

Phumelela Local Municipality

Financial Statements

for the year ended 30 June 2007

Konsep - Draft

Phumelela Local Municipality

Financial statements

for the year ended 30 June 2007

Contents	Page
General information	1 - 2
Foreword	3
Approval of financial statements	4
Report of Smit Kruger	5
Report of the Auditor-General	6
Report of the Chief Financial Officer	7 - 10
Accounting policies	11 - 14
Balance sheet	15
Income statement	16
Cash flow statement	17
Notes to the financial statements	18 - 29
Appendices:	
A. Statutory funds and provisions	30
B. External loans	31
C. Analysis of fixed assets	32 - 33
D. Analysis of operating income and expenditure	34
E. Detailed income statement	35
F. Statistics	36
Report of the Auditor-General on Performance Measurement	37

Phumelela Local Municipality

General information

for the year ended 30 June 2007

Members of the Phumelela Local Municipal Council

T J Motaung	Mayor/Speaker
M I Kobeni	Member
M M Kolatsoeu (me)	Member
B D Madonsela	Member
B A Mahlaba	Member
S T Makhubo	Member
M J Mofokeng (me)	Member
M D Nkabinde	Member
A C Scholtz	Member
T Thela	Member
O S Tshabalala	Member
S E Tshabalala	Member
J H van Niekerk	Member
T R Zwane (me)	Member

Municipal Manager

M J Mthembu (me)

Chief Financial Officer

Vacant

Grading of Local Authority

Grade 4

Auditors

Auditor-General

Bankers

ABSA

Phumelela Local Municipality

General information (continued)

for the year ended 30 June 2007

Registered office

Physical address:

Civic Centre
C/o Kuhn & Prinsloo Streets
Vrede
9835

Postal address:

Private Bag X5
Vrede
9835

Telephone number:

058 - 9138300

Fax number:

058 -9132317

E-mail address:

Phumelela.lm@absamail.co.za

Map of Phumelela Local Municipal Area

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

Phumelela Local Municipality
Foreword by the Mayor/Speaker
for the year ended 30 June 2007

Phumelela Local Municipality, with its headquarters at Vrede, is situated in the Eastern Free State in the Thabo Mofutsanyana District Municipality. The extent of the area of jurisdiction of the local municipality is approximately 7500 square kilometers. It comprises the urban and rural areas of:

Vrede and Thembalihle
Warden and Ezenzeleni
Memel and Zamani

The total population is estimated at 70 000

Phumelela has a long history of strife in the previous council and management which resulted in the Municipality being placed under Provincial Management in terms of s. 139 of the Constitution of the RSA. The lack of stability and proper administration led to service delivery failures, financial mismanagement, community dissatisfaction and civil protest.

The Municipality was for the larger part of the year under review under the administration of the Provincial Government. This can be regarded as the first steps in the turn-around process resulting in a turn-around strategy on which Council embarked in the next financial year.

The Council, elected in 2006, has done sterling work to stabilise governance resulting in the termination of the s. 139 intervention at the beginning of 2007. From this low base, vast progress has been made in filling key positions, improving service delivery, addressing operational and maintenance backlogs, effecting financial turn-around and revenue enhancement .

A municipality can be compared with a large oil tanker. When it is on course it is very difficult to turn and to eventually put it on a new course takes time, hard work and a dedicated crew. Council is committed to put the Municipality on a new course of financial recovery, good service delivery and good governance.

I am grateful to the Councillors, the Municipal Manager, heads of departments and all personnel for their loyal support, friendly co-operation and dedication during the past year.

.....

T J Motaung
Mayor/Speaker
26 January 2009

Phumelela Local Municipality

Approval of financial statements

for the year ended 30 June 2007

The annual financial statements set out on pages 15 to 29 were approved by the Municipal Manager on 26 January 2009.

Municipal Manager (M J Mthembu)

Report of Smit Kruger to the Members of Phumelela Local Municipality

for the year ended 30 June 2007

We have compiled the financial statements of the Phumelela Local Municipality for the year ended 30 June 2007 as set out on pages 15 to 29 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

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

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

Phumelela Local Municipality

Report of the Chief Financial Officer (submitted by the Municipal Manager)

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 available statistics are shown in Appendix F.

The overall operating results for the year ended 30 June 2007 are as follows:

Income	Actual 2006 R	Actual 2007 R	Variance 2006/2007 %	Budget 2007 R	Variance Actual/Budget %
Operating income for the year	37 379 602	42 944 370	15%	38 826 800	11%
Opening surplus (deficit)	15 604 384	(5 037 999)			
Total	52 983 986	37 906 371		38 826 800	
Expenditure					
Operating expenditure for the year	45 461 548	47 872 715	5%	38 826 800	-23%
Appropriations	12 560 437	299 252			
Closing surplus (deficit)	(5 037 999)	(10 265 596)		-	
Total	52 983 986	37 906 371		38 826 800	

1.1 Rates and general services

	Actual 2006 R	Actual 2007 R	Variance 2006/2007 %	Budget 2007 R	Variance Actual/Budget %
Income	24 352 972	29 922 058	23%	27 538 000	9%
Expenditure	-32 698 894	-34 978 643	7%	-27 857 900	-26%
Surplus/(deficit)	-8 345 922	-5 056 584		-319 900	
Surplus/(deficit) as a % of total Income	-22%	-12%		-1%	

Phumelela Local Municipality

Report of the Chief Financial Officer (continued)

for the year ended 30 June 2007

1.2 Trading services

1.2.1 Water

	Actual 2006 R	Actual 2007 R	Variance 2006/2007 %	Budget 2007 R	Variance Actual/Budget %
Income	6 588 584	6 436 174	-2%	4 662 400	38%
Expenditure	-6 536 561	-6 327 915	-3%	-6 017 200	-5%
Surplus	52 023	108 258		-1 354 800	
Surplus as a % of total income	0.14%	0.25%		-3.49%	

1.2.2 Electricity

	Actual 2006 R	Actual 2007 R	Variance 2006/2007 %	Budget 2007 R	Variance Actual/Budget %
Income	6 438 047	6 586 138	2.30%	6 626 400	-0.61%
Expenditure	-6 226 093	-6 566 157	5.46%	-4 951 700	-32.60%
Surplus	211 954	19 981		1 674 700	
Surplus as a % of total income	1%	0%		4%	

2 CAPITAL EXPENDITURE AND FINANCING

During the year fixed assets amounting to R 30 993 418 were acquired. This is 51 % more than the previous year and comprise the following:

	Actual 2006 R	Budget 2007 R	Actual 2007 R
Community services	433 017	-	-
Public buildings & equipment (including roads)	2 662 858	-	435 596
Electricity network, equipment & vehicles	2 393 121	-	-
Water	5 487 193	-	1 868 152
Sewerage network	9 754 853	-	28 689 669
	<u>20 731 042</u>	-	<u>30 993 418</u>

The following resources were utilised to finance the fixed assets:

Phumelela Local Municipality

Report of the Chief Financial Officer (continued)

for the year ended 30 June 2007

2 CAPITAL EXPENDITURE AND FINANCING

	Actual 2006 R	Budget 2007 R	Actual 2007 R
Contributions from operating income	1 449 030	-	2 196 045
Contributions from Government and Province	19 282 012	-	28 797 373
	<u>20 731 042</u>	<u>-</u>	<u>30 993 418</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:

	2007 R	2006 R
External loans	2 065 933	2 882 690
External investments	446 069	3 829 168
Cash on hand and in bank	1 908 256	898 337

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

4 FUNDS, RESERVES AND PROVISIONS

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

	2007 R	2006 R
Provisions	46 925 372	39 762 619
Capital Development Fund	7 268 802	6 625 833
Erven Trust Fund	2 467 408	2 316 117

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

Phumelela Local Municipality

Report of the Chief Financial Officer (continued)

for the year ended 30 June 2007

5 DISTRIBUTION OF REVENUE

The equitable share was utilised as indicated in the financial statements.

6 POST BALANCE SHEET EVENTS

Between the date of the financial statements and the date of this report Council has embarked on a turn-around strategy to make the municipality financially viable. Council also had to deal with different legal actions emanating from projects executed during the period under review. These actions had a negative impact on Council's financial resources. It also appeared that a certain contractor and a consultant received double payments to the amount of R745 849 and R596 342 respectively. Council has started legal processes to recover the said amounts. All legal actions have not been settled at the date of this report.

7 APPRECIATION

I would like to thank the Mayor/Speaker, Councillors, Departmental Heads and all officials for the support given to me and the staff of the Department of Finance, and in particular our external consultants for their assistance and support during the year.

.....
Municipal Manager

26.01.2009
Date

Phumelela 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 1 000 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.

Phumelela 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

Contributions to fund - 1% of total income. Interest received was credited to the fund on a pro rata basis.

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). Interest received was credited to the fund on a pro rata basis.

Phumelela 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 Phumelela Local 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.

Phumelela 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 uniform rates system. According to this system assessment rates are charged on the value of land and improvements. Certain rebates are granted according to the ownership and/or use to which a particular property is put.

Phumelela Local Municipality

Balance sheet

as at 30 June 2007

	Note	2007 R	2006 R
Capital employed			
Funds and reserves			
Statutory Funds	1	9 736 210	8 941 949
Accumulated surplus (deficit)		-10 265 596	-5 037 999
		<u>-529 386</u>	<u>3 903 950</u>
Long term liabilities	2	1 889 638	2 074 453
Consumer deposits	3	229 040	229 787
Total capital employed		<u>1 589 292</u>	<u>6 208 190</u>
Employment of capital			
Fixed assets	4	2 065 933	2 882 688
Investments	5	446 069	1 042 679
		<u>2 512 002</u>	<u>3 925 367</u>
Net current assets/(liabilities)		<u>-922 711</u>	<u>2 282 823</u>
Current assets			
		13 251 745	16 659 546
Debtors	7	11 343 489	12 974 720
Cash and bank	10	1 908 256	898 337
Short term investments	5	-	2 786 489
Current liabilities			
		14 174 456	14 376 724
Provisions	8	2 548 628	1 944 530
Creditors	9	11 449 531	11 623 956
Short term portion of long term liabilities	2	176 296	808 237
		<u>1 589 292</u>	<u>6 208 190</u>
Total employment of capital		<u>1 589 292</u>	<u>6 208 190</u>

Phumelela 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 R	2006 R	2006 R	2006 R		2007 R	2007 R	2007 R	2007 R
24 352 972	32 698 894	-8 345 922	-3 924 248	Rates and	29 922 058	34 978 643	-5 056 584	-319 900
12 691 262	21 581 376	-8 890 114	-8 134 819	General services	15 835 007	20 971 174	-5 136 167	-8 637 300
790 048	772 841	17 207	-267 892	Community services	826 799	793 802	32 997	-672 500
10 871 661	10 344 677	526 985	4 478 463	Subsidised services	13 260 252	13 213 666	46 586	8 989 900
				Economic services				
13 026 630	12 762 654	263 977	3 838 233	Trade services	13 022 312	12 894 073	128 239	319 900
37 379 602	45 461 548	-8 081 946	-86 015	Total	42 944 370	47 872 715	-4 928 345	-
				Appropriations for the year				
		-12 560 437		(See note 15)			-299 252	
		-20 642 383		Net surplus/(deficit) for the year			-5 227 597	
				Accumulated (deficit) surplus :				
		15 604 384		Beginning of the year			-5 037 999	
				Accumulated (deficit)/surplus:				
		-5 037 999		End of the year			-10 265 596	

Phumelela Local Municipality

Cash flow statement

for the year ended 30 June 2007

	Note	2007 R	2006 R
Cash retained from operating activities		640 370	-5 824 802
Cash generated by operations	16	-15 213 060	-22 827 411
Interest received	14	362 025	269 545
Increase/(decrease) in working capital	17	-5 101 848	621 814
		-19 952 883	-21 936 052
Less: external interest paid		-390 272	-448 448
Cash available from/(utilised in) operations		-20 343 155	-22 384 500
Cash contributions from government and public bodies		20 983 525	16 559 698
		640 370	-5 824 802
Cash utilised in investing activities			
Investment in fixed assets		-2 196 045	-1 449 030
Net cash flow		<u>-1 555 675</u>	<u>-7 273 832</u>
Cash effects of financing activities			
Increase/(decrease) in long term liabilities	18	-816 757	-288 188
Increase/(decrease) in consumer deposits		-748	34 294
(Increase)/decrease in cash investments	19	3 383 099	4 355 427
(Increase)/decrease in cash and bank	20	-1 009 919	3 172 300
Net cash utilised		<u>1 555 675</u>	<u>7 273 832</u>

10.1 **Current account (primary bank account) and cash on hand**

ABSA Bank Limited - Vrede branch
Account number 2260940190

Cash book - balance beginning of the year - dt (cr)	488 935	3 721 907
Cash book - balance end of the year - dt (cr)	<u>1 667 353</u>	<u>488 935</u>
Cash on hand	<u>5 000</u>	<u>5 000</u>
Bank statement - balance beginning of the year - cr (dt)	488 935	1 658 251
Bank statement - balance end of the year - cr (dt)	<u>1 667 353</u>	<u>488 935</u>

10.2 **Money market fund**

ABSA Bank Limited - Vrede branch
Account number 9056988396

Cash book - balance end of the year	<u>389 662</u>	<u>359 853</u>
Bank statement - balance end of the year	<u>389 662</u>	<u>359 853</u>

- 21 -

Phumelela Local Municipality

Notes to the financial statements

for the year ended 30 June 2007

	2007 R	2006 R
10.4 Savings accounts		
ABSA Bank Limited - Vrede branch Account number 9085356273		
Cash book - balance end of the year	<u>1 297</u>	<u>1 297</u>
Bank statement - balance end of the year	<u>1 297</u>	<u>1 297</u>
ABSA Bank Limited - Vrede branch Account number 9085355984		
Cash book - balance end of the year	<u>5 083</u>	<u>5 083</u>
Bank statement - balance end of the year	<u>5 083</u>	<u>5 083</u>

Phumelela Local Municipality

Financial statements

for the year ended 30 June 2007

Appendix A

Statutory funds and provisions

	Balance 01.07.2006 R	Contributions 2007 R	Interest 2007 R	Other Income & Adjustments 2007 R	Expenditure 2007 R	Balance 30.06.2007 R
Statutory funds						
Capital Development Fund	6 625 833	374 716	268 254	0	0	7 268 802
Erven Trust Fund	2 316 117	0	93 771	57 521	0	2 467 408
	8 941 949	374 716	362 025	57 521	0	9 736 210
Provisions						
Accrued leave pay	1 944 530	823 356	0	0	-219 259	2 548 627
Sub total	1 944 530	823 356	0	0	-219 259	2 548 627
Bad debts	37 818 089	6 976 302	0	0	-417 647	44 376 744
	39 762 619	7 799 658	0	0	-636 905	46 925 372

Phumelela Local Municipality

Financial statements
for the year ended 30 June 2007

Appendix B

External loans

Public and other external loans	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					2 000 656	-	-	-64 508	1 936 148
Sewerage	12.00%	102	1997	2017	400 862	-	-	-19 046	381 816
Vrede Water Network	17.00%	103	1999	2019	1 321 652	-	-	-29 195	1 292 457
Memel Lalf 15304.3	12.60%	101	1985	2015	181 479	-	-	-10 764	170 714
Memel Lalf 15304.2	13.45%	101	1985	2015	96 664	-	-	-5 502	91 161
Freestate Municipal Pension Fund									
Electricity	16.00%	4	1984	2009	41 570	-	-	-11 786	29 784
CMB Nominees	14.90%			2008	100 000	-	-	-	100 000
Future Bank (Nedbank)			1998	2007	740 463	-	-	-740 463	-
Total external loans					2 882 690	-	-	-816 757	2 065 933

Phumelela 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
12 850 728	Rates and general services	61 124 645	29 125 265	-	90 249 911
3 095 875	Community services	18 918 062	311 223	-	19 229 285
2 662 858	Public Works - Land & Buildings	14 633 709	177 602		14 811 312
	Manager Corporate Services	12 011	78 667		90 678
83 017	Manager Finance	432 886	54 955		487 840
	Municipal Manager	16 159			16 159
	Traffic	200 129			200 129
	Properties	901 315			901 315
	Land	383 375			383 375
	Unsold Stands	239 106			239 106
350 000	Town Planning Thembalihle	2 099 371			2 099 371
-	Subsidised services	5 746 214	124 373	-	5 870 587
	Library	21 768			21 768
	Parks & Recreation	2 600 636			2 600 636
	Cemetery - Land & Buildings	1 862			1 862
	Municipal Buildings	3 121 949	124 373		3 246 322
9 754 853	Economic services	36 460 369	28 689 669	-	65 150 038
	Camps & Pounds	241 990			241 990
	Refuse	1 655 138			1 655 138
9 754 853	Sewerage	34 563 241	28 689 669		63 252 910
12 850 728	Balance c/f	61 124 645	29 125 265	-	90 249 911

Phumelela 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
12 850 728	Balance b/f	61 124 645	29 125 265	-	90 249 911
-	Housing Services	1 120 142	-	-	1 120 142
	Housing	1 120 142			1 120 142
7 880 314	Trading services	50 180 491	1 868 152	-	52 048 643
2 393 121	Electricity	7 192 654			7 192 654
5 487 193	Water Services	42 987 837	1 868 152		44 855 989
20 731 042	Total fixed assets	112 425 278	30 993 418	-	143 418 696
20 922 482	Less: Loans redeemed and other capital receipts	109 542 588	31 810 175	-	141 352 763
191 440	Loans redeemed and advances paid	18 453 503	816 757	-18 726 321	543 939
1 449 030	Contributions ex operating income	4 653 234	2 196 045	18 726 321	25 575 600
	This Year	4 653 234	2 144 820	18 726 321	25 524 375
	Assets not previously capitalized		51 225		51 225
	Contributions from funds	8 758 558			8 758 558
	Housing - Grants and Subsidies	200 315			200 315
	Contributions from Government and				
19 282 012	District Municipality	77 476 977	28 797 373		106 274 350
14 199 078	This Year	77 476 977	28 797 373		106 274 350
5 082 934	Assets not previously capitalized				
-191 440	Net fixed assets	2 882 690	-816 757	-	2 065 933

Phumelela 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
Income			
16 559 698	Grants and subsidies	20 983 525	21 414 500
15 864 423	- Central government	19 629 735	19 630 000
695 275	- Provincial government	636 776	530 000
-	- District Municipality	372 000	-
-	- Other	345 014	1 254 500
20 819 904	Operating income	21 960 845	17 412 300
1 837 922	- Assessment rates	1 820 142	1 854 700
2 411 405	- Sale of electricity	2 564 787	2 778 000
1 985 437	- Sale of water	2 233 010	1 930 000
14 585 139	- Other services and charges	15 342 906	10 849 600
<u>37 379 602</u>		<u>42 944 370</u>	<u>38 826 800</u>
Expenditure			
12 091 753	Salaries, wages and allowances	15 806 462	15 829 500
15 446 266	General expenses:	16 957 776	14 438 400
2 761 200	- Purchase of electricity	3 296 447	3 200 000
53 211	- Purchase of water	15 935	2 592 000
12 631 854	- Other general expenses	13 645 395	8 646 400
8 913 871	Repairs, maintenance & fuel	4 497 364	5 588 300
1 449 029	Contributions to fixed assets	2 144 820	-
191 440	Capital charges	816 757	50 000
7 369 188	Contributions	7 649 535	2 920 600
<u>45 461 548</u>		<u>47 872 715</u>	<u>38 826 800</u>
<u>-8 081 946</u>	Net surplus/(deficit) for the year	<u>-4 928 345</u>	<u>-</u>

Phumelela 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
24 352 972	32 698 894	-8 345 922	Rates and general services	29 922 058	34 978 643	-5 056 584	-319 900
12 691 262	21 581 376	-8 890 114	Community services	15 835 007	20 971 174	-5 136 167	-8 637 300
1 967 922	1 017 762	950 161	Assessment rates	1 820 142	1 030 544	789 598	3 562 500
161 740	2 458 903	-2 297 163	Council's general account	35 633	3 795 737	-3 760 104	-3 125 700
469 967	2 087 683	-1 617 716	Parks and cemeteries	679 803	1 983 880	-1 304 077	-2 240 200
3 225 185	8 047 636	-4 822 451	Public works	2 204 211	4 544 622	-2 340 411	-5 978 000
221 006	1 129 940	-908 934	Properties	620 098	1 240 233	-620 135	-680 400
5 883 737	5 120 492	763 245	Town treasurer	9 210 606	6 090 161	3 120 445	1 451 100
312 252	672 537	-360 285	Municipal manager	377 242	943 104	-565 862	-644 300
449 454	1 046 424	-596 970	Corporate services	887 272	1 342 894	-455 622	-982 300
790 048	772 841	17 207	Subsidised services	826 799	793 802	32 997	-672 500
213 906	196 700	17 206	Health	159 255	126 258	32 997	-1 500
576 142	576 141	0	Library	667 544	667 544	0	-671 000
10 871 661	10 344 677	526 985	Economic services	13 260 252	13 213 666	46 586	8 989 900
5 758 004	5 751 670	6 334	Refuse removal	5 843 841	5 812 046	31 795	5 341 300
5 113 657	4 593 007	520 650	Sewerage	7 416 411	7 401 620	14 791	3 648 600
13 026 630	12 762 654	263 977	Trading services	13 022 312	12 894 073	128 239	319 900
6 438 047	6 226 093	211 954	Electricity	6 586 138	6 566 157	19 981	1 674 700
6 588 584	6 536 561	52 023	Water	6 436 174	6 327 915	108 258	-1 354 800
<u>37 379 602</u>	<u>45 461 548</u>	<u>-8 081 946</u>	Total	<u>42 944 370</u>	<u>47 872 715</u>	<u>-4 928 345</u>	<u>0</u>
		-12 560 437	Appropriations for the year (see note 15)			-299 252	
		-20 642 383	Net surplus/(deficit) for the year			-5 227 597	
		15 604 384	Accumulated surplus(deficit): beginning of the year			-5 037 999	
		<u>-5 037 999</u>	Accumulated surplus(deficit): end of the year			<u>-10 265 596</u>	

Phumelela Local Municipality

Statistics

for the year ended 30 June 2007

Appendix F

General statistics		2007	2006
1	Population	45 000	45 000
2	Valuation of property : rateable		
	Land	R11 629 770	R11 629 770
	Improvements	R246 078 970	R246 078 970
3	Valuation of property : non rateable		
	Land	R515 700	R515 700
	Improvements	R19 711 600	R19 711 600
4	Date of valuation	2004	2004
5	Number of stands - residential and commercial	10 952	10 952
6	Assessment rate: land and improvements residential property : value less R15 000	R 0.0127	R 0.0120
7	Number of employees	220	203
Electricity Statistics			
1	Electricity purchased (Warden and Ezenzeleni)	2 923 945	2 473 413
2	Electricity sold (Warden and Ezenzeleni)	2 564 787	2 411 405
3	Gross loss	359 158	62 008
Water Statistics			
1	Income	2 233 010	1 985 437
2	Expenditure	4 678 177	4 604 566
3	Units sold	554 097	522 483
4	Cost per unit sold	R 8.44	R 8.81
5	Income per unit sold	R 4.03	R 3.80