

**ANNUAL FINANCIAL STATEMENTS OF  
KHARIEP DISTRICT MUNICIPALITY  
FOR THE YEAR ENDED 30 JUNE 2006**





**XHARIEP DISTRICT MUNICIPALITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

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**GENERAL INFORMATION**

**Executive Mayor** M Peterson

**Councillors**

Councillor V Mona  
Councillor TS Mofokeng  
Councillor BMM Moitse  
Councillor AM Shasha  
Councillor J Van Rensburg  
Councillor M Du Toit  
Councillor T Reacheble  
Councillor M Tafani  
Councillor M Shiya  
Councillor MA Majenge  
Councillor RJ Thuhlo  
Councillor MA Kwinani  
Councillor M Ralihlare

**Grading of municipality**

Grade C

**Auditor:**

The Auditor - General

**Bankers**

ABSA

**Registered office:**

P.O. Box 136  
Trompsburg  
9913

**Physical address:**

20 Louw Street  
Trompsburg  
9913

Telephone: 051 - 7139300  
Fax: 051 - 7130461

**Acting Municipal Manager**

J MOITSE

**Financial Manager**

T Panyani

**APPROVAL OF THE FINANCIAL STATEMENTS**

The annual financial statements as set out on page 3 to 20 were approved by the Municipal Manager on the 22 June 2007 and will be presented to Council for approval

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**ACTING MUNICIPAL MANAGER**  
J MOITSE

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**FINANCIAL MANAGER**  
T PANYANI

**FOREWORD OF THE EXECUTIVE MAYOR**

The Xharep District Municipality (DC16) was established in terms of the Municipal Structures Act of 1998 and proclaimed in the provincial Gazette No 184 of September 2000. The Municipality comprise of Kopanong Local Municipality in Trompsburg, Mohokare Municipality in Zastron and Letsemeng Local

The Xharep District Municipality have since taken its place as a deserving member of the Public Sector in South Africa that have made real tangible changes to its community.

In 2005/2006 we faced the challenge of striving towards meeting all the milestones attached to the provisions of Municipal Finance Management Act (MFMA) on time. Surely the systems we have put in place, the personnel we have employed and of course the leadership we provide as Council, will ensure that in due Certainly as we roll out the other obligatory formalities of the Municipal Financial Management Act (MFMA), we stand to act with more efficiency, effectiveness and maintaining value for money for our communities.

Unfortunately the financial sustainability of the Municipality became a reality for the year under review and the Department of Local Government and Housing has assisted the Municipality in many ways to sustain

Despite the above-mentioned difficulty as the Mayor of this Council, I believe that a bright future lies in front of us. With hard work and dedication, we can and will make a difference to the lives of all people in our

In conclusion, promulgation of Municipal Finance Management Act 56 of 2003 places various challenges on the operations of the Xharep District Municipality. On behalf of the Council we cherish this challenges and victory will be achieved through full co-operation of the Mayoral Committee, Members of the Council and all Portfolio Committees for their work and continued unconditional support.

Let me express my deepest appreciation to the Finance Department for collective effort and analysis that went into compiling the financial statements.

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Councillor M Petersen  
**Executive Mayor**

**FINANCIAL MANAGER'S REPORT**

**1. Operating results**

Details of the operating results per department, classification and object of expenditure are included in appendices C and D. The applicable statistics are shown in appendix E. The overall operating results for the year ended 30 June 2006 are as follows:

INCOME	Actual 2005	Actual 2006	Variance 2005/06	Budget 2006	Variance Actual/ budget
	R	R	%	R	%
Opening Surplus	2 410 672	(3 725 918)	-	-	-
Income for the year	14 648 867	#####	42%	18 387 658	13%
	17 059 539	#####		18 387 658	
<b>EXPENDITURE</b>					
Expenditure	12 201 585	#####	102%	17 764 356	38%
Closing Surplus	(3 725 918)	1 132 036	-130%	623 302	-
	8 475 667	#####		18 387 658	

**2. Capital expenditure and financing**

The actual expenditure consists of the following:

	2006 Actual	2006 Budget	2005 Actual
	R	R	R
Directorate: Financial services			
Office accomodation	-	-	171 142
	-	-	171 142

Resources used to finance the fixed assets were as follows:

	2006 Actual	2006 Budget	2005 Actual
	R	R	R
Contributions ex operating income	-	-	171 452
	-	-	171 452

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**FINANCIAL MANAGER'S REPORT (CONTINUED)**

**3. External loans, investments and cash**

There are no external loans outstanding on 30 June 2006.

Investments and cash were as follows:

	R	R
	2006	2005
Current bank account	398 384	2 035 294
Investments	8 405 668	7 596 052
	8 804 052	9 631 346

More information regarding investments and cash are disclosed in the notes (4 and 7) to the financial statements.

**4. Funds and reserves**

More information regarding funds and reserves are disclosed in the notes (1 and 2) and appendix A to the financial statements.

**5. Post balance sheet events**

After the Balance Sheet was finalised no additional information was received that could have had an effect on the affairs reflected.

**6. Expression of appreciation**

I am grateful to the Mayor, the Chairman of the Executive committee, Councillors, the Municipal Manager, and all office staff for the support they have given me and to the staff of my own office and in particular to the local representatives of the Auditor-General and the auditors appointed by the Auditor-General for their assistance and support during the year.

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**Financial Manager**

T PANYANI

Bachelor of Commerce (Bcomm)

October 18, 2010

**ACCOUNTING POLICY**

- 1.1 These financial statements have been prepared to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Accounting Practice for Local Authorities in South Africa (1996) and the Published Annual Financial
- 1.2 The financial statements are prepared on the historical cost basis and adjusted for capital expenditure as set out in note 3. The accounting policies are consistent with those of the prior year.
- 1.3 These financial statements have been prepared on the accrual basis, except in the case of levies collected/refunded in respect of which only the actual receipts/refunds during the year were brought to account. Expenses are accounted for when incurred

**2 Capital Development Fund**

All direct income and earmarked contributions from current income, transfers from accumulated surpluses, interest of the capital development fund, net sales of any assets of council, interest and capital payments on advances or loans granted, unused amounts in accumulated and reserve funds and any other amounts on which Council may decide may be transferred to the capital development fund.

**3 Fixed Assets**

Material fixed assets with a cost in excess of R20 000 are capitalized at date of purchase. Non-material fixed assets, furniture and equipment including furniture and equipment above R20 000 are written off against income at date of purchase and are only controlled by an inventory register.

**4 Retirement Benefits**

The Council and the employees contribute to the Free State Municipal Pension Fund, the Free State Municipal Provident Fund and the SAMWU Provident Fund. These funds supply retirement benefits to the relevant employees.

The Free State Municipal Pension Fund is subject to the Pension Fund Act of 1956. Pensions are calculated on the average annual pensionable emolument of the two years immediately prior to retirement. Current contributions are charged against income. Beneficial adjustments for the experience are retained in the retirement benefit plan and applied to improvement of benefits to the employees. Full actuarial valuations are performed at intervals of three years in respect of the Free State Municipal Pension Fund. An actuarial valuation is also not compulsory in terms of legislation.

**5 Investments**

Investments are disclosed at the lower of cost or market value where there is a permanent decrease in value and are invested in accordance with financial regulation 6 of the District Councils Act, 1985 (Act No 109 of 1985).

**XHARIEP DISTRICT MUNICIPALITY**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2006**

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**BALANCE SHEET AT 30 JUNE 2006**

	Notes	2006 R	2005 R
<b>CAPITAL EMPLOYED</b>			
<b>Funds and Reserves</b>		<b>5 254 296</b>	8 616 865
Statutory funds	1	(607 650)	2 977 998
Reserves	2	5 861 946	5 638 867
Retained income / (Accumulated deficit)		(836 195)	-
		<b>4 418 101</b>	<b>8 616 865</b>

**CAPITAL EMPLOYED**

<b>Non-Current Assets/ (Liabilities)</b>		<b>170 704</b>	268 800
Fixed assets	3	-	-
Long - term debtors	5	170 704	268 800
<b>Net Current Assets/ Liabilities</b>		<b>4 247 397</b>	8 348 065
<b>Current Assets</b>		<b>13 285 613</b>	16 518 059
Debtors	6	3 995 494	6 352 497
Short-term portion of long-term debtors		486 067	534 215
Cash on hand	7	398 384	2 035 295
Investments	4	8 405 668	7 596 052
<b>Current Liabilities</b>		<b>9 038 216</b>	8 169 994
Provisions	8	483 689	222 461
Creditors	9	8 554 527	7 947 533
		<b>4 418 101</b>	<b>8 616 865</b>

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

2005 Actual income	2005 Actual expenditure	2005 surplus/ (deficit)		2006 Actual income	2006 Actual expenditure	2006 surplus/ (deficit)
R	R	R		R	R	R
14 648 867	12 201 585	2 447 282	<b>Services</b>	20 869 103	24 595 021	(3 725 918)
14 648 867	12 201 585	2 447 282	Community services	20 869 103	24 595 021	(3 725 918)
<u>14 648 867</u>	<u>12 201 585</u>	<u>2 447 282</u>	<b>TOTAL</b>	<u>20 869 103</u>	<u>24 595 021</u>	<u>(3 725 918)</u>
			Appropriations for the year			
		-				-
		2 447 282	<b>Net surplus / (deficit) for the year</b>			<b>(3 725 918)</b>
		2 410 672	Accumulated surplus / (deficit) beginning of the year			<b>4 857 954</b>
		<u>4 857 954</u>	<b>ACCUMULATED SURPLUS / DEFICIT AT THE END OF THE YEAR</b>			<u><b>1 132 036</b></u>

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 R	2005 R
<b>CASH RETAINED FROM NORMAL ACTIVITIES</b>		<b>(2 672 451)</b>	<b>( 386 077)</b>
Cash generated by activities	13	<b>(3 973 769)</b>	2 598 442
Investment income		<b>335 000</b>	-
(Increase) / decrease in working capital	14	<b>966 318</b>	(2 984 519)
		<b>(2 672 451)</b>	<b>( 386 077)</b>
External interest paid		-	-
<b>Cash available from activities</b>		<b>(2 672 451)</b>	<b>( 386 077)</b>
Cash contributions from the public and state		-	-
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>			
Investment in fixed assets	3	-	( 171 452)
<b>NET CASH FLOW</b>		<b>(2 672 451)</b>	<b>( 557 529)</b>
<b>CASH EFFECT OF FINANCING ACTIVITIES</b>			
(Increase) / decrease in cash investments	15	<b>( 500 000)</b>	623 215
(Increase) / decrease in cash on hand	16	<b>(2 433 679)</b>	( 65 686)
<b>Net cash generated / (utilised)</b>		<b>(2 933 679)</b>	<b>557 529</b>

	2006 R	2005 R
<b>1 STATUTORY FUNDS</b>		
Capital Development Fund	<b>(607 650)</b>	2 977 998
<i>(Refer to appendix A for more detail)</i>	<b>(607 650)</b>	2 977 998
<b>2 RESERVES</b>		
Motheo Asset Share Reserve	<b>5 861 946</b>	5 638 867
<i>(Refer to appendix A for more detail)</i>	<b>5 861 946</b>	5 638 867
<b>3 FIXED ASSETS</b>		
Fixed assets beginning of the year	<b>17 891 358</b>	17 719 906
Capital expenditure during the year	-	171 452
Assets written of and prior years adjustments	-	-
<b>Total fixed assets</b>	<b>17 891 358</b>	17 891 358
Less: Loans redeemed and other capital receipts	<b>(17 891 358)</b>	(17 891 358)
<b>Net fixed assets</b>	-	-
<i>(Refer to appendix B for more information)</i>		
<b>4 INVESTMENTS</b>		
<u>Unlisted</u>		
Short term deposits	<b>8 405 668</b>	7 596 052
Total investments	<b>8 405 668</b>	7 596 052
Management's valuation of listed and unlisted investments	<b>8 405 668</b>	7 596 052
Average rate of return on investments	<b>3.98%</b>	4.00%
No investments have been written off during the year		
No investments have been pledged as security for any funding facilities of the Council		

Section 84 of the Local Government Ordinance (8 of 1962) requires local authorities to invest funds which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment.

	2006 R	2005 R
<b>5 LONG - TERM DEBTORS</b>		
Car loans	658 626	804 870
Study loans	(1 855)	(1 855)
	<u>656 771</u>	<u>803 015</u>
Less: Current portion transferred to current assets	(486 067)	(534 215)
<b>Total</b>	<u><u>170 704</u></u>	<u><u>268 800</u></u>
<b>6 CONSUMER DEBTORS</b>		
Current debtors	3 995 494	6 352 497
Amounts paid in advance	-	-
	<u>3 995 494</u>	<u>6 352 497</u>
Less: Provision for bad debts	-	-
	<u><u>3 995 494</u></u>	<u><u>6 352 497</u></u>
<b>7 CASH AND CASH EQUIVALENTS</b>		
Cash on hand	-	-
Bank	398 384	2 035 294
	<u>398 384</u>	<u>2 035 294</u>
<b>8 PROVISIONS</b>		
Leave	222 461	222 461
	<u>222 461</u>	<u>222 461</u>
<b>9 CREDITORS</b>		
Sundry/other creditors	7 638 955	7 680 967
Amounts received in advance	915 572	266 566
<b>Total</b>	<u><u>8 554 527</u></u>	<u><u>7 947 533</u></u>

	2006 R	2005 R
<b>10 COUNCILLOR'S REMUNERATION</b>		
Councilor's Allowances	1 196 056	-
Housing	177 337	-
Medical	44 616	-
Pension Fund	88 519	-
Personal Facility	8 700	-
Travel	314 582	-
<b>Total</b>	<b>1 829 810</b>	<b>-</b>
<b>11 FINANCING TRANSACTIONS</b>		
<i>Total interest earned or paid:</i>		
Interest earned	415 900	382 183
Interest paid	-	-
	<b>415 900</b>	<b>382 183</b>
<b>12 APPROPRIATIONS</b>		
<b><i>Appropriation account</i></b>		
Accumulated surplus / (deficit): beginning of the year	4 857 954	2 410 672
Operating surplus / (deficit) for the year	(3 725 918)	2 447 282
Appropriations for the year:		
- Adjustment - Opening balances and control accounts	(1 968 231)	-
Accumulated surplus / (deficit): end of the year	<b>(836 195)</b>	<b>4 857 954</b>
<b>13 CASH GENERATED BY OPERATIONS</b>		
Surplus/(deficit) for the year	(3 725 918)	2 447 282
Adjustments in respect of previous years' operating transactions	87 149	-
Appropriations charged against income:	-	171 452
Fixed assets	-	171 452
Adjustments to funds, Reserves and Provisions	-	-
Capital Development Fund	-	-
Provisions and reserves	-	-
Non-operating expenditure:		
Motheo asset share reserve	-	-
Capital development fund	-	(20 292)
Investment income:		
Interest on investments received	(335 000)	-
	<b>(3 973 769)</b>	<b>2 618 734</b>
<b>14 (INCREASE)/DECREASE IN WORKING CAPITAL</b>		
(Increase)/decrease in long-term debtors	98 096	376 512
Increase/(decrease) in creditors & provisions	868 222	(3 361 031)
	<b>966 318</b>	<b>(2 984 519)</b>

	2006 R	2005 R
<b>15 (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS</b>		
Investment realised	3 500 000	4 123 215
Investment made	<u>(4 000 000)</u>	<u>(3 500 000)</u>
	<u>(500 000)</u>	<u>623 215</u>
<b>16 (INCREASE)/DECREASE IN CASH ON HAND</b>		
Cash balance: beginning of the year	(2 035 295)	1 969 609
Cash balance: end of the year	<u>(398 384)</u>	<u>(2 035 295)</u>
	<u>(2 433 679)</u>	<u>(65 686)</u>
<b>17 EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and Wages	4 879 466	-
Employee related costs - Contributions for UIF, pensions and medical aids	655 867	-
Travel, motor car and other allowances	992 906	-
Housing benefits and allowances	126 292	-
Other allowances	<u>20 000</u>	-
	<u>6 674 531</u>	-
<b>17.1 Remuneration of the Municipal Manager</b>		
Annual Remuneration	430 135	-
Performance Bonuses	35 845	-
Car Allowance	133 829	-
Skills Development and other contributions	5 332	-
Contributions to UIF, Medical and Pension Funds	<u>8 080</u>	-
	<u>613 221</u>	-
<b>17.2 Remuneration of the PIMS Manager</b>		
Annual Remuneration	283 339	-
Performance Bonuses	-	-
Car Allowance	85 722	-
Housing Allowance	669	-
Skills Development and other contributions	4 975	-
Contributions to UIF, Medical and Pension Funds	<u>15 500</u>	-
	<u>390 206</u>	-
<b>17.3 Remuneration of the Corporate Manager</b>		
Annual Remuneration	351 258	-
Performance Bonuses	21 954	-
Housing Allowance	28 800	-
Car Allowance	129 983	-
Skills Development and other contributions	4 747	-
Contributions to UIF, Medical and Pension Funds	<u>1 060</u>	-
	<u>537 801</u>	-

	2006 R	2005 R
<b>17 EMPLOYEE RELATED COSTS (Continued)</b>		
<b>17.4 Remuneration of the Finance Manager</b>		
Annual Remuneration	394 091	-
Performance Bonuses	32 835	-
Phone Allowance	8 160	-
Car Allowance	107 206	-
Skills Development and other contributions	4 949	-
Contributions to UIF, Medical and Pension Funds	19 888	-
	<u>567 129</u>	<u>-</u>
<b>17.5 Remuneration of the Technical Manager</b>		
Annual Remuneration	209 354	-
Performance Bonuses	17 571	-
Car Allowance	86 981	-
Skills Development and other contributions	2 889	-
Contributions to UIF, Medical and Pension Funds	12 760	-
	<u>329 554</u>	<u>-</u>
<b>17.6 Remuneration of the LED Manager</b>		
Annual Remuneration	148 669	-
Performance Bonuses	8 259	-
Housing Allowance	3 250	-
Cellphone Allowance	3 041	-
Car Allowance	61 838	-
Skills Development and other contributions	1 862	-
Contributions to UIF, Medical and Pension Funds	27 798	-
	<u>254 717</u>	<u>-</u>
<b>18 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Equitable share	3 029 046	-
MSIG	1 000 000	-
District Aids Council	250 000	-
Development Bank of South Africa	493 636	-
MIG	11 378 971	-
DPLG	1 472 275	-
LED	40 000	-
Total Government Grant and Subsidies	<u>17 663 928</u>	<u>-</u>
<b>18.1 Equitable Share</b>		
Balance unspent at beginning of year		
Current year receipts	3 029 046	-
Conditions met - transferred to revenue	(3 029 046)	-
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

	2006	2005
	R	R
<b>18 GOVERNMENT GRANTS AND SUBSIDIES (Continued)</b>		
<b>18.2 MSIG</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts -	1 000 000	-
Conditions met - transferred to revenue	816 200	-
Conditions still to be met - transferred to liabilities	<u>1 816 200</u>	<u>-</u>
<p>This grant was used to assist in building capacity in the district and local municipalities to ensure that the new developmental system of local government is fully implemented.</p>		
<b>18.3 District Aids Council</b>		
Balance unspent at beginning of year	-	-
Balance unspent at the beginning of year	-	-
Current year receipts	250 000	-
Conditions met - transferred to revenue	<u>(250 000)</u>	<u>-</u>
Conditions met - transferred to liabilities	<u>-</u>	<u>-</u>
<b>18.4 Development Bank of South Africa</b>		
Balance unspent at beginning of year	-	-
Balance unspent at the beginning of year	-	-
Current year receipts	493 636	-
Conditions met - transferred to revenue	<u>(493 636)</u>	<u>-</u>
Conditions met - transferred to liabilities	<u>-</u>	<u>-</u>
<b>18.5 MIG</b>		
Balance unspent at beginning of year	-	-
Balance unspent at the beginning of year	-	-
Current year receipts	11 378 971	-
Conditions met - transferred to revenue	<u>(11 378 971)</u>	<u>-</u>
Conditions met - transferred to liabilities	<u>-</u>	<u>-</u>
<b>18.6 DPLG</b>		
Balance unspent at beginning of year	-	-
Balance unspent at the beginning of year	-	-
Current year receipts	1 472 275	-
Conditions met - transferred to revenue	<u>(1 472 275)</u>	<u>-</u>
Conditions met - transferred to liabilities	<u>-</u>	<u>-</u>
<b>18.7 LED</b>		
Balance unspent at beginning of year	-	-
Balance unspent at the beginning of year	-	-
Current year receipts	40 000	-
Conditions met - transferred to revenue	<u>(40 000)</u>	<u>-</u>
Conditions met - transferred to liabilities	<u>-</u>	<u>-</u>

Provincial LED Project grants are used to promote Small, Medium & Micro Enterprises  
 The grant is spent in accordance with a business plan approved by the Provincial Government. No funds have been withheld.

	2006 R	2005 R
<b>19 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>19.1 Contributions to organized local government</b>		
Opening balance	-	-
Council subscriptions	3 855	-
Amount paid - current year	(3 855)	-
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>
<b>19.2 Audit Fees</b>		
Opening balance	-	-
Current year audit fee	48 943	91 000
Amount paid - current year	(48 943)	(91 000)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>
<b>19.3 VAT</b>		
All VAT returns have been submitted by the due date throughout the year		
<b>19.4 PAYE</b>		
Opening balance	-	-
Current year payroll deductions	1 442 020	-
Amount paid - current year	(1 442 020)	-
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>
<b>19.5 Pension and Medical Aid Deductions</b>		
Opening Balance	-	-
Current year payroll deductions	886 489	-
Amount paid - current year	(886 489)	-
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>

**20 CAPITAL COMMITMENTS**

No amounts were budgeted for capital expenditure for 2005/6 financial year

**21 CONTINGENT LIABILITY**

The municipality is being sued by the former Municipal Manager Mr Seate. The Council is contesting the claim. The contingent liability including the legal costs is estimated to be R1 600 000.00

**22 RETIREMENT BENEFITS**

The Free State Municipal Pension Fund is subject to the Pension Fund Act of 1956. Pensions are calculated on the average annual pensionable emolument of the two years immediately prior to retirement. Current contributions are charged against income. Beneficial adjustments for the experience are retained in the retirement benefit plan and applied to improvement of benefits to the employees. Full actuarial valuations are performed at intervals of three years in respect of the Free State Municipal Pension Fund. An actuarial valuation is also not compulsory in terms of legislation.

FINANCIAL STATEMENTS

APPENDIX A: STATUTORY FUNDS, RESERVES AND TRUST FUNDS AS ON 30 JUNE 2006

	Balance on 01-07-05	Net surplus/ (deficit)	Interest on investment	Other income	Capital expenditure during the year	Balance on 30-06-06
	R	R	R	R	R	R
<b>STATUTORY FUNDS</b>						
Capital Development Fund	2 977 998	(3 725 918)	140 270	-	-	(607 650)
	<u>2 977 998</u>	<u>(3 725 918)</u>	<u>140 270</u>	<u>-</u>	<u>-</u>	<u>(607 650)</u>
<b>RESERVES</b>						
Motheo Asset Share Reserve	5 638 897	-	223 049	-	-	5 861 946
	<u>5 638 897</u>	<u>-</u>	<u>223 049</u>	<u>-</u>	<u>-</u>	<u>5 861 946</u>
<b>TOTAL</b>	<u>8 616 895</u>	<u>(3 725 918)</u>	<u>363 319</u>	<u>-</u>	<u>-</u>	<u>5 254 296</u>

**XHARIEP DISTRICT MUNICIPALITY**  
**FINANCIAL STATEMENTS**  
**APPENDIX B FIXED ASSETS**

<b>Expenditure 2005</b>	<b>Services</b>	<b>Budget 2006</b>	<b>Balance on 01-07-05</b>	<b>Expenditure during the year</b>	<b>Corrections or written off</b>	<b>Balance on 30-06-06</b>
<b>R</b>		<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
	<b>RATES AND</b>					
171 452	<b>GENERAL SERVICES</b>	-	17 891 358	-	-	17 891 358
171 452	<b>Community services</b>	-	17 891 358	-	-	17 891 358
-	Councillors	-	162 585	-	-	162 585
171 452	Directorate Financial Services	-	17 728 773	-	-	17 728 773
171 452	<b>TOTAL FIXED ASSETS</b>	-	17 891 358	-	-	17 891 358
	<b>LESS: LOANS REDEEMED AND</b>					
(171 452)	<b>OTHER CAPITAL RECEIPTS</b>	-	(17 891 358.00)	-	-	(17 891 358.00)
(171 452)	Contributions ex operating income	-	(13 992 836.00)	-	-	(13 992 836.00)
-	Grants and Subsidies	-	(3 898 522.00)	-	-	(3 898 522.00)
-	<b>NET FIXED ASSETS</b>	-	-	-	-	-

FINANCIAL STATEMENTS

APPENDIX C: ANALYSIS OF OPERATING INCOME AND EXPENDITURE

2005 Actual		2006 Actual	2006 Budget
R		R	R
11 494 358	<b>Grants and subsidies</b>	<b>17 663 928</b>	6 941 950
3 140 552	Equitable share	<b>3 029 046</b>	3 029 000
770 000	MSIG	<b>1 000 000</b>	183 300
-	District Aids Council	<b>250 000</b>	-
3 036 678	Development Bank of South Africa	<b>493 636</b>	-
600 000	MIG	<b>11 378 971</b>	2 679 650
250 000	Financial Management Grant	-	250 000
3 697 128	DPLG	<b>1 472 275</b>	800 000
-	LED	<b>40 000</b>	-
<b>6 191 187</b>	<b>Operating income</b>	<b>3 205 175</b>	11 445 708
1 518 784	- Regional Service Levies	<b>1 220 790</b>	1 051 466
1 483 823	- Establishment Levies	<b>1 562 575</b>	3 454 834
3 188 580	- Interest and other income	<b>421 810</b>	6 939 408
<b>17 685 545</b>	<b>Total Income</b>	<b>20 869 103</b>	18 387 658
<b>EXPENDITURE</b>			
7 562 482	Salaries, wages and allowances	<b>9 363 484</b>	10 472 888
4 346 606	General expenses	<b>3 044 554</b>	2 479 520
166 783	Repairs and maintenance	<b>135 734</b>	332 300
-	Capital expenditure	-	-
-	Allocation to towns	<b>12 051 248</b>	4 479 648
171 452	Contributions to fixed assets	-	-
(45 738)	Contributions	-	-
<b>12 201 585</b>	<b>Total expenditure</b>	<b>24 595 021</b>	17 764 356

FINANCIAL STATEMENTS

APPENDIX D: DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2005 Actual income	2005 Actual expenditure	2005 surplus / (deficit)		2006 Actual income	2006 Actual expenditure	2006 surplus / (deficit)	2006 Budget surplus / (deficit)
R	R	R		R	R	R	R
			<b>RATES AND GENERAL SERVICES</b>				
14 648 867	12 201 585	2 447 282		20 869 103	24 595 021	(24 595 021)	623 302
14 648 867	12 201 585	2 447 282	<b>Community services</b>	20 869 103	24 595 021	(24 595 021)	623 302
-	2 551 120	(2 551 120)	Council General Expenses	-	2 417 288	(2 417 288)	(2 595 228)
-	3 948 990	(3 948 990)	Municipal Manager	-	2 014 237	(2 014 237)	(1 885 380)
-	2 660 341	(2 660 341)	Directorate Corporate Services	-	2 027 016	(2 027 016)	(3 659 198)
-	-	-	Directorate Community Services	-	329 773	(329 773)	(488 486)
-	-	-	Directorate PMU	-	13 058 839	(13 058 839)	(5 352 187)
14 648 867	2 198 436	12 450 431	Directorate Finance	-	1 826 995	(1 826 995)	(2 875 322)
-	842 698	(842 698)	Directorate PIMS Center	-	1 099 772	(1 099 772)	(908 555)
-	-	-	Councillor Support	-	450 190	(450 190)	-
-	-	-	PMS Coordinator	-	132 252	(132 252)	-
-	-	-	Support Services	-	238 523	(238 523)	-
-	-	-	Auxillary Services	-	316 180	(316 180)	-
-	-	-	Income Division	20 869 103	314 367	(314 367)	18 387 658
-	-	-	Expenditure Division	-	323 396	(323 396)	-
-	-	-	Internal Audit	-	23 982	(23 982)	-
-	-	-	Various	-	22 211	(22 211)	-
<b>14 648 867</b>	<b>12 201 585</b>	<b>2 447 282</b>	<b>TOTAL</b>	<b>20 869 103</b>	<b>24 595 021</b>	<b>(3 725 918)</b>	<b>623 302</b>
		-	Appropriation for the year			-	
		2 447 282	<b>Net surplus/(deficit) for the year</b>			(3 725 918)	
		2 410 672	Accumulated surplus/ (deficit) at the beginning of the year			4 857 954	
		<b>4 857 954</b>	<b>ACCUMULATED SURPLUS/ (DEFICIT) AT THE END OF THE YEAR</b>			<b>1 132 036</b>	

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	<b>2006</b>	2005
<b>Statistical Information</b>		
<b>General information</b>		
Population	<b>135 245</b>	135 237
Number of local bodies		
Local Authorities	<b>3</b>	3
Number of Levypayers	<b>1 943</b>	1 705
Edenburg	<b>97</b>	94
Bethulie	<b>106</b>	106
Fauresmith	<b>165</b>	143
Jacobsdal	<b>238</b>	200
Jagersfontein	<b>64</b>	60
Koffiefontein	<b>127</b>	110
Luckhoff	<b>54</b>	51
Petrusburg	<b>191</b>	182
Philippolis	<b>107</b>	90
Reddersburg	<b>107</b>	98
Rouxville	<b>158</b>	131
Smithfield	<b>135</b>	120
Springfontein	<b>51</b>	43
Trompsburg	<b>104</b>	100
Zastron	<b>239</b>	177
Number of Employees	<b>49</b>	48