

## TREASURER'S REPORT

### INTRODUCTION

The Financial Statements were compiled to comply with IMFO's standards and council policy. This report has the purpose to highlight certain important issues.

### 1. OPERATING RESULTS

Details of the operating results per department, classification 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	Actual 2007	Variance 2006 - 2007	Budget 2007	Variance Actual/ Budget
	R	R	%	R	%
Opening surplus	10,094,384	10,614,459	5.2	10,613,821	0.0
Operating income for the year	133,400,580	145,750,978	9.3	149,675,024	(2.6)
Closing deficit	-	-		-	
	143,494,964	156,365,437		160,288,845	
EXPENDITURE					
Opening deficit	-	-		-	
Operating expenditure for the year	128,153,503	145,468,623	13.5	149,674,386	(2.8)
Sundry Transfers	4,727,002	1,304,849	(72.4)		
Closing surplus	10,614,459	9,591,965	(9.6)		
	143,494,964	156,365,437		149,674,386	

#### 1.1. Rates and General Services

INCOME & EXPENDITURE	Actual 2006	Actual 2007	Variance 2006 - 2007	Budget 2007	Variance Actual/ Budget
	R	R	%	R	%
Income	65,658,363	69,745,205	6.2	73,175,724	(4.7)
Expenditure	66,446,600	75,891,529	(14.2)	78,976,868	(3.9)
Surplus / (Deficit)	(788,237)	(6,146,324)	(679.8)	(5,801,144)	(6.0)
Surplus / (Deficit) as % of total income	(0.6)	(4.2)		(9.95)	

#### 1.2. Trading Services

INCOME & EXPENDITURE	Actual 2006	Actual 2007	Variance 2006 - 2007	Budget 2007	Variance Actual/ Budget
	R	R	%	R	%
Income	66,503,037	74,702,672	12.3	75,098,850	(0.5)
Expenditure	60,467,723	68,273,993	12.9	69,297,068	1.5
Surplus / (Deficit)	6,035,314	6,428,679	6.5	5,801,782	10.8
Surplus / (Deficit) as % of total income	4.5	4.4		9.95	

## 2. CAPITAL EXPENDITURE AND FUNDING

The expenditure on fixed asset outlay amounted to R 24,241,776 - 257.33% more than the previous year. The reason for the variance in budget as opposed to the actual expenditure was:

Department	Amount underspend
Roads	R 728,723 49.11%
Sewerage	R 569,319 11.02%
Housing	R 3,877,152 22.39%
Electricity	R 325,321 15.41%

The resources to finance the fixed assets are as follow:

	2006 Actual	2007 Actual	2007 Budget
External loans	2,851,409	1,735,969	3,146,452
Contributions from:			
- Income	-	-	-
- Grants and subsidies	6,569,074	22,430,843	27,140,000
- Reserves	-	74,964	90,000
	9,420,483	24,241,776	30,376,452

A complete analysis of capital expenditure (budgeted and actual) per department, classification or service is reflected in appendix C. More details regarding external loans and internal advances utilised to finance fixed assets are reflected in appendix B.

## 3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2007 amounted to R 75,591,361 (R 81,860,343 in 2006) as detailed in appendix B. During the year external loans amounting to R 6,663,414 was repaid.

The net investments and cash at 30 June 2007 amounted to a positive amount of R 22,494,904. (R 31,985,764 positive in 2006).

More information regarding loans and investments are disclosed in notes (4 and 7) and appendix B as annexure to the financial statements.

## 4. FUNDS AND RESERVES

The Council adopt a policy to comply with general recognized accounting practices and implemented a part of it. All funds and reserves are represented in cash, investments and assets.

More information regarding funds and reserves are disclosed in the notes (1 to 3) and appendix A as contained in the financial statements.

## 5. POST BALANCE SHEET DATE EVENTS

None

### EXPRESSION OF APPRECIATION

I am grateful to the Council, the Municipal Manager, Director: Finance and members of Management for their support and understanding. Appreciation is also expressed to the staff of the Financial services for their assistance and support during the preparation of the financial statements.

HL Le Roux  
Manager: Financial Administration

29 August 2007