

GOVAN MBEKI

LOCAL MUNICIPALITY



ANNUAL REPORT
2005 – 2006



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During the 2005/2006 financial year the municipality was under severe pressure to ensure compliance to various changes in legislation. The municipality; was however able to meet the challenges set by a changing legislative environment.

The municipality had to face challenges on the administrative side, as well, as the Municipal Manager and the Chief Financial Officer left the service of the municipality. This placed an additional burden on management as the filling of the vacancies will only be done during the first half of 2007.

The municipality has also as part of improving service delivery to the community implemented proper communication channels through the ward committee systems, as well as creating helpdesks at all the offices in the municipal area. This will be further enhanced during the 2006/7 Financial Year.

Although capital projects were limited to those financed from external grant funding the municipality has successfully finalised the projects identified in the Integrated Development plan. The municipality will in the 2007 financial year again embark upon projects identified in the IDP.

Service delivery and the payment for services still remain a serious concern to all in local government. All role-players must ensure that they work together to overcome the legacy of the past and ensure that we uplift the living conditions of those that were forgotten previously.

I hereby wish to thank the commissioners and executive staff for their commitment during the year, in ensuring that we met the targets set in the Integrated Development Plan and the 2005/2006 budget.

I thank you.

**CLR SS NKOSI
EXECUTIVE MAYOR**

08 September 2006

VISION

TO LEAD IN SERVICE DELIVERY AND ECONOMIC DEVELOPMENT

MISSION

TO CHAMPION AN INTERGRATED SERVICE DELIVERY AND SUSTAINABLE ECONOMIC GROWTH WITH STAKEHOLDER INVOLVEMENT

ACCRONYMS

ACDP	-	African Christian Democratic Party
ANC	-	African National Congress
CEO	-	Chief Executive Officer
CRR	-	Capital Replacement Reserve
DA	-	Democratic Alliance
DORA	-	Division of Revenue Act
DME	-	Department of Minerals & Energy
DRP	-	Disaster Recovery Plan
DPLG	-	Department of Local Government
EMC	-	Executive Mayoral Committee
FFPLUS	-	Freedom Front Plus
FMG	-	Financial Management Grant
GAAP	-	Generally Accepted Accounting Principles
GAMAP	-	Generally Accepted Municipal Accounting Practice
GRAP	-	Generally Recognised Accounting Practice
ICT	-	Information & Communication Technology
IFP	-	Inkatha Freedom Party
IT	-	Information & Technology
LDM	-	Local District Municipality
LED	-	Local Economic Development
MFAM	-	Municipal Finance Management Act
MIG	-	Municipal Infrastructure Grant
MMC	-	Member of Mayoral Committee
MSIG	-	Municipal Systems Improvement Grant
NHBRC	-	National Home Builders Regulating Council
OHASA	-	Occupational Health & Safety Act
PAC	-	Pan African Congress
PAYE	-	Pay as you earn
PHP	-	People's Housing Process
PMTCT	-	Prevention of Mother to Child Transmission
PR	-	Proportional Representative
REDS	-	Regional Electricity Distribution Suppliers
SALGA	-	South African Local Government Association
SCM	-	Supply Chain Management
SDF	-	Spatial Development Framework
SEJACUFE	-	Secunda Jazz Cultural Festival
SETA	-	Sector Education & Training Authority
STI's	-	Sexually Transmitted Infections/ Illnesses
SPCA	-	South African Prevention Cruelty to Animals

**COUNCIL & SENIOR MANAGEMENT PARTICULARS
OFFICE OF THE EXECUTIVE MAYOR**

NAME	POSITION	TELEPHONE	SECRETARY
Nkosi – SS ANC (male)	<u>Executive Mayor</u> sipho.n@govanmbeki.gov.za	017 620 6280	Stephanie Makateng
Mtsweni – TP ANC (female)	<u>Deputy Mayor</u> <u>MMC Finance</u> thandi.m@govanmbeki.gov.za	082 6102 758	Sandile Mahlangu
Jiyane - SP ANC (female)	<u>SPEAKER</u> johanah.j@govanmbeki.gov.za	017 – 620 6218	Thandi Sekwelenkwe
FULLTIME COUNCILLORS			
NAME	PORTFOLIO	TELEPHONE	SECRETARY
Masina – LL ANC (female)	<u>Corporate Services</u> lindi.m@govanmbeki.gov.za	017 620 6070	Mary Mlotshwa
Nkosi – NE ANC (female)	<u>Environmental Affairs & Tourism</u> ethel.n@govanmbeki.gov.za	017 620 6169	Zanele Mahlangu
Nkambule - FB ANC (male)	<u>Health & Community Service</u> freddy.n@govanmbeki.gov.za	017 620 6205	Zine Mahlangu
Madonsela - Anna ANC (female)	<u>Public Safety</u> Anna.m@govanmbeki.gov.za	017 620 6305	Nomfundo Tshabalala
Vilakazi - Saul ANC (male)	<u>Technical & Engineering Services</u> saul.v@govanmbeki.gov.za	017 620 6033	Zweli Shungube

COUNCILLORS

Badenhorst – HJ DA Ward 21 (male)	Jele – MS ANC ward 12 (male)	Maluka – LJ ANC ward 17 (male)
Breed – Casper (CJH) FFPLUS PR (Male)	Jiyane – Joanna SP PR (female)	Maseko – TSN HRCP PR (female)
Buthelezi – TM ANC Ward 8 (male)	Khanye – EN ANC ward 1 (female)	Masango – James (SJ) DA Ward 5 (male)
Chabalala – GM DA PR (male)	Labuschagne Pieter (PJ) DA Ward 30 (male)	Masilela – J ANC PR (male)
Denny – TM DA PR (male)	Mabhena – Mngoma (MP) ANC Ward 2 (male)	Masina – LL ANC (Full Time) (female)
Dhladhla – SJ DA PR (male)	Madonsela – Anna (AB) ANC (Full Time) (female)	Mkhwanazi – Zodwa (ZG) ANC PR (female)
Dhlamini – DM ANC PR (female)	Madonsela – Edward (EM) ANC Ward 27 (male)	Mkhwebane – ZA DA PR (female)
Dyusha – T ANC ward 20 (male)	Mahlangu – Douglas (BD) ANC Ward 9 (male)	Mkoko – Paul (PM) ANC Ward 15 (male)
Gwebu – NJ ANC PR (female)	Mahlangu – MF ANC PR (male)	Mlotshwa – Temba (TL) DA PR (male)
Gwiji – Cyril (CV) ANC Ward 7 (male)	Hlatshwayo – (ZA) PAC – Proportional (male)	Motaung – AD ANC Ward 11 (female)
Harris – James DA Ward 18 (male)	Mahlangu – SS DA PR (male)	Mtshali – (VM) ANC Ward 26 (Male)
Jean-Pierre – Mark (MB) ACDP PR (male)	Malinga – MZ ANC ward 13 (male)	Mtsweni – E ANC WARD 4 (female)
Mtsweni – Okie ANC PR (male)	Nkosi – PP ANC ward 24 (male)	Victor – NS DA PR (female)
Mtsweni – TA ANC Ward 19 (Female)	Nkosi – Siphon (SS) ANC (Mayor) (male)	Vilakazi – Saul ANC Ward 16 (male)
Mtsweni – TP ANC ward 3 (female)	Pretorius – Roelf (RJ) DA Ward 25 (male)	Zulu – Busi S ANC Ward 14 (female)
Ndinisa – BJ ANC ward 23 (male)	Raolane – DJ IFP PR (female)	
Nhlapho – J	Sithole – ADM	

ANC ward 29 (male)	ANC ward 11 (female)	
Nicolas – Henry (HG) ANC PR (male)	Taylor – MA DA ward 5 (female)	
Nkabinde – MA ANC PR (male)	Tsotetsi – TJ ANC ward 10 (male)	
Nkambule – (MJ) DA Ward 31 (male)	Van Baalen – JA DA ward 28 (male)	
Nkosi – MJ ANC Ward 31 (male)	Van Tonder – Dirk J FFPLUS PR (male)	
Nkosi – NE ANC (FULL TIME) (female)	Van Zyl – PW ANC PR (male)	

SENIOR MANAGEMENT

NAME	DEPATRMENT	TELEPHONE	SECRETARY
Naidoo – Selwyn	Acting Municipal Manager office.mm@govanmbeki.gov.za	017 620 6279	Angelique Meyer

NAME	DEPARTMENT	TELEPHONE	SECRETARY
Maseko - Elliot N	Corporate Services (Acting) elliott.m@govanmbeki.gov.za	017 620 6003	Marie-Louise Van Schaik
Olivier - Albert	Technical & Engineering Services (Acting) albert.o@govanmbeki.gov.za	017 620 6007	Tinkie Fick
v/d Merwe - Philip	Finance philip.vm@govanmbeki.gov.za	017 620 6274	Melanie Jones
Nyokana - Dominique	Health & Community Services dominique.m@govanmbeki.gov.za	017 620 6285	Natalie Van Der Merwe
Naidoo – Selwyn	Public Safety themba.g@govanmbeki.gov.za	017 620 6141	Sibongile Mthimunye
Mosidi – Solly	Environmental Affairs & Tourism marda.v@govanmbeki.gov.za	017 620 6211	Marda Van Der Hoven

Part 2

DEPARTMENTAL REPORTS

CORPORATE SERVICE DEPARTMENT

**HUMAN RESOURCE MANAGEMENT
SUMMARY OF PERSONNEL COSTS AND RELATED INFORMATION**

Table 1:

	Municipal Manager	Council	Corporate	Finance	Planning	Health	Community Service	Social Service
Bonus	127 858	96 545	490 127	1 018 473	403 215	448 191	528 086	574 566
Standby Allowance	-	-	-	43 459	417	-	2 183	-
Hostel Allowance	-	-	-	-	-	-	-	-
Medical Contribution	40 743	186 023	415 684	951 699	356 142	433 029	489 558	377 832
Entertainment CEO	-	-	-	-	-	-	-	-
Overtime	4 779	112 285	270 142	1 363 879	7 850	24 967	334 691	303 648
Pension Fund Contribution	136 821	865 456	1 081 358	2 457 072	928 650	1 127 567	1 447 986	1 507 106
Uniforms	-	-	-	391	-	28 830	391	-
Salaries	1 229 597	1 158 349	5 322 580	12 229 071	4 573 522	5 319 932	7 302 942	6 676 611
Housing Subsidy	6 440	47 690	42 299	138 024	32 747	77 749	58 777	42 687
Housing allowance	-	181 421	3 000	9 000	3 000	3 000	150	-
Group Pension Fund	9 719	22 974	80 063	200 865	67 126	82 590	87 540	12 838
UIF Contribution	5 463	51 690	52 136	131 467	42 416	50 042	78 269	75 350
Students	-	-	-	-	-	-	-	-
Industrial Council Levy	162	405	1 779	4 378	1 747	1 760	3 688	4 698
Selling of leave days	-	-	-	-	-	-	-	-
Interest subsidy	-	-	6 394	3 677	3 690	10 980	-	-
Traveling allowance	95 448	102 687	519 504	529 587	574 033	837 308	154 468	61 061
	1657029	3749716	8285068	19081042	6994553	8445944	10488730	9636396

Table 1:1

	Public Safety	Housing	Environ Protect	Waste Management	Waste Water	Roads	Water	Electricity	Total
Bonus	1 358 931	182 412	215 081	874 818	572 754	642 643	302 731	378 529	8 214 961
Standby Allowance	1 593 160	-	-	28 475	336 993	49 105	297 219	331 877	2 682 888
Hostel Allowance	-	-	-	-	-	-	-	-	-
Medical Contribution	1 633 456	208 399	111 054	645 233	469 590	442 387	290 649	479 842	7 531 320
Entertainment CEO	-	-	-	-	-	-	-	-	-
Overtime	1 960 926	188 533	34 595	1 794 988	1 873 487	277 958	1 016 444	1 628 823	11 197 994
Pension Fund Contribution	3 444 997	419 419	331 012	2 187 255	1 538 556	1 690 443	744 339	1 012 072	20 920 109
Uniforms	-	-	-	-	196	-	196	-	30 003
Salaries	16258508	2166645	1593782	10 125 736	7480332	7531189	3900493	5 128680	97997970
Housing Subsidy	172 992	22 947	14 919	68 763	38 586	69 322	19 196	34 706	887 844
Housing allowance	13 000	-	3 000	330	3 435	576	-	3 516	223 429
Group Pension Fund	262 678	42 471	24 864	111 559	77 005	51 899	43 226	59 121	1 236 537
UIF Contribution	190 138	22 228	12 554	126 538	96 493	83 922	51 052	64 161	1 133 920
Students	-	-	-	-	-	-	-	-	-
Industrial Council Levy	6 375	977	475	7 145	4 388	4 860	2 224	2 455	47 518
Selling of leave days	-	-	-	-	-	-	-	-	-
Interest subsidy	4 259	-	-	5 517	-	-	-	-	34 516
Traveling allowance	2 167 771	166 648	337 402	413 967	120 056	143 905	90 911	94 804	7 333 748
	29067190	3420680	2678738	16390324	12611871	10988210	6758679	9218586	159472756

INJURIES ON DUTY & MEDICAL DISABILITY:

Injuries on Duty:

- Total Cases: 109
 - Minor: 109
 - Fatal: 0

Table 2

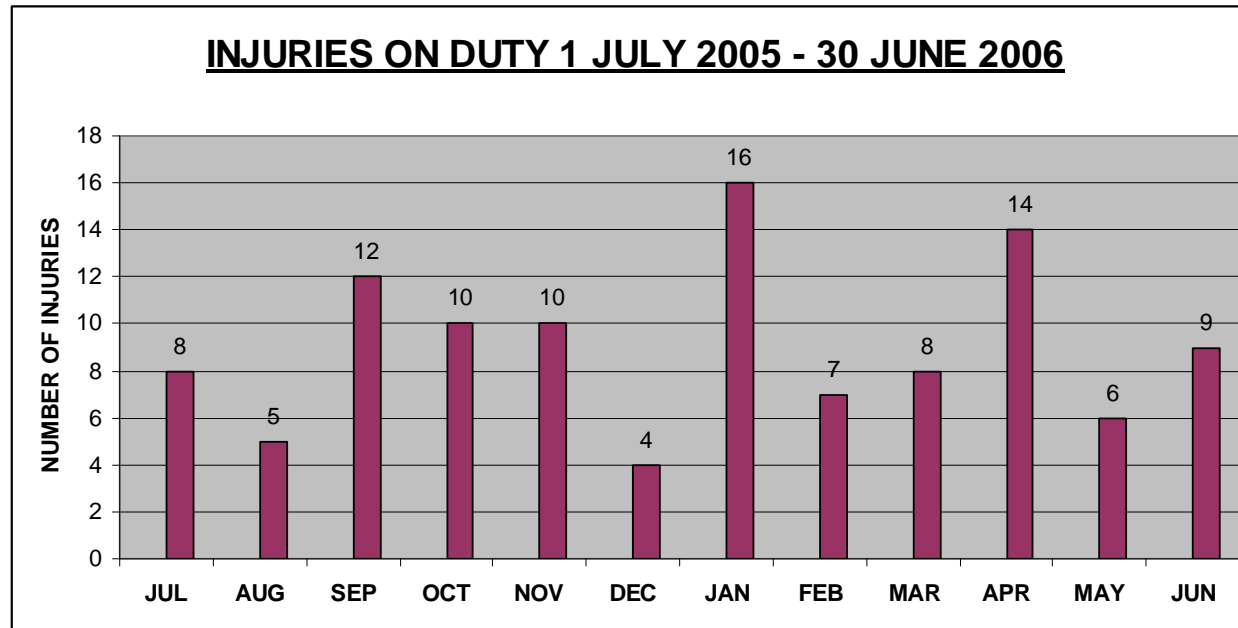


Table 2:2 Injuries on Duty Per Department

INJURIES ON DUTY PER MONTH 2005/2006 (Per Department)													
DEPARTMENT	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL PER DEPT
CORPORATE SERVICES	0	0	0	0	0	0	1	1	0	0	0	0	2
FINANCE	2	0	2	1	0	0	0	0	2	1	1	1	10
HEALTH & COMMUNITY SERVICES	2	2	9	3	6	0	7	4	1	7	3	3	47
PUBLIC SAFETY	1	0	0	4	2	0	7	1	2	2	0	1	20
TECHNICAL & ENGINEERING	2	1	0	2	1	4	1	1	1	3	0	3	19
ENVIRONMENTAL AFFAIRS & TOURISM	1	2	1	0	1	0	0	0	2	1	2	1	11
TOTALS PER MONTH	8	5	12	10	10	4	16	7	8	4	6	9	109 TOTAL/ANNUAL

Table 3: DISCIPLINARY CASES

Total Cases	Outcomes
25	5: Dismissals
	8: Suspended Dismissals
	9: Written Warnings
	3: Acquittals

Table 4: TRAINING REPORT FROM 1st JULY 2005 TO 30th JUNE 2006

SERVICE PROVIDER	TRAINING TYPE	DURATION	NUMBER/ EMPLOYEES	COST
Wits Business School	Managing a Turnaround	5 Days	1	R 13,320.00
Flour Training Centre	Electrical course	4 Weeks	1	R7 296 00
Gert Sibande College: Standerton	L.E.D Learnership	1 Year	8	R120 000.00
Metro Police Academy	Metro Police Officer Diploma Course	6 Months	2	R 22, 170.00
GFA	Labour Relations Training	3 Days	23	R184,000.00
International Quality & Production	GIS Training		1	R6,838.86
1 st Works Communication	Legal Writing Skills	3 Days	3	R20,478.96
GFA	Labour Relation Training	3 Days	25	R184,420.00
GFA	Labour Relation Training	2 Days	22	R68,420.00
International Quality & Productivity Centre	Competency Based Behavioral Interviewing	2 Days	4	R31,915.44

Table 5: EXIT REPORT

Resignations	Retirements	Dismissals	Ill-health	Deaths
40	24	5	3	24

ADMINISTRATION SERVICES

MEASURABLE OBJECTIVE	PERFORMANCE MEASURE	PERFORMANCE TARGETS		DEVIATION FROM TARGET	
		Target	Actual	Unit	%
To organize Executive Mayoral Committee (EMC) Meetings	EMC Meetings are held	14	18 (4 Extra Ordinary)	+4	+28
To organize Council Meetings	Council Meetings are held	5	8 (3 Extra Ordinary)	+3	+37.5
To organize meetings of the Corporate Portfolio Committee	Corporate Portfolio Meetings are held	8	8	0	0
To provide Registry service	All mail (incoming & outgoing) is properly managed	Proper management of mail to ensure adequate communication and record system	Target achieved	0	0
To support the public participation process in the Speakers' Office	All public participation meetings and consultations are organised	All meetings are announced and held	Target achieved	0	0

LEGAL & PROPERTIES

MEASURABLE OBJECTIVE	PERFORMANCE MEASURE	PERFORMANCE TARGETS		DEVIATION FROM TARGET	
		Target	Actual	Unit	%
To ensure that supplementary valuations are done	Provisional supplementary Valuation Roll finalised	Determined by changes in the Valuation Roll	1 436	0	0
To ensure proper handling of cases and protection of Council's interest	Cases successfully defended	Determined by cases lodged	103	0	0

To ensure drafting and management of contracts	Contacts drafted and Council's interest safeguarded	Determined by need	170	0	0
To ensure the existence of a Legal Library	Legal Library exists	1	1	0	0

IT SERVICES

MEASURABLE OBJECTIVE	PERFORMANCE MEASURE	PERFORMANCE TARGETS		DEVIATION FROM TARGET	
		Target	Actual	Unit	%
To provide a basic ICT training to interested members of the Community	Increased ICT knowledge	Pilot: 2	2	0	0
To ensure licensing of Software	All Software licensed	Need Based	400	0	0
To link all Libraries for ICT centers	ICT centres accessible to the community	11	1	10	90
To link all satellite offices & pay-points to Head Office	All satellite offices and pay-points are linked	4	4	0	0
To establish ICT Help Desk	Help Desk established	1	1	0	0
To ensure prompt updating of Web Site	Web Site updated	Need based	Achieved	0	0

FINANCE DEPARTMENT

DEPARTMENT FINANCIAL SERVICES

MEASURABLE OBJECTIVE	PERFORMANCE MEASURE / SERVICE DELIVERY INDICATOR	PERFORMANCE TARGETS		DEVIATION FROM TARGET	
		Target	Actual	Unit	%
Revenue Management					
To improve Billing System	Meters to be checked within two days before or after normal reading date.	Monthly (12)	Monthly (12)	0	0
	Mailing of monthly accounts before the 25 th of the month	Monthly (12)	Monthly (12)	0	0
	Integrated consumer account billing	Monthly (12)	Monthly (12)	0	0
To implement Credit Control & Debt Collection	Cut-off due to non-payment	Depended on defaulters	7 500	0	0
	Hand-over for collection	Depended on defaulters	374	0	0
	Indigent Management	Monthly	Monthly		
To install a New Financial System	Service Level Agreement signed & installation done	1	1	0	0
Creditors Management					
To ensure prompt payment Creditors Payments	Payments within 30 days after received of monthly statement	30 days	30 Days	0	0
	Salary payments on the 25 th of each month	12	12	0	0
To implement Supply Chain Management	Approved SCM Policy	May 2006	May 2006	0	0
	Roll out of SCM Policy	30 June 2006	30/06/6	0	0
	Supplier Database	30 June 2006	30 June 2006	0	0
To conduct monthly Reconciliation of Financial Accounts	Monthly reconciliations done	Report available	Achieved	0	0
Budget Reform & Report					
To ensure that the 2006/7 Budget is	Final Budget is approved by Council in May 2006	Budget approval	Achieved	0	0

approved within timeframe					
To ensure that Monthly Reports are submitted to National Treasury	Report submitted to National Treasury by the 10 th of every month	Submission of Reports	Achieved	0	0
Annual Financial statements					
To receive unqualified Financial Statements	Unqualified Audited Financial statement	Unqualified Audited FS	Qualified Audited Financial Statement		
To ensure that Financial Statements are compiled, approved by Council and submitted to the Auditor General	Financial statements based on the new accounting standards: GAMAP/GRAP/GAAP are approved	Financial Statements approved	Achieved	0	0

PUBLIC SAFETY DEPARTMENT

LICENSING AND REGISTRATION

MEASURABLE OBJECTIVES		PERFORMANCE TARGETS		DEVIATION FROM TARGET	
MEASURABLE OBJECTIVES	PERFORMANCE MEASURE			Unit	%
To open registration and licensing office at eMzinoni.	Approval by Province	1	1	0	0
To promote a safe working environment.	Safety Representatives appointed	10	10	0	0
	Meetings held	12	9	3	25
	Inspections conducted	120	120	0	0
To create understanding of legislation	Legislation applied correctly/ meetings held	12	7	5	42

MECHANICAL WORKSHOP

MEASURABLE OBJECTIVES	PERFORMANCE MEASURE	PERFORMANCE TARGETS		DEVIATION FROM TARGET	
		TARGET	ACTUAL	Unit	%
To repair and service Council fleet.	Council fleet in working condition	600	535	65	11

DISASTER MANAGEMENT: FIRE, RESCUE & COMMUNICATION

MEASURABLE OBJECTIVES	PERFORMANCE MEASURE	TARGET	ACTUAL	DEVIATION FROM TARGET	
				UNIT	%
To operationalise the Disaster Centre.	Refurbishing of centre.	1 centre	1 centre	0	0
	Purchasing of IT equipments.	5 equipments	5 equipments.	0	0
To design measures of preventing veld fires.	Prevention of veld fires.	11 towns.	8 towns.	3	27
To upgrade Leandra Fire Station.	Compliance with national standard.	1 building.	1 building	0	0
To conduct community education programs regarding disaster.	Community preparedness for possible disasters.	3	2	1	25

TRAFFIC AND CRIME PREVENTION

MEASURABLE OBJECTIVES	PERFORMANCE MEASURE	TARGET	ACTUAL	DEVIATION FROM TARGET	
				UNIT	%
To do road markings and installation of road traffic signs	Visible road markings.	11 towns	11 towns	0	0
To conduct joint operations with other law enforcers	Road blocks & random checks	12	8	4	33
To install alarms in municipal buildings	Prevention of house breakings.	10	16	6	+60
To establish pound yard	Secured place for impounded vehicles.	1	0	0	0

TECHNICAL AND ENGINEERING DEPARTMENT

WATER, SEWER, ELECTRICITY

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Govan Mbeki Local Municipality: Mpumalanga Province

MEASURABLE OBJECTIVES	PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	PERFORMANCE TARGETS		DEVIATION FROM TARGET	
		Target	Actual	Unit	%
To upgrade bulk electricity (Bethal/Emzinoni)	Bulk electricity upgraded	100	93	7	7
To install electricity to 500 households in Emzinoni	Electricity has been installed	500	305	195	39
To upgrade Waste water treatment plant Phase IV, Embalenhle.	Plant upgraded	4 ml	4 ml	0	0
To upgrade Leandra/Lebohang Waste Water Treatment Plant	Plant upgraded	2.8 ml	2.8ml	0	0
To upgrade eMbalenhle Bulk Water supply	Bulk water supply upgraded	100	100	0	0
To construct VIP's	VIP's provided in eMbalenhle	1138	1138	0	0
Bulk sewer Kinross Ext 25	Bulk sewer provided	100	100	0	0
To eradication the bucket system	Provision of water to 5140 households as part of the bucket eradication program	5140	5140	0	0
To provide Public lighting in Emzinoni/Bethal (Zone 1)	Provision of 1 high mast at extension 23	1	1	0	0
To provide Public lighting in Kinross/Secunda/Evander (Zone 2)	Provision of 30 mid-block street lights	30	30	0	0
To provide Public lighting in Embalenhle (Zone 3)	Provision of 1 high mast at extension 25	1	1	0	0

MEASURABLE OBJECTIVES	PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	PERFORMANCE TARGETS		DEVIATION FROM TARGET	
		Target	Actual	Unit	%
To re-construct of Gravel Roads with Storm water (Zone 1) (Emzinoni)	Gravel roads improved	9.5 km	9.5 km	0	0
To re-construct of Gravel Roads with Storm water (Zone 2) (Secunda) President Swart street	Gravel roads improved	1.12 km	1.12 km	0	0

PHYSICAL DEVELOPMENT AND PUBLIC WORKS

MEASURABLE OBJECTIVE	PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	PERFORMANCE TARGETS		DEVIATION FROM TARGET	
				Unit	%
		Target	Actual		
URBAN AND RURAL DEVELOPMENT					
To develop a Spatial Development Framework	SDF document	Approved document	SDF Approved by Council	0	0
To design a Rural development strategy	Policy developed and approved by Council	1	1	0	0
BUILDING CONTROL					
To implement National Building Regulations	Building plans are evaluated and approved	1642	1649	+7	+0,43
To facilitate outdoor advertising and control	Applications evaluated and registered	536	536	0	0

HEALTH & COMMUNITY SERVICES DEPARTMENT

CLINIC SERVICES SECTION

MEASURABLE OBJECTIVE	PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	PERFORMANCE TARGETS		DEVIATION FROM TARGET	
		Target	Actual	Unit	%
To diagnose and manage conditions promptly	Blood pressure checking		52908	0	0
	Weighing		65158	0	0
	Pap smear and breast examination.	Depending on a number of visits to the Clinics (Need driven)	381	0	0
	History taking.		81270	0	0
	Record keeping.		600	0	0
	Provision of drugs.		1755	0	0
	Non drug therapy(education)		52908	0	0
To reduce cases of TB smear positive sputum	Encourage DOTS support service. Patients are aware of the medicine they are using	Depending on a number of visits to the Clinics (Need driven)	53	0	0
			56	0	0
To effectively treat all STI'S and their contacts	Drug and non drug therapy. Managed contacts End users educated on condoms	Depending on a number of visits to the Clinics (Need driven)	1197	0	0
			997	0	0
			1600	0	0
To immunize children (0-5 ages)	Children immunised	Depending on a number of visits to the Clinics (Need driven)	10522	0	0
To promote HIV/AIDS awareness	Attend training on PMTCT Clients educated on HIV/AIDS	Depending on a number of visits to the Clinics (Need driven)	5	0	0
			1073	0	0
To record cases of malnutrition	Cases of malnutrition are recorded	Depending on a number of visits to the Clinics (Need driven)	52908	0	0
To provide family planning service to women of child bearing age.	Family Planning provided	Depending on a number of visits to the Clinics (Need driven)	13874	0	0
To render Ante Natal and Post Natal care	Ante natal and post natal care provided	Depending on a number of visits to	6337	0	0

		the Clinics (Need driven)			
To record cases of cervical & breast cancer	Cases of cervical and breast cancer recorded	Depending on a number of visits to the Clinics (Need driven)	381	0	0

Note: The services reported under the Clinics Section are need based; no prior targets were set. The statistics reflected are the actual visits and service(s) provided to clients.

ENVIRONMENTAL HEALTH AND SPECIALISED SERVICES					
MEASURABLE OBJECTIVE	PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	PERFORMANCE TARGETS		DEVIATION FROM TARGET	
		Target	Actual	Unit	%
To educate communities on Local Economic Development (LED)	Workshops held	400	300	100	25
To train the community on the use of rodent traps	Rodent manifestation eradicated	10	10	0	0
To promote safety in the workplace	A safe workplace environment created through: - safety meetings - Executive Committee Meetings - Safety Audits & Notices Education Talks	72 12 1 440 12	35 7 337 2	37 5 1 103 10	51 41 77 83
To comply with OH& Act	Complete safety agreement	1	1	0	0
To conduct training for employees on fire marshal and occupational health and safety	Training sessions held	2	2	0	0
To train informal food handlers	Training sessions held	12	12	0	0
To ensure registration for all informal traders	Registrations done	Dependent on applications	9000	0	0

WASTE MANAGEMENT SECTION

MEASURABLE OBJECTIVE	PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	PERFORMANCE TARGETS		DEVIATION FROM TARGET	
		Target	Actual	Unit	%
To collect refuse per schedule	Household refuse collected	75 205	75 205	0	0
	Business refuse collected	61 695	61 695		
To reduce illegal refuse heaps from residential areas and open spaces	Refuse heaps and illegal dumps reduced	Depends on heaps	35781m3	0	0
To participate in the Cleanest Town Competition	Participated and achieved a price	Received 1 st price	Received 2 nd price		

HOUSING SECTION

MEASURABLE OBJECTIVE	PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	PERFORMANCE TARGETS		DEVIATION FROM TARGET	
		Target	Actual	Unit	%
To provide PHP units in Leandra	PHP units provided	100	35	65	65
To relocate households affected by floods in eMbalenhle	Affected households relocated to serviced stands	4 311	1 091	3 220	75

ENVIRONMENTAL AFFAIRS & TOURISM DEPARTMENT

PARKS

MEASURABLE OBJECTIVE	PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	PERFORMANCE TARGETS		DEVIATION FROM TARGET	
		Target	Actual	Unit	%
To establish new cemeteries in Leandra & Bethal	Cemeteries established and use by affected communities	2	2	0	0
To maintain trees	Trees pruned	200	200	0	0
To maintain flower beds	Flower beds maintained	4 (cycles per annum)	4	0	0
To increase nursery production	Nursery production increased	2200	500	1700	77
To commemorate the Arbour Day by planting trees	Trees planted	3	2	1	33

LIBRARIES & INFORMATION SERVICES SECTION

MEASURABLE OBJECTIVE	PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	PERFORMANCE TARGETS		DEVIATION FROM TARGET	
		Target	Actual	Unit	%
To provide Library Information Services to users	Library information provided to users	154,060	145,437	8,623	5.6
	Increased membership	32,000	30,589	1,411	4.6
To increase the use of Library material	Increased usage of material	264,757	263,875	882	0.3
	Increased stock material	389,392	392,097	2,705	0.7
To provide Library material to end-users	Material made available to end-users	377,791	348,305	29,486	8

TOURISM

MEASURABLE OBJECTIVE	PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	PERFORMACE TARGETS		DEVIATION FROM TARGET	
		Target	Actual	Unit	%
To promote and market tourism	Exhibitions held	10	4	6	60
	Tourism marketing brochures distributed	5000	4000	1000	20
To participate in national tourism activities	Participated in national tourism activities	250	200	50	20

THEATRE, CULTURE & RECREATION

MEASURABLE OBJECTIVE	PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	PERFORMANCE TARGET		DEVIATION FROM TARGET	
		Target	Actual	Unit	%
To hold creative minds arts project	Primary schools participated and gained knowledge	25	10	15	60
To organise Theatre productions	Productions held	50	41	9	36
To community theatre festival	community theatre festival held	1	1	0	0
To organize and host SEJACUFE 2006	SEJACUFE 2006 held	1	1	0	0
To organise farm schools' recreation	Farm schools' recreation held	10	4	6	60
To organize Pre schools' recreation	Pre schools' recreations held	500	535	+35	+ 6.7
To host Elite Games tournament	Games held	1	1	0	0
To organize a Basic sport administration workshop	Workshop held	40	40	0	0

Part 3

AUDITOR GENERAL REPORT



REPORT

OF THE

AUDITOR-GENERAL

TO THE

MEMBERS OF THE COUNCIL

ON THE

FINANCIAL STATEMENTS OF THE GOVAN MBEKI LOCAL MUNICIPALITY

FOR

THE YEAR ENDED 30 JUNE 2006



AUDITOR - GENERAL

AUDITOR-GENERAL TO THE MEMBERS OF THE COUNCIL ON THE FINANCIAL STATEMENTS OF THE GOVAN MBEKI LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2006

1. **AUDIT ASSIGNMENT**

The financial statements as set out on pages xx to xx and pages xx to xx, for the year ended 30 June 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 126 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. **SCOPE**

The audit was conducted in accordance with the International Standards on Auditing read with *General Notice 1512 of 2006*, issued in *Government Gazette* no. 29326 of 27 October 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management
- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.

3. **BASIS OF ACCOUNTING**

The municipality's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as described in paragraph 1 of the accounting policies to the financial statements.

4. **QUALIFICATION**

4.1 **Opening balances**

The audit opinion for the 2004/2005 financial year was disclaimed due to reasons indicated below. During the year under review corrective measures were implemented. However, the following opening balances remain unconfirmed and I could only agree them to the prior year financial statements: and I was unable to perform alternative audit procedures to verify the existence, completeness, accuracy and valuation:

- Long term debtors – R42 893 398 - No contracts existed to verify the validity of the account balance.
- Sundry debtors – R49 938 816 - No contracts existed to verify the validity of the account balance and no supporting documentation existed for certain sundry debtors.
- Deferred charges – R17 004 912 - No supporting documentation existed to verify the account balance.

4.2 **Accounts receivable**

The fair value of account balances of accounts receivable at 30 June 2006 was not calculated as required by IAS 39 (AC 133) as the municipality's accounting system did not have the function to calculate fair value per transaction during the year. The financial effect of this could however not be quantified.

4.3 Post-retirement employee benefit plans

The municipality did not comply with IAS 19 (AC 116) by making appropriate provision in its financial statements for post-retirement medical aid benefits for all its current and retired employees who were entitled to such a benefit. At the date of issuing this report, the provision had not yet been quantified by means of an actuarial valuation. The indications were that the municipality had a material liability in this regard that had not been provided for or disclosed in the financial statements.

5. **AUDIT OPINION**

In my opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of the Govan Mbeki Local Municipality at 30 June 2006 and the results of its operations and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury of South Africa, as described in paragraph 1 of the accounting policies to the financial statements, and in the manner required by the MFMA.

6. **EMPHASIS OF MATTER**

Without further qualifying the audit opinion, attention is drawn to the following matters:

6.1 Internal controls

Due to the importance of internal control systems not always being emphasised by Management, the following discrepancies were identified:

6.1.1 Audit committee

The municipality made use of a single audit committee for the district municipality and the local municipalities within the district, as per section 166(6) of the MFMA. However, the committee met only twice during the financial year and not at least four times as per section 166(4)(b) of the MFMA. Therefore the following matters were not addressed or attended to adequately due to time constraints:

- Internal financial control and internal audits
- Risk management

- Accounting policies
- Adequacy, reliability and accuracy of financial reporting and information
- Performance management
- Effective governance
- Compliance with the MFMA, the Division of Revenue Act (DoRA) and other applicable legislation
- Performance evaluation
- Review of the financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality

6.1.2 Policies and procedures

The municipality did not have the following documented and approved management policies and procedures:

- System security policy
- Assessment rates policy



AUDITOR-GENERAL

- Investment policy
- A disaster recovery plan (DRP) and business continuity plan (BCP). Without a comprehensive and tested DRP and BCP, the municipality may not be able to resume operations in the event of a disaster. Furthermore, no formal, well-regulated off-site backup storage facility existed for the safeguarding of data, critical files and documentation relating to the administrative system.

6.2 Submission of audit report

In terms of section 126(3)(b) of the MFMA I am required to submit my report to the accounting officer within three months of the receipt of the financial statements. In the interest of improving accountability and due to the process implemented by me to ensure consistency in the manner in which material audit findings are reported I have delayed the finalisation of my report to the date reflected on the audit report.

7. **APPRECIATION**

The assistance rendered by the staff of the Govan Mbeki Local Municipality during the audit is sincerely appreciated.



B M M Madiwa for Auditor-General

Nelspruit

31 January 2007

Part 4

ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2006

GENERAL INFORMATION

BANKER: ABSA Bank Limited

REGISTERED OFFICE:

Civic Centre

**Private Bag X1017
Horwood Street
Central Business Area
SECUNDA
2302
MPUMALANGA PROVINCE
SOUTH AFRICA**

SATELITE OFFICES:

**Bethal/Emzinoni
eMbalenhle
Leandra/Lebohang
Kinross**

Telephone: (017) 620-6000

Facsimile: (017) 634-8019

E-Mail: gbrecords@govanmbeki.gov.za

www.govanmbeki.gov.za

MUNICIPAL MANAGER: Mr. Selwyn Naidoo (ACTING)

CHIEF FINANCIAL OFFICER: Mr. Phillip Van Der Merwe

APPROVAL OF FINANCIAL STATEMENTS:

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 15 to 70, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the municipality.

These Annual Financial Statements will be presented to the Council for information during September 2006.

S NAIDOO
ACTING MUNICIPAL MANAGER
08 September 2006

PL VAN DER MERWE
CHIEF FINANCIAL OFFICER
08 September 2006

GOVAN MBEKI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2006

1. INTRODUCTION

During the year under review the council instituted various control measures so as to improve the overall financial results of the municipality.

These proved to be successful and the municipality's overall financial position improved drastically, while a sound foundation for coming financial years was laid. The municipality also invested approximately R10 million in the refurbishment of the ageing vehicle fleet. This will be carried to future budgets.

The 2005/2006 financial year is also the first year that the municipality reports its financial results according to the new GRAP requirements. For this to be implemented, the services of various consultants were utilised to ensure compliance. A full asset verification and identification process was carried out in order to ensure proper disclosure in the Annual Financial Statements.

Various projects were undertaken during the financial year to improve financial accountability, inter alia:

- Ø Re-organising the Income Section
- Ø Turn-around strategy
- Ø Asset verification
- Ø Correction of External Audit queries
- Ø Improved Internal Controls
- Ø GRAAP conversion

The impact of these can be seen in the financial results of the municipality.

2. KEY FINANCIAL INDICATORS

The following indicators give some insight into the financial results of the year under review. No figures are provided for the previous year because of the change in format of the Annual Financial Statements presented. Financial Statement Ratios:

INDICATOR	2006	2005
Surplus / (Deficit) before Appropriations	(8,582,611)	-
Surplus / (Deficit) at the end of the year	504,853,096	578,406,838
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	28.36%	-
Remuneration of Councillors	1.20%	-
Bad debts	12.07%	-
Collection costs	1.36%	-
Depreciation	11.45%	-
Repairs and maintenance	3.90%	-
Interest paid	2.28%	-
Bulk purchases	21.95%	-
Contracted services	2.60%	-
Grants and subsidies paid	4.98%	-
General expenses	9.87%	-

Financial Statement Ratios (Continued):

INDICATOR	2006	2005
Current Ratio:	54	-
Creditors Days	32	-
Debtors Days		

The extremely good ratio for Debtors Days is because of bad debts in the amount of R38 887 497 million written-off during the year under review, which renders a favourable ratio for the year.

3. OPERATING RESULTS

Funds not required in terms of GRAP / GAMAP were written back to the Appropriation Account and shown as prior year adjustments.

Details of the operating results per segmental classification of expenditure are included in Appendix "D". The overall operating results for the year ended 30 June 2006 are as follows:

DETAILS	Actual 2005/2006 R	Actual 2004/2005 R	Percentage Variance %	Budgeted 2005/2006 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	578,406,838	-	-	-	-
Operating income for the year	559,350,360	-	-	502,969,648	11.21%
Appropriations for the year	(58,379,089)	-	-	-	-
	1,079,378,109	-	-	502,969,648	114.60%
Expenditure:					
Operating expenditure for the year	567,932,971	-	-	502,213,284	13.09%
Sundry transfers	6,592,041	-	-	-	-
Closing surplus / (deficit)	504,853,096	(578,406,838)	(187.28)%	756,364	-
	1,079,378,109	(578,406,838)	(286.61)%	502,969,648	114.60%
		578,406,838			

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual	Actual	Percentage	Budgeted	Variance
	2005/2006 R	Actual/ 2005/2006 R	2004/2005 % R	2005/2006 R	budgeted %
Income	233,769,335		-	219,273,454	6.61%
Expenditure	261,754,479	-	-	232,546,234	12.56%
Surplus / (Deficit)	(27,985,144)	-	-	(13,272,780)	-
Surplus / (Deficit) as % of total income	(11.97)%	-	(6.05)%		

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual	Percentage	Budgeted	Percentage	Variance Actual
	2005/2006 R	2004/2005 R	Variance %	2005/2006 R	budgeted %
Income	2,409,692	-	-	634,268	279.92%
Expenditure	10,319,254	-	-	4,995,762	106.56%
Surplus / (Deficit)	(7,909,563)	-	-	(4,361,494)	-
Surplus / (Deficit) as % of total income	(328.24)%	-	(687.64)%		

3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2005/2006 R	Actual 2004/2005 R	Percentage Variance %	Budgeted 2005/2006 R	Variance actual/ budgeted %
Income	89,112,019	-	-	62,066,872	43.57%
Expenditure	60,798,531	-	-	56,929,122	6.80%
Surplus / (Deficit)	28,313,489	-	-	5,137,750	-
Surplus / (Deficit) as % of total income	31.77%	-	-	8.28%	

3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R73 196 059 (2004/2005: R61 769 496). Tariffs levied for electricity are subject to administered adjustments.

The REDS (Regional Electricity Distribution Suppliers) will be introduced to South Africa in the near future, where electricity will be distributed a regional supplier. This will impact materially on the Annual Financial Statements of the municipality.

DETAILS	Actual 2005/2006 R	Actual 2004/2005 R	Percentage Variance %	Budgeted 2005/2006 R	Variance actual/ budgeted %
Income	138,661,544	-	-	139,120,303	(0.33)%
Expenditure	150,307,606	-	-	130,675,292	15.02%
Surplus / (Deficit)	(11,646,062)	-	-	8,445,011	-
Surplus / (Deficit) as % of total income	(8.40)%	-	-	6.07%	

3.5 Water Services:

Water is bought in bulk from Rand Water and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R51 447 824 (2004/2005: R47 181 042). Tariffs levied for water are subject to administered adjustments:

DETAILS	Actual 2005/2006 R	Actual 2004/2005 R	Percentage Variance R	Budgeted 2005/2006 R	Variance actual/ budgeted R
Income	95,397,77			81,874,75	16.52%
Expenditure	84,753,10			77,066,87	9.97%
Surplus / (Deficit)	10,644,66			4,807,87	
Surplus / (Deficit) as % of total income	11.6%	-		5.87%	

4. FINANCIAL OF CAPITAL EXPENDITURE

The expenditure on Property, plant and equipment during the year amounted to R95 293 106 (2004/2005: R53 552 166). Full details of Property, plant and equipment are disclosed in note number 8 and appendices "B, C and E (2)" to the Annual Financial Statements.

The capital expenditure of R95 293 106 was financed as follows:

DETAILS	Actual 2005/2006 R	Actual 2004/2005 R	Percentage Variance R	Budgeted 2005/2006 R	Variance actual/ budgeted R
Capital replacement reserve	9,954,384	278,856	3469.72%	-	-
External loans	10,000,000	388,837	2471.77%	-	#DIV/0!
Grants and subsidies	75,338,722	38,945,770	93.45%	-	#DIV/0!
Public contributions	-	11,639,801	(100.00)%	-	#DIV/0!
Own funds (Accumulated surplus)	-	2,298,902	(100.00)%	-	#DIV/0!
	93,293,106	53,552,166	77.94%	-	

SOURCE OF FUNDING AS A PERCENTAGE OF TOTAL CAPITAL EXPENDITURE

DETAILS	2006	2005
Capital replacement reserve	10.45%	0.52%
External loans	10.49%	0.73%
Grants and subsidies	79.06%	72.72%
Public contributions	-	21.74%
Own funds (Accumulated surplus)	-	4.29%

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 OPERATING BUDGET:

DETAILS	2006	2005
Variance per category		
Budgeted surplus before appropriations	756,364	-
Revenue variances	56,380,712	-
Employee related costs	3,333,294	-
Remuneration of Councillors	2,655,488	-
Bad debts	(34,559,320)	-
Collection costs	(2,699,843)	-
Depreciation	(55,493,489)	-
Repairs and maintenance	12,240,892	-
Interest paid	6,669,278	-
Bulk purchases	(2,985,536)	-
Contracted services	1,564,795	-
Grants and subsidies paid	4,569,408	-
General expenses	(1,014,655)	-
Actual surplus before appropriations	(8,582,611)	-

DETAILS	2006	2005
Variance per service segment:		
Budgeted surplus before appropriations	756,364	-
Executive and Council	(1,400,720)	-
Finance and administration	(27,875,721)	-
Planning and Development	(4,375,845)	-
Health	(1,799,656)	-
Community and social services	137,414	-
Housing	(3,548,069)	-
Public Safety	(1,738,710)	-
Sport and Recreation	1,453,045	-
Environmental Protection	-	-
Waste Management	23,175,739	-
Roads and Transport	20,887,829	-
Water	5,836,792	-
Electricity	(20,091,073)	-
Other	-	-
Actual surplus before appropriations	(8,582,611)	-

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a criptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

5.2 CAPITAL BUDGET

DETAILS	Actual	Actual	Percentage	Budgeted	Variance
	actual/ 2005/2006 R	2004/2005 R	Variance R	2005/2006 R	budgeted R
Executive and Council	106,980	-	106,980	-	106,980
Finance and administration	3,480,493	-	3,480,493	-	3,480,493
Planning and Development	101,216	-	101,216	1,641,690	(1,540,474)
Health	68,673	-	68,673	-	68,673
Community and social services	2,018,976	-	2,018,976	-	2,018,976
Housing	915,094	-	915,094	5,339,218	(4,424,124)
Public Safety	8,034,798	-	8,034,798	18,367,168	(10,332,370)
Sport and Recreation	-	-	-	668,075	(668,075)
Environmental Protection	-	-	-	-	-
Waste Management	32,833,614	-	32,833,614	31,068,633	1,764,981
Roads and Transport	18,124,018	-	18,124,018	10,789,215	7,334,803
Water	16,721,754	-	16,721,754	18,334,858	(1,613,104)
Electricity	12,887,491	-	12,887,491	8,811,760	4,075,730
Other	3,596,189	-	3,596,189	-	3,596,189
	98,889,295	-	98,889,295	95,020,618	3,868,678

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a critic explanation of significant variances of more than 5% from budget, are included in Appendix "E (2)".

6. CAPITAL REPLACEMENT RESERVE

The balance of the Capital Replacement Reserve as at 30 June 2006 amounted to R5 964 806 (30 June 2005: R3 919 190).

The Capital Replacement Reserve replaces the previous statutory funds, like the Capital Development Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability of cash, is made annually to the reserve.

The municipality is dependent on external funds (external loans and grants) to finance its annual capital programme.

Refer to the Statement of Change in Net Assets for more detail.

7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2006 was R86 846 397 (30 June 2005: R76 804 884). A new loan to the amount of R10 000 000 was taken up during the financial year to enable the municipality to finance part of its capital requirements for the year. This was utilised to finance an electrification project in Bethal.

Refer to Note number 1 and Appendix "A" for more detail.

8. NON-CURRENT PROVISIONS

Non-current Provisions amounted R14 500 000 as at 30 June 2006 (30 June 2005: R14 500 000) and is made up as follows:

Provision for Cleaning of Illegal Dumping	-
Provision for Clearing of Alien Vegetation	-
Provision for Long-term Service	-
Provision for Post-retirement Benefits	-
Provision for Rehabilitation of Land-fill Sites	<u>14,500,000</u>
	<u>14,500,000</u>

These provisions are made in order to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

Refer to Note number 2 for more detail.

9. CURRENT LIABILITIES

Current Liabilities amounted R123 384 934 as at 30 June 2006 (30 June 2005: R109 109 078) and is made up as follows:

Consumer Deposits	Note number	3	7,474,481	
Provisions	Note number	4	557,623	
Creditors	Note number	5	83,484,979	
Unspent Conditional Grants and Receipts	Note number	6	8,944,075	note
VAT	Note number	7	11,797,889	
Bank Overdraft	Note number	15	10,022,728	<u>note</u>
Current Portion of Long-term Liabilities	Note number	1	1,103,160	<u>123,384,934</u>

Non-current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Note numbers for more detail.

10. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R818 783 340 as at 30 June 2006 (30 June 2005: R788 518 059).

An audit of all assets was done during the year during the process of compiling the asset register. As a result of this, assets to the value of R778 551 972, not previously recorded, have been brought into the municipality's registers as at 30 June 2005.

Refer to Note number 8 and Appendices "B, C and E (2)" for more detail.

11. INVESTMENTS

The municipality held Investments to the value of R60 056 619 as at 30 June 2006 (30 June 2005: R55 102 093).

The bulk of these investments are ring-fenced for purposes of the Capital Replacement Reserve, Unspent Conditional Grants and security for Long-term Liabilities, with the result that no significant amounts are available for own purposes.

Refer to Note number 9 for more detail.

12. LONG-TERM RECEIVABLES

Long-term Receivables of R72 887 397 at 30 June 2006 (30 June 2005: R32 760 988) is made up as follows:

Officials: Study Loans	862,889
Township Development	239,688
Sale of Erven	80,015
Capitalised Arrear Services	<u>78,132,034</u>
	79,314,626
Less: Short-term portion included in Current Assets	<u>6,427,229</u>
	<u>72,887,397</u>

The substantial decrease in Long-term Receivables is attributed to the write-off of long outstanding amounts to the Provision for Doubtful Debts.

Refer to Note number 10 for more detail.

13. CURRENT ASSETS

Current Assets amounted R73 211 794 as at 30 June 2006 (30 June 2005: R139 834 986) and is made up as follows:

Inventory	Note number 11	15,325,278
Consumer Debtors	Note number 12	31,752,158
Other Debtors	Note number 13	6,881,379
Current Portion of Long-term Debtors	Note number 10	6,427,229
Call Investment Deposits	Note number 14	13,223,542
Bank Balances and Cash	Note number 15	<u>18,327</u>
		<u>73,627,913</u>

The substantial increase is due to the increment in debt for Consumer Debtors and is alarming. Council's Credit Control Policy will have to applied strictly and adhered to in all circumstances in order to recover monies due to the municipality.

Refer to the indicated Note number for more detail.

14. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance.

Refer to Notes number 6 and 18, and Appendix "F" for more detail.

15. POST BALANCE SHEET EVENTS

The municipality has been downgraded to a category 4 municipality with effect from 1 July 2006. This has no effect on the Annual Financial Statements for the year under review.

16. GENERAL RECOGNISED ACCOUNTING PRACTICE (GRAP)

In order to adhere to principles and procedures prescribed by law and the directions of National Treasury, the Annual Financial Statements have been converted to the so-called GRAP-format.

The unbundling process was carried out as at 30 June 2005, with the result that no comparative figures are available for e.g. the Statement of Financial Performance and the Cash Flow Statement. However, it was endeavored to supply as much information as possibly.

EXPRESION OF APPRECIATION

We are grateful to the Executive Mayor, members of the Mayoral Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

**CHIEF FINANCIAL OFFICER
08/09/2006**

**GOVAN MBEKI MUNICIPALITY STATEMENT OF FINANCIAL POSITION AT
30 JUNE 2006**

	NOTE	2006 R	2005 R
NET ASSETS AND LIABILITIES			
Net assets		800,623,938	815,798,590
Capital replacement reserve		5,964,806	3,919,190
Capitalisation reserve		6,679,450	8,843,946
Government grant reserve		283,126,585	224,628,617
Accumulated surplus / (Deficit)		504,853,096	578,406,838
Non-current liabilities		101,346,397	91,304,84
Long-term liabilities	1	86,846,379	76,804,884
Non-current provisions	2	14,500,000	14,500,000
Current liabilities		123,384,934	109,112,652
Consumer deposits	3	7,474,481	7,242,522
Provisions	4	557,623	124,136
Creditors	5	83,484,979	65,878,860
Unspent conditional grants and receipts	6	8,944,075	9,133,376
VAT	7	11,797,889	662,179
Bank overdraft	15	10,022,728	25,110,050
Current portion of long-term liabilities	1	1,103,160	961,530
Total net assets and liabilities		1,025,355,269	1,016,216,126
ASSETS			
Non-current assets		951,727,356	876,381,140
Property, plant and equipment	8	818,783,340	788,518,059
Investments	9	60,056,619	55,102,093
Long-term receivables	10	72,887,397	32,760,988
Current assets		73,627,913	139,834,986
Inventory	11	15,325,278	19,545,594
Consumer debtors	12	31,752,158	36,424,854
Other debtors	13	6881,379	55,492,017
Current portion of long-term receivables	10	6,427,229	10,539,782
Short-term investment deposits	14	13,223,542	17,814,624
Bank balance and cash	15	18,327	18,115
Total assets		1,025,355,269	1,016,216,126

**GOVAN MBEKI MUNICIPALITY STATEMENT OF FINANCIAL POSITION AT
30 JUNE 2006
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2006**

Budget			Actual	
2005	2006		2006	2005
R	R		R	R
		REVENUE		
	101,727,117	Property Rates	98,467,308	
	277,632,860	Service Charges	267,822,969	
	3,025,611	Rental of Facilities and Equipment	3,498,794	
	15,573,203	Interest Earned - External Investments	8,425,330	
	20,366,967	Interest Earned - Outstanding Debtors	25,238,711	
	-	Dividends Received	7,908	
	4,293,689	Fines	5,413,650	
	8,076,772	Licences and Permits	8,383,020	
	61,820,608	Government Grants and Subsidies	133,702,165	
	8,452,821	Other Income	8,148,185	
	-	Public Contributions and Donations	135,233	
	<u>2,000,000</u>	Gains on Disposal of Property, Plant and Equipment	107,088	
-	<u>502,969,648</u>	Total Revenue	<u>559,350,360</u>	-
		EXPENDITURE		
	164,384,388	Employee Related Costs	161,051,094	
	9,450,820	Remuneration of Councillors	6,795,332	
	34,000,000	Bad Debts	68,559,320	
	5,016,076	Collection Costs	7,715,919	
	9,522,563	Depreciation	65,016,052	
	34,363,312	Repairs and Maintenance	22,122,420	
	19,635,440	Interest Paid	12,966,162	
	121,668,347	Bulk Purchases	124,653,883	
	16,306,672	Contracted Services	14,741,877	
	32,827,298	Grants and Subsidies Paid	28,257,890	
	55,038,368	General Expenses	56,053,023	
-	<u>502,213,284</u>	Total Expenditure	<u>567,932,971</u>	-
-	<u>756,364</u>	SURPLUS / (DEFICIT) FOR THE YEAR	<u>(8,582,611)</u>	-

Refer to Appendix E(1) for explanation of budget variances

GOVAN MBEKI MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2006

DESCRIPTIONS	Pre-GAMAP Reserve And funds	Housing Development Fund	Capital Replacement Reserve	Capitalisation Reserve	Government Grant Reserve	Donations and Public Reserve	Self Insurance Reserve	Revaluation Reserve	Accumulated Total Surplus (deficit)
	R	R	R	R	R	R	R	R	R
2005									
Balance at 30 June 2005		3,919,190	-					85,033,396	
88,952,586									
Implementation of GAMAP (Note 26)		(3,919,190)	-3,919,190	8,843,946	224,628,617	-	-	-	493,373,441
726,846,004									
Change in Accounting Policy (Note 27)									-
-									
Correction of Error									
Restated Balance	-	-	3,919,190	8,843,946	224,628,617	-	-	578,406,838	815,798,590
Surplus / (Deficit) for the year									
Transfer to Housing Development fund			-					-	
Fund utilized to Finance PPE			-					-	
Transfer to CRR			12,000,00					-	
Property, Plant and Equipment purchase			9,954,384					-	
Contributions / Grants used to purchase PPE			75,338,722					-	
Contribution to insurance reserve			-					-	
Insurance claims processed			-					-	
Interest received		-	-					-	-
Asset disposals									
Offsetting of Depreciation								-	-
Balance at 30 June 2005	-	-	3,919,190	8,843,946	224,628,617	-	-	578,406,838	815,789,590

**GOVAN MBEKI MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006**

							NOTE	2006	2005																																																																						
2006																																																																															
Change in Accounting Policy (Note 27)								-	-																																																																						
Correction of Error (Note28)							(6,592,041)		(6,592,041)																																																																						
Restated Balance	-	-	3,919,190	8,843,946	224,628,617	-	-	571,814,797	809,206,549																																																																						
Surplus / (Deficit) for the year								-	-																																																																						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 40%;">Transfer to Housing Development fund</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 10%;"></td> </tr> <tr> <td>Fund utilized to Finance PPE</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td></td> <td style="text-align: center;">-</td> <td></td> </tr> <tr> <td>Transfer to CRR</td> <td></td> <td></td> <td style="text-align: right;">12,000,000</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td></td> <td style="text-align: right;">(12,000,000)</td> <td></td> </tr> <tr> <td>Property, Plant and Equipment purchase</td> <td></td> <td></td> <td style="text-align: right;">(9,654,384)</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td></td> <td style="text-align: right;">9,954,384</td> <td></td> </tr> <tr> <td>Contributions / Grants used to purchase PPE</td> <td></td> <td></td> <td style="text-align: right;">75,338,722</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td></td> <td style="text-align: right;">(75,338,722)</td> <td></td> </tr> <tr> <td>Contribution to insurance reserve</td> <td></td> <td></td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td></td> <td style="text-align: center;">-</td> <td></td> </tr> <tr> <td>Insurance claims processed</td> <td></td> <td></td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td></td> <td style="text-align: center;">-</td> <td></td> </tr> </tbody> </table>										Transfer to Housing Development fund	-	-	-	-	-	-		-		Fund utilized to Finance PPE	-	-	-	-	-	-		-		Transfer to CRR			12,000,000	-	-	-		(12,000,000)		Property, Plant and Equipment purchase			(9,654,384)	-	-	-		9,954,384		Contributions / Grants used to purchase PPE			75,338,722	-	-	-		(75,338,722)		Contribution to insurance reserve			-	-	-	-		-		Insurance claims processed			-	-	-	-		-	
Transfer to Housing Development fund	-	-	-	-	-	-		-																																																																							
Fund utilized to Finance PPE	-	-	-	-	-	-		-																																																																							
Transfer to CRR			12,000,000	-	-	-		(12,000,000)																																																																							
Property, Plant and Equipment purchase			(9,654,384)	-	-	-		9,954,384																																																																							
Contributions / Grants used to purchase PPE			75,338,722	-	-	-		(75,338,722)																																																																							
Contribution to insurance reserve			-	-	-	-		-																																																																							
Insurance claims processed			-	-	-	-		-																																																																							
Interest received	-	-							-																																																																						
Asset disposals																																																																															
Offsetting of Depreciation				(2,164,495)	(16,840,754)			19,005,249	-																																																																						
Balance at 30 June 2005	-	-	5,964,806	6,679,450	283,126,585	-	-	504,853,096	800,623,938																																																																						

**GOVAN MBEKI MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006**

	NOTE	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipt from ratepayers, government and other		582,772,570	9,133,376
Cash paid to suppliers and employees	28	(442,015,669)	(30,297,290)
Cash generated from / (utilized in) operations		140,756,901	(21,163,914)
Dividends received	7,908	-	
Interest received	8,425,330	-	
Interest paid	(12,966,162)	-	
NET CASH FROM OPERATING ACTIVITIES	136,223,976	(21,163,914)	
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(95,293,106)	-	
Proceeds on disposal of property, plant and equipment	118,862	-	
(Increase) decrease in non-current receivables	(36,013,856)	(43,300,770)	
(Increase) decrease in non-current investments	(4,954,5270)	(55,102,093)	
(Increase) decrease in current investments	4,591,082	(11,706,352)	
NET CASH FROM INVESTING ACTIVITIES	(131,551,545)	(110,109,215)	
CASH FLOWS FROM FINANCIAL ACTIVITIES			
New loans raised / (repaid)	10,183,143		77,766,414
Increase / (decrease) in consumer deposits	231,960		7,242,522
NET CASH FROM FINANCIAL ACTIVITIES	10,415,103		85,008,936
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	29	15,087,534	(12,477,642)
			33,786,551,31
Cash and cash equivalents at the beginning of the year		(25,091,935)	(12,614,293)
Cash and cash equivalents at the end of the year		(10,004,401)	(25,091,935)

GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
1. LONG TERM LIABILITIES		
Annuity loans	17,949,557	7,660,238
Capitalised lease liabilities	-	106,176
Other loans	70,000,000	70,000,000
Subtotal	87,949,557	77,766,414
Less: current portion transferred to current liabilities:	1,103,160	961,530
Annuity loans	1,103,106	961,530
Total external loans	86,846,397	76,804,884

(Refer to appendix A for more detail on long-term liabilities)

R51 494 401 (2005: R46 508 157) has been invested specifically in a ring-fenced account for the repayment of long-term liabilities. See notes 9 and 30 for more details.

2. NON- CURRENT PROVISIONS

Provision for rehabilitees of land-fill sites	14,500,000	14,500,000
Total non-current provisions	14,500,000	14,500,000

The municipality will incur costs of R14,5 million to be able to licence the landfill refuse sites. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate.

The movement in non-current provisions are reconciled as follows:

	Illegal Dumping	Alien Vegetation	Long-term Services	Post-retirement Land -fill sites	
30 June 2006					
Balance at beginning of year	-	-	-	-	14,500,000
Contributions to provision	-	-	-	-	-
Increase due to discounting	-	-	-	-	-
Expenditure incurred	-	-	-	-	-
Transfer to current provisions	-	-	-	-	-
Balance at the end of year	-	-	-	-	14,500,000

**GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

	2006 R	2005 R
30 June 2005		
Balance at beginning of year	-	-
Contributions to provision	-	14,500,000
Increase due to discounting	-	-
Expenditure incurred	-	-
Transfer to current provisions	-	-
Balance at the end of year	<u>-</u>	<u>14,500,000</u>
3. CONSUMER DEPOSITS		
Electricity and Water	7,474,481	7,242,522
Total consumer deposits	<u>7,474,481</u>	<u>7,242,522</u>
Guarantees held in lieu of electricity and water deposits	<u>796,113</u>	<u>765,522</u>
4. PROVISIONS		
Performance bonus	557,623	124,136
Total provisions	<u>557,623</u>	<u>124,136</u>
<p>Performance bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.</p> <p>The movement in current provisions are reconciled as follows:</p>		
Performance bonus		
Balance at beginning of year	124,136	557,623
Contributions to provision	124,136	(124,136)
Expenditure incurred	-	-
Balance at the end of year	<u>557,623</u>	<u>124,136</u>
5. CREDITORS		
Trade creditors	6,479,839	12,630,260
Payments received in advance	29,233,144	20,976,103
Retentions	12,232,083	9,227,294
Staff leave	14,115,451	2,065,884
Sundry deposits	1,128,484	1,051,299
Other creditors	20,295,978	19,928,020
Total creditors	<u>83,484,979</u>	<u>65,878,860</u>

**GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

	2006 R	2005 R
6. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
6.1 Conditional grants from other spheres of government	8,944,075	9,133,376
National government grants	5,751,063	3,635,310
Provincial government grants	1,556,624	3,805,294
Local government grants	1,636,388	1,631,188
		61,583
Total conditional grants and receipts	8,944,075	9,133,376

(See note 18 for the reconciliation of grants from other spheres of government)

The amount for unspent conditional grants and receipts are invested in ring-fenced investment accounts until utilized.

7. VAT

VAT payable	11,797,889	662,179
-------------	------------	---------

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

8 PROPERTY, PLANT AND EQUIPMENT

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemising all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2007. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the Municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2007.

30 June 2006

Carrying values at 1 July 2005	140,594,934	484,018,349	87,994,555	-	29,586,896	46,323,326	-	788,518,059
Cost	303,665,432	790,488,875	140,557,162	-	72,612,560	72,768,795	-	1,380,092,823
Correction of error (note 33)	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation:	(163,070,498)	(306,470,526)	(52,562,607)	-	(43,025,664)	(26,445,469)	-	(591,574,764)
- Cost	(163,070,498)	(306,470,526)	(52,562,607)	-	(43,025,664)	(26,445,469)	-	(591,574,764)
- Revaluation	-	-	-	-	-	-	-	-
Acquisitions	-	36,044,899	901,027	-	12,890,443	-	-	49,836,369
Capital under construction	915,094	44,541,643	-	-	-	-	-	45,456,737
Increase / decrease in revaluation	-	-	-	-	-	-	-	-
Depreciation	(6,565,732)	(40,410,629)	(4,608,116)	-	(11,036,513)	(2,395,062)	-	(65,016,052)
- based on cost	(6,565,732)	(40,410,629)	(4,608,116)	-	(11,036,513)	(2,395,062)	-	(65,016,052)
- based on revaluation	-	-	-	-	-	-	-	-
Carrying value of disposal:	-	-	-	-	-	-	-	-
Cost /revaluation	-	-	-	-	(11,774)	-	-	(11,774)
Accumulated depreciation	-	-	-	-	(65,387)	-	-	(65,387)
Impaired losses	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Carrying values at 30 June 2006	134,944,296	524,194,261	84,287,466	-	31,429,052	43,928,264	-	818,783,340
Cost	304,580,527	871,075,417	141,458,189	-	85,437,615	72,768,795	-	1,475,320,543
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	(169,636,230)	(346,881,155)	(57,170,723)	-	(54,008,564)	(28,840,531)	-	(656,537,203)
- Cost	(169,636,230)	(346,881,155)	(57,170,723)	-	(54,008,564)	(28,840,531)	-	(656,537,203)
- Revaluation	-	-	-	-	-	-	-	-

GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

Carrying values at 1 July 2004	140,594,934	484,018,349	87,994,555	-	29,586,896	46,323,326	-	788,518,059
Cost	303,665,432	790,488,875	140,557,162	-	72,612,560	72,768,795	-	1,380,092,823
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation:	(163,070,498)	(306,470,526)	(52,562,607)	-	(43,025,664)	(26,445,469)	-	(591,574,764)
- Cost	(163,070,498)	(306,470,526)	(52,562,607)	-	(43,025,664)	(26,445,469)	-	(591,574,764)
- Revaluation	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-
Capital under construction	-	-	-	-	-	-	-	-
Increase / decrease in revaluation	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
- based on cost	-	-	-	-	-	-	-	-
- based on revaluation	-	-	-	-	-	-	-	-
Carrying value of disposal:	-	-	-	-	-	-	-	-
Cost /revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Impaired losses	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Carrying values at 30 June 2005	140,594,934	484,018,349		-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-

(Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment, including those in the course of construction.)

Land and Buildings were revalued to fair value by using the municipal / valuation roll. The effective date of revaluation was 01 July 2004. The valuation was conducted by Mhlawin Consultants, registered and independent valuers. The NHBR indices, which indicate current building costs, were used to determine replacement values.

GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	R	R
9 INVESTMENTS		
Listed shares	369,000	369,000
Financial instrument fixed deposits	59,687,619	54,733,093
Total investments	60,056,619	55,102,093
Market valuation of listed investments listed shares		
	784,258	534,220

Fixed deposits of R51 494 401 (2005: R46 508 157) are ring-fenced for the purposes of repaying long-term liabilities as set out in note 34.

Deposits of R3 890 992 (2005: R5 498 065) are ring-fenced and attributable to unspent conditional grants.

Deposits of R4 302 226 (2005: R 0) are ring-fenced and attributable to the capital replacement reserve.

10 LONG-TERM RECEIVABLES

Officials: study loans	862,889	873,614
Township development	239,688	244,463
Sale of erven	80,015	85,764
Capitalised arrear services	78,132,034	42,096,929
	79,314,626	43,300,770
Less: current portion transferred to current receivables:		
	6,427,229	10,539,782
Capitalised arrear services	6,427,229	10,539,782
Total long-term receivable	72,887,397	32,760,988

GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

2006	2005
R	R

STUDY LOANS

In terms of the MFMA no study loans are granted to officials anymore. The outstanding amount is in respect of loans granted before 01 July 2005 and will continue until have been repaid.

TOWNSHIP DEVELOPMENT

No development loans are granted to officials and public anymore. The outstanding amount is in respect of loans granted before 01 July 2005 and will be recovered over the remaining period of the loan agreements.

SALE OF ERVEN

As from 01 January 2006 no loan agreements are entered into for the sale of erven. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

CAPITALISED ARREAR SERVICES

Arrear amounts on services are capitalized on completion of a formal agreement. These arrear amounts are then paid to the municipality in monthly installments over a period not exceeding 60 months. No interest is charged on these amounts where the stipulations of the agreement are adhered to.

11 INVENTORY

Consumer stores – at cost	1,922,649	2,339,828
Water – at cost	212,190	200,854
Unsold Properties held for resale – at cost	13,190,439	17,004,912
Total inventory	15,325,278	19,545,594

12 CONSUMER DEBTORS

	GROSS BALANCES	PROVISIONS FOR NET	Bad Debts BALANCES
As at 30 June 2006 services debtors:	136,674,388	115,3165,157	21,358,231
Assessment Rates	28,823,025	24,318,825	4,504,200
Electricity	20,767,570	17,522,20	3,245,3673
Refuse	29,377,339	24,786,516	4,590,824
Sewerage	25,367,458	21,403,262	3,964,196
Water	32,338,996	27,285,351	5,053,644
Loan Installments	2,827,081	2,385,290	441,790
Other Debtors	63,685,145	53,733,009	9,952,136
Total consumer debtors	203,186,614	171,434,456	31,752,158

GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R	
As at 30 June 2005			
Services debtors	114,308,862	90,941,993	23,366,868
Assessment rates	26,331,790	20,949,080	5,382,710
Electricity	15,855,137	12,614,051	3,241,087
Refuse	25,423,429	20,226,405	5,197,024
Sewerage	19,378,541	15,417,205	3,961,336
Water	27,319,964	21,735,253	5,584,712
LOANS INSTALMENTS	11,373,565	9,048,596	2,324,969
OTHER DEBTORS	52,505,060	51,772,044	10,733,016
TOTAL CONSUMER DEBTORS	178,187,487	141,762,633	36,424,854
Rates: Ageing current (0-30 days)	6,921,789	7,255,411	
31 - 60 days	1,745,492	1,443,981	
61 - 90 days	1,391,017	884,400	
91 - 120 days	1,224,529	654,758	
† 120 days	17,540,198	16,093,241	
Total	28,823,025	26,331,790	
Electricity: Ageing current (0-30 days)	8,272,589	6,778,245	
31 – 60 days	1,493,426	1,229,655	
61 – 90 days	843,127	884,103	
90 – 120 days	638,082	524,792	
† 120 days	9,520,345	6,438,342	
Total	20,767,570	15,855,137	
Refuse: Ageing current (0-30 days)	2,178,224	2,685,743	
31 – 60 days	1,100,355	1,076,094	
61 – 90 days	1,005,797	710,410	
90 – 120 days	958,731	747,050	
† 120 days	24,134,232	20,204,132	
Total	29,377,339	25,423,429	
Sewerage: Ageing current (0-30 days)	2,430,394	2,525,889	
31 – 60 days	1,043,097	971,031	
61 – 90 days	987,750	571,500	
90 – 120 days	1,410,622	684,496	
† 120 days	19,495,595	14,625,625	
Total	25,367,458	19,378,541	

GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
Water: Ageing current (0-30 days)	4,452,023	5,959,412
31 – 60 days	1,410,128	1,425,331
61 – 90 days	2,469,017	1,858,710
90 – 120 days	1,061,788	822,695
† 120 days	22,946,039	17,253,816
Total	32,338,996	27,319,964

The customer classification cannot be provided as the Billing System used by the municipality is not set-up to generate reports in this format.

Reconciliation of Provision for bad debts

Balance at beginning of year	141,762,633	58,319,875
Contribution / (reversal) to provision	68,559,320	110,807,177
Bad debts written off	(38,887,497)	(27,364,419)
Balance at end of year	171,434,456	141,762,633

13 OTHER DEBTORS

Sundry deposits	338,302	328,270
Sundry debtors	1,265,711	54,124,705
Capital projects	5,213,622	727,419
Insurance claims	63,744	311,622
Total other debtors	6,881,397	55,492,017

14 SHORT-TERM INVESTMENT DEPOSITS

Call deposits	12,454,633	6,108,272
Notice deposits	768,909	11,706,352
Total short-term investment deposits	13,223,542	17,814,624

Deposits of R5 053 083 (2005: R 3 635 310) are ring-fenced and attributable to unspent conditional grants.

**GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

2006	2005
R	R

Deposits of R1 662 579 (2005: R3 919 190) are ring-fenced attributable to the capital replacement reserve.

Deposits of R6 108 683 (2005: R1 058 882) are ring-fenced and attributable to creditors of the municipality.

15 BANK , AND CASH OVERDRAFT BALANCES

The Municipality has the following bank accounts:

Primary Bank Account

ABSA Bank – Secunda Branch – Account Number	15 1000 0141
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Cash book balance at beginning of year	(25,110,050)	16,953,159
Cash book balance at the year	(10,022,728)	(25,110,050)
Bank statement balance at beginning of year	(10,762,770)	(8,049,811)
Bank statement balance at the end of the year	2,373,119)	(10,762,770)

Cash floats and advances	18,327	18,115
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Cash on hand in cash floats, advances equivalents	18,327	18,115
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Total bank cash	18,327	18,115
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Total overdraft	(10,022,728)	(25,110,050)
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TOTAL BANK AND CASH	(10,004,401)	(25,091,935)
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16 PROPERTY RATES

Actual Residential	62,959,372	60,387,406
Commercial	30,796,542	29,538,466
Agricultural	539,327	517,295
State	3,832,935	3,676,355
Municipal	339,133	325,279

Total Assessment Rates	98,467,308	94,444,801
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**GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

	July 2006	July 2005
	R	R
Property Valuations	R000's	R000's
Residential	3,980,857,775	3,977,574,641
Commercial	1,259,074,657	1,258,036,260
Agricultural	259,256,717	259,042,900
State	43,671,667	43,635,650
Municipal	24,307,047	24,287,000
Exempted properties		
Total Property Valuations	5,567,167,863	5,562,576,451

Assessment rates are levied on the value of land and improvements, which valuation is performed every five years. The last valuation came into effect on 1 July 2004. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of 1, 7687 c/R (2004/2005: 1, 6979 c/R) is applied to property valuations to determine assessment rates. Rebates of 40% are applied to pensioners. A discount of 20% was granted to the State.

Rates are levied monthly and are payable the 7th of each month. Interest is levied at the prime rate plus 1% on outstanding rates amounts.

A uniform rate for the same class and type of property will be applied with the implementation of the Property Rates Act. It is envisaged that such rate will be introduced with effect as from 01 July 2008.

17 SERVICE CHARGES

Sale of Electricity	133,398,405	124,936,496
Sale of Water	79,707,163	74,103,221
Refuse Removal	27,980,655	25,676,111
Sewerage and Sanitation Charges	26,736,746	28,086,653
Total Service Charges	267,822,969	252,802,481

18 GOVERNMENT GRANTS AND SUBSIDIES

Provincial Equitable Share	55,436,331	-
Provincial Health Subsidies	1,305,750	-
Other Subsidies	474,340	-
Conditional Grants	76,485,744	-

**GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

	2006 R	2005 R
National: FMG	1,219,346	-
Provincial: MIG	36,659,657	-
Provincial: DPLG Grant	510,000	-
Provincial: Housing Grant	2,743,448	-
Provincial: Mineral and Energy Grant	2,887,491	-
Provincial: MSIG	588,369	-
Local Government: LDM Grant	31,819,424	-
Other Government: SETA	58,009	-
Total Government Grants and Subsidies	133,702,165	-
18.1 Provincial: Equitable Share	55,436,331	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy equal to the basic charges for Electricity, Refuse Removal, Sewerage and Water Services, which subsidy is adjusted as tariffs increase. All residential households receive 6 kl water and 50 kWh electricity free every month.

18.2 Provincial: Health Subsidies

Balance unspent at beginning of year	-	-
Current year receipts - included in public health vote	1,305,750	-
Conditions met - transferred to revenue	(1,305,750)	-
Conditions still to be met - transferred to current assets (see note 13)		-

This grant has been used exclusively to fund clinic services (included in Appendix "D"), which services are in a process of being transferred to District Municipalities. This grant will then fall away. The conditions of the grant have been met and there was no delay or withholding of the subsidy.

18.3 National: FMG Grant

Balance unspent at beginning of year	3,635,310	-
Current year receipts	3,335,099	3,635,310
Conditions met - transferred to revenue	(1,219,346)	-
Conditions still to be met - transferred to liabilities (see note 6)	5,751,063	3,635,310

The Financial Management Grant is paid by National Treasury to high capacity municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	R	R
18.4 Provincial: MIG Funds		
Balance unspent at beginning of year	911,888	-
Current year receipts	35,747,769	911,888
Conditions met - transferred to revenue	(36,659,657)	-
Conditions still to be met - transferred to liabilities (see note 6)	-	911,888

The Municipal Infrastructure Grant (MIG) was used to construct roads and sewerage infrastructure as part of the upgrading of informal settlement areas (included in the Roads and Sewerage votes in Appendix "B"). No funds have been withheld.

18.5 Provincial: Department Local Government (DPLG)

Balance unspent at beginning of year	330,962	-
Current year receipts	917,307	330,962
Conditions met - transferred to revenue	(510,000)	-
Conditions still to be met - transferred to liabilities (see note 6)	738,268	330,962

This grant was granted to improve capacity within the administration of the municipality and was used to improve internal procedures of various processes. No funds have been withheld.

18.6 Provincial: Department Housing

Balance unspent at beginning of year	1,537,367	-
Current year receipts - included in roads maintenance vote	1,506,890	1,537,367
Conditions met - transferred to revenue	(2,743,448)	-
Conditions still to be met - transferred to liabilities (see note 6)	300,810	1,537,367

This grant was allocated to ensure that the Social Housing Programme of Provincial Government was carried out. The municipality acts as agent for the implementation of the plan and used the funds to improve living conditions in hostels. No funds have been withheld.

18.7 Provincial - Department Minerals and Energy (DME)

Balance unspent at beginning of year	686,762	-
Current year receipts	2,200,729	686,762
Conditions met - transferred to revenue	(2,887,491)	-
Conditions still to be met - transferred to liabilities (see note 6)	-	686,762

18.8 Provincial: MSIG

Balance unspent at beginning of year	338,315	-
Current year receipts	734,000	338,315
Conditions met - transferred to revenue	(588,369)	-
Conditions still to be met - transferred to liabilities (see note 6)	483,946	338,315

**GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

	2006 R	2005 R
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This grant was received for the promotion and development of sport and will be utilised as such as soon as a project has been identified. No funds have been withheld.

18.10 Local Government - Gert Sibande District Municipality Grant (LDM)

Balance unspent at beginning of year	1,573,238	-
Current year receipts	-	1,573,238
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 6)	1,573,238	1,573,238

This grant was used to construct roads, sewerage and water infrastructure as part of the upgrading of informal settlement areas. No funds have been withheld.

18.11 Local Government - Local District Municipality Grant (LDM)

Balance unspent at beginning of year	57,950	-
Current year receipts	31,824,624	57,950
Conditions met - transferred to revenue	(31,819,424)	-
Conditions still to be met - transferred to liabilities (see note 6)	63,150	57,950

The District Municipality allocates funds on an annual basis to ensure that infrastructure is maintained and improved. The grant was utilised for this purpose. No funds have been withheld.

18.12 Other Spheres of Government - Sasol

Balance unspent at beginning of year	3,574	-
Current year receipts	(3,574)	3,574
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 6)	-	3,574

18.13 Other Spheres of Government – SETA

Balance unspent at beginning of year	58,009	-
Current year receipts	-	58,009
Conditions met - transferred to revenue	(58,009)	-
Conditions still to be met - transferred to liabilities (see note 6)	-	58,009

The District Municipality allocates funds on an annual basis to ensure that infrastructure is maintained and improved. The grant was utilised for this purpose. No funds have been withheld.

18.14 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2006), government grant funding is expected to increase over the forthcoming three financial years.

GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
19 OTHER INCOME		
Sundry Services Rendered	3,261,573	2,805,981
Sundry Fees Charged	2,136,281	1,640,808
Other Income	2,750,331	2,752,430
Total Other Income	8,148,185	7,199,219
20 EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	105,843,843	103,237,804
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	32,447,742	29,004,165
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	10,081,154	8,631,588
Housing Benefits and Allowances	1,111,272	1,307,765
Overtime Payments	11,197,994	11,206,565
Performance Bonuses	369,088	124,136
Total Employee Related Costs	161,051,094	153,512,023
There were no advances to employees. Loans to employees are set out in Note 10.		
Remuneration of the Municipal Manager (Acting Allowance only) Annual		
Remuneration	81,085	137,026
Performance Bonus	-	-
Car Allowance	48,116	57,885
Company Contributions to UIF, Medical and Pension Funds	-	29,307
Total	129,201	224,217
Remuneration of the Chief Financial Officer Annual Remuneration		
	339,529	138,316
Performance Bonus	-	39,016
Car Allowance	6,229	60,821
Company Contributions to UIF, Medical and Pension Funds	-	46,491
Total	345,758	284,645
Remuneration of the Director: Corporate Services Annual Remuneration		
	298,389	172,705
Performance Bonus	-	43,411
Car Allowance	130,170	70,703
Company Contributions to UIF, Medical and Pension Funds	82,501	38,820
Total	511,060	325,639
Remuneration of the Director: Environmental Affairs and Tourism		
Annual Remuneration	298,389	266,724
Performance Bonus	46,292	39,886

**GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

	2006 R	2005 R
Car Allowance	130,170	125,019
Company Contributions to UIF, Medical and Pension Funds	82,501	74,098
Total	557,352	505,726
 <i>Remuneration of the Director: Health Services</i>		
Annual Remuneration	299,000	268,048
Performance Bonus	-	39,016
Car Allowance	119,701	115,236
Company Contributions to UIF, Medical and Pension Funds	92,359	82,557
Total	511,060	504,8
 <i>Remuneration of the Director Public Safety</i>		
Annual Remuneration	300,000	275,663
Performance Bonus	46,584	43,881
Car Allowance	118,461	103,302
Company Contribution to UIF, Medical and Pension Funds	92,600	86,875
Total	557,644	509,721
 <i>Remuneration of the Director: Technical and Engineering Services</i>		
Performance Bonus	31,260	41,167
Car Allowance	122,550	116,198
Company Contribution to UIF, Medical and Pension Funds	94,037	84,574
Total	542,320	507,007

**GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	R	R
21 REMUNERATION OF COUNCILLORS		
Executive Mayor	411,885	375,512
Deputy Mayor	108,074	-
Speaker	364,407	307,646
Chief Whip	307,291	273,188
Mayoral Committee Members	1,568,839	1,740,830
Councillors	4,832,544	4,554,461
Company Contribution to UIF, Medical and Pension Funds	1,024,435	944,442
Sundry Allowance (Cellular Phones, etc)	524,266	247,873
Allowances allocated to employee related costs in General Ledger	(2,346,408)	(2,418,140)
Total Councillors remuneration	6,795,332	6,025,811

IN KIND BENEFITS

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. Councillors may utilise official council transportation when engaged in official duties.

CERTIFICATION BY THE MUNICIPAL MANAGER

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in section 219 of the constitution, read with the remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Signed:

MUNICIPAL MANAGER

22 INTEREST PAID

Long-term Liabilities	12,556,688	12,009,688
Finance lease	10,618	12,741
Bank overdrafts and other	398,857	1,244,126
Total interest on external borrowing	12,966,162	13,266,789

23 BULK PURCHASES

Electricity	73,196,059	61,769,496
Water	51,457,824	47,181,042
Total bulk purchases	124,653,883	108,950,538

**GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	R	R
24 GRANTS AND SUBSIDIES PAID		
Low income subsidy	28,041,765	22,364,262
SPCA	134,304	134,304
Potato Festival	19,610	18,500
Other	62,211	32,735
Total grants and subsidies	28,257,890	22,549,801

The Low Income Subsidy is in respect of providing basic service levels to indigent household.

Refer to note 18.1.

The SPCA receives a monthly grant to enable them to prevent cruelty to animals. The grant is increased on an annual basis.

The municipality assists the National Potato Festival annually in their aim to carry the diversity of cultures to all communities.

The Executive Mayor makes grants available on application after consultation with the Municipal Manager on the merits of such an application.

25 GENERAL EXPENSES

Included in general expenses is the following:

25.1 MATERIAL LOSSES:-	None
Robbery / burglary at Secunda Testing Ground	7,842
Robbery at Trichardt Municipal Offices	44,158
Money box stolen at Secunda Civic Centre	206,241
	258,241

26 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP

The following adjustments were made to amounts previously reported in the Annual Financial Statements of the municipality arising from the implementation of GAMAP:-

26.1	Statutory Funds Balance previously reported:- Land Trust Fund	3,919,190
	Total	3,919,190
Implementation of GAMAP:-		
	Transferred to the Capital Replacement Reserve	3,919,190
	Total	3,919,190

GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
26.2 Loans Redeemed and Other Capital Receipts		
Balance previously reported:-		554,292,078
Implementation of GAMAP:- Transferred to Capitalisation Reserve		8,843,946
Transferred to Government Grant Reserve		224,628,617
Transferred to Accumulated Surplus/(Deficit) (See 26.21 below)		320,819,515
Total		554,292,078
26.3 Reserves		
Balance previously reported:- Leave Reserve		2,065,884
Total		2,065,884
Implementation of GAMAP:- Transferred to Creditors (See 26.8 below)		2,065,884
Total		2,065,884
26.4 Trust Funds		
Balance previously reported:-		9,129,802
Implementation of GAMAP:-		
Transferred to Unspent Conditional Grants (See 26.9 below)		9,129,802
Total		9,129,802
26.5 Long-term Liabilities Balance previously reported:- Long-term Liabilities		77,766,414
Short-term Portion of Long-term Liabilities		961,530
Total		76,804,884
Implementation of GAMAP:- Long-term Liabilities		77,766,414
Short-term Portion of Long-term Liabilities		961,530
Total		76,804,884
26.6 Consumer Deposits		
Balance previously reported:-		7,242,522
Implementation of GAMAP:-		7,242,522
26.7 Provisions		
Balance previously reported		-
Plus/(Minus): Implementation of GAMAP:		-
Provision for Performance Bonuses transferred from Accumulated Surplus/(Deficit) - (See 26.21 below)		124,136
Provisions as at 30 June 2005 restated to comply with GAMAP		124,136
26.8 Creditors		
Balance previously reported:-		56,247,257

GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
Plus/(Minus): Implementation of GAMAP		
Add: Balances now to be included under GAMAP:		-
Staff Leave transferred from Reserves (See 26.3 above)		2,065,884
Payments received in Advance transferred from Debtors (See 26.15 below)		90,586
Debit Balances transferred to Debtors (See 26.15 below)		791,344
Credit Balances transferred from Debtors (See 26.15 below)		627,260
Deposits held with Vendors transferred from Debtors (See 26.15 below)		24,460
Payments received in Advance transferred from Debtors (See 26.15 below)		6,354,069
Less: Balances now to be excluded under GAMAP:		-
VAT balances transferred to VAT (See 26.10 below)		(322,000)
Creditors as at 30 June 2005 restated to comply with GAMAP		65,878,860
26.9 Unspent Conditional Grants Balance previously reported:	-	-
Plus/(Minus): Implementation of GAMAP		
Add: Balances now to be included under GAMAP:		-
Unspent Conditional Grants transferred from Trust Funds (See 26.4 above)		9,129,802
Unspent Conditional Grants transferred from Debtors (See 26.15 below)		3,574
Unspent Conditional Grants as at 30 June 2005 restated to comply with GAMAP		1,133,376
26.10 V.A.T.		
Balance previously reported:-		-
Plus/(Minus): Implementation of GAMAP		
Add: Balances now to be included under GAMAP:		-
VAT balances transferred from Creditors (See 26.8 above)		322,000
VAT balances transferred from Debtors (See 26.15 below)		14,765,226
VAT balances transferred from Consumer Debtors (See 26.15 below)		(14,425,047)
VAT as at 30 June 2005 restated to comply with GAMAP		662,179
26.11 Investments		
Balance previously reported:-		65,754,532
Plus/(Minus): Implementation of GAMAP		
Less: Balances now to be excluded under GAMAP:		-
Short-term Portion transferred from Short-term Investment Deposits (See 26.16 below)		7,162,185
Short-term Deposits transferred to Short-term Investment Deposits (See 26.16 below)		(17,814,624)
Investments as at 30 June 2005 restated to comply with GAMAP		55,102,093
26.12 Long-term Receivables Balance previously reported:-		
Long-term Debtors		43,300,770
Short-term Portion of Long-term Debtors		10,539,782

**GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	R	R
26.13 Deferred Charges Balance previously reported:-		17,004,912
Plus/(Minus): Implementation of GAMAP:		-
Transferred to Inventory: Unsold Properties (See 26.14 below)		(17,004,912)
Deferred Charges as at 30 June 2005 restated to comply with GAMAP		-
Plus/(Minus): Implementation of GAMAP:- Transferred from Deferred Charges (See 26.13 above)		17,004,912
Inventory for Water previously not recorded credited to Accumulated Surplus / (Deficit) (See 26.21 below)		200,854
Inventory as at 30 June 2005 restated to comply with GAMAP		19,545,594
 26.15 Debtors		
Balance previously reported:	-	83,685,399
Plus/(Minus): Implementation of GAMAP		
Add: Balances now to be included under GAMAP:		-
Deposits held with Vendors transferred from Creditors (See 26.8 above)		24,460
Payment received in Advance transferred to Creditors (See 26.8 above)		90,586
Debit Balances transferred from Creditors (See 26.8 above)		791,344
 Credit Balances transferred to Creditors (See 26.8 above)		627,260
Payments received in Advance transferred to Creditors (See 26.8 above)		6,354,069
Sasol Grants transferred to Unspent Conditional Grants (See 26.9 above)		3,574
VAT balances transferred to VAT (See 26.10 above)		14,765,226
 VAT balances in Consumer Debtors transferred to VAT (See 26.10 above)		(14,425,047)
Transferred to Consumer Debtors		(36,424,854)
Debtors as at 30 June 2005 restated to comply with GAMAP		55,492,017
 26.16 Short-term Investment Deposits Balance previously reported:-		7,162,185
Plus/(Minus): Implementation of GAMAP		
Add: Balances now to be included under GAMAP:		-
Short-term Portion transferred to Investments (See 26.11 above)		(7,162,185)
Short-term Deposits transferred from Investments (See 26.11 above)		17,814,624
Short-term Investment Deposits as at 30 June 2005 restated to comply with GAMAP		17,814,624

GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
26.17 Bank and Cash Balance previously reported:- Cash-on-Hand		18,115
Bank Overdraft		(25,110,050)
Total		(25,091,935)
Implementation of GAMAP:- Bank Accounts		(25,110,050)
Cash Floats and Advances		18,115
Total		(25,091,935)
26.18 Non-current provisions		
Balance previously reported		-
Implementation of GAMAP		-
Transferred from Accumulated Surplus/(Deficit) (See 26.21 below)		14,500,000
Rehabilitation of Tip Sites		14,500,000
Post Retirement Benefits		-
Total		14,500,000
26.19 Property, plant and equipment Balance previously reported		601,540,851
Implementation of GAMAP		-
Infrastructure previously not recorded credited to Accumulated Surplus / (Deficit) (See 26.21 below)		778,551,972
Total		1,380,092,823
26.20 Accumulated Depreciation Balance previously reported		
Implementation of GAMAP		-
Backlog Depreciation: Land and Buildings		163,070,498
Backlog Depreciation: Infrastructure		306,470,526
Backlog Depreciation: Community Assets		52,562,607
Backlog Depreciation: Heritage Assets		-
Backlog Depreciation: Other Assets		43,025,664
Backlog Depreciation: Housing Development Fund		26,445,469
Total (Debited to Accumulated Surplus/(Deficit) (See 26.21 below)		591,574,764
26.21 Accumulated Surplus/(Deficit) Balance previously reported		
		85,033,396
Plus/(Minus): Implementation of GAMAP		
Non-current Provisions previously not included (See 26.18 above)		(14,500,000)
Transferred from Provisions (See 26.7 above)		(124,136)
Transferred from Inventory: Water (See 26.14 above)		200,854
Transferred from Loans Redeemed and Other Capital Receipts (See 26.2 above)		320,819,515
Fair value of Property, Plant and Equipment previously not recorded (See 26.19 above)		778,551,972
Backlog Depreciation (See 26.20 above)		(591,574,764)
Total		578,406,838

GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	R	R
27 CORRECTION OF ERROR		
Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended 30 June 2005 and 30 June 2006.		
Details of the appropriations are as follows:		
Corrections to Bank	-	1,011,168
Corrections to Creditors	7,953,434	(3,389,304)
Corrections to Debtors	(12,151,718)	103,605,177
Corrections to External Loans	(786,644)	-
Corrections to Floats	-	(386)
Corrections to Investments	(62,238)	-
Corrections to Long-term Debtors	-	29,114
Corrections to Salary Control Accounts	(1,231,667)	(3,279,500)
Corrections to Stock	(577)	-
Corrections to Sundry Deposits	(850)	15,099
Corrections to Expenditure	(311,780)	(4,029,556)
Corrections to Income	-	(45,326)
Unbundling of Funds and Reserves in term of GAMAP	-	10,086,758
Additional Provision for Bad Debts	-	(85,554,494)
Decrease in accumulated surplus	(6,592,041)	18,448,

28 CASH GENERATED BY OPERATIONS

Surplus for the Year	(8,582,611)	-
Adjustment for:		
Correction of prior year Error	(6,592,041)	-
Depreciation	65,016,052	-
Gain on Disposal of Property, Plant and Equipment	(107,088)	-
Contribution to Bad Debt Provision	68,559,320	-
Bad Debts written-off / recovered	(38,887,497)	-
Dividends Received	(7,908)	-
Investment Income	(8,425,330)	-
Interest Paid	12,966,162	-
Operating surplus before working capital changes	83,939,059	-
(Increase)/Decrease in Inventories	4,220,316	(19,545,594)
(Increase)/Decrease in Debtors	(24,999,127)	(178,187,487)
(Increase)/Decrease in Other Debtors	48,610,637	(55,492,017)
Increase/(Decrease) in Provisions	433,487	156,386,769
Increase/(Decrease) in Conditional Grants and Receipts	(189,301)	9,133,376
Increase/(Decrease) in Creditors	17,606,119	65,878,860
Increase/(Decrease) in VAT	11,135,710	662,179
Cash generated by / (utilised in) operations	140,756,901	(21,163,914)

GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
29 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Bank Balances and Cash	18,327	18,115
Bank Overdraft	(10,022,728)	(25,110,050)
Total Cash and Cash Equivalents	(10,004,401)	(25,091,935)
30 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities (See Note 1)	87,949,557	77,766,414
Used to finance Property, Plant and Equipment - at cost	(87,949,557)	(77,766,414)
Sub-total	-	-
Cash set aside for the Repayment of Long-term Liabilities (See Notes 1 and 9)	51,494,401	46,508,157
Cash invested for Repayment of Long-term Liabilities	51,494,401	46,508,157
External loans have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that Long-term Liabilities can be repaid on redemption date.		
31 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
31.1 <u>Unauthorised Expenditure</u>		
Reconciliation of Unauthorised Expenditure:		
Opening balance	-	-
Unauthorised Expenditure current year	-	-
Approved by Council or condoned	-	-
To be recovered – contingent asset (see Note 37)	-	-
Transfer to receivables for recovery (see Note 17)	-	-
Unauthorised Expenditure awaiting authorization Incident	-	-
	Disciplinary Steps / Criminal Proceedings	
31.2 <u>Fruitless and Wasteful Expenditure</u>		
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	-	-
Fruitless and Wasteful Expenditure current year	95,055	374,234
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 37)	-	-
Transfer to receivables for recovery (see Note 17)	-	-
Fruitless and Wasteful Expenditure awaiting condonement Incident	95,055	374,234
	Disciplinary Steps / Criminal Proceedings	
Interest on late payment - Various Creditors		<i>None</i>

GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	R	R
31.3 <u>Irregular Expenditure</u>		
Reconciliation of Irregular Expenditure:		
Opening balance	-	-
Irregular Expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered – contingent asset (see note 37)	-	-
Transfer to receivables for recovery (see Note 17)	-	-
Irregular Expenditure awaiting condonement	-	-
Incident		Disciplinary Steps / Criminal Proceedings

32 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

32.1 Contributions to organised local government - SALGA

Opening Balance	-	-
Council Subscriptions	1,348,578	1,279,959
Amount Paid - current year	(1,348,578)	(1,279,959)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	-	-

32.2 Audit Fees Opening Balance

Current year Audit Fee	1,012,588	605,615
Amount Paid - current year	(1,012,588)	(605,615)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	-	-

32.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in Note 7. All VAT returns have been submitted by the due date throughout the year.

32.4 PAYE and UIF

Opening Balance	1,404,126	1,238,875
Current year Payroll Deductions	16,688,283	18,337,264
Amount Paid - current year	(16,650,255)	(18,172,014)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	1,442,154	1,404,126

The balance represents PAYE and UIF deducted from the June 2006 payroll. These amounts were paid during July 2006.

32.5 Pension and Medical Aid Deductions

Opening Balance	3,171,588	3,276,995
Current year Payroll Deductions and Council Contributions	44,489,028	31,267,677
Amount Paid - current year	(43,802,607)	(31,373,085)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	3,858,009	3,171,588

The balance represents Pension and Medical Aid contributions deducted from employees and councillors in the June 2006 payroll, as well as the municipality's contributions to these funds. These amounts were paid during July 2006.

**GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

2006 **2005**
R R

32.6 Councillor's arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

30 June 2006	Outstanding Total 90 days	up to	Outstanding more than 90 days
Councilor Badenhorst HJ	778	139	639
Councilor Buthelezi TM	402	402	-
Councilor Gwiji CV	3,118	615	2,503
Councilor Hlatswayo ZA	6,764	92	6,671
Councilor Khanye EN	8,615	158	8,456
Councilor Mabhena MP	752	94	659
Councilor Madonsela EM	222	222	-
Councilor Mlotshwa TL	448	8	440
Councilor Mtsweni O	1,583	1,583	-
Councilor Van Tonder DJ	4,112	4,112	-
Total Councillor Arrear Consumer Accounts	26,794	7,426	19,368

30 June 2005	Outstanding Total 90 days	up to	Outstanding more than 90 days
Councilor Gwiji CV	2,646	120	2,526
Councilor Hlatswayo ZA	6,743	3,328	3,415
Councilor Khanye EN	7,634	4,854	2,780
Councilor Mahlangu BD	160	0	160
Councilor Mtsweni O	339	339	0
Councilor Simelane JP	6,150	4,717	1,433
Councilor Van Tonder DJ	1,551	423	1,129
Total Councillor Arrear Consumer Accounts	25,224	13,781	11,442

During the year the following Councillors had arrear accounts outstanding for more than 90 days:
Highest amount

30 June 2006	outstanding	
None	-	Ageing 90 Days
Highest amount		
30 June 2005	outstanding	
None	-	Ageing 90 Days

**GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	R	R

32.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act
No known matters existed at reporting date.

33 CAPITAL COMMITMENTS

Commitments in respect of Capital Expenditure:

Approved and Contracted for:	17,745,426	7,839,415
Infrastructure	17,745,426	7,839,415
Community	-	-
Heritage	-	-
Other	-	-
Housing Development Fund	-	-
Investment Properties	-	-
- Approved but Not Yet contracted for:-	-	104,560,585
Infrastructure	-	104,560,585
Community	-	-
Heritage	-	-
Other	-	-
Housing Development Fund	-	-
Investment Properties	-	-
Total Capital Commitments	17,745,426	112,400,000
This expenditure will be financed from:		
Government Grants	17,745,426	83,905,909
District Council Grants	-	6,400,000
Own Resources	-	22,094,091
	17,745,426	112,400,000

34 RETIREMENT BENEFIT INFORMATION

All Councillors belong to the Pension Fund for Municipal Councillors. The fund is subject to a triennial actuarial valuation. No details could be provided of the last valuation.

Employees belong to a variety of approved Pension and Provident Funds. These funds are subject to a triennial actuarial valuation. No details could be provided of the last valuations of the various funds.

An amount of R22,2 million (2005: R20,9 million) was contributed by Council in respect of Councillor and employees retirement funding. These contributions have been expensed.

35 CONTINGENT LIABILITIES

35.1 Legal Cases:

- (i) Council is involved in a civil suit in excess of R8,4 million arising from contamination of the Blesbokspruit River into the farm of Mr. And Mrs. PJ Uys in Bethal. The total cost for this suit is not known yet.
- (ii) Council is being sued by JC Roarty for damages, as a result of a veld fire that ravaged through Roarty's farm in Leandra, amounting to R1 million. Council has filed a notice to defend the matter. The outcome of the legal processes is unknown at this stage.

**GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

2006	2005
R	R

- (iii) Council is involved in a law suit with Christodoulou & Manitsas Partnership for alleged defamation of character and loss of business due to electricity interruption arising from council's project "debt collection blitz". An estimated amount of R500 000, excluding legal costs, is being claimed. The outcome of the matter is unknown at this stage
- (iv) Council is involved in a law suit with SP Mncwabe & 20 Others amounting to R2,2 million for malicious damage and impounding of property when relocating people from eMbalenhle to Kinross Extension 25. The claim excludes associated legal costs. The outcome of the legal process is unknown at this stage.
- (v) A former employee of the municipality, JA Schoeman, is claiming an amount of R33 950,28 from council, being interest on an alleged delayed pension payout of R228 421,28. The outcome for this suit is not known yet.
- (vi) Council is being sued for R400 000 by VA Jiyane for loss of business, arising from debt collection action. Legal costs are excluded from this claim. The outcome of the legal processes is unknown at this stage.
- (vii) Council is assisting employees of the erstwhile Bethal TLC to recover pension benefits lost due to alleged negligence of Capital Alliance. The total legal cost for this action is unknown at this stage.
- (vii) Council is being sued for ownership of the eMzinoni Bottle Store by JL Thomo. Council countered the action by claiming the outstanding money owed by the applicant in lieu of rental. The cost of defending the action is not known yet.

36 CONTINGENT ASSET

No known contingent assets existed at the reporting date.

37 IN-KIND DONATIONS AND ASSISTANCE

No in-kind donations and assistance was received.

38 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year 2005/2006.

39 EVENTS AFTER THE REPORTING DATE

The Municipality has agreed in principle to transfer its electricity function to the new Regional Electricity Distributor (RED) – Region AB. The date of transfer is proposed for 1 July 2007. The financial effect of this transfer is not yet known as the Municipality is uncertain as to what its share of the revenues of the RED will be or what the terms and conditions will be. There is ongoing discussions with the management of RED Region AB and EDI Holdings, which is the responsible authority for the implementation of RED's nationally.

40 COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

APPENDIX A

**GOVAN MBEKI MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT
30 JUNE 2006**

Details	Original Loan Amount	Interest Redeemable Rate with MFMA	Loan Balance at during Number	Received Written Off 30/06/2005	Redeemed/ of Property, the Period	Balance at in accordance during Period	Carrying Value 30/06/2006	Other Costs Plant & Equip
	R	R	R	R	R	R	R	R
ANNUITY LOANS								
ABSA	3,000,000	14.50%	30 0877 5002	30/06/2012	1,724,629	-	(563,093)	2,287,722
DBSA	321,368	15.50%	11167/102	30/09/2019	302,151	-	11,547	290,604
DBSA	585,000	15.50%	11167/202	30/09/2019	550,018	-	6,343	543,674
DBSA	103,500	16.24%	11307/102	30/06/2006	15,534	-	15,534	-
DBSA	169,348	9.25%	12041/102	30/06/2010	65,942	-	10,916	55,026
DBSA	125,000	10.05%	12042/102	30/06/2011	58,662	-	7,544	51,118
DBSA	488,000	12.00%	12187/102	31/12/2007	136,286	-	49,805	86,482
DBSA	264,775	17.10%	12470/102	30/06/2006	41,578	-	41,578	-
DBSA	393,000	13.30%	12968/102	31/12/2007	112,571	-	40,736	71,835
DBSA	4,918,492	16.50%	13427/102	30/09/2019	4,652,867	-	89,771	4,563,096
DBSA	10,000,000	14.25%	101781/1	30/04/2016	-	10,000,000	-	10,000,000

GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

		2006 R				2005 R			
Total Annuity Loans	20,368,484	7,660,238	10,000,000	(289,319)	17,949,557	-			
CAPITAL LEASE LIABILITIES ABSA	400,000	30 0877 5002 05/04/2006		106,176	-	106,176	-		
Total Capital Lease Liabilities	400,000	106,176	-	106,176	-	-	-	-	-
OTHER LOANS INCA	30,000,000	15.25% HIGH-00-0001	30/06/2011	30,000,000	-	-	30,000,000	-	-
INCA	40,000,000	16.50% HIGH-00-0002	30/06/2011	40,000,000	-	-	40,000,000	-	-
INCA	-	-	-	-	-	-	-	-	-
Total Other Loans	70,000,000	70,000,000	-	-	-	-	70,000,000	-	-
TOTAL EXTERNAL LOANS	90,768,484	77,766,414	10,000,000	(183,143)	87,949,557	-	-	-	-

Description	Opening Balance	Additions Under Construction		Disposals	Closing Balance	Opening Balance		Disposal	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R
Land and Buildings	1	-	-	-	1	1	-	-	1	-
Buildings: Let-out										
Carports	25,000	-	-	-	25,000	25,000	-	-	25,000	-
Farms	4,628,059	-	-	-	4,628,059	4,628,059	-	-	4,628,059	-
Flats Block	4,761,387	-	-	-	4,761,387	4,761,387	-	-	4,761,387	-
Hostels: Public and Tourist	576,435	-	-	-	576,435	59,245	19,215	-	78,460	497,975
Hostels: Workers	51,298,328	-	915,094	-	52,213,422	12,324,956	1,709,944	-	14,034,901	38,178,522
Houses	31,039,813	-	-	-	31,039,813	30,739,243	134,000	-	30,873,243	166,570
Houses: Selling Schemes	2,810,000	-	-	-	2,810,000	2,810,000	-	-	2,810,000	-
Land	61,774,476	-	-	-	61,774,476	61,774,476	-	-	61,774,476	-
Office Buildings	135,221,415	-	-	-	135,221,415	38,765,212	4,479,582	-	43,244,794	91,976,621
Office Parks	1	-	-	-	1	1	-	-	1	-
Shopping Centres	4,603,790	-	-	-	4,603,790	4,603,790	-	-	4,603,790	-
Workshops and Depots	6,926,728	-	-	-	6,926,728	2,579,128	222,991	-	2,802,118	4,124,609
	303,665,432	-	915,094	-	304,580,527	163,070,498	6,565,732	-	169,636,230	134,944,296
										5,339,218

GOVAN MBEKI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

2006
R

2005
R

Infrastructure

Airports

Aprons	1	-	-	-	1	-	-	-	-	1	-
Radio Beacons	690	-	-	-	690	383	35	-	418	272	-
Taxiways	649,701	-	-	-	649,701	100,162	32,485	-	132,647	517,054	-
<i>Electricity: Meters</i>	9,607,615	-	-	-	9,607,615	2,875,547	480,381	-	3,355,928	6,251,687	2,644,936
Power Stations	5,102,140	-	-	-	5,102,140	524,387	170,071	-	694,458	4,407,682	1,639,045
Supply and Reticulation	367,876,351	10,000,000	2,887,491	-	380,763,842	96,424,494	18,409,798	-	114,834,292	265,929,549	4,000,000
<i>Gas: Storage Tanks</i>	80,451	-	-	-	80,451	15,282	4,023	-	19,304	61,147	-
<i>Pedestrian Malls: Paving</i>	-	384,497	-	-	384,497	-	9,533	-	9,533	374,964	-

APPENDIX B
GOVAN MBEKI MUNICIPALITY: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2006

Description	Opening Balance		Additions Under Construction`		Disposals Closing Balance		Opening Balance		Additions		Disposal		Closing Balance		Carrying Value	
	R		R	R	R	R	R	R	R	R	R	R	R	R	R	R
<i>Roads:</i>																
Bridges, Subways and Culverts			74,095	-	-	-	74,095		7,615		2,470	-	10,085	64,010	64,009.97	
Bus Stops			134,209	-	-	-	134,209.30	134,209.30	-	-	-	-	134,209.30		-	
Bus Terminals			84,353	-	-	-	84,353	13,004		4,218	-	17,222		67,131	-	
Car Parks			38,215	-	-	-	38,215	5,892		1,911	-	7,802	30,413		-	
Roads: Gravel																
8,716,288	-	-	2,058,810	-	-	-	10,775,098	8,716,288	-	-	-	-	8,716,288		2,058,810	
Roads: Other																
76,778,652	8,202,804		6,557,061	-	-	-	91,538,518	35,890,013	5,953,221	-	-	41,843,234	49,695,284	12,848,025		
Roads: Tarred			378,282	-	-	-	378,282	378,282	-	-	-	378,282	-			
Storm-water Drains			20,698,717	-	-	-	20,698,717	6,828,957	1,034,936	-	-	7,863,893				
12,834,824	-															
Street Lighting	3,621,159	920,845	-	-	-	4,542,005	700,862	147,874	-	848,736	3,693,269	527,779				
Street-name Signs	603,833	-	-	-	-	603,833	603,833	-	-	603,833	-	-				
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
	R															
Traffic Islands	1,267,000	-	-	-	-	1,267,000	390,658	126,700	-	-	-	517,358	749,642	-		
Traffic Lights	632,020	-	-	-	-	632,020	267,572	31,601	-	-	-	299,173	332,847	-		
<i>Sanitation:</i>																
Compacting Stations	-	-	-	-	-	-	-	-	-	-	-	-	-	528,637		
<i>Security Measures:</i>																
Access Control	321,029	-	-	-	-	321,029	319,620	735	-	-	-	320,355	674	-		
Fencing	1,456,214	-	-	-	-	1,456,214	1,448,886	7,328	-	-	-	1,456,214	-	-		
Security Systems	326,421	19,665	-	-	-	346,086	201,293	67,234	-	-	-	268,527	77,559	-		
<i>Sewerage: Pumping</i>																
Stations	890,110	-	-	-	-	890,110	890,110	-	-	-	-	890,110	-	-		
Pumps	31,941,242	-	-	-	-	31,941,242	23,356,115	2,129,416	-	-	-	25,485,531	6,455,711	-		
Purification Works	61,401,077	-	-	-	-	61,401,077	23,904,573	3,070,054	-	-	-	26,974,627	34,426,451	-		
Sewers	29,601,521	16,517,087	16,316,527	-	-	62,435,134	16,073,794	1,547,954	-	-	-	17,621,748	44,813,387	30,539,996		
Sludge Machines	72,128	-	-	-	-	72,128	14,826	4,808	-	-	-	19,635	52,493	-		
<i>Water: Boreholes</i>																
Bulk Supply	80,000	-	-	-	-	80,000	80,000	-	-	-	-	80,000	-	-		
	9,278,000	-	5,577,045	-	-	14,855,045	9,278,000	-	-	-	-	9,278,000	5,577,045	-		

Mains	879,375	-	-	-	879,375	110,570	43,969	-	154,539	724,836	-
Meters	-	-	-	-	-	-	-	-	-	-	5,000,000
Pumping Stations	738,471	-	-	-	738,471	738,471	-	-	738,471	-	-
Purification Plant	11,471,994	-	1,081,339	-	12,553,333	11,471,994	-	-	11,471,994	1,081,339	-
Reservoirs and Tanks	71,143,398	-	-	-	71,143,398	40,052,366	3,402,670	-	43,455,036	27,688,362	8,026,048
Supply and Reticulation	74,516,679	-	10,063,370	-	84,580,048	24,648,235	3,725,834	-	28,374,069	56,205,979	4,051,690
Water Rights	27,443	-	-	-	27,443	4,231	1,372	-	5,603	21,840	-

790,488,875 **36,044,899** **44,541,643** **-871,075,417** **306,470,526** **40,410,629** **-** **346,881,155** **524,194,261**
 69,806,157

APPENDIX B
GOVAN MBEKI MUNICIPALITY: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE
2006

Description	Opening	Additions Under			Disposals Closing		Opening		Disposal	Closing	Carrying
	Balance	Construction`			Balance	Balance	Balance	Balance			
	R	R	R	R	R	R	R	R	R	R	R
Community Assets											
<i>Recreational Facilities:</i>	351,000	-	-	-	351,000	351,000	-	-	351,000	-	-
Basketball Courts											
Bowling Greens	580,001	-	-	-	580,001	297,417	29,000	-	326,417	253,584	-
Caravan Parks	304,200	-	-	-	304,200	150,410	10,140	-	160,550	143,650	-
Civic Theatres	21,201,700	-	-	-	21,201,700	7,832,850	706,723	-	8,539,574	12,662,126	-
Fountains	20,000	-	-	-	20,000	3,083	1,000	-	4,083	15,917	-
Game Reserves and Rest Camps	35,000	-	-	-	35,000	3,597	1,167	-	4,764	30,236	-
Golf Courses	700,001	-	-	-	700,001	387,917	35,000	-	422,917	277,084	-
Indoor Sports Facilities	672,365	-	-	-	672,365	207,770	22,412	-	230,183	442,182	-
Jukskei Pitches	364,000	-	-	-	364,000	201,717	18,200	-	219,917	144,083	-
Lakes and Dams	757,470	-	-	-	757,470	116,777	37,873	-	154,650	602,820	-
Museums and Art Galleries	192,800	-	-	-	192,800	175,902	893	-	176,795	16,005	-
Outdoor Sports Facilities	1,823,080	-	-	-	1,823,080	556,659	91,154	-	647,813	1,175,267	-
Parks	1,108,472	-	-	-	1,108,472	123,818	36,949	-	160,767	947,705	-
Recreation Centres	14,144,488	-	-	-	14,144,488	5,522,824	471,483	-	5,994,307	8,150,180	-
Soccer Fields	155,480	-	-	-	155,480	155,480	-	-	155,480	-	-
Stadiums	26,274,116	-	-	-	26,274,116	8,353,898	875,804	-	9,229,702	17,044,413	-
Swimming Pools	806,117	-	-	-	806,117	393,580	39,756	-	433,336	372,781	-
Tennis Courts	711,750	-	-	-	711,750	376,012	32,988	-	409,000	302,750	-
<i>Other Facilities:</i>											
Abattoirs	76,487	-	-	-	76,487	7,861	2,550	-	10,411	66,076	-
Care Centres	697,757	-	-	-	697,757	257,783	23,259	-	281,042	416,715	-
Cemeteries	549,138	230,212	-	-	779,350	229,335	21,443	-	250,778	528,571	-
Clinics and Hospitals	4,028,954	-	-	-	4,028,954	1,046,392	134,298	-	1,180,690	2,848,264	-
Community Centres	35,754,346	670,816	-	-	36,425,162	12,949,467	1,077,649	-	14,027,117	22,398,045	668,075
Fire Stations	5,550,012	-	-	-	5,550,012	1,936,817	185,001	-	2,121,818	3,428,194	-
Libraries	14,976,254	-	-	-	14,976,254	5,121,715	499,208	-	5,620,923	9,355,331	-
Nurseries	378,275	-	-	-	378,275	94,506	10,543	-	105,049	273,226	-

Public Conveniences/Bathrooms	4,139,288	-	-	-	4,139,288	1,630,079	137,976	-	1,768,055	2,371,233	-
Transport Facilities	24,400	-	-	-	24,400	2,562	814	-	3,376	21,024	-
Vehicle Testing Centres	4,180,211	-	-	-	4,180,211	4,075,378	104,833	-	4,180,211	-	-
	140,557,162	901,027	-	-	141,458,189	52,562,607	4,608,116	-			

HERITAGE ASSETS

Museum Exhibits	-	-	-	-	-	-	-	-	-	-	-
Historical Sites	-	-	-	-	-	-	-	-	-	-	-
Paintings	-	-	-	-	-	-	-	-	-	-	-

HOUSING

Housing Schemes	72,768,795.00	-	-	-	72,768,795.00	26,445,469.44	2,395,061.74	-	28,840,531.18	43,928,263.82	
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Other Assets											
Bins and Containers:											
Bulk Containers	1,450,810	-	-	-	1,450,810	447,721	145,025	-	592,747	858,064	-
Household Refuse Bins	504,626	106,980	-	-	611,606	502,565	2,834	-	505,399	106,207	-
Emergency Equipment:											
Ambulance Equipment	224,180	-	-	-	224,180	142,836	42,441	-	185,277	38,903	-
Emergency Lights	8,600	-	-	-	8,600	6,682	1,000	-	7,682	918	-
Fire Equipment	452,078	-	-	-	452,078	107,325	30,144	-	137,468	314,610	-
Furniture and Fittings: Cabinets and Cupboards	2,907,961	17,472	-	850	2,924,583	1,368,866	388,879	496	1,757,249	1,167,334	-
Chairs	2,325,786	50,870	-	1,434	2,375,222	1,217,638	266,630	836	1,483,431	891,790	-
Other Furniture	8,243,723	2,061,590	-	48	10,305,265	4,064,555	1,116,577	28	5,181,104	5,124,161	5,365,719
Tables and Desks	3,104,458	26,984	-	-	3,131,441	1,499,112	402,933	-	1,902,046	1,229,396	840,000
Motor Vehicles: Fire Engines	420,000	-	-	-	420,000	64,750	21,000	-	85,750	334,250	-
Motor Cars	5,793,148	342,000	-	-	6,135,148	3,828,626	1,044,110	-	4,872,735	1,262,413	-
Motor Cycles	10,000	-	-	-	10,000	10,000	-	-	10,000	-	-
Trucks and Bakkies	15,085,241	6,757,374	-	-	21,842,615	9,884,161	2,942,434	-	12,826,595	9,016,020	12,251,449

Office Equipment:											
Air Conditioners	2,370,155	-	-	-	2,370,155	1,510,698	448,035	-	1,958,734	411,422	-
Computer Hardware	7,773,686	292,027	-	50,465	8,015,248	4,847,767	1,355,388	40,946	6,162,209	1,853,038	-
Computer Software	1,578,195	204,783	-	-	1,782,978	1,578,195	33,850	-	1,612,045	170,933	-
Office Machines	247,147	1,269,718	-	5,590	1,511,275	240,895	212,915	5,590	448,220	1,063,055	-
Plant and Equipment:											
Cable Cars	5,829	-	-	-	5,829	1,198	389	-	1,587	4,242	-
Compressors	200,052	-	-	-	200,052	123,085	40,010	-	163,095	36,957	-
Farm Equipment	16,122	-	-	-	16,122	10,024	3,174	-	13,198	2,924	-
Graders	2,980,043	-	-	-	2,980,043	1,180,513	268,004	-	1,448,517	1,531,526	-
Laboratory Equipment	95,751	-	-	-	95,751	59,045	19,150	-	78,196	17,555	-
Lawnmowers	1,317,054	176,451	-	-	1,493,504	1,317,051	50,026	-	1,367,077	126,428	-
Milling Equipment	5,500	-	-	-	5,500	1,131	367	-	1,497	4,003	-
Other Plant and Equipment	9,051,213	918,859	-	-	9,970,073	6,393,934	1,464,317	-	7,858,251	2,111,822	-
Radio Equipment	1,436,602	-	-	7,000	1,429,602	893,954	282,875	5,716	1,171,113	258,489	750,000
Telecommunication Equipment	9,844	-	-	-	9,844	6,071	1,969	-	8,040	1,804	-
Tractors	4,658,291	665,336	-	-	5,323,627	1,682,684	440,822	-	2,123,506	3,200,121	-
Other Assets:											
Laboratories	17,701	-	-	-	17,701	1,819	590	-	2,409	15,292	-
Tip Sites	318,762	-	-	-	318,762	32,762	10,625	-	43,387	275,375	-

72,612,559.51 12,890,442.98 - 65,387.01 85,437,615.48 43,025,663.58 11,036,512.90 53,612,93 54,008,563.55 31,429,051.93

Total

1,380,092,823.34 49,836,369.46 45,456,736.86 65,387.01 1,475,320,542.65 591,574,764.03 65,016,051.64 53,612.93 656,537,202.74 818,783,339.91

APPENDIX C
GOVAN MBEKI MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2006

Description	Opening Balance	Additions Under Construction`		Disposals Closing Balance		Opening Balance	Additions Disposal		Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	
Executive and Council	1,469,277	106,980	-	500	1,575,757	795,658	215,556	141	1,011,074	564,684
Finance and Administration	10,605,312	3,480,493	-	750	14,085,055	6,112,943	2,005,257	613	8,117,588	5,967,467
Planning and Development	235,999,177	101,216	-	20,772	236,079,621	127,222,139	8,833,694	16,964	136,038,868	100,040,752
Health	6,656,097	68,673	-	-	6,724,770	2,550,973	517,940	-	3,068,913	3,655,857
Community and Social Services	125,142,302	2,018,976	-	-	127,161,278	45,162,937	4,207,979	-	49,370,916	77,790,363
Housing	163,359,989	-	915,094	-	164,275,084	77,201,207	4,273,223	-	81,474,430	82,800,654
Public Safety	31,350,477	8,034,798	-	21,642	39,363,633	18,581,411	2,788,296	18,700	21,351,008	18,012,625
Sport and Recreation	11,452,956	-	-	21,723	11,431,233	5,329,969	1,340,091	17,196	6,652,864	4,778,369
Waste Management	126,553,453	16,517,087	16,316,527	-	159,387,067	65,451,854	6,967,056	-	72,418,910	86,968,157
Roads and Transport	112,943,510	9,508,147	8,615,871	-	131,067,528	53,951,859	7,305,741	-	61,257,600	69,809,928
Water	168,135,360	-	16,721,754	-	184,857,113	86,383,868	7,173,845	-	93,557,712	91,299,401
Electricity	382,828,724	10,000,000	2,887,491	-	395,716,215	99,975,052	19,079,717	-	119,054,769	276,661,446
Other	3,596,189	-	-	-	3,596,189	2,854,894	307,659	-	3,162,553	433,636
Total	1,380,092,823	49,836,369	45,456,737	65,387	1,475,320,543	591,574,764	65,016,052	53,613	656,537,203	818,783,340

APPENDIX D
GOVAN MBEKI MUNICIPALITY: SEGMENTAL STATEMENT OFFINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2006

2005 ACTUAL INCOME	2005 ACTUAL EXPENDITURE	2005 SURPLUS (DEFICIT)	DESCRIPTION	2006 ACTUAL INCOME	2006 ACTUAL EXPENDITURE	2006 SURPLUS (DEFICIT)
-	-	-	Executive and Council	185,702	15,779,081	(15,593,379)
-	-	-	Finance and Administration	191,246,913	101,811,126	89,435,786
-	-	-	Planning and Development	4,249,958	15,713,966	(11,464,007)
-	-	-	Health	1,787,738	10,658,089	(8,870,351)
-	-	-	Community and Social Services	4,255,828	17,551,439	(13,295,610)
-	-	-	Housing	2,409,692	10,319,254	(7,909,563)
-	-	-	Public Safety	13,688,676	44,227,242	(30,538,566)
-	-	-	Sport and Recreation	1,196,502	20,593,573	(19,397,072)
-	-	-	Waste Management	89,112,019	60,798,531	28,313,489
-	-	-	Roads and Transport	17,158,017	35,419,963	(18,261,945)
-	-	-	Water	95,397,771	84,753,102	10,644,669
-	-	-	Electricity	138,661,544	150,307,606	(11,646,062)
-	-	-	Sub-Total	559,350,360	567,932,971	(8,582,611)
-	-	-	Less: Inter-departmental Charges	-	-	-
-	-	-	Total	559,350,360	567,932,971	(8,582,611)

APPENDIX E (1)

GOVAN MBEKI MUNICIPALITY: SEGMENTAL STATEMENT OFFINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2006

DESCRIPTION 2005/2006	2005/2006	2005/2006	2005/2006	
REVENUE Property Rates	98,467,308	101,727,117	(3,259,809)	(3.31)
Service Charges	267,822,969	277,632,860	(9,809,891)	(3.66)
Rental of Facilities and Equipment	3,498,794	3,025,611	473,183	13.52 Involvement in Jazz Festival not budgeted for
Interest Earned - External investments	8,425,330	15,573,203	(7,147,873)	(84.84) All interest income now has to be included in the performance statement
Interest Earned - Outstanding debtors	25,238,711	20,366,967	4,871,744	19.30 Increase due to increased outstanding amounts for debtors
Dividends Received	7,908	-	7,908	100.00 Small amount
Fines	5,413,650	4,293,689	1,119,961	20.69 Higher income due to installation of a new traffic camera
Licences and Permits	8,383,020	8,076,772	306,248	3.65
Government Grants and Subsidies	133,702,165	61,820,608	71,881,557	53.76 Capital grant receipts now have to be included in performance statement
Other Income	8,148,185	8,452,821	(304,636)	(3.74)
Public Contributions and Donations	135,233	-	135,233	100.00 All public contributions now have to be included in performance statement
Gains on Disposal of Property, Plant and Equipment	107,088	2,000,000	(1,892,912)	(1,767.62) Sale of erven now credited to Inventory for Unsold Properties
Total Revenue	559,350,360	502,969,648	56,380,712	11.21
EXPENDITURE Employee Related Costs	161,051,094	164,384,388	(3,333,294)	(2.07)
Remuneration of Councillors	6,795,332	9,450,820	(2,655,488)	(39.08) Expenditure allocated to Employee Related Costs
Bad Debts	68,559,320	34,000,000	34,559,320	50.41 Additional contribution from Accumulated Surplus expensed from Revenue
Collection Costs	7,715,919	5,016,076	2,699,843	34.99 Special attempts to collect arrears had been done
Depreciation	65,016,052	9,522,563	55,493,489	85.35 Budgeted for capital redemption - not aligned to GRAP-format
Repairs and Maintenance	22,122,420	34,363,312	(12,240,892)	(55.33) Projects withheld due to cash flow restrictions
Interest Paid	12,966,162	19,635,440	(6,669,278)	(51.44) Internal interest now has to be excluded from the

				performance statement
Bulk Purchases	124,653,883	121,668,347	2,985,536	2.40
Contracted Services	14,741,877	16,306,672	(1,564,795)	(10.61) Contracts withheld due to cash flow restrictions
Grants and Subsidies Paid	28,257,890	32,827,298	(4,569,408)	(16.17) All capital expenditure now to be excluded from performance statement
General Expenses	56,053,023	55,038,368	1,014,655	1.81
Total Expenditure	567,932,971	502,213,284	65,719,687	13.09

NET SURPLUS / (DEFICIT) FOR THE YEAR (8,582,611) 756,364 (9,338,975) 1,234.72

APPENDIX E (2)

**GOVAN MBEKI MUNICIPALITY: ACTUAL VERSUS BUDGET
(ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2006**

DESCRIPTION	R	R	R	R	R	R	R
Executive and Council	106,980	-	106,980	-	106,980	0.00	
Finance and Administration	3,480,493	-	3,480,493	-	3,480,493	0.00	
Planning and Development	101,216	-	101,216	1,641,690	(1,540,474)	(93.83)	Projects commenced late in financial year and was carried over to 2006/7
Health	68,673	-	68,673	-	68,673	0.00	
Community and Social Services	2,018,976	-	2,018,976	-	2,018,976	0.00	
Housing	-	915,094	915,094	5,339,218	(4,424,124)	(82.86)	Projects commenced late in financial year and was carried over to 2006/7
Public Safety	8,034,798	-	8,034,798	18,367,168	(10,332,370)	(56.25)	Projects commenced late in financial year and was carried over to 2006/7
Sport and Recreation	-	-	-	668,075	(668,075)	(100.00)	
Waste Management	16,517,087	16,316,527	32,833,614	31,068,633	1,764,981	5.68	Actual expenditure realised more than budgeted amount
Roads and Transport	9,508,147	8,615,871	18,124,018	10,789,215	7,334,803	67.98	Projects rolled over from previous financial year
Water	-	16,721,754	16,721,754	18,334,858	(1,613,104)	(8.80)	Projects commenced late in financial year and was carried over to 2006/7
Electricity	10,000,000	2,887,491	12,887,491	8,811,760	4,075,730	46.25	Projects rolled over from previous financial year
Other	3,596,189	-	3,596,189	-	3,596,189	0.00	Projects not budgeted for
Total	53,432,558	45,456,737	98,889,295	95,020,618	3,868,678	4.07	

APPENDIX F

GOVAN MBEKI MUNICIPALITY: DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, Act 56 OF 2003

Grants and subsidies received

FMG	Nat Treasury	0	0	2,000,000	0	0	0	19,080	497,634	296,872	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/
MIG Projects	MIG	0	12,187,268	4,982,305	15,439,910	0	0	2,737,278	3,718,076	17,998,452	12,164,340	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/
Health - Clinics	Province	0	0	0	1,305,750	0	0	969,854	969,854	969,854	969,854	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/
Equitable Share	Nat Treasury	0	18,478,777	18,478,777	18,478,777	0	0	13,859,082	13,859,082	13,859,082	13,859,082	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/
LG Transitional Fund	Province	0	480,544	494,147	532,199	514,842	0	1,241,487	677,251	397,000	535,245	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/
Local District Municipality	LDM	0	45,000	0	1,397,900	0	0	39,800	0	1,397,900	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/
Electrification Project	DME	0	0	0	500,000	0	0	724,588	218,863	124,699	1,093,321	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/
MSP & MSIG	Province	0	0	367,000	367,000	0	0	0	418,405	0	169,964	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/
Sport & Recreation	Province	0	0	0	0	33,600	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/

Total Grants and Subsidies Received

0 31,191,589 26,322,229 38,021,536 548,442 0 19,591,169 20,359,165 35,043,859 28,791,806 0 0

0 0 0

(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?

Part 5

STEPS IN THE ANNUAL REPORTING PROCESS

ANNUAL REPORTING PROCESS

PRESCRIBED DATES	ACTIONS	MFMA (MSA)	RESPONSIBILITY OF
31 August	Submit municipality's AFS to Auditor-General	S126(1)(a)	Municipal Manager
31 August	Submit municipal entity AFS to parent municipality and to Auditor-General	S126(2)	Municipal Entity Accounting Officer
30 September	Submit consolidated AFS to Auditor-General (municipalities and entities)	S126(1)(b)	Municipal Manager
31 October and quarterly thereafter	Auditor-General submits to Parliament and the provincial legislature names of any municipalities, which have failed or continue to fail to submit AFS	S133(2)	Auditor-General
Within three months of receiving AFS (30 November or 31 December)	Audit report returned to Municipal Manager	S126(3)	Auditor-General
On receipt of audit report	Municipality must address any issues raised by the Auditor-General and prepare action plans to address issues and include these in annual report. Provide copy of report to Audit Committee	S131(1)	Municipal Manager. Mayor must ensure compliance by municipality
31 December	Entity submits annual report to Municipal Manager	S127(1)	Municipal Entity Accounting Officer
31 January	Annual Reports of municipality and entities tabled in Council	S127(2)	Mayor
Immediately after annual report is tabled	Annual report made public and local community invited to submit representations	S127(5)(a) (MSA) – S21A and B	Municipal Manager
Immediately after annual report is tabled	Annual report submitted to Auditor-General, relevant provincial treasury and provincial department responsible for local government in the province.	S127(5)(b)	Municipal Manager
When meetings held to discuss the annual report	Attend meetings to respond to questions concerning the report	S129(2)(a)	Accounting Officer of municipality and entity
Following meetings to discuss the annual report	Submit copies of minutes of the meetings to the Auditor-General, provincial treasury and provincial department responsible for local government	S129(2)(b)	Accounting Officer of municipality and entity
Within two months of report being tabled (31 March)	Council to have considered the annual report and adopted an oversight report	S129(1)	Council
Within seven days of adoption of oversight report	Make public the oversight report	S129(3) S21A-MSA	Accounting Officer
Within seven days of adoption of oversight report	Submit to the provincial legislature, the annual report of municipality and entities and the oversight reports on those annual reports.	S132(1) & (2)	Accounting Officer
As necessary	Monitor compliance with submission of reports to provincial legislature	S132(3)	MEC for local government in the province
Within 60 days of	Report to provincial legislature any omissions	S131(2)	MEC for local

receiving annual reports	by municipalities in addressing issues raised by the Auditor-General		government in the province
Annually	Report to Parliament on actions taken by MEC's for local government to address issues raised by Auditor-General on municipal and entity AFS	S134	Cabinet member responsible for local government
<p><u>Notes:</u> MFMA section 133 provides for consequences of non-compliance with provisions relating to the submission of AFS and tabling of annual reports. All dates shown are the latest permissible in terms of the applicable legislation, earlier compliance is preferable.</p>			