

**CENTRAL DISTRICT
MUNICIPALITY**



FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2006

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CENTRAL DISTRICT MUNICIPALITY

EXECUTIVE MAYOR'S FOREWORD

In this year of hope, of a better life for all, once more, we are dictated to by the Act, No. 56 of 2003. Yes madam Speaker, this is the Municipal Finance Management Act that guides and directs the finances and financial procedures for Local Government.

This Act is the one most radical pieces of legislation and forced significant change of direction in dealing with financial issues on this level of Government since our hard fought for democratic freedom in 1994.

This Act is direct and does not ask for excuses of favors.

In quoting the Act, I must hasten to remind the hon. House, madam Speaker that we have to comply and ensure that we make Local Government work better. We have no right whatsoever to abdicate the responsibilities that has been entrusted to us.

We will ensure compliance with all the laws and the Constitution of the Republic, word for word and to the letter.

We will also ensure that all our communities and stakeholders are taken on board in whatever we do, for this is their fundamental right. Our own existence is determined by their loyalty and dedication as they express this through the ballot box.

The MFMA is a valuable and essential tool to help and direct us in the execution of all our responsibilities, and we are committed to take up the challenges of disclaimers and qualified reports. We are not comfortable and we will never accept nor be satisfied with any financial or audit query or mismanagement.

We are committed to and undertake to ensure that the MFMA becomes a constant companion and friend in whatever we do. Surely this is a safe and secure protection against the scourge of fraud and corruption!

As we hope, we must also become a beacon of hope to the masses that rely on us for their very basic needs. We must ensure that correct choices are continually made through the adherence of the MFMA in its' entirety.

This is a mighty tool that we have in our hands. This is a friend to those who are honest and true. Those who care about the underprivileged and the poor. The old and the sick. Those who care about them who have to live with HIV and AIDS. Those who have pity on them that live in shacks and live off grants. Let us rise above our own selfish needs and desires and work together to make Local Government work better.

Themba Gwabeni
2006.08.26

CENTRAL DISTRICT MUNICIPALITY

GENERAL INFORMATION

MEMBERS OF THE MAYORAL COMMITTEE

Councillor T. B. Gwabeni **Executive Mayor**

Councillor T.A. Mogatusi **Speaker**

Councillor T.R. Moiloa **Council whip**

Councillor G. Mokoto

Councillor L.B. Kotze

Councillor P. Mopalami

Councillor B. Tshenepe

Councillor B.E. Plaatjie

Councillor L. A. Magagane

Councillor K.S.. Saane-Bertrand

AUDIT COMMITTEE

Prof A.A.I. Bootha: Chairperson (External Member)

Adv. O.K. Chwaro (External Member)

Ms. N. Dince (External Member)

Mr. P. Mothupi (External Member)

Mr. F. Thupaemang (External Member)

GRADING OF THE DISTRICT MUNICIPALITY

Grade 10

AUDITORS

The Auditor General

BANKERS

First National Bank

REGISTERED OFFICE

Corner Carrington & First Ave
Industrial Site
MAFIKENG, 2745

Private Bag X 2167 Telephone: (018) 381 1223/8
MAFIKENG
2745 Fax: (018) 381 0561
E-mail cdm.za.org

MUNICIPAL MANAGER

Mr. T.T. Mose

CHIEF FINANCIAL OFFICER

Ms E.T. Mokgope

MEMBERS OF THE CENTRAL DISTRICT MUNICIPALITY

COUNCILLORS

ANC

Councillor T. B. Gwabeni **Executive Mayor**

Councillor T.A. Mogatusi **Speaker**

Councillor T.R. Moiloa **Council whip**

Councillor G. Mokoto

Councillor L.B. Kotze

Councillor P. Mopalami

Councillor B. Tshenepe

Councillor B.E. Plaatjie

Councillor L. A. Magagane

Councillor K.S.. Saane-Bertrand

Councillor P..J. Seabelo

Councillor A. Mohoera

Councillor T.J. Makolomakwa

Councillor K.K. Mokgoetsi

Councillor M.H. Moxabase

Councillor T.V. Tambam

Councillor M.D. Mosikare

Councillor L.J. Bogatsu

Councillor T. Mfundisi

Councillor F. Dilapiso

Councillor M.G. Rakgoale
Councillor M.P. Pilane
Councillor K.P. Mokotong
Councillor B.A. Tolo
Councillor M. Koikoi
Councillor J.K. Gaobotse
Councillor M.E. Makhongoana
Councillor M.S. Mosimane
Councillor P.E. Tlhotlhomisang

UCDP

Councillor K.B. Senna
Councillor I.R. Mahuma
Councillor . D.T. Mothibi
Councillor P.M. Tabane
Councillor M.P. Modisenyane
Councillor M.M. Mabote
Councillor C.S. Tsile

DA

Councillor L.D. Muller
Councillor M.J. Van Rensburg

INDEPENDENT

Councillor B.C. Jabana

MAP OF THE CENTRAL DISTRICT MUNICIPALITY

A map is available from the CFO for more details of the jurisdiction of the Council.

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 2 to 36 were approved by the Municipal Manager on 31st August 2006

MR. T.T. MOSE
MUNICIPAL MANAGER
(Accounting Officer)

31st August 2006

CENTRAL DISTRICT MUNICIPALITY

REPORT OF THE CHIEF FINANCIAL OFFICER

1. OPERATING RESULTS

For the year under review, operating expenditure was controlled as much as possible and overall operating results, excluding agency functions were as follows for the year ended 30 June 2006. An operating surplus of R 3 552 492 is mainly attributable to the lower than budget expenditure on salaries, capital charges vehicle expenses and contributions to capital outlay

INCOME	ACTUAL 2004/2005	ACTUAL 2005/2006	VARIANCE 2005/2006(%)	BUDGET 2005/2006	VARIANCE ACTUAL/ BUDGET (%)
Opening Surplus	11 171 357	29 630 771	26.53%	-	-
Operating Income for the year	96 469 778	122 092 838	26.53%	122 860 898	8.80%
TOTAL	107 641 135	151 723 609	40.9%	122 860 898	21.40%
EXPENDITURE					
Operating Expenditure for the year	77 118 840	118 540 346	53.71%	121 610 898	-11.60%
Sundry transfers	891 524	29 630 771	33.24%	-	-
Closing surplus	29 630 771	3 552 492	11.99%	-	-
TOTAL	107 641 135	151 723 609	40.9%	121 610 898	23.42%

REPORT OF THE CHIEF FINANCIAL OFFICER (Continued)

2. CAPITAL EXPENDITURE AND FINANCING

A small portion of fixed assets were bought which included furniture and computer equipment and were all financed through income.

The Lichtenburg Bulk Services project is also capitalized and is financed through an external loan from DBSA.

The total Capital Expenditure was as follows:

	ACTUAL 2005/2006	BUDGET 2005/2006	ACTUAL 2004/2005	BUDGET 2004/2005
Building	-	-	-	-
Other fixed Assets	3 385 907	14 275 763	4 837 311	11 576 723
Agency Services	-	-	-	-
	3 385 907	14 275 763	4 837 311	11 576 723

REPORT OF THE CHIEF FINANCIAL OFFICER. (Continued)

Sources of funding assets:

	2005/2006 ACTUAL	2005 / 2006 BUDGET	2004/2005 ACTUAL
<u>CONTRIBUTION FROM:</u>			
Operating Account	3 385 907	14 275 763	4 837 311
Grants and subsides	-	-	-
Internal Loan	-	-	-
External Loan	-	-	-
	3 385 907	14 275 763	4 837 311

3. EXTERNAL LOANS

The loan taken from the Development Bank of South Africa is still not fully redeemed. There were no loans raised during the year and an amount of R 3 164 509 was redeemed on external loans. The balance at year-end was R 7 659 537 (2005: R10 824 046)

4. INVESTMENTS

On 30 June 2006 investments amounted to R39 861 478 (R19 629 849) in 2004/2005.

5. DEBTORS

A substantial growth in the debtors' book (R21 929 526) as compared to R 18 710 283 in the previous financial year which amounts to a total increase of R 3 219 243 was due to the inclusion of suspense accounts amounts with debit balances.

6. CASH FLOW

For the year under review, liquidity was strongly positive. The Central District Municipality has no overdraft facility and the balance recorded in the financial statements was a timing difference between the cashbook balance and the bank balance. Refer to Note 22.

7. FUNDS AND RESERVES

More detail regarding funds and reserves is explained in note 14 to the Financial Statements.

8. PROVISIONS

Provisions of R 2 571 376 were provided for in the 2005/2006 financial year from the operating account. See Note 9 for more details.

EXPRESSION OF APPRICATION

A special word of appreciation for The Executive Mayor, Council Members, the Municipal Manager, other staff members for their support, as well as the representatives of the Office of the Auditor General for their assistance. Our appreciation also goes to the Audit Committee and to the Internal Audit Section for their support.

E.T. Mokgope
Chief Financial Officer
Central District Municipality
31st August 2006

CENTRAL DISTRICT MUNICIPALITY

FINANANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

ACCOUNTING POLICIES

1. Basis of presentation

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second edition – January 1996).
- 1.2 The financial statements 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 the Levy and General services and the different funds and reserves. All inter departmental charges are set-off against each other.

CENTRAL DISTRICT MUNICIPALITY

FINANANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

ACCOUNTING POLICIES (Continued)

3. Fixed Assets

3.1 Fixed Assets are stated:

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

3.2 Depreciation:

The balance shown against the heading “Loans Redeemed and Other Capital Receipts” in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this “Provision” assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:

- Appropriations from income, where the full cost of the 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 Fixed Property Sales Fund. Net proceeds from the sale of all assets are credited either to the Special Capital Fund or 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.

CENTRAL DISTRICT MUNICIPALITY

FINANANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

ACCOUNTING POLICIES (Continued)

4. Inventory

Inventory is valued at the lower of cost, determined on the latest cost basis, and net realisable value.

5 Funds and Reserves

5.1 *Capital Development Fund*

In terms of the Financial Regulations applicable to the District Council per Act 109 of 1985, and detailed in paragraph 5, it was promulgated that Council will establish a Capital Development Fund. Paragraph 5 (2) sets out the methods to contribute towards the fund. The net operating surpluses after prior year adjustments are transferred to the Capital Development Fund.

5.2 *Other Funds and Reserves*

5.2.1 **Mmabatho Guest House**

Transfers from the Department of Local Government, Housing, Planning and Development to maintain the Mmabatho Guest House.

5.2.2 **Masakhane Trust Fund**

A grant was received from the Department of Local Government, Housing, Planning and Development for nation building. The grant was meant for spending on the improvement of payment of levies and services.

5.2.3 **Pachsdraai: Trust Funds**

These funds were received from the Provincial Government for capital projects on Storm water, water network and the building of a hall in the Pachsdraai area.

6. Retirement Benefits

Central District Municipality and its employees contribute to the R.S.A. Municipal Pension Fund and its councilors contribute to the South African Municipal Councilors Pension Fund which provides retirement benefits to such employees and councilors.

The retirement benefit plan is subject to the Pensions Funds Act, 1956, with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs. Unfavorable experience adjustments and the cost of securing increased benefits are written off over the lesser of the remaining period of service of employees or five years. Favorable experience adjustments are retained in the retirement benefit plan. Full actuarial valuations are performed at least every three years

7. Surpluses and Deficits

The net operating surpluses after prior year adjustments are disclosed as retained income on the face of the balance sheet.

8. Income

Income comprises raised RSC levies from registered levy payers based on the returns submitted. A consumer debtor on outstanding returns is raised at year-end based on the average levy paid during the year. Levy income does not include Value-added Tax. Grants and subsidies are recorded as and when it is received.

9. Investments

Investments comprise surplus funds that are invested at approved financial institutions at a market related interest rates. These investments may include earmarked funds and operational surpluses.

10. Leased assets

Leased assets are recorded at cost and capitalized as a fixed asset. The leased assets are written off over a period not exceeding its useful operational lifespan.

11. Trust funds

Trust funds represent earmarked funds and include income and expenditure per fund as and when they occur. Trust funds must at all times be backed up by cash on hand and investments. Interest is annually calculated on a proportional basis.

CENTRAL DISTRICT MUNICIPALITY

BALANCE SHEET AT 30 JUNE 2006

	Note	2005/2006 R	2004/2005 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		2 580 472	2 393 759
Statutory Funds	1	2 580 472	2 393 759
RETAINED SURPLUS	14	32 451 338	29 630 770
		35 031 810	32 024 529
TRUST FUNDS	2	23 186 891	18 194 178
LONG-TERM LIABILITIES	3	8 272 873	8 346 833
		66 491 575	58 565 540
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	4	7 965 855	10 824 046
INVESTMENTS	5	584 078	555 872
LONG-TERM DEBTORS	6	419 360	8 707
		8 969 293	11 388 625
NET CURRENT ASSETS/(LIABILITIES)		83 881 144	47 176 917
CURRENT ASSETS			
		53 699 834	57 394 760
Inventory	7	0	149 231
Debtors	8	14 422 234	18 710 283
Cash and bank	22	200	18 502 023
Short-Term Portion of Investments	5	39 277 401	19 073 977
Short-Term Portion of Long Term Debtors	6	0	959 246
CURRENT LIABILITIES			
		-30 181 309	10 217 843
Provisions	9	7 811 226	3 824 394
Bank overdraft		-41 908 771	
Creditors	10	3 916 236	3 916 236
Short-Term Portion of Long-Term Liabilities	3	0	2 477 213
		92 850 437	58 565 541

CENTRAL DISTRICT MUNICIPALITY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2004/2005 Actual Income R	2004/2005 Actual Expenditure R	2004/2005 (Deficit)/ Surplus R	2004/2005 Actual Income R	2004/2005 Actual Expenditure R	2004/2005 (Deficit)/ Surplus R	2004/2005 Budget (Deficit)/ Surplus R
LEVY AND GENERAL SERVICES						
96 469 778	77 118 841	19 350 937	122 092 838	119 272 269	2 820 569	(1 250 000)
<u>96 469 778</u>	<u>77 118 841</u>	19 350 937	<u>122 092 838</u>	<u>119 272 269</u>	<u>2 820 569</u>	<u>(1 250 000)</u>
		TOTAL				
					<u>(891 524)</u>	<u>(891 524)</u>
					18 459 413	1 929 044
					11 171 357	29 630 770
					<u>29 630 770</u>	<u>31 559 814</u>
					ACCUMULATED SUPPLUS/(DEFICIT)	
					AT THE END OF THE YEAR	

CENTRAL DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2005/2006 R	2004/2005 R
CASH RETAINED FROM OPERATING ACTIVITIES:			
Cash generated by operations	15	16 572 466	#REF!
Investment income		-	#REF!
(Increase)/decrease in working capital	16	#REF!	#REF!
		#REF!	#REF!
LESS: External interest paid		-	#REF!
Cash available from operations		#REF!	#REF!
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in Fixed Assets		(4 837 311)	(4 837 311)
NET CASH FLOW		#REF!	#REF!
CASH EFFECTS OF FINANCING ACTIVITIES:			
Increase/(deficit) in Long-term Loans	17	#REF!	#REF!
(Increase)/decrease in cash investments	18	#REF!	#REF!
(Increase)/decrease in cash	19	#REF!	#REF!
NET CASH (GENERATED)/UTILISED		#REF!	#REF!

CENTRAL DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2005/2006	2004/2005
1. STATUTORY FUNDS		
Capital Development Fund (Refer to appendix A for more detail)	<u>2 580 472</u> <u>2 580 472</u>	<u>2 393 759</u> <u>2 393 759</u>
2. TRUST FUNDS		
Seta	28 469	26 409
Rural Development Fund	4 114 224	3 816 534
Masakhane	153 782	142 655
Pachdraai Projects	47 938	44 469
CMIP	-	5 098 267
DWAF	-	10 026 991
DPLG	-	-3 615 646
Provincial Local Government and Housing	-	42 538
IDP	-	-50 950
BLDG	-	-16 441
LEG	-	40 134
Popo Molefe Hall	2 256 318	2 256 318
IMMIS Trust Fund	252 439	382 900
DBSA Capacity Building	-414 141	-
Health Paypoints	-	-
Public Works Internal Roads	-	-
Welbedacht Bulk Water Supply	-	-
DBSA Bucket Eradication Programme	-	-
Drought Relief	16 747 863	-
(Refer to appendix A for more detail)	<u>23 186 891</u>	<u>18 194 178</u>
3. LONG TERM LIABILITIES		
Government loan - Lichtenburg Bulk Services	5 743 328	8 030 623
Annuity Loans	<u>2 529 545</u>	<u>2 793 423</u>
	<u>8 272 873</u>	<u>10 824 046</u>
Less: Portion Transferred to current Laibility: <i>Lichtenburg Bulk Services</i> <i>Annuity Loans</i>		2 477 213
	<u>8 272 873</u>	<u>8 346 833</u>
Government loan - Lichtenburg Bulk Services		
Carry interest at rates varying between 14% and 16.5% per annum and are repayable over the periods of between three and five years and will be fully redeemed in 2009.		
Annuity Loans		
Carry interest at a rate of 10% per annum and are repayable over the periods of between nine and eleven years, and will be fully redeemed in 2015.		
None of these loans are secured by any assets of the Central District Municipality. (Refer to appendix B for more detail on long term liabilities)		
4. FIXED ASSETS		
Fixed assets at beginning of year	51 147 521	46 310 210
Capital outlay during year	3 385 907	4 837 311
Less: Assets written off during year	-	-
TOTAL FIXED ASSETS	<u>54 533 428</u>	<u>51 147 521</u>
Less: Loans redeemed and other capital receipts	(46 567 573)	(40 323 475)
NET FIXED ASSETS	<u>7 965 855</u>	<u>10 824 046</u>

(Refer to appendix C and section 2 of the

Treasurer's report for more details on assets)

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2005/2006	2004/2005
5. INVESTMENTS		
Unlisted		
Long-term deposit	584 078	555 872
Absa Aims	584 078	555 872
Short-term deposit	39 277 401	19 073 977
New Republic Bank	5 889 832	5 555 551
ABSA AIMS	1 039 046	1 039 046
P.S.G.	146 068	137 582
Nedbank	11 452 304	10 864 964
FNB	20 750 151	1 476 834
TOTAL INVESTMENTS	<u>39 861 479</u>	<u>19 629 849</u>
Management's valuation of unlisted investments:		
Unlisted investments	<u>39 861 479</u>	<u>19 629 849</u>
No investments have been written off during the year.		
No investments have been pledged as security for any funding facilities of the Council.		
Average rate of return on investments (Gross)		<u>5.3%</u>
6. LONG TERM DEBTORS		
Vehicle Loans	419 360	967 953
Less: Short-term portion of long-term debtors transferred to current assets		(959 246)
	<u>419 360</u>	<u>8 707</u>
7. INVENTORY		
Inventory represents consumable stores and finished goods. Where necessary provision is made for obsolete inventory.		
	0	149 231
	<u>0</u>	<u>149 231</u>
8. DEBTORS		
Current Debtors (consumer and other)	14 407 169	18 689 566
Study Loans	15 064	20 717
	<u>14 422 234</u>	<u>18 710 283</u>
Less: Provision for Bad Debts	-	-
	<u>14 422 234</u>	<u>18 710 283</u>

No bad debts has been written off during the year (2005: R0).
Days outstanding in debtors amount to 142 days (2005: 142 days)

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2005/2006	2004/2005
9. PROVISIONS		
Development Tlc & TRC	845 347	784 181
Accrued Leave	5 349 689	2 531 467
Reparation Fund	179 321	166 346
Audit Fees	1 436 869	342 400
(Refer to appendix A for more detail)	<u>7 811 226</u>	<u>3 824 394</u>
10. CREDITORS		
Trade Creditors	<u>3 916 236</u>	<u>3 916 236</u>
	<u>3 916 236</u>	<u>3 916 236</u>
11. COUNCILLORS AND MANAGEMENT REMUNERATION		
<i>Councillors</i>		
Executive Mayor's allowance		220 576
Mayoral committee		1 414 944
Other councillors		1 118 500
Pension contributions		278 715
Travelling allowances		659 416
		<u>3 692 151</u>
<i>Management</i>		
<i>Official</i>		
Municipal Manager	628,939	79,538
Chief Financial Officer	517,737	65,475
Senior Managers (4)	2,030,385	235,620
		<u>2 266 005</u>
		<u>3 557 694</u>
12. AUDITORS' REMUNERATION		
Audit Fees	<u>1 073 598</u>	<u>1 413 895</u>
13. FINANCE TRANSACTIONS		
Total External Interest Earned or Paid:		
Interest Earned	0	0
Interest Paid	<u>0</u>	<u>0</u>
Capital Charges Debited to Operating Account:		
Interest: External	0	0
Redemption: External	-	-
	<u>0</u>	<u>0</u>
14. APPROPRIATIONS		
APPROPRIATION ACCOUNT:		
Accumulated Surplus at beginning of year	29 630 770	11 171 357
Operating surplus / (deficit) for the year	2 820 569	19 350 937
Appropriations for the year:	-	(891 524)
Accumulated surplus/(deficit) at end of year	<u>32 451 338</u>	<u>29 630 770</u>

Operating Account:		
Capital Expenditure	3 385 907	4 837 311
Contributions to:		
Provisions and Reserves		3 824 394
Trust funds		-
		<u>8 661 705</u>

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NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2005/2006	2004/2005
15. CASH GENERATED BY OPERATIONS		
Operating (deficit)/surplus for the year	119 272 269	19 350 937
Adjustments in respect of previous years' operating transactions		(891 524)
Appropriations for the year		2 019 089
Contributions to provisions and Reserves		2 818 222
Contribution to Capital Expenditure		4 837 311
Capital Charges:		-
Interest Paid:		-
- on external funds		-
Redemption:		-
- of external loans		-
Investment income(operating account)		-
Non-operating income:		86 668 324
Non-operating expenditure:		(90 639 428)
Expenditure charged against Provisions and Reserves		65 069
Expenditure Funds		<u>16 572 466</u>
16. (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/Decrease in Stock		#REF!
(Increase)/Decrease in Debtors		#REF!
Increase/(Decrease) in creditors		#REF!
		<u>#REF!</u>
17. INCREASE/(DECREASE) IN LONG-TERM LOANS (EXT)		
Loans repaid		#REF!
		<u>#REF!</u>
18. (INCREASE)/DECREASE IN EXTERNAL INVESTMENTS		
Investments made		#REF!
		<u>#REF!</u>
19. (INCREASE)/DECREASE CASH ON HAND		
Cash balance at the beginning of the year		#REF!
Less: Cash balance at the end of the year		18 502 023
		<u>#REF!</u>

20. RETIREMENT BENEFITS

The Central District Municipality's employees contribute to the Transvaal Municipality Pension Fund which provides retirement benefits to such employees. The retirement benefit plan is subject to the Pension Fund Act, 1956. Employees contribute a percentage of their basic salary and the council contribute the rest.

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NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2005/2006	2004/2005	
21. CONSOLIDATED LOANS FUND (ANNEXURE "B")			
External Loans		<u>-</u>	
Less: External Investments	39 861 479	19 629 849	
(Refer to appendix B for more detail)	<u>(39 861 479)</u>	<u>(19 629 849)</u>	
Interest paid on external loans	<u>-</u>	<u>-</u>	
Less: Interest earned on external investments	<u>-</u>	<u>-</u>	
Loans carry interest at an average rate of 13.5% per annum.			
22. BANK ACCOUNT			
First National Bank Current Account - 529 100 867 95			
Opening balance	30 043 979.18	<u>14 309 000.35</u>	
Closing balance	<u>25 686 220.70</u>	<u>30 043 979.18</u>	
23. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS			
Guarantees by the Council in respect of Vehicle loans.	<u>419 360</u>	<u>967 953</u>	42460.65 15259.58 1268.06
Litigation against the council is in progress. If successful the amounts involved will be covered by insurance.			62909.1 58919.19
24. CAPITAL COMMITMENTS			
Commitments in respect of capital expenditure:			2011.27 89748.62 3288.64
- Approved and contracted for			76488.22
- Approved but not yet contracted for			<u>352353.33</u>
This expenditure will be financed from external sources.			

CENTRAL DISTRICT MUNICIPALITY**ANNEXURE A****STATUTORY FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS AS AT 30 JUNE 2006**

	Balance at 30/06/2005 R	Contributions During the year R	Interest on Investments R	Other Income R	Expenditure During the year R	Balance at 30/06/2006 R
STATUTORY FUNDS						
Capital Development Fund	2 393 759	-	186 713	-	-	2 580 472
	2 393 759	-	186 713	-	-	2 580 472
TRUST FUNDS						
Seta	26 409	-	2 060	-	-	28 469
Rural Development Fund	3 816 534	-	297 690	-	-	4 114 224
Masakhane	142 655	-	11 127	-	-	153 782
Pachdraai Projects	44 469	-	3 469	-	-	47 938
MIG	5 098 267	-	-	83 818 044	89 000 358	-84 046
DWAF	10 026 991	-	-	775 080	-	10 802 071
DPLG	-3 615 646	-	-	-	-	(3 615 646)
Provincial Local Government and Housing	42 538	-	-	1 500 000	-	1 542 538
IDP	-50 950	-	-	-	-	(50 950)
BLDG	-16 441	-	-	-	-	(16 441)
LED	40 134	-	-	-	-	40 134
Popo Molefe Hall	2 256 318	-	-	-	-	2 256 318
IMMIS Trust Fund	382 900	-	-	-	130 460.70	252 439
DBSA Capacity Building	-	-	-	-	414 141.23	-414 141
Health Paypoints	-	-	-	-	-	0
Public Works Internal Roads	-	3 000 000.00	-	-	3 000 000	0
Welbedacht Bulk Water Supply	-	-	-	-	-	0
DBSA Bucket Eradication Programme	-	-	-	-	-	0
Drought Relief	-	-	-	16 747 863	-	16 747 863
	18 194 178	-	314 345	86 093 124	89 544 959	32 102 240
PROVISIONS						
Development Tlc & TRC	784 181	-	61 166	-	-	845 347
Accrued Leave Administration	2 531 467	2 818 222	-	-	-	5 349 689
Reparation Fund	166 346	-	12 975	-	-	179 321
Audit Fees	342 400	-	-	-	1 094 469	1 436 869
	3 824 394	2 818 222	74 141	-	1 094 469	7 811 226

CENTRAL DISTRICT MUNICIPALITY**ANNEXURE B****EXTERNAL LOANS AND INTERNAL ADVANCES**

EXTERNAL LOANS			Balance at 30/06/2005	Received During the year	Redeemed or Written off During the year	Balance at 30/06/2006
			R	R	R	R
<i>LOCAL REGISTERED STOCK Is Redeemable</i>	Loan Nr.	Redeemable				
Government loans - LTX bulk						
10648 @ 14%	1	2009	2 386 362		412 349	1 974 013
10649 @ 14%	2	2007	1 213 574		565 859	647 715
10649 @ 16.5%	3	2008	1 185 776		274 614	911 162
10650 @ 14%	4	2007	1 614 319		752 717	861 602
10758 @ 14%	5	2009	1 630 592		281 756	1 348 836
Annuity Loans						
9742 @ 10%	6	2014	458 413		43 772	414 641
9747 @ 10%	7	2014	2 076 102		198 235	1 877 867
9994 @ 10%	8	2015	258 908		21 871	237 037
			10 824 046		2 551 173	8 272 873



8 030 623
5 743 328

2 793 423
2 529 545

CENTRAL DISTRICT MUNICIPALITY**ANNEXURE C****ANALYSIS OF FIXED ASSETS**

Expenditure 2005 R	SERVICE	Budget 2006 R	Balance at 30/06/2005 R	Expenditure 2006 R	Written off, transferred or redeemed R	Balance at 30/06/2006 R
LEVY AND GENERAL SERVICES						
4 837 311	Community Services	4576000	30 572 592	3 385 907	-	33 958 499
-	Lichtenburg Bulk Services	-	20 574 929	-	-	20 574 929
<u>4 837 311</u>	TOTAL FIXED ASSETS	<u>4 576 000</u>	<u>51 147 521</u>	<u>3 385 907</u>	<u>-</u>	<u>54 533 428</u>
LESS: CAPITAL REDEEMED AND OTHER						
6 685 159	CAPITAL RECEIPTS		40 323 475	5 868 004	-376 094.00	46 567 573
3 049 073	Loans redeemed and advances repaid		10 630 107	2 482 097	-69 076	13 181 281
3 636 086	Contributions ex operating income		24 671 412	3 385 907	-307 018	28 364 337
-	Provisions and reserves		1 113 455	-	-	1 113 455
-	Grants and subsidies		3 908 501	-	-	3 908 501
<u>(1 847 848)</u>	NET FIXED ASSETS		<u>10 824 046</u>	<u>(2 482 097)</u>	<u>376 094</u>	<u>7 965 855</u>

CENTRAL DISTRICT MUNICIPALITY**ANNEXURE D****ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2005**

Actual 2004/2005 R		Actual 2005/2006 R	Budget 2005/2006 R
INCOME			
53 802 996	Grants and Subsidies	73 991 000	73 768 470
<u>48 919 397</u>	-National Government	<u>71 991 000</u>	<u>71 991 000</u>
<u>4 883 599</u>	-Other Income	<u>2 000 000</u>	<u>1 777 470</u>
42 666 782	Operating Income	48 101 838	49 092 428
<u>35 214 021</u>	-Levies	<u>33 437 498</u>	<u>35 982 626</u>
<u>7 452 761</u>	-Other Income	<u>14 664 340</u>	<u>13 109 802</u>
<u>96 469 778</u>	Total Income	<u>122 092 838</u>	<u>122 860 898</u>
EXPENDITURE			
40 891 212	Salaries, Wages and Allowances	43 079 504	49 713 462
11 117 310	General Expenses	20 697 718	17 365 592
3 764 482	Repairs and Maintenance	4 648 515	4 457 957
3 826 771	Capital Charges	3 827 671	4 747 500
4 837 311	Contributions Capital Outlay	3 385 907	14 275 763
10 789 573	Allocations to TLC's, TRC's	41 152 368	27 789 690
1 892 182	Vehicle Expenses	2 480 586	3 260 934
<u>77 118 841</u>	Total Expenditure	<u>119 272 269</u>	<u>121 610 898</u>
<u>19 350 937</u>	NETT EXPENDITURE	<u>2 820 569</u>	<u>1 250 000</u>

CENTRAL DISTRICT MUNICIPALITY**ANNEXURE E****DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005**

2004/2005 Actual Income	2004/2005 Actual Expenditure	2004/2005 (Deficit)/ Surplus		2005/2006 Actual Income	2005/2006 Actual Expenditure	2005/2006 (Deficit)/ Surplus	2005/2006 Budget (Deficit)/ Surplus
			LEVY AND GENERAL SERVICES				
-	10 789 573	(10 789 573)	ADMINISTRATION (Section 12(6)b)	-	41 152 368	(41 152 368)	1 250 000
96 469 778	66 329 268	30 140 510	REGIONAL FUNCTIONS (Section 12(6)c)	122 092 838	78 119 901	43 972 937	-
<u>96 469 778</u>	<u>77 118 841</u>	<u>19 350 937</u>	TOTAL	<u>122 092 838</u>	<u>119 272 269</u>	<u>2 820 569</u>	<u>1 250 000</u>
		(891 524)	Appropriations for this year (refer to note 18)			(891 524)	
		18 459 413	Net surplus(deficit) for the year			1 929 044	
		11 171 357	Accumulated surplus/deficit beginning of the year			29 630 770	
		<u>29 630 770</u>	Accumulated surplus/(deficit) end of the year			<u>31 559 814</u>	