

Mohokare Municipality

Financial Statements

for the year ended 30 June 2006

Mohokare Municipality

Financial Statements

for the year ended 30 June 2006

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Mohokare Municipality

General Information

for the year ended 30 June 2006

Members of the Mohokare Municipal Council

M J Sehanka (Me)	Mayor/Speaker (since 8 March 2006)
M H Ntamo	Mayor/Speaker (until 7 March 2006)
M P Sikhosana	Member (since 8 March 2006)
N B Shiya (Me)	Member (since 8 March 2006)
M A Mpako	Member (since 8 March 2006)
N G Khatisa (Me)	Member (since 8 March 2006)
M S Lalu	Member (since 8 March 2006)
B S Majenge	Member (since 8 March 2006)
T G Mbangula	Member (since 8 March 2006)
J J Gertenbach	Member (since 8 March 2006)
T J Mohapi	Member (since 8 March 2006)
S P Maseli	Member (until 7 March 2006)
M Hoffman	Member (until 7 March 2006)
S E Santi	Member (until 7 March 2006)
X E Mdogovane	Member (until 7 March 2006)
M J Leballo	Member (until 7 March 2006)
N A Majola	Member (until 7 March 2006)
N S Buyeye	Member (until 7 March 2006)
E N A Rumane	Member (until 7 March 2006)
M P B Tsuelle	Member (until 7 March 2006)

Municipal Manager

K J Mokgotsi (Dipl. Education)

Chief Financial Officer

P W Vorster (Acting)

Grading of Local Authority

Category B

Auditors

Auditor-General

Bankers

ABSA (Main Account)

Mohokare Municipality

General Information (continued)

for the year ended 30 June 2006

Registered Office

Physical address:

Civic Centre
Hoofd Street
Zastron
9950

Postal address:

Private Bag X 20
Zastron
9950

Telephone number:

051 - 673 1018

Fax number:

051 - 673 1550

E-mail address:

mokgotsi@mohokare.co.za

Map of Mohokare Municipal Area

A map of the Municipal area is available at the offices of the Council.

Mohokare Municipality

Foreword of the Mayor/Speaker

for the year ended 30 June 2006

Introduction

The past year has been very difficult year from a financial and planning point of view. Council continually experienced cash flow and staff problems. The accumulated deficit on the operating account increased from R 16,853,285 to R 25,567,464. Council had to resort to tariff increases to meet its budgetary goals.

In the light of the above Council will be obliged to enforce the credit control policy with new vigour and to maintain strict discipline on all expenses. Council is positive that it will reach its expectations whilst maintaining a high standard of service delivery.

During the year the Municipality commenced with the phasing out of the bucket system in Zastron. Council was also able to upgrade the sewerage network, roads and streets in Smithfield and Rouxville. The development of new infrastructure is a priority because it is a building block for future economic development.

Council is prepared to face the challenges of the future. In this regard we know we can rely on the support of all the people of Mohokare. With the assistance of my fellow Councillors and our personnel we will always strive to make Mohokare a better place to live in for all our people.

In conclusion I would like to express my appreciation to my fellow Councillors, the Municipal Manager, Departmental Heads and all other personnel for their support, co-operation and hard work during the past year.

Mayor/Speaker
31 January 2007

Mohokare Municipality

Approval of Financial Statements

for the year ended 30 June 2006

The annual financial statements set out on pages 15 to 25 were approved by the Municipal Manager on 2007.

Municipal Manager (KJ Mokgotsi)

Acting Chief Financial Officer (PW Vorster)

Mohokare Municipality

Report of the External Accountants to the Members of Mohokare Municipality

for the year ended 30 June 2006

We have compiled the financial statements of the Mohokare Municipality for the year ended 30 June 2006 as set out on pages 15 to 25 in accordance with South African Auditing Standards applicable to compilation engagements.

Management is responsible for these financial statements. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.

DJ Smit

Smit Kruger

31 January 2007

Mohokare Municipality

Report of the Auditor-General to the Mohokare Municipality

for the year ended 30 June 2006

The Auditor-General will issue his report upon finalisation of the audit.

Mohokare Municipality

Report of the Chief Financial Officer

for the year ended 30 June 2006

Introduction

It is a pleasure to present the report for the 2005/2006 financial year.

1 OPERATING RESULTS

Details of the operating results per classification, department 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 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual/Budget %
Operating Income for the Year	27,277,590	26,689,594	(2.16)	36,730,202	(27.34)
Closing Deficit	16,853,285	25,479,068		-	
Total	44,130,875	52,168,662		36,730,202	

Expenditure

Opening Deficit	8,799,204	16,853,285		-	
Operating Expenditure for the Year	35,331,671	33,258,702	5.87	35,982,422	7.57
Sundry Transfers	-	2,056,675		-	
Closing Surplus	-	-		747,780	
Total	44,130,875	52,168,662		36,730,202	

1.1 Rates and General Services

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual/Budget %
Income	24,432,397	19,534,233	(20.05)	27,264,780	(28.35)
Expenditure	(30,830,592)	(25,811,441)	16.28	(26,678,952)	3.25
Surplus/(Deficit)	(6,398,195)	(6,277,208)		585,828	
Surplus/(Deficit) as a % of Total Income	(23.46)	(23.52)		1.59	

Mohokare Municipality

Report of the Chief Financial Officer (continued)

for the year ended 30 June 2006

1.2 Housing Services

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual/Budget %
Income	100	721	621.00	578,100	(99.88)
Expenditure	(187,256)	(263,204)	(40.56)	(452,472)	41.83
Surplus/(Deficit)	(187,156)	(262,483)		125,628	
Surplus as a % of Total Income	(0.69)	(0.98)		0.34	

1.3 Trading Services

1.3.1 Water

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual/Budget %
Income	2,782,035	6,644,572	138.84	3,180,000	108.95
Expenditure	(2,819,912)	(6,542,004)	(131.99)	(3,143,676)	(108.10)
Surplus/(Deficit)	(37,877)	102,568		36,324	
Surplus as a % of Total Income	(0.14)	0.38		0.10	

1.3.2 Electricity

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual/Budget %
Income	357	504,998	141,356.02	523,860	(3.60)
Expenditure	(1,447,623)	(504,998)	65.12	(523,860)	3.60
Surplus/(Deficit)	(1,447,266)	-		-	
Surplus as a % of Total Income	(5.31)	-		-	

1.3.3 Farming

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual/Budget %
Income	62,701	5,070	(91.91)	159,012	(96.81)
Expenditure	(46,288)	(137,055)	(196.09)	(159,012)	13.81
Surplus/(Deficit)	16,413	(131,985)		-	
Surplus as a % of Total Income	0.06	(0.49)		-	

Mohokare Municipality

Report of the Chief Financial Officer (continued)

for the year ended 30 June 2006

2 CAPITAL EXPENDITURE AND FINANCING

During the year fixed assets amounting to R 6,861,825 were acquired. This is 11% more than the previous year and consist of the following:

	Actual 2005 R	Budget 2006 R	Actual 2006 R
Administration	-	36,000	-
Administration Offices	-	-	100,449
Council General Account	-	44,100	-
Disaster Management	-	15,000	2,067
Electricity	-	2,063,680	142,832
Finance	-	181,000	-
Housing	-	80,000	-
Library	768	-	-
Parks and Cemeteries	63,142	1,496,000	89,590
Properties	-	1,000,000	-
Public Health	-	300,000	3,642
Public Works	415,460	4,894,000	2,068,099
Refuse Removal	508,704	100,000	-
Sewerage	4,801,018	3,080,000	4,289,363
Sport Facilities	45,991	-	-
Town Hall and Offices	344,000	1,350,000	-
Traffic	-	-	7,177
Unsold Erven	1	-	-
Vehicles and Equipment	-	-	861,478
Water	-	3,000,000	7,027
	<u>6,179,084</u>	<u>17,639,780</u>	<u>7,571,724</u>

The following resources were utilised to finance the fixed assets:

	Actual 2005 R	Budget 2006 R	Actual 2006 R
Contributions from Operating Income	527,339	3,623,080	1,255,356
Contributions from Government, Province and District Municipality	4,693,677	9,826,700	5,606,468
Other Sources (Loans and Funds)	958,068	4,190,000	-
	<u>6,179,084</u>	<u>17,639,780</u>	<u>6,861,824</u>
Assets not previously capitalised	-	-	709,900
	<u>6,179,084</u>	<u>17,639,780</u>	<u>7,571,724</u>

Details of capital expenditure and financing are shown in Appendices B and C.

3 EXTERNAL LOANS, INVESTMENTS AND CASH

The current and comparative figures for external loans, investments and cash are as follows:

	2006 R	2005 R
External Loans	(1,544,295)	(1,794,496)
External Investments	306,643	281,937
Cash on hand and in Bank	6,342	15,404
Bank Overdraft	(1,054,617)	(1,028,595)

Mohokare Municipality

Report of the Chief Financial Officer (continued)

for the year ended 30 June 2006

More information regarding external loans, investments and cash are disclosed in notes 3, 6, and Appendix B to the financial statements

4 FUNDS, RESERVES AND PROVISIONS

The current and comparative figures for the Capital Development Fund and other funds are as follows:

	2006	2005
	R	R
Provisions	1,896,148	1,220,941
Capital Development Fund	2,399,459	2,397,420
Erven Trust Fund	1,374,871	1,373,704

More information regarding funds and provisions are disclosed in notes 1,2 and Appendix A to the financial statements

5 POST BALANCE SHEET EVENTS

No events have taken place between the date of the financial statements and the date of this report which could have had an effect on the financial statements as disclosed.

6 APPRECIATION

I would like to thank the Speaker, Councillors, the Municipal Manager, Departmental Heads and all officials for the support given to me and the staff of my own office and in particular to our external consultants for their assistance and support during the year.

.....
Acting Chief Financial Officer

.....
Date

Mohokare Municipality

Accounting Policies

for the year ended 30 June 2006

1 Basis of Presentation

- 1.1 The financial statements have been prepared to conform to standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (second edition 1996, as amended).
- 1.2 The financial statements are prepared on the historical cost basis adjusted for fixed assets, as more fully described in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous years, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis:
- Income is accrued when collectable and measurable.
Certain direct income is accrued when received, i.e. traffic fines and certain licences.
 - Expenditure is accrued in the year in which it is incurred.

2 Consolidation

The financial statements include the Rates- and General Services, Housing Services, Trading Services and different funds and provisions. All inter-departmental charges are set-off against each other.

3 Fixed Assets

- 3.1 Fixed assets are stated:
- at historical cost; or
 - at valuation (based on the market price at the date of acquisition), where assets have been acquired by certain grants or donations, 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 Chief Financial Officer.
- Fixed assets with a value of less than R 1000 are not capitalised.

3.2 Depreciation

The balance shown under 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.

Mohokare Municipality

Accounting Policies (continued)

for the year ended 30 June 2006

3.2 Depreciation (continued)

Apart from advances from the various Council funds, assets may also be acquired through:

- Appropriation from income, where the full cost of the asset forms an immediate and direct charge against operating income. Provision for additional depreciation is deemed unnecessary.
- 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 The net proceeds from the sale of immovable property are credited to the Erven Trust Fund. The net proceeds from the sale of other assets are credited to income.

3.4 Fixed assets are financed from different sources, i.e. external loans, operating income, endowments and internal advances. These loans and advances are redeemed over a period equal to the expected lives of the assets. Interest is charged to the service concerned at the ruling interest rate applicable at the time of the approval of loans or advances.

4 Inventory

Inventory is valued at the lower of cost, determined on the weighted average basis and net realisable value after due provision for obsolescence has been made.

5 Funds and Reserves

5.1 Capital Development Fund

No contributions were made to this fund. Interest received on investments was credited to the fund.

5.2 Erven Trust Fund

The net proceeds from the sale of immovable property are credited to this Fund. This Fund is utilised for financing projects of a lasting non-productive nature as prescribed in Sec.85(1)(b) of the Local Government Ordinance, 1962 (Ordinance no. 8 of 1962).

Mohokare Municipality

Accounting Policies (continued)

for the year ended 30 June 2006

6 Provisions

Provision was made for liabilities or contingencies which are known at the date of the balance sheet but for which the amounts involved cannot be determined with substantial accuracy.

The provision for bad debts refers to current assets and is therefore disclosed as a deduction from debtors.

7 Retirement Benefits

7.1 The retirement benefit plan is subject to the Pension Fund Act of 1956, with pensions being calculated either on the fixed contribution or the fixed benefit method. Current contributions by the Municipality are charged against operating income on the basis of current service cost. Unfavourable experience adjustments and the cost of insurance of the increased benefits are written off over the smallest of the remaining service period or over five years. Favourable experience adjustments are retained in the retirement plan.

7.2 Mohokare Municipality and its employees contribute to the Free State Municipal Pension Fund, the Free State Municipal Provident Fund, SAMWU Provident Fund and Sala Pension Fund, whilst the Councillors contribute to the Pension Fund for Municipal Councillors. All five the funds provide retirement benefits to employees and/or Councillors concerned.

8 Surplus and Deficits

Any surplus or deficit originating from the electricity or water services are transferred to Rates and General Services.

9 Treatment of Administrative and other Overhead Costs

The cost of internal auxiliary services are debited against the different services and are in accordance with IMTA's Report on Accounting for Support Services (1990).

10 Leased Assets

Fixed assets held under finance leases are only capitalised at the end of the term of the lease.

Leases are treated as operating leases and the relevant rentals are charged to the operating account.

Mohokare Municipality

Accounting Policies (continued)

for the year ended 30 June 2006

11 Investments

Investments are made in accordance with the requirements of Section 84 of the Local Government Ordinance, 1962 (Ordinance no. 8 of 1962) and policy prescribed by the Municipal Finance Management Act, (Act no. 56 of 2003).

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested according to the provisions contained in the Circular issued by Provincial Legislature.

12 Income Recognition

12.1 Electricity and Water Charges

All meters are read and billed monthly. Where meters can not be read during a particular month a provisional bill is issued with the necessary adjustments made in the month when the meters are indeed read.

13 Assessment Rates

The Council applies a differentiated rates system. According to this system assessment rates are charged on the value of the land and improvements. Certain rebates are granted according to the use to which a particular property is put. Further relief is granted to the aged and the needy.

Mohokare Municipality

Balance Sheet

as at 30 June 2006

	Note	2006 R	2005 R
Capital Employed			
Funds and Reserves			
Statutory Funds	1	3,774,330	3,771,124
Accumulated Deficit		(25,567,464)	(16,853,285)
Housing Operating Account		-	97,581
		(21,793,134)	(12,984,580)
Long Term Liabilities	2	3,120,787	1,331,559
Consumer Deposits	3	75,696	484,127
Total Capital Employed		(18,596,651)	(11,168,894)
Employment of Capital			
Fixed Assets	4	1,544,295	1,803,484
Investments	5	144,599	281,937
Long Term Debtors	6	115,594	151,955
		1,804,488	2,237,376
Net Current Liabilities		(20,401,139)	(13,406,270)
Current Assets			
Inventory	7	332,400	389,875
Debtors	8	5,648,623	8,033,218
Cash and Bank	11	6,342	15,404
Short Term Portion of Long Term Debtors	6	49,112	-
Short Term Investments	5	162,044	-
		26,599,660	21,844,767
Current Liabilities			
Provisions	9	1,896,148	1,757,059
Creditors	10	22,848,449	18,596,176
Short Term Portion of Long Term Liabilities	2	800,446	462,937
Bank Overdraft	11	1,054,617	1,028,595
Total Employment of Capital		(18,596,651)	(11,168,894)

Mohokare Municipality

Income Statement

for the year ended 30 June 2006

Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budget Surplus/ (Deficit)		Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budget Surplus/ (Deficit)
2005 R	2005 R	2005 R	2005 R		2006 R	2006 R	2006 R	2006 R
24,432,397	30,830,592	(6,398,195)	5,530,603	Rates and				
21,099,767	22,338,291	(1,238,524)	7,046,054	General Services	19,534,233	25,811,441	(6,277,208)	585,828
807,525	3,049,304	(2,241,779)	(2,949,957)	Community Services	8,598,386	13,507,002	(4,908,616)	2,843,646
2,525,105	5,442,997	(2,917,892)	1,434,506	Subsidised Services	754,623	2,254,802	(1,500,179)	(1,539,337)
				Economic Services	10,181,224	10,049,637	131,587	(718,481)
100	187,256	(187,156)	(190,317)	Housing Services	721	263,204	(262,483)	125,628
2,845,093	4,313,823	(1,468,730)	324,846	Trade Services	7,154,640	7,184,057	(29,417)	36,324
<u>27,277,590</u>	<u>35,331,671</u>	<u>(8,054,081)</u>	<u>5,665,132</u>	Total	<u>26,689,594</u>	<u>33,258,702</u>	<u>(6,569,108)</u>	<u>747,780</u>
		-		Appropriations for the Year			(2,145,071)	
		(8,054,081)		(See note 16)			(8,714,179)	
		(8,799,204)		Net Deficit for the Year			(16,853,285)	
		<u>(16,853,285)</u>		Accumulated Deficit:				
				Beginning of the Year				
				Accumulated Deficit:				
				End of the Year			<u>(25,567,464)</u>	

Mohokare Municipality

Cash Flow Statement

for the year ended 30 June 2006

	Note	2006	2005
		R	R
Cash retained from Operating Activities		4,724,709	3,968,257
Cash generated by Operations	17	(20,267,232)	(2,807,948)
Investment Income	15	4,028	(20,513)
Increase/(Decrease) in Working Capital	18	4,809,430	7,021,968
		(15,453,774)	4,193,507
Less: External Interest paid		(670,898)	(225,250)
Cash available from/(utilised in) Operations		(16,124,672)	3,968,257
Cash Contributions from Government and Public Bodies		20,849,381	-
Cash utilised in Investing Activities			
Investment in Fixed Assets		(6,861,825)	(5,607,654)
Net Cash Flow		<u>(2,137,116)</u>	<u>(1,639,397)</u>
Cash effects of Financing Activities			
Increase/(Decrease) in Long Term Liabilities	19	2,126,738	671,473
(Increase)/Decrease in Cash Investments	20	(24,706)	35,149
(Increase)/Decrease in Cash and Bank	21	35,084	932,775
Net Cash Utilised		<u>2,137,116</u>	<u>1,639,397</u>

Mohokare Municipality

Notes to the Financial Statements

for the year ended 30 June 2006

	2006 R	2005 R
1 Statutory Funds		
Capital Development Fund	2,399,459	2,397,421
Erven Trust Fund	1,374,871	1,373,704
	<u>3,774,330</u>	<u>3,771,125</u>
1.1 See Appendix A		
2 Long Term Liabilities		
Development Bank of South Africa - note 2.1 to 2.2	644,198	847,098
INCA - note 2.1 to 2.2	66,994	127,355
ABSA (Hire Purchase) - note 2.1 to 2.2	833,103	820,043
	<u>1,544,295</u>	<u>1,794,496</u>
Plus: Interest not capitalised	71,568	-
Plus: Arrear Interest on Loans	2,376,938	-
	<u>3,992,801</u>	<u>1,794,496</u>
Less: Deferred Interest	(71,568)	-
Less: Short Term Portion of Long Term Liabilities - note 2.3	(800,446)	(462,937)
	<u>3,120,787</u>	<u>1,331,559</u>
2.1 See Appendix B		
2.2 The loans bear interest at rates that varies between 9% and 19.07% per annum, the loans are secured by assets of R 2,079,020 and expire between 2006 and 2015.		
2.3 Transferred to Current Liabilities.		
3 Consumer Deposits		
Electricity and Water	-	484,127
Rent	500	-
Water	71,906	-
Electricity	3,290	-
	<u>75,696</u>	<u>484,127</u>
3.1 No guarantees are kept in lieu of electricity deposits.		
4 Fixed Assets		
Fixed Assets at the Beginning of the Year	93,762,762	88,155,108
Capital Expenditure	6,861,825	6,179,084
Plus: Assets not capitalised in 2005	709,900	-
Less: Assets written-off, transferred or disposed off	-	(571,430)
Total Fixed Assets	<u>101,334,487</u>	<u>93,762,762</u>
Less: Loans Redeemed and Other Capital Receipts	(99,790,192)	(91,959,278)
Net Fixed Assets	<u>1,544,295</u>	<u>1,803,484</u>
4.1 See Appendix C and Section 2 of the Chief Financial Officer's Report.		
4.2 Assets of R 2,079,090 serve as collateral for the external loans.		
5 Investments		
Unlisted		
OVK Shares - note 5.1 to 5.5	23,946	-
ABSA (Active Save) - 2818144914	32,030	-
ABSA (32 Day Notice Deposit) - 1014355924	65,807	-
Old Mutual Flexi Save - Policy number 8120809	120,653	-
FNB - 72359004546	40,382	-
ABSA (Call Account) - 9074133593	1,957	-
ABSA (Call Account) - 9086343532	21,868	-
Call Deposits	-	281,937
	<u>306,643</u>	<u>281,937</u>
Less: Transfer of Short Term Investments - note 5.6	(162,044)	-
	<u>144,599</u>	<u>281,937</u>
5.1 Unlisted Investments	306,643	-
5.2 Management's Valuation of Unlisted Investments	338,914	-
5.3 Average Gross Rate on Investments	1.31%	0.00%
5.4 Ordinance 8 of 1962 and the Municipal Finance Management Act (56 of 2003) require that funds, trust funds and other be invested in prescribed instruments.		
5.5 No investments have been written off during the year.		
5.6 Transferred to Current Assets.		
Investment in OVK Shares		
Issued Share Capital - OVK Operations Limited Holding Shares	30,095,854	-
Issued Share Capital - OVK Operations Limited Operation Shares	28,915,661	-
Percentage owned by Council - OVK Holding Shares	0.04%	0.00%
Percentage owned by Council - OVK Operation Shares	0.05%	0.00%
Indebtness of OVK Operations Limited	-	-
Dividends received - OVK Holdings Shares	1,657	-
Dividends received - OVK Operation Shares	1,592	-
Management Fees received	-	-
Administration Fees received	-	-

Mohokare Municipality

Notes to the Financial Statements

for the year ended 30 June 2006

	2006 R	2005 R
6 Long Term Debtors		
Vehicle Loans	164,706	151,955
	<u>164,706</u>	<u>151,955</u>
Less: Short Term Portion of Long Term Debtors - note 6.1	(49,112)	-
	<u>115,594</u>	<u>151,955</u>
6.1 Transferred to Current Assets.		
7 Inventory		
Inventory consists of livestock	<u>332,400</u>	<u>389,875</u>
8 Debtors		
Consumer Debtors	33,667,628	36,995,073
Sundry Debtors	<u>5,576,611</u>	-
	39,244,239	36,995,073
Less: Bad Debts (Excluding VAT)	(30,425,586)	(28,961,855)
Less: VAT - Bad Debts	<u>(3,170,030)</u>	-
	<u>5,648,623</u>	<u>8,033,218</u>
8.1 Bad Debts : R 4,000,088 (2005: R nil). This represents 15% (2005: 0%) of total operating income for the year.		
8.2 Days outstanding in debtors are in excess of 120 days (2005 : 120+ days).		
9 Provisions		
Audit Fees - note 9.1	267,457	536,118
Leave Reserve - note 9.1	1,271,904	1,220,941
Pro-rata Bonus - note 9.1	356,787	-
Bad Debts - note 9.1	<u>30,425,586</u>	<u>28,961,855</u>
	32,321,734	30,718,914
Less: Bad Debt transferred to Debtors - note 9.2	<u>(30,425,586)</u>	<u>(28,961,855)</u>
	<u>1,896,148</u>	<u>1,757,059</u>
9.1 See Appendix A.		
9.2 See note 8 above.		
10 Creditors		
Trade and Sundry Creditors	5,535,701	9,762,056
Deposits (Unreceipted/Unknown)	10,777,409	-
Provision for Bad Debts - Transferred to provisions	-	(536,118)
Unreceipted Deposits disclosed as part of Bank Overdraft in 2005	-	9,370,238
Amounts Received in Advance	<u>6,535,339</u>	-
	<u>22,848,449</u>	<u>18,596,176</u>
11 Bank, Cash and Overdraft Balances		
The Municipality has the following bank accounts:		
11.1 Current Account (Primary Bank Account)		
ABSA Bank Limited - Zastron Branch Account Number 4052654487		
Cash Book Balance - Beginning of the Year - Dt	(905,327)	-
Cash Book Balance - End of the Year - Dt	<u>(1,053,455)</u>	<u>(905,327)</u>
Bank Statement Balance - Beginning of the Year - Dt	(799,448)	-
Bank Statement Balance - End of the Year - Dt	<u>(902,597)</u>	<u>(799,448)</u>
11.2 Current Account		
Standard Bank of SA Limited - Smithfield Branch Account Number 041952766		
Cash Book Balance - End of the Year - Cr	2,803	-
Bank Statement Balance - End of the Year - Cr	<u>262,803</u>	-
11.3 Current Account		
First National Bank Limited - Rouxville Branch Account Number 53593549308		
Cash Book Balance - End of the Year - Dt	(1,161)	-
Bank Statement Balance - End of the Year - Dt	<u>(1,161)</u>	-
11.4 Current Account		
ABSA Bank Limited - Zastron Branch Account Number 2810000018		
Cash Book Balance - End of the Year - Cr	5,162	-
Bank Statement Balance - End of the Year - Cr	<u>2,359</u>	-

Mohokare Municipality

Notes to the Financial Statements

for the year ended 30 June 2006

	2006 R	2005 R
12 Assessment Rates		
	Valuation 30.06.2006 R	Actual Income 2006 R
	Actual Income 2005 R	
Residential and Other	<u>89,600,000</u>	<u>4,116,013</u>
	<u>89,600,000</u>	<u>3,701,601</u>
12.1	Valuation of land and improvements is performed every five years. The last valuation of land and improvements was done during the 2005/2006 year. The MEC for Local Government and Housing has however granted extension of time for the new valuations to be executed.	
12.2	The assessment rates are levied on the following basis: Land : 3.0c/R (2005: 3.0c/R); Improvements: 2.22c/R (2005: 2.22c/R).	
12.3	Rebates are given to the Central and Provincial Government.	
13 Councillors' Remuneration		
Mayor/Speaker Allowance	202,770	55,705
Councillors' Allowances	402,774	205,060
Pension Fund Contributions	<u>35,401</u>	<u>-</u>
	<u>640,945</u>	<u>260,765</u>
13.1	Benefits In-kind The Executive Mayor/Speaker is a full-time councillor. He/she is entitled to offices and secretarial support by the Council.	
13.2	The salaries and allowances of the councillors are within the limits as prescribed by the Remuneration of Public Office Bearers Act, 1998 (No. 20 of 1998).	
14 Auditor's Fees		
Current Year	325,849	300,200
(Over) Provision Previous Year	<u>-</u>	<u>-</u>
	<u>325,849</u>	<u>300,200</u>
15 Finance Transactions		
Total External Interest received or paid:		
Interest received	4,028	20,513
Interest paid	<u>(670,898)</u>	<u>(225,250)</u>
	<u>(666,870)</u>	<u>(204,737)</u>
Capital Expenses debited against Operating Account:		
Interest :	670,898	225,250
- External	<u>670,898</u>	<u>225,250</u>
Redemption:	739,331	286,595
- External	<u>739,331</u>	<u>286,595</u>
16 Appropriations		
Appropriation Account:		
Accumulated Deficit: Beginning of the Year	(16,853,285)	(8,799,204)
Operating Deficit for the Year	(6,569,108)	(8,054,081)
Appropriations for the Year:	(2,145,071)	-
Adjustments Previous Years	<u>(2,145,071)</u>	<u>-</u>
Accumulated Deficit : End of the Year	<u>(25,567,464)</u>	<u>(16,853,285)</u>
17 Cash generated by Operations		
(Deficit)/Surplus for the Year	(6,569,108)	(8,054,081)
Assets not previously capitalised	(709,900)	-
Adjustments in respect of:		
Previous Years' Operating Transactions	(2,145,071)	-
Appropriations charged against Income:	7,561,216	2,960
Capital Development Fund	-	2,960
Provisions and Reserves	6,305,860	-
Capital Expenditure	<u>1,255,356</u>	<u>-</u>
Capital Charges:	1,410,229	496,085
Interest paid:	670,898	225,250
- External Loans	<u>670,898</u>	<u>225,250</u>
Redemption:	739,331	270,835
- External Loans	<u>739,331</u>	<u>270,835</u>
Grants and Subsidies received	(15,242,913)	-
Investment Income Operating account	(4,028)	-
Non-operating Income credited against:		
- Statutory Funds	3,205	20,513
- Assets	141,360	4,726,575
Non-operating Expenditure debited against:		
- Adjustment Housing Operating account	(97,581)	-
- Adjustments assets	88,399	-
- Provisions and Reserves	<u>(4,703,040)</u>	<u>-</u>
	<u>(20,267,232)</u>	<u>(2,807,948)</u>

Mohokare Municipality

Notes to the Financial Statements

for the year ended 30 June 2006

	2006 R	2005 R
18 (Increase)/Decrease in Working Capital		
(Increase)/Decrease in Inventory	57,475	(27,525)
(Increase)/Decrease in Debtors	908,113	(4,543,265)
Increase/(Decrease) in Creditors	<u>3,843,842</u>	<u>11,592,758</u>
	<u>4,809,430</u>	<u>7,021,968</u>
19 Increase/(Decrease) in Long Term Liabilities		
Loans raised	489,131	958,068
Loans repaid	(739,331)	(286,595)
Interest not Capitalised	<u>2,376,938</u>	<u>-</u>
	<u>2,126,738</u>	<u>671,473</u>
20 (Increase)/Decrease in Cash Investments		
Investments at the Beginning of the Year	281,937	-
Less: Investments at the End of the Year	<u>306,643</u>	<u>(35,149)</u>
	<u>(24,706)</u>	<u>35,149</u>
21 (Increase)/Decrease in Cash and Bank		
Cash and Bank Balance at the Beginning of the Year	(1,013,191)	(80,416)
Less: Cash and Bank Balance at the End of the Year	<u>(1,048,275)</u>	<u>(1,013,191)</u>
	<u>35,084</u>	<u>932,775</u>
22 Retirement Benefits - Pension Fund		
Fund	Date of last actuarial valuation	Finding
Free State Municipal Pension Fund	30-Jun-05	Financial position: Sound
SAMWU National Provident Fund	30-Jun-05	No surpluses available
SALA Pension Fund	30-Jun-05	Deficit - 6.8%
Free State Municipal Provident Fund	30-Jun-04	Financial position: Sound
23 Contingent Liabilities and Contractual Obligations		
23.1	Leave Pay outstanding at 30 June 2006 : R 1,271,904 (2005: R 1,220,941). Provision for Leave Pay: R 159,405 (2005: R 1 271,904) .	
23.2	Pro-rata Bonus outstanding at 30 June 2006: R 356,787 (2005: R nil). Provision for Pro-rata Bonus: R 356,787 (2005: R nil).	
24 Capital Commitments		
Commitments in respect of capital expenditure:		
- Approved and contracted for	6,623,080	-
- Approved but not yet contracted for	<u>11,016,700</u>	<u>-</u>
	<u>17,639,780</u>	<u>-</u>
This expenditure will be financed from:		
- Internal Sources	3,623,080	-
- External Sources	<u>14,016,700</u>	<u>-</u>
	<u>17,639,780</u>	<u>-</u>
25 Capital Development and Erven Trust Fund		
25.1	No internal advances were made to borrowing services	
26 Government Grants and Subsidies		
Equitable Share	14,239,680	-
Central Government Grants	6,612,799	-
Provincial Government Grants	2,344,000	-
Grants from the District Municipality	<u>-</u>	<u>-</u>
	<u>23,196,479</u>	<u>-</u>
26.1	Equitable Share In terms of the Constitution, this grant is utilised to subsidise the provision of basic services to indigent community members and free basic water and electricity to the remainder of the community. All consumers receive a monthly subsidy which is credited to their accounts.	
26.2	Central Government Grants	
26.2.1	SETA Grant	
Opening Balance	-	-
Current Year Receipts	(23,040)	-
Transferred to Income/Expenditure	<u>23,040</u>	<u>-</u>
Closing Balance	<u>-</u>	<u>-</u>

This grant was utilised to defray training costs incurred by the Municipality. The conditions of the grant have been met and no monies was withheld.

Mohokare Municipality

Notes to the Financial Statements

for the year ended 30 June 2006

	2006 R	2005 R
26.2.2 MIG Grant - Bucket Eradication Program (Smithfield)		
Opening Balance	-	-
Current Year Receipts	(4,211,000)	-
Transferred to Fixed Assets	3,898,800	-
Closing Balance - (transferred to Creditors - note 10)	<u>(312,200)</u>	<u>-</u>
<p>This grant was utilised for the upgrading of the sewerage network in the above area. The conditions of the grant have been met and no monies was withheld.</p>		
26.2.3 Grant for Draught Relief		
Opening Balance	-	-
Current Year Receipts	(2,378,759)	-
Closing Balance - (transferred to Creditors - note 10)	<u>(2,378,759)</u>	<u>-</u>
<p>This grant is for draught relief in the Mohokare Municipal area. The conditions of the grant must still be met, but no monies was withheld.</p>		
26.3 Provincial Government Grants		
26.3.1 Sewerage Project - Smithfield		
Opening Balance	-	-
Current Year Receipts	(1,000,000)	-
Transferred to Fixed Assets	866,468	-
Closing Balance - (transferred to Creditors - note 10)	<u>(133,532)</u>	<u>-</u>
<p>This grant was utilised for the upgrading of the sewerage network. The conditions of the grant have been met and no monies was withheld.</p>		
26.3.2 Financial Management Grant		
Opening Balance	-	-
Current Year Receipts	(250,000)	-
Closing Balance - (transferred to Creditors - note 10)	<u>(250,000)</u>	<u>-</u>
<p>This grant is for the training of interns in the Financial Department. The conditions of the grant must still be met but no monies was withheld.</p>		
26.3.3 Grant for Planning and Surveyance		
Opening Balance	-	-
Current Year Receipts	(300,000)	-
Transferred to Income/Expenditure	300,000	-
Closing Balance	<u>-</u>	<u>-</u>
<p>This grant was utilised to defray planning and surveyance expenses. The conditions of the grant have been met and no monies was withheld.</p>		
26.3.4 Intergrated Spatial Development Grant		
Opening Balance	-	-
Current Year Receipts	(60,000)	-
Transferred to Income/Expenditure	60,000	-
Closing Balance	<u>-</u>	<u>-</u>
<p>This grant was utilised for the development of a ISD plan. The conditions of the grant have been met and no monies was withheld.</p>		
26.3.5 MSIG Grant		
Opening Balance	-	-
Current Year Receipts	(734,000)	-
Transferred to Income/Expenditure	734,000	-
Closing Balance	<u>-</u>	<u>-</u>
<p>This grant was utilised to develop several policies. The conditions of the grant have been met and no monies was withheld.</p>		
26.4 Grants from the District Municipality		
26.4.1 CMIP Funds		
Opening Balance	1,156,725	-
Current Year Receipts	-	-
Closing Balance - (transferred to Debtors - note 8)	<u>1,156,725</u>	<u>-</u>
<p>This grant was utilised for the upgrading of infrastructure in the towns. The conditions of the grant have been met and no monies was withheld.</p>		

Mohokare Municipality

Notes to the Financial Statements

for the year ended 30 June 2006

	2006 R	2005 R
27 Employee Related Costs		
Salaries	11,407,891	-
Contributions - UIF, Pension and Medical Aid Fund,	1,992,494	-
Housing Subsidies	84,583	-
Industrial Council Levies	6,086	-
Other Allowances	405,767	-
Overtime	725,487	-
Protective Clothing	15,462	-
Travel, Subsistence and Car Allowances	998,059	-
Workmen's Compensation Commissioner	133,807	-
	<u>15,769,636</u>	<u>-</u>
27.1 No advances were made to employees.		
27.2 Remuneration of the Municipal Manager		
Annual Remuneration	337,392	-
Performance Bonuses	-	-
Car Allowance	54,276	-
Contributions - UIF, Medical and Pension Funds	-	-
	<u>391,668</u>	<u>-</u>
27.3 Remuneration of the Chief Financial Officer		
Annual Remuneration	-	-
Performance Bonuses	-	-
Car Allowance	-	-
Contributions - UIF, Medical and Pension Funds	-	-
	<u>-</u>	<u>-</u>
The post of the Chief Financial Officer is vacant.		
27.4 Remuneration of the Acting Financial Officer		
Annual Remuneration	315,444	-
Performance Bonuses	-	-
Car Allowance	42,000	-
Contributions - UIF, Medical and Pension Funds	-	-
	<u>357,444</u>	<u>-</u>
27.5 Remuneration of the Manager Corporate Services		
Annual Remuneration	-	-
Performance Bonuses	-	-
Car Allowance	-	-
Contributions - UIF, Medical and Pension Funds	-	-
	<u>-</u>	<u>-</u>
27.5.1 The post of the Manager Corporate Services is vacant.		
27.6 Remuneration of the Manager Infrastructure Services		
Annual Remuneration	282,840	-
Performance Bonuses	-	-
Car Allowance	67,980	-
Contributions - UIF, Medical and Pension Funds	-	-
	<u>350,820</u>	<u>-</u>
27.7 Remuneration of the Manager Community Services		
Annual Remuneration	288,828	-
Performance Bonuses	-	-
Car Allowance	94,080	-
Contributions - UIF, Medical and Pension Funds	-	-
	<u>382,908</u>	<u>-</u>
28 Unauthorised, Irregular, Fruitless and Wasteful Expenditure		
28.1 Irregular Expenditure		
Reconciliation of Irregular Expenditure		
Opening Balance	-	-
Irregular Expenditure Current Year	500,000	-
Approved, Condoned or Rectified by Council	(405,563)	-
Transferred to Debtors for Recovery (note 8)	-	-
	<u>94,437</u>	<u>-</u>

Incident	Actions taken
Moneys paid without supporting documentation.	Council decision pending

Mohokare Municipality

Notes to the Financial Statements

for the year ended 30 June 2006

	2006 R	2005 R
28.2 Fruitless and Wasteful Expenditure		
Reconciliation of Unauthorised Expenditure		
Opening Balance	-	-
Fruitless and Wasteful Expenditure Current Year	672	-
Approved or Condoned by Council	(672)	-
Transferred to Debtors for Recovery (note 8)	-	-
	<u>-</u>	<u>-</u>

Incident	Actions taken
Interest and fines paid	Council approval to be obtained.

29 Additional Disclosures in terms of the Municipal Finance Management Act

29.1 Contributions to Organised Local Government		
Opening Balance	-	-
Council Subscriptions	6,086	-
Amount paid - Current Year	(6,086)	-
Closing Balance	<u>-</u>	<u>-</u>

29.2 Audit Fees		
Opening Balance	-	-
Audit Fee - Current Year (Provision)	325,849	-
Amount paid/Written back - Current Year	-	-
Amount paid - Previous Year	(594,510)	-
Closing Balance - Included in Provisions (note 9)	<u>(268,661)</u>	<u>-</u>

29.3 VAT		
VAT (Refundable)/Payable	<u>(729,174)</u>	<u>-</u>

29.3.1 The above figure represents the net amount of VAT output and VAT input receivable. Not all VAT returns have been submitted on the due date.

29.4 Levies - District Municipality		
Opening Balance	-	-
Adjustment - Opening Balance	(438)	-
Levies- Current Year	(47,153)	-
Amount paid - Current Year	-	-
Closing Balance - (transferred to Creditors - note 10)	<u>(47,591)</u>	<u>-</u>

29.5 PAYE and UIF		
Opening Balance	-	-
Payroll Deductions - Current Year	(1,061,477)	-
Amount paid - Current Year	663,074	-
Closing Balance - (transferred to Creditors - note 10)	<u>(398,403)</u>	<u>-</u>

29.6 Pension Fund and Medical Aid Fund Deductions		
Opening Balance	-	-
Payroll Deductions and Council Contributions - Current Year	(1,965,968)	-
Amount paid - Current Year	1,706,775	-
Closing Balance - (transferred to Creditors - note 10)	<u>(259,193)</u>	<u>-</u>

29.7 Councillors' Arrear Consumer Accounts

The accounts of the following Councillors were outstanding as year end: -

30 June 2006	Total	Outstanding less than 90 days	Outstanding more than 90 days
Councillor NS Buyeye	2,111	2,111	-
Councillor M Hoffman	4,793	4,793	-
Councillor NA Majola	1,015	1,015	-
Councillor MJ Sehanka	12,235	12,235	-
Councillor PM Sikhosana	551	551	-
Councillor MS Lulu	610	610	-
Councillor BS Majenge	36,654	36,654	-
Councillor TG Mbangula	26,820	26,820	-
Councillor NG Khatisa	5,258	5,258	-

Mohokare Municipality

Notes to the Financial Statements

for the year ended 30 June 2006

- 29.8 Non-compliance with the Municipal Finance Management Act - 30 June 2006
 - 29.8.1 Chapter 7, Section 53(1)(c)(ii)
The service delivery and budget implementation plan was not approved by the mayor within 28 days after the approval of the budget.
 - 29.8.2 Chapter 7, Section 53(1)(c)(iii)
The annual performance agreements of the municipal manager and all senior managers were not concluded.
 - 29.8.3 Chapter 7, Section 53(2)
The mayor did not report the failure to approve the service delivery and budget implementation plan and to approve and sign the performance agreements.
 - 29.8.4 Chapter 7, Section 53(3)(a) and (b)
Service delivery targets, performance indicators and performance agreements were not made public.
 - 29.8.5 Chapter 8, Section 69(3)
The accounting officer did not submit a draft service delivery and budget implementation plan and performance agreements to the mayor.
 - 29.8.6 Chapter 8, Section 75
The accounting officer did not display the documents required in terms of this section on the website of the municipality.
 - 29.8.7 Chapter 12, Section 127(2)
The mayor did not table the annual report of the municipality.
 - 29.8.8 Chapter 12, Section 127(3)(a) and (b)
The mayor did not submit a written explanation setting out the reasons for failure to submit the annual report.
 - 29.8.9 Chapter 12, Section 127(5)
The accounting officer did not publicise the annual report and did not submit the report to the Auditor-General.
 - 29.8.10 Chapter 12, Section 130(1)
No meeting was held with the public or any organs of state with regard to the annual report.

Mohokare Municipality

Financial Statements

for the year ended 30 June 2006

Appendix A

Statutory Funds and Provisions

	Balance 01.07.2005	Contributions 2006	Interest 2006	Other Income & Adjustments 2006	Expenditure 2006	Balance 30.06.2006
	R	R	R	R	R	R
Statutory Funds						
Capital Development Fund	2,397,421	-	2,038	-	-	2,399,459
Erven Trust Fund	1,373,704	-	1,167	-	-	1,374,871
	<u>3,771,125</u>	<u>-</u>	<u>3,205</u>	<u>-</u>	<u>-</u>	<u>3,774,330</u>
Provisions						
Audit Fees	536,118	325,849	-	-	(594,510)	267,457
Audit Fees Adj Previous Years	-	-	-	-	-	-
Audit Fees	536,118	325,849	-	-	(594,510)	267,457
Accrued Leave Pay	1,220,941	159,405	-	-	(108,442)	1,271,904
Pro-rata Bonus	-	356,787	-	-	-	356,787
Sub Total	<u>1,757,059</u>	<u>842,041</u>	<u>-</u>	<u>-</u>	<u>(702,952)</u>	<u>1,896,148</u>
Bad Debts	28,961,855	5,463,819	-	-	(4,000,088)	30,425,586
	<u>30,718,914</u>	<u>6,305,860</u>	<u>-</u>	<u>-</u>	<u>(4,703,040)</u>	<u>32,321,734</u>

Mohokare Municipality

Financial Statements

for the year ended 30 June 2006

Appendix B

External Loans and HP's

Public and Other External Loans	Interest Rate	Loan No	Date approved	Year of Settlement	Balance	Received	Adjustment	Redeemed/ Written Off	Balance
					01.07.2005 R	2006 R	2006 R	2006 R	30.06.2006 R
Development Bank of South Africa Sewerage	12.36%	1	20.04.05	2015	847,098	-	-	(202,900)	644,198
					847,098	-	-	(202,900)	644,198
Inca					127,354	-	-	(60,360)	66,994
Loan 16	17.00%	16	30.06.02	2007	10,797	-	-	(3,799)	6,998
Loan 27	17.00%	27	30.06.06	2007	3,483	-	-	(1,225)	2,258
Loan 29	17.00%	29	30.06.02	2007	10,448	-	-	(3,676)	6,772
Loan 40	19.00%	40	30.06.02	2006	8,525	-	-	(8,525)	-
Loan 44	17.50%	44	30.06.02	2007	73,836	-	-	(33,828)	40,008
Loan 45	17.00%	45	30.06.02	2007	20,265	-	-	(9,307)	10,958
Hire Purchases									
ABSA Bank					820,043	-	489,131	(476,071)	833,103
Dezzi		-	30.12.04	2007	-	-	487,859	(176,756)	311,103
Toyota		-	15.12.04	2007	495,736	-	1,517	(180,159)	317,094
Komatsu		-	30.12.04	2007	324,307	-	(245)	(119,156)	204,906
Total External Loans					1,794,495	-	489,131	(739,331)	1,544,295

Mohokare Municipality

Financial Statements for the year ended 30 June 2006

Appendix C

Analysis of Fixed Assets

Expenditure 2005	Service	Balance at 01.07.2005	Expenditure 2006	Redeemed, Transferred, Adjusted or Written-off 2006	Balance at 30.06.2006
R		R	R	R	R
6,179,084	Rates and General Services	54,867,987	6,711,966	709,900	62,289,853
415,461	Community Services	13,547,094	2,327,304	709,900	16,584,298
-	Commonage	501,929	-	-	501,929
-	Environmental Health	-	-	-	-
415,460	Public Works	7,710,030	2,068,099	-	9,778,129
-	Public Works (Mofulatshepe)	67,247	-	-	67,247
-	Administration Offices (Rietpoort)	222,130	-	-	222,130
-	Civil Buildings	270,955	-	-	270,955
-	Community Hall	246,185	-	-	246,185
-	Administration Offices	1,092,050	100,449	-	1,192,499
-	Traffic	110,608	7,177	-	117,785
-	Vehicles and Equipment	798,278	151,579	709,900	1,659,757
-	Sundry Assets	256,780	-	-	256,780
-	Rietpoort	325,080	-	-	325,080
-	Land Survey	56,786	-	-	56,786
1	Unsold Erven	1,851,252	-	-	1,851,252
-	Vacant Houses	37,784	-	-	37,784
453,901	Subsidised Services	4,683,385	95,299	-	4,778,684
-	Disaster Management	35,182	2,067	-	37,249
-	Public Health	713,678	3,642	-	717,320
768	Library	16,868	-	-	16,868
-	Museum	65	-	-	65
63,142	Parks and Cemeteries	901,198	89,590	-	990,788
45,991	Sport Facilities	1,190,327	-	-	1,190,327
-	Tavern	7,638	-	-	7,638
344,000	Town Hall and Offices	1,818,429	-	-	1,818,429
5,309,722	Economic Services	36,637,508	4,289,363	-	40,926,871
-	Camps and Pound	33,043	-	-	33,043
-	Properties	911,153	-	-	911,153
508,704	Refuse	699,247	-	-	699,247
4,801,018	Sewerage	34,994,065	4,289,363	-	39,283,428
6,179,084	Balance c/f	54,867,987	6,711,966	709,900	62,289,853

Mohokare Municipality

Financial Statements

for the year ended 30 June 2006

Analysis of Fixed Assets (continued)

Expenditure 2005	Service	Balance at 01.07.2005	Expenditure 2006	Redeemed, Transferred, Adjusted or Written-off 2006	Balance at 30.06.2006
R		R	R	R	R
6,179,084	Balance b/f	54,867,987	6,711,966	709,900	62,289,853
-	Housing	1,442,692	-	-	1,442,692
-	Personnel Housing	117,675	-	-	117,675
-	Rouxville Housing	38,033	-	-	38,033
-	Uitkoms Housing	342,447	-	-	342,447
-	Roleleathunya Housing	113,795	-	-	113,795
-	Sub-economical Housing	830,742	-	-	830,742
-	Trading Services	37,452,083	149,859	-	37,601,942
-	Electricity	2,542,624	142,832	-	2,685,456
-	Water	34,909,459	7,027	-	34,916,486
6,179,084	Total Fixed Assets	93,762,762	6,861,825	709,900	101,334,487
-	Less: Loans Redeemed and other Capital Receipts	91,959,278	7,742,518	88,396	99,790,192
-	Loans Redeemed and Advances Paid	33,792,637	880,694	-	34,673,331
-	Loans Redeemed	-	739,334	-	-
-	Assets not previously capitalised	-	141,360	-	-
-	Contributions ex Operating Income	5,774,254	1,255,356	-	7,029,610
-	Adjustment	-	-	88,396	88,396
-	Other Sources	5,121,199	-	-	5,121,199
-	Contributions from Funds	141,318	-	-	141,318
-	Contributions from Government and District Municipality	46,997,574	4,740,000	-	51,737,574
-	Contributions Provincial Government	132,296	866,468	-	998,764
6,179,084	Net Fixed Assets	1,803,484	(880,693)	621,504	1,544,295

Mohokare Municipality

Financial Statements

for the year ended 30 June 2006

Appendix D

Analysis of Operating Income and Expenditure

Actual 2005 R		Actual 2006 R	Budget 2006 R
Income			
16,405,368	Grants and Subsidies	15,242,913	21,364,780
15,651,677	- Central Government	14,262,720	18,146,080
753,691	- Provincial Government	980,193	-
-	- Other	-	3,218,700
10,670,283	Operating Income	11,446,681	15,365,422
3,701,601	- Assessment Rates	4,116,013	5,900,000
2,781,426	- Sale of Water	2,020,443	3,180,000
4,187,256	- Other Services and Charges	5,310,225	6,285,422
20,513	Interest Received	-	-
<u>27,096,164</u>		<u>26,689,594</u>	<u>36,730,202</u>
Expenditure			
16,964,907	Salaries, Wages and Allowances	15,214,669	17,272,135
7,290,258	General Expenses	7,856,554	6,538,216
3,478,458	Repairs & Maintenance & Fuel	2,041,842	3,533,880
373,819	Capital Charges	1,390,092	1,199,111
1,570,400	Contributions to Fixed Assets	1,255,356	3,183,080
5,472,403	Contributions	5,500,189	4,256,000
<u>35,150,245</u>		<u>33,258,702</u>	<u>35,982,422</u>

Mohokare Municipality

Financial Statements

for the year ended 30 June 2006

Appendix E

Detailed Income Statement

Actual Income	Actual Expenditure	Surplus/ (Deficit)		Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budgeted Surplus/ (Deficit)
2005	2005	2005		2006	2006	2006	2006
R	R	R		R	R	R	R
24,432,397	30,830,592	(6,398,195)	RATES AND GENERAL SERVICES	19,534,233	25,811,441	(6,277,208)	585,828
21,099,767	22,338,291	(1,238,524)	Community Services	8,598,386	13,507,002	(4,908,616)	2,843,646
3,701,601	1,011,327	2,690,274	Assessment Rates	4,116,013	1,398,735	2,717,278	5,900,000
-	-	-	Corporate Services	-	6,001	(6,001)	19,030
16,926,560	16,916,208	10,352	Council's General Account	11,322	3,264,051	(3,252,729)	(104,700)
-	3,682,513	(3,682,513)	Public Works	8,770	3,132,647	(3,123,877)	(2,022,318)
444,342	187,338	257,004	Traffic	1,501,452	1,177,127	324,325	-
27,264	448,196	(420,932)	Town Hall and Offices	4,434	573,934	(569,500)	(745,230)
-	-	-	Finance	2,354,666	1,817,321	537,345	147,750
-	92,709	(92,709)	Internal Audit	-	113,254	(113,254)	(293,536)
-	-	-	Municipal Manager	600,682	2,021,563	(1,420,881)	(57,350)
-	-	-	Public Relations and Youth	1,047	2,369	(1,322)	-
-	-	-					
807,525	3,049,304	(2,241,779)	Subsidised Services	754,623	2,254,802	(1,500,179)	(1,539,337)
-	145,336	(145,336)	Environmental Health	350	195,222	(194,872)	-
753,691	1,147,611	(393,920)	Health Services	-	-	-	-
-	446	(446)	Ambulance Services	-	-	-	-
51,986	1,209,080	(1,157,094)	Parks, Grounds and Cemeteries	68,524	1,373,831	(1,305,307)	(1,391,861)
-	-	-	Disaster Management	30,465	30,465	-	(129,456)
1,848	546,831	(544,983)	Library	655,284	655,284	-	(18,020)
-	-	-					
2,525,105	5,442,997	(2,917,892)	Economic Services	10,181,224	10,049,637	131,587	(718,481)
232,163	3,006,181	(2,774,018)	Refuse Removal	4,767,921	4,740,401	27,520	40,600
43,596	54,862	(11,266)	Properties	170,492	160,058	10,434	(431,000)
850	-	850	Licensing	-	-	-	-
-	4,689	(4,689)	Camps and Pound	55,232	9,489	45,743	(448,000)
2,248,496	2,377,265	(128,769)	Sewerage	5,187,579	5,139,689	47,890	119,919
-	-	-					
100	187,256	(187,156)	HOUSING SERVICES	721	263,204	(262,483)	125,628
100	187,256	(187,156)	Housing	721	263,204	(262,483)	125,628
-	-	-					
2,845,093	4,313,823	(1,468,730)	TRADING SERVICES	7,154,640	7,184,057	(29,417)	36,324
357	1,447,623	(1,447,266)	Electricity	504,998	504,998	-	-
62,701	46,288	16,413	Farming	5,070	137,055	(131,985)	-
2,782,035	2,819,912	(37,877)	Water	6,644,572	6,542,004	102,568	36,324
-	-	-					
<u>27,277,590</u>	<u>35,331,671</u>	<u>(8,054,081)</u>	Total	<u>26,689,594</u>	<u>33,258,702</u>	<u>(6,569,108)</u>	<u>747,780</u>
		-	Appropriations for the Year (See note 16)			(2,145,071)	
		(8,054,081)	Net Deficit for the Year			(8,714,179)	
		(8,799,204)	Accumulated Deficit: Beginning of the Year			(16,853,285)	
		<u>(16,853,285)</u>	Accumulated Deficit: End of the Year			<u>(25,567,464)</u>	

Mohokare Municipality

Statistical Information

for the year ended 30 June 2006

Appendix F

General Statistics		2006	2005
i)	Population	37,000	37,000
ii)	Valuation of Property : Rateable		
	Land Improvements	R3,477,895 R86,122,105	R3,477,895 R86,122,105
	Valuation of Property : Non Rateable		
	Land Improvements	R4,514,682 R29,473,525	R4,514,682 R29,473,525
iii)	Date of Valuation	2005/2006	-
iv)	Number of Stands - Residential and Commercial	5,918	5,918
v)	Assessment Rate on Land:	R 0.030	R 0.030
	Assessment Rate on Improvements:	R 0.0222	R 0.0222
vi)	Number of Employees	205	Unkown
vii)	Area (Town Land)	8 749ha	8 749ha

Electricity Statistics

Electricity is distributed by Mangaung Municipality in terms of an agreement between Mohokare and Mangaung Municipality.

Water Statistics

i)	Units purchased (kl)	-	-
ii)	Units sold (kl)	918,383	Unkown
iii)	Units lost in Distribution	Unkown	Unkown
iv)	Percentage Loss in Distribution	0%	0%
v)	Cost per Unit sold	R 7.12	R 0.00
vi)	Income per Unit sold	R 2.20	R 0.00

Mohokare Municipality

Report of the Auditor-General on Performance Measurement to the Mohokare Municipality

for the year ended 30 June 2006

The Auditor-General will issue his report upon finalisation of the audit.