

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

	2007 R	2006 R
27. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
<u>27.1 Contributions to organised local government</u>		
(SALGA & WECPRO)		
Opening balance	-	-
Council subscriptions	160,294	198,626
Amount paid - current year	160,294	198,626
Amount paid - previous years	-	-
Balance unpaid	-	-
<u>27.2 Audit fees</u>		
Opening balance	-	-
Current year audit fee	670,011	506,614
Amount paid - current year	670,011	506,614
Amount paid - previous years	-	-
Balance unpaid	-	-
<u>27.3 Taxes</u>		
<u>27.3.1 VAT</u>		
Opening balance	183,674	180,718
Input receivables	10,896,985	7,069,295
Output receivables	12,397,581	10,270,853
Amount paid - current year	1,353,697	2,919,509
Amount paid - previous years	183,674	279,093
Balance unpaid	146,899	183,674
(All VAT returns have been submitted)		
<u>27.3.2 PAYE and UIF</u>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	4,913,687	4,105,206
Amount paid - current year	4,913,687	4,105,206
Amount paid - previous years	-	-
Balance unpaid	-	-
<u>27.4 Levies</u>		
<u>27.4.1 Skills development</u>		
Opening balance	-	-
Current year levy	411,733	2,399,435
Amount paid - current year	411,733	291,136
Amount paid - previous years	-	-
Balance unpaid	-	-
<u>27.4.2 Water levies & research levy</u>		
Opening balance	-	-
Current year levy	123,726	98,776
Amount paid - current year	123,726	98,776
Amount paid - previous years	-	-
Balance unpaid	-	-

(See note 29)

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

	2007 R	2006 R
27. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Cont.)		
<u>27.5 Pension and Medical Aid Deductions</u>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	13,362,168	9,944,117
Amount paid - current year	13,362,168	9,944,117
Amount paid - previous years	-	-
Balance unpaid	-	-

27.6 Councilor's arrear consumer accounts

The following Councilors had arrear accounts outstanding for more than 90 days as at:

<u>30th June 2007</u>	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding 90 days and more</u>
R	R	R	R
Adams, D&KWS	700	288	412
Geldenhuis, MM	244	-	244
Klazen, JNED	1,147	133	1,014
Louw, S&EV	698	683	15
Mdala, ZG	2,248	-	2,248
Swangaza, PX	3,772	496	3,276
Total Councilors Outstanding Consumer Accounts	8,809	1,600	7,209
<u>30th June 2006</u>	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding 90 days and more</u>
R	R	R	R
Geldenhuis, MM	3,057	3,057	-
Klaasen, KA	20,976	13,989	6,987
Klazen, JNED	1,899	1,403	496
Mdala, ZG	2,733	1,740	993
Nel, JF	1,615	948	667
Swangaza, PX	2,888	1,774	1,114
Visagie, JJ	3,885	3,151	734
Total Councilors Outstanding Consumer Accounts	37,053	26,062	10,991

27.7 Non-compliance with Chapter 11 of the Municipal Finance Management Act

The Municipality has not developed a supply chain management policy that complies with chapter 11 of the MFMA due to capacity constraints within the section dealing with it. All transactions, as far as possible, were handled within the legislative framework provided by the act and the regulations however.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

	2007 R	2006 R
<u>27.8 Unauthorised, irregular, fruitless and wasteful expenditure disallowed</u>		
<u>27.8.1 Unauthorised expenditure</u>		
Reconciliation of unauthorised expenditure		
Opening balance	2,399,435	-
Unauthorised expenditure current year	1,777,459	2,399,435
Approved by Council or condoned	2,399,435	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorization	<u>1,777,459</u>	<u>2,399,435</u>

Incident	Steps taken
Overspending of Votes 2005/2006	Council resolution 8.7 dated 28 March 2007
Overspending of Votes 2006/2007	Compile report (TRIM 5/14/1/3/004/)

27.8.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	34,767	-
Fruitless and wasteful expenditure current year	29,423	34,767
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting condonement	<u>64,190</u>	<u>34,767</u>

Incident	Steps taken
Interest due to late payment of VAT Sept '05	Corporate & strategic committee resolution 7.1 dated 14 March 2007
Interest due to late payment - R 12,290	Compile report (TRIM 5/10/1/0968/)
Incorrect payment of claim - R 17,132.50	Compile report (TRIM 5/10/1/3/004/)

27.8.3 Irregular expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	-	-
Irregular expenditure current year	-	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting condonement	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

	2007 R	2006 R
28 BANK, CASH AND OVERDRAFT BALANCES		
The municipality has the following bank accounts:		
<u>28.1 Current Accounts</u>		
<u>(a) Primary Bank Account</u>		
Institution: ABSA		
Type of Account: Cheque		
Account Number: 03-5000-0011		
Cash book balance at beginning of year - overdrawn	<u>212,590</u>	<u>4,247,321</u>
Cash book balance at end of year - overdrawn	<u>3,445,551</u>	<u>212,590</u>
Bank statement balance at beginning of year - (overdrawn)	<u>2,330,825</u>	<u>-1,439,189</u>
Bank statement balance at end of year - (overdrawn)	<u>-1,801,979</u>	<u>2,330,825</u>
<u>(b) Housing Account</u>		
Institution: ABSA		
Type of Account: Cheque		
Account Number: 3-5014-8523		
Cash book balance at beginning of year - overdrawn	<u>979,285</u>	<u>227,844</u>
Cash book balance at end of year - overdrawn	<u>967,887</u>	<u>979,285</u>
Bank statement balance at beginning of year - (overdrawn)	<u>-979,285</u>	<u>-277,844</u>
Bank statement balance at end of year - (overdrawn)	<u>-967,887</u>	<u>-979,285</u>
<u>(c) Un-utilized Project Funds Account</u>		
Institution: ABSA		
Type of Account: Cheque		
Account Number: 40-5816-3202		
Cash book balance at beginning of year - overdrawn	<u>-22,114,145</u>	<u>-2,792,414</u>
Cash book balance at end of year - overdrawn	<u>-</u>	<u>-22,114,145</u>
Bank statement balance at beginning of year - (overdrawn)	<u>22,114,145</u>	<u>2,792,414</u>
Bank statement balance at end of year - (overdrawn)	<u>-</u>	<u>22,114,145</u>
<u>28.2 Petty Cash on Hand</u>		
Petty cash on hand	<u>6,955</u>	<u>7,435</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

	2007 R	2006 R
28. BANK, CASH AND OVERDRAFT BALANCES (Cont.)		
<u>28.3 Savings Accounts</u>		
(a) Institution: ABSA		
Type of Account: 32 days Call		
Account Number: 90-6631-3406		
Cash book balance at beginning of year	19,502	18,750
Cash book balance at end of year	<u>20,576</u>	<u>19,502</u>
Bank statement balance at beginning of year	<u>-19,502</u>	<u>-18,750</u>
Bank statement balance at end of year	<u>-20,576</u>	<u>-19,502</u>
(b) Institution: Ned bank		
Type of Account: Fixed deposit		
Account Number: 123 210 192 3		
Cash book balance at beginning of year	11,023,856	11,872,463
Cash book balance at end of year	<u>8,483,390</u>	<u>11,023,856</u>
Bank statement balance at beginning of year	<u>-11,023,856</u>	<u>-11,872,463</u>
Bank statement balance at end of year	<u>-8,483,390</u>	<u>-11,023,856</u>
(c) Institution: ABSA		
Type of Account: Fixed deposit		
Account Number: 20-5650-6236		
Cash book balance at beginning of year	12,700	11,932
Cash book balance at end of year	<u>13,530</u>	<u>12,700</u>
Bank statement balance at beginning of year	<u>-12,700</u>	<u>-11,392</u>
Bank statement balance at end of year	<u>-13,530</u>	<u>-12,700</u>
(d) Institution: FNB		
Type of Account: Fixed deposit		
Account Number: 710-3992-9199		
Cash book balance at beginning of year	-	29,582
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-29,582
Bank statement balance at end of year	-	-

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

	2007 R	2006 R
28. BANK, CASH AND OVERDRAFT BALANCES (Cont.)		
28.3 Savings Accounts (cont.)		
(e) Institution: GBS Mutual Bank		
Type of Account: Fixed deposit 36 months		
Account Number: 031-4050-4014		
Cash book balance at beginning of year	-	60,000
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-60,000
Bank statement balance at end of year	-	-
(f) Institution: GBS Mutual Bank		
Type of Account: Fixed deposit 36 months		
Account Number: 031-4050-4025		
Cash book balance at beginning of year	-	30,000
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-30,000
Bank statement balance at end of year	-	30,000
(g) Institution: Ned bank		
Type of Account: 32 days Call		
Account Number: 03/7881032766		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	1,383,890	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-1,383,890	-
(h) Institution: ABSA		
Type of Account: Call		
Account Number: 91-8448-3785		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	7,000,000	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-7,000,000	-
(i) Institution: Standard bank		
Type of Account: Fixed deposit (12 months)		
Account Number: 88779831-001		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	10,000,000	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-10,000,000	-

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

	2007 R	2006 R
29. CONTINGENT LIABILITY		
Claim for:		
Damages	0	738,613
Water levies	1,062,517	0
	<u>1,062,517</u>	<u>738,613</u>

The Municipality had received an account form DWAF, back dated from the 2002/2003 financial year, for water levies. This claim is under dispute. Department of Water Affairs, in conjunction with the Municipality, is busy to verify registered water rights and to correct these accounts.

30. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for	5,048,650	3,616,585
- Approved but not yet contracted for	486,169	847,618
	<u>5,534,819</u>	<u>4,464,203</u>

This expenditure will be financed from:

- Internal sources	48,490	279,303
- External sources	5,486,329	4,184,900
	<u>5,534,819</u>	<u>4,464,203</u>