

MUNICIPALITY OF TSOLWANA

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

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MUNICIPALITY OF TSOLWANA

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

GENERAL INFORMATION

GRADING OF LOCAL AUTHORITY

Grade 1

AUDITORS

Office of the Auditor General

BANKERS

First National Bank ,Tarkastad

REGISTERED OFFICE

12 Murray Street
Tarkastad
5370

POSTAL ADDRESS

P.O.Box 21
Tarkastad
5370

TELEPHONE NUMBER

(045) - 846 0033

MUNICIPAL MANAGER

Mr S.J. Dayi

CHIEF FINANCIAL OFFICER

Mr. M.Mbilini

MAYOR (SPEAKER)

Mrs M Bennett

COUNCILLORS WARD

Mr K. Nqiqhi	5	W
Mrs M Bennett	4	PR
Mr R A Sparrow	4	PR
Mrs N Temo	4	W
Mr S.J.Noziho	3	W
Ms F Tshambu	3	PR
Mr T M Baleng	2	W
Mr N S Shumani	1	PR
Ms N F P Meje	1	PR
Mr M Mangcotywa	1	W

MUNICIPALITY OF TSOLWANA

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 9 to 21 were approved by the
Municipal Manager on2006 and presented to and approved by the
Council on2006

MUNICIPAL MANAGER

CHIEF FINANCIAL OFFICER

MUNICIPALITY OF TSOLWANA

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

FOREWORD

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

The major challenge to the Tsolwana Municipality is to meet the needs and requirements of those in the previously disadvantaged areas whilst at the same time ensuring that the infrastructure in the established areas is not neglected.

This I believe can only be achieved through hard work by both Councillors and Officials, tolerance of our community and ensured payment of municipal services.

I am proud to report that we have once more proved viable by operating at a surplus for the year. This has been achieved despite the difficult economic climate prevailing in the province and the country. It is our objective and we remain committed to achieve a level of service delivery which is satisfactory to all our citizens and at the same time to ensure financial viability.

I wish to express my appreciation to the Councillors, the Municipal Manager and his staff for their support, co-operation and hard work during the past year.

.....
X.C.MTATI
MAYOR: TSOLWANA MUNICIPALITY

MUNICIPALITY OF TSOLWANA

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

Chief Financial Officer's Report

Review of operating results

Details of the operating results per department, classification and object of expenditure are disclosed in the detailed income statement. The overall operating results for the year ended 30 June 2006 are as follows:

1. OPERATING RESULTS

	Actual 2005	Actual 2006	Variance 2005 X 2006	Budget 2006	Variance Actual/ Budget
	R	R	%	R	%
INCOME					
Opening surplus	4,788,036	4,725,874			
Sundry transfers	52,501	-144,160			
Operating income for the year	11,367,843	14,767,433	30%	14,269,635	3%
	16,208,380	19,349,147		14,269,635	
EXPENDITURE					
Operating expenditure for the year	11,482,506	15,853,445	38%	14,269,635	10%
Sundry transfers	0	845,768			
Closing surplus	4,725,874	2,649,933			
	16,208,380	19,349,147		14,269,635	

Reasons for significant variances

Increase in income largely attributable to increases in government subsidies
Increase in expenditure largely attributable to increases in salaries, councillors allowances and community services

1.1 Rate and General Services

	Actual 2005	Actual 2006	Variance 2005 X 2006	Budget 2006	Variance Actual/ Budget
	R	R	%	R	%
Income	6,088,493	9,350,626	54%	8,129,291	13%
Expenditure	(8,528,877)	(12,099,697)	42%	(8,694,422)	28%
Surplus / (deficit)	(2,440,384)	(2,749,071)		(565,131)	
Surplus / (deficit) as % of total income	-40%	-29%		-7%	

Reasons for significant variances

Increase in income largely attributable to increases in government subsidies
Increase in expenditure largely attributable to increases in salaries, councillors allowances and community services

1.2 Trading Services

Electricity

	Actual 2005	Actual 2006	Variance 2005 X 2006	Budget 2006	Variance Actual/ Budget
Income	2,668,829	2,416,442	-9%	2,252,362	7%
Expenditure	(2,017,470)	(2,507,016)	24%	(1,842,740)	26%
Surplus / (deficit)	651,358	(90,574)		409,622	
Surplus / (deficit) as % of total income	24%	-4%		18%	

Reasons for significant variances

Decrease in income largely due to decrease in equitable share allocation
Increase in expenditure largely due to increase in indigent subsidies and free basic electricity arising from an additional 2300 households

Water Service

	Actual 2005	Actual 2006	Variance 2005 X 2006	Budget 2006	Variance Actual/ Budget
Income	2,610,521	3,000,365	15%	1,662,602	0
Expenditure	(936,158)	(1,246,733)	33%	(1,507,093)	(0)
Surplus	1,674,363	1,753,632		155,509	
Surplus as % of total income	64%	58%		9%	

Reasons for significant variances

Water income increased due to additional households.

Increase in expenditure largely attributable to increase in free basic services arising from an additional 2300 households during the year.

2. CAPITAL EXPENDITURE AND FINANCING

	2006 Actual	2006 Budget	2005 Actual
	R	R	R
Community Services	1,709,315	3,961,000	983,840
Economic Services	1,600	3,243,856	338,867
Housing Infrastructure	2,055,591		7,410,131
Trading Services	2,283,307	4,871,072	207,666
	6,049,813	12,075,928	8,940,503

Resources used to finance the fixed assets were as follows:

	2006 Actual	2006 Budget	2005 Actual
	R	R	R
CMIP	1,228,104	4,399,928	7,410,131
District municipality	1,600	5,361,000	338,867
Grants and subsidies	4,820,109	2,315,000	1,191,505
	6,049,813	12,075,928	8,940,503

3. INVESTMENTS AND CASH RESOURCES

Operating account investments and cash resources at 30 June 2006 amounted to R6,339,564 (2005 : R7,337,082).

4. FUNDS AND RESERVES

More information regarding funds and reserves are disclosed in notes 1 to 3 and Appendix A to the financial statements.

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Chief Financial Officer

MUNICIPALITY OF TSOLWANA

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 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 Accounting Practice (1997) and Report on Published Annual Financial Statements (Second edition - January 1996).
- 1.2 The financial statements have been prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 6. 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 financial statements include the Rate and General services, Housing service, 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, water and premiums charged by the insurance fund, 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 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 assets 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 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 Loan Redemption Fund

Internal loans are repaid in relation to the life of an asset. Redemption on government loans is paid half yearly on an annuity basis.

4.2 Revolving Fund

In order to finance the provision of infrastructure and other items of property, plant and equipment amounts are set aside from unappropriated surpluses to the Revolving Fund.

4.3 Trust Funds

Transactions relating to funds held by the Council for the benefit of third parties are accounted for only in the balance sheet with no recognition of income or expenditure in the income statement.

4.6 Project Funds

From time to time, the National and Provincial Government provide funds to Municipalities for the undertaking of certain prescribed projects. The funds so provided are not treated as operational grants upon receipt, but revenue is recognised only upon spending of the funds for the designated purpose, to the extent of the expenditure.

5. Retirement Benefits

Tsolwana Municipality and its employees and councilors contribute to the Cape Joint Pension Fund and the SALA Pension Fund which provides retirement benefits to those contributors.

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 services costs. Unfavourable experience adjustments and the cost of securing increased benefits are written off over the lesser of the remaining period of service of employees or five years. Favourable experience adjustments are retained in the retirement benefit plan.

6. Surpluses and Deficits

Any surplus or deficit arising from the operation of the Electricity, Transport and Water services are transferred to Rate and General services.

7. 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).

8. Investments

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred.

9. Deferred charges

The balance outstanding of the costs incurred in raising loans on the capital market, are recovered from operating income over the periods of the various loans involved.

10. Revenue Recognition

10.1 Electricity and Water Billings

Revenue from the sale of water and electricity is recognised when the monthly meter reading has been performed. Availability charges are billed at a flat rate approved by council.

10.2 Assessment Rates

Assessment rates income is recognised once a rates assessment has been issued to ratepayers. All rateable properties are charged assessment rates based on the Municipal valuation of properties.

11 Assessment Rates

The Municipality of Tsolwana applies a differential site rating system. In terms of this system the assessment rates are levied on the value of the property, and rebates are granted according to the use to which a particular property is put. Rebates of 100% were granted to Churches and rebates of 20% were granted to government and educational institutions.

MUNICIPALITY OF TSOLWANA

BALANCE SHEET

as at 30 June 2006

	Note	2006 R	2005 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		5,121,534	4,828,415
Revolving Fund	1	2,367,122	2,229,045
Working Capital Reserve	2	2,309,527	2,191,488
Employee Leave Reserve	2	444,885	407,881
ACCUMULATED SURPLUS		<u>2,649,933</u>	<u>4,725,874</u>
		7,771,467	9,554,289
TRUST FUNDS	3	10,102,137	18,579,168
LONG TERM LIABILITIES	4	296,062	324,179
CONSUMER DEPOSITS	5	129,133	117,804
		<u>18,298,799</u>	<u>28,575,440</u>
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	576,784	1,127,526
INVESTMENTS	7	<u>16,686,646</u>	<u>26,605,225</u>
		17,263,430	27,732,751
NET CURRENT ASSETS		1,035,368	842,689
CURRENT ASSETS		3,881,383	3,645,502
Debtors	8	3,606,846	3,640,422
Bank		269,537	
Cash		5,000	5,080
CURRENT LIABILITIES		2,846,015	2,802,813
Provisions	9	463,000	303,000
Creditors	10	2,355,883	2,266,141
Bank overdraft			208,550
Short-term portion of long term liabilities	4	27,131	25,122
		<u>18,298,799</u>	<u>28,575,440</u>

MUNICIPALITY OF TSOLWANA

INCOME STATEMENT

for the year ended 30 June 2006

2005	2005	2005		2006	2006	2006	2006
Actual Income R	Actual Expenditure R	Actual Surplus/ (Deficit) R		Actual Income R	Actual Expenditure R	Actual Surplus/ (Deficit) R	Budgeted Surplus/ (Deficit) R
6,088,494	8,528,877	(2,440,384)	RATES AND GENERAL SERVICES	9,350,626	12,099,697	(2,749,071)	(1,104,768)
3,868,906	6,395,144	(2,526,238)	Community services	6,282,453	8,645,459	(2,363,006)	(1,212,648)
144,657	303,328	(158,671)	Subsidised services	592,702	300,954	291,747	196,173
2,074,931	1,830,406	244,525	Economic services	2,475,471	3,153,284	(677,813)	(88,293)
5,279,350	2,953,628	2,325,722	TRADING SERVICES	5,416,807	3,753,749	1,663,058	1,104,768
<u>11,367,844</u>	<u>11,482,506</u>	(114,662)	TOTAL	<u>14,767,433</u>	<u>15,853,445</u>	(1,086,013)	<u>0</u>
		52,501	Adjustments i.r.o. prior years (Note 11)			(144,160)	
		(62,161)	Appropriations for the year (Note 12)			(845,768)	
		<u>4,788,036</u>	Net deficit for the year			(2,075,941)	
		<u>4,725,874</u>	Accumulated surplus at the beginning of the year			<u>4,725,874</u>	
			ACCUMULATED SURPLUS AT THE END OF THE YEAR			<u>2,649,933</u>	

(Refer to appendices D and E for more detail)

MUNICIPALITY OF TSOLWANA

CASH FLOW STATEMENT

for the year ended 30 June 2006

	Note	2006 R	2005 R
CASH RETAINED FROM OPERATING ACTIVITIES		(1,415,520)	691,764
Cash generated by operations	13	(8,570,329)	(4,724,014)
Investment income	15	100,376	37,230
(Increase)/Decrease in working capital	14	(9,626)	(3,451,459)
		(8,479,578)	(8,138,243)
Less: External interest paid		49,129	13,551
Cash available from operations		(8,430,449)	(8,124,692)
Cash contribution from the public and the State		7,014,929	8,816,456
CASH UTILISED IN INVESTING ACTIVITIES			
Investments in Fixed Assets			
NET CASH FLOW		<u>(1,415,520)</u>	<u>691,764</u>
CASH EFFECTS OF FINANCING ACTIVITIES			
(Decrease) / increase in long-term loans	16	(26,108)	(25,122)
(Increase) / decrease in cash on hand	17	80	321,372
(Increase) / decrease in cash investments	18	1,441,548	(988,014)
		<u>1,415,520</u>	<u>(691,764)</u>

MUNICIPALITY OF TSOLWANA

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	2006 R	2005 R
1) STATUTORY FUNDS		
Revolving Fund	2,367,122	2,229,045
(Refer to Appendix A for more detail)		
2) RESERVES		
Working Capital Reserve (Invested per Note 7)	2,309,527	2,191,488
Employee Leave (Invested per Note 7)	444,885	407,881
	2,754,411	2,599,370
(Refer to Appendix A for more detail)		
3) TRUST FUNDS	10,102,137	18,579,168
(Refer to Appendix A for more detail)		
4) LONG TERM LIABILITIES		
Annuities	323,193	349,301
Less: Short term portion	(27,131)	(25,122)
	296,062	324,179
(Refer to Appendix B for more detail)		
5) CONSUMER DEPOSITS		
Electricity & Water Deposits (Invested per Note 7)	129,133	117,804
6) FIXED ASSETS		
Fixed assets at the beginning of the year	52,786,787	43,916,976
Capital expenditure during year	6,049,813	8,940,503
	58,836,599	52,857,479
Less : Loans Redeemed and Other Capital Receipts	(58,259,816)	(51,659,261)
Less : Disposals		(70,692)
	576,784	1,127,526
(Refer to appendix C for more details)		
7) INVESTMENTS		
First National Bank - Call & Current Accounts		
- Capital projects and trust funds	10,621,619	19,059,593
- Revolving fund	1,813,208	1,636,232
- Working capital reserve	2,309,527	2,191,488
- Employees leave reserve	379,299	150,536
- Equitable share	1,433,859	3,449,571
- Consumer deposits	129,133	117,804
	16,686,646	26,605,226
Management's valuation of unlisted investments	16,686,646	26,605,226

8) DEBTORS

Rates and Services
Less: Provision for Bad Debts:

Project Debtors
Sundry Debtors
VAT Control

The provision for bad debts has been increased to 50% of rates & services debtors outstanding at 30 June 2006

9) PROVISIONS

Provision for Audit Fees
Based on 1% of operating expenditure for the 2003,2004,2005 & 2006 years.

10) CREDITORS

Sundry Creditors
Project Accounts
VAT due to Capital Projects
VAT Control

11) ADJUSTMENTS I.R.O. PRIOR YEARS

Temporary advances - leave reserve
Adjustment to loans redeemed
Underprovision of audit fees
Stale cheques prior year

12) APPROPRIATIONS

Increase in provision for bad debts

13) CASH UTILISED IN OPERATIONS

Deficit for the year
Appropriations charged against income:
- Revolving fund
Capital charges:
Interest paid:
- to internal funds
- on external loans
Redemption:
- of internal advances
- of external loans
Investment Income
Grants and subsidies received from the State

	2006 R	2005 R
Rates and Services	6,203,231	5,179,316
Less: Provision for Bad Debts:	3,101,615	2,255,847
	3,101,616	2,923,469
Project Debtors	337,654	705,932
Sundry Debtors	74,850	11,022
VAT Control	92,726	
	3,606,846	3,640,422
Provision for Audit Fees	463,000	303,000
Sundry Creditors	562,332	31,917
Project Accounts	112,266	711,235
VAT due to Capital Projects	1,681,284	840,315
VAT Control		682,674
	2,355,883	2,266,141
Temporary advances - leave reserve	257,345	
Adjustment to loans redeemed	(168,536)	
Underprovision of audit fees	(282,033)	
Stale cheques prior year	49,064	52,501
	(144,160)	52,501
Increase in provision for bad debts	(845,768)	
Deficit for the year	(1,086,013)	(114,662)
Appropriations charged against income:		
- Revolving fund	29,014	253,027
Capital charges:	133,501	172,474
Interest paid:		
- to internal funds	19,363	64,844
- on external loans	49,129	13,551
Redemption:		
- of internal advances	38,900	68,956
- of external loans	26,108	25,122
Investment Income	(100,376)	(37,230)
Grants and subsidies received from the State	(7,546,454)	(4,997,623)
	(8,570,329)	(4,724,014)

	2006 R	2005 R
14) (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/Decrease in Debtors	33,576	(1,820,043)
(Increase)/Decrease in Current Liabilities	(43,202)	(1,631,416)
	(9,626)	(3,451,459)
15) INVESTMENT INCOME	100,376	37,230
16) (DECREASE)/INCREASE IN LONG TERM LOANS		
Loans Repaid	(26,108)	(25,122)
17) DECREASE/(INCREASE) IN CASH ON HAND		
Cash and Cash Equivalents at start of year	5,080	326,452
Cash and Cash Equivalents at end of year	(5,000)	(5,080)
	80	321,372
18) INCREASE/(DECREASE) IN INVESTMENTS		
Investments made (withdrawn) during year	(1,441,548)	988,014
19) ASSESSMENT RATES		
Site valuations as at 1 July 2002: Residential, commercial, state and municipal:		
Rateable	16,911,587	16,911,587
Exempt	7,343,712	7,343,712
	24,255,299	24,255,299
Actual income	1,183,470	949,324
A general valuation was undertaken in 2004 but values were not adjusted for the year ended 30 June 2005. The above values are those which came into effect in 1989 for Hofmeyr and 1995 for Tarkastad		
20) COUNCILLOR'S REMUNERATION		
Mayor's allowance	311,626	144,214
- Salary	197,667	95,016
- Telephone	12,684	12,000
- Pension	23,371	13,444
- Travelling	77,904	23,754
Councillors allowances	1,266,494	392,016
- Salary	756,683	241,380
- Telephone	71,280	67,500
- Pension	204,306	22,777
- Travelling	234,225	60,359
	1,578,120	536,230

MUNICIPALITY OF TSOLWANA

for the year ended 30 June 2006

APPENDIX A

ACCUMULATED FUNDS, TRUST FUNDS, PROVISIONS AND RESERVES

	Vote	Balance at 2005-06-30	Income during the Year	Interest on Investments	Expenditure during the Year	Balance at 2006-06-30
STATUTORY FUNDS						
Revolving Fund	61501	2,229,045	29,014	109,063		2,367,122
		2,229,045	29,014	109,063		2,367,122
RESERVES						
Working Capital Reserve	64801	2,191,488	0	118,038		2,309,527
Employee Leave Reserve	64901	407,881	65,585	12,357	40,939	444,885
		2,599,370	65,585	130,395	40,939	2,754,411
TRUST FUNDS						
Financial Statements	91540	6,827		69		6,896
Development Plan	78501	152,783	23,073	5,264	119,269	61,851
Valuations Tarkastad	64301	175,979		8,084		184,064
Rightsizing	91542	262,904		12,102		275,006
Transitional Grant	91550	176,152		8,092		184,245
Water Supply Fund	63001	5,327,302	16,406	269,093	2,029,438	3,583,363
671 Housing Scheme	62201	347,255	226,225	11,713		585,193
Bulk Sewer	62901	180,219		8,279		188,498
Councillor Allowances	63401	218,168		7,378	91,294	134,253
Housing Site Fund	63201	47,868		1,181		49,049
Systems Improvement	63801	123,660	95,000	7,966	160,650	65,976
Free Basic Services	63701	187,385		7,183	39,226	155,343
Transition Operation Costs	63601	3,918		40		3,957
Unidentified Funds	63501	11,080		167		11,247
1400 Houses	64501	1,747,710		34,435	754,178	1,027,966
1004 Houses	64701	1,670,926	155,392	52,672	1,822,712	56,279
Hofmeyr 1000 Top Structure	65101	4,217,110	115,385	71,685	3,629,780	774,400
Hofmeyr 1000 Infrastructure	65201	932,875	909,731	14,967	1,753,918	103,655
Electricity Zola/Ivanlew	78909	271,864			115,881	155,983
Rudimentary Infrastructure	50001	639				639
Library Extension	79401	17				17
New Hall Ivanlew	57101	3,694				3,694
New Hall SDR	56601	6,663				6,663
Schaapkraal	79004	75,133				75,133
Service Site Pilot Scheme	78101	11,709				11,709
Water Meters Zola	77901	939				939
Water Scheme Ntabathemba	80801	37,565				37,565
Municipal Finance Manage.	91595	257,393	250,000	21,195		528,588
Full Ownership Houses	610	5,392		55		5,447
Stormwater Hofmeyr	81701	16,234		34,674	27,000	23,908
Housing Development Fund	62001	74,684		2,633		77,317
CH E/Share Refunds	63901	421,403	313,674	5,450	363,966	376,560
Spatial Devel. Framework	64001	139,235		6,414		145,649
Luxolweni Plan Fund	64101	38,336		947		39,283
HR Related Projects	64201	153,918		7,071		160,989
Dawn Park Plan Fees	79201	5,387		54		5,442
Management Support Prog.	91569	964,221		40,428	216,600	788,049
Sports Facilities	79801	250				250
National Electricity Escom	80701	202,509		323,347	353,124	172,732
LED Brickmakers Programme	82901	101,863		300,000	367,521	34,342
		18,579,169	2,104,885	1,262,640	11,844,557	10,102,137

MUNICIPALITY OF TSOLWANA
for the year ended 30 June 2006

Appendix B

EXTERNAL LOANS AND INTERNAL ADVANCES						
	Rate	Redeemable	Balance 2005-06-30	Received during the Year	Redeemed, written off during the Year	Balance 2006-06-30
EXTERNAL LOANS						
LALAF - Sewerage Reticulation	5.5%	2011	109,441		12,839	96,602
LALAF - Waterworks	5.5%	2005	1,052		1,052	
LALAF - Water Augmentation Scheme	5.5%	2015	238,808		12,217	226,591
			349,301		26,108	323,193
INTERNAL LOANS EX REVOLVING FUND						
Water Augmentation Scheme	Interest free	2025	238,294		12,542	225,752
Islands van Reenen Street	12.0%	2014	27,513		2,237	25,276
Upgrading Electricity Reticulation	11.5%	2008	4,861		2,299	2,562
Upgrading Electricity Reticulation	11.5%	2006	9,462		9,462	
Upgrading Eart Dams	11.5%	2006	2,528		2,528	
Earth dams	16.0%	2012	88,272		9,833	78,439
			370,930		38,900	332,029

MUNICIPALITY OF TSOLWANA
for the year ended 30 June 2006

APPENDIX C

ANALYSIS OF FIXED ASSETS						
Expended 2005 R	SERVICE	Budget 2006 R	Balance at 2005-07-01 R	Expended 2006 R	Written off, transferred, redeemed or disposed of during the Year R	Balance at 2006-06-30 R
1,322,707	RATES AND GENERAL SERVICES	7,204,856	21,212,615	1,710,915	0	22,923,529
983,840	Community services	3,961,000	16,607,131	1,709,315	0	18,316,446
883,262	Land & buildings	3,961,000	9,408,632	1,635,787		11,044,419
600	Streets & stormwater		5,156,023	73,528		5,229,551
	Plant & equipment		547,119			547,119
	Office Equipment		324,389			324,389
	Parks, recreation and cemetery		546,141			546,141
	Town planning		92,039			92,039
99,978	Motor vehicles		532,788			532,788
338,867	Economic services	3,243,856	4,605,483	1,600		4,607,083
338,867	Sewerage / sanitation	3,243,856	3,903,095	1,600		3,904,695
	Civil services		702,389			702,389
7,410,131	HOUSING SERVICES		13,789,633	2,055,591		15,845,224
207,666	TRADING SERVICES	4,871,072	17,784,539	2,283,307		20,067,846
207,666	Electricity		5,193,670	329,820		5,523,490
	Water	4,871,072	12,590,869	1,953,487		14,544,356
8,940,504	TOTAL FIXED ASSETS	12,075,928	52,786,787	6,049,813	0	58,836,599
	LESS : LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		51,659,261		6,600,555	58,259,816
	Loans redeemed		1,674,760		233,544	1,908,304
	Contributions from current income		4,260,107			4,260,107
	Grants and subsidies	12,075,928	45,724,394		6,367,010	52,091,405
8,940,504	NET FIXED ASSETS		1,127,527	6,049,813	(6,600,555)	576,784

MUNICIPALITY OF TSOLWANA
for the year ended 30 June 2006

APPENDIX D

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

Actual 2005 R	INCOME	Actual 2006 R	Budget 2006 R
4,997,623	Grants and subsidies	7,546,454	8,740,080
4,997,623	- Provincial government	7,546,454	8,740,080
6,370,220	Operating Income	7,220,979	5,529,555
993,976	- Assessment rates	1,183,470	920,005
1,819,164	- Sale of electricity	2,282,059	1,605,400
751,102	- Sale of water	1,194,288	547,000
37,230	- Interest on Investment	100,376	48,500
2,768,748	- Other income	2,460,785	2,408,650
11,367,843	Total Income	14,767,433	14,269,635
EXPENDITURE			
6,737,173	Salaries, wages and allowance	6,568,544	6,859,020
2,473,116	General expenses	7,210,806	4,836,245
411,642	Repairs and maintenance	460,469	1,111,490
135,443	Capital charges	134,023	85,880
253,027	Contribution to funds	29,014	200,000
1,472,105	Electricity purchases	1,450,590	1,177,000
11,482,506	Gross expenditure	15,853,445	14,269,635

MUNICIPALITY OF TSOLWANA
for the year ended 30 June 2006

APPENDIX E

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

2005	2005	2005		2006	2006	2006	2006
Actual Income R	Actual Expenditure R	Actual Surplus / (Deficit) R		Actual Income R	Actual Expenditure R	Actual Surplus / (Deficit) R	Budgeted Surplus / (Deficit) R
RATES AND GENERAL SERVICES							
3,868,906	6,395,144	(2,526,238)	Community services	6,282,453	8,645,459	(2,363,006)	(1,212,648)
993,976		993,976	Assessment rates	1,183,470		1,183,470	
783,727	1,421,493	(637,766)	Council's general expenses	1,558,368	3,562,748	(2,004,379)	(335,730)
73,013	1,074,954	(1,001,941)	Town secretariat	612,405	1,103,218	(490,814)	(727,135)
1,863,875	2,474,965	(611,090)	Town treasurer	1,720,347	2,784,734	(1,064,388)	(382,963)
83,592	1,352,956	(1,269,364)	Public works	1,141,146	1,121,814	19,331	260,660
70,723	70,775	(53)	Traffic services	66,717	72,944	(6,227)	(27,480)
144,657	303,328	(158,671)	Subsidised services	592,702	300,954	291,747	196,173
141,410	125,002	16,408	Civil buildings	587,279	140,895	446,385	355,890
	51,473	(51,473)	Fire protection		7,664	(7,664)	(27,140)
	103,855	(103,855)	Library		143,541	(143,541)	(133,970)
3,247	22,998	(19,751)	Parks, recreation & cemeteries	5,423	8,855	(3,432)	1,393
2,074,931	1,830,406	244,525	Economic services	2,475,471	3,153,284	(677,813)	(88,293)
793,566	730,400	63,166	Cleansing	1,004,418	1,219,143	(214,725)	(6,030)
1,281,365	1,100,006	181,359	Sewerage	1,471,053	1,934,141	(463,088)	(82,263)
5,279,350	2,953,628	2,325,722	Housing services				
2,668,829	2,017,470	651,358	Trading services	5,416,807	3,753,749	1,663,058	1,104,768
2,610,521	936,158	1,674,363	Electricity	2,416,442	2,507,016	(90,574)	566,420
			Water	3,000,365	1,246,733	1,753,632	538,348
11,367,843	11,482,506	(114,662)	TOTAL	14,767,433	15,853,445	(1,086,013)	0
		52,501	Adjustments i.r.o. prior years (Note 11)			(144,160)	
			Appropriations for the year (Note 12)			(845,768)	
		(62,162)	Net Deficit for the Year			(2,075,941)	
		4,788,036	Accumulated Surplus at the beginning of the Year			4,725,874	
		4,725,874	ACCUMULATED SURPLUS AT THE END OF THE YEAR			2,649,934	

d) Transport Statistics	Private taxi's
e) Sundry Statistics	
i Area in square kilometres	6,024 sq kms
ii Previous election number of registered voters	16 346
Previous election % poll	58%
iii Fire service	
Units (stations)	1
Number of employees (excluding administrative personnel)	Public volunteers
iv Parks and Recreation	
Number of developed parks / area (square kilometres)	nil
Number of swimming pools	nil
Number of tennis courts	2
Number of rugby fields	2
Number of soccer fields	24
v Licenses issued	1659
Vehicle registrations	
Other	
vi Total personnel in the service of the City Council	83
vii Library books issued	27 692
viii Cleansing - Refuse removed and dumped : Tonnage/year	189
ix Roads and works - Kilometre roads constructed / repaired	97
x Housing	
Number of houses	10 308
Number of people on waiting list	683
Number of people accommodated	33 144
f) Any other statistics that may be in the public interest	
i Community halls	10
ii Farm for grazing / water supply	1

MUNICIPALITY OF TSOLWANA

BALANCE SHEET - ELECTRICITY ACCOUNT

as at 30 June 2006

	2006 R'000	2005 R
CAPITAL EMPLOYED		
FUNDS AND RESERVES	0	0
ACCUMULATED SURPLUS	6,239,510	0
	<u>6,239,510</u>	<u>0</u>
CONSUMER DEPOSITS	129,133	
	<u>6,368,643</u>	<u>0</u>
EMPLOYMENT OF CAPITAL		
FIXED ASSETS	5,523,490	
NET CURRENT ASSETS	845,153	0
CURRENT ASSETS	845,153	0
Debtors	716,020	
Short-term Investments	129,133	
CURRENT LIABILITIES	0	0
	<u>6,368,643</u>	<u>0</u>