

MASILONYANA LOCAL MUNICIPALITY



**ANNUAL REPORT
2005-2006**



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Masilonyana Local Municipality – Annual Report 2005-2006



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PART 1:



MAYOR'S FOREWORD

PHOTO

This past year has seen some interesting challenges and changes for Local Government. As a result of the local government elections on 1 March 2006, there are now many new faces at local municipality. The Masilonyana LM (MLM) also has a brand new mandate for the next five year period. Whilst the previous term of office was mainly focused on developing systems and procedures for a democratic and

developmental local government, the present term will focus on further consolidation and implementation of service delivery. In his State of the Nation Address on 03 February 2006, President Thabo Mbeki stated that we live in an Age of Hope.

This year we celebrated the 10th anniversary of the South African Constitution which was signed into law on 10 December 1996. At the time, the Constitution involved many South Africans in the largest public participation programme ever carried out in the country and consists of an integration of ideas from ordinary citizens, civil society and political parties represented in and outside of the Constitutional Assembly. It represents the collective wisdom of the South African people and today is regarded as one of the most progressive constitutions in the world.

Shortly after the appointment of the new Mayoral and Executive Committee, a strategic planning workshop was held at Bompodi, Beatrix Mine for both Councillors and Senior Management officials. The purpose of the workshop was to develop key strategic objectives for the MLM and to align programmes and projects with National Government's targets for the year 2014. It was resolved that the following would be the MLM's priority areas:

- Reducing unemployment;
- Eradicating poverty;
- Investing in sustainable infrastructural development;
- Enhancing the economy of the district; and
- Reducing the impact of HIV and Aids.



The MLM has high unemployment rate and some of our communities are infected with HIV and Aids.

Many of our citizens find themselves in a poverty trap and it is therefore incumbent upon us to develop intervention strategies to boost our economy, by investing in sustainable infrastructure development, and to create a conducive environment to attract investment and tourism to the municipality.

The MLM's Local Economic Development Summit was held and Local Economic Development (LED) Strategy was developed to guide us in our quest to improve the lives of our communities and in implementing our Integrated Development Plan (IDP), National and Provincial Government's objectives at a local level. As part of our programmes in addressing poverty and unemployment, as well as ensuring broad-based black economic empowerment, we have initiated a business forum. Our intension is to establish enter into agreements with the Small Enterprise Development Agency for providing SMME support programmes within the municipality.

We have consulted widely with our communities by making presentations and gathering feedback from our citizens during the road shows to all our local municipalities during this period under review and I am happy to report that the IDP was approved unanimously by our Council. Our IDP is a living document which is reviewed annually.

In conclusion, we invite you to partner with us in implementing the IDP and to improve the lives of our communities. We live in an Age of Hope, and we need to bring hope to those who do not yet enjoy basic services, and to ensure that their turn will come soon.

CLLR K.S. KOALANE
MAYOR



FROM SPEAKER'S DESK

PHOTO

Financial year 2005/2006 was the year in which Masilonyana Local Council renewed its mandate in which we committed ourselves to a people's contracts for building a better Masilonyana and its surrounding rural areas. The year proved to be other challenging year for our entity because were able to implement and some of the programme as part of our mandate to speed up service delivery and making sure that the municipality reduce poverty alleviation and ensuring

that the following programmes becomes a reality, that is;

- Service delivery
- Ensuring that councilors respond to the needs of the people.
- Internal capacity challenges
- Financial limitations
- Infrastructural backlogs
- Addressing of Capacity challenges
- Fiscal constraint and scarce resources
- Poverty alleviation
- Enhance of job creation and ensuring that our people benefit from projects that emanates from our municipality.

We remained with huge task to ensure that all objectives that we set ourselves are realized. Poverty has ravages badly unto the hearts of our societies and we still have to continue to consolidate our efforts in counteracting its dreadful face in destroying moral fibre of our society. **Public Participation** remained within core our society, IDP, Budget process. We still have to applaud our ward committees for their maximum participation in affairs of the council and in making our council to stand on their toes on issues of optimum engagement; further **deployment of remaining seven (7) Community Developments** was welcome in our municipality. Three were previously deployed during the last financial year (2004/05). Role of Community development Workers in respect to local councilors was to compliment each other's work including ward committees. Masilonyana Local Council formulated and approved the below mentioned **Policies formulation** in its efforts to tighten up loose ends.

- Debt Collection
- Credit Control & indigent policy
- Tariff Policy



- Delegated Powers

Coat of Arms

The coat of arms was launched and approved by council during last term of previous council after extensive exercise. The logo incorporates all features of five towns.

Winnie Mandela Museum Project launch:

The above project was launched on 26 September 2007 in partnership between Masilonyana & Lejweleputswa District Municipality.

Context and Challenges

Governance and oversight are performed through the committee system approved by Council. Executive committee is charged by the Mayor and which has four(4) Section 80 Committees: the committees are:

- Finance
- Public Works
- Community & Social Services
- HR & Governance
- Audit Committee in process of its establishment

Masilonyana Local Council is an executive collective type municipality.

Local Government Elections:

Before Municipal election of 01 May 2006, Masilonyana councilors were 19 in all, but after elections their number increased by one to make it twenty (20). Out of 19 councilors, who served from December 2000 to 2005, only seven (7) survived the wrath of political onslaught from their respective parties. Twenty (20) councilors who are currently in Masilonyana 13 are new, ANC: 17 and DA: 3

We thank SALGA for assisting and capacitating our councilors with their induction programmes in helping councilors to respond to nature of the work. In conclusion despite the challenges that hindered efficient and effective service delivery through inadequate systems, human capital, Supply Chain management, HR- recruitment & selection policy, Skills Redevelopment Policy, Rules for the use of the municipal vehicle, Fixed Asset Management Policy. Masilonyana experienced a challenge in various department, that is, Technical services. Lack of insufficient technical staff resulted in deceleration of efficient services and infrastructure development. We still remain with a challenge to improve our human capital issues and capacity building.



Job Evaluation, there were many temporary workers employed since 2002 and this posed a lot of misunderstanding in terms of job description. It ultimately causes slow by workers.

Employment Equity and Skills is in place to further guide our human resources practices and ensure advance of our employees. Performance management system in place to guide the day to day activities in a manner that ensures responsiveness and accountability.

Public participation Policy: Section 152(1)(e) of the RSA Constitution read together with Section 72(1)&(2) of the Municipal Structures Act(Act 117 of 1998) give direct mandate to municipalities to encourage the involvement of communities and communities organization in matters of local government and to establish community participatory system as mechanism to enhance participatory democracy in local government. Office of the speaker still have to draft a document that will be passed before the council for public inputs before it could be adopted and approved by the council. I hope and trust before the end of 2007/08 Financial Year we would have closed this chapter.

Language Policy: First draft has been passed before the council and it still has to go for further public in-puts and this document also we should be over and done with and accelerated infrastructure development with emphasis on poverty alleviation. Masilonyana will grow together with its people.

**M. LEKAOTA
SPEAKER**



MUNICIPAL MANAGER'S MESSAGE

PHOTO

The IDP review process for financial year 2005/2006 was completed on time and during the consultative process, public participation was maintained at the highest and optimum level. The advent of Municipal Finance Management Act required us to reform our financial management processes and as part of strengthening the our financial department and

capacity building we have managed to employ two finance interns. During the financial year 2004/2005 the following key strategic positions were filled, that is Municipal Manager, Chief Finance Officer and Technical Services Manager and in addition to staffing the municipality in partnership with Department of Local and Housing employed three Community Development Workers who are working hand in hand with the community and ward councillors.

Performance Management System was approved by Council and was implemented with effect from 01 July 2005 for all senior managers and development of PMS has assisted us in implementing different community structures which has enable us to monitor and evaluate performance within our municipality and our intension is to cascade this PMS tool to all our employees. We have tried by our all means to find ways and means of mobilizing further resources through revenue enhancement programme and attraction of donor funding to increase our capacity to deliver on our mandate. With a rigorous and robust local economic development strategy, we have ensured that there is a great impact to our communities. The roll-out of extended public work programme and other provincial sector departments programmes has even made great impact to our municipality service delivery implementation objectives. Governing, together with our communities, through a ward committee system and other outreach programmes served as a major source of insight and enrichment of our decision-making process. And amongst the challenges still confronting our municipality is the eradication of the bucket system, improving service delivery, accelerating housing provision. Our partnership with other spheres of government, private sector, financial institutions and the community will go a long way to enable us to deal with these problems as we enter the next four years of development local government.

I wish to extend a special word of thanks to the Mayor, Speaker, and Members of Executive Committee, All Councillors, Officials, Ward Committees, Municipal Volunteers, Community Development Workers and the Public at large.



PART 2: ANNUAL REPORT; AUDITED FINANCIAL STATEMENTS AND AUDITOR-GENERAL REPORT CHAPTER 1

1. EXECUTIVE SUMMARY: OVERVIEW OF MUNICIPALITY

INTRODUCTION

South Africa's young democracy is based on a partnership contract between the governed and those who govern. In terms of this contract, democratically elected leaders do not reduce citizen participation to two minutes of voting every few years, but rather involve the citizen in determination of priorities and key programmes.

But in addition, the elected officials provide regular and predictable reporting on programme performance and the general state of affairs in their locality. The citizens for their part get involved in matter affecting them and their surroundings, and assist the government in determination of growth and development trajectories.

Local government is the closest sphere of government to the citizenry. As such it is best positioned to tighten that essential participatory framework that should define the relationship between representatives and the citizenry. These relationships strengthen accountability and transparency – the twin hallmarks of governance since the first local government elections of 1995.

The Municipal Finance Management Act (MFMA) has been promulgated to give legislative expression to accountability and transparency at local level. The Act privileges' Annual Reporting, complemented by the Municipal Systems Act (MSA), in terms of which municipalities are required to report against



commitments in the IDP, business plans and other supporting planning documents.

The Annual Report is also understood to be an instrument for financial and performance corrective action in subsequent years. The 2004/2005 Annual Report reflects on the performance of the Masilonyana Local Municipality for the period of 01 July 2004 to 30 June 2005. This Annual Report is prepared in terms of section 121(1) of the MFMA, in terms of which the municipality must prepare for each financial year.

Table 1.1 Legislative Requirements in terms of the MFMA

SECTION	REQUIREMENT	LEGISLATIVE PROVISION
121(3)(a)	Annual Report with consolidated financial statements	Annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1).
121(3)(b)	Auditor-General's audit report	Auditor-General's audit report in terms of section 126(3) on those financial statements.
121(3)(c)	Annual performance report	Annual performance report of the municipality prepared by the municipality in terms of section 46 Municipal Systems Act.
121(3)(d)	Auditor-General's performance audit report	Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act
121(3)(e)	Auditor-General's assessment on arrears	Assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges.
121(3)(f)	Accounting Officer's assessment of performance on each vote of the budget	Assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for each vote in the municipality's approved budget for the relevant financial year.
121(3)(g)	Audit corrective actions	Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d)
121(3)(h)	Explanation to clarify financial statements	Explanations that may be necessary to clarify issues in connection with the financial statements
121(3)(i)	Other information	Information as determined by the municipality
121(3)(j)	Audit Committee recommendation	Recommendations of the municipality's Audit Committee
121(3)(k)	Other prescribed information	Other information as may be prescribed



Section 46(1) of the Municipal Systems Act requires municipalities to prepare a performance report for each financial year setting out the performance of the municipality and external service providers, comparison of the performance with the targets set for and performances in the previous financial year and measures taken to improve performance. As shown above, the annual performance report must form part of the Annual Report.

Therefore, the 2004/2005 Annual Report is prepared in accordance with Chapter 12 and contains information required by section 121 of the MFMA. The Council of Masilonyana Local Municipality is required to deal with the annual report within the nine months after the end of the financial year, which is before 31 March 2006.

OVERVIEW OF MASILONYANA LOCAL MUNICIPALITY

Masilonyana Local Municipality (FS181) has been established in term of the Municipal Structure Act and the Municipal Demarcation Act. The municipality forms part of Lejweleputswa District Municipality (FS184). The municipality head office, Theunissen is situated 102 kilometres from Bloemfontein and +/- 55 kilometres from Welkom.

The municipality comprises of former five Transitional Local Councils, that is, Theunissen, Brandfort, Winburg, Verkeerdevlei and Soutpan. The administration head office of the municipality is at the town of Theunissen.

Brief Overview on the origins of Masilonyana Towns

Theunissen:

The town is situated 11 kilometre from north of the Vet River and 102 kilometre north-east of Bloemfontein, Free State Province South Africa. It was laid out in 1907 on the farms Smaldeel and a portion of Poortjie and attained municipal status in 1912. At first the town was known as **Smaldeel, later was renamed after Commandant Helgaart Theunissen who obtained permission for its establishment.** The town has only wine estate, the Theunissen Wine Farm.

Brandfort Town:

The town is situated 56 km north-east of Bloemfontein and 115 km south-west of Winburg. It was established on the farm Keerom on the 30 October 1866 by Jacobus van Zijl and after he established a church, he invited President J.H. Brand, the fourth President of The Republic to visit the community, shortly afterwards the town was named in his honour. The town was proclaimed in 1874 and municipal status was achieved in 1884. It is sometime claimed that the town was so called



because a fort on the nearby Keeromkoppie was burnt down by San or Basotho. The British built a concentration camp here during the Boer War to house women and children.

Winburg Town:

The town is situated 116 km north-east of Bloemfontein and 51 km south-west of Ventersburg, it again situated along N1 Highway which links Cape Town to Johannesburg and it is in the centre between the Orange and Vaal rivers. It was established out on the farm Waaifontein in 1841 and it was proclaimed town in 1837 and became a municipality in 1872. The name Winburg, originally spelt Wenburg, means “town of winning”; it may refer to a military victory over the Matebele at Mosega on 17 January 1837, or to the triumph of the protagonists of Waaifontein as site of the town.

When the Voortrekker reached the area of Winburg, there were no other tribes or inhabitants. The nearest community was that of a Tswana tribe under Chief Makwana at Thaba Nchu, 60 km south-east of the town and the Basotho tribes in the mountains of the current Lesotho, 100 km east of the town. The trade of cattle for land between the Vaal and Vet Rivers, undertaken by Andries Pretorius and the Bataung Chief Makwana in 1836, led to the settlement of a dispute between the black tribes. Winburg acted as settlement and religious centre and it was originally selected for the main Voortrekker Monument but Pretoria won favour and a five tiered secondary Voortrekker(settler) monument was built on the outskirts of Winburg instead, in the 1950’s, it carries the names of the Voortrekker (settler) leaders: Uys, Potgieter, Pretorius, Retief and Maritz.

Verkeerdevlei Town:

The town is situated 39 km south-east of Brandfort, the name Verkeerdevlei , the name Verkeerdevlei originates from Afrikaans word which means “**wrong marsh**”, the name probably refers to an east-west flow of water in an area where the direction is normally west-east.

Soutpan Town

The town is situated 45 km west of Brandfort; Soutpan is an Afrikaans word meaning “salt pan” or “depression” in English. The name is derived from a large geographical feature of that type, on the slopes of which the Florisbad archaeological site is situated.





CHAPTER 2

2. POLITICAL LEADERSHIP AND EXECUTIVE MANAGEMENT

POLITICAL LEADERSHIP

15

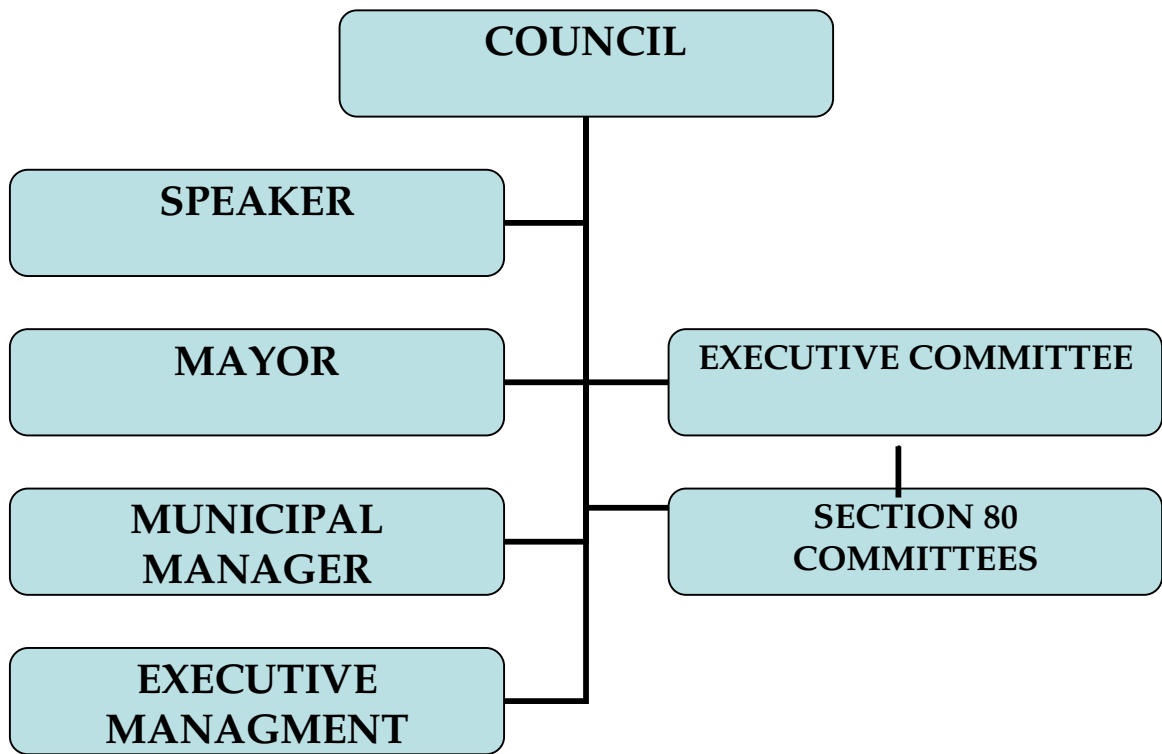
Masilonyana Local Municipality – Annual Report 2005-2006



Masilonyana Local Municipality was established by Notice 6766 of 2000, in terms of Section 12(1) of the MSA. In accordance with this notice, existing municipalities were disestablished, and the new Masilonyana LM came into being. The MLM was established as Category C municipality.

The Mayor and the Executive Committee, the Council, the Speaker and the Council Chief Whip perform key roles in the municipality's system of governance, through the exercise of the executive and/or legislative power, facilitation of political interaction and oversight. The structure of governance is shown below

FIGURE 2.1 ORGANISATIONAL STRUCTURE OF MASILONYANA MUNICIPAL CORE ADMINISTRATION



MUNICIPAL COUNCIL

The Council is the legislative arm of the MLM, which means that it is empowered to approve municipal by-laws, the Budget and the IDP. It also has executive powers to deal with those matters that have not been delegated to the Mayor.



In terms of the Municipal Structures Act, meetings of the Council are open to the public. The schedule of meetings is advertised in local newspapers to encourage attendance

SPEAKER OF COUNCIL

The role of the Speaker is a Councillor, elected as the Chairperson of the Council in terms of Section 36 of the Municipal Structures Act and Section 160(1)(b) of the Constitution, and Councillor Ms M. Lekaota is the Speaker of Masilonyana LM Council.

The role of the Speaker in term of legislation is to:

- Presiding at meeting of the Council
- Perform the duties and exercise the powers delegated to the Speaker in terms of Section 59 of the Municipal Structures Act.
- Ensure that the Council meets at least quarterly
- Maintain order during meetings
- Ensure compliance in the Council and Council committee with the Code of Conduct set out in Schedule 1 to the Municipal Structures Act
- Ensure that Council meetings are conducted in accordance with the rules and orders of the Council.

The role of the Speaker has evolved to incorporate additional functions. She plays a central role in promoting good conduct amongst elected Councillors through the application of the Code of Conduct. She has also been tasked to assess Councillors' needs and to arrange suitable training in order to developed the MLM' political governance capacity and improve the skills of individual councillors.

The role of Speaker also includes the management of community participation, in the ward committees in particular. It is important to ensure that they function effectively on an ongoing basis. The Speaker has a key function to ensure public consultation, involvement and participation.

COUNCIL COMMITTES



The Council is supported by a committee system; Section 33 of the Municipal Structures Act makes provision for the establishment of two types of committees, known respectively as Section 79 and Section 80 committees. Section 80 committees are chaired by members of the Executive Committee and they reflect the political portfolios of the Executive Committee.

These Committees play a key role in the development of policy, as well as the monitoring of service delivery and the oversight of strategic programmes and projects. These multi-party committees normally meet on a monthly basis and they are an important interface between the executive, the administration and political representatives.

MAYOR AND EXECUTIVE COMMITTEE

The Mayor of Masilonyana LM, Cllr KS Koalane, assisted by the Executive Committee, constitutes the executive arm of the MLM. The Mayor is at the centre of the MLM system of governance, since some powers are vested in him to manage the affairs of MLM and others are delegated to Executive Committee by Council.

This means that there has been an overarching strategic and political responsibility and every member of the executive committee chaired a portfolio committee, consisting of all councillors from all the different political parties. The names of the members of the Executive Committee members are listed in Table 3 below:

MEMBER OF EXECUTIVE COMMITTEE	PORTFOLIO
Cllr KS Koalane	Mayor
Cllr NG Bosman	Social & Community Services
Cllr M. Mokgoro	Corporate Services
Cllr J Schmidt	No portfolio
Cllr CN Manyala	Technical Services
Cllr M. Silamashi	Financial Services

MUNICIPAL ADMINISTRATION

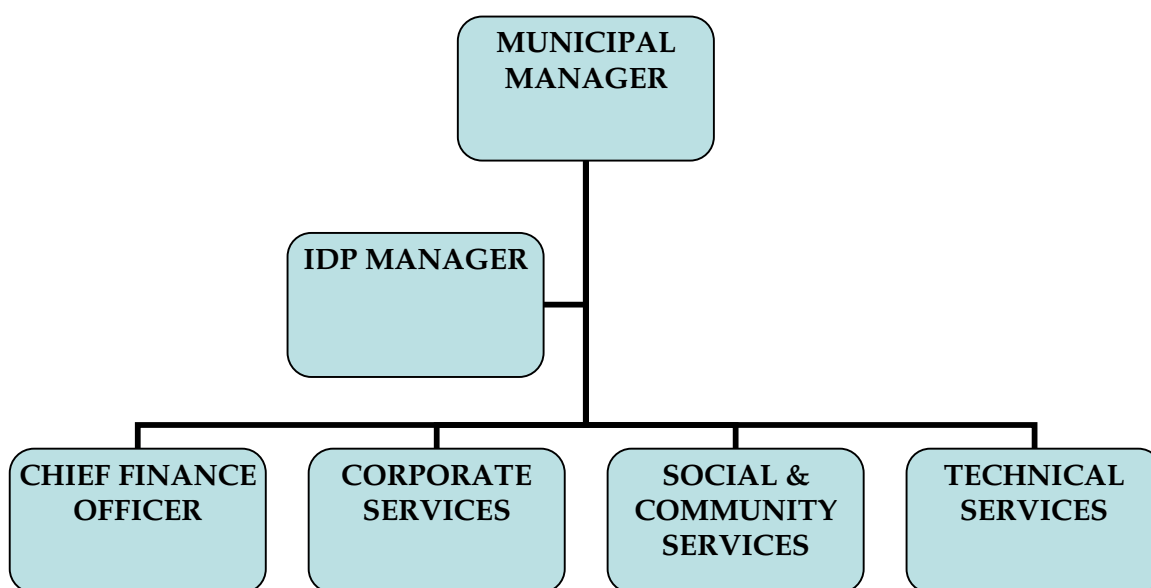
Municipal administration describes the institutional structure of the MLM and its unique, designed and reflects the goals of growth with sustainability, affordable structures, enhanced accountability, increased efficiency and the elimination of duplication and fragmentation.



The Municipal Manager, Me Maboe-Phike heads the MLM core administration and he is assisted by Chief Finance Officer and Heads of the Department from the following business units, that is, Social and Community Development, Corporate Service, and Technical Services.

The municipal manager and her senior management were appointed on a five year employment and performance contracts, in order to provide the link between the political and administrative arms of the MLM government.

FIGURE 2.2 ORGANISATIONAL STRUCTURE OF MASILONYANA MUNICIPAL CORE ADMINISTRATION



MUNICIPALITY’S CORE DEPARTMENTS

DEPARTMENT	DEPARTMENTAL HEADS
Municipal Manager	Me Maboe-Phike
Chief Finance Officer	Mr Mokgoke
Corporate Services	Mr Phera
Social & Community Development	Mr Mohlabane
Technical Services	Mr Makaukau



CHAPTER 3

3. MUNICIPAL CURRENT REALITIES, VISION, MISSION AND STRATEGIC OBJECTIVES

MUNICIPAL CURRENT REALITIES

DEMOGRAPHIC PROFILE

The total population of Masilonyana LM which includes both male and female for all towns, that is, Theunissen/ Masilo, Brandfort/Majwemasweu, Winburg/ Makeleketla, Soutpan/Ikgomotseng, Verkeerdevlei/Tshepong, Rural, Star Diamond Mine, Beatrix Mine and Joel Mine is estimated at 63 870. This population includes Blacks, Coloureds, Indians and Whites.

The following population groups constitutes the following percentages out of the total population group of the entire municipality, that is, Blacks (91,2%), Coloureds(1,28%), Indians (0,03%), Whites (7,49%) respectively.

(Source: Stats SA Census 2001).

INFRASTRUCTURE BACKLOGS AND CHALLENGES

The main challenges in terms of the **infrastructure and services development** for the municipality lies in addressing the imbalances which exist amongst the various communities, eradicating the backlog that exist and maintaining the current infrastructure.



Equitable development is essential to ensure that all towns that fall within MLM are developed, rural areas such as Verkeerdevlei and Soutpan who are particularly poor are developed because they lag far behind the urban centre, especially in terms of levels of sanitation.

The municipality has a large **shortage of housing** and it is important that it play a leading role in prioritizing, planning and coordinating funding applications. The **road networking** in the municipality is well developed but the road conditions are deteriorating at rapid rate, very little maintenance is taking place

The maintenance of all **primary roads** is an urgent priority for the next five years. It will be important to maintain and upgrade all main routes to facilitate the flow of traffic through the municipality and to support the local economic development thrusts. Similarly, there is a need to maintain the **tertiary road system** as it forms a lifeline for rural communities in terms of health, education and emergency services.

The **bulk electrical network** is well established, Eskom provides services to all mines and towns in the municipality and there is sufficient infrastructure to service the whole area. The **water infrastructure** comprises the reservoir and pipelines of Sedibeng Water and these supply the municipal area and the mines with water from the Vaal River and to lesser extent with water from the Sand River. All towns in the municipality are dependent on the ground water extraction and most of the rural areas have been provided with water (an estimated 80% of farm communities have clean, running water).

The **provision of sanitation** services in the municipality fall well below RDP standards, as far as the urban areas are concern, 50,2% of residential stands are without waterborne sanitation facilities and services. Most towns in the municipality are experiencing difficulties in the management of their **waste disposal** sites and struggle to meet the requirements for such sites as set out by the Department of Water Affairs (DWA). There is a requirement for a wide strategy and framework for effective waste disposal including the possibility of **dumping site** and the disposal of **toxic waste**.

The general management of **cemeteries** is a problem and in most cases there is a lack of care and maintenance, the issue of capacity planning for the future is a concern, especially in light of the municipality's high incidence of HIV/AIDS infection. The main national north-south **railway** crosses the municipality between Hennenman, Virginia, and Brandfort. From this main route branches have been



established between Theunissen, Winburg and Welkom, past Bothaville to the Bultfontein via Klerksdorp line and private lines some link the gold mines.

The rate of **HIV/AIDS infection (Health)** in the area is very high due to migrant labour from the mines and high employment rate, mobile clinics are operating in the rural areas and in some instance communities are experiencing problems with accessibility because of the distances they have to travel and also because of the low frequency of visits. Clinic and hospitals are overcrowded and emergency services are not readily available and their turnaround responses to emergency calls are slow.

Availability of medicines at clinics is a further problem caused by lack of control and poor distribution systems and the chief environmental factors impacting on the demand for primary health care in the municipality are poor sanitation, health risks from waste dumps, pollution and lack of safe water.

With regard to **welfare issues**, there is a lack of resources and facilities for counselling in the municipality to deal with problems like alcohol and substance abuse, family violence, child abuse, mental disorders, teenage pregnancy, etc. The Aged (Senior Citizens) are experiencing difficulty in accessing pension payments due to the shortage and inaccessibility of pay points.

There is a general lack of **sporting and recreational facilities** in the municipality and this is contributing to the social problems experienced in most communities. A high level of illiteracy exists in the municipality especially in the rural areas; efforts to address this situation are hampered by lack of facilities and other resources.

Lack of **education provision** in the rural areas is leading to the migration of such families to urban centre, increasing the existing pressures on the urban centres. The municipality lacks technical and agricultural training facilities, the Central University of Technology and Welkom College are the only tertiary education institutions that are at least closer to MLM, but they not easily accessed from remoter rural areas. According Stats SA, it is estimated that 15% of households in the municipality area have no access to **telephones or telecommunications**.

The current levels of **crime** in the municipality are high and are not limited to specific geographical areas of population groups and there has been an increase in violence against women and children. Some of the contributing factors were the high rate of unemployment, the migration of people from rural to urban areas, ineffective neighbourhood watch schemes and community policing for a, lack of visible policing, lack of access to telecommunications, lack of accessibility for



communities to police stations. Facilities are needed such as mobile police stations, extra police vehicle and accessible communication systems to bring about an improvement in crime prevention and an increase in the response to emergency events.

MUNICIPAL VISION

The vision represents a clear view or image of the future, that towards which the municipality strive.

**“TO BE AN INTEGRATED, DEVELOPMENTAL
AND VIABLE LOCAL MUNICIPALITY”**

MUNICIPAL MISSION

**Masilonyana Local Municipality is still committed
to delivering this mission through:**

- **The integration of its systems and resources**
- **Providing services in a sustainable manner**
- **Attract investors and facilitate economic
development**
- **Creation of a safe and harmonious living
environment**



MUNICIPAL STRATEGIC OBJECTIVES

Municipality has adopted the following key strategic priorities to guide them in order to fast track the implementation of service delivery and eradication of poverty and these priorities were raised by the communities during the IDP consultative process, that is,

- **Infrastructure Development** (Water, Bulk Sanitation, Roads & Stormwater and Streets, Electricity, Waste Management and Cemeteries)

“ The municipality has committed itself to ensure that the infrastructural backlog is addressed and communities are provided with clean water, on of bucket system is eradicated, Streets and Stormwater drainage are upgraded, all houses are electrified, disposal waste is managed effectively to avoid health hazards, cemeteries are provided, cleaned and fenced”.

- **Land Development and Housing,**

“Municipality has committed itself to coordinate the process of housing delivery and development, through provision of land for economic activities, commercial, residential development and ensure that land reform is sustainable”.

- **Local governance,**

“ The municipality will ensure effective functioning of all municipal offices and the make sure that all personnel is integrated in the system with one conditions of employment and will integrate all municipal assets to great one asset register and operational systems, policies, procedures and By-Laws and implement any legislation affecting local governance”.

- **Economic growth and job creation and**

“ The municipality will strive to promote economic development through reducing the unemployment rate through employing the following factors of production effectively, that is land, labour, entrepreneurship, promotion of tourism, local economic development, smmes, involvement of youth, women, disable people, promoting of small scale farming, and facilitation of business centres, industries and partner with mining houses”



- **Safety and Security**

“Municipality will ensure that its property, asset and community are protected through working hand in hand with the South African Police Services, making sure that all public places there is security encourage satellite police stations and corruption is eliminated.

- **People development**

“ The municipality committed itself to comply with regulations in terms of the Environment Conversation Act and making its environment pleasant and healthy for its community and the future residents area, provide and facilitate sufficient care for the aged, frail and disabled, pay points pensions, provision of adequate health care, education facilities, promotion of arts and culture, youth women and children and prepared them to be part of economic mainstream”

CHAPTER 4

4. MUNICIPAL SERVICES AND PROGRAMMES

MUNICIPAL SERVICES

The municipality has all the powers and functions conferred or assigned to it in terms of the Constitution (Act of 1996), Municipal Systems Act (Act 32 of 2000), Municipal Structures Act (Act 117 of 1998) and the Municipal Finance Management Act (Act 56 of 2003) and any amendments thereof, as well as any national and/or provincial legislation. The municipality has the right to do anything reasonably necessary for or incidental to the effective performance of its function and/or the exercise of its powers. The legislative and executive authority of the municipality vest in its municipal council, which it must exercise reasonably and responsibly, within its area of jurisdiction and by agreement with another municipality within the jurisdiction of that municipality as well.

In terms of Powers and Functions, the Free State Province MEC for Local Government and Housing in consultation with the Minister of Provincial and Local Government have gazetted authorizations to the Municipality to perform certain powers and functions. The process is informed by the constitutional mandate of local government to perform certain functions and such process is important for the preparation of municipal IDPs as it outlines the core powers, functions and expected performance of local government. In terms of the



government notice which was issued during June 2003, Masilonyana LM is expected to perform the following powers and functions:

- Electricity and gas reticulation
- Fire-Fighting services
- Local Tourism
- Municipal Airports
- Municipal Planning
- Municipal Public Works
- Water and Sanitation
(Potable water supply, systems, Domestic waste water and Sewerage disposal systems)
- Cemeteries, funeral parlours and crematoria
- Markets
- Municipal abattoirs
- Municipal Roads and Refuse Removal, Refuse Dumps and Solid Waste Disposal

MUNICIPAL KEY PROGRAMMES

MUNICIPAL PROGRAMMES IN TERMS OF KPI'S

KEY PERFORMANCE AREA (KPA): INFRASTRUCTURE		
STRATEGIC OBJECTIVE		
The municipality has committed itself to ensure that the infrastructural backlog is addressed and communities are provided with clean water, on of bucket system is eradicated, Streets and Stormwater drainage are upgraded, all houses are electrified, disposal waste is managed effectively to avoid health hazards, cemeteries are provided, cleaned and fenced".		
KEY PERFORMANCE INDICATORS (KPI's)	TARGET	ACTUAL
Eradication of Buckets System	100%	85%
Maintenance of streets and major roads	100%	40%
Upgrading and gravelling of roads	100%	10%
Provision and regular maintenance of Stormwater drainage	100%	60%
Water reticulation	100%	100%
Maintenance of machinery	100%	70%
Provision of High Mast Lights	100%	100%



BRIEF OVERVIEW AND CHALLENGES AHEAD OF THE NEW FINANCIAL YEAR 2006/2007

- Masilonyana LM has managed to implement all their infrastructural projects and some of them have carried over to the financial year 2006/2007.
- Total allocation to the municipality from Municipal Infrastructure Grant (MIG) was R9, 5 million and R2,1 million from DWAF.
- One of the key challenge facing the municipality is eradication of bucket system

KEY PERFORMANCE AREA (KPA): LAND DEVELOPMENT AND HOUSING		
STRATEGIC OBJECTIVE		
Municipality has committed itself to coordinate the process of housing delivery and development, through provision of land for economic activities, commercial, residential development and ensure that land reform is sustainable.		
KEY PERFORMANCE INDICATORS (KPI's)	TARGET	ACTUAL
Allocation of sites	0	0
Approve building plans	100%	98%
Provision of Housing		400
Issuing of Title Deeds to Communities		205
Provision of Cemeteries	4	1
Provision of dumping sites	1	0
Refuse removal	100%	75%
Provision and upgrading of recreation facilities		0
Emergency services	100%	60%

BRIEF OVERVIEW AND CHALLENGES AHEAD THE NEW FINANCIAL YEAR 2006/2007

- No sites were available during the year under review as there were only few sites in town, but vacant land has been identified and the town planning process is in motion for speedily rezoning.



- Building plans were approved and about 400 RDP houses were constructed.
- Municipality has managed to issue 205 title deeds to the community.
- New site for cemetery has been identified at Makeleketla next to the N1 road to Bloemfontein.
- In all towns there are dumping site and refuse removal is done according to a weekly service plan.
- The provincial department of health is providing the emergency services for the municipality.

KEY PERFORMANCE AREA (KPA): LOCAL GOVERNANCE AND INSTITUTIONAL DEVELOPMENT		
STRATEGIC OBJECTIVE		
The municipality will ensure effective functioning of all municipal offices and the make sure that all personnel is integrated in the system with one conditions of employment and will integrate all municipal assets to great one asset register and operational systems, policies, procedures and By-Laws and implement any legislation affecting local governance.		
KEY PERFORMANCE INDICATORS (KPI's)	TARGET	ACTUAL
Review current policies and development of new policies	100%	55%
Develop and implement an Integrated Human Resources Development, IT system	100%	25%
Implement Council Resolutions	100%	70%
Develop an effective and efficient administration	100%	70%
Develop and create an effective customer service environment	100%	65%
Implementation of Community awareness programme, Batho Pele principles and Brand the municipality	100%	65%
Organised more office spaces and building around town for staff	100%	0%
Improvement of financial systems and implementation of financial reforms	100%	45%
Review IDP annually and sector plans and programmes	100%	75%
Develop revenue management strategy/plan (meter readers/restrictors)	100%	60%
Develop and implement Debt Collection	100%	60%



Plan/Strategy/Campaigns		
Implement Fleet Management	100%	55%
Review all old By-Laws and develop new one in line with current legislations.	100%	85%
Develop advance Archive Management System	100%	90%

BRIEF OVERVIEW AND CHALLENGES AHEAD THE NEW FINANCIAL YEAR 2006/2007

- The municipality has managed to implement number of policies such as skill development plan and claims were receive for LGSETA, although the target was to train 100% of staff but, the municipality managed to train only 40%.
- Skill audit has been conducted on an annual basis and municipality is regularly submitting workplace skills plan.
- The municipality is face with the challenge of speedily implementing new integrated systems or technology.

KEY PERFORMANCE AREA (KPA): ECONOMIC GROWTH AND JOB CREATION		
STRATEGIC OBJECTIVE		
The municipality will strive to promote economic development through reducing the unemployment rate through employing the following factors of production effectively, that is land, labour, entrepreneurship, promotion of tourism, local economic development, smmes, involvement of youth, women, disable people, promoting of small scale farming, and facilitation of business centres, industries and partner with mining houses"		
KEY PERFORMANCE INDICATORS (KPI's)	TARGET	ACTUAL
Promotion of Local Economic Development & Marketing of municipality	100%	60%
Host Local Economic Development Summit	100%	80%
Host Women and Youth Summit	100%	75%
Promotion of Tourism Development	100%	50%
Promotion of Small, medium and micro enterprises	100%	55%
Facilitation of donor funding for LED/SMME projects	100%	25%
Promotion of Agricultural, Commercial, Industrial & Retail Development	100%	55%
Promotion of Commonage and Small-Scale Farming	100%	40%
Forging partnership with Mining Houses for joint service delivery fast tracking.	100%	60%

BRIEF OVERVIEW AND CHALLENGES AHEAD THE NEW FINANCIAL YEAR 2006/2007



- Masilonyana LM has managed to promote local economic development through hosting the youth summit.
- Promotion of local economic development resulted in hosting the following activities, that is, consultative LED meetings and summit in preparation for the development of LED Strategy.
- LED Strategy has been developed.

KEY PERFORMANCE AREA (KPA): PEOPLE DEVELOPMENT		
STRATEGIC OBJECTIVE		
The municipality committed itself to comply with regulations in terms of the Environment Conversation Act and making its environment pleasant and healthy for its community and the future residents area, provide and facilitate sufficient care for the aged, frail and disabled, pay points pensions, provision of adequate health care, education facilities, promotion of arts and culture, youth women and children and prepared them to be part of economic mainstream.		
KEY PERFORMANCE INDICATORS (KPI's)	TARGET	ACTUAL
Develop skill development plan	100%	100%
Conduct Skill Audit	100%	100%
Restructuring and Employment of skilled staff	100%	70%
Develop Performance Management System (PMS)	100%	85%
Develop Human Resources Development Strategy and uniform Human Resources Development Policies and Procedures	100%	65%
Implement Employment Equity Act and Develop Employment Equity policy	100%	60%



KEY PERFORMANCE AREA (KPA): SAFETY AND SECURITY**STRATEGIC OBJECTIVE**

Municipality will ensure that its property, asset and community are protected through working hand in hand with the South African Police Services, making sure that all public places there is security encourage satellite police stations and corruption is eliminated.

KEY PERFORMANCE INDICATORS (KPI's)	TARGET	ACTUAL
Facilitate the establishment of Community Police Forum	100%	100%
Facilitate the renovation of Soutpan Police Station		0%
Provision of site for police station in all towns		0%
Facilitate an awareness campaign to promote community involvement in security issues.	100%	65%
To encourage the usage of existing structures, eg , associations, forums, etc, to assist in securing public places.	100%	70%
Expanding the existing traffic police in all towns	8	2
Purchase vehicles for traffic department	2	2
Secure municipal properties	31	6
Develop strategies to prevent corruption	100%	0%

BRIEF OVERVIEW AND CHALLENGES AHEAD THE NEW FINANCIAL YEAR 2006/2007

- Community Policing Forum has been established and a Council representative is sitting these forums.
- Through the CPF a campaign was organised and schools were targeted to bring home the awareness to personal safety and security.
- One of the challenges of the municipality is to employ more traffic police or peace officers in the area, only two are currently employed. Two vehicles were purchase during the year under review.

CHAPTER 5

5. HUMAN RESOURCES AND ORGANISATIONAL PERFORMANCE

OVERALL PERFORMANCE PER DEPARTMENT

DEPARTMENT:		SPEAKER
Key Performance Area:		Governance and Democracy
Objective: Effective community participation, effective Council functioning and to establish ward committees as a means to enhance public participation in the affairs of the Municipality.		
Target	%	
Key Performance Indicator (KPI):	Governance <ul style="list-style-type: none"> • Capacity building initiatives • Evaluation reports on Councillors • Portfolio Committees observation • Legal opinion expressed 	



	<p>Democracy</p> <ul style="list-style-type: none"> • The number of ward committees established. • Community meetings held • Councillors reports
Target	A ward committee for each of the 10 wards of the Municipality
Achievement	<ul style="list-style-type: none"> • A total of 10 ward committees were established and were inducted. The Municipal Council has also provided on its 2005/6 budget a substantial amount to support the effective functioning of all the ward committees. • Ward meetings are held on monthly basis by Ward Councillors • Councillors, ward committees were trained on good governance.

DEPARTMENT:		MAYOR
Key Performance Area:	Democracy and Governance	
Objective:		
Effective community participation and political management		
Target	%	
Key Performance Indicators	<p>Democracy</p> <ul style="list-style-type: none"> • Public meeting • Public Ceremonies • Outreach programmes initiated <p>Governance</p> <ul style="list-style-type: none"> • Appraisal of municipal activities • Evaluation reports on Speaker • Mayoral Committee recommendations approved • Council decision implemented 	



Achievement	<ul style="list-style-type: none"> • More public meeting, outreach programmes and ceremonies were initiated. • Most Council and Executive Committee recommendations were approved • Customer care officials have been employed in all municipal units or towns
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DEPARTMENT:		MUNICIPAL MANAGER	
Key Performance Area:	Overall municipal administration, finance and management		
Objective:			
<ul style="list-style-type: none"> • Financially sustainable municipality. • Increased service delivery • Improved organisational effectiveness • Effective functioning of administration 			
Target	%		
Key Performance Indicators	Infrastructure Development (Backlog to be reduced) <ul style="list-style-type: none"> • Water • Sanitation • Electricity • Waste Management and Disposal • Roads • Street and Stormwater Drainage Planning and Implementation		



	<ul style="list-style-type: none"> • Integrated Development Planning (IDP) • Local Economic Development • Tourism Development • Projects Approved • Tenders approved • Business Plan approved <p>Management and Personnel Administration</p> <ul style="list-style-type: none"> • Council decisions implemented • Staff turnover • Disciplinary actions • Reports to National and Provincial Government
Achievement	<ul style="list-style-type: none"> • 80% of infrastructural development projects were implemented. • IDP was reviewed on time • LED Strategy has been developed • Council and Exco decisions were executed and implemented. • Effective and efficient administration • Close supervision of Section 57 managers.

DEPARTMENT: FINANCIAL SERVICES	
Key Performance Area:	Income generation and expenditure management
Objective: To increase revenue and expenditure and costs	
Target	%
Key Performance Indicator (KPI)	<p>Reduced expenditure and costs</p> <ul style="list-style-type: none"> • Capital spending versus Budget • Unauthorised expenditure items • Creditors payment • Increase in creditors <p>Increased Revenue</p> <ul style="list-style-type: none"> • Revenue received from grants against budget • Outstanding debtors collected • Increase in rates and taxes on debtors

FINANCIAL RATIOS ANALYSIS



The financial analysis comprises mainly of the calculation of ratios and relationship with a view to evaluate result and risk. In this instance we will measure the municipality's financial performance in relation to effective and efficient provision service delivery. The following financial figures has been depicted from Masilonyana LM Audited Financial Statements for financial year 2005/2006

- **This ratio indicate the extent of long and short-term liabilities in relation to income and this simply provide an assurance that there is sufficient income generated by municipality to cover its debts or liabilities.**

$$\frac{\text{Total Debt}}{\text{Actual Income Generated}} \times 100$$

$$\frac{916\,397}{63\,255\,312} \times 100$$

$$= 1,45\%$$

- **This under mentioned ratio analysis focuses on the period it takes to recover payment in respect of those amounts that are deemed to be recoverable.**

$$\frac{\text{Net Debtors}}{\text{Actual Income Generated}} \times 100$$

$$\frac{36\,645\,650}{63\,255\,312} \times 100$$

$$= 57,93 \%$$

- **This under mentioned ratio analysis indicates the extent to which income is applied to the servicing Debts and it provides assurance that the proportion of the Debt Financing Expenditure total expenditure is manageable.**



$$\frac{\text{Capital Charges}}{\text{Operating Expenditure}} \times 100$$

$$\frac{1\,389\,453}{108\,788\,959} \times 100$$

= 1,28 %

DEPARTMENT:		TECHNICAL SERVICES
Perspective:	Infrastructure and Service Delivery	
Key Performance Area:	Basic Services and Infrastructural Services	
Objective:		
<ul style="list-style-type: none"> • Availability and quality of water supply • Condition and effectiveness of Vehicles and Equipment • Availability and quality of electricity • Availability and quality of Sewerage Disposal 		
Key Performance Indicator (KPI):	Availability and quality of water supply <ul style="list-style-type: none"> • Water and pumps-works • Pipelines • Purification • Pipeline maintenance Condition and effectiveness of Vehicles and Equipment <ul style="list-style-type: none"> • Number of vehicles/heavy equipment/machinery • Maintenance and service contracted out • Breakages and stoppages of equipment, having a measurable effect on productivity 	



	<p>Availability and quality of electricity</p> <ul style="list-style-type: none"> • Maintenance of electrical meters • Internal line network • Number of power/substations • Overall maintenance
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TECHNICAL SERVICE DEPARTMENT (CONTINUE....)

DEPARTMENT:		TECHNICAL SERVICES
Perspective:		Infrastructure and Service Delivery
Key Performance Area:		Basic Services and Infrastructural Services
Objective:		
<ul style="list-style-type: none"> • Availability and quality of water supply • Condition and effectiveness of Vehicles and Equipment • Availability and quality of electricity • Availability and quality of Sewerage Disposal 		
Key Performance Indicator (KPI):	<p>Availability and quality of Sewerage Disposal</p> <ul style="list-style-type: none"> • Maintenance – points • Maintenance – lines • Maintenance – pumps stations • Pump stations 	

ACHIEVEMENTS



Project Name	Budget 2005/2006	Implementation Results	
All towns • Masilonyana water management system	500 000	100%	100%
Winburg/Makeleketla • Upgrading of sewerage treatment works	2 570 183	100%	100%
Winburg/Makeleketla • Construction of a 2ML reservoir	3 770 000	100%	100%
Verkeerdevlei/Tshepong • Upgrading of street and stormwater	1 300 000	100%	Construction(making of paving bricks)
Winburg/Makeleketla • Upgrading of sewer rising main	1 121 250	100%	100%

Technical Service Achievements (Continued...)

Project Name	Budget 2005/2006	Implementation Results	
Winburg/Makeleketla • Bucket eradication	1 437 540	100%	100%
Theunissen/Masilo • Bucket eradication	4 000 000	100%	Under construction 85%
Soutpan/Ikgomotseng • Upgrading of water reticulation	1 900 000	100%	100%
Winburg/Makeleketla • Upgrading of sewer rising main	1 121 250	100%	100%
Brandfort/Majwemasweu • Bucket eradication	2 100 000	100%	100%

Other Achievements – Infrastructural Development

- New households were electrified



- Highmast Lights were installed
- Electrical meters were installed
- Street lights and Highmast lights were repaired
- 277 prepaid, 97 single phase meters , 20 bulk meters were installed and 560 meters of storm water channel were constructed
- New houses were built
- Areas for housing development were identified
- 113 serviced sites were delivered
- 180 informal families were relocated to serviced sites

DEPARTMENT:		SOCIAL AND COMMUNITY DEVELOPMENT	
Key Performance Area:		Municipal and Community Services	
Objective:			
<ul style="list-style-type: none"> • Effective service delivery on community and municipal services 			
Target		%	
Key Performance Indicators (KPI)		Municipal Services <ul style="list-style-type: none"> • Health • HIV / AIDS programme • Poverty Alleviation • Sport & Recreation • Building Plans approved • Existing houses maintained • New houses build and delivered • Acquisition of land • Allocation of erven Community Services <ul style="list-style-type: none"> • Waste management • Pollution 	



	<ul style="list-style-type: none"> • Cemeteries • Public Safety • Environmental Management
Achievement	<ul style="list-style-type: none"> • 400 subsidies were received to built RDP houses • Land have been identified and rezoning is currently in the process • HIV/AIDS has been developed • HIV/AIDS Campaigns have effectively carried out • New clinic Makeleketla is under construction but nearly finished • New sport centres are currently under construction • Community Policing Forums (CPF) has been established • Two vehicle were purchased for the traffic department • 217 building plans were approved during 2005/2006 • Domestic waste is collected as per weekly service plan • Compacting of landfill site 3-4 times a year • Environmental Health Officers are involved in various environmental campaigns with youth clubs

DEPARTMENT: CORPORATE SERVICES	
Key Performance Area:	Training, Personnel Administration and Efficient Legal Support
Objective:	
<ul style="list-style-type: none"> • Increase efficiency • Effective human resource management • Effective administration • Legal and administration 	
Target	%
Key Performance Indicators (KPI's)	Transformation, change and Performance Management <ul style="list-style-type: none"> • Personnel maintenance • Personnel management • Training • Selection • Recruitment • Labour Relations



	<ul style="list-style-type: none"> • Change & Performance Management <p>Increased efficiency</p> <ul style="list-style-type: none"> • Training session (internal) • Training session (external) • Personnel trained <p>Personnel Administration</p> <ul style="list-style-type: none"> • Personnel files maintained • Vacation leave days recorded • Sick leave days recorded • Disciplinary cases • Written Warning • Further warnings • Dismissals
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CORPORATE SERVICES DEPARTMENT (CONTINUE....)

DEPARTMENT:		CORPORATE SERVICES
Key Performance Area:	Training, Personnel Administration and Efficient Legal Support	
Objective:		
<ul style="list-style-type: none"> • Increase efficiency • Effective human resource management • Effective administration • Legal and administration 		
Key Performance Indicators	<p>Support Services</p> <ul style="list-style-type: none"> • Incoming post • Outgoing post • Faxes received • Faxes send <p>Legal and Administration</p> <ul style="list-style-type: none"> • Legal opinions/Comments 	
Achievements		



	<ul style="list-style-type: none"> • Managed to control council general expenditure budget to avoid over expenditure • Review draft uniform service contract • Finalised drafting of By-Laws and published into Free State Gazette • Supported Exco, Council, Speaker, Portfolio Committees, Local Labour Forum Municipal Manager with secretarial support services with regard to minutes taking on meeting, compilation of agenda, reports and meeting arrangements. • Managed an archive unit • Reports monthly on council vehicles conditions and maintenance • Provided excellent, effective and efficient municipal administration and personnel administration. • Provided Council and Municipal Manager with legal advice • The department has ensured that customer service internal and external is accelerated.
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BRIEF OVERVIEW AND CHALLENGES AHEAD THE NEW FINANCIAL YEAR 2006/2007

- **To do an overall organisational audit of all departments to check whether the municipality do comply with legislations governing local government**
- **5 year IDP and 5 year Capital Development Plan is in place.**
- **Budgeted is aligned with IDP**
- **All departments develop their service delivery budget implementation plan (SDBIP).**
- **Required more funding for projects that are not budgeted due to lack of internal funding with the**



assistance of external service providers and sector departments

- **Gaps to close especially where there are no policies have not yet developed.**

CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF MASILONYANA LOCAL MUNICIPALITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

GENERAL INFORMATION

Members of the executive committee:

Councillor	K S Koalane
Councillor	N G Bosman
Councillor	M Mokgoro
Councillor	J Schimidt
Councillor	C N Manyala
Councillor	M Silamashi

Grading of local authority

Grade 2



Auditor:

The Auditor – General

Bankers:

ABSA Bank

Registered office:

P O Box 8
Theunissen
9410

Telephone: 057-733 0106

Fax: 057-7331942

Municipal Manager:

Mrs M E Maboe Phike

Director Financial Services

Mr M Mokgoko

FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

MEMBERS

No	Councillors
1	K S Koalane
2	N G Bosman
3	M Mokgoro
4	J Schimidt
5	I W Martens
6	C N Manyala
7	M Mokhutle
8	X Sigila
9	M Makekema
10	M Moramedi
11	J Voster



12	J J Smit
13	P R Chiwi
14	N J Williams
15	D T Chakane
16	M Koaho
17	M M Lekaota
18	T L Kgosimore
19	M Silamashi

EXECUTIVE MAYOR

K S Koalane

APPROVAL OF THE FINANCIAL STATEMENTS

The annual financial statements, as set out on page 3 to 33, were approved by the Municipal Manager on the 30 November 2005 and will be presented to Council for approval.

Municipal Manager

Director Financial Services

FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

TREASURES' REPORT

1. Operating results

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2005 are as follows:

INCOME	Actual 2004	Actual 2005	Variance 2004/05	Budget 2005	Variance Actual/Budget
	R	R	%	R	%
Opening Surplus	15 389 698	22 652 597	47.19%		



Income for the year	61 205 417	63 403 574	3.59%	58 838 460	7.76%
	<u>76 595 115</u>	<u>86 056 171</u>		<u>58 838 460</u>	
EXPENDITURE					
Expenditure	52 496 400	62 345 047	18.76%	58 659 580	6.28%
Sundry Transfers	1 446 118	1 243 550	-14.01%		
Closing Surplus	22 652 599	22 467 573	-0.82%	(178 880)	
	<u>76 595 117</u>	<u>86 056 171</u>		<u>58 838 460</u>	

1.1 Rates and General Services

	Actual 2004	Actual 2005	Variance 2004/05	Budget 2005	Variance Actual/Bu dget
	R	R	%	R	%
Income	44 785 892	45 582 821	1.78%	(304 529 413)	-114.97%
Expenditure	37 125 066	44 739 443	20.51%	304 005 841	-85.28%
Surplus/(Deficit)	<u>7 660 826</u>	<u>843 379</u>		<u>(523 572)</u>	
Surplus/(deficit)as % of total income	17.11%	1.85%			

1.2 Housing Services

	Actual 2004	Actual 2005	Variance 2004/05	Budget 2005	Variance Actual/Bu dget
	R	R	%	R	%
Income	-	-	0.00%	-	0.00%
Expenditure	462 826	605 736	30.88%	483 386	25.31%
Surplus/(Deficit)	<u>(462 826)</u>	<u>(605 736)</u>		<u>483 386</u>	

In accordance with the stipulation of the Housing Act (Act 107 of 1997),the net proceeds of the housing scheme must be transferred to operating account of the Housing Fund. The deficit represents the administration cost to be allocated to the Rate and General Services.

TREASURERS' REPORT (CONTINUED)

1.3 Trading Services

The price of a unit of electricity purchased and fuel as well as postal and telecommunication charges are subject to administered adjustments and as a result therefore expenditure and income are expected to increase or decrease.

The following is a summary of the operating results of the Municipality's Trading Services:

Electricity Services

	Actual 2004	Actual 2005	Variance 2004/05	Budget 2005	Variance Actual/ Budget
	R	R	%	R	%



Income	9 241 572	10 569 569	13%	10 213 570	3.49%
Expenditure	7 576 217	9 084 254	19.90%	10 346 183	-12.20%
Surplus/(Deficit)	1 665 355	1 485 315		(132 613)	
Surplus/(Deficit) as % total income	18.02%	14.05%			

Water Services

	Actual 2004 R	Actual 2005 R	Variance 2004/05 %	Budget 2005 R	Variance Actual/ Budget %
Income	7 177 952	7 251 184	1.02%	10 746 837	-32.53%
Expenditure	7 332 290	7 915 615	7.96%	10 740 756	-26.30%
Surplus/(Deficit)	(154 338)	(664 431)		6 081	
Surplus/(Deficit) as % total income	-2.15%	-9.16%			

TREASURERS'REPORT (CONTINUED)

2. Capital expenditure and financing

The expenditure on fixed assets during the year amounted to R 2 88 5434 – 154.39% less than the previous year. The actual expenditure consists of the following:

	2005 Actual R	2005 Budget R	2004 Actual R
Office of the Mayor	-	-	-
Municipal Manager	-	-	-
Traffic services	-	-	75 000
Directorate Civil Services	-	-	-
Roads and Streets	1 467 590	-	489 527



Directorate Financial Services	-	-	-
Public Safety	143 359	-	-
Municipal Offices	39 680	-	141 791
Building and Estates	-	-	-
Sanitation and Refuse	68 138	-	2 848 806
Water	-	-	-
Electricity	1 166 666	-	3 785 315
	<u>2 885 434</u>	-	<u>7 340 439</u>

Resources used to finance the fixed assets were as follows:

	2005 Actual	2005 Budget	2004 Actual
	R	R	R
Contribution ex operating income	279 382	-	-
Grants and Subsidies	2 606 052	-	7 340 439
	<u>2 885 434</u>	-	<u>7 340 439</u>

TREASURES'REPORT (CONTINUED...)

3. External loans, investments and cash

External loans outstanding on 30 June 2005 amounted to R 1 639 214 as set out in appendix B. During the year loans to the amount of R 86 264 were repaid.

Investments and cash were as follows:

	R
Current bank account	(3 067 571)
Cash on hand	2 255
Investments	5 170 447
	<u>2 105 131</u>



More information regarding loans and investments are disclosed in the notes (3 and 6) and appendix B to the financial statements.

4. Funds and reserves

The total of all funds and reserves of the Council amounted to R 16 081 986 at 30 June 2005. More information regarding funds and serves are disclosed in the notes (1 and 2) and appendix A to the Financial Statements.

Fund	R
Statutory Funds	14 598 684
Trust Funds	777 823
Reserves	705 479
Total	16 081 985

5. Post Balance Sheet events

After the Balance Sheet was finalized 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 Town Clerk, 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 appointed by the Auditor-General for their assistance and support during the year.

ACCOUNTING POLICIES

1 Basis of presentation

- 1.1 The financial statements have been prepared so as to confirm to the standard laid down by the Institute of Municipal Finance Officers in its Code of Accounting Practice(1997) and Report on Published Annual Financial Statements (2nd edition – January 1996)
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as fully detailed in accounting policy note 3. The accounting policies are consists with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual as stated:



- Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received, such as certain licenses.
- Expenditure is accrued in the year it is incurred.

2 Consolidation

The financial statements include the Rate and General Services, Trading Services and the different funds and reserves. All interdepartmental charges are set – off against each other, with the exception of assessment rates, refuse removal, sewerage, electricity, water and premium charged to the fund, which are treated as income and expenditure in the respective departments.

3 Fixed assets

3.1 Fixed assets are stated

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

3.2 Depreciation

The balance shown against the heading “ Loans redeemed and other capital receipts” in the notes to the balance sheet is tantamount to a provision for depreciation; however, certain structural differences exist.

By way of this “provision” assets are written down over their estimated useful life. Apart form advances from the various Council funds, assets may also be acquired through:

Appropriation from income, where the full cost of the assets forms an immediate and direct charge against the operating income, and it is therefore unnecessary to make any further provision for depreciation.



Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans redeemed and other capital receipts" account.

- 3.3 Fixed assets are financed from different sources, including external loans, operation income, endowments and internal advances. These loans and advances are repaid within the estimated life of the assets acquired from such loans or advances. Interest is charged to the services concerned at the ruling interest rate at the time the advance is made.

4. Inventory

Inventory is valued at the lower of cost, determined on the weighted average basis, and net realizable value.

5. Fund and reserves

5.1 Capital Development Fund

The Capital Development Fund per Ordinance 8 of 1962 requires a minimum contribution of 1,0% of the defined income of a local authority.

5.2 Erven Trust Fund

Contributions are in terms of section 85 of Ordinance 8 of 1962

5.3 Renewal Fund

Contributions are in terms of budget

5.5 Retirement benefits

Masilonyana Municipality and its councillors and its employees contribute to the SALA Pension Fund, Free State Municipal Provident Fund, SAMU National Provident Fund, Municipal Pension Fund for Councillors and the Free State Municipal Pension Fund which provides retirement benefits to such employees.

6 Retirement benefits

Masilonyana Municipal and its councillors and its employees contribute to the SALA Pension Fund, Free State Municipal Provident Fund, SAMWU National



Provident Fund for Councillors and the Free State Municipal Pension Funds which provides retirement benefits to such employees. The retirement benefit plan is subject to the Pension Funds Act, 1956, with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs.

Unfavourable experience adjustments and the cost of securing increased benefits are written off over the lesser of the remaining period of service of employees or five years. Favourable experience adjustments are retained in the retirement benefit plan. Full actuarial valuations are performed at least every three years.

7 Surpluses and deficits

Any surpluses or deficits arising from the operation of the Electricity and Water services are transferred to Rate and General services. There are no closed accounts and therefore no surplus or deficit is retained in that service for its own use.

8 Treatment of administration and other overhead expenses

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

9 Leased assets

Fixed assets held under finance leases are capitalized. Such assets are effectively amortized over the term of the lease agreement.

Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of lease finance utilized in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

10 Investments

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested in the securities in the prescribed in section 84 of Ordinance 8 of 1962 and section 10 G(a) of Local Government Transition Act of 1993, as amended.

11 Income recognition

11.1 Electricity and Water billings

Meters in industrial areas, premises with high tension supplies, high density residential areas and all other properties are read and billed monthly.

11.2 Assessment Rates



The income from assessment rates is recognized when levied annually and calculated to bill respective tax payers monthly. A rebate of 20% is granted on state property.

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2005

	Notes	2005 R	2004 R
CAPITAL EMPLOYED			
Funds and Reserves		15 304 163	14 051 795
Accumulated funds	1	14 598 684	13 800 217
Reserves	2	<u>705 479</u>	<u>251 578</u>
Unappropriated surplus	17	<u>22 467 575</u>	<u>22 652 599</u>
		37 771 738	36 704 394



Trust Funds	3	777 823	776 880
Long-term liabilities	4	1 292 635	1 629 667
Consumer deposits: services	5	<u>678 902</u>	<u>392 695</u>
		40 521 097	39 503 636

CAPITAL EMPLOYED

Non-Current Assets (Liabilities)		<u>2 905 385</u>	3 034 178
Fixed assets	6	2 315 774	2 645 201
Investment	7	509 468	241 649
Long-term debtors	8	<u>80 143</u>	<u>147 328</u>

Net Current Assets/Liabilities		<u>37 715 713</u>	36 469 458
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Current Assets		<u>70 279 872</u>	66 727 239
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Debtors	10	64 876 536	60 304 320
Short-term portion of long-term debtors	8	86 289	72 897
Stock	9	653 812	598 762
Cash on hand		2 255	2 155
Short term investments	7	<u>4 660 980</u>	<u>5 749 105</u>

Current Liabilities		<u>32 664 159</u>	30 257 781
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Provisions	11	3 069 655	1 438 727
Creditors	12	26 180 353	25 039 465
Short-term portion of long-term liability	4	346 580	301 516
Bank overdraft		<u>3 067 571</u>	<u>3 478 073</u>

		40 521 097	39 503 636
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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 R	2004 R
CASH RETAINED FROM NORMAL ACTIVITIES		<u>2 767 699</u>	<u>11 791 881</u>
Cash generated by activities	18	2 720 418	12 214 993
Investment income		118 879	188 195
(Increase)/decrease in working capital	19	<u>(3 146 377)</u>	<u>(7 148 786)</u>
External interest paid	16	<u>(140 081)</u>	<u>(802 961)</u>
Cash available from activities		<u>(447 162)</u>	4 451 441
Cash contributions from the public and state		<u>3 214 861</u>	<u>7 340 440</u>
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed assets		<u>(2 885 434)</u>	<u>(7 340 439)</u>
NET CASH FLOW		<u>(117 735)</u>	<u>4 451 442</u>



CASH EFFECT OF FINANCIAL ACTIVITIES

Increase/(decrease) in long-term loans	20	(291 971)	(340 225)
(Increase)/decrease in cash investments	21	820 308	(5 311 450)
(Increase)/decrease in cash on hand	22	<u>(410 602)</u>	<u>1 200 233</u>
Net cash generated/(utilised)		<u>117 735</u>	<u>(4 451 442)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2005

	2005	2004
	R	R
1. ACCUMULATED FUNDS		
Capital Development Fund	7 737 833	7 015 406
Erven Trust Fund	2 508 806	2 444 430
Community Fund	3,721	3 716
Renewal	4 322 163	4 310 536
Infrastructure	<u>26 161</u>	<u>26 129</u>
<i>(Refer to appendix A for more detail)</i>	<u>14 598 684</u>	<u>13 800 217</u>
2. RESERVES		
Loss of Rental Fund	51 514	51 452
Capital Reserve	649 700	195 866
Water Reserve Fund	160	160
Housing	<u>4 105</u>	<u>4 100</u>
<i>(Refer to appendix A for more detail)</i>	<u>705 479</u>	<u>251 578</u>



3. TRUST FUNDS

Building Maintenance Fund	210 502	210 247
Community Facilities Fund	9 787	9 775
Infant School Fund	10 334	10 321
Civil Defence Fund	20 274	20 249
Library Fund	1 231	1 230
Health Fund	28	28
Leasehold Measurement Fund	1 442	1 440
Sale Commission Fund	8 512	8 502
Infrastructure Development Fund	485 128	484 540
Loan Redemption Fund	29 584	29 548
Schnehage	<u>1 001</u>	<u>1 000</u>
<i>(Refer to appendix A for more detail)</i>	<u>777 823</u>	<u>776 880</u>

4. LONG-TERM LIABILITIES

State and other loans	1 639 214	1 931 185
Current portion of long term liability	<u>(346 580)</u>	<u>(301 516)</u>
<i>(Refer to appendix B for more detail)</i>	<u>1 292 634</u>	<u>1 629 669</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2005(continued)

	2005 R	2004 R
5. CONSUMER DEPOSITS		
Electricity and Water	<u>678 902</u>	<u>392 694</u>
No guarantees in lieu of Electricity and water deposits were held		
6. FIXED ASSETS		
Fixed assets beginning of the year	<u>129 768 741</u>	122 488 302
Capital expenditure during the year	2 885 434	7 340 439
Assets written of and prior years adjustments	<u>-</u>	<u>(60 000)</u>
Total fixed assets	<u>132 654 175</u>	129 768 741
Less: Loans redeemed and other capital receipts	<u>(130 338 401)</u>	<u>(127 123 539)</u>
Net fixed assets	<u>2 315 774</u>	<u>2 645 202</u>
<i>(Refer to appendix C for more information)</i>		
7. INVESTMENTS		
<i>Unlisted</i>	<u>5 170 447</u>	<u>5 990 754</u>



Long Term deposits	509 468	241 649
Other Deposits	<u>4 660 980</u>	<u>5 749 105</u>
Short – term investments	4 660 980	5 749 105
Long – term investments	<u>509 468</u>	<u>241 649</u>
	<u>5 170 447</u>	<u>5 990 754</u>
Average rate of the investments	<u>2.3%</u>	<u>5.8%</u>

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 investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2005(continued)

	2005 R	2004 R
8. LONG – TERM DEBTORS		
Car loans	166 433	220 225
Current portion transferred to Current Assets	<u>(86 289)</u>	<u>(72 897)</u>
	<u>80 143</u>	<u>147 328</u>
9. INVENTORY		
Consumable stock	<u>653 812</u>	<u>598 762</u>
Inventory include user material, raw material, work in progress and finished goods and game.		
Whenever necessary, special provision for obsolete material is made.		



10. DEBTORS

Current debtors (consumers)	91 454 031	76 839 770
Suspense Debtors	1 079 038	421 744
Sundry Debtors	2 253 095	5 980 314
Eskom Deposits	<u>11 300</u>	<u>4 000</u>
	94 797 465	83 245 828
Amounts paid in advance	(546 659)	(546 616)
Provision for bad debts	<u>(29 374 270)</u>	<u>(22 394 892)</u>
	<u>64 876 536</u>	<u>60 304 320</u>

11. PROVISIONS

Audit fees	494 684	193 756
Provision for leave	<u>2 574 971</u>	<u>1 244 971</u>
	<u>3 069 655</u>	<u>1 438 727</u>

12. CREDITORS

Trade creditors	12 053 317	11 317 391
Suspense Creditors	5 776 518	6 628 394
Other creditors	1 658 911	1 710 318
Sundry/other creditors	<u>6 691 607</u>	<u>5 383 362</u>
	<u>26 180 353</u>	<u>25 039 465</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2005(continued)

	2005 R	2004 R
13. ASSESSMENT RATES		
	Actual income	
	R	R
Residential and Commercial	7 815 833	6 441 179

The last general valuation came into effect on 1 July 1996. The basic rate was 6.41 and 1.63 in the Rand on the valuation of land and improvements respectively. The rebate of 20% is granted for state property.

14. COUNCILLOR'S REMUNERATION

Mayor's allowance	540 854	-
Councilors; allowances	1 129 562	919 767
Medical Aid contributions	-	7 330
Pension fund: Councillors	<u>72 533</u>	<u>69 441</u>
	<u>1 742 949</u>	<u>996 538</u>
15. AUDITOR'S REMUNERATION		
Audit fees	<u>650 614</u>	<u>905 617</u>
16. FINANCIAL TRANSACTIONS		
Total interest earned or paid:		
Interest earned	118 879	188 195
Interest paid	<u>140 081</u>	<u>802 961</u>
Capital charges debited to operating account:		
Interest: External	140 081	802 961
Internal	76 621	90 089
Redemption: External	137 556	340 225
Internal	<u>59 871</u>	<u>57 019</u>
	<u>414 128</u>	<u>1 290 294</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE
2005(continued)**

	2005 R	2004 R
17. APPROPRIATIONS		
Appropriation account		
Accumulated surplus/(deficit):beginning of the year	22 652 599	15 389 698
Operating surplus/(deficit) for the year	1 058 527	8 709 018
Appropriations for the year:		
- Prior year adjustments	<u>1 243 550</u>	<u>1 444 755</u>
Adjustments against bank and cash	(6 886)	186 843
Adjustments against expenditure	27 735	(31 053)
Adjustments against income	(37 804)	563 796
Adjustments against creditors	588 596	(1 148 428)
Adjustments against salary control accounts	10 880	318 215
VAT Received	-	2 326 855
Other adjustments	<u>661 031</u>	<u>(771 473)</u>
Accumulated surplus/(deficit):end of the year	<u>22 467 575</u>	<u>22 652 599</u>



OPERATING ACCOUNT

Capital expenditure

Contributions to:

Capital Development Fund	620 000	500 000
Audit fees	300 929	-
Bad debts	6 979 378	2 924 211
Leave Encashment	<u>1 330 000</u>	<u>259 155</u>
	<u>9 230 306</u>	<u>3 683 366</u>

18. CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year	1 058 527	8 709 018
Adjustments in respect of previous years'	(1 243 550)	(1 444 755)
Appropriation charged against income	<u>2 884 239</u>	<u>3 975 842</u>
Capital development fund	620 000	500 000
Interest received	118 879	295 104
Other Funds and reserves	514 432	256 527
Provisions and reserves	<u>1 630 929</u>	<u>2 924 211</u>
Interest paid		
External loans	140 081	802 961
Redemption		
Internal Advances	-	57 019
External loans	-	340 225
Investments		
Expenditure against Funds and Reserves	-	(37 122)
Interest on investments received	<u>(118 879)</u>	<u>(118 195)</u>
	<u>2 720 418</u>	<u>12 214 993</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2005

(continued)

	2005 R	2004 R
19. (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/deficit in debtors	(4 518 423)	(12 680 003)
(Increase)/deficit in stock	(55 050)	(253 365)
(Increase)/deficit in creditors	<u>1 427 095</u>	<u>5 784 582</u>
	<u>(3 146 377)</u>	<u>(7 148 786)</u>
20. INCREASE/(DECREASE) IN LONG-TERM LOANS-EXTERNAL		
Loans raised	-	-
Loans repaid/written off	(291 971)	(340 225)
21. (INCREASE) DECREASE IN CASH ON HAND		
Investment made	-	-
Investment realized	<u>820 307</u>	<u>(5 311 450)</u>



	<u>820 307</u>	<u>(5 311 450)</u>
22. (INCREASE) DECREASE IN CASH ON HAND		
Cash balance: beginning of the year	(3 457 918)	(2 274 496)
Cash balance: beginning of the year	<u>(3 065 316)</u>	<u>(3 473 763)</u>
	<u>(410 602)</u>	<u>(1 199 267)</u>
23. RETIREMENTS BENEFITS		
The personnel and councillors are members of the SALA Pension Fund, Free State Municipal Provident Fund, SAMU National Provident Fund, Municipal Pension Fund for Councillors and the Free State Municipal Pension Fund.		
24. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
Guarantees to banks for loans to employees	<u>57 000</u>	<u>57 000</u>
	<u>57 000</u>	<u>57 000</u>
25. CAPITAL COMMITMENTS		
Commitment in respect of capital expenditure		
Approved and contracted for	-	-
Approved and but not for	<u>-</u>	<u>9 510 000</u>
	<u>-</u>	<u>9 510 000</u>
This expenditure will be financed from:		
MIG	<u>-</u>	<u>9 510 000</u>
	<u>-</u>	<u>9 510 000</u>
No information was available for the 2005 year		
26. CAPITAL REDEMPTION FUND		
Outstanding advances to borrowing services		
Accumulated funds	7 737 833	7 015 406



Less: Internal investments	<u>823 523</u>	<u>853 048</u>
(Refer to appendix A and B for more detail)	<u>6 914 310</u>	<u>6 162 358</u>
27. ERVEN TRUST FUND		
Outstanding advances to borrowing services		
Accumulated funds	2 508 806	2 444 430
Less: External investments	5 170 447	5 990 754
Less: Internal investments	<u>-</u>	<u>1 598</u>
	<u>6 914 310</u>	<u>6 162 358</u>
(Refer to appendix A and B for more detail)		
28. RENEWAL FUND		
Outstanding advances to borrowing services		
Accumulated funds	4 322 163	4 310 536
Less: Internal investments	<u>105 160</u>	<u>111 492</u>
	<u>6 914 310</u>	<u>6 162 358</u>
(Refer to appendix A and B for more detail)		
28. BANK OVERDRAFT		
The bank overdraft is secured for R1 500 000. A portion of Winburg towns serves as security for the bank overdraft.		





**APPENDIX A: STATUTORY FUNDS, RESERVES AND TRUST FUNDS AS ON
30 JUNE 2005**

	Balance on 01-07-2004	Adjust	Contribution	Interest on investment	Other Income	Operating expenditur e during the year	Capital expenditur e for the year	Balance on 30-06-2005
	R	R	R	R	R	R	R	R
ACCUMULATED FUNDS								
Capital	7 015 406	-	620 000	102 427	-	-	-	7 737 833
Development	4 310 536	-	-	11 627	-	-	-	4 322 163
Fund	2 444 430	-	-	3 540	60 836	-	-	2 508 806
Renewal Fund	3 716	-	-	5	-	-	-	3 721
Erven Fund	26 129	-	-	-	-	-	-	26 161
Community Infrastructure								
	13 800 217	-	620 000	117 631	60 836	-	-	14 598 684
RESERVES								
Loss of rental	51 452	-	-	62	-	-	-	51 514
Capital Reserve	195 866	-	-	238	453 596	-	-	649 700
Water Reserve	160	-	-	-	-	-	-	160
Housing	4 100	-	-	-	5	-	-	4 105
	251 578	-	-	305	453 596	-	-	705 479
TRUST FUNDS								
Building								
Maintenance Fund	210 247	-	-	255	-	-	-	210 502
Community	9 775	-	-	12	-	-	-	9 787
Facilities Fund	10 321	-	-	13	-	-	-	10 334
Infant School	20 249	-	-	25	-	-	-	20 274
Fund	1 230	-	-	1	-	-	-	1 231
Civil Defence	28	-	-	-	-	-	-	28
Fund	1 440	-	-	2	-	-	-	1 442
Library Fund	8 502	-	-	10	-	-	-	8 512
Health Fund	484 540	-	-	588	-	-	-	485 128
Leasehold	29 548	-	-	36	-	-	-	29 584
Measurement	1 000	-	-	1	-	-	-	1 001
Fund								
Sales Commission								
Fund								
Infrastructure								
Development								
Fund								
Loan Redemption								
Fund								
Schnehage								
	776 880	-	-	943	-	-	-	77 823
	14 828 675	-	620 000	118 879	514 432	-	-	16 081 985



**APPENDIX B: EXTERNAL LOANS AND INTERNAL ADVANCES AS ON
30 JUNE 2005**

EXTERNAL LOANS	Interest Rate in	Redeemable Dates	Balance on 01-07-2004	Received during the year	Arrears Capitalised	Redeemed or written off during the year	Balance on 30-06-2005
	R	R	R	R	R	R	R
Loan 41	16%	2014	16 146			(668)	15 478
Loan 41	16%	2014	20 284			(835)	19 449
Loan 41	16%	2014	19 360			(803)	18 557
Loan 41	16%	2014	8 958			(366)	8 592
L11	14%	2015	47 852			(1 279)	46 573
L6	9,3%	2015	62 789			(4 031)	58 758
L7	9,7%	2015	13 812			(875)	12 937
CGE 6	17%	2007	135 716			(31 231)	104 485
CGE10	16,4%	2012	100 130			(6 079)	94 051
Loan 41	16%	2014	40 467			(1 669)	38 798
CGE 7	17%	2008	14 952			(2 878)	12 074
CGE 5	17%	2007	11 309			(2 603)	8 076
Loan 41	16%	2014	44 513			(1 836)	42 677
CGE 8	17%	2008	24 921			(4 798)	20 123
CGE 9	17%	2007	20 231			(4 558)	15 673
CGE 14	9,5%	2010	38 609			(4 536)	34 073
Loan 19	11,7%	2008	2 692			(236)	2 456
Loan 40	13,3%	2014	248 159			(13 048)	235 111
Loan 41	16%	2014	52 606			(2 170)	50 436
L8	10,0%	2015	28 094			(1 765)	26 329
L28	16%	2015	202 332			(8 346)	193 986
L29	19%	2015	78 179			(35 552)	42 627
L31	15,1%	2005	49 128			(14 072)	35 056
E3	8,0%	2006	23 710			(7 166)	16 544
E4	11,5%	2005	7 266			(1 667)	5 599
E5	12,5%	2006	9 399			(1 659)	7 740
E6	13,0%	2006	9 664			(1 366)	8 298
E7	17,0%	2007	30 184			(8 471)	21 713
E8	17,1%	2008	43 620			(2 933)	40 687
L31	8,0%	2015	10 323			(4 967)	5 356
L1	16,5%	2005	515 780			(119 507)	396 273
			1 931 185			(291 971)	1 639 214
TOTAL			1 931 185			(291 971)	1 639 214
INTERNAL ADVANCES			Balance on 01-07-2004	Received during the year	Arrears Capitalised	Redeemed or written off during the year	Balance on 30-06-2005
			R	R	R	R	R
INTERNAL ADVANCES TO BORROWING SERVICES							
Erven Trust Fund			1 598	-	-	(1 598)	-
Renewal Fund			111 492	-	-	(6 332)	105 160
Capital Development Fund			853 048	-	-	(29 525)	823 523
			966 138			(37 455)	928 683



APPENDIX C: ANALYSIS OF FIXED ASSETS AT 30 JUNE 2005

Expenditure 2004	Services		Balance on 01-07-04		Expenditure during the year		Correction or written off		Balance on 30-06-05	
	R	R	R	R	R	R	R	R	R	
3 555 124		RATES AND GENERAL SERVICES	76 316 208	39 407 412	1 610 949	1 610 949	-	78 034 975		
564 527		Community services								
-		Health Service	138 731	138 731	-	-	-	138 731		
-		Disaster Management	48 200	48 200	-	-	-	48 200		
-		Properties	13 259 722	13 259 722	-	-	-	13 259 722		
-		Nursery School	380 550	380 550	-	-	-	380 550		
-		Camps	9 064	9 064	-	-	-	9 064		
75 000		Traffic services	353 912	239 437	143 359	143 359	-	353 912		
-		Public safety	239 437	239 437	-	-	-	239 437		
489 527		Street and Roads	22 021 072	22 021 072	1 467 590	1 467 590	-	23 488 662		
-		Cemeteries	2 351 094	2 351 094	-	-	-	2 351 094		
-		Low cost housing	605 631	605 631	-	-	-	605 631		
141 791		Subsidised services	7 029 494	7 029 494	39 680	39 680	-	7 069 174		
-		Public Health	-	-	-	-	-	0		
-		Ambulance	7 915	7 915	-	-	-	7 915		
-		Swimming Pool	1 812 503	1 812 503	-	-	-	1 812 503		
-		Libraries	1 256 560	1 256 560	-	-	-	1 256 560		
-		Fire Brigade	218 621	218 621	-	-	-	218 621		
-		Clinics	1 521 695	1 521 695	-	-	-	1 521 695		
141 791		Municipal Offices	2 212 200	2 212 200	39 680	39 680	-	2 251 880		



Expenditure 2004	Services	Budget	Balance on 01-07-04	Expenditure during the year	Correction or written off	Balance on 30-06-05
R	R	R	R	R	R	R
2 848 806	Economic Services		29 879 302	68 138		29 947 440
-	Dumping Site	-	-	-	-	-
2 848 806	Sanitation and Refuse Available Stands	-	29 487 572	68 138	-	29 555 710
-		-	391 730	-	-	391 730
3 785 315	TRADING SERVICES	0	53 452 534	1 166 666	0	54 619 200
-	Electricity	-	7 536 081	1 166 666	-	8 702 747
3 785 315	Water	0	45 712 007	2 848 806	0	45 712 007
	HOUSING SERVICES	-	204 446	-	-	204 446
<u>7 340 439</u>	TOTAL FIXED ASSETS	<u>0</u>	<u>129 768 742</u>	<u>2 885 434</u>	<u>0</u>	<u>132 654 176</u>
7 737 682	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		127 123 540	0	3 214 861	130 338 401
397 243	General Expenditure		18 270 189	-	-	0
-	Loans redeemed and advances repaid		1 346 660	-	-	7 915
7 340 439	Contributions ex operating income		94 718 005	-	-	1 812 503
-	Grants and Subsidies		3 785 783	-	-	1 256 560
-	Public Contribution		8 409 714	-	-	218 621
-	Provision and Reserves		593 189	-	-	1 521 695
-	Erven Fund			-	-	
(397 243)	NET FIXED ASSETS Plus Cash and Bank		2 645 202	2 885 434	(3 214 861)	2 315 775
-			<u>0</u>	<u>0</u>		<u>0</u>
			<u>2 645 202</u>	<u>2 885 434</u>		<u>2 315 775</u>



APPENDIX D: ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2005

2004 Actual		2005 Actual	2005 Budget
R		R	R
	INCOME		
26 270 787	Grants and subsidies	21 496 912	25 328 490
26 270 787	Central and Provincial Government	21 496 912	25 328 490
34 934 631	Operating income	41 906 662	33 509 970
6 441 179	- Assessment rates	7 815 833	7 600 000
9 199 986	- Sale of electricity	10 523 396	10 213 570
5 361 121	- Sale of water	7 251 065	10 746 837
13 932 345	- Other income and service charges	16 316 368	4 949 563
<u>61 205 418</u>		<u>63 403 574</u>	<u>58 838 460</u>
	EXPENDITURE		
23 189 882	Salaries, wages and allowances	27 682 703	24 643 592
22 955 165	General expenses	24 410 866	23 082 082
4 371 651	- Purchasing Electricity	5 679 092	4 500 000
1 211 813	- Purchasing water	1 145 115	670 000
17 371 701	- Other expenses	17 586 658	17 912 082
2 786 305	Repair and maintenance	3 220 280	3 763 296
1 290 293	Capital Charges	414 128	538 811
-	Contribution to fixed assets	305 360	-
<u>5 295 648</u>	Contributions to Funds and Reserves	<u>9 678 454</u>	<u>9 026 840</u>
55 517 293	Gross Expenditure	65 711 791	61 054 621
<u>3 020 895</u>	Amounts charged out	<u>3 366 744</u>	<u>2 395 041</u>
<u>52 496 398</u>	Net expenditure	<u>62 345 047</u>	<u>58 659 580</u>



APPENDIX F: STATISTICAL INFORMATION

IMPROVEMENT RATES: CENTS PER RAND

	2005	2004
<u>MASILONYANA</u>		
General Statistics		
Population	160 000	160 000
Registered votes	32 417	32 417
Votes polled	24 938	24 938
Number of properties	17 064	17 064
Total valuations of properties		
Theunissen		
Land	6 332 646	6 332 646
Improvements	20 368 500	20 368 500
Verkeerdevlei		
Land	1 528 870	1 528 870
Improvements	20 368 500	20 368 500
Soutpan		
Land	345 256	345 256
Improvements	1 377 353	1 377 353
Winburg		
Land	4 121 300	4 121 300
Improvements	53 429 200	53 429 200
Brandfort		
Land	3 435 425	3 435 425
Improvements	61 226 600	61 226 600

PROPERTY RATES

WINBURG

Property rates: cent per Rand	22,5000	22,5000
Improvements rates: cent per rand	0,0104	0,0104
Minimum charge per site	R12	R12
State		
Property rates: cent per rand	0, 2700	0,2700
Improvement rates: cent per rand	0,0500	0,0500



APPENDIX F: STATISTICAL INFORMATION (CONTINUED.....)

IMPROVEMENT RATES: CENTS PER RAND

	2005	2004
<u>SOUTPAN</u>		
Minimum charge per site	R12	R12
State		
Property rates: cent per Rand	0,2700	0,02700
Improvements rates: cent per Rand	0,0500	0,0500
<u>VERKEERDEVLEI</u>		
Property rates: cent per Rand / cent per R2	0,0800	0,0800
Improvements rates: cent per Rand	0,0150	0,0150
Minimum charge per site	R12	R12
State		
Property rates: cent per Rand	0, 2700	0,2700
Improvement rates: cent per Rand	0,0500	0,0500
<u>BRANDFORT</u>		
Property rates: cent per Rand / cent per R2	0,0641	0,0641
Improvements rates: cent per Rand	0,0163	0,0163
Minimum charge per site	R12	R12
State		
Property rates: cent per Rand	0,2700	0,2700
Improvement rates: cent per Rand	0,0500	0,0500



APPENDIX F: STATISTICAL INFORMATION (CONTINUED.....)

IMPROVEMENT RATES: CENTS PER RAND

	2004	2005
Electricity Statistics		
• Number of users	2000	2 000
• Units bought	Not available	Not available
• Units sold	Not available	Not available
• Unit lost in distribution	Not available	Not available
• Loss in distribution	Not available	Not available
• Cost per unit sold	0,1013	0,1013
• Income per unit sold	0,3516	0,3256
Water Statistics		
• Number of users	15 608	15 608
• Units bought	Not metered	Not metered
• Units sold	Not metered	Not metered
• Unit lost in distribution	Not metered	Not metered
• Loss in distribution	Not metered	Not metered
• Cost per unit sold	Unknown	Unknown
• Income per unit sold	2	2
Sundry Statistics		
• Area is square km	Unknown	Unknown
• Building Survey		
• Housing	15 089	14 390



CHAPTER 7

FUNCTIONAL AREA SERVICE DELIVERY REPORTING

MASILONYANA LOCAL MUNICIPALITY		
GENERAL INFORMATION		
Reporting Level	Detail	Total
Overview	Masilonyana LM is a category B municipality, classified as Grade 2 of local authority, the municipality's powers and functions are outline under Local Government Municipal Structures Act, 1998, Section (84) (3). Municipality main function is to provide basic municipal services and community service to alleviate poverty, speed up service delivery, development of human resource and build a financial sustainable municipal entity.	
Information	Statistical Information	
1	Geography: Geographical area in square kilometers (Source: Statistics SA Census, 2001)	
2	Demography: Total Population (Source: Statistics SA Census, 2001)	63 870
3	Indigent Population	
4	Total Number of voters	31 987
5	Age Breakdown: <ul style="list-style-type: none"> • 65 years and over • between 35 and 64 years • between 15 and 34 years • between 5 and 14 years • between 0 and 4 years 	3452 18091 23687 13079 6100
6	Annual household income <ul style="list-style-type: none"> • Over R2 457 600 per annum • Between R1 222 801 and R2 457 600 • Between R614 401 and R1 228 800 per annum • Between R307 301 and R614 401 per annum • Between R153 601 and R307 200 per annum • Between R76 800 and R153 600 per annum • Between R38 401 and R76 800 per annum • Between R19 201 and R38 401 per annum • Between R9 601 and R19 200 per annum • Between R4 801 and R9 600 per annum • Between R1 and R4 800 per annum • None (Source: Statistics SA, Census 2001)	6 15 31 60 172 432 884 3007 4499 4058 2730 4600



MASILONYANA LOCAL MUNICIPALITY		
Function	Executive and Council	
Sub-Function		
	Detail	Total
Overview	<p>Masilonyana LM operates under an Executive Committee system which constitute of four (4) members. The Mayor is the chairperson of Executive Committee and he is at the centre of the MLM system of governance, since executive powers are vested in him to manage the affairs of MLM.</p> <p>This means there has an overarching strategic and political responsibility and every member of the executive committee chaired a portfolio committee, consisting of all councillors from all the different political parties. The Section 57 Managers are the administrative head of these portfolio committees.</p>	
Description of the Activity	All matter adopted at the Executive Committee are reported to Council. Matters beyond the mandate of the Executive Committee (for example raising of loans, approval of annual budgets/adoption of Integrated Development Planning and appointment of Municipal Manager and Senior Managers are referred to Council	
	<p>Corporate Services Committee deals with the following:</p> <ul style="list-style-type: none"> • Personnel administration and Labour related matters • Administration, Resource Management & Council Assets • Building maintenance and security 	
	<p>Financial Services Committee deals with the following:</p> <ul style="list-style-type: none"> • General financial management • Budgetary control, Budget and Financing • Financial Accounting and Reporting; Management Accounting • Banking and Investments, Payroll & Admin of Assets and Loans 	
	<p>Social & Community Services Committee deals with the following:</p> <ul style="list-style-type: none"> • Solid waste, disaster management, community facilities • Safety and security, environmental management issues, health services • Land administration and Housing, Land reform • IDP & Local economic development 	
	<p>Technical Services Committee deals with the following:</p> <ul style="list-style-type: none"> • Electricity • Engineering services • Municipal infrastructure • Water and sanitation • Roads 	
Analysis of the Function	Statistical Information	
1	<p>Council Detail:</p> <ul style="list-style-type: none"> • Total number of Councillors • Number of Councillors of Executive Committee 	19 4
2	<p>Ward Detail:</p> <ul style="list-style-type: none"> • Total Number of wards • Number of ward meetings 	10
3	<p>Number and type of Council and Committee meetings</p> <ul style="list-style-type: none"> • Council • Executive Committee 	14 10





CONTACT DETAILS

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