

Mohokare Local Municipality

Annual Financial Statements

for the year ended 30 June 2007



Mohokare Local Municipality

Annual Financial Statements

for the year ended 30 June 2007

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Mohokare Local Municipality

General Information

for the year ended 30 June 2007

Members of the Mohokare Local Municipal Council

MJ Sehanka (Me)	Mayor/Speaker
MP Sikhosana	Member
NB Shiya (Me)	Member
MA Mpako	Member
NG Khatisa (Me)	Member
MS Lalu	Member
BS Majenge	Member
TG Mbangula	Member
JJ Gertenbach	Member
TJ Mohapi	Member

Municipal Manager

KJ Mokgotsi (Dipl. Education)

Chief Financial Officer

PW Vorster (Acting)

Grading of Local Authority

Grade 4

Auditors

Auditor-General

Bankers

ABSA (Main Account)

Mohokare Local Municipality

General Information (continued)

for the year ended 30 June 2007

Registered Office

Physical address:

Civic Centre
Hoofd Street
Zastron
9950

Postal address:

Private Bag X 20
Zastron
9950

Telephone number:

051 - 673 1018

Fax number:

051 - 673 1550

E-mail address:

mokgoti@mohokare.co.za

Map of Mohokare Municipal Area

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

Mohokare Local Municipality

Foreword by the Mayor/Speaker

for the year ended 30 June 2007

Introduction

The Mohokare Local Municipality provides basic services in the following areas:

Zastron/Matlakeng,

Smithfield/Mofulatshepe/Greenfield/Rietpoort,

Rouxville/Roleleathunya/Uitkoms.

These towns are situated in the south-eastern part of the Free State Province. The economy of this area is based on agriculture with stock farming as the main agricultural activity. It is a known fact that this type of economic activity has limited job creation potential. This explains the relative low gross domestic product of the area and the concomitant high rate of unemployment.

The area of jurisdiction of Mohokare Local Municipality is mainly rural and covers an extensive area of 8 748 km². The towns are spread over a relatively large area which also places a high burden on Council's endeavours to maintain a high standard of service delivery.

The financial statements of the past year show that Council is to a large extent dependent on the equitable share. In spite of this major financial injection Council has found it very hard to make ends meet. The financial results are proof of the hardships Council has had to face. Although Council has succeeded in bringing the deficit down from R 6 118 346 (2006) to R 3 730 485 (2007) it still remains a deficit and this is financially unacceptable.

In spite of financial constraints Council has however been able to finance fixed assets to the amount of R 931 535 from own sources and R 12 669 001 from external sources. The latter includes the following expenditure on much needed infrastructure, namely, sewer network (R 7 373 830) and water reticulation (R 1 437 727).

The way forward. Council is committed to delivering services of a high standard at an affordable price to the different communities of Mohokare. Council will try their best to honor this commitment with limited financial sources. Council are prepared to face the challenges of the future. In this regard we know we can rely on the support of all the people of Mohokare. With the assistance of my fellow Councillors and our personnel we shall continue striving to make Mohokare a better place to live in for all our people.

In conclusion I would like to express my sincere appreciation to my fellow Councillors, the Municipal Manager, Departmental Heads, the external consultants and all other personnel for their support, co-operation and hard work during the past year.

Mayor/Speaker

22 October 2007

Mohokare Local Municipality

Approval of the Annual Financial Statements

for the year ended 30 June 2007

The annual financial statements set out on pages 15 to 26 were approved by the Municipal Manager on 2007.

Municipal Manager (KJ Mokgotsi)

Acting Chief Financial Officer (PW Vorster)

Mohokare Local Municipality

Report of the External Accountants to the Members of Mohokare Local Municipality

for the year ended 30 June 2007

We have compiled the annual financial statements of the Mohokare Local Municipality for the year ended 30 June 2007 as set out on pages 15 to 26 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

22 October 2007

Mohokare Local Municipality

Report of the Auditor-General to the Mohokare Local Municipality

for the year ended 30 June 2007

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

Mohokare Local Municipality

Report of the Chief Financial Officer

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 applicable 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	32 756 031	35 804 012	9.31	40 995 885	(12.66)
Closing Deficit	25 664 935	19 994 192		453 300	
Total	58 420 966	55 798 204		41 449 185	

Expenditure

Opening Deficit	17 578 553	25 664 935		-	
Operating Expenditure for the Year	38 874 377	39 534 497	(1.70)	41 449 185	4.62
Appropriations	1 968 036	(9 401 228)		-	
Total	58 420 966	55 798 204		41 449 185	

1.1 Rates and General Services

	Actual 2006 R	Actual 2007 R	Variance 2006/2007 %	Budget 2007 R	Variance Actual/Budget %
Income	19 534 233	22 327 240	14.30	22 943 865	(2.69)
Expenditure	(25 811 441)	(26 035 467)	(0.87)	(24 637 498)	(5.67)
Surplus/(Deficit)	(6 277 208)	(3 708 227)		(1 693 633)	

Surplus/(Deficit) as a % of Total
Income

(19.16) (10.36) (4.13)

1.2 Housing Services

	Actual 2006 R	Actual 2007 R	Variance 2006/2007 %	Budget 2007 R	Variance Actual/Budget %
Income	721	-	(100.00)	1 020 000	(100.00)
Expenditure	(263 204)	(457 967)	(74.00)	(1 371 180)	66.60
Surplus/(Deficit)	(262 483)	(457 967)		(351 180)	

Surplus as a % of Total
Income

(0.80) (1.28) (0.86)

Mohokare Local Municipality

Report of the Chief Financial Officer (continued)

for the year ended 30 June 2007

1.3 Trading Services

1.3.1 Water

	Actual 2006	Actual 2007	Variance 2006/2007	Budget 2007	Variance Actual/Budget
	R	R	%	R	%
Income	6 644 572	6 058 670	(8.82)	3 998 000	51.54
Expenditure	(6 542 004)	(5 958 699)	8.92	(3 159 276)	(88.61)
Surplus/(Deficit)	102 568	99 971		838 724	

Surplus as a % of Total
Income

0.31 0.28 2.05

1.3.2 Electricity

	Actual 2006	Actual 2007	Variance 2006/2007	Budget 2007	Variance Actual/Budget
	R	R	%	R	%
Income	6 571 435	7 265 187	10.56	6 778 120	7.19
Expenditure	(6 120 673)	(7 010 207)	(14.53)	(6 026 372)	(16.33)
Surplus/(Deficit)	450 762	254 980		751 748	

Surplus as a % of Total
Income

1.38 0.71 1.83

1.3.3 Farming

	Actual 2006	Actual 2007	Variance 2006/2007	Budget 2007	Variance Actual/Budget
	R	R	%	R	%
Income	5 070	152 915	2 916.07	159 012	(3.83)
Expenditure	(137 055)	(72 157)	47.35	(157 972)	54.32
Surplus/(Deficit)	(131 985)	80 758		1 040	

Surplus as a % of Total
Income

(0.40) 0.23 0.00

Mohokare Local Municipality

Report of the Chief Financial Officer (continued)

for the year ended 30 June 2007

2 CAPITAL EXPENDITURE AND FINANCING

During the year fixed assets amounting to R 13,600,536 were acquired. This is 79,6% more than the previous year and consist of the following:

	Actual 2007 R	Budget 2007 R	Actual 2006 R
Administration	1 200	260 000	-
Administration Offices	-	-	100 449
Civil Buildings	2 368	-	-
Council General Account	-	45 500	-
Disaster Management	-	15 000	2 067
Electricity	-	-	142 832
Electricity - Centlec	994 845	-	-
Parks and Cemeteries	-	-	89 590
Public Health	-	-	3 642
Public Works	390 549	-	2 068 099
Refuse Removal	1 200	-	-
Sewerage	7 373 830	9 650 000	4 289 363
Tavern	2 194	-	-
Town Hall and Offices	110 031	-	-
Traffic	-	-	7 177
Vehicles and Equipment	392 610	-	151 578
Water	1 437 727	6 364 450	7 027
	<u>10 706 554</u>	<u>16 334 950</u>	<u>6 861 824</u>
Assets not previously capitalised	2 893 982	-	709 900
	<u>13 600 536</u>	<u>16 334 950</u>	<u>7 571 724</u>

The following resources were utilised to finance the fixed assets:

	Actual 2007 R	Budget 2007 R	Actual 2006 R
Contributions from Operating Income	778 202	320 500	1 255 356
Assets not previously capitalised	153 333	-	-
Total contributions from Operating Income	<u>931 535</u>	<u>320 500</u>	<u>1 255 356</u>
Contributions from Government etc.	9 928 352	16 014 450	5 606 468
Assets not previously capitalised	2 740 649	-	-
Total contributions from Government etc.	<u>12 669 001</u>	<u>16 014 450</u>	<u>5 606 468</u>
Assets not previously capitalised	-	-	709 900
Total from External Loans	<u>-</u>	<u>-</u>	<u>709 900</u>
	<u>13 600 536</u>	<u>16 334 950</u>	<u>7 571 724</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 (including arrear interest)	(5 523 396)	(6 017 611)
External Investments	283 288	306 643
Cash on hand and in Bank	1 596 656	6 342
Bank Overdraft	(1 457 194)	(1 377 128)

Mohokare Local Municipality

Report of the Chief Financial Officer (continued)

for the year ended 30 June 2007

More information regarding external loans, investments and cash are disclosed in notes 2, 5, 11 and Appendix B to the financial statements.

4 FUNDS, RESERVES AND PROVISIONS

The current and comparative figures for the Capital Development Fund and other funds are as follows:

	2007	2006
	R	R
Capital Development Fund	2 409 282	2 399 459
Erven Trust Fund	1 441 815	1 374 871
Provisions	2 359 623	1 896 148

More information regarding funds and provisions are disclosed in notes 1, 9 and Appendix A to the financial statements.

5 POST BALANCE SHEET EVENTS

No events have taken place between the date of the financial statements and the date of this report which could have had an effect on the financial statements as disclosed.

6 APPRECIATION

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

.....
Acting Chief Financial Officer

.....
Date

Mohokare 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 - January 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, Housing Services, Trading Services and different funds and provisions. All inter-departmental charges are set-off against each other.

The Electrification Account administered by Centlec was also for the first time consolidated with the financial statements. The consolidated financial statements include the assets and liabilities of Centlec and the results for the year. Corresponding figures of the previous year have been adjusted accordingly.

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, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Chief Financial Officer.
- Fixed assets with a value of less than R 1000 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 over their estimated useful life.

Mohokare 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. external 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

No contributions were made to this fund. Interest received on investments was credited to the fund.

5.2 Erven Trust Fund

The net proceeds from the sale of immovable property are credited to this Fund. This Fund is utilised for the financing of 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).

Mohokare 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 Mohokare 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.

7.2 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 Local 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.

8 Surpluses and Deficits

Any surplus or deficit originating from the 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 (June 1990).

10 Leased Assets

Fixed assets held under finance leases are only capitalised at the end of the term of the lease.

All other leases are treated as operating leases and the relevant rentals are charged to the operating account.

Mohokare Local Municipality

Accounting Policies (continued)

for the year ended 30 June 2007

11 Investments

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.

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).

12 Income Recognition

12.1 Electricity and Water Charges

All meters are read and billed monthly. Where meters can not 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.

12.2 Assessment Rates

The Council applies a differentiated rates system. According to this system assessment rates are charged on the value of the land and improvements. Certain rebates are granted according to the use to which a particular property is put. Further relief is granted to the aged and the needy.

Mohokare Local Municipality

Balance Sheet

as at 30 June 2007

	Note	2007 R	2006 R
Capital Employed			
Funds and Reserves			
Statutory Funds	1	3 851 097	3 774 330
Accumulated Deficit	16	(19 994 192)	(25 664 935)
		(16 143 095)	(21 890 605)
Long Term Liabilities	2	4 917 377	4 997 756
Consumer Deposits	3	88 735	83 596
		(11 136 983)	(16 809 253)
Employment of Capital			
Fixed Assets	4	2 980 925	3 569 105
Investments	5	144 599	144 599
Long Term Debtors	6	121 232	115 594
		3 246 756	3 829 298
		(14 383 739)	(20 638 551)
Net Current Liabilities			
Current Assets			
Inventory	7	353 400	332 400
Debtors	8	7 608 348	6 680 051
Cash and Bank	11	1 596 656	6 342
Short Term Investments	5	138 689	162 044
Short Term Portion of Long Term Debtors	6	49 112	49 112
		24 129 944	27 868 500
Current Liabilities			
Provisions	9	2 359 623	1 896 148
Creditors	10	19 715 897	23 646 937
Short Term Portion of Long Term Liabilities	2	597 230	948 287
Bank Overdraft	11	1 457 194	1 377 128
		(11 136 983)	(16 809 253)

Mohokare Local Municipality

Income Statement

for the year ended 30 June 2007

2006 Actual Income	2006 Actual Expenditure	2006 Surplus/ (Deficit)	2006 Budget Surplus/ (Deficit)		2007 Actual Income	2007 Actual Expenditure	2007 Surplus/ (Deficit)	2007 Budget Surplus/ (Deficit)
R	R	R	R		R	R	R	R
19 534 233	25 811 441	(6 277 208)	585 828	Rates and				
8 598 386	13 507 002	(4 908 616)	2 843 646	General Services	22 327 240	26 035 467	(3 708 227)	(1 693 633)
754 623	2 254 802	(1 500 179)	(1 539 337)	Community Services	10 967 857	13 418 719	(2 450 862)	(546 687)
10 181 224	10 049 637	131 587	(718 481)	Subsidised Services	856 505	2 266 563	(1 410 058)	(1 921 265)
				Economic Services	10 502 878	10 350 185	152 693	774 319
721	263 204	(262 483)	125 628	Housing Services	-	457 967	(457 967)	(351 180)
13 221 077	12 799 732	421 345	36 324	Trade Services	13 476 772	13 041 063	435 709	1 591 512
<u>32 756 031</u>	<u>38 874 377</u>	<u>(6 118 346)</u>	<u>747 780</u>	Total	<u>35 804 012</u>	<u>39 534 497</u>	<u>(3 730 485)</u>	<u>(453 301)</u>
		(1 968 036)		Appropriations for the Year			9 401 228	
		(8 086 382)		(See note 16)			5 670 743	
		(17 578 553)		Net (Deficit)/Surplus for the Year				
		<u>(25 664 935)</u>		Accumulated (Deficit):			(25 664 935)	
				Beginning of the Year				
				Accumulated (Deficit):				
				End of the Year			<u>(19 994 192)</u>	

(Refer to appendices D and E for more detail)

Mohokare Local Municipality

Cash Flow Statement for the year ended 30 June 2007

	Note	2007 R	2006 R
Cash retained from Operating Activities		12 624 884	5 330 269
Cash generated by Operations	17	(11 182 466)	(19 223 792)
Investment Income	15	15 451	4 028
(Increase)/Decrease in Working Capital	18	(6 410 615)	4 593 409
		(17 577 630)	(14 626 355)
Less: External Interest paid	15	(662 431)	(892 757)
Cash available from/(utilised in) Operations		(18 240 061)	(15 519 112)
Cash Contributions from Government and Public Bodies		30 864 945	20 849 381
Cash utilised in Investing Activities			
Investment in Fixed Assets		(10 706 555)	(6 861 825)
Net Cash Flow		<u>1 918 329</u>	<u>(1 531 556)</u>
Cash effects of Financing Activities			
Increase/(Decrease) in Long Term Liabilities	19	(431 436)	1 932 954
(Increase)/Decrease in Cash Investments	20	23 355	(24 706)
(Increase)/Decrease in Cash and Bank	21	(1 510 248)	(376 692)
Net Cash Utilised		<u>(1 918 329)</u>	<u>1 531 556</u>

Mohokare Local Municipality

Notes to the Annual Financial Statements

for the year ended 30 June 2007

	2007 R	2006 R
1 Statutory Funds		
Capital Development Fund	2 409 282	2 399 459
Erven Trust Fund	1 441 815	1 374 871
	<u>3 851 097</u>	<u>3 774 330</u>
1.1 See Appendix A		
2 Long Term Liabilities		
Development Bank of South Africa - note 2.1 to 2.2	789 689	644 198
INCA - note 2.1 to 2.2	11 488	66 994
ABSA (Hire Purchase) - note 2.1 to 2.2	295 491	833 103
Centlec - note 2.1 and 2.4	1 884 257	2 024 810
	<u>2 980 925</u>	<u>3 569 105</u>
Plus: Interest not capitalised	8 789	71 568
Plus: Interest on Loans	2 533 682	2 376 938
	<u>5 523 396</u>	<u>6 017 611</u>
Less: Deferred Interest	(8 789)	(71 568)
Less: Short Term Portion of Long Term Liabilities - note 2.3	(597 230)	(948 287)
	<u>4 917 377</u>	<u>4 997 756</u>
2.1 See Appendix B		
2.2 The loans bear interest at rates that varies between 9% and 19.07% per annum, the loans are secured by assets of R 2,079,020 and expire between 2007 and 2015.		
2.3 Transferred to Current Liabilities.		
2.4 The loan of Centlec bears interest at a rate of 10% per annum and is repayable over a period of twenty years.		
2.5 The application and possible impact of the <i>in duplum</i> rule on the interest shown to be due to Inca and DBSA are questions of law. The possible outcome of such an enquiry was not considered in the compilation of the financial statements.		
3 Consumer Deposits		
Rent	1 250	500
Water	75 977	71 906
Electricity	3 290	3 290
Electricity - Centlec	8 218	7 900
	<u>88 735</u>	<u>83 596</u>
3.1 No guarantees are kept in lieu of electricity deposits.		
4 Fixed Assets		
Fixed Assets at the Beginning of the Year	104 888 587	97 316 862
Capital Expenditure	10 706 555	6 861 825
Plus: Assets not capitalised in 2005/2006	2 893 982	709 900
Less: Assets written-off, transferred or disposed off	(1 279 047)	-
Total Fixed Assets	<u>117 210 077</u>	<u>104 888 587</u>
Less: Loans Redeemed and Other Capital Receipts	(114 229 152)	(101 319 482)
Net Fixed Assets	<u>2 980 925</u>	<u>3 569 105</u>
4.1 See Appendix C and Section 2 of the Chief Financial Officer's Report.		
4.2 Assets of R 2,079,020 serve as collateral for the external loans.		
5 Investments		
Unlisted		
OVK Shares - note 5.1 to 5.5	23 946	23 946
ABSA (Active Save) - 2818144914	-	32 030
ABSA (32 Day Notice Deposit) - 1014355924	69 918	65 807
Old Mutual Flexi Save - Policy number 8120809	120 653	120 653
FNB - 72359004546	44 480	40 382
ABSA (Call Account) - 9074133593	1 821	1 957
ABSA (Call Account) - 9086343532	22 233	21 868
ABSA (Call Deposit) - 6074357138	237	-
	<u>283 288</u>	<u>306 643</u>
Less: Transfer of Short Term Investments - note 5.6	(138 689)	(162 044)
	<u>144 599</u>	<u>144 599</u>
5.1 Unlisted Investments	283 288	306 643
5.2 Management's Valuation of Unlisted Investments	352 463	338 914
5.3 Average Gross Rate on Investments	5.45%	1.31%
5.4 Ordinance 8 of 1962 and the Municipal Finance Management Act (56 of 2003) require that funds, trust funds and other be invested in prescribed instruments. An investment of R 32,030 was written off during the year.		
5.5		
5.6 Transferred to Current Assets.		

Mohokare Local Municipality

Notes to the Annual Financial Statements

for the year ended 30 June 2007

	2007 R	2006 R
Investment in OVK Shares		
Issued Share Capital - OVK Operations Limited Holding Shares	30 095 854	30 095 854
Issued Share Capital - OVK Operations Limited Operation Shares	28 915 661	28 915 661
Percentage owned by Council - OVK Holding Shares	0.04%	0.04%
Percentage owned by Council - OVK Operation Shares	0.05%	0.05%
Dividends received - OVK Holdings Shares	3 991	1 657
Dividends received - OVK Operation Shares	3 834	1 592
6 Long Term Debtors		
Vehicle Loans	170 344	164 706
	<u>170 344</u>	<u>164 706</u>
Less: Short Term Portion of Long Term Debtors - note 6.1	(49 112)	(49 112)
	<u>121 232</u>	<u>115 594</u>
6.1 Transferred to Current Assets.		
7 Inventory		
Inventory consists of livestock	353 400	332 400
	<u>353 400</u>	<u>332 400</u>
8 Debtors		
Consumer Debtors	38 260 541	33 760 862
Sundry Debtors	4 832 927	6 539 600
	<u>43 093 468</u>	<u>40 300 462</u>
Less: Bad Debts (Excluding VAT)	(31 980 160)	(30 450 381)
Less: VAT - Bad Debts	(3 504 960)	(3 170 030)
	<u>7 608 348</u>	<u>6 680 051</u>
8.1 Bad Debts : R nil (2006: R 4,000,088). This represents 0% (2006: 15%) of total operating income for the year.		
8.2 Days outstanding in debtors are in excess of 120 days (2006: 120+ days).		
9 Provisions		
Audit Fees - note 9.1 and note 9.2	-	267 457
Leave Reserve - note 9.2	1 535 810	1 271 904
Pro-rata Bonus - note 9.2	823 813	356 787
Bad Debts - note 9.2	31 980 160	30 450 381
	<u>34 339 783</u>	<u>32 346 529</u>
Less: Bad Debts transferred to Debtors - note 9.3	(31 980 160)	(30 450 381)
	<u>2 359 623</u>	<u>1 896 148</u>
9.1 Outstanding audit fees of R 1,200,308 are included in creditors.		
9.2 See Appendix A.		
9.3 See note 8 above.		
10 Creditors		
Trade and Sundry Creditors	6 330 151	5 535 701
Deposits (Unreceipted/Unknown)	2 683 886	10 777 409
Deposits Other	452 970	-
Amounts Received in Advance	10 248 890	7 333 827
	<u>19 715 897</u>	<u>23 646 937</u>
11 Bank, Cash and Overdraft Balances		
The Local Municipality has the following bank accounts:		
11.1 Current Account (Primary Bank Account)		
ABSA Bank Limited - Zastron Branch Account Number 4052654487		
Cash Book Balance - Beginning of the Year - Dt	(1 053 455)	(905 327)
Cash Book Balance - End of the Year - Cr/Dt	<u>214 925</u>	<u>(1 053 455)</u>
Bank Statement Balance - Beginning of the Year - Dt	(902 597)	(799 448)
Bank Statement Balance - End of the Year - Cr/Dt	<u>2 297 953</u>	<u>(902 597)</u>

Mohokare Local Municipality

Notes to the Annual Financial Statements

for the year ended 30 June 2007

	2007 R	2006 R	
11.2 Current Account			
Standard Bank of SA Limited - Smithfield Branch Account Number 041952766			
Cash Book Balance - End of the Year - Cr	437 096	2 803	
Bank Statement Balance - End of the Year - Cr	<u>437 096</u>	<u>262 803</u>	
11.3 Current Account			
First National Bank Limited - Rouxville Branch Account Number 53593549308			
Cash Book Balance - End of the Year - Cr/Dt	333 048	(1 161)	
Bank Statement Balance - End of the Year - Cr/Dt	<u>333 048</u>	<u>(1 161)</u>	
11.4 Current Account			
ABSA Bank Limited - Zastron Branch Account Number 2810000018			
Cash Book Balance - End of the Year - Cr	610 407	2 359	
Bank Statement Balance - End of the Year - Cr	<u>610 407</u>	<u>2 359</u>	
11.5 Current Account - Centlec			
Cash Book Balance - End of the Year - Dt	(1 457 194)	(322 512)	
Bank Statement Balance - End of the Year	<u>-</u>	<u>-</u>	
11.6 Cash on hand	1 180	1 180	
Total Cash and Bank	<u>1 596 656</u>	<u>6 342</u>	
Total Bank Overdraft	<u>(1 457 194)</u>	<u>(1 377 128)</u>	
12 Assessment Rates			
	Valuation 30.06.2007 R	Actual Income 2007 R	Actual Income 2006 R
Residential and Other	<u>89 600 000</u>	<u>3 603 425</u>	<u>4 116 013</u>
	<u>89 600 000</u>	<u>3 603 425</u>	<u>4 116 013</u>
12.1	Valuation of land and improvements is performed every five years. The last valuation of land and improvements was done during the 2005/2006 year.		
12.2	The assessment rates are levied on the following basis: Land : 3.0c/R (2006: 3.0c/R); Improvements: 2.22c/R (2006: 2.22c/R).		
12.3	Rebates are given to the Central and Provincial Government.		
13 Councillors' Remuneration			
Mayor/Speaker Allowance		326 741	202 770
Councillors' Allowances		1 131 861	402 774
Pension Fund Contributions		-	35 401
		<u>1 458 602</u>	<u>640 945</u>
13.1	Benefits in kind The Executive Mayor/Speaker is a full-time councillor. He/she is entitled to offices and secretarial support by the Council.		
13.2	The salaries and allowances of the councillors are within the limits as prescribed by the Remuneration of Public Office Bearers Act, 1998 (No. 20 of 1998).		
14 Auditor's Fees			
Current Year		-	325 849
(Over) Provision Previous Year		-	(267 457)
		<u>-</u>	<u>58 392</u>
14.1	No provision for audit fees was made. Outstanding audit fees are included in creditors.		
15 Finance Transactions			
Total External Interest received or paid:			
Interest received	15 451		4 028
Interest paid	<u>(662 431)</u>		<u>(892 757)</u>
	<u>(646 980)</u>		<u>(888 729)</u>
Capital Expenses debited against Operating Account:			
Interest :			
- External	662 431		892 757
Redemption:	<u>662 431</u>		<u>892 757</u>
- External	738 895		933 115
	<u>738 895</u>		<u>933 115</u>

Mohokare Local Municipality

Notes to the Annual Financial Statements

for the year ended 30 June 2007

	2007 R	2006 R
16 Appropriations		
Appropriation Account:		
Accumulated (Deficit): Beginning of the Year	(25 664 935)	(17 578 553)
Operating (Deficit) for the Year	(3 730 485)	(6 118 346)
Appropriations for the Year:	9 401 228	(1 968 036)
Adjustments Previous Years	<u>9 401 228</u>	<u>(1 968 036)</u>
Accumulated (Deficit) : End of the Year	<u>(19 994 192)</u>	<u>(25 664 935)</u>
17 Cash generated by Operations		
(Deficit) for the Year	(3 730 485)	(6 118 346)
Adjustments in respect of:		
Previous Years' Operating Transactions	9 401 228	(1 968 036)
Appropriations charged against Income:	3 200 627	7 561 216
Provisions	<u>2 422 425</u>	<u>6 305 860</u>
Fixed Assets	<u>778 202</u>	<u>1 255 356</u>
Capital Charges:	1 401 326	1 825 872
Interest paid:	<u>662 431</u>	<u>892 757</u>
- External Loans	<u>662 431</u>	<u>892 757</u>
Redemption:	<u>738 895</u>	<u>933 115</u>
- External Loans	<u>738 895</u>	<u>933 115</u>
Grants and Subsidies received	(18 195 943)	(15 242 913)
Assets not previously capitalised	(2 893 982)	(709 900)
Adjustment Housing Operating Account	-	(97 581)
Adjustment Loans	(150 715)	-
Adjustments Assets	-	88 399
Investment Income (Operating account)	(15 451)	(4 028)
Non-operating Income credited against:	230 100	144 565
- Statutory Funds	<u>76 767</u>	<u>3 205</u>
- Assets	<u>153 333</u>	<u>141 360</u>
Non-operating Expenditure debited against:	<u>(429 171)</u>	<u>(4 703 040)</u>
- Provisions	<u>(429 171)</u>	<u>(4 703 040)</u>
	<u>(11 182 466)</u>	<u>(19 223 792)</u>
18 (Increase)/Decrease in Working Capital		
(Increase)/Decrease in Inventory	(21 000)	57 475
Increase/(Decrease) in Provisions	-	(75 800)
(Increase)/Decrease in Debtors, Long Term Debtors	(2 463 714)	(23 088)
Increase/(Decrease) in Creditors, Consumer Deposits	<u>(3 925 901)</u>	<u>4 634 822</u>
	<u>(6 410 615)</u>	<u>4 593 409</u>
19 Increase/(Decrease) in Long Term Liabilities (External)		
Loans raised	150 715	489 131
Loans repaid	(738 895)	(933 115)
Interest not Capitalised	<u>156 744</u>	<u>2 376 938</u>
	<u>(431 436)</u>	<u>1 932 954</u>
20 (Increase)/Decrease in External Cash Investments		
Investments at the Beginning of the Year	306 643	281 937
Less: Investments at the End of the Year	<u>283 288</u>	<u>306 643</u>
	<u>23 355</u>	<u>(24 706)</u>
21 (Increase)/Decrease in Cash and Bank		
Cash and Bank Balance at the Beginning of the Year	(1 048 275)	(1 013 191)
Less: Cash and Bank Balance at the End of the Year	<u>461 973</u>	<u>(636 499)</u>
	<u>(1 510 248)</u>	<u>(376 692)</u>
22 Retirement Benefits - Pension Fund		
Fund	Date of last actuarial valuation	Finding
Free State Municipal Pension Fund	30-Jun-05	Financial position: Sound
SAMWU National Provident Fund	30-Jun-05	Financial position: Sound
SALA Pension Fund	01-Jul-06	Financial position: Sound
Free State Municipal Provident Fund	30-Jun-04	Financial position: Sound

Mohokare Local Municipality

Notes to the Annual Financial Statements

for the year ended 30 June 2007

	2007 R	2006 R
23 Contingent Liabilities and Contractual Obligations		
23.1 Leave Pay outstanding at 30 June 2007 : R 1,535,810 (2006: R 1,271,904). Provision for Leave Pay: R 425,620 (2006: R 159,405).		
23.2 Pro-rata Bonus outstanding at 30 June 2007: R 823,812 (2006: 356,787). Provision for Pro-rata Bonus: R 467,026 (2006: R 356,787).		
24 Capital Commitments		
Commitments in respect of capital expenditure:		
- Approved and contracted for	9 407 460	6 623 080
- Approved but not yet contracted for	<u>6 927 490</u>	<u>11 016 700</u>
	<u>16 334 950</u>	<u>17 639 780</u>
 This expenditure will be financed from:		
- Internal Sources	320 500	3 623 080
- External Sources	<u>16 014 450</u>	<u>14 016 700</u>
	<u>16 334 950</u>	<u>17 639 780</u>
 25 Capital Development and Erven Trust Fund		
25.1 No internal advances were made to borrowing services		
26 Government Grants and Subsidies		
Equitable Share	16 658 000	14 239 680
Central Government Grants	12 792 920	6 612 799
Provincial Government Grants	<u>5 021 563</u>	<u>2 344 000</u>
	<u>34 472 483</u>	<u>23 196 479</u>
 26.1 Equitable Share In terms of the Constitution, this grant is utilised to subsidise the provision of basic services to indigent community members and free basic water and electricity to the remainder of the community. All consumers receive a monthly subsidy which is credited to their accounts.		
26.2 Central Government Grants		
26.2.1 SETA Grant		
Opening Balance	-	-
Current Year Receipts	(61 920)	(23 040)
Transferred to Income/Expenditure	<u>61 920</u>	<u>23 040</u>
Closing Balance	<u>-</u>	<u>-</u>
 This grant was utilised to defray training costs incurred by the Local Municipality. The conditions of the grant have been met and no monies was withheld.		
26.2.2 MIG Grant - Bucket Eradication Program		
Opening Balance	(312 200)	-
Adjustment Opening Balance	(478 800)	-
Current Year Receipts	(8 566 480)	(4 211 000)
Transferred to Fixed Assets	<u>7 373 830</u>	<u>3 898 800</u>
Closing Balance - (transferred to Creditors - note 10)	<u>(1 983 650)</u>	<u>(312 200)</u>
 This grant was utilised for the upgrading of the sewerage network in Smithfield. The conditions of the grant must still be met, but no monies was withheld.		
26.2.3 MIG Grant - Caledon River Project		
Opening Balance	-	-
Current Year Receipts	(4 164 520)	-
Transferred to Fixed Assets	<u>2 399 725</u>	<u>-</u>
Closing Balance - (transferred to Creditors - note 10)	<u>(1 764 795)</u>	<u>-</u>
 This grant was utilised for the upgrading of the water network from the Caledon river. The conditions of the grant must still be met, but no monies was withheld.		

Mohokare Local Municipality

Notes to the Annual Financial Statements

for the year ended 30 June 2007

	2007 R	2006 R
26.2.4 Grant for Draught Relief		
Opening Balance	(2 378 759)	-
Current Year Receipts	-	(2 378 759)
Transferred to Fixed Assets	130 851	-
Closing Balance - (transferred to Creditors - note 10)	<u>(2 247 908)</u>	<u>(2 378 759)</u>
<p>This grant is for draught relief in the Mohokare Municipal area. The conditions of the grant must still be met, but no monies was withheld.</p>		
26.3 Provincial Government Grants		
26.3.1 Sewerage Project - Smithfield		
Opening Balance	(133 532)	-
Current Year Receipts	-	(1 000 000)
Transferred to Fixed Assets	133 532	866 468
Closing Balance	<u>-</u>	<u>(133 532)</u>
<p>This grant was utilised for the upgrading of the sewerage network. The conditions of the grant have been met and no monies was withheld.</p>		
26.3.2 Financial Management Grant		
Opening Balance	(250 000)	-
Current Year Receipts	(500 000)	(250 000)
Transferred to Income/Expenditure	312 145	-
Closing Balance - (transferred to Creditors - note 10)	<u>(437 855)</u>	<u>(250 000)</u>
<p>This grant is for the training of interns in the Financial Department. The conditions of the grant must still be met, but no monies was withheld.</p>		
26.3.3 Grant for Planning and Surveyance		
Opening Balance	-	-
Current Year Receipts	(428 598)	(300 000)
Transferred to Income/Expenditure	428 598	300 000
Overspending	41 402	-
Closing Balance (transferred to Debtors - note 8)	<u>41 402</u>	<u>-</u>
<p>This grant was utilised to defray planning and surveyance expenses. The conditions of the grant have been met and no monies was withheld. There was however an overspending.</p>		
26.3.4 Intergrated Spatial Development Grant		
Opening Balance	-	-
Current Year Receipts	(2 220 000)	(60 000)
Transferred to Income/Expenditure	-	60 000
Closing Balance (transferred to Creditors - note 10)	<u>(2 220 000)</u>	<u>-</u>
<p>This grant was utilised for the development of an ISD plan. The conditions of the grant must still be met, but no monies was withheld.</p>		
26.3.5 MSIG Grant		
Opening Balance	-	-
Adjustment Opening Balance	(330 868)	-
Current Year Receipts	(734 000)	(734 000)
Transferred to Income/Expenditure	775 579	734 000
Closing Balance - (transferred to Creditors - note 10)	<u>(289 289)</u>	<u>-</u>
<p>This grant was utilised to develop several policies. The conditions of the grant must still be met, but no monies was withheld.</p>		
26.3.6 Provincial Grant - Water Demand		
Opening Balance	-	-
Current Year Receipts	(839 000)	-
Transferred to Income/Expenditure	439 197	-
Closing Balance - (transferred to Creditors - note 10)	<u>(399 803)</u>	<u>-</u>
<p>This grant was utilised to improve the supply of water to the disadvantaged communities. The conditions of the grant must still be met, but no monies was withheld.</p>		

Mohokare Local Municipality

Notes to the Annual Financial Statements

for the year ended 30 June 2007

	2007 R	2006 R
26.3.7 Provincial Grant - Water Purification - Rouxville		
Opening Balance	-	-
Current Year Receipts	(299 965)	-
Closing Balance - (transferred to Creditors - note 10)	<u>(299 965)</u>	<u>-</u>
<p>This grant was utilised to improve the water network in Rouxville. The conditions of the grant must still be met, but no monies was withheld.</p>		
26.3.8 Provincial Grant - Maintenance Electricity Network		
Opening Balance	(909 915)	-
Current Year Receipts	-	(1 137 000)
Transferred to Income/Expenditure	-	227 085
Closing Balance - (transferred to Creditors - note 10)	<u>(909 915)</u>	<u>(909 915)</u>
<p>This grant was utilised for the maintenance of the electricity network. The conditions of the grant must still be met, but no monies was withheld.</p>		
26.4 Grants from the District Municipality		
26.4.1 CMIP Funds		
Opening Balance	1 156 725	1 156 725
Transferred to Fixed Assets	(1 156 725)	-
Closing Balance	<u>-</u>	<u>1 156 725</u>
<p>This grant was utilised for the upgrading of infrastructure in the towns. The conditions of the grant have been met and no monies was withheld.</p>		
27 Employee Related Costs		
Salaries	13 305 041	11 407 891
Contributions - UIF, Pension and Medical Aid Fund,	2 369 225	1 992 494
Housing Subsidies	54 206	84 583
Industrial Council Levies	8 076	6 086
Other Allowances	1 459 076	405 767
Overtime	840 623	725 487
Protective Clothing	88 601	15 462
Travel, Subsistence and Car Allowances	1 404 997	998 059
Workmen's Compensation Commissioner	118 599	133 807
	<u>19 648 444</u>	<u>15 769 636</u>
27.1 No advances were made to employees.		
27.2 Remuneration of the Municipal Manager		
Annual Remuneration	356 064	337 392
Performance Bonuses	54 833	-
Car Allowance	54 276	54 276
	<u>465 173</u>	<u>391 668</u>
27.3 Remuneration of the Chief Financial Officer		
27.3.1 The post of the Chief Financial Officer is vacant.		
27.4 Remuneration of the Acting Financial Officer		
Annual Remuneration	315 444	315 444
Performance Bonuses	52 417	-
Car Allowance	42 000	42 000
	<u>409 861</u>	<u>357 444</u>
27.5 Remuneration of the Manager Corporate Services		
27.5.1 The post of the Manager Corporate Services is vacant.		
27.6 Remuneration of the Manager Infrastructure Services		
Annual Remuneration	288 600	282 840
Performance Bonuses	47 964	-
Car Allowance	60 761	67 980
	<u>397 325</u>	<u>350 820</u>

Mohokare Local Municipality

Notes to the Annual Financial Statements

for the year ended 30 June 2007

	2007 R	2006 R
27.7 Remuneration of the Manager Community Services		
Annual Remuneration	264 759	288 828
Performance Bonuses	45 922	-
Car Allowance	86 240	94 080
	<u>396 921</u>	<u>382 908</u>
27.7.1 The above post is vacant since 1 June 2007.		
28 Unauthorised, Irregular, Fruitless and Wasteful Expenditure		
28.1 Irregular Expenditure		
Reconciliation of Irregular Expenditure		
Opening Balance	94 437	-
Irregular Expenditure Current Year	-	500 000
Approved, Condoned or Rectified by Council	-	(405 563)
	<u>94 437</u>	<u>94 437</u>
Incident	Actions taken	
Moneys paid without supporting documentation.	A case was opened with the SAPS.	
28.2 Fruitless and Wasteful Expenditure		
Reconciliation of Unauthorised Expenditure		
Opening Balance	-	-
Fruitless and Wasteful Expenditure Current Year	194	672
Approved or Condoned by Council	(194)	(672)
	<u>-</u>	<u>-</u>
Incident	Actions taken	
Interest and fines paid	Council approval to be obtained.	
29 Additional Disclosures in terms of the Municipal Finance Management Act		
29.1 Contributions to Organised Local Government		
Opening Balance	-	-
Council Subscriptions	8 076	6 086
Amount paid - Current Year	(8 076)	(6 086)
Closing Balance	<u>-</u>	<u>-</u>
29.2 Audit Fees		
Opening Balance	(268 661)	325 849
Audit Fee - Current Year	(1 743 146)	-
Amount paid/Written back - Current Year	268 661	-
Amount paid - Previous Year	542 838	(594 510)
Closing Balance - Included in Creditors (note 10)	<u>(1 200 308)</u>	<u>(268 661)</u>
29.3 VAT		
VAT (Refundable)/Payable	<u>(2 791 954)</u>	<u>(729 174)</u>
29.3.1 The above figure represents the net amount of output and input VAT receivable.		
29.3.2 All VAT returns have not been submitted on the due dates.		
29.3.3 The Local Municipality is registered for VAT on the payment basis.		
29.4 Levies - District Municipality		
Opening Balance	(47 591)	-
Adjustment - Opening Balance	-	(438)
Levies- Current Year (Levies were stopped as from 1 July 2006)	-	(47 153)
Closing Balance - (transferred to Creditors - note 10)	<u>(47 591)</u>	<u>(47 591)</u>
29.5 PAYE and UIF		
Opening Balance	(398 403)	-
Adjust Opening Balance	(78 315)	-
Payroll Deductions - Current Year	(1 743 257)	(1 061 477)
Amount paid - Current Year	-	663 074
Closing Balance - (transferred to Creditors - note 10)	<u>(2 219 975)</u>	<u>(398 403)</u>

Mohokare Local Municipality

Notes to the Annual Financial Statements

for the year ended 30 June 2007

	2007 R	2006 R
29.6 Pension Fund and Medical Aid Fund Deductions		
Opening Balance	(259 193)	-
Payroll Deductions and Council Contributions - Current Year	(3 397 155)	(1 965 968)
Amount paid - Current Year	3 656 348	1 706 775
Closing Balance - (transferred to Creditors - note 10)	<u>-</u>	<u>(259 193)</u>
29.7 Councillors' Arrear Consumer Accounts		
The accounts of the following Councillors were outstanding as year end: -		
30 June 2006	Total	Outstanding less than 90 days
Councillor NS Buyeye	2 111	2 111
Councillor M Hoffman	4 793	4 793
Councillor NA Majola	1 015	1 015
Councillor MJ Sehanka	12 235	12 235
Councillor PM Sikhosana	551	551
Councillor MS Lalu	610	610
Councillor BS Majenge	36 654	36 654
Councillor TG Mbangula	26 820	26 820
Councillor NG Khatisa	5 258	5 258
30 June 2007	Total	Outstanding less than 90 days
Councillor PM Sikhosana	277	77
Councillor BS Majenge	184	71
Councillor TG Mbangula	11 896	219
Councillor NG Khatisa	13 729	71
Councillor TJ Mohapi	14 447	256
		Outstanding more than 90 days
		200
		113
		11 677
		13 658
		14 191
29.8 Non-compliance with the Municipal Finance Management Act		
29.8.1 Chapter 12, Section 127(2) The mayor did not table the annual report of the municipality.		
29.8.2 Chapter 12, Section 127(3)(a) and (b) The mayor did not submit a written explanation setting out the reasons for failure to submit the annual report.		
29.8.3 Chapter 12, Section 127(5) The accounting officer did not publicise the annual report and did not submit the report to the Auditor-General.		
29.8.4 Chapter 12, Section 130(1) No meeting was held with the public or any organs of state with regard to the annual report.		

Mohokare Local Municipality

Annual Financial Statements

for the year ended 30 June 2007

Appendix A

Statutory Funds and Provisions

	Balance 01.07.2006	Contributions 2007	Interest 2007	Other Income & Adjustments 2007	Expenditure 2007	Balance 30.06.2007
Statutory Funds						
Capital Development Fund	2 399 459	-	9 823	-	-	2 409 282
Erven Trust Fund	1 374 871	-	5 628	61 316	-	1 441 815
	<u>3 774 330</u>	<u>-</u>	<u>15 451</u>	<u>61 316</u>	<u>-</u>	<u>3 851 097</u>
Provisions						
Audit Fees	267 457	-	-	-	-	267 457
Audit Fees Adj Previous Years	-	-	-	(267 457)	-	(267 457)
Audit Fees	267 457	-	-	(267 457)	-	-
Accrued Leave Pay	1 271 904	425 620	-	-	(161 714)	1 535 810
Pro-rata Bonus	356 787	467 026	-	-	-	823 813
Sub Total	<u>1 896 148</u>	<u>892 646</u>	<u>-</u>	<u>(267 457)</u>	<u>(161 714)</u>	<u>2 359 623</u>
Bad Debts	30 450 381	1 529 779	-	-	-	31 980 160
Total	<u>32 346 529</u>	<u>2 422 425</u>	<u>-</u>	<u>(267 457)</u>	<u>(161 714)</u>	<u>34 339 783</u>

Mohokare Local Municipality

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Appendix B

External Loans and HP's

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 Sewerage (See note 2)	12.36%	1	20.04.05	2015	644 198 644 198	- -	145 491 145 491	- -	789 689 789 689
Inca Loan 16	17.00%	16	30.06.02	2007	6 998	-	-	(4 472)	2 526
Loan 27	17.00%	27	30.06.06	2007	2 258	-	-	(1 443)	815
Loan 29	17.00%	29	30.06.02	2007	6 772	-	-	(4 328)	2 444
Loan 44	17.50%	44	30.06.02	2007	40 008	-	-	(40 008)	-
Loan 45 (See note 2)	17.00%	45	30.06.02	2007	10 958 66 994	- -	- -	(5 255) (55 506)	5 703 11 488
Gentlec Electricity (See note 2)	10.00%				2 024 810 2 024 810	- -	- -	(140 553) (140 553)	1 884 257 1 884 257
Hire Purchases									
ABSA Bank Dezzi	-	-	30.12.04	2007	311 103	-	489	(201 725)	109 867
Toyota	-	-	15.12.04	2007	317 094	-	497	(205 609)	111 982
Komatsu (See note 2)	-	-	30.12.04	2007	204 906 833 103	- -	4 238 5 224	(135 502) (542 836)	73 642 295 491
Total External Loans					3 569 105	-	150 715	(738 895)	2 980 925

Mohokare Local Municipality

Annual 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, Adjusted or Written-off 2007	Balance at 30.06.2007
R		R	R	R	R
6 711 966	Rates and General Services	62 289 853	8 273 983	458 210	71 022 046
2 327 304	Community Services	16 584 298	786 727	(1 095 414)	16 275 611
-	Commonage	501 929	(150)	-	501 779
2 068 099	Public Works	9 778 129	390 549	-	10 168 678
-	Public Works (Mofulatshepe)	67 247	-	-	67 247
-	Administration Offices (Rietpoort)	222 130	-	-	222 130
-	Civil Buildings	270 955	2 368	-	273 323
-	Community Hall	246 185	-	-	246 185
100 449	Administration Offices	1 192 499	1 200	-	1 193 699
7 177	Traffic	117 785	-	-	117 785
151 579	Vehicles and Equipment	1 659 757	392 610	(1 095 264)	957 103
-	Sundry Assets	256 780	-	-	256 780
-	Rietpoort	325 080	-	-	325 080
-	Land Survey	56 786	-	-	56 786
-	Unsold Erven	1 851 252	150	(150)	1 851 252
-	Vacant Houses	37 784	-	-	37 784
95 299	Subsidised Services	4 778 684	112 225	-	4 890 909
2 067	Disaster Management	37 249	-	-	37 249
3 642	Public Health	717 320	-	-	717 320
-	Library	16 868	-	-	16 868
-	Museum	65	-	-	65
89 590	Parks and Cemeteries	990 788	-	-	990 788
-	Sport Facilities	1 190 327	-	-	1 190 327
-	Tavern	7 638	2 194	-	9 832
-	Town Hall and Offices	1 818 429	110 031	-	1 928 460
4 289 363	Economic Services	40 926 871	7 375 031	1 553 624	49 855 526
-	Camps and Pound	33 043	-	-	33 043
-	Properties	911 153	-	(30 300)	880 853
-	Refuse	699 247	1 200	-	700 447
4 289 363	Sewerage	39 283 428	7 373 831	1 583 924	48 241 183
6 711 966	Balance c/f	62 289 853	8 273 983	458 210	71 022 046

Mohokare Local Municipality

Annual 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, Adjusted or Written-off 2007	Balance at 30.06.2007
R		R	R	R	R
6 711 966	Balance b/f	62 289 853	8 273 983	458 210	71 022 046
-	Housing	1 442 692	-	-	1 442 692
-	Personnel Housing	117 675	-	-	117 675
-	Rouxville Housing	38 033	-	-	38 033
-	Uitkoms Housing	342 447	-	-	342 447
-	Roleleathunya Housing	113 795	-	-	113 795
-	Sub-economical Housing	830 742	-	-	830 742
149 859	Trading Services	41 156 042	2 432 572	1 156 725	44 745 339
142 832	Electricity	2 685 456	-	-	2 685 456
-	Electricity - Centlec	3 554 100	994 845	-	4 548 945
7 027	Water	34 916 486	1 437 727	1 156 725	37 510 938
6 861 825	Total Fixed Assets	104 888 587	10 706 555	1 614 935	117 210 077
7 742 518	Less: Loans Redeemed and other Capital Receipts	101 319 482	14 339 432	(1 429 762)	114 229 152
880 694	Loans Redeemed and Advances Paid	34 673 331	738 896	(150 715)	35 261 512
1 255 356	Contributions ex Operating Income	7 118 006	931 535	(1 279 047)	6 770 494
1 255 356	Contributions	-	778 202	(1 279 047)	-
-	Assets not previously capitalised	-	153 333	-	-
-	Other Sources	5 121 199	-	-	5 121 199
-	Contributions from Funds	141 318	-	-	141 318
-	Grants and subsidies - Centlec	-	994 845	-	-
4 740 000	Contributions from Government and District Municipality	51 737 574	11 063 809	-	62 801 383
4 740 000	Contributions	-	8 323 160	-	-
-	Assets not previously capitalised	-	2 740 649	-	-
866 468	Contributions Provincial Government	998 764	610 347	-	1 609 111
(880 693)	Net Fixed Assets	3 569 105	(3 632 877)	3 044 697	2 980 925

Mohokare Local Municipality

Annual Financial Statements

for the year ended 30 June 2007

Appendix D

Analysis of Operating Income and Expenditure

2006 Actual R		2007 Actual R	2007 Budget R
Income			
15 242 913	Grants and Subsidies	18 195 943	16 603 865
14 262 720	- Central Government	16 719 920	16 603 865
980 193	- Provincial Government	1 476 023	-
17 513 118	Operating Income	17 608 069	24 392 020
4 116 013	- Assessment Rates	3 603 425	6 340 000
6 066 437	- Sale of Electricity	6 602 393	6 048 120
2 020 443	- Sale of Water	2 614 448	3 998 000
5 310 225	- Other Services and Charges	4 787 803	8 005 900
32 756 031		35 804 012	40 995 885
Expenditure			
15 680 242	Salaries, Wages and Allowances	18 693 956	19 542 470
12 403 278	General Expenses	14 207 728	12 795 538
3 540 712	- Purchase of Electricity	4 628 906	4 407 295
8 862 566	- Other General Expenses	9 578 822	8 388 243
2 282 808	Repairs & Maintenance & Fuel	2 209 833	3 111 000
1 752 504	Capital Charges	1 396 101	1 028 177
1 255 356	Contributions to Fixed Assets	778 201	1 511 000
5 500 189	Contributions	2 248 678	3 461 000
38 874 377		39 534 497	41 449 185

Mohokare Local Municipality

Annual Financial Statements

for the year ended 30 June 2007

Appendix E

Detailed Income Statement

2006 Actual Income	2006 Actual Expenditure	2006 Surplus/ (Deficit)		2007 Actual Income	2007 Actual Expenditure	2007 Surplus/ (Deficit)	2007 Budgeted Surplus/ (Deficit)
R	R	R		R	R	R	R
19 534 233	25 811 441	(6 277 208)	RATES AND GENERAL SERVICES	22 327 240	26 035 467	(3 708 227)	(1 693 633)
8 598 386	13 507 002	(4 908 616)	Community Services	10 967 857	13 418 719	(2 450 862)	(546 687)
4 116 013	1 398 735	2 717 278	Assessment Rates	3 603 425	331 273	3 272 152	6 340 000
-	6 001	(6 001)	Corporate Services	32 450	430 253	(397 803)	-
11 322	3 264 051	(3 252 729)	Council's General Account	-	2 863 943	(2 863 943)	(1 148 405)
8 770	3 132 647	(3 123 877)	Public Works	3 322	3 308 399	(3 305 077)	(2 040 186)
1 501 452	1 177 127	324 325	Traffic	394 645	449 570	(54 925)	308 500
4 434	573 934	(569 500)	Town Hall and Offices	13 312	593 242	(579 930)	(790 260)
2 354 666	1 817 321	537 345	Finance	6 277 237	3 390 836	2 886 401	(2 674 100)
-	113 254	(113 254)	Internal Audit	-	19 956	(19 956)	(242 236)
600 682	2 021 563	(1 420 881)	Municipal Manager	643 466	1 723 301	(1 079 835)	(300 000)
1 047	2 369	(1 322)	Public Relations and Youth	-	307 946	(307 946)	-
754 623	2 254 802	(1 500 179)	Subsidised Services	856 505	2 266 563	(1 410 058)	(1 921 265)
350	195 222	(194 872)	Environmental Health	189	103 352	(103 163)	-
68 524	1 373 831	(1 305 307)	Parks, Grounds and Cemeteries	88 964	1 395 859	(1 306 895)	(1 784 770)
30 465	30 465	-	Disaster Management	5 754	5 754	-	(136 495)
655 284	655 284	-	Library	761 598	761 598	-	-
10 181 224	10 049 637	131 587	Economic Services	10 502 878	10 350 185	152 693	774 319
4 767 921	4 740 401	27 520	Refuse Removal	5 466 337	5 428 854	37 483	1 027 700
170 492	160 058	10 434	Properties	222 703	154 191	68 512	(465 000)
55 232	9 489	45 743	Camps and Pound	26 357	6 656	19 701	(218 000)
5 187 579	5 139 689	47 890	Sewerage	4 787 481	4 760 484	26 997	429 619
721	263 204	(262 483)	HOUSING SERVICES	-	457 967	(457 967)	(351 180)
721	263 204	(262 483)	Housing	-	457 967	(457 967)	(129 980)
-	-	-	Sub-economical Housing	-	-	-	(221 200)
13 221 077	12 799 732	421 345	TRADING SERVICES	13 476 772	13 041 063	435 709	1 591 512
504 998	504 998	-	Electricity	662 794	662 794	-	751 748
6 066 437	5 615 675	450 762	Electricity - Centlec	6 602 393	6 347 413	254 980	-
5 070	137 055	(131 985)	Farming	152 915	72 157	80 758	1 040
6 644 572	6 542 004	102 568	Water	6 058 670	5 958 699	99 971	838 724
32 756 031	38 874 377	(6 118 346)	Total	35 804 012	39 534 497	(3 730 485)	(453 301)
		(1 968 036)	Appropriations for the Year (See note 16)			9 401 228	
		(8 086 382)	Net (Deficit)/Surplus for the Year			5 670 743	
		(17 578 553)	Accumulated (Deficit): Beginning of the Year			(25 664 935)	
		(25 664 935)	Accumulated (Deficit): End of the Year			(19 994 192)	

Mohokare Local Municipality

Statistical Information

for the year ended 30 June 2007

Appendix F

General Statistics		2007	2006
i)	Population	37 000	37 000
ii)	Valuation of Property : Rateable		
	Land Improvements	R3 477 895 R86 122 105	R3 477 895 R86 122 105
	Valuation of Property : Non Rateable		
	Land Improvements	R4 514 682 R29 473 525	R4 514 682 R29 473 525
iii)	Date of Valuation	2005/2006	2005/2006
iv)	Number of Stands - Residential and Commercial	5 918	5 918
v)	Assessment Rate on Land:	R 0.030	R 0.030
	Assessment Rate on Improvements:	R 0.0222	R 0.0222
vi)	Number of Employees	241	205
vii)	Area (Town Land)	8 749ha	8 749ha

Electricity Statistics

Electricity is distributed by Mangaung Municipality in terms of an agreement between Mohokare and Mangaung Municipality. Electricity is purchased from Escom, but not for resale.

Water Statistics

i)	Units purchased (kl) (The Municipality has its own water resources)	-	-
ii)	Units sold (kl)	1 188 385	918 383
iii)	Units lost in Distribution	Unkown	Unkown
iv)	Percentage Loss in Distribution	0%	0%
v)	Cost per Unit sold	R 5.01	R 7.12
vi)	Income per Unit sold	R 2.20	R 2.20

Mohokare Local Municipality

**Report of the Auditor-General on Performance Measurement to
the Mohokare Local Municipality**

for the year ended 30 June 2007

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