

# **Tswelopele Local Municipality**

## **Financial Statements**

*for the year ended 30 June 2007*

# Tswelopele Local Municipality

## Financial statements

*for the year ended 30 June 2007*

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## **Tswelopele Local Municipality**

### **General information**

*for the year ended 30 June 2007*

#### **Members of the Tswelopele Municipal Council**

K R Phukuntsi (Me)	<b>Mayor</b>
S D Phara	<b>Speaker</b>
T E Tjabane (Me)	Member of the Executive Committee
C Horn	Member of the Executive Committee
M S Bonokwane (Me)	Member
P J Coetzer	Member
D E Liphooko (Me)	Member
T A Matlakala (Me)	Member
F T Matsholo	Member
K D Motshabi (Me)	Member
N E Mphirime (Me)	Member
M J Ngexe	Member
M M Snyer	Member
M J Taljaard	Member

#### **Municipal Manager**

K S Motsoeneng (BA.LLB)

#### **Chief Financial Officer**

J W Young (B.Com.)

#### **Grading of Local Authority**

Grade 4

#### **Auditors**

Auditor-General

#### **Bankers**

ABSA

## **Tswelopele Local Municipality**

### **General information (continued)**

*for the year ended 30 June 2007*

#### **Registered office**

#### **Physical address:**

Civic Centre  
Bosman Street  
Bultfontein  
9670

#### **Postal address:**

PO Box 3  
Bultfontein  
9670

#### **Telephone number:**

051 - 853 1111

#### **Fax number:**

051 - 853 1332

#### **E-mail address:**

[logov@tswelopele.org](mailto:logov@tswelopele.org)

#### **Map of Tswelopele Municipal Area**

A map of the Municipal area is available at the Council's offices.

## FOREWORD

The Constitution of the Republic of South Africa, 1996 outlines the following objects for local municipalities:

- to provide democratic and accountable government for local communities
- to ensure the provision of services to communities in a sustainable manner
- to promote social and economic development
- to promote a safe and healthy environment
- to encourage the involvement of communities and community organizations in the matters of the municipality

Now is the time to measure the performance of Tswelopele Municipality for the year ending 30 June 2007 against the above objectives.

I can say unequivocally that:

The municipality has provided a democratic and accountable government to the communities of Tswelopele;  
The peaceful and enthusiastic co-operation of the communities is a proof of their satisfaction with Council;

Council takes pride in the high standard and affordability of services;

The dedication of the welfare department shows Council's commitment and care to the poor;  
Council has laid down the infrastructure necessary to enhance an environment in which economic growth can take place;

Council joined hands with the Provincial Government to promote a safe and healthy environment;  
Basic services, i.e. potable water, refuse removal and sewerage disposal, were delivered without interruption;  
Through participation in the integrated development plan, ward committees and public meetings the communities were successfully involved in the decision making process of Council.

Council is determined to give practical meaning to the broad objectives of the Constitution, within its available resources.

I am grateful to the Speaker, the Executive Committee, Councillors, the Municipal Manager, Heads of Department and all personnel for their support, friendly co-operation and hard work during the past year.

**KR Phukuntsi (Me)**  
**Mayor**  
**31 August 2007**

## **Tswelopele Local Municipality**

### **Approval of financial statements**

*for the year ended 30 June 2007*

The annual financial statements set out on pages 15 to 30 were approved by the Municipal Manager on 31 August 2007.

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***Municipal Manager (KS Motsoeneng)***

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***Chief Financial Officer (JW Young)***

**Report of Smit Kruger to the Members of Tswelopele Local Municipality**

*for the year ended 30 June 2007*

We have compiled the financial statements of the Tswelopele Municipality for the year ended 30 June 2007 as set out on pages 15 to 30 in accordance with South African Auditing Standards applicable to compilation engagements.

Management is responsible for these financial statements. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.

**DJ Smit**

***Smit Kruger***

**31 August 2007**

**Report of the Auditor-General to the Tswelopele Local Municipality**  
*for the year ended 30 June 2007*

The Auditor-General will issue his report upon finalisation of the audit.



## Tswelopele Local Municipality

### Report of the Chief Financial Officer

for the year ended 30 June 2007

#### Introduction

It is a pleasure to present the report for the 2006/2007 financial year.

#### 1 OPERATING RESULTS

Details of the operating results per classification, department and object of expenditure are included in Appendices D and E. The applicable statistics are shown in Appendix F. The overall operating results for the year ended 30 June 2007 are as follows:

<b>Income</b>	<b>Actual 2006 R</b>	<b>Actual 2007 R</b>	<b>Variance 2006/2007 %</b>	<b>Budget 2007 R</b>	<b>Variance Actual/Budget %</b>
Operating income for the year	38 558 686	45 094 977	16.95	44 587 448	1.14
Opening surplus	4 145 330	620 765			
<b>Total</b>	<b>42 704 016</b>	<b>45 715 742</b>		<b>44 587 448</b>	
<b>Expenditure</b>					
Operating expenditure for the year	41 782 685	49 785 890	(19.15)	44 584 477	(11.67)
Sundry transfers	300 566	767 196			
Closing surplus	620 765	(4 837 344)		2 971	
<b>Total</b>	<b>42 704 016</b>	<b>45 715 742</b>		<b>44 587 448</b>	

#### 1.1 Rates and general services

	<b>Actual 2006 R</b>	<b>Actual 2007 R</b>	<b>Variance 2006/2007 %</b>	<b>Budget 2007 R</b>	<b>Variance Actual/Budget %</b>
Income	24 284 838	29 505 414	21.50	33 095 748	(10.85)
Expenditure	(29 230 112)	(34 959 519)	(19.60)	(35 455 925)	1.40
Surplus/(deficit)	(4 945 274)	(5 454 105)		(2 360 177)	
Surplus/(deficit) as a % of total Income	(12.83)	(12.09)		(5.29)	

**Tswelopele Local Municipality**

**Report of the Chief Financial Officer (continued)**

for the year ended 30 June 2007

**1.2 Trading services**

**1.2.1 Water**

	<b>Actual 2006 R</b>	<b>Actual 2007 R</b>	<b>Variance 2006/2007 %</b>	<b>Budget 2007 R</b>	<b>Variance Actual/Budget %</b>
Income	5 747 626	6 693 228	16.45	4 056 700	64.99
Expenditure	(4 970 087)	(6 312 463)	(27.01)	(2 889 742)	(118.44)
Surplus	777 539	380 765		1 166 958	
Surplus as a % of total Income	2.02	0.84		2.62	

**1.2.2 Electricity**

	<b>Actual 2006 R</b>	<b>Actual 2007 R</b>	<b>Variance 2006/2007 %</b>	<b>Budget 2007 R</b>	<b>Variance Actual/Budget %</b>
Income	8 439 872	8 686 675	2.92	7 435 000	16.83
Expenditure	(7 582 486)	(8 194 260)	(8.07)	(6 438 810)	(27.26)
Surplus	857 386	492 415		996 190	
Surplus as a % of total Income	2.22	1.09		2.23	

**1.2.3 Game farming**

	<b>Actual 2006 R</b>	<b>Actual 2007 R</b>	<b>Variance 2006/2007 %</b>	<b>Budget 2007 R</b>	<b>Variance Actual/Budget %</b>
Income	86 350	209 660	142.80	200 000	4.83
Expenditure		(319 648)			
(Deficit)/surplus	86 350	(109 988)		200 000	
Surplus as a % of total Income	0.22	(0.24)		0.45	

**Tswelopele Local Municipality**

**Report of the Chief Financial Officer (continued)**

for the year ended 30 June 2007

**2 CAPITAL EXPENDITURE AND FINANCING**

During the year fixed assets amounting to R 21,024,450 were acquired. This is 3.7 % more than the previous year and consist of the following:

	<b>Actual 2006 R</b>	<b>Budget 2007 R</b>	<b>Actual 2007 R</b>
Community services	346 172	114 723	236 425
Public buildings & equipment (including roads)	2 535 794	8 386 241	7 648 090
Administration	-	50 000	-
Sanitation	-	138 000	138 000
Electricity network, equipment & vehicles	2 820 241	1 186 000	1 075 106
Water	368 446	4 416 000	5 785 199
Sewerage network	14 202 038	5 185 000	6 141 630
	<u>20 272 691</u>	<u>19 475 964</u>	<u>21 024 450</u>

The following resources were utilised to finance the fixed assets:

	<b>2006 R</b>	<b>2007 R</b>	<b>2007 R</b>
Contributions from operating income	384 856	868 300	664 888
Contributions from Government and Province	8 750 845	23 377 000	17 726 048
Other sources (loans and funds)	11 136 990	9 949 905	2 633 514
	<u>20 272 691</u>	<u>34 195 205</u>	<u>21 024 450</u>

Details of capital expenditure and financing are shown in Appendices B and C.

**3 EXTERNAL LOANS, INVESTMENTS AND CASH**

The current and comparative figures for external loans, investments and cash are as follows:

	<b>2007 R</b>	<b>2006 R</b>
External loans	(15 970 556)	(15 358 277)
External investments	12 564 034	11 640 335
Cash on hand and in bank	2 840	37 464
Bank overdraft	(2 228 483)	-

R 1,520,000 of Council's investment serves as security for the overdraft facilities.

More information regarding external loans, investments and cash are disclosed in notes 2, 5, 10 and Appendix B to the financial statements

**Tswelopele Local Municipality**

**Report of the Chief Financial Officer (continued)**

*for the year ended 30 June 2007*

**4 FUNDS, RESERVES AND PROVISIONS**

The current and comparative figures for the statutory and other funds are as follows:

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
Provisions	4 904 111	2 480 062
Capital development fund	4 176 252	4 633 911
Erven trust fund	5 225 996	3 667 679

More information regarding funds and provisions are disclosed in notes 1, 8 and Appendix A to the financial statements

**5 DISTRIBUTION OF REVENUE**

The equitable share was utilised as indicated in the financial statements. The conditional financial management grant of R 866 841 was not expended in this financial year.

**6 POST BALANCE SHEET EVENTS**

No events have taken place between the date of the financial statements and the date of this report which could have had an effect on the financial statements as disclosed, except that the purchasers of certain fixed property in terms of a contract which was concluded during the year, have still not complied with the conditions of the contract at the date of this report.

**7 APPRECIATION**

I would like to thank the Mayor, Speaker, Members of the Executive Committee, Councillors, the Municipal Manager, Departmental Heads and all officials for the support given to me and the staff of my own office and in particular to our external consultants for their assistance and support during the year.

.....  
**Chief Financial Officer**

31.08.2007  
**Date**











## Tswelopele Local Municipality

### Accounting policies

for the year ended 30 June 2007

#### 1 Basis of presentation

- 1.1 The financial statements have been prepared to conform to standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (second edition 1996, as amended).
- 1.2 The financial statements are prepared on the historical cost basis adjusted for fixed assets, as more fully described in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous years, 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, i.e. traffic fines and Certain licences.
  - Expenditure is accrued in the year in which it is incurred.

#### 2 Consolidation

The financial statements include the rates- and general services, trading services and different funds and provisions. All inter-departmental charges are set-off against each other.

#### 3 Fixed assets

- 3.1 Fixed assets are stated:
  - at historical cost; or
  - at valuation (based on the market price at the date of acquisition), where assets have been acquired by certain grants or donations.Fixed assets with a value of less than R 2 000 are not capitalised.

#### 3.2 Depreciation

The balance shown under 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 immediately or over the period of the long term loan being the source of finance of the particular asset or group of assets.

## **Tswelopele Local Municipality**

### **Accounting policies (continued)**

*for the year ended 30 June 2007*

#### **3.2 Depreciation (continued)**

Apart from advances from the various Council funds, assets may also be acquired through:

- Appropriation from income, where the full cost of the asset forms an immediate and direct charge against operating income. Provision for additional depreciation is deemed unnecessary.
- Grants and donations 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 The net proceeds from the sale of immovable property are credited to the Erven trust fund. The net proceeds from the sale of other assets are credited to income.

3.4 Fixed assets are financed from different sources, i.e. internal loans, operating income, endowments and internal advances. These loans and advances are redeemed over a period equal to the expected lives of the assets. Interest is charged to the service concerned at the ruling interest rate applicable at the time of the approval of loans or advances.

#### **4 Inventory**

Inventory is valued at the lower of cost, determined on the weighted average basis and net realisable value after due provision for obsolescence has been made.

#### **5 Funds and reserves**

##### **5.1 Capital development fund**

No contributions were made to this fund. Interest was credited to the fund.

##### **5.2 Erven trust fund**

The net proceeds from the sale of immovable property are credited to this Fund. This Fund is utilised for financing projects of a lasting non-productive nature as prescribed in Sec.85(1)(b) of the Local Government Ordinance, 1962 (Ordinance no. 8 of 1962).

## **Tswelopele Local Municipality**

### **Accounting policies (continued)**

*for the year ended 30 June 2007*

#### **6 Provisions**

Provision was made for liabilities or contingencies which are known at the date of the balance sheet but for which the amounts involved cannot be determined with substantial accuracy.

The provision for bad debts refers to current assets and is therefore disclosed as a deduction from debtors.

#### **7 Retirement benefits**

- 7.1 The retirement benefit plan is subject to the Pension Fund Act of 1956, with pensions being calculated either on the fixed contribution or the fixed benefit method. Current contributions by the Municipality are charged against operating income on the basis of current service cost. Unfavourable experience adjustments and the cost of insurance of the increased benefits are written off over the smallest of the remaining service period or over five years. Favourable experience adjustments are retained in the retirement plan.

- 7.2 Tswelopele Municipality and its employees contribute to the Free State Municipal Pension Fund, the Free State Municipal Provident Fund, SAMWU Provident Fund and Sala Pension Fund, whilst the Councillors contribute to the Pension Fund for Municipal Councillors. All five the funds provide retirement benefits to employees and/or Councillors concerned.

#### **8 Surplus and deficits**

Any surplus or deficit originating from the electricity or water services are transferred to rates and general services.

#### **9 Treatment of administrative and other overhead costs**

The cost of internal auxiliary services are debited against the different services and are in accordance with IMTA's Report on Accounting for Support Services (1990).

#### **10 Leased assets**

Fixed assets held under finance leases are capitalised.

Other leases are treated as operating leases and the relevant rentals are charged to the operating account.

## **Tswelopele Local Municipality**

### **Accounting policies (continued)**

*for the year ended 30 June 2007*

#### **11 Investments**

Investments are made in accordance with the requirements of Section 84 of the Local Government Ordinance, 1962 (Ordinance no. 8 of 1962) and policy prescribed by the Municipal Finance Management Act, (Act no. 56 of 2003).

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested according to the provisions contained in the Circular issued by Provincial Legislature.

#### **12 Income recognition**

##### **12.1 Electricity and water charges**

All meters are read and billed monthly. Where meters cannot be read during a particular month a provisional bill is issued with the necessary adjustments made in the month when the meters are indeed read.

#### **13 Assessment rates**

The Council applies a differentiated rates system. According to this system assessment rates are charged on the value of the land (Bultfontein and Hoopstad) and improvements (Hoopstad). Certain rebates are granted according to the use to which a particular property is put. Further relief is granted to the aged and the needy.

## Tswelopele Local Municipality

### Balance sheet

as at 30 June 2007

	Note	2007 R	2006 R
<b>Capital employed</b>			
<b>Funds and reserves</b>		9 402 248	8 301 590
Statutory funds	1	9 402 248	8 301 590
Accumulated surplus		(4 837 344)	620 765
		<u>4 564 904</u>	<u>8 922 355</u>
Long term liabilities	2	15 446 322	14 612 177
Consumer deposits	3	324 132	275 425
<b>Total capital employed</b>		<u>20 335 358</u>	<u>23 809 957</u>
<b>Employment of capital</b>			
Fixed assets	4	16 384 283	15 772 000
Investments	5	212 454	212 454
		<u>16 596 737</u>	<u>15 984 454</u>
<b>Net current assets</b>		3 738 621	7 825 503
<b>Current assets</b>		20 789 442	20 156 413
Inventory	6	710 195	998 124
Debtors	7	7 724 827	7 692 944
Cash and bank	10	2 840	37 464
Short term investments	5	12 351 580	11 427 881
<b>Current liabilities</b>		17 050 821	12 330 910
Provisions	8	4 904 111	2 480 062
Creditors	9	9 393 993	9 104 748
Bank overdraft	10	2 228 483	
Short term portion of long term liabilities	2	524 234	746 100
<b>Total employment of capital</b>		<u>20 335 358</u>	<u>23 809 957</u>

## Tswelopele Local Municipality

### Income statement

for the year ended 30 June 2007

Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budget Surplus/ (Deficit)		Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budget Surplus/ (Deficit)
2006	2006	2006	2006		2007	2007	2007	2007
R	R	R	R		R	R	R	R
24 284 838	29 230 112	(4 945 274)	(3 125 000)	<b>Rates and</b>	29 505 414	34 959 519	(5 454 105)	(2 360 177)
9 883 432	15 294 515	(5 411 083)	(3 999 000)	<b>General services</b>	16 429 642	22 042 927	(5 613 285)	(5 138 075)
991 591	718 890	272 701	-	Community services	599 416	599 416	-	26 189
13 409 815	13 216 707	193 108	874 000	Subsidised services	12 476 356	12 317 176	159 180	2 751 709
				Economic services				
14 273 848	12 552 573	1 721 275	3 130 000	<b>Trade services</b>	15 589 563	14 826 371	763 192	2 363 148
38 558 686	41 782 685	(3 223 999)	5 000	<b>Total</b>	45 094 977	49 785 890	(4 690 913)	2 971
				Appropriations for the year				
		(300 566)		(See note 15)			(767 196)	
		(3 524 565)		Net surplus/(deficit) for the year			(5 458 109)	
		4 145 330		Accumulated surplus:				
				Beginning of the year			620 765	
				Accumulated (deficit)/surplus:				
				End of the year			(4 837 344)	
		<u>620 765</u>						

## Tswelopele Local Municipality

### Cash flow statement

for the year ended 30 June 2007

	Note	2007	2006
		R	R
<b>Cash retained from operating activities</b>		<u>19 072 763</u>	<u>11 254 934</u>
Cash generated by operations	16	(15 997 433)	(38 605 188)
Interest received	14	1 032 923	747 149
Increase/(decrease) in working capital	17	<u>(5 331 366)</u>	<u>21 454 355</u>
		(20 295 876)	(16 403 684)
<b>Less:</b> external interest paid		<u>(1 878 998)</u>	<u>(1 539 439)</u>
<b>Cash available from/(utilised in) operations</b>		<u>(22 174 874)</u>	<u>(17 943 123)</u>
Cash contributions from government and public bodies		41 072 077	28 763 057
Fixed assets sold		<u>175 560</u>	<u>435 000</u>
<b>Cash utilised in investing activities</b>			
Investment in fixed assets		<u>(21 024 450)</u>	<u>(20 272 691)</u>
<b>Net cash flow</b>		<u>(1 951 687)</u>	<u>(9 017 757)</u>
<b>Cash effects of financing activities</b>			
Increase/(decrease) in long term liabilities	18	612 279	9 751 698
(Increase)/decrease in cash investments	19	(923 699)	(1 446 564)
(Increase)/decrease in cash and bank	20	<u>2 263 107</u>	<u>712 623</u>
<b>Net cash utilised</b>		<u>1 951 687</u>	<u>9 017 757</u>

**Tswelopele Local Municipality**

**Notes to the financial statements**

for the year ended 30 June 2007

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b>1 Statutory funds</b>		
Capital development fund	4 176 252	4 633 911
Erven trust fund	5 225 996	3 667 679
	<u>9 402 248</u>	<u>8 301 590</u>
1.1 See appendix A		
<b>2 Long term liabilities</b>		
Development Bank of South Africa	15 072 375	15 358 277
ABSA	797 175	
Corporate Finance Solutions	101 006	-
	<u>15 970 556</u>	<u>15 358 277</u>
Less: current portion transferred to current liabilities - note 2.1, 2.2, 2.3	<u>(524 234)</u>	<u>(746 100)</u>
	<u>15 446 322</u>	<u>14 612 177</u>
2.1 See appendix B		
The loans bear interest at rates that varies between 9% and 18.7% per annum, the loans are unsecured and expire between 2008 and 2024.		
2.2 ABSA lease agreement. Secured over moveable assets		
2.3 Corporate Finance Solutions lease agreement. Secured over moveable assets		
<b>3 Consumer deposits</b>		
Water	83 882	54 944
Electricity	240 250	220 481
	<u>324 132</u>	<u>275 425</u>
3.1 No guarantees are kept in lieu of electricity deposits.		
<b>4 Fixed assets</b>		
Fixed assets at the beginning of the year	126 701 890	106 921 706
Capital expenditure	21 024 450	20 272 691
Less: assets written-off, transferred or disposed off	(175 560)	(492 507)
<b>Total fixed assets</b>	<u>147 550 780</u>	<u>126 701 890</u>
Less: loans redeemed and other capital receipts	<u>(131 166 497)</u>	<u>(110 929 890)</u>
<b>Net fixed assets</b>	<u>16 384 283</u>	<u>15 772 000</u>
4.1 See appendix C and section 2 of the report of the Chief Financial Officer.		
<b>5 Investments</b>		
<b>Unlisted</b>		
Senwes funds - note 5.1 to 5.5	212 454	212 454
Short term investments - note 5.5	12 351 580	11 427 881
	<u>12 564 034</u>	<u>11 640 335</u>
Less: transfer of short term investments	<u>(12 351 580)</u>	<u>(11 427 881)</u>
	<u>212 454</u>	<u>212 454</u>



**Tswelopele Local Municipality**

**Notes to the financial statements**

for the year ended 30 June 2007

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b>5 Investments (continued)</b>		
<b>Unlisted</b>		
5.1 Unlisted investments	212 454	212 454
5.2 Management's valuation of unlisted investments	454 360	285 981
5.3 Average gross rate of return on investments	10.58%	6.42%
5.4 Ordinance 8 of 1962 and the Municipal Finance Management Act (56 of 2003) require that funds, trust funds and other be invested in prescribed instruments.		
5.5 No investments have been written off during the year. A short term investment of R 1,520,000 has been pledged as security for the overdraft facilities of the Council.		
<b>Investment in Senwes and Senwesbel shares</b>		
Issued share capital - Senwes Limited	180 789 308	180 789 308
Issued share capital - Senwesbel Limited	83 576 501	83 576 501
Percentage owned by Council - Senwes Limited	0.01%	0.01%
Percentage owned by Council - Senwesbel Limited	0.01%	0.01%
Indebtness of Senwes Limited	-	-
Dividends received - Senwes Limited	10 370	12 593
Dividends received - Senwesbel Limited	12 117	64 751
<b>6 Inventory</b>		
Inventory consists of consumables, materials and game - note 7.1	<u>710 195</u>	<u>998 124</u>
6.1 Adequate provision has been made for obsolete stock.		
<b>7 Debtors</b>		
Consumer debtors	27 629 157	21 463 799
Sundry debtors	<u>2 047 497</u>	<u>1 633 887</u>
	29 676 654	23 097 686
Less: provision for bad debts (excluding VAT)	(19 583 513)	(13 658 150)
Less: provision for VAT on bad debts	<u>(2 368 314)</u>	<u>(1 746 592)</u>
	<u><u>7 724 827</u></u>	<u><u>7 692 944</u></u>
7.1 Bad debts : R 178 162 (2006: R 23, 188,058). This represents 0.56% (2006: 60%) of total operating income for the year.		
7.2 Days outstanding in debtors are in excess of 120 days (2006 : 120 + days).		
<b>8 Provisions</b>		
Audit fees	540 848	580 000
Leave reserve	3 977 975	1 900 062
Bonusses	385 288	
Bad debts - current year	<u>19 583 513</u>	<u>13 658 150</u>
	24 487 624	16 138 212
Less: provision transferred to debtors - note 8.2	(19 583 513)	(13 658 150)
	<u><u>4 904 111</u></u>	<u><u>2 480 062</u></u>
8.1 Note: see note 7		
8.2 See appendix A		
<b>9 Creditors</b>		
Trade and sundry creditors	2 229 718	1 549 211
Deposits	722 300	682 089
Amounts received in advance	<u>6 441 974</u>	<u>6 873 448</u>
	<u><u>9 393 992</u></u>	<u><u>9 104 748</u></u>

**Tswelopele Local Municipality**

**Notes to the financial statements**

for the year ended 30 June 2007

	2007 R	2006 R
<b>10 Bank, cash and overdraft balances</b>		
The Municipality has the following bank accounts and cash on hand:		
<b>10.1 Current account (primary bank account) and cash on hand</b>		
ABSA Bank Limited - Bultfontein branch Account number 810142227		
Cash book balance - beginning of the year - dt (cr)	34 624	747 247
Cash book balance - end of the year - dt (cr)	<u>(2 228 483)</u>	<u>34 624</u>
<b>Cash on hand</b>	<u>2 840</u>	<u>2 840</u>
	<u>2 840</u>	<u>37 464</u>
Bank statement balance - beginning of the year - cr (dt)	2 059 307	2 174 898
Bank statement balance - end of the year - cr (dt) - note 10.3	<u>372 118</u>	<u>2 059 307</u>
<b>10.2 Money market fund</b>		
ABSA Bank Limited - Bultfontein branch Account number 9108352550		
Cash book balance - end of the year	12 343 926	11 427 881
Bank statement balance - end of the year	<u>12 343 926</u>	<u>11 427 881</u>
<b>10.3</b> The overdraft is secured by a limited cession of R 1,520 000 of the ABSA investment.		
<b>10.4 Savings account</b>		
ABSA Bank Limited - Bultfontein branch Account number 917438302		
Cash book balance - end of the year	7 653	-
Bank statement balance - end of the year	<u>7 653</u>	<u>-</u>
<b>11 Assessment rates</b>		
	Valuation 30.06.2007 R	Actual Income 2007 R
Government	11 604 700	627 491
Residential and other	<u>86 676 357</u>	<u>2 461 096</u>
	<u>98 281 057</u>	<u>3 088 587</u>
<b>11.1</b> Valuation of land and improvements is performed every five years. The last general valuation came into effect on 1 July 1996. The MEC for Local Government and Housing has however granted extension of time for the new valuations to be executed.		
<b>11.2</b> The assessment rates are levied on the following basis: Land : Bultfontein 0.36c/R (2006: 0.36c/R); Hoopstad 0.793c/R (2006:0.793c/R) Improvements: Bultfontein nil/R (2006: nil/R); Hoopstad 0.99c/R (2006:0.99c/R) Rebates are given to the Central and Provincial Government		

**Tswelopele Local Municipality**

**Notes to the financial statements**

for the year ended 30 June 2007

	2007 R	2006 R
<b>12 Councillors' remuneration</b>		
Mayor's allowance	484 728	229 198
Speaker's allowance	390 080	148 424
Councillors' allowances	1 423 877	545 445
Executive Committee Members' allowances	373 417	112 697
Pension fund contributions	-	86 748
	<u>2 672 102</u>	<u>1 122 512</u>
<b>12.1 Benefits in kind</b>		
The Executive Mayor and Speaker are full-time councillors. They are entitled to offices and secretarial support by the Council.		
<b>12.2</b>		
The salaries and allowances of the councillors are within the limits as prescribed by the Remuneration of Public Office Bearers Act, 1998 (No. 20 of 1998).		
<b>12.3 Related party transactions</b>		
The total amount of goods and services bought from related parties are as follows:		
C. Horn (Horn Familie Trust)	50 005	
M.J. Taljaard (Die Ou Plank Plek)	600	
<b>13 Auditor's fees</b>		
Current year	580 000	580 000
(Over) / under provision previous year	(80 502)	100 409
	<u>499 498</u>	<u>680 409</u>
<b>14 Finance transactions</b>		
Total external interest received or paid:		
Interest received	1 032 923	747 149
Interest paid	(1 878 998)	(1 539 439)
	<u>(846 075)</u>	<u>(792 290)</u>
Capital expenses debited against operating account:		
Interest :	1 878 998	1 539 439
- External	<u>1 878 998</u>	<u>1 539 439</u>
Redemption:	438 637	204 358
- External	<u>438 637</u>	<u>204 358</u>
<b>15 Appropriations</b>		
Appropriation account:		
Accumulated surplus: beginning of the year	620 765	4 145 330
Operating (deficit)/surplus for the year	(4 690 913)	(3 223 999)
Appropriations for the year:	(767 196)	(300 566)
Adjustments previous years	<u>(767 196)</u>	<u>(300 566)</u>
Accumulated surplus : end of the year	<u>(4 837 344)</u>	<u>620 765</u>

**Tswelopele Local Municipality**

**Notes to the financial statements**

for the year ended 30 June 2007

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b>16 Cash generated by operations</b>		
(Deficit)/surplus for the year	(4 690 913)	(3 223 999)
Assets not previously capitalised	-	-
Adjustments in respect of:		
Previous years' operating transactions	(767 196)	(300 566)
Interest received	(189 883)	
Appropriations charged against income:	9 094 892	6 703 796
Capital development fund	-	-
Provisions and reserves	8 605 564	6 753 940
Capital expenditure	664 888	384 856
Fixed assets sold	(175 560)	(435 000)
Capital charges:	2 317 635	1 743 797
Interest paid:	1 878 998	1 539 439
- External loans	1 878 998	1 539 439
Redemption:	438 637	204 358
- External loans	438 637	204 358
Grants and subsidies received	(21 763 434)	(19 211 736)
Operating income credited against:		
- Statutory funds	1 326 042	435 000
- Trust funds		-
Non-operating expenditure debited against:		
- Accumulated funds	(1 068 424)	(579 799)
- Provisions and reserves	(256 152)	(24 171 681)
	<u>(15 997 433)</u>	<u>(38 605 188)</u>
<b>17 (Increase)/decrease in working capital</b>		
(Increase)/decrease in inventory	287 929	(125 038)
(Increase)/decrease in debtors	(5 957 246)	19 847 887
Increase/(decrease) in creditors	337 951	1 731 506
	<u>(5 331 366)</u>	<u>21 454 355</u>
<b>18 Increase/(decrease) in long term liabilities</b>		
Loans repaid	<u>612 280</u>	<u>9 751 698</u>
<b>19 (Increase)/decrease in cash investments</b>		
Investments at the beginning of the year	11 640 335	10 193 771
Less: investments at the end of the year	12 564 034	11 640 335
	<u>(923 699)</u>	<u>(1 446 564)</u>
<b>20 (Increase)/decrease in cash and bank</b>		
Cash and bank balance at the beginning of the year	(37 464)	750 087
Less: cash and bank balance at the end of the year	2 225 643	37 464
	<u>2 263 107</u>	<u>712 623</u>
<b>21 Retirement benefits - pension fund</b>		
<b>Fund</b>	<b>Date of last actuarial valuation</b>	<b>Finding</b>
Free State Municipal Pension Fund	30-Jun-05	Financial position: Sound
SAMWU National Provident Fund	30-Jun-05	Financial position: Sound
SALA Pension Fund	01-Jul-06	Financial position: Sound
Free State Municipal Provident Fund	30-Jun-04	Financial position: Sound

**Tswelopele Local Municipality**

**Notes to the financial statements**

for the year ended 30 June 2007

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b>22 Contingent liabilities and contractual obligations</b>		
22.1 Leave pay outstanding at 30 June 2007 : R 3,977,975 (2006: R1,900,062) Provision for Leave Pay: R 2 077 913 (2006: R 657,940)		
22.2 During the year Council entered into a contract of sale of a fixed property At year end the purchaser has not complied with the conditions of the agreement It is uncertain whether this sale will be finalised		
<b>23 Capital commitments</b>		
Commitments in respect of capital expenditure:		
- Approved and contracted for	19 475 964	17 815 205
- Approved but not yet contracted for	-	16 380 000
Unspent balance at 30 June 2007	<u>637 076</u>	<u>                    </u>
	<u>19 475 964</u>	<u>34 195 205</u>
 This expenditure will be financed from:		
- Internal sources	349 464	868 300
- External sources	19 126 500	33 326 905
	<u>19 475 964</u>	<u>34 195 205</u>
 <b>24 Capital development and erven trust fund</b>		
24.1 No internal advances were made to borrowing services		
<b>25 Government grants and subsidies</b>		
Equitable share	19 862 609	17 242 500
Central government grants	18 518 824	9 219 210
Provincial government grants	-	1 205 883
Grants from the District Municipality	50 000	445 873
Other	772 474	
Health and Ambulance subsidies	-	838 022
DBSA grant	41 717	740 911
	<u>39 245 624</u>	<u>29 692 399</u>
 <b>25.1 Equitable share</b>		
In terms of the Constitution, this grant is utilised to subsidise the provision of basic services to indigent community members and free basic water and electricity to the remainder of the community. All consumers receive a monthly subsidy which is credited to their accounts.		
 <b>25.2 Central government grants</b>		
<b>25.2.1 Skills development grant</b>		
Opening balance	-	(51 651)
Current year receipts	-	(15 000)
Transferred to income statement	-	66 651
Closing balance	<u>-</u>	<u>-</u>

This grant was utilised to defray training costs of personnel  
The conditions of the grant have been met and no monies have been withheld.

## Tswelopele Local Municipality

### Notes to the financial statements

for the year ended 30 June 2007

	2007 R	2006 R
<b>25.2.2 Grant - building of VIP toilets</b>		
Opening balance	-	(2 954)
Transferred to income/expenditure	-	2 954
Closing balance	<u>-</u>	<u>-</u>
<p>This grant was utilised for the building of toilets in the Hoopstad area. The conditions of the grant have been met and no monies have been withheld.</p>		
<b>25.2.3 Grant - upgrading of the sewerage network</b>		
Opening balance	-	(820 482)
Adjustment of opening balance	-	(361 712)
Transferred to fixed assets	-	1 182 194
Closing balance	<u>-</u>	<u>-</u>
<p>This grant was utilised for the upgrading of the sewerage network in the above area. The conditions of the grant have been met and no monies have been withheld.</p>		
<b>25.2.4 MIG Grant</b>		
Opening balance	(6 213 314)	(3 851 514)
Current year receipts	(7 584 824)	(9 204 210)
Transferred to income/expenditure	615 079	203 072
Transferred to fixed assets	15 406 692	6 639 338
Closing balance - (transferred to creditors - note 9)	<u>2 223 633</u>	<u>(6 213 314)</u>
<p>This grant was utilised for the upgrading of the infra structure. The conditions of the grant have been met and no monies have been withheld.</p>		
<b>25.2.5 MIG Grant</b>		
Opening balance	-	-
Current year receipts	(9 500 000)	-
Transferred to fixed assets	1 947 489	-
Closing balance - (transferred to creditors - note 9)	<u>(7 552 511)</u>	<u>-</u>
<p>This grant was utilised for the upgrading of the infra structure. The conditions of the grant have been met and no monies have been withheld.</p>		
<b>25.2.6 Financial Management Grant</b>		
Opening balance	-	-
Current year receipts	(500 000)	-
Transferred to income/expenditure	431 592	-
Closing balance	<u>(68 408)</u>	<u>-</u>

**Tswelopele Local Municipality**

**Notes to the Financial Statements**

for the year ended 30 June 2007

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b>25.2.7 Grant - settlement support</b>		
Opening balance	-	-
Current year receipts	(200 000)	-
Transferred to income/expenditure	200 000	-
Closing balance	<u>-</u>	<u>-</u>

This grant was utilised for the upgrading of the infra structure.  
The conditions of the grant have been met and no monies have been withheld.

<b>25.2.8 MSIG grant</b>		
Opening balance	-	-
Current year receipts	(367 000)	-
Transferred to fixed assets	160 406	-
Closing balance - (transferred to creditors - note 10)	<u>(206 594)</u>	<u>-</u>

This grant was utilised to upgrade the bulk water supply network in Hoopstad.  
The conditions of the grant have been met and no monies have been withheld.

<b>25.2.9 MSIG Grant</b>		
Opening balance	(145 554)	-
Current year receipts	(367 000)	(734 000)
Transferred to income/expenditure	401 570	315 517
Transferred to fixed assets	-	272 929
Closing balance - (transferred to creditors - note 10)	<u>(110 985)</u>	<u>(145 554)</u>

This grant was utilised to finance support by financial and other advisors.  
The conditions of the grant have been met and no monies have been withheld.

**25.3 Provincial Government Grants**

**25.3.1 Grant - erection of high mast lights**

Opening balance	-	3 768
Current year receipts	-	(883)
Transferred to income/expenditure	-	(2 885)
Closing balance	<u>-</u>	<u>-</u>

This grant was utilised for the cost of installation of high mast lights in Tikwana.  
The conditions of the grant have been met and no monies have been withheld.

**25.3.2 Financial Management Grant**

Opening balance	(192 658)	(250 000)
Current year receipts	-	(250 000)
Transferred to income/expenditure	42 178	307 342
Closing balance	<u>(150 480)</u>	<u>(192 658)</u>

This grant was utilised for the training of personnel  
The conditions of the grant have been met and no monies have been withheld.

**Tswelopele Local Municipality**

**Notes to the Financial Statements**

for the year ended 30 June 2007

	2007 R	2006 R
<b>25.3.3 Grant - purchase and repair of moveable assets</b>		
Opening balance	-	(14 756)
Transferred to income/expenditure	-	14 756
Closing balance	<u>-</u>	<u>-</u>

This grant was utilised to purchase and repair vehicles and equipment necessary for improved service delivery. The conditions of the grant have been met and no monies have been withheld.

<b>25.3.4 Grant - capacity building</b>		
Opening balance	(24 970)	(116 170)
Transferred to income/expenditure	-	91 200
Closing balance - (transferred to creditors - note 10)	<u>(24 970)</u>	<u>(24 970)</u>

This grant was utilised to review the performance measurement system and other policies. The conditions of the grant have been met and no monies have been withheld.

<b>25.3.5 Grant - town planning and surveying</b>		
Opening balance	-	(10 917)
Transferred to income/expenditure	-	2 185
Transferred to even trust fund	-	8 732
Closing balance	<u>-</u>	<u>-</u>

This grant was utilised for town planning and surveying of stands. The conditions of the grant have been met and no monies have been withheld.

<b>25.3.6 Grant - town planning and surveying - Tikwana</b>		
Opening balance	-	-
Current year receipts	-	(221 000)
Transferred to fixed assets	-	221 000
Closing balance	<u>-</u>	<u>-</u>

This grant was utilised for town planning and surveying of stands. The conditions of the grant have been met and no monies have been withheld.

<b>25.3.7 Financial Grant</b>		
Opening balance	(129 878)	(139 000)
Current year receipts	-	-
Transferred to income/expenditure	-	9 122
Transferred to fixed assets	95 203	-
Closing balance - (transferred to creditors - note 10)	<u>(34 675)</u>	<u>(129 878)</u>

This grant was utilised to purchase a folding machine. The conditions of the grant have been met and no monies have been withheld.



## Tswelopele Local Municipality

### Notes to the Financial Statements

for the year ended 30 June 2007

	2007 R	2006 R
<b>25.4 Grants from the District Municipality</b>		
<b>25.4.1 Grant - development of sport facilities</b>		
Opening balance	-	-
Current year receipts	-	(1 875 181)
Transferred to fixed assets	-	1 875 181
Closing balance	<u>-</u>	<u>-</u>
<p>This grant was utilised for the upgrading of sportfacilities in both towns. The conditions of the grant have been met and no monies have been withheld.</p>		
<b>25.4.2 Grant - paving of sidewalks</b>		
Opening balance	-	87 058
Transferred to project	-	(87 058)
Closing balance	<u>-</u>	<u>-</u>
<p>This grant was utilised for the paving of sidewalks The conditions of the grant have been met and no monies have been withheld.</p>		
<b>25.4.3 Grant - paving of roads</b>		
Opening balance	-	357 676
Balance transferred	-	87 058
Current year receipts	-	(395 873)
Transferred to income/expenditure	-	(53 929)
Transferred to fixed assets	-	5 068
Closing balance	<u>-</u>	<u>-</u>
<p>This grant was utilised for the paving of roads in the Tikwana area. The conditions of the grant have been met and no monies have been withheld.</p>		
<b>25.4.4 Grant - service of loan</b>		
Opening balance	-	-
Current year receipts	(50 000)	(50 000)
Transferred to income/expenditure	50 000	50 000
Closing balance	<u>-</u>	<u>-</u>
<p>This grant was utilised to repay a loan. The conditions of the grant have been met and no monies have been withheld.</p>		
<b>25.4.5 Grant - upgrading of the sewerage network</b>		
Opening balance	-	(24 529)
Transferred to capital development fund	-	24 529
Closing balance	<u>-</u>	<u>-</u>
<p>This grant was utilised for the upgrading of the sewerage network. The conditions of the grant have been met and no monies have been withheld.</p>		

## Tswelopele Local Municipality

### Notes to the Financial Statements

for the year ended 30 June 2007

	2007 R	2006 R
<b>25.5 Health and ambulance claims</b>		
Opening balance	328 700	825 138
Adjustment of opening balance	-	(63 046)
Claims	29 502	-
Current year receipts	(150 763)	(838 022)
Transferred to income	80 315	404 630
Closing balance - (transferred to debtors - note 8)	<u>287 754</u>	<u>328 700</u>
<p>The health and ambulance services were taken over by the Department of Health and the Province. The claims are utilised to defray the expenses incurred by the Municipality and for the rental of Municipal buildings.</p>		
<b>25.6 DBSA Grant</b>		
Opening Balance	(167 072)	-
Current Year Receipts	(74 717)	(740 911)
Transferred to Income/Expenditure	-	234 724
Transferred to Fixed Assets	65 541	339 115
Closing Balance - (transferred to Creditors - note 10)	<u>(176 248)</u>	<u>(167 072)</u>
<p>This grant was utilised for the upgrading of the sewerage network. The conditions of the grant have been met and no monies have been withheld.</p>		
<b>26 Employee Related Costs</b>		
Salaries	11 837 003	12 473 217
Contributions - UIF, Pension and Medical Aid Fund,	2 882 429	2 813 728
Housing Subsidies	32 896	65 963
Industrial Council Levies	7 398	6 408
Other Allowances	291 386	680 553
Overtime	636 073	489 006
Travel, Subsistence and Car Allowances	868 351	1 381 229
Protective clothing	-	93 128
WCC	31 626	128 807
Skills development	151 336	-
	<u>16 738 498</u>	<u>18 132 039</u>
<b>26.1</b>	No advances were made to employees.	
<b>26.2 Remuneration - Municipal Manager</b>		
Annual Remuneration	318 000	150 410
Car Allowance	118 304	46 037
Contributions - UIF, Medical and Pension Funds	57 463	22 910
	<u>493 767</u>	<u>219 357</u>
<b>26.3 Remuneration - Deputy Municipal Manager</b>		
Annual Remuneration	315 000	294 000
Car Allowance	110 595	103 783
Contributions - UIF, Medical and Pension Funds	63 220	60 258
	<u>488 815</u>	<u>458 041</u>
<b>26.4 Remuneration - Chief Financial Officer</b>		
Annual Remuneration	310 500	282 000
Car Allowance	83 815	88 131
Contributions - UIF, Medical and Pension Funds	62 317	57 849
	<u>456 632</u>	<u>427 980</u>



## Tswelopele Local Municipality

### Notes to the financial statements

for the year ended 30 June 2007

	2007 R	2006 R
<b>26.5 Remuneration - Manager Corporate Services</b>		
Annual Remuneration	286 500	115 000
Performance Bonuses	-	-
Car Allowance	98 877	38 800
Contributions - UIF, Medical and Pension Funds	73 208	24 445
	<u>458 585</u>	<u>178 245</u>
<b>26.6</b> The position of Technical Manager is vacant		
<b>26.7 Remuneration - Manager Community Services</b>		
Annual Remuneration	261 000	264 550
Bonus	22 000	-
Car Allowance	119 647	111 433
Contributions - UIF, Medical and Pension Funds	54 236	52 029
	<u>456 883</u>	<u>428 012</u>
<b>27 Unauthorised, irregular, fruitless and wasteful expenditure</b>		
<b>27.1 Irregular expenditure</b>		
Reconciliation of irregular expenditure		
Opening balance	782 235	-
Irregular expenditure current year	-	782 235
Approved or condoned by council	(782 235)	-
	<u>-</u>	<u>782 235</u>
<b>27.2 Fruitless and wasteful expenditure</b>		
Reconciliation of unauthorised expenditure		
Opening balance	20 000	-
Fruitless and wasteful expenditure current year	-	20 000
Approved or condoned by Council	(20 000)	-
	<u>-</u>	<u>20 000</u>
<b>28 Additional Disclosures in terms of the Municipal Finance Management Act</b>		
<b>28.1 Contributions to Organised Local Government</b>		
Opening Balance	-	-
Council Subscriptions	71 896	6 408
Amount paid - Current Year	(71 896)	(6 408)
Closing Balance	<u>-</u>	<u>-</u>
<b>28.2 Audit Fees</b>		
Opening Balance	580 000	517 392
Audit Fee - Current Year (Provision)	580 000	580 000
Amount paid/Written back - Current Year	-	100 409
Amount paid - Previous Year	(538 650)	(617 801)
Closing Balance - Included in Provisions (note 9)	<u>621 350</u>	<u>580 000</u>
<b>28.3 VAT</b>		
VAT (Refundable)/Payable	<u>(683 957)</u>	<u>(363 844)</u>

The above figure represents the net amount of VAT output and VAT input receivable. Not all VAT returns have been submitted on the due date.

## Tswelopele Local Municipality

### Notes to the financial statements

for the year ended 30 June 2007

	2007 R	2006 R
<b>28.4 Levies - district municipality</b>		
Opening balance	-	-
Levies current year	-	46 295
Amount paid - current year	-	(46 295)
Closing balance	<u>-</u>	<u>-</u>
<b>28.5 PAYE and UIF</b>		
Opening balance	43 929	47 507
Payroll deductions - current year	1 999 853	1 618 281
Amount paid - current year	(1 999 853)	(1 621 859)
Closing balance - included in debtors (note 8)	<u>43 929</u>	<u>43 929</u>
<b>28.6 Pension and medical aid fund deductions</b>		
Opening balance	-	-
Payroll deductions and council contributions - current year	4 470 505	3 383 312
Amount paid - current year	(4 470 505)	(3 383 312)
Closing balance	<u>-</u>	<u>-</u>
<b>28.7 Councillors' arrear consumer accounts</b>		
Arrear consumer accounts		nil
<b>28.8 Non-compliance with the Municipal Finance Management Act</b>		
28.8.1 Chapter 7, Section 53(1)(c)(ii)		
The service delivery and budget implementation plan was not approved by the mayor within 28 days after the approval of the budget.		
28.8.2 Chapter 7, Section 53(1)(c)(iii)		
The annual performance agreements of the municipal manager and all senior managers were concluded but no evaluation was done.		
28.8.3 Chapter 7, Section 53(2)		
The mayor did not report the failure to approve the service delivery and budget implementation plan		
28.8.4 Chapter 7, Section 53(3)(a) and (b)		
Service delivery targets, performance indicators and performance agreements were not made public.		
28.8.5 Chapter 8, Section 69(3)		
The accounting officer did not submit a draft service delivery and budget implementation plan to the mayor.		
28.8.6 Chapter 8, Section 75		
The accounting officer did not display the documents required in terms of this section on the website of the municipality.		
28.8.7 Chapter 12, Section 127(2)		
The mayor did not table the annual report of the municipality timeously		
28.8.8 Chapter 12, Section 127(3)(a) and (b)		
The mayor did not submit a written explanation setting out the reasons for failure to submit the annual report timeously		
28.8.9 Chapter 12, Section 127(5)		
The accounting officer did not publicise the annual report		
28.8.10 Chapter 12, Section 130(1)		
No meeting was held with the public or any organs of state with regard to the annual report.		

**Tswelopele Local Municipality**

**Financial statements**

for the year ended 30 June 2007

**Appendix A**

**Statutory funds and provisions**

	Balance	Contributions	Interest	Other Income & Adjustments	Expenditure	Balance
	01.07.2006	2007	2007	2007	2007	30.06.2007
	R	R	R	R	R	R
<b>Statutory funds</b>						
Capital development fund	4 633 911	-	419 532	-	(877 191)	4 176 252
Erven trust fund	3 667 679	-	423 508	1 326 042	(191 233)	5 225 996
	<u>8 301 590</u>	<u>-</u>	<u>843 040</u>	<u>1 326 042</u>	<u>(1 068 424)</u>	<u>9 402 248</u>
<b>Provisions</b>						
Audit fees	479 591	580 000	-	-	(538 650)	520 941
Audit fees adj previous years	100 409	-	-	(80 502)	-	19 907
Audit fees	580 000	580 000	-	(80 502)	(538 650)	540 848
Bonusses	-	22 288	-	363 000	-	385 288
Accrued leave pay	1 900 062	2 077 913	-	-	-	3 977 975
<b>Sub total</b>	<u>2 480 062</u>	<u>2 680 201</u>	<u>-</u>	<u>282 498</u>	<u>(538 650)</u>	<u>4 904 111</u>
Bad debts	13 658 150	5 925 363	-	-	-	19 583 513
	<u>16 138 212</u>	<u>8 605 564</u>	<u>-</u>	<u>282 498</u>	<u>(538 650)</u>	<u>24 487 624</u>

**Tswelopele Local Municipality**

**Financial statements**  
for the year ended 30 June 2007

**Appendix B**

**External loans**

<b>Public and other external loans</b>	Interest Rate	Loan No	Date approved	Year of Settlement	Balance	Received	Adjustment	Redeemed/ Written Off	Balance
					01.07.2006 R	2007 R	2007 R	2007 R	30.06.2007 R
Development Bank of South Africa					15 358 276	-	-	(285 901)	15 072 375
Sewerage	13.45%	3	07.04.81	2009	473 995	-	-	(35 949)	438 046
Electricity	11.25%	37	10.11.76	2008	12 134	-	-	(5 752)	6 382
Sewerage	11.90%	38	29.06.04	2024	14 872 147	-	-	(244 200)	14 627 947
ABSA	2.58%		24.11.06	2012		911 599		(114 424)	797 175
Corporate Finance Solutions	10.60%		22.06.05	2009		139 318		(38 312)	101 006
<b>Total external loans</b>					<b>15 358 276</b>	<b>1 050 917</b>	<b>-</b>	<b>(438 637)</b>	<b>15 970 556</b>

**Tswelopele Local Municipality**

**Financial statements**  
for the year ended 30 June 2007

**Appendix C**

**Analysis of fixed assets**

Expenditure 2006	Service	Balance at 01.07.2006	Expenditure 2007	Redeemed, Transferred or Written-off 2007	Balance at 30.06.2007
R		R	R	R	R
<b>17 084 004</b>	<b>Rates and general services</b>	<b>90 693 892</b>	<b>14 164 145</b>	<b>175 560</b>	<b>104 682 477</b>
<b>2 881 966</b>	<b>Community services</b>	<b>41 773 511</b>	<b>7 648 090</b>	<b>175 560</b>	<b>49 246 041</b>
-	Ambulance - Phahameng	102 171	-	-	102 171
-	Administration	378 556	-	-	378 556
125 172	Town Land	1 717 422	-	-	1 717 422
-	Creche	39 480	-	-	39 480
-	Council property	380 694	-	-	380 694
-	Camps and pound - Bultfontein	96 530	-	-	96 530
-	Camps and pound - Hoopstad	347 199	-	-	347 199
29 224	City and community hall - Bultfontein	622 649	-	-	622 649
30 796	City and community hall - Hoopstad	1 014 780	-	-	1 014 780
-	Civil protection	6 486	-	-	6 486
-	Communal land	105 138	-	-	105 138
15 674	Parks and cemeteries - Bultfontein	601 040	199 116	-	800 156
15 674	Parks and cemeteries - Hoopstad	132 223	-	-	132 223
522 257	Public buildings and equipment	3 627 912	1 352 160	9 560	4 970 512
771 983	Public works - Bultfontein	12 270 969	3 754 298	-	16 025 267
1 150 186	Public works - Hoopstad	13 738 161	1 706 536	-	15 444 697
-	Sports grounds - Bultfontein	1 713 856	556 260	-	2 270 116
-	Sports grounds - Hoopstad	2 160 283	-	-	2 160 283
-	Swimming pool - Bultfontein	77 917	-	-	77 917
21 000	Unsold erven - Hoopstad	914 421	-	-	914 421
-	Planning - Hoopstad	153 259	79 720	166 000	66 979
-	Unsold houses - Phahameng	289 289	-	-	289 289
-	Unsold stands - Bultfontein	36 510	-	-	36 510
200 000	Unsold stands - Phahameng	1 246 566	-	-	1 246 566
-	<b>Subsidised services</b>	<b>440 027</b>	<b>-</b>	<b>-</b>	<b>440 027</b>
-	Clinic - Bultfontein	162 697	-	-	162 697
-	Clinic - Phahameng	193 038	-	-	193 038
-	Fire brigade - Bultfontein	14 463	-	-	14 463
-	Fire brigade - Hoopstad	17 472	-	-	17 472
-	Health	21 220	-	-	21 220
-	Library - Hoopstad	28 365	-	-	28 365
-	Library - Bultfontein	2 772	-	-	2 772
<b>14 202 038</b>	<b>Economic services</b>	<b>48 480 354</b>	<b>6 516 055</b>	<b>-</b>	<b>54 996 409</b>
-	Development	11 411	236 425	-	247 836
-	Refuse	358 523	138 000	-	496 523
10 045 906	Sewerage - Bultfontein	31 229 902	2 902 282	-	34 132 184
4 156 132	Sewerage - Hoopstad	15 579 076	3 239 348	-	18 818 424
-	Water bourne sewerage	1 301 442	-	-	1 301 442
17 084 004	Balance c/f	90 693 892	14 164 145	175 560	104 682 477



## Tswelopele Local Municipality

### Financial statements

for the year ended 30 June 2007

#### Analysis of fixed assets (continued)

Expenditure 2006	Service	Balance at 01.07.2006	Expenditure 2007	Redeemed, Transferred or Written-off 2007	Balance at 30.06.2007
R		R	R	R	R
17 084 004	Balance b/f	90 693 892	14 164 145	175 560	104 682 477
<b>3 188 687</b>	<b>Trading services</b>	<b>36 007 998</b>	<b>6 860 305</b>	<b>-</b>	<b>42 868 303</b>
-	Abattoir	429 240	-	-	429 240
2 672 749	Electricity - Bultfontein	5 024 762	138 152	-	5 162 914
147 492	Electricity - Hoopstad	2 016 147	936 954	-	2 953 101
-	Farming	361 585	-	-	361 585
-	Game farming	124 325	-	-	124 325
107 003	Water - Bultfontein	15 756 745	5 444 416	-	21 201 161
261 443	Water - Hoopstad	12 295 194	340 783	-	12 635 977
<b>20 272 691</b>	<b>Total fixed assets</b>	<b>126 701 890</b>	<b>21 024 450</b>	<b>175 560</b>	<b>147 550 780</b>
<b>10 107 274</b>	<b>Less: Loans redeemed and other capital receipts</b>	<b>110 929 890</b>	<b>20 412 167</b>	<b>175 560</b>	<b>131 166 497</b>
204 366	Loans redeemed and advances paid	419 302	438 636	-	857 938
384 856	Contributions ex operating income	14 379 988	664 888	175 560	14 869 316
384 856	Assets sold / written off	-	-	-	-
-	Loans redeemed and transferred	-	664 888	175 560	14 869 316
339 115	Other sources	5 485 836	-	-	5 485 836
428 093	Contributions from funds	1 580 048	1 026 336	-	2 606 384
8 750 844	Contributions from Government and District Municipality	88 399 656	17 726 047	-	106 125 703
-	Revaluation	28 600	-	-	28 600
-	Grants	636 460	556 260	-	1 192 720
<b>10 165 417</b>	<b>Net fixed assets</b>	<b>15 772 000</b>	<b>612 283</b>	<b>-</b>	<b>16 384 283</b>

## Tswelopele Local Municipality

### Financial statements

for the year ended 30 June 2007

### Appendix D

#### Analysis of operating income and expenditure

Actual 2006 R		Actual 2007 R	Budget 2007 R
<b>Income</b>			
19 211 736	Grants and subsidies	21 763 434	20 647 000
17 242 500	- Central government	19 862 609	19 863 000
1 919 236	- Provincial government	1 850 825	734 000
50 000	- Other	50 000	50 000
19 346 950	Operating income	23 331 543	23 940 448
3 128 152	- Assessment rates	3 088 588	2 925 100
6 065 994	- Sale of electricity	7 313 857	7 435 000
2 883 944	- Sale of water	4 468 379	4 056 700
7 268 860	- Other services and charges	8 460 719	9 523 648
<u>38 558 686</u>		<u>45 094 977</u>	<u>44 587 448</u>
<b>Expenditure</b>			
17 562 105	Salaries, wages and allowances	19 410 611	21 105 118
10 912 235	General expenses:	15 177 173	11 635 595
4 553 041	- Purchase of electricity	5 130 203	5 400 000
321 628	- Purchase of water	932 707	870 000
6 037 566	- Other general expenses	9 114 249	5 365 595
3 590 391	Repairs, maintenance & fuel	2 932 982	3 054 180
384 856	Contributions to fixed assets	664 888	349 464
1 742 963	Capital charges	2 301 381	2 116 120
7 590 135	Contributions	9 298 855	6 324 000
<u>41 782 685</u>		<u>49 785 890</u>	<u>44 584 477</u>

**Tswelopele Local Municipality**

**Financial statements**

for the year ended 30 June 2007

Appendix E

**Detailed income statement**

Actual Income	Actual Expenditure	Surplus/ (Deficit)		Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budgeted Surplus/ (Deficit)
2006	2006	2006		2007	2007	2007	2007
R	R	R		R	R	R	R
24 284 838	29 230 112	(4 945 274)	<b>Rates and general services</b>	29 505 414	34 959 519	(5 454 105)	(2 360 177)
9 883 432	15 294 515	(5 411 083)	<b>Community services</b>	16 429 642	22 042 927	(5 613 285)	(5 138 075)
3 128 152	702 800	2 425 352	Assessment rates	3 488 573	1 485 974	2 002 599	2 693 800
484 380	127 728	356 652	Camps	301 906	473 153	(171 247)	482 235
126 058	1 305 697	(1 179 639)	Community services	334 771	1 436 231	(1 101 460)	(1 166 830)
149 419	3 160 610	(3 011 191)	Council's general account	693 869	3 849 840	(3 155 971)	(3 711 087)
1 804	-	1 804	Licences	2 547	-	2 547	2 200
86 380	1 076 639	(990 259)	Parks and cemeteries	85 207	1 493 366	(1 408 159)	(1 476 795)
212 025	2 693 105	(2 481 080)	Public works	31 469	2 127 888	(2 096 419)	(2 723 584)
59 454	117 964	(58 510)	Properties	59 617	54 949	4 668	2 000
-	27 373	(27 373)	Sports grounds	-	47 180	(47 180)	(96 500)
62 500	759 703	(697 203)	Town hall	50 936	649 622	(598 686)	(656 204)
4 360 638	3 020 673	1 339 965	Town treasurer	8 585 003	6 017 376	2 567 627	3 562 369
309 571	1 399 172	(1 089 601)	Municipal manager	-	1 611 604	(1 611 604)	(2 049 679)
903 051	903 051	-	Welfare	2 795 744	2 795 744	-	-
991 591	718 890	272 701	<b>Subsidised services</b>	599 416	599 416	-	26 189
404 630	131 929	272 701	Health	80 315	80 315	-	26 189
116 526	116 526	-	Fire brigade	62 134	62 134	-	-
470 435	470 435	-	Library	456 967	456 967	-	-
13 409 815	13 216 707	193 108	<b>Economic services</b>	12 476 356	12 317 176	159 180	2 751 709
4 693 763	4 624 717	69 046	Refuse removal	4 008 335	3 897 478	110 857	1 000 572
8 716 052	8 591 990	124 062	Sewerage	8 468 021	8 419 698	48 323	1 751 137
14 273 848	12 552 573	1 721 275	<b>Trading services</b>	15 589 563	14 826 371	763 192	2 363 148
8 439 872	7 582 486	857 386	Electricity	8 686 675	8 194 260	492 415	996 190
86 350	-	86 350	Game farming	209 660	319 648	(109 988)	200 000
5 747 626	4 970 087	777 539	Water	6 693 228	6 312 463	380 765	1 166 958
<u>38 558 686</u>	<u>41 782 685</u>	<u>(3 223 999)</u>	<b>Total</b>	<u>45 094 977</u>	<u>49 785 890</u>	<u>(4 690 913)</u>	<u>2 971</u>
		(300 566)	Appropriations for the year (see note 15)			(767 196)	
		(3 524 565)	Net surplus/(deficit) for the year			(5 458 109)	
		4 145 330	Accumulated surplus: beginning of the year			620 765	
		<u>620 765</u>	Accumulated surplus/(deficit): end of the year			<u>(4 837 344)</u>	

## Tswelopele Local Municipality

### Statistics

for the year ended 30 June 2007

### Appendix F

<b>General statistics</b>		<b>2007</b>	<b>2006</b>
i)	Population	64 684	64 684
ii)	Valuation of Property : Rateable	R12 031 580	R12 031 580
	Land Improvements	R160 611 980	R160 611 980
	Valuation of Property : Non Rateable	R10 441 052	R10 441 052
	Land Improvements	R38 448 050	R38 448 050
iii)	Date of Valuation	1996/1997	1996/1997
iv)	Number of Stands - Residential and Commercial	8 968	8 968
v)	Assessment Rate on Land: Bultfontein	R 0.3960	R 0.3600
	Hoopstad	R 0.0872	R 0.0793
	Assessment Rate on Improvements: Hoopstad / R	R 1.09	R 0.99
vi)	Number of Employees	206	203
vii)	Area (Town Land)	5 780ha	5 780ha
<b>Electricity Statistics</b>			
i)	Units purchased (kWh)	22 715 090	22 251 467
ii)	Units sold	20 840 782	20 532 018
iii)	Units lost in Distribution	1 874 308	1 719 449
iv)	Percentage Loss in Distribution	8.25%	8%
v)	Cost per Unit sold	R 0.31	R 0.22
vi)	Income per Unit sold	R 0.35	R 0.30
<b>Water Statistics</b>			
i)	Units purchased (kl)	2 423 586	1 804 881
ii)	Units sold (kl)	2 196 663	1 633 791
iii)	Units lost in Distribution	226 923	171 090
iv)	Percentage Loss in Distribution	9.36%	9%
v)	Cost per Unit sold	R 1.31	R 0.20
vi)	Income per Unit sold	R 2.03	R 1.77