

**MAFUBE
LOCAL
MUNICIPALITY**

FINANCIAL STATEMENTS

30 JUNE 2006

MAFUBE LOCAL MUNICIPALITY
FINANCIAL STATEMENTS AS AT 30 JUNE 2006

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MAFUBE LOCAL MUNICIPALITY

General information

MEMBERS OF THE COUNCIL

1 JULY 2005 - 28 FEBRUARY 2006

L.J. Ralebenya
L.M.D. Ntombela (Full-time)
W.P.J.Pelser
J.E.Sigasa
J.A. du Plessis
G.T. Hadebe
K.C. Kanono
M.P. Memeza
D.Mfene
P.O. Mokoena
M.S. Mokoena
M. Molo
S. Motloung
M.M. Sekhoto
L.T. Tshabalala

8 WARDS

Grading of Local Authority

Grading 2

Auditors

Auditor-General

Bankers

ABSA Bank
Frankfort

Registered Office

Private Bag X4
Brand Street
Frankfort
9830

Telephone: (058) 813 1051

MUNICIPAL MANAGER

W.K. Mahlangu (N Diploma - Municipal Admin)

ACTING MANAGER FINANCIAL SERVICES

C.D.Nel (B.Rad)

4 MARCH 2006 - 30 JUNE 2006

L.M.D. Ntombela (Full-time)
T.M.Moloi (Full-time)
W.P.J.Pelser
J.E.Sigasa
J.J.Hlongwane
K.C.Kanono
L.S.Kubeka
M.P. Memeza
D. Mfene
M.S. Mokoena
M.J. Molo
M.A. Mosia
M.M. Sekhoto
E.M. Skosana
D. Tshabalala
P.J. Tshabalala
P.D. Van Der Westhuizen

9 Wards

MAFUBE LOCAL MUNICIPALITY

**Approval of Financial Statements
for the year ended 30 June 2006**

The annual financial statements set out on pages 6 to 31 were received by the Municipal Manager on 2006 and will presented to and approved by the Council on2006

Municipal Manager
W.K.MAHLANGU

Acting Manager: Financial
Services

Date

Date

MAFUBE LOCAL MUNICIPALITY

**CERTIFICATE OF REMUNERATION AND IN-KIND
BENEFITS OF COUNCILLORS**

I, the undersigned, am responsible for the preparation of these annual financial statements, which are set out on pages 6 to 31, in terms of Section 124(1)(a) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the remuneration of Councillors and in-kind benefits as disclosed in note 14 of these annual financial statements, are within the upper limits of the framework envisaged in Section 219 of the Constitution and the Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with that Act.

W.K. Mahlangu
Municipal Manager

Date:

MAFUBE LOCAL MUNICIPALITY

**Report of the Auditor - General to the Mafube Municipality
for the year ended 30 June 2006**

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

REPORT OF THE MANAGER: FINANCIAL SERVICES

Introduction

It is a privilege to present this report for the 2005/2006 financial year.

1 Operating Results

Details of the operating results per department, classification and object of expenditure are included in appendixes D and E. The applicable statistics are shown in appendix F.

The overall operating results for the year ended 30 June 2006 are as follows:

INCOME	Actual 2005/2006 R	Actual 2004/2005 R	Percentage Variance %	Budgeted 2005/2006 R	Variance actual / budgeted %
Opening deficit					
Opening surplus	8,995,518	7,845,488			
Operating income for the year	58,741,335	54,349,984	8.1	59,073,504	(0.6)
	67,736,853	62,195,472		59,073,504	

The actual income is R 332 169 less than budgeted for.

EXPENDITURE	Actual 2005/2006 R	Actual 2004/2005 R	Percentage Variance %	Budgeted 2005/2006 R	Variance actual / budgeted %
Operating expenditure for the year	58,398,556	53,269,334	9.6	59,058,367	(1.1)
Sundry transfers	5,699,274	(69,380)			
Closing surplus	3,639,023	8,995,518			
	67,736,853	62,195,472		59,058,367	

The variance is due to cash flow problems.

1.1 Rates and general services

	Actual 2005/2006 R	Actual 2004/2005 R	Percentage Variance %	Budgeted 2005/2006 R	Variance actual / budgeted %
Income	31,688,824	30,044,784	5.5	32,128,815	(1.4)
Expenditure	29,516,956	29,523,201	(0.02)	32,599,330	(9.5)
Surplus/(deficit)	2,171,867	521,583		(470,515)	
Surplus(deficit) as % of total income	6.9	9.7		(1.5)	

The variance in expenditure is due to actual salaries and allowances being less than budgeted for.

1.2 Trading services

ELECTRICITY	Actual 2005/2006 R	Actual 2004/2005 R	Percentage Variance %	Budgeted 2005/2006 R	Variance actual / budgeted %
Income	14,782,683	13,750,118	7.5	15,660,214	(5.6)
Expenditure	15,479,260	13,677,847	13.2	15,376,693	0.7
Surplus/ (deficit)	(696,577)	72,271		283,521	
Surplus(deficit) as % of total income	(4.7)	0.5		1.8	

The variance in actual income is due to the late approval of tariff increases by the NER.

WATER	Actual 2005/2006 R	Actual 2004/2005 R	Percentage Variance %	Budgeted 2005/2006 R	Variance actual / budgeted %
Income	12,269,829	10,555,082	16.2	11,284,475	8.7
Expenditure	13,402,340	10,068,286	33.1	11,082,344	20.9
Surplus/ (deficit)	(1,132,511)	486,796		202,131	
Surplus(deficit) as % of total income	(9.2)	4.6		1.8	

The variance in income is due to the fact that the water consumption was more than estimated for.
The variance in expenditure is due to the fact that the tariffs for the purchasing of water were increased during the year;

2 Capital expenditure and financing

The expenditure on fixed assets during the year amounted to R7 713 402 and is 43.9% less than the previous year. The actual expenditure is 59% less than budgeted and consist of the following:

	Actual 2006 R	Budget 2006 R	Actual 2005 R
Other		7,171,016	
Community services	371,549	2,042,000	533,652
Properties	-	-	100,000
Subsidised services	33,363	-	11,405
Sewerage	5,255	-	16,918
Properties	-	3,000,000	747
Water Park	5,651	-	1,346
Sewerage	2,972,140	3,000,000	5,715,063
Housing Services	-	-	-
Electricity	343,786	1,310,000	1,758,152
Water	3,981,657	2,299,000	5,603,554
	7,713,402	18,822,016	13,740,838

The significant variance between actual and budgeted expenditure is due to the fact that the necessary funding could not be obtained for the projects.

Resources used to finance the fixed assets were as follows :

	Actual 2006 R	Budget 2006 R	Actual 2005 R
External loans	-	8,600,000	-
Operating income	115,119	1,571,000	400,962
Renewal Fund			
Other sources		310,000	
Infrastructure fund			
Contributions from District Council	-		10,943,295
Grants and subsidies	7,598,283	8,341,016	2,396,580
	7,713,402	18,822,016	13,740,838

Refer to Appendix C for further details.

3 External loans, investments and cash

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

	2006	2005
External loans	184,039	236,749
External investments	3,878,093	1,461,072
Bank overdraft	3,735,197	3,954,848

External loans outstanding on 30 June 2006 amount to R 184 039. During the year loans totalling R 52 710 were repaid.
Investments of R 2 417 021 were made during the year. There was an improvement of R 219 651 in respect of the bank overdraft.

Additional information regarding external loans, investments and cash are disclosed in notes 4, 7, and 12 and Appendix B to the financial statements.

The offices at Frankfort and Villiers serve as security for the bank overdraft.

4 Funds, reserves and provisions

The current figures for funds, reserves and provisions are as follows:

	2006	2005
The Capital Development Fund	8,203,158	7,996,316
Other Funds and Reserves	3,469,025	3,399,803
Provisions	25,360,637	22,770,880

More information regarding funds, reserves and provisions are disclosed in notes 1, 2 and 3 and appendix A to the financial statements.

5 Post balance sheet events

There were no events subsequent to Balance Sheet date that could have had an effect on the financial statements as disclosed.

6 Appreciation

I would like to extend my gratitude to the Mayor, Speaker, Councillors, the Municipal Manager, Managers of Departments and all officials, for the support they have given and to the Management Support Team appointed by the Department of Local Government and Housing for their assistance and support during the year.

C.D.NEL
ACTING MANAGER:
FINANCIAL SERVICES

DATE

MAFUBE LOCAL MUNICIPALITY

BALANCE SHEET AT 30 JUNE 2006

	Note	2006 R	2005 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		11,666,036	11,389,973
Statutory funds	1	10,827,691	10,553,056
Reserves	2	838,346	836,917
RETAINED INCOME/(ACCUMULATED DEFICIT)		3,639,023	8,995,518
Trust Funds	2	6,146	6,146
Long term liabilities	4	127,399	184,003
Consumer deposits	5	817,798	715,858
		16,256,402	21,291,498
EMPLOYMENT OF CAPITAL			
Fixed assets	6	129,933	186,947
Investments	7	3,525,864	1,126,707
Long term debtors	8	4,240	13,726
		3,660,037	1,327,381
NET CURRENT ASSETS		12,596,365	19,964,117
CURRENT ASSETS		47,183,077	38,144,351
Inventory	9	206,976	281,231
Debtors	10	46,578,130	37,508,563
Bank		-	-
Cash		33,674	9,480
Short term investments	7	352,229	334,365
Short term portion of long term debtors	8	12,069	10,712
		34,586,712	18,180,233
CURRENT LIABILITIES		34,586,712	18,180,233
Provisions	3	2,729,807	2,008,362
Creditors	11	28,065,069	12,164,277
Short term portion of long term liabilities	4	56,640	52,746
Bank overdraft	12	3,735,197	3,954,848
		16,256,402	21,291,498

MAFUBE LOCAL MUNICIPALITY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2005	2005	2005		2006	2006	2006	2006
Actual Income R	Actual Expenditure R	Surplus / (Deficit) R		Actual Income R	Actual Expenditure R	Surplus / (Deficit) R	Budget Surplus/(Deficit) R
30,044,784	29,523,201	521,583	Rates and general services	31,688,824	29,516,956	2,171,867	(470,513)
16,510,040	13,834,797	2,675,243	Community services	17,799,575	13,489,632	4,309,943	2,887,962
843,774	3,383,968	(2,540,194)	Subsidized services	698,231	3,774,268	(3,076,038)	(3,522,214)
12,690,970	12,304,436	386,534	Economic services	13,191,019	12,253,056	937,962	163,739
24,305,200	23,746,133	559,067	Trading services	27,052,511	28,881,600	(1,829,088)	485,650
<u>54,349,984</u>	<u>53,269,334</u>	<u>1,080,650</u>	Total surplus (deficit)	<u>58,741,335</u>	<u>58,398,556</u>	<u>342,779</u>	<u>15,137</u>
		<u>69,380</u>	Appropriation for the year			<u>(5,699,274)</u>	
		<u>1,150,030</u>	Net surplus (deficit) for the year			<u>(5,356,495)</u>	
		<u>7,845,488</u>	Accumulated surplus (deficit) at the beginning of the year			<u>8,995,518</u>	
		<u><u>8,995,518</u></u>	Accumulated surplus (deficit) at the end of the year			<u><u>3,639,023</u></u>	

MAFUBE LOCAL MUNICIPALITY

**CASH FLOW STATEMENT FOR THE YEAR ENDED
30 JUNE 2006**

	Note	2006 R	2005 R
Cash retained from operating activities		10,429,827	14,559,888
Cash generated by operations	22	(22,530,319)	(11,265,088)
Investment income	20	276,817	57,783
(Increase) / Decrease Capital Projects Suspense		-	-
(Increase) / Decrease in working capital	23	5,147,239	(6,638,719)
		(17,106,263)	(17,846,023)
Less: external interest paid	20	(29,314)	(99,316)
Cash available from (utilized in) operations		(17,135,577)	(17,945,339)
Cash contributions from government and public		27,565,404	32,505,227
Adjustment previous year		-	-
Fixed assets sold		-	-
Cash utilized in investing activities		(7,713,402)	(13,740,838)
Investment in fixed assets		(7,713,402)	(13,740,838)
Net cash flow		<u>2,716,425</u>	<u>819,050</u>
Cash effects of financing activities			
Increase / (decrease) in long term loans	24	(52,710)	(97,185)
(Increase) / decrease in investments	25	(2,417,021)	(46,343)
(Increase) / decrease in bank and cash on hand	26	(195,457)	(675,522)
Net cash utilized		<u>(2,665,188)</u>	<u>(819,050)</u>

MAFUBE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
1. STATUTORY FUNDS		
Capital development fund	8,203,158	7,996,316
Erven fund	2,624,533	2,556,740
	10,827,691	10,553,056
Refer to Appendix A for further details		
2. RESERVES		
Reserves for Renewal	70,119	68,690
Capital Reserve Fund	768,227	768,227
	838,346	836,917
Refer to Appendix A for further details		
TRUST FUNDS		
Government fund	6,146	6,146
	6,146	6,146
Refer to Appendix A for further details		
3. PROVISIONS		
Audit fees	1,484,220	559,151
Accrued leave pay	1,245,586	1,449,211
Bad debts	22,630,830	20,762,518
	25,360,637	22,770,880
4. LONG TERM LIABILITIES		
Annuity loans (Development Bank of South Africa)	184,039	236,749
	184,039	236,749
Less: Current portion transferred to current liabilities	(56,640)	(52,746)
	127,399	184,003
Refer to Appendix B for further details		
Annuity Loans (Development Bank of South Africa)		
Carry interest at rates varying between 9.75% and 16.02% per annum and are repayable over periods of between 6 months and 5 years.		
5. CONSUMER DEPOSITS		
Electricity deposits	751,617	654,577
Water deposits	66,181	61,281
	817,798	715,858
Guarantees in lieu of electricity and water deposits	-	-

MAFUBE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (continued)

	2006	2005
	R	R
6. FIXED ASSETS		
Fixed assets at the beginning of the year	169,307,856	157,090,297
Capital expenditure during the year	7,713,402	13,740,838
Less: Assets written off, transferred or disposed of during year	-	(1,523,279)
Total fixed assets	177,021,258	169,307,856
Less: Loans redeemed and other capital receipts	(176,891,325)	(169,120,909)
Net fixed assets	129,933	186,947
Council's offices at Frankfort and Villiers serve as security for the bank overdraft.		
Refer to Appendix C for further details.		
7. INVESTMENTS		
Unlisted	3,412,927	1,041,007
VKB: Shareholder's fund	120,195	112,227
VKB: Investments	765	
Old Mutual: Redeem fund	787,308	610,075
Old Mutual: Fixed investment		
ABSA: Fund investment	2,504,659	318,705
Sanlam: Fixed investment		
Listed	112,937	85,700
Old Mutual plc	84,435	58,734
Sanlam	28,502	26,966
	3,525,864	1,126,707
Short term investments		
ABSA: Short term deposits	9,000	9,000
ABSA: Infrastructure EX 23	343,229	325,365
	352,229	334,365
	3,878,093	1,461,072
Market valuation in respect of listed Investments	112,937	85,700
Management valuation of investments	3,878,093	1,461,072
Profit or loss on investment transactions	NIL	NIL
Average rate of return on investments	7.12%	3.83%
Value of investments pledged as security	NIL	NIL
Amount of investments written-off during the year	NIL	NIL

Circular No. 8 of 1962 issued by the Provincial Legislator requires Local Authorities to invest funds, which are not required immediately with prescribed institutions and the period should be such that is will not be necessary to borrow funds against the investment at plenary rate to meet commitments.

MAFUBE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (continued)

	2006	2005
	R	R
8. LONG - TERM DEBTORS		
Housing loans - employees	16,308	24,439
	<u>16,308</u>	<u>24,439</u>
Less: Short term portion of long term debtors transferred to current assets	(12,069)	(10,714)
	<u>4,240</u>	<u>13,726</u>
9. INVENTORY		
Inventory consist of consumable. Where necessary provision has been made for obsolete inventory.	<u>206,976</u>	<u>281,231</u>
10. DEBTORS		
Consumer debtors	60,770,939	54,506,319
Other current debtors	6,346,392	2,295,245
Amounts paid in advance	2,091,628	1,294,079
Monies banked	-	175,438
	<u>69,208,959</u>	<u>58,271,081</u>
Less: Provision for bad debts	(22,630,830)	(20,762,518)
	<u>46,578,130</u>	<u>37,508,563</u>
Bad debts written off during the financial year	<u>2,131,688</u>	<u>95,486</u>
Bad debts written off as a percentage of total operating income	<u>3.6%</u>	<u>0.4%</u>
Days debtors are outstanding	<u>679 days</u>	<u>588 days</u>
11. CREDITORS		
Trade creditors	5,646,411	2,498,362
Sundry creditors	20,324,460	8,369,685
Sundry deposits	2,570	2,151
Amounts received in advance	2,091,628	1,294,079
	<u>28,065,069</u>	<u>12,164,277</u>
12. BANK OVERDRAFT		
The overdraft is secured over fixed property: Offices at Frankfort and Villiers	<u>3,735,197</u>	<u>3,954,848</u>

MAFUBE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (continued)

13. ASSESSMENT RATES	Valuations at 1 July 2005 R	Actual Income 2006 R	Actual income 2005 R
Government	19,909,510		
Residential and other - Rateable	271,004,465	6,513,097	4,534,829
Residential and other: Non rateable	62,206,132		
Municipal	12,112,540		
	<u>365,232,647</u>	<u>6,513,097</u>	<u>4,534,829</u>
<p>The valuations are performed every five years and the last general valuation took effect on 1 July 2003 A discount of 20% was granted to Government properties Refer to Appendix F for further details on the valuation rolls</p>			
Basic rate randage		.01	.01
		2006 R	2005 R
14. COUNCILLOR'S REMUNERATION			
Mayor's allowance		153,811	94,286
Speaker's allowance		190,901	205,890
Councillor's' allowance		537,618	483,830
Executive Committee allowance		153,977	147,907
		<u>1,036,308</u>	<u>931,913</u>
Councillor's Pension Fund Contributions		133,667	23,204
Councillor's Medical Aid Contributions		9,282	11,154
		<u>1,179,256</u>	<u>966,271</u>
15. COUNCILLOR'S RATES AND SERVICES IN ARREAR FOR MORE THAN 90 DAYS			
None		None	None
16. REMUNERATION OF SECTION 57 APPOINTMENTS			
MUNICIPAL MANAGER			
Annual remuneration		276,141	245,929
Bonus		22,852	21,566
Travel allowance		56,712	56,711
Contribution Medical Fund		-	16,700
Contribution Pension		19,558	-
Other		2,899	13,919
		<u>378,161</u>	<u>354,825</u>
MANAGER: FINANCIAL SERVICES			
Annual remuneration		198,697	158,932
Bonus		16,126	14,010
Travel allowance		40,902	50,773
Contribution: Medical fund		3,679	13,520
Other		2,392	10,244
		<u>261,796</u>	<u>247,479</u>
MANAGER: CORPORATE SERVICES			
Annual remuneration		198,697	179,748
Bonus		16,126	15,770
Travel allowance		40,902	40,903
Contribution: Pension Fund			2,228
Contribution: Medical fund		3,679	
Other		2,392	8,329
		<u>261,796</u>	<u>246,978</u>
MANAGER: TECHNICAL SERVICES			
Vacant		-	-
MANAGER: COMMUNITY SERVICES			
Vacant		-	

MAFUBE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (continued)

	2006	2005
	R	R
17. AUDIT FEES		
Paid:Current year	1,253,070	649,053
Under / (over) provision previous year	231,150	(89,902)
	1,484,221	559,151
18. ERVEN TRUST FUND		
Outstanding advances to borrowing services:		
Accumulated fund	2,624,533	2,556,740
Less: External investments	(2,616,769)	(2,545,788)
	7,764	10,952
(Refer to appendices A and B for more detail)		
19. RENEWAL FUND		
Outstanding advances to borrowing services:		
Accumulated fund	70,119	68,690
Less:External investments	(62,307)	(59,762)
	7,812	8,928
(Refer to appendices A and B for more detail)		
20. FINANCE TRANSACTIONS		
Total external interest received or paid:		
Interest received	276,817	57,517
Interest paid	(29,314)	(99,316)
	247,503	(41,799)
Capital charges debited to operating account:		
Interest	32,162	102,769
- External	29,314	99,316
- Internal	2,848	3,453
Redemption	57,014	38,044
- External	52,710	33,740
- Internal	4,304	4,304

MAFUBE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (continued)

	2006	2005
	R	R
21. APPROPRIATIONS		
Appropriation account:		
Accumulated surplus/(deficit)at beginning of year	8,995,518	7,845,488
Operating (deficit)/surplus for the year	342,779	1,080,650
Appropriations for the year	(5,699,274)	69,380
Prior year adjustments	(5,699,274)	69,380
Accumulated (deficit)/surplus at the end of the year	<u>3,639,023</u>	<u>8,995,518</u>
22. CASH GENERATED BY OPERATIONS		
(Deficit)/Surplus for the year	342,779	1,080,650
Adjustment in respect of:	(5,699,274)	1,426,450
Adjustment	(5,699,274)	1,357,070
Previous years' operating transactions	(5,699,274)	69,380
Appropriations charged against income:	6,698,799	6,477,575
Fixed Assets	115,119	400,962
Investments		
Provision and reserves:		6,076,613
Accrued leave	405,541	
Audit	2,178,139	
Bad debts	4,000,000	
Fixed assets sold	-	-
Capital expenditure (previous year adjustment)	-	-
Capital charges	89,176	140,813
Interest paid	32,162	102,769
- External loans	29,314	99,316
- Internal loans	2,848	3,453
Redemption	57,014	38,044
- External loans	52,710	33,740
- Internal loans	4,304	4,304
Investment income (Operating account)	(753)	(266)
Grants and subsidies received	(19,967,121)	(19,165,352)
Non-operating income credited against:		
- statutory funds	-	1,846
Non-operating expenditure debited against:		
Provisions and reserves	(3,993,925)	(1,226,804)
	<u>(22,530,319)</u>	<u>(11,265,088)</u>

MAFUBE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (continued)

	2006	2005
	R	R
23. (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase) / Decrease in inventory	74,255	(112,962)
(Increase) / Decrease in debtors	(10,929,748)	(6,042,441)
Increase / (Decrease) in creditors	16,002,732	(483,316)
	5,147,239	(6,638,719)
24. INCREASE/(DECREASE) IN LONG - TERM LIABILITIES		
Increase in loans	-	-
Loan repaid	(52,710)	(97,185)
	(52,710)	(97,185)
INCREASE/(DECREASE) IN SHORT TERM LOANS - EXTERNAL	-	-
Loans raised	-	-
Loans repaid	-	-
	-	-
25. (INCREASE)/DECREASE IN CASH INVESTMENTS		
Investment made	(2,667,381)	(50,542)
Investment raised	250,360	4,199
	(2,417,021)	(46,343)
26. (INCREASE)/DECREASE IN CASH AND BANK		
Cash and bank balance at the beginning of the year	(3,964,328)	(4,639,850)
Less: cash and bank balance at the end of the year	(3,768,871)	(3,964,328)
	(195,457)	(675,522)
27. (INCREASE)/DECREASE IN LONG TERM DEBTORS		
(Increase)/decrease in Housing Loans	8,131	9,950
(Increase)/decrease in Sport Club Loan		547
	8,131	10,497
28. INCREASE/(DECREASE) IN CONSUMER DEPOSITS		
Electricity Deposits	97,040	60,198
Water Deposits	4,900	3,264
	101,940	63,462
29. INCREASE/(DECREASE) IN PROVISIONS		
Increase/(decrease) in Audit Fees	925,069	207,260
Increase/(decrease) in Accrued Leave Pay	(203,625)	(411,965)
	721,445	(204,705)

MAFUBE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (continued)

	2006	2005
	R	R
30. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
Construction of a raw water intake tower for Frankfort/ Namahadi	-	2,055,854
Water purification	-	
Degritting installation	-	
Bucket eradication: Tweeling and Cornelia	-	
Extension: Cemeteries	-	
	<u>-</u>	<u>2,055,854</u>
31. CAPITAL DEVELOPMENT FUND		
Accumulated Fund	<u>8,203,158</u>	<u>7,996,316</u>
32. RETIREMENT BENEFITS	COUNCIL	COUNCIL
Council makes the following contributions towards different Pension Funds:		
Free State Municipal Pension Fund	18.07%	18.07%
SAMWU National Provident Fund	18.07%	18.07%
Sala Pension Fund	20.78%	18.07%
Free State Municipal Provident Fund	18.07%	18.07%
Pension Fund for Municipal Councillors	15%	15%
33. MUNICIPAL ENTITIES		
Under sole and shared control of the Municipality during 2005/2006	None	None
Under sole and shared control of the Municipality as at 30 June 2006	None	None
34. CONTRIBUTIONS TO ORGANISED LOCAL GOVERNMENT		
None		
35. AMOUNTS PAID	OUTSTANDING	PAID
Audit Fees	199,718	1,253,070
Taxes	81,965	1,168,103
Levies	84,052	878,587
Duties	-	
Pension Contributions	17,774	2,891,657
Medical Aid Contributions	109,654	491,698
		<u>6,683,115</u>
		<u>3,110,702</u>
36. BANK ACCOUNTS		
Absa Bank Frankfort: Cheque Account no 40-5282-3517		
Balance at beginning of year		-955,225.00
Balance at end of year		-2,387,810.00
		-1,515,288.32
37. MATERIAL LOSSES, IRREGULAR, FRUITLESS, WASTEFUL OR UNAUTHORISED EXPENDITURE		
None that management is aware of		-
38. CRIMINAL OR DISCIPLINARY STEPS TAKEN AS A RESULT OF THE ABOVE.		
None		-
39. MATERIAL LOSSES RECOVERED OR WRITTEN OFF		
None		-
40. ANY CONTINGENT LIABILITIES AS AT THE END OF THE YEAR		
None that management is aware of		-
41. NON-COMPLIANCE WITH THE MUNICIPAL FINANCE MANAGEMENT ACT, ACT NO 56 OF 2003		
None that management is aware of		

MAFUBE LOCAL MUNICIPALITY
STATUTORY FUNDS, RESERVES AND TRUST FUNDS
FOR THE YEAR ENDED 30 JUNE 2006

	Balance at 30 June 2005	Contributions during the year	Interest on Investments	Other income Transfer	Operating Expenditure during year	Balance at 30 June 2006
STATUTORY FUNDS						
Capital development fund	7,996,316	-	206,842			8,203,158
Erven fund	2,556,740	-	67,793			2,624,533
	10,553,056	-	274,635	-	-	10,827,691
TRUST FUND						
Government fund	6,146	-	-	-	-	6,146
RESERVES						
Capital Renewal Fund	68,690		1,429			70,119
Capital reserve fund	768,227	-		-	-	768,227
	836,917	-	1,429	-	-	838,346

MAFUBE LOCAL MUNICIPALITY
EXTERNAL LOANS AND INTERNAL ADVANCES
FOR THE YEAR ENDED 30 JUNE 2006

EXTERNAL LOANS	Loan no	Issued	Interest Rate	Redeemable	Balance at 30 June 2005	Received / Capitalized during year	Redeemed / written off during year	Balance at 30 June 2006
					R	R	R	R
DBSA: Water	13049	1/7/1986	15.81%	30/6/2011	103,998		11,454	92,544
DBSA: Sewerage	13044	1/7/1978	9.75%	30/6/2008	118,546		35,817	-
DBSA: Sewerage	11708	1/1/1977	9.75%	31/12/2006	6,349		4,131	2,218
DBSA: Water	11569	1/1/1990	16.02%	31/12/2009	7,856		1,308	6,548
					236,749	-	52,710	184,039
INTERNAL ADVANCES								
Erven trust fund					10,952		3,188	7,764
Renewal fund					8,928		1,116	7,812
					19,880	-	4,304	15,576

MAFUBE LOCAL MUNICIPALITY

APPENDIX C

ANALYSIS OF FIXED ASSETS

FOR THE YEAR ENDED 30 JUNE 2006

Expenditure 2005		Budget 2006	Balance at 30 June 2005	Expenditure during year	Redeemed transferred or written off	Balance at 30 June 2006
R	Services		R	R	R	R
6,379,132	Rates and general services		99,017,189.88	3,387,959	-	102,405,149
533,652	Community services	5,956,000	27,975,083	371,549	-	28,346,632
117,225	Civil protection		295,982			295,982
	Assets Mafahlaneng		1,172,836			1,172,836
	Administration		2,009			2,009
	Community centre		139,152			139,152
	City hall and offices		2,086,326	42,959		2,129,285
	Council's general account		40,580			40,580
	Fire protection		4,794			4,794
309,130	Technical services	3,000,000	6,841,215			6,841,215
9,308	Parks and cemeteries	2,086,000	2,030,027	288,337		2,318,364
	Pound		60			60
	Roads and streets		11,617,930			11,617,930
	Health		431,642			431,642
	Swimming pool		271,143			271,143
	Street lighting		2,145			2,145
	Town manager		190,348			190,348
97,989	Municipal Manager	520,000	444,485	40,254		484,739
	Town planning		1,916,506			1,916,506
	Vehicle Mafahlaneng		252,299			252,299
	Workshops		11,900			11,900
	Taxi rank & buildings		21,793			21,793
	Computer		150,224			150,224
	Legal and protection services	350,000	51,687			51,687
100,000	Properties	-	4,209,811	-	-	4,209,811
-	General		1,671,322	-	-	1,671,322
-	General Mafahlaneng		1,187,183	-	-	1,187,183
-	Health services		665,863	-	-	665,863
-	Housing Mafahlaneng		15,170	-	-	15,170
100,000	Town lands		429,186	-	-	429,186
-	Town planning		201,319	-	-	201,319
-	Unsold Houses Mafahlaneng		7,313	-	-	7,313
-	Unsold sites		32,455	-	-	32,455
11,405	Subsidized services	412,000	4,527,604	33,363	-	4,560,967
	Libraries	2,000	805,386	120	-	805,506
	Fire Protection		297,037		-	297,037
11,405	Parks and recreation	165,000	662,146	33,243	-	695,389
	Clinics		1,230,036		-	1,230,036
	Civil buildings	245,000	1,532,999		-	1,532,999
645,057	Balance carried forward	6,368,000	36,712,498	404,913	-	37,117,410

MAFUBE LOCAL MUNICIPALITY

ANALYSIS OF FIXED ASSETS FOR THE YEAR ENDED 30 JUNE 2006 (Continued)

Expenditure 2005		Budget 2006	Balance at 30 June 2005	Expenditure during year	Redeemed transferred or written off	Balance at 30 June 2006
R	Services		R	R	R	R
645,057	Balance brought forward	6,368,000	36,712,498	404,913	-	37,117,410
5,734,074	Economic services	6,065,000	62,304,692	2,983,046	-	65,287,738
16,918	Cleansing		1,192,572	5,255	-	1,197,827
747	Properties	3,000,000	2,724,919	-	-	2,724,919
1,346	Water Park	10,000	399,917	5,651	-	405,568
5,715,063	Sewerage	3,055,000	57,987,284	2,972,140	-	60,959,424
-	Housing services	-	1,925,540	-	-	1,925,540
	Sub-economic housing		1,786,844	-	-	1,786,844
	Economic housing		138,696	-	-	138,696
7,361,706	Trading services	6,389,016	68,365,127	4,325,443	-	72,690,570
1,758,152	Electricity	1,310,000	24,316,844	343,786	-	24,660,630
	Mafahlaneng network		4,781,275	-	-	4,781,275
	Brick making		9,511	-	-	9,511
5,603,554	Water	5,079,016	39,257,497	3,981,657	-	43,239,154
13,740,838	Total fixed assets	18,822,016	169,307,858	7,713,402	-	177,021,259
13,794,333	Less: loans redeemed and other capital receipts		169,120,909	7,770,416	-	176,891,325
53,495	Loans redeemed and advances paid		24,537,246	57,014		24,594,260
400,962	Contributions ex-operating income		4,714,836	115,119		4,829,955
	Adjustment previous years		(341,157)			(341,157)
	Other sources		10,101,751			10,101,751
	Funds		154,451			154,451
	Renewal fund		439,213			439,213
10,943,295	Contribution from government		50,870,890			50,870,890
	Public contributions		50,276			50,276
	Capital reserve funds		58,815			58,815
	Erven funds		450,245			450,245
	Infrastructure funds		2,196,565			2,196,565
2,396,580	Grants and subsidies		72,565,963	7,598,283		80,164,246
	Sports fund		26,275			26,275
	Contribution funds		12,813			12,813
	Sale of assets		5,725			5,725
	Funds and reserves		3,200,000			3,200,000
	Youth action		77,000			77,000
	Net fixed assets		186,949	(57,014)	-	129,935
	Note:					
	Council's offices at Frankfort and Villiers serves as security for the bank overdraft					

MAFUBE LOCAL MUNICIPALITY
ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2006

Actual 2005 R		Actual 2006 R	Budget 2006 R
Income			
19,165,352	Grants and subsidies	19,967,121	30,903,976
16,997,466	Central Government	19,931,436	30,716,976
2,167,886	Provincial Government	35,685	187,000
35,184,632	Operating income	38,774,215	28,169,528
4,534,829	Assessment rates	6,513,097	4,850,596
10,688,231	Sale of electricity	11,212,298	11,511,934
3,886,312	Sale of water	5,401,321	4,437,825
16,075,260	Other services and charges	15,647,499	7,369,173
<u>54,349,984</u>		<u>58,741,335</u>	<u>59,073,504</u>
Expenditure			
21,720,599	Salaries, wages and allowances	21,045,946	22,161,186
22,591,493	General expenses:	28,253,016	26,110,440
9,322,943	Purchase of electricity	10,249,436	9,961,620
783,478	Purchase of water	3,986,924	1,377,733
12,485,072	Other general expenses	14,016,656	14,771,087
-	Fixed assets		
2,314,719	Repairs and maintenance	2,311,619	3,182,537
140,813	Capital charges	89,176	177,663
425,097	Contribution Capital Expenditure	115,119	1,571,000
6,076,613	Contribution to Funds	6,583,680	5,855,541
53,269,334	Gross expenditure	58,398,556	59,058,367
-	Less: amounts charged out	-	-
<u>53,269,334</u>	Net Expenditure	<u>58,398,556</u>	<u>59,058,367</u>
<u>1,080,650</u>	Surplus/(Deficit)	<u>342,779</u>	<u>15,137</u>

MAFUBE LOCAL MUNICIPALITY

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2005	2005	2005		2006	2006	2006	2006
Actual Income R	Actual Expenditure R	Surplus / (Deficit) R		Actual Income R	Actual Expenditure R	Surplus / (Deficit) R	Budget Surplus / (Deficit) R
30,044,784	29,523,201	521,583	RATES AND GENERAL SERVICES	31,688,824	29,516,956	2,171,867	(470,513)
16,510,040	13,834,797	2,675,243	COMMUNITY SERVICES	17,799,575	13,489,632	4,309,943	2,887,962
78,332	2,131,123	(2,052,791)	Administration	420	3,523,282	(3,522,862)	(2,682,295)
7,018,323	1,457,728	5,560,595	Assessment rates	6,513,097	80,111	6,432,986	7,300,998
-	359,956	(359,956)	Mechanical Services	-	280,275	(280,275)	(352,182)
18,020	18,020	-	Environmental Health	-	-	-	-
2,149,866	2,115,444	34,422	Primary Health	35,685	8,068	27,616	-
71,586	24,865	46,721	Cemeteries	84,686	17,712	66,974	24,702
38,807	4,440,783	(4,401,976)	Technical services	14,872	4,149,029	(4,134,156)	(4,080,290)
-	1,141,197	(1,141,197)	Corporate services	-	2,078,731	(2,078,731)	(2,524,696)
7,028,781	1,662,677	5,366,104	Finance	11,009,765	2,874,797	8,134,968	6,051,499
106,325	483,004	(376,679)	Legal and protection services	141,050	477,627	(336,577)	(849,774)
843,774	3,383,968	(2,540,194)	SUBSIDIZED SERVICES	698,231	3,774,268	(3,076,038)	(3,522,214)
72,237	72,237	-	Ambulance	-	-	-	-
30,403	237,230	(206,827)	Civil buildings	48,829	147,172	(98,343)	(328,258)
43,047	-	43,047	Fire Protection	689	689	-	-
686,283	604,401	81,882	Libraries	639,445	639,445	-	-
11,804	2,470,100	(2,458,296)	Parks and recreation	9,267	2,986,963	(2,977,695)	(3,193,956)
17,353,814	17,218,765	135,049	Balance carried forward	18,497,805	17,263,900	1,233,905	(634,252)

MAFUBE LOCAL MUNICIPALITY

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006 (Continued)

2005	2005	2005		2006	2006	2006	2006
Actual Income R	Actual Expenditure R	Surplus / (Deficit) R		Actual Income R	Actual Expenditure R	Surplus / (Deficit) R	Budget Surplus / (Deficit) R
17,353,814	17,218,765	135,049	Balance brought forward	18,497,805	17,263,900	1,233,905	(634,252)
12,690,970	12,304,436	386,534	ECONOMIC SERVICES	13,191,019	12,253,056	937,962	163,739
528,818	70,599	458,219	Properties	362,583	57,461	305,121	534,590
5,492,205	5,207,513	284,692	Cleansing	5,799,591	5,626,804	172,787	22,787
6,630,669	6,638,821	(8,152)	Sewerage	7,025,649	6,223,174	802,475	2,476
39,278	387,503	(348,225)	Water park	3,196	345,617	(342,421)	(396,114)
24,305,200	23,746,133	559,067	TRADING SERVICES	27,052,511	28,881,600	(1,829,088)	485,650
13,750,118	13,677,847	72,271	Electricity	14,782,683	15,479,260	(696,577)	283,522
10,555,082	10,068,286	486,796	Water	12,269,829	13,402,340	(1,132,511)	202,128
<u>54,349,984</u>	<u>53,269,334</u>	1,080,650	Total	<u>58,741,335</u>	<u>58,398,556</u>	342,779	<u>15,137</u>
		69,380	Appropriations for the year (Refer to note 17)			(5,699,274)	
		1,150,030	Net surplus/(deficit) for the year			(5,356,495)	
		7,845,488	Accumulated surplus/(deficit) beginning of the year			8,995,518	
		<u>8,995,518</u>	Accumulated surplus/(deficit) end of the year			<u>3,639,023</u>	

MAFUBE LOCAL MUNICIPALITY

APPENDIX F

STATISTICAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2006

General statistics	2006	2005
i) Population		57,637
ii) Valuation of residential properties	Not available	Not available
Valuation of commercial properties	Not available	Not available
Valuation of rateable properties: Land	271,004,465	26,799,240
Valuation of rateable properties: Improvements		264,114,735
Valuation of non- rateable properties: Land	94,228,182	20,343,202
Valuation of non- rateable properties: Improvements	-	53,975,470
iii) Date of valuation	1/7/2003	1/7/2003
iv) Number of stands - residential and commercial	13,432	13,127
v) Assessment rate on land	0.01833c/R	10.00cR
vi) Assessment rate on improvements	-	1.0c/R
vii) Number of employees	343	385
Electricity statistics		
i) Number of users (residential and commercial)	19,365	7,765
ii) Units purchased	54,711,313	49,591,675
iii) Units sold	51,559,399	49,199,503
iv) Units lost in distribution	3,151,914	392,172
v) Percentages loss in distribution	5.80%	0.79%
vi) Cost per unit sold	.22	.28
Water statistics		
i) Number of users (residential and commercial)	14,668	11,770
ii) Units purchased (correct information not available)		3,343,455
iii) Units sold	1,882,266	2,606,500
iv) Units lost in distribution		736,955
v) Percentages loss in distribution		22.0%
vi) Cost per unit sold		3.86
Transport Statistics		
There are no public transport in any of the towns		
i) Number of passengers transported	none	none
ii) Number of trips travelled	none	none
iii) Kilometres travelled	none	none