

**UMZIMVUBU MUNICIPALITY**

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2006

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## UMZIMVUBU MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2006

### GENERAL INFORMATION

#### MEMBERS OF THE UMZIMVUBU COUNCIL

1.	Mabengu PB	Mayor	38.	Sikisi LL	Councillor
2.	Tshekela ST	Speaker	39.	Sishiqha NV	Councillor
3.	Jeke MM	Councillor	40.	Sonqishe ZR	Councillor
4.	Gwebani ZA	Councillor	41.	Zwane BB	Councillor
5.	Mnukwa SK	Councillor	42.	Fikeni NE	Councillor
6.	Ndevu Z	Councillor	43.	Myingwa S	Councillor
7.	Sineke MN	Councillor	44.	Mdzinwa NG	Councillor
8.	Thingathinga PK	Councillor	45.	Mpepanduku MM	Councillor
9.	Ngalonkulu EN	Councillor	46.	Sithuba EL	Councillor
10.	Mbekeni SB	Councillor	47.	Socikwa MS	Councillor
11.	Cezula NP	Councillor			
12.	Dandala HN	Councillor			
13.	Diko BZ	Councillor			
14.	Duba N	Councillor			
15.	Garane AN	Councillor			
16.	Gcadinja NN	Councillor			
17.	Gqoli SP	Councillor			
18.	Jakalase VA	Councillor			
19.	Jona GX	Councillor			
20.	Mapekula MV	Councillor			
21.	Mataka M	Councillor			
22.	Mbele N	Councillor			
23.	Mbedu P	Councillor			
24.	Mgoqozi DL	Councillor			
25.	Mjokane AN	Councillor			
26.	Mpanda N	Councillor			
27.	Mzaza MN	Councillor			
28.	Ngqaimbana LM	Councillor			
29.	Nqatsha LL	Councillor			
30.	Phangwa SK	Councillor			
31.	Ntsengwane M	Councillor			
32.	Senzela AN	Councillor			
33.	Lungu X	Councillor			
34.	Magaya IK	Councillor			
35.	Makanda GU	Councillor			
36.	Makaula VM	Councillor			
37.	Msindwana TS	Councillor			

#### GRADING OF THE MUNICIPALITY

Grade 3

#### AUDITORS

Auditor - General

#### BANKERS

First National Bank  
Standard Bank

**UMZIMVUBU MUNICIPALITY**

ANNUAL FINANCIAL STATEMENTS  
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**GENERAL INFORMATION**

REGISTERED OFFICES

Church Street                      Tel:- 039- 254 6000  
Mount Ayliff                        Fax:- 039- 254 0033  
4735

**MUNICIPAL MANAGER**  
*Z.H Sikhundla*

**CHIEF FINANCE OFFICER**  
*L.L.D Pepeta*

APPROVAL OF THE FINANCIAL STATEMENTS

The annual financial statements set out on pages 3 to 20 were approved by the Municipal Manager  
on \_\_\_\_\_ and presented to and approved by Council on \_\_\_\_\_

\_\_\_\_\_  
MUNICIPAL MANAGER  
Date : \_\_\_\_\_

\_\_\_\_\_  
MAYOR  
Date : \_\_\_\_\_

**UMZIMVUBU MUNICIPALITY**

ANNUAL FINANCIAL STATEMENTS -  
for the year ended 30 June 2006

**REPORT BY THE CHIEF FINANCE OFFICER**

**OPERATING RESULTS**

1. Details of the operating results per department, classification and object of the expenditure are included in appendices D and E. The operating results for the year ended 30 June 2006 are as follows:

	VARIANCE		ACTUAL	ACTUAL	BUDGET
	%		2006	2005	2006
			R	R	R
<u>INCOME</u>					
Rates and general services	-	13	75 358 669	86 868 713	158 879 138
Trading services		4	900 573	864 827	-
Total income	-	13	<u>76 259 242</u>	<u>87 733 540</u>	<u>158 879 138</u>
Less:					
<u>EXPENDITURE</u>					
Rates and general services		12	87 512 898	77 832 534	156 537 888
Trading services			1 427 273	-	-
Total expenses		14	<u>88 940 171</u>	<u>77 832 534</u>	<u>156 537 888</u>
Surplus/(deficit) for the year			<u>(12 680 929)</u>	<u>9 901 006</u>	<u>2 341 250</u>

**UMZIMVUBU MUNICIPALITY**

ANNUAL FINANCIAL STATEMENTS -  
for the year ended 30 June 2006

**REPORT BY THE CHIEF FINANCE OFFICER (Continued)**

1. The operating results of Umzimvubu Municipality has a deficit of R12 680 929.

An amount of R14 125 157 is owed in trade debtors. Provision for bad debts is amounted to R802 771 for rates, R353 219 in water distribution, R80 274 in sanitation and R369 274 for Refuse Removal. This shows unwillingness for debtors to service their debts.

The decrease in income is due to decrease of grants received from the Equitable Share, District Municipality and Provincial Government.

The deficit of R12 680 929 is largely due to the payment amounting to R13 million which was paid to

**CAPITAL EXPENDITURE AND FINANCING**

2. The expenditure on fixed assets during the year amounted to R29 099 641. The actual expenditure consists of the following: -

	ACTUAL 2006 R
Land and building	453 823
Furniture and Fittings	281 111
Computer Equipment	60 027
Pre-Schools	1 731 525
Sport Field	361 544
Fencing and Toilets	756 298
Community Halls	3 588 033
Testing Centre	911 485
Recreational Park	665 259
Roads	16 830 843
Bridges	394 687
Irrigation Scheme	596 522
Sanitation	1 416 430
Water Works	1 052 055
	<b>29 099 641</b>

**UMZIMVUBU MUNICIPALITY**

ANNUAL FINANCIAL STATEMENTS -  
for the year ended 30 June 2006

**REPORT BY THE CHIEF FINANCE OFFICER (Continued)**

Resources used to finance the fixed assets were as follows: -

	ACTUAL 2006 R
Operating account	29 099 641
Grants and subsidies	-
	<b>29 099 641</b>

A detailed analysis of fixed assets can be examined on Appendix C.

**EXTERNAL LOANS, INVESTMENTS AND CASH**

3. There was no external loans during the year under review.

Investments and cash on hand at 30 June 2006 amounted to R65 114 864( 2005:R74 912 085 )

More information regarding loans and investments are disclosed in the notes and Appendix B

**FUNDS AND RESERVES**

4. More information regarding Funds and Reserves can be viewed on Appendix A.

**POST BALANCE SHEET EVENTS**

5. Due to demarcation of municipal boarders, on of our towns (Maluti) had to be incorporated to Matatiele Municipality and it was agreed that some of the assets had to be transferred to the said Municipality as at 01 July 2006.

**EXPRESSION OF APPRECIATION**

6. I am grateful to the Mayor and the Council, the Municipal Manager and to the staff at large for their support and in particular, the representatives of the Auditor General for their assistance and support during the year.

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L.L.D Pepeta  
CHIEF FINANCE OFFICER

**UMZIMVUBU MUNICIPALITY**

BALANCE SHEET  
as at 30 June 2006

	Notes	2006 R	2005 R
<b>CAPITAL EMPLOYED</b>			
FUNDS AND RESERVES		1 013 059	692 626
Statutory funds	1	1 013 059	692 626
ACCUMULATED SURPLUS	14	55 966 169	59 643 259
		56 979 228	60 335 885
Trust funds	2	25 113 264	24 862 642
Project funds	3	1 352 326	1 320 049
		83 444 819	86 518 575
<b>EMPLOYMENT OF CAPITAL</b>			
FIXED ASSETS	4	-	-
Long term Debtors	7	-	659 685
<b>CURRENT ASSETS</b>			
		91 195 715	95 764 825
Short term investments	5	65 114 864	74 912 085
Accounts receivable	6	25 000 392	20 371 769
Short term portion of long term debtors	7	312 125	377 756
Cash and cash equivalent	10	768 335	103 215
<b>CURRENT LIABILITIES</b>			
		7 750 896	9 905 935
Bank Overdraft	10	-	90 335
Accounts payable	8	6 577 525	9 135 723
Provisions	8	1 173 371	679 877
<b>NET CURRENT ASSETS</b>			
		83 444 819	85 858 890
		83 444 819	86 518 575

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**UMZIMVUBU MUNICIPALITY**

**INCOME STATEMENT  
for the year ended 30 June 2006**

2005	2005	2005		2006	2006	2006	2006
R	R	R		R	R	R	R
Actual	Actual	Surplus /		Actual	Actual	Surplus /	Budget
Income	Expenditure	(deficit)		Income	Expenditure	(deficit)	Surplus /
							(deficit)
<b>86 868 713</b>	<b>77 832 534</b>	<b>9 036 179</b>	<b>RATES AND GENERAL SERVICES</b>	<b>75 358 669</b>	<b>87 512 898</b>	<b>(12 154 229)</b>	<b>3 874 225</b>
86 868 713	31 640 737	55 227 976	Community services	75 358 669	47 761 697	27 596 972	54 612 282
-	46 191 797	(46 191 797)	Economic services	-	39 751 201	(39 751 201)	(50 738 057)
<b>864 827</b>	<b>-</b>	<b>864 827</b>	<b>TRADING SERVICES</b>	<b>900 573</b>	<b>1 427 273</b>	<b>( 526 700)</b>	<b>(92,768)</b>
<b>87 733 540</b>	<b>77 832 534</b>	<b>9 901 006</b>	<b>TOTAL</b>	<b>76 259 242</b>	<b>88 940 171</b>	<b>(12 680 929)</b>	<b>3 781 457</b>
		4 116 124	Appropriations for the year			9 003 839	
		14 017 130	(Deficit)/Surplus for the year			(3 677 090)	
		( 60 981)	Prior Year Adjustment			-	
		45 687 111	Accumulated surplus at the beginning			59 643 259	
		<u>59 643 260</u>	<u>Accumulated surplus at the end</u>			<u>55 966 169</u>	



UMZIMVUBU MUNICIPALITY

CASH FLOW STATEMENT  
for the year ended 30 June 2006

	Notes	2006 R	2005 R
<b>CASH (UTILISED)/GENERATED FROM OPERATING ACTIVITIES</b>			
		20 057 872	52 988 215
Cash generated by operations	15	22 602 176	50 874 735
Investment income	12	2 820 374	3 041 059
(Decrease) in working capital	16	(5 968 010)	( 348 086)
Cash generated from operating activities		19 454 539	53 567 708
Increase/(Decrease) in funds and reserves		603 333	( 579 493)
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>			
Investment in fixed assets		(29 099 640)	(39 959 645)
		<u>(9 041 768)</u>	<u>13 028 570</u>
<b>CASH EFFECTS OF FINANCING ACTIVITIES</b>			
(increase)/decrease in investments		9 797 222	(12 084 602)
(Increase)/decrease in cash	17	( 755 455)	( 943 968)
		<u>9 041 768</u>	<u>(13 028 570)</u>
		0	

UMZIMVUBU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006

	2006	2005
	R	R
<b>1. STATUTORY FUNDS</b>		
Revolving fund	1 013 059	692 626
	<u>1 013 059</u>	<u>692 626</u>
<b>2. TRUST FUNDS</b>		
Survey	-	379 613
Xesibe Tourism	( 86)	30 328
Free Basic Services	19 751 436	18 483 485
Local Economic Development	-	73 878
Bucket System Fund	-	3 098 593
Drought Relief	396 394	2 642 625
Municipal Infra-structure Grant	302 608	154 120
Testing Ground	4 662 913	-
	<u>25 113 264</u>	<u>24 862 642</u>
<b>3. PROJECT FUNDS</b>		
Transitional	-	149 274
Mt Ayliff PHP	( 83)	(1 230 335)
Mt Frere PHP	-	( 242 321)
Tyoksville	-	-
Housing	-	-
Municipal Support Programme	1 352 409	2 643 431
	<u>1 352 326</u>	<u>1 320 049</u>
For more details, refer to appendix "A"		
<b>4. FIXED ASSETS</b>		
Fixed assets at the beginning of the year	119 248 566	79 288 921
Capital expenditure during the year	29 099 640	39 959 645
Less: Assets written off during the year	-	-
TOTAL FIXED ASSETS	<u>148 348 206</u>	<u>119 248 566</u>
Loans Redeemed and other capital receipts	<u>148 348 206</u>	<u>119 248 566</u>
NET FIXED ASSETS	<u>-</u>	<u>-</u>
For more details, refer to appendix "C"		

UMZIMVUBU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006

	2006 R	2005 R
5. <u>SHORT TERM INVESTMENTS</u>		
<b>Unlisted</b>		
Short term Investments	<u>65 114 864</u>	<u>74 912 085</u>
Management's valuation of unlisted investments	<u>65 114 864</u>	<u>74 912 085</u>
6. <u>ACCOUNTS RECEIVABLE</u>		
Rates and General Services	26 427 269	21 505 672
Provision for bad debts	<u>(12 302 112)</u>	<u>(10 696 571)</u>
	14 125 157	10 809 101
Other debtors	3 896 921	695 542
SARS: Vat	<u>6 978 314</u>	<u>8 867 126</u>
	<u>25 000 392</u>	<u>20 371 769</u>
7. <u>LONG TERM DEBTORS</u>		
Car Loans	312 125	1 037 441
Short Term Portion	<u>( 312 125)</u>	<u>( 377 756)</u>
	<u>-</u>	<u>659 685</u>
8. <u>ACCOUNTS PAYABLE</u>		
Accounts Payable	<u>6 577 525</u>	<u>9 135 723</u>
	<u>6 577 525</u>	<u>9 135 723</u>
<u>PROVISIONS</u>		
Provision for Audit Fees	-	130 356
Provision for Staff Leave	<u>1 173 371</u>	<u>549 521</u>
	<u>1 173 371</u>	<u>679 877</u>
9. <u>ASSESSMENT RATES</u>		
General Valuation		
Valued properties	<u>268 538 554</u>	
Rate tariff	1.5 c/R	
	<u>4 028 078</u>	<u>4 028 078</u>

UMZIMVUBU MUNICIPALITY

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE  
for the year ended 30 June 2006

INCOME

	Actual 2006 R	Actual dget 2005 ### R R
Grants and subsidies	64 757 715	77 071 836 ###
Provincial Government	1 120 288	570 854.00 ###
Grants from DM	1 410 094	5 111 316 ###
Equitable Share	62 227 333	71 389 666 ###
Operating income	11 501 526	10 661 704 ###
Assessment rates	4 028 078	4 028 078 ###
Sale of water	900 573	864 827 ###
Other service charges	1 172 624	1 138 074 ###
Other income	5 400 251	4 630 725 ###
<b>TOTAL INCOME</b>	<b>76 259 241</b>	<b>87 733 540 ###</b>

EXPENDITURE

Salaries, wages and allowances	22 559 726	19 610 548 ###
General expenditure	36 554 083	17 670 894 ###
Bad debts	1 605 541	1 060 083 #
Purchase of electricity & Water	2 097 248	1 002 851 ###
Other general expenses	32 851 294	15 607 960 ###
Repairs and maintenance	343 969	289 342 ###
Contributions to fixed assets	29 099 640	39 959 645 ###
Contribution to revolving fund	302 106	302 106 #
Gross expenditure	88 859 524	77 832 535 ###
Less: amounts charged out	-	- #
Net expenditure	88 859 524	77 832 535 ###
<b>(Deficit)/Surplus for the year</b>	<b>(12 600 283)</b>	<b>9 901 005 ###</b>
<b>Appropriations for the year</b>	<b>9 003 839</b>	<b>4 116 124</b>
<b>Prior Year Adjustments</b>	<b>-</b>	<b>( 60 981)</b>
<b>Surplus at the beginning of the year</b>	<b>59 643 259</b>	<b>45 687 111</b>
<b>Surplus at the end of the year</b>	<b>56 046 815</b>	<b>59 643 259</b>

UMZIMVUBU MUNICIPALITY

APPENDIX E

DETAILED INCOME STATEMENT  
for the year ended 30 June 2006

2005 R	2005 R	2005 R		2006 R	2006 R	2006 R	2006 R
Actual Income	Actual Expenditure	Surplus / (deficit)		Actual Income	Actual Expenditure	Surplus / (deficit)	Budget Surplus / (deficit)
<b>86 868 713</b>	<b>77 832 534</b>	<b>9 036 178</b>	<b>RATES AND GENERAL SERVICES</b>	<b>75 358 669</b>	<b>87 512 898</b>	<b>(12 154 229)</b>	<b>54 612 282</b>
<b>86 868 713</b>	<b>31 640 737</b>	<b>55 227 975</b>	<b>Community services</b>	<b>75 358 669</b>	<b>47 761 697</b>	<b>27 596 972</b>	<b>54 612 282</b>
4 028 078		4 028 078	Assessment Rates	4 028 078	-	4 028 078	2 657 039
-	3 816 778	(3 816 778)	Community services	1 829 817	4 588 613	(2 758 796)	(6 277 518)
	2 305 904	(2 305 904)	Special Programs Unit	-	2 460 402	(2 460 402)	(4 081 836)
-	4 992 933	(4 992 933)	Corporate Services	-	7 255 575	(7 255 575)	(6 589 435)
-	9 844 502	(9 844 502)	Council General Expenses	-	20 965 764	(20 965 764)	(8 700 648)
-	4 233 085	(4 233 085)	Planning and Development	-	4 536 936	(4 536 936)	(4 616 259)
82 840 634	4 489 270	78 351 365	Finance	69 500 774	6 072 925	63 427 849	84 374 928
	1 958 264	(1 958 264)	Municipal Manager	-	1 881 483	(1 881 483)	(2 153 989)
-	<b>46 191 797</b>	<b>(46 191 797)</b>	<b>Economic services</b>	-	<b>39 751 201</b>	<b>(39 751 201)</b>	<b>(50 738 057)</b>
	46 191 797	(46 191 797)	Infrastructure	-	39 751 201	(39 751 201)	(50 738 057)
<b>864 827</b>	-	<b>864 827</b>	<b>Trading services</b>	<b>900 573</b>	<b>1 427 273</b>	<b>(526 700)</b>	<b>(92 768)</b>
864 827		864 827		900 573	1 427 273	(526 700)	(92 768)
		-					
<b>87 733 540</b>	<b>77 832 534</b>	<b>9 901 005</b>		<b>76 259 242</b>	<b>88 940 171</b>	<b>(12 680 929)</b>	<b>3 781 457</b>
		4 116 124	Appropriation for the year			9 003 839	
		14 017 130	(Deficit)/Surplus for the year			(3 677 090)	
			Accumulated surplus/(deficit):				
		(60 981)	Prior Year Adjustment			-	
		45 687 111	beginning of the year			59 643 259	
			Accumulated surplus/(deficit):				
		59 643 260	end of the year			55 966 169	

UMZIMVUBU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006

	2006	2005
	R	R
10. <u>CASH AND CASH EQUIVALENT</u>		
First National Bank Limited - Mt Frere Branch		
Bank and cash Balance	768 335	103 215
Bank Overdraft Balance	-	( 90 335)
11. <u>AUDITORS REMUNERATION</u>		
Audit fees: Current year	264 092.87	130 356
	<u>264 092.87</u>	<u>130 356</u>
12. <u>FINANCE TRANSACTIONS</u>		
Interest earned	2 820 374	3 041 059
13. <u>COUNCILOR'S REMUNERATION</u>		
Councillors' allowances	4 725 811	4 780 876
	<u>4 725 811</u>	<u>4 780 876</u>
14. <u>APPROPRIATIONS</u>		
Accumulated surplus/(deficit) at the beginning of the year	59 643 259	45 687 111
Operating (deficit)/Surplus for the year	(12 680 929)	9 901 005
Prior Year Adjustments	-	( 60 981)
Appropriations for the year	9 003 839	4 116 124
Pilot Housing Fund written off	-	544 176.00
Tyoksville fund written off	-	2788 746.00
Reserves Written Off	-	783 202
Allocation of prior year Equitable share	2 700 000	-
Repayment of trust funds to main ledger	5 281 022	-
Reversal of stale cheques for previous year	1 022 817	-
	<u>55 966 169</u>	<u>59 643 259</u>

UMZIMVUBU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006

	2006	2005
	R	R
<b>15. <u>CASH GENERATED BY OPERATIONS</u></b>		
Surplus for the year	(12 680 929)	9 901 005
Add: Contribution for the year	-	-
Adjustments in respect of :		
Prior year transactions	-	( 60 981)
Appropriation for the year	9 003 839	4 116 124
Contribution to fixed assets	29 099 640	39 959 645
Interest received	(2 820 374)	(3 041 059)
	<u>22 602 176</u>	<u>50 874 735</u>
<b>16. <u>(DECREASE) IN WORKING CAPITAL</u></b>		
(Increase) in accounts receivable	(3 903 307)	(4 429 686)
(Decrease)/Increase in accounts payable	(2 064 704)	4 081 600
	<u>(5 968 010)</u>	<u>( 348 086)</u>
<b>17. <u>(INCREASE) IN BANK AND CASH</u></b>		
Cash balance at the beginning of the year	12 880	( 931 088)
Less : Cash balance at the end of the year	<u>( 768 335)</u>	<u>( 12 880)</u>
	<u>( 755 455)</u>	<u>( 943 968)</u>

**18. EVENTS AFTER THE REPORTING DATE**

Due to the revised demarcation of the Municipal boarders, one of the Municipality towns (Maluti) had to be split from the Municipality and be incorporated to another Municipality (Matatiele). It has been agreed that there must be assets that have to be transferred to the latter Municipality as at 01 July 2006.

## STATUTORY FUNDS, TRUST FUNDS, PROJECT FUNDS AND RESERVES

	Balance at 30 June 2005	Contr during the period	Interest on investment	Repayment of main ledger	Operating expenditure during the year	Capital expenditure during the year	Balance at 30 June 2006
<b>STATUTORY FUNDS</b>							
Revolving fund	692 626	302 106	18 328	-	-	-	1 013 060
	692 626	302 106	18 328	-	-	-	1 013 060
<b>TRUST FUNDS</b>							
Survey	-			-			-
Xesibe Tourism	379 613		11 772	(391 385)			-
Free Basic Services	30 328		581	(7 649)	(23 345)		(86)
Local Economic Development	18 483 485	50 000	1 217 958		(7)		19 751 436
Bucket System Fund	73 878		41 268	(70 219)	(44 927)		-
Drought Relief	3 098 593		169 273	(3 267 859)	(7)		-
Municipal Infra-structure Grant	2 642 625		149 340	(1 638 053)	(757 518)		396 394
Testing Center	154 120	8 130 380	18 111	(8 000 000)	(4)		302 608
	-	5 715 287	185 979	(1 238 353)			4 662 913
	24 862 642	13 895 667	1 794 282	(14 613 518)	(825 807)	-	25 113 265
<b>PROJECT FUNDS</b>							
Transitional Fund		-	-				-
Mt Ayliff PHP Hund	149 273		7 147	(156 410)	(11)		-
Mt Frere PHP Hund	(1 230 336)		1 952	1 491 866	(263 565)		(83)
Municipal Support Programme	(242 321)		19	1 389 280	(1 146 978)		-
IDP Fund	2 643 432		96 735	(1 387 500)	(258)		1 352 410
	1 320 048	-	105 852	1 337 236	(1 410 811)	-	1 352 326

The Xesibe Torism and Mt Ayliff PHP funds had a negative balance because they were closed off but the bank charged interest on their bank accounts. This will be ractified the following year



## EXTERNAL LOANS AND INTERNAL ADVANCES

## EXTERNAL LOANS

	Balance at 30 June 2005	Contribution during the year	Interest capitalised	Redeemed of written off during the year	Balance at 30 June 2006
<b>INTERNAL ADVANCES</b>					
Revolving Fund	385 159	302 106		(687 265)	-
Mt Frere Survey	125 512			(125 512)	-
Xesibe Torism	(204 694)	(16 398)		221 094	-
LED Fund	(674 121)	(44 702)		718 823	-
Mt Frere PHP	(241 536)	(1 147 744)		1 389 280	-
Mt Ayliff PHP	(1 629 383)	137 517.11		1 491 866	-
Municipal Support Programme	926 851			(926 851)	-
	(1 312 213)	(769 221)	-	2 081 435	-

## ANALYSIS OF FIXED ASSETS

	Budget for 2005	Balance as at 30 June 2005	Expenditure	Written off / transferred	Balance as at 30 June 2006
<b>Rates and General Services</b>	<b>43 843 700</b>	<b>96 272 585</b>	<b>26 034 634</b>	<b>-</b>	<b>122 307 220</b>
<b>Community Services</b>	<b>43 843 700</b>	<b>96 272 585</b>	<b>26 034 634</b>	<b>-</b>	<b>122 307 220</b>
Land and building	6 000 000	4 975 017	453 823	-	5 428 840
Furniture and Fittings	130 000	1 696 326	281 111	-	1 977 437
Office equipment	8 000	-	-	-	-
Motor Vehicles	420 000	3 609 993	-	-	3 609 993
Plant and Equipment	42 000	202 588	-	-	202 588
Computer Equipment	685 700	1 988 458	60 027	-	2 048 485
Software	35 000	-	-	-	-
Tools	-	5 995	-	-	5 995
Pre-Schools	2 350 000	24 155 382	1 731 525	-	25 886 907
Sport Field	2 000 000	1 782 609	361 544	-	2 144 153
Fencing and Toilets	-	1 298 523	756 298	-	2 054 821
Community Halls	2 400 000	7 985 829	3 588 033	-	11 573 862
Testing Centre	-	1 442 261	911 485	-	2 353 746
Project Expenditure	29 773 000	1 562 099	-	-	1 562 099
Poultry	-	539 757	-	-	539 757
Recreational Park	-	373 583	665 259	-	1 038 842
Milling	-	252 330	-	-	252 330
Backery	-	580 005	-	-	580 005
Roads	-	43 055 801	16 830 843	-	59 886 644
Schools	-	287 443	-	-	287 443
Small Business Unit	-	378 791	-	-	378 791
Cementry	-	82 078	-	-	82 078
Mayoral Chain	-	17 719	-	-	17 719
Bridges	-	-	394 687	-	394 687
<b>Trading Services</b>	<b>56 464 000</b>	<b>22 975 980</b>	<b>3 065 007</b>	<b>-</b>	<b>26 040 986</b>
Irrigation Scheme	-	982 904	596 522	-	1 579 426
Sanitation	-	6 351 832	1 416 430	-	7 768 262
Water Meters	-	1 167 149	-	-	1 167 148
Water Works	56 464 000	14 474 095	1 052 055	-	15 526 150
	<b>100 307 700</b>	<b>119 248 565</b>	<b>29 099 641</b>	<b>-</b>	<b>148 348 206</b>
<b>Less: Loans redeemed and other capital receipts</b>		<b>119 248 565</b>	<b>29 099 641</b>	<b>-</b>	<b>148 348 206</b>
Loans Redeemed		-	-	-	-
Revenue Contribution		99 439 190	29 099 641	-	128 538 830
Grants and Subsidies		19 809 376	-	-	19 809 376
<b>NET FIXED ASSETS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## STATUTORY FUNDS, TRUST FUNDS, PROJECT FUNDS AND RESERVES

	Balance at 30 June 2005	Contr during the period	Interest on investment	Repayment of main ledger	Operating expenditure during the year	Capital expenditure during the year	Balance at 30 June 2006
<b>STATUTORY FUNDS</b>							
Revolving fund	692 626	302 106	18 328	-	-	-	1 013 060
	692 626	302 106	18 328	-	-	-	1 013 060
<b>TRUST FUNDS</b>							
Survey	-			-			-
Xesibe Tourism	379 613		11 772	(391 385)			-
Free Basic Services	30 328		581	(7 649)	(23 345)		(86)
Local Economic Development	18 483 485	50 000	1 217 958		(7)		19 751 436
Bucket System Fund	73 878		41 268	(70 219)	(44 927)		-
Drought Relief	3 098 593		169 273	(3 267 859)	(7)		-
Municipal Infra-structure Grant	2 642 625		149 340	(1 638 053)	(757 518)		396 394
Testing Center	154 120	8 130 380	18 111	(8 000 000)	(4)		302 608
	-	5 715 287	185 979	(1 238 353)			4 662 913
	24 862 642	13 895 667	1 794 282	(14 613 518)	(825 807)	-	25 113 265
<b>PROJECT FUNDS</b>							
Transitional Fund		-	-				-
Mt Ayliff PHP Hund	149 273		7 147	(156 410)	(11)		-
Mt Frere PHP Hund	(1 230 336)		1 952	1 491 866	(263 565)		(83)
Municipal Support Programme	(242 321)		19	1 389 280	(1 146 978)		-
IDP Fund	2 643 432		96 735	(1 387 500)	(258)		1 352 410
	1 320 048	-	105 852	1 337 236	(1 410 811)	-	1 352 326

The Xesibe Torism and Mt Ayliff PHP funds had a negative balance because they were closed off but the bank charged interest on their bank accounts. This will be ractified the following year

## EXTERNAL LOANS AND INTERNAL ADVANCES

## EXTERNAL LOANS

	Balance at 30 June 2005	Contribution during the year	Interest capitalised	Redeemed of written off during the year	Balance at 30 June 2006
<b>INTERNAL ADVANCES</b>					
Revolving Fund	385 159	302 106		(687 265)	-
Mt Frere Survey	125 512			(125 512)	-
Xesibe Torism	(204 694)	(16 398)		221 094	-
LED Fund	(674 121)	(44 702)		718 823	-
Mt Frere PHP	(241 536)	(1 147 744)		1 389 280	-
Mt Ayliff PHP	(1 629 383)	137 517.11		1 491 866	-
Municipal Support Programme	926 851			(926 851)	-
	(1 312 213)	(769 221)	-	2 081 435	-

## ANALYSIS OF FIXED ASSETS

	Budget for 2005	Balance as at 30 June 2005	Expenditure	Written off / transferred	Balance as at 30 June 2006
<b>Rates and General Services</b>	<b>43 843 700</b>	<b>96 272 585</b>	<b>26 034 634</b>	<b>-</b>	<b>122 307 220</b>
<b>Community Services</b>	<b>43 843 700</b>	<b>96 272 585</b>	<b>26 034 634</b>	<b>-</b>	<b>122 307 220</b>
Land and building	6 000 000	4 975 017	453 823	-	5 428 840
Furniture and Fittings	130 000	1 696 326	281 111	-	1 977 437
Office equipment	8 000	-	-	-	-
Motor Vehicles	420 000	3 609 993	-	-	3 609 993
Plant and Equipment	42 000	202 588	-	-	202 588
Computer Equipment	685 700	1 988 458	60 027	-	2 048 485
Software	35 000	-	-	-	-
Tools	-	5 995	-	-	5 995
Pre-Schools	2 350 000	24 155 382	1 731 525	-	25 886 907
Sport Field	2 000 000	1 782 609	361 544	-	2 144 153
Fencing and Toilets	-	1 298 523	756 298	-	2 054 821
Community Halls	2 400 000	7 985 829	3 588 033	-	11 573 862
Testing Centre	-	1 442 261	911 485	-	2 353 746
Project Expenditure	29 773 000	1 562 099	-	-	1 562 099
Poultry	-	539 757	-	-	539 757
Recreational Park	-	373 583	665 259	-	1 038 842
Milling	-	252 330	-	-	252 330
Backery	-	580 005	-	-	580 005
Roads	-	43 055 801	16 830 843	-	59 886 644
Schools	-	287 443	-	-	287 443
Small Business Unit	-	378 791	-	-	378 791
Cementry	-	82 078	-	-	82 078
Mayoral Chain	-	17 719	-	-	17 719
Bridges	-	-	394 687	-	394 687
<b>Trading Services</b>	<b>56 464 000</b>	<b>22 975 980</b>	<b>3 065 007</b>	<b>-</b>	<b>26 040 986</b>
Irrigation Scheme	-	982 904	596 522	-	1 579 426
Sanitation	-	6 351 832	1 416 430	-	7 768 262
Water Meters	-	1 167 149	-	-	1 167 148
Water Works	56 464 000	14 474 095	1 052 055	-	15 526 150
	<b>100 307 700</b>	<b>119 248 565</b>	<b>29 099 641</b>	<b>-</b>	<b>148 348 206</b>
<b>Less: Loans redeemed and other capital receipts</b>		<b>119 248 565</b>	<b>29 099 641</b>	<b>-</b>	<b>148 348 206</b>
Loans Redeemed		-	-	-	-
Revenue Contribution		99 439 190	29 099 641	-	128 538 830
Grants and Subsidies		19 809 376	-	-	19 809 376
<b>NET FIXED ASSETS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

UMZIMVUBU MUNICIPALITY

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE  
for the year ended 30 June 2006

INCOME

	Actual 2006 R	Actual dget 2005 ### R R
Grants and subsidies	64 757 715	77 071 836 ###
Provincial Government	1 120 288	570 854.00 ###
Grants from DM	1 410 094	5 111 316 ###
Equitable Share	62 227 333	71 389 666 ###
Operating income	<u>11 501 526</u>	<u>10 661 704 ###</u>
Assessment rates	4 028 078	4 028 078 ###
Sale of water	900 573	864 827 ###
Other service charges	1 172 624	1 138 074 ###
Other income	5 400 251	4 630 725 ###
TOTAL INCOME	<u><u>76 259 241</u></u>	<u><u>87 733 540 ###</u></u>

EXPENDITURE

Salaries, wages and allowances	22 559 726	19 610 548 ###
General expenditure	36 554 083	17 670 894 ###
Bad debts	1 605 541	1 060 083 #
Purchase of electricity & Water	2 097 248	1 002 851 ###
Other general expenses	32 851 294	15 607 960 ###
Repairs and maintenance	343 969	289 342 ###
Contributions to fixed assets	29 099 640	39 959 645 ###
Contribution to revolving fund	302 106	302 106 #
Gross expenditure	88 859 524	77 832 535 ###
Less: amounts charged out	-	- #
Net expenditure	88 859 524	77 832 535 ###
<b>(Deficit)/Surplus for the year</b>	<b>(12 600 283)</b>	<b>9 901 005 ###</b>
<b>Appropriations for the year</b>	<b>9 003 839</b>	<b>4 116 124</b>
<b>Prior Year Adjustments</b>	<b>-</b>	<b>( 60 981)</b>
<b>Surplus at the beginning of the year</b>	<b>59 643 259</b>	<b>45 687 111</b>
<b>Surplus at the end of the year</b>	<u><u>56 046 815</u></u>	<u><u>59 643 259</u></u>

UMZIMVUBU MUNICIPALITY

APPENDIX E

DETAILED INCOME STATEMENT  
for the year ended 30 June 2006

2005 R	2005 R	2005 R		2006 R	2006 R	2006 R	2006 R
Actual Income	Actual Expenditure	Surplus / (deficit)		Actual Income	Actual Expenditure	Surplus / (deficit)	Budget Surplus / (deficit)
<b>86 868 713</b>	<b>77 832 534</b>	<b>9 036 178</b>	<b>RATES AND GENERAL SERVICES</b>	<b>75 358 669</b>	<b>87 512 898</b>	<b>(12 154 229)</b>	<b>54 612 282</b>
<b>86 868 713</b>	<b>31 640 737</b>	<b>55 227 975</b>	<b>Community services</b>	<b>75 358 669</b>	<b>47 761 697</b>	<b>27 596 972</b>	<b>54 612 282</b>
4 028 078		4 028 078	Assessment Rates	4 028 078	-	4 028 078	2 657 039
-	3 816 778	(3 816 778)	Community services	1 829 817	4 588 613	(2 758 796)	(6 277 518)
	2 305 904	(2 305 904)	Special Programs Unit	-	2 460 402	(2 460 402)	(4 081 836)
-	4 992 933	(4 992 933)	Corporate Services	-	7 255 575	(7 255 575)	(6 589 435)
-	9 844 502	(9 844 502)	Council General Expenses	-	20 965 764	(20 965 764)	(8 700 648)
-	4 233 085	(4 233 085)	Planning and Development	-	4 536 936	(4 536 936)	(4 616 259)
82 840 634	4 489 270	78 351 365	Finance	69 500 774	6 072 925	63 427 849	84 374 928
	1 958 264	(1 958 264)	Municipal Manager	-	1 881 483	(1 881 483)	(2 153 989)
-	<b>46 191 797</b>	<b>(46 191 797)</b>	<b>Economic services</b>	-	<b>39 751 201</b>	<b>(39 751 201)</b>	<b>(50 738 057)</b>
	46 191 797	(46 191 797)	Infrastructure	-	39 751 201	(39 751 201)	(50 738 057)
<b>864 827</b>	-	<b>864 827</b>	<b>Trading services</b>	<b>900 573</b>	<b>1 427 273</b>	<b>(526 700)</b>	<b>(92 768)</b>
864 827		864 827		900 573	1 427 273	(526 700)	(92 768)
		-					
<b>87 733 540</b>	<b>77 832 534</b>	<b>9 901 005</b>		<b>76 259 242</b>	<b>88 940 171</b>	<b>(12 680 929)</b>	<b>3 781 457</b>
		4 116 124	Appropriation for the year			9 003 839	
		14 017 130	(Deficit)/Surplus for the year			(3 677 090)	
			Accumulated surplus/(deficit):				
		(60 981)	Prior Year Adjustment			-	
		45 687 111	beginning of the year			59 643 259	
			Accumulated surplus/(deficit):				
		59 643 260	end of the year			55 966 169	

UMZIMVUBU MUNICIPALITY

APPENDIX F

STATISTICAL INFORMATION  
for the year ended 30 June 2006

2006

1. GENERAL STATISTICS

Population	376 061
Date of Valuation	1999
Taxable and non taxable valuation of properties	R 268 538 554
Valuation of residential and commercial properties	R 265 262 277
Valuation of industrial properties	R 3 276 277
Assessment rates : Cents in a rand	150 c/R
Number of residential and commercial properties	2 368
Number of industrial properties	1
Number of Employees	137

2. WATER

Number of users	2 369
Fixed Rate charges per category	
- Residential	R 38.99
- Commercial	R 45.49
- Industrial	R 45.49