

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 2009 are as follows:

INCOME	Actual 2008	Actual 2009	Variance 2008 - 2009	Budget 2009	Variance Actual/ Budget
Opening surplus	R 9 591 965	R 5 661 775	% (41.0)	R 4 531 320	% 20.0
Operating income for the year	164 061 069	187 376 223	14.2	199 701 659	(6.2)
Closing deficit	-	-		-	
	173 653 034	193 037 998		204 232 979	
EXPENDITURE					
Opening deficit	-	-		-	
Operating expenditure for the year	167 020 246	188 473 511	12.8	198 571 204	(5.1)
Sundry Transfers	971 013	211 331	(78.2)		
Closing surplus	5 661 775	4 353 156	(23.1)		
	173 653 034	193 037 998		198 571 204	

1.1. Rates and General Services

INCOME & EXPENDITURE	Actual 2008	Actual 2009	Variance 2008 - 2009	Budget 2009	Variance Actual/ Budget
Income	R 81 326 663	R 91 795 999	% 12.9	R 95 461 572	% (3.8)
Expenditure	102 110 117	112 761 783	(10.4)	118 022 120	(4.5)
Surplus / (Deficit)	(20 783 454)	(20 965 784)	(0.9)	(22 560 548)	7.1
Surplus / (Deficit) as % of total income	(12.7)	(11.2)		(38.70)	

1.2. Trading Services

INCOME & EXPENDITURE	Actual 2008	Actual 2009	Variance 2008 - 2009	Budget 2009	Variance Actual/ Budget
Income	R 81 230 814	R 94 849 196	% 16.8	R 103 538 685	% (8.4)
Expenditure	63 446 397	74 273 832	17.1	78 795 890	5.7
Surplus / (Deficit)	17 784 417	20 575 364	15.7	24 742 795	(16.8)
Surplus / (Deficit) as % of total income	10.8	11.0		42.44	

2. CAPITAL EXPENDITURE AND FUNDING

The expenditure on fixed asset outlay amounted R 60042732 - 74.08 % more than the previous year. The variance in budget as opposed to the actual expenditure were due to the following departments:

Department	Amount overspend	%
Sewerage	R 2 924 073	-34.33%
Roads	R 1 412 941	-29.26%
Storm water management	R 959 153	-35.26%
Property services: Administration	R 897 703	-68.01%
Water	R 846 140	-44.23%

The resources to finance the fixed assets are as follows:

	2008 Actual	2009 Actual	2009 Budget
External loans	1 735 969	7 861 759	13 008 431
Contributions from:			
- Income	-	-	-
- Grants and subsidies	22 430 843	52 052 215	61 557 589
- Reserves	74 964	-	800 000
- Public		128 758	200 000
	24 241 776	60 042 732	75 566 020

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 2009 amounted to R 73760703 (R 65733199 in 2008) as detailed in appendix B. During the year external loans amounting to R 18097488 was raised and R 10044401 was repaid.

The net investments and cash at 30 June 2009 amounted to a positive amount of R 32572592. (R 23239869 positive in 2008).

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 adopted 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, 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.

PR Esau
Chief Financial Officer

27th August 2009

