

**ANNUAL FINANCIAL STATEMENTS OF
KHARIEP DISTRICT MUNICIPALITY
FOR THE YEAR ENDED 30 JUNE 2008**



**XHARIEP DISTRICT MUNICIPALITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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XHARIEP DISTRICT MUNICIPALITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1

GENERAL INFORMATION

Members of the Mayoral Executive Committee (MEC)

Executive Mayor M Peterson

Councillors

Councillor V Mona (MEC July-07 - May-08)
Councillor TS Mofokeng (MEC July-07 - Nov-07) (Resigned Nov-07)
Councillor BMM Moitse (Speaker)
Councillor AM Shasha (MEC July-07 - May-08)
Councillor AJ Van Rensburg
Councillor M Du Toit
Councillor T Reacheble
Councillor M Tafani (MEC April-08 - June-08)
Councillor N Shiya
Councillor BS Majenge
Councillor R Thuhlo
Councillor MA Kwinani
Councillor M Ralithhare (MEC June-08)
Councillor MG Ntwanambi (Appointed May-08)

Grading of municipality

Grade 3

Auditor:

The Auditor - General

Bankers

ABSA

Registered office:

P.O. Box 136
Trompsburg
9913

Physical address:

20 Louw Street
Trompsburg
9913

Telephone: 051 - 7139300

Fax: 051 - 7130461

Acting Municipal Manager

T Tsuelle

Financial Manager

T Panyani (B.Com)

APPROVAL OF THE FINANCIAL STATEMENTS

The annual financial statements as set out on page 4 to 19 were approved by the Municipal Manager on the 30 August 2008 and will be presented to Council for approval

ACTING MUNICIPAL MANAGER

T Tsuelle

FINANCIAL MANAGER

T PANYANI

FOREWORD OF THE EXECUTIVE MAYOR

The Xharep District Municipality (DC16) was established in terms of the Municipal Structures Act of 1998 and proclaimed in the provincial Gazette No 184 of September 2000. The Municipality comprise of Kopanong Local Municipality in Trompsburg, Mohokare Municipality in Zastron and Letsameang Local Municipality in Koffiefontein

The Xharep District Municipality have since taken its place as a deserving member of the Public Sector in South Africa that have made real tangible changes to its community.

In 2007/2008 we faced the challenge of striving towards meeting all the milestones attached to the provisions of the Municipal Finance Management Act (MFMA) on time. Surely the systems we have put in place, the personnel we have employed and of course the leadership we provide as Council, will ensure that in due course all these provision are met.

Certainly as we roll out the other obligatory formalities of the Municipal Financial Management Act (MFMA), we stand to act with more efficiency, effectiveness and maintaining value for money for our communities.

Unfortunately the financial sustainability of the Municipality became a reality for the year under review and the Department of Local Government and Housing has assisted the Municipality in many ways to sustain operations.

Despite the above-mentioned difficulty as the Mayor of this Council, I believe that a bright future lies in front of us. With hard work and dedication, we can and will make a difference to the lives of all people in our district.

In conclusion, promulgation of Municipal Finance Management Act 56 of 2003 places various challenges on the operations of the Xharep District Municipality. On behalf of the Council we cherish these challenges and victory will be achieved through full co-operation of the Mayoral Committee, Members of the Council and all Portfolio Committees for their work and continued unconditional support.

Let me express my deepest appreciation to the Finance Department for a collective effort and analysis that went into compiling the financial statements.

Councillor M Petersen
Executive Mayor

REPORT FROM THE AUDITOR GENERAL

FINANCIAL MANAGER'S REPORT

1. Operating results

Details of the operating results per department, classification and object of expenditure are included in appendices C and D. The applicable statistics are shown in appendix E. The overall operating results for the year ended 30 June 2008 are as follows:

INCOME	Actual 2007	Actual 2008	Variance 2007/08	Budget 2008	Variance Actual/ budget
	R	R	%	R	%
Opening Surplus	-	-	-	-	-
Income for the year	17 253 788	14 898 150	-14%	14 652 460	2%
	17 253 788	14 898 150		14 652 460	
EXPENDITURE					
Expenditure	17 587 635	17 789 293	1%	15 647 615	14%
Closing Surplus(deficit)	(333 847)	(4 609 801)	1281%	(995 155)	-
	17 253 788	13 179 492		14 652 460	

2. Capital expenditure and financing

The actual expenditure consists of the following:

	2008 Actual	2008 Budget	2007 Actual
	R	R	R
Directorate: Financial services			
Office accommodation	-	-	-
	-	-	-

Resources used to finance the fixed assets were as follows:

	2008 Actual	2008 Budget	2007 Actual
	R	R	R
Contributions ex operating income	-	-	-
	-	-	-

A complete analysis of capital expenditure (actual and budgeted) per department is included in appendix B

FINANCIAL MANAGER'S REPORT (CONTINUED)

3. External loans, investments and cash

There are no external loans outstanding on 30 JUNE 2007.

Investments and cash were as follows:

	R	R
	2008	2007
Current bank account	1 602 460	466 415
Investments	7 084 250	9 272 153
	8 686 710	9 738 568

More information regarding investments and cash are disclosed in the notes (4 and 7) to the financial statements.

4. Funds and reserves

More information regarding funds and reserves are disclosed in the notes (1 and 2) and appendix A to the financial statements.

5. Post balance sheet events

After the Balance Sheet was finalised no additional information was received that could have had an effect on the affairs reflected.

6. Expression of appreciation

I am grateful to the Mayor (Chairman), members of the Mayoral Executive Committee, Councillors, the Municipal Manager and all office staff for the support they have given me and to the staff of my own office and in particular to the local representatives of the Auditor-General and the auditors appointed by the Auditor-General for their assistance and support during the year.

Financial Manager

T PANYANI

Bachelor of Commerce (Bcomm)

July 16, 2010

ACCOUNTING POLICY

- 1.1** These financial statements have been prepared to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Accounting Practice (1996) and Report on Published Annual Financial Statements (Second edition - January 1996)
- 1.2** The financial statements are prepared on the historical cost basis and adjusted for capital expenditure as set out in note 3. The accounting policies are consistent with those of the prior year.
- 1.3** These financial statements have been prepared on the accrual basis, except in the case of levies collected/refunded in respect of which only the actual receipts/refunds during the year were brought to account. Expenses are accounted for when incurred

2 Capital Development Fund

All direct income and earmarked contributions from current income, transfers from accumulated surpluses, interest of the capital development fund, net sales of any assets of council, interest and capital payments on advances or loans granted, unused amounts in accumulated and reserve funds and any other amounts on which Council may decide may be transferred to the capital development fund.

3 Fixed Assets

Material fixed assets with a cost in excess of R20 000 are capitalized at date of purchase. Non-material fixed assets, furniture and equipment including furniture and equipment above R20 000 are written off against income at date of purchase and are only controlled by an inventory register

4 Retirement Benefits

The Council and the employees contribute to the Free State Municipal Pension Fund, the Free State Municipal Provident Fund and the SAMWU Provident Fund. These funds supply retirement benefits to the relevant employees.

The Free State Municipal Pension Fund is subject to the Pension Fund Act of 1956. Pensions are calculated on the average annual pensionable emolument of the two years immediately prior to retirement. Current contributions are charged against income. Beneficial experience adjustments are retained in the retirement benefit plan and applied to improvement of benefits to the employees. Full actuarial valuations are performed at intervals of three years in respect of the Free State Municipal Pension Fund. An actuarial valuation of the provident fund is not compulsory in terms of legislation.

ACCOUNTING POLICY (continued)

5 Medical Aid Funds

Xhariep District Municipality, its employees and Councillors contribute to the following medical aid funds.

LA HEALTH
BONITAS
HOSMED

Benefits are being calculated according to the rules of the different funds. Current contributions are charged against operating income.

5 Investments

Investments are disclosed at the lower of cost or market value where there is a permanent decrease in value and are invested in accordance with financial regulation 6 of the District Councils Act, 1985 (Act No 109 of 1985).

BALANCE SHEET

AS AT 30 JUNE 2008

	Notes	2008 R	2007 R
CAPITAL EMPLOYED			
Funds and Reserves		3 375 358	4 515 689
Statutory funds	1	(1 012 380)	(1 012 380)
Reserves	2	5 861 916	5 861 916
Accumulated surplus		(1 474 178)	(333 847)
		3 375 358	4 515 689
CAPITAL EMPLOYED			
Non-Current Assets		58 989	93 949
Fixed assets	3	-	-
Long - term debtors	5	58 989	93 949
Net Current Assets		3 316 369	4 421 740
Current Assets		9 036 499	13 274 443
Debtors	6	313 764	3 061 694
Short-term portion of long-term debtors	5	36 024	474 181
Cash on hand	7	1 602 460	466 415
Investments	4	7 084 250	9 272 153
Current Liabilities		5 720 130	8 852 703
Provisions	8	222 461	222 461
Creditors	9	5 497 669	8 630 242
		3 375 358	4 515 689

XHARIEP DISTRICT MUNICIPALITY
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

2007 Actual income	2007 Actual expenditure	2007 surplus/ (deficit)		2008 Actual income	2008 Actual expenditure	2008 surplus/ (deficit)
R	R	R		R	R	R
17 253 788	17 587 635	(333 847)	Services	14 898 150	17 789 293	(2 891 143)
17 253 788	17 587 635	(333 847)	Community services	14 898 150	17 789 293	(2 891 143)
<u>17 253 788</u>	<u>17 587 635</u>	<u>(333 847)</u>	TOTAL	<u>14 898 150</u>	<u>17 789 293</u>	<u>(2 891 143)</u>
			Appropriations for the year			<u>(1 718 658)</u>
		-				
		<u>(333 847)</u>	Net surplus / (deficit) for the year			<u>(4 609 801)</u>
			Adjustment to prior year financial statements see note 10			3 469 470
		-	Accumulated surplus / (deficit)at begining of vear			<u>(333 847)</u>
		-	Net surplus / (deficit) for the year after adjustments			<u>(1 474 178)</u>
		<u>(333 847)</u>				

Refer to appendix C and D for more detail

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R
CASH RETAINED FROM NORMAL ACTIVITIES		(1 051 857)	934 534
Cash generated by activities	13	(1 974 634)	(333 847)
Investment income		834 305	-
(Increase) / decrease in working capital	14	88 473	1 268 381
		(1 051 857)	934 534
External interest paid		-	-
Cash available from activities		(1 051 857)	934 534
Cash contributions from the public and state		-	-
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed assets	3	-	-
NET CASH FLOW		(1 051 857)	934 534
CASH EFFECT OF FINANCING ACTIVITIES			
(Increase) / decrease in cash investments	15	2 187 902	(866 503)
(Increase) / decrease in cash on hand	16	(1 136 045)	(68 031)
Net cash generated / (utilised)		1 051 857	(934 534)

	2008 R	2007 R
1 STATUTORY FUNDS		
Capital Development Fund	<u>(1 012 380)</u>	<u>(1 012 380)</u>
<i>(Refer to appendix A for more detail)</i>	<u>(1 012 380)</u>	<u>(1 012 380)</u>
2 RESERVES		
Motheo Asset Share Reserve	<u>5 861 916</u>	<u>5 861 916</u>
<i>(Refer to appendix A for more detail)</i>	<u>5 861 916</u>	<u>5 861 916</u>
3 FIXED ASSETS		
Fixed assets beginning of the year	17 891 358	17 891 358
Capital expenditure during the year	-	-
Assets written of and prior years adjustments	-	-
Total fixed assets	<u>17 891 358</u>	<u>17 891 358</u>
Less: Loans redeemed and other capital receipts	<u>(17 891 358)</u>	<u>(17 891 358)</u>
Net fixed assets	<u>-</u>	<u>-</u>
<i>(Refer to appendix B for more information)</i>		
4 INVESTMENTS		
<u>Unlisted</u>		
Short term deposits	<u>7 084 250</u>	<u>9 272 153</u>
Total investments	<u>7 084 250</u>	<u>9 272 153</u>
Management's valuation of listed and unlisted investments	<u>7 084 250</u>	<u>9 272 153</u>
Average rate of return on investments	11.46%	4.00%
No investments have been written off during the year		
No investments have been pledged as security for any funding facilities of the Council		
In accordance with Financial Regulation 6 of the District Councils Act, 1985 (No 109 of 1985) requires local authorities to invest funds, whether held in trust or otherwise, in prescribed securities.		

XHARIEP DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

12

	2008	2007
	R	R
5 LONG - TERM DEBTORS		
Car loans	485 504	569 985
Study loans	177	(1 855)
Less: Provision for bad debts	(390 667)	
	<u>95 014</u>	<u>568 130</u>
Less: Current portion transferred to current assets	(36 024)	(474 181)
Total	<u>58 989</u>	<u>93 949</u>
6 CONSUMER DEBTORS		
Current debtors	317 442	3 061 694
Amounts paid in advance	-	-
	<u>317 442</u>	<u>3 061 694</u>
Less: Provision for bad debts	(3 678)	-
	<u>313 764</u>	<u>3 061 694</u>
7 CASH AND CASH EQUIVALENTS		
Bank	1 602 460	466 415
	<u>1 602 460</u>	<u>466 415</u>
8 PROVISIONS		
Leave	<u>222 461</u>	<u>222 461</u>
	<u>222 461</u>	<u>222 461</u>
9 CREDITORS		
Sundry/other creditors	5 497 669	7 650 599
Amounts received in advance	-	979 643
Total	<u>5 497 669</u>	<u>8 630 242</u>
10 Appropriations		
Appropriation account:		
Accumulated surplus: beginning of the year	333 847	-
Operating (deficit)/surplus for the year	2 891 143	333 847
Appropriations for the year:	(1 750 812)	-
Adjustments previous years	(3 469 470)	-
System generated closing journal	1 718 658	-
Accumulated surplus : end of the year	<u>1 474 178</u>	<u>333 847</u>

	2008	2007
	R	R
11 COUNCILLOR'S REMUNERATION		
Mayor's allowances	281 038	279 641
Speakers allowances	198 023	211 526
Councillor's allowances	720 267	663 744
Mayoral Committee allowances	704 204	882 707
Councillor's pension contributions	135 752	58 151
Councillor's medical aid contributions	29 060	25 350
Total	2 068 344	2 121 117

Salaries, allowances and benefits to councillors of the municipality are within upper limits of the framework envisaged in section 219 of the

In Kind Benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full time. The Mayor and Speaker are provided with an office and secretarial support at the cost of the Council. The Executive Mayor has the use of a Council owned vehicle for official duties.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are in accordance with the Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with that Act.

Signed: Municipal Manager

12 FINANCING TRANSACTIONS

Total interest earned or paid:

Interest earned	834 305	607 135
Interest paid	-	-
	834 305	607 135

13 CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year	(2 891 143)	(333 847)
Adjustments in respect of previous years' operating transactions	1 718 658	-
Interest received	(802 149)	-
Appropriations charged against income:	-	-
Fixed assets	-	-
Adjustments to funds, Reserves and Provisions	-	-
Capital Development Fund	-	-
Provisions and reserves	-	-
Non-operating income:		
Motheo asset share reserve	-	-
Capital development fund	-	-

	2008	2007
	R	R
13 CASH GENERATED BY OPERATIONS (continued)		
Non-operating expenditure:		
Motheo asset share reserve	-	-
Capital development fund	-	-
	<u>(1 974 634)</u>	<u>(333 847)</u>
14 (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/decrease in debtors and long-term debtors	3 221 046	1 192 635
Increase/(decrease) in creditors & provisions	<u>(3 132 573)</u>	<u>75 746</u>
	<u>88 473</u>	<u>1 268 381</u>
15 (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS		
Investment realised	3 000 000	3 679 911
Interest capitalised	<u>(812 098)</u>	<u>(546 414)</u>
Investment made	-	<u>(4 000 000)</u>
	<u>2 187 902</u>	<u>(866 503)</u>
16 (INCREASE)/DECREASE IN CASH ON HAND		
Cash balance: beginning of the year	466 415	398 384
Less Cash balance: end of the year	<u>1 602 460</u>	<u>466 415</u>
	<u>(1 136 045)</u>	<u>(68 031)</u>
17 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	4 762 083	7 719 129
Employee related costs - Contributions for UIF, pensions and medical aids	840 148	924 619
Travel, motor car and other allowances	1 199 424	1 433 698
Housing benefits and allowances	306 744	243 019
Other allowances	-	6 605
	<u>7 108 399</u>	<u>10 327 069</u>
17.1 Remuneration of the Municipal Manager		
Annual Remuneration	282 084	154 142
Leave payment	-	69 364
Performance Bonuses	-	32 113
Car Allowance	58 099	36 667
Acting allowance	228 283	218 627
Cell phone allowance	12 000	-
Contributions to UIF, Medical and Pension Funds	-	2 340
	<u>580 466</u>	<u>513 252</u>

	2008	2007
	R	R
17 EMPLOYEE RELATED COSTS (Continued)		
17.2 Renumeration of the PIMMS Manager		
Annual Renumeration	-	285 665
Performance Bonuses	-	-
Car Allowance	-	100 428
Leave payment	-	40 694
Housing Allowance	-	-
Skills Development and other contributions	-	-
Contributions to UIF, Medical and Pension Funds	-	13 741
	<u>-</u>	<u>440 528</u>
17.3 Renumeration of the Corporate Manager		
Annual Renumeration	449 473	392 524
Performance Bonuses	-	31 790
Housing Allowance	28 800	28 800
Car Allowance	136 431	136 431
Cell phone allowance	9 600	-
Contributions to UIF, Medical and Pension Funds	-	-
	<u>624 304</u>	<u>589 545</u>
17.4 Renumeration of the Finance Manager		
Annual Renumeration	366 435	321 793
Performance Bonuses	-	19 161
Leave payment	-	69 592
Phone Allowance	-	-
Car Allowance	112 500	83 333
Cell phone allowance	9 600	-
Contributions to UIF, Medical and Pension Funds	-	-
	<u>488 535</u>	<u>493 880</u>
17.5 Renumeration of the PMU Manager		
Annual Renumeration	-	55 267
Acting allowance	-	71 885
Performance Bonuses	-	13 817
Leave payment	-	29 623
Car Allowance	-	21 068
Skills Development and other contributions	-	-
Contributions to UIF, Medical and Pension Funds	-	3 330
	<u>-</u>	<u>194 990</u>

	2008	2007
	R	R
18 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	7 733 922	7 157 907
MSIG	1 000 000	1 000 000
District Aids Council	-	-
Development Bank of South Africa	-	-
MIG	-	-
DPLG	4 000 000	5 000 000
IDP Grant Local Government and Housing	-	132 582
Water Affairs Grant	-	125 400
Establishment of website National	-	50 000
Inauguration Donation	-	30 500
Umsobomvu Youth	-	450 000
Financial Management Grant	471 842	500 000
LED	-	-
Total Government Grant and Subsidies	<u>13 205 764</u>	<u>14 446 389</u>
18.1 Equitable Share		
Balance unspent at beginning of year		
Current year receipts	7 733 922	7 157 907
Conditions met - transferred to revenue	(7 733 922)	(7 157 907)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
18.2 MSIG		
Balance unspent at the beginning of the year	-	-
Current year receipts -	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
<p>This grant was used to assist in building capacity in the district and local municipalities to ensure that the new developmental system of local government is fully implemented.</p>		
18.3 District Aids Council		
Balance unspent at beginning of year	-	-
Balance unspent at the beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions met - transferred to liabilities	<u>-</u>	<u>-</u>

	2008	2007
	R	R
18 GOVERNMENT GRANTS AND SUBSIDIES (continued)		
18.4 Development Bank of South Africa		
Balance unspent at beginning of year	-	-
Balance unspent at the beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions met - transferred to liabilities	-	-
	<u>-</u>	<u>-</u>
18.5 MIG		
Balance unspent at beginning of year	-	-
Balance unspent at the beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions met - transferred to liabilities	-	-
	<u>-</u>	<u>-</u>
18.6 DPLG		
Balance unspent at beginning of year	-	-
Balance unspent at the beginning of year	-	-
Current year receipts	4 000 000	5 000 000
Conditions met - transferred to revenue	(4 000 000)	(5 000 000)
Conditions met - transferred to liabilities	-	-
	<u>-</u>	<u>-</u>
18.7 LED		
Balance unspent at beginning of year	-	-
Balance unspent at the beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions met - transferred to liabilities	-	-
	<u>-</u>	<u>-</u>

Provincial LED Project grants are used to promote Small, Medium & Micro Enterprises
 The grant is spent in accordance with a business plan approved by the Provincial
 Government. No funds have been withheld.

	2008	2007
	R	R
19 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
19.1 Contributions to organized local government		
Opening balance	-	-
Council subscriptions	36 845	4 152
Amount paid - current year	(36 845)	(4 152)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
19.2 Audit Fees		
Opening balance	-	-
Current year audit fee	1 319 780	223 909
Amount paid - current year	(1 319 780)	(223 909)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
19.3 VAT		
Opening balance	(3 400 135)	(2 260 586)
Movement in control account	1 139 548	228 266
VAT received/paid during the year	(1 121 397)	(1 367 815)
Balance unpaid (included in debtors)	<u>(3 381 984)</u>	<u>(3 400 135)</u>
All VAT returns have been submitted by the due date throughout the year		
19.4 PAYE		
Opening balance	-	-
Current year payroll deductions	1 456 916	1 328 433
Amount paid - current year	(1 456 916)	(1 328 433)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
19.5 Pension and Medical Aid Deductions		
Opening Balance	-	-
Current year payroll deductions	844 681	590 087
Amount paid - current year	(844 681)	(590 087)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

	2008	2007
	R	R
19 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)		
19.6 Current Account (Primary Bank Account)		
ABSA Bank - Bloemfontein Branch		
Account number: 4053628182		
Cash book balance at beginning of year - (overdrawn)	466 415	398 384
Cash book balance at end of year - (overdrawn)	<u>1 602 460</u>	<u>466 415</u>
Bank statement balance at beginning of year - (overdrawn)	749 866	307 720
Bank statement balance at end of year - (overdrawn)	<u>1 181 879</u>	<u>749 866</u>

20 CAPITAL COMMITMENTS

No amounts were budgeted for capital expenditure for 2006/7 financial year

21 CONTINGENT LIABILITY

No information was available for contingent liabilities

22 RETIREMENT BENEFITS

The Free State Municipal Pension Fund is subject to the Pension Fund Act of 1956. Pensions are calculated on the average annual pensionable emolument of the two years immediately prior to retirement. Current contributions are charged against income. Beneficial experience adjustments are retained in the retirement benefit plan and applied to improvement of benefits to the employees. Full actuarial valuations are performed at intervals of three years in respect of the Free State Municipal Pension Fund. An actuarial valuation of the provident fund is not compulsory in terms of legislation. Details of the actuarial valuation could not be obtained.

APPENDIX A: STATUTORY FUNDS, RESERVES AND TRUST FUNDS AS ON 30 JUNE 2008

	Balance on 01-07-07	Net surplus/ (deficit)	Interest on investment	Other income	Operating expenditure during the year	Balance Surplus/ (deficit) 30-06-08
	R	R	R	R	R	R
STATUTORY FUNDS						
Capital Development Fund	(1 012 380)	-	-	-	-	(1 012 380)
	<u>(1 012 380)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1 012 380)</u>
RESERVES						
Motheo Asset Share Reserve	5 861 916	-	-	-	-	5 861 916
	<u>5 861 916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5 861 916</u>
TOTAL	<u>4 849 536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4 849 536</u>

XHARIEP DISTRICT MUNICIPALITY
FINANCIAL STATEMENTS
APPENDIX B FIXED ASSETS

Expenditure 2007	Services	Budget 2008	Balance on 01-07-07	Expenditure during the year	Corrections or written off	Balance on 30-06-08
R		R	R	R	R	R
	RATES AND					
-	GENERAL SERVICES	-	17 891 358	-	-	17 891 358
-	Community services	-	17 891 358	-	-	17 891 358
-	Councillors	-	162 585	-	-	162 585
-	Directorate Financial Services	-	17 728 773	-	-	17 728 773
-	TOTAL FIXED ASSETS	-	17 891 358	-	-	17 891 358
	LESS: LOANS REDEEMED AND					
-	OTHER CAPITAL RECEIPTS	-	(17 891 358)	-	-	(17 891 358)
-	Contributions ex operating income	-	(13 992 836)	-	-	(13 992 836)
-	Grants and Subsidies	-	(3 898 522)	-	-	(3 898 522)
-	NET FIXED ASSETS	-	-	-	-	-

FINANCIAL STATEMENTS

APPENDIX C: ANALYSIS OF OPERATING INCOME AND EXPENDITURE

2007 Actual		2008 Actual	2008 Budget
R		R	R
14 446 389	Grants and subsidies	13 205 764	13 684 000
7 157 907	Equitable share	7 733 922	7 734 000
1 000 000	MSIG	1 000 000	1 000 000
-	District Aids Council	-	-
-	Development Bank of South Africa	-	-
-	MIG	-	-
132 582	IDP Grant Local Government and Housing	-	-
125 400	Water Affairs Grant	-	-
500 000	Financial Management Grant	471 842	500 000
50 000	Establishment of website National	-	-
30 500	Inauguration Donation	-	-
450 000	Umsobomvu Youth	-	450 000
5 000 000	DPLG	4 000 000	4 000 000
-	LED	-	-
2 807 399	Operating income	1 692 386	968 460
179 633	- Regional Service Levies	58 680	-
371 748	- Establishment Levies	141 163	-
368 853	- Rental Income	255 214	682 170
1 887 165	- Interest and other income	1 237 329	286 290
17 253 788	Total Income	14 898 150	14 652 460
EXPENDITURE			
10 327 069	Salaries, wages and allowances	9 176 743	7 161 267
4 989 024	General expenses	8 350 513	8 226 412
162 566	Repairs and maintenance	262 037	259 936
-	Capital expenditure	-	-
2 108 976	Allocation to towns	-	-
-	Contributions to fixed assets	-	-
-	Contributions	-	-
17 587 635	Total expenditure	17 789 293	15 647 615

FINANCIAL STATEMENTS

APPENDIX D: DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

2007 Actual income	2007 Actual expenditure	2007 surplus / (deficit)		2008 Actual income	2008 Actual expenditure	2008 surplus / (deficit)	2008 Budget surplus / (deficit)
R	R	R		R	R	R	R
			RATES AND GENERAL SERVICES				
17 253 788	17 587 635	(333 847)		14 898 150	17 789 293	(2 891 143)	(995 161)
17 253 788	17 587 635	(333 847)	Community services	14 898 150	17 789 293	(2 891 143)	(995 161)
-	3 790 497	(3 790 497)	Council General Expenses	-	3 209 835	(3 209 835)	(2 619 355)
-	2 274 193	(2 274 193)	Municipal Manager	-	5 854 401	(5 854 401)	(6 289 841)
-	3 804 797	(3 804 797)	Directorate Corporate Services	-	4 146 455	(4 146 455)	(3 496 185)
-	495 850	(495 850)	Directorate Community Services	-	357 417	(357 417)	(118 910)
-	2 674 114	(2 674 114)	Directorate PMU	-	-	-	-
-	2 844 237	(2 844 237)	Directorate Finance	-	4 218 065	(4 218 065)	(3 120 210)
-	1 703 947	(1 703 947)	Directorate PIMS Center	-	3 120	(3 120)	(3 120)
-	-	-	Councillor Support	-	-	-	-
-	-	-	PMS Coordinator	-	-	-	-
-	-	-	Support Services	-	-	-	-
-	-	-	Auxiliary Services	-	-	-	-
17 253 788	-	17 253 788	Income Division	14 898 150	-	14 898 150	14 652 460
-	-	-	Expenditure Division	-	-	-	-
-	-	-	Internal Audit	-	-	-	-
-	-	-	Various	-	-	-	-
17 253 788	17 587 635	(333 847)	TOTAL	14 898 150	17 789 293	(2 891 143)	(995 161)
		-	Appropriation for the year			(1 718 658)	
		(333 847)	Net surplus/(deficit) for the year			(4 609 801)	
		-	Adjustment to prior year financial statements (Refer to note 10)			3 469 470	
		-	Accumulated surplus / (deficit)at begining of year			(333 847)	
		(333 847)				(1 474 178)	

	2008	2007
Statistical Information		
General information		
Population	135 253	135 245
Number of local bodies		
Local Authorities	3	3
Number of Levypayers	-	1 943
Edenburg	-	97
Bethulie	-	106
Fauresmith	-	165
Jacobsdal	-	238
Jagersfontein	-	64
Koffiefontein	-	127
Luckhoff	-	54
Petrusburg	-	191
Philippolis	-	107
Reddersburg	-	107
Rouxville	-	158
Smithfield	-	135
Springfontein	-	51
Trompsburg	-	104
Zastron	-	239
Number of Employees	42	47