

Mohokare Local Municipality

Annual Financial Statements

for the year ended 30 June 2009



Mohokare Local Municipality

Annual Financial Statements

for the year ended 30 June 2009

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Mohokare Local Municipality

General Information

for the year ended 30 June 2009

Members of the Mohokare Local Municipal Council

MJ Sehanka (Me)	Mayor/Speaker
MP Sikhosana	Member
NB Shiya (Me)	Member
MA Mpako	Member
NG Khatisa (Me)	Member (until 9 February 2009)
MS Lalu	Member (until 16 January 2009)
BS Majenge	Member
TG Mbangula	Member
JJ Gertenbach	Member
TJ Mohapi	Member
NL Motsetse	Member (since 1 April 2009)
MA Letele	Member (since 6 May 2009)

Municipal Manager

KS Motsoeneng (B.A. LL.B.)

Chief Financial Officer

SM Lekhalanyane(B.Com.)

Grading of Local Authority

Grade 1 - Employees

Grade 2 - Councillors

Auditors

Auditor-General

Bankers

ABSA (Main Account)

Registered Office

Physical address:

Civic Centre
Hoofd Street
Zastron
9950

Mohokare Local Municipality

General Information (continued)

for the year ended 30 June 2009

Postal address:

Private Bag X 20
Zastron
9950

Telephone number:

051 - 673 1018

Fax number:

051 - 673 1550

E-mail address:

motsoenengk@mohokare.co.za

Map of Mohokare Municipal Area

A map of the Municipal area is available at the offices of the Council.

Mohokare Local Municipality

Foreword by the Mayor/Speaker

for the year ended 30 June 2009

The Constitution of the Republic of South Africa, 1996 briefly outlines the following objectives for local municipalities: the provision of democratic and accountable government; the provision of sustainable service; the promotion of economic development; the promotion of a safe and healthy environment and the encouragement of citizens to involve themselves in the matters of the Municipality.

When considering the above Council must be frank and prepared to answer to the people of Mohokare.

The first question Council should answer is:

- Do the people receive value for their money - are the services up to standard.

The answer is - A qualified Yes. There is however much room left for improvement; Council is painfully aware of the water, sewerage and refuse problems experienced from time to time. With the valuable assistance of the Province and the Department of Water Affairs and Forestry Council intends to solve the problems in the near future.

The next question is:

- Does Council care for our environment - are the streets, parks and pavements properly maintained?

The answer is - Again a qualified Yes. Council has tried with limited resources to repair the streets, to maintain some of the pavements and parks. Council knows about the needs and the expectations of the community and has therefore budgeted for a substantial amount to be expended on this service in 2009/2010.

A further question is:

- Does the Municipality have the vision to plan ahead - is it safe to invest in Mohokare.

The answer is - Yes. Mohokare has a well developed infrastructure. During the previous year the bucket system used to dispose of sewerage was almost totally eradicated. Action plans to solve the water requirements of Rouxville/Roleleathunya are in motion. The upgrading of the sewerage treatment works and oxidation ponds will be completed in the 2009/2010 financial year. Council is confident that Mohokare is on the brink of greater developments as a tourist and investment opportunity.

Council has committed itself to a turn-around strategy. The fruits derived from the strategy are already visible. The backlog in the financial administration has been wiped out and for the first time in many years Council will submit its annual financial statements on time to the offices of the Auditor-General. I wish to congratulate everyone involved in accomplishing this goal.

Council is however still faced with a number of immediate challenges. The greatest of which reference has already been made to above. This will certainly require commitment, dedication and hard work. Council is ready for these challenges and will do every thing possible to make Mohokare a better place to live in for all its people.

I wish to thank our Councillors, the Municipal Manager, Heads of Departments and all personnel for their loyal and friendly co-operation and dedication during the past year.

MJ Sehanka

Mayor/Speaker

31 August 2009

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Mohokare Local Municipality

Approval of the Annual Financial Statements

for the year ended 30 June 2009

The annual financial statements set out on pages 7 to 33 were approved by the Municipal Manager on 2009.

Municipal Manager (KS Motsoeneng)

Acting Chief Financial Officer (S Moorosi)

Mohokare Local Municipality

Report of the External Accountants to the Members of Mohokare Local Municipality

for the year ended 30 June 2009

We have compiled the annual financial statements of the Mohokare Local Municipality for the year ended 30 June 2009 as set out on pages 7 to 33 in accordance with South African Auditing Standards applicable to compilation engagements.

Management is responsible for these financial statements. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.

DJ Smit

Smit Kruger

31 August 2009

Mohokare Local Municipality

Report of the Auditor-General to the Mohokare Local Municipality

for the year ended 30 June 2009

The Auditor-General will issue his report upon finalisation of the audit.

Mohokare Local Municipality

Report of the Chief Financial Officer

for the year ended 30 June 2009

Introduction

It is a pleasure to present the report for the 2008/2009 financial year.

1 OPERATING RESULTS

Details of the operating results per classification, department 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 R	Actual 2009 R	Variance 2008/2009 %	Budget 2009 R	Variance Actual/Budget %
Operating Income for the Year	46 157 656	42 823 084	(7.22)	42 115 076	1.68
Closing Deficit	20 359 556	24 861 597		-	
Total	66 517 212	67 684 681		42 115 076	

Expenditure

Opening Deficit	19 994 192	20 359 556		-	
Operating Expenditure for the Year	47 152 508	49 246 438	(4.44)	42 115 076	(16.93)
Appropriations	-629 488	-1 921 313		-	
Total	66 517 212	67 684 681		42 115 076	

1.1 Rates and General Services

Income	Actual 2008 R	Actual 2009 R	Variance 2008/2009 %	Budget 2009 R	Variance Actual/Budget %
Income	32 493 009	34 419 831	5.93	29 749 133	15.70
Expenditure	-33 055 629	-40 837 754	-23.54	-30 031 935	-35.98
Surplus/(Deficit)	-562 620	-6 417 923		-282 802	

Surplus/(Deficit) as a % of Total Income

-1.22 -14.99 -0.67

1.2 Housing Services

Income	Actual 2008 R	Actual 2009 R	Variance 2008/2009 %	Budget 2009 R	Variance Actual/Budget %
Income	186 998	197 757	100.00	284 742	-30.55
Expenditure	-409 813	-538 459	-31.39	-505 205	-6.58
Surplus/(Deficit)	-222 815	-340 702		-220 463	

Surplus/(Deficit) as a % of Total Income

-0.48 -0.80 -0.52

1.3 Trading Services

1.3.1 Water

Income	Actual 2008 R	Actual 2009 R	Variance 2008/2009 %	Budget 2009 R	Variance Actual/Budget %
Income	6 670 769	7 394 139	10.84	5 179 391	42.76
Expenditure	-6 459 895	-7 117 689	-10.18	-4 635 126	-53.56
Surplus/(Deficit)	210 874	276 450		544 265	

Surplus/(Deficit) as a % of Total Income

0.46 0.65 1.29

Mohokare Local Municipality

Report of the Chief Financial Officer (continued)

for the year ended 30 June 2009

1.3.2 Electricity

	Actual 2008 R	Actual 2009 R	Variance 2008/2009 %	Budget 2009 R	Variance Actual/Budget %
Income	6 806 880	722 712	-89.38	722 712	-
Expenditure	-7 200 625	-722 712	89.96	-722 712	-
Surplus/(Deficit)	-393 745	-		-	
Surplus/(Deficit) as a % of Total Income	-0.85	-		-	

1.3.3 Farming

	Actual 2008 R	Actual 2009 R	Variance 2008/2009 %	Budget 2009 R	Variance Actual/Budget %
Income	-	88 645	100.00	159 012	(44.25)
Expenditure	-26 546	-29 824	-12.35	-200 012	85.09
Surplus/(Deficit)	-26 546	58 821		-41 000	
Surplus/(Deficit) as a % of Total Income	-0.06	0.14		-0.10	

2 CAPITAL EXPENDITURE AND FINANCING

During the year fixed assets amounting to R 5,885,268 (2008: R 20,186,932) were acquired. This is 70.8% less than the previous year and consist of the following:

	Actual 2009 R	Budget 2009 R	Actual 2008 R
Administration Offices	292 616	-	73 197
Disaster Management	-	-	5 304
Electricity - Centlec	-	-	1 189 275
Parks and Cemeteries	-	-	10 800
Sewerage	3 796 332	6 670 000	16 115 243
Vehicles and Equipment	-	-	2 499
Water	1 796 320	-	2 790 614
	<u>5 885 268</u>	<u>6 670 000</u>	<u>20 186 932</u>

The following resources were utilised to finance the fixed assets:

	Actual 2009 R	Budget 2009 R	Actual 2008 R
Contributions from Operating Income	130 833	-	253 147
Contributions from Government etc.	5 754 435	6 670 000	19 933 785
	<u>5 885 268</u>	<u>6 670 000</u>	<u>20 186 932</u>

Mohokare Local Municipality

Report of the Chief Financial Officer (continued)

for the year ended 30 June 2009

Details of capital expenditure and financing are shown in Appendices B and C.

3 EXTERNAL LOANS, INVESTMENTS AND CASH

The current and comparative figures for external loans, investments and cash are as follows:

	2009	2008
	R	R
External Loans (including arrear interest)	-3 804 676	-5 230 113
External Investments	2 524 172	292 728
Cash on hand and in Bank	1 534 719	3 779 696
Bank Overdraft	(1 485 500)	(2 529 865)

More information regarding external loans, investments and cash are disclosed in notes 2, 5, 10 and Appendix B to the financial statements.

4 FUNDS, RESERVES AND PROVISIONS

The current and comparative figures for the Capital Development Fund and other funds are as follows:

	2009	2008
	R	R
Capital Development Fund	4 080 603	3 609 632
Erven Trust Fund	1 591 474	1 508 851
Provisions	2 685 148	2 733 557

More information regarding funds and provisions are disclosed in notes 1, 8 and Appendix A to the financial statements.

5 MATERIAL EVENTS

During November 2007 the following four senior officials were suspended by the Council pending a financial investigation, namely: The Municipal Manager, Acting Chief Financial Officer, Expenditure Accountant and Procurement Officer. The suspension had an adverse effect on the financial management of the Municipality.

During the 2007/2008 and 2008/2009 financial years the Council did not meet the requirements of the Municipal Systems Act , 32 of 2000. This also had a negative impact on the financial administration of the Municipality.

As a result of the above the MEC for Local Government and Housing appointed an Administrator in terms of section 136(2) of the Municipal Finance Management Act, 56 of 2003. The Administrator vacated his office at 31 March 2009 when the new Municipal Manager assumed office.

6 POST BALANCE SHEET EVENTS

Subsequent to 30 June 2009 the Council has approved appropriations against the surplus/deficit account. These appropriations were incorporated in the financial statements.

7 APPRECIATION

I would like to thank the Mayor/Speaker, Councillors, the Municipal Manager, Departmental Heads and all officials for the support given to me and the staff of my own office and in particular to our external consultants for their assistance and support during the year.

.....
Acting Chief Financial Officer

.....
Date

Mohokare Local Municipality

Accounting Policies

for the year ended 30 June 2009

1 Basis of Presentation

- 1.1 The financial statements have been prepared to conform to standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (second edition - January 1996, as amended).
- 1.2 The financial statements are prepared on the historical cost basis adjusted for fixed assets, as more fully described in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous years, except if indicated to the contrary.
- 1.3 The financial statements are prepared on the accrual basis:
- Income is accrued when collectable and measurable.
Certain direct income is accrued when received, i.e. traffic fines and certain licences.
 - Expenditure is accrued in the year in which it is incurred.

2 Consolidation

The financial statements include the Rates- and General Services, Housing Services, Trading Services and different funds and provisions. All inter-departmental charges are set-off against each other.

The Electrification Account administered by Centlec was consolidated with the financial statements of 2007/2008. The consolidated financial statements included the assets and liabilities of Centlec and the results for the year then ended. It has now appeared that Centlec is wholly owned by Mangaung Municipality and a consolidation of the financial statements is therefore deemed unnecessary.

3 Fixed Assets

- 3.1 Fixed assets are stated:
- at historical cost; or
 - at valuation (based on the market price at the date of acquisition), where assets have been acquired by certain grants or donations while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated lives as determined by the Chief Financial Officer.

Fixed assets with a value of less than R 1000 are not capitalised.

3.2 Depreciation

The balance shown under the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life.

Apart from advances from the various Council funds, assets may also be acquired through:

- Appropriation from income, where the full cost of the asset forms an immediate and direct charge against operating income. Provision for additional depreciation is deemed unnecessary.
- Grants and donations where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

Mohokare Local Municipality

Accounting Policies (continued)

for the year ended 30 June 2009

- 3.3** The net proceeds from the sale of immovable property are credited to the Erven Trust Fund. The net proceeds from the sale of other assets are credited to income.
- 3.4** Fixed assets are financed from different sources, i.e. external loans, operating income, endowments and internal advances. These loans and advances are redeemed over a period equal to the expected lives of the assets. Interest is charged to the service concerned at the ruling interest rate applicable at the time of the approval of loans or advances.

4 Inventory

Inventory is valued at the lower of cost, determined on the weighted average basis and net realisable value after due provision for obsolescence has been made.

5 Funds and Reserves

5.1 Capital Development Fund

The Capital Development Fund Ordinance No 9 of 1978 stipulates that Local Authorities have to contribute a minimum of 1.0% of the total annual income to the Capital Development Fund. Interest received on investments is credited to the fund.

5.2 Erven Trust Fund

The net proceeds from the sale of immovable property are credited to this Fund. This Fund is utilised for the financing of projects of a lasting non-productive nature as prescribed in Sec.85(1)(b) of the Local Government Ordinance, 1962 (Ordinance no. 8 of 1962).

6 Provisions

Provision was made for liabilities or contingencies which are known at the date of the balance sheet but for which the amounts involved cannot be determined with substantial accuracy. The provision for bad debts refers to current assets and is therefore disclosed as a deduction from debtors.

7 Retirement Benefits

- 7.1** Mohokare Local Municipality and its employees contribute to the Free State Municipal Pension Fund, the Free State Municipal Provident Fund, SAMWU Provident Fund and Sala Pension Fund, whilst the Councillors contribute to the Pension Fund for Municipal Councillors. All five the funds provide retirement benefits to the employees and/or Councillors concerned.

Mohokare Local Municipality

Accounting Policies (continued)

for the year ended 30 June 2009

7.2 The retirement benefit plan is subject to the Pension Fund Act of 1956, with pensions being calculated either on the fixed contribution or the fixed benefit method. Current contributions by the Local Municipality are charged against operating income on the basis of current service cost. Unfavourable experience adjustments and the cost of insurance of the increased benefits are written off over the smallest of the remaining service period or over five years. Favourable experience adjustments are retained in the retirement plan.

8 Surplus and/or Deficit

Any surplus or deficit originating from the water services are transferred to Rates and General Services.

9 Treatment of Administrative and other Overhead Costs

The cost of internal auxiliary services is debited against the different services and is in accordance with IMTA's Report on Accounting for Support Services (June 1990).

10 Leased Assets

Fixed assets held under finance leases are capitalised. These assets are effectively amortised over the term of the lease agreement.

Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of lease finance utilised in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

11 Investments

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred and are invested according to the provisions contained in the Circular issued by Provincial Legislature. Investments are made in accordance with the requirements of Section 84 of the Local Government Ordinance, 1962 (Ordinance no. 8 of 1962) and policy prescribed by the Municipal Finance Management Act, (Act no. 56 of 2003).

12 Income Recognition

12.1 Water Charges

All meters are read and billed monthly. Where meters can not be read during a particular month a provisional bill is issued with the necessary adjustments made in the month when the meters are indeed read.

12.2 Assessment Rates

The Council applies a differentiated rates system. According to this system assessment rates are charged on the value of the land and improvements. Certain rebates are granted according to the use to which a particular property is put. Further relief is granted to the aged and the needy.

Mohokare Local Municipality

Balance Sheet

as at 30 June 2009

	Note	2009 R	2008 R
Capital Employed			
Funds and Reserves			
Statutory Funds	1	5 672 077	5 118 483
Accumulated Deficit	14	-24 861 597	-20 359 556
		-19 189 520	-15 241 073
Long Term Liabilities	2	551 673	1 687 127
Consumer Deposits	3	72 934	89 433
		-18 564 913	-13 464 513
Employment of Capital			
Fixed Assets	4	789 694	2 539 212
Investments	5	144 599	144 599
		934 293	2 683 811
Net Current Liabilities			
		-19 499 206	-16 148 324
Current Assets			
		14 286 645	13 712 252
Inventory	6	492 999	404 354
Debtors	7	9 879 354	9 380 073
Cash and Bank	10	1 534 719	3 779 696
Short Term Investments	5	2 379 573	148 129
Current Liabilities			
		33 785 851	29 860 576
Provisions	8	2 685 148	2 733 557
Creditors	9	26 362 200	21 054 168
Short Term Portion of Long Term Liabilities	2	3 253 003	3 542 986
Bank Overdraft	10	1 485 500	2 529 865
		-18 564 913	-13 464 513

Mohokare Local Municipality

Income Statement

for the year ended 30 June 2009

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R	2008 Budget Surplus/ (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R	2009 Budget Surplus/ (Deficit) R
32 493 009	33 055 629	-562 620	585 828	Rates and	34 419 831	40 837 754	-6 417 923	-282 802
22 071 671	22 349 376	-277 705	2 843 646	General Services	20 420 361	25 494 219	-5 073 858	1 490 898
795 947	1 158 794	-362 847	-1 539 337	Community Services	1 098 808	2 245 200	-1 146 392	-1 336 551
9 625 391	9 547 459	77 932	-718 481	Subsidised Services	12 900 662	13 098 335	-197 673	-437 149
				Economic Services				
186 998	409 813	-222 815	125 628	Housing Services	197 757	538 459	-340 702	-220 463
13 477 649	13 687 066	-209 417	36 324	Trade Services	8 205 496	7 870 225	335 271	503 265
<u>46 157 656</u>	<u>47 152 508</u>	<u>-994 852</u>	<u>747 780</u>	Total	<u>42 823 084</u>	<u>49 246 438</u>	<u>-6 423 354</u>	<u>-</u>
				Appropriations for the Year (See note 14)			1 921 313	
		629 488		Net (Deficit) for the Year			-4 502 041	
		-365 364		Accumulated (Deficit): Beginning of the Year			-20 359 556	
		-19 994 192		Accumulated (Deficit): End of the Year			<u>-24 861 597</u>	
		<u>-20 359 556</u>						

(Refer to appendices D and E for more detail)

Mohokare Local Municipality

Cash Flow Statement

for the year ended 30 June 2009

	Note	2009 R	2008 R
Cash retained from Operating Activities		6 592 019	21 591 235
Cash generated by Operations	15	-23 377 985	-17 169 960
Investment Income	13	66 611	27 916
(Increase)/Decrease in Working Capital	16	-1 626 484	-2 953 899
		-24 937 858	-20 095 943
Less: External Interest paid	13	-659 759	-909 506
Cash available from/(utilised in) Operations		-25 597 617	-21 005 449
Cash Contributions from Government and Public Bodies		32 189 636	42 596 684
Cash utilised in Investing Activities			
Investment in Fixed Assets		-5 885 268	-20 186 932
Net Cash Flow		<u>706 751</u>	<u>1 404 303</u>
Cash effects of Financing Activities			
Increase/(Decrease) in Long Term Liabilities	17	324 081	-284 494
(Increase)/Decrease in Cash Investments	18	-2 231 444	-9 440
(Increase)/Decrease in Cash and Bank	19	1 200 612	-1 110 369
Net Cash Utilised		<u>-706 751</u>	<u>-1 404 303</u>

Mohokare Local Municipality

Notes to the Annual Financial Statements

for the year ended 30 June 2009

	2009 R	2008 R
1 Statutory Funds		
Capital Development Fund	4 080 603	3 609 632
Erven Trust Fund	1 591 474	1 508 851
	<u>5 672 077</u>	<u>5 118 483</u>
1.1 See Appendix A		
2 Long Term Liabilities		
Development Bank of South Africa - note 2.1 to 2.2	789 689	789 689
INCA - note 2.1 to 2.2	-	5 703
ABSA (Hire Purchase) - note 2.1 to 2.2	-	116
Centlec loan omitted - note 2.1 and paragraph 2 of Accounting Policies	-	1 743 704
	<u>789 689</u>	<u>2 539 212</u>
Plus: Interest on Loans	3 014 987	2 690 901
	<u>3 804 676</u>	<u>5 230 113</u>
Less: Short Term Portion of Long Term Liabilities - note 2.3	-3 253 003	-3 542 986
	<u>551 673</u>	<u>1 687 127</u>
2.1 See Appendix B		
2.2 The loans bear interest at rates that varies between 9% and 19.07% per annum, the loans are secured by assets of R 2,079,020 and expire between 2007 and 2015.		
2.3 Transferred to Current Liabilities.		
2.4 The application and possible impact of the <i>in duplum</i> rule on the interest shown to be due to Inca and DBSA are questions of law. The possible outcome of such an enquiry was not considered in the compilation of the financial statements.		
3 Consumer Deposits		
Rent	1 100	1 550
Water	69 191	76 100
Electricity	2 643	3 230
Electricity - Centlec	-	8 553
	<u>72 934</u>	<u>89 433</u>
3.1 No guarantees are kept in lieu of electricity deposits.		
4 Fixed Assets		
Fixed Assets at the Beginning of the Year	137 381 409	117 210 077
Capital Expenditure	5 885 268	20 186 932
Less: Assets written-off, transferred or disposed of or omitted at the instance of Centlec	-5 738 220	-15 600
Total Fixed Assets	<u>137 528 457</u>	<u>137 381 409</u>
Less: Loans Redeemed and Other Capital Receipts	-136 738 763	-134 842 197
Net Fixed Assets	<u>789 694</u>	<u>2 539 212</u>
4.1 See Appendix C and Section 2 of the Chief Financial Officer's Report.		
5 Investments		
Unlisted		
OVK Shares - note 5.1 to 5.5	23 946	23 946
ABSA (32 Day Notice Deposit) - 1014355924 - note 5.5	81 975	75 208
Old Mutual Flexi Save - Policy number 8120809	120 653	120 653
FNB - 72359004546 - note 5.6	52 111	47 912
ABSA (Call Account) - 9074133593	1 754	1 758
ABSA (Call Account) - 9086343532	2 243 465	23 000
ABSA (Call Deposit) - 6074357138	268	251
	<u>2 524 172</u>	<u>292 728</u>
Less: Transfer of Short Term Investments - note 5.7	-2 379 573	-148 129
	<u>144 599</u>	<u>144 599</u>
5.1 Unlisted Investments	2 524 172	292 728
5.2 Management's Valuation of Unlisted Investments	2 574 056	339 262
5.3 Average Gross Rate on Investments	1.73%	3.26%
5.4 Ordinance 8 of 1962 and the Municipal Finance Management Act (56 of 2003) require that funds, trust funds and other funds be invested in prescribed instruments.		
5.5 A limited cession is pledged as security against this account.		
5.6 An amount of R 25,000.00 is pledged as security against this account.		
5.7 Transferred to Current Assets.		

Mohokare Local Municipality

Notes to the Annual Financial Statements

for the year ended 30 June 2009

	2009 R	2008 R
Investment in OVK Shares		
Issued Share Capital - OVK Operations Limited Holding Shares	30 095 854	30 095 854
Issued Share Capital - OVK Operations Limited Operation Shares	28 915 661	28 915 661
Percentage owned by Council - OVK Holding Shares	0.04%	0.04%
Percentage owned by Council - OVK Operation Shares	0.05%	0.05%
Dividends received - OVK Holdings Shares	1 834	1 553
Dividends received - OVK Operation Shares	1 324	1 492
6 Inventory		
Inventory consists of livestock	<u>492 999</u>	<u>404 354</u>
7 Debtors		
Consumer Debtors	49 711 591	43 146 519
Sundry Debtors	<u>5 804 041</u>	<u>4 806 476</u>
	55 515 632	47 952 995
Less: Bad Debts (Excluding VAT)	-40 950 784	-34 620 693
Less: VAT - Bad Debts	<u>-4 685 494</u>	<u>-3 952 229</u>
	<u>9 879 354</u>	<u>9 380 073</u>
7.1	Bad Debts : R nil (2008: R nil). This represents 0% (2008: 0%) of total operating income for the year.	
7.2	Days outstanding in debtors are in excess of 120 days (2008: 120+ days).	
8 Provisions		
Leave Reserve - note 8.1	2 173 695	2 307 384
Pro-rata Bonus - note 8.1	511 453	426 173
Bad Debts - note 8.1	<u>40 950 784</u>	<u>34 620 693</u>
	43 635 932	37 354 250
Less: Bad Debts transferred to Debtors - note 8.2	<u>-40 950 784</u>	<u>-34 620 693</u>
	<u>2 685 148</u>	<u>2 733 557</u>
8.1	See Appendix A.	
8.2	See note 7 above.	
9 Creditors		
Trade and Sundry Creditors	11 012 809	8 160 940
Deposits (Unreceipted/Unknown)	1 930 406	3 078 360
Deposits Other	21 705	13 741
Amounts Received in Advance	<u>13 397 280</u>	<u>9 801 127</u>
	<u>26 362 200</u>	<u>21 054 168</u>
10 Bank, Cash and Overdraft Balances		
The Municipality has the following bank accounts:		
10.1 Current Account (Primary Bank Account)		
ABSA Bank Limited - Zastron Branch Account Number 4052654487		
Cash Book Balance - Beginning of the Year - Cr	1 970 146	214 925
Cash Book Balance - End of the Year - Dt/Cr	<u>-1 485 500</u>	<u>1 970 146</u>
	2 230 461	2 297 953
Bank Statement Balance - Beginning of the Year - Cr	<u>2 230 461</u>	<u>2 297 953</u>
Bank Statement Balance - End of the Year - Cr	<u>578 025</u>	<u>2 230 461</u>
10.2 Current Account		
Standard Bank of SA Limited - Smithfield Branch Account Number 041952766		
Cash Book Balance - End of the Year - Cr	585 463	515 642
Bank Statement Balance - End of the Year - Cr	<u>585 463</u>	<u>515 642</u>

Mohokare Local Municipality

Notes to the Annual Financial Statements

for the year ended 30 June 2009

		2009 R	2008 R
10.3 Current Account			
First National Bank Limited - Rouxville Branch Account Number 53593549308			
Cash Book Balance - End of the Year - Cr		431 448	533 791
Bank Statement Balance - End of the Year - Cr		<u>431 448</u>	<u>533 791</u>
10.4 Current Account			
ABSA Bank Limited - Zastron Branch Account Number 2810000018			
Cash Book Balance - End of the Year - Cr		516 628	758 937
Bank Statement Balance - End of the Year - Cr		<u>516 628</u>	<u>758 937</u>
10.5 Current Account - Centlec			
Cash Book Balance - End of the Year - Dt		<u>-</u>	<u>-2 529 865</u>
10.6 Cash on hand		<u>1 180</u>	<u>1 180</u>
Total Cash and Bank		<u>1 534 719</u>	<u>3 779 696</u>
Total Bank Overdraft		<u>-1 485 500</u>	<u>-2 529 865</u>
11 Assessment Rates			
	Valuation 30.06.2009 R	Actual Income 2009 R	Actual Income 2008 R
Residential	70 615 642	2 306 973	2 211 830
Business	16 411 453	590 812	557 989
Schools	27 513 450	693 339	719 583
Churches	57 650	-	19 832
Silo's	3 814 500	95 363	91 548
Government	19 621 240	494 455	513 171
Non-rateable Property	44 443 577	-	-
Farms	467 739 505	-	-
	<u>650 217 017</u>	<u>4 180 942</u>	<u>4 113 953</u>
11.1	Valuation of land and improvements is performed every five years. The last valuation of land and improvements was done during the 2005/2006 year.		
11.2	The assessment rates are levied on the following basis: Value of property: 3.6c/R (2008: 3.4c/R); Silo's: 2.5c/R (2008:2.4c/R).		
11.3	A Rebate of 30% are given to the Central and Provincial Government.		
11.4	Assessment rates were not levied on agriculture land for the 2008/2009 year.		
12 Councillors' Remuneration			
Mayor/Speaker Allowance		404 534	339 024
Councillors' Allowances		<u>1 309 904</u>	<u>1 206 039</u>
		<u>1 714 438</u>	<u>1 545 063</u>
12.1	Benefits in kind The Mayor/Speaker is a full-time councillor. She is entitled to offices and secretarial support by the Council.		
12.2	The salaries and allowances of the Councillors are within the limits as prescribed by the Remuneration of Public Office Bearers Act, 1998 (No. 20 of 1998).		
13 Finance Transactions			
Total External Interest received or paid:			
Interest received		66 611	27 916
Interest paid		<u>-659 759</u>	<u>-909 506</u>
		<u>-593 148</u>	<u>-881 590</u>
Capital Expenses debited against Operating Account:			
Interest :		659 759	909 506
- External		<u>659 759</u>	<u>909 506</u>
Redemption:		-	441 713
- External		<u>-</u>	<u>441 713</u>

Notes to the Annual Financial Statements

for the year ended 30 June 2009

	2009 R	2008 R
14 Appropriations		
Appropriation Account:		
Accumulated (Deficit): Beginning of the Year	-20 359 556	-19 994 192
Operating (Deficit) for the Year	-6 423 354	-994 852
Appropriations for the Year:	1 921 313	629 488
Adjustments Previous Years	2 314 564	629 488
Adjustment as a result of the omission of the figures of Centlec	-393 251	-
Accumulated (Deficit) : End of the Year	<u>(24 861 597)</u>	<u>(20 359 556)</u>
15 Cash generated by Operations		
(Deficit) for the Year	-6 423 354	-994 852
Adjustments in respect of:		
Previous Years' Operating Transactions	1 921 313	629 488
Appropriations charged against Income:	7 771 546	4 318 966
Statutory Funds	440 434	398 462
Provisions	7 200 279	3 667 357
Fixed Assets	130 833	253 147
Capital Charges:	659 759	1 351 219
Interest paid:	659 759	909 506
- External Loans & Other	659 759	909 506
Redemption:	-	441 713
- External Loans	-	441 713
Grants and Subsidies received	-26 435 201	-22 662 899
Investment Income (Operating account)	-66 611	-27 916
Non-operating Income credited against:	113 160	868 924
- Statutory Funds	113 160	868 924
Non-operating Expenditure debited against:	-918 597	-652 890
- Provisions	-918 597	-652 890
	<u>-23 377 985</u>	<u>-17 169 960</u>
16 (Increase)/Decrease in Working Capital		
(Increase)/Decrease in Inventory	-88 645	-50 954
(Increase)/Decrease in Debtors, Long Term Debtors	-6 829 372	-4 241 914
Increase/(Decrease) in Creditors, Consumer Deposits	5 291 533	1 338 969
	<u>-1 626 484</u>	<u>-2 953 899</u>
17 Increase/(Decrease) in Long Term Liabilities (External)		
Loans repaid	-	-441 713
Arrear Interest	324 081	157 219
	<u>324 081</u>	<u>-284 494</u>
18 (Increase)/Decrease in External Cash Investments		
Investments at the Beginning of the Year	292 728	283 288
Less: Investments at the End of the Year	2 524 172	292 728
	<u>-2 231 444</u>	<u>-9 440</u>
19 (Increase)/Decrease in Cash and Bank		
Cash and Bank Balance at the Beginning of the Year	1 249 831	461 973
Less: Adjustment of Cash and Bank Balance at the Beginning of the Year	-	-322 511
Less: Cash and Bank Balance at the End of the Year	49 219	1 249 831
	<u>1 200 612</u>	<u>-1 110 369</u>
20 Retirement Benefits - Pension Fund		
Fund	Date of last actuarial valuation	Finding
Free State Municipal Pension Fund	30-Jun-05	Financial position: Sound
SAMWU National Provident Fund	30-Jun-05	Financial position: Sound
SALA Pension Fund	01-Jul-06	Financial position: Sound
Free State Municipal Provident Fund	30-Jun-04	Financial position: Sound

Notes to the Annual Financial Statements

for the year ended 30 June 2009

	2009 R	2008 R
21 Contingent Liabilities and Contractual Obligations		
21.1 Provision for Leave Pay at 30 June 2009 : R 2,173,695 (2008: R 2,307,384). Contribution to Provision for Leave Pay: R 333,940 (2008: R 1,026,824).		
21.2 Provision for Pro-rata Bonus at 30 June 2009: R 511,453 (2008: 426,173). Contribution to Provision for Pro-rata Bonus: R 511,453 (2008: R 0).		
21.3 A claim to honour contractual obligations has been instituted against the Council. The amount of the claim is unknown.		
22 Capital Commitments		
Commitments in respect of capital expenditure:		
- Approved and contracted for	20 343 443	10 221 000
- Approved but not yet contracted for	-	9 485 000
	<u>20 343 443</u>	<u>19 706 000</u>
This expenditure will be financed from:		
- Internal Sources	-	2 206 000
- External Sources	20 343 443	17 500 000
	<u>20 343 443</u>	<u>19 706 000</u>
23 Capital Development and Erven Trust Fund		
23.1 No internal advances were made to borrowing services		
24 Government Grants and Subsidies		
Equitable Share	24 832 097	19 789 000
Central Government Grants	9 272 241	18 469 779
Provincial Government Grants	3 556 085	1 574 343
	<u>37 660 423</u>	<u>39 833 122</u>
24.1 Equitable Share In terms of the Constitution, this grant is utilised to subsidise the provision of basic services to indigents. All indigents receive a monthly subsidy which is credited to their accounts.		
24.2 Central Government Grants		
24.2.1 MIG Grant - Bucket Eradication Program		
Opening Balance	-2 940 820	-1 983 650
Adjustment Opening Balance	-1 360 452	-
Current Year Receipts	-2 494 353	-17 067 374
Transferred to Fixed Assets	2 976 354	16 110 204
Closing Balance - (transferred to Creditors - note 9)	<u>-3 819 271</u>	<u>-2 940 820</u>
This grant was utilised for the upgrading of the sewerage network in Smithfield. The conditions of the grant must still be met. No monies was withheld.		
24.2.2 MIG Grant - Caledon River Project		
Opening Balance	-	-1 764 795
Adjustment Opening Balance	-1 497 204	-
Current Year Receipts	-	-168 405
Transferred to Fixed Assets	1 339 827	1 933 200
Closing Balance - (transferred to Creditors - note 9)	<u>-157 377</u>	<u>-</u>
This grant was utilised for the upgrading of the water network from the Caledon river. The conditions of the grant must still be met. No monies was withheld.		

	2009 R	2008 R
24.2.3 MIG Grant - Water Reticulation Network (Sodimo Park)		
Opening Balance	-	-
Adjustment Opening Balance	-167 208	-
Current Year Receipts	-214 969	-
Transferred to Fixed Assets	382 177	-
Closing Balance	<u>-</u>	<u>-</u>
<p>This grant was utilised for the construction of a water reticulation network in Sodimo Park. The conditions of the grant was met. No monies was withheld.</p>		
24.2.4 MIG Grant - Upgrading Sewerage Treatment Works		
Opening Balance	-	-
Current Year Receipts	-2 082 564	-
Transferred to Fixed Assets	366 127	-
Closing Balance - (transferred to Creditors - note 9)	<u>-1 716 437</u>	<u>-</u>
<p>This grant was utilised for the upgrading of sewerage treatment works in Mohokare. The conditions of the grant must still be met. No monies was withheld.</p>		
24.2.5 MIG Grant - Upgrading Oxidation Ponds		
Opening Balance	-	-
Current Year Receipts	-2 545 355	-
Transferred to Fixed Assets	434 997	-
Closing Balance - (transferred to Creditors - note 9)	<u>-2 110 358</u>	<u>-</u>
<p>This grant was utilised for the upgrading of oxidation ponds in Mohokare. The conditions of the grant must still be met. No monies was withheld.</p>		
24.2.6 Financial Management Grant		
Opening Balance	-169 518	-437 855
Current Year Receipts	-500 000	-500 000
Transferred to Income/Expenditure	594 297	768 337
Closing Balance - (transferred to Creditors - note 9)	<u>-75 221</u>	<u>-169 518</u>
<p>This grant is for the training of interns in the Financial Department. The conditions of the grant must still be met. No monies was withheld.</p>		
24.2.7 MSIG Grant		
Opening Balance	-579 544	-298 289
Current Year Receipts	-735 000	-734 000
Transferred to Income/Expenditure	697 870	452 745
Closing Balance - (transferred to Creditors - note 9)	<u>-616 674</u>	<u>-579 544</u>
<p>This grant was utilised to develop several policies. The conditions of the grant must still be met. No monies was withheld.</p>		
24.2.8 DWAF Grant		
Opening Balance	-	-
Current Year Receipts	-700 000	-
Transferred to Income/Expenditure	43 827	-
Closing Balance - (transferred to Creditors - note 9)	<u>-656 173</u>	<u>-</u>
<p>This grant was utilised for the repair and maintenance of the water networks in Mohokare. The conditions of the grant must still be met. No monies was withheld.</p>		

	2009 R	2008 R
24.3 Provincial Government Grants		
24.3.1 Grant for Draught Relief		
Opening Balance	-2 093 221	-2 247 908
Transferred to Fixed Assets	103 070	82 067
Transferred to Income/Expenditure	-	72 620
Closing Balance - (transferred to Creditors - note 9)	<u>-1 990 151</u>	<u>-2 093 221</u>
This grant is for draught relief in the Mohokare Municipal area. The conditions of the grant must still be met. No monies was withheld.		
24.3.2 Provincial Grant		
Opening Balance	-	-
Current Year Receipts	-176 085	-
Closing Balance - (transferred to Creditors - note 9)	<u>-176 085</u>	<u>-</u>
This grant was utilised for financial infrastructure in Mohokare. The conditions of the grant must still be met. No monies was withheld.		
24.3.3 Grant for Planning and Surveyance		
Opening Balance	-	41 402
Transferred to Income/Expenditure	-	-41 402
Closing Balance	<u>-</u>	<u>-</u>
This grant was utilised to defray planning and surveyance expenses. The conditions of the grant have been met. No monies was withheld.		
24.3.4 Intergrated Spatial Development Grant		
Opening Balance	-2 220 000	-
Current Year Receipts	-	-2 220 000
Closing Balance (transferred to Creditors - note 9)	<u>-2 220 000</u>	<u>-2 220 000</u>
This grant was utilised for the development of an ISD plan. The conditions of the grant must still be met. No monies was withheld.		
24.3.5 Provincial Grant - Water Demand		
Opening Balance	-	-399 803
Transferred to Fixed Assets	-	399 803
Closing Balance	<u>-</u>	<u>-</u>
This grant was utilised to improve the supply of water to the disadvantaged communities. The conditions of the grant have been met. No monies was withheld.		
24.3.6 Provincial Grant - Water Purification - Rouxville		
Opening Balance	-92 818	-299 965
Transferred to Income/Expenditure	-	5 705
Transferred to Fixed Assets	-	201 442
Closing Balance - (transferred to Creditors - note 9)	<u>-92 818</u>	<u>-92 818</u>
This grant was utilised to improve the water network in Rouxville. The conditions of the grant must still be met. No monies was withheld.		
24.3.7 Provincial Grant - Maintenance Electricity Network		
Opening Balance	-909 915	-909 915
Closing Balance - (transferred to Creditors - note 9)	<u>-909 915</u>	<u>-909 915</u>
This grant was utilised for the maintenance of the electricity network. The conditions of the grant must still be met. No monies was withheld.		

Mohokare Local Municipality

Notes to the Annual Financial Statements

for the year ended 30 June 2009

	2009 R	2008 R
24.3.8 Provincial Grant - Salary Managers		
Opening Balance	-	-
Current Year Receipts	-2 380 000	-
Transferred to Income/Expenditure	169 992	-
Closing Balance - (transferred to Creditors - note 9)	<u>-2 210 008</u>	<u>-</u>
This grant was utilised for subsidising the salaries of the section 57 Managers. The conditions of the grant must still be met. No monies was withheld.		
24.3.9 Provincial Grant - Salary Temporary Workers		
Opening Balance	-	-
Current Year Receipts	-1 000 000	-
Transferred to Income/Expenditure	19 350	-
Closing Balance - (transferred to Creditors - note 9)	<u>-980 650</u>	<u>-</u>
This grant was utilised for subsidising the salaries of temporary employed workers. The conditions of the grant must still be met. No monies was withheld.		
25 Employee Related Costs		
Salaries	14 608 663	14 745 386
Contributions - UIF, Pension and Medical Aid Fund,	3 340 426	2 680 175
Housing Subsidies	83 062	68 261
Industrial Council Levies	8 818	8 992
Other Allowances	61 971	146 474
Overtime	831 443	942 688
Protective Clothing	194 450	130 812
Travel, Subsistence and Car Allowances	977 383	1 489 137
Workmen's Compensation Commissioner	155 882	162 554
	<u>20 262 098</u>	<u>20 374 479</u>
25.1 No advances were made to employees.		
25.2 Remuneration of the Municipal Manager		
Annual Remuneration & Acting Allowance	168 032	371 301
Other Allowances	11 270	-
Car Allowance	24 963	36 182
	<u>204 265</u>	<u>407 483</u>
25.2.1 The Municipal Manager assumed office on 1 April 2009.		
25.3 Remuneration of the Chief Financial Officer		
Annual Remuneration & Acting allowance	81 445	74 821
Other Allowances	10 075	-
Car Allowance	11 422	-
	<u>81 445</u>	<u>74 821</u>
25.3.1 The Chief Financial Officer assumed office on 1 May 2009.		
25.4 Remuneration of the Acting Financial Officer		
Annual Remuneration	55 103	248 745
Other Allowances	4 952	17 500
	<u>60 055</u>	<u>266 245</u>
25.5 Remuneration of the Manager Administration		
Annual Remuneration	155 471	178 619
Bonuses	14 026	-
Car Allowance	90 691	85 872
	<u>260 188</u>	<u>264 491</u>
25.5.1 The Manager Administration acted as Municipal Manager until 31 March 2009.		
25.5.2 The Manager Administration resigned on 31 March 2009.		

Mohokare Local Municipality

Notes to the Annual Financial Statements

for the year ended 30 June 2009

	R	R				
25.6 Remuneration of the Manager Technical Services						
Annual Remuneration	-	180 695				
Car Allowance	-	30 381				
	<u>-</u>	<u>211 076</u>				
25.6.1 The above position has been vacant since 1 January 2008.						
25.7 Remuneration of the Manager Community Services						
Annual Remuneration (Acting Allowance)	<u>92 225</u>	<u>89 196</u>				
	<u>92 225</u>	<u>89 196</u>				
25.7.1 The above position has been vacant since 1 June 2007.						
26 Unauthorised, Irregular, Fruitless and Wasteful Expenditure						
26.1 Irregular Expenditure						
Reconciliation of Irregular Expenditure						
Opening Balance	-	94 437				
Approved, Condoned or Rectified by Council	-	-94 437				
	<u>-</u>	<u>-</u>				
<table border="1" data-bbox="167 707 804 797"> <thead> <tr> <th>Incident</th> <th>Actions taken</th> </tr> </thead> <tbody> <tr> <td>Moneys paid without supporting documentation.</td> <td>Council approval to be obtained.</td> </tr> </tbody> </table>	Incident	Actions taken	Moneys paid without supporting documentation.	Council approval to be obtained.		
Incident	Actions taken					
Moneys paid without supporting documentation.	Council approval to be obtained.					
26.2 Fruitless and Wasteful Expenditure						
Reconciliation of Unauthorised Expenditure						
Fruitless and Wasteful Expenditure Current Year	449 041	434 901				
Approved or Condoned by Council	<u>-449 041</u>	<u>-434 901</u>				
	<u>-</u>	<u>-</u>				
<table border="1" data-bbox="167 996 804 1077"> <thead> <tr> <th>Incident</th> <th>Actions taken</th> </tr> </thead> <tbody> <tr> <td>Interest and fines paid</td> <td>Council approval to be obtained.</td> </tr> </tbody> </table>	Incident	Actions taken	Interest and fines paid	Council approval to be obtained.		
Incident	Actions taken					
Interest and fines paid	Council approval to be obtained.					
27 Additional Disclosures in terms of the Municipal Finance Management Act						
27.1 Contributions to Organised Local Government						
Council Subscriptions	18 050	18 618				
Amount paid - Current Year	<u>-18 050</u>	<u>-18 618</u>				
Closing Balance	<u>-</u>	<u>-</u>				
27.2 Audit Fees						
Opening Balance	-617 385	-1 200 308				
Audit Fee - Current Year	-1 635 720	-4 842 103				
Amount paid/Written back - Current Year	892 972	4 378 304				
Amount paid - Previous Year	<u>390 412</u>	<u>1 046 722</u>				
Closing Balance - Included in Creditors (note 9)	<u>-969 721</u>	<u>-617 385</u>				
27.3 VAT						
VAT (Refundable)/Payable	<u>-3 443 415</u>	<u>-476 038</u>				
27.3.1 The above figure represents the net amount of output and input VAT receivable.						
27.3.2 All VAT returns have not been submitted on the due dates.						
27.3.3 The Local Municipality is registered for VAT on the cash basis.						
27.4 Levies - District Municipality						
Opening Balance	-47 591	-47 591				
Closing Balance - (transferred to Creditors - note 9)	<u>-47 591</u>	<u>-47 591</u>				

Mohokare Local Municipality

Notes to the Annual Financial Statements

for the year ended 30 June 2009

	2009 R	2008 R	
27.5	PAYE and UIF		
Opening Balance	-1 902 912	-2 219 975	
Adjust Opening Balance	-	1 533 436	
Payroll Deductions - Current Year	-1 419 740	-1 646 150	
Amount paid - Current Year	2 113 768	429 777	
Closing Balance - (transferred to Creditors - note 9)	<u>-1 208 884</u>	<u>-1 902 912</u>	
27.6	Pension Fund and Medical Aid Fund Deductions		
Opening Balance	-827 210	-	
Payroll Deductions and Council Contributions - Current Year	-3 653 107	-3 490 235	
Amount paid - Current Year	4 480 317	2 663 025	
Closing Balance	<u>-</u>	<u>-827 210</u>	
27.7	Councillors' Arrear Consumer Accounts		
The accounts of the following Councillors were outstanding as at year end: -			
30 June 2008	Total	Outstanding less than 90 days	Outstanding more than 90 days
Councillor PM Sikhosana	2 086	331	1 755
Councillor TG Mbangula	40 065	1 313	38 752
Councillor TJ Mohapi	10 494	481	10 013
Councillor NG Plaatjie	12 938	322	12 616
30 June 2009			
Councillor MJ Sehanka	2 845	1 351	1 494
Councillor PM Sikhosana	3 490	3 127	363
Councillor MA Letele	3 256	2 985	271
Councillor TG Mbangula	38 954	37 250	1 704
27.8	Non-compliance with the Municipal Finance Management Act		
27.8.1	Chapter 3, Section 9(b) The Provincial Treasury and Auditor-General was not informed of each bank account and the the required details before the beginning of the financial year.		
27.8.2	Chapter 3, Section 11(4)(a) and (b) The Accounting Officer did not within 30 days after the end of each quarter table a report of all withdrawals in terms of section 11(1)(b) to (j) and also did not submit a copy of the approved report to the Provincial Treasury and Auditor-General.		
27.8.3	Chapter 7, Section 53(1)(c)(ii) The Service Delivery and Budget Implementation Plan was not approved by the Mayor within 28 days after the approval of the budget.		
27.8.4	Chapter 7, Section 53(1)(c)(iii) Annual performance agreements with the Municipal Manager and all Senior Managers were not concluded.		
27.8.5	Chapter 7, Section 53(2) The Mayor did not report the failure to approve the Service Delivery and Budget Implementation Plan and did not approve and sign the performance agreements.		
27.8.6	Chapter 7, Section 53(3)(a) and (b) Service delivery targets, performance indicators and performance agreements were not made public.		
27.8.7	Chapter 8, Section 69(3) The Accounting Officer did not submit a draft Service Delivery and Budget Implementation Plan and performance agreements to the Mayor.		
27.8.8	Chapter 8, Section 75 The Accounting Officer did not display the documents required in terms of this section on the website of the municipality.		
27.8.9	Chapter 12, Section 127(2) The Mayor did not table the annual report of the municipality.		
27.8.10	Chapter 12, Section 127(3)(a) and (b) The Mayor did not submit a written explanation setting out the reasons for failure to submit the annual report.		

Mohokare Local Municipality

Notes to the Annual Financial Statements

for the year ended 30 June 2009

- 27.8.11** Chapter 12, Section 127(5)
The Accounting Officer did not publicise the annual report and did not submit the report to the Auditor-General.
- 27.8.12** Chapter 12, Section 130(1)
No meeting was held with the public or any organs of state with regard to the annual report.
- 27.8.13** Chapter 12, Section 131(1)
The Municipality did not address the issues raised by the Auditor-General in his audit report.
- 27.8.14** Chapter 12, Section 132(1)(a) and (b)
The Municipality did not submit its annual report and oversight report to the Provincial Legislature.

Mohokare Local Municipality

Annual Financial Statements

for the year ended 30 June 2009

Appendix A

Statutory Funds and Provisions

	Balance 01.07.2008	Contributions 2009	Interest 2009	Other Income & Adjustments 2009	Expenditure 2009	Balance 30.06.2009
Statutory Funds						
Capital Development Fund	3 609 632	440 434	30 537	-	-	4 080 603
Erven Trust Fund	1 508 851	-	13 087	69 536	-	1 591 474
	<u>5 118 483</u>	<u>440 434</u>	<u>43 624</u>	<u>69 536</u>	<u>-</u>	<u>5 672 077</u>
Provisions						
Accrued Leave Pay	2 307 384	333 940	-	-	-467 629	2 173 695
Pro-rata Bonus	426 173	511 453	-	-426 173	-	511 453
Sub Total	<u>2 733 557</u>	<u>845 393</u>	<u>-</u>	<u>-426 173</u>	<u>-467 629</u>	<u>2 685 148</u>
Bad Debts	34 595 898	6 354 886	-	-	-	40 950 784
Centlec	24 795	-	-	-24 795	-	-
Total	<u>37 354 250</u>	<u>7 200 279</u>	<u>-</u>	<u>-450 968</u>	<u>-467 629</u>	<u>43 635 932</u>

Mohokare Local Municipality

Annual Financial Statements

for the year ended 30 June 2009

Appendix B

External Loans and HP's

Public and Other External Loans	Interest Rate	Loan No	Date approved	Year of Settlement	Balance	Received	Adjustment	Redeemed/ Written Off	Balance
					01.07.2008	2009	2009	2009	30.06.2009
					R	R	R	R	R
Development Bank of South Africa Sewerage	12.36%	1	20.04.05	2015	789 689	-	-	-	789 689
					789 689	-	-	-	789 689
Arrear Interest (See note 2)					2 678 043	476 944	-	-140 000	3 014 987
					3 467 732	476 944	-	-140 000	3 804 676
Inca Loan 45	17.00%	45	30.06.02	2007	5 703	-	-	-5 703	-
					5 703	-	-	-5 703	-
Arrear Interest (See note 2)					12 858	-	-	-12 858	-
					18 561	-	-	-18 561	-
Centlec Electricity (Centlec Loan) (See note 2)	10.00%				1 743 704	-	-1 743 704	-	-
					1 743 704	-	-1 743 704	-	-
Hire Purchases									
ABSA Bank Dezzi (See note 2)	-	-	30.12.04	2007	116	-	-	-116	-
					116	-	-	-116	-
Total External Loans					5 230 113	476 944	-1 743 704	-158 677	3 804 676

Mohokare Local Municipality

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for the year ended 30 June 2009

Appendix C

Analysis of Fixed Assets

Expenditure 2008	Service	Balance at 01.07.2008	Expenditure 2009	Redeemed, Transferred, Adjusted or Written-off 2009	Balance at 30.06.2009
R		R	R	R	R
16 207 043	Rates and General Services	87 213 489	4 088 948	-	91 302 437
75 696	Community Services	16 335 707	292 616	-	16 628 323
-15 600	Commonage	486 179	-	-	486 179
-	Public Works	10 168 678	-	-	10 168 678
-	Public Works (Mofulatshepe)	67 247	-	-	67 247
-	Administration Offices (Rietpoort)	222 130	-	-	222 130
-	Civil Buildings	273 323	-	-	273 323
-	Community Hall	246 185	-	-	246 185
73 197	Administration Offices	1 266 896	292 616	-	1 559 512
-	Traffic	117 785	-	-	117 785
2 499	Vehicles and Equipment	959 602	-	-	959 602
-	Sundry Assets	256 780	-	-	256 780
-	Rietpoort	325 080	-	-	325 080
-	Land Survey	56 786	-	-	56 786
15 600	Unsold Erven	1 851 252	-	-	1 851 252
-	Vacant Houses	37 784	-	-	37 784
16 104	Subsidised Services	4 907 013	-	-	4 907 013
5 304	Disaster Management	42 553	-	-	42 553
-	Public Health	717 320	-	-	717 320
-	Library	16 868	-	-	16 868
-	Museum	65	-	-	65
10 800	Parks and Cemeteries	1 001 588	-	-	1 001 588
-	Sport Facilities	1 190 327	-	-	1 190 327
-	Tavern	9 832	-	-	9 832
-	Town Hall and Offices	1 928 460	-	-	1 928 460
16 115 243	Economic Services	65 970 769	3 796 332	-	69 767 101
-	Camps and Pound	33 043	-	-	33 043
-	Properties	880 853	-	-	880 853
-	Refuse	700 447	-	-	700 447
16 115 243	Sewerage	64 356 426	3 796 332	-	68 152 758
16 207 043	Balance c/f	87 213 489	4 088 948	-	91 302 437

Mohokare Local Municipality

Annual Financial Statements

for the year ended 30 June 2009

Analysis of Fixed Assets (continued)

Expenditure 2008	Service	Balance at 01.07.2008	Expenditure 2009	Redeemed, Transferred, Adjusted or Written-off 2009	Balance at 30.06.2009
R		R	R	R	R
16 207 043	Balance b/f	87 213 489	4 088 948	-	91 302 437
-	Housing	1 442 692	-	-	1 442 692
-	Personnel Housing	117 675	-	-	117 675
-	Rouxville Housing	38 033	-	-	38 033
-	Uitkoms Housing	342 447	-	-	342 447
-	Roleleathunya Housing	113 795	-	-	113 795
-	Sub-economical Housing	830 742	-	-	830 742
3 979 889	Trading Services	48 725 228	1 796 320	-5 738 220	44 783 328
-	Electricity	2 685 456	-	-	2 685 456
1 189 275	Electricity - Centlec	5 738 220	-	-5 738 220	-
2 790 614	Water	40 301 552	1 796 320	-	42 097 872
20 186 932	Total Fixed Assets	137 381 409	5 885 268	-5 738 220	137 528 457
20 628 645	Less: Loans Redeemed and other Capital Receipts	134 842 197	5 891 083	-3 994 517	136 738 763
441 713	Loans Redeemed and Advances Paid	34 225 115	5 815	-901 022	33 329 908
253 147	Contributions ex Operating Income	8 486 151	130 833	619 916	9 236 900
253 147	Contributions	-	130 833	619 916	-
-	Other Sources	5 121 199	-	-	5 121 199
-	Contributions from Funds	141 318	-	-	141 318
1 189 276	Grants and subsidies - Centlec	3 713 411	-	-3 713 411	-
18 043 406	Contributions from Government and District Municipality	80 844 789	5 703 365	-	86 548 154
18 043 406	Contributions	-	5 703 365	-	-
701 103	Contributions Provincial Government	2 310 214	51 070	-	2 361 284
-441 713	Net Fixed Assets	2 539 212	-5 815	-1 743 703	789 694

Mohokare Local Municipality

Annual Financial Statements

for the year ended 30 June 2009

Appendix D

Analysis of Operating Income and Expenditure

2008 Actual R		2009 Actual R	2009 Budget R
Income			
22 662 899	Grants and Subsidies	26 435 201	25 743 000
21 010 231	- Central Government	26 159 239	25 543 000
1 652 668	- Provincial Government	275 962	200 000
23 494 757	Operating Income	16 387 883	16 372 076
4 113 952	- Assessment Rates	4 180 942	4 006 133
6 311 424	- Sale of Electricity	-	-
3 395 206	- Sale of Water	3 529 338	5 179 391
9 674 175	- Other Services and Charges	8 677 603	7 186 552
<u>46 157 656</u>		<u>42 823 084</u>	<u>42 115 076</u>
Expenditure			
19 640 348	Salaries, Wages and Allowances	21 204 327	22 577 614
20 257 582	General Expenses	18 098 313	11 912 264
4 791 710	- Purchase of Electricity	114 268	180 000
15 465 872	- Other General Expenses	17 984 045	11 732 264
2 116 705	Repairs & Maintenance & Fuel	2 254 546	3 819 000
1 097 726	Capital Charges	476 944	843 110
253 147	Contributions to Fixed Assets	130 833	-
3 787 000	Contributions	7 081 475	2 963 088
<u>47 152 508</u>		<u>49 246 438</u>	<u>42 115 076</u>

Mohokare Local Municipality

Annual Financial Statements

for the year ended 30 June 2009

Appendix E

Detailed Income Statement

2008 Actual Income	2008 Actual Expenditure	2008 Surplus/ (Deficit)		2009 Actual Income	2009 Actual Expenditure	2009 Surplus/ (Deficit)	2009 Budgeted Surplus/ (Deficit)
R	R	R		R	R	R	R
32 493 009	33 055 629	-562 620	RATES AND GENERAL SERVICES	34 419 831	40 837 754	-6 417 923	-282 802
22 071 671	22 349 376	-277 705	Community Services	20 420 361	25 494 219	-5 073 858	1 490 898
4 113 952	900 543	3 213 409	Assessment Rates	4 180 942	1 565 074	2 615 868	3 306 514
521 191	4 164 319	-3 643 128	Corporate Services	3 845	3 508 955	-3 505 110	-2 797 013
-	2 550 968	-2 550 968	Council's General Account	630 287	4 149 276	-3 518 989	-4 977 364
5 200	2 914 174	-2 908 974	Public Works	7 093	1 994 732	-1 987 639	-2 701 723
2 767 621	1 796 555	971 066	Traffic	1 033 949	2 690 415	-1 656 466	-307 571
10 536	412 118	-401 582	Town Hall and Offices	7 725	377 596	-369 871	-331 964
14 653 171	8 754 508	5 898 663	Finance	14 451 565	10 361 733	4 089 832	11 304 256
-	74 049	-74 049	Internal Audit	-	26 640	-26 640	-239 896
-	678 802	-678 802	Municipal Manager	104 955	352 452	-247 497	-690 293
-	103 340	-103 340	Public Relations and Youth	-	467 346	-467 346	-1 074 048
795 947	1 158 794	-362 847	Subsidised Services	1 098 808	2 245 200	-1 146 392	-1 336 551
-	1 249	-1 249	Environmental Health	-	-	-	-
149 075	510 673	-361 598	Parks, Grounds and Cemeteries	62 114	1 208 506	-1 146 392	-1 336 551
9 807	9 807	-	Disaster Management	17 708	17 708	-	-
637 065	637 065	-	Library	1 018 986	1 018 986	-	-
9 625 391	9 547 459	77 932	Economic Services	12 900 662	13 098 335	-197 673	-437 149
5 310 047	5 310 047	-	Refuse Removal	5 178 612	5 178 612	-	-
81 880	8 865	73 015	Properties	212 638	327 564	-114 926	-250 515
10 468	5 551	4 917	Camps and Pound	15 844	98 591	-82 747	-186 634
4 222 996	4 222 996	0	Sewerage	7 493 568	7 493 568	-	-
186 998	409 813	-222 815	HOUSING SERVICES	197 757	538 459	-340 702	-220 463
186 998	409 813	-222 815	Housing	197 757	538 459	-340 702	-220 463
13 477 649	13 687 066	-209 417	TRADING SERVICES	8 205 496	7 870 225	335 271	503 265
495 456	495 456	-	Electricity	722 712	722 712	-	-
6 311 424	6 705 169	-393 745	Electricity - Centlec	-	-	-	-
-	26 546	-26 546	Farming	88 645	29 824	58 821	-41 000
6 670 769	6 459 895	210 874	Water	7 394 139	7 117 689	276 450	544 265
46 157 656	47 152 508	-994 852	Total	42 823 084	49 246 438	-6 423 354	-
		629 488	Appropriations for the Year (See note 14)			1 921 313	
		-365 364	Net (Deficit) for the Year			-4 502 041	
		-19 994 192	Accumulated (Deficit): Beginning of the Year			-20 359 556	
		-20 359 556	Accumulated (Deficit): End of the Year			-24 861 597	

Mohokare Local Municipality

Statistical Information

for the year ended 30 June 2009

Appendix F

General Statistics		2009	2008
i)	Population	37 000	37 000
ii)	Valuation of Property : Rateable	R650 217 017	R649 809 115
	Land Improvements	R0	R0
	Valuation of Property : Non Rateable	R44 443 577	R4 514 682
	Land Improvements	R0	R0
iii)	Date of Valuation	2005/2006	2005/2006
iv)	Number of Stands - Residential and Commercial	5 918	5 918
v)	Assessment Rate on Land:	R 0.036	R 0.034
	Assessment Rate on Improvements:	R 0.0000	R 0.0000
vi)	Number of Employees	207	222
vii)	Area (Town Land)	8 749ha	8 749ha

Electricity Statistics

Electricity is distributed by Mangaung Municipality in terms of an agreement between Mohokare and Mangaung Municipality. Electricity is purchased from Escom, but not for resale.

Water Statistics

i)	Units purchased (kl) (The Municipality has its own water resources)	-	-
ii)	Units sold (kl)	1 389 503	1 382 334
iii)	Units lost in Distribution	Unkown	Unkown
iv)	Percentage Loss in Distribution	0%	0%
v)	Cost per Unit sold	R 5.12	R 4.67
vi)	Income per Unit sold	R 2.54	R 2.46

Mohokare Local Municipality

Report of the Auditor-General on Performance Measurement to the Mohokare Local Municipality

for the year ended 30 June 2009

The Auditor-General will issue his report upon finalisation of the audit.