

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**



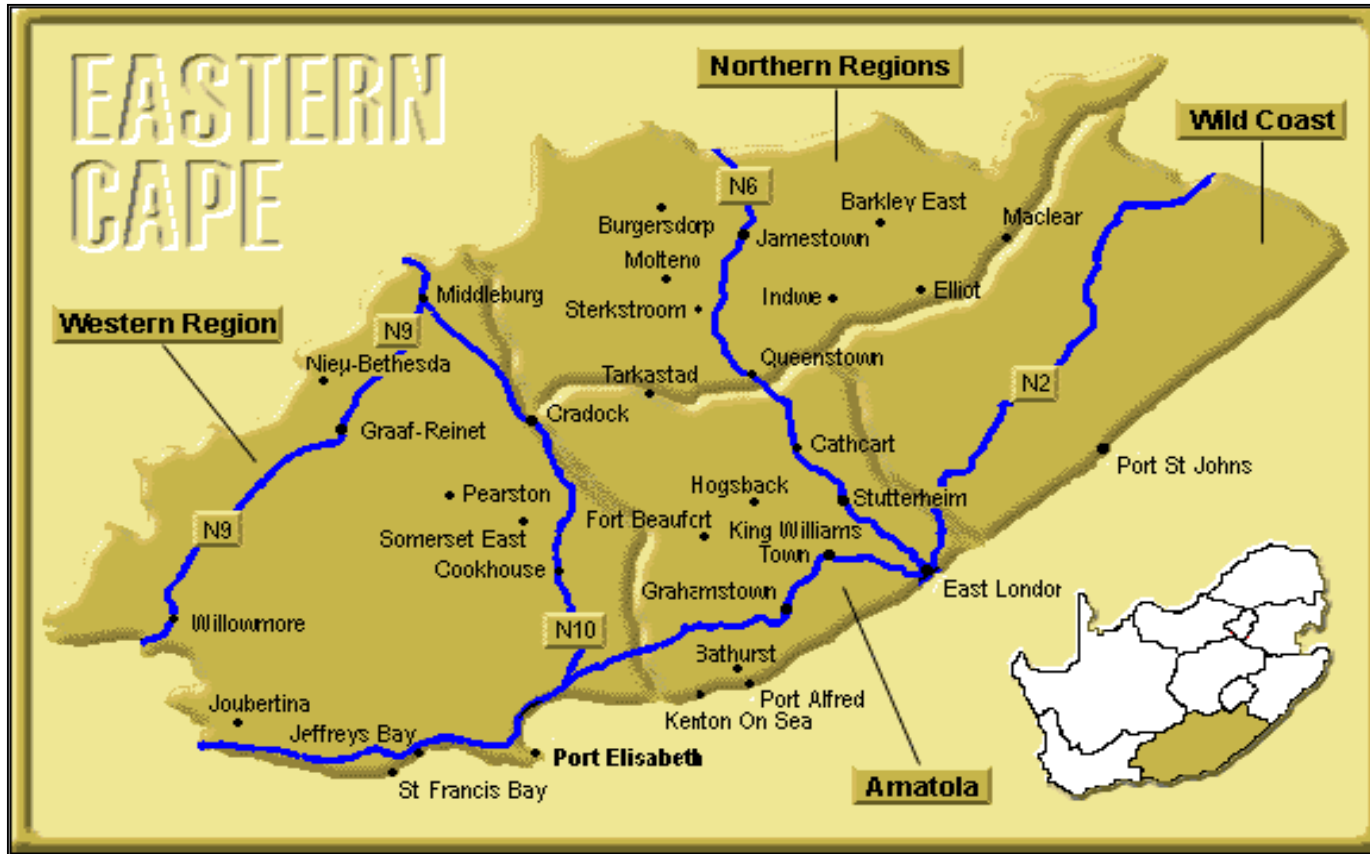
NDLAMBE MUNICIPALITY: FINANCIAL STATEMENTS - 2005/2006

PORT ALFRED ADMINISTRATIVE SEAT

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GENERAL INFORMATION

Administrative Seat : Port Alfred



MEMBERS OF THE NDLAMBE LOCAL MUNICIPALITY AT 30 JUNE 2006 :

Ward Councillors

<u>Name</u>	<u>Party</u>	<u>Code</u>	<u>Telephone</u>
THEMBISILE MAYINJE	ANC - Ward 1	072	714 3029
CECIL JOHN WENTZEL	ANC - Ward 2	076	922 3728
MARIA MIKE	ANC - Ward 3	078	320 6350
DOCTOR MNYUNGULA	ANC - Ward 4	046	648 1584
NONKULULEKO VIVIAN MAPHAPHU	ANC - Ward 5	046	625 0872
SIPHO ROBERT TANDANI	ANC - Ward 6	046	625 0691
MARIE LOUISE SWANEPOEL	DA - Ward 7	046	624 2927
LAZOLA MANELI	ANC - Ward 8	073	507 5136
NOMLINDO EMMERENTIA MANI-GWATA	ANC - Ward 9	072	656 4859

PR Councillors

<u>Name</u>			
VUKILE MICHAEL BALURA	ANC	046	624 1140
MONICA MATETI	ANC	073	281 6010
KHULULWA CELIA NCAMISO	ANC	046	648 1194
ALROY FREDRICK TAAI	ANC	046	624 2440
GLADYS JOHANNA COLTMAN	ANC	084	654 7153
KHULULEKILE CECIL MBOLEKWA	ANC	083	588 6483
GENEVI GAIL CANNON	DA	046	653 0456
KEVIN JOHN MILEHAM	DA	046	624 5421
GILLIAN MARY FOGARTY	DA	046	648 1203

Mayor: Councillor V. M. Balura

Speaker: Councillor K. C. Ncamiso

Executive Committee Members: Councillor V. M. Balura
Councillor S. R. Tandani
Councillor L. Maneli
Councillor M. L. Swanepoel

GRADING OF MUNICIPALITY : The Ndlambe Municipality consists of areas previously falling within the jurisdiction of the following local authorities:

<u>Extent</u>	<u>Name</u>	<u>Grade</u>
Full Area	Alexandria Transitional Local Council	Three
Full Area	Boknes/Cannon Rocks Local Council	Thirteen (Grading of erstwhile Western District Municipality)
Full Area	Boesmansriviermond Transitional Local Council	Two
Partial Area	Alexandria Transitional Rural Council	Thirteen (Grading of erstwhile Western District Municipality)
Full Area	Kenton-on-Sea Transitional Local Council	Three
Full Area	Port Alfred Transitional Local Council	Six
Full Area	Bathurst Transitional Local Council	One
Full Area	Bathurst Transitional Rural Council	Thirteen (Grading of erstwhile Western District Municipality)
Full Area	Seafeld Local Council	Thirteen (Grading of erstwhile Western District Municipality)

Note: In terms of Section 8 of the Remuneration of Town Clerks Act, 1984 (Act No. 115, 1984), Annexure A to Government Gazette 15250 dated 12 November 1993. This Act has since been repealed in its entirety. No comparable replacement legislation has yet been promulgated. The above gradings were conducted in terms of this repealed Act.

AUDITOR : The Auditor-General

BANKERS : First National Bank of South Africa

REGISTERED OFFICE :

Causeway Road
Port Alfred
6170

Post Box 13
Port Alfred
6170

Telephone: (046) 624 1140
Fax: (046) 624 2669
e-mail: portalfred@ndlambe.co.za
website: <http://www.ndlambe.co.za>

MUNICIPAL MANAGER

N G Ngesi

DIRECTOR : FINANCIAL MANAGEMENT

R Wium

FOREWORD

V. BALURA - MAYOR

There are no joys without mountains having been climbed.
There are no joys without the nightmares that precede them and spring them to light.
The joys that spring from the challenges are profound.
And the challenges will always be there
As long as there are human beings there will be challenges.
Let no one speak of frontiers exhausted,
All challenges met, all problems solved.
There is always the joy of discovering, uncovering and forging new forms, new ways
Ben Okiri, a way being free, 1997.

The white paper stressed that local government must play a "developmental role". The constitution states that government must take reasonable steps, within available resources. To ensure that all South African have access to adequate housing, health care, education, food, water and social security.

The white paper describes developmental local government as a local government committed to work with citizen and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives. It stresses that development should target those members and groups within communities that are most marginalized or excluded, such as women, disabled people and very poor people. Ndlambe Budget for 2006 and 2007 financial year is attempting to address

In this budget we have looked at the characteristics of a developmental local government which is to maximize social development and economic growth, integrating and co-ordinating, democratizing development and leading and learning.

At the end of this financial year, we shall be assessing and evaluating ourselves on the following:

1. PROVISION OF HOUSEHOLD INFRASTRUCTURE AND SERVICES.

Not only are these services constitutional right but also they can help people to support their families, find jobs and develop their skills to start their own small businesses.

2. CREATION OF LIVEABLE , INTERGRATED CITIES, TOWNS AND RURAL AREAS.

It is very important that spaces where people live, work, shop and play, are planned close together, (spatial integration) spatial integration is also central to nation building since it will overcome the past separation of living space according to race.

3. LOCAL ECONOMIC DEVELOPMENT.

This will also attempt to provide good quality cost effective services and by making Ndlambe Region a pleasant place to live and work

The bulk of the increase for budget this is being directed towards the provision of basic services (water and sanitation). The National Government with assess us on the following:

- 1 Basic Service Delivery.
- 2 Municipal Institutional Development and Transformation
- 3 Local Economic Development (LED).
- 4 Municipal Financial Viability and Management.
- 5 Good Government and Public Participation.

We have made money available for the above

In the process of drafting thus budget public hearings were held as part of the process of consultation and in compliance with the requirements of the Municipal Systems Act. A plethora of meeting were held with residents Ratepayers and Businesses at which salient aspects of the budget were explored and incorporated in this budget.

This budget has been compiled in accordance with National Treasury Requirement of multi year (three year) budgeting. Sources of income include rates, equitable share, tariffs, grants and subsidies.

Acting in partnership in a people's contact, state and citizen must use the favourable situation all our people have created together over nearly 12 years of democracy, to achieve new advances towards the birth of the caring society and winning nation for which many sacrificed their lives. The 2006/2007 budget has provided us with significant resources to realize this outcome.

Let me conclude by borrowing words from Dakota Proverb, First American Community.

We will forever known by the tracks we leave.

I would like to thank the Municipal Manager, Director of Finance and IDP Manager and their teams for preparing this budget and also for keeping us all on our toes throughout the year. To Councillors we have been elected to serve our people and by providing them with a better quality of life. To realize that we must monitor place to live and work, and surely this will lead to sustainable Local Economic Development. There are no joys without mountains having been climbed.

I'm standing before you today with pride and honour to present to you the budget for 2006/2007 financial year for the Ndlambe Municipality. The overall size of the budget is R121 905 700 which comprises R17 592 000 Capital budget and R104 313 700 operating budget expenditure.

NDLAMBE MUNICIPALITY - PORT ALFRED ADMINISTRATIVE SEAT

DIRECTOR FINANCIAL MANAGEMENT'S REPORT

INTRODUCTION

It is no secret that our town's finances has been crippled due to non payment for services. The management and control of finances proved to be a task which needs both wisdom and courage. During the budget process Council again invited all community organisation and structures to participate in discussions regarding the Capital - and Operating Budget. Various workshops were held before the operating budget of R 96 347 000 was approved.

A general valuation were implemented as from 01 July 2004 based on the valuation date of 01 January 2004. The method of the assesment of rates was changed to a single charge on land and improvements on all rateable properties. The general valuation was phased in over eighteen months. Cannon Rocks, Boknes, Kenton on Sea and Seafield were implemented form 01 July 2004 and Port Alfred, Boesmansriviermond, Bathurst and Alexandria as from 01 July 2005. All Administrative Units Valuation Court sittings have been finalized and the Ndlambe General Valuation has been approved and implemented. The Valuation Court has reduced Valuations to the amount of R40 969 750 which reduced revenue by R238 444 for the year under review. The new General Valuation under the Property Rates Act, Act 6 of 2004 will be completed and implemented from 01 July 2008.

Households that earns less that R 1 500 per month are urged to apply for a rebate which is available through a subsidy from National Government.

The Council's activities during the 2005/2006 financial year resulted in a deficit of R 78 141. The original combined estimated surplus for the year under review was R 4 048. The accumulated surplus amounts to R 666 225 after the necessary provisions for Bad Debts, Audit Fees and Leave Reserve were made.

ASSETS AND LIABILITIES

All assets including housing, liabilities and funds were incorporated at book value in a set of financial statements for Ndlambe Municipality.

EXTERNAL AND INTERNAL LOANS

External loans outstanding as at 30 June 2006 amount to R 24 666 362; previous year R 12 266 503 as set out in appendix B. During the financial year R 12 524 679 was received and loans totalling R 124 820 were repaid. Internal loans outstanding as at 30 June 2006 amount to R 17 349 093; previous year R 16 069 286 as set out in appendix B. During the financial year no new loans were raised, a technical adjustment of R 1 279 807 was made and interest totalling R 987 442 was repaid.

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 previous year	Actual current year	Variance previous/current %	Budget current year	Variance Actual / Budget %
Income					
Opening surplus	17,355,885	17,320,224			
Operating income	82,206,927	90,778,834	1.1	96,351,048	(5.8)
Closing deficit					
	99,562,812	108,099,058		96,351,048	
Expenditure					
Opening deficit					
Operating expenditure	82,178,075	90,856,975	1.1	96,347,000	(5.7)
Sundry transfers	(64,513)	(16,575,858)			
Closing surplus	17,320,224	666,225		4,048	
	99,433,786	74,947,342		96,351,048	

Rate and General Services

Surpluses generated by the Trading Services are utilized to subsidized the Rates and General Services.

	Actual previous year	Actual current year	Variance previous/current	Budget current year	Variance Actual / Budget
Operating income	42,700,146	45,602,686	6.8	47,678,190	(4.4)
Operating expenditure	48,543,622	52,162,813	7.5	56,209,200	(7.2)
Surplus / (Deficit)	(5,843,476)	(6,560,127)		(8,531,010)	

Housing Services

	Actual previous year	Actual current year	Variance previous/current	Budget current year	Variance Actual / Budget
Operating income	16,139,420	17,922,491	11.0	20,191,924	(11.2)
Operating expenditure	12,779,554	15,578,734	21.9	18,617,000	(16.3)
Surplus / (Deficit)	3,359,866	2,343,757		1,574,924	

Trading Services

The prices for the purchase of electricity and water as well as postal and telecommunication charges are subject to administered adjustments. The following is a summary of the operating results of the Municipality's Trading Service

Electricity Service

The electricity tariffs for the current year were increase by 6 %. The surplus generated was utilized to the Rates and General services account.

	Actual previous year	Actual current year	Variance previous/current	Budget current year	Variance Actual / Budget
Operating income	12,009,981	13,505,947	12.5	14,906,152	(9.4)
Operating expenditure	11,459,965	12,919,173	12.7	11,331,700	14.0
Surplus / (Deficit)	550,016	586,774		3,574,452	

Water Services

The water tariffs for the current year were increased by ± 8 % . The surplus generated was transferred to the Rate and 'General services account.

	Actual previous year	Actual current year	Variance previous/current	Budget current year	Variance Actual / Budget
Operating income	11,357,380	13,747,710	21.0	13,574,782	1.3
Operating expenditure	9,394,934	10,196,255	8.5	10,239,100	(0.4)
Surplus / (Deficit)	1,962,446	3,551,455		3,335,682	

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets incurred during the financial year amounted to R10,015,345
The actual expenditure per service consist of the following:

	Actual previous year	Actual current year	Budget current year
Rates and General services	4,825,224	7,056,440	10,469,300
Water Services	3,170,890	1,721,793	940,000
Electricity Services	1,338,702	1,237,112	1,100,000
Housing Services	0	0	0
	9,334,816	10,015,345	12,509,300

Resources used to finance the fixed assets were as follows:

	Actual previous year	Actual current year	Budget current year
DBSA Loans	9,250,497	9,848,569	12,326,000
Algoa Western District Council Revolving Fund	0	0	0
Capital Development Fund	0	0	0
Contributions from:		0	0
Operating Income	84,319	166,776	183,300
Provisions and Reserves	0	0	0
Grants and Subsidies	0	0	0
Public Contributions & Sales	0	0	0
	9,334,816	10,015,345	12,509,300

3. CREDITORS

R

Creditors at 30 June 2006 can be classified in the following categories ;

Trade Creditors	6,060,942
Prepaid Income	943,251
Deposits:	
Tenders, electricity and other.	1,019,153
	<u>8,023,346</u>

4. DEBTORS

R

Debtors at 30 June 2006 can be classified in the following categories ;

Consumer Debtors

	>Hand overs	>90 Days	60 Days	30 Days	Current	
Rates and services	7,390,901	18,248,081	1,129,583	1,751,738	4,965,513	33,485,816
Service charges (flat rate)	5,697,670	11,318,841	127,024	131,250	97,414	17,372,199
Sundry debtors	798,824	3,238,270	49,792	48,744	(175,708)	3,959,922
						<u>54,817,937</u>
Other Current Debtors						1,848,864
Long Term Debtors						196,410
Less: Provision for Bad Debts						35,234,852
Nett Debtors						<u>21,628,359</u>

5. PERSONNEL

The number of employees that served on the staff at 30 June 2006 is as follows :

Number of employees appointed	431
Number of vacancies	1
Total staff establishment	<u>432</u>

6. TEMPORARY ADVANCES

Total temporary advances outstanding to and from the Revolving Fund as at 30 June 2006 R
8,705,461

7. INVESTMENTS AND CASH

The Council's funds were invested through its Revolving Fund in accordance with the policy determined by the Council in terms of Section 35 of the Financial Regulations for Town Council's 1983, with due regard to the directives laid down by the Minister in Circular No 19 of 1984 .

The details of investments at 30 June 2006 at par or cost and cash are :

	R
Bank	5,811,488
Building Society	0
Insurance	63,000
	<u>5,874,488</u>

Declarations that no commission was paid on investments made by the Municipality , have been obtained and submitted for audit purposes.

8. INSURANCE

Property damaged and destroyed during the year as result of vandalism and or other causes is replaced and repaired from a insurance suspense account. The assets of the Municipality are insured through Council's Brokers Messrs. A O N Risk Services (Pty) Ltd . The insurance company is Lion of Africa Insurance.

9. EXPRESSION OF APPRECIATION

I am grateful to the Mayor, members of Council, Municipal Manager, Directors of Departments and staff of my department for the support and assistance they have given. To the local representatives of the Auditor-General and the Auditors appointed by the Auditor-General, thank you for your assistance in the preparation of these financial statements.

R. Wium
Director Financial Management
29 November 2006

ACCOUNTING POLICIES

1 Basis of Presentation

- 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 in its Code of Practice (1992) and Report on the Standardisation of Financial Statements of Local Authorities (4th Edition, as amended).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in Note Two. 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 :
 - Income is accrued when collectable and measurable. 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 the Rate and General services, Housing services, Trading services and the different funds, reserves and provisions. All inter departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, 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
 - 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 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 balance sheet 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 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.

- 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 Building Fund. Net proceeds from the sale of all other assets are credited to the revolving fund.
- 3.4 Capital 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 services concerned at the ruling interest rate applicable at the time that the advance is made. Due to the 2007 change of accounting system from Fund Accounting to that of Generally Recognised Accounting Practice (GRAP), the redemption of internal advances has been suspended with effect from the year currently under review until the 2007/2008 financial year.

4 Stock

Stock is valued at the lower of cost, determined on the weighted average basis, and net realisable value.

5 Funds and Reserves

5.1 Revolving Fund

The Municipal Ordinance No. 20 of 1974 has been repealed and replaced by the Municipal Finance Management Act (Act 56 of 2003).

5.2 Other Funds

All other funds will be reviewed during the GRAP implementation phase as the entire Fund Accounting system will fall away with effect from 1 July 2007.

6 Retirement Benefits

Ndlambe Municipality and its employees contribute to the Cape Joint Pension Fund, SALA Pension and SAMWU Provident Fund which provides retirement benefits to such employees.

The retirement benefit plan is subject to the Pensions Funds Act, 1956, with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs.

7 Surpluses and Deficits

Any surpluses or deficits arising from the operation of the Electricity, Water and Housing services are transferred to Rate and General Services.

8 Treatment of Administration and other Overhead Expenses

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

9 Leased assets

Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method which reflects the extent and cost of lease finance utilised in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

10 Investments

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested per Circular No. C/43/1993 issued by the Provincial Administration, Community Development Branch and the code of investment practice issued by the Institute of Municipal Finance Officers.

Interest received on investments is paid into the Revolving Fund. This Fund pays interest to all funds based on 6% of the average balance of the fund for the financial year.

11 Income recognition

11.1 Electricity and Water Billings

All meters in industrial areas, high density residential areas and residential areas are read and billed monthly.

11.2 Assessment Rates

Inconsistencies relating to the rates tariff have been eliminated with effect from the year under review due to the implementation of a General Valuation of all properties that fell under the jurisdiction of the erstwhile municipalities which were transferred to Ndlambe Municipality. The cents per Rand payable has been standardised throughout the Ndlambe Municipality's area of jurisdiction and is the same for both Land and Improvements.

BALANCE SHEET AT 30 JUNE 2006

	Note	2006 R	2005 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES	1	17,276,550	33,025,690
Funds		16,990,939	32,489,049
Reserves		285,611	536,641
RETAINED INCOME		666,225	17,320,224
		<u>17,942,775</u>	<u>50,345,914</u>
TRUST FUNDS	2	14,728,181	11,878,986
HOUSING FUND	2	8,855,887	0
LONG TERM LIABILITIES	3	24,125,725	12,050,225
CONSUMER DEPOSITS : SERVICES	24	1,019,153	945,159
		<u>66,671,721</u>	<u>75,220,284</u>
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	4	37,995,702	28,271,953
LONG TERM INVESTMENTS	5	2,377,946	2,276,174
LONG TERM DEBTORS	6	112,917	1,094,397
		<u>40,486,565</u>	<u>31,642,524</u>
NET CURRENT ASSETS		26,185,156	43,577,760
CURRENT ASSETS		35,943,709	56,112,533
Inventory	7	875,870	809,539
Debtors	8	21,431,949	48,795,859
Short Term Investments	5	3,496,542	4,007,315
Cash on hand and at bank	23	10,055,855	2,255,104
Short term portion of long term debtors	6	83,493	244,716
CURRENT LIABILITIES		9,758,553	12,534,773
Provisions	9	2,213,723	365,799
Creditors	10	6,060,942	10,620,951
Prepaid Income	10	943,251	0
Short term portion of long term liabilities	3	540,637	216,278
Bank overdraft	23	0	1,331,745
		<u>66,671,721</u>	<u>75,220,284</u>

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 Budget Surplus/(deficit) R
			RATES &				
42,700,146	48,543,622	(5,843,476)	GENERAL SERVICE	45,602,686	52,162,813	(6,560,127)	(8,531,010)
30,815,575	34,725,885	(3,910,310)	Community services	31,809,875	37,338,642	(5,528,767)	(6,071,344)
70,480	6,398,561	(6,328,081)	Subsidised services	64,967	7,206,815	(7,141,848)	(7,842,112)
11,814,091	7,419,176	4,394,915	Economic services	13,727,844	7,617,356	6,110,488	5,382,446
16,139,420	12,779,554	3,359,866	HOUSING SERVICE	17,922,491	15,578,734	2,343,757	1,574,924
23,367,361	20,854,899	2,512,462	TRADING SERVICES	27,253,657	23,115,428	4,138,229	6,960,134
<u>82,206,927</u>	<u>82,178,075</u>	<u>28,852</u>	TOTAL	<u>90,778,834</u>	<u>90,856,975</u>	<u>(78,141)</u>	<u>4,048</u>
		(64,513)	Appropriations for the year (note 15)			(16,575,858)	
		(35,661)	Net surplus/(deficit) for the year			(16,653,999)	
		17,355,885	Accumulated surplus/(deficit) at beginning of the year			17,320,224	
		<u>17,320,224</u>	ACCUMULATED SURPLUS/(DEFICIT) AT THE END OF THE YEAR			<u>666,225</u>	

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 R	2005 R
CASH RETAINED FROM OPERATING ACTIVITIES			
		6,338,982	11,277,287
Cash generated by operations	16	(21,101,194)	8,247,149
External Investment Income (interest received)	14	473,658	423,910
(Increase)/decrease in working capital	17	24,585,494	1,673,373
		3,957,958	10,344,432
Less : External interest paid	14	2,381,024	932,855
Cash available from operations		6,338,982	11,277,287
Cash contributions from the public and the state		0	0
Net proceeds on disposal of fixed assets		0	0
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed assets		(10,015,345)	(9,334,816)
NET CASH FLOW		<u>(3,676,363)</u>	<u>1,942,471</u>
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase/(decrease) in long term loans	18	12,399,859	7,072,205
Increase/(decrease) in short term loans	19	0	0
(Increase)/decrease in cash investments	20	409,000	(3,394,949)
(Increase)/decrease in cash	21	(9,132,496)	(1,734,785)
Net cash (generated)/utilised		<u>3,676,363</u>	<u>1,942,471</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006 R	2005 R
1. FUNDS		
<u>Statutory</u>		
Revolving fund	16,976,445	32,441,593
Dog tax fund	14,494	47,456
	16,990,939	32,489,049
<u>Reserves</u>		
Maintenance	285,611	536,641
(Refer to appendix A for more details)	285,611	536,641
	2006 R	2005 R
2. TRUST FUNDS		
Transition (IGG)	2,400	196,807
Housing Development	62,881	93,194
Enhancement	161,485	159,540
Parking Area	228,965	226,207
West Beach Roads	8,278	8,178
Survey of Sites	301,059	297,432
Intergrated Development Plan	50,302	6,960
Quarry	33,928	33,519
Trust Funds Units	1,108,825	1,095,467
Bulk Services	638,696	113,000
Building Fund Erven	8,360,396	5,562,390
Milk Powder	500	500
Additional Funds:Health	2,956	2,956
DBSA - Sewerage	19,973	141,266
Rent;Golf Driving Range	9,200	9,200
Local Economic Dev Fund	85,705	15,012
New Mess Fund (Ndlambe)	10,722	5,069
WDC:Upgrade Purified Water Port Alfred	9,361	111,952
Bisho:Sports	2,644	1,444
Game:Kapriver	1,706	33,035
Mayors Youth Day Fund	10,000	7,895

	2006 R	2005 R
2. TRUST FUNDS (continued)		
CMIP EC0635/Klipfontein Sewerage	14,386	14,386
Mayor's Kowie River Fund	2,351	27,893
DBSA Loan:Upgrade Water Retic	68,075	309,453
Freshwater Dev Plan:Port Alfred	10,000	10,000
Revision Of Port Alfred Zoning Scheme	120,000	120,000
MMP:Seafielde Refuse Site EIA	1,200	1,200
Marine Compliance	17,847	31,354
Neptune Donation	5,000	5,000
Cacadu:HIV/Aids Launch	8,845	10,000
Ndlambe Spatial Dev. Framework	10,000	0
DBSA:Planet Agricultural	18,264	0
Environ:Studies F Fouche	35,000	0
Municipal Infrastructure Grants	1,618,241	1,756,510
Drought Relief Grants	1,134,253	636,284
Financial Management Grants	307,933	505,462
National Electricity Regulator Grants	246,804	330,421
	<u>14,728,181</u>	<u>11,878,986</u>
HOUSING FUND		
Funds administered in respect of low cost housing projects (comparative included for information purposes - not previously disclosed)	<u>8,855,887</u>	<u>423,250</u>
3. LONG TERM LIABILITIES		
Development Bank of S.A. (previously L.A.L.F.)	24,666,362	12,266,503
Less : Current portion transferred to current liabilities	540,637	216,278
	<u>24,125,725</u>	<u>12,050,225</u>

DEVELOPMENT BANK OF SOUTH AFRICA LOANS:

These loans bear interest at rates of of between 10% and 17 % per annum and will be fully redeemed over periods up to 25 years.

	2006 R	2005 R
4. FIXED ASSETS		
Fixed assets at beginning of year	207,817,348	198,482,532
Capital expenditure during the year	10,015,345	9,334,816
Less : Assets written off, transferred or disposed of during the year	0	0
Total fixed assets	<u>217,832,693</u>	<u>207,817,348</u>
Less : Loans redeemed and other capital receipts	179,836,991	179,545,395
Net fixed assets	<u><u>37,995,702</u></u>	<u><u>28,271,953</u></u>

5. INVESTMENTS
see also note 32

Total Long Term Investments

2,377,946

2,276,174

Unlisted:

Long Short Term Deposits - New Republic Bank (under curatorship)

2,377,946

2,276,174

Dividends are being paid over on a periodic basis at the discretion of the Curator.

Total Short Term Investments

3,496,542

4,007,315

Listed:

Shares - Old Mutual

63,000

63,000

Unlisted:

Short Term Deposits - Standard Bank ex Alexandria

86,707

82,674

Short Term Deposits - GBS

0

0

Short Term Deposits - FNB

3,308,767

3,825,836

Short Term Deposits - Old Mutual

0

0

Short Term Deposits - ABSA

38,068

35,805

Long Term Deposits

0

0

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.

The average rates of return were as follows:

5.40%

9.24%

	2006 R	2005 R
6. LONG TERM DEBTORS		
Housing Loans - Staff	146,654	282,284
Housing Loans - Bathurst	0	765,030
Motor Vehicle Loans - Staff	30,879	271,621
Other	18,877	20,178
	<u>196,410</u>	<u>1,339,113</u>
Less : Short term portion transferred to Current Assets	83,493	244,716
	<u>112,917</u>	<u>1,094,397</u>
7. INVENTORY		
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:		
Rate and general	504,191	450,219
Water	136,318	111,611
Electricity	235,361	247,363
Sewerage	0	346
	<u>875,870</u>	<u>809,539</u>
8. DEBTORS		
Current debtors - Consumer	54,817,937	52,130,327
Other	1,848,864	2,526,257
Less : Provision for Bad Debts	35,234,852	5,860,725
	<u>21,431,949</u>	<u>48,795,859</u>
Bad debts written off during year	<u>2,505,550</u>	<u>0</u>
9. PROVISIONS	2006 R	2005 R
Bad Debts - included in Debtors (Note 8)	-	-
Leave Pay	1,388,723	365,799
Audit Fees	825,000	0
	<u>2,213,723</u>	<u>365,799</u>

	2006 R	2005 R
10. CREDITORS		
Trade creditors	6,060,942	10,620,951
Deposits :	1,019,153	945,159
Electricity	949,170	884,687
Other	69,983	60,472
Prepaid Income	943,251	0
	<u>8,023,346</u>	<u>11,566,110</u>

11. ASSESSMENT RATES

	Land & Improvements valuations at 1 July 2006 R 000's	Actual income 2006 R	Actual income 2005 R
Residential & Commercial	4,011,779	23,237,333	17,005,834
Government	32,185	187,317	260,432
Municipal	65,297	380,029	53,450
	<u>4,109,261</u>	<u>23,804,679</u>	<u>17,319,716</u>

Rebates were granted to pensioners with a total income less than R 62 400 per year. Rebates on rates are also applied in specific areas which are not provided with full basic services. The rate charged was 0.626 cents per Rand valuation.

**12. COUNCILLORS' REMUNERATION
paid during the year - see also note 27**

Mayor	237,836	225,665
Speaker - from March 2006	29,010	0
Executive Committee - from March 2006	83,862	0
Councillors	922,503	903,806
	<u>1,273,211</u>	<u>1,129,471</u>

13. AUDITORS' REMUNERATION

Audit costs paid during year	<u>1,224,330</u>	<u>357,841</u>
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	2006 R	2005 R
14. FINANCE TRANSACTIONS		
<i>Total external interest earned or paid :</i>		
Interest earned	473,658	423,910
Interest paid	<u>2,381,024</u>	<u>932,855</u>
 <i>Capital charges debited to operating account :</i>		
Interest :		
External	2,381,024	1,142,804
Internal	987,442	932,855
Redemption :		
External	124,820	107,260
Internal	0	3,038,346
	<u>3,493,286</u>	<u>5,221,265</u>
 15. APPROPRIATIONS		
<i>Appropriation account</i>		
Accumulated surplus/(deficit) at beginning of year	17,320,224	17,355,885
Operating surplus/(deficit) for the year	(78,141)	28,852
Appropriations for the year	(16,575,858)	(64,513)
- Contribution ex Revolving Fund	1,079,702	0
- Prior year adjustments	(17,655,560)	(64,513)
Accumulated surplus/(deficit) at end of year	<u>666,225</u>	<u>17,320,224</u>
 <i>Operating account</i>		
Fixed assets	1,079,702	
Contributions	166,776	84,319
- Fixed assets	166,776	84,319
- Accumulated Funds	0	0
- Trust Funds	0	0
- Provisions	0	0
	<u>166,776</u>	<u>84,319</u>

	2006 R	2005 R
16. CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	(78,141)	28,852
Prior year adjustments	(17,655,560)	(64,513)
Appropriations charged against income	166,776	84,319
- Accumulated Funds	0	0
- Trust Funds	0	0
- Provisions	0	0
- Fixed assets	166,776	84,319
Capital charges	3,493,286	5,221,265
- Interest paid : to internal funds	987,442	932,855
to external loans	2,381,024	1,142,804
- Redemption : of internal advances	0	3,038,346
of external loans	124,820	107,260
Less :		
Prior year adjustments	(17,655,560)	(64,513)
Grants and subsidies received from the State	0	0
Assets Write Off	0	0
Investment income (operating)	0	0
Non-operating income	0	0
Net expenditure (income) ex Funds, Provisions and Reserves	<u>(1,079,702)</u>	<u>(3,336,824)</u>
	<u><u>(32,808,901)</u></u>	<u><u>1,868,586</u></u>
17. (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/decrease in stock	(66,331)	(90,459)
(Increase)/decrease in debtors	27,363,910	(8,300,600)
Increase/(decrease) in creditors & provisions	<u>(2,712,085)</u>	<u>10,064,432</u>
	<u><u>24,585,494</u></u>	<u><u>1,673,373</u></u>
18. (INCREASE)/DECREASE IN LONG TERM LOANS (EXTERNAL)		
Loans raised	12,524,679	7,179,465
Loans repaid	<u>(124,820)</u>	<u>(107,260)</u>
	<u><u>12,399,859</u></u>	<u><u>7,072,205</u></u>
19. (INCREASE)/DECREASE IN SHORT TERM LOANS (EXTERNAL)		
Loans raised	0	0
Loans repaid	0	0
	<u><u>0</u></u>	<u><u>0</u></u>

	2006 R	2005 R		
20. (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS				
Opening	6,283,489	2,888,540		
Closing	5,874,489	6,283,489		
	<u>409,000</u>	<u>(3,394,949)</u>		
21. (INCREASE)/DECREASE IN CASH ON HAND				
Cash on hand at beginning of year	923,359	(811,426)		
Less :				
Cash on hand at end of year	10,055,855	923,359		
Operating Current Account Balance & Cash	604,461	(1,329,895)		
Revolving Fund Current Account Balance	595,507	0		
Housing Account	8,855,887	2,253,254		
	<u>(9,132,496)</u>	<u>(1,734,785)</u>		
22. RETIREMENT BENEFITS				
The employees of the Municipality contribute to either, the Cape Joint & SALA Pension Fund or the Provident Fund (Southern Life).				
23. CASH ON HAND / OVERDRAFT				
	2006	2006	2006	2005
	Opening	Movement	Closing	Closing
Current Account	(1,331,745)	1,934,356	602,611	(1,331,745)
Revolving Fund	2,253,254	(1,657,747)	595,507	2,253,254
Housing Account (not reported 2005)	0	8,855,887	8,855,887	0
Deposits & Floats	1,850	0	1,850	1,850
	<u>923,359</u>	<u>9,132,496</u>	<u>10,055,855</u>	<u>923,359</u>
24. CONSUMER DEPOSITS				
Electricity			949,170	884,687
Other			69,983	60,472
			<u>1,019,153</u>	<u>945,159</u>

		2006	2005
		R	R
25. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS			
DBSA Security - Investments		5,000,000	5,000,000
Matter: Erf 361 Port Alfred - Legal Costs		200,000	200,000
Matter: Kenton-on-Sea Housing	Mxokozeli	0	80,000
Matter: Boesmansriviermond Housing	Maharaj	130,275	130,275
Matter: Lester House	High Dune House	20,878	20,878
26. INTER GOVERNMENTAL AND OTHER ALLOCATIONS			
Funds Received - Health Subsidy (ex Province)		2,005,979	2,511,613
Environmental Health Subsidy (ex District Council)		305,134	included above
Equitable Share (ex National)		14,809,722	12,638,864
27. SALARIES, ALLOWANCES AND BENEFITS			
		2006	2005
		R	R
Per month as per June 2006			
Political Office Bearers -	Speaker/Mayor -		
	Salary	14,952	11,312
	Transport	3,738	2,827
	Housing	0	313
	Telephone	1,057	1,000
	Total	19,747	15,452
	Speaker -		
	Salary	6,754	0
	Transport	1,688	0
	Telephone	660	0
	Total	9,102	0
	Executive Committee Members -		
	Salary	6,332	0
	Transport	1,583	0
	Telephone	660	0
	Total	8,575	0
	Other Councillors -		
	Salary	3,377	3,194
	Transport	844	798
	Office	0	246
	Telephone	660	625
	Total	4,881	4,863
Plus contributions to UIF, Pension Fund, Medical Aid Fund			

		2006	2005	
		R	R	
Officials -	Municipal Manager	Salary	29,756	28,072
		Transport	11,246	11,113
		Housing	0	0
		Telephone	<u>700</u>	<u>700</u>
		Total	<u>41,702</u>	<u>39,885</u>
		Director: Finance	Salary	27,673
		Transport	11,129	11,035
		Rent	500	500
		Telephone	<u>700</u>	<u>700</u>
		Total	<u>40,002</u>	<u>38,342</u>
		2006	2005	
		R	R	
	Director: Community Services	Salary	27,673	26,107
		Transport	11,246	11,113
		Bond	420	454
		Telephone	<u>700</u>	<u>700</u>
		Total	<u>40,039</u>	<u>38,374</u>
	Director: Infrastructure	Salary	27,673	26,107
		Transport	11,246	11,113
		Bond	420	454
		Telephone	<u>700</u>	<u>700</u>
		Total	<u>40,039</u>	<u>38,374</u>
	Director: Corporate Services	Salary	27,673	26,107
		Transport	11,246	11,113
		Bond	216	454
		Telephone	<u>700</u>	<u>216</u>
		Total	<u>39,835</u>	<u>37,890</u>
Plus contributions to UIF, Pension Fund, Medical Aid Fund				

28. ARREARS OWED BY INDIVIDUAL COUNCILLORS

Arrears in respect of rates and services which, at any time during the relevant financial year, were outstanding for more than 90 days

Balances at 30 June	2006 R	2005 R
T.C. Bethe (Trust) - Discrepancy with leases - handed over	no longer councillor	3,616
G.J. Coltman - arrangements being made	33,218	not a councillor
N.V. Maphaphu - arrangements made	11,495	not a councillor
T. Mayinje - arrangements being made	4,009	not a councillor
D. Mnyungula - arrangements being made	632	not a councillor

29. MUNICIPAL ENTITIES UNDER THE CONTROL OF NDLAMBE MUNICIPALITY

None None

30. CONTRIBUTIONS TO ORGANISED LOCAL GOVERNMENT

South African Local Government Association	Contributions	153,051	167,819
	Outstanding at 30 June	0	0

31. MISCELLANEOUS EXPENDITURES AND OUTSTANDINGS

<u>Description</u>	2006	2006	2005	2005
	<u>Payments</u>	<u>Outstanding at 30 June</u>	<u>Payments</u>	<u>Outstanding at 30 June</u>
Audit Fees	1,224,330	0	357,841	161,960
Skills Development Levies	269,880	0	227,200	0
District Council Levies	189,895	0	178,459	0
Water Research Levies	35,000	0	35,000	0
Duties	0	0	0	0
Pension Fund Contributions	3,594,317	0	3,306,975	0
Medical Aid Fund Contributions	<u>2,640,280</u>	<u>0</u>	<u>2,252,640</u>	<u>0</u>
Total	<u>7,953,702</u>	<u>0</u>	<u>6,358,115</u>	<u>161,960</u>

32. BANK ACCOUNTS AND INVESTMENTS			2006	2005
			R	R
Actual balances per Institution statements:				
<u>Bank</u>	<u>Description</u>	<u>Type</u>		
First National Bank	Current	Cheque	5,824,279	2,773,415
First National Bank	Revolving	Cheque	1,587,806	2,151,740
First National Bank	Housing DHLG	Cheque	7,016,864	476,680
Old Mutual	Investment	Shares	63,000	63,000
Standard Bank	Investment	Call	86,707	82,674
GBS Bank	Investment	Call	0	0
New Republic Bank	Investment	Call	2,377,946	2,276,174
First National Bank	Investment	Call	3,308,768	3,825,836
ABSA Bank	Investment	Call	<u>38,068</u>	<u>35,805</u>
Total			<u>20,303,438</u>	<u>11,685,324</u>

33. MATERIAL LOSSES, IRREGULAR, UNAUTHORISED AND FRUITLESS AND WASTEFUL EXPENDITURE

Occurrences during year - Fruitless Expenditure - To be recovered (included in Debtors per Note 8)	26,072	None
Criminal or disciplinary steps taken as a result of above losses	None	Not Applicable
Material losses recovered or written off	None	None

34. NON-COMPLIANCES WITH THE MUNICIPAL FINANCE MANAGEMENT ACT

None

35. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure

- Approved and contracted for	2,504,452	0
- Approved but not yet contracted for	1,128,491	1,756,510
	<u>3,632,943</u>	<u>1,756,510</u>

This expenditure will be financed from:

- Internal Sources		
- External Sources	3,632,943	0
Other sources	3,632,943	0
Provincial government	0	0
Metropolitan council	0	0
	<u>3,632,943</u>	<u>0</u>

APPENDIX A - ACCUMULATED FUNDS, RESERVES AND TRUST FUNDS

	Balance at 30 June 2005	Contributions during the year	Interest on investments	Other income	Expenditure during the year	Balance at 30 June 2006
<u>ACCUMULATED FUNDS</u>						
Revolving Fund	32,441,593	0	395,579	14,162,598	30,023,325	16,976,445
Dog Tax Fund	47,456	0	579	0	33,541	14,494
	32,489,049	0	396,158	14,162,598	30,056,866	16,990,939
<u>RESERVES</u>						
Maintenance	536,641	0	6,544	0	257,574	285,611
	536,641	0	6,544	0	257,574	285,611

	Balance at 30 June 2005	Contributions during the year	Interest on investments	Other income	Expenditure during the year	Balance at 30 June 2006
<u>TRUST FUNDS</u>						
Transition (IGG)	196,807	0	2,400	0	196,807	2,400
Housing Development	93,194	0	1,136	0	31,449	62,881
Enhancement	159,540	0	1,945	0	0	161,485
Parking Area	226,207	0	2,758	0	0	228,965
West Beach Roads	8,178	0	100	0	0	8,278
Survey of Sites	297,432	0	3,627	0	0	301,059
Integrated Development Plan	6,960	0	85	50,000	6,743	50,302
Quarry	33,519	0	409	0	0	33,928
Trust Funds Units	1,095,467	0	13,358	0	0	1,108,825
Bulk Services	113,000	0	1,378	524,318	0	638,696
Building Fund Erven	5,562,390	0	67,826	3,076,935	346,755	8,360,396
Milk Powder	500	0	0	0	0	500
Additional Funds:Health	2,956	0	0	0	0	2,956
DBSA - Sewerage	141,266	0	0	0	121,293	19,973
Rent;Golf Driving Range	9,200	0	0	0	0	9,200
Local Economic Dev Fund	15,012	0	0	225,186	154,493	85,705
New Mess Fund (Ndlambe)	5,069	0	0	19,102	13,449	10,722

APPENDIX A continued	Balance at 30 June 2005	Contributions during the year	Interest on investments	Other income	Expenditure during the year	Balance at 30 June 2006
TRUST FUNDS						
WDC:Upgrade Purified Water Port	111,952	0	0	0	102,591	9,361
Bisho:Sports	1,444	0	0	12,400	11,200	2,644
Game:Kapriver	33,035	0	0	94,500	125,829	1,706
Mayors Youth Day Fund	7,895	0	0	10,000	7,895	10,000
CMIP EC0635/Klipfontein Sewerag	14,386	0	0	0	0	14,386
Mayor's Kowie River Fund	27,893	0	0	0	25,542	2,351
DBSA Loan:Upgrade Water Retic	309,453	0	0	325,961	567,339	68,075
Freshwater Dev Plan:Port Alfred	10,000	0	0	0	0	10,000
Revision Of Port Alfred Zoning Sche	120,000	0	0	0	0	120,000
MMP:Seafeld Refuse Site EIA	1,200	0	0	0	0	1,200
Marine Compliance	31,354	0	0	0	13,507	17,847
Neptune Donation	5,000	0	0	0	0	5,000
Cacadu:HIV/Aids Launch	10,000	0	0	10,000	11,155	8,845
Ndlambe Spatial Dev. Framework	0	0	0	50,000	40,000	10,000
DBSA:Planet Agricultural	0	0	0	45,000	26,736	18,264
Environ:Studies F Fouche	0	0	0	35,000	0	35,000
Municipal Infrastructure Grants	1,756,510	0	0	4,971,784	5,110,053	1,618,241
Drought Relief Grants	636,284	0	0	926,180	428,211	1,134,253
Financial Management Grants	505,462	0	0	67,419	264,948	307,933
National Electricity Regulator Grant	330,421	0	0	195,300	278,917	246,804
	11,878,986	0	95,022	10,639,085	7,884,912	14,728,181

HOUSING FUND	423,250	30,593,714	224,877	0	22,385,954	8,855,887
Comparative for information only - not previously disclosed	423,250	30,593,714	224,877	0	22,385,954	8,855,887

APPENDIX B - EXTERNAL LOANS AND INTERNAL ADVANCES

EXTERNAL LOANS	Balance at 30 June 2005	Received during the year	Redeemed or written off during the year	Balance at 30 June 2006
LOCAL REGISTERED STOCK	0	0	0	0
DEVELOPMENT BANK OF S.A. - SEWERAGE - 13478/101-PA	4,915,445	0	75,590	4,839,855
DEVELOPMENT BANK OF S.A. - 11226/15391.8-PA	17,402	0	3,505	13,897
DEVELOPMENT BANK OF S.A. - 11226/15007.3-ALEX	71,274	0	33,027	38,247
DEVELOPMENT BANK OF S.A. - 11226/15007.4-ALEX	42,385	0	7,009	35,376
DEVELOPMENT BANK OF S.A. - 11226/15007.5-ALEX	45,958	0	5,689	40,269
DEVELOPMENT BANK OF S.A. - 101161/2	7,174,039	556,702	0	7,730,741
DEVELOPMENT BANK OF S.A. - 101855	0	8,397,896	0	8,397,896
DEVELOPMENT BANK OF S.A. - 102198	0	3,570,081	0	3,570,081
(Refer to Note 3)	12,266,503	12,524,679	124,820	24,666,362

INTERNAL ADVANCES	Balance at 30 June 2005	Received during the year	Redeemed or adjusted during the year	Balance at 30 June 2006
Revolving Fund	16,069,286	0	(1,279,807)	17,349,093
(Refer to Notes 1 and 15)	16,069,286	0	(1,279,807)	17,349,093

APPENDIX C - ANALYSIS OF FIXED ASSETS

Expenditure 2005 R	Service	Budget 2006 R	Balance at 30 June 2005 R	Expenditure during year R	Redeemed, transferred or written off R	Balance at 30 June 2006 R
4,825,224	Rates and General Services	10,469,300	136,776,270	7,056,440	0	143,832,710
0	Land	0	9,935,498	0	0	9,935,498
129,768	Buildings	340,000	11,184,299	358,177	0	11,542,476
3,289,955	General Improvements	2,504,000	78,572,058	1,250,536	0	79,822,594
1,258,539	Plant and Equipment	7,565,300	14,655,606	5,435,873	0	20,091,479
30,866	Town Planning	0	557,673	0	0	557,673
116,096	Sewerage	60,000	21,871,136	11,854	0	21,882,990
3,170,890	Water Services	940,000	44,000,661	1,721,793	0	45,722,454
2,587,079	Water Plant	100,000	3,526,168	1,096,295	0	4,622,463
0	Dam	0	8,209,429	0	0	8,209,429
583,811	Waterworks	840,000	32,265,064	625,498	0	32,890,562
1,338,702	Electricity Services	1,100,000	19,739,459	1,237,112	0	20,976,571
0	Buildings	0	17,020	0	0	17,020
0	Plant	0	452,004	0	0	452,004
1,338,702	Network	1,100,000	16,176,257	1,237,112	0	17,413,369
0	Highmast Lights	0	3,094,178	0	0	3,094,178
0	Housing Services	0	7,300,958	0	0	7,300,958
0	Letting Scheme	0	1,009,869	0	0	1,009,869
0	Selling Scheme	0	5,683,924	0	0	5,683,924
0	Land	0	427,557	0	0	427,557
0	Nkwenkwezi Houses	0	179,608	0	0	179,608
				10,470		
<u>9,334,816</u>	TOTAL FIXED ASSETS	<u>12,509,300</u>	<u>207,817,348</u>	<u>10,015,345</u>	<u>0</u>	<u>217,832,693</u>
	LESS : LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		179,545,395	291,596	0	179,836,991
	Loans redeemed and advances repaid		83,185,149	124,820	0	83,309,969
	Contributions from operating income		11,100,589	166,776	0	11,267,365
	Provisions and reserves		2,633,910	0	0	2,633,910
	Grants and subsidies		82,543,008	0	0	82,543,008
	Public contributions		82,739	0	0	82,739
	NET FIXED ASSETS		<u>28,271,953</u>	<u>9,723,749</u>	<u>0</u>	<u>37,995,702</u>

APPENDIX D - ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR

Actual 2005 R	INCOME	Actual 2006 R	Budget 2006 R
16,378,097	Grants and subsidies	17,729,133	18,585,300
65,828,830	Operating income	73,049,701	77,765,748
82,206,927	TOTAL INCOME	90,778,834	96,351,048
Actual 2005 R	EXPENDITURE	Actual 2006 R	Budget 2006 R
34,860,309	Salaries, wages and allowances	38,160,590	39,090,200
40,187,917	General expenses	46,576,211	45,509,000
1,832,625	Repairs and maintenance	2,121,276	2,415,400
5,212,905	Capital charges	3,493,287	6,997,200
84,319	Contributions to fixed assets	166,776	183,300
0	Contributions to funds and reserves	338,835	2,151,900
82,178,075	GROSS EXPENDITURE	90,856,975	96,347,000
0	Less : amounts charged out	0	0
82,178,075	NET EXPENDITURE	90,856,975	96,347,000

APPENDIX E - DETAILED INCOME STATEMENT FOR THE YEAR

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 Budget surplus /(deficit) R
<u>RATES & GENERAL</u>							
42,700,146	48,543,622	(5,843,476)	<u>SERVICES</u>	45,602,686	52,162,813	(6,560,127)	(8,531,010)
30,815,575	34,725,885	(3,910,310)	<u>Community services</u>	31,809,875	37,338,642	(5,528,767)	(6,071,344)
0	183,442	(183,442)	Beaches	0	240,990	(240,990)	(269,200)
88,248	177,197	(88,949)	Cemeteries	132,250	195,058	(62,808)	(249,180)
3,156,593	3,222,511	(65,918)	Health	2,453,524	3,955,306	(1,501,782)	(532,712)
390,402	1,355,668	(965,266)	Nature Conervation	371,408	1,405,169	(1,033,761)	(1,029,620)
0	792,798	(792,798)	Public Toilets	0	753,631	(753,631)	(765,100)
0	7,161	(7,161)	Rodent Control	0	8,624	(8,624)	(10,000)
16,623	33,417	(16,794)	Small Animal Pound	44,674	12,364	32,310	(24,200)
100,000	1,730,010	(1,630,010)	General Works	100,000	1,599,603	(1,499,603)	(1,967,732)
503	3,946,466	(3,945,963)	Roads	2,270	4,450,420	(4,448,150)	(5,542,860)
91,700	751,971	(660,271)	Municipal Manager	91,700	756,994	(665,294)	(675,100)
803,663	2,378,694	(1,575,031)	Town Engineer	802,981	2,547,282	(1,744,301)	(1,799,280)
256,542	1,228,206	(971,664)	Workshop	256,320	1,920,888	(1,664,568)	(1,455,600)
0	9,996	(9,996)	Civil Protection	13	18,523	(18,510)	(27,000)
0	51,896	(51,896)	Grants & Donations	0	41,500	(41,500)	(20,000)
244,436	14,705	229,731	Town Planning	350,616	21,497	329,119	101,044
106,036	2,850,891	(2,744,855)	Administration	104,915	3,098,880	(2,993,965)	(2,635,280)
526,156	571,385	(45,229)	Licencing	477,709	528,301	(50,592)	232,100
1,362,199	2,032,700	(670,501)	Traffic	861,402	1,736,598	(875,196)	(767,000)
21,925,360	0	21,925,360	Rates	24,125,095	0	24,125,095	24,626,310
911,343	6,661,904	(5,750,561)	Council General	788,660	7,398,213	(6,609,553)	(7,014,034)
0	246,273	(246,273)	Stores	0	269,613	(269,613)	(291,000)
835,771	5,477,005	(4,641,234)	Financial Administration	846,338	5,879,188	(5,032,850)	(5,225,200)
0	1,001,589	(1,001,589)	Valuations	0	500,000	(500,000)	(730,700)

2005 Actual income R	2005 Actual expenditure R	2005 Surplus/ (deficit) R	RATES & GENERAL SERVICES (cont.)	2006 Actual income R	2006 Actual expenditure R	2006 Surplus/ (deficit) R	2006 Budget surplus /(deficit) R
70,480	6,398,561	(6,328,081)	Subsidised services	64,967	7,206,815	(7,141,848)	(7,842,112)
8,182	2,907,864	(2,899,682)	Parks and Recreation	6,913	2,984,263	(2,977,350)	(3,412,860)
8,635	880,435	(871,800)	Library	5,375	1,007,614	(1,002,239)	(987,384)
51,318	788,696	(737,378)	Civic Buildings	41,923	755,146	(713,223)	(847,600)
0	35,512	(35,512)	Sports Grounds	0	14,678	(14,678)	(46,468)
2,345	1,431,496	(1,429,151)	Fire Protection	10,756	1,992,818	(1,982,062)	(2,094,000)
0	3,525	(3,525)	Proclaimed Roads	0	1,503	(1,503)	(2,700)
0	351,033	(351,033)	Publicity	0	450,793	(450,793)	(451,100)
11,814,091	7,419,176	4,394,915	Economic services	13,727,844	7,617,356	6,110,488	5,382,446
723,284	934,584	(211,300)	Sanitation	810,515	1,098,822	(288,307)	(23,271)
6,105,083	3,360,962	2,744,121	Refuse Removal	6,909,376	3,694,250	3,215,126	2,755,089
4,665,392	2,976,158	1,689,234	Sewerage	5,434,158	2,702,457	2,731,701	2,294,828
0	0	0	Quarry	0	0	0	0
320,332	147,472	172,860	Estates	553,664	121,827	431,837	330,800
0	0	0	Parking Development	20,131	0	20,131	25,000
16,139,420	12,779,554	3,359,866	HOUSING SERVICES	17,922,491	15,578,734	2,343,757	1,574,924
16,139,420	12,779,554	3,359,866	Housing	17,922,491	15,578,734	2,343,757	1,574,924
23,367,361	20,854,899	2,512,462	TRADING SERVICES	27,253,657	23,115,428	4,138,229	6,960,134
12,009,981	11,459,965	550,016	Electricity	13,505,947	12,919,173	586,774	3,574,452
11,357,380	9,394,934	1,962,446	Water	13,747,710	10,196,255	3,551,455	3,385,682
<u>82,206,927</u>	<u>82,178,075</u>	<u>28,852</u>	TOTAL	<u>90,778,834</u>	<u>90,856,975</u>	<u>(78,141)</u>	<u>4,048</u>

Appropriations for the year
(64,513) (refer to note 15) (16,575,858)

(35,661) Net surplus/(deficit) for the year (16,653,999)

17,355,885 Accumulated surplus/(deficit) at the beginning of the year 17,320,224

17,320,224 ACCUMULATED SURPLUS/(DEFICIT) AT THE END OF THE YEAR 666,225

APPENDIX F - STATISTICAL INFORMATION

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
A. <u>General statistics</u>					
1. <u>Population (estimated permanent)</u>	55,480 <small>(2001 Census)</small>	55,480 <small>(2001 Census)</small>	55,486 <small>(2001 Census)</small>	55,486 <small>(2001 Census)</small>	47,526
Registered Voters	29,895 <small>(2006 IEC)</small>	29,285 <small>(2004 IEC)</small>	28,440 <small>(2003 IEC)</small>	28,440 <small>(2003 IEC)</small>	25,834
Area (km ²)	2,001	2,001	2,001	2,001	2,001

2. Valuation of Property (R 000's)

	<u>2006</u>			<u>2005</u>		
	Land & Buildings	Total	Land	Buildings	Total	
No. of Properties		22,280			17,456	
R 000'S						
Residential	3,820,694	3,820,694	1,003,434	1,751,681	2,755,115	
Commercial	191,085	191,085				
Government	32,185	32,185	2,313	17,060	19,373	
Municipal	65,297	65,297	17,476	13,059	30,535	
Total	4,109,261	4,109,261	1,023,223	1,781,800	2,805,023	

3. Tariffs

	<u>2006</u>		<u>2005</u>
Rates Tariff (cents in the R)	0.626		0.582
Water Tariff	0 -10 kl	R4.00	R3.68
	11 -20 kl	4.20	3.92
	21+ kl	5.00	4.40
Electricity Tariff			
R per kw/h	Monthly charger	0.3300	0.3074
	Prepaid	0.4300	0.4028