

**MAFUBE LOCAL MUNICIPALITY**

**AMENDED  
FINANCIAL STATEMENTS**

**30 JUNE 2005**

**(31 OCTOBER 2005)**

**MAFUBE LOCAL MUNICIPALITY**  
**AMENDED FINANCIAL STATEMENTS AS AT 30 JUNE 2005**

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# MAFUBE LOCAL MUNICIPALITY

## General information

### MEMBERS OF THE COUNCIL

L.J. Ralebenya	Mayor
L.M.D. Ntombela	Speaker
W.P.J.Pelser	Member of Executive Committee
J.E.Sigasa	Member of Executive Committee
J.A. du Plessis	Council Member
G.T. Hadebe	Council Member
K.C. Kanono	Council Member
M.P. Memeza	Council Member
D.Mfene	Council Member
P.O. Mokoena	Council Member
M.S. Mokoena	Council Member
M. Moloji	Council Member
S. Motloung	Council Member
M.M. Sekhoto	Council Member
L.T. Tshabalala	Council Member

### 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

Telephone: (058) 813 1051

Fax: (058) 813 3072

### MUNICIPAL MANAGER

W.K. Mahlangu

### MANAGER FINANCIAL SERVICES

D. Mokhele

**MAFUBE LOCAL MUNICIPALITY**

**Approval of Financial Statements**

for the year ended 30 June 2005

The annual financial statements set out on pages 6 to 32 were received by the Municipal Manager on ..... 2005 and will presented to and approved by the Council.

\_\_\_\_\_  
Municipal Manager  
W.K.MAHLANGU

\_\_\_\_\_  
Manager: Finance  
D.MOKHELE

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**Report of the Accounting Officer to the Members of Mafube Local Municipality  
for the year ended 30 June 2005**

We have compiled the Financial Statements of the Mafube Local Municipality for the year ended 30 June 2005 as set out on pages 6 to 32 in accordance with the South African Auditing Standard applicable to compilation engagements.

Management is responsible for these Financial Statements. We have not audited or reviewed these Financial Statements and accordingly express no assurance thereon.

**DELOITTE CONSULTING (PTY) LTD**

**MAFUBE LOCAL MUNICIPALITY**

**Report of the Auditor - General to the Mafube Municipality  
for the year ended 30 June 2005**

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 2004/2005 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 2005 is set out below.

INCOME	Actual 2004/2005 R	Actual 2003/2004 R	Percentage Variance %	Budgeted 2004/2005 R	Variance actual / budgeted %
Opening deficit					
Opening surplus	7,845,488	3,769,624			
Operating income for the year	54,349,984	52,212,473	4.1	60,198,789	(9.7)
	62,195,472	55,982,097		60,198,789	

The variance in actual income is mainly due to the late implementation of electricity tariff increases.

EXPENDITURE	Actual 2004/2005 R	Actual 2003/2004 R	Percentage Variance %	Budgeted 2004/2005 R	Variance actual / budgeted %
Operating expenditure for the year	53,269,334	49,580,695	7.4	60,168,909	(11.5)
Sundry transfers	(69,380)	(87,016)			
Closing surplus	8,995,518	6,488,418			
	62,195,472	55,982,097		60,168,909	

The variance of 11.5% can mainly be contributed to the fact that an amount of R 28 654 519 was budgeted for salaries and allowances, whilst actual expenditure was only R 21 720 599.

#### 1.1 Rates and general services

	Actual 2004/2005 R	Actual 2003/2004 R	Percentage Variance %	Budgeted 2004/2005 R	Variance actual / budgeted %
Income	30,044,784	28,760,346	4.5	32,808,228	(8.4)
Expenditure	29,523,201	25,968,501	13.7	33,808,265	(12.7)
Surplus/(deficit)	521,583	2,791,845		(1,000,037)	
Surplus(deficit) as % of total income	1.7	9.7		(3.0)	

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

#### 1.2 Trading services

ELECTRICITY	Actual 2004/2005 R	Actual 2003/2004 R	Percentage Variance %	Budgeted 2004/2005 R	Variance actual / budgeted %
Income	13,750,118	14,371,916	(4.3)	16,527,241	(16.8)
Expenditure	13,677,847	14,750,779	(7.3)	16,014,453	(14.6)
Surplus/	72,271	(378,863)		512,788	
Surplus(deficit) as % of total income	0.5	(2.6)		3.1	

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

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

<b>WATER</b>	<b>Actual 2004/2005 R</b>	<b>Actual 2003/2004 R</b>	<b>Percentage Variance %</b>	<b>Budgeted 2004/2005 R</b>	<b>Variance actual / budgeted %</b>
Income	10,555,082	9,080,211	16.2	10,863,320	(2.8)
Expenditure	10,068,286	8,861,415	13.6	10,346,191	(2.7)
Surplus/ (deficit)	486,796	218,796		517,129	
Surplus(deficit) as % of total income	4.6	2.4		4.8	

## 2 Capital expenditure and financing

The expenditure on fixed assets during the year amounted to R13 740 838 and is 31.9% less than the previous year. The actual expenditure is 81.2% less than budgeted and consist of the following:

	<b>Actual 2005 R</b>	<b>Budget 2005 R</b>	<b>Actual 2004 R</b>
Community services	533,652	15,088,800	1,188,533
Properties	100,000	-	2,103
Subsidised services	11,405	106,000	-
Sewerage	16,918	1,520,000	24,873
Properties	747	60,000	-
Water Park	1,346	20,000	-
Sewerage	5,715,063	18,743,000	10,266,948
Housing Services		15,730,000	
Electricity	1,758,152	4,541,000	3,428,454
Water	5,603,554	17,292,400	5,251,590
	13,740,838	73,101,200	20,162,501

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 2005 R</b>	<b>Budget 2005 R</b>	<b>Actual 2004 R</b>
External loans	-		-
Operating income	400,962		511,725
Renewal Fund			
Other sources			
Infrastructure fund			
Contributions from District Council	10,943,295		
Grants and subsidies	2,396,580		19,650,776
	13,740,838	-	20,162,501



### 3 External loans, investments and cash

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

	<b>2005</b>	<b>2004</b>
External loans	236,749	333,934
External investments	1,461,072	1,414,729
Bank overdraft	3,954,848	4,636,370

External loans outstanding on 30 June 2005 amount to R 236 749. During the year loans totalling R 97 185 were repaid.

Investments of R 46 343 were made during the year. There was an improvement of R 681 522 in respect of the bank overdraft.

Additional information regarding external loans, investments and cash are disclosed in notes 3, 6, 12 and Appendix B to the financial statements. Town commonage serves as security for the bank overdraft.

### 4 Funds, reserves and provisions

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

	<b>2005</b>	<b>2004</b>
The Capital Development Fund	7,996,316	7,953,944
Other Funds and Reserves	3,399,803	3,382,812

More information regarding funds, reserves and provisions are disclosed in notes 1, 2 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.

\_\_\_\_\_  
**D. MOKHELE**  
**MANAGER: FINANCIAL SERVICES**

\_\_\_\_\_  
**DATE**

**MAFUBE LOCAL MUNICIPALITY**

**BALANCE SHEET AT 30 JUNE 2005**

	Note	2005 R	2004 R
<b>CAPITAL EMPLOYED</b>			
<b>FUNDS AND RESERVES</b>		11,389,973	11,330,610
Statutory funds	1	10,553,056	10,495,300
Reserves	2	836,917	835,310
<b>RETAINED INCOME/(ACCUMULATED DEFICIT)</b>		8,995,518	6,488,418
Trust Funds	2	6,146	6,146
Long term liabilities	4	184,003	283,712
Consumer deposits	5	715,858	652,396
		<u>21,291,498</u>	<u>18,761,282</u>
<b>EMPLOYMENT OF CAPITAL</b>			
Fixed assets	6	186,947	240,443
Investments	7	1,126,707	1,093,954
Long term debtors	8	13,726	25,896
		<u>1,327,381</u>	<u>1,360,293</u>
<b>NET CURRENT ASSETS</b>		19,964,117	17,400,989
<b>CURRENT ASSETS</b>		38,144,351	37,011,703
Inventory	9	281,231	168,269
Debtors	10	37,508,563	36,510,139
Bank		-	-
Cash		9,480	3,480
Short term investments	7	334,365	320,775
Short term portion of long term debtors	8	10,712	9,040
<b>CURRENT LIABILITIES</b>		18,180,233	19,610,714
Provisions	3	2,008,362	2,213,067
Creditors	11	12,164,277	12,711,055
Short term portion of long term liabilities	4	52,746	50,222
Bank overdraft	12	3,954,848	4,636,370
		<u>21,291,498</u>	<u>18,761,282</u>

**MAFUBE LOCAL MUNICIPALITY**

**INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005**

<b>2004</b>	<b>2004</b>	<b>2004</b>		<b>2005</b>	<b>2005</b>	<b>2005</b>	<b>2005</b>
<b>Actual Income R</b>	<b>Actual Expenditure R</b>	<b>Surplus / Deficit R</b>		<b>Actual Income R</b>	<b>Actual Expenditure R</b>	<b>Surplus / Deficit R</b>	<b>Budget Surplus/(Deficit) R</b>
28,760,346	25,968,501	2,791,845	Rates and general services	30,044,784	29,523,201	521,583	(1,000,037)
15,105,209	11,774,639	3,330,570	Community services	16,510,040	13,834,797	2,675,243	2,708,455
772,817	3,241,286	(2,468,469)	Subsidized services	843,774	3,383,968	(2,540,194)	(3,861,839)
12,882,320	10,952,576	1,929,744	Economic services	12,690,970	12,304,436	386,534	153,347
23,452,127	23,612,194	(160,067)	Trading services	24,305,200	23,746,133	559,067	1,029,917
<u>52,212,473</u>	<u>49,580,695</u>	2,631,778	Total surplus (deficit)	<u>54,349,984</u>	<u>53,269,334</u>	1,080,650	<u>29,880</u>
		87,016	Appropriation for the year			69,380	
		2,718,794	Net surplus (deficit) for the year			1,150,030	
		3,769,624	Accumulated surplus (deficit) at the beginning of the year			7,845,488	
		1,357,070	Adjustment				
		<u>7,845,488</u>	Accumulated surplus (deficit) at the end of the year			<u>8,995,518</u>	

**MAFUBE LOCAL MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED  
30 JUNE 2005**

	Note	2005 R	2004 R
<b>Cash retained from operating activities</b>		14,559,888	19,110,804
Cash generated by operations	22	(11,265,088)	(13,484,824)
Investment income	20	57,783	200,438
(Increase) / Decrease Capital Projects Suspense		-	-
(Increase) / Decrease in working capital	23	(6,638,719)	(6,589,270)
		(17,846,023)	(19,873,656)
Less: external interest paid	20	(99,316)	(33,923)
Cash available from (utilized in) operations		(17,945,339)	(19,907,579)
Cash contributions from government and public		32,505,227	39,018,383
Adjustment previous year		-	-
Fixed assets sold		-	-
<b>Cash utilized in investing activities</b>		(13,740,838)	(20,162,501)
Investment in fixed assets		(13,740,838)	(20,162,501)
<b>Net cash flow</b>		<u>819,050</u>	<u>(1,051,697)</u>
<b>Cash effects of financing activities</b>			
Increase / (decrease) in long term loans	24	(97,185)	(261,631)
(Increase) / decrease in long term debtors	27		80,856
Increase / (decrease) in consumer deposits	28		21,503
(Increase) / decrease in investments	25	(46,343)	950,670
(Increase) / decrease in bank and cash on hand	26	(675,522)	261,239
<b>Net cash utilized</b>		<u>(819,050)</u>	<u>1,052,637</u>

## MAFUBE LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
<b>1. STATUTORY FUNDS</b>		
Capital development fund	7,996,316	7,953,944
Erven fund	2,556,740	2,541,356
	10,553,056	10,495,300
Refer to Appendix A for further details		
<b>2. RESERVES</b>		
Reserves for Renewal	68,690	67,083
Capital Reserve Fund	768,227	768,227
	836,917	835,310
Refer to Appendix A for further details		
<b>TRUST FUNDS</b>		
Government fund (T.V. Antenna on Silo)	6,146	6,146
	6,146	6,146
Refer to Appendix A for further details		
<b>3. PROVISIONS</b>		
Audit fees	559,151	351,891
Accrued leave pay	1,449,211	1,861,176
Bad debts	20,762,518	15,708,004
	22,770,880	17,921,071
<b>4. LONG TERM LIABILITIES</b>		
Annuity loans (Development Bank of South Africa)	236,749	314,833
	236,749	19,101
Less: Current portion transferred to current liabilities	(52,746)	(50,222)
	184,003	283,712
Refer to Appendix B for further details		
<b>Annuity Loans (Development Bank of South Africa)</b>		
Carry interest at rates varying between 8.5% and 16.2% per annum and are repayable over periods of between 3 months and 7 years.		
<b>5. CONSUMER DEPOSITS</b>		
Electricity deposits	654,577	594,379
Water deposits	61,281	58,017
	715,858	652,396
Guarantees in lieu of electricity and water deposits	-	-

**MAFUBE LOCAL MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005 (continued)**

	<b>2005</b>	<b>2004</b>
	<b>R</b>	<b>R</b>
<b>6. FIXED ASSETS</b>		
Fixed assets at the beginning of the year	157,090,297	136,927,796
Capital expenditure during the year	13,740,838	20,162,501
Less: Assets written off, transferred or disposed of during year	(1,523,279)	-
<b>Total fixed assets</b>	169,307,856	157,090,297
Less: Loans redeemed and other capital receipts	(169,120,909)	(156,849,854)
<b>Net fixed assets</b>	186,947	240,443
Council's fixed property at Frankfort serves as security for the bank overdraft.		
Refer to Appendix C		
<b>7. INVESTMENTS</b>		
<b>Unlisted</b>	1,041,007	1,023,557
Shareholder's fund VKB	112,227	103,437
Co-op investments VKB		
Old Mutual redeem fund	610,075	610,075
Old Mutual fixed investment		
ABSA fund investment	318,705	310,045
Sanlam fixed investment		
<b>Listed</b>	85,700	70,397
Old Mutual plc	58,734	49,881
Sanlam	26,966	20,516
	1,126,707	1,093,954
<b>Short term investments</b>		
Short term deposits: ABSA	9,000	11,858
Standard Bank daily deposits		
Standard Bank savings account		
Infrastructure EX 23: ABSA	325,365	308,917
SA Perm		
	334,365	320,775
	1,461,072	1,414,729
Market valuation in respect of listed Investments	85,700	70,397
Management valuation of investments	1,461,072	1,414,729
Profit or loss on investment transactions	NIL	NIL
Average rate of return on investments	3.83%	12.45%
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 2005 (continued)**

	<b>2005</b>	<b>2004</b>
	<b>R</b>	<b>R</b>
<b>8. LONG - TERM DEBTORS</b>		
Housing loans - employees	24,439	34,389
Sport club		547
	<u>24,439</u>	<u>34,936</u>
Less: Short term portion of long term debtors transferred to current assets	(10,714)	(9,040)
	<u>13,726</u>	<u>25,896</u>
<b>9. INVENTORY</b>		
Inventory consist of consumable. Where necessary provision has been made for obsolete inventory.	<u>281,231</u>	<u>168,269</u>
<b>10. DEBTORS</b>		
Consumer debtors	54,506,319	46,241,220
Other current debtors	2,295,245	4,167,299
Amounts paid in advance	1,294,079	1,634,187
Monies banked	175,438	175,438
	<u>58,271,081</u>	<u>52,218,144</u>
Less: Provision for bad debts	(20,762,518)	(15,708,005)
	37,508,563	36,510,139
Less: VAT raised		
	<u>37,508,563</u>	<u>36,510,139</u>
Bad debts written off during the financial year	<u>95,486</u>	<u>-</u>
Bad debts written off as a percentage of total operating income	<u>0.4%</u>	<u>0%</u>
Days debtors are outstanding	<u>588 days</u>	<u>644 days</u>
<b>11. CREDITORS</b>		
Trade creditors	2,498,362	5,628,033
Unsuspected grant received		-
Sundry creditors	8,369,685	5,446,291
Sundry deposits	2,151	2,544
Amounts received in advance	1,294,079	1,634,187
	<u>12,164,277</u>	<u>12,711,055</u>
<b>12. BANK OVERDRAFT</b>		
The overdraft is secured over fixed property	<u>3,954,848</u>	<u>4,636,370</u>

**MAFUBE LOCAL MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005 (continued)**

<b>13. ASSESSMENT RATES</b>	<b>Valuations at 1 July 2004 R</b>	<b>Actual Income 2005 R</b>	<b>Actual income 2004 R</b>
Government	19,909,510		40,349
Residential and other - Taxable	271,004,465	4,534,829	2,901,276
Residential and other	74,318,672		
	<u>365,232,647</u>	<u>4,534,829</u>	<u>2,941,625</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>2005 R</b>	<b>2004 R</b>
<b>14. COUNCILLOR'S REMUNERATION</b>			
Mayor's allowance		94,286	111,533
Deputy Mayor's allowance		205,890	146,148
Councillor's' allowance		483,830	386,183
Executive Committee allowance		147,907	124,227
		<u>931,913</u>	<u>768,091</u>
Councillor's Pension Fund Contributions		23,204	-
Councillor's Medical Aid Contributions		11,154	
		<u>966,271</u>	<u>768,091</u>
<b>15. COUNCILLOR'S RATES AND SERVICES IN ARREAR FOR MORE THAN 90 DAYS</b>			
None		None	
<b>16. REMUNERATION OF SECTION 57 APPOINTMENTS</b>			
<b>MUNICIPAL MANAGER</b>			
Annual remuneration		245,929	
Bonus		21,566	
Travel allowance		56,711	
Contribution Medical Fund		16,700	
Other		13,919	
		<u>354,825</u>	
<b>MANAGER: FINANCIAL SERVICES</b>			
Annual remuneration		158,932	
Bonus		14,010	
Travel allowance		50,773	
Contribution: Medical fund		13,520	
Other		10,244	
		<u>247,479</u>	
<b>MANAGER: CORPORATE SERVICES</b>			
Annual remuneration		179,748	
Bonus		15,770	
Travel allowance		40,903	
Contribution: Pension Fund		2,228	
Other		8,329	
		<u>246,978</u>	
<b>MANAGER: TECHNICAL SERVICES</b>			
Vacant			-



**MAFUBE LOCAL MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005 ( continued)**

	<b>2005</b>	<b>2004</b>
	<b>R</b>	<b>R</b>
<b>17. AUDIT FEES</b>		
Paid:Current year	649,053	455,069
Under / (over) provision previous year	(89,902)	(103,178)
	559,151	351,891
<b>18. ERVEN TRUST FUND</b>		
Outstanding advances to borrowing services		
Accumulated fund	2,556,740	2,541,356
Less: External investments	(2,545,788)	(2,527,216)
	10,952	14,140
(Refer to appendices A and B for more detail)		
<b>19. RENEWAL FUND</b>		
Outstanding advances to borrowing services		
Accumulated fund	68,690	67,083
Less: External investments	(59,762)	(57,039)
	8,928	10,044
( Refer to appendices A and B for more detail)		
<b>20. FINANCE TRANSACTIONS</b>		
Total external interest received or paid:		
Interest received	57,517	200,438
Interest paid	(99,316)	(33,923)
	(2,039)	214,883
Capital charges debited to operating account:		
Interest	102,769	66,958
- External	99,316	33,923
- Internal	3,453	33,035
Redemption	38,044	91,371
- External	33,740	30,190
- Internal	4,304	61,181

**MAFUBE LOCAL MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005 (continued)**

	<b>2005</b>	<b>2004</b>
	<b>R</b>	<b>R</b>
<b>21. APPROPRIATIONS</b>		
Appropriation account:		
Accumulated surplus/(deficit)at beginning of year	7,845,488	3,769,624
Operating (deficit)/surplus for the year	1,080,650	2,631,778
Appropriations for the year	69,380	1,444,086
Prior year adjustments	69,380	1,444,086
Accumulated (deficit)/surplus at the end of the year	8,995,518	7,845,488
<b>22. CASH GENERATED BY OPERATIONS</b>		
(Deficit)/Surplus for the year	1,080,650	2,631,778
Adjustment in respect of:	1,426,450	87,016
Adjustment	1,357,070	
Previous years' operating transactions	69,380	87,016
Appropriations charged against income:	6,477,575	3,460,729
Fixed Assets	400,962	131,343
Investments		
Provision and reserves	6,076,613	3,329,386
Fixed assets sold	-	-
Capital expenditure (previous year adjustment)	-	-
Capital charges	140,813	158,329
Interest paid	102,769	66,958
- External loans	99,316	33,923
- Internal loans	3,453	33,035
Redemption	38,044	91,371
- External loans	33,740	30,190
- Internal loans	4,304	61,181
Investment income (Operating account)	(266)	(200,438)
Grants and subsidies received	(19,165,352)	(19,367,607)
Non-operating income credited against:		
- statutory funds	1,846	200,438
Non-operating expenditure debited against:		
Provisions and reserves	(1,226,804)	(455,069)
	(11,265,088)	(13,484,824)

**MAFUBE LOCAL MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005 (continued)**

	<b>2005</b>	<b>2004</b>
	<b>R</b>	<b>R</b>
<b>23. (INCREASE)/DECREASE IN WORKING CAPITAL</b>		
(Increase) / Decrease in inventory	(112,962)	(13,005)
(Increase) / Decrease in debtors	(6,042,441)	(9,011,693)
Increase / (Decrease) in creditors	(483,316)	2,435,428
	<u>(6,638,719)</u>	<u>(6,589,270)</u>
<b>24. INCREASE/(DECREASE) IN LONG - TERM LIABILITIES</b>		
Increase in loans	-	19,730
Loan repaid	(97,185)	(281,363)
	<u>(97,185)</u>	<u>(261,633)</u>
<b>INCREASE/(DECREASE) IN SHORT TERM LOANS - EXTERNAL</b>	-	-
Loans raised	-	-
Loans repaid	-	-
	<u>-</u>	<u>-</u>
<b>25. (INCREASE)/DECREASE IN CASH INVESTMENTS</b>		
Investment made	(50,542)	(3,402,230)
Investment raised	4,199	4,352,900
	<u>(46,343)</u>	<u>950,670</u>
<b>26. (INCREASE)/DECREASE IN CASH AND BANK</b>		
Cash and bank balance at the beginning of the year	(4,639,850)	(4,894,129)
Less: cash and bank balance at the end of the year	(3,964,328)	(4,632,890)
	<u>(675,522)</u>	<u>261,239</u>
<b>27. (INCREASE)/DECREASE IN LONG TERM DEBTORS</b>		
(Increase)/decrease in Housing Loans	9,950	
(Increase)/decrease in Sport Club Loan	547	
	<u>10,497</u>	
<b>28. INCREASE/(DECREASE) IN CONSUMER DEPOSITS</b>		
Electricity Deposits	60,198	
Water Deposits	3,264	
	<u>63,462</u>	
<b>29. INCREASE/(DECREASE) IN PROVISIONS</b>		
Increase/(decrease) in Audit Fees	207,260	
Increase/(decrease) in Accrued Leave Pay	(411,965)	
	<u>(204,705)</u>	

**MAFUBE LOCAL MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005 (continued)**

	<b>2005</b>	<b>2004</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	2,055,854	-
<b>31. CAPITAL DEVELOPMENT FUND</b>		
Accumulated Fund	7,996,316	7,953,944
<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	18.07%	18.07%
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 2004/2005	None	None
Under sole and shared control of the Municipality as at 30 June 2005	None	None
<b>34. CONTRIBUTIONS TO ORGANISED LOCAL GOVERNMENT</b>		
None		
<b>35. AMOUNTS PAID</b>	<b>OUTSTANDING</b>	
Audit Fees	-	725,022
Taxes	-	1,289,587
Levies	-	20,227
Duties	-	
Pension Contributions	-	424,393
Medical Aid Contributions	-	651,473
		3,110,702
<b>36. BANK ACCOUNTS</b>		
Absa Bank Frankfort: Cheque Account no 40-5282-3517		
Balance at beginning of year		-2,387,810.00
Balance at end of year		-955,225.00
<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		
<b>41. NON-COMPLIANCE WITH THE MUNICIPAL FINANCE MANAGEMENT ACT, ACT NO 56 OF 2003</b>		
None that management is aware of		

**MAFUBE LOCAL MUNICIPALITY**  
**STATUTORY FUNDS, RESERVES AND TRUST FUNDS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Balance at 30 June 2004	Contributions during the year	Interest on Investments	Other income Transfer	Operating Expenditure during year	Balance at 30 June 2005
<b>STATUTORY FUNDS</b>						
Capital development fund	7,953,944	-	42,372			7,996,316
Erven fund	2,541,356	-	13,538	1,846		2,556,740
	<u>10,495,300</u>	<u>-</u>	<u>55,910</u>	<u>1,846</u>	<u>-</u>	<u>10,553,056</u>
<b>TRUST FUND</b>						
Government fund	<u>6,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,146</u>
<b>RESERVES</b>						
Capital Renewal Fund	67,083		1,607			68,690
Capital reserve fund	<u>768,227</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>768,227</u>
	<u>835,310</u>	<u>-</u>	<u>1,607</u>	<u>-</u>	<u>-</u>	<u>836,917</u>

**MAFUBE LOCAL MUNICIPALITY**  
**EXTERNAL LOANS AND INTERNAL ADVANCES**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	BALANCE AT	Received /	Redeemed /	Balance
<b>EXTERNAL LOANS</b>	<b>30 June 2004</b>	<b>Capitalized</b>	<b>written off</b>	<b>30 June 2005</b>
	R	R	R	R
DBSA - Sewerage : Loan 13048	8,808		8,808	-
DBSA - Electricity : Loan 11709	20		20	-
DBSA - Electricity : Loan 12991	4		4	-
DBSA-	314,833		85,940	228,893
DBSA- Water : Loan 11569	10,269		2,413	7,856
	<b>333,934</b>	<b>-</b>	<b>97,185</b>	<b>236,749</b>

<b>INTERNAL ADVANCES</b>				
Erven trust fund	14,140		(3,188)	10,952
Renewal fund	10,044		(1,116)	8,928
	<b>24,184</b>	<b>-</b>	<b>(4,304)</b>	<b>19,880</b>

<b>External Loans</b>	<b>Period (years)</b>	<b>Date issued</b>	<b>Interest rate</b>	<b>Loan number</b>	<b>Date redeemable</b>
<b>DBSA - sewerage scheme: loan</b>					
- loan 13048	20	01/07/1985	10.75%	8	30/06/2005
<b>DBSA - electricity loan</b>					
- loan 11707	10	01/01/1970	7.00%	10	31/12/1999
<b>Development Bank SA</b>					
- loan 11708	30	01/01/1977	9.75%	4	2006/12/31
- loan 13044	30	01/07/1978	9.75%	7	30/06/2008
- loan 13049	25	01/07/1986	15.81%	9	30/06/2011
<b>Development Bank SA</b>					
- loan 11569	20	01/01/1990	16.02%	3	31/12/2009

MAFUBE LOCAL MUNICIPALITY

APPENDIX C

ANALYSIS OF FIXED ASSETS

FOR THE YEAR ENDED 30 JUNE 2005

Expenditure 2004		Budget 2005	Balance at 30 June 2004	Expenditure during year	Redeemed transferred or written off	Balance at 30 June 2005
R	Services		R	R	R	R
11,482,457	Rates and general services		94,161,338.21	6,379,132	1,523,279	99,017,191
<b>1,188,533</b>	<b>Community services</b>	<b>15,088,800</b>	<b>27,441,431</b>	<b>533,652</b>	<b>-</b>	<b>27,975,083</b>
6,145	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	3,655,000	1,969,101	117,225		2,086,326
	Council's general account		40,580			40,580
	Fire protection	5,000	4,794			4,794
220,471	Technical services	332,100	6,532,085	309,130		6,841,215
19,968	Parks and cemeteries	2,446,700	2,020,719	9,308		2,030,027
	Pound		60			60
874,431	Roads and streets	8,162,000	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
67,518	Municipal Manager	288,000	346,496	97,989		444,485
	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
	Traffic	200,000	51,687			51,687
-	<b>Properties</b>	<b>-</b>	<b>4,109,811</b>	<b>100,000</b>	<b>-</b>	<b>4,209,811</b>
-	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		329,186	100,000	-	429,186
-	Town planning		201,319	-	-	201,319
-	Unsold Houses Mafahlaneng		7,313	-	-	7,313
-	Unsold sites		32,455	-	-	32,455
-	<b>Subsidized services</b>	<b>106,000</b>	<b>4,516,199</b>	<b>11,405</b>	<b>-</b>	<b>4,527,604</b>
	Libraries	6,000	805,386			805,386
	Fire Protection		297,037			297,037
	Parks and recreation	100,000	650,741	11,405		662,146
	Clinics		1,230,036			1,230,036
	Civil buildings		1,532,999			1,532,999
1,188,533	Balance carried forward	15,194,800	36,067,441	645,057	-	36,712,498

## MAFUBE LOCAL MUNICIPALITY

## ANALYSIS OF FIXED ASSETS FOR THE YEAR ENDED 30 JUNE 2005 (Continued)

Expenditure 2004		Budget 2005	Balance at 30 June 2004	Expenditure during year	Redeemed transferred or written off	Balance at 30 June 2005
R	Services		R	R	R	R
1,188,533	Balance brought forward	15,194,800	36,067,441	645,057	-	36,712,498
<b>10,293,924</b>	<b>Economic services</b>	<b>20,343,000</b>	<b>58,093,897</b>	<b>5,734,074</b>	<b>1,523,279</b>	<b>62,304,692</b>
24,873	Cleansing	1,520,000	1,175,654	16,918	-	1,192,572
2,103	Properties	60,000	2,724,172	747	-	2,724,919
	Water Park	20,000	398,571	1,346	-	399,917
10,266,948	Sewerage	18,743,000	53,795,500	5,715,063	1,523,279	57,987,284
-	<b>Housing services</b>	<b>15,730,000</b>	<b>1,925,540</b>	-	-	<b>1,925,540</b>
-	Sub-economic housing	15,730,000	1,786,844	-	-	1,786,844
-	Economic housing		138,696	-	-	138,696
<b>8,680,044</b>	<b>Trading services</b>	<b>21,833,400</b>	<b>61,003,421</b>	<b>7,361,706</b>	-	<b>68,365,127</b>
3,428,454	Electricity	4,541,000	22,558,692	1,758,152	-	24,316,844
	Mafahlaneng network		4,781,275		-	4,781,275
	Brick making		9,511		-	9,511
5,251,590	Water	17,292,400	33,653,943	5,603,554	-	39,257,497
<b>20,162,501</b>	<b>Total fixed assets</b>	<b>73,101,200</b>	<b>157,090,299</b>	<b>13,740,838</b>	<b>1,523,279</b>	<b>169,307,858</b>
<b>20,519,522</b>	<b>Less: loans redeemed and other capital receipts</b>		<b>156,849,854</b>	<b>13,794,333</b>	<b>1,523,279</b>	<b>169,120,909</b>
357,021	Loans redeemed and advances paid		24,483,751	53,495		24,537,246
511,725	Contributions ex-operating income		4,313,874	400,962		4,714,836
	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		41,450,873	10,943,295	1,523,279	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
19,650,776	Grants and subsidies		70,169,383	2,396,580		72,565,963
	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>240,445</b>	<b>(53,495)</b>	<b>0</b>	<b>186,949</b>

Note:  
Council's fixed property at Frankfort serves as security for the bank overdraft



**MAFUBE LOCAL MUNICIPALITY**  
**ANALYSIS OF OPERATING INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED 30 JUNE 2005**

Actual 2004 R		Actual 2005 R	Budget 2005 R
<b>Income</b>			
19,367,607	<b>Grants and subsidies</b>	19,165,352	22,888,751
15,359,953	-Central Government	16,997,466	16,900,000
4,007,654	-Provincial Government	2,167,886	5,988,751
32,844,866	<b>Operating income</b>	35,184,632	37,310,038
2,941,625	-Assessment rates	4,534,829	3,042,019
12,726,060	-Sale of electricity	10,688,231	13,024,241
6,268,174	-Sale of water	3,886,312	4,226,500
10,909,007	-Other services and charges	16,075,260	17,017,278
<u>52,212,473</u>		<u>54,349,984</u>	<u>60,198,789</u>
<b>Expenditure</b>			
23,055,397	Salaries, wages and allowances	21,720,599	28,654,519
21,299,859	General expenses:	23,447,806	24,537,547
8,867,517	-Purchase of electricity	9,322,943	8,997,244
532,633	-Purchase of water	783,478	500,000
11,899,709	-Other general expenses	13,341,385	15,040,303
-	- Fixed assets		
1,770,620	Repairs and maintenance	2,314,719	3,639,460
158,328	Capital charges	140,813	94,083
511,725	Contribution Capital Expenditure	425,097	2,173,000
2,784,766	Contribution to Funds	5,220,300	1,070,300
49,580,695	<b>Gross expenditure</b>	53,269,334	60,168,909
-	Less: amounts charged out	-	-
<u>49,580,695</u>	<b>Net Expenditure</b>	<u>53,269,334</u>	<u>60,168,909</u>
<u>2,631,778</u>	Total	<u>1,080,650</u>	<u>29,880</u>

MAFUBE LOCAL MUNICIPALITY

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2004	2004	2004		2005	2005	2005	2005
Actual Income R	Actual Expenditure R	Surplus / Deficit R		Actual Income R	Actual Expenditure R	Surplus / Deficit R	Budget Surplus / Deficit R
28,760,346	25,968,501	2,791,845	<b>RATES AND GENERAL SERVICES</b>	30,044,784	29,523,201	521,583	(1,000,037)
15,105,209	11,774,639	3,330,570	<b>COMMUNITY SERVICES</b>	16,510,040	13,834,797	2,675,243	2,708,455
13	739,184	(739,171)	Administration	78,332	2,131,123	(2,052,791)	(1,419,972)
5,410,878	82,382	5,328,496	Assessment rates	7,018,323	1,457,728	5,560,595	5,326,272
-	138,038	(138,038)	Mechanical Services	-	359,956	(359,956)	(177,860)
348,742	189,213	159,529	Environmental Health	18,020	18,020	-	-
4,346,155	4,075,087	271,068	Primary Health	2,149,866	2,115,444	34,422	-
61,945	21,122	40,823	Cemeteries	71,586	24,865	46,721	(128,958)
12,277	4,044,389	(4,032,112)	Technical services	38,807	4,440,783	(4,401,976)	(4,497,094)
-	611,137	(611,137)	Corporate services	-	1,141,197	(1,141,197)	(1,535,349)
4,802,549	1,371,867	3,430,682	Finance	7,028,781	1,662,677	5,366,104	5,936,650
122,650	502,220	(379,570)	Traffic services / Civil protection services	106,325	483,004	(376,679)	(795,234)
772,817	3,241,286	(2,468,469)	<b>SUBSIDIZED SERVICES</b>	843,774	3,383,968	(2,540,194)	(3,861,839)
64,624	11,162	53,462	Ambulance	72,237	72,237	-	-
27,807	119,142	(91,335)	Civil buildings	30,403	237,230	(206,827)	(624,491)
55,750	13,860	41,890	Fire Protection	43,047		43,047	-
614,959	608,346	6,613	Libraries	686,283	604,401	81,882	-
9,677	2,488,776	(2,479,099)	Parks and recreation	11,804	2,470,100	(2,458,296)	(3,237,348)
15,878,026	15,015,925	862,101	<b>Balance carried forward</b>	17,353,814	17,218,765	135,049	(1,153,384)

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005 (Continued)

2004	2004	2004		2005	2005	2005	2005
Actual Income R	Actual Expenditure R	Surplus / Deficit R		Actual Income R	Actual Expenditure R	Surplus / Deficit R	Budget Surplus / Deficit R
15,878,026	15,015,925	862,101	<b>Balance brought forward</b>	17,353,814	17,218,765	135,049	(1,153,384)
12,882,320	10,952,576	1,929,744	<b>ECONOMIC SERVICES</b>	12,690,970	12,304,436	386,534	153,347
566,557	39,559	526,998	Properties	528,818	70,599	458,219	364,459
6,601,056	5,073,846	1,527,210	Cleansing	5,492,205	5,207,513	284,692	54,546
5,686,153	5,459,752	226,401	Sewerage	6,630,669	6,638,821	(8,152)	125,705
28,554	379,419	(350,865)	Water park	39,278	387,503	(348,225)	(391,363)
23,452,127	23,612,194	(160,067)	<b>TRADING SERVICES</b>	24,305,200	23,746,133	559,067	1,029,917
14,371,916	14,750,779	(378,863)	Electricity	13,750,118	13,677,847	72,271	512,788
9,080,211	8,861,415	218,796	Water	10,555,082	10,068,286	486,796	517,129
<u>52,212,473</u>	<u>49,580,695</u>	<u>2,631,778</u>	<b>Total</b>	<u>54,349,984</u>	<u>53,269,334</u>	<u>1,080,650</u>	<u>29,880</u>
		<u>87,016</u>	Appropriations for the year (Refer to note 17)			<u>69,380</u>	
		2,718,794	Net surplus/(deficit) for the year			1,150,030	
		3,769,624	Accumulated surplus/(deficit) beginning of the year			7,845,488	
		1,357,070	Adjustment				
		<u>7,845,488</u>	Accumulated surplus/(deficit) end of the year			<u>8,995,518</u>	

MAFUBE LOCAL MUNICIPALITY

APPENDIX F

STATISTICAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2005

<b>General statistics</b>	<b>2005</b>	<b>2004</b>
i) Population	57,637	57,637
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	26,799,240	25,760,020
Valuation of rateable properties: Improvements	264,114,735	210,230,235
Valuation of non- rateable properties: Land	20,343,202	19,973,057
Valuation of non- rateable properties: Improvements	53,975,470	106,246,670
iii) Date of valuation	1/7/2003	1/7/2003
iv) Number of stands - residential and commercial	13,127	13,127
v) Assessment rate on land	10.00cR	10.00c/R
vi) Assessment rate on improvements	1.0c/R	1.0c/R
vii) Number of employees	385	384
<b>Electricity statistics</b>		
i) Number of users (residential and commercial)	7,765	7,898
ii) Units purchased	49,591,675	47,317,257
iii) Units sold	49,199,503	34,909,201
iv) Units lost in distribution	392,172	12,408,056
v) Percentages loss in distribution	0.79%	26.22%
vi) Cost per unit sold	.28	.42
<b>Water statistics</b>		
i) Number of users (residential and commercial)	11,770	11,692
ii) <b>Units purchased ( correct information not available)</b>	3,343,455	2,456,203
iii) Units sold	2,606,500	2,345,290
iv) Units lost in distribution	736,955	110,913
v) Percentages loss in distribution	22.0%	4.50%
vi) Cost per unit sold	3.86	3.78
<b>Transport Statistics</b>		
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