

Fezile Dabi

District Municipality

FEZILE DABI DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2007

**FEZILE DABI DISTRICT MUNICIPALITY
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FOR THE YEAR ENDED 30 JUNE 2007**

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FEZILE DABI DISTRICT MUNICIPALITY
GENERAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2007

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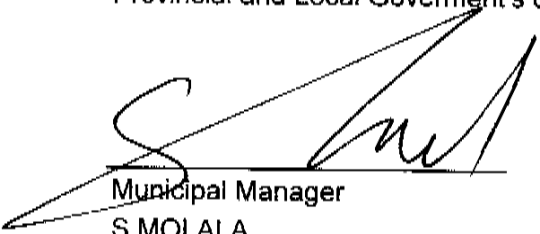
GENERAL INFORMATION

Grading of the Municipality	Low Capacity
Registered address	John Voster Road Sasolburg
Postal address	P. O. Box 10 Sasolburg 1947
Auditors	The Auditor - General
Bankers	ABSA Bank

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these financial statements, which are set out on page 3 to 22, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 15 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.


Municipal Manager
S MOLALA

BA(HED),FED(Educ Management), BA(Hons), MA(Geography)


Date

**FEZILE DABI DISTRICT MUNICIPALITY
GENERAL INFORMATION (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2007**

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EXECUTIVE MAYOR

Mr JERT Ramokhoase

SPEAKER

Mr S I Mbalo

MEMBERS OF THE MAYORAL COMMITTEE

Cllr DPC Colbert
Cllr KJ Khumalo
Cllr NG Guza
Cllr KM Mantso
Cllr DLS George
Cllr PR Ndayi

FEZILE DABI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2007

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	Note	2007 R	2006 R (restated)
NET ASSETS AND LIABILITIES			
Net assets		56 961 872	44 830 863
Capital Replacement Reserve	1	2 634 187	4 019 492
Accumulated Surplus/(Deficit)		54 327 685	40 811 372
Non-current liabilities			
Long - term liabilities	2	42 094 640	45 067 463
Current liabilities		10 921 022	8 742 241
Creditors	3	8 085 759	5 329 777
Unspent conditional grants and receipts	4	-	300 000
VAT	5	-	517 094
Current portion of long-term liabilities	2	2 835 263	2 595 370
Total net assets and liabilities		109 977 534	98 640 568
Assets			
Non-current assets		11 369 052	10 642 078
Property, plant and equipment	6	11 112 253	9 978 924
Long - term receivables	8	256 799	663 154
Current assets		98 608 482	87 998 489
VAT	5	2 101 039	-
Other debtors	9	143 479	18 251
Current portion of long-term debtors	8	289 228	432 646
Investments	7	85 534 793	52 520 911
Bank and cash	10	10 539 944	35 026 680
Total assets		109 977 534	98 640 568

FEZILE DABI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2007

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	Notes	2007 R	2006 R
Revenue			
RSC: Levies	12	9 896 629	78 319 652
Rental of building		119 463	179 195
Interest earned - external investments		4 193 843	4 018 994
Interest earned - outstanding debtors		161 164	383 049
Interest - other		1 795 177	-
Government grants and subsidies	11	79 763 585	5 572 941
Other income	13	995 464	299 772
Total Revenue		96 925 326	88 773 603
EXPENDITURE			
Employee related costs	14	19 249 846	16 635 545
Remuneration of Councillors	15	3 831 855	2 782 270
Collection costs		627 355	1 188 489
Depreciation		1 385 305	1 178 743
Repairs and maintenance		556 261	661 231
Interest paid	16	5 822 812	5 766 818
Contracted services	17	6 038 048	6 537 000
Grants and subsidies paid	18	23 516 174	25 554 591
General expenses	33	25 260 761	13 497 537
Total Expenditure		86 288 416	73 802 225
SURPLUS FOR THE YEAR		10 636 910	14 971 378

Refer to Appendix D(1) for the comparison with the approved budget

FEZILE DABI DISTRICT MUNICIPALITY
 STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED 30 JUNE 2007

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	Pre- GAMAP/GRA P Reserves and Funds	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	TOTAL
2006				
Balance at 1 July 2005	-	-	30 893 980	30 893 980
Change in accounting policy	-	-	14 320 586	14 320 586
Implementation of GRAP(see note 19)	4 019 492	-	-	-
Transfer to Capital Replacement Reserve	(4 019 492)	4 019 492	-	4 019 492
Accumulated depreciation	-	-	-4 727 920	-4 727 920
Additions	-	-	1 565 001	1 565 001
Depreciation for the year	-	-	-1 178 743	-1 178 743
Balance at 30 June 2006	-	4 019 492	40 872 904	44 892 396
Correction of error (see note 20)	-	-	(61 533)	(61 533)
Restated balance at 30 June 2006	-	-	40 811 372	44 830 863
Net surplus for the year	-	-	10 636 910	10 636 910
Transfer from income statement	-	-	1 852 961	1 852 961
Transfer to income statement	-	-	(358 862)	(358 862)
Offsetting depreciation	-	(1 385 305)	1 385 305	1 385 305
Balance at 30 June 2007	-	2 634 187	54 327 685	58 347 177

FEZILE DABI DISTRICT MUNICIPALITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

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	Notes	2007 R	2006 R (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and others	29	88 190 014	86 861 706
Cash paid to suppliers and employees	30	75 288 451	67 260 788
Cash generated from / (required by) operating activities	31	12 901 563	19 600 919
Interest received		6 150 184	4 402 042
Interest paid		(5 822 812)	(5 766 818)
NET CASH FROM OPERATING ACTIVITIES		13 228 935	18 236 143
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2 518 633)	(1 565 001)
Decrease in non-current receivables		549 773	614 640
NET CASH FROM INVESTING ACTIVITIES		(1 968 860)	(950 361)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		(2 732 930)	(2 449 094)
NET CASH FROM FINANCING ACTIVITIES		(2 732 930)	(2 449 094)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS			
Balance at the beginning of the year		8 527 146	14 836 888
Balance at the end of the year	32	87 547 591	72 710 903
		96 074 737	87 547 591

FEZILE DABI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2007

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1 PRINCIPAL ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

These standards are summarised as follows:

GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GAMAP 4	Effects of changes in foreign exchange rates
GAMAP 9	Revenue
GAMAP 7	Accounting for investments in associates
GAMAP 8	Financial reporting of interests in joint ventures
GAMAP 12	Inventories
GAMAP 17	Property, plant and equipment
GAMAP 19	Provisions, contingent liabilities and contingent assets
GAMAP 6,7 and 8 have been complied to the extent that the requirements in these standards relate to the municipality's separate financial statements.	

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.2 PRESENTATION CURRENCY

The annual financial statements are presented in South African Rand.

1.3 GOING CONCERN ASSUMPTION

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

**FEZILE DABI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2007**

1 PRINCIPAL ACCOUNTING POLICIES (continued)

1.4 RESERVES

1.4.1 Capital Replacement Reserve

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can be utilised only to finance items of property, plant and equipment. The CRR is reduced by a corresponding amount when amounts in the CRR are utilised.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land and buildings, which are revalued. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Depreciation is calculated on cost, using the straight-line method over the estimated useful life of the assets. The annual depreciation rates are based on the following

	Years
Other assets	
Office equipment	3-10
Furniture & fittings	3-10
Motore vehicles	5
Buildings	30

The accounting policy is in accordance with the exemptions in Gazette no 30013 of 29 June 2007.

1.6 INVESTMENTS

1.6.1 Financial Instruments

Financial Instruments which include fixed deposits and short term deposits invested in registered commercial banks, are stated at cost

1.7 ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

The accounting policy is in accordance with the exemptions in Gazette no 30013 of 29 June 2007.

1.8 TRADE CREDITORS

Trade creditors are stated at their nominal value.

The accounting policy is in accordance with the exemptions in Gazette no 30013 of 29 June 2007.

FEZILE DABI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2007

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1 PRINCIPAL ACCOUNTING POLICIES (continued)

1.9 REVENUE RECOGNITION

- 1.9.1 Interest and rental are recognised on a time proportion basis.
- 1.9.2 Government grants are recognised as revenue when all conditions associated with the grant have been met. Where grants have been received but the municipality has not met the condition, a liability is raised.
- 1.9.3 Amounts received from government and donors for the purpose of acquiring item of property, plant and equipment are also recognised as revenue.

The accounting policy is in accordance with the exemptions in Gazette no 30013 of 29 June 2007.

1.10 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

The accounting policy is in accordance with the exemptions in Gazette no 30013 of 29 June 2007.

1.11 PROVISIONS

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

1.12 CASH AND CASH EQUIVALENTS

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

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

1.13 UNAUTHORISED EXPENDITURE

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

FEZILE DABI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2007

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1 PRINCIPAL ACCOUNTING POLICIES (continued)

1.14 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act(No 56 of 2003), the Municipal Systems Act(No. 32 of 2000), the Public Office Bearers Act(No 30 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequent accounted for as revenue in the Statement of Financial Performance.

1.15 FRUITLESS AND WASTEFULL EXPENDITURE

Fruitless and wastefull expenditure is expenditure that was made in vain and would have been avoided had reasonable care been excercised. Fruitless and wastefull expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. The defined benefits funds, which are administered on a provincial basis, are actuarially valued trennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

The accounting policy is in accordance with the exemptions in Gazette no 30013 of 29 June 2007.

1.17 COMPARATIVE INFORMATION

1.17.1 Current year comparatives

Budgeted amounts have been included in the annual financial statements for the current financial year only.

1.17.2 Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

FEZILE DABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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	2007 R	2006 R
1 RESERVES		
Capital Replacement Reserve (refer to note 19)	2 634 187	4 019 492
Total Reserves	<u>2 634 187</u>	<u>4 019 492</u>
2 LONG TERM LIABILITIES		
External loans	44 929 903	47 662 833
Less: Current portion transferred to current liabilities	(2 835 263)	(2 595 370)
Total External Loans	<u>42 094 640</u>	<u>45 067 463</u>
Refer to Appendix F for more detail on long-term liabilities.		
3 CREDITORS		
Trade Creditors	4 701 471	626 837
Councillors salaries adjustment	-	491 526
Debtors payments not yet receipted	-	129 236
TRC Vierfontein	-	7 915
Unclaimed monies	-	30 190
Retentions	2 236 956	3 037 216
Staff Leave	1 083 085	1 006 857
Other creditors	64 248	-
Total Creditors	<u>8 085 759</u>	<u>5 329 777</u>
4 UNSPENT CONDITIONAL GRANTS AND SUBSIDIES		
District Aids Grant	-	300 000
Total	<u>-</u>	<u>300 000</u>
All the conditional grants were fully spent at the end of the financial year.		
5 VAT		
VAT payable/(receivable)	<u>(2 101 039)</u>	<u>517 074</u>
VAT is payable on the receipt basis. Only when payment is received from debtors is VAT paid over to SARS.		

FEZILE DABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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	2007	2006
	R	R

6 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Other Assets	Total
	R	R	R
30 June 2006			
Cost	7 605 303	6 715 283	14 320 586
Accumulated depreciation	(1 017 327)	(3 710 593)	(4 727 920)
Correction of error	-	-	-
Carrying value	6 587 976	3 004 690	9 592 666
Additions	-	1 565 001	1 565 001
Depreciation	(247 550)	(931 193)	(1 178 743)
Write-offs	-	-	-
Carrying value 30 June 2006	6 340 426	3 638 498	9 978 924
30 June 2007			
Cost	7 605 303	8 280 284	15 885 587
Accumulated depreciation	(1 264 877)	(4 641 786)	(5 906 663)
Carrying value	6 340 426	3 638 498	9 978 924
Additions	-	2 518 633	2 518 633
Depreciation	-	(1 385 305)	(1 385 305)
Write-offs	-	-	-
Carrying value 30 June 2007	6 340 426	4 771 827	11 112 253

Refer to Appendix B for more detail

7 INVESTMENTS

Financial instruments

Investments	85 534 793	52 520 911
Total Cash Investments	85 534 793	52 520 911

Fixed deposits are for periods which are less than 12 months but greater than three months.

8 LONG TERM RECEIVABLES

Car loans	546 027	1 095 801
Less: Current portion transferred to current receivables	(289 228)	(432 646)
	256 799	663 154

CAR LOANS

Before the enactment of the MFMA senior staff were entitled to car loans which attracted interest at 8% to 8.5% per annum and which were repayable over a maximum period of 5 years. The last loan will be repayable in the year 2009.

No advances were made to employees during the year.

FEZILE DABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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	2007	2006
	R	R
9 OTHER DEBTORS		
Fuel deposit	1 000	1 000
Pick n pay card	2 251	2 251
SA Post Office-deposit	15 000	15 000
Prepaid expenses	3 350	-
Suspense	121 877	-
TOTAL	143 479	18 251
Suspense accounts include payments rejected by the bank		
10 <u>Current Account (Primary Bank Account)</u>		
ABSA Bank - Bloemfontein Branch		
Account number: 520000100		
Cash book balance at beginning of year - (overdrawn)	1 485 554	(2 510 313)
Cash book balance at end of year - (overdrawn)	1 933 622	1 485 554
Bank statement balance at beginning of year - (overdrawn)	2 034 731	493 867
Bank statement balance at end of year - (overdrawn)	2 501 797	2 034 731
Savings Account		
ABSA Bank - Bloemfontein Branch		
Account number: 9070399717		
Sports and recreation bank account-closing balance	1 967	1 967
Rural Council Bank Account	-	-
Petty cash	500	500
Cash book balance at beginning of year - (overdrawn)	29 519 167	29 519 167
Cash book balance at end of year - (overdrawn)	8 603 854	29 519 167
Bank statement balance at beginning of year - (overdrawn)	29 519 167	29 519 167
Bank statement balance at end of year - (overdrawn)	8 603 854	29 519 167
TOTAL BANK AND CASH	10 539 944	31 007 188

FEZILE DABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

14

	2007	2006
	R	R
11 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	78 263 585	1 672 941
Financial Management Grant	500 000	-
MIG Grant	-	2 400 000
MSIG	1 000 000	1 000 000
District Aids Grant	-	300 000
Provincial LED Projects	-	400 000
Spatial Development Framework Grant	-	60 000
Total Government Grant and Subsidies	79 763 585	5 832 941

11.1 Equitable Share

Balance unspent at beginning of year	-	-
Current year receipts	78 263 585	1 672 941
Conditions met - transferred to revenue	(78 263 585)	(1 672 941)
	-	-

The Equitable Share is an unconditional grant and is utilised to assist the local municipalities undertake service delivery

11.2 MIG

Balance unspent at beginning of year	-	-
Current year receipts	-	2 400 000
Conditions met - transferred to revenue	-	(2 400 000)
Conditions still to be met - transferred to current liabilities (see note 4)	-	-

This grant was used to construct roads and sewerage infrastructure as part of the upgrading of informal settlements areas. No funds have been

11.3 MSIG

Balance unspent at beginning of 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 (see note 4)	-	-

The fund is used to assist the district in building capacity of the local municipalities to perform their functions and stabilise institutional and governance systems as required by the Municipal Systems Act of 2000 .

FEZILE DABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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	2007	2006
	R	R
11.4 District Aids Grant		
Balance unspent at beginning of year	300 000	-
Current year receipts	-	400 000
Conditions met - transferred to revenue	(300 000)	(100 000)
Conditions still to be met - transferred to liabilities (see note 4)	-	300 000
	<u> </u>	<u> </u>

The grant was allocated by the Free State Province health department to the district to fund aids related programmes.

11.5 Provincial LED Projects

Balance unspent at beginning of year	-	-
Current year receipts	-	40 000
Conditions met - transferred to revenue	-	(40 000)
Conditions still to be met - transferred to liabilities (see note 4)	-	-
	<u> </u>	<u> </u>

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

11.6 Spatial Development Grant

Balance unspent at beginning of year	-	-
Current year receipts	-	60 000
Conditions met - transferred to revenue	-	(60 000)
Conditions still to be met - transferred to liabilities (see note 4)	-	-
	<u> </u>	<u> </u>

11.7 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act of 2006), no significant changes in the level of government grant funding are expected over the forthcoming two financial years.

12 RSC LEVIES

Establishment levies	8 460 908	67 461 160
Service levies	1 435 721	10 858 492
Total	<u>9 896 629</u>	<u>78 319 652</u>

13 OTHER INCOME

Donations received	20 415	16 361
Recovery of debt councillors	160 772	23 305
Skills levy (SETA)	243 562	123 488
Sundries:	548 966	136 618
Telephone deductions: Officials and councillors	303 494	-
Various deductions: Officials and councillors	7 793	-
Conferences cancelled	17 860	-
Accommodation repaid	3 070	-
Other	216 748	136 618
Tender deposits	21 750	-
	<u>995 464</u>	<u>299 772</u>

FEZILE DABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

16

	2007	2006
	R	R
14 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	11 267 376	10 266 158
Employee related costs - Contributions for UIF, pensions and medical aids	2 731 523	2 335 305
Travel, motor car and other allowances	2 932 875	2 599 969
Housing benefits and allowances	179 189	181 204
Overtime payments	187 730	129 666
Annual bonus	707 535	-
Performance bonus	554 236	431 200
Redemption of leave	689 381	692 043
Total Employee Related Costs	19 249 846	16 635 545
Remuneration of the Municipal Manager		
Annual Remuneration	481 498	427 065
Car Allowance	135 397	90 000
Performance Bonuses	148 629	155 053
Contributions to UIF, Medical and Provident Funds	78 418	94 867
Total	843 942	766 985
Remuneration of the Chief Finance Officer		
Annual Remuneration	268 331	303 658
Car Allowance	108 318	76 800
Performance Bonuses	130 743	158 545
Contributions to UIF, Medical and Provident Funds	66 657	79 386
Total	574 049	618 388
Remuneration of Director: LED		
Annual Remuneration	114 152	319 117
Car Allowance	108 318	72 000
Performance Bonuses	58 279	152 944
Contributions to UIF, Medical and Provident Funds	37 164	69 527
Total	317 913	613 588
Remuneration of Director: PMU		
Annual Remuneration	333 168	314 309
Car Allowance	155 273	62 800
Performance Bonuses	36 286	148 097
Contributions to UIF, Medical and Provident Funds	90 627	79 182
Total	615 354	604 388
Remuneration of Director: Social Development		
Annual Remuneration	338 264	304 783
Car Allowance	108 318	72 000
Performance Bonuses	161 353	157 516
Contributions to UIF, Medical and Provident Funds	80 671	79 289
Total	688 606	613 588

FEZILE DABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

17

	2007 R	2006 R
14 EMPLOYEE RELATED COSTS (continued)		
Remuneration of Director: Corporate Services		
Annual Remuneration	387 378	303 658
Car Allowance	57 600	-
Performance Bonuses	156 217	158 545
Contributions to UIF, Medical and Provident Funds	27 555	79 385
Total	628 750	541 588
15 REMUNERATION OF COUNCILLORS		
Mayor	519 329	290 010
Speaker	384 263	300 757
Mayoral Committee Members	1 554 685	1 697 071
Councillors	1 146 563	406 068
Councillors' pension contribution	227 015	88 364
Medical	117 674	-
Total Councillors' Remuneration	3 831 855	2 782 270
In kind benefits		
The Executive Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor has use of a Council owned vehicle for official duties		
16 INTEREST PAID		
Long term liabilities	5 822 812	5 766 818
Total Interest on External Borrowings	5 822 812	5 766 818
17 CONTRACTED SERVICES	6 038 048	6 537 000
These payments are contracts which have been entered into during the current and prior financial year.		
18 GRANTS AND SUBSIDIES PAID		
Metsimaholo Local Municipality	2 131 733	7 489 407
Ngwathe Local Municipality	5 276 249	1 912 286
Moghaka Local Municipality	6 501 924	9 385 881
Mafube Local Municipality	3 706 918	1 111 322
District Rural areas	5 899 351	2 873 650
Total Grants and Subsidies	23 516 174	25 554 591

The Municipality identifies projects which are funded through grants and subsidies in the various local municipalities within the District. Projects are identified through the Integrated Development Plan. The operation and control of items of property, plant and equipment funded through these grants and subsidies vests in the local municipalities.

FEZILE DABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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	2007	2006
	R	R
19 CHANGE IN ACCOUNTING POLICY		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP:		
19.1 Trust Fund		
Balance previously reported		<u>4 019 492</u>
Implementation of GAMAP		
Transferred to Capital Replacement Reserve		<u>4 019 492</u>
20 CORRECTION OF ERROR		
During the year ended 30 June 2006, an amount of R 61 533 was erroneously disclosed as VAT receivable.		
The comparative amount has been restated as follows: -		
Credit to VAT receivable		61 533
Net effect on accumulated surplus/(deficit)		<u>(61 533)</u>
RECLASSIFICATION OF COMPARATIVE AMOUNTS		
VAT payable was reclassified as a line item in the statement of financial position.		
The effect in the financial statements is as follows:		
Decrease in Creditors		(517 094)
Increase in VAT		517 094
Net effect		<u>-</u>
21 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT:		
<u>Contributions to Local Government Organisation</u>		
Opening balance	-	-
Current year's contribution	90 835	322 843
Amount paid - current year	(90 835)	(322 843)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
<u>Audit fees</u>		
Opening balance	-	-
Current year's contribution	1 039 662	1 154 544
Amount paid - current year	(1 039 662)	(1 154 544)
Balance unpaid (Included in creditors)	<u>-</u>	<u>-</u>

FEZILE DABI DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2007

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	2007 R	2006 R
21 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT: (continued)		
<u>VAT</u>		
Opening balance	517 094	2 744
Current year input VAT	(5 952 068)	(5 702 814)
Current year output VAT	1 385 393	10 971 584
Amount paid (received) - previous year	1 948 542	(4 754 420)
	<u>(2 101 039)</u>	<u>517 094</u>
<u>PAYE and UIF</u>		
Opening balance	-	-
Current year payroll deductions	4 140 645	3 551 986
Amount paid - current year	(4 140 645)	(3 551 986)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
<u>Pension and Medical Aid Deductions</u>		
Opening balance	-	-
Current year payroll deductions and council contributions	2 912 574	3 788 938
Amount paid - current year	(2 912 574)	(3 788 938)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
22 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure		
Approved and contracted for:		
Infrastructure	-	16 250 709
Approved but not yet contracted for:	760 273	1 100 000
Vehicles	-	300 000
Telephone System	-	450 000
Furniture & equipment	410 273	-
Air Conditioners	350 000	350 000
This expenditure will be financed from:		
Income	760 273	17 350 709
Government Grants	-	-
	<u>760 273</u>	<u>17 350 709</u>

FEZILE DABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

20

CONTINUED

	2007 R	2006 R
23 RETIREMENT BENEFIT INFORMATION		
<p>Councillors and employees belong to two defined benefit retirement funds which are the Free State Pension Fund and the Councillors Pension Fund. These Funds are subject to triennial actuarial valuation. The last valuation of the Free State Municipal Pension Fund was performed in June 2002. The Free State Municipal Pension Fund, net assets that are available for benefits at 30 June 2002 was R 1 169 565.00.</p> <p>This valuation indicates that the fund is in sound financial position. The estimated liability of the funds is R 817 138.00 which is adequately financed.</p> <p>No information available was for the Councillors Pension Fund when the financial statements were prepared.</p>		
24 CONTINGENT LIABILITY		
No contingent liabilities are outstanding		
25 CONTINGENT ASSET		
No contingent assets are expected.		
26 IN - KIND DONATION AND ASSISTANCE		
No In-kind donation and assistance were received by the municipality during the year		
27 COMPARISON WITH THE BUDGET		
The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures D (1) and D (2).		
28 EVENTS AFTER BALANCE SHEET DATE		
There were no events after balance sheet date.		
29 Cash generated by operations		
Reconciliation of net operating profit to cash generated in operations		
Net operating profit/(loss)	10 636 910	14 971 378
Adjusted for:		
Depreciation	1 385 305	1 178 743
Investment income	(4 193 843)	(4 018 994)
Interest on outstanding debtors	(161 164)	(383 049)
Interest- other	(1 795 177)	-
Interest paid	5 822 812	5 766 818
Adjustments in respect of previous years' operating transactions	1 494 099	1 784 143
Changes in working capital:		
(Increase)/decrease in other debtors	(125 227)	2 490 146
(Decrease)/Increase in conditional grants	(300 000)	300 000
(Increase)/decrease in creditors	2 755 982	(3 005 361)
(Increase)/decrease in VAT	(2 618 133)	517 094
	<u>12 901 563</u>	<u>19 600 919</u>

FEZILE DABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

21

	2007 R	2006 R
30 CASH RECEIVED FROM CUSTOMERS AND GOVERNMENT		
Total revenue	96 925 326	88 773 603
Adjusted for items presented separately:		
Interest received on investments	(4 193 843)	(4 018 994)
Interest on outstanding debtors	(1 161 164)	(383 049)
Interest- other	(1 795 177)	-
Adjustments in respect of previous years' operating transactions	(358 862)	-
Adjusted for changes in working capital:		
(Increase)/decrease in VAT receivable	(2 101 039)	-
(Increase)/decrease in other debtors	(125 227)	2 490 146
	<u>88 190 014</u>	<u>86 861 706</u>
31 CASH PAID TO SUPPLIERS AND EMPLOYEES		
Total expenditure	86 288 416	73 802 225
Adjusted for non-cash items:		
Depreciation	(1 385 305)	(1 178 743)
Adjustments in respect of previous years' operating transactions	(1 852 961)	(1 784 143)
Adjusted for items presented separately		
Interest paid	(5 822 812)	(5 766 818)
Adjusted for changes in working capital:		
(Increase)/decrease in creditors	(2 755 982)	2 488 267
(Increase)/decrease in unspent conditional grants	300 000	(300 000)
(Increase)/decrease in VAT payable	517 094	-
	<u>75 288 451</u>	<u>67 260 788</u>
32 CASH AND CASH EQUIVALENTS		
Bank and cash	10 539 944	35 026 680
Investments	85 534 793	52 520 911
	<u>96 074 737</u>	<u>87 547 591</u>
33 MATERIAL GENERAL EXPENSES		
General expenses include the following significant figures:		
Campaings Executive Mayor	1 953 373	-
Public Participation Meetings	1 288 279	-
NCOP Visit	986 499	-
Agricultural Projects	952 650	-
Emergency Funding	985 980	-
IDP Implementation & Monitoring	1 181 185	-
Other	17 912 795	13 497 537
	<u>25 260 761</u>	<u>13 497 537</u>

FEZILE DABI DISTRICT MUNICIPALITY

APPENDIX A

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED 30 JUNE 2007

	COST				Accumulated Depreciation			Carrying Value
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation	Disposals	
Other Assets								
Buildings	7 605 303	750 425	-	8 355 728	1 264 877	247 550	-	6 843 301
Office equipment	4 316 133	1 228 492	-	5 544 625	2 531 707	640 712	-	2 372 205
Furniture and Fittings	2 533 176	167 035	-	2 700 211	1 216 672	293 436	-	1 190 103
Motor Vehicles	1 430 975	372 682	-	1 803 657	893 407	203 606	-	706 644
TOTAL	15 885 587	2 518 634	-	18 404 221	5 906 663	1 385 305	-	11 112 253

FEZILE DABI DISTRICT MUNICIPALITY
APPENDIX B
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED 30 JUNE 2007

	COST				Accumulated Depreciation			Carrying Value	
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation	Disposals		
Executive & Council	8 820 973	750 425	-	9 571 397	1 944 843	397 907	-	2 342 750	7 228 648
Corporate Support Services	337 316	372 682	-	709 997	152 200	77 240	-	229 441	480 557
Municipal Manager	194 895	9 636	-	204 531	99 239	26 298	-	125 537	78 994
Finance	649 511	-	-	649 511	465 527	50 077	-	515 604	133 907
Information Technology	3 210 564	1 223 485	-	4 434 050	1 834 454	492 324	-	2 326 779	2 107 271
PMU	1 724 565	-	-	1 724 565	1 043 695	201 572	-	1 245 267	479 297
Environmental Health	430 125	135 600	-	565 725	54 874	80 893	-	135 766	429 959
Disaster Management	1 096	-	-	1 096	164	219	-	384	713
LED	288 212	-	-	288 212	191 176	28 961	-	220 137	68 075
PIMMS	228 330	26 805	-	255 135	120 490	29 813	-	150 302	104 833
TOTAL	15 885 587	2 518 633	-	18 404 220	5 906 663	1 385 305	-	7 291 968	11 112 253

FEZILE DABI DISTRICT MUNICIPALITY

APPENDIX C

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2007

2006	2006		2006	2007		2007	2007
	REVENUE	EXPENSES		Surplus/ (Deficit)	REVENUE		
R	R	R	R	R	R	R	R
-	16 186 241	(16 186 241)		-	20 860 355	(20 860 355)	
-	3 629 670	(3 629 670)	Executive & Council	-	7 114 563	(7 114 563)	
-	1 549 525	(1 549 525)	Corporate Support Service	-	4 026 562	(4 026 562)	
-	4 926 696	(4 926 696)	Municipal Manager	-	3 266 942	(3 266 942)	
-	5 379 280	(5 379 280)	Finance	-	5 788 029	(5 788 029)	
-	2 817 994	(2 817 994)	PIMMS	-	4 659 963	(4 659 963)	
-	29 514 486	(29 514 486)	Information Technology	-	28 398 282	(28 398 282)	
-	3 930 485	(3 930 485)	PMU	-	5 052 309	(5 052 309)	
-	1 461 305	(1 461 305)	Environmental Health	-	1 964 867	(1 964 867)	
-	4 406 543	(4 406 543)	Disaster Management	-	5 156 544	(5 156 544)	
88 773 603	-	88 773 603	LED	96 925 326	-	96 925 326	
88 773 603	73 802 225	14 971 379	Income	96 925 326	86 288 416	10 636 910	
			TOTAL				

FEZILE DABI DISTRICT MUNICIPALITY

APPENDIX D (1)

ACTUAL VERSUS BUDGET: REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2007

	<u>2007</u>	<u>2007</u>	<u>2007</u>	<u>2007</u>
	Actual (R)	Budget (R)	Variance (R)	Variance (%)
REVENUE				
RSC: Levies	9 896 629	9 500 000	396 629	4.18%
Rental of building	119 463	193 000	(73 537)	-38.10%
Interest earned - external investments	4 193 843	1 950 000	2 243 843	115.07%
Interest earned - outstanding debtors	161 164	50 000	111 164	222.33%
Interest - other	1 795 177	-	-	0.00%
Government grants and subsidies	79 763 585	80 017 000	(253 415)	-0.32%
Other income	995 464	83 000	912 464	1099.35%
Total Revenue	96 925 326	91 793 000	3 337 149	3.64%
EXPENDITURE				
Employee related costs	19 249 846	23 600 000	(4 350 154)	-18.43%
Remuneration of Councillors	3 831 855	3 576 000	255 855	7.15%
Collection costs	627 355	875 000	(247 645)	-28.30%
Depreciation	1 385 305	1 000 000	385 305	38.53%
Repairs and maintenance	556 261	549 000	7 261	1.32%
Interest paid	5 822 812	6 130 000	(307 188)	-5.01%
Contracted services	6 038 048	6 537 000	(498 952)	-7.63%
Grants and subsidies paid	23 516 174	42 160 889	(18 644 715)	-44.22%
General expenses	25 260 761	26 557 000	(1 296 239)	-4.88%
Total Expenditure	86 288 416	110 984 889	(24 696 473)	-22.3%
NET SURPLUS/(DEFICIT) FOR THE YEAR	10 636 910	(19 191 889)	3 337 149	-17.39%

FEZILE DABI DISTRICT MUNICIPALITY

APPENDIX D (2)

ACTUAL VERSUS BUDGET: ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED 30 JUNE 2007

	<u>2007</u> <u>Actual</u>	<u>2007</u> <u>Under</u> <u>Construction</u>	<u>2007</u> <u>Total</u> <u>Additions</u>	<u>2007</u> <u>Budget</u>	<u>2007</u> <u>Variance</u>	<u>2007</u> <u>Variance</u>
	R	R	R	R	R	%
Executive & Council	750 425	-	750 425	-	750 425	0.00%
Corporate Support Services	372 682	-	372 682	40 000	332 682	831.70%
Municipal Manager	9 636	-	9 636	-	9 636	0.00%
Finance	-	-	-	40 000	(40 000)	-100.00%
Information Technology	1 223 485	-	1 223 485	2 600 000	(1 376 515)	-52.94%
PMU	-	-	-	1 700 000	(1 700 000)	-100.00%
Environmental Health	135 600	-	135 600	200 000	(64 400)	-32.20%
Disaster Management	-	-	-	-	-	0.00%
LED	26 805	-	26 805	28 000	(1 195)	-4.27%
PIMMS	-	-	-	65 000	(65 000)	-100.00%
TOTAL	2 518 633	-	2 518 633	4 673 000	(2 154 367)	-46.10%

**FEZILE DABI DISTRICT MUNICIPALITY
APPENDIX F
SCHEDULE OF EXTERNAL LOANS
AS AT 30 JUNE 2007**

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 01/07/06		Received during the period		Redeemed written off during the period		Balance at 30/06/07	
			R	R	R	R	R	R		
LONG-TERM LOANS										
Stock Loan @ 10%-TUMAHOLE-PARYS	10 055	2014/12/08	4 284 943	-	-	312 368	3 972 584			
Stock Loan @ 10%-MAOKENG	10054/1	2016/03/11	4 225 792	-	-	308 046	3 917 746			
Stock Loan @ 12.00%-MAOKENG	10054/2	2014/12/08	2 015 847	-	-	103 914	1 911 933			
Stock Loan @ 12.00%-MACKENG-BRENTPARK	10 057	2015/10/09	6 193 681	-	-	378 145	5 815 536			
Stock Loan @ 12.00%-MOKWALLO-VREDEFOR	10 056	2015/09/05	5 705 258	-	-	348 325	5 356 934			
Stock Loan @ 10%-PHRITONA-HEILBRON	10 058	2016/01/09	#####	-	-	841 813	13 817 836			
Stock Loan @ 10%-VILJOENSKROON	10 066	2014/12/19	739 977	-	-	49 693	690 284			
Stock Loan @ 10%-ZAMDELA	10076/1	2014/12/08	439 389	-	-	32 030	407 359			
Stock Loan @ 10%-ZAMDELA	10076/2	2014/12/08	771 723	-	-	56 256	715 467			
Stock Loan @ 15.25%-SASOLBURG	10 243	2016/08/17	1 703 495	-	-	73 387	1 630 107			
Stock Loan @ 16.50%-SASOLBURG	13304/1	2018/07/06	2 587 792	-	-	71 233	2 516 559			
Stock Loan @ 16.50%-SASOLBURG	13304/2	2018/07/07	1 866 829	-	-	51 388	1 815 442			
Stock Loan @ 15.25.00%-SASOLBURG-KROONS	10 243	2018/07/08	2 468 461	-	-	106 342	2 362 118			
Total long-term loans			47 662 834	-	-	2 732 931	44 929 903			