

**MAFUBE  
LOCAL  
MUNICIPALITY**

**FINANCIAL STATEMENTS**

**30 JUNE 2007**

**MAFUBE LOCAL MUNICIPALITY**  
**FINANCIAL STATEMENTS AS AT 30 JUNE 2006**

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# MAFUBE LOCAL MUNICIPALITY

## General information

### MEMBERS OF THE COUNCIL

L.M.D. Ntombela (Full-time)	<b>Mayor</b>
T.M.Moloi (Full-time)	<b>Speaker</b>
W.P.J.Pelser	<b>Member of Executive Committee</b>
J.E.Sigasa	<b>Member of Executive Committee</b>
J.J.Hlongwane	<b>Council Member</b>
K.C.Kanono	<b>Council Member</b>
L.S.Kubeka	<b>Council Member</b>
M.P. Memeza	<b>Council Member</b>
D. Mfene	<b>Council Member</b>
M.S. Mokoena	<b>Council Member</b>
M.J. Moloi	<b>Council Member</b>
M.A. Mosia	<b>Council Member</b>
M.M. Sekhoto	<b>Council Member</b>
E.M. Skosana	<b>Council Member</b>
D. Tshabalala	<b>Council Member</b>
P.J. Tshabalala	<b>Council Member</b>
P.D. Van Der Westhuizen	<b>Council Member</b>

### Grading of Local Authority

Grading 2

### Auditors

Auditor-General

### Bankers

ABSA Bank  
Frankfort

### Registered Office

Private Bag X4  
Brand Street  
Frankfort  
9830

Brand Street 64  
Frankfort  
9830

Telephone: (058) 813 1051

Fax: (058) 813 3072

### MUNICIPAL MANAGER

B T Mahlaku

### MANAGER FINANCIAL SERVICES

V B Mkhafa

**MAFUBE LOCAL MUNICIPALITY**

**Approval of Financial Statements  
for the year ended 30 June 2007**

The annual financial statements set out on pages 6 to 31 were received by the Municipal Manager on 31st August 2007 and will be presented to and approved by the Council on .....2007

\_\_\_\_\_  
Municipal Manager

\_\_\_\_\_

\_\_\_\_\_  
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.

\_\_\_\_\_  
**B.T Mahlaku**  
**Municipal Manager**

\_\_\_\_\_  
**Date:**

**MAFUBE LOCAL MUNICIPALITY**

**Report of the Auditor - General to the Mafube Municipality  
for the year ended 30 June 2007**

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 2006/2007 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 2007 are as follows:

INCOME	Actual 2006/2007 R	Actual 2005/2006 R	Percentage Variance %	Budgeted 2006/2007 R	Variance actual / budgeted %
Opening deficit					
Opening surplus	2 901 152	7 845 488			
Operating income for the year	71 539 030	58 741 335	21.8	85 681 759	(16.5)
	74 440 182	66 586 823		85 681 759	

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

EXPENDITURE	Actual 2006/2007 R	Actual 2005/2006 R	Percentage Variance %	Budgeted 2006/2007 R	Variance actual / budgeted %
Operating expenditure for the year	56 110 582	58 398 556	(3.9)	107 336 940	(47.7)
Sundry transfers		5 699 274			
Closing surplus	12 630 326	2 901 152			
	68 740 908	66 998 982		107 336 940	

The variance is due to cash flow problems.

#### 1.1 Rates and general services

	Actual 2006/2007 R	Actual 2005/2006 R	Percentage Variance %	Budgeted 2006/2007 R	Variance actual / budgeted %
Income		42 220 941	(100.0)	32 128 815	(100.0)
Expenditure		43 537 993	(100.0)	32 599 330	(100.0)
Surplus/(deficit)		(1 317 052)		(470 515)	
Surplus(deficit) as % of total income	#DIV/0!	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 2006/2007 R	Actual 2005/2006 R	Percentage Variance %	Budgeted 2006/2007 R	Variance actual / budgeted %
Income		20 237 019	(100.0)	15 660 214	(100.0)
Expenditure		19 088 316	(100.0)	15 376 693	(100.0)
Surplus/ (deficit)		1 148 703		283 521	
Surplus(deficit) as % of total income	#DIV/0!	5.7		1.8	



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

<b>WATER</b>	<b>Actual 2006/2007 R</b>	<b>Actual 2005/2006 R</b>	<b>Percentage Variance %</b>	<b>Budgeted 2006/2007 R</b>	<b>Variance actual / budgeted %</b>
Income		9 081 070	(100.0)	11 284 475	(100.0)
Expenditure		13 166 086	(100.0)	11 082 344	(100.0)
Surplus/ (deficit)		(4 085 016)		202 131	
Surplus(deficit) as % of total income	#DIV/0!	(45.0)		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:

	<b>Actual 2007 R</b>	<b>Budget 2007 R</b>	<b>Actual 2006 R</b>
Other		7 171 016	
Community services	573 205	2 042 000	533 652
Properties	-	-	100 000
Subsidised services	205 934	-	11 405
Sewerage	1 566	-	16 918
Properties	-	-	747
Water Park	7 980	-	1 346
Sewerage	9 003 340	3 000 000	5 715 063
Housing Services		-	-
Electricity	3 228 053	1 310 000	1 758 152
Water	6 926 622	2 299 000	5 603 554
	19 946 700	15 822 016	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 :

	<b>Actual 2007 R</b>	<b>Budget 2007 R</b>	<b>Actual 2006 R</b>
External loans	-	8 600 000	-
Operating income	374 196	1 571 000	400 962
Renewal Fund			
Other sources		310 000	
Infrastructure fund			
Contributions from District Council	-		10 943 295
Grants and subsidies	19 572 504	8 341 016	2 396 580
	19 946 700	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:

	<b>2006</b>	<b>2005</b>
External loans	165 830	236 749
External investments	8 532 105	1 461 072
Bank overdraft	-	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:

	<b>2006</b>	<b>2005</b>
The Capital Development Fund	8 203 158	7 996 316
Other Funds and Reserves	3 472 425	3 399 803
Provisions	21 011 697	25 360 637

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**

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**MAFUBE LOCAL MUNICIPALITY**

**BALANCE SHEET AT 30 JUNE 2007**

	Note	2007 R	2006 R
<b>CAPITAL EMPLOYED</b>			
<b>FUNDS AND RESERVES</b>		11 669 437	11 666 036
Statutory funds	1	10 831 091	10 827 691
Reserves	2	838 346	838 346
<b>RETAINED INCOME/(ACCUMULATED DEFICIT)</b>		12 630 326	3 639 023
Trust Funds	2	6 146	6 146
Long term liabilities	4	78 098	127 399
Consumer deposits	5	852 542	817 798
		<b>25 236 548</b>	<b>16 256 402</b>
<b>EMPLOYMENT OF CAPITAL</b>			
Fixed assets	6	101 408	129 933
Investments	7	8 157 021	3 525 864
Long term debtors	8	-	4 240
		8 258 429	3 660 037
<b>NET CURRENT ASSETS</b>		9 700 867	12 596 365
<b>CURRENT ASSETS</b>		43 689 853	47 183 077
Inventory	9	814 674	206 976
Debtors	10	42 463 041	46 578 130
Bank		-	-
Cash		33 674	33 674
Short term investments	7	375 084	352 229
Short term portion of long term debtors	8	3 379	12 069
<b>CURRENT LIABILITIES</b>		33 988 986	34 586 712
Provisions	3	2 454 191	2 729 807
Creditors	11	31 447 063	28 065 069
Short term portion of long term liabilities	4	87 732	56 640
Bank overdraft	12	-	3 735 197
		<b>17 959 296</b>	<b>16 256 402</b>

**MAFUBE LOCAL MUNICIPALITY**

**INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007**

2006	2006	2006		2007	2007	2007	2007
Actual Income R	Actual Expenditure R	Surplus / (Deficit) R		Actual Income R	Actual Expenditure R	Surplus / (Deficit) R	Budget Surplus/(Deficit) R
31 688 824	29 516 956	2 171 867	Rates and general services	42 220 941	34 010 855	8 210 086	1 785 153
17 799 575	13 489 632	4 309 943	Community services	26 021 532	20 042 726	5 978 806	5 804 810
698 231	3 774 268	(3 076 038)	Subsidized services	361 450	4 117 092	(3 755 642)	(3 988 944)
13 191 019	12 253 056	937 962	Economic services	15 837 959	9 851 038	5 986 921	(30 713)
27 052 511	28 881 600	(1 829 088)	Trading services	29 318 089	22 099 727	7 218 362	263 682
<u>58 741 335</u>	<u>58 398 556</u>	342 779	Total surplus (deficit)	<u>71 539 030</u>	<u>56 110 582</u>	15 428 448	<u>2 048 835</u>
		<u>(5 699 274)</u>	Appropriation for the year			<u>(5 699 274)</u>	
		(5 356 495)	Net surplus (deficit) for the year			9 729 174	
		8 995 518	Accumulated surplus (deficit) at the beginning of the year			<u>2 901 152</u>	
		<u>3 639 023</u>	Accumulated surplus (deficit) at the end of the year			<u>12 630 326</u>	

**MAFUBE LOCAL MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED  
30 JUNE 2007**

	Note	2007 R	2006 R
<b>Cash retained from operating activities</b>		145 598 477	10 429 827
Cash generated by operations	22	72 236 243	(22 530 319)
Investment income	20	276 817	276 817
(Increase) / Decrease Capital Projects Suspense		-	-
(Increase) / Decrease in working capital	23	11 010 382	5 147 239
		<u>83 523 442</u>	<u>(17 106 263)</u>
Less: external interest paid	20	(29 314)	(29 314)
Cash available from (utilized in) operations		<u>83 494 128</u>	<u>(17 135 577)</u>
Cash contributions from government and public		62 104 349	27 565 404
Adjustment previous year		-	-
Fixed assets sold		-	-
<b>Cash utilized in investing activities</b>		(19 946 700)	(7 713 402)
Investment in fixed assets		<u>(19 946 700)</u>	<u>(7 713 402)</u>
<b>Net cash flow</b>		<u><u>125 651 778</u></u>	<u><u>2 716 425</u></u>
<b>Cash effects of financing activities</b>			
Increase / (decrease) in long term loans	24	(18 209)	(52 710)
(Increase) / decrease in investments	25	(2 417 021)	(2 417 021)
(Increase) / decrease in bank and cash on hand	26	(3 802 545)	(195 457)
<b>Net cash utilized</b>		<u><u>(6 237 775)</u></u>	<u><u>(2 665 188)</u></u>

## MAFUBE LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
<b>1. STATUTORY FUNDS</b>		
Capital development fund	8 203 158	8 203 158
Erven fund	2 627 933	2 624 533
	10 831 091	10 827 691
Refer to Appendix A for further details		
<b>2. RESERVES</b>		
Reserves for Renewal	70 119	70 119
Capital Reserve Fund	768 227	768 227
	838 346	838 346
Refer to Appendix A for further details		
<b>TRUST FUNDS</b>		
Government fund	6 146	6 146
	6 146	6 146
Refer to Appendix A for further details		
<b>3. PROVISIONS</b>		
Audit fees	1 637 131	1 484 220
Accrued leave pay	817 060	1 245 586
Bad debts	18 557 506	22 630 830
	21 011 697	25 360 637
<b>4. LONG TERM LIABILITIES</b>		
Annuity loans (Development Bank of South Africa)	165 830	184 039
	165 830	184 039
Less: Current portion transferred to current liabilities	(87 732)	(56 640)
	78 098	127 399
Refer to Appendix B for further details		
<b>Annuity Loans (Development Bank of South Africa)</b>		
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.		
<b>5. CONSUMER DEPOSITS</b>		
Electricity deposits	780 381	751 617
Water deposits	72 161	66 181
	852 542	817 798
Guarantees in lieu of electricity and water deposits		
	-	-



**MAFUBE LOCAL MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b>6. FIXED ASSETS</b>		
Fixed assets at the beginning of the year	177 021 258	169 307 856
Capital expenditure during the year	19 946 700	7 713 402
Less: Assets written off, transferred or disposed of during year	-	-
<b>Total fixed assets</b>	196 967 958	177 021 258
Less: Loans redeemed and other capital receipts	(196 866 549)	(176 891 325)
<b>Net fixed assets</b>	101 408	129 933
Council's offices at Frankfort and Villiers serve as security for the bank overdraft.		
Refer to Appendix C for further details.		
<b>7. INVESTMENTS</b>		
<b>Unlisted</b>	8 128 519	3 412 927
VKB: Shareholder's fund	126 728	120 195
VKB: Investments	830	765
Old Mutual: Redeem fund	958 590	787 308
Old Mutual: Fixed investment		
ABSA: Fund investment	7 042 371	2 504 659
Sanlam: Fixed investment		
<b>Listed</b>	28 502	28 502
Old Mutual plc	-	-
Sanlam	28 502	28 502
	8 157 021	3 441 429
<b>Short term investments</b>		
ABSA: Short term deposits	9 000	9 000
ABSA: Infrastructure EX 23	366 084	343 229
	375 084	352 229
	8 532 105	3 793 658
Market valuation in respect of listed Investments	28 502	28 502
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%	7.12%
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)**

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b>8. LONG - TERM DEBTORS</b>		
Housing loans - employees	3 379	16 308
	<u>3 379</u>	<u>16 308</u>
Less: Short term portion of long term debtors transferred to current assets	(3 379)	(12 069)
	<u>-</u>	<u>4 240</u>
<b>9. INVENTORY</b>		
Inventory consist of consumable. Where necessary provision has been made for obsolete inventory.	<u>814 674</u>	<u>206 976</u>
<b>10. DEBTORS</b>		
Consumer debtors	59 688 655	60 770 939
Other current debtors	1 331 892	6 346 392
Amounts paid in advance		2 091 628
Monies banked	-	-
	<u>61 020 547</u>	<u>69 208 959</u>
Less: Provision for bad debts	(18 557 506)	(22 630 830)
	<u>42 463 041</u>	<u>46 578 130</u>
Bad debts written off during the financial year		<u>2 131 688</u>
Bad debts written off as a percentage of total operating income	<u>3.6%</u>	<u>3.6%</u>
Days debtors are outstanding	<u>679 days</u>	<u>679 days</u>
<b>11. CREDITORS</b>		
Trade creditors	11 916 870	5 646 411
Sundry creditors	19 530 193	20 324 460
Sundry deposits		2 570
Amounts received in advance		2 091 628
	<u>31 447 063</u>	<u>28 065 069</u>
<b>12. BANK OVERDRAFT</b>		
The overdraft is secured over fixed property: Offices at Frankfort and Villiers	<u>-</u>	<u>3 735 197</u>

MAFUBE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)

13. ASSESSMENT RATES	Valuations at 1 July 2006 R	Actual Income 2007 R	Actual income 2006 R
Government	19 909 510		
Residential and other - Rateable	271 004 465	3 238 839	6 513 097
Residential and other: Non rateable	62 206 132		
Municipal	12 112 540		
	<u>365 232 647</u>	<u>3 238 839</u>	<u>6 513 097</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
		<b>2007</b> R	<b>2006</b> R
<b>14. COUNCILLOR'S REMUNERATION</b>			
Mayor's allowance		407 025	153 811
Speaker's allowance		325 620	190 901
Councillor's allowance		1 587 391	537 618
Executive Committee allowance		335 794	153 977
		<u>2 655 830</u>	<u>1 036 308</u>
Councillor's Pension Fund Contributions			133 667
Councillor's Medical Aid Contributions			9 282
			<u>2 655 830</u>
		<u>1 179 256</u>	
<b>15. COUNCILLOR'S RATES AND SERVICES IN ARREAR FOR MORE THAN 90 DAYS</b>			
None		None	None
<b>16. REMUNERATION OF SECTION 57 APPOINTMENTS</b>			
<b>MUNICIPAL MANAGER</b>			
Annual remuneration		176 363	276 141
Bonus			22 852
Travel allowance			56 712
Contribution Medical Fund			-
Contribution Pension			19 558
Other			2 899
		<u>176 363</u>	<u>378 161</u>
<b>MANAGER: FINANCIAL SERVICES</b>			
Annual remuneration		165 746	198 697
Bonus			16 126
Travel allowance			40 902
Contribution: Medical fund			3 679
Other			2 392
		<u>165 746</u>	<u>261 796</u>
<b>MANAGER: CORPORATE SERVICES</b>			
Annual remuneration		360 411	198 697
Bonus			16 126
Travel allowance			40 902
Contribution: Pension Fund			-
Contribution: Medical fund			3 679
Other			2 392
		<u>360 412</u>	<u>261 796</u>
<b>MANAGER: TECHNICAL SERVICES</b>			
Vacant		-	-
<b>MANAGER: COMMUNITY SERVICES</b>			
Annual remuneration		328 207	
Bonus			
Travel allowance			
Contribution: Pension Fund			

Contribution: Medical fund  
Other

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328 208

**MAFUBE LOCAL MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (con**

	<b>2007</b> <b>R</b>
<b>17. AUDIT FEES</b>	
Paid:Current year	305 822
Under / (over) provision previous year	<u>305 822</u>
<b>18. ERVEN TRUST FUND</b>	
Outstanding advances to borrowing services: Accumulated fund	2 627 933
Less: External investments	<u>(2 623 357)</u>
	<u>4 576</u>
(Refer to appendices A and B for more detail)	
<b>19. RENEWAL FUND</b>	
Outstanding advances to borrowing services: Accumulated fund	70 119
Less:External investments	<u>(63 423)</u>
	<u>6 696</u>
( Refer to appendices A and B for more detail)	
<b>20. FINANCE TRANSACTIONS</b>	
Total external interest received or paid:	
Interest received	189 657
Interest paid	<u>(89 470)</u>
	<u>100 187</u>
Capital charges debited to operating account:	
Interest	
- External	
- Internal	
Redemption	
	<u>28 524</u>
- External	
- Internal	

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2006  
R

1 253 070  
231 150  
1 484 221

2 624 533  
(2 616 769)  
7 764

70 119  
(62 307)  
7 812

276 817  
(29 314)  
247 503

32 162  

29 314
2 848

57 014  

52 710
4 304

**MAFUBE LOCAL MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b>21. APPROPRIATIONS</b>		
Appropriation account:		
Accumulated surplus/(deficit)at beginning of year	2 901 152	8 995 518
Operating (deficit)/surplus for the year	15 428 448	342 779
Appropriations for the year	(5 699 274)	(5 699 274)
Prior year adjustments	(5 699 274)	(5 699 274)
Accumulated (deficit)/surplus at the end of the year	<u>12 630 326</u>	<u>3 639 023</u>
<b>22. CASH GENERATED BY OPERATIONS</b>		
(Deficit)/Surplus for the year	15 428 448	342 779
Adjustment in respect of:	(5 699 274)	(5 699 274)
Adjustment	(5 699 274)	(5 699 274)
Previous years' operating transactions	(5 699 274)	(5 699 274)
Appropriations charged against income:	19 946 700	6 698 799
Fixed Assets	19 946 700	115 119
Investments		
Provision and reserves:		
Accrued leave		405 541
Audit		2 178 139
Bad debts		4 000 000
Fixed assets sold	-	-
Capital expenditure (previous year adjustment)	-	-
Capital charges	28 524	89 176
Interest paid	-	32 162
- External loans		29 314
- Internal loans		2 848
Redemption	28 524	57 014
- External loans	28 524	52 710
- Internal loans		4 304
Investment income (Operating account)		(753)
Grants and subsidies received	42 531 845	(19 967 121)
Non-operating income credited against:		
- statutory funds	3 400	-
Non-operating expenditure debited against:		
Provisions and reserves		(3 993 925)
	<u>72 236 243</u>	<u>(22 530 319)</u>

**MAFUBE LOCAL MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b>23. (INCREASE)/DECREASE IN WORKING CAPITAL</b>		
(Increase) / Decrease in inventory	(607 698)	-
(Increase) / Decrease in debtors	8 201 341	-
Increase / (Decrease) in creditors	3 416 738	-
	11 010 382	-
<b>24. INCREASE/(DECREASE) IN LONG - TERM LIABILITIES</b>		
Increase in loans	10 315	-
Loan repaid	(28 524)	(52 710)
	(18 209)	(52 710)
<b>INCREASE/(DECREASE) IN SHORT TERM LOANS - EXTERNAL</b>	-	-
Loans raised	-	-
Loans repaid	-	-
	-	-
<b>25. (INCREASE)/DECREASE IN CASH INVESTMENTS</b>		
Investment made	(2 667 381)	(2 667 381)
Investment raised	250 360	250 360
	(2 417 021)	(2 417 021)
<b>26. (INCREASE)/DECREASE IN CASH AND BANK</b>		
Cash and bank balance at the beginning of the year	(3 768 871)	(3 964 328)
Less: cash and bank balance at the end of the year	33 674	(3 768 871)
	(3 802 545)	(195 457)
<b>27. (INCREASE)/DECREASE IN LONG TERM DEBTORS</b>		
(Increase)/decrease in Housing Loans	12 929	-
(Increase)/decrease in Sport Club Loan	-	-
	12 929	-
<b>28. INCREASE/(DECREASE) IN CONSUMER DEPOSITS</b>		
Electricity Deposits	28 764	-
Water Deposits	5 980	-
	34 744	-
<b>29. INCREASE/(DECREASE) IN PROVISIONS</b>		
Increase/(decrease) in Audit Fees	152 911	-
Increase/(decrease) in Accrued Leave Pay	(428 526)	-
	(275 616)	-



**MAFUBE LOCAL MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b>30. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS</b>		
Construction of a raw water intake tower for Frankfort/ Namahadi	-	-
Water purification	-	
Degritting installation	-	
Bucket eradication: Tweeling and Cornelia	-	
Extension: Cemeteries	-	
	-	-
	-	-
<b>31. CAPITAL DEVELOPMENT FUND</b>		
Accumulated Fund	8 203 158	8 203 158
<b>32. RETIREMENT BENEFITS</b>	<b>COUNCIL</b>	<b>COUNCIL</b>
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%	20.78%
Free State Municipal Provident Fund	18.07%	18.07%
Pension Fund for Municipal Councillors	15%	15%
<b>33. MUNICIPAL ENTITIES</b>		
Under sole and shared control of the Municipality during 2006/2007	None	None
Under sole and shared control of the Municipality as at 30 June 2007	None	None
<b>34. CONTRIBUTIONS TO ORGANISED LOCAL GOVERNMENT</b>		
None		
<b>35. AMOUNTS PAID</b>	<b>OUTSTANDING</b>	<b>PAID</b>
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
		6 683 115
		6 683 115
<b>36. BANK ACCOUNTS</b>		
Absa Bank Frankfort: Cheque Account no 40-5282-3517		
Balance at beginning of year		-1 515 288.32
Balance at end of year		-1 515 288.32
<b>37. MATERIAL LOSSES, IRREGULAR, FRUITLESS, WASTEFUL OR UNAUTHORISED EXPENDITURE</b>		
None that management is aware of		-
<b>38. CRIMINAL OR DISCIPLINARY STEPS TAKEN AS A RESULT OF THE ABOVE.</b>		
None		-
<b>39. MATERIAL LOSSES RECOVERED OR WRITTEN OFF</b>		
None		-
<b>40. ANY CONTINGENT LIABILITIES AS AT THE END OF THE YEAR</b>		
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 2007**

	Balance at 30 June 2006	Contributions during the year	Interest on Investments	Other income Transfer	Operating Expenditure during year	Balance at 30 June 2007
<b>STATUTORY FUNDS</b>						
Capital development fund	8 203 158	-				8 203 158
Erven fund	2 624 533	-		3 400		2 627 933
	<b>10 827 691</b>	-	-	<b>3 400</b>	-	<b>10 831 091</b>
<b>TRUST FUND</b>						
Government fund	6 146	-	-	-	-	6 146
<b>RESERVES</b>						
Capital Renewal Fund	70 119					70 119
Capital reserve fund	768 227	-		-	-	768 227
	<b>838 346</b>	-	-	-	-	<b>838 346</b>

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## MAFUBE LOCAL MUNICIPALITY

## EXTERNAL LOANS AND INTERNAL ADVANCES

FOR THE YEAR ENDED 30 JUNE 2007

EXTERNAL LOANS	Loan no	Issued	Interest Rate	Redeemable	Balance at	Received /	Redeemed /	Balance at
					30 June 2006	Capitalized during year	written off during year	30 June 2007
					R	R	R	R
DBSA: Water	13049	1/7/1986	15.81%	30/6/2011	92 544	6 768	6 368	92 944
DBSA: Sewerage	13044	1/7/1978	9.75%	30/6/2008	-	3 084	19 209	-
DBSA: Sewerage	11708	1/1/1977	9.75%	31/12/2006	2 218		2 217	0
DBSA: Water	11569	1/1/1990	16.02%	31/12/2009	6 548	463	730	6 281
					<b>184 039</b>	<b>10 315</b>	<b>28 524</b>	<b>165 830</b>
<b>INTERNAL ADVANCES</b>								
Erven trust fund					7 764		3 188	4 576
Renewal fund					7 812		1 116	6 696
					<b>11 272</b>	<b>-</b>	<b>4 304</b>	<b>11 272</b>

MAFUBE LOCAL MUNICIPALITY

APPENDIX C

ANALYSIS OF FIXED ASSETS

FOR THE YEAR ENDED 30 JUNE 2007

Expenditure 2006		Budget 2007	Balance at 30 June 2006	Expenditure during year	Redeemed transferred or written off	Balance at 30 June 2007
R	Services		R	R	R	R
3 387 959	Rates and general services		102 405 148.58	9 792 025	-	112 197 174
371 549	Community services	-	28 346 632	573 205	-	28 919 837
	Civil protection		295 982			295 982
	Assets Mafahlaneng		1 172 836			1 172 836
	Administration		2 009	148 214		150 223
	Community centre		139 152			139 152
42 959	City hall and offices		2 129 285			2 129 285
	Council's general account		40 580	1 977		42 557
	Fire protection		4 794			4 794
	Technical services		6 841 215	750		6 841 965
288 337	Parks and cemeteries		2 318 364	414 489		2 732 853
	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
40 254	Municipal Manager		484 739	6 851		491 590
	Town planning		1 916 506			1 916 506
	Vehicle Mafahlaneng		252 299			252 299
	Workshops		11 900	924		12 824
	Taxi rank & buildings		21 793			21 793
	Computer		150 224			150 224
	Legal and protection services		51 687			51 687
-	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
-	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
33 363	Subsidized services	-	4 560 967	205 934	-	4 766 901
120	Libraries		805 506			805 506
	Fire Protection		297 037			297 037
33 243	Parks and recreation		695 389	28 334		723 723
	Clinics		1 230 036			1 230 036
	Civil buildings		1 532 999	177 600		1 710 599
404 913	Balance carried forward	-	37 117 410	779 139	-	37 896 549

## MAFUBE LOCAL MUNICIPALITY

## ANALYSIS OF FIXED ASSETS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

Expenditure 2006		Budget 2007	Balance at 30 June 2006	Expenditure during year	Redeemed transferred or written off	Balance at 30 June 2007
R	Services		R	R	R	R
404 913	Balance brought forward	-	37 117 410	779 139	-	37 896 549
<b>2 983 046</b>	<b>Economic services</b>	-	<b>65 287 738</b>	<b>9 012 887</b>	-	<b>74 300 625</b>
5 255	Cleansing		1 197 827	1 566	-	1 199 393
	Properties		2 724 919		-	2 724 919
5 651	Water Park		405 568	7 980	-	413 549
2 972 140	Sewerage		60 959 424	9 003 340		69 962 764
-	<b>Housing services</b>	-	<b>1 925 540</b>	-	-	<b>1 925 540</b>
	Sub-economic housing		1 786 844	-	-	1 786 844
	Economic housing		138 696	-	-	138 696
<b>4 325 443</b>	<b>Trading services</b>	-	<b>72 690 570</b>	<b>10 154 675</b>	-	<b>82 845 245</b>
343 786	Electricity		24 660 630	3 228 053	-	27 888 683
	Mafahlaneng network		4 781 275		-	4 781 275
	Brick making		9 511		-	9 511
3 981 657	Water		43 239 154	6 926 622	-	50 165 775
<b>7 713 402</b>	<b>Total fixed assets</b>	<b>-</b>	<b>177 021 259</b>	<b>19 946 700</b>	<b>-</b>	<b>196 967 959</b>
<b>7 770 416</b>	<b>Less: loans redeemed and other capital receipts</b>		<b>176 891 325</b>	<b>19 975 224</b>	<b>-</b>	<b>196 866 549</b>
57 014	Loans redeemed and advances paid		24 594 260	28 524		24 622 784
115 119	Contributions ex-operating income		4 829 955	374 196		5 204 151
	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
	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
7 598 283	Grants and subsidies		80 164 246	19 572 504		99 736 750
	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
	<b>Net fixed assets</b>		<b>129 935</b>	<b>(28 524)</b>	<b>-</b>	<b>101 411</b>
	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 2007**

Actual 2006 R		Actual 2007 R	Budget 2007 R
<b>Income</b>			
19 967 121	<b>Grants and subsidies</b>	42 531 845	31 041 166
19 931 436	Central Government	42 262 345	30 746 166
35 685	Provincial Government	269 500	295 000
38 774 215	<b>Operating income</b>	29 920 557	54 640 593
6 513 097	Assessment rates	3 238 839	5 341 631
11 212 298	Sale of electricity	7 967 506	21 045 946
5 401 321	Sale of water	6 270 017	28 253 016
15 647 499	Other services and charges	12 444 196	
<u>58 741 335</u>		<u>72 452 403</u>	<u>85 681 759</u>
<b>Expenditure</b>			
21 045 946	Salaries, wages and allowances	24 180 901	25 302 109
28 253 016	General expenses:	26 432 467	29 165 041
10 249 436	Purchase of electricity	11 795 162	10 559 317
3 986 924	Purchase of water	743 616	2 700 000
14 016 656	Other general expenses	13 893 689	15 905 724
-	Fixed assets		
2 311 619	Repairs and maintenance	2 966 719	3 899 121
89 176	Capital charges	68 462	613 955
115 119	Contribution Capital Expenditure	19 946 700	41 904 785
6 583 680	Contribution to Funds	2 360 887	6 451 929
58 398 556	<b>Gross expenditure</b>	75 956 137	107 336 940
-	Less: amounts charged out	-	
<u>58 398 556</u>	<b>Net Expenditure</b>	<u>75 956 137</u>	<u>58 398 556</u>
<u>342 779</u>	<b>Surplus/(Deficit)</b>	<u>(3 503 734)</u>	<u>342 779</u>





MAFUBE LOCAL MUNICIPALITY

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

2006	2006	2006		2007	2007	2007	2007
Actual Income R	Actual Expenditure R	Surplus / (Deficit) R		Actual Income R	Actual Expenditure R	Surplus / (Deficit) R	Budget Surplus / (Deficit) R
31 688 824	29 516 956	2 171 867	<b>RATES AND GENERAL SERVICES</b>	42 220 941	34 010 855	8 210 086	1 785 153
17 799 575	13 489 632	4 309 943	<b>COMMUNITY SERVICES</b>	26 021 532	20 042 726	5 978 806	5 804 810
420	3 523 282	(3 522 862)	Administration	377.40	6 318 090	(6 317 713)	(4 091 207)
6 513 097	80 111	6 432 986	Assessment rates	4 106 425.42	41 545	4 064 880	7 913 610
-	280 275	(280 275)	Mechanical Services	-	517 547	(517 547)	(694 238)
-	-	-	Community Services	269 500.00	563 680	(294 180)	(944 951)
35 685	8 068	27 616	Primary Health	-	1 828	(1 828)	-
84 686	17 712	66 974	Cemeteries	88 877.00	22 153	66 724	(47 989)
14 872	4 149 029	(4 134 156)	Technical services	20 003.39	5 113 552	(5 093 549)	(3 061 381)
-	2 078 731	(2 078 731)	Corporate services	-	2 838 487	(2 838 487)	(2 435 438)
11 009 765	2 874 797	8 134 968	Finance	21 347 395.66	4 161 595	17 185 800	9 705 082
141 050	477 627	(336 577)	Legal and protection services	188 953.40	464 249	(275 295)	(538 678)
698 231	3 774 268	(3 076 038)	<b>SUBSIDIZED SERVICES</b>	361 450	4 117 092	(3 755 642)	(3 988 944)
-	-	-	Ambulance	-	-	-	-
48 829	147 172	(98 343)	Civil buildings	59 064	289 002	(229 938)	(544 720)
689	689	-	Fire Protection	46 576	2 981	43 595	-
639 445	639 445	-	Libraries	253 383	742 851	(489 468)	-
9 267	2 986 963	(2 977 695)	Parks and recreation	2 427	3 082 258	(3 079 830)	(3 444 224)
18 497 805	17 263 900	1 233 905	<b>Balance carried forward</b>	26 382 982	24 159 817	2 223 165	1 815 866

MAFUBE LOCAL MUNICIPALITY

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

2006	2006	2006		2007	2007	2007	2007
Actual Income R	Actual Expenditure R	Surplus / (Deficit) R		Actual Income R	Actual Expenditure R	Surplus / (Deficit) R	Budget Surplus / (Deficit) R
18 497 805	17 263 900	1 233 905	Balance brought forward	26 382 982	24 159 817	2 223 165	1 815 866
13 191 019	12 253 056	937 962	<b>ECONOMIC SERVICES</b>	15 837 959	9 851 038	5 986 921	(30 713)
362 583	57 461	305 121	Properties	238 212	55 910	182 302	474 045
5 799 591	5 626 804	172 787	Cleansing	4 949 030	3 990 994	958 035	2 999
7 025 649	6 223 174	802 475	Sewerage	10 636 477	5 416 806	5 219 671	2 228
3 196	345 617	(342 421)	Water park	14 240	387 327	(373 087)	(509 985)
27 052 511	28 881 600	(1 829 088)	<b>TRADING SERVICES</b>	29 318 089	22 099 727	7 218 362	263 682
14 782 683	15 479 260	(696 577)	Electricity	20 237 019	15 860 263	4 376 756	211 635
12 269 829	13 402 340	(1 132 511)	Water	9 081 070	6 239 464	2 841 606	52 047
<u>58 741 335</u>	<u>58 398 556</u>	<u>342 779</u>	<b>Total</b>	<u>71 539 030</u>	<u>56 110 582</u>	<u>15 428 448</u>	<u>2 048 835</u>
		(5 699 274)	Appropriations for the year (Refer to note 17)			(5 699 274)	
		(5 356 495)	Net surplus/(deficit) for the year			9 729 174	
		8 257 647	Accumulated surplus/(deficit) beginning of the year			2 901 152	
		<u>2 901 152</u>	Accumulated surplus/(deficit) end of the year			<u>12 630 326</u>	

MAFUBE LOCAL MUNICIPALITY

APPENDIX F

STATISTICAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2007

<b>General statistics</b>	<b>2007</b>	<b>2006</b>
i) Population		
ii) Valuation of residential properties	<b>Not available</b>	<b>Not available</b>
Valuation of commercial properties	<b>Not available</b>	<b>Not available</b>
Valuation of rateable properties: Land		271 004 465
Valuation of rateable properties: Improvements		94 228 182
Valuation of non- rateable properties: Land		-
Valuation of non- rateable properties: Improvements	-	-
iii) Date of valuation	1/7/2003	1/7/2003
iv) Number of stands - residential and commercial	13 432	13 432
v) Assessment rate on land	0.01833c/R	0.01833c/R
vi) Assessment rate on improvements	-	-
vii) Number of employees	311	343
<b>Electricity statistics</b>		
i) Number of users (residential and commercial)	19 365	19 365
ii) Units purchased		54 711 313
iii) Units sold		51 559 399
iv) Units lost in distribution		3 151 914
v) Percentages loss in distribution		5.80%
vi) Cost per unit sold		.22
<b>Water statistics</b>		
i) Number of users (residential and commercial)		14 668
ii) <b>Units purchased ( correct information not available)</b>		
iii) Units sold		1 882 266
iv) Units lost in distribution		
v) Percentages loss in distribution		
vi) Cost per unit sold		
<b>Transport Statistics</b>		
There are no public transport in any of the towns		
i) Number of passengers transported		none
ii) Number of trips travelled		none
iii) Kilometres travelled		none