



MHLONTLO LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

MHLONTLO MUNICIPALITY

INDEX

1) GENERAL INFORMATION	1 - 2
2) FOREWORD	3
3) TREASURER'S REPORT	4 - 6
4) ACCOUNTING POLICIES	7 - 9
5) BALANCE SHEET	10
6) INCOME STATEMENT	11
7) CASH FLOW STATEMENT	12
8) NOTES TO THE ANNUAL FINANCIAL STATEMENTS	13 - 16
9) APPENDICES	
<i>a) Accumulated Funds, Trust Funds, Reserves and Provisions</i>	17
<i>b) Analysis of Property, plant and equipment</i>	18
<i>c) Analysis of Operating income and Expenditure</i>	19
<i>d) Detailed Income Statement</i>	20
<i>e) Statistical Information</i>	21

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on page 1 - 21 were approved by the Acting

Municipal Manager and presented to and approved by Council on

_____ .

Mr B.K. Socikwa
Acting Municipal Manager

Chief Financial Officer
Mr Z.V. Mapukata

GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE COMMITTEE

MAYOR : **M Socikwa**

Councillor : **N. N. Mtwazi** *Social Development - Chairperson*

Councillor : **N. Dyule** *Local Economic Development and Tourism - Chairperson*

Councillor : **N Ntobongwana** *Budget & Treasury and Corporate services - Chairperson*

Councillor : **M Kondlo** *Infrastructure Development - Chairperson*

Councillor : **N.V. Ndude** *Public Safety - Chairperson*

Councillor : **J.M. Jikijela** *Planning and Development - Chairperson*

GRADING OF THE LOCAL AUTHORITY

Grade 3

AUDITORS

Auditor General - Eastern Cape

BANKERS

*First National Bank- Mthatha Branch
Standard Bank - Mthatha Branch*

REGISTERED OFFICE

*P.O. Box 31
Qumbu
5184*

*Telephone : 047 5537000
Fascimile : 047 553 0205*

MUNICIPAL MANAGER

Mr B.K. Socikwa (Acting)

CHIEF FINANCIAL OFFICER

Mr Z.V. Mapukata

GENERAL INFORMATION

OTHER COUNCILLORS

M. Ncokothwane

R. N. Matomane

P. Tyali

S.N. Salaze

M. Katiya

L. Hlabiso

V. Mnyanda

N.T. Ngquke

T.S. Msongelwa

M. Macingwane

R.N. Mvamveki

Z.W. Nondaka

R.M. Giyose

N. Gqomo

M.G. Jara

N.P. Dolo

M.S. Mathe

Z.L. Malangeni

N. Mabandla

T. Sabisa

E. Pula

P.P. Bevu

N.P. Dlabathi

S. N. Songca

N. M. Somhlahlo

N. Konza

N. Mkontwana

X. Mpatane

V. Nduku

Y. Yaso

L. Mlamlo

A. Gqada

M. Henama

C.M. Mneno

E. Jubase

FOREWORD

The functions of the Council centre around promoting the interests of its ratepayers, employees, residents and customers by striving to render the highest quality of services, advancing the interest of its employees by providing safe, secure and satisfying working environments,

The elected Council has faced significant challenges since taking up office. From an organisational perspective, some senior management posts are currently occupied by acting managers. One of our immediate goals is to transform our local municipality into a service oriented organisation which will make a positive impact on the quality of life of our citizens by having a permanent management team who are committed to the realisation of the Council's goals.

A further important challenge facing Council is to improve the financial position of Mhlontlo Municipality. In particular an improvement in the collection of long outstanding debtors balances is critical if the council is to achieve its goals. The unfortunate part is that the unemployment rate in the area has worsened causing many residents not to be able to pay for services. Our ability to render services will be threatened if our cash position does not improve. This is a major problem facing the Local and Provincial Government in South Africa and we hope that workable solutions will be found soon to this challenge.

Council remains committed to meeting the challenges it faces and hopefully in future years, I will be able to report positively on the progress we have made in this regard.

In conclusion I would like to express my appreciation to my fellow Council members, the Acting Municipal Manager, the Chief Financial Officer, and all other staff for their support, co-operation and hard work during the year under review.

M SOCIKWA

**MAYOR AND CHAIRMAN OF THE
EXECUTIVE COMMITTEE**

TREASURER'S REPORT

1) INTRODUCTION

Appropriate legislation was complied with in order to provide statements for the year ending 30 June 2006. To the best of my knowledge, these financial statements are a fair presentation of the Council at the abovementioned date and the results of its operation for the year then ended.

2) OPERATING RESULTS

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

INCOME	Actual 2004/05 R	Actual 2005/06 R	Variance Actual 04/05 VS Actual 05/06 %	Budget 2005/06 R	Variance Actual/ Budget %
Operating Income for the Year	41,983,266	42,311,890	0.78%	65,934,300	-55.83%
	41,983,266	42,311,890	0.78%	-	-
EXPENDITURE					
Operating Expenditure	33,355,032	48,333,954	44.91%	65,934,300	-36.41%
(Deficit)/ Surplus at year end	8,628,234	(6,022,064)	-169.79%	-	-

TREASURER'S REPORT

2.1) RATE AND GENERAL SERVICES

	Actual 2004/05 R	Actual 2005/06 R	Variance Actual Increase/ Decrease %	Budget 2005/06 R	Variance Actual/ Budget %
Income	41,983,266	42,311,890	0.78%	65,934,300	55.83
Expenditure	33,355,032	48,333,954	44.91%	65,934,300	36.41
(Deficit) / Surplus	8,628,234	(6,022,064)	-169.79%	(0)	-100.00
Surplus (Deficit) as % of Total Income	20.55%	-14.23%	-169.25%	0.00%	

3) CAPITAL EXPENDITURE AND FINANCING

	Actual 2005/2006 R	Budget 2005/2006 R	Actual 2004/2005
<u>Capital Expenditure</u>			
Land and buildings	5,510,617	4,583,000	6,389,288
Roads and stormwater	12,181,984	22,224,959	192,189
Plant and equipment	610,641	0	
Office equipment	589,981	0	151,961
Community development initiatives	165,839	102,550	
Local Economic Development	0	4,764,154	
Taxi shelter	0	1,051,000	
Motor vehicles	193,860	0	
	19,252,923	32,725,663	6,733,438
<u>Financing of Fixed Assets</u>			
Contribution from Current Income	-	29,125,663	
Contribution from Other Sources	17,377,492	0	
Grants and Subsidies	1,875,432	3,600,000	6,733,438
	19,252,923	32,725,663	6,733,438

The significant increase in expenditure on capital projects during the year results from our objectives to accelerate the delivery of basic services and construction of infrastructure.

TREASURER'S REPORT

4) INVESTMENTS AND CASH

Investments amounted to R 28 300 378 at 30 June 2006.

The favourable bank balances at 30 June 2006 amounted to R 3 045 987 . The municipality did utilise a bank overdraft in the year under review.

More information regarding investments is disclosed in notes 2 to the annual financial statements.

5) FUNDS AND RESERVES

The Revolving Fund has increased by R 75 628 to R 1 235 428 .

There has been a significant increase in funds and reserves. CMIP, Town Planning and Bulk Housing projects are the major contributors to the increase.

More information regarding funds and reserves is disclosed in notes 5, 6 and appendix A to the annual financial statements.

EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Councillors, the Acting Municipal Manager and Heads of Departments for their support during the past year.

Chief Financial Officer
Mr Z.V. Mapukata

DATE : _____

ACCOUNTING POLICIES

1) BASIS OF PRESENTATION

- 1.1 These Financial Statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice (1997) and Report on the Standardisation of the Financial Statements of Local Authorities (2nd Edition, January 1996).
- 1.2 The Financial Statements are prepared on the Historical Cost Basis, adjusted for Capital Expenditure.
The Accounting Policies are consistent with those applied in the previous year, except if otherwise indicated.
Fundamental errors identified have been adjusted for and prior year restated where applicable
- 1.3 The Financial Statements are prepared on the accrual basis as stated :
 - Income is accrued when collectable and measurable. Certain direct income is accrued when received, such as Traffic Fines and business Licenses.
 - Expenditure is accrued in the year that it is incurred.

2) CONSOLIDATION

The Balance Sheet includes Rate and General Services, different funds, Reserves and Provisions. All inter departmental charges if any, are set-off against each other, with the exception of Assessment Rates and Refuse Removal which are treated as income and expenditure in the respective Departments.

3) PROPERTY, PLANT AND EQUIPMENT

- 3.1 *Property, plant and equipment is stated :*
 - at historical cost, or
 - at valuation (based on market price at date of acquisition), where assets have been acquired by Grant or Donation, while they are in existence and fit for use.
- 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. Apart from Advances from the various Council Funds, assets may also be acquired through :

 - appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income and therefore it is unnecessary to make any further provision for depreciation
 - grants and donations, 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 assets are credited to the Revolving Fund.

4) FUNDS AND RESERVES

4.1 STATUTORY FUNDS

The Revolving Fund Ordinance No. 20 of 1974 requires a minimum contribution of seven and a half percent of the product of assessment rates in respect of the Financial Year immediately preceding the Financial Year for which such contribution is required to be made.

4.2 RESERVES

Reserve Funds are utilised for purposes for which the reserve is formulated by council. Contributions are made from the operating account and in certain instances according to the policy of the Department of Local Government and Housing.

4.3 TRUST FUNDS

Funds are paid to the Council for specific purposes and consists of Grants and Subsidies from the public or higher Authorities.

4.4 PROJECT FUNDS

Project funds are representative of external funding received in the past and set aside for pre- identified individual projects or a pre-defined general nature of intervention.

5) RETIREMENT BENEFITS

It is the policy of the municipality to provide retirement benefits for its personnel. Current contributions are charged against the operating account at the rate of a fixed rate of the basic salary paid to employees.

6) SURPLUSES AND DEFICITS

Accumulated surpluses reflect the residual of revenue against the sum of operating and capital expenditure reduced by any appropriations.

7) INVESTMENTS

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

8) INCOME RECOGNITION

8.1 Assessment Rates

Assessment Rates are levied at the same tariff for the land and improvements. Rebates are granted to state bodies. Income is recognised when the annual and monthly levies are done at the beginning of the month.

8.2 Refuse and other income

Refuse is levied at an approved monthly flat rate. Sundry income is accounted for on a cash receipt basis.

8.3 Government and other related grants

Government and other related grants are recognised as revenue on an accrual basis and in accordance with the funding institution's annual disbursement plan as they relate to municipal statutory annual reporting period.

9) PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events and is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

BALANCE SHEET AS AT 30 JUNE 2006

		2006	2005
	Notes	R	Restated R
ASSETS			
<i>NON CURRENT ASSETS</i>			
		28,347,748	38,950,621
Property, plant and equipment	1	-	-
Short term investments	2	28,300,378	38,651,274
Long term debtors	3	47,369	299,347
<i>CURRENT ASSETS</i>			
		15,847,238	7,926,904
Accounts receivable	4	12,801,251	7,612,130
Cash and cash equivalents		3,045,987	314,774
TOTAL ASSETS		44,194,986	46,877,525
FUNDS AND LIABILITIES			
<i>FUNDS AND RESERVES</i>			
		43,142,650	46,181,131
Funds	5	6,928,350	4,744,748
Reserves	6	4,682,054	4,197,308
Accumulated surplus	7	31,532,246	37,239,075
<i>CURRENT LIABILITIES</i>			
		1,052,336	696,394
Accounts payable	8	707,850	221,264
Provisions	9	344,486	475,130
TOTAL FUNDS AND LIABILITIES		44,194,986	46,877,525

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

2004/2005	2004/2005	2004/2005		2005/2006	2005/2006	2005/2006	2005/2006
Actual Income	Actual Expenditure	Restated Actual Surplus/ (Deficit)		Actual Income	Actual Expenditure	Actual Surplus/ (Deficit)	Budgeted Surplus/ (Deficit)
R	R	R		R	R	R	R
41,983,266	33,355,032	8,628,234	RATE AND GENERAL SERVICES	42,311,890	48,333,954	(6,022,064)	-
41,562,965	31,905,694	9,657,271	<i>Community Services</i>	41,894,519	46,683,258	(4,788,740)	-
420,301	1,449,338	(1,029,037)	<i>Economic Services</i>	417,371	1,650,696	(1,233,325)	-
41,983,266	33,355,032	8,628,234	TOTAL	42,311,890	48,333,954	(6,022,064)	-
		-	Appropriation for this Year (Refer working papers)			-	
		8,628,234	Net (deficit)/ Surplus for the Year			(6,022,064)	
		29,122,524	Accumulated Surplus beginning of the year			37,239,075	
		(511,683)	Prior year adjustments			315,235	
		37,239,075	ACCUMULATED SURPLUS AT END OF THE YEAR			31,532,246	

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

<i>Note/</i>	2006	2005
	R	Restated R
CASH RETAINED FROM OPERATING ACTIVITIES	8,964,892	15,392,836
Cash generated by operations	11,822,918	13,887,202
Investment income	1,723,176	1,474,470
Decrease in working capital	(4,581,202)	31,164
	8,964,892	15,392,836
CASH UTILISED IN INVESTING ACTIVITIES	(19,252,923)	(6,733,438)
Investment in property, plant and equipment	(19,252,923)	(6,733,438)
CASH FLOWS FROM FINANCING ACTIVITIES	2,668,348	4,804,355
	2,668,348	4,804,355
NET CASH (OUTFLOW) INFLOW	(7,619,683)	13,463,753
Cash effects of financing activities		
Increase in cash on hand	2,731,212	683,344
(Decrease)/ Increase in cash investments	(10,350,895)	12,780,409
Net Cash (Utilised)/ Generated	(7,619,683)	13,463,753

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006	2005 <i>Restated</i>
1.) Property, plant and equipment		
Property, plant and equipment at the beginning of the year	18,328,288	11,594,850
Capital Expenditure during the year	19,252,923	6,733,438
Total Property, plant and equipment	37,581,211	18,328,288
Less : Loans Redeemed and Other Capital Receipts	(37,581,211)	(18,328,288)
NET PROPERTY, PLANT AND EQUIPMENT	-	-
<i>(Refer to appendix B for more details)</i>		

2) Investments		
Unlisted		
- Bulk Housing Qumbu	261,949	330,969
- CMIP	1,881,308	636,861
- Equitable share 1 day	5,510,952	18,944,366
- Equitable share 32 day call	11,312,218	9,920,670
- Gqunu Lots	1,182,580	1,342,107
- IDP	1,004	1,004
- LED	1,004	1,004
- MSP and Special Funds	4,681,050	4,196,304
- Operational investment	897,694	844,183
- Pilot Housing project - Qumbu	755,944	718,051
- Pilot Housing project - Tsolo	39,761	38,772
- Retrenchment Fund	80,763	77,851
- Revolving fund	1,235,428	1,159,800
- Town planning fund - 2	77,482	74,804
- 30 Tsolo Pilot Housing	362,397	346,447
- Youth centre	18,845	18,081
AMOUNT TO THE BALANCE SHEET	28,300,378	38,651,274
<i>No investments were written off during the year.</i>		

3) Long Term Debtors		
Vehicle Loans	231,132	546,636
Less : Current portion of long term debtors	(183,763)	(247,289)
AMOUNT TO THE BALANCE SHEET	47,369	299,347

4) Trade and other receivables		
Service debtors	9,122,844	7,512,267
VAT	10,706,941	7,364,841
Other debtors	300,000	-
Current portion of long term debtors	183,764	247,289
Less Provision for Bad Debts	(7,512,297)	(7,512,267)
AMOUNT TO THE BALANCE SHEET	12,801,251	7,612,130

	2006	2005
5) Funds	6,928,350	4,744,748
5.1) Statutory funds		
Revolving Fund	1,235,428	1,159,800
	1,235,428	1,159,800
<i>(Refer to appendix A for more details)</i>		
5.2) Trust funds		
Gqunu Lots Fund	1,264,348	1,420,962
Retrenchment Fund	1,182,580	1,342,107
IDP	80,763	77,851
	1,004	1,004
<i>(Refer to appendix A for more details)</i>		
5.3) Project Funds		
Bulk Housing - Qumbu	4,428,575	2,163,986
30 Housing Project - Qumbu	261,949	330,969
Tsolo Pilot Housing Fund	755,943	718,051
15 Pilot Housing - Tsolo	362,397	346,447
Town Planning fund	39,761	38,772
CMIP Trust Fund	1,108,372	74,804
Youth Centre	1,881,308	636,862
	18,845	18,081
<i>(Refer to appendix A for more details)</i>		
6) Reserves		
MSP and Special Funds	4,682,054	4,197,308
LED	4,681,050	4,196,304
	1,004	1,004
AMOUNT TO THE BALANCE SHEET	4,682,054	4,197,308
<i>(Refer to appendix A for more details)</i>		
7) Accumulated surplus		
Appropriation account :		
Accumulated surplus at the beginning of the year	37,239,075	29,122,524
Operating (deficit)/surplus for the year	(6,022,064)	8,628,234
Prior year adjustments	315,235	(511,683)
Accumulated surplus at the end of the year	31,532,246	37,239,075
AMOUNT TO THE BALANCE SHEET		
Contributions to :		
Asset Financing	19,252,923	6,733,438
	19,252,923	6,733,438
8) Accounts payable		
Trade Creditors and accruals	259,413	140,780
Stale cheques	448,436	-
Sundry creditors	-	80,484
AMOUNT TO THE BALANCE SHEET	707,850	221,264
9) Provisions		
Accounting fee	344,486	262,395
Audit fee	-	212,735
AMOUNT TO THE BALANCE SHEET	344,486	475,130

10) **Assessment Rates**

	Valuations as at 30 June 2006	Actual Income of 2006
Total	182,236,889	1,867,213

Valuations on land and improvements are performed every four years and the last general valuation came into effect on 07 August 2003. The basic rate was 1.03c per Rand on Land and improvements. A 20% rebate was granted to government departments.

11) **Councillors' Remuneration**

Mayor's Allowance
Councillors' Allowance

	2006	2005
	3,106,432	2,806,044
	244,408	260,225
	2,862,023	2,545,819

12) **Finance Transactions**

Total external interest earned or paid:
- *Interest earned*

- *Interest paid*

	2006	2005
	1,723,176	1,474,470
	1,730,187	1,474,470
	(7,011)	-

13) **Prior Year Adjustments**

The prior year adjustment relates to adjustments relating to accounting errors in the past.

14) **Capital commitments**

Commitments in respect of capital expenditure:
- Approved and contracted for;

7,503,739 3,125,562

This expenditure will be financed from:
- Internal sources

7,503,739 3,152,562

15) **Cash generated from operations**

Surplus/(Deficit) for the year

Adjustments for :

Previous year's operating transactions

Appropriations charged against income :

- *Capital Outlay*

Investment Income credited to Operations account

Interest expense

AMOUNT TO CASHFLOW STATEMENT

(6,022,064)	8,628,234
315,235	-
19,252,923	6,733,438
19,252,923	6,733,438
(1,730,187)	(1,474,470)
7,011	-
11,822,918	13,887,202

16) **Decrease in working capital**

Increase in accounts receivable and long term debtors

Decrease in accounts payable and provisions

AMOUNT TO CASHFLOW STATEMENT

(4,937,144)	11,812,291
355,942	(11,781,127)
(4,581,202)	31,164

	2006	2005
17) Cash flow from financing activities		
<i>- Increase in funds and reserves</i>	2,668,348	4,804,355
AMOUNT TO CASHFLOW STATEMENT	2,668,348	4,804,355
18) Decrease in cash investments comprises :		
<i>- Investments realised</i>	(10,350,895)	12,780,409
AMOUNT TO CASHFLOW STATEMENT	(10,350,895)	12,780,409
19) Increase in Cash and Cash Equivalents:		
<i>Increase in cash balances</i>	2,731,212	683,344
AMOUNT TO CASHFLOW STATEMENT	2,731,212	683,344
20) Auditor's Remuneration		
<i>Audit Fees</i>	-	622,092

ACCUMULATED FUNDS, TRUST FUNDS, PROVISIONS AND RESERVES

	Balance at 2005-06-30	Contributions during the Year	Interest on Investments	Other Income	Expenditure during the Year	Balance at 2006-06-30
STATUTORY FUNDS						
Revolving Fund	1,159,800	7,500	68,224		96	1,235,428
Total	1,159,800	7,500	68,224	-	96	1,235,428
TRUST FUNDS						
Gqunu lots	1,342,107		50,576		210,103	1,182,580
Retrenchment Fund	77,851		2,947		35	80,763
IDP	1,004		-			1,004
Total	1,420,962		53,523		210,138	1,264,348
PROJECT FUNDS						
Bulk housing	330,969	1,602,073	-		1,671,093	261,949
Pilot housing - Qumbu	718,051		37,910		18	755,943
30 Tsolo Pilot housing	346,447		16,049		99	362,397
Pilot housing - Tsolo	38,772		989		-	39,761
Town planning Fund	74,804	1,030,890	2,677		-	1,108,372
CMIP funds	636,862	1,245,125	-		679	1,881,308
Youth centre	18,081		1,064		300	18,845
Total	2,163,986	3,878,088	58,689		1,672,189	4,428,575
TOTAL FUNDS	4,744,748	3,885,588	180,437		1,882,423	6,928,350
RESERVES						
MSP and special reserves	4,196,304	250,000	234,746			4,681,050
LED	1,004	-	-			1,004
Total	4,197,308	250,000	234,746	-	-	4,682,054

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED 30 JUNE 2006

Expended 2,005	SERVICE	Budget 2,005	Balance at 2005-07-01	Expended 2,006	Written off, transferred, redeemed or disposed of during the Year	Balance at 2006-06-30
R		R	R	R	R	R
6,733,438	RATE AND GENERAL SERVICES	-	18,328,288	19,252,923	-	37,581,211
6,733,438	Community Services	-	18,031,910	19,252,923	-	37,284,833
6,389,288	Land and buildings	-	10,568,979	5,510,617		16,079,596
	Plant and equipment	-	2,805,021	610,641		3,415,662
151,961	Office equipment	-	583,003	589,981		1,172,984
192,189	Road construction	-	192,189	11,541,010		11,733,199
-	Fencing	-	141,886	165,839		307,725
-	Waterworks infrastructure	-	1,566,832	640,974		2,207,806
-	Motor vehicles	-	2,174,000	193,860		2,367,860
-	Economic Services	-	296,378	0	-	296,378
-	Sanitation	-	296,378	0		296,378
6,733,438	TOTAL ASSETS	-	18,328,288	19,252,923	-	37,581,211
	LESS : LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		18,328,288	19,252,923	-	37,581,211
	Loans redeemed		645,414	-	-	645,414
	Contributions from own revenue		17,629,044	17,377,492	-	35,006,536
	Grants and Subsidies		53,830	1,875,432	-	1,929,262
	NET FIXED ASSETS		-	-	-	-

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

<i>Actual 2005</i>		<i>Actual 2006</i>	<i>Budget 2006</i>
R		R	R
41,983,266	INCOME	42,311,890	65,934,300
37,252,817	- Government and Provincial Grants and Subsidies	36,864,999	39,255,813
1,606,551	- Assessment Rates	1,866,323	1,663,626
420,301	- Income from Tariffs, Services Charges etc.	1,850,380	2,398,591
2,703,597	- Interest Received	1,730,187	507,191
-	- other	-	22,109,079
33,355,032	GROSS EXPENDITURE	48,333,954	65,934,300
10,708,967	- Salaries, Wages and Allowances	15,081,677	17,298,593
15,044,997	- General Expenses	14,522,662	17,389,570
(290,472)	- Repairs and Maintenance	1,352,122	7,765,617
1,158,102	- Capital Charges	-	-
6,733,438	- Contribution to Fixed Assets	17,377,493	23,115,144
	- Contributions to funds and reserves	-	365,376
8,628,234	(DEFICIT)/SURPLUS FOR THE YEAR	(6,022,064)	(0)

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2004/2005	2004/2005	2004/2005 Restated		2005/2006	2005/2006	2005/2006	2005/2006
Actual Income	Actual Expenditure	Actual Surplus/ (Deficit)		Actual Income	Actual Expenditure	Actual Surplus/ (Deficit)	Budgeted Surplus/ (Deficit)
R	R	R		R	R	R	R
41,983,266	33,355,032	8,628,234	RATE AND GENERAL SERVICES	42,311,890	48,333,954	(6,022,064)	(0)
41,562,965	31,905,694	9,657,271	Community Services	41,894,519	46,683,258	(4,788,740)	(1)
1,606,552	-	1,606,552	Assessment rates	1,866,323	-	1,866,323	-
-	5,264,656	(5,264,656)	Corporate services	824,544	7,260,231	(6,435,686)	(5,425,321)
-	388,017	(388,017)	Commonage	769,373	842,609	(73,236)	(494,113)
-	391,763	(391,763)	Community services	6,113	749,034	(742,921)	(1,442,288)
-	4,206,413	(4,206,413)	Mayor and Council	200,000	4,854,536	(4,654,536)	(5,645,940)
-	1,204,326	(1,204,326)	Local Economic Development	-	1,581,413	(1,581,413)	(4,097,991)
-	7,258,140	(7,258,140)	Finance	38,021,328	22,630,779	15,390,549	39,527,723
39,956,413	3,369,087	36,587,326	Engineering and roads	12,980	3,951,212	(3,938,232)	(13,597,780)
-	1,993,472	(1,993,472)	Public safety and traffic control	111,787	2,370,236	(2,258,449)	(3,162,910)
-	6,787,147	(6,787,147)	Property services	82,069	1,171,237	(1,089,167)	(4,284,342)
-	1,042,673	(1,042,673)	Municipal manager	-	1,271,973	(1,271,973)	(1,377,040)
420,301	1,449,338	(1,029,037)	Economic Services	417,371	1,650,696	(1,233,325)	0
420,301	1,449,338	(1,029,037)	Refuse Removal	417,371	1,650,696	(1,233,325)	0
-	-	-	Sanitation	-	-	-	-
41,983,266	33,355,032	8,628,234	TOTAL	42,311,890	48,333,954	(6,022,064)	-0
		-	Appropriation for this Year (Refer working papers)				
		8,628,234	Net (Deficit)/Surplus for the Year			(6,022,064)	
		29,122,524	Accumulated Surplus beginning of the year			37,239,075	
		(511,683)	Prior year adjustments			315,235	
		37,239,075	ACCUMULATED SURPLUS/ END OF THE YEAR			31,532,246	

STATISTICAL INFORMATION

GENERAL STATISTICS

1) POPULATION

Age group	Age group as a % of	Total population	Males	Females
0 to 14 yrs	44%	86,537	39,461	47,076
15 to 64	49%	96,371	43,945	52,426
65 and over	7%	13,767	6,278	7,489
		196,675	89,684	106,991

2) ASSESSMENT RATES

PROPERTY CATEGORY	VALUATION	ACTUAL INCOME 2005	ACTUAL INCOME 2004
State owned property	24,856,277	354,771	306,896
Commercial and residential	157,380,612	1,512,442	1,299,656
TOTAL VALUATION	182,236,889	1,867,213	1,606,552

General valuation of land and buildings is performed every five years. The last valuation came into effect on 07 August 2003.

The assessment rates were as follows;

- Commercial and residential properties 1.03c per R1
- State owned properties 1.24c per R1, plus 20% rebate