

# **Tswelopele Local Municipality**

## **Financial Statements**

*for the year ended 30 June 2008*

# **Tswelopele Local Municipality**

## **Draft Financial statements**

*for the year ended 30 June 2008*

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## **Tswelopele Local Municipality**

### **General information**

*for the year ended 30 June 2008*

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

K R Phukuntsi (Me)

S D Phara

T E Tjabane (Me)

C Horn

M S Bonokwane (Me)

P J Coetzer

D E Liphooko (Me)

T A Matlakala (Me)

F T Matsholo

K D Motshabi (Me)

N E Mphirime (Me)

M J Ngexe

M M Snyer

M J Taljaard

#### **Mayor**

#### **Speaker**

Member of the Executive Committee

Member of the Executive Committee

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

#### **Municipal Manager**

K J Motlhale

#### **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 2008*

#### **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 2008 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**

**29 August 2008**

## **Tswelopele Local Municipality**

### **Approval of financial statements**

*for the year ended 30 June 2008*

The annual financial statements set out on pages 15 to 30 were approved.

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***Municipal Manager (K J Motlhale)***

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***Chief Financial Officer (J W Young)***

**Report of Makomota & Dinatla Joint Venture to the Members of Tswelopele Local Municipality**  
*for the year ended 30 June 2008*

We have compiled the financial statements of the Tswelopele Municipality for the year ended 30 June 2008 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.

**Jim Besnaar CA (SA)**  
***Makomota & Dinatla Joint Venture***  
**29 August 2008**

**Report of the Auditor-General to the Tswelopele Local Municipality**  
*for the year ended 30 June 2008*

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 2008

#### Introduction

It is a pleasure to present the report for the 2007/2008 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 2008 are as follows:

Income	Actual 2007 R	Actual 2008 R	Variance 2007/2008 %	Budget 2008 R	Variance Actual/Budget %
Operating income for the year	45 094 977	66 427 373	47.31	49 162 892	35.12
Opening surplus / (deficit)	620 765	(5 912 409)	(5 291 644)		
Total	45 715 742	60 514 964	(5 291 597)	49 162 892	35.12
<b>Expenditure</b>					
Operating expenditure for the year	50 379 506	63 763 307	(26.57)	49 158 725	(29.71)
Sundry transfers	1 248 645	10 960 172			
Closing surplus / (deficit)	(5 912 409)	(14 208 514)	4 167		
Total	45 715 742	60 514 964	(26.57)	49 162 892	(29.71)

#### 1.1 Rates and general services

	Actual 2007 R	Actual 2008 R	Variance 2007/2008 %	Budget 2008 R	Variance Actual/Budget %
Income	29 505 414	47 061 357	59.50	37 267 363	26.28
Expenditure	(35 433 336)	(49 814 200)	(40.59)	(37 553 255)	(32.65)
Surplus/(deficit)	(5 927 922)	(2 752 843)	(8 680 765)	(285 892)	-20%
Surplus/(deficit) as a % of total Income	(13.15)	(4.14)		(0.58)	

**Tswelopele Local Municipality**

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

*for the year ended 30 June 2008*

**1.2 Trading services**

**1.2.1 Water**

	<b>Actual 2007 R</b>	<b>Actual 2008 R</b>	<b>Variance 2007/2008 %</b>	<b>Budget 2008 R</b>	<b>Variance Actual/Budget %</b>
Income	6 693 228	9 221 767	37.78	4 308 829	114.02
Expenditure	(6 357 395)	(4 657 594)	26.74	(3 584 472)	(29.94)
Surplus	335 833	4 564 173	(4 228 340)	724 357	3%
Surplus as a % of total Income	0.74	6.87		1.47	

**1.2.2 Electricity**

	<b>Actual 2007 R</b>	<b>Actual 2008 R</b>	<b>Variance 2007/2008 %</b>	<b>Budget 2008 R</b>	<b>Variance Actual/Budget %</b>
Income	8 686 675	10 144 250	16.78	7 586 700	33.71
Expenditure	(8 269 127)	(9 291 513)	(12.36)	(8 020 998)	(15.84)
Surplus	417 548	852 737	1 270 285	(434 298)	1%
Surplus as a % of total Income	0.93	1.28		(0.88)	

**1.2.3 Game farming**

	<b>Actual 2007 R</b>	<b>Actual 2008 R</b>	<b>Variance 2007/2008 %</b>	<b>Budget 2008 R</b>	<b>Variance Actual/Budget %</b>
Income	209 660	-	(100.00)	-	-
Expenditure	(319 648)	-	(100.00)	-	-
(Deficit)/surplus	(109 988)	-	(109 988)	-	-
Surplus as a % of total Income	(0.24)	-		-	

**Tswelopele Local Municipality**

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

*for the year ended 30 June 2008*

**2 CAPITAL EXPENDITURE AND FINANCING**

During the year fixed assets amounting to R 54,645,780 were acquired. This is 61.3 % more than the previous year and consist of the following:

	<b>Actual 2007 R</b>	<b>Budget 2008 R</b>	<b>Actual 2008 R</b>
Community services	236 425	321 483	321 483
Public buildings & equipment (including roads)	7 648 090	3 146 372	3 146 372
Administration	-	760 810	760 810
Sanitation	138 000	-	-
Electricity network, equipment & vehicles	1 075 106	99 360	99 360
Water	5 785 199	8 134 216	8 134 216
Sewerage network	6 141 630	42 183 538	42 183 538
	<u>21 024 450</u>	<u>54 645 780</u>	<u>54 645 780</u>

The following resources were utilised to finance the fixed assets:

	<b>2007 R</b>	<b>2008 R</b>	<b>2008 R</b>
Contributions from operating income	664 888	646 339	646 339
Contributions from Government and Province	17 726 048	65 988 560	51 985 441
Other sources (loans and funds)	2 633 514	2 014 000	2 014 000
	<u>21 024 450</u>	<u>68 648 899</u>	<u>54 645 780</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>2008 R</b>	<b>2007 R</b>
External loans	(15 534 446)	(15 970 556)
External investments	23 211 576	12 564 034
Cash on hand and in bank	77 920	2 840
Bank balance/( overdraft)	223 743	(2 228 483)

**Tswelopele Local Municipality**

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

*for the year ended 30 June 2008*

**4 FUNDS, RESERVES AND PROVISIONS**

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

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
Provisions	4 006 116	5 042 930
Capital development fund	4 909 735	5 022 416
Erven trust fund	6 037 460	5 315 996

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

**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**

29.08.2008  
**Date**

## **Tswelopele Local Municipality**

### **Accounting policies**

*for the year ended 30 June 2008*

#### **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 2008*

#### **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**

1% contribution of prior year operating income was 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 2008*

#### **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 2008*

#### **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 2008

	Note	2008 R	2007 R
<b>Capital employed</b>			
<b>Funds and reserves</b>		10 947 195	10 338 412
Statutory funds	1	10 947 195	10 338 412
Accumulated surplus		(14 208 514)	(5 912 409)
		(3 261 320)	4 426 003
Long term liabilities	2	15 010 212	15 446 322
Consumer deposits	3	344 785	324 132
<b>Total capital employed</b>		<b>12 093 677</b>	<b>20 196 457</b>
<b>Employment of capital</b>			
Fixed assets	4	13 064 460	16 384 283
Investments	5	212 454	212 454
		13 276 914	16 596 737
<b>Net current assets</b>		(1 183 237)	3 599 720
<b>Current assets</b>		38 779 429	20 756 640
Inventory	6	839 226	710 195
Debtors	7	14 639 418	7 692 025
Cash and bank	10	301 663	2 840
Short term investments	5	22 999 122	12 351 580
<b>Current liabilities</b>		39 962 667	17 156 920
Provisions	8	4 006 116	5 042 930
Creditors	9	35 432 317	9 361 273
Bank overdraft	10	-	2 228 483
Short term portion of long term liabilities	2	524 234	524 234
<b>Total employment of capital</b>		<b>12 093 677</b>	<b>20 196 457</b>

## Tswelopele Local Municipality

### Income statement

for the year ended 30 June 2008

Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budget Surplus/ (Deficit)
2007 R	2007 R	2007 R	2007 R
29 505 414	35 433 336	(5 927 922)	(2 360 177)
16 429 601	22 442 940	(6 013 339)	(5 138 075)
599 457	599 457	-	26 189
12 476 356	12 390 939	85 417	2 751 709
15 589 563	14 946 170	643 393	2 363 148
45 094 977	50 379 506	(5 284 529)	2 971

(1 248 645)  
(6 533 174)

620 765

(5 912 409)

#### Rates and

#### General services

Community services

Subsidised services

Economic services

#### Trade services

#### Total

Appropriations for the year

(See note 15)

Net surplus/(deficit) for the year

Accumulated surplus:

Beginning of the year

Accumulated (deficit)/surplus:

End of the year

Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budget Surplus/ (Deficit)
2008 R	2008 R	2008 R	2008 R
47 061 357	49 814 200	(2 752 843)	(285 888)
32 725 070	39 210 626	(6 485 556)	(1 507 865)
578 481	578 481	-	-
13 757 806	10 025 093	3 732 713	1 221 977
19 366 016	13 949 107	5 416 909	290 055
66 427 373	63 763 307	2 664 066	4 167

(10 960 172)

(8 296 105)

(5 912 409)

(14 208 514)

## Tswelopele Local Municipality

### Cash flow statement

for the year ended 30 June 2008

	Note	2008	2007
		R	R
<b>Cash retained from operating activities</b>		68 256 738	19 072 763
Cash generated by operations	16	(29 129 868)	(16 426 672)
Interest received	14	3 249 015	1 032 923
Increase/(decrease) in working capital	17	17 280 364	(5 331 284)
		(8 600 488)	(20 725 033)
<b>Less:</b> external interest paid		(1 797 005)	(1 878 998)
<b>Cash available from/(utilised in) operations</b>		(10 397 493)	(22 604 031)
Cash contributions from government and public bodies		77 803 610	41 072 077
Fixed assets sold		850 622	604 717
<b>Cash utilised in investing activities</b>			
Investment in fixed assets		(54 645 780)	(21 024 450)
<b>Net cash flow</b>		13 610 959	(1 951 687)
<b>Cash effects of financing activities</b>			
Increase/(decrease) in long term liabilities	18	(436 110)	612 279
(Increase)/decrease in cash investments	19	(10 647 542)	(923 699)
(Increase)/decrease in cash and bank	20	(2 527 306)	2 263 107
<b>Net cash utilised</b>		(13 610 958)	1 951 687

## Tswelopele Local Municipality

### Notes to the financial statements

for the year ended 30 June 2008

		2008 R	2007 R
1	<b>Statutory funds</b>		
	Capital development fund	4 909 735	5 022 416
	Erven trust fund	6 037 460	5 315 996
		<u>10 947 195</u>	<u>10 338 412</u>
1.1	See appendix A		
2	<b>Long term liabilities</b>		
	Development Bank of South Africa	14 755 616	15 072 375
	ABSA	752 200	797 175
	Corporate Finance Solutions	26 630	101 006
		<u>15 534 446</u>	<u>15 970 556</u>
	Less: current portion transferred to current liabilities - note 2.1, 2.2, 2.3	<u>(524 234)</u>	<u>(524 234)</u>
		<u>15 010 212</u>	<u>15 446 322</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		
3	<b>Consumer deposits</b>		
	Water	103 527	83 882
	Electricity	241 257	240 250
		<u>344 785</u>	<u>324 132</u>
3.1	No guarantees are kept in lieu of electricity deposits.		
4	<b>Fixed assets</b>		
	Fixed assets at the beginning of the year	147 121 540	126 701 890
	Capital expenditure	54 645 780	21 024 450
	Less: assets written-off, transferred or disposed off	<u>(850 622)</u>	<u>(604 800)</u>
	<b>Total fixed assets</b>	<u>200 916 698</u>	<u>147 121 540</u>
	Less: loans redeemed and other capital receipts	<u>(187 852 236)</u>	<u>(130 737 257)</u>
	<b>Net fixed assets</b>	<u>13 064 462</u>	<u>16 384 283</u>
4.1	See appendix C and section 2 of the report of the Chief Financial Officer.		
5	<b>Investments</b>		
	<b>Unlisted</b>		
	Senwes funds - note 5.1 to 5.5	212 454	212 454
	Short term investments - note 5.5	22 999 122	12 351 580
		<u>23 211 576</u>	<u>12 564 034</u>
	Less: transfer of short term investments	<u>(22 999 122)</u>	<u>(12 351 580)</u>
		<u>212 454</u>	<u>212 454</u>

## Tswelopele Local Municipality

### Notes to the financial statements

for the year ended 30 June 2008

		2008 R	2007 R
5	<b>Investments (continued)</b>		
	<b>Unlisted</b>		
5.1	Unlisted investments	212 454	212 454
5.2	Management's valuation of unlisted investments	576 506	454 360
5.3	Average gross rate of return on investments	23.55%	10.58%
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.		
	<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	19 753	10 370
	Dividends received - Senwesbel Limited	30 292	12 117
6	<b>Inventory</b>		
	Inventory consists of consumables, materials and game - note 7.1	839 226	710 195
6.1	Adequate provision has been made for obsolete stock.		
7	<b>Debtors</b>		
	Consumer debtors	32 095 040	27 629 157
	Sundry debtors	6 863 657	2 014 695
		38 958 697	29 643 852
	Less: provision for bad debts (excluding VAT)	(21 318 422)	(19 583 513)
	Less: provision for VAT on bad debts	(3 000 857)	(2 368 314)
		14 639 418	7 692 025
7.1	Bad debts : R 179 441.60 (2007: R 178 162).		
7.2	Days outstanding in debtors are in excess of 120 days (2007 : 120 + days).		
8	<b>Provisions</b>		
	Audit fees	818 182	679 667
	Leave reserve	2 775 675	3 977 975
	Bonusses	412 258	385 288
	Bad debts - current year	21 318 422	19 583 513
		25 324 538	24 626 443
	Less: provision transferred to debtors - note 8.1	(21 318 422)	(19 583 513)
		4 006 116	5 042 930
8.1	See appendix A		
9	<b>Creditors</b>		
	Trade and sundry creditors	5 294 092	2 196 913
	Deposits	786 897	722 300
	Amounts received in advance	29 351 329	6 442 059
		35 432 317	9 361 272

## Tswelopele Local Municipality

### Notes to the financial statements

for the year ended 30 June 2008

		2008 R	2007 R
10	<b>Bank, cash and overdraft balances</b>		
	The Municipality has the following bank accounts and cash on hand:		
10.1	<b>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)	(2 228 483)	34 624
	Cash book balance - end of the year - dt (cr)	223 743	(2 228 483)
	<b>Cash on hand</b>	77 920	2 840
		-	2 840
	Bank statement balance - beginning of the year - cr (dt)	372 118	2 059 307
	Bank statement balance - end of the year - cr (dt) - note 10.3	1 903 730	372 118
10.2	<b>Money market fund</b>		
	ABSA Bank Limited - Bultfontein branch Account number 9108352550		
	Cash book balance - end of the year	22 991 469	12 343 926
	Bank statement balance - end of the year	22 991 469	12 343 926
10.3	<b>Savings account</b>		
	ABSA Bank Limited - Bultfontein branch Account number 917438302		
	Cash book balance - end of the year	7 653	7 653
	Bank statement balance - end of the year	7 653	7 653
11	<b>Assessment rates</b>		
		<b>Valuation 30.06.2008 R</b>	<b>Actual Income 2008 R</b>
	Government	1 566 288	660 557
	Residential and other	12 455 903	3 050 657
		14 022 191	3 711 214
11.1	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.		
11.2	The assessment rates are levied on the following basis: Land : Bultfontein 0.36c/R (2007: 0.36c/R); Hoopstad 0.793c/R (2007:0.793c/R) Improvements: Bultfontein nil/R (2007: nil/R); Hoopstad 0.99c/R (2007:0.99c/R) Rebates are given to the Central and Provincial Government		

## Tswelopele Local Municipality

### Notes to the financial statements

for the year ended 30 June 2008

	2008 R	2007 R
<b>12 Councillors' remuneration</b>		
Mayor's allowance	429 770	484 728
Speaker's allowance	364 882	390 080
Councillors' allowances	1 217 011	1 423 877
Executive Committee Members' allowances	337 723	373 417
Pension fund contributions	-	-
	<u>2 349 385</u>	<u>2 672 102</u>
<b>12.1 Benefits in kind</b>		
The 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)	13 365	50 005
M.J. Taljaard (Die Ou Plank Plek)	3 400	600
<b>13 Auditor's fees</b>		
Current year	798 275	718 819
(Over) / under provision previous year	19 907	(80 502)
	<u>818 182</u>	<u>638 317</u>
<b>14 Finance transactions</b>		
Total external interest received or paid:		
Interest received	3 249 015	1 032 923
Interest paid	(1 797 005)	(1 878 998)
	<u>1 452 010</u>	<u>(846 075)</u>
Capital expenses debited against operating account:		
Interest :	1 797 005	1 878 998
- External	<u>1 797 005</u>	<u>1 878 998</u>
Redemption:	3 324 634	438 637
- External	<u>3 324 634</u>	<u>438 637</u>
<b>15 Appropriations</b>		
Appropriation account:		
Accumulated surplus: beginning of the year	(5 912 409)	620 765
Operating (deficit)/surplus for the year	2 664 066	(5 284 529)
Appropriations for the year:	(10 960 172)	(1 248 645)
Adjustments previous years	<u>(10 960 172)</u>	<u>(1 248 645)</u>
Accumulated surplus : end of the year	<u>(14 208 514)</u>	<u>(5 912 409)</u>

## Tswelopele Local Municipality

### Notes to the financial statements

for the year ended 30 June 2008

	2008 R	2007 R
<b>16 Cash generated by operations</b>		
(Deficit)/surplus for the year	2 664 066	(5 284 529)
Assets not previously capitalised	-	-
Adjustments in respect of:		
Previous years' operating transactions	(10 963 353)	(1 248 645)
Interest received	(1 771 543)	(189 883)
Appropriations charged against income:	2 744 599	9 259 351
Capital development fund	451 178	454 797
Provisions and reserves	2 380 001	8 744 383
Capital expenditure	764 042	664 888
Fixed assets sold	(850 622)	(604 717)
Capital charges:	5 121 639	2 317 635
Interest paid:	1 797 005	1 878 998
- External loans	1 797 005	1 878 998
Redemption:	3 324 634	438 637
- External loans	3 324 634	438 637
Grants and subsidies received	(23 923 503)	(21 763 434)
Operating income credited against:		
- Statutory funds	747 796	1 807 409
- Trust funds		-
Non-operating expenditure debited against:		
- Accumulated funds	(2 067 664)	(1 068 424)
- Provisions and reserves	(1 681 907)	(256 152)
	<u>(29 129 868)</u>	<u>(16 426 672)</u>
<b>17 (Increase)/decrease in working capital</b>		
(Increase)/decrease in inventory	(129 031)	287 929
(Increase)/decrease in debtors	(8 682 302)	(5 924 444)
Increase/(decrease) in creditors	26 091 698	305 231
	<u>17 280 364</u>	<u>(5 331 284)</u>
<b>18 Increase/(decrease) in long term liabilities</b>		
Loans repaid	<u>(436 111)</u>	<u>612 280</u>
<b>19 (Increase)/decrease in cash investments</b>		
Investments at the beginning of the year	12 564 034	11 640 335
Less: investments at the end of the year	23 211 576	12 564 034
	<u>(10 647 542)</u>	<u>(923 699)</u>
<b>20 (Increase)/decrease in cash and bank</b>		
Cash and bank balance at the beginning of the year	(2 225 643)	(37 464)
Less: cash and bank balance at the end of the year	301 663	2 225 643
	<u>(2 527 306)</u>	<u>(2 263 107)</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 2008

	2008 R	2007 R
<b>22 Contingent liabilities and contractual obligations</b>		
22.1 Provision for Leave Pay: R 2,775,675 (2007: R 2,077,913)		
<b>23 Capital commitments</b>		
Commitments in respect of capital expenditure:		
- Approved and contracted for	54 645 780	19 475 964
- Approved but not yet contracted for	-	-
Unspent balance at 30 June 2008	14 003 119	1 158 223
	<u>68 648 899</u>	<u>19 475 964</u>
This expenditure will be financed from:		
- Internal sources	556 339	349 464
- External sources	68 092 560	19 126 500
	<u>68 648 899</u>	<u>19 475 964</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	21 364 388	19 862 609
Central government grants	52 192 498	18 518 824
Provincial government grants	2 679 083	-
Grants from the District Municipality	50 000	50 000
Other	-	772 474
Health and Ambulance subsidies	-	-
DBSA grant	-	74 717
	<u>76 285 970</u>	<u>39 278 624</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	-	-
Current year receipts	(63 723)	-
Transferred to income statement	-	-
Closing balance	<u>(63 723)</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 2008

	2008 R	2007 R
<b>25.2.2 MIG Grant</b>		
Opening balance	(1 158 223)	(6 213 314)
Current year receipts	-	(10 966 680)
Transferred to income/expenditure	-	615 079
Transferred to fixed assets	-	15 406 692
Closing balance - (transferred to creditors - note 9)	<u>(1 158 223)</u>	<u>(1 158 223)</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>25.2.3 MIG Grant</b>		
Opening balance	(4 170 625)	-
Current year receipts	(75 354 780)	(6 118 114)
Transferred to fixed assets	70 626 618	1 947 489
Closing balance - (transferred to creditors - note 9)	<u>(8 898 787)</u>	<u>(4 170 625)</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>25.2.4 Financial Management Grant</b>		
Opening balance	(67 888)	-
Current year receipts	(21 883)	(500 000)
Transferred to income/expenditure	19 349	432 112
Closing balance - (transferred to creditors - note 9)	<u>(70 422)</u>	<u>(67 888)</u>

## Tswelopele Local Municipality

### Notes to the Financial Statements

for the year ended 30 June 2008

	2008 R	2007 R
<b>25.2.5 Grant - settlement support</b>		
Opening balance	-	-
Current year receipts	-	(200 000)
Transferred to income/expenditure	-	200 000
Closing balance - (transferred to creditors - note 9)	-	-

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

<b>25.2.6 MSIG grant</b>		
Opening balance	(206 594)	-
Current year receipts	-	(367 000)
Transferred to income/expenditure	-	160 406
Closing balance - (transferred to creditors - note 9)	(206 594)	(206 594)

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>25.2.7 MSIG Grant</b>		
Opening balance	(110 985)	(145 554)
Current year receipts	(8 734 000)	(367 000)
Transferred to income/expenditure	8 627 518	401 570
Transferred to fixed assets	-	-
Closing balance - (transferred to creditors - note 9)	(217 467)	(110 985)

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 Financial Management Grant

Opening balance	(150 480)	(192 658)
Current year receipts	(510 453)	-
Transferred to income/expenditure	550 505	42 178
Closing balance - (transferred to creditors - note 9)	(110 428)	(150 480)

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 2008

	2008 R	2007 R
<b>25.3.2 Grant - purchase and repair of moveable assets</b>		
Opening balance	-	-
Transferred to income/expenditure	(67 888)	-
Closing balance - (transferred to creditors - note 9)	<u>(67 888)</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>25.3.3 Grant - capacity building</b>		
Opening balance	(24 970)	(24 970)
Transferred to income/expenditure	14 620	-
Closing balance - (transferred to creditors - note 9)	<u>(10 350)</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>25.3.4 Grant - town planning and surveying</b>		
Opening balance	45 600	-
Transferred to income/expenditure	(206 048)	45 600
Transferred to erven trust fund	100 000	-
Closing balance - (transferred to creditors - note 9)	<u>(60 448)</u>	<u>45 600</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>Adjusted to prior year balances</b>		
Corrected prior year closing balance that had not been disclosed		
<b>25.3.5 Financial Grant</b>		
Opening balance	(34 675)	(129 878)
Current year receipts	-	-
Transferred to income/expenditure	4 798	-
Transferred to fixed assets	-	95 203
Closing balance - (transferred to creditors - note 9)	<u>(29 877)</u>	<u>(34 675)</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 2008

	2008 R	2007 R
25.4 <b>Grants from the District Municipality</b>		
25.4.1 <b>Grant - service of loan</b>		
Opening balance	-	-
Current year receipts	-	(50 000)
Transferred to income/expenditure	-	50 000
Closing balance - (transferred to creditors - note 9)	-	-

This grant was utilised to repay a loan. 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

	2008 R	2007 R
<b>25.5 Health and ambulance claims</b>		
Opening balance	287 754	328 700
Adjustment of opening balance	-	-
Claims	-	29 502
Current year receipts	-	(150 763)
Transferred to income	-	80 315
Closing balance - (transferred to debtors - note 8)	<u>287 754</u>	<u>287 754</u>
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.		
<b>25.6 DBSA Grant</b>		
Opening Balance	(176 248)	(167 072)
Current Year Receipts	-	(74 717)
Transferred to Income/Expenditure	76 950	-
Transferred to Fixed Assets	-	65 541
Closing balance - (transferred to creditors - note 9)	<u>(99 298)</u>	<u>(176 248)</u>
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.		
<b>26 Employee Related Costs</b>		
Salaries	11 779 538	11 843 648
Contributions - UIF, Pension and Medical Aid Fund,	3 619 358	2 882 429
Housing Subsidies	44 938	32 896
Industrial Council Levies	7 626	7 398
Other Allowances	261 629	291 386
Overtime	855 681	636 073
Travel, Subsistence and Car Allowances	1 616 726	868 351
Protective clothing	70 556	5 742
WCC	-	31 626
Skills development	169 299	151 336
	<u>18 425 352</u>	<u>16 750 885</u>
26.1 No advances were made to employees.		
<b>26.2 Remuneration - Municipal Manager</b>		
Annual Remuneration	342 000	318 000
Car Allowance	126 980	118 304
Contributions - UIF, Medical and Pension Funds	63 272	57 463
	<u>532 252</u>	<u>493 767</u>
<b>26.3 Remuneration - Chief Operations Officer</b>		
Annual Remuneration	339 000	315 000
Car Allowance	118 420	110 595
Contributions - UIF, Medical and Pension Funds	69 510	63 220
	<u>526 930</u>	<u>488 815</u>
<b>26.4 Remuneration - Chief Financial Officer</b>		
Annual Remuneration	339 000	310 500
Car Allowance	83 828	83 815
Contributions - UIF, Medical and Pension Funds	69 510	62 317
	<u>492 339</u>	<u>456 632</u>

## Tswelopele Local Municipality

### Notes to the financial statements

for the year ended 30 June 2008

	2008 R	2007 R
<b>26.5 Remuneration - Manager Corporate Services</b>		
Annual Remuneration	308 520	284 880
Performance Bonuses	-	-
Car Allowance	124 335	98 877
Contributions - UIF, Medical and Pension Funds	71 003	73 208
	<u>503 858</u>	<u>456 965</u>
<b>26.6</b> The position of Technical Manager is vacant		
<b>26.7 Remuneration - Manager Community Services</b>		
Annual Remuneration	335 400	261 000
Bonus	-	22 000
Car Allowance	91 131	119 647
Contributions - UIF, Medical and Pension Funds	65 808	54 236
	<u>492 339</u>	<u>456 883</u>
<b>27 Unauthorised, irregular, fruitless and wasteful expenditure</b>		
<b>27.1 Irregular expenditure</b>		
Reconciliation of irregular expenditure		
Opening balance	1 778 151	782 235
Irregular expenditure current year	1 902 239	1 778 151
Approved or condoned by council	(1 902 239)	(782 235)
	<u>1 778 151</u>	<u>1 778 151</u>
Expenditure shown as irregular was originally unauthorised, but then approved.		
<b>27.2 Fruitless and wasteful expenditure</b>		
Reconciliation of unauthorised expenditure		
Opening balance	63 840	20 000
Fruitless and wasteful expenditure current year	-	63 840
Approved or condoned by Council	-	(20 000)
	<u>63 840</u>	<u>63 840</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	172 383	71 896
Amount paid - Current Year	(172 383)	(71 896)
Closing Balance	<u>-</u>	<u>-</u>
<b>28.2 Audit Fees</b>		
Opening Balance	760 169	580 000
Audit Fee - Current Year (Provision)	818 182	718 819
Amount paid/Written back - Current Year	-	-
Amount paid - Previous Year	(899 755)	(538 650)
Closing Balance	<u>678 597</u>	<u>760 169</u>
<b>28.3 VAT</b>		
VAT (Refundable)/Payable	<u>(3 874 808)</u>	<u>(683 957)</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 2008

	2008 R	2007 R
<b>28.5 PAYE and UIF</b>		
Opening balance	43 929	43 929
Payroll deductions - current year	2 524 091	1 999 853
Amount paid - current year	(2 524 091)	(1 999 853)
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	3 472 351	4 470 505
Amount paid - current year	(3 472 351)	(4 470 505)
Closing balance	<u>-</u>	<u>-</u>
<b>28.7 Councillors' arrear consumer accounts</b>		
Arrear consumer accounts	nil	nil
<b>28.8 Non-compliance with the Municipal Finance Management Act</b>		
28.8.1 Chapter 8, Section 69(3)		
The accounting officer did not submit a draft service delivery and budget implementation plan to the mayor.		
28.8.2 Chapter 8, Section 75		
The accounting officer did not display the documents required in terms of this section on the website of the municipality.		
28.8.3 Chapter 12, Section 127(2)		
The mayor did not table the annual report of the municipality timeously		
28.8.4 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		



## Tswelopele Local Municipality

### Financial statements for the year ended 30 June 2008

### Appendix A

#### Statutory funds and provisions

	Balance	Contributions	Interest	Other Income & Adjustments	Expenditure	Balance
	01.07.2007	2008	2008	2008	2008	30.06.2008
	R	R	R	R	R	R
<b>Statutory funds</b>						
Capital development fund	5 022 416	451 178	717 817	-	(1 281 676)	4 909 735
Erven trust fund	5 315 996	-	759 656	747 796	(785 988)	6 037 460
	<u>10 338 412</u>	<u>451 178</u>	<u>1 477 473</u>	<u>747 796</u>	<u>(2 067 664)</u>	<u>10 947 195</u>
<b>Provisions</b>						
Audit fees	659 760	-	-	1 038 270	(899 755)	798 275
Audit fees adj previous years	19 907	-	-	-	-	19 907
Audit fees	679 667	-	-	1 038 270	(899 755)	818 182
Bonusses	385 288	26 970	-	-	-	412 258
Accrued leave pay	3 977 975	438 681	-	-	(1 640 981)	2 775 675
<b>Sub total</b>	<u>5 042 930</u>	<u>465 651</u>	<u>-</u>	<u>1 038 270</u>	<u>(2 540 735)</u>	<u>4 006 116</u>
Bad debts	19 583 513	1 914 350	-	-	(179 442)	21 318 422
	<u>24 626 443</u>	<u>2 380 001</u>	<u>-</u>	<u>1 038 270</u>	<u>(2 720 177)</u>	<u>25 324 538</u>

## Tswelopele Local Municipality

### Financial statements for the year ended 30 June 2008

### Appendix B

#### External loans

Public and other external loans	Interest Rate	Loan No	Date approved	Year of Settlement	Balance 01.07.2007 R	Received 2008 R	Adjustment 2008 R	Redeemed/ Written Off 2008 R	Balance 30.06.2008 R
Development Bank of South Africa					15 072 376	1 797 005	1 056 587	(3 170 352)	14 755 616
Sewerage	13.45%	3	07.04.81	2009	438 046	57 772	49 050	(147 843)	397 025
Electricity	11.25%	37	10.11.76	2008	6 382	551	3 517	(10 450)	-
Sewerage	11.90%	38	29.06.04	2024	14 627 948	1 738 682	1 004 020	(3 012 059)	14 358 591
ABSA	2.58%		24.11.06	2012	797 175	17 179		(91 555)	752 200
Corporate Finance Solutions	10.60%		22.06.05	2009	101 006	17 752		(62 727)	26 630
<b>Total external loans</b>					<b>15 970 557</b>	<b>34 930</b>	<b>1 056 587</b>	<b>(3 324 634)</b>	<b>15 534 446</b>

# Tswelopele Local Municipality

## Financial statements

for the year ended 30 June 2008

## Appendix C

### Analysis of fixed assets

Expenditure 2007	Service	Balance at 01.07.2007	Expenditure 2008	Redeemed, Transferred or Written-off 2008	Balance at 30.06.2008
R		R	R	R	R
<b>14 164 145</b>	<b>Rates and general services</b>	<b>104 682 476</b>	<b>46 412 203</b>	<b>(793 631)</b>	<b>150 301 047</b>
<b>7 648 090</b>	<b>Community services</b>	<b>49 246 040</b>	<b>1 082 293</b>	<b>(631 503)</b>	<b>49 696 830</b>
-	Ambulance - Phahameng	102 171	50	(50)	102 171
-	Administration	378 556	760 810	(615 503)	523 863
-	Town Land	1 717 422		(5 500)	1 711 922
-	Creche	39 480			39 480
-	Council property	66 978			66 978
-	Camps and pound - Bultfontein	96 530			96 530
-	Camps and pound - Hoopstad	347 199	316 620		663 819
-	City and community hall - Bultfontein	622 649			622 649
-	City and community hall - Hoopstad	1 014 780			1 014 780
-	Civil protection	6 486			6 486
-	Communal land	105 138			105 138
199 116	Parks and cemeteries - Bultfontein	800 155	4 813	(10 450)	794 518
-	Parks and cemeteries - Hoopstad	512 917			512 917
1 352 160	Public buildings and equipment	4 970 512			4 970 512
3 754 298	Public works - Bultfontein	16 025 267			16 025 267
1 706 536	Public works - Hoopstad	15 444 697			15 444 697
556 260	Sports grounds - Bultfontein	2 270 116			2 270 116
-	Sports grounds - Hoopstad	2 160 283			2 160 283
-	Swimming pool - Bultfontein	77 917			77 917
-	Unsold erven - Hoopstad	914 421			914 421
79 720	Planning - Hoopstad	-			-
-	Unsold houses - Phahameng	289 289			289 289
-	Unsold stands - Bultfontein	36 510			36 510
-	Unsold stands - Phahameng	1 246 566			1 246 566
-	<b>Subsidised services</b>	<b>440 027</b>	<b>3 146 372</b>	<b>(57 313)</b>	<b>3 529 086</b>
-	Clinic - Bultfontein	162 697	-	(51 000)	111 697
-	Clinic - Phahameng	193 038	-		193 038
-	Fire brigade - Bultfontein	14 463	-	(6 313)	8 150
-	Fire brigade - Hoopstad	17 472	-		17 472
-	Health	21 220	3 146 372		3 167 592
-	Library - Hoopstad	28 365	-		28 365
-	Library - Bultfontein	2 772	-		2 772
<b>6 516 055</b>	<b>Economic services</b>	<b>54 996 409</b>	<b>42 183 538</b>	<b>(104 816)</b>	<b>97 075 131</b>
236 425	Development	247 836			247 836
138 000	Refuse	496 523			496 523
2 902 282	Sewerage - Bultfontein	34 132 184	20 152 607	(82 763)	54 202 028
3 239 348	Sewerage - Hoopstad	18 818 424	22 030 932	(22 053)	40 827 303
-	Water bourne sewerage	1 301 442			1 301 442
<b>14 164 145</b>	<b>Balance c/f</b>	<b>104 682 476</b>	<b>46 412 203</b>	<b>(793 631)</b>	<b>150 301 047</b>

## Tswelopele Local Municipality

### Financial statements

for the year ended 30 June 2008

#### Analysis of fixed assets (continued)

Expenditure 2007	Service	Balance at 01.07.2007	Expenditure 2008	Redeemed, Transferred or Written-off 2008	Balance at 30.06.2008
R		R	R	R	R
14 164 145	Balance b/f	104 682 476	46 412 203	(793 631)	150 301 047
<b>6 860 305</b>	<b>Trading services</b>	<b>42 439 063</b>	<b>8 233 577</b>	<b>(56 990)</b>	<b>50 615 649</b>
-	Abattoir	-	-	-	-
138 152	Electricity - Bultfontein	5 162 914	55 504	(45 999)	5 172 419
936 954	Electricity - Hoopstad	2 953 101	43 856	-	2 996 957
-	Farming	361 585	-	-	361 585
-	Game farming	124 325	-	-	124 325
5 444 416	Water - Bultfontein	21 201 160	7 919 889	(10 991)	29 110 058
340 783	Water - Hoopstad	12 635 978	214 327	-	12 850 305
<b>21 024 450</b>	<b>Total fixed assets</b>	<b>147 121 539</b>	<b>54 645 780</b>	<b>(850 622)</b>	<b>200 916 697</b>
<b>20 412 167</b>	<b>Less: Loans redeemed and other capital receipts</b>	<b>130 737 257</b>	<b>57 968 784</b>	<b>853 805</b>	<b>187 852 236</b>
438 636	Loans redeemed and advances paid	857 938	3 324 634	-	4 182 572
664 888	Contributions ex operating income	14 440 159	764 042	748 988	14 455 213
-	Assets sold / written off	-	-	-	-
-	Loans redeemed and transferred	-	-	850 622	850 622
664 888	<b>Other sources</b>	14 440 159	764 042	-	14 455 213
-	Contributions from funds	5 485 836	-	87 329	5 398 507
1 026 336	Contributions from Government and District Municipality	2 606 384	-	-	2 606 384
17 726 047	Revaluation	106 125 620	53 880 107	17 487	159 988 240
-	Grants	28 600	-	-	28 600
556 260		1 192 720	-	-	1 192 720
<b>612 283</b>	<b>Net fixed assets</b>	<b>16 384 282</b>	<b>(3 323 004)</b>	<b>(1 704 426)</b>	<b>13 064 460</b>

## Tswelopele Local Municipality

### Financial statements

for the year ended 30 June 2008

### Appendix D

#### Analysis of operating income and expenditure

Actual 2007 R		Actual 2008 R	Budget 2008 R
<b>Income</b>			
21 763 434	Grants and subsidies	23 923 503	24 615 000
19 862 609	- Central government	21 191 886	24 615 000
1 850 825	- Provincial government	2 679 083	-
50 000	- Other	52 533	-
23 331 543	Operating income	42 503 871	24 547 892
3 088 588	- Assessment rates	3 711 214	3 409 993
7 313 857	- Sale of electricity	7 382 710	7 586 700
4 468 379	- Sale of water	4 829 487	4 308 829
8 460 719	- Other services and charges	26 580 459	9 242 370
<u>45 094 977</u>		<u>66 427 373</u>	<u>49 162 892</u>
<b>Expenditure</b>			
19 415 686	Salaries, wages and allowances	20 774 737	21 632 316
13 795 053	General expenses:	17 338 154	13 876 532
5 130 203	- Purchase of electricity	5 893 905	6 000 000
932 707	- Purchase of water	2 425 188	800 000
7 732 143	- Other general expenses	9 019 061	7 076 532
4 135 213	Repairs, maintenance & fuel	4 377 109	4 102 600
664 888	Contributions to fixed assets	725 098	662 777
2 301 381	Capital charges	2 113 568	2 134 500
10 067 285	Contributions	18 434 642	6 750 000
<u>50 379 506</u>		<u>63 763 307</u>	<u>49 158 725</u>

## Tswelopele Local Municipality

### Financial statements for the year ended 30 June 2008

### Appendix E

#### Detailed income statement

Actual Income	Actual Expenditure	Surplus/ (Deficit)		Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budgeted Surplus/ (Deficit)
2007	2007	2007		2008	2008	2008	2008
R	R	R		R	R	R	R
29 505 414	35 433 336	(5 927 922)	<b>Rates and general services</b>	47 061 357	49 814 200	(2 752 843)	(285 892)
16 429 601	22 442 940	(6 013 339)	<b>Community services</b>	32 725 070	39 210 626	(6 485 556)	(1 507 869)
3 488 573	1 520 860	1 967 713	<b>Assessment rates</b>	3 711 214	299 880	<b>3 411 334</b>	2 409 993
301 906	476 172	(174 266)	<b>Camps &amp; Arable Land</b>	317 988	77 823	240 165	235 392
334 771	1 439 579	(1 104 808)	<b>Community services</b>	21 058	1 010 763	<b>(989 705)</b>	(1 131 087)
693 869	3 856 779	(3 162 910)	<b>Council's general account</b>	63	4 366 434	<b>(4 366 370)</b>	(4 212 317)
2 547	25	2 522	<b>Licences</b>	250	-	250	1 500
85 207	1 494 218	(1 409 011)	<b>Parks and cemeteries</b>	123 679	1 471 388	(1 347 709)	(1 296 033)
31 469	2 128 203	(2 096 734)	<b>Public works</b>	1 532 453	4 810 377	(3 277 923)	(2 485 780)
59 617	55 545	4 072	<b>Properties / Council Properties</b>	90 502	202 267	<b>(111 765)</b>	(91 000)
-	47 180	(47 180)	<b>Sports grounds</b>	-	95 336	(95 336)	(77 500)
50 936	650 131	(599 195)	<b>Town Halls</b>	45 640	652 914	<b>(607 274)</b>	(652 041)
8 584 962	6 366 900	2 218 062	<b>Town treasurer / CFO</b>	24 410 654	21 790 080	2 620 575	7 658 949
-	1 611 604	(1 611 604)	<b>Municipal manager</b>	1 378 100	3 339 898	(1 961 798)	(1 867 945)
2 795 744	2 795 744	-	<b>Welfare</b>	1 093 467	1 093 467	-	-
599 457	599 457	-	<b>Subsidised services</b>	578 481	578 481	-	-
80 315	80 315	-	<b>Health</b>	7 182	7 182	-	-
62 134	62 134	-	<b>Fire brigade</b>	55 506	55 506	-	-
457 008	457 008	-	<b>Library</b>	515 793	515 793	-	-
12 476 356	12 390 939	85 417	<b>Economic services</b>	13 757 806	10 025 093	3 732 713	1 221 977
4 008 335	3 923 561	84 774	<b>Refuse removal</b>	4 952 164	3 494 215	1 457 949	529 613
8 468 021	8 467 378	643	<b>Sewerage</b>	8 805 643	6 530 879	2 274 764	692 364
15 589 563	14 946 170	643 393	<b>Trading services</b>	19 366 016	13 949 107	5 416 909	290 059
8 686 675	8 269 127	417 548	<b>Electricity</b>	10 144 250	9 291 513	852 737	(434 298)
209 660	319 648	(109 988)	<b>Game farming</b>	-	-	-	-
6 693 228	6 357 395	335 833	<b>Water</b>	9 221 767	4 657 594	4 564 173	724 357
45 094 977	50 379 506	(5 284 529)	<b>Total</b>	66 427 373	63 763 307	2 664 066	4 167
		(1 248 645)	Appropriations for the year (see note 15)			(10 960 172)	
		(6 533 174)	Net surplus/(deficit) for the year			(8 296 105)	
		620 765	Accumulated surplus: beginning of the year			(5 912 409)	
		<u>(5 912 409)</u>	Accumulated surplus(deficit): end of the year			<u>(14 208 514)</u>	

## Tswelopele Local Municipality

### Statistics

for the year ended 30 June 2008

### Appendix F

General statistics		2008	2007
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 0.3960
	Hoopstad	R 0.0872	R 0.0872
	Assessment Rate on Improvements: Hoopstad / R	R 1.09	R 1.09
vi)	Number of Employees	222	206
vii)	Area (Town Land)	5 780ha	5 780ha
<b>Electricity Statistics</b>			
i)	Units purchased (kWh)	22 535 460	22 715 090
ii)	Units sold	20 756 657	20 840 782
iii)	Units lost in Distribution	1 778 803	1 874 308
iv)	Percentage Loss in Distribution	7.89%	8%
v)	Cost per Unit sold	R 0.31	R 0.31
vi)	Income per Unit sold	R 0.35	R 0.35
<b>Water Statistics</b>			
i)	Units purchased (kl)	2 466 913	2 423 586
ii)	Units sold (kl)	2 256 615	2 196 663
iii)	Units lost in Distribution	210 298	226 923
iv)	Percentage Loss in Distribution	8.52%	9.36%
v)	Cost per Unit sold	R 0.98	R 1.31
vi)	Income per Unit sold	R 2.14	R 2.03

**Report of the Auditor-General on Performance Measurement to the Tswelopele  
Local Municipality**  
*for the year ended 30 June 2008*

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