	31 777 463
Bank statement balance at end of year	1 104 129	9 925 772

*Account Number: 52720044256 (Levy account):*

Cash book balance at beginning of year	4 272	443 101
Cash book balance at end of year	274 158	4 272
Bank statement balance at beginning of year	20 309	443 101
Bank statement balance at end of year	1 241 754	20 309

*Account Number: 62012405503 (Project Account):*

Cash book balance at beginning of year	91	(7 504 868)
Cash book balance at end of year	37 621 374	91
Bank statement balance at beginning of year	91	6 968 779
Bank statement balance at end of year	206 960	91



**ALFRED NZO DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

	2007 R	2006 R
<b>9. BANK BALANCES AND CASH (continued)</b>		
<i>Account Number: 62 12 160 4848 (Zone centre):</i>		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>1 057 438</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>(44 462)</u>	<u>-</u>
Cash floats and advances	<u>33 935</u>	<u>789</u>
Total Bank and Cash	59 985 541	9 896 577
Total Overdraft	-	-
<b>Total Bank and Cash</b>	<u><u>59 985 541</u></u>	<u><u>9 896 577</u></u>
<b>10. PROVISIONS</b>		
Audit Fees	<u>350 000</u>	<u>350 000</u>
	<u><b>350 000</b></u>	<u><b>350 000</b></u>
<b>11. CREDITORS</b>		
Trade creditors	11 590 736	3 909 226
Accruals - 2007	501 589	-
DBSA Loan Interest Accrued	-	1 148 955
Unallocated credits	10 688 197	-
Levies debtors control	4 154 222	-
Sundries	<u>437 239</u>	<u>7 215 464</u>
	<u><b>27 371 983</b></u>	<u><b>12 273 645</b></u>
<b>12. EMPLOYEE RELATED COSTS</b>		
Salaries and Wages	23 754 053	33 568 209
Contributions for UIF, pensions and medical aid	4 804 037	4 971 921
Travel, motor car, accommodation, subsistence allowances	130 075	2 776 360
Housing benefits and allowances	140 560	-
Overtime payments	461 391	732 991
Performance Bonuses	<u>338 382</u>	<u>-</u>
<b>Total Employee Related Costs</b>	<u><b>29 628 498</b></u>	<u><b>42 049 481</b></u>
No advances or loans were made to employees during the year under review		

**ALFRED NZO DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

<b>13. REMUNERATION OF SECTION 57 APPOINTMENTS</b>	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b><i>Remuneration of the Municipal Manager</i></b>		
Annual remuneration	431 888	362 423
Car allowance	106 311	151 010
Contributions to UIF, medical and pension funds	126 244	90 606
	<b><u>664 443</u></b>	<b><u>604 039</u></b>
<b><i>Remuneration of the Chief Financial Officer</i></b>		
Annual remuneration	324 003	324 003
Car allowance	81 000	135 001
Contributions to UIF, medical and pension funds	189 000	81 000
	<b><u>594 003</u></b>	<b><u>540 004</u></b>
<b><i>Remuneration of the Corporate Executive Manager: Community Services</i></b>		
Annual remuneration	291 199	291 199
Car allowance	82 506	121 332
Contributions to UIF, medical and pension funds	160 159	72 800
	<b><u>533 864</u></b>	<b><u>485 331</u></b>
<b><i>Remuneration of the Corporate Executive Manager: Engineering Services</i></b>		
Annual remuneration	320 092	298 301
Car allowance	153 644	124 292
Contributions to UIF, medical and pension funds	38 400	74 575
	<b><u>512 136</u></b>	<b><u>497 168</u></b>
<b><i>Remuneration of the Executive Manager: Corporate Services</i></b>		
Annual remuneration	321 786.60	292 533
Car allowance	93 854.40	121 889
Contributions to UIF, medical and pension funds	120 669.96	73 133
	<b><u>536 311</u></b>	<b><u>487 555</u></b>
<b><i>Remuneration of the Executive Manager: Development Centre</i></b>		
Annual remuneration	355 476	298 301
Car allowance	87 502	124 292
Contributions to UIF, medical and pension funds	105 002	74 575
	<b><u>547 979</u></b>	<b><u>497 168</u></b>

**ALFRED NZO DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

<b>13. REMUNERATION OF SECTION 57 APPOINTMENTS (continued)</b>	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b><i>Remuneration of the Manager: Integrated Development Planning</i></b>		
Annual remuneration	322 544	-
Car allowance	84 000	-
Contributions to UIF, medical and pension funds	136 826	-
	<u><b>543 370</b></u>	<u><b>-</b></u>
<b><i>Remuneration of the Manager: Project Unit</i></b>		
Annual remuneration	327 603	302 403
Car allowance	126 001	126 001
Contributions to UIF, medical and pension funds	100 800	75 601
	<u><b>554 404</b></u>	<u><b>504 005</b></u>
 <b>14. COUNCILLORS' REMUNERATION</b>		
Mayor	394 189	340 591
Speaker	308 631	261 359
Executive committee members	1 157 367	268 121
Councillors	48 223	46 471
	<u><b>1 908 411</b></u>	<u><b>916 542</b></u>

Transport allowances are included in the remuneration above.  
Salaries, allowances and benefits are within the upper limits as prescribed by the Public Office Bearers Act No. 20 of 1998.

***In-kind Benefits***

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. Councillors may utilise official Council transportation when engaged in official duties.

**Certification by the Municipal Manager**

I certify that the remuneration of Councillors and in-kind benefits are in accordance with the Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with that Act.

\_\_\_\_\_  
**Signed: Municipal Manager**

**ALFRED NZO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

	2007 R	2006 R
<b>15. CASH GENERATED BY OPERATIONS</b>		
Deficit for the year	(37 866 928)	(2 107 569)
Adjustments in respect of previous years' operating transactions	3 493 569	(35 263 044)
	<u><b>(34 373 359)</b></u>	<u><b>(37 370 613)</b></u>
<b>16. (INCREASE)/DECREASE IN WORKING CAPITAL</b>		
Increase in inventory	(293 848)	-
Decrease/(Increase) in debtors	12 862 162	(24 852 933)
Increase in creditors	15 098 338	3 228 990
Increase in short-term provisions	-	-
	<u><b>27 666 653</b></u>	<u><b>(21 623 943)</b></u>
<b>17. INCREASE/(DECREASE) IN LONG-TERM LOANS (EXTERNAL)</b>		
Loans raised	443 366	25 000 000
Loans repaid	(13 543 940)	(879 749)
	<u><b>(13 100 574)</b></u>	<u><b>24 120 251</b></u>
<b>18. INCREASE/(DECREASE) IN CASH ON HAND</b>		
Cash balance at the beginning of the year	9 896 577	23 101 486
Less: Cash balance at the end of the year:	59 985 541	9 896 577
Petty Cash	33 935	789
Bank account	59 951 607	9 895 788
	<u><b>(50 088 964)</b></u>	<u><b>13 204 909</b></u>

**19. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

There were no unauthorised, irregular and fruitless and wasteful expenditure during the financial year.

**ALFRED NZO DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

	2007	2006
	R	R
<b>20. ADDITIONAL DISCLOSURES IN TERMS OF THE MFMA</b>		
<b>20.1 Contributions to organized local government (SALGA) [MFMA 125 (1)(b)]</b>		
Opening balance	-	Not available
Council subscriptions	131 188	Not available
Amount paid - current year	(131 188)	Not available
Amount paid - previous year	-	<u>Not available</u>
Balance unpaid	<u>-</u>	<u>Not available</u>
<b>20.2 Auditors' Remuneration [MFMA 125 (1)(b)]</b>		
Opening balance	-	Not available
Current year audit fee	829 214	Not available
Amount paid - current year	(122 476)	Not available
Amount paid - previous year	-	<u>Not available</u>
Balance unpaid	<u>706 738</u>	<u>Not available</u>
<b>20.3 PAYE and UIF [MFMA 125 (1)(b)]</b>		
Opening balance	Not available	Not available
Current year payroll deductions	Not available	Not available
Amount paid - current year	Not available	Not available
Amount paid - previous year	<u>Not available</u>	<u>Not available</u>
Balance unpaid	<u>Not available</u>	<u>Not available</u>
<b>20.4 Pension and Medical Aid deductions [MFMA 125(1)(b)]</b>		
Opening balance	Not available	Not available
Current year payroll deductions and Council contributions	Not available	Not available
Amount paid - current year	Not available	Not available
Amount paid - previous year	<u>Not available</u>	<u>Not available</u>
Balance unpaid	<u>Not available</u>	<u>Not available</u>
<b>20.5 VAT [MFMA 125(1)(b)]</b>		
Opening balance	Not available	Not available
Amount received - current year	Not available	Not available
Amount paid - current year	Not available	Not available
Amount paid - previous year	<u>Not available</u>	<u>Not available</u>
Closing Balance	<u>Not available</u>	<u>Not available</u>

VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS.

**ALFRED NZO DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

**21. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**21.1 Non-Compliance with Chapter 11 of the Municipal Finance Management Act**

The Municipality has developed a supply chain management policy which has not been approved by Council yet.

**22. CAPITAL COMMITMENTS**

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
Commitments in respect of capital expenditure:		
- Approved and contracted for	54 694 072	-
<i>Infrastructure</i>	54 694 072	-
<i>Community</i>	-	-
<i>Heritage</i>	-	-
<i>Other</i>	-	-
<i>Housing Development Fund</i>	-	-
<i>Investment Properties</i>	-	-
- Approved but not yet contracted for	-	-
<i>Infrastructure</i>	-	-
<i>Community</i>	-	-
<i>Heritage</i>	-	-
<i>Other</i>	-	-
<i>Housing Development Fund</i>	-	-
<i>Investment Properties</i>	-	-
<b>Total</b>	<b>54 694 072</b>	<b>-</b>
 This expenditure will be financed from:		
- External loans	-	-
- Capital Replacement Reserve	-	-
- Government grants	5 464 072	-
- Own resources	-	-
- District Council grants	-	-
	<b>5 464 072</b>	<b>-</b>

**ALFRED NZO DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

**23. CONTINGENT LIABILITY**

**Claims against Council - R 166,970.86**

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates.

**23.1** Ernst Zellhuber/Alfred Nzo District Municipality, Case No. 388/06 amounting to approximately R 106,000.40. - Pension claim.

**23.2** Malukazi Investment cc/Alfred Nzo District Municipality, Case No. 820/06 amounting to approximately R 50,000.00. Claim for services rendered for the establishment of a Zone Centre at Umzimkhulu Local Municipality - Pipes procurement

**23.3** Barlow World Robour (Pty) Ltd/Alfred Nzo District Municipality, claim amounting to R 10,970.46

**24. IN-KIND DONATIONS AND ASSISTANCE**

The Municipality did not receive any in-kind donation and assistance during the financial year.

**25. PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year 2006/2007.

**26. EVENTS AFTER THE REPORTING DATE**

There are no events subsequent to the reporting date which require to be reported on.

**ALFRED NZO DISTRICT MUNICIPALITY**  
**APPENDIX A**  
**ACCUMULATED FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	BALANCE AT 01/07/2006 R	CONTRIBUTIONS DURING THE YEAR R	INTEREST ON INVESTMENTS R	OTHER INCOME R	EXPENDITURE DURING THE YEAR R	ADJUSTMENTS	MOVEMENTS DURING THE YEAR	BALANCE AT 30/06/2007 R
<b>Trust Funds</b>								
Bucket Eradication	2 594 496	-	-	-	-	(2 486 318)	-	108 178
Capital Projects	294 955	-	-	-	(3 060 138)	2 765 183	-	0
CDW	117 405	-	-	-	-	1 037 342	-	1 154 747
CETA	674 132	-	-	-	-	(674 132)	-	-
Community Based Public Works	-	-	-	-	-	-	-	-
Council Allowances	27 928	-	-	-	-	(27 928)	-	-
Disaster - Management	362 396	2 500 000	-	-	(3 435 082)	724 792	-	152 106
DWAF Capital	1 316 129	780 500	-	-	-	(2 096 629)	-	-
DWAF Sanitation	1 709 599	-	-	-	-	(1 063 142)	-	646 457
HIV/Aids	1 066 325	-	-	-	(1 772 147)	2 798 444	-	2 092 621
Ibisi - Township	656 026	-	-	-	-	906 600	-	1 562 626
Local Economic Development	96 867	5 470 000	-	-	(11 296 394)	5 749 953	-	20 426
MSIG Projects	1 434 506	-	-	-	(547 287)	2 331 172	-	3 218 390
Municipal Election Support	4 227 490	-	-	-	-	(4 227 490)	-	-
Municipal Infrastructure Grant	81 132	-	-	-	-	(81 132)	-	-
Municipal Support Grant	16 920	-	-	-	-	(16 920)	-	-
Provincial Dept of Roads & Transport	5 838 096	-	-	-	-	(5 838 096)	-	-
Reserve Funds	9 135 405	-	-	-	-	3 785 377	-	12 920 782
Sports & Recreation	703 151	500 000	-	-	-	(488 698)	-	714 453
Water and Sanitation grant	-	-	-	-	-	2 116 312	-	2 116 312
Access roads	-	-	-	549 897	(499 897)	-	-	50 000
Admin/Finance	-	-	-	-	-	238 701	-	238 701
Clydesdale Pilot Hou	-	-	-	-	-	4 815 386	-	4 815 386
CMIP	-	-	-	-	-	258 895	-	258 895
Community Sport	-	-	-	-	-	-	-	-
Council Offices	-	-	-	-	-	8 280 322	-	8 280 322
CRPUP	-	-	-	-	-	241 838	-	241 838
	-	-	-	-	-	-	-	-



**ALFRED NZO DISTRICT MUNICIPALITY**  
**APPENDIX A**  
**ACCUMULATED FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	<b>BALANCE AT 01/07/2006 R</b>	<b>CONTRIBUTIONS DURING THE YEAR R</b>	<b>INTEREST ON INVESTMENTS R</b>	<b>OTHER INCOME R</b>	<b>EXPENDITURE DURING THE YEAR R</b>	<b>ADJUSTMENTS</b>	<b>MOVEMENTS DURING THE YEAR</b>	<b>BALANCE AT 30/06/2007 R</b>
EQS Vote 1	-	-	-	-	(18 535 667)	22 754 847	-	4 219 180
EQS Vote 2	-	1 460 835	-	-	(3 031 397)	1 570 562	-	(0)
EQS Vote 3	-	16 566	-	-	(123 060)	399 024	-	292 530
EQS Vote 4	-	-	-	-	-	1 750 373	-	1 750 373
EQS Vote 5	-	2 665	-	-	(5 256 423)	7 695 501	-	2 441 743
EQS Vote 6	-	-	-	-	(8 362 836)	13 932 015	-	5 569 179
EQS Vote 7	-	-	-	-	-	1 750 373	-	1 750 373
Equitable Shares	-	73 495 437	-	-	(73 495 423)	-	-	14
Establishment Fund	-	-	-	-	-	525 097	-	525 097
FMG	-	500 000	-	-	(465 457)	816 597	-	851 140
Grants received	-	2 188 491	-	-	(22 186 119)	26 419 697	-	6 422 069
Holding Account	-	-	-	-	-	6 030 990	-	6 030 990
IDP cost by DC	-	-	-	-	-	-	-	-
IDP/LDO	-	-	-	-	-	-	-	-
Maluti Township	-	-	-	-	-	6 287 432	-	6 287 432
Maluti Tribal Authority	-	-	-	-	-	2 373	-	2 373
MIG	-	-	-	-	(133 135 578)	133 135 578	-	0
MSG	-	-	-	-	-	-	-	-
SDI Fund	-	-	-	-	-	-	-	-
Sports Field	-	-	-	-	-	1 231 197	-	1 231 197
Taxi ranks	-	-	-	-	-	116 400	-	116 400
	<b>30 352 958</b>	<b>86 914 494</b>	<b>-</b>	<b>549 897</b>	<b>(285 202 904)</b>	<b>243 467 887</b>	<b>-</b>	<b>76 082 332</b>

**ALFRED NZO DISTRICT MUNICIPALITY  
APPENDIX B  
EXTERNAL LOANS AND INTERNAL ADVANCES  
FOR THE YEAR ENDED 30 JUNE 2007**

Details	Original Loan Amount	Loan Number	Interest rate	Redeemable	Balance as at 01/07/2006	Received during the year	Interest	Redeemed/ written off during the year	Balance as at 30/6/2007
									-
DBSA	12 026 793	100971	11.47%	31 March 2025	13 058 510	-	1 382 112	(2 269 346)	12 171 276
DBSA	9 848 997	102129	5.00%	31 March 2026	9 522 880	443 366	480 237	(474 658)	9 971 824
Wesbank	392 084	85008027305	10.94%	1 December 2008	335 304	-	30 642	(153 917)	212 029
<b>TOTAL EXTERNAL LOANS</b>					<b>22 916 694</b>	<b>443 366</b>	<b>1 892 990</b>	<b>(2 897 921)</b>	<b>22 355 128</b>

**ALFRED NZO DISTRICT MUNICIPALITY**  
**APPENDIX C**  
**ANALYSIS OF FIXED ASSETS FOR THE YEAR ENDED 30 JUNE 2007**

Service	Balance at 01/07/2006 R	Expenditure 2006/2007 R	Written off, transferred redeemed or disposed 2006/2007 R	Balance at 30/06/2007 R
<b>RATES AND GENERAL SERVICES</b>				
<b>COMMUNITY SERVICES</b>	209 654 316	56 321 993	-	265 976 309
Speaker	121 165	-	-	121 165
Mayor	31 528 021	-	-	31 528 021
Municipal Manager	266 597	-	-	266 597
Pimms	110 167	-	-	110 167
Disaster Management	7 437 253	-	-	7 437 253
Financial services	512 343	-	-	512 343
Roads and Street works	-	-	-	-
Infrastructure Development	157 096 222	54 230 024	-	211 326 246
Security	-	-	-	-
Economic development & Spatial planning	11 725 194	2 091 969	-	13 817 163
Corporate services & Human resources	356 381	-	-	356 381
Social Development	149 460	-	-	149 460
Communication	-	-	-	-
Information Technology	351 513	-	-	351 513
	-	-	-	-
<b>SUBSIDISED SERVICES</b>	60 707	-	-	60 707
Administrative offices	-	-	-	-
Internal Auditor	60 707	-	-	60 707
Special program unit	-	-	-	-
M.I.G	-	-	-	-
Buildings	-	-	-	-
	-	-	-	-
<b>ECONOMIC SERVICES</b>	-	-	-	-
<b>TRADING SERVICES</b>	-	-	-	-
Water	-	-	-	-
	-	-	-	-
<b>TOTAL FIXED ASSETS</b>	209 715 023	56 321 993	-	266 037 016
<b>LESS: LOANS REDEEMED AND OTHER</b>				
<b>CAPITAL RECEIPTS</b>	209 715 023	-	56 321 993	266 037 016
Loans repayments & advances repaid	-	-	-	-
Contributions from operating income	-	-	-	-
Contributions from reserves & provisions	-	-	-	-
Erven fund	-	-	-	-
Grants & Subsidies	209 715 023	-	56 321 993	266 037 016
Public Contributions	-	-	-	-
Deferred Charges	-	-	-	-
Other	-	-	-	-
<b>NET FIXED ASSETS</b>	<u>0</u>	<u>56 321 993</u>	<u>(56 321 993)</u>	<u>(0)</u>

**ALFRED NZO DISTRICT MUNICIPALITY**  
**APPENDIX D**  
**ANALYSIS OF OPERATING INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED 30 JUNE 2007**

2006 Actual R		2007 Actual R	2007 Budget R
	<b>INCOME</b>		
25 894 064	Grants and subsidies:	228 880 911	-
	- Provincial Government		
11 049 201	Operating income:	3 606 978	-
2 019 185	- Establishment levy	1 319	-
5 192 191	- Services levy	2 281 130	-
3 837 825	- Other income	1 324 529	-
-	- Sale of electricity	-	-
-	- Sale of water	-	-
-	- Other services and levies	-	-
<b>36 943 265</b>		<b>232 487 889</b>	<b>-</b>
	<b>EXPENDITURE</b>		
29 930 124	Salaries, wages and allowances	20 756 336	41 486 654
7 652 853	General expenses:	18 888 140	13 863 600
7 652 853	- Other general expenses	18 888 140	13 863 600
-	- Buying of electricity	-	-
-	- Buying of water	-	-
274 617	Repairs and maintenance	570 781	824 640
-	Grants spend	228 880 911	-
1 193 241	Contributions to capital outlays	1 071 788	1 667 200
-	Contributions to fixed assets	-	-
-	Contributions	186 861	2 282 853
39 050 835	<b>Gross Expenditure</b>	<b>270 354 817</b>	<b>60 124 947</b>
-	<i>Less: Amount charged out</i>	-	-
<b>39 050 835</b>	<b>Net Expenditure</b>	<b>270 354 817</b>	<b>60 124 947</b>
<b>(2 107 570)</b>	<b>SURPLUS/(DEFICIT)</b>	<b>(37 866 928)</b>	<b>(60 124 947)</b>

# ALFRED NZO DISTRICT MUNICIPALITY

## APPENDIX E

### DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	2006/2007 Actual Income R	2006/2007 Actual Expenditure R	2006/2007 Surplus/ (Deficit) R	2006/2007 Budget Surplus/ Deficit R
<b>RATES AND GENERAL SERVICES</b>	<b>232 487 889</b>	<b>270 272 390</b>	<b>(37 784 501)</b>	<b>59 867 447</b>
<b>COMMUNITY SERVICES</b>	<b>232 487 889</b>	<b>269 481 636</b>	<b>(36 993 747)</b>	<b>58 351 447</b>
Speaker	-	2 595 868	(2 595 868)	1 921 232
Mayor	-	8 112 804	(8 112 804)	17 998 135
Municipal Manager	-	910 338	(910 338)	1 066 500
Pimms	-	345 765	(345 765)	554 500
Disaster Management	-	1 060 575	(1 060 575)	1 118 500
Financial services	232 487 889	236 810 374	(4 322 485)	11 131 630
Roads and Street works	-	19 687	(19 687)	140 100
Infrastructure Development	-	7 787 851	(7 787 851)	9 788 233
Security	-	-	-	-
Economic development & Spatial planning	-	2 101 970	(2 101 970)	3 525 402
Corporate services & Human resources	-	5 958 176	(5 958 176)	5 524 071
Social Development	-	2 232 017	(2 232 017)	4 045 144
Communication	-	594 735	(594 735)	708 000
Information Technology	-	951 476	(951 476)	830 000
	-	-	-	-
<b>SUBSIDISED SERVICES</b>	<b>-</b>	<b>790 754</b>	<b>(790 754)</b>	<b>1 516 000</b>
Grants	-	-	-	-
Internal Auditor	-	86 512	(86 512)	306 000
Special program unit	-	321 392	(321 392)	710 000
M.I.G	-	331 131	(331 131)	405 000
Buildings	-	51 718	(51 718)	95 000
<b>ECONOMIC SERVICES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TRADING SERVICES</b>	<b>-</b>	<b>82 427</b>	<b>(82 427)</b>	<b>257 500</b>
Water	-	82 427	(82 427)	257 500
<b>TOTAL</b>	<b><u>232 487 889</u></b>	<b><u>270 354 817</u></b>	<b><u>(37 866 928)</u></b>	<b><u>60 124 947</u></b>
Appropriations for this year (refer to note 2)			3 493 569	
			<u>(34 373 359)</u>	
Retained surplus/(accumulated deficit) beginning of the year			15 304 203	
<b>Retained surplus/(accumulated deficit) end of the year</b>			<b>(19 069 156)</b>	

**ALFRED NZO DISTRICT MUNICIPALITY**  
**APPENDIX F**  
**STATISTICAL INFORMATION**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**GENERAL STATISTICS**

<b>Population</b>	<b>IDP (2006/2011)</b>	<b>2001 Census</b>
Umzimvubu Local Municipality	197 550	376 062
Matatiele Local Municipality	211 165	-
<b>Total Alfred Nzo District Municipality</b>	<b>408 715</b>	<b>376 062</b>
<b>Area</b>	<b>2006/2007</b>	<b>2005/2006</b>
Umzimvubu Local Municipality	5 298	5 298
Matatiele Local Municipality	1 417	-
<b>Total Alfred Nzo District Municipality</b>	<b>6 715</b>	<b>5 298</b>
<b>Levies(%)</b>	<b>%</b>	<b>%</b>
Services Levies	-	0.47
Establishment Levies	-	0.28
Income Received ( in R )	-	0.35
<b>Levies @</b>	<b>R</b>	<b>R</b>
Services Levies - RSC	-	5 192 191
Establishment Levies	-	2 019 185
Income Received ( in R )	-	3 837 825
<b>Total</b>	<b>*</b>	<b>11 049 201</b>
Number of Employees	212	163

\* On 30 June 2006, billing for RSC levies has been permanently terminated.