

# Nxuba Municipality



## Annual Financial Statements 2005/2006

EC 128

# NXUBA MUNICIPALITY

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# NXUBA MUNICIPALITY

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## FOREWORD

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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 Nxuba 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 Nxuba 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 Nxuba 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 Nxuba 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.

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**SPEAKER**

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## NXUBA MUNICIPALITY

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### GENERAL INFORMATION

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#### **MEMBERS OF THE COUNCIL**

##### Councillors

Mr. M Mhana (Mayor)

Mrs. CA Auld (Chairperson:- Finance and Estates)

Mrs. NB Mahlea (Chairperson:- Community Services and Health)

Mr. FF Nggwebo (Chairperson: - Public Works and Trading Services)

Mr. G De Lange (Deputy Chairperson:- Community Services and Health)

Mrs. SE Gqezengele (Deputy Chairperson:- Public Works and Trading Services)

Mr. S Maseti (Deputy Chairperson: - Finance and Estates)

Mr. X Makhenyane

#### **GRADING OF LOCAL AUTHORITY**

Nxuba Municipality is a Grade 2 Local Authority

#### **AUDITORS**

Auditor General

#### **BANKERS**

ABSA Bank (Adelaide)

First National Bank (Bedford)

## **NXUBA MUNICIPALITY**

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### **REGISTERED OFFICE**

Private Bag 350  
Adelaide  
5760

Telephone : 046 - 684 0034  
Facsimile : 046 - 684 1931

### **MUNICIPAL MANAGER & ACCOUNTING OFFICER**

KR de Lange

Telephone : 046 - 684 0034

### **CHIEF FINANCIAL OFFICER**

S Mini

Telephone : 046 - 684 0034

# NXUBA MUNICIPALITY

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## APPROVAL OF FINANCIAL STATEMENTS

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

Chief Financial Officer on the ..... and presented to and approved by Council

on the .....

.....  
**MUNICIPAL MANAGER: NXUBA MUNICIPALITY**

.....  
**CHIEF FINANCIAL OFFICER: NXUBA MUNICIPALITY**

**NXUBA 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 %
<b>Income:</b>					
Opening deficit	(997,337)	(442,923)			
Sundry Transfers	-	281,262			
Operating income for the year	23,632,812	23,371,101	(1)	26,356,717	(13)
	22,635,475	23,209,441		26,356,717	
<b>Expenditure</b>					
Operating expenditure for the year	23,078,398	24,587,606	7	26,230,059	(7)
Contributions to approved funds					
Closing deficit	(442,923)	(1,378,166)		126,658	
	22,635,475	23,209,441		26,356,717	
<b>Significant variances:</b>					

**1.1 Rates and General Services**

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual - Budget %
Income	14,754,859	13,757,259	(7)	11,422,565	17
Expenditure	15,677,921	16,711,929	7	13,616,099	19
Deficit	(923,062)	(2,954,670)	220	(2,193,534)	26
Deficit as % of total income	(6)	(21)			
<b>Significant variances:</b>					

**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	2,628,161	3,892,400	48	7,089,438	(82)
Expenditure	2,154,260	2,167,523	1	5,085,256	(135)
(Deficit)/Surplus	473,901	1,724,877		2,004,182	
Surplus/(deficit) as % total income	18	44		28	
<b>Significant variances:</b>					

**Electricity Service**

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual - Budget %
Income	5,980,191	5,896,306	(1)	7,844,714	(33)
Expenditure	4,709,257	5,715,910	21	7,528,704	(32)
(Deficit)/Surplus	1,270,933	180,396		316,010	
Surplus/(deficit) as % total income	21	3		4	
<b>Significant variances:</b>					

**2. CAPITAL EXPENDITURE AND FINANCING**

The expenditure on fixed assets during the year amounted to R 736,801. (2005 - R 2,434,655)

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 208,426. (2005 - R 205,527).

Cash resources and short-term deposits less bank overdraft at 30 June 2006 amounted to a deficit of R 351,549. (2005 - R 319,765 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. 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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**MUNICIPAL MANAGER: NXUBA MUNICIPALITY**



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**NXUBA MUNICIPALITY**  
**ACCOUNTING POLICIES**

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**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.

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**NXUBA MUNICIPALITY**  
**ACCOUNTING POLICIES (continued)**

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\* 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.

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**NXUBA MUNICIPALITY**  
**ACCOUNTING POLICIES (continued)**

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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.

**NXUBA MUNICIPALITY**  
**BALANCE SHEET AT 30 JUNE 2006**

	Note	2006 R	2005 R
<b>CAPITAL EMPLOYED</b>			
FUNDS AND RESERVES		3,213,945	3,035,436
Statutory Funds	1	3,213,945	3,035,436
Reserves	2	-	-
RETAINED INCOME / (ACCUMULATED DEFICIT)		(1,378,166)	(442,923)
		1,835,779	2,592,513
TRUST FUNDS	3	4,906,302	6,762,159
LONG TERM LIABILITIES	4	147,657	147,648
CONSUMER DEPOSITS: SERVICES	5	441,190	421,324
		<b>7,330,929</b>	<b>9,923,644</b>
<b>EMPLOYMENT OF CAPITAL</b>			
LONG TERM DEBTORS	8	-	-
FIXED ASSETS	6	147,657	175,816
TRUST FUND INVESTEMENTS	7	4,906,302	6,762,158
INVESTMENTS	7	46,400	46,400
		5,100,359	6,984,374
NET CURRENT ASSETS		2,230,569	2,939,271
CURRENT ASSETS		9,979,642	8,603,756
Stock	9	-	-
Debtors	10	9,914,230	8,601,774
Cash Resources	11	65,412	1,982
CURRENT LIABILITIES		7,749,073	5,664,485
Creditors	13	6,307,834	3,961,526
Bank Overdraft	14	416,961	321,748
Provisions	12	1,024,278	1,381,212
		<b>7,330,929</b>	<b>9,923,644</b>

**NXUBA 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
15,024,460	16,214,880	(1,190,420)	<b>RATES AND GENERAL SERVICES</b>	13,582,394	16,704,173	(3,121,778)	(2,193,534)
9,046,332	9,833,572	(787,240)	Community services	7,400,129	10,222,722	(2,822,593)	(2,576,327)
379,637	1,066,062	(686,425)	Subsidised services	884,595	1,198,549	(313,954)	(329,666)
269,601	536,960	(267,358)	Housing Services	(174,864)	(7,756)	(167,108)	
5,328,890	4,778,287	550,603	Economic services	5,472,535	5,290,658	181,876	712,459
8,608,352	6,863,517	1,744,835	<b>TRADING SERVICES</b>	9,788,707	7,883,434	1,905,273	2,320,192
<u>23,632,812</u>	<u>23,078,398</u>	<u>554,414</u>	<b>TOTAL</b>	<u>23,371,101</u>	<u>24,587,606</u>	<u>(1,216,505)</u>	<u>126,658</u>
		-	Appropriations for the year (refer note 19)			281,262	
		<u>554,414</u>	<b>NET SURPLUS (DEFICIT) FOR THE YEAR</b>			<u>(935,243)</u>	
		(997,337)	Accumulated deficit beginning of the year			(442,923)	
		<u>(442,923)</u>	<b>ACCUMULATED DEFICIT END OF THE YEAR</b>			<u>(1,378,166)</u>	

**NXUBA MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006**

	NOTES	2006 R	2005 R
<b>CASH RETAINED FROM OPERATING ACTIVITIES</b>		<b>1,240,543</b>	<b>3,608,817</b>
Cash generated by operations	20	(5,797,239)	(6,334,701)
Investment income	18	1,248	20,963
Increase in working capital	21	676,918	(222,412)
		<u>(5,119,073)</u>	<u>(6,536,150)</u>
Less: External interest paid		62,326	(33,399)
<b>Cash (utilised in)/available from operations</b>		<b>(5,056,747)</b>	<b>(6,569,549)</b>
Cash contributions from the public and the State		6,297,290	10,178,366
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>		<b>(736,802)</b>	<b>(2,434,655)</b>
Investment in fixed assets		(736,802)	(2,434,655)
Long Term Debtors		-	-
<b>NETT CASH FLOW</b>		<b><u>503,741</u></b>	<b><u>1,174,162</u></b>
<b>CASH EFFECTS OF FINANCING ACTIVITIES</b>			
(Decrease) / Increase in Long Term Liabilities	22	9	(23,915)
Increase / (Decrease) in Consumer Deposits		19,866	-
Decrease / (Increase) in Cash	24	(523,617)	(875,166)
(Increase) / Decrease in External Cash Investments	23	-	(275,081)
<b>NETT CASH UTILISED</b>		<b><u>(503,741)</u></b>	<b><u>(1,174,162)</u></b>

**NXUBA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006**

	2006 R	2005 R
<b>1. ACCUMULATED FUNDS</b>		
Revolving Fund	3,213,945	3,035,436
	<u>3,213,945</u>	<u>3,035,436</u>
<i>(Refer to Appendix A for more details)</i>		
<b>2. RESERVES</b>	<u>-</u>	<u>-</u>
<i>(Refer to Appendix A for more details)</i>		
<b>3. TRUST FUNDS</b>		
As detailed in Appendix A	<u>4,906,302</u>	<u>6,762,159</u>
<i>(Refer to Appendix A for more details)</i>		
<b>4. LONG-TERM LIABILITIES</b>		
Development Bank of South Africa	147,657	147,648
	<u>147,657</u>	<u>147,648</u>
<i>(Refer to Appendix B for more detail)</i>		
<b>5. CONSUMER DEPOSITS: SERVICES</b>		
Service Deposits	<u>441,190</u>	<u>421,324</u>
<b>6. FIXED ASSETS</b>		
Fixed assets at the beginning of the year	78,095,634	75,660,979
Capital expenditure during the year	736,802	2,434,655
Less: Assets written off, transferred or disposed of during year	<u>-</u>	<u>-</u>
<b>Total fixed assets</b>	<b>78,832,435</b>	<b>78,095,634</b>
<b>Less:</b> Loans redeemed and other capital receipts	<u>78,684,778</u>	<u>77,919,818</u>
<b>NET ASSETS</b>	<b><u>147,657</u></b>	<b><u>175,816</u></b>
<i>(Refer to Appendix C for more details)</i>		

**NXUBA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006**

	2006 R	2005 R
<b>7. INVESTMENTS</b>		
<b>Project Investments</b>	4,906,302	6,762,158
	<u>4,906,302</u>	<u>6,762,158</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>		
<b>Security Investments</b>		
J Korkie	14,000	14,000
JB Marais	13,800	13,800
JH Erasmus	11,600	11,600
AW Meier	7,000	7,000
	<u>46,400</u>	<u>46,400</u>
<p>The above investments are held as securities for bonds over property purchased by the above staff members</p>		
<b>8. LONG TERM DEBTORS</b>	-	-
	<u>-</u>	<u>-</u>
<b>9. STOCK</b>		
<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>-</u>	<u>-</u>
<b>10. DEBTORS</b>		
Current Debtors (Consumers and others)	29,337,799	23,812,144
Sundry Debtors	325,887	321,400
<b>Less:</b> Provision for Doubtful Debts	(19,749,455)	(15,531,770)
	<u>9,914,230</u>	<u>8,601,774</u>
<b>11. CASH AND CASH EQUIVALENT</b>		
Operating Account - ABSA Bank	-	-
Call Account - ABSA Bank	1,161	1,314
Operating Account - FNB	63,583	-
Cash Floats	668	668
	<u>65,412</u>	<u>1,982</u>



**NXUBA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006**

	2006 R	2005 R
<b>12. PROVISIONS</b>		
Leave Pay Provision	724,278	773,512
Audit Fee Provision	300,000	607,700
	<u>1,024,278</u>	<u>1,381,212</u>
<b>13. CREDITORS</b>		
Creditors	1,299,780	946,422
VAT Control	781,156	24,747
VAT Provision	577,654	1,987,536
Sundry Creditors	1,348,161	974,653
Project Creditors	2,240,314	
Current Portion of External Loans	60,769	28,168
	<u>6,307,834</u>	<u>3,961,526</u>
<b>14. BANK OVERDRAFT</b>		
Operating Account - ABSA Bank	416,961	317,527
Operating Account - FNB	-	4,221
	<u>416,961</u>	<u>321,748</u>
<b>15. ASSESSMENT RATES</b>		
Site valuations 2004/2005		
- Residential	125,972,115	125,972,115
- State	13,540,940	13,540,940
- Exempt	19,702,780	19,702,780
	<u>159,215,835</u>	<u>159,215,835</u>
Actual Rateable Income	<u>2,260,952</u>	<u>2,353,464</u>
<b>16. COUNCILLOR'S REMUNERATION</b>		
<b>Mayor's allowance:</b>	186,893	197,632
Salary	128,200	87,285
Travelling allowance	23,251	27,891
Telephone allowance	10,811	8,750
Housing	24,631	67,013
Medical	-	6,693
<b>Councillor's allowances:</b>	559,241	287,941
Salaries	423,362	208,536
Medical	32,976	9,870
Travelling allowances	48,599	52,135
Telephone allowances	54,304	17,400
Councillor's Allowances	<u>746,133</u>	<u>485,573</u>

**NXUBA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006**

	2006 R	2005 R
<b>17. AUDITOR'S REMUNERATION</b>		
Audit fees	431,941	309,498
<b>18. FINANCE TRANSACTIONS</b>		
Total external interest earned or paid:		
- Interest earned	1,248	20,963
- Interest paid	62,326	33,399
Capital charges debited to operating account:		
- Interest paid on external loans	62,326	33,399
- Interest paid on internal loans	-	-
- Redemption of external loans	28,159	23,915
- Redemption of internal loans	-	-
	90,485	57,314
<b>19. APPROPRIATIONS</b>		
<b>Appropriation account</b>		
Accumulated deficit at the beginning of the year	(442,923)	(997,337)
Operating (deficit)/surplus for the year	(1,216,505)	554,414
	(1,659,428)	(442,923)
Less: Appropriations for the year:		
- Prior year adjustments	281,262	-
Accumulated deficit at the end of year	(1,378,166)	(442,923)
<b>Operating account</b>		
Capital expenditure - Fixed assets	66,846	-
Contributions to:		
- Revolving Fund	3,788,652	163,013
	3,855,498	163,013
<b>20. CASH UTILISED IN OPERATIONS</b>		
(Deficit) surplus for the year	(1,216,505)	554,414
Adjustments in respect of:		
- Prior Year Adjustments	-	-
Appropriations charged against income:		
- Revolving Fund	3,788,652	163,013
- Fixed Assets	66,846	-
Capital charges debited to operating account	90,485	57,314
Grants and Subsidies Received from the State	(8,526,717)	(7,109,442)
	(5,797,239)	(6,334,701)

**NXUBA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006**

	2006 R	2005 R
<b>21. MOVEMENT IN WORKING CAPITAL</b>		
(Increase) / Decrease in Stores	-	-
(Increase) / Decrease in Debtors	(1,312,456)	(2,188,648)
(Decrease) / Increase in Creditors and Provisions	1,989,374	1,966,236
	<u>676,918</u>	<u>(222,412)</u>
<b>22. MOVEMENT IN LONG-TERM LIABILITIES</b>		
Loans repaid	9	(23,915)
	<u>9</u>	<u>(23,915)</u>
<b>23. MOVEMENT IN INVESTMENTS</b>		
Investments	-	(275,081)
	<u>-</u>	<u>(275,081)</u>
<b>24. MOVEMENT IN CASH ON HAND</b>		
Cash Surplus / (Deficit) at the beginning of the year	(875,166)	(1,196,246)
Less: Cash Surplus / (Deficit) at end of year	(351,549)	(321,080)
	<u>(523,617)</u>	<u>(875,166)</u>
<b>25. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS</b>		
The municipality has no contingent liabilities nor any contractual obligations.		
<b>26. RETIREMENT BENEFITS</b>		
The employees of the municipality contribute to either the Cape Joint & SALA Pension Fund		

**NXUBA MUNICIPALITY**

**STATUTORY FUNDS, RESERVES AND TRUST FUNDS**

	<b>Balance at 30 June 2005 R</b>	<b>Contributions during year R</b>	<b>Interest Earned R</b>	<b>Transfers / (Advance) during year R</b>	<b>Operating expenditure during year R</b>	<b>Capital expenditure during year R</b>	<b>Balance at 30 June 2006 R</b>
<b>STATUTORY FUNDS</b>							
Revolving Fund	3,035,436	176,510		2,000			3,213,945
	<b>3,035,436</b>	<b>176,510</b>	<b>-</b>	<b>2,000</b>	<b>-</b>	<b>-</b>	<b>3,213,945</b>
<b>TRUST FUNDS</b>							
<b><u>Cash Backed Funds</u></b>							
Bedford Garden	-						-
Bucket Eradication	5,020,565	818,432	110,584	(1,900,000)	1,445	1,499,180	2,548,956
Capital Developemnt Fund	26,658		983				27,641
Cemetery - Adelaide	-	35,000	231	35,000			70,231
Cemetery - Bedford	-		662	50,000			50,662
Civils VAT	69,958		1,715				71,673
Cleanest Town	50,387		1,229				51,616
Finance Management Grant	-		6,440	298,370	762	80,792	223,256
Framework Plan	82,341	105,855	2,562			72,457	118,301
Full Property Grant	17,311		300				17,610
General Valuation Grant	-		809	57,950			58,759
Infrastructure Grant	145,182		3,539				148,722
Integrated Developmet Plan	264,895	166,574	2,414	(156,990)	275,299		1,595
Library Fund	1,085		1		156		930
Maintenance Fund	50,480		244		49,683		1,042
Municipal Support	111,500		501		110,963		1,038
Ndlovini Fund	-	14,075	44	14,040			28,159
NER	39,618		609	2,919			43,145
Nxuba Housing - 172 Zinc Houses	281,767	38,292	7,014		558	83,385	243,131
Nxuba Housing - 200 Units Goodwin Park	718	422,746	1,120	(2,750)	586	304,248	117,000
Nxuba Housing - 428 Mud Houses	-	3,226,060	7,475	(37,800)	112	2,169,897	1,025,726
Nxuba Housing - 481 Units	398,676	2,351,345	2,496	37,800	3,192	2,775,529	11,596
Nxuba Housing - 624 Units	4,095	48,693	680		598	36,000	16,869
Performance Award	19,035		96				19,131
Rika Stander	21,156		252	(21,343)	65		-
Settlement Plan	9,487		26				9,513
Transitional Grant	147,245	250,000	1,444	(298,370)	-	100,320	-
	<b>6,762,159</b>	<b>7,477,071</b>	<b>153,470</b>	<b>(1,921,174)</b>	<b>443,417</b>	<b>7,121,808</b>	<b>4,906,302</b>
<b><u>RESERVES</u></b>							
None	-						-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**APPENDIX A**

**NXUBA 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
<b>EXTERNAL LOANS</b>							
Development Bank of South Africa (Electricity)	17.65%	Bi Annually	31-Dec-2010	68,877		8,266	<b>60,612</b>
Development Bank of South Africa (Water)	16.15%	Bi Annually	31-Dec-2010	10,101		1,257	<b>8,844</b>
Development Bank of South Africa (Water)	17.01%	Bi Annually	30-Jun-2009	96,837		18,636	<b>78,202</b>
				<u><b>175,816</b></u>	<u>-</u>	<u><b>28,159</b></u>	<u><b>147,657</b></u>

**APPENDIX B**

**NXUBA 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
<b>1,980,094</b>	<b>Rates &amp; General Services</b>	<b>36,565,071</b>	<b>423,093</b>	-	<b>36,988,164</b>
<b>1,402,374</b>	<b>Community services</b>	<b>13,095,565</b>	<b>40,688</b>	-	<b>13,136,253</b>
664,421	Roads and Streetworks	6,516,482	-		6,516,482
549,460	Management Services	1,751,149	40,688		1,791,837
-	Civil defence	9,558	-		9,558
2,035	Town Estates	3,598,599	-		3,598,599
-	Traffic Services	89,994	-		89,994
186,458	Health Services	1,129,783	-		1,129,783
<b>65,805</b>	<b>Subsidised Services</b>	<b>6,954,317</b>	<b>382,405</b>	-	<b>7,336,722</b>
-	Buildings	3,906,025	378,705		4,284,730
65,805	Parks and Recreation	2,508,417	3,700		2,512,117
-	Cemetery	474	-		474
-	Fire	410,000	-		410,000
-	Library Services	129,401	-		129,401
<b>511,915</b>	<b>Economic Services</b>	<b>16,515,189</b>	-	-	16,515,189
200,000	Refuse	539,094	-		539,094
-	Abattoir	77,485	-		77,485
31,344	Sewerage	15,618,039	-		15,618,039
280,571	Sawmill	280,571	-		280,571
-	<b>Housing Services</b>	<b>13,337,682</b>	-	-	<b>13,337,682</b>
<b>454,561</b>	<b>Trading Services</b>	<b>28,192,881</b>	313,709	-	<b>28,506,590</b>
247,333	Electricity Services	8,011,418	-		8,011,418
207,228	Water Services	20,181,463	313,709		20,495,172
<b>2,434,655</b>	<b>TOTAL FIXED ASSETS</b>	<b>78,095,634</b>	<b>736,802</b>	-	<b>78,832,435</b>
<b>2,458,571</b>	<b>LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS</b>	<b>(77,919,818)</b>	<b>736,802</b>	<b>(28,159)</b>	<b>78,684,778</b>
23,915	Loans redeemed and advances paid	18,905,056		(28,159)	18,933,215
2,434,655	Contributions from operating income	5,384,537	66,846		5,451,382
	Grants and subsidies	53,630,225	669,956		54,300,181
<b>(23,916)</b>	<b>NET FIXED ASSETS</b>	<b>175,816</b>	<b>0</b>	<b>28,159</b>	<b>147,657</b>

**APPENDIX C**

**NXUBA MUNICIPALITY**

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

<b>2005 Actual R</b>		<b>2006 Actual R</b>	<b>2006 Budget R</b>
	<b>INCOME</b>		
7,109,442	Grants and Subsidies	8,526,717	8,784,065
16,523,370	Operating income	14,843,135	17,560,999
2,353,464	Assessment Rates	2,260,952	2,900,553
5,659,591	Electricity Charges	5,677,510	7,638,768
2,055,729	Refuse	2,284,813	2,248,416
2,775,199	Sewerage and Sanitation	2,059,300	1,645,558
2,130,199	Water Charges	2,127,146	2,817,396
1,549,189	Income from Tariffs and other Service Charges etc	433,415	310,308
-	Interest Received	1,248	11,653
<b><u>23,632,812</u></b>	<b>Total income</b>	<b><u>23,371,101</u></b>	<b><u>26,356,717</u></b>
	<b>EXPENDITURE</b>		
10,851,812	Salaries, Wages and Allowances	12,013,701	12,706,927
4,826,542	General Expenditure	3,668,252	6,102,955
303,763	Repairs and Maintenance	192,682	380,700
69,751	Capital Charges	90,485	39,713
	Contributions to Fixed Assets	66,846	276,000
163,013	Contributions to Approved Funds	3,788,652	1,323,764
4,709,257	Bulk Purchases - Electricity	4,766,989	5,400,000
2,154,260	Bulk Purchases - Water	-	
<b><u>23,078,398</u></b>	<b>Total Expenditure</b>	<b><u>24,587,606</u></b>	<b><u>26,230,059</u></b>

**APPENDIX D**

**NXUBA MUNICIPALITY**

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006**

<b>2005 Actual income</b>	<b>2005 Actual expenditure</b>	<b>2005 Surplus/ (deficit)</b>		<b>2006 Actual income</b>	<b>2006 Actual expenditure</b>	<b>2006 Surplus/ (deficit)</b>	<b>2006 Budgeted surplus/ R</b>
<b>R</b>	<b>R</b>	<b>R</b>		<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>14,754,859</b>	<b>15,677,921</b>	<b>(923,062)</b>	<b>RATES AND GENERAL SERVICES</b>	<b>13,757,259</b>	<b>16,711,929</b>	<b>(2,954,670)</b>	<b>(2,193,534)</b>
<b>9,046,332</b>	<b>9,833,572</b>	<b>(787,240)</b>	<b>Community services</b>	<b>7,400,129</b>	<b>10,222,722</b>	<b>(2,822,593)</b>	<b>(2,576,327)</b>
2,353,464	1,034,209	1,319,255	Assessment Rates	2,260,952	625,907	1,635,044	2,737,540
694,402	935,882	(241,480)	Council's General Expenses	218,738	935,667	(716,929)	(1,392,408)
1,932,753	1,499,519	433,234	Health	2,320,790	1,370,278	950,512	568,349
1,588,805	2,687,939	(1,099,134)	Municipal Manager	643,299	2,985,927	(2,342,628)	(2,814,683)
1,860,873	2,151,425	(290,552)	Financial Manager	1,023,838	2,610,287	(1,586,449)	(831,872)
600,000	1,524,596	(924,596)	Public Works	932,513	1,694,655	(762,142)	(843,253)
16,034	-	16,034	Estates			-	-
<b>379,637</b>	<b>1,066,062</b>	<b>(686,425)</b>	<b>Subsidised services</b>	<b>884,595</b>	<b>1,198,549</b>	<b>(313,954)</b>	<b>(329,666)</b>
146,809	19	146,790	Traffic			-	-
9,426	-	9,426	Cemetery			-	-
51,762	269,322	(217,560)	Library Service	144,194	335,937	(191,743)	(174,650)
-	443,811	(443,811)	Parks and Recreation	248,503	453,286	(204,783)	(231,562)
19,986	-	19,986	Civil Buildings			-	-
151,654	352,909	(201,255)	Environmental Health	491,898	409,325	82,573	76,546
<b>5,328,890</b>	<b>4,778,287</b>	<b>550,603</b>	<b>Economic services</b>	<b>5,472,535</b>	<b>5,290,658</b>	<b>181,876</b>	<b>712,459</b>
2,055,729	2,139,926	(84,197)	Refuse	2,590,456	2,341,572	248,884	705,259
-	-	-	Abattoir	21,750		21,750	7,200
3,273,161	2,638,361	634,800	Sewerage	2,860,329	2,949,087	(88,758)	-
<b>269,601</b>	<b>536,960</b>	<b>(267,358)</b>	<b>HOUSING SERVICES</b>	<b>(174,864)</b>	<b>(7,756)</b>	<b>(167,108)</b>	<b>-</b>
269,601	536,960	(267,358)	Selling and letting schemes	(174,864)	(7,756)	(167,108)	-
<b>8,608,352</b>	<b>6,863,517</b>	<b>1,744,835</b>	<b>TRADING SERVICES</b>	<b>9,788,707</b>	<b>7,883,434</b>	<b>1,905,273</b>	<b>2,320,192</b>
5,980,191	4,709,257	1,270,933	Electricity Services	5,896,306	5,715,910	180,396	316,010
2,628,161	2,154,260	473,901	Water Services	3,892,400	2,167,523	1,724,877	2,004,182
<b>23,632,812</b>	<b>23,078,398</b>	<b>554,414</b>	<b>TOTAL</b>	<b>23,371,101</b>	<b>24,587,606</b>	<b>(1,216,505)</b>	<b>126,658</b>
			Appropriations for the year (refer to note 19)			281,262	
		<b>554,414</b>	<b>NET DEFICIT FOR THE YEAR</b>			<b>(935,243)</b>	
		(997,337)	Accumulated deficit beginning of the year			(442,923)	
		<b>(442,923)</b>	<b>ACCUMULATED DEFICIT END OF THE YEAR</b>			<b>(1,378,166)</b>	

**APPENDIX E**



**NXUBA MUNICIPALITY  
APPENDIX F  
STATISTICAL INFORMATION**

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**GENERAL STATISTICS**

Population	24,801
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Site valuations at

- Residential	125,972,115
- State	13,540,940
- Exempt	19,702,780
	159,215,835

Assessment rates:

- All properties 1.42 cents in the rand
- Pensioners can apply for a 40% rebate if income less tha R1,100 per month
- Churches exempt

Number of residential properties	5,706
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Number of employees of local authority	135
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**Water Statistics**

Units bought/generated	68.000
Units sold	54.400
Units lost in distribution	13.60
Units lost in distribution (%)	20.0%
Cost per Unit Sold	R 3.9600
Income per Unit Sold	R 4.8300
Number of Users (Meters)	6,427
Number of Users (No Meters)	1,350

**Electricity Statistics**

Units bought/generated	6.900
Units sold	6.350
Units lost in distribution	0.55
Units lost in distribution (%)	8.0%
Cost per Unit Sold	R 0.1151