

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 departement, 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 2008 are as follows:

INCOME	Actual 2007	Actual 2008	Variance 2007 - 2008	Budget 2008	Variance Actual/ Budget
	R	R	%	R	%
Opening surplus	10,614,459	9,591,965	(9.6)	9,577,283	0.2
Operating income for the year	145,750,978	163,913,475	12.5	161,529,330	1.5
Closing deficit	-	-		-	
	156,365,437	173,505,440		171,106,613	
EXPENDITURE					
Opening deficit	-	-		-	
Operating expenditure for the year	145,468,623	164,022,245	12.8	161,514,648	1.6
Sundry Transfers	1,304,849	971,013	(25.6)		
Closing surplus	9,591,965	8,512,182	(11.3)		
	156,365,437	173,505,440		161,514,648	

1.1. Rates and General Services

INCOME & EXPENDITURE	Actual 2007	Actual 2008	Variance 2007 - 2008	Budget 2008	Variance Actual/ Budget
	R	R	%	R	%
Income	69,745,205	81,179,069	16.4	79,782,721	1.8
Expenditure	75,891,529	99,112,116	(30.6)	98,002,479	1.1
Surplus / (Deficit)	(6,146,324)	(17,933,047)	(191.8)	(18,219,758)	1.6
Surplus / (Deficit) as % of total income	(4.2)	(10.9)		(31.25)	

1.2. Trading Services

INCOME & EXPENDITURE	Actual 2007	Actual 2008	Variance 2007 - 2008	Budget 2008	Variance Actual/ Budget
	R	R	%	R	%
Income	74,702,672	81,230,814	8.7	80,260,948	1.2
Expenditure	68,273,993	63,446,397	(7.1)	62,081,779	(2.2)
Surplus / (Deficit)	6,428,679	17,784,417	176.6	18,179,169	(2.2)
Surplus / (Deficit) as % of total income	4.4	10.8		31.18	

2. CAPITAL EXPENDITURE AND FUNDING

The expenditure on fixed asset outlay amounted R 34,491,041 - 42.28% more than the previous year. The reason for the variance in budget as opposed to the actual expenditure was:

Department	Amount overspend	
Sewerage	R 12,505	1.03%
Housing	R 414,953	1.74%
Water	R 515,626	47.08%

The resources to finance the fixed assets are as follow:

	2007 Actual	2008 Actual	2008 Budget
External loans	1,735,969	3,666,333	4,015,197
Contributions from:			
- Income	-	-	-
- Grants and subsidies	22,430,843	30,696,999	29,700,797
- Reserves	74,964	127,709	127,709
	24,241,776	34,491,041	33,843,703

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 2008 amounted to R 65,733,199 (R 75,591,361 in 2007) as detailed in appendix B. During the year external loans amounting to R 9,990,770 was repaid.

The net investments and cash at 30 June 2008 amounted to a positive amount of R 23,048,538. (R 22,494,904 positive in 2007).

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 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
Acting Chief Financial Officer

30 August 2008