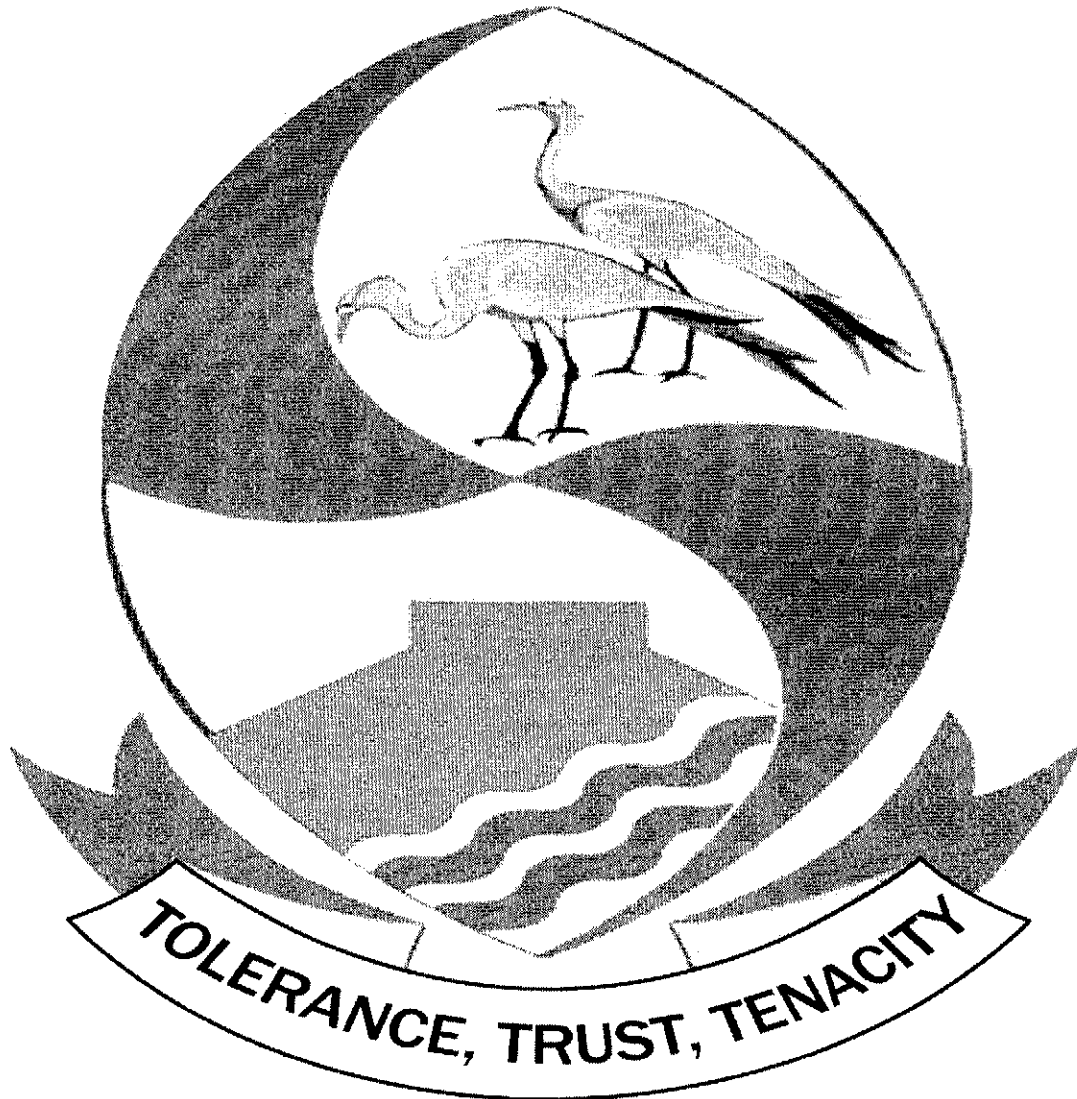


Blue Crane Route Municipality



Annual Financial Statements 2005/2006

EC 102

BLUE CRANE ROUTE MUNICIPALITY

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BLUE CRANE ROUT MUNICIPALITY

FOREWORD

I have pleasure in presenting the Annual Financial Statements which are subject to audit for the year ended 30 June 2006.

Local Government reform in South Africa poses a challenge to all municipalities and indeed the Blue Crane Route Municipality and as such we have set our targets to comply with the accounting reforms as envisaged in the MFMA and other pieces of legislation.

The economic viability of the region remains a priority for our municipality. Every effort has been made to stimulate investment in the Blue Crane Route Municipality with the available resources.

The council as an institution is faced with numerous challenges. The greatest challenge is the inability of customers to pay for rates and services on a regular basis. Due to this challenge the municipality has become increasingly reliance on the equitable share received from national government is improve the quality of service delivery to population of the Blue Crane Route region. The high unemployment rate in the region has become the major contributing factor towards the inability of customers to service their accounts.

Despite the numerous challenges facing the council I and my fellow councillors are confident for the future of the Blue Crane Route Municipality and we remain committed to building a financially sound and prosperous municipality.

In conclusion I wish to express my appreciation to the councillors, the Municipal Manager, Chief Financial Officer and various members of the Budget and Treasure office for their support and hard work during the past financial year.

.....
MAYOR

BLUE CRANE ROUTE MUNICIPALITY
GENERAL INFORMATION

MEMBERS OF THE COUNCIL

Councillors

NM Scott (Mayor)

J.F Froehlich

KC Brown

K Olivier

M Nontyi

NR Sibaca

L Simmons

VS Jonas

NP Yantolo

BA Manxoweni

GRADING OF LOCAL AUTHORITY

Blue Crane Municipality is a Grade 2 Local Authority

AUDITORS

Auditor General

BANKER

ABSA Bank

BLUE CRANE ROUTE MUNICIPALITY

REGISTERED OFFICE

PO Box 21
67 Nojoli Street
Somerset East
5850

Telephone : 042 - 243 1333
Facsimile : 042 - 243 1548

ACTING MUNICIPAL MANAGER & ACCOUNTING OFFICER

DR Sauls

Telephone : 042 - 243 1333

ACTING CHIEF FINANCIAL OFFICER

V Gowar

Telephone : 042 - 243 1333

BLUE CRANE ROUTE MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

The **Annual Financial Statements** as set out on pages 4 to 22 were approved by the Acting Municipal Manager and Acting Chief Financial Officer on the and presented to and approved by Council on the

.....
ACTING MUNICIPAL MANAGER: BLUE CRANE ROUTE MUNICIPALITY

.....
ACTING CHIEF FINANCIAL OFFICER: BLUE CRANE ROUTE MUNICIPALITY

**BLUE CRANE ROUTE MUNICIPALITY
ACCOUNTING OFFICER'S REPORT**

1. OPERATING RESULTS

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

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual - Budget %
Income:					
Opening deficit	(7,628,071)	(6,796,212)			
Sundry Transfers	735,987	1,033,497			
Operating income for the year	47,042,299	52,900,105	12	52,769,981	0%
	40,150,215	47,137,391		52,769,981	
Expenditure					
Operating expenditure for the year	46,946,427	63,784,122	36	52,769,981	21%
Contributions to approved funds					
Closing deficit	(6,796,212)	(16,646,733)		-	
	40,150,215	47,137,391		52,769,981	
Significant variances:					

1.1 Rates and General Services

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual - Budget %
Income	22,033,111	24,891,604	13	25,251,707	-1%
Expenditure	29,909,056	42,576,203	42	35,851,491	19%
Deficit	(7,875,945)	(17,684,598)	125	(10,599,784)	67%
Deficit as % of total income	(36)	(71)			
Significant variances:					

1.2 Summary of the operating results of the local authority's Trading Service:

Water Service

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual - Budget %
Income	4,859,901	5,364,373	10	5,544,620	-3%
Expenditure	2,659,418	3,675,600	38	2,099,525	75%
(Deficit)/Surplus	2,200,483	1,688,773		3,445,095	-51%
Surplus/(deficit) as % total income	45	31		62	
Significant variances:					

Electricity Service

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual - Budget %
Income	20,149,287	22,644,128	12	21,973,655	3%
Expenditure	14,377,952	17,532,320	22	14,818,965	18%
(Deficit)/Surplus	5,771,335	5,111,808		7,154,690	-29%
Surplus/(deficit) as % total income	29	23		33	
Significant variances:					

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets during the year amounted to R 2,083,238. (2005 - R 2,466,621)

A complete analysis of capital expenditure (budgeted and actual) per department, classification or service is included in appendix C. More details regarding external loans and internal advances used to finance fixed assets are shown in appendix B.

3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2006 amounted to R 17,672,810. (2005 - R 15,531,138). The increase is due to the capitalisation of the area instalments.

Cash resources and short-term deposits less bank overdraft at 30 June 2006 amounted to a deficit of R 7,857,256. (2005 - R 4,079,748 deficit) This amount excludes project, statutory and reserve funds.

More information regarding loans and investments are disclosed in the notes (4 and 7) and appendix B to the financial statements.

4. MUNICIPAL ENTITY

The Blue Crane Route Development Agency was established during the 2005 financial year. The main objective of the agency is to act as a agent on behalf of the municipality for all tourism, agriculture and business development issues in the demarcated development zone. Any cost funded by the municipality will be refunded once grant funding is received by the agency.

5. EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Councillors and to the municipal staff for their assistance and support during the year.

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ACTING MUNICIPAL MANAGER: BLUE CRANE ROUTE MUNICIPALITY

BLUE CRANE ROUTE MUNICIPALITY
ACCOUNTING POLICIES

1. Basis of preparation

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants and its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd edition - January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis as stated:
- * Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licences.
 - * Expenditure is accrued in the year it is incurred.

2. Consolidation

The balance sheet includes Rates and General Services, Trading Services and the different funds and reserves. All inter-departmental charges are set off against each other with the exception of assessment rates, refuse removal, sewerage, electricity and water which are treated as income and expenditure in the respective departments.

3. Fixed assets

- 3.1 Fixed assets are stated at historical cost or at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated useful life as determined by the Treasurer.

3.2 Depreciation

The balance shown against the heading "Loans Redeemed and other Capital Receipts" in the notes to the financial statements is tantamount to a provision for depreciation, however certain structural differences do exist. By way of this "provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:

- * Appropriations from operating income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.

BLUE CRANE ROUTE MUNICIPALITY
ACCOUNTING POLICIES (continued)

- * Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and other Capital Receipts" account.
- 3.3 All net proceeds from the sale of fixed property are credited to the Revolving Fund.
- 3.4 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

4. Funds and reserves

4.1 Revolving fund

The fund requires a minimum contribution of 7.5 % of the product of the assessment rates that were levied for the immediately preceding financial year. It is not required from Council to contribute an amount that is 20% more than the amount required to be contributed in the immediately preceding financial year.

Net proceeds from the sale of fixed property are invested in the Revolving Fund. Funds accumulated in the Revolving Fund are utilised for the purpose of providing advances to borrowing services and to finance the acquisition or upgrading of land or fixed property.

4.2 Other funds and reserves

Other funds and reserves, which are disclosed in the notes (1 - 3) and appendix A to the financial statements, are built up either by appropriations made on an annual basis from the operating account to the relevant funds and reserves or from contributions received from the public and the State with the objective of providing community facilities and funds to finance bad debts.

5. Provisions

Provisions are created for liabilities or contingencies that are known at the date of the balance sheet but for which the amounts involved cannot be determined with substantial accuracy.

6. Stock

Stock is reflected in the Balance Sheet at the weighted average cost.

7. Retirement benefits

The Council and its employees contribute to various pension, provident and retirement funds. The larger funds include the SAMWU National Provident Fund, the Cape Joint Retirement Fund and the SALA Pension Fund.

BLUE CRANE ROUTE MUNICIPALITY
ACCOUNTING POLICIES (continued)

The retirement benefits are calculated in accordance with the rules of the respective funds. Current contributions by the Council are charged against operating income at the rate of a fixed percentage of the basic salary paid to employees.

Full actuarial valuations are performed at least every three years.

8. Surpluses and deficits

Any surpluses and deficits arising from the operation of the Electricity and Water Services are transferred to Rates and General Services.

9. Treatment of administration and other overhead expenses

The costs of internal support services are transferred to the different services in accordance with the IMTA's Report on Accounting for Support Services (June 1990).

10. Investments

Investments are disclosed at the lower of cost or market value if a permanent decline in value has occurred and are invested on such conditions as the Minister may approve.

11. Income recognition

11.1 Water billings

All meters are read and billed monthly. Income is recognised when meters are read and the monthly levies debited to the respective consumer account. Where meters cannot be read during a particular month, they are provisionally billed with the necessary adjustments made in the month they are indeed read.

11.2 Assessment rates

The local authority applies a uniform system of rating. In terms of this system the assessment rates are levied on the land value of property and improvements, at the same rate. Rebates of 20% are granted on state-owned properties.

Income is recognised when such levies are raised and debited to the respective ratepayer account.

11.3 Other income

Income from services such as refuse removal and sewerage, recovered by way of debtors, is recognised when such levies are raised and debited against the respective consumer account. Income from other sources is recognised when paid.

BLUE CRANE ROUTE MUNICIPALITY
BALANCE SHEET AT 30 JUNE 2006

	Note	2006 R	2005 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		6,472,222	6,784,901
Statutory Funds	1	6,460,222	6,772,901
Reserves	2	12,000	12,000
RETAINED INCOME / (ACCUMULATED DEFICIT)		(16,646,733)	(6,796,212)
		(10,174,511)	(11,311)
TRUST FUNDS	3	2,350,076	2,204,487
LONG TERM LIABILITIES	4	15,638,576	14,899,638
CONSUMER DEPOSITS: SERVICES	5	559,455	528,548
		8,373,596	17,621,361
EMPLOYMENT OF CAPITAL			
LONG TERM DEBTORS	8	34,469	89,476
FIXED ASSETS	6	11,863,479	11,739,159
TRUST FUND INVESTEMENTS	7	353,028	767,206
INVESTMENTS	7	1,288,614	1,288,614
		13,539,590	13,884,455
NET CURRENT LIABILITIES		5,165,994	-
NET CURRENT ASSETS		-	3,736,906
CURRENT ASSETS		13,356,698	15,711,733
Debtors	10	12,855,674	15,067,518
Cash Resources	11	79,254	61,292
Stock	9	419,883	559,083
Short-term portion of long-term debtors	8	1,887	23,840
CURRENT LIABILITIES		18,522,692	11,974,828
Creditors	13	7,535,960	4,712,826
Bank Overdraft	14	7,936,510	4,141,041
Provisions	12	3,050,222	3,120,961
		8,373,596	17,621,361

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Certified as Correct
Accounting Officer: - Blue Crane Route Municipality

BLUE CRANE ROUTE MUNICIPALITY
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	2005 Actual income	2005 Actual expenditure	2005 surplus/ (deficit)	2006 Actual income	2006 Actual expenditure	2006 surplus/ (deficit)	2006 Budgeted surplus/ (deficit)
	R	R	R	R	R	R	R
RATES AND GENERAL SERVICES	22,033,111	29,909,056	(7,875,945)	24,891,604	42,576,203	(17,684,598)	(10,599,784)
Community services	15,623,547	22,599,614	(6,976,067)	18,244,224	31,208,714	(12,964,490)	(5,813,616)
Subsidised services	55,016	2,159,777	(2,104,761)	191,499	2,792,792	(2,601,293)	(2,742,597)
Housing Services	-	-	-	-	-	-	-
Economic services	6,354,549	5,149,665	1,204,884	6,455,881	8,574,696	(2,118,815)	(2,043,571)
TRADING SERVICES	25,009,188	17,037,371	7,971,817	28,008,501	21,207,920	6,800,581	10,599,784
TOTAL	<u>47,042,299</u>	<u>46,946,427</u>	<u>95,872</u>	<u>52,900,105</u>	<u>63,784,122</u>	<u>(10,884,017)</u>	<u>-</u>
Appropriations for the year (refer note 19)			735,987			1,033,497	
NET SURPLUS (DEFICIT) FOR THE YEAR			<u>831,859</u>			<u>(9,850,521)</u>	
Accumulated deficit beginning of the year			(7,628,071)			(6,796,212)	
ACCUMULATED DEFICIT END OF THE YEAR			<u>(6,796,212)</u>			<u>(16,646,733)</u>	

BLUE CRANE ROUTE MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	NOTES	2006 R	2005 R
CASH RETAINED FROM OPERATING ACTIVITIES		2,286,396	2,186,005
Cash generated by operations	20	(15,584,412)	(7,048,476)
Investment income	18	35,007	27,706
Increase / (Decrease) in working capital	21	911,753	(1,802,467)
		<u>(14,637,652)</u>	<u>(8,823,236)</u>
Less: External interest paid		(2,649,074)	(2,532,938)
Cash (utilised in)/available from operations		(17,286,726)	(11,356,175)
Cash contributions from the public and the State		19,573,122	13,542,180
CASH UTILISED IN INVESTING ACTIVITIES		(2,994,427)	(2,379,075)
Investment in fixed assets		(3,071,388)	(2,466,621)
Long Term Debtors		76,961	87,547
NETT CASH FLOW		<u>(708,031)</u>	<u>(193,070)</u>
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase / (Decrease) in Long Term Liabilities	22	738,938	(8,811)
Increase / (Decrease) in Consumer Deposits		(30,907)	(23,297)
(Increase) / Decrease in Cash	24	-	225,178
(Increase) / Decrease in External Cash Investments	23	-	-
NETT CASH UTILISED		<u>708,031</u>	<u>193,070</u>

BLUE CRANE ROUTE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006 R	2005 R
1. ACCUMULATED FUNDS		
Revolving Fund	6,460,222	6,195,647
Housing Development Fund	-	577,254
	<u>6,460,222</u>	<u>6,772,901</u>
The Revolving Fund and Housing Development Fund is not cash backed. <i>(Refer to Appendix A for more details)</i>		
2. RESERVES	<u>12,000</u>	<u>12,000</u>
The Reserve is not cash backed. <i>(Refer to Appendix A for more details)</i>		
3. TRUST FUNDS		
As detailed in Appendix A	<u>2,350,076</u>	<u>2,204,487</u>
The trust funds are not cash backed. All interest received has been incorporated under the operating activities <i>(Refer to Appendix A for more details)</i>		
4. LONG-TERM LIABILITIES		
Development Bank of South Africa	17,565,372	15,531,138
ABSA - Vehicle and Asset Finance	107,438	-
Less: Short Term portion transferred to Current Liabilities (See Note 13)	(2,034,234)	(631,500)
	<u>15,638,576</u>	<u>14,899,638</u>
The annuity loan reflected above is secured by a Promissory Note (Certificate Number TR1652). The investment has a guaranteed amount of R12,000,000 on the assumption that it is held to maturity in 2014. <i>(Refer to Appendix B for more detail)</i>		
5. CONSUMER DEPOSITS: SERVICES		
Service Deposits	<u>559,455</u>	<u>528,548</u>
6. FIXED ASSETS		
Fixed assets at the beginning of the year	94,125,733	91,659,112
Capital expenditure during the year	3,071,388	2,466,621
Less: Assets written off, transferred or disposed of during year	<u>145,532</u>	<u>-</u>
Total fixed assets	97,051,589	94,125,733
Less: Loans redeemed and other capital receipts	<u>85,188,110</u>	<u>82,386,574</u>
NET ASSETS	<u>11,863,479</u>	<u>11,739,159</u>
<i>(Refer to Appendix C for more details)</i>		

BLUE CRANE ROUTE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006 R	2005 R
7. INVESTMENTS		
Project Investments		
	353,028	767,206
	<u>353,028</u>	<u>767,206</u>
<p>Circular no 19 of 1984 issued by the Provincial Administration Community Development Branch, requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a plenary rate to meet commitments.</p>		
Annuity Investments		
Investec	1,288,614	1,288,614
	<u>1,288,614</u>	<u>1,288,614</u>
<p>The annuity investment has been pledged as security for loan facilities granted to the municipality. The investment has a guaranteed amount of R12,000,000 on the assumption that it is held to maturity in 2014. (Refer to Note 4)</p>		
8. LONG TERM DEBTORS		
Other debtors	36,356	113,316
Less: Short-term portion transferred to current assets	(1,887)	(23,840)
	<u>34,469</u>	<u>89,476</u>
9. STOCK		
<p>Stock represents consumable stores, raw materials, work in progress and finished goods. Where necessary specific provision is made for obsolete stock. Stock is divided into different services: -</p>		
Rate and general	<u>419,883</u>	<u>559,083</u>
10. DEBTORS		
Current Debtors (Consumers)	19,950,679	21,154,157
<u>Less:</u> Provision for Doubtful Debts	(7,500,133)	(7,074,100)
	<u>12,450,547</u>	<u>14,080,057</u>
Local Economic Development	2,880	-
Sundry Debtors	402,247	987,461
	<u>12,855,674</u>	<u>15,067,518</u>
<p>An amount of R 2,424,871 i.r.o irrecoverable debts was written off during the financial year against the Provision for Bad Debts.</p>		
11. CASH AND CASH EQUIVALENT		
Non Operating Account - ABSA Bank	77,589	83,849
Cash Floats	1,665	1,690
Housing Project 300 Houses - ABSA Bank	-	(24,247)
	<u>79,254</u>	<u>61,292</u>

BLUE CRANE ROUTE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006 R	2005 R
12. PROVISIONS		
Leave Pay Provision	1,681,870	1,664,202
Audit Fee Provision	1,368,352	1,456,759
	<u>3,050,222</u>	<u>3,120,961</u>
Provisions are not cash backed.		
13. CREDITORS		
Creditors	1,744,640	2,193,479
Creditors - Settlement	1,756,819	-
VAT Control	582,052	316,905
VAT Provision	1,029,373	1,320,943
Sundry Creditors	388,841	-
Project Creditors		250,000
Current Portion of External Loans	2,034,234	631,500
	<u>7,535,960</u>	<u>4,712,826</u>
14. BANK OVERDRAFT		
Operating Account - ABSA Bank	7,936,510	4,141,041
	<u>7,936,510</u>	<u>4,141,041</u>
15. ASSESSMENT RATES		
Site valuations as at 1 July 2001: Residential, commercial, state and municipal - All	270,100,020	270,100,020
	<u>270,100,020</u>	<u>270,100,020</u>
Actual Rateable Income	<u>3,010,200</u>	<u>2,817,664</u>
16. COUNCILLOR'S REMUNERATION		
Mayor's allowance:	223,048	196,631
Salary	147,533	118,771
Travelling allowance	28,829	29,693
Telephone allowance	11,627	12,000
Housing allowance	35,059	36,167
Councillor's allowances:	539,226	395,861
Salaries	338,133	241,434
Travelling allowance	94,697	60,359
Telephone allowance	73,904	67,500
Housing allowance	4,010	
Other allowances	28,483	26,568
Councillor's Allowances	<u>762,275</u>	<u>592,491</u>

BLUE CRANE ROUTE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006 R	2005 R
17. AUDITOR'S REMUNERATION		
Audit fees	88,407	451,163
18. FINANCE TRANSACTIONS		
<u>Total external interest earned or paid:</u>		
- Interest earned	35,007	27,706
- Interest paid	2,649,074	2,532,938
<u>Capital charges debited to operating account:</u>		
- Interest paid on external loans	2,649,074	2,532,938
- Interest paid on internal loans	-	-
- Redemption of external loans	23,817	8,811
- Redemption of internal loans	-	-
	2,672,890	2,541,750
19. APPROPRIATIONS		
Appropriation account		
Accumulated deficit at the beginning of the year	(6,796,212)	(7,628,071)
Operating (deficit)/surplus for the year	(10,884,017)	95,872
	(17,680,229)	(7,532,199)
Less: Appropriations for the year:		
- Prior year adjustments	1,033,497	735,987
Accumulated deficit at the end of year	(16,646,733)	(6,796,212)
Operating account		
Capital expenditure - Fixed assets	234,801	4,083
Contributions to:		
- Revolving Fund	3,845,427	212,592
	4,080,228	216,675
20. CASH UTILISED IN OPERATIONS		
(Deficit) surplus for the year	(10,884,017)	95,872
<u>Adjustments in respect of:</u>		
- Prior Year Adjustments	-	735,987
<u>Appropriations charged against income:</u>		
- Revolving Fund	3,845,427	212,592
- Fixed Assets	234,801	4,083
Investment income (operating account)	(35,007)	(27,706)
Capital charges debited to operating account	2,672,890	2,541,750
Grants and Subsidies Received from the State	(11,418,506)	(9,724,254)
Other Non Operating Expenditure Debited to Funds and Reserves		(886,799)
	(15,584,412)	(7,048,476)

BLUE CRANE ROUTE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006 R	2005 R
21. MOVEMENT IN WORKING CAPITAL		
(Increase) / Decrease in Stores	139,200	16,536
(Increase) / Decrease in Debtors	2,211,845	(1,517,277)
(Decrease) / Increase in Creditors and Provisions	2,752,395	(301,726)
(Increase) / Decrease in Overdraft	(4,191,686)	
	<u>911,753</u>	<u>(1,802,467)</u>
22. MOVEMENT IN LONG-TERM LIABILITIES		
Loans repaid	738,938	(8,811)
	<u>738,938</u>	<u>(8,811)</u>
23. MOVEMENT IN INVESTMENTS		
Investments	<u>-</u>	<u>-</u>
24. MOVEMENT IN CASH ON HAND		
Cash Surplus / (Deficit) at the beginning of the year	(3,312,543)	(3,087,365)
Less: Cash Surplus / (Deficit) at end of year	(7,504,228)	(3,312,543)
Transfer to Working Capital	4,191,686	
	<u>-</u>	<u>225,178</u>
25. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
The municipality currently has unresolved labour disputes. No financial value can be assigned to the dispute.		
26. RETIREMENT BENEFITS		
The employees of the municipality and the municipality contribute to various pensions, provident and retirement funds. The main funds being SAMWU and the Cape Joint Retirement Fund.		

BLUE CRANE ROUTE MUNICIPALITY
STATUTORY FUNDS, RESERVES AND TRUST FUNDS

	Balance at 30 June 2005 R	Contributions during year R	Interest Earned R	Transfers / (Advance) during year R	Operating expenditure during year R	Capital expenditure during year R	Balance at 30 June 2006 R
STATUTORY FUNDS							
Revolving Fund	6,195,647	211,325		53,250			6,460,222
Housing Development Fund	577,254			(577,254)			-
	<u>6,772,901</u>	<u>211,325</u>	<u>-</u>	<u>(524,004)</u>	<u>-</u>	<u>-</u>	<u>6,460,222</u>
TRUST FUNDS							
Dr. WH Craib Fund	21,515	-	-	-	4,500	-	17,015
WD West Library Fund	451	284	-	-	1,942	-	(1,207)
Skills Development Fund	29,563	100,874	-	-	6,840	-	123,597
LED Zama Fund	63,158	-	-	-	-	-	63,158
Additional Drug Allocation	636,935	-	-	-	-	-	636,935
Integrated Development Plan	15,714	50,000	-	-	37,289	-	28,425
Zoning Map Fund	45,436	-	-	-	-	-	45,436
Pearston Small Farmers Association	4,043	-	-	-	-	-	4,043
Cookhouse 313 Houses	145,343	-	-	-	-	-	145,343
Municipal Administration	-	35,000	-	-	-	-	35,000
Water Treatment Plan	702,068	-	-	-	-	-	702,068
Environmental Impact Study Fund	63,000	-	-	-	-	-	63,000
Spatial Development Framework	73,340	-	-	-	43,320	-	30,020
Bulk Water Pipeline - CHO	333,748	-	-	-	101,225	-	232,523
Security Fence - Nature Reserve	58,113	-	-	36,370	-	-	94,484
S.East Electrification - 135 Farm Houses	12,059	-	-	(12,059)	-	-	-
Financial Management Grant	-	250,000	-	250,000	369,764	-	130,236
	<u>2,204,487</u>	<u>436,158</u>	<u>-</u>	<u>274,312</u>	<u>564,880</u>	<u>-</u>	<u>2,350,076</u>
RESERVES							
Game Reserve	12,000						12,000
	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,000</u>

APPENDIX A

BLUE CRANE ROUTE MUNICIPALITY

EXTERNAL LOANS AND INTERNAL ADVANCES

	Rate	Repayment Terms	Termination	Balance at 30 June 2005 R	Received during the year R	Redeemed/ written off during year R	Balance at 30 June 2006 R
EXTERNAL LOANS							
Development Bank of South Africa	17.00%	Bi Annually	30-Sep-2016	15,531,138	-	-	15,531,138
Development Bank of South Africa	11.00%	Immediate	Immediate	-	-	(2,034,234)	2,034,234
ABSA - Vehicle & Asset Finance	11.52%	Monthly	30-Oct-2009	-	131,255	23,817	107,438
				15,531,138	131,255	(2,010,417)	17,672,810
INTERNAL LOANS							
<u>Internal advances to borrowing services:</u>							
Outstanding advances to borrowing services				8,119,132	-	-	8,119,132
				8,119,132	-	-	8,119,132

APPENDIX B

**BLUE CRANE ROUTE MUNICIPALITY
ANALYSIS OF FIXED ASSETS**

2005 Expenditure		Balance at 30 June 2005	Expenditure during year	Redeemed, trans- ferred or written off during year	Balance at 30 June 2006
R		R	R	R	R
413,012	Rates & General Services	50,699,435	2,078,378	10,661	52,767,152
413,012	Community services	40,695,509	1,482,585	10,661	42,167,433
-	Community Services ex Old Pearston TLC	2,340,833	155,928	-	2,496,761
-	IDP	143,551	-	-	143,551
319,035	Bestershoeck and nature reserve	1,135,198	-	10,661	1,124,537
-	Clinics	692,561	26,717	-	719,278
-	Commonage and pound	118,574	3,659	-	122,233
-	Council's general expenses	795,389	4,804	-	800,193
-	Estates and Properties	5,438,211	1,234,338	-	6,672,549
93,977	Public works	28,052,484	-	-	28,052,484
-	Town Clerk, Secretary and Treasurer	1,309,459	17,755	-	1,327,214
-	Traffic	412,509	39,383	-	451,893
-	Stores	29,567	-	-	29,567
-	Workshop	227,173	-	-	227,173
-	Subsidised Services	2,883,635	221,667	-	3,105,302
-	Subsidised services ex Old Pearston TLC	63,762	-	-	63,762
-	Cemeteries	19,290	16,916	-	36,205
-	Fire brigade	42,482	13,146	-	55,629
-	Libraries	517,222	-	-	517,222
-	Parks and recreation	2,240,879	191,605	-	2,432,484
-	Economic Services	7,120,291	374,126	-	7,494,417
-	Economic Services ex Old Pearston TLC	441,774	-	-	441,774
-	Refuse removal services	1,068,033	26,436	-	1,094,470
-	Sanitation and vacuum tank services	2,659,703	-	-	2,659,703
-	Sewerage services	2,950,781	347,689	-	3,298,470
-	Housing Services	6,718,128	-	-	6,718,128
-	Township administration	2,147,106	-	-	2,147,106
-	Housing administration	4,571,022	-	-	4,571,022
2,053,509	Trading Services	36,708,170	993,010	134,871	37,566,309
-	Abattoir	255,669	-	-	255,669
254,545	Electricity Services	21,030,438	993,010	-	22,023,448
1,799,064	Water Services	15,422,063	-	134,871	15,287,192
2,466,621	TOTAL FIXED ASSETS	94,125,733	3,071,388	145,532	97,051,589
	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS	82,386,574	2,801,536	-	85,188,110
	Loans redeemed and advances paid	35,788,499	23,817	-	35,812,316
	Contributions from operating income	1,987,995	234,801	-	2,222,796
	Grants and subsidies	44,494,680	2,542,918	-	47,037,599
	Public contributions	115,400	-	-	115,400
	NET FIXED ASSETS	11,739,159	269,851	145,532	11,863,479

APPENDIX C

97,051,588.89

85,188,110.28

BLUE CRANE ROUTE MUNICIPALITY

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

2005 Actual R		2006 Actual R	2006 Budget R
	INCOME		
9,724,254	Grants and Subsidies	11,418,506	13,363,195
37,318,045	Operating income	41,446,592	39,406,786
2,817,664	Assessment Rates	3,010,200	3,027,050
20,149,287	Electricity Charges	20,975,839	20,514,840
3,375,412	Refuse	3,443,536	3,342,449
2,979,137	Sewerage and Sanitation	3,039,774	3,011,702
4,859,901	Water Charges	5,341,257	4,830,092
3,136,645	Tariffs, Other Service Charges and Sundry Income	5,635,986	4,680,653
-	Interest Received	35,007	-
<u>47,042,299</u>	Total income	<u>52,900,105</u>	<u>52,769,981</u>
	EXPENDITURE		
22,273,441	Salaries, Wages and Allowances	26,740,348	26,381,666
19,605,059	General Expenditure	14,933,699	16,048,743
3,131,188	Repairs and Maintenance	3,462,682	1,703,438
2,532,938	Capital Charges	2,672,890	2,004,515
4,083	Contributions to Fixed Assets	234,801	716,605
212,592	Contributions to Approved Funds	3,845,427	123,570
(812,876)	Amounts Charged Out	(986,512)	(3,586,136)
-	Bulk Purchases - Electricity	12,801,159	9,268,620
-	Bulk Purchases - Water	79,628	108,960
<u>46,946,427</u>	Total Expenditure	<u>63,784,122</u>	<u>52,769,981</u>

APPENDIX D

BLUE CRANE ROUTE MUNICIPALITY

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2005 Actual income R	2005 Actual expenditure R	2005 Surplus/ (deficit) R		2006 Actual income R	2006 Actual expenditure R	2006 Surplus/ (deficit) R	2006 Budgeted surplus / (deficit) R
22,033,111	29,909,056	(7,875,945)	RATES AND GENERAL SERVICES	24,891,604	42,576,203	(17,684,598)	(10,599,784)
15,623,547	22,599,614	(6,976,067)	Community services	18,244,224	31,208,714	(12,964,490)	(5,813,616)
2,817,664		2,817,664	Assessment rates	3,010,200	442,573	2,567,626	-
123,065	818,684	(695,619)	Besterhoek and nature reserve			-	-
741,329	1,014,705	(273,376)	Biltong Festival	697,723	1,401,901	(704,178)	(832,405)
2,209,224	2,610,093	(400,869)	Clinics	2,740,792	3,488,768	(747,976)	(1,661,771)
156,068	569,119	(413,051)	Commonage and pound	72,515	528,235	(455,720)	(328,156)
500,000	2,199,324	(1,699,324)	Corporate Services	825	2,195,860	(2,195,035)	(1,911,310)
2,335	2,303,450	(2,301,115)	Council's general expenses	-	2,851,684	(2,851,684)	(2,986,867)
998,082	369,487	628,596	Environmental Health	516,312	547,746	(31,434)	259,890
6,663,332	4,504,207	2,159,125	Financial Services	8,955,210	10,586,560	(1,631,350)	6,697,016
-	403,611	(403,611)	Housing administration	147,309	409,087	(261,778)	(1,131,121)
133,440	817,206	(683,766)	Properties and leasing	134,973	1,017,764	(882,790)	-
270,073	3,262,080	(2,992,008)	Public works	717,022	2,868,363	(2,151,341)	(1,172,916)
-	2,184,638	(2,184,638)	Municipal manager	-	2,833,480	(2,833,480)	(2,986,309)
632,704	677,171	(44,468)	Traffic	862,848	1,144,949	(282,101)	(37,701)
159,782	285,014	(125,233)	Stores	130,461	285,518	(155,058)	-
216,450	580,823	(364,373)	Workshop	258,034	606,226	(348,192)	(321,966)
55,016	2,159,777	(2,104,761)	Subsidised services	191,499	2,792,792	(2,601,293)	(2,742,597)
31,767	52,148	(20,381)	Cemeteries	36,020	964,544	(928,524)	(844,822)
1,689	87,764	(86,075)	Fire brigade		125,839	(125,839)	(183,982)
17,213	1,010,649	(993,435)	Libraries	14,942	1,063,258	(1,048,317)	(1,110,221)
4,346	1,009,216	(1,004,869)	Parks and recreation	140,537	639,151	(498,614)	(603,572)
6,354,549	5,149,665	1,204,884	Economic services	6,455,881	8,574,696	(2,118,815)	(2,043,571)
3,375,412	2,666,446	708,966	Refuse	3,443,556	3,254,798	188,758	280,485
2,979,137	2,483,219	495,918	Sewerage and Sanitation	3,012,325	5,319,898	(2,307,573)	(2,324,056)
-	-	-	HOUSING SERVICES	-	-	-	-
-	-	-	Selling and letting schemes	-	-	-	-
25,009,188	17,037,371	7,971,817	TRADING SERVICES	28,008,501	21,207,920	6,800,581	10,599,784
-	-	-	Abattoir	-	-	-	-
20,149,287	14,377,952	5,771,335	Electricity Services	22,644,128	17,532,320	5,111,808	7,154,690
4,859,901	2,659,418	2,200,483	Water Services	5,364,373	3,675,600	1,688,773	3,445,094
47,042,299	46,946,427	95,872	TOTAL	52,900,105	63,784,122	(10,884,017)	-
		735,987	Appropriations for the year (refer to note 19)			1,033,497	
		831,859	NET DEFICIT FOR THE YEAR			(9,850,521)	
		(7,628,071)	Accumulated deficit beginning of the year			(6,796,212)	
		(6,796,212)	ACCUMULATED DEFICIT END OF THE YEAR			(16,646,733)	

APPENDIX E

**BLUE CRANE ROUTE MUNICIPALITY
APPENDIX F
STATISTICAL INFORMATION**

GENERAL STATISTICS

Population	<u>34,357</u>
<u>Site valuations at</u>	
- Residential	150,021,619
- Commercial	3,223,210
	<u>153,244,829</u>
 Assessment rates:	
- Somerset East properties 1.329 cents in the rand	
- Pearston properties 1.329 cents in the rand	
- Cookhouse properties 1.329 cents in the rand	
- Clevedon properties 0.931 cents in the rand	
- Unvalued properties 1.329 cents in the rand	
 Number of residential properties	7,128
 Number of employees of local authority	275

Water Statistics

Units bought/generated	1,308,034
Units sold	1,254,407
Units lost in distribution	53,627
Units lost in distribution (%)	4.1%

Electricity Statistics

Units bought/generated	64,936,770
Units sold	51,023,022
Units lost in distribution	13,913,748
Units lost in distribution (%)	21.4%