

MANTSOPA MUNICIPALITY

FINANCIAL STATEMENTS 30 June 2006

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MANTSOPA MUNICIPALITY

GENERAL INFORMATION

STREET ADDRESS	:	Civic Centre Joubert Street LADYBRAND
POSTAL ADDRESS	:	P O Box 64 LADYBRAND 9745
TELEPHONE NUMBER	:	[051] 9240654
FAX NUMBER	:	[051] 9240020
E-MAIL	:	Mantsopamun@xsinet.co.za
WEBSITE	:	www.mantsopa.com
GRADING	:	2
DISTRICT MUNICIPALITY	:	Motheo District Municipality
MEMBERS OF COUNCIL -		Clr W. Mathee (Mayor) Clr M.A. Majara (Speaker) Clr H.P. Olivier (Member of Exco) Clr L.A. Nkhatho (Member of Exco) Clr P.E. Mahlose Clr B.M. Sani Clr M.E. Ncwada Clr M.A. Thabeng Clr T.S. Mosoeu Clr J.E. van der Westhuizen Clr M.A. Malakane Clr P. Van Vollenhoven Clr L.P. Moletsane Clr A.L. Mahlatsi Clr L.R.M. Plaatjies Clr M.V. Thlobo
MUNICIPAL MANAGER	:	C Rampai
CHIEF FINANCIAL OFFICER	:	D.J. Spangenberg B Com; HED; B Ed
AUDITORS	:	The Auditor-General
BANKERS	:	Current Accounts: ABSA Bank - 2020000050 FNB - 62054009751

MANTSOPA MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS:

The annual financial statements set out on pages 5 to 38 were approved by the Chief Executive Officer / Municipal Manager on 9 November 2006 and will be presented to Council for approval on 28 November 2006.

.....
MUNICIPAL MANAGER

.....
MANAGER: FINANCIAL SERVICES

MANTSOPA MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

FOREWORD

Mantsopa Municipality functioned as an entity that has to be reckoned with. Not only has it won the provincial Vuna Award for the best municipality in the Free State, but also the National Vuna Award for Local Municipalities.

Mantsopa Local Municipality includes the former municipalities of Ladybrand, Excelsior, Hobhouse, Tweespruit and Thaba Patchoa. Although currently a Grade 2 local municipality, an application will be lodged to be upgraded to a Grade 3.

The entity was originally established as a plenary executive, but has been transformed to a collective executive system for improvement of service delivery.

The Constitution of the Republic of South Africa, in referring to the objects of local government, in section 152 (1) inter alia states

* *to provide democratic and accountable government for local communities.*

and in section 152 (2)

* *A municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).*

It clearly requires an administration based on sound principles so as to render efficient services to the people within its area of jurisdiction.

I humbly state that we as Council, the Municipal Manager and his staff are committed to the fair and equitable development of our area, its people and its resources.

The challenges facing us and the problems of funding the services that we render are enormous. It is essential that we prioritise our resources to ensure that it is applied in an effective manner.

As custodians of the finances of our community we are bound to do just that.

In conclusion I would like to thank my fellow councillors and the Municipal Manager and all his staff for their support and contribution to the success of our administration.

Yours sincerely

.....
COUNCILLOR W Mathee
MAYOR

MANTSOPA MUNICIPALITY

*REPORT OF THE AUDITOR-GENERAL TO THE MUNICIPALITY OF MANTSOPA
FOR THE FINANCIAL YEAR ENDED ON 30 JUNE 2006*

*THE AUDITOR-GENERAL WILL ISSUE HIS REPORT UPON FINALISATION
OF THE AUDIT.*

MANTSOPA MUNICIPALITY

TREASURER'S REPORT

INTRODUCTION

Mantsopa Municipality became an well established local government over the last five years, with the towns of Ladybrand, Tweespruit, Hobhouse, Excelsior and Thaba Patchoa, as the former municipalities to be served.

In order to improve reporting and adhere to statutory obligations, Mantsopa Municipality was advised by it's system service provider, to move to the Sebata Financial system of which they will continue to be the service provider. A reliable service provider is essential for very much needed capacity in a financial department.

The conversion process was quite a task and challenges still have to be overcome. Duplicate accounts still exist and have to be verified.

The attached financial statements are the statements for the period 1 July 2005 to 30 June 2006.

By winning the Vuna Award, benchmarking for assessing our financial activities and the implications of our financial policy were highlighted. It is still our intention to determine unacceptable deviations and to take the necessary corrective steps. Efficient and effective application of our resources are of the utmost importance to us.

Our performance has been compared with the corresponding performance of other municipalities hence the winning award.

A more realistic picture of the financial performance by local government will probably become available in future. That will enable us to compare our financial performance with the national performance indicators and statistics.

It has been a very rewarding and satisfying year and the future that holds diverse challenges, will be tackled with all commitment, to meet these challenges.

It is with pleasure that I now report on the financial statements for the year ended 30 June 2006.

MANTSOPA MUNICIPALITY
TREASURER'S REPORT (Continued)

1 OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in *Appendices D and E. The applicable statistics are shown in appendix F.*

The summarized results for the year ended 30 June 2006 are as follows :

INCOME	ACTUAL 2005	ACTUAL 2006	VARIANCE 2005/2006	BUDGET 2006	VARIANCE ACTUAL/ BUDGET
	R	R	%	R	%
Opening surplus	13,770,707	7,949,826			
Operating income for the year	67,760,179	97,428,815	43.8%	104,690,772	(6.94%)
Sundry transfers	0	0			
Closing deficit	0	0		2,228,416	
	81,530,886	105,378,641		106,919,188	
EXPENDITURE					
Opening deficit	0	0			
Operating expenditure for the year	62,487,916	91,786,580	46.9%	106,919,188	(14.15%)
Sundry transfers	11,093,144	(205,380)			
Closing surplus	7,949,826	13,797,441			
	81,530,886	105,378,641		106,919,188	

The actual operating results differs from the budgeted figures, due to subsidies and grants that are included in the income and the appropriation of the same grants and subsidies caused the expenditure limits of the budget to be exceeded.

Grants and subsidies were not always known by the time that the budget has been compiled and therefore, the budgeted amounts that in the past were not in line with actual figures.

1.1 RATES AND GENERAL SERVICES

	ACTUAL 2005	ACTUAL 2006	VARIANCE 2005/2006	BUDGET 2006	VARIANCE ACTUAL/ BUDGET
	R	R	%	R	%
Income	44,042,569	72,983,542	65.7%	37,101,194	96.7%
Expenditure	37,571,915	65,273,108	73.7%	36,801,942	(77.4%)
Surplus [deficit]	6,470,654	7,710,434	19.2%	299,252	2476.6%
Surplus [deficit] as % of total Income	14.7%	10.6%		0.8%	

The actual income differs due to the grants and subsidies that has been received and directly allocated as income to the different departments like Libraries, General Administration, Fire brigade, Roads and streets and others. Farming has been moved from Trading Services and form as prescribed, part of economical services under Rates and General Services.

MANTSOPA MUNICIPALITY
TREASURER'S REPORT (Continued)

1.2 HOUSING SERVICE

	ACTUAL 2005	ACTUAL 2006	VARIANCE 2005/2006	BUDGET 2006	VARIANCE ACTUAL/ BUDGET
	R	R	%	R	%
Income	122,880	0	(100.0%)	140,600	(100.0%)
Expenditure	761,551	896,202	17.7%	684,110	31.0%
Surplus [deficit]	(638,671)	(896,202)	40.3%	(543,510)	64.9%
Surplus [deficit] as % of total Income	(519.8%)	(0.0%)		(386.6%)	

The actual income differs slightly due to rentals that are allocated to properties.

1.3 FARMING

	ACTUAL 2005	ACTUAL 2006	VARIANCE 2005/2006	BUDGET 2006	VARIANCE ACTUAL/ BUDGET
	R	R	%	R	%
Income	90,937	424,746	367.1%	120,000	254.0%
Expenditure	379,869	234,559	(38.3%)	201,792	16.2%
Surplus [deficit]	(288,932)	190,187	165.8%	(81,792)	(332.5%)
Surplus [deficit] as % of total income	(317.7%)	(44.8%)		(68.2%)	

The surplus on farming for the municipality is due to the sale of cattle to the feedlot. Although it's not a core function, it is most likely, that Mantsopa will discontinue farming. A feedlot has been started in order to create jobs and to promote local economic development. We trust that this effort should be seen as encouraging BEE involvement and not to continue with this function when it has been established.

TRADING SERVICES

1.4 ELECTRICITY SERVICES

	ACTUAL 2005	ACTUAL 2006	VARIANCE 2005/2006	BUDGET 2006	VARIANCE ACTUAL/ BUDGET
	R	R	%	R	%
Income	12,705,791	12,590,021	(0.9%)	11,560,871	8.9%
Expenditure	13,857,590	13,379,106	(3.45%)	11,468,002	16.7%
Surplus [deficit]	(1,151,799)	(789,085)	31.5%	92,869	(949.7%)
Surplus [deficit] as % of total Income	(9.1%)	(6.3%)		0.8%	

The expenditure towards bulk purchases of electricity was short budgeted and the decreased sales did not assist the problem. Electricity losses due to incorrect metering and possible tampering has not yet been overcome, although efforts are continuously made to limit the problem.

During the year under review, the Clover Cheese factory has closed down, the biggest consumer of electricity in the Mantsopa Municipality's area of service provisioning of electricity. All efforts to assist in continuation of the factory has been made, but

with no success. A considerable amount in income has been forfeited when losing this industry.

MANTSOPA MUNICIPALITY
TREASURER'S REPORT (Continued)

1.5 WATER SERVICE

	ACTUAL 2005	ACTUAL 2006	VARIANCE 2005/2006	BUDGET 2006	VARIANCE ACTUAL/ BUDGET
	R	R	%	R	%
Income	10,888,939	11,855,252	8.9%	9,200,730	28.9%
Expenditure	10,296,860	12,238,164	18.9%	9,019,119	35.7%
Surplus [deficit]	592,079	(382,912)	(164.7%)	181,611	(310.84%)
Surplus [deficit] as % of total					
Income	5.4%	3.2%		2.0%	

A substantial amount has been utilised to improve the water purification plant at Tweespruit, and due to much more rain, more chemicals had to be bought to treat the muddy water on the expense side and on the income side, larger consumers that used less water for gardens.

The national decision to eradicate buckets and Council's decision to eradicate buckets with the replacement with water borne toilets, will put more pressure on water provisioning and effectively expenditure as well as levied income will increase considerably.

MANTSOPA MUNICIPALITY
TREASURER'S REPORT (Continued)

2 CAPITAL EXPENDITURE AND FINANCE

Expenditure on fixed assets during the year amounted to R18,342,747 compared to R8,249,412 the previous year. Many of the budgeted projects have been performed by Motheo District Municipality of which feedback has not been received of the status of the projects. The actual expenditure thus indicated is 31% less than the amount budgeted for.

The actual amount of R4,988,600 funded from own sources, is 342% more than the budgeted amount. The reason: Funding(loans) is awaited from DBSA and council funded it from own income till loan funding has been received.

The expenditure consists of the following:

	ACTUAL 2006 R	BUDGET 2006 R	ACTUAL 2005 R
Roads and streets	2,989,901	12,262,000	2,311,955
Administrative Services	155,983	820,500	0
Development	3,646,084	5,244,000	0
Municipal Manager	0	0	18,340
Housing	0	0	49,151
Treasury	760,237	480,000	111,244
Traffic service	0	6,000	80,500
Library		21,000	
Parks and Recreation	18,810	0	0
Properties	0	1,000,000	0
Sanitation	1,083,000	2,436,000	150,934
Sewerage	7,752,063	16,552,030	2,379,258
Electricity	44,506	400,000	1,643,814
Water	1,892,163	4,375,600	1,492,066
Farming	0	0	12,150
	<u>18,342,747</u>	<u>43,597,130</u>	<u>8,249,412</u>

Sources used to finance the fixed assets were as follows:

	ACTUAL 2006 R	BUDGET 2006 R	ACTUAL 2005 R
Contributions from:			
Income	4,988,600	1,599,500	948,026
Erven Fund	188,014	880,000	915,446
Other	0	0	723,377
Loans	0	1,700,000	2,280,485
Grants and subsidies	13,166,133	39,417,630	2,692,437
	<u>18,342,747</u>	<u>43,597,130</u>	<u>8,249,412</u>

MANTSOPA MUNICIPALITY
TREASURER'S REPORT (Continued)

3 EXTERNAL LOANS, INVESTMENTS AND CASH

3.1 EXTERNAL LOANS

External loans outstanding on 30 June 2006 amounted to R10,921,552 (R11,247,072 - 2005) as set out in Appendix B.

During the year loans totalling R939,790 were repaid and an amount of R641,898 was contributed to the redemption fund.

3.2 INVESTMENTS AND CASH

Investments and cash on hand at 30 June 2006 amounted to (R3,607,430).

At 30 June 2005 it amounted to R4,494,316.

4 ANALYSIS OF OPERATING INCOME AND EXPENDITURE

4.1 The relevant data per source of income and cost category is as follows :

INCOME	2006	% of income	2005	% of income
Grants	42,209,215	43.32	18,925,204	27.93
Subsidies	300,000	0.31	150,000	0.22
Total grants and subsidies	42,509,215	43.63	19,075,204	28.15
Operating income	54,919,600	56.37	48,684,975	71.85
Assessment rates	7,914,375	8.12	7,333,256	10.82
Sale of electricity	12,307,367	12.63	12,368,162	18.25
Sale of water	9,276,143	9.52	9,046,090	13.35
Other service charges	25,421,715	26.10	19,937,467	29.42
TOTAL INCOME	97,428,815	100.00	67,760,179	100.00
EXPENDITURE		% of expenditure		% of expenditure
Salaries and allowances	26,220,928	25.87	21,813,635	30.34
General expenses	44,530,000	43.94	34,426,708	47.88
Purchase of electricity	7,167,755	7.07	7,311,547	10.17
Purchase of water	336,703	0.33	347,661	0.48
Indigents subsidised ex Equitable Share	14,974,443	14.78	7,985,779	11.11
Other general expenses	22,051,099	21.76	18,781,721	26.12
Repairs and maintenance	4,905,935	4.84	3,515,768	4.89
Capital charges	2,884,033	2.85	2,287,407	3.18
Fixed assets	18,342,747	18.10	2,283,232	3.18
Contribution to funds	4,457,687	4.40	7,581,090	10.54
TOTAL EXPENDITURE	101,341,330	100.00	71,907,840	100.00

MANTSOPA MUNICIPALITY
TREASURER'S REPORT (Continued)

- 4.2 As referred to in the introductory paragraph to this report, it is the intention to establish benchmarks and ratios to assist the treasury in analysing financial tendencies in respect of income and the utilisation of these resources.
The data compiled can assist Council in determining financial policy .

5 DEBTORS	2006/06/30	2005/06/30
Owing to Council - service debtors	48,533,763	37,312,304
Increase(decrease) in amount owing	11,221,459	7,308,981
Days outstanding	323	280
Percentage increase/(decrease)	30.07%	(24.36%)

- 5.1 The increase in debtors is a matter of concern and drastic steps have to be taken against non-payers.
The 50 % discount scheme introduced by Council is still in place, but only for debts up to June 2003.

6 FUNDS AND RESERVES

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

7 ACKNOWLEDGEMENT

My sincere thanks to the Mayor, Speaker, Members of Exco, Councillors and the Municipal Manager for their support. To the staff of my department and the representatives of the Auditor-General my appreciation for their assistance.

MANAGER: FINANCIAL SERVICES

DATE: 9-Nov-2006

MANTSOPA MUNICIPALITY

ACCOUNTING POLICIES

1 Basis of presentation

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second edition January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis as stated:
- * Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licenses.
 - * Expenditure is accrued in the year it is incurred.

2 Consolidation

The financial statements include Rate and General services, Housing service, Trading services and the different funds and reserves. All inter departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, sewerage, electricity and water, which are treated as income and expenditure in the respective departments.

3 Fixed Assets

- 3.1 Fixed Assets are stated:
- * at historical cost, or
 - * at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Manager: Financial Services.

MANTSOPA MUNICIPALITY

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 provision for depreciation, however, certain structural differences do exist.

By way of this "Provision" assets are written down over their estimated useful life.

Apart from advances from 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.
- * Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

3.3 All net proceeds from the sale of fixed property are credited to the Erven Trust Fund. Net proceeds from the sale of all other assets are credited to the Capital Development Fund.

3.4 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

4 Inventory

Inventory (consumables) is valued at the lower of cost, determined on the weighted average basis and net realisable value.

Inventory (livestock) is valued at the lower of cost, determined on the weighted average basis. The livestock be valued by a recognised buyer of livestock.

5 Funds and Reserves

5.1 Capital Development Fund

The Local Government Ordinance No. 8 of 1962, requires a minimum contribution of 1,0 percent of the annual income of a local authority.

5.2 Renewal Fund

Replacement and renewal reserves are built up to finance the replacement or renewal of existing vehicles, equipment or other assets.

5.3 Erven Fund

The proceeds from the sale of land and fixed properties are credited to Erven Fund and the expending of these funds is largely confined to the purchase of land and township development

5.4 Capital Reserve Fund

The Capital Reserve Fund is built up with the objective of providing capital for infrastructure needs.

MANTSOPA MUNICIPALITY

5.5 Housing Development Fund

A policy regarding the Housing Fund has still to be drawn up. For the interim, when funds are needed for specific housing issues, expenses are debited against the Housing Fund.

5.6 Redemption Fund

In terms of Sec. 98 (1) of the Local Government Ordinance No. 8 of 1962 a council shall provide for the redemption of a loan by annual or bi-annual contributions during the period of the loan.

6 Provisions

Provisions are created for liabilities or contingencies which are known at the preparation of the balance sheet but where the particular amounts cannot be ascertained with reasonable certainty.

Provision for bad debt applies to operating capital and is regarded as a deduction from the assets.

7 Retirement Benefits

Mantsopa Municipality and its employees contribute to:

Free State Municipal Pension Fund: Valuation done 30 June 2006

Free State Municipal Provident Fund: Valuation done 30 June 2006

SAMWU National Fund

Sala Pension Fund

Sanlam Group Scheme : Valuation done 30 June 2006

The retirement benefit plan is subject to the Pension Funds Act, 1956 with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service cost.

Full actuarial valuations are performed and a representative from Council as well as the employees are present on annual meetings.

8 Surpluses and Deficits

Any surpluses or deficits arising from the operation of Electricity, Water and Farming services are transferred to Rate and General services.

9 Treatment of administration and other overhead expenses

The cost of internal support services are transferred to the different services in accordance with the Institute Report on Accounting for Support Services (June 1990).

MANTSOPA MUNICIPALITY

10 *Investments*

Investments are shown at the lower of cost or market value, if a permanent decline in value occurred, and are invested in accordance with Circular No. 1 of 1989 issued by the Provincial Legislature.

Investments' opening balances are restated according to the stipulations of the MFMA Section 125(2)(a) which requires all details to be shown.

11 *Income recognition*

11.1 *Electricity, Water, Refuse and Sewer Billings*

Meters are read and billed monthly.
Certain stands are serviced by pre-payment electricity meters.
Income is recognised when the service is delivered.

11.2 *Assessment Rates*

Assessment rates are levied on the value of land and improvements at the improved value. The first R25 000 of all residential properties is exempt from tax. It is recognised on a monthly basis.

11.3 *Other Income*

All other income are treated on an accrual basis.

12 *Change in Accounting policy*

Due to the implementation of certain sections of the MFMA, some opening balance were restated in order to comply.

12.1 *Deferred charges*

The cost involve to aquire a loan from the DBSA and the interest payable while the full loan amount has not been taken up, will be treated as deferred charges and will be written off over the period of the loan, once the loan has been fully taken up.

12.2 *Leased assets/Hire Purchases*

Leased assets or assets aquired through a hire purchase scheme will be treated as follows. The total cost of the asset will be capitalized and a long term loan will be created.

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

BALANCE SHEET AS AT 30 JUNE 2006

	NOTE	2006 R	2005 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
		14,999,856	13,012,502
Statutory funds	1	14,999,856	13,012,502
Reserves	2	0	0
RETAINED SURPLUS			
	18	13,797,441	7,949,826
		28,797,297	20,962,328
TRUST FUNDS	3	0	2,286,551
LONG-TERM LIABILITIES	4	8,553,186	10,911,576
CONSUMER DEPOSITS	5	2,172,665	1,026,704
		39,523,148	35,187,159
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	10,921,552	10,919,894
INVESTMENTS	7	2,713,445	2,456,267
LONG-TERM DEBTORS	8	236,113	240,758
DEFERRED CHARGES	11	426,329	322,786
		14,297,439	13,939,705
NET CURRENT ASSETS			
		25,225,709	21,247,454
CURRENT ASSETS			
		46,054,481	31,651,966
Inventory	9	2,407,019	469,411
Debtors	10	43,412,059	26,464,566
Cash	23	2,255	23,917
Short-term investments	7	227,551	4,687,778
Short-term portion of long-term debtors	8	5,597	6,294
CURRENT LIABILITIES			
		20,828,772	10,404,512
Provisions	12	2,934,730	3,442,142
Creditors	13	8,974,994	3,953,228
Short-term portion of long-term liabilities	4	2,368,366	335,496
Bank Overdraft	23	6,550,682	2,673,646
		R 39,523,148	R 35,187,159

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2005 Actual income	2005 Actual expenditure	2005 Surplus (deficit)		2006 Actual income	2006 Actual Expenditure	2006 Surplus (deficit)	2006 Budget Surplus/ (Deficit)
R	R	R		R	R	R	R
44,042,569	37,571,915	6,470,654	RATES AND GENERAL SERVICES	72,983,542	65,273,108	7,710,434	(2,535,922)
27,091,553	17,429,370	9,662,183	Community services	45,844,979	37,083,718	8,761,261	981,857
1,019,963	4,056,796	(3,036,833)	Subsidised services	1,416,568	4,250,740	(2,834,172)	(3,442,308)
15,931,053	16,085,749	(154,696)	Economic services	25,721,995	23,938,650	1,783,345	(75,471)
122,880	761,551	(638,671)	HOUSING SERVICES	0	896,202	(896,202)	(543,510)
23,594,730	24,154,450	(559,720)	TRADING SERVICES	24,445,273	25,617,270	(1,171,997)	851,016
67,760,179	62,487,916	5,272,263	TOTAL	97,428,815	91,786,580	5,642,235	(2,228,416)
		(11,093,144)	Appropriations for the year (Refer to note 18)			205,380	
		(5,820,881)	Net surplus/(deficit) for the year			5,847,615	
		13,770,708	Accumulated surplus/ (Accumulated deficit) beginning of the year			7,949,827	
		R 7,949,827	ACCUMULATED SURPLUS/ (ACCUMULATED DEFICIT) AT END OF THE YEAR			R 13,797,441	

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006	2005
CASH RETAINED FROM OPERATING ACTIVITIES		10,566,521	6,879,815
Cash generated by operations	19	(18,417,865)	(10,002,998)
Investment income		80,855	119,672
(Increase) / Decrease in working capital	20	(12,391,854)	(3,115,747)
		(30,728,864)	(12,999,073)
Less: External interest paid		1,774,505	1,487,669
Cash available from operations		(32,503,369)	(14,486,742)
Cash contributions from the public and the state		42,509,215	21,366,557
Net proceeds on disposal of fixed assets		560,675	0
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed assets	6	(18,342,747)	(8,249,412)
NET CASH FLOW		(7,776,226)	(1,369,597)
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase / (Decrease) in long-term loans	21	(325,520)	2,928,214
(Increase) / Decrease in cash investments	22	4,203,048	(2,114,409)
(Increase) / Decrease in cash	23	3,898,698	555,792
NET CASH (UTILISED) / GENERATED		7,776,226	1,369,597

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006	2005
1 STATUTORY FUNDS	14,999,856	13,012,502
Capital Development Fund	7,745,337	6,488,901
Housing Development Fund	440,552	458,557
Erven Fund	4,200,604	4,093,579
Redemption Fund	2,613,363	1,971,465
(Refer to appendix A for more detail)		
2 RESERVES	0	0
No reserves	0	0
(Refer to appendix A for more detail)		
3 TRUST FUNDS	0	2,286,551
Vuna Award	0	2,286,551
(Refer to appendix A for more detail)		
4 LONG TERM LIABILITIES	8,553,186	10,911,576
Long Term Loans	5,628,676	5,562,189
Local Registered Stock	0	0
Hire Purchases	792,876	1,184,883
Annuity Loans	4,500,000	4,500,000
	10,921,552	11,247,072
Less: Current portion transferred to current liabilities	2,368,366	335,496
(Refer to appendix B for more detail)		
The DBSA and ABSA loans are secured by investments(see note 7.6 for detail).		
5 CONSUMER DEPOSITS		
Water and electricity	2,172,665	1,026,704
6 FIXED ASSETS		
Fixed assets at beginning of the year	130,458,759	122,683,646
Capital expenditure during the year	18,342,747	8,249,412
Less: Assets written off, transferred or disposed during the year.	845,908	474,299
Total fixed assets	147,955,598	130,458,759
Less: Loans redeemed and other receipts	137,034,046	119,538,865
Net fixed assets	10,921,552	10,919,894
(Refer to appendix C and Treasurer's Report)		

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

		2006	2005
7	INVESTMENTS		
7.1	Long term investments		
	Listed		
	Old Mutual - 4500 Shares	50,625	50,625
	Unlisted		
	O V K Operations Ltd	329,103	329,104
	* Loan A	46,503	46,504
	* Loan B	105,663	105,663
	* Loan C	2,774	2,774
	* Loan D	102,610	102,610
	* Preference Shares	1,537	1,537
	* Paid up Shares	70,016	70,016
	Insurance Policy - Old Mutual	120,000	120,000
	Insurance Policy - Momentum	2,157,300	1,903,500
	Fixed Deposits - Nedcor Bank - 94831059998	56,417	53,038
		2,662,820	2,405,642
	Total Long term investments	2,713,445	2,456,267
7.2	Unlisted Short term investments		
	Opening balances	4,687,778	2,799,605
	ABSA - 9108817118	0	441,507
	ABSA - 9092895347	4,687,778	2,286,420
	ABSA - 9073933514	0	71,678
	Deposits/(Drawings)/(transfers)	(4,460,227)	1,888,173
	ABSA - 9108817118	0	(441,507)
	ABSA - 9092895347	(4,460,227)	2,401,358
	ABSA - 9073933514	0	(71,678)
	Closing balances	227,551	4,687,778
	ABSA - 9108817118	0	0
	ABSA - 9092895347	227,551	4,687,778
	ABSA - 9073933514	0	0
7.3	Total investments	2,940,996	7,144,045
7.4	Market value of listed investments and management's valuation of unlisted investments		
	Listed investments	95,670	65,655
	Unlisted investments	2,845,326	7,078,390
7.5	Investments are made in accordance with Circular No.1 of 1989		
7.6	An investment with Momentum Life to the value of R2,157,300 has been pledged as security for a loan for the upgrading of the water purification works. An investment with Nedbank to the amount of R56,416.50 has been pledged as collateral security for a housing loan granted to an employee of the council.		
7.7	No investments were written off during the year		

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

		2006	2005
8	LONG TERM DEBTORS		
	Sport Club Loan	241,710	247,052
		<u>241,710</u>	<u>247,052</u>
	Less :Short term portion transferred to current assets	5,597	6,294
		<u>236,113</u>	<u>240,758</u>
9	INVENTORY		
	Inventory represents		
	* Consumables	496,369	17,980
	* Livestock	1,910,650	451,431
		<u>2,407,019</u>	<u>469,411</u>
10	DEBTORS		
	Consumer Debtors	56,397,845	43,999,270
	Less: Vat payable on receipt	(7,864,082)	(6,686,966)
		48,533,763	37,312,304
	Debtors- Other	2,453,964	2,136,655
	Receiver of Revenue - VAT	1,296,917	161,088
		<u>52,284,644</u>	<u>39,610,047</u>
	Less: Provisions	<u>8,872,585</u>	<u>13,145,481</u>
	* Provision for Bad Debts	8,872,585	13,145,481
		<u>43,412,059</u>	<u>26,464,566</u>
	Amounts totalling R7,907,883 (2005- R6,775,000) were written off as bad debts.This represents 14,39% of the total operating income for the year. Days outstanding in debtors 323 days(2005-280 days)		

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006	2005
11 DEFERRED CHARGES		
Preliminary expenses	426,329	322,786
12 PROVISIONS		
Accumulated leave	2,272,240	3,442,142
Audit fees	662,490	0
	2,934,730	3,442,142
13 CREDITORS		
Trade creditors	29,868	37,718
Other creditors	3,517,763	2,296,943
Unspent Grants	5,392,712	1,603,836
Deposits- Other	34,651	14,731
	8,974,994	3,953,228

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

14 ASSESSMENT RATES	SITE VALUATION 2005/07/01	IMPROVEMENTS VALUATION 2005/07/01	TARIFF	ACTUAL INCOME 2006	ACTUAL INCOME 2005
RESIDENTIAL	39,531,642	345,455,923	<i>0.0120</i>	3,516,780	1,158,400
COMMERCIAL	5,827,618	68,555,119	<i>0.0230</i>	1,710,803	2,834,502
STATE	7,159,094	30,173,550		834,970	680,008
Residential	324,300	1,828,500	<i>0.0120</i>		
Commercial	6,834,794	28,345,050	<i>0.0230</i>		
BUILDING CLAUSE	0	10,148,002	<i>Applic. Use</i>	137,676	1,002,450
Residential		8,648,002			
Commercial		1,400,000			
Industries		100,000			
MUNICIPAL	0	0		0	0
INDUSTRIAL	1,786,314	10,029,001	<i>0.0170</i>	200,860	179,894
AGRICULTURE	198,489,397	34,323,826	<i>0.0065</i>	1,513,286	1,478,002
EXEMPTIONS	267,850	2,699,300		0	0
	253,061,915	501,384,721		7,914,375	7,333,256
Residential property benefit a discount on the first R25 000 of the improved value					

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006	2005
15 COUNCILLORS' REMUNERATION		
Mayor's allowance	211,763	226,424
Speaker's allowance	132,612	182,594
Councillors' allowances	498,172	459,922
Executive Committee allowances	161,426	143,026
<i>(Refer to Appendix G for detail)</i>		
	1,003,973	1,011,966
SECTION 57 EMPLOYEE'S REMUNERATION		
Municipal Manager	898,991	748,655
Chief Financial Officer	434,283	355,490
Other	1,209,863	885,287
<i>(Refer to Appendix G for detail)</i>		
	2,543,137	1,989,432
16 AUDITORS' REMUNERATION		
Audit Costs	1,136,748	526,053
17 FINANCIAL TRANSACTIONS		
External Interest Received or Paid		
- Interest Received	80,855	119,672
- Interest Paid	1,774,505	1,487,669
Capital Costs debited to operating account		
* Interest	1,690,443	1,423,331
- External	1,690,443	1,413,871
- Internal	0	9,460
* Redemption	1,193,590	637,344
- External	939,790	637,344
- Internal	253,800	0
* Deferred Costs Written Off	0	0
	2,884,033	2,060,675

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006	2005
18 APPROPRIATIONS		
Appropriation Account:		
Accumulated Surplus/(Deficit) beginning of the year	7,949,826	13,770,707
Operating surplus/(deficit) for the year	5,642,235	5,272,263
Appropriations for the year	205,380	(11,093,144)
Funds transferred to Appropriation Account -		
* Adjustment between Loans and Capital Investment	(327,178)	0
Contributions to -		
* Bad Debts	0	(11,000,000)
Prior year adjustments		
* Health claims not realized	370,647	0
* Assets	(148,894)	0
* Auditor-General	(406,700)	221,910
* Med Scheme - Bonitas	(32,388)	285,794
* Other		
- Income wrongly levied	290,662	(600,848)
- Expenditure for previous year	459,231	0
Accumulated surplus at the end of the year	13,797,441	7,949,826
Operating account:		
Capital expenditure	4,988,600	2,283,232
Contributions	4,468,212	18,581,559
Provisions for		
- Audit fees	662,490	0
- Bad debts	3,634,987	16,687,800
- Leave	(763,241)	1,216,157
- Capital Development Fund	933,976	677,602
	9,456,812	20,864,791

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006	2005
19 CASH GENERATED BY OPERATIONS		
(Deficit)/Surplus for the year	5,642,235	5,272,263
Adjustments i.r.o. previous year	(459,231)	(93,144)
Appropriations charged against income	22,800,434	9,864,322
* Capital Development Fund	933,976	677,602
* Provisions	3,523,711	6,903,488
* Capital expenditure	18,342,747	2,283,232
Capital charges	2,884,033	2,316,635
Interest on external loans	1,690,443	1,413,871
Interest on internal funds	0	9,460
Redemption external loans	939,790	637,344
Redemption internal funds	253,800	255,960
Grants and subsidies received from the state	(42,509,215)	(19,075,204)
Interest income (operating account)	(4,692,957)	(3,391,491)
Interest paid to bank and creditors	84,062	73,798
Non-operating expenditure: Expenditure charged against: Provisions and Reserves	(2,304,556)	(7,642,615)
Sale of erven	272,579	1,103,187
Interest income	80,855	119,672
Net other income	(216,104)	1,449,579
	(18,417,865)	(10,002,999)
20 (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/Decrease in Inventory	(1,937,608)	(247,052)
(Increase)/Decrease in Debtors	(16,947,493)	(2,931,096)
Increase/(Decrease) in Long-term debtors	(325,520)	0
Increase/(Decrease) in Creditors	6,167,727	62,401
	(12,391,854)	(3,115,747)

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006	2005
21 INCREASE / (DECREASE) IN LONG TERM LOANS		
Long Term Loans raised	614,270	3,565,558
Loans repaid	(939,790)	(637,344)
	(325,520)	2,928,214
22 (INCREASE)/DECREASE IN CASH INVESTMENTS		
Investments made	(257,179)	(2,627,594)
Investments realised	4,460,227	513,185
	4,203,048	(2,114,409)
23 (INCREASE)/DECREASE IN BANK AND CASH ON HAND		
Bank overdraft and cash balance: Beginning of year	(2,649,729)	(2,093,937)
ABSA 2020000050	(2,673,646)	(2,112,058)
FNB 62054009751	20,512	14,716
Petty Cash	3,405	3,405
LESS: Bank overdraft and cash balance end of year	(6,548,427)	(2,649,729)
ABSA 2020000050	(6,550,682)	(2,673,646)
FNB 62054009751	0	20,512
Petty Cash	2,255	3,405
	3,898,698	555,792
Opening balances have been restated, refer to accounting policy no. 12		
24 RETIREMENT BENEFITS		
Free State Municipal Pension Fund : Valuation done 30 June 2006		
Free State Municipal Provident Fund : Valuation done 30 June 2006		
SAMWU National Fund		
Sala Pension Fund		
Sanlam Group Scheme : Valuation done 30 June 2006		

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006	2005
25 CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
Guarantees by Ladybrand Council in respect of building society and commercial bank housing loans to officials	83,560	83,560
Kopano has given a guarantee to First National Bank - Tweespruit for balance of a housing loan to an official, should he default on payments		
26 CAPITAL COMMITMENTS		
Commitments in respect of capital expenses		
Approved and contracted for	312,341	2,213,000
Approved and not yet contracted for	7,525,459	0
	7,837,800	2,213,000
This expenditure will be financed from:		
Internal sources	0	1,300,000
External sources	7,837,800	913,000
	7,837,800	2,213,000
27 CONSOLIDATED LOANS FUND		
Not applicable		

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006	2005
28 CAPITAL DEVELOPMENT FUND		
Outstanding advances to borrowing services		
Accumulated fund	7,745,337	6,488,901
LESS: Internal investment	0	0
	<u>7,745,337</u>	<u>6,488,901</u>
29 CAPITAL RESERVE FUND		
Not applicable		
30 RENEWAL FUND		
Outstanding advances to borrowing services		
Accumulated Fund	0	0
LESS: Internal investment	0	0
	<u>0</u>	<u>0</u>

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

STATUTORY FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS

APPENDIX A

	<i>Balance at 2005/06/30 R</i>	<i>Contributions during the year R</i>	<i>Interest on investments R</i>	<i>Other income R</i>	<i>Operating Expenditure during year R</i>	<i>Capital Expenditure during year R</i>	<i>Written Off/ Transfer R</i>	<i>Balance at 2006/06/30 R</i>
STATUTORY FUNDS								
Capital Development Fund	6,488,901	933,976	22,460	300,000	0	0	0	7,745,337
Housing Development Fund	458,557	0	0	0	18,005	0	0	440,552
Erven Fund	4,093,579	0	22,460	272,579	0	188,014	0	4,200,604
Redemption Fund	1,971,465	641,898	0	0	0	0	0	2,613,363
	13,012,502	1,575,874	44,920	572,579	18,005	188,014	0	14,999,856
TRUST FUNDS								
Vuna Award	2,286,551	0	0	0	2,286,551	0	0	0
	2,286,551	0	0	0	2,286,551	0	0	0
RESERVES								
No Reserves	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
PROVISIONS								
Accumulated leave	3,442,142	0	0	0	406,661	0	763,241	2,272,240
Audit Fees	0	662,490	0	0	0	0	0	662,490
Bad debts	13,145,481	3,634,987	0	0	7,907,883	0	0	8,872,585
	16,587,623	4,297,477	0	0	8,314,544	0	763,241	11,807,315

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

EXTERNAL LOANS AND INTERNAL ADVANCES

APPENDIX B

EXTERNAL LOANS	<i>Balance at 2005/06/30</i>	<i>Received during the year</i>	<i>Redeemed or written off during the year</i>	<i>Balance at 2006/06/30</i>
Long Term Loans				
Development Bank of SA. <i>(Bear interest at rates between 9.63% and 17.18% per annum and will be fully redeemed in 2017)</i>	5,022,929	614,270	392,913	5,244,286
Free State Municipal Pension Fund <i>(Bear interest at rates between 15% and 18.25% per annum and will be fully redeemed in 2015)</i>	235,792	0	87,750	148,042
ABSA/INCA <i>(Bear interest at rates between 16% and 19% per annum and will be fully redeemed in 2015)</i>	303,468	0	67,120	236,348
Hire Purchase - ABSA <i>(Bear interest at a floating rate of 14%)</i>	1,184,883	0	392,007	792,876
Annuity Loans - ABSA <i>(Bear interest at 16.25% per annum and is redeemable in 2008)</i>	4,500,000	0	0	4,500,000
	11,247,072	614,270	939,790	10,921,552
INTERNAL ADVANCES TO BORROWING SERVICES				
Capital Development Fund	0	0	0	0
Capital Reserve Fund	0	0	0	0
	0	0	0	0

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

ANALYSIS OF FIXED ASSETS

APPENDIX C

Expenditure 2005	Service	Budget 2006	Balance at 2005/06/30	Expenditure during year	Redeemed transferred or written off	Balance at 2006/06/30
R		R	R	R	R	R
5,064,381	RATES & GENERAL SERVICE	38,821,530	69,856,216	16,406,078	821,062	85,441,232
2,522,039	COMMUNITY SERVICE	18,812,500	17,196,234	7,552,205	522,622	24,225,817
0	Clinics	0	721,374	0	0	721,374
0	Health Service	0	34,797	0	0	34,797
2,311,955	Roads and Streets	12,262,000	14,095,444	2,989,901	496,860	16,588,485
18,340	Municipal Manager	0	633,065	0	25,762	607,303
0	Administrative Services	820,500	810,565	155,983	0	966,548
0	Development	5,244,000	22,289	3,646,084	0	3,668,373
111,244	Financial Services	480,000	645,427	760,237	0	1,405,664
80,500	Traffic service	6,000	233,273	0	0	233,273
0	SUBSIDISED SERVICE	1,021,000	25,907,805	18,810	58,421	25,868,194
0	Cemetery	0	47,618	0	0	47,618
0	Fire Protection	0	201,533	0	48,719	152,814
0	Library	21,000	847,662	0	0	847,662
0	Parks and recreation	0	1,581,103	18,810	9,702	1,590,211
0	Properties	1,000,000	23,229,889	0	0	23,229,889
0	Unsold erven	0	0	0	0	0
2,542,342	ECONOMIC SERVICE	18,988,030	26,752,177	8,835,063	240,019	35,347,221
150,934	Sanitation	2,436,000	1,798,113	1,083,000	236,667	2,644,446
12,150	Farming	0	941,156	0	0	941,156
2,379,258	Sewerage	16,552,030	24,012,908	7,752,063	3,352	31,761,619
49,151	HOUSING SERVICE	0	4,642,815	0	0	4,642,815
3,135,880	TRADING SERVICE	4,775,600	55,959,728	1,936,669	24,846	57,871,551
1,643,814	Electricity	400,000	12,215,470	44,506	10,000	12,249,976
1,492,066	Water	4,375,600	43,744,258	1,892,163	14,846	45,621,575
8,249,412	TOTAL FIXED ASSETS	43,597,130	130,458,759	18,342,747	845,908	147,955,598
	LESS: CAPITAL REDEEMED AND OTHER CAPITAL RECEIPTS		119,538,865	19,282,538	1,787,357	137,034,046
	Loans redeemed and advances repaid		637,344	939,791		1,577,135
	Contributions ex operating income		37,107,755	4,988,600	417,545	41,678,810
	Contributions ex erven fund		532,453	188,014	0	720,467
	Contributions ex capital reserve		201,695	0	54,655	147,040
	Provisions and reserve		2,272,202	0	3,138	2,269,064
	Grants and subsidies		52,405,627	13,166,133	161,096	65,410,664
	Public contributions		456,029	0	3,352	452,677
	Other income		25,925,760	0	1,147,571	24,778,189
	NET FIXED ASSETS		10,919,894	(939,791)	(941,449)	10,921,552

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

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

APPENDIX D

ACTUAL 2005		ACTUAL 2006	BUDGET 2006
INCOME			
19,075,204	GRANTS AND SUBSIDIES	42,509,215	58,217,782
18,198,200	Governmental grants	40,751,274	56,740,572
727,004	District Municipality	1,457,941	727,210
150,000	Provincial subsidies	300,000	750,000
48,684,975	OPERATING INCOME	54,919,600	46,472,990
7,333,256	Assessment rates	7,914,375	6,487,842
12,368,162	Sale of electricity	12,307,367	12,396,187
9,046,090	Sale of water	9,276,143	8,053,961
19,937,467	Other service charges	25,421,715	19,535,000
67,760,179		97,428,815	104,690,772
EXPENDITURE			
21,813,635	Salaries,wages and allowances	26,220,928	24,572,496
34,426,708	General expenses	44,530,000	28,034,245
7,311,547	Purchase of electricity	7,167,755	7,000,000
347,661	Purchase of water	336,703	380,000
7,985,779	Indigents subsidised ex Equitable Share	14,974,443	9,722,438
18,781,721	Other general expenses	22,051,099	10,931,807
3,515,768	Repairs and maintenance	4,905,935	5,298,085
2,287,407	Capital charges	2,884,033	3,057,707
2,283,232	Contributions to fixed assets	18,342,747	41,017,130
7,581,090	Contributions	4,457,687	14,494,275
71,907,840	Gross expenditure	101,341,330	116,473,938
9,419,924	Less :Amounts charged out	9,554,750	9,554,750
62,487,916	Net expenditure	91,786,580	106,919,188
5,272,263	Net(Deficit)/Surplus	5,642,235	(2,228,416)

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

APPENDIX E

2005 Actual Income R	2005 Actual Expenditure R	2005 Surplus (Deficit) R		2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (Deficit) R	2006 Budget Surplus/ (Deficit) R
44,042,569	37,571,915	6,470,654	RATES AND GENERAL SERVICES	72,983,542	65,273,108	7,710,434	(2,535,922)
27,091,553	17,429,370	9,662,183	Community services	45,844,979	37,083,718	8,761,261	981,857
7,333,256	0	7,333,256	Assessment rates	7,914,375	0	7,914,375	6,487,842
-	0	0	Health service	378,847	669,456	(290,609)	0
300,000	697,052	(397,052)	Development	5,850,868	5,335,606	515,262	(1,191,968)
2,360,000	4,146,827	(1,786,827)	Roads & streets	4,381,054	8,996,784	(4,615,730)	(2,866,986)
3,094,610	3,861,608	(766,998)	Town clerk & council	2,826,428	4,627,087	(1,800,659)	(2,322,230)
501,750	2,129,579	(1,627,829)	Town secretariat	235,353	2,921,049	(2,685,696)	(3,247,055)
13,377,362	5,766,579	7,610,783	Town Treasurer	24,136,082	13,614,296	10,521,786	4,789,856
124,575	827,725	(703,150)	Traffic services	121,972	919,440	(797,468)	(667,602)
1,019,963	4,056,796	(3,036,833)	Subsidised services	1,416,568	4,250,740	(2,834,172)	(3,442,308)
56,592	39,572	17,020	Cemetery	70,234	29,567	40,667	(5,099)
213,364	686,304	(472,940)	Fire protection	278,633	810,454	(531,821)	(417,950)
154,168	907,806	(753,638)	Library	54,956	1,030,330	(975,374)	(967,815)
10	989,113	(989,103)	Parks & recreation	0	1,101,503	(1,101,503)	(1,339,797)
595,829	1,434,001	(838,172)	Properties	1,012,745	1,278,886	(266,141)	(711,647)
15,931,053	16,085,749	(154,696)	Economic service	25,721,995	23,938,650	1,783,345	(75,471)
5,913,935	5,819,520	94,415	Refuse removal	6,181,566	6,267,212	(85,646)	16,047
9,926,181	9,886,360	39,821	Sewerage	19,115,683	17,436,879	1,678,804	13,499
90,937	379,869	(288,932)	Farming	424,746	234,559	190,187	(105,017)
122,880	761,551	(638,671)	HOUSING SERVICE	0	896,202	(896,202)	(543,510)
23,594,730	24,154,450	(559,720)	TRADING SERVICE	24,445,273	25,617,270	(1,171,997)	851,016
12,705,791	13,857,590	(1,151,799)	Electricity	12,590,021	13,379,106	(789,085)	691,504
10,888,939	10,296,860	592,079	Water	11,855,252	12,238,164	(382,912)	159,512
67,760,179	62,487,916	5,272,263	TOTAL	97,428,815	91,786,580	5,642,235	(2,228,416)
		(11,093,144)	Appropriation for the year (Refer Note 18)			205,380	
		(5,820,881)	Net surplus/(deficit) for year			5,847,615	
		13,770,707	Accumulated surplus/(deficit); beginning of the year			7,949,826	
		7,949,826	Accumulated surplus/(deficit); at end of the year			13,797,441	

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

STATISTICAL INFORMATION

APPENDIX F

GENERAL STATISTICS		2004/2005	2005/2006
Population		56927	56930
Valuation of property taxable Date of valuation from July 2004 till June 2005	Properties Improvements	257588441 479945452	252794065 498685421
Valuation of property non-taxable Date of valuation from July 2004 till June 2005	Properties Improvements	4409019 15887900	267850 2699300
Valuation of residential property	Properties Improvements	34782454 204239861	39855942 347284423
Valuation of commercial property	Properties Improvements	18997307 221209434	12662412 96900169
Number of residential properties		11632	9148
Number of commercial properties		624	1819
Assessment rates : Cent in the rand			
Residential	Properties Improvements	0.0120 0.0120	0.0120 0.0120
Commercial	Properties Improvements	0.0230 0.0230	0.0230 0.0230
Industrial	Properties Improvements	0.0170 0.0170	0.0170 0.0170
Agricultural	Properties Improvements	0.0065 0.0065	0.0065 0.0065
Number of employees		268	236

ELECTRICITY	2004/2005	2005/2006
Number of users	2452	2183
Units bought	39617874	36829186
Units sold	32779182	29903657
Units lost in distribution	6838692	6925529
Units lost percentage of units bought	17.26	18.80
Cost per unit bought	0.18	0.19
Randvalue loss in distribution	1262092	1347858
Cost per unit sold	0.42	0.45
Income per unit sold	0.39	0.42
WATER	2004/2005	2005/2006
Number of users	12253	11743
Units bought	N/A	N/A
Units sold	3015363	3092048
Units lost in distribution	N/A	N/A
Units lost percentage of units bought	N/A	N/A
Cost per unit sold	3.41	3.96
Income per unit sold	3.61	3.83

MANTSOPA MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

DETAIL REMUNERATION OF COUNCILLORS AND SECTION 57 EMPLOYEES

APPENDIX G

	SALARY	BONUS	OFFICE	VEHICLE ALLOWANCES	HOUSING	MEDICAL AID	PENSION FUND	SUNDRIES	GROSS REMUNERATION
COUNCILLORS									
Mayor	125,778	0	0	30,689	36,527	0	18,769	0	211,763
Speaker	75,435	0	0	18,868	25,153	1,755	11,401	0	132,612
Exco Members	101,489	0	6,100	25,994		11,945	15,898		161,426
Ordinary Councillors	325,839	0	31,842	80,125	11,373	0	48,993	0	498,172
	628,541	0	37,942	155,676	73,053	13,700	95,061	0	1,003,973
The amounts owed by councillors are in respect of service fees who became councillors in the last few months before the end of the financial year and they all have made arrangements to pay it off by means of deductions from their allowances. Service fees of Councillors are deducted from their allowances on a monthly basis.									
	SALARY	BONUS	SUBSIDIES	VEHICLE ALLOWANCES	HOUSING	MEDICAL AID	PENSION FUND	SUNDRIES	GROSS REMUNERATION
SENIOR MANAGERS									
Municipal Manager	484,561	127,976	8,823	148,589	5,306	0	123,736	0	898,991
Manager: Financial Services	198,831	49,864	15,960	94,258	3,000	27,428	44,942	0	434,283
Manager: Administrative Services	198,831	49,864	1,313	91,721	0	9,454	44,942	0	396,125
Manager: Technical Services	198,831	49,388	2,978	94,258	0	16,632	44,942	0	407,029
Manager: Community Services	198,831	49,394	6,368	93,136	3,000	11,038	44,942	0	406,709
	1,279,885	326,486	35,442	521,962	11,306	64,552	303,504	0	2,543,137