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MALETSWAI MUNICIPALITY

FOREWORD

With the promulgation of the Municipal Finance Management Act (Act 56 of 2003) which came into effect on 1 July 2004 it was also the dawn of a completely new era in the existence of Local Government in general and to Maletswai Municipality in particular. The Maletswai Municipality is at current rated as a Low Level Capacity Municipality, but Council is making an effort to at least comply with the basic requirements of the act. Financial related policies has already been adopted for example Credit Control-, Indigent-, Customer care and Procurement Policies etc. It is of importance to note that the National Treasury only recently promulgated regulations with regard to Supply Chain Management, therefore the Procurement Policy will be implemented as from 1 July 2006.

A vast amount of time and work went into the Integrated Development Plan and a document on which Council can be proud of has been produced. The next challenge was to fully align this document with the budget.

Cash flow however remains a problematic burden for Council and the biggest contributing factor to this is the fact that unemployment and the accompanied sosio-economic problems, attached to unemployment, are a reality within the area of jurisdiction of this municipality. If it is taken into account that the economy of this area solely rely on the agricultural and tourism industries for survival it is also fact that the Maletswai Municipality cannot address this problem in isolation. A short term solution for this problem do however not exist.

An expenditure control programme was instituted during the year by the Municipal Manager which are now bearing fruit and Council is in a position to pay its creditors on a regular basis.

The financial operations of Council resulted in a surplus of R 151 915 on the operating account and the unappropriated surplus stands at R 4 311 981 at the end of the financial year

Dr E W Rankwana
ACTING MUNICIPAL MANAGER

**MALETSWAI LOCAL MUNICIPALITY
REPORT OF THE MANAGER: FINANCIAL SERVICES DEPARTMENT**

The Maletswai Local Municipality was established in terms of Section 12 of the Local Government Structures Act of 1988 (Act 117 of 1988). The establishment Notice was promulgated under Provincial Notice 82 dated 27 September 2000 as amended. The Maletswai Local Municipality consists of the Area of Jurisdiction of the former Aliwal North Transitional Local Council, the former Jamestown Transitional Local Council as well as the former Aliwal North Representative Council.

During the year under view it was again eminent that the Maletswai Municipality has difficulty in realizing its revenue which was budgeted for. Although great care was taken during the budget process for the 2005/2006 financial year not to budget for revenue that will not realize, even the goals that were set for revenue to realize could not have been reached. One of the main reasons for the non-realizing of revenue is the socio economic circumstances of a vast majority of the inhabitants of our area. Furthermore, it is also fact that the Equitable Share, that the Maletswai Municipality receive, is not adequate enough to finance this difference. The above in itself makes it very difficult for Council to make funds available for the normal day to day activities of Council especially for the maintenance of Council's assets and the deterioration of these assets has now reached a threatening stage.

From the above it is then also true that Capital Projects, financed from own sources, has become almost non-existent and that the Maletswai Municipality has to rely heavily on Grant funding for the execution of such Capital Projects and/or the upgrading of existing infrastructure.

The stabilization of Council's cash flow also became a critical factor especially during the winter period when the High Demand Tariff Structure of Escom came into effect which has the result that, due to the extreme cold period of the year, the bulk Electricity account nearly doubled without a vast increase in consumption.

The operating results for the year under review are as follows:

	ACTUAL 2004/2005	ACTUAL 2005/2006	VARIANCE	BUDGET 2005/2006	VARIANCE ACTUAL/BUDGET
REVENUE					
OPENING SURPLUS	421,400	2,137,673	407		
OPERATING INCOME FOR THE YEAR	36,505,007	41,555,898	14	49,182,840	15.5
SUNDRY TRANSFERS	1,678,776	11,376,836	578		
CLOSING DEFICIT	-	-			
	38,605,183	55,070,407	43		
EXPENDITURE					
OPENING DEFICIT					
OPERATING EXPENDITURE FOR THE YEAR	36,467,510	41,403,983	14	49,180,350	15.8
SUNDRY TRANSFERS	-	-			
CLOSING SURPLUS	2,137,673	13,666,424	539		
	38,605,183	55,070,407	43		

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	ACTUAL 2004/2005	ACTUAL 2005/2006	VARIANCE	BUDGET 2005/2006	VARIANCE ACTUAL/BUDGET
RATES & GENERAL SERVICES					
REVENUE	19,801,507	23,147,501	17	28,873,780	19.8
EXPENDITURE	-22,755,452	-25,235,481	11	-30,056,020	16.0
SURPLUS/DEFICIT	-2,953,945	-2,087,980	-29	-1,182,240	-149.9
SURPLUS/DEFICIT as % of income	-14.92	-9.02	-199.00		
HOUSING SERVICE					
REVENUE	-	-			
EXPENDITURE	-397,881	-412,745	4	-425,700	3.0
SURPLUS/DEFICIT	-397,881	-412,745	4	-425,700	
ELECTRICITY SERVICE					
REVENUE	14,777,371	17,248,751	17	18,025,400	4.3
EXPENDITURE	-10,901,125	-12,717,486	17	-13,850,110	8.2
SURPLUS/DEFICIT	3,876,246	4,531,265	17	4,175,290	
SURPLUS/DEFICIT as % of income					

CAPITAL EXPENDITURE

	ACTUAL 2004/2005	ACTUAL 2005/2006	TRANSFER
LAND	157,313	19,995	-
BUILDINGS		588,118	-
VEHICLES		1,046,526	-
HOUSING			-
EQUIPMENT	33,783	4,410	-
OFFICE FURNITURE	160,929	161,710	-
SEWERAGE			-
ELECTRICITY	88,016	320,404	-
PLANNING		55,529	-
PUBLIC WORKS	23,459	1,054,253	-
SPA	6,082	6,273	-
GAME		619,700	-
	469,582	3,876,918	-

RESOURCES TO FINANCE THE ASSETS WERE AS FOLLOWS:

GRANTS & SUBSIDIES	180,092	2,003,266
CONTRIBUTION FROM OPERATING ACCOUNT	289,490	1,873,652
ADVANCE FROM OPERATING ACCOUNT	-	-
	469,582	3,876,918

EXTERNAL LOANS, INVESTMENTS & CASH

External loans outstanding on 30 June 2006 amounted to R2 286 127 (R 3376708 in 2005) as set out in Appendix B. During the year no new loans were raised, loan repayments and transferred to Ukhahlamba District Municipality (water) amounted to R 1 618 826.

Investments amounted to R 2 264 080 on 30 June 2006.

More information regarding loans & Investments are disclosed in notes 4 & 7 as well as Appendix B to the financial statements.

FUNDS & RESERVES

More information regarding funds & reserves are disclosed in notes 1, 2 & 3 as well as Appendix A to the financial statements.

POST BALANCE SHEET EVENTS

None

I herewith wish to express my and my department's sincere gratitude, for all the support, guidance and help received during this financial year to:

- The Mayor and Councillors
- The Chairperson and Members of the Financial Standing Committee
- The Municipal Manager
- All Managers and Acting Managers of the relevant departments
- All personnel in the Finance Department

B J Vorster

ACTING MANAGER: FINANCIAL SERVICES DEPARTMENT

BALANCE SHEET AS AT 30 JUNE 2006

	NOTES	2006	2005
CAPITAL EMPLOYED			
FUNDS AND RESERVES		10,657,189	11,284,419
Accumulated funds	1	10,657,189	11,284,419
Reserves	2	0	0
Accumulated Surplus\Deficit	18	15,981,319	2,137,672
Trust Funds	3	14,630,096	5,792,317
Longterm Liabilities	4	0	2,076,915
Consumers Deposits	5	1,050,025	956,999
		42,318,629	22,248,322
EMPLOYMENT OF CAPITAL			
Fixed Assets	6	6,270,575	6,686,865
Investments	7	2,264,080	1,805,296
Long-term Debtors	8		
		8,534,655	8,492,161
NET CURRENT ASSETS\LIABILITIES		33,783,974	13,756,162
CURRENT ASSETS		48,544,509	29,214,103
Stock	9	18,320	6,824
Debtors	10	29,845,064	21,920,056
Bank and Cash	24	18,681,125	7,287,223
CURRENT LIABILITIES		14,760,535	15,457,941
Creditors	13	11,749,851	13,354,156
Provision	12	1,194,341	1,907,785
Short-term Portion	4	1,816,343	196,000
		42,318,629	22,248,322

STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED 30/06/2006

ACTUAL REVENUE 2005	ACTUAL EXPENDITURE 2005	SURPLUS/ DEFICIT		ACTUAL REVENUE 2006	ACTUAL EXPENDITURE 2006	SURPLUS/ DEFICIT	2006 BUDGET surplus(deficit)
14,694,958	-15,770,630	-1,075,672	COMMUNITY SERVICES	16,923,865	-18,828,201	-1,904,336	-1,661,710
2,682,089	-3,178,467	-496,378	SUBSIDISED SERVICES	3,194,520	-2,499,008	695,511	-209,030
2,424,460	-3,806,355	-1,381,895	ECONOMIC SERVICES	3,029,116	-3,908,272	-879,155	-1,462,890
19,801,507	-22,755,452	-2,953,945	RATE & GEN. SERVICE	23,147,501	-25,235,481	-2,087,980	-3,333,630
	-397,881	-397,881	HOUSING SERVICE		-412,745	-412,745	-425,700
16,703,500	-13,314,178	3,389,322	TRADING SERVICES	18,408,397	-15,755,757	2,652,640	3,761,820
36,505,007	-36,467,511	37,496		41,555,898	-41,403,983	151,915	2,490
	1,678,775		Appropriations for the year (refer note 18)		13,691,731		
	37,497		Net surplus /deficit for the year		151,915		
			Accumulated surplus/(ddeficit)				
	421,400		Beginning of the year		2,137,673		
	2,137,672				15,981,319		

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

	NOTE	2006	2005
CASH RETAINED FROM OPERATING ACTIVITIES		-13,513,311	-5,697,419
Cash generated by operations	19	-22,704,427	-534,374
Increase/(Decrease) in Working Capital	20	8,540,884	-5,681,292
Capital Charges	19	650,232	518,247
Investment Income	19		-
			-5,697,419
Cash available from operations			
Cash contributions from the public and the State		-	-
Net proceeds on deposal of fixed assets		-	-
CASH UTILIZED IN INVESTING ACTIVITIES			
Investment in fixed assets	6	-416,290	2,055,846
NET CASH FLOW		-13,929,601	-3,641,573
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase / (decrease) in long-term loans	21	2,076,915	227,778
Increase / (decrease) in short-term loans	21		
Increase / (decrease) in cash investments	23	458,784	
Increase / (decrease) in cash	24	11,393,902	3,413,795
NETT CASH GENERATED		13,929,601	3,641,573

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2,006	2005
1 ACCUMULATED FUNDS - ANNEXURE A		
Parking Development Fund	0	0.00
Loan Uni-Bank		-702,025.63
Revolving Fund Aliwal North	-8,985,488	-7,919,000.71
Redemption Fund	-310,837	-296,035.58
Revolving Fund Jamestown	-727,951	-689,563.93
Housing Development Fund	-240,701	-229,239.49
Revolving Fund (Dukathole)	-392,212	-373,535.01
	-10,657,189	-10,209,400.35
2 RESERVES -		
	0	0.00
3 TRUST FUNDS - ANNEXURE A		
LEDF Projects (Garden)	-38,873	-37,021.59
Traffic Testing Station	-13,300	-12,666.24
Transitional Grant	-507,435	-1,075,018.96
Framework Plan	-70,491	-67,134.41
Mun. Systems Improvemnet Fund	-17,080	-16,266.25
ABC Retention Camp	-16,915	-16,109.26

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

IDP Fund	34,707	34,707.01
Concentration Camp	-10,879	-10,360.86
System Improvement Fund	-97,241	-92,610.00
Management Support Programme	-858,096	-1,178,826.44
Free Basic Services	-271,426	-644,692.65
Finance Management Act.	-298,089	-187,980.04
IOT. Jamestown	-29,191	-65,394.73
Survey Squatters	-27,848	-26,521.43
Town Register Fund JST	-6,740	-6,418.59
IDT. Jamestown	-13,219	-12,589.66
Survey Trust Fund JST	-16,168	-15,397.88
LEDF Projects	-121,858	-116,055.46
Jamestown CMIP Water	-191,050	-181,952.48
Community Hall	-289,745	
Arial Survey Fund	-28,663	-19,894.98
Duk. Stormwater masterplan	-14,603	-13,907.98
JMT Solid waste disposil site	-16,872	-16,068.74
Sewer Purification Works	195,292	
Sewerage Trust Fund	-1,664	
Area 5 Bulk Sewer	205,818	
Masikhane Sanitation Fund	69,932	
Public Toilet Fund	-1,449	
Sewerage Pump Station	-135,265	
Sewer Ret Erven Dukat	-33,065	
Solid Waste Disposal	85,472	85,472.14
Memorial Wall	-300	-300.00
Van Coller Grave	-8,041	-8,040.58
1218 Project Link Houses	-769,190	-323,670.39
Hilton 78 Sites Services	18,306	6,887.13
Survey 78 Sites	2,750	2,750.00
Duk. Twn Registers	-32,368	-30,827.03
Dukathole Number of Squatters	-11,786	-11,225.03
Planning	21,709	21,709.12
Planning Block H	-184,649	-175,856.29
Zooing Map	-14,262	-13,583.27
Houses 330	119,706	25,922.35
Area 5 Services	-57,609	-54,866.13
Hilton 89 Houses	-591,727	-98,010.07
Jamestown 318 Houses	-159,780	-178,785.51
LEDF Funds	290,950	290,949.84
JMST 858 Houses	-13,706	-13,053.60

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006			
	JMST 858 Houses	-2,014,581	-693,014.99
	Pumpstation etc	48,665	
	Water Rehabilitation Fund	-586,750	
	Services Area 5	-1,707,971	
	Water works Rehab Fund	-125,989	
	Water Treatment Works	-219,342	
	Ground Water Fund	-31,846	
	LED Funds	-5,138	
	JMT Bulk Water Supply	-390,007	
	Duk Water Meters	-59,505	
	838 Wonings Fonds	-657,527	
	JMT 858 Houses	20,082	
	Area 13 Fund	-2,993,703	
	Area 5 Elec 1218 Sites	-1,196,787	-1,139,796.74
	DUK. NER	48,492	7,790.63
	NER Phase 1	-67,773	-64,545.79
	NER Phase 2	-243,617	-232,016.63
	Highmast lighting	-582,882	-555,125.47
	Free Basic Electricity	62,082	62,082.26
		-14,630,097	-6,867,335.67
4	LONG TERM LIABILITIES - ANNEXURE B		
	Annuity Loans	1,192,358	1,648,930
	Local Registered Stock	1,696,000	1,696,000
		2,888,358	3,344,930
	Less: Loans to be transferred	-1,072,015	-1,072,015
		1,816,343	2,272,915
	Less: Current portion transferred to current Liabilities	-1,816,343	-196,000
		0	2,076,915
5	CONSUMER DEPOSITS	1,050,025	956,999
6	FIXED ASSETS - ANNEXURE E		
	Fixed Assets at the beginning of the year	75,574,236	75,104,654
	Capital Expenditure during the year	3,876,918	469,582
	TOTAL FIXED ASSETS	79,451,154	75,574,236
	Less Amounts W/O and Adjustments	-1,016,667	
		78,434,487	75,574,236
	Less Loans redeemed and other capital receipts	-72,163,912	-68,887,371
	NETT FIXED ASSETS	6,270,575	6,686,865
7	INVESTMENTS	2,264,080	1,805,296
8	LONG TERM DEBTORS		
	Housing Loans	0	0
9	STOCK	18,320	6,824
10	DEBTORS		
	Trade	26,490,555	18,559,014
	Capital Advance not transferred	1,942,602	1,942,602
	Funds Debtors	189,588	189,588
	Internal Loans Transferred	41,516	48,768
	Loans not Transferred	1,180,804	1,180,084
		29,845,065	21,920,056
11	DEFERRED CHARGES	NUL	NUL

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006			
19	CASH GENERATED BY OPERATIONS		
	Operating (deficit) / surplus for the year	-151,915	-37,496
	Prior year adjustments	-13,691,731	-1,678,775
	Non-Operating Income	-26,294,191	-5,234,656
	Funds	-1,137,534	-918,337
	Transfers	-3,754,412	
	do Funds	689,745	
	Trust Funds	-22,091,990	-4,316,319
	Capital Charges:	-650,232	-518,247
	Interest internal:	-967	-1,260
	Interest external	-638,578	-503,889
	Redemption :		
	Internal	-10,687	-13,098
	External		
	Investment Income		
	Non-operating expenditure:		
	Expenditure charged against Funds		5,303,710
	Expenditure charged against Trust Funds	18,083,642	1,631,090
		-22,704,427	-534,374
20	INCREASE / (DECREASE) IN WORKING CAPITAL		
	(Increase)/Decrease in Inventory	11,496	-10,383
	(Increase)/Decrease in Debtors	7,925,008	-124,689,062
	Increase/(Decrease) in Creditors	604,380	119,018,153
		8,540,884	-5,681,292
21	INCREASE / (DECREASE) IN LONG-TERM LOANS EXTERNAL		
	Loans Raised	0	0
	Loans Repaid	0	0
22	INCREASE / (DECREASE) IN SHORT-TERM LOANS EXTERNAL		
	Loans Raised	0	0
	Loans Repaid	0	0
23	INCREASE/DECREASE IN EXTERNAL CASH INVESTMENTS		
	Balance beginning of year	1,805,296	1,805,296
	Balance end of year	2,264,081	1,805,266
		458,785	0
24	INCREASE / (DECREASE) IN CASH ON HAND		
	Cash Balance at the Beginning of the Year	7,287,223	3,873,428
	Less: Cash Balance at the End of the Year	18,681,125	7,287,223
		11,393,902	3,413,795

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006			
25	RETIREMENT BENEFENTS		
26	CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
	None	0	0
27	CAPITAL COMMITMENTS		
	None	0	0
28	CONSOLIDATED LOANS FUND		
	External Loans	1,696,000	1,696,000
	Invested	1	1
29	REVOLVING FUND		
	Advance to operating account	8,724,394	8,724,394
	Loan to operating account	68,118	68,118
	Sundry debtors	189,588	189,588
		8,982,100	8,982,100

APPENDIX A

ACCUMULATED AND VARIOUS FUNDS

	BALANCE 2005/07/01	CONTRI- BUTION	INTEREST	OTHER INCOME	EXPENDITURE	TRANSFERS W/O	BALANCE 2006/06/30
STATUTORY FUNDS							
Uni Bank (Loan)	-702,025.63					702,025.63	0.00
Revolving Fund (Aliwal)	-7,919,000.71	-352,701.90	-396,424.01	-307,881.50		-9,479.41	-8,985,487.53
Redemption Fund	-296,035.58		-14,801.78				-310,837.36
Revolving Fund (JST)	-689,563.93	-967.46	-34,618.25			-2,801.06	-727,950.70
Housing Development	-229,239.49		-11,461.97				-240,701.46
Revolving Fund (DUK)	-373,535.01		-18,676.75				-392,211.76
	-10,209,400.35	-353,669.36	-475,982.76	-307,881.50	0.00	689,745.16	-10,657,188.81
TRUST FUNDS							
LEDF Garden project	-37,021.59		-1,851.08				-38,872.67
Traffic Testing Station	-12,666.24		-633.31				-13,299.55
Transitional Grant	-1,075,018.96		-53,750.95		621,334.84		-507,435.07
Mun. systems improvement	-16,266.25		-813.31				-17,079.56
Duk Framework	-67,134.41		-3,356.72				-70,491.13
ABC RetentionFund	-16,109.26		-805.46				-16,914.72
IDP Jamestown	34,707.01						34,707.01
Concentration Camp	-10,360.86		-518.04				-10,878.90
System ImprovementFund	-92,610.00		-4,630.50				-97,240.50
Management Supp. Fund	-1,178,826.44		-58,941.32		379,671.31		-858,096.45
Free Basic Services	-644,692.65		-32,234.63		405,501.00		-271,426.28
Spatial Dev. Plan	-65,394.73		-3,269.74		39,473.69		-29,190.78
Finance Management Act.	-187,980.04		-9,399.00	-250,000.00	149,289.79		-298,089.25
Survey Squatters JST	-26,521.43		-1,326.07				-27,847.50
Town Register Fund	-6,418.59		-320.93				-6,739.52
IDP Jamestown	-12,589.66		-629.48				-13,219.14
Survey Trust fund JST	-15,397.88		-769.89				-16,167.77
21							
LED Garden Project JST	-116,055.46		-5,802.77				-121,858.23
CMIP Water Fund JST	-181,952.48		-9,097.62				-191,050.10
Aerial Survey Fund	-19,894.98		-994.75			-7,773.39	-28,663.12
Community Hall						-289,744.70	-289,744.70
Duk Stormwater Masterplan	-13,907.98		-695.40				-14,603.38
Sewer Purification Works						195,292.45	195,292.45
Sewerage Trust Fund						-1,663.75	-1,663.75
Area 5 Bulk Sewerage						205,817.90	205,817.90
Masikhane Sanitation Fund						69,932.06	69,932.06
Public Toilet Fund						-1,448.73	-1,448.73
Sewerage Pump Station						-135,264.92	-135,264.92
Sewer Retic. Erven Duk.						-33,064.81	-33,064.81
JMT Solid waste site	-16,068.74		-803.44				-16,872.18
Solid Waste Disposil	85,472.14						85,472.14
Memorial Wall	-300.00						-300.00
Van Coller Grave	-8,040.58						-8,040.58
1218 Link Houses	-323,670.39			-1,073,714.39	644,378.47	-16,183.53	-769,189.84
78 Sites Services	6,887.13				11,418.42		18,305.55
78 Sites Survey	2,750.00						2,750.00
Dukathole Town Register	-30,827.03		-1,541.35				-32,368.38
Number of Squatters	-11,225.03		-561.25				-11,786.28
Dukathole Planning Fund	21,709.12						21,709.12
Block H Planning Fund	-175,856.29		-8,792.81				-184,649.10
Zoning Map Scheme	-13,583.27		-679.16				-14,262.43
330 Houses	25,922.35			-622,755.60	716,538.81		119,705.56
Area 5 Services	-54,866.13		-2,743.31				-57,609.44
Hilton 89 Houses	-98,010.07			-1,500,246.60	1,011,430.57	-4,900.50	-591,726.60
Area 13 Fund				-6,327,190.42	3,333,487.85		-2,993,702.57
318 Houses Jamestown	-178,785.51		-8,939.28		548,238.52		-159,780.27
LEDF Funds	290,949.84						290,949.84
858 Houses Jamestown	-693,014.99		-34,650.75	-11,449,010.00	10,162,094.81		-2,014,580.93
858 Houses Transfers JMT	-13,053.60		-652.68				-13,706.28
Pumpstation						48,664.64	48,664.64
Water Rehabilitation Fund						-586,750.42	-586,750.42
Area 5 Services						-1,707,970.62	-1,707,970.62
Water Works Rehab. Fund						-125,988.94	-125,988.94
Water Treatment Works						-219,341.56	-219,341.56
22							
Ground Water Fund						-31,846.33	-31,846.33
LEDF Funds						-5,138.46	-5,138.46
Bulk Water Supply JMT						-390,006.95	-390,006.95
Water Meters Dukathole						-59,505.09	-59,505.09
838 Houses Fund JMT						-657,527.10	-657,527.10
1218 Sites	-1,139,796.74		-56,989.84				-1,196,786.58
Dukathole NER	7,790.63				40,701.75		48,492.38
NER Phase 1	-64,545.79		-3,227.29				-67,773.08
NER Phase 2	-232,016.63		-11,600.83				-243,617.46
Dukathole High Mast Lighting	-555,125.47		-27,756.27				-582,881.74
Free Basic Electricity	62,082.26						62,082.26
858 Houses Jamestown					20,082.40		20,082.40
43	-6,867,335.67		-348,779.23	-21,743,211.01	18,083,642.23	-3,754,412.75	-14,630,096.43
PROVISIONS							
Leave Endowment	-1,466,621.91		-73,331.10		345,612.21		-1,194,340.80

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

LOAN	DATE RED	CERT NO	INTEREST RATE	BALANCE 01/07/2005	TOTAL	LOANS RAISED	LOANS REPAID	BALANCE 30/06/2006
CMB Nominees	2006	47	17,10%	196,000	50,000			50,000
					57,100			57,100
					59,900			59,900
					29,000			29,000
UNI Bank				1,500,000	129,480			129,480
					115,000			115,000
					185,538			185,538
					73,391			73,391
					534,809			534,809
					42,162			42,162
					400,000			400,000
					19,620			19,620
				1,696,000	1,696,000			1,696,000
ANNUITY LOANS								
Development Bank					1,043,015			1,043,015
DBSA					518,454		-456,572	61,882
CPA					87,461			87,461
					3,344,930		-456,572	2,888,358
Less: Loans to be transferred								
Development Bank								-1,043,015
CMB								-29,000
								1,816,343

INTERNAL ADVANCES

Revolving Fund				48,768			-7,253	41,515
Other Funds				19,349			-6,138	13,211
SUB TOTAL				68,117			-13,391	54,726

Less: Loans to be transferred
Revolving Fund

-41,515
13,211

**APPENDIX C
ANALYSIS OF FIXED ASSETS**

EXP. 2005	RATES & GEN SERV.	BALANCE 2005/07/01	EXPEN- DITURE	W/O	BALANCE 2006/06/30
	Community Services				
157,313	Land	10,164,092			10,164,092
	Buildings	4,327,073	608,113		4,935,186
	Proclaimed Roads	1,377,192			1,377,192
23,459	Streets & Stormwater	6,775,254	1,054,253		7,829,507
	Vehicles & Implements	2,008,160	1,046,526		3,054,686
33,783	Tools & Equipment	448,205	4,410		452,615
160,929	Office Furniture	1,192,683	161,710		1,354,393
	Planning	1,359,867	55,529		1,415,396
375,484		27,652,526	2,930,541	0	30,583,067
	Housing				
	Whites	162,111			162,111
	Colourds	8,235,670			8,235,670
	Black	1,500,368			1,500,368
	Housing Jamestown	3,463,980		1,015,521	2,448,459
0		13,362,129	0	1,015,521	12,346,608
	Trading				
	Abattoir	181,746			181,746
88,016	Electricity	12,887,752	320,404	-1,147	13,207,009
	Water Supply				
6,082	Spa	21,490,083	6,273		21,496,356
	Game		619,700		619,700
94,098		34,559,581	946,377	-1,147	35,504,811
	TOTAL FIXED ASSETS	75,574,236	3,876,918	1,016,667	78,434,487
	Less: Loans Redeemed and and other Capital Receipts	68,887,371	4,292,061	1,015,520	72,163,912
	Loans Redeemed	780,676	521,402		1,302,078
	Contributions from Income	30,127,216	1,767,393		31,894,609
	Provisions, Reserves and other Receipts	37,979,479	2,003,266	1,015,520	38,967,225
		6,686,865	-415,143	1,147	6,270,575

APPENDIX D

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

ACTUAL 2005		ACTUAL 2006	BUDGET 2006
REVENUE			
13,398,628	Grants and subsidies	11,073,340	16,693,480
10,653,940	Central Government	7,891,482	13,648,800
2,744,688	Provincial Government	3,181,858	3,044,680
23,106,379	Operating revenue:	30,482,558	32,489,360
4,702,692	Assesment rates	4,894,144	5,380,000
14,532,613	Sale of electricity	16,989,766	15,989,000
	Sale of water		
3,871,074	Other service charges	8,598,649	11,120,360
36,505,007	TOTAL REVENUE	41,555,898	49,182,840
EXPENDITURE			
15,637,321	Salaries and allowances	16,245,392	17,380,250
20,041,663	General expences:	22,359,292	22,344,790
8,021,888	Purchase of electricity	9,145,960	8,600,000
	Purchase of water		
12,019,775	Other general expences	13,213,332	13,744,790
1,593,405	Repairs and maintenance	1,881,832	2,357,700
511,004	Capital charges	650,233	1,107,010
332,423	Contributions to fixed assets	1,823,536	7,233,470
460,895	Contributions	460,318	773,750
38,576,710	GROSS EXPENDITURE	43,420,603	51,196,970
-2,109,200	Less Amounts charged out	-2,016,620	-2,016,620
36,467,510	NET EXPENDITURE	41,403,983	49,180,350

APPENDIX E

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

2005 Actual Revenue	2005 Actual Expenditure	2005 Surplus/ (Deficit)		2,006.00 Actual Revenue	2,006 Actual Expenditure	2006 Surplus/ (Deficit)	2006 Budget Surplus/Deficit
RATES AND GENERAL							
4,702,692	-360,138	4,342,554	ASSESSMENT RATES	4,894,143.55	-352,702	4,541,442	5,013,250
157,895	-3,172,622	-3,014,727	COUNCIL'S GEN EXP	55,087.72	-3,293,415	-3,238,327	-2,738,130
149,650	-553,062	-403,412	MANAGER	159,330.00	-639,205	-479,875	-621,150
409,444	-1,562,048	-1,152,604	CORPORATE SERVICES	502,451.78	-1,871,539	-1,369,087	-1,015,800
	-10,450	-10,450	OCCUPATIONAL HEALTH & SAFETY		-386	-386	-2,000
59,052	-13,606	45,445	CEMETERY	69,542.57	-16,752	52,790	46,040
1,544	-378,341	-376,797	LIBRARIES	6,077.55	-357,358	-351,281	-338,000
148,195	-24,428	123,767	COMMONAGE	230,599.08	-44,887	185,712	118,620
65,000	-1,719,365	-1,654,365	PUBLIC WORKS	213,351.00	-2,128,196	-1,914,845	-2,999,410
230,244	-430,747	-200,503	ADMINISTRATION & LAND AFFAIRS	294,505.40	-715,875	-421,369	-1,697,460
4,196	-1,178,325	-1,174,129	PARKS & PUBLIC PLACES	222,587.00	-1,496,561	-1,273,974	-1,275,510
73,682	-63,202	10,480	SPORT GROUNDS	26,021.48	-60,448	-34,427	-42,760
314,981	-631,345	-316,364	TECH SERVICES ADMIN	460,393.88	-732,499	-272,105	-273,910
7,641,696	-4,768,271	2,873,425	FINANCE DEPARTMENT	9,009,274.25	-5,585,945	3,423,330	4,789,090
	-119,657	-119,657	MECHANICAL WORKSHOP		-104,739	-104,739	-181,860
0	0	0	MAINTENANCE DIVISION			0	0
	-2,364	-2,364	MUSEUM		-2,276	-2,276	-12,400
736,687	-782,659	-45,972	TRAFFIC	780,499.81	-952,340	-171,840	96,750
		0	COMMUNITY SERVICES		-433,672	-433,672	-443,800
		0	LOCAL ECONOMIC DEVELOPMENT		-39,407	-39,407	-83,270
14,694,958	-15,770,630	-1,075,672		16,923,865.07	-18,828,201	-1,904,336	-1,661,710
SUBSIDISED SERVICES							
	-15,096	-15,096	FIRE BRIGADE SERVICES	7,402.85	-26,211	-18,808	-22,400
423,343	-815,296	-391,952	HEALTH SERVICES	1,096,186.94	-302,052	794,135	344,920
2,256,721	-2,276,008	-19,287	CLINIC	2,089,219.06	-2,089,219	0	-443,560
2,025	-72,067	-70,042	AERODROME	1,710.72	-81,526	-79,815	-87,990
2,682,089	-3,178,467	-496,378		3,194,519.57	-2,499,008	695,511	-209,030
28							
ECONOMIC SERVICES							
109,921	-15,822	94,099	NATURE RESERVE	122,913.00	-8,537	114,376	46,000
0		0	SEWERAGE			0	0
2,314,399	-2,319,967	-5,568	REFUSE REMOVAL	2,692,852.41	-2,252,248	440,604	-91,360
140	-1,470,567	-1,470,427	CLEANSING	213,351.00	-1,647,486	-1,434,135	-1,417,530
0		0	DIASATER MANAGEMENT			0	0
2,424,460	-3,806,355	-1,381,896		3,029,116.41	-3,908,272	-879,155	-1,462,890
19,801,507	-22,755,452	-2,953,945	RATES & GEN. SERVICES	23,147,501.05	-25,235,481	-2,087,980	-3,333,630
	-397,881	-397,881	HOUSING ADMINSTRATION		-412,745	-412,745	-425,700
			TRADING SERVICES				
14,777,371	-10,901,125	3,876,246	ELECTRICITY SERVICES	17,248,750.82	-12,717,486	4,531,265	4,175,290
			WATER SERVICES			0	
1,400,182	-2,034,099	-633,917	ALI'IAL SPA	921,655.66	-2,600,310	-1,678,654	-325,890
525,947	-378,954	146,993	CONFERENCE CENTRE	237,990.80	-437,961	-199,970	-87,580
16,703,500	-13,314,178	3,389,322		18,408,397.28	-15,755,757	2,652,640	3,761,820
36,505,007	-36,467,510	37,497	TOTAL	41,555,898.33	-41,403,983	151,915	2,490
	1,678,775		Appropriations for this year (refer note 18)		13,691,731		
	37,497		Net surplus/deficit for the year		151,915		
			Accumulated Surplus/ (deficit)				
	421,400		Beginning of year		2,137,673		
			Accumulated Surplus/ (deficit)				
	2,137,672		end of year		15,981,319		

APPENDIX F STATISTICAL INFORMATION 2006

	2004	2005	2006
Population	40037	40037	40037
Registered voters	18486	18486	18486
Total valuation	499.604.485	499.604.485	499.604.485
Taxable	380.469.855	380.469.855	380.469.855
Non-taxable	119.134.630	119.134.630	119.134.630
Residential			
Commercial			
Valuation date	1998	2004	2004
No of Properties			
Residential			
Commercial			
Assessment rates:			
Buildings - Aliwal North	0.0127	0.0094	0.0142
Jamestown	0.0186	0.0150	0.0142
Ground - Aliwal North	0.0586	0.0500	0.0142
Jamestown	0.01595	0.1500	0.0142
Rebate	20%	20%	20%
No of Employees	248	269	285
ELECTRIC STATISTICS			
Units purchased (000)	46,484,844	50,353,880	47,633,768
Units sold	40,945,132	46,194,390	41,701,105
Units lost in distribution	5,539,712	4,159,490	5,932,663
% do	11.92%	8.26%	12.45%
Cost per units sold	0.2742	0.2360	0.2246
Income per units sold	0.2743	0.3146	0.3997

DISCLOSURES IN TERMS OF SECTION 123, 124 AND 125 OF THE MUNICIPAL FINANCE MANAGEMENT ACT.

Sect 123 Disclosure on intergovernmental and other allocations

1(a)(i) Allocations received from an organ of state in the National or Provincial sphere of government

None

1(a)(ii) Allocations received from a municipal entity or another municipality

None

1(b)(i) Allocations made to a municipal entity or another municipality

Municipal Entity R 249467,06

1(b)(ii) Allocations made to any organ of state

None

1(d)(i) Has the municipality complied with the conditions in terms of allocations received in terms of section 214(1) of the Constitution

Yes

1(d)(ii) Has municipality complied with conditions of allocations made other than by national organ of state

None

1(e) The reasons for any non-compliance of conditions referred to in paragraph (d)

None

1(f) Were funds destined for the municipality in terms of the annual Division of Revenue Act delayed or withheld

No

Sect 124 Disclosures concerning Councillors, Directors and Officials

1 Salaries, Allowances and Benefits Councillors, Directors and Officials

1(a) Salaries, Allowances and Benefits of Political Office Bearers and Councillors

Designation	Salaries	Allowances	Benefits
Mayor	R 230937,00	R 12684,00	R 0
Councillors	R 86601,00	R 36786,00	R 0

The salaries, allowances and benefits paid are within the upper limits of the framework envisaged in section 219 of the Constitution

1(b) Arrears owed by individual Councillors

Name	Amount	Services	Rates
S Bakaqana	R 4114,54	R 3073,33	R 141,21
N S Mathetha	R 9986,09	R 7763,91	R 2222,18

1(c) Salaries, Allowances and Benefits of Managers

Designation	Salaries	Allowances	Benefits	Bonus
Municipal Manager	R 193459,60	R 120000,00	R 56540,40	R 55000,00
Chief Financial Officer	R 155744,40	R 87575,28	R 34180,32	R 41250,00
Manager Corporate Services	R 155744,40	R 87575,28	R 34180,32	R 41250,00
Manager Technical Services	R 155744,40	R 87575,28	R 34180,32	R 41250,00
Manager Community Services	R 155744,40	R 87575,28	R 34180,32	R 41250,00

2 Salaries, Allowances and Benefits of Municipal Entities

2(a) Salaries, Allowances and Benefits of Board of Directors

None

2(b) Salaries, Allowances and Benefits of Executive Officer and Managers

Designation	Salaries	Allowances	Benefits
Operations Manager	R 150000,00	R 0	R 0

Sect 125 Other Compulsory Disclosures**1(a) List of Municipal Entities**

Mthombo Sediba Development Agency

1(b) The total amount of contributions paid to organised local government

Contributions Paid	R 0
Contributions Outstanding	R 0

1(c) The total amount paid in respect of

Audit Fees	R 748538,94
Taxes	R 0
Levies	R 81342,61
Duties	R 0
Pension Contributions	R 1545816,55
Medical Aid Contributions	R 878831,04
Amounts Outstanding	R 0

2(a) Bank Account Information

Bank	Account Number	Account Type	Opening Balance	Closing Balance
ABSA	17-5014-6194	Current	R 352038,30	R 911500,43
ABSA	40-5445-2522	Savings	R 3711,08	R 2502,67
ABSA	40-5912-9037	Current	R 227516,68	R 990005,62
ABSA	40-5340-8352	Current	R 443610,37	R 976118,59
ABSA	17-5014-1125	Current	R 82573,98	R 1084149,28
ABSA	17-5014-8952	Current	R 10555379,49	R 13199104,74
Standard Bank	82752656	Current	R 13814,52	R 93453,35
Standard Bank	82764557	Current	R 120840,19	R 120095,39

2(b) Summary of Investments

Bank	Account Number	Type	Amount
ABSA	20-6066-9804	Fixed Term	R 1141892,89
ABSA	90-8533-5255	32 Days Notice	R 144096,87
ABSA	90-8533-5938	32 Days Notice	R 66379,47
ABSA	90-8533-5687	32 Days Notice	R 51320,45
ABSA	90-8533-5467	32 Days Notice	R 25306,84
ABSA	90-8533-6942	32 Days Notice	R 3152,26
ABSA	90-8533-6714	32 Days Notice	R 7996,70
ABSA	90-8533-6489	32 Days Notice	R 8558,93
ABSA	90-8533-6162	32 Days Notice	R 27737,16
ABSA	20-4852-8953	Fixed Term	R 2963,30
ABSA	20-4792-0520	Fixed Term	R 50236,85
ABSA	20-4791-9652	Fixed Term	R 123176,25
ABSA	20-4792-6746	Fixed Term	R 32887,51
ABSA	20-4913-5147	Fixed Term	R 46903,57
ABSA	20-3086-5084	Fixed Term	R 4003,01
ABSA	20-4779-4026	Fixed Term	R 14000,00
ABSA	20-4791-9733	Fixed Term	R 1763,45
StandardBank	088753581-003	32 Days Notice	R 454320,62
StandardBank	88760758	32 Days Notice	R 1616,68

2(c) Contingent Liabilities

None

2(d)(i) Material Losses, Irregular, Fruitless and Wasteful Expenditure

None

2(d)(ii) Criminal or Disciplinary Steps Taken

None

2(d)(iii) Material Losses recovered or written off

None

2(e) Particulars of non compliance of the MFMA

None

2(f) Other matters prescribed

None