

IKWEZI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u>	<u>2007</u>
	R	R
1 FUNDS		
1.1 STATUTORY FUNDS		
Revolving fund	929,475	919,142
Dog Tax fund	48,822	47,381
Housing Development fund	48,753	47,602
	<u>1,027,050</u>	<u>1,014,125</u>
(Refer to Appendix A for more detail)		
1.2 RESERVES		
Leave reserve Fund	462,798	510,539
Capital Replacement Reserve	653,138	795,125
	<u>1,115,936</u>	<u>1,305,664</u>
1.3 TRUST FUNDS		
Water Report	29,716	29,902
IDP	8,189	42,984
MIG: Jansenville Sewer project	1,373,679	
HIV Aids Programme	-	2,653
MSP Funds	-	130,205
Drought Relief	-	440,338
LED - Ostrich/Feedlot	416,823	738,349
CMIP - Bucket eradication	79,107	80,715
General Valuation	166,622	-
Klipplaat Housing Project (250 Houses)	95,852	178,293
Klipplaat Housing Project (210 Houses)	-	456,054
MSIG	114,486	2,536
PMS and Municipal Organ gram	9,003	9,877
Water Service Authority	41,253	62,354
Development of By-Laws	24,386	51,009
LED - Co-ordinator/Thina Sinako project	196,466	
Performance Management System	22,849	
Indigent Register	48,252	
Angora Goat project	2,491	
	<u>2,629,174</u>	<u>2,225,269</u>
(Refer to Appendix A for more detail)		
2 LONG-TERM LIABILITIES		
Development Bank of South Africa	-	-
<u>Less:</u> Current portion of Long term liabilities	-	-
	<u>-</u>	<u>-</u>
These loans bearded interest at rates of 16.85% and 15.72 % per annum and was fully redeemed at 30 June 2007 - an application was approved by Development Bank to write off all arrear interest on condition that the loans were fully redeemed on 31 March 2007, which was adhered. (Refer to Appendix B for more details)		

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	<u>2008</u>	<u>2007</u>
	R	R
3 CONSUMER DEPOSITS : SERVICES		
Electricity & Water		-
Other		-
	<u>-</u>	<u>-</u>
4 PROPERTY, PLANT AND EQUIPMENT		

Property, plant and equipment at beginning of year	49,973,215	23,936,832
<u>Add:</u> Capital expenditure during the year	19,701,625	11,681,309
Assets transferred during the year	(12,992)	14,355,074
Total Property, plant and equipment	69,661,848	49,973,215
<u>Less:</u> Loans redeemed and other capital receipts	69,661,848	49,973,215
Net Property, plant and equipment	-	-

Not included in above total, is an amount of R25 000 relating to the clinic in Kliplaat, which are still not transferred to the Municipality, but registered to the Church. Also not included is the infrastructure cost for the period before the financial year 2004/05, value of which still needs to be determined.

(Refer to Appendix C for more details)

5 TRADE AND OTHER RECEIVABLE

Debtors for rates and service charges *	9,864,432	7,669,317
Less: Provision for bad debts	(9,270,986)	(7,064,406)
	593,446	604,911
Grants claimable from Cacadu DM -		
LED Projects	21,230	30,667
Har Hardwood Farm	210,938	62,789
Other	283,753	
Accumulated Interest	41,920	18,078
VAT - Debtors *	652,562	470,257
VAT - creditors not yet paid	174,404	340,178
VAT - Claim for May/June	480,654	446,844
Grants from Prov. Government - Housing	287,290	2,260,774
Sundry Debtors	69,147	83,718
	2,815,344	4,318,216

* VAT shown separate

6 SHORT-TERM INVESTMENTS

<i>Name of Bank</i>	<i>Acc Nr</i>	<i>Type of investment</i>		
Absa Bank	9137635959	Money market deposit	3,800,586	1,861,676
Absa Bank	9101589574	Savings deposit	4,312	9,072
Absa Bank	9118667183	Call deposit	66,181	168,099
			3,871,079	2,038,847

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	<u>2008</u>	<u>2007</u>
	<u>R</u>	<u>R</u>
7 <u>BANK AND CASH ON HAND</u>		
<i>Current Bank account: ABSA Bank (Acc no 4053099797)</i>		
Bank statement balance at the end of year	<u>182,974</u>	<u>608,993</u>
<i>Current Bank account: ABSA Bank (Acc no 2520141122)</i>		
Bank statement balance at the end of year	<u>1,105</u>	<u>32,628</u>
Consolidated Cash Book Balance at the end of year	<u>(87,771)</u>	<u>457,751</u>
8 <u>PROVISIONS</u>		
Audit Costs	250,000	200,000
Performance Bonuses: Section 57 employes	78,400	
	328,400	200,000
9 <u>TRADE AND OTHER PAYABLES</u>		
Trade creditors	1,178,467	2,908,100
Auditor-General	275,634	
Workman's Compensation	100,711	100,711
Service charges paid in advance	62,450	84,988
VAT - Income raised not yet paid by debtors	652,562	470,257
Dept. of Transport	32,770	34,174
Retention	913,159	678,216
Sundry creditors	22,490	25,903
PAYE/UIF in arrears for years 2000 - 2004	1,013,482	

10 ASSESSMENT RATES

The total General valuation as at 30 June 2008 was R571 974 310
This includes residential, businesses and farms

	<u>4,251,725</u>	<u>4,302,349</u>
	<u>Actual income 2008 R</u>	<u>Actual income 2007 R</u>
	1,202,753	981,348

11.1 COUNCILLORS INFORMATION

Remuneration

Speaker	195,900	182,236
Councillors	525,252	507,652
	<u>721,152</u>	<u>689,888</u>

These remuneration of the Councillors are within the upper limits of the framework envisaged in section 219 of the Constitution

Arrear rates and service charges outstanding for more than 90 days

Speaker: SA Mngwevu	2,716	2,836
Councillor: SG Ferreira	8	5,326
Councillor: NP Vanda	7,052	6,743
Councillor: JJ Bester	1,993	64
Councillor: A Lizwane	6,585	
	<u>18,354</u>	<u>14,969</u>

IKWEZI MUNICIPALITY

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

11.2 EMPLOYEE RELATED COSTS

	<u>2008 R</u>	<u>2007 R</u>
Employee related costs - Salaries and Wages	3,655,684	3,992,108
Employee related costs - Contributions to pension, medical aids	558,097	578,975
Travel allowances	132,499	324,335
Housing, standby, SDL and other allowances	177,202	136,758
Overtime payments	270,670	151,914
Bonuses	320,763	313,104
Cell phone allowance (Councillors only)	721,152	41,820
	<u>5,836,067</u>	<u>5,539,014</u>

An amount of R1,013,482 is raised by SARS as outstanding PAYE and UIF returns and penalties, This was for the periods 2000 - 2004 and is shown under Note 9 - Trade and other payables

Remuneration of the Municipal Manager

Annual Remuneration	196,846	224,889
Performance Bonus	28,000	35,077
Car Allowance	55,004	67,416
Contributions to UIF, SDL	968	4,128
	<u>280,818</u>	<u>331,510</u>

Remuneration of the Chief Finance Officer

Annual Remuneration	178,591	165,254
Performance Bonus	18,094	32,612
Car Allowance	43,880	76,320
Contributions to UIF, SDL	1,327	3,647
	<u>241,892</u>	<u>277,833</u>

Remuneration of the Technical Manager

Annual Remuneration	191,171	150,000
Performance Bonus	33,600	14,000
Car Allowance	53,833	50,000
Contributions to UIF, SDL	1,452	3,128
	<u>280,056</u>	<u>217,128</u>

12 AUDITORS' REMUNERATION

Opening Balance	584,693	235,488
Current year external audit fee (Provision)	250,000	200,000
Current year internal audit fee	153,120	130,618
Previous years external audit fee under provided	128,041	289,042
Amount paid - current year internal audit fee	(6,945)	(6,956)
Amount paid - previous years external audit fee	(437,100)	(208,011)
Amount paid - previous year internal audit fee	-	(55,488)
Balance unpaid (Included in provisions and creditors)	671,809	584,693

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NOTES TO THE FINANCIAL STATEMENTS
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	<u>2008</u>	<u>2007</u>
	R	R
13 FINANCE TRANSACTIONS		
Total external interest paid and earned :		
- Interest earned	595,171	359,735
- Interest paid	-	-
Capital charges debited to operating account :		
Interest : External	-	-
14 APPROPRIATIONS		
Appropriation account		
Accumulated (deficit)/surplus at beginning of the year	(2,232,593)	208,367
Operating Surplus for the year	697,770	1,208,051
Appropriations for the year	(1,218,810)	(3,649,011)
Back-Pay for Councillors	-	(146,560)
Additional VAT claimed from SARS	-	113,119
RSC Levies for previous years	-	(38,695)
PWC: VAT audit i.r.o. previous years	-	(43,156)
Audit cost - under provided	(128,041)	(289,042)
Write-off Indigent debts	-	(1,036,703)
Performance Bonuses: 2005/06	-	(74,495)
Unknown consumer deposit's	-	32,417
Development Bank's Instalments	-	579,724
Disaster Trust not cash backed	-	59,402
Provision for bad debts - previous years	-	(2,808,353)
SARS PAYE/UIF arrears - returns not submitted from years 2000 - 2004	(1,013,482)	-
Billing corrections of previous years levies	(77,287)	3,331
Accumulated (Deficit)/surplus at end of the year	(2,753,633)	(2,232,593)
15 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	697,770	1,208,051
Adjustment in respect of:		
Previous years' operating transactions	(1,218,810)	(3,649,011)
Appropriations charged against income	2,865,034	3,976,055
- Accumulated Funds (Interest)	251,028	186,718
- Revolving Fund	-	91,560
- Provisions & reserves	2,585,022	3,630,463
- Fixed assets	28,984	67,314
Capital charges:		
Interest: external		
Redemption: external		29,122
Less:		
Operating grants and subsidies	(6,437,895)	(6,113,270)
Expenditure charged against Provisions and reserves	(5,585,951)	(2,534,348)
Investment income (Operating Account)	(588,089)	(355,399)
	(10,267,941)	(7,438,800)

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NOTES TO THE FINANCIAL STATEMENTS
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	<u>2008</u> R	<u>2007</u> R
16 (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/Decrease in Inventory	-	-
(Increase)/Decrease in Trade and other receivables	(703,708)	(3,715,657)
Increase/(Decrease) in Trade and other payables	(50,624)	2,018,759
	<u>(754,332)</u>	<u>(1,696,898)</u>
17 INCREASE/(DECREASE) IN LONG TERM LOANS (EXTERNAL)		
Loans raised	-	-
Loans repaid	-	(58,243)
	<u>-</u>	<u>(58,243)</u>
18 (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS		
Investments made	(9,566,232)	(2,398,903)
Investments realised	7,734,000	5,134,178
	<u>(1,832,232)</u>	<u>2,735,275</u>
19 (INCREASE)/DECREASE IN CASH ON HAND		
Cash on hand at beginning of year	457,751	385,352
Less: Cash on hand at end of year	(87,771)	457,751
	<u>545,522</u>	<u>(72,399)</u>
20 CONTRIBUTION TO ORGANIZED LOCAL GOVERNMENT		
Opening balance		
Council subscriptions	20,055	3,249
Amount paid - current year	(20,055)	(3,249)
Balance unpaid	<u>-</u>	<u>-</u>
21 RETIREMENT BENEFIT INFORMATION		
The employees of this Municipality are members of the following pension funds: SALA Pension Fund IMATU Retirement SAMWU Provident Fund		

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**NOTES TO THE FINANCIAL STATEMENTS
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	<u>2008</u> R	<u>2007</u> R
22 CAPITAL COMMITMENTS		
- Approved and contracted for	6,038,172	8,183,380
Infrastructure	6,038,172	3,896,309
Other		4,287,071
- Approved and not contracted for		
Infrastructure		
Other		
This expenditure will be financed from:		
- Government Grants	6,038,172	8,183,380
	<u>6,038,172</u>	<u>8,183,380</u>
23 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
Reconciliation of unauthorised expenditure		
Opening balance	3,619,309	
Unauthorised expenditure current year		3,619,309

Approved by Council or condoned	3,619,309	
Unauthorised expenditure awaiting authorising	-	3,619,309

Reconciliation of wasteful expenditure

Opening balance		
Fruitless and wasteful expenditure current year		
Approved by Council or condoned		
Fruitless and wasteful expenditure awaiting condonement	-	-

Reconciliation of irregular expenditure

Opening balance		
Irregular expenditure current year		
Approved by Council or condoned		
Irregular expenditure awaiting condonement	-	-

24 CONTINGENT LIABILITIES

Claim for injuries	-	50,000
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