

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

**ANNUAL FINANCIAL STATEMENTS**

**for the year ended**

**30 June 2008**

**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

---

**CONTENTS**

1.	APPROVAL OF FINANCIAL STATEMENTS.....	1
2.	GENERAL INFORMATION.....	2
3.	FOREWORD OF THE MAYOR.....	3
4.	REPORT OF THE AUDITOR GENERAL.....	4
5.	CHIEF FINANCIAL OFFICER'S REPORT.....	5 - 8
6.	ACCOUNTING POLICIES.....	9 - 13
7.	BALANCE SHEET.....	14
8.	INCOME STATEMENT.....	15
9.	CASH FLOW STATEMENT.....	16
10.	NOTES TO THE FINANCIAL STATEMENT.....	17 - 27

**APPENDICES**

A	STATUTORY FUNDS AND RESERVES.....	28
B	EXTERNAL LOANS AND INTERNAL ADVANCES.....	29
C	ANALYSIS OF FIXED ASSETS.....	30 - 31
D	ANALYSIS OF OPERATING INCOME AND EXPENDITURE.....	32
E	DETAILED INCOME STATEMENT.....	33
F	STATISTICAL INFORMATION.....	34

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

**ANNUAL FINANCIAL STATEMENTS**

**for the year ended**

**30 June 2008**

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 SJ Thomas (Municipal Manager)**

\_\_\_\_\_  
**Date**

**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

---

**GENERAL INFORMATION**

**MEMBERS OF THE COUNCIL**

Councillors MB Mambæ Ward 3	JR Msiman PR
MD Molapi: PR	TJ Zwane PR
LP Masoka PR	A Melato Ward 1
MS Mokoel PR	MA Mokoel Ward 2
NM Molaw: PR	MS Malindi Ward 5
LA Moloï PR	KT Monyat: Ward 6
JJ Venter PR	P Nkomo Ward 7
SG Hennin PR	BA Peter Ward 8
M Blignaut PR	KB Mnguni Ward 9

**MEMBERS OF THE EXECUTIVE COMMITTEE**

MB Mambæ (Chairperson: Finance Department)  
M Blignaut (Finance Committee Member)  
P Nkomo (Political Head: Public Works Department)  
MS Mokoel (Political Head: Corporate Department)  
BA Peter (Chairperson: Community Services)

**GRADING OF LOCAL AUTHORITY**

Grade 5

**AUDITORS**

Auditor - General

**BANKERS**

ABSA Bank

**REGISTERED OFFICE**

Church Street Telephone: (058) 862 2811  
P O Box 26 Fax: (058) 863 2523  
Reitz 9810

**MUNICIPAL MANAGER**

SJ Thomas

**CHIEF FINANCIAL OFFICER**

JS Mofube

**APPROVAL OF FINANCIAL STATEMENTS**

The annual financial statements set out on pages xx to xx were approved by the Municipal Manager on xxxx August 2008 and presented to and approved by Council on xxxxxxxxxxxxxxxx

---

SJ Thomas (Municipal Manager) JS Mofube (Chief Financial Officer)



**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

---

**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 urbanization.

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 rationalize 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 prioritize 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 Councilor with the tragic and sudden death of Councilor E J Motsei who was the Councilor 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 2008**

**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 2008 is as follows :

<b>Income</b>	<b>Actual 2007</b>	<b>Actual 2008</b>	<b>Variance 2007/2008</b>	<b>Budget 2008 R</b>	<b>Variance Actual/ Budget %</b>
Opening Surplus	-	4 385 290.0	-	-	-
Operating income for the year	114 410 749	#REF!	#REF!	#REF!	#REF!
Sundry transfers	8 785 351	- 22 052 600	-	-	-
Closing Deficit	-	-	-	-	-
	123 196 100	#REF!	-	#REF!	-
<b>Expenditure</b>					
Opening Deficit	15 249 637	-	-	-	-
Operating Expenditure for the year	103 561 173	#REF!	#REF!	#REF!	#REF!
Sundry transfers	-	-	-	-	-
Closing Surplus	4 385 290	#REF!	-	-	-
	123 196 100	#REF!	-	#REF!	-

During the current year, the operating income exceeded the operating expenditure by R 23 078 042 (2007 for R 10 849 576).

**1.1 RATES AND GENERAL SERVICES**

	<b>Actual 2007</b>	<b>Actual 2008</b>	<b>Variance 2007/2008</b>	<b>Budget 2008 R</b>	<b>Variance Actual/ Budget %</b>
Income	77 556 259	#REF!	#REF!	47 307 729	#REF!
Expenditure	79 753 094	#REF!	#REF!	58 908 989	#REF!
<b>Surplus/ (Deficit)</b>	<b>- 2 196 835</b>	<b>#REF!</b>	<b>#REF!</b>	<b>-11 601 260</b>	<b>#REF!</b>
<b>Surplus/ (Deficit) as % of Total income</b>	<b>-2.83</b>	<b>#REF!</b>		<b>-24.52</b>	

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

**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**CHIEF FINANCIAL OFFICER'S REPORT (Continued)**

**1.2 TRADING SERVICES**

**1.2.1 Electricity**

	<b>Actual 2007</b>	<b>Actual 2008</b>	<b>Variance 2007/2008 %</b>	<b>Budget 2008 R</b>	<b>Variance Actual/ Budget %</b>
Income	12 702 872	#REF!	#REF!	14 572 420	#REF!
Expenditure	11 732 884	#REF!	#REF!	13 545 744	#REF!
<b>Surplus/ (Deficit)</b>	<b>969 988</b>	<b>#REF!</b>	<b>#REF!</b>	<b>1 026 676</b>	<b>#REF!</b>
<b>Surplus/ (Deficit) as % of Total income</b>	<b>7.64</b>	<b>#REF!</b>		<b>7.05</b>	

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

**1.2.2 Water**

	<b>Actual 2007</b>	<b>Actual 2008</b>	<b>Variance 2007/2008 %</b>	<b>Budget 2008 R</b>	<b>Variance Actual/ Budget %</b>
Income	24 151 618	#REF!	#REF!	22 571 209	#REF!
Expenditure	12 075 195	#REF!	#REF!	11 982 116	#REF!
<b>Surplus/ (Deficit)</b>	<b>12 076 423</b>	<b>#REF!</b>	<b>#REF!</b>	<b>10 589 093</b>	<b>#REF!</b>
<b>Surplus/ (Deficit) as % of Total income</b>	<b>50.00</b>	<b>#REF!</b>		<b>46.91</b>	



**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**CHIEF FINANCIAL OFFICER'S REPORT (Continued)**

**2. CAPITAL EXPENDITURE AND FINANCING**

The expenditure on fixed assets during the year amounted to R .

Capital Expenditure consists of the following :

	<b>Actual 2008 R</b>	<b>Actual 2007 R</b>	<b>Budget 2008 R</b>
Water Network	21 819 297	8 831 208	100 000
Electricity Network	313 913	1 120 206	300 000
Other Infrastructure	76 415 108	30 081 461	10 977 580
	<b>98 548 318</b>	<b>40 032 875</b>	<b>11 377 580</b>

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

	<b>Actual 2008 R</b>	<b>Actual 2007 R</b>	<b>Budget 2008 R</b>
Grants and subsidies	97 013 396	34 779 374	106 365 000
External Loans	0	2 334 514	-
Hire Purchase	0	230 195	-
Operating account	1 534 922	2 688 793	3 810 800
	<b>98 548 318</b>	<b>40 032 876</b>	<b>110 175 800</b>

**3. EXTERNAL LOANS, INVESTMENTS AND CASH**

External loans outstanding on 30 June 2008 amounted to R 10 901 115 ( R 10 701 909 in 2007) as set out in Appendix B. Loans totaling R 594 010 ( R 520 278 in 2007) were repaid.

Investments and cash on hand at 30 June 2008 amounted to R 38 206 986 ( R 18 879 348 in 2007).

During the year the cashbook balance increased from an overdraft of R 3 710 391 to an overdraft of R7 144 645. 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 2008**

---

**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, Councilors, 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 2008**

---

**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 the 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.

## **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.

### **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.

## **ACCOUNTING POLICIES (Continued)**

### **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.

## **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.

### **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.

## **ACCOUNTING POLICIES (Continued)**

### **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 2008**

**BALANCE SHEET AT 30 JUNE 2008**

		2008 R	2007 R
<b>CAPITAL EMPLOYED</b>			
FUNDS AND RESERVES		14 574 904	12 301 700
Statutory Funds	1 1	14 137 658	11 864 455
Reserves	2 2	437 245	437 245
(ACCUMULATED DEFICIT)/RETAINED INCOME	3 3	#REF!	4 385 290
LONG-TERM LIABILITIES	4 4	#REF!	16 686 990
CONSUMER DEPOSITS : SERVICES	5 5	10 607 787	10 095 695
		#REF!	971 570
		<b>#REF!</b>	<b>27 754 255</b>
<b>EMPLOYMENT OF CAPITAL</b>			
FIXED ASSETS	6 6	10 395 529	10 701 908
INVESTMENTS	7 7	#REF!	9 455 998
LONG-TERM DEBTORS	8 8	-	-
NET CURRENT ASSETS/(LIABILITIES)		#REF!	20 157 906
CURRENT ASSETS		#REF!	7 596 349
Inventory	9 9	#REF!	30 098 002
Debtors	10 #	#REF!	88 461
Other Debtors	11 #	#REF!	19 169 321
Call investment Deposits	12 #	#REF!	1 416 842
Cash and Bank	#	1 000.00	9 423 378
Short-term Portion of Long-term Debtors	8	-	0
CURRENT LIABILITIES		#REF!	22 501 653
Provisions	14 #	#REF!	2 090 226
Creditors	15 #	#REF!	16 094 822
Short-term Portion of Long-term Liabilities	4 4	293 328	606 214
Bank Overdraft	13 #	#REF!	3 710 391
		<b>#REF!</b>	<b>27 754 255</b>



**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30,2008**

**INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2008**

<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	79 753 093	-2 196 834	-10 112 400
47 819 263	54 641 041	-6 821 778	-13 037 590
82 605	3 058 272	-2 975 667	-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
<b>114 410 748</b>	<b>103 561 172</b>	<b>10 849 576</b>	<b>22 670</b>
		<u>8 785 351</u>	
		19 634 927	
		-15 249 637	
		<u><b>4 385 290</b></u>	

**RATES & GENERAL SERVICES**

Community Services  
Subsidised Services  
Economic Services

**TRADING SERVICES**

**TOTAL**

Appropriations for the year (Refer to note 3)  
Net Surplus/ (Deficit) for the year  
Accumulated Surplus/(Deficit) at beginning of year  
Accumulated Surplus/(Deficit) at the end of the year

<u>2008</u> Actual Income	<u>2008</u> Actual Expenditure	<u>2008</u> Surplus / (Deficit)	<u>2008</u> Budget Surplus / (Deficit)
( R)	( R)	( R)	( R)
#REF!	#REF!	#REF!	#REF!
#REF!	#REF!	#REF!	#REF!
#REF!	#REF!	#REF!	#REF!
#REF!	#REF!	#REF!	#REF!
#REF!	#REF!	#REF!	#REF!
#REF!	#REF!	#REF!	#REF!
#REF!	#REF!	#REF!	#REF!
#REF!	#REF!	#REF!	#REF!
		<u>-22 052 600</u>	
		#REF!	
		4 385 290	
		<u><b>#REF!</b></u>	

**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2008**

		2008 R	2007 R
<b>CASH RETAINED FROM OPERATING ACTIVITIES:</b>			
		#REF!	44 905 535
Cash Generated by Operations	17	100 474 334	5 140 120
Investment Income		2 821 591	680 567
(Increase)/Decrease in Working Capital	18	#REF!	40 025 169
		#REF!	45 845 856
<b>Less: Interest paid</b>		-1 142 580	-940 321
<b>Cash available from Operations</b>		#REF!	44 905 535
Net Proceeds on Disposal of Fixed Assets		-	-
<b>CASH UTILISED IN INVESTING ACTIVITIES:</b>			
		-98 548 318	-40 032 876
Investment in Fixed Assets		-98 548 318	-40 032 876
<b>NET CASH FLOW</b>		#REF!	4 872 659
<b>CASH EFFECTS OF FINANCING ACTIVITIES:</b>			
Increase/(Decrease in Long-term Loans	19	199 206	1 444 290
(Increase)/Decrease in Cash Investments	20	-19 327 610	-386 079
(Increase)/Decrease in Bank	21	#REF!	-3 647 133
<b>Net Cash Utilised/(Generated)</b>		#REF!	-2 588 922

**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2008**

	<b>2008 R</b>	<b>2007 R</b>
<b>1 STATUTORY FUNDS</b>		
Capital Development Fund	10 101 048	9 192 770
Ervin Trust Fund	3 722 544	2 357 619
Capacity Building Fund	314 066	314 066
	<u><b>14 137 658</b></u>	<u><b>11 864 455</b></u>
(Refer to Appendix A for more detail).		
<b>2 RESERVES</b>		
Equitable Share Reserve	-	0
Valuation Cost	437 245	437 245
	<u><b>437 245</b></u>	<u><b>437 245</b></u>
(Refer to Appendix A for more detail).		
<b>3. APPROPRIATIONS</b>		
<b>Appropriation account</b>		
Accumulated Surplus/(Deficit) at the beginning of the year	4 385 290	-15 249 637
Operating surplus/(Deficit) for the year	#REF!	10 849 576
Appropriations for the year	-22 052 600	8 785 351
<b>Accumulated Surplus/(Deficit) at the end of the year</b>	<u><b>#REF!</b></u>	<u><b>4 385 290</b></u>
<b>Operating Account:</b>		
Capital Expenditure	476 760	40 032 876
Contributions to:		
Capital Development Fund	908 279	1 015 458
Ervin Trust Fund	-	100 559
Capacity Building Fund	-	-15 018
Equitable share	-	-20 178 046
Valuation Cost	0	100 909
	<u><b>1 385 040</b></u>	<u><b>21 056 738</b></u>
<b>4 LONG TERM LIABILITIES</b>		
DBSA	10 712 234	10 471 174
Annuity loans-ABSA	188 881	230 195
	10 901 115	10 701 369
<b>Less:</b> Current Portion Transferred to Current Liabilities	-293 328	-606 214
DBSA	247 897	563 003
Annuity loans - ABSA	45 431	43 211
<b>Total External Loans</b>	<u><b>10 607 787</b></u>	<u><b>10 095 155</b></u>

(Refer to Appendix B for more detail on Long-term Liabilities)

**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2008 (Continued)**

	2008 R	2007 R
<b>4 LONG TERM LIABILITIES (Continue)</b>		
Government loans : Other		
These loans were received from the Development Bank for various projects. The loans carry interest interest of 14,5% , 10.35% and 9.09% per annum respectively. The loans will be fully redeemed in 2008 and 2024, respectively.		
The loan from the Development Bank for the new municipal offices is secured by an investment of R2 000 000 at Standard Bank.		
Annuity loans		
The ABSA Instalment sale agreement is secured by a motor vehicle with a cost price of R 252,486		
The loan is repayable in 60 instalments at a rate of 1.25% below the prime rate and will be fully redeemed in 2011.		
<b>5. CONSUMER DEPOSITS - SERVICES</b>		
Electricity & Water	<u>#REF!</u>	<u>971 570</u>
No interest is accrued or paid on consumer deposits.		
<b>6. FIXED ASSETS</b>		
Fixed Assets at the beginning of the year	217 996 575	177 963 699
Capital Expenditure during the year	98 548 318	40 032 876
<b>Less:</b> Assets written off, Transferred or Disposed during the year	<u>--</u>	<u>--</u>
<b>Total Fixed Assets</b>	316 544 893	217 996 575
<b>Less:</b> Loans Redeemed and Other Capital Receipts	<u>-306 149 364</u>	<u>-207 294 666</u>
<b>Net Fixed Assets</b>	<u><b>10 395 529</b></u>	<u><b>10 701 909</b></u>

(Refer to Appendix C and Section 2 of the Treasurer's Report for more details on Fixed Assets)

Included in Council General expenditure fixed assets is a Mercedes Benz at a cost price of R 252,486 that secure the ABSA instalment sale agreement as disclosed in note 4 of the financial statements

**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2008 (Continued)**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>7 INVESTMENTS</b>		
<b>Listed</b>		
Old Mutual Shares	#REF!	28 488
<b>Unlisted</b>		
Long-term Deposits	#REF!	9 427 510
Total investments	<u>#REF!</u>	<u>9 455 998</u>
Market value of listed investments and management's valuation of unlisted investments		
Listed investments	<u>#REF!</u>	<u>28 488</u>
Unlisted investments	<u>#REF!</u>	<u>9 427 510</u>
For details of the unlisted investments, refer to Note 29.		
Average Gross Rate of Return on Investments	<u>7.22%</u>	<u>10.35%</u>
Gain/(Loss) on Investments	<u>0</u>	<u>52 973</u>
The gain on investments in the current year can mainly be attributed to arise in share values of the Old Mutual investments.		
The Free State Local Government Ordinance (8 of 1962), sections 82(1) and 85(2) require of Local Governments to invest all funds not needed immediately, with prescribed institutions. The Ordinance also requires that the periods of an investment should be such that it will not be necessary to borrow funds against the investment at a plenary rate to meet commitments.		
No investments were written off during the current year.		
Investments amounting to R 300 000 were ceded in favour of DBSA.		
<b>8 LONG- TERM DEBTORS</b>		
Car Loans	-	-
<b>Less:</b> Current Portion Transferred to Current Assets	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2008 (Continued)**

	2008	2007
	R	R
<b>9 INVENTORY</b>		
Consumable Stores	#REF!	88 461
	<u>#REF!</u>	<u>88 461</u>
<b>10 CONSUMER DEBTORS</b>		
Debtors as per Debtors Ledger	#REF!	75 838 538
Less : VAT Control	#REF!	5 669 217
	<u>#REF!</u>	<u>70 169 321</u>
Current Debtors: Consumers	#REF!	70 169 321
<u>Less:</u> Provision for Bad Debts	#REF!	-51 000 000
	<u>#REF!</u>	<u>19 169 321</u>
<p>An amount totalling R 8 752 166 (200 - R34 722 169) was written off as bad debts or against the Equitqble share income. This represents 7.2 % (2007 - 46%) of the total operating income for the year. Days outstanding in debtors amount to 147 days (2007 - 147 days)</p> <p>VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.</p>		
Service Debtors	58 362 610	45 089 659
Water	10 814 357	7 607 007
Electricity	2 782 229	2 730 182
Sewerage	15 528 876	11 690 482
Refuse	18 552 407	14 704 603
Rates	10 684 741	8 357 385
Housing	10 015	10 234
VAT	#REF!	5 669 217
Loans	5 510	6 069
Sundries	34 096 599	25 064 501
<b>Total</b>	<u>#REF!</u>	<u>75 838 538</u>
<b>11 OTHER DEBTORS</b>		
Current Debtors: Other	#REF!	1 416 842
<b>12 CALL INVESTMENT DEPOSITS</b>		
Other deposits	#REF!	9 423 378

**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2008 (Continued)**

	<b>2008 R</b>	<b>2007 R</b>
<b>13 BANK AND OVERDRAFT BALANCES</b>		
Main Account		
ABSA Bank - Reitz Branch. Account Number 21-7056-0119		
Transfer accounts		
First National Bank Account number 62 0640 8279 9		
Standard Bank Account Number 04 083 759 9		
Cash book balance at beginning of year - overdrawn	<u>3 710 391</u>	<u>7 357 524</u>
Cash book balance at end of year - overdrawn	<u>#REF!</u>	<u>3 710 391</u>
Bank statement balance at beginning of year - (Overdrawn)	<u>-111 868</u>	<u>33 369</u>
Bank statement balance at end of year	<u>4 779 230</u>	<u>-111 868</u>
<b>14 PROVISIONS</b>		
Leave Pay	<u>#REF!</u>	<u>2 090 226</u>
Audit fees	<u>#REF!</u>	<u>-</u>
	<u>#REF!</u>	<u>2 090 226</u>
<b>15 CREDITORS</b>		
Trade Creditors	<u>#REF!</u>	<u>1 403 904</u>
Other creditors	<u>#REF!</u>	<u>14 690 918</u>
	<u>#REF!</u>	<u>16 094 822</u>
<b>16 FINANCE TRANSACTIONS</b>		
Total External Interest Earned or Paid:		
Interest Earned	<u>#REF!</u>	<u>680 567</u>
Interest Paid	<u>1 142 580</u>	<u>940 321</u>
Capital Charges Debited to Operating Account:		
Interest:		
External	1 142 580	940 321
Internal	2 974	5 373
Redemption:		
External	594 010	520 278
Internal	10 559	21 703
	<u>1 750 123</u>	<u>1 487 675</u>

**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2008 (Continued)**

	<b>2008 R</b>	<b>2007 R</b>
<b>17 CASH GENERATED BY OPERATIONS</b>		
Surplus/(Deficit) for year	#REF!	10 849 576
Adjustments in respect of Prior year Adjustments	-22 052 600	8 785 351
Appropriations Charged against Income	1 381 550	-15 301 913
Capital Development Fund	904 789	1 015 458
Equitable Share Reserve	0	-19 192 614
Capacity Building Fund	0	-15 018
Ervin Trust Fund	0	100 559
Valuation cost	0	100 909
Fixed Assets	476 760	2 688 793
Capital Charges Debited to Operating Account	1 750 123	1 487 675
Interest Paid		
External	1 142 580	940 321
Internal	2 974	5 373
Redemption		
External	594 010	520 278
Internal	10 559	21 703
Investment Income	-2 821 591	-680 567
non Operating Income	99 138 809	
	<b>100 474 334</b>	<b>5 140 122</b>
<b>18 (INCREASE)/DECREASE IN WORKING CAPITAL</b>		
(Increase)/Decrease in Stock	#REF!	-19 993
(Increase)/Decrease in Debtors, Long-term Debtors	-136 402	27 570 919
Increase/(Decrease in Creditors, Consumer Deposits	11 561 970	12 474 244
Provisions	673 781	
	<b>#REF!</b>	<b>40 025 170</b>
<b>19 INCREASE/(DECREASE) IN LONG-TERM LOANS</b>		
Loans Raised	690 885	2 221 435
Loans Repaid	-594 010	-3 710 391
ajustment	102 331	
	<b>199 206</b>	<b>-1 488 956</b>
<b>20 (INCREASE)/DECREASE IN CASH INVESTMENTS</b>		
Investments (made) Realised	<b>-19 327 610</b>	<b>-9 264 856</b>
<b>21 (INCREASE)/DECREASE IN CASH ON HAND</b>		
Cash Balance at beginning of the year	-3 710 391	-7 357 524
<b>Less:</b> Cash Balance at the end of the year	<b>#REF!</b>	<b>-3 710 391</b>
	<b>#REF!</b>	<b>-3 647 133</b>



**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2008 (Continued)**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>23 PROPERTY RATES</b>		
<b><u>Actual</u></b>		
Residential & Commercial	5 041 770	3 197 312
State	1 504 033	1 750 608
Municipal	6 275	6 275
Farmland	1 690 826	1 767 504
<b>Total assessment Rates</b>	<b><u>8 242 904</u></b>	<b><u>6 721 699</u></b>
<b><u>Valuations</u></b>		
Residential & Commercial	188 119 009	188 119 009
State	82 558 520	82 558 520
Municipal	99 070 331	99 070 331
Farmland	386 701 665	386 701 665
<b>Total Property Valuations</b>	<b><u>756 449 525</u></b>	<b><u>756 449 525</u></b>
<p>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 R0,0045 on farmland and improvement. A rebate of 20% was granted on state owned land.</p>		
<b>24 SERVICE CHARGES</b>		
Sale of electricity	#REF!	12 184 423
Sale of water	#REF!	19 735 078
Refuse removal	#REF!	8 519 688
Sewerage and sanitation charges	#REF!	9 586 460
	<b><u>#REF!</u></b>	<b><u>50 025 649</u></b>
<b>25 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Seta		162 545
TMDM		187 238
Projects	1 877 000	4 214 906
MIG Projects	127 290 000	29 299 466
Equitable share	#REF!	25 302 462
Total Government Grant and subsidies	<b><u>#REF!</u></b>	<b><u>59 166 617</u></b>

**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 382.42, which is funded by this grant.

**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2008 (Continued)**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>26 EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and wages	16 932 619	15 484 369
Employee related costs - Contributions for UIF, pension and medical	3 419 726	3 286 799
Travel, motor car, accommodation, subsistence and other allowances	1 953 737	2 809 100
Housing benefits and allowances	73 942	183 379
Overtime payments	1 328 291	966 272
Performance bonus	-	1 065 775
	<u><b>23 708 314</b></u>	<u><b>23 795 694</b></u>
Remunerations paid		
Municipal Manager	593 683	528 000
Remuneration of the Chief Finance officer	471 547	420 000
Executive - Technical Services	492 830	422 400
Executive - Corporate Services	473 947	420 000
Executive - Community Services	-	-
Executive - Human Resources and Urban planning	-	-
Executive - Internal Audit	-	-
	<u><b>2 032 007</b></u>	<u><b>1 790 400</b></u>
<b>27 COUNCILLORS REMUNERATION</b>		
Speaker	368 289	347 823
Mayor	507 834	432 286
Committee Members	818 553	722 662
Councillors' Allowances	1 730 471	1 603 307
Councillors' Pension Contributions	-	-
Councillors' Medical Contributions	-	-
Back pay	14 666	-
	<u><b>3 439 813</b></u>	<u><b>3 106 078</b></u>

**28 RETIREMENT BENEFITS**

The employees and councillors of Nketoana are members of the following pension funds:

- SALA Pension Fund
- SAMWU National Provident Fund
- Free State Pension Fund
- Pension Fund for Municipal Councillors

No actuarial valuations were available on completion of the financial statements.

**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2008 (Continued)**

	<b>2008</b>	<b>2007</b>		
	<b>R</b>	<b>R</b>		
<b>29 CAPITAL DEVELOPMENT FUND</b>				
Outstanding Advances to Borrowing Services				
Accumulated Fund	10 101 048	8 153 785		
<b>Less:</b> Internal Investments in Consolidated Loans Funds	9 953	0		
	<u><b>10 091 095</b></u>	<u><b>8 153 785</b></u>		
<b>30 ERVIN TRUST FUND</b>				
Outstanding Advances to Borrowing Services				
Accumulated Fund	3 722 544	2 227 064		
<b>Less:</b> Internal Investments in Consolidated Loans Funds	0	20 512		
	<u><b>3 722 544</b></u>	<u><b>2 206 552</b></u>		
<b>31 BANK ACCOUNT DETAILS</b>				
<b>Bank</b>	<b>Type</b>	<b>Account number</b>		
ABSA	Cheque Account	21 7056 0119	#REF!	-3 710 391
ABSA	Money Market	90 8584 2519	#REF!	24 527
ABSA	Fixed Deposit	20 6368 2631	#REF!	1 865 297
ABSA	Fixed Deposit	20 6446 3646	-	0
ABSA	Savings Account	90 7415 5973	#REF!	9 182 165
ABSA	Special Investment	90 6608 7277	#REF!	7 324
ABSA	Fixed Deposit	20 6189 6012	#REF!	300 000
ABSA	Capital Development Fund	90 7373 2043	#REF!	29 344
ABSA	Special Investment	20 5872 4210	#REF!	7 384.00
ABSA	Fixed Deposit	40 4888 8987	171 665	171 665.00
Standard Bank		04 868 8703-001	#REF!	2 562 019
Standard Bank		04 868 8703-002	#REF!	3 765 397
First National Bank		60 285 0663 26	#REF!	941
			<u><b>#REF!</b></u>	<u><b>14 205 672</b></u>

**32 RELATED PARTY TRANSACTIONS**

None reported for the current year

**33 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**

None reported for the current year

**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2008 (Continued)**

	2008 R	2007 R
<b>34 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>34.1 Audit fees</b>		
Opening balance included in provisions	-	650 000
Current year audit fee	#REF!	270 017
Amount paid - Current year	-	920 017
Amount paid - previous year	-	-
<b>Balance included in provision</b>	<b>#REF!</b>	<b>-</b>
<b>34.2 VAT</b>		
VAT input receivables and VAT outputs receivables are shown in note 10. All the VAT returns have been submitted by the due date throughout the year.		
<b>34.3 PAYE AND UIF</b>		
Opening balance	0	0
Current year payroll deductions	2 668 928	2 443 214
Amount paid - Current year	-2 668 928	-2 443 214
Amount paid - previous year	0	0
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>
The balance represents PAYE and UIF deducted from the June 2008 payroll. These amounts were paid during June 2008.		
<b>34.4 Pension and Medical Aid Deductions</b>		
Opening balance	0	0
Subscriptions	5 215 742	1 670 097
Amount paid - Current year	-5 215 742	-1 670 097
Amount paid - previous year	0	0
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>
The balances represents pension and medical aid contributions deducted from employees in the June 2008 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during June 2008.		
<b>34.5 Contributions to organized local government</b>		
Opening balance	0	0
Subscriptions	105 994	0
Amount paid - Current year	-105 994	0
Amount paid - previous year	0	0
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>



**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30,2008**

**STATUTORY FUNDS AND RESERVES AT JUNE 30, 2008**

**APPENDIX A**

	BALANCE AT 30/6/2007	CONTRIBUTIONS DURING THE YEAR	INTEREST ON INVESTMENTS	OTHER INCOME	APPLICATIONS	BALANCE AT 30/6/2008
<b>STATUTORY FUNDS</b>						
Capital Development fund	9 192 769	904 789	3 490	0		10 101 048
Erven trust Fund	2 357 619	0	0	1 364 925	-	3 722 544
Capacity Building Fund	314 066	-	-	-	0	314 066
	<b>11 864 454</b>	<b>904 789</b>	<b>3 490</b>	<b>1 364 925</b>	<b>0</b>	<b>14 137 658</b>
<b>RESERVES</b>						
Equitable Share Reserve	0	0	-	-	0	-
Valuation Costs	437 245	0	-	-	-	437 245
	<b>437 245</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>437 245</b>

**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30,2008**

**EXTERNAL LOANS AND INTERNAL ADVANCES AT JUNE 30, 2008**

**APPENDIX B**

Issued	Date Issued	Interest Rate	Loan No	Redeemable	BALANCE AT	CORRECTION	RECEIVED	REDEEMED/	BALANCE AT
					30/6/2007 ( R )	O/B	DURING THE YEAR ( R )	WRITTEN OFF ( R )	30/6/2008 ( R )
<b>EXTERNAL LOANS</b>									
Development bank	2003	14.50%	1	2008	316 915	-1 150	0	315 765	0
Development bank	2004	10.35%	2	2024	9 256 225	103 481	0	198 332	9 161 374
Development bank	2007	9.09%	3	2024	898 574		690 885	38 599	1 550 860
ABSA	2007	14.49%	4	2011	230 195		0	41 314	188 881
					<b>10 701 909</b>	<b>102 331</b>	<b>690 885</b>	<b>594 010</b>	<b>10 901 115</b>
<b>INTERNAL LOANS</b>									
<b>Lindley</b>									
Motor Loans	2000	8.00%			0		0	0	0
Sewerage		14.50%			0		0	0	0
Water		14.50%			0		0	0	0
<b>Reitz</b>									
Internal Loans		13.50%			20 512		0	10 559	9 953
Town Planning	1998	10.00%			20 512		0	10 559	9 953
					<b>20 512</b>		<b>0</b>	<b>10 559</b>	<b>9 953</b>
					<b>10 722 421</b>	<b>102 331</b>	<b>690 885</b>	<b>604 569</b>	<b>10 911 068</b>

**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30,2008**

**ANALYSIS OF FIXED ASSETS AT JUNE 30, 2008**

APPENDIX C

ACTUAL EXPENDITURE 2006/2007 (R )		BUDGET 2007/2008 (R )	BALANCE AT 2007/06/30 (R )	EXPENDITURE 2007/2008 (R )	DISPOSAL DURING THE YEAR (R )	BALANCE AT 2008/06/30 (R )
30 081 462	<b>RATES AND GENERAL SERVICES</b>	109 775 800	144 467 539	76 415 108	0	220 882 647
<b>4 799 300</b>	<b>Community Services</b>	<b>3 410 800</b>	<b>73 764 922</b>	<b>1 048 432</b>	<b>0</b>	<b>74 813 354</b>
0	Assessment Rates	-	2 805 655	-	-	2 805 655
0	Civil Defence	-	2 383	-	-	2 383
724 504	Council's General Expense	113 800	1 922 015	4 386	-	1 926 401
0	Health Services	-	2 650 701	-	-	2 650 701
0	Town Planning	-	411 632	-	-	411 632
0	Town Secretariat	65 000.00	772 159	157 374	-	929 533
495 017	Town Treasurer	2 389 000	2 958 028	340 806	-	3 298 834
0	Traffic Services	-	431 592	360	-	431 952
0	Cemetery	-	50 709	-	-	50 709
0	Airport	-	238 551	-	-	238 551
1 102 852	Properties	-	27 979 558	-	-	27 979 558
2 476 927	Public Works	843 000	33 423 283	545 506	-	33 968 789
0	Human Resources	-	88 083	-	-	88 083
0	Internal Audit	-	30 573	-	-	30 573
<b>2 728 496</b>	<b>Subsidised Services</b>	<b>0</b>	<b>13 426 962</b>	<b>176 318</b>	<b>0</b>	<b>13 603 280</b>
--	Ambulance	-	6 105	-	-	6 105
--	Library	-	130 911	465	-	131 376
--	Fire Protection	-	286 665	-	-	286 665
40 745	Parks & Recreation	-	1 474 832	507	-	1 475 339
2 687 751	Civil Buildings	-	11 528 449	175 346	-	11 703 795
<b>22 553 666</b>	<b>Economic Services</b>	<b>106 365 000</b>	<b>57 275 655</b>	<b>75 190 358</b>	<b>0</b>	<b>132 466 013</b>
--	Building Survey	--	361	-	-	361
--	Cleaning	--	2 473 146	246	-	2 473 392
22 553 666	Sewerage	106 365 000	54 802 148	75 190 112	-	129 992 260



FOR THE YEAR ENDED JUNE 30,2008

ANALYSIS OF FIXED ASSETS AT JUNE 30, 2008

APPENDIX C

ACTUAL EXPENDITURE 2006/2007 (R )		BUDGET 2007/2008 (R )	BALANCE AT 2007/06/30 (R )	EXPENDITURE 2007/2008 (R )	WRITTEN OFF/ DISPOSAL DURING THE YEAR (R )	BALANCE AT 2008/06/30 (R )
<b>0</b>	<b>Housing Services</b>	<b>0</b>	<b>3 080 640</b>	<b>0</b>	<b>0</b>	<b>3 080 640</b>
--	Official Housing	-	3 080 640	-	-	3 080 640
<b>9 951 414</b>	<b>Trading Services</b>	<b>400 000</b>	<b>70 448 396</b>	<b>22 133 210</b>	<b>0</b>	<b>92 581 606</b>
--	Farming	-	228 716	-	-	228 716
--	Caravan Park	-	0	-	-	0
1 120 206	Electricity	300 000	15 524 081	313 913	-	15 837 994
--	Abattoir	-	467 939	-	-	467 939
8 831 208	Water	100 000	54 227 660	21 819 297	-	76 046 957
<b>40 032 876</b>	<b>TOTAL FIXED ASSETS</b>	<b>110 175 800</b>	<b>217 996 575</b>	<b>98 548 318</b>	<b>0</b>	<b>316 544 893</b>
<b>-37 468 167</b>	<b>LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS</b>		<b>-207 294 667</b>	<b>-98 854 697</b>	<b>0</b>	<b>-306 149 364</b>
0	Loans redeemed and advances paid		- 28 341 662	- 1 522 142	-	-29 863 804
-2 688 793	Contribution from Income		- 9 581 304	- 476 760	-	-10 058 064
0	Contribution from Reserves		- 14 004 864	-	-	-14 004 864
-34 779 374	Grants and Subsidies		-126 226 366	- 96 855 794	-	-223 082 160
0	Other Sources		- 28 924 445	-	-	-28 924 445
	Public Contributions		- 216 026	-	-	-216 026
<b>2 564 709</b>	<b>NET FIXED ASSETS</b>		<b>10 701 908</b>	<b>-306 379</b>	<b>0</b>	<b>10 395 529</b>

**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**APPENDIX D**

**ANALYSIS OF OPERATING INCOME AND EXPENDITURE  
FOR THE YEAR ENDED JUNE 30, 2008**

2007 ACTUAL R		2008 ACTUAL R	2008 BUDGET R
<b>INCOME</b>			
6 843 461	Income from assessment rates	#REF!	#REF!
50 025 649	Income from tariffs, Service Fees, & Taxes	#REF!	#REF!
680 567	Interest earned from Operating reserves	#REF!	#REF!
8 707 283	Interest earned from outstanding debtors	#REF!	#REF!
57 970	Fines	#REF!	#REF!
40 987 336	Subsidies and Grants received for operating purpose	#REF!	#REF!
7 108 483	Other income	#REF!	#REF!
<u>114 410 749</u>	<b>Total Income</b>	<u>#REF!</u>	<u>#REF!</u>
<b>EXPENDITURE</b>			
26 086 269	<b>Salaries, Wages and Allowances</b>	#REF!	#REF!
<b>7 108 528</b>	<b>Bulk purchases</b>	#REF!	#REF!
6 770 150	Purchase of Electricity	#REF!	#REF!
338 378	Purchase of Water	#REF!	#REF!
1 883 484	<b>Repairs and Maintenance</b>	#REF!	#REF!
1 487 674	<b>Capital Charges</b>	#REF!	#REF!
33 042 893	<b>Contribution to Fixed Assets</b>	#REF!	#REF!
11 448 048	<b>Contributions</b>	#REF!	#REF!
26 004 277	<b>General Expenses</b>	#REF!	#REF!
<u>107 061 173</u>	<b>Gross Expenditure</b>	<u>#REF!</u>	<u>#REF!</u>
-3 500 000	Less: Amounts Charged Out	-3 500 000	-3 500 000
<u>103 561 173</u>	<b>Total Expenditure</b>	<u>#REF!</u>	<u>#REF!</u>



**NKETOANA MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**APPENDIX F**

<b>STATISTICAL INFORMATION</b>	<b>2007/08</b>	<b>2006/07</b>	<b>2005/06</b>
<b>a General Statistics</b>			
Population	111483	30 452	28 060
Number of properties	17594	17 022	17 011
Value of Taxable Properties	3406014369	657 379 194	653 318 674
Value of Non-taxable Properties	97381246	99 070 331	96 494 171
Assesment Rates (cents/rand) - Land	0.2	20	20
Assesment Rates (cents/rand) - Improvements	0.015	1.50	1.50
Assesment Rates (cents/rand) - Farmland	0.0045	0.03	
<b>b Electricity Statistics</b>			
Number of Users (Residential & Commercial)	4 789	4 764	4 635
Units Bought	36 030 711	31 908 884	31 640 589
Units Sold	27 396 898	20 769 367	23 732 877
Units lost in Distribution	8 633 813	11 139 517	7 907 712
Units lost in Distribution (%)	23.96%	34.91%	11.90%
Cost per unit sold (cent)	47	21	14
Income per unit sold (cent)	49	44	31
<b>c Water Statistics</b>			
Number of Users (Residential & Commercial)	12 922	12 891	12 860
Units Purified	2 785 616	2 957 287	2 763 045
Units Sold	1756174	1 473 711	1 275 194
Units lost in Distribution	1029442	431 189	205 391
Units lost in Distribution (%)	36.96%	14.58%	17.43%
Cost per unit sold	4.31	8.19	2.78
Income per unit sold	12.32	8.68	9.00
<b>d Sundry Statistics</b>			
<b>Building survey</b>			
Total number of Building plans passed	17	23	14
Value of building plans passed	6 198 034	5 189 036	1 892 489
<b>Parks &amp; Recreational</b>			
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	122327	113 614
Personnel in Council Service	249	249	284
<b>Roads</b>			
Tarred	117 Km	117 Km	115 Km
Other	258 Km	258 Km	260 Km