

CHAPTER 3

3. KOU-KAMMA MUNICIPALITY HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

3.1 Organisational Structure

The Kou-Kamma Municipality is based in Kareedouw. It is composed of four departments,

- Corporate Support Services
- Finance
- Community Services
- Infrastructure and Technical Department.

3.2 Key Performance Areas

Kou-Kamma Municipality has established key performance areas for each department. These key performance areas are outlined below:

THE MUNICIPAL MANAGER is to provide Municipal Services as determined by Council to comply with the expressed needs of the community as determined in the I.D.P. to better the quality of life for the community's in Kou-Kamma.

THE DEPARTMENT OF CORPORATE SERVICES is to provide corporate services to the Council and Departments, including Human Resources; Training; Secretariat; Legal; Labour Relations and Administration.

THE DEPARTMENT OF FINANCE is to provide financial services to the Council and Departments, including Budget; Expenditure; Income; Financial Statements; Credit control; Assets register; Stores and Information Technology.

THE DEPARTMENT OF COMMUNITY SERVICES is to provide community services to the Council and Departments, including Libraries; Housing; Community Halls; Parks; Sport fields; Cemeteries; Health; Drivers license; Vehicle testing; Law enforcement; Natis; Disaster management; and Fire.

THE INFRASTRUCTURE AND TECHNICAL DEPARTMENT is to provide infrastructure and technical services to the Council and Departments, including Water; Sewerage; Electricity; Solid waste; Roads & storm water; Town planning/Land use (function seconded to Corporate Support Services); and Building plans.

3.3 KPA Sections

The aforementioned departments are further divided into sections based on their key performance areas. The **DEPARTMENT OF CORPORATE SERVICES** has the following sections:

- Legal
- Human resources
- Administration
- Town Planning (seconded from Technical Department)

The **DEPARTMENT OF FINANCE** is divided into the following sections:

- Information Technology
- Expenditure
- Income
- Supply Chain Management

The **DEPARTMENT OF COMMUNITY SERVICES** includes inter alia:

- Libraries,
- Housing,
- Traffic,
- Disaster Management
- Parks and Cemeteries
- Environmental Services
- Community Halls
- Sportsfields

The **TECHNICAL DEPARTMENT** has the following sections:

- Water (in Tsitsikamma, Kareedouw, Langkloof)
- Sewerage (in Tsitsikamma, Kareedouw, Langkloof)
- Cleansing (in Tsitsikamma, Langkloof)
- Roads & Stormwater
- Electricity
- Building Control

The table below shows each department with its divisions as well as the number of posts created against each section.

Breakdown of Posts per Department and Section

DEPARTMENT	NO. OF POSTS PER SECTION	TOTAL
Corporate Services	Corporate Services Manager = 1 Sections: Human Resources = 4 Section: Administration = 18	23
Finance	Chief Finance Officer = 1 Principle Finance Officer = 1 Section: Information Technology = 3 Section: Expenditure = 8 Section: Income = 39	52
Community Services	Community Manager = 1 Typist/ Admin Clerk = 1 Community facilitators = 1 Section: Libraries = 2 Section: Housing = 2 Section: Traffic = 3 Section: Natis = 2 Section: Roadworthy = 2 Section: Drivers Licenses = 1 Section: Fire = 3	18

Technical Department	Technical Manager = 1 <i>Tsitsikamma:</i> Supervisor=1 Section: Water=10 Section: Sewerage=10 Section: Cleaning=17 <i>Kareedouw:</i> General Superintendent – Kareedouw=1 Works Superintendent=1 Supervisor=1 Section: Water=6 Section: Sewerage=4 Section: Roads & Storm water=32 Section: Cleaning=13 Section: Electricity=3 Section: Building=3 Section: Town planning=2 <i>Langkloof:</i> General Superintendent – Langkloof=1 Works Superintendent=1 Supervisors=1 Section: Water=8 Section: Sewerage=8 Section: Cleaning=13	137
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3.4 Kou-Kamma Municipality Employment Initiatives

3.4.1 Population of Organograms

In 2002 the Kou-Kamma Municipality required each department manager to develop an appropriate, effective and efficient organogram. The Council appointed a person to develop job descriptions for all posts on the organogram. The programme was completed during the previous financial year and job evaluations by the Provincial Job Evaluation Committee was completed during this financial year.

Kou-Kamma Municipality Staffing

DIVISION	SECTION	POSITION	STATUS
Corporate Services	General	Corporate Support Manager	Filled
	Human Resources	Human Resources Officer	Filled
		Personnel Clerk	Filled
		Training & Development Officer	Vacant
	Administration	Senior Admin Officer	Filled
		Archives/ Registration Officer	Vacant
		Committee Clerk	1 Filled/1 Vacant
		Distance Manager	Vacant
		Archives/ Registration Clerk	Filled
		Admin Clerk	Vacant
		Secretaries	4 Filled
		Typist Clerk	Vacant
		Receptionist	1 Filled/1 Vacant
Mobile Messenger		Vacant	
Cleaners	Filled		
Finance	General	Chief Finance Officer	Filled
		Principle Finance Officer	Filled
	Information Technology	Senior Finance Officer-IT	Filled
		Data typist	1 Filled/ 1 Vacant
	Expenditure	Senior Finance Officer	Filled
		Senior Finance Clerk	Filled
		Payroll Clerk	Vacant
		Store Officer	Filled
		Creditors Clerk	Filled
		Assistant Store Officer	3 Vacant
	Income	Senior Finance Officer	Filled
		Senior Finance Clerk: Debtors	Filled
Debtors Clerk		1 Filled/ 4 Vacant)	
Senior Finance Clerk: Valuations		Filled	
Cashiers		10 Filled/ 3 Vacant	
Supervisor: Metre Readers		Vacant	
Metre Readers		2 Vacant	

Community Services	General	Community Manager Typist/ Admin Clerk Community Facilitators	Filled Vacant Filled
	Libraries	Chief Librarian Librarian Assistants	Vacant Filled
	Housing	Housing Officer Housing Clerk	Filled Filled
	Traffic	Senior Traffic Officer Traffic Officers Traffic Volunteers	Filled Filled Vacant
	Natis	Natis Clerk Assistant Natis Clerk	Filled Filled
	Roadworthy	Roadworthy Officer	1 Filled/1 vacant
	Drivers Licenses	Drivers Licenses Officer	Filled
	Fire	Fireman Assistant Fireman Voluntary Fire Protection Teams	Filled Vacant Vacant
Technical/ Infrastructure	General	Technical Manager General Superintendent- Kareedouw General Superintendent- Joubertina Supervisors-Tsitsikamma, Kareedouw, Joubertina	Filled Vacant Vacant Filled
	Water	Operators Labourers Driver Tanker Tanker Assistant	Filled Filled Filled Filled
	Sewerage	Operators Labourers	Filled Filled
	Cleansing	Driver Collectors Operators Labourers Disposal Recycling Public Private Partnership	Filled Filled Filled Filled Filled Filled Filled

	Roads & storm water	Driver Collectors Operators Labourers Disposal Recycling Public Private Partnership	Filled Filled Filled Filled Filled Filled Vacant
	Electricity	Artisan Assistant	Vacant Vacant
	Building	Building Inspector Assistant	Filled Vacant
	Town planning	Town Planner Typist/ Clerk	Vacant Vacant

3.4.2 Organizational Capacity Building

Kou-Kamma Municipality makes an effort to ensure that it has sufficient skills to deal with its responsibilities. Consequently, training has become an integral part of on-going line functions of departments. The Skills Development Plan was adopted by Council, updated annually submitted to LGWSETA.

Training of staff in critical areas is a challenge for the Kou-Kamma Municipality, due to amongst others, financial constraints.

3.4.3 Career Development

Three senior officials are registered for higher education through Department of Housing and Local Government Assistance Programme. Employees who are currently busy developing their careers include:

Career Development

NAME	COURSE	INSTITUTION
Mr. Makamba	Masters: Public Management	Fort Hare University
Mrs. E. Felix	Public Management Diploma	PE Technikon
Mr. N. Ndokweni	Masters: Public Management	Fort Hare University

CHAPTER 4

4.1 AUDITOR GENERAL'S PERFORMANCE SUPPORT REPORT AND FINANCIAL STATEMENTS

Kou-Kamma Municipality has prepared financial statements in line with section 122 of the Municipal Finance Management Act (Act No.56.2003). According to the MFMA the financial statements should:

Fairly represent the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year

Disclose the information required in terms of sections 123, 124 and 25.

Financial statements for 2005/06 were drafted and adopted by Council. These were forwarded to the Auditor General. Audits since the 2002/03 financial year have at close of financial year for 2005/06 not been conducted by the office of the Auditor General.

4.2 OVERSIGHT REPORT

The Annual Report was tabled at the Kou-Kamma Municipality Council Meeting held on 19 April 2007.

It was noted by Council that the Annual Financial Statements for the 2005/2006 financial year have not yet been audited by the Auditor-General's Office.

The Council unanimously approved the Annual Report 2005/2006.

**KOUKAMMA
MUNICIPALITY**

**FINANCIAL STATEMENTS
30 Jun 06**

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**MAYOR'S FORWARD TO THE FINANCIAL STATEMENTS FOR THE 2005/2006
FINANCIAL YEAR OF KOU-KAMMA MUNICIPALITY:**

Kou-Kamma, under the current year of review demonstrates its ability to beat the odds. The year under review concludes with our last month in office as serving councillors. The current year was plagued with many difficulties but we managed to overcome it. We realized very early during our team that we will have to serve the mandate because so many people's lives are affected if we don't do it.

Kou-Kamma with its true nature as a poor municipality are always challenged by a drive to perform above and beyond our own abilities. That is why we continuously explore avenues and opportunities to improve, to be more effective and perform in accordance with our functions. The dominant indigent nature of the constituency we serve and the lack of a vibrant industry are the most critical constraints. Despite all these negative trends we managed to comply and meet all the requirements. Our main successful milestones include:

- Successful orientation and restructuring of finance department
- Establishment of supply chain implementation committee
- Introduction and appointment of interns in our finance department
- We managed to generate and control finances in an efficient, effective and economical manner
- We commenced with the initial process around the roll of the land valuations

We pledge ourselves that we will continuously strive towards addressing our challenges and constraints. We are confident to say that whatever is going to happen we are ready for the future and will remain focused. We have used this year and previous years to build our foundation and established strong pillars of institutional excellence, accountable and efficient administration.

Finally I wish to thank my fellow councillors, management and especially the departments for their continuous assistance and strategic directive. I also want to recognize the political leadership for their guidance and the community at large for their patience during the trying time.

“OUR FUTURE LOOKS BRIGHT OUTSIDE”

Regards

CLR NOËL J. O'CONNEL

GENERAL INFORMATION
MEMBERS OF THE COUNCIL

O'Connel N.J.
Yake F.J.
Jacobs D.M.
Kettledas J.
Strydom F.
Reeders C.
Jacobs S.
Mntambo N.E.
Ncethezo S.D.
Wogane M.W.

MAYOR

O'Connel N.J.

GRADING OF LOCAL AUTHORITY

Grade (No grading system)

AUDITORS

Auditor General

BANKERS

ABSA

REGISTERED OFFICE

Private Bag X011
Kareedouw, 6400

MUNICIPAL MANAGER

Ndokweni M.

CHIEF FINANCIAL OFFICER

Sass B.

APPROVAL OF FINANCIAL STATEMENTS

THE ANNUAL FINANCIAL STATEMENTS AS SET OUT WERE APPROVED BY THE MUNICIPAL MANAGER

ON _____ AND PRESENTED TO AND APPROVED BY COUNCIL ON _____

MUNICIPAL MANAGER
B.Juris

CHIEF FINANCIAL OFFICER
B.Comm

TREASURER'S REPORT

2005/2006

Financial Consultants were made available with the assistance of the Management Support Programme and undertook the updating of the financial records and registers of the Council as well as compiling the 2005/2006 Financial Statements. The Financial Statements have been prepared from the information, records and documentation made available to the consultants and from information obtained by the consultants from third parties.

The financial statements for this financial year could not be completed within the timeframes stipulated by legislation and could therefore not be of great assistance to Council. The main reasons for the delay are the implementation of a new financial system and the fact that the people are not fully ofey with the system. The following comments are necessary:

Operating Results

Details of the operating results are included in appendices A to E. The overall operating results for the year ended 30 June 2006 are as follows:

Service	Income 2005	Expenditure 2005	Surplus (Deficit)	Income 2006	Expenditure 2006	Surplus (Deficit)
Community Services	16 253 938	14 797 085	1 456 853	13 597 588	16 350 484	(2 752 896)
Subsidised Services	140 261	291 525	(151 264)	90 229	288 472	(198 242)
Economic Services	4 173 729	2 854 642	1 319 087	6 025 418	4 474 396	1 551 022
Housing Services	5 014	421 433	(416 419)	0	233 309	(233 309)
Trading Services	3 929 674	3 857 705	71 969	5 957 662	4 156 115	1 801 547
TOTAL	24 502 616	22 222 390	2 280 226	25 670 897	25 502 775	168 122

1.1 Rates and General Services

The rates and general account shows a deficit of R1 400 116 for this year whilst it showed a surplus of R2 624 676 in 2004/2005. This is mainly due to the fact that the equitable share was allocated to various services.

No contribution was made to the Revolving Fund due to the financial position of Council.

1.2 Housing

The housing activities resulted in a deficit of R233 309 due to the administration of the housing development.

Trading Services

The electricity account shows a deficit of R241 129 against a deficit of R241 129 the previous year. The water account shows a surplus of R2 042 677. Attention should be given to the electricity account whilst the improvement in water account is due to additional water meters that are being read. It is also possible that corrections need to be done to the accruals of the water account during this period and will be rectified during the next financial year once the investigation has been completed.

Accruals for Services

Although accruals for all services have been done, more attention will be given to the monthly accruals and the reconciliation thereof. Water and electricity meters have been read and accounts have been prepared. Accounts have been delivered to the consumers during the year.

CAPITAL EXPENDITURE AND FUNDING

The expenditure on fixed assets incurred during the year amounted to R2 032 455. The expenditure capitalised during this period consists of the following:

COMMUNITY and SUBSIDISED SERVICES	
Properties and sundries	170 616
TRADING SERVICES	
Electricity	1 859 747
Water	2 092

The expenditure was funded mainly from Grants and Subsidies.
Assets to the value of R95 923 were sold on an auction.

CASH AND INVESTMENTS

The municipality had a net cash balance of R267 708 compared to the previous year of R1 258 905. The institution had investments amounting to R149 472 as at 30 June 2006 against an amount of R317 937 the previous year. The net cash balance reduced by R1 169 135. This is mainly due to the increase in debtors. Although cash and investments have been separated, these accounts are treated the same because direct payments are also made from the investment accounts.

DEBTORS

The debtors register reflects the accounts per consumer and was accepted as correct. An additional contribution of R1 921 248 was made to the bad debts reserve account. The net total debtors amounts to R28 214 796, an increase of R5m before the additional provision for bad debts was made.

FUNDS AND RESERVES

Most of the funds were not supported by cash. Refer to appendix A for details.

No contribution was made to the Revolving Fund due to the financial position.

The Dog Tax Ordinance 19 of 1978 requires council to maintain a special account to the control of dogs. This fund is not active and consideration should be given to write the fund off.

Details of the trust funds are reflected in the financial statements.

EXTERNAL LOANS

Council had no external loans.

EXPRESSION OF APPRECIATION

We are grateful to the Mayor, Councillors and staff for the support they have given.

CHIEF FINANCIAL OFFICER

December 2006

ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

- 1.1 These financial statements conform to the standards laid down by the Institute of Municipal Financial Officers in its Report on the Standardisation of Financial Statements of Local Authorities (2nd Edition – September 1996).

The financial statements have been prepared in the new format as set out by the above Institute.

- 1.2 The financial statements are prepared on the historic cost basis. 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:

- Income is accrued when collectable and measurable. Certain income is accrued when received such as traffic fines and licenses.
- Expenditure is accrued in the year it is incurred.

2. CONSOLIDATION

The balance sheet includes the Rates and General Services, Housing Service, Trading Services and the different funds, reserves and provisions. All the 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 while they are in existence and fit for use. Certain replaceable assets such as furniture and equipment, water reticulation, sewer reticulation, roads and drainage, vehicles and plant are stated at depreciated value and are written off at the end of the loan repayment period. No revaluation of assets were made during this financial year.

- 3.2 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. By way of this “provision” assets are written down over the loan repayment period.

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

Appropriation from Income. The full cost of the asset forms an immediate and direct charge against the operating account.

Grants and Subsidies. The amount representing the value of the Grants and Subsidies is credited to the “Loans Redeemed and Other Capital Receipts” account.

3.3 All net proceeds from sale of fixed immovable property are credited to the Revolving Fund. Net proceeds from the sale of movable assets are credited to the Operating Account.

3.4 Financing

Capital Assets are financed from different sources including external loans, provision and reserves, operating income, grants, subsidies and internal advances. Advances are repaid over the estimated lives of the assets in accordance with the guidelines issued by Province. Advances from the Revolving Fund are repaid on any annuity basis.

3.5 Interest Rates: Advances from Revolving Fund
Advances made are required at market related interest rates.

4. INVESTMENTS

Investments are reflected as cost and comprise securities and prescribed in terms of the Local Government Transition Act, Second Amendment Act 97 of 1996. On certain investments interest is capitalised while on other it is received and utilised for general use.

5. REVOLVING FUND

All loans raised and moneys in hand of Council not immediately required from the defrayment of expenditure are pooled in this fund so as to facilitate the control and management thereof. The moneys in the fund may be utilised to repay loans, financial capital expenditure and defray expenses incurred in connection with the raising of loans.

6. STOCK

Stock is reflected at cost.

7. RETIREMENT BENEFITS

Council operates 2 retirement schemes to which contributions are charged against operating income at the following rates:

	% OF BASIC SALARY
Cape Joint	18%
SALA	18.07%

Full actuarial valuation for the above mentioned funds are performed every 3 years.

8. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The cost of internal support services are transferred to the different services in accordance with the Institute of Municipal Finance Officers report on Accounting in Support Services. Council has approved a charge out based on percentages of actual cost.

9. **TREATMENT OF SURPLUSES AND DEFICITS**

Any surpluses of deficits arising from the electricity and water services are transferred to the Rate and General Service.

10. **INCOME RECOGNITION**

10.1 Electricity and Water Billings

Electricity and Water meters in all business and residential areas are read and billed monthly. Due dates for payments are approximately six weeks after meter readings.

10.2 Assessment Rates

Council applies a flat rating system. The same rate factor is applied to land and buildings. In terms of this system, assessment rates are levied on the value of land and buildings in respect of properties. Rebates are granted according to the use of the property concerned.

KOUKAMMA MUNICIPALITY

BALANCE SHEET AT 30 JUNE 2006

		2006 R	2005 R
CAPITAL EMPLOYED	Note		
FUNDS AND RESERVES		2 107 293	1 903 338
Accumulated funds	1	2 025 191	1 821 236
Reserves	3	82 102	82 102
ACCUMULATED SURPLUS / (DEFICIT)	16	14 749 732	14 709 312
		16 857 025	16 612 651
TRUST FUNDS	2	(261 067)	1 024 764
LONG-TERM LIABILITIES	9	0	0
CONSUMER DEPOSITS	12	104 700	106 555
		16 700 658	17 743 970
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	4	3 693 717	3 586 265
LONG-TERM DEBTORS	6	29 291	64 171
		3 723 008	3 650 436
NET CURRENT ASSETS/(LIABILITIES)		12 977 650	14 093 534
CURRENT ASSETS		19 398 130	17 353 386
Stock	7	0	0
Debtors	8	18 910 395	15 808 882
Short term portion of long term debtors	6	46 664	107 660
Short term investments	5	149 472	317 937
Cash & Bank		291 599	1 118 906
CURRENT LIABILITIES		6 420 480	3 259 852
Provisions	10	1 217 278	986 418
Creditors	11	5 029 839	2 273 434
Short term portion of loan	9	0	0
Bank overdraft		173 363	0
		16 700 658	17 743 970

MUNICIPAL MANAGER

B Juris

CHIEF FINANCIAL OFFICER

B Comm

KOUKAMMA MUNICIPALITY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	2004/2005	2004/2005	2004/2005	2005/2006	2005/2006	2005/2006	2005/2006	2005/2006
	Actual	Actual	Net	Actual	Actual	Net	Budget	
	Income	Expen- diture	Surplus/ (Deficit)	Income	Expen- diture	Surplus/ (Deficit)	Surplus/ (Deficit)	R
	R	R	R	R	R	R	R	R
	<u>20 567 928</u>	<u>18 434 756</u>	<u>2 133 172</u>	<u>19 713 235</u>	<u>21 113 352</u>	<u>(1 400 116)</u>	<u>57 599</u>	
Community services	16 253 938	15 091 980	1 161 958	13 597 588	16 350 484	(2 752 896)	(446 337)	
Subsidised Services	140 261	321 889	(181 628)	90 229	288 472	(198 242)	(308 716)	
Economic Services	4 173 729	3 020 887	1 152 842	6 025 418	4 474 396	1 551 022	812 652	
HOUSING SERVICES	5 014	421 433	(416 419)	0	233 309	(233 309)	(547 148)	
TRADING SERVICES	3 929 674	3 857 705	71 969	5 957 662	4 156 115	1 801 547	565 780	
TOTAL	<u>24 502 617</u>	<u>22 713 894</u>	<u>1 788 723</u>	<u>25 670 897</u>	<u>25 502 775</u>	<u>168 122</u>	<u>76 231</u>	
Appropriations for the year (Refer to note 16)			<u>(2 101 911)</u>			<u>(127 703)</u>		
Net surplus/(deficit) for the year			178 315			40 419		
Accumulated surplus/(deficit) at the beginning of the year			<u>14 530 997</u>			<u>14 709 312</u>		
ACCUMULATED SURPLUS/(DEFICIT) AT THE END OF THE YEAR			<u>14 709 312</u>			<u>14 749 732</u>		

(Refer to appendices D and E for more detail)

KOUKAMMA MUNICIPALITY

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2006

	2006 R	2005 R
CASH RETAINED FROM OPERATING ACTIVITIES:		
Cash generated by operations	-499,520	-1,985,354
Investment income external	-139,271	-206,845
(Increase)/decrease in working capital	-346,962	-3,758,008
External interest paid	0	13,649
Grants and Subsidies	1,925,003	2,505,728
Net Proceeds on disposal of fixed assets	-75,930	
CASH UTILISED IN INVESTING ACTIVITIES		
Investment in Fixed Assets	-2,032,455	-2,428,939
NET CASH IN / (OUT) FLOW	<u>-1,169,135</u>	<u>-5,859,769</u>
CASH EFFECTS OF FINANCING ACTIVITIES:		
Increase/(decrease) in long term loans	0	-831,840
(Increase)/decrease in cash investments	168,465	5,619,438
(Increase)/decrease in cash	1,000,670	1,072,172
Net cash (generated)/utilised	<u>1,169,135</u>	<u>5,859,769</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2006

	2006 R	2005 R
1. ACCUMULATED FUNDS		
Revolving Fund	1,969,988	1,766,033
Dog Tax	<u>55,203</u>	<u>55,203</u>
	<u>2,025,191</u>	<u>1,821,236</u>
(Refer to appendix A for more detail)		
2. TRUST FUNDS		
Traning	1,815	1,815
Housing	-645,191	-770,441
Library	24,310	24,310
IDP	0	148,571
MSP	358,000	1,604,043
MMP	<u>0</u>	<u>16,467</u>
	<u>-261,066</u>	<u>1,024,764</u>
Refer to appendix A for more detail		
3 RESERVES		
Renewals fund	<u>82102</u>	<u>82102</u>
	<u>82,102</u>	<u>82,102</u>
Refer to appendix A for more detail		
4 FIXED ASSETS		
Fixed assets at the beginning of the year	41,680,342	39,251,403
Capital expenditure during the year	2,032,455	2,428,939
Less: Assets written off, transferred or disposed of during the year	<u>95,923</u>	<u>0</u>
TOTAL FIXED ASSETS	<u>43,616,874</u>	<u>41,680,342</u>
Less: Loans redeemed and other capital receipts	<u>39,923,157</u>	<u>38,094,077</u>
NET FIXED ASSETS	<u>3,693,717</u>	<u>3,586,265</u>
(Refer to appendix C and section 2 of the Treasurer's Report for more details on Fixed Assets)		

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2006

	2006 R	2005 R
5 INVESTMENTS		
Short term deposits	<u>149,472</u>	<u>317,937</u>
Management valuation of unlisted investments	<u>149,472</u>	<u>317,937</u>
Average return on investments	5.50%	6.00%
<p>The Local Authorities Ordinance No 23 of 1935 requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a plenary rate to meet commitments. No investments were written off during the year.</p>		
6 LONG TERM DEBTORS		
Loans	75,955	171,831
Less Short term portion	<u>46,664</u>	<u>107,660</u>
	<u>29,291</u>	<u>64,171</u>
7 STOCK		
Stock represents Raw materials, Maintenance materials and Consumables	0	0
8 DEBTORS		
Current debtors (consumer and other)	28,105,226	23,008,669
Debtors and other advance	<u>109,570</u>	<u>183,366</u>
	28,214,796	23,192,035
Less: Provision for Bad Debts	<u>9,304,401</u>	<u>7,383,153</u>
	<u>18,910,395</u>	<u>15,808,882</u>
9 LONG TERM LIABILITIES		
ABSA Loan	0	0
Less: Short term portion	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Loan for Traffic Testing Station Refer Appendix B for details		
10 PROVISIONS		
Audit fees	150,000	150,000
Leave reserve	<u>1,067,278</u>	<u>836,418</u>
	<u>1,217,278</u>	<u>986,418</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2006

	2006 R	2005 R
11 CREDITORS		
Sundry creditors	905 283	864 223
Insurance claims control	163 189	196 862
Other creditors	1 982 694	1 212 349
VAT	1 978 673	0
	<u>5 029 839</u>	<u>2 273 434</u>

Note: VAT due to the Receiver of Revenue based on accruals to be paid when received is included in vat creditors

12 Deposits

Trading deposits	104,700	106,555
	<u>104,700</u>	<u>106,555</u>

13 ASSESSMENT RATES

	Valuations as at 30-Jun R	Actual income 2005/2006 R	Actual income 2004/2005 R
All Properties	<u>103 700 527</u>	<u>3,504,905</u>	<u>3,609,879</u>

Valuations on land and buildings should be performed every 5 years. Due to the amalgamation of the various local authorities, different rates are still applicable for the areas under the jurisdiction of council. The basic rate for Kareedouw was 7.75c per rand for land and 1 240c per rand for buildings, and for Joubertina 16.46c per rand for land and 3.49c per rand for buildings. The other areas varous from 0.0024c per rand to 0.0141c per rand. No reables are granted.

14 COUNCILLORS' ALLOWANCES

Mayor	247 231	118 771
Councillors	1,220,184	352 107
	<u>1,467,415</u>	<u>470 878</u>

15 AUDITORS' REMUNERATION

Audit fees (Provision for fees)	<u>150 000</u>	<u>150000</u>
---------------------------------	----------------	---------------

16 APPROPRIATIONS

Accumulated surplus (deficit) at the beginning of the year	14 709 312	14 530 997
Operating (deficit)/surplus for the year	168 122	2 280 226
Appropriations for the year:		
Prior year adjustments	(127 703)	(2 101 911)
Accumulated surplus (deficit) at the end of the year	<u>14 749 732</u>	<u>14 709 312</u>

Note: No contribution was made to the Revolving Fund due to the financial position

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2006

	2006	2005
	R	R
17 FINANCE TRANSACTIONS		
Total external interest - earned	123,298	139,271
Total external interest - paid	0	0
Capital charges - external	0	161,078
18 CASH GENERATED BY OPERATIONS		
(Deficit)/surplus for the year	168,122	2,280,226
Adjustments in respect of:		
Previous years' operating transactions	1,292,311	1,943,185
Transfer to leave reserve	-230,860	-12,716
Appropriations charged against income:		
- Capital Development Fund		
- Provisions and reserves	-1,921,248	-2,368,447
- Fixed Assets		
Non operating expenditure	-8,105,753	-5,626,953
Non operating income	8,297,908	1,799,351
	<u>-499,520</u>	<u>-1,985,354</u>
19 (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/Decrease in Stock	0	0
(Increase)/Decrease in Debtors	-3,101,513	-4,091,492
Increase/(Decrease) in Creditors	<u>2,754,550</u>	<u>333,484</u>
	<u>-346,962</u>	<u>-3,758,008</u>
20 INCREASE/(DECREASE) IN LONG TERM LOANS (EXT)		
Loans raised		
Loans repaid	<u>0</u>	<u>-831,840</u>
	<u>0</u>	<u>-831,840</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2006

	2006 R	2005 R
21 (INCREASE)DECREASE IN EXTERNAL CASH INVESTMENT		
Net decrease in investments	<u>168,465</u>	<u>5,619,438</u>
	<u>168,465</u>	<u>5,619,438</u>
22 (INCREASE)/DECREASE IN CASH ON HAND		
Cash balance at the beginning of the year	1,118,906	2,191,078
Less: Cash balance at the end of the year	<u>118,236</u>	<u>1,118,906</u>
	<u>1,000,670</u>	<u>1,072,172</u>
23 RETIREMENT		
The last actuarial valuations of the Cape Joint Pension and Retirement Funds was conducted on 30 June 2005. The valuations disclosed level of funding of 106%.		

APPENDIX A

ACCUMULATED FUNDS, RESERVES AND PROVISIONS

	Balance at 01-Jul-05		Contributions during year		Interest on Investment		Other Income		Expen/Transfers during year		Balance at 30-Jun-06	
	R	R	R	R	R	R	R	R	R	R	R	R
ACCUMULATED FUNDS												
Revolving Fund	1 766 033		18 176		185 779							1 969 988
Dog Tax	55 203											55 203
	<u>1 821 236</u>	<u>0</u>	<u>18 176</u>	<u>0</u>	<u>185 779</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2 025 191</u>
TRUST FUNDS												
Training	1 815											1 815
Housing	(770 441)				8 062 129				7 936 879			(645 191)
Library	24 310											24 310
IDP	148 571				50 000				198 571			0
MSP	1 604 043								1 246 043			358 000
MMP	16 467								16 467			0
	<u>1 024 764</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8 112 129</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9 397 960</u>	<u>0</u>	<u>0</u>	<u>(261 067)</u>
RESERVES												
Renewals fund	82 102											82 102
	<u>82 102</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>82 102</u>
PROVISIONS												
Audit fees	150 000											150 000
Leave reserve	836 418		230 860									1 067 278
	<u>986 418</u>	<u>0</u>	<u>230 860</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1 217 278</u>

APPENDIX B
EXTERNAL LOANS

No External Loans

APPENDIX C

ANALYSIS OF FIXED ASSETS

	Expenditure 2003/2004	RATES AND GENERAL SERVICES	Balance at 2005/07/01	Expenditure 2005/2006	W/Off, Trf, Redeemed or Sold 2005/2006	Balance at 2006/06/30
	1 648 469		25 865 812	170 616	93 523	25 942 905
	1 467 234	COMMUNITY SERVICES	13 584 337	170 616	88 519	13 666 434
	558 010	Properties and sundries	2 988 522	170 616	88 518	3 070 620
	909 224	Public Works/Services	9 328 582		1	9 328 581
		Health	92 900			92 900
		Traffic	1 174 333			1 174 333
	80 749	SUBSIDISED SERVICES	6 414 918	0	5 002	6 409 916
	80 749	Buildings	3 022 950			3 022 950
		Library	49 741			49 741
		Fire Services	5 874		2	5 872
		Cemetery	120 872			120 872
		Parks, Halls and Recreation	3 215 481		5 000	3 210 481
	100 486	ECONOMIC SERVICES	5 866 557	0	2	5 866 555
	100 486	Refuse	21 300		2	21 298
		Sewerage Services	5 845 257			5 845 257
	0	HOUSING SERVICES	6 472 070	0	0	6 472 070
		Sub Economic Housing	6 472 070			6 472 070
	780 470	TRADING SERVICES	9 342 460	1 861 839	2 400	11 201 899
	780 470	Electricity	1 909 960	1 859 747		3 769 707
		Water	7 432 500	2 092	2 400	7 432 192
	2 428 939	TOTAL FIXED ASSETS	41 680 342	2 032 455	95 923	43 616 874
		LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS	38,094,077	1,925,003	95,923	39,923,157
		Loans Redeemed and Advances Paid	6 347 172			6 347 172
		Contributions ex Operating income	4 324 451		95 923	4 228 528
		Revolving fund	803 009			803 009
		Grants and Subsidies	26 619 445	1 925 003		28 544 448
		NET FIXED ASSETS	3,586,265	107,452	0	3,693,717

APPENDIX D

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

Actual 2004/2005	Actual 2005/2006	Budget 2005/2006
R	R	R
INCOME		
Government and Provincial grants and subsidies	7 903 315	8 383 000
Rates	3 504 905	4 421 750
Electricity	789 146	1 083 000
Water	548 332	3 000 000
Other	12 925 199	11 782 800
	<u>25 670 897</u>	<u>28 670 550</u>
EXPENDITURE		
Salaries, wages and allowances	12 373 130	11 376 518
General expenses	8 547 709	12 346 861
Repairs and maintenance	4 290 742	5 132 000
Capital charges		164 480
Contributions	17 478	3 986 000
Gross expenditure	<u>25 229 059</u>	<u>33 005 859</u>
Charge outs	273 716	(4 411 540)
Net expenditure	<u>25 502 775</u>	<u>28 594 319</u>

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	2004/2005 Actual Income	2004/2005 Actual Expenditure	2004/2005 Surplus/ (Deficit)		2005/2006 Actual Income	2005/2006 Actual Expenditure	2005/2006 Surplus/ (Deficit)	2005/2006 Budget Surplus/ (Deficit)
	R	R	R		R	R	R	R
	20 567 928	18 434 756	2 133 172	RATE AND GENERAL SERVICES	19 713 235	21 113 352	(1 400 116)	57 599
	16 253 938	15 091 980	1 161 958	#REF!	13 597 588	16 350 484	(2 752 896)	(446 337)
	5 625 912	30 828	(1 264 050)	#REF!	20 000	1 056 727	(1 036 727)	(1 946 600)
	110 882	2 474 862	5 595 084	#REF!	4 444 903	664 082	3 780 822	3 635 940
	13 745	4 049 980	(2 363 980)	Managerial Services	814 345	1 875 567	(1 061 222)	(860 819)
	7 817 505	4 920 486	4 036 235	#REF!	3 558 539	3 558 539	(3 558 181)	(3 550 832)
	2 685 894	2 351 774	2 897 019	Protection & Traffic Services	4 114 100	4 580 051	(465 950)	2 209 624
			334 120		4 203 882	4 615 520	(411 638)	66 350
	140 261	321 889	(181 628)	#REF!	90 229	288 472	(198 242)	(308 716)
	84 659	14 715	69 944	#REF!	19 394	3 239	16 155	151 984
	33	123 796	(123 763)	#REF!	427	227 586	(227 160)	324 200
	0	131 017	(131 017)	#REF!	70 409	57 647	12 762	132 500
	55 570	52 361	3 209	#REF!				
	4 173 729	3 020 887	1 152 842	#REF!	6 025 418	4 474 396	1 551 022	812 652
	1 417 040	1 415 182	1 856	#REF!	1 921 776	2 211 005	(289 229)	262 004
	2 756 689	1 605 705	1 150 984	#REF!	4 103 642	2 263 391	1 840 251	1 074 656
	5 014	421 433	(416 419)	HOUSING SERVICES	0	233 309	(233 309)	547 148
	5 014	421 433	(416 419)	#REF!	0	233 309	(233 309)	547 148
	2 534 162	2 978 456	563 473	TRADING SERVICES	5 957 662	4 156 115	1 801 547	565 780
	549 576	944 520	(394 944)	#REF!	1 259 146	1 500 276	(241 129)	464 624
	3 380 097	2 421 681	958 416	#REF!	4 698 516	2 655 839	2 042 677	101 156
	23 107 105	21 834 645	2 280 226	TOTAL	25 670 897	25 502 775	168 122	76 231
			(2 101 911)	Appropriations for the year (Note 16)			(127 703)	
			178 315	Net Surplus/(Deficit) for the year			40 419	
			14 530 997	Accumulated Surplus/(Deficit) at the Beginning of the Year			14 709 312	
			14 709 312	ACCUMULATED SURPLUS/(DEFICIT) AT THE END OF THE YEAR			14 749 732	

Notes:
 Fire Services included under Protection Services
 Equitable share has been allocated to free basic services

APPENDIX F

STATISTICAL INFORMATION

1. GENERAL STATISTICS

1.1	Population	There is approximately 7800 households	
1.2	Property valuations		
	Date of valuation 2000		
	i) Rateable	Value of properties R103m	
	ii) Non-rateable	Value of properties R5.6m	
1.3	Assessment rates	2005/2006	2004/2005
		R3.5m	R3.6m
1.4	Number of employees	165	175
2	Electricity Statistics	Electricity is supplied partly by council and partly direct by Eskom	
3	Water statistics	Council does not have water purification works and bulk metering is not done, therefore losses can not be determined.	