

**NKETOANA (F.S.193) LOCAL
MUNICIPALITY
(Reitz, Lindley, Arlington & Petrus Steyn)**

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2007

**NKETOANA (F.S.193) LOCAL
MUNICIPALITY
(Reitz, Lindley, Arlington & Petrus Steyn)**

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2007

I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 27 in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 27 of these financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr VJ Matshila (Municipal Manager)

Date

NKETOANA MUNICIPALITY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

- 1.1 The financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second Edition - January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy - Note 5. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis as stated:
 - Income is accrued when measurable and available to finance operations
 - Certain Direct Income is accrued when received
 - Expenditure is accrued in the year it is incurred.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. CONSOLIDATION

The financial statements include the Rate and General services, Trading services and the different funds reserves and provisions. Income and Expenditure of assessment rates, refuse removal, sewerage electricity and water departments are treated separately.

5. FIXED ASSETS

5.1 Fixed Assets are stated:

- at historical cost, or
- by grant or donation, while they are in existence and fit for use.

A revaluation of fixed assets were done during the 2001 financial year on die basis of 50% of the replacement value taking into consideration the age of the relevant assets. This revaluation was brought about by the amalgamation of Reitz, Petrus Steyn, Lindley and Arlington and the lack of proper fixed assets registers.

NKETOANA MUNICIPALITY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

ACCOUNTING POLICIES (Continued)

5.2 Depreciation

No depreciation is provided. Apart from advances from the various council funds, assets may also be acquired through:

- Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
- Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the 'Loans Redeemed and Other Capital Receipts' account.

5.3 The proceeds from the sale of assets are respectively credited to

- the General Renewals Fund of the particular asset was financed from the fund;
- the Capital Development Fund if the particular asset was financed from the fund;
- the Appropriation Account;
- General and Trading Services in respect of all other assets.

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

5.5 The assets and risks of the Council are sufficiently insured under a package policy, which is managed by the Council's Insurance Brokers. Premiums for the insurable assets are debited against the various service accounts.

6. INVENTORY

Inventory is valued at the lower of cost, determined on the weighted average basis and net realisable value.

7. FUNDS AND RESERVES

7.1 Capital Development Fund

Local Government Ordinance No. 8 of 1962, Section 82(1), requires a minimum contribution of 1% of the defined income of a local authority for the financial year.

NKETOANA MUNICIPALITY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

ACCOUNTING POLICIES (Continued)

7.2 Ervin Trust Fund

Local Government Ordinance No. 8 of 1962, Section 85(2), requires that the sale of immovable property of Council be credited to the Ervin Trust Fund.

7.3 Capacity Building Fund

The fund was created to ensure that the need to address the development of councillors and management to be competent in the exercise of their duties.

7.4 Valuation Costs

The reserve was created to fund future valuations of property.

7.5 Equitable Share Reserve

The Equitable Share Reserve represents the remaining balance of Equitable Share received, after subtraction of all indigent debtors. The reserve was transferred to the appropriation account in the current year, The Grant and write off was taken into the Income statement.

8. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate.

9. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change of value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

10. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Financial Management Act (Act No.56 of 2003). Unauthorized expenditure is accounted for as an expense in the Income Statement and where recovered, it is subsequently accounted as revenue in the Income Statement.

NKETOANA MUNICIPALITY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

ACCOUNTING POLICIES (Continued)

11. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Income Statement and where recovered, it is subsequently accounted for as revenue in the Income Statement.

12. RETIREMENT BENEFITS

The Council and its employees contribute to the "Vrystaat Gemeenskaplike Munisipale Pensioen-fonds", "Vrystaat Plaaslike Bestuurs Pensioenfonds", SALA Pension Fund and Free State Municipal Provident Fund and the Council and its councillors contribute to the Pension Fund for Municipal Councillors which provides retirement benefits to such employees and Councillors.

The retirement benefit plan is subject to the Pension Funds Act, 1956, with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs. Unfavourable experience adjustments and the cost of securing increased benefits are written off over the lesser of the remaining period of service employees of five years. Favourable experience adjustments are retained in the retirement benefit plan.

Full actuarial valuations are performed at least every three years.

13. SURPLUSES AND DEFICITS

Any surpluses or deficits arising from the operation of the Electricity and Water services are transferred to Rate and General services to alleviate the tax burden of rate payers.

14. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The cost of internal support services are transferred to the different services in accordance with the Institute Report on Accounting for Support Services (June 1990).

15. LEASES

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

**NKETOANA MUNICIPALITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

ACCOUNTING POLICIES (Continued)

16. INVESTMENTS

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested per section 84 of the Free State Local Government Ordinance No. 8 of 1962. Investments in Investment policies are shown at the current cash value as quoted by the insurance companies.

17. DEFERRED CHARGES REPRESENTS

The balance outstanding on the costs incurred in raising loans on the capital market, is recovered from operating income over the period of the loans involved.

18. INCOME RECOGNITION

18.1 Electricity and Water Billings

Electricity and water are levied monthly on the basis of consumption for the period.

18.2 Assessment Rates

Property rates are levied monthly on the valuation of land and improvements. A rebate of 20% is granted on state owned land. The Post Office is also granted a rebate of 20%.

19. INTERNAL ADVANCES

Advances are made to borrowing departments at approved interest rates and are repaid over the useful life of the assets required.

**NKETOANA MUNICIPALITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

FOREWORD OF THE MAYOR

The Governance principles of accountability, responsibility and separation of structures are supplied both in the public and private sectors. In the public sector, governance principles aim to ensure democratic and accountable government that is open, fair and transparent. It is very important to adhere to among others, adequate, cost effective systems of internal control and reporting and clear unambiguous accountability mechanisms.

Although good progress has been made with the drive to put the management of Nketoana's services on a more businesslike basis, our income sources have come under tremendous pressure as the result of the protracted recession. The current budget is a necessarily austere one. We have a clear duty to do everything possible to spare ratepayers and users of municipal services the steep rises in rates and tariffs that would be the result of simply passing on all inflationary cost increases. The compilation of the budget is therefore a process that Council takes very serious and much effort is put into the process.

At the same time, government is increasingly seeking to devolve additional responsibilities to local government, without providing the necessary financial resources. Our infrastructure is coming under further strain from rapid urbanisation.

The challenges facing Nketoana and the problems of funding its services are enormous and we are continuously adapting to these changes. The Council has taken the bold step to rationalise the organogram for Nketoana Municipality by decreasing the departments to only three namely Department of Corporate Services, Department of Finance, Department of Public Services, with the Office of the Municipal Manager as the office of the Accounting Officer. There are still vital posts that need to be filled, but it is also a fact that Council is prescribed a top percentage of 35% of the operating budget to be utilized as staff cost. It is essential that we prioritise our limited resources to ensure that they are applied to the best advantage.

Council had a year filled with challenges and managed to solve problems and to maintain the principle of good governance. Council lost a Ward Councillor with the tragic and sudden death of Councillor E J Motsei who was the Councillor in Ward 4 situated in Lindley and Ntha. A by-election is still awaited and will be conducted by the IEC.

In conclusion I would like to express my appreciation to the Council, the Municipal Manager and all his staff, for their support, co-operation and hard work.

MAYOR

**NKETOANA MUNICIPALITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

REPORT OF THE AUDITOR GENERAL

**NKETOANA MUNICIPALITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

CHIEF FINANCIAL OFFICER'S REPORT

1. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure set out in Appendix D and E of these statements. The overall operating results for the year ended 30 June 2007 is as follows :

Income	Actual 2006	Actual 2007	Variance 2006/2007	Budget 2007 R	Variance Actual/ Budget %
Opening Surplus	-	-	-	-	-
Operating income for the year	63 572 613	114 410 749	79.97	109 410 569	104.57
Sundry transfers	-	8 785 351	-	-	-
Closing Deficit	15 249 637	-	-	-	-
	78 822 250	123 196 100	-	109 410 569	-
Expenditure					
Opening Deficit	7 035 142	15 249 637	-	-	-
Operating Expenditure for the year	71 694 317	103 561 173	44.45	109 387 899	94.67
Sundry transfers	92 791	-	-	-	-
Closing Surplus	-	4 385 290	-	-	-
	78 822 250	123 196 100	-	109 387 899	-

During the current year, the operating income exceeded the operating expenditure by R 11,218,925 (2006 shortfall of R 8,121,704).

1.1 RATES AND GENERAL SERVICES

	Actual 2006	Actual 2007	Variance 2006/2007	Budget 2007 R	Variance Actual/ Budget %
Income	36 575 941	77 556 259	112.04	72 747 302	-6.20
Expenditure	55 071 244	79 753 094	44.82	82 859 702	3.90
Surplus/ (Deficit)	- 18 495 303	- 2 196 834	11.88	-10 112 400	460.32
Surplus/ (Deficit) as % of Total income	-50.57	-2.83		-13.90	

The actual income and expenditure for the current year increased drastically due to the equitable share that is recognised as income and the write off been treated as bad debts for the year.

**NKETOANA MUNICIPALITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

CHIEF FINANCIAL OFFICER'S REPORT (Continued)

1.2 TRADING SERVICES

1.2.1 Electricity

	Actual 2006	Actual 2007	Variance 2006/2007 %	Budget 2007 R	Variance Actual/ Budget %
Income	11 778 143	12 702 872	7.85	13 152 624	96.58
Expenditure	10 851 901	11 732 884	8.12	12 084 945	97.09
Surplus/ (Deficit)	926 242	969 987	4.72	1 067 679	90.85
Surplus/ (Deficit) as % of Total income	7.86	7.64		8.12	

The increase in tariffs as well as the actual expenditure to meet supply, remained in line with inflation.

1.2.2 Water

	Actual 2006	Actual 2007	Variance 2006/2007 %	Budget 2007 R	Variance Actual/ Budget %
Income	15 218 529	24 151 618	58.70	23 510 643	102.73
Expenditure	5 771 172	12 075 195	109.23	14 443 252	83.60
Surplus/ (Deficit)	9 447 357	12 076 423	27.83	9 067 391	133.19
Surplus/ (Deficit) as % of Total income	62.08	50.00		38.57	

Capital expenditure had a major influence on the operating account of water with thw actual income increasing with an amount of R 2,915,582 from 2006 to 2007.

**NKETOANA MUNICIPALITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

CHIEF FINANCIAL OFFICER'S REPORT (Continued)

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets during the year amounted to R 40,032,876.

Capital Expenditure consists of the following :

	Actual 2007 R	Actual 2006 R	Budget 2007 R
Water Network	8 831 208	1 789 231	4 500 000
Electricity Network	1 120 206	-	800 000
Other Infrastructure	30 081 461	19 169 558	11 200 000
	40 032 876	20 958 789	16 500 000

The resources used to finance the fixed assets were as follows :

	Actual 2007 R	Actual 2006 R	Budget 2007 R
Grants and subsidies	34 779 374	14 029 448	15 700 000
External Loans	2 334 514	4 959 031	-
Hire Purchase	230 195	-	-
Operating account	2 688 793	1 970 309	800 000
	40 032 875	20 958 788	16 500 000

3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2007 amounted to R 10,701,909 (R 9,000,752 in 2006) as set out in Appendix B. Loans totalling R 520,278 (R 488,193 in 2006) were repaid.

Investments and cash on hand at 30 June 2007 amounted to R 18 879 348 (R 9,135,823 in 2006).

During the year the cashbook balance decreased from an overdraft of R 7,357,524 to an overdraft of R 3,710,391. Long-term liabilities increased marginally. Investments increased substantially. The financial the financial position of the municipality therefore strengthened.

The detailed information regarding loans and investments are disclosed in notes 3, 6, 11 and Appendix B (Loans only) to the financial statements.

**NKETOANA MUNICIPALITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

CHIEF FINANCIAL OFFICER'S REPORT (Continued)

4. FUNDS AND RESERVES

More information regarding funds and reserves are disclosed in notes 1 and 2 and Appendix A to the financial statements

4. POST BALANCE SHEET EVENTS

No items have been identified, subsequent to the Balance Sheet date, that would impact the Annual Financial Statements at all.

EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Councillors, colleagues and Internal Audit for their assistance and support during the year.

CHIEF FINANCIAL OFFICER

DATE

**NKETOANA MUNICIPALITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2007 (Continued)

	2007	2006
	R	R
23 PROPERTY RATES		
<u>Actual</u>		
Residential & Commercial	3 993 337	3 197 312
State	1 753 031	1 750 608
Municipal	6 275	6 275
Farmland	1 090 818	1 767 504
Total assessment Rates	<u>6 843 461</u>	<u>6 721 699</u>
<u>Valuations</u>		
Residential & Commercial	188 119 009	173 637 467
State	82 558 520	82 561 370
Municipal	99 070 331	98 096 216
Farmland	386 701 665	377 553 814
Total Property Valuations	<u>756 449 525</u>	<u>731 848 867</u>

Valuations on land are performed every five years. The previous general valuation came into effect on 1 July 2001. The basic rate was 20c per rand on land only. In addition R0,015 is raised on residential property and R0,003 on farmland and improvement. A rebate of 20% was granted on state owned land.

24 SERVICE CHARGES		
Sale of electricity	12 184 423	11 245 186
Sale of water	19 735 078	15 159 438
Refuse removal	8 519 688	7 700 153
Sewerage and sanitation charges	9 586 460	8 698 261
	<u>50 025 649</u>	<u>42 803 038</u>

25 GOVERNMENT GRANTS AND SUBSIDIES		
Seta	162 545	-
TMDM	187 238	-
Projects	4 214 906	-
MIG Projects	29 299 466	-
Equitable share	25 302 462	1 330 507
Total Government Grant and subsidies	<u>59 166 617</u>	<u>1 330 507</u>

Equitable share

In terms of the constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R 363.73, which is funded by this grant.

**NKETOANA MUNICIPALITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2007**

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2007

<u>2006</u> Actual Income	<u>2006</u> Actual Expenditure	<u>2006</u> Surplus / (Deficit)	<u>2006</u> Budget Surplus / (Deficit)
(R)	(R)	(R)	(R)
36 575 941	55 071 244	-18 495 303	-13 700 537
20 071 289	44 669 463	-24 598 174	-17 440 977
63 407	3 290 660	-3 227 253	-4 284 608
16 441 245	7 111 121	9 330 124	8 025 048
26 996 672	16 623 073	10 373 599	13 709 743
<u>63 572 613</u>	<u>71 694 317</u>	<u>-8 121 704</u>	<u>9 206</u>
		-92 791	
		-8 214 495	
		-7 035 142	
		<u>-15 249 637</u>	

RATES & GENERAL SERVICES

Community Services
Subsidised Services
Economic Services

TRADING SERVICES

TOTAL

Appropriations for the year (Refer to note 14)
Net Surplus/ (Deficit) for the year
Accumulated Surplus/(Deficit) at beginning of year
Accumulated Surplus/(Deficit) at the end of the year

<u>2007</u> Actual Income	<u>2007</u> Actual Expenditure	<u>2007</u> Surplus / (Deficit)	<u>2007</u> Budget Surplus / (Deficit)
(R)	(R)	(R)	(R)
77 556 259	79 753 094	-2 196 834	-10 112 400
47 819 263	54 641 041	-6 821 778	-13 037 590
82 605	3 058 272	-2 975 668	-3 167 401
29 654 391	22 053 780	7 600 611	6 092 591
36 854 489	23 808 079	13 046 410	10 135 070
<u>114 410 749</u>	<u>103 561 173</u>	<u>10 849 576</u>	<u>22 670</u>
		8 785 351	
		19 634 927	
		-15 249 637	
		<u>4 385 290</u>	

**NKETOANA MUNICIPALITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2007**

STATUTORY FUNDS AND RESERVES AT JUNE 30, 2007

APPENDIX A

	BALANCE AT 30/6/2006	CONTRIBUTIONS DURING THE YEAR	INTEREST ON INVESTMENTS	OTHER INCOME	APPLICATIONS	BALANCE AT 30/6/2007
STATUTORY FUNDS						
Capital Development fund	8 177 313	1 013 082	2 375			9 192 769
Erven trust Fund	2 257 059	96 510	4 049	-	-	2 357 619
Capacity Building Fund	329 084	-	-	-	15 018	314 066
	10 763 456	1 109 592	6 424	0	15 018	11 864 454
RESERVES						
Equitable Share Reserve	20 178 046	25 302 462	-	-	45 480 508	-
Valuation Costs	336 336	100 909	-	-	-	437 245
	20 514 382	25 403 371	0	0	45 480 508	437 245

**NKETOANA MUNICIPALITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2007**

EXTERNAL LOANS AND INTERNAL ADVANCES AT JUNE 30, 2007

APPENDIX B

Issued	Date Issued	Interest Rate	Loan No	Redeemable	BALANCE AT	RECEIVED	REDEEMED/	BALANCE AT
					30/6/2006 (R)	DURING THE YEAR (R)	WRITTEN OFF (R)	30/6/2007 (R)
EXTERNAL LOANS								
Development bank	2003	14.50 %	1	2008	621 698	--	304 783	316 915
Development bank	2004	10.35 %	2	2024	8 379 054	1 059 833	182 663	9 256 225
Development bank	2007	9.09 %	3	2024	--	909 115	10 541	898 574
ABSA	2007	11.75 %	4	2011	--	252 486	22 291	230 195
					9 000 752	2 221 435	520 278	10 701 909
INTERNAL LOANS								
Lindley								
Motor Loans	2000	8.00 %			13 558	0	13 558	0
Sewerage		14.50 %			11 308	--	11 308	--
Water		14.50 %			1 125	--	1 125	--
					1 125	--	1 125	--
Reitz								
Internal Loans		5.00 %			39 964	0	19 452	20 512
Town Planning	1998	10.00 %			29 995	--	9 483	20 512
					9 969	--	9 969	--
					53 522	0	33 010	20 512
INTERNAL ADVANCES								
Capital Development Fund					8 177 313	1 015 456	0	9 192 769
Erven Trust Fund					2 257 059	100 560	0	2 357 619
					10 434 372	1 116 017	0	11 550 389

**NKETOANA MUNICIPALITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2007**

ANALYSIS OF FIXED ASSETS AT JUNE 30, 2007

ACTUAL EXPENDITURE 2005/2006 (R)		BUDGET 2006/2007 (R)	BALANCE AT 2006/06/30 (R)	EXPENDITURE 2006/2007 (R)	DISPOSAL DURING THE YEAR (R)	APPENDIX C BALANCE AT 2007/06/30 (R)
19 169 558	RATES AND GENERAL SERVICES	14 256 000	114 386 077	30 081 461	0	144 467 538
3 166 455	Community Services	4 680 000	68 965 622	4 799 299	0	73 764 921
--	Assessment Rates	-	2 805 655	-	-	2 805 655
--	Civil Defence	-	2 383	-	-	2 383
--	Council's General Expense	503 000	1 197 511	724 504	-	1 922 015
98 321	Health Services	-	2 650 701	-	-	2 650 701
--	Town Planning	-	411 632	-	-	411 632
--	Town Secretariat	-	772 159	-	-	772 159
244 416	Town Treasurer	500 000	2 463 011	495 017	-	2 958 028
184 705	Traffic Services	-	431 592	-	-	431 592
--	Cemetery	-	50 709	-	-	50 709
--	Airport	-	238 551	-	-	238 551
17 227	Properties	1 600 000	26 876 706	1 102 852	-	27 979 558
2 594 921	Public Works	2 077 000	30 946 356	2 476 927	-	33 423 283
26 865	Human Resources	-	88 083	-	-	88 083
--	Internal Audit	-	30 573	-	-	30 573
4 975 960	Subsidised Services	46 000	10 698 466	2 728 496	0	13 426 962
--	Ambulance	-	6 105	-	-	6 105
--	Library	-	130 911	-	-	130 911
--	Fire Protection	-	286 665	-	-	286 665
16 929	Parks & Recreation	46 000	1 434 087	40 745	-	1 474 832
4 959 031	Civil Buildings	-	8 840 698	2 687 751	-	11 528 449
11 027 143	Economic Services	9 530 000	34 721 989	22 553 666	0	57 275 655
--	Building Survey	--	361	-	-	361
--	Cleaning	--	2 473 146	-	-	2 473 146
11 027 143	Sewerage	9 530 000	32 248 482	22 553 666	-	54 802 148

FOR THE YEAR ENDED JUNE 30,2007

ANALYSIS OF FIXED ASSETS AT JUNE 30, 2007

APPENDIX C

ACTUAL EXPENDITURE 2005/2006 (R)		BUDGET 2006/2007 (R)	BALANCE AT 2006/06/30 (R)	EXPENDITURE 2006/2007 (R)	WRITTEN OFF/ DISPOSAL DURING THE YEAR (R)	BALANCE AT 2007/06/30 (R)
0	Housing Services	0	3 080 640	0	0	3 080 640
--	Official Housing	-	3 080 640	-	-	3 080 640
1 789 231	Trading Services	5 514 800	60 496 982	9 951 415	0	70 448 397
--	Farming	-	228 716	-	-	228 716
--	Caravan Park	-	--	-	-	0
--	Electricity	800 000	14 403 875	1 120 206	-	15 524 081
--	Abattoir	-	467 939	-	-	467 939
1 789 231	Water	4 714 800	45 396 452	8 831 208	-	54 227 660
20 958 789	TOTAL FIXED ASSETS	19 770 800	177 963 699	40 032 876	0	217 996 575
-16 107 319	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		-169 826 500	-37 468 166	0	-207 294 666
-161 113	Loans redeemed and advances paid		- 28 341 662	-	-	-28 341 662
-1 938 260	Contribution from Income		- 6 892 511	- 2 688 793	-	-9 581 304
44 002	Contribution from Reserves		- 14 004 864	-	-	-14 004 864
-14 029 448	Grants and Subsidies		- 91 446 992	- 34 779 374	-	-126 226 366
-22 500	Other Sources		- 28 924 445	-	-	-28 924 445
	Public Contributions		- 216 026	-	-	-216 026
4 851 470	NET FIXED ASSETS		8 137 199	2 564 709	0	10 701 908

DETAILED INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2007

2006 Actual Income (R)	2006 Actual Expenditure (R)	2006 Surplus / (Deficit) (R)	2006 Budget Surplus / (Deficit) (R)
36 575 941	55 071 244	-18 495 303	-13 700 533
20 071 289	44 669 463	-24 598 174	-17 440 977
375 178	7 223 913	-6 848 735	-10 098 464
1 333 807	165 882	1 167 925	0
	1 323 704	-1 323 704	-1 745 931
17 981 192	27 971 779	-9 990 587	2 875 046
87 530	1 161 906	-1 074 376	-1 563 306
267 209	464 472	-197 263	-769 505
26 373	6 357 807	-6 331 434	-6 138 817
63 407	3 290 660	-3 227 253	-4 284 604
8 216	1 410 066	-1 401 850	-2 094 240
55 191	1 880 594	-1 825 403	-2 190 364
16 441 245	7 111 121	9 330 124	8 025 048
7 723 680	3 133 877	4 589 803	3 555 769
8 717 565	3 977 244	4 740 321	4 469 279
26 996 672	16 623 073	10 373 599	13 709 743
11 778 143	10 851 901	926 242	5 543 943
15 218 529	5 771 172	9 447 357	8 165 800
63 572 613	71 694 317	-8 121 704	9 210

-92 791
-8 214 495
-7 035 142
-15 249 637

RATES & GENERAL SERVICES

Community Services	47 819 263	54 641 041	-6 821 778	-13 037 590
Council's General Expenses	442 913	9 646 248	-9 203 335	-8 857 212
Health Services	--	--	--	--
Town Secretariat	315 844	2 087 008	-1 771 164	-3 549 660
Town Treasurer	46 627 925	35 754 695	10 873 231	5 169 906
Traffic services	89 718	761 510	-671 792	-867 850
Properties	333 252	409 513	-76 261	-450 128
Public Works	9 611	5 982 067	-5 972 456	-4 482 646
Subsidised Services	82 605	3 058 272	-2 975 668	-3 167 401
Library	9 844	1 307 825	-1 297 980	-1 491 240
Parks and Recreation	72 761	1 750 448	-1 677 687	-1 676 161
Economic Services	29 654 391	22 053 780	7 600 611	6 092 591
Cleaning	6 992 919	3 173 812	3 819 107	2 905 256
Sewerage	22 661 472	18 879 968	3 781 504	3 187 335

TRADING SERVICES

Electricity	12 702 872	11 732 884	969 987	1 067 679
Water	24 151 618	12 075 195	12 076 423	9 067 391

TOTAL

Appropriations for the year
(refer to note 14)
Net Surplus/ (Deficit) for the year
Accumulated Surplus/(Deficit) at beginning of year
Accumulated Surplus/(Deficit) at the end of the year

2007 Actual Income (R)	2007 Actual Expenditure (R)	2007 Surplus / (Deficit) (R)	2007 Budget Surplus / (Deficit) (R)
77 556 259	79 753 094	-2 196 834	-10 112 400
47 819 263	54 641 041	-6 821 778	-13 037 590
442 913	9 646 248	-9 203 335	-8 857 212
--	--	--	--
315 844	2 087 008	-1 771 164	-3 549 660
46 627 925	35 754 695	10 873 231	5 169 906
89 718	761 510	-671 792	-867 850
333 252	409 513	-76 261	-450 128
9 611	5 982 067	-5 972 456	-4 482 646
82 605	3 058 272	-2 975 668	-3 167 401
9 844	1 307 825	-1 297 980	-1 491 240
72 761	1 750 448	-1 677 687	-1 676 161
29 654 391	22 053 780	7 600 611	6 092 591
6 992 919	3 173 812	3 819 107	2 905 256
22 661 472	18 879 968	3 781 504	3 187 335
36 854 489	23 808 079	13 046 410	10 135 070
12 702 872	11 732 884	969 987	1 067 679
24 151 618	12 075 195	12 076 423	9 067 391
114 410 749	103 561 173	10 849 576	22 670
		8 785 351	
		19 634 927	
		-15 249 637	
		4 385 290	

APPENDIX E

**NKETOANA MUNICIPALITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

APPENDIX F

STATISTICAL INFORMATION	2006/07	2005/06	2004/05
a General Statistics			
Population	30 452	28 060	28 060
Number of properties	17 022	17 011	16 878
Value of Taxable Properties	657 379 194	653 318 674	648 225 262
Value of Non-taxable Properties	99 070 331	96 494 171	101 357 703
Assesment Rates (cents/rand) - Land	20	20	20
Assesment Rates (cents/rand) - Improvements	1.50	1.50	1.15
Assesment Rates (cents/rand) - Farmland	0.03		
b Electricity Statistics			
Number of Users (Residential & Commercial)	4 764	4 635	4 698
Units Bought	31 908 884	31 640 589	37 650 000
Units Sold	20 769 367	23 732 877	33 169 650
Units lost in Distribution	11 139 517	7 907 712	4 480 350
Units lost in Distribution (%)	34.91%	11.90%	11.90%
Cost per unit sold (cent)	21.00	14.00	14.00
Income per unit sold (cent)	44.00	31.00	31.00
c Water Statistics			
Number of Users (Residential & Commercial)	12 891	12 860	12 585
Units Purified	2 957 287	2 763 045	1 444 069
Units Sold	1 473 711	1 275 194	1 192 368
Units lost in Distribution	431 189	205 391	251 701
Units lost in Distribution (%)	14.58%	17.43%	17.43%
Cost per unit sold	8.19	2.78	2.78
Income per unit sold	8.68	9.00	9.00
d Sundry Statistics			
Building survey			
Total number of Building plans passed	23	14	24
Value of building plans passed	5 189 036	1 892 489	6 563 855
Parks & Recreational			
Area Developed parks	76 Ha	76 Ha	76 Ha
Area Underdeveloped parks	165 Ha	165 Ha	165 Ha
Number of Swimming Pools	3	3	3
Number of Rugby Fields	6	6	6
Number of Tennis Courts	18	18	18
Number of Hockey Fields			
Number of Soccer Fields	4	4	4
Library: Books Issued	122327	113 614	113 614
Personnel in Council Service	249	284	298
Roads			
Tarred	117 Km	115 Km	115 Km
Other	258 Km	260 Km	260 Km