

# MAKANA MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

### CONTENTS

	Page
GENERAL INFORMATION	1
FOREWORD	2
CHIEF FINANCIAL OFFICER'S REPORT	3
ACCOUNTING POLICIES	8
BALANCE SHEET	12
INCOME STATEMENT	13
CASH FLOW STATEMENT	14
NOTES TO THE FINANCIAL STATEMENTS	15
APPENDIX A : STATUTORY FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS	23
APPENDIX B : EXTERNAL LOANS AND INTERNAL ADVANCES	24
APPENDIX C : ANALYSIS OF FIXED ASSETS	25
APPENDIX D : ANALYSIS OF OPERATING INCOME AND EXPENDITURE	26
APPENDIX E : DETAILED INCOME STATEMENT	27
APPENDIX F : STATISTICAL INFORMATION	28

## **GENERAL INFORMATION**

### **MEMBERS OF THE MAYOR'S EXECUTIVE**

Councillor V.G. Lwana	Executive mayor
Councillor P.G. Matyumza	Chairperson of Land, Housing and Infrastructural Development Committee
Councillor N.V. Kepe	Chairperson of Finance and Service Delivery Committee
Councillor G. Accom	Chairperson of Economic Development and Tourism Committee
Councillor Z. Makile	Chairperson of Corporate Services
Councillor J.C. Wells	Chairperson of Environment, Disaster Management and Heritage Committee
Councillor Z. Peter	Chairperson of Social Services and Community Empowerment Committee

### **LOCAL AUTHORITY GRADING**

Grade 8

### **AUDITORS**

Auditor General

### **BANKERS**

First National Bank  
Standard Bank of South Africa Ltd.

### **REGISTERED OFFICE**

51 High street, Church Square  
Telephone (046) 6036111  
Fax (046) 6229488

P.O. Box 176, GRAHAMSTOWN, 6140

### **MUNICIPAL MANAGER**

P. Naidoo

### **CHIEF FINANCIAL OFFICER**

H.J. Dredge

### **APPROVAL OF FINANCIAL STATEMENTS**

The annual financial statements set out on pages 3 to 28 were approved by the Municipal Manager and submitted to and approved by Council on 18 October 2004.

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**MUNICIPAL MANAGER**  
P. Naidoo

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**CHIEF FINANCIAL OFFICER**  
H.J. Dredge

## FOREWORD

I was appointed as Chairperson of the Finance and Service Delivery Portfolio Committee in December 2002. Since my appointment, I adopted the phrase “Finance Committee’s success results in service delivery to the community” and will continue working towards obtaining my objectives.

During the financial year ending 30 June 2004, the Finance and Service Delivery Portfolio Committee consisting of myself, the Executive Mayor, Councillors Peter, Wells, Phongolo and Reynolds, together with the Director of Financial Services once again work well together and many successes were achieved. Financial legislation, credit control, indigent and tariff by-laws were refined which has resulted in all financial transactions and procedures having to be legal, economical and ethically correct. Public participation in finance related matters was once again disappointing and needs to be addressed.

The biggest challenges that the Finance and Service Delivery Portfolio Committee faces at present remains the outstanding debt due to Council and the implementation of the Municipal Finance Management Act. It is of utmost importance that the credit control policy be adhered to and that it be constantly reviewed to ensure that everything possible is done to reduce the outstanding debt. To achieve our objectives, the credit control workshop is now held on a more regular basis where members of the Finance and Service Delivery Portfolio Committee and employees of the Finance Directorate discuss and recommend new initiatives to recover debt. The problem is immense but I am committed to reduce the debt and thus have the funds to provide the community with quality services that they are entitled to.

Registration of indigents remains a point of concern and the balances on the accounts of the indigents who have registered is to be addressed in the new year. Every endeavour is to be made to get all indigents registered and to get their accounts to reflect accruals affordable to them. The indigent policy was amended during this financial year where the income levels for persons qualifying as indigent were adjusted.

Negotiations with Government departments with outstanding debt due to the Makana Municipality continues and limited success has been achieved thus far. I will however continue to be involved in this process during the next financial year to ensure that all outstanding debt due by the government departments is paid.

In conclusion I would like to thank my Committee and officials from the Finance Directorate for their support, dedication and hard work in all matters during the financial year.

**N.V. KEPE**

**CHAIRPERSON OF THE FINANCE AND SERVICE DELIVERY PORTFOLIO COMMITTEE**

## CHIEF FINANCIAL OFFICER'S REPORT

### 1. OPERATING RESULTS

The operating results as at 30 June 2004 produced a surplus of R4 789 233, compared to the budgeted surplus of R59 700. This was achieved by the budgeted income and expenditure being exceeded by R9 988 320 and R5 258 787 respectively.

Details regarding the operating results per department, classification and type of income or expenditure are given in appendices D and E. Applicable statistics are shown in appendix F. The overall operating results for the year are as follows :-

	Actual 2003	Actual 2004	Variance 2003/ 2004	Budget 2004	Variance Actual/ Budget
	R	R	%	R	%
<b>Income</b>					
Opening surplus	15 871 400	16 004 961		15 871 400	
Operating income for the year	89 764 653	100 682 370	12.2	90 694 050	11.0
Appropriations					
	<b>105 636 053</b>	<b>116 687 331</b>		<b>106 565 450</b>	
<b>Expenditure</b>					
Operating expenditure for year	84 690 488	95 893 137	13.2	90 634 350	5.8
Appropriations	4 940 604	14 708 285			
Closing surplus	16 004 961	6 085 909		15 931 100	
	<b>105 636 053</b>	<b>116 687 331</b>		<b>106 565 450</b>	

The increase of 12,2% in income over that of the year ended June 2003 is due to the budgeted increase of 9,1%, grants and subsidies is up on budget by 11% and water income was under-budgeted by 86%. The variance in expenditure of 13,2% can mainly be ascribed to overspending on Salaries (4,3%), purchases of bulk electricity (12,3%) and general expenses (12,9%).

#### 1.1 Rate and General Services

	Actual 2003	Actual 2004	Variance 2003/ 2004	Budget 2004	Variance Actual/ Budget
	R	R	%	R	%
Income	44 825 875	50 552 741	12.8	44 982 260	12.4
Expenditure	51 930 135	59 770 580	15.1	56 873 040	5.1
Deficit	<b>-7 104 260</b>	<b>-9 217 839</b>	<b>29.8</b>	<b>-11 890 780</b>	<b>(22.5)</b>
Deficit as % of income	<b>(15.8)</b>	<b>(18.2)</b>		<b>(26.4)</b>	

Actual income exceeded budget by 12,4% and is mainly due to the interest charged on overdue accounts being substantially more than estimated and income in respect of the government health subsidy, interest on investments and Traffic Control and Licensing income also exceeding budget. The increase in revenue has been partially offset by an under-recovery of 14% on sewerage charges.

## 1.2 Housing Service

	Actual 2003	Actual 2004	Variance 2003/ 2004	Budget 2004	Variance Actual/ Budget
	R	R	%	R	%
Income	164 295	149 006	(9.3)	161 100	(7.5)
Expenditure	21 126	167 103	691.0	202 800	(17.6)
Deficit	<b>143 169</b>	<b>-18 097</b>	<b>(112.6)</b>	<b>-41 700</b>	<b>(56.6)</b>
Deficit as % of income	87.1	(12.1)		(25.9)	

The large variance between actual and estimated expenditure is as a result of rates for 2003 and 2004 on council-owned properties all being levied in 2004.

## 1.3 Trading Services

Statistics in respect of unit purchasing/production costs as well as selling costs can be found in appendix F.

### *Electricity Service*

	Actual 2003	Actual 2004	Variance 2003/ 2004	Budget 2004	Variance Actual/ Budget
	R	R	%	R	%
Income	29 367 884	32 493 161	10.6	31 819 330	2.1
Expenditure	23 515 513	25 280 962	7.5	24 367 590	3.7
Surplus	<b>5 852 371</b>	<b>7 212 199</b>	<b>23.2</b>	<b>7 451 740</b>	<b>(3.2)</b>
Surplus as % of income	19.9	22.2		23.4	

The statistics in appendix F reflect an apparent loss in units of electricity sold, substantially more than normal, and although actual income does not show a similar loss in sales, this should still be investigated.

### **Water Service**

Statistics in respect of producing and selling purified water are found in appendix F.

	<b>Actual 2003</b>	<b>Actual 2004</b>	<b>Variance 2003/ 2004</b>	<b>Budget 2004</b>	<b>Variance Actual/ Budget</b>
	<b>R</b>	<b>R</b>	<b>%</b>	<b>R</b>	<b>%</b>
Income	15 406 599	17 487 462	13.5	13 731 360	27.4
Expenditure	9 223 714	10 674 492	15.7	9 190 920	16.1
<b>Surplus</b>	<b>6 182 885</b>	<b>6 812 970</b>	<b>10.2</b>	<b>4 540 440</b>	<b>50.1</b>
Surplus as % of income	40.1	39.0		33.1	

Although expenditure is up on budget by 16,1%, income more than compensated for this by exceeding budget by 27,4%. A similar trend is apparent in the variances between 2003 and 2004.

## **2. CAPITAL EXPENDITURE AND FINANCING**

Capital expenditure incurred on fixed assets during the year amounted to 138,9% more than the previous year and is 13,69% less than budget. The expenditure consists of the following: -

	<b>Actual 2004</b>	<b>Budget 2004</b>	<b>Actual 2003</b>
	<b>R</b>	<b>R</b>	<b>R</b>
Land and Buildings	80 000	415 000	35 551
Roads and stormwater drainage		1 100 000	451 773
Networks : Electricity	306 880	670 000	93 445
Water	100 963	292 000	721 619
Sewerage	7 227 094	2 730 000	1 390 360
Vehicles, machines and equipment	936 905	3 168 990	636 354
Other fixed assets		1 460 000	291 775
	<b>8 651 842</b>	<b>9 835 990</b>	<b>3 620 877</b>

Resources used to finance the above fixed assets were as follows: -

	<b>Actual 2004</b>	<b>Budget 2004</b>	<b>Actual 2003</b>
	<b>R</b>	<b>R</b>	<b>R</b>
Consolidated capital development and loans fund	628 814	3 265 120	488 107
Operating income	150 147	210 870	155 638
Grants and subsidies	7 872 881	6 360 000	2 977 132

	<b>8 651 842</b>	<b>9 835 990</b>	<b>3 620 877</b>
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Although capital expenditure increased dramatically from R3 620 877 in 2003 to R8 651 842 in 2004, it can clearly be seen that this was almost entirely due to external funding in the form of grants and subsidies and highlights the fact that there are very little funds available from internal sources for the acquisition of fixed assets.

A complete analysis of capital expenditure (budgeted and actual) per department, classification or service is given in appendix C. More details regarding external loans and internal advances used to finance fixed assets are shown in appendix B.

### **3. EXTERNAL LOANS, INVESTMENTS AND CASH**

External loans outstanding on 30 June 2004 amounted to R3 718 223 (R3 931 473 in 2003) as set out in appendix B. This outstanding amount is represented by one loan and is repayable monthly over a period of 10 years.

Investments and cash on hand amounted to R39 286 737 (R12 523 100 in 2003) and are largely required to meet current liabilities. More information regarding loans and investments is disclosed in notes 4 and 7 and in appendix B.

### **4. FUNDS, RESERVES AND PROVISIONS**

Funds and reserves, including Trust funds amounting to R83 558 552 as at 30 June 2004 were not fully represented by cash and investments.

The Consolidated Capital Development and Loans fund increased by R3 665 393 to R50 440 192 (R46 732 897 in 2003). Of these accumulated funds R10 111 237 was advanced to borrowing services (R12 049 360 in 2003).

The Dog Tax fund produced a surplus of R11 062 (R1 993 in 2003), and the Parking Areas Development fund had a deficit of R4 476 (R4 476 surplus in 2003).

The Housing fund balance increased marginally from R5 310 510 at 30 June 2003 to R5 312 229 as at 30 June 2004.

Provisions decreased from R2 308 890 in 2003 by R200 597 to R2 108 293 as at 30 June 2004. The requirements of Accounting statement AC 116 that full provision be made for post-retirement medical benefits and allowing for a period of 5 years in which to provide for the full liability. The amount provided for in 2003 remains at R161 650. No further contribution was made during 2004.

More detailed information regarding funds, reserves and provisions appear in notes 1,2,3 and 11, as well as appendix A.

### **5. POST BALANCE SHEET EVENTS**

No events occurred after 30 June 2004 that may have an effect on the financial statements.

### **APPRECIATION**

I am grateful to the Mayor and councillors, as well as the Municipal Manager and heads of other departments for the support given to the staff of the Treasury department and myself during the year. I also wish to thank the members of the audit team representing the Auditor General for their assistance and understanding shown.

I also wish to express my appreciation to the Treasury staff for their dedication and loyalty in the performance of their duties.

H.J. Dredge  
Chief Financial Officer  
**MAKANA MUNICIPALITY**  
29 September 2004



## ACCOUNTING POLICIES

### 1. Basis of preparation

These financial statements have been prepared in accordance with the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second edition – January 1996).

The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.

The financial statements are prepared on the accrual basis as stated:

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

### 2. Consolidation

The financial statements include the Rate and General services, Housing service, Trading services and the different funds, reserves and provisions. All inter-departmental charges are set-off against each other, with the exception of assessment rates, office rentals and all monthly service charges, which are treated as income and expenditure in the respective departments.

### 3. Fixed Assets

*Fixed assets are stated:*

- At historical cost, or
- At valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation,

While they are in existence and fit for use, except in the case of bulk assets, which are written off at the end of their estimated useful lives as determined by the Chief Financial Officer.

#### *Depreciation*

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

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

- Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the “Loans Redeemed and Other Capital Receipts” accounts.

All net proceeds from the sale of fixed property and other assets are credited to the Consolidated Capital Development and Loans Fund.

Fixed assets are financed from different sources, including external loans, internal advances, operating income and grants or donations. Loans and advances are repaid within the estimated lives of the assets acquired from such loans and advances. Interest is charged to the service concerned at the ruling rate applicable at the time that the loan or advance is made.

#### **4. Inventory**

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

#### **5. Funds, Reserves and Provisions**

##### *5.1 Consolidated Capital Development and Loans Fund*

The fund is controlled and administered in terms of Ordinance 20 of 1974. In addition to the proceeds from the sale of assets, interest earned on investments and advances, and annual contributions from operating income based on 7.5% of the previous year's rate income or the compulsory contribution from the previous year plus 20%, whichever is the lesser amount, are also credited to the Fund. Internal advances for the acquisition of fixed assets are made from the Fund and repaid with interest by the borrowing services.

##### *Dog Tax Fund*

The Dog Tax Ordinance, No.19 of 1978 requires that a Dog Tax account be established into which all dog licence fees be paid and from which the cost of the controlling and licensing of dogs are met.

##### *Housing Development Fund.*

The Housing Development Fund is established in terms of the Housing Act (Act 107 of 1997). All net proceeds from housing letting schemes and the sale of houses are paid into the fund.

##### *Parking Areas Development Fund*

The net proceeds from the operation of parking meters and toll-parking areas are paid into this fund as required by the Road Traffic Ordinance No. 21 of 1966. The accumulated funds are used to establish off-street parking areas.

### *Repairs Reserve*

The Repairs reserve is accumulated by way of contributions from operating income to cover the cost of unforeseen or emergency repairs to, or replacement of fixed assets.

### *Provision for Leave Pay*

Payments made to employees in respect of accumulated leave is met from the Leave Pay reserve which is accumulated by way of contributions from operating income and from other sources if necessary.

### *Provision for Bad Debts and Working Capital*

Annual contributions from operating income and appropriations from the accumulated surplus account are made to provide for bad debts and working capital.

### *5.8 Other Reserves and Provisions*

Various other reserves and provisions are in existence for which there are no fixed policies.

## **6. Retirement Benefits**

Council and its employees contribute to the Cape Joint Pension and Retirement Funds, SALA Pension Fund and SAMWU Provident Fund. These funds provide retirement benefits to such employees.

The retirement benefit plan is subject to the Pension Funds Act, 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**

Trading and Housing services surpluses or deficits are transferred to Rate and General services.

## **8. Administration and other overhead expenses**

The cost of internal support services in respect of Municipal Manager, City Secretariat, Financial service and Human resources are recharged, as far as practicable, on an assessed basis to the different services.

## **9. Investments**

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested with approved bodies per Circulars issued periodically by the Provincial Legislature.

## **10. Deferred charges**

Internal advances were raised to pay the Department of Water Affairs for council's portion of the capital cost of the Lower Fish River Water Scheme. The annual repayments of these advances are recovered from operating income over the periods of the advances.

## **11. Income Recognition**

### *11.1 Electricity and Water Billings*

Meters are read and billed on a monthly basis. Where meters are not read during a particular month, they are provisionally billed based on average consumption. Income is recognised at the date meters are read and levies are made.

### *11.2 Assessment Rates*

Assessment rates are levied annually on the value of land and improvements, and rebates are granted in respect of residential properties. Further relief based on conditions relating to income is provided to pensioners.

Annual sewerage and water connection charges are also levied with the rates.

### *11.3 Other Services*

Income from services such as refuse removal and sewerage recovered by way of debtors, is recognised when such levies are debited against the accounts.

Income from other minor services, licences and fees is recognised when cash is received.

**MAKANA MUNICIPALITY**  
**BALANCE SHEET AT 30 JUNE 2004**

	Note	2004	2003
		R	R
<b>CAPITAL EMPLOYED</b>			
<b>FUNDS AND RESERVES</b>			
		57,976,661	54,108,729
Accumulated funds	1	55,801,263	52,085,663
Reserves	2	2,175,398	2,023,066
<b>(ACCUMULATED DEFICIT)/ RETAINED INCOME</b>			
	18	6,085,909	16,004,961
		64,062,570	70,113,690
<b>TRUST FUNDS</b>			
	3	25,581,892	7,214,647
<b>LONG-TERM LIABILITIES</b>			
	4	3,475,809	3,720,923
<b>CONSUMER DEPOSITS : SERVICES</b>			
	5	1,618,402	1,490,581
		<b>94,738,673</b>	<b>82,539,841</b>
<b>EMPLOYMENT OF CAPITAL</b>			
<b>FIXED ASSETS</b>			
	6	11,297,958	12,484,024
<b>INVESTMENTS</b>			
	7	672,195	1,129,217
<b>LONG-TERM DEBTORS</b>			
	8	916,533	905,065
<b>DEFERRED CHARGES</b>			
	11	632,216	1,384,273
		13,518,902	15,902,579
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			
		81,219,771	66,637,262
<b>CURRENT ASSETS</b>			
		99,634,668	85,366,023
Inventory	9	1,444,346	1,130,712
Debtors	10	59,190,265	72,502,623
Cash		9,428	347,415
Short-term investments	7	38,605,114	11,046,468
Short-term portion of long-term debtors	8	385,515	338,805
<b>CURRENT LIABILITIES</b>			
		(18,414,897)	(18,728,761)
Provisions	12	2,108,293	2,308,890
Creditors	13	11,730,246	12,549,436
Short-term portion of long-term liabilities	4	242,414	210,548
Bank overdraft		4,333,944	3,659,887
		<b>94,738,673</b>	<b>82,539,841</b>

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

2003 Actual Income R	2003 Actual Expenditure R	2003 Surplus/ (Deficit) R		2004 Actual Income R	2004 Actual Expenditure R	2004 Surplus/ (Deficit) R	2004 Budget Surplus/ (Deficit) R
44 825 875	51 930 135	(7 104 260)	<b>RATE AND GENERAL SERVICES</b>	50 552 741	59 770 580	(9 217 839)	(11 890 780)
29 162 200	29 837 482	( 675 282)	Community services	34 377 927	35 586 010	(1 208 083)	(5 820 940)
476 344	9 706 741	(9 230 397)	Subsidised services	559 420	10 991 620	(10 432 200)	(10 031 220)
15 187 331	12 385 912	2 801 419	Economic services	15 615 394	13 192 950	2 422 444	3 961 380
164 295	21 126	143 169	<b>HOUSING SERVICE</b>	149 006	167 103	( 18 097)	( 41 700)
44 774 483	32 739 227	12 035 256	<b>TRADING SERVICES</b>	49 980 623	35 955 454	14 025 169	11 992 180
<u>89 764 653</u>	<u>84 690 488</u>	<u>5 074 165</u>		<u>100 682 370</u>	<u>95 893 137</u>	<u>4 789 233</u>	<u>59 700</u>
		(4 940 604)	Appropriations for the year (refer note 18)			(14 708 285)	
		<u>133 561</u>	<b>Net surplus/(deficit) for the year</b>			<u>(9 919 052)</u>	
		15 871 400	Accumulated surplus/(deficit) beginning of the year			16 004 961	
		<u><b>16 004 961</b></u>	<b>ACCUMULATED SURPLUS/(DEFICIT) END OF THE YEAR</b>			<u><b>6 085 909</b></u>	

(Refer to appendix D and E for more detail)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

	Note	2004 R	2003 R
<b>CASH RETAINED FROM OPERATING ACTIVITIES</b>		34 954 670	8 838 278
Cash generated by operations	19	(2 040 744)	9 909 892
Investment income	17	2 220 369	956 399
(Increase)/decrease in working capital	20	8 009 377	(10 987 084)
		8 189 002	( 120 793)
Less: External interest paid	17	( 518 407)	( 622 424)
<b>Cash available from operations</b>		7 670 595	( 743 217)
Cash contributions from the public and the State		26 031 670	9 370 553
Net proceeds from disposal of fixed assets		1 252 405	210 942
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>			
Investment in fixed assets		(8 651 842)	(3 620 877)
<b>NET CASH FLOW</b>		<b>26 302 828</b>	<b>5 217 401</b>
<b>CASH EFFECTS OF FINANCING ACTIVITIES</b>			
Increase/(decrease) in long-term loans	21	( 213 248)	( 68 529)
Increase/(decrease) in short-term loans	22	674 057	(2 375 938)
(Increase)/decrease in cash investments	23	(27 101 624)	(2 973 005)
(Increase)/decrease in cash	24	337 987	200 071
		<b>(26 302 828)</b>	<b>(5 217 401)</b>

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	<b>2004</b>	<b>2003</b>
	<b>R</b>	<b>R</b>
<b>1. ACCUMULATED FUNDS</b>		
Consolidated Capital Development and Loans Fund	50 440 192	46 732 897
Dog Tax Fund	28 787	17 725
Housing Fund (established i.t.o. Act 107/97)	5 312 229	5 310 510
Parking Areas Development Fund	20 055	24 531
	<b>55 801 263</b>	<b>52 085 663</b>
(Refer to appendix A for more detail)		
<b>2. RESERVES</b>		
Motor vehicle insurance	86 774	84 336
National roads	44 848	43 535
Repairs and maintenance	2 043 776	1 895 195
	<b>2 175 398</b>	<b>2 023 066</b>
(Refer to appendix A for more detail)		
<b>3. TRUST FUNDS</b>		
Albany Road Safety	176	176
Christmas Cheer	1 720	244
Columbarium	4 792	4 627
Financial management grant	1 006 613	
Gane bequest	506	491
Glasier Trust	1 187	1 153
Gordon Gowie bequest	500	500
Grants and donations (capital expenditure)	7 655 898	272 491
Grave maintenance	2 700	2 700
Health development forum	25 034	25 034
Integrated development plan	457 069	427 108
Kings Flats (Public Housing Board)	1 550 215	1 314 105
Kings Flats - 234 sites (P.H.B.)	803 202	47 429
Library	1 600	1 600
Lower Makanaskop (Public Housing Board)	737 443	623 038
Mayfield transit camp	326 161	223 261
Mayfield phase 2 - planning/survey	401 160	450 000
National peace arboretum	82 439	78 798
Old cemetery board	15 532	15 532
Slater bequest	451	324
Sporting facilities (State lotteries)	1 058 667	
T.B. Hospital : J.C. Rae	624	624
T.B. Hospital : N.E. Bennett	766	729
T.B. Hospital : equipment	1 811	1 759
Vroom bequest	200	200
Grahamstown East Trust Fund	57 546	57 546
Victoria Rd. - 102 Sites (P.H.B.)	336 626	165
Electricity (Alicedale)	2 456	2 456
IDP/LDO fund (Alicedale)	97 965	97 965
Pilot Housing (Alicedale)	215 197	215 197
Severence packages (Alicedale)	64 349	61 014
Community facilities (Riebeeck East)	4 486	4 486



## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (continued)

	2004 R	2003 R
<b>TRUST FUNDS (continued)</b>		
Development of tourism (Alicedale)	109 963	1 018 317
Housing subsidies (Riebeeck East)	3 822	3 822
Job creation (Riebeeck East)	468	468
Pilot housing (Riebeeck East)	123 439	123 439
Valuation (general)	749 022	407 852
Vukani housing (875 houses)	7 590 162	1 322 145
Vukani housing (199 houses)	1 598 951	
Water: Fort Brown	490 974	407 852
	<b>25 581 892</b>	<b>7 214 647</b>
<b>4. LONG TERM LIABILITIES</b>		
Government loans	-	-
Local registered stock	-	-
Annuity loans	3 718 223	3 931 471
	<b>3 718 223</b>	<b>3 931 471</b>
Less: Current portion transferred to Current Liabilities	( 242 414)	( 210 548)
Government loans	-	-
Local registered stock	-	-
Annuity loans	242 414	210 548
	<b>3 475 809</b>	<b>3 720 923</b>
(Refer to appendix B for more detail on long term liabilities)		
ANNUITY LOANS		
▶ There is one annuity loan outstanding, it carries interest at 13.56% per annum and will be fully redeemed in February 2013.		
▶ No loans are secured by any assets of Makana.		
<b>5. CONSUMER DEPOSITS : SERVICES</b>		
Electricity and water	<b>1 618 402</b>	<b>1 490 581</b>
Guarantees in lieu of electricity and water deposits	<b>149 597</b>	<b>148 597</b>
<b>6. FIXED ASSETS</b>		
Fixed assets at the beginning of the year	163 027 932	159 420 757
Capital expenditure during the year	8 651 842	3 620 877
Less: Assets written off , transferred or disposed of during the year	( 178 058)	( 13 702)
	171 501 716	163 027 932
Less: Loans redeemed and other capital receipts	(160 203 758)	(150 543 908)
<b>Net fixed assets</b>	<b>11 297 958</b>	<b>12 484 024</b>
(Refer to appendix C for more details on fixed assets)		

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (continued)

	2004 R	2003 R
<b>7. INVESTMENTS</b>		
<b>Unlisted</b>		
Long term deposits	486 218	931 218
Other deposits	38 605 114	11 046 468
Collateral deposits	185 977	197 999
	<u>39 277 309</u>	<u>12 175 685</u>
▶ Average rate of return on investments (gross)	6.70%	10.40%
▶ Provincial legislature requires local authorities to invest funds not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a plenary rate to meet commitments. This requirement has been complied with.		
▶ No investments have been written off during the year. However, an unknown portion of investments totalling R666 230 may not be recoverable. Once this amount is determined, it will be written off against accumulated surplus.		
▶ An investment of R765 000 has been pledged as security for the purchase of a fleet management system.		
<b>8. LONG-TERM DEBTORS</b>		
Car loans	1 274 465	1 014 290
Housing loans (Alicedale)	27 583	229 580
	<u>1 302 048</u>	<u>1 243 870</u>
Less: Short-term portion transferred to current assets	( 385 515)	( 338 805)
	<u>916 533</u>	<u>905 065</u>
<b>9. INVENTORY</b>		
Consumable stores and materials	<u>1 444 346</u>	<u>1 130 712</u>
▶ No provision has been made for obsolete inventory.		
<b>10. DEBTORS</b>		
Current debtors (consumer and other)	96 491 474	100 702 325
Suspense accounts	(4 640 981)	220 726
	<u>91 850 493</u>	<u>100 923 051</u>
Less: Provision for bad and doubtful debts	(32 660 228)	(28 420 428)
	<u>59 190 265</u>	<u>72 502 623</u>
▶ Amounts totalling R140 717 were written off as bad debts.		
<b>11. DEFERRED CHARGES</b>		
Balance of advance	<u>632 216</u>	<u>1 384 273</u>

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (continued)

	<b>2004</b>	<b>2003</b>
	<b>R</b>	<b>R</b>
<b>12. PROVISIONS</b>		
Leave pay	1 946 643	2 147 240
Post-retirement medical benefits	161 650	161 650
	<b>2 108 293</b>	<b>2 308 890</b>
<b>13. CREDITORS</b>		
Trade creditors	9 173	8 465
Other	663 566	547 862
Suspense accounts	10 965 248	11 906 400
Deposits : other	92 259	86 709
	<b>11 730 246</b>	<b>12 549 436</b>

**14. ASSESSMENT RATES**

	Valuations		
	as at	Actual	Actual
	1 July	income	income
	2003	2004	2 003
	<b>R</b>	<b>R</b>	<b>R</b>
Public	413,087,468	9 256 853	8 276 369
State	98,829,229	7 604 211	6 798 179
Municipal	7,690,181	300 324	267 881
		<u>17 161 388</u>	<u>15 342 429</u>
Annual fire brigade charges		85 350	77 507
	<b>519,606,878</b>	<b>17 246 738</b>	<b>15 419 936</b>

**DETAILS IN RESPECT OF RATES LEVY**

	Residential	Other
	Cents per Rand	Cents per Rand
General rate	3.48400	4.36000
Health rate	0.34800	0.43000
Total	<b>3.83200</b>	<b>4.79000</b>

- Valuations on land and improvements are performed every ten years and the last general valuation came into effect on 1 July 1987. A rebate of 20 % was granted to pensioners earning less than R18 000 per annum.

**15. COUNCILLORS' ALLOWANCES**

Mayor	160 070	148 817
Speaker	72 310	69 697
Chairpersons of committees	406 740	393 021
Councillors	578 484	597 685
Travelling allowance	268 400	278 610
Housing allowance	34 120	31 303
Telephone allowance	141 000	141 000
Pension fund contributions	72 108	66 182
Medical aid contributions	35 070	13 644
	<b>1 768 302</b>	<b>1 739 959</b>

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (continued)

	2004 R	2003 R
<b>16. AUDITORS' REMUNERATION</b>		
Audit fees		
- Current year	323 710	311 600
- Underprovision prior year		107 396
	<u>323 710</u>	<u>418 996</u>
<b>17. FINANCE TRANSACTIONS</b>		
Total external interest earned or paid:		
- Interest earned	<u>2 220 369</u>	<u>956 399</u>
- Interest paid	<u>518 407</u>	<u>622 424</u>
Capital charges debited to operating account:		
Interest:	1 764 796	2 023 199
- External	-	-
- Internal	1 764 796	2 023 199
Redemption:	1 814 880	1 820 036
- External	-	-
- Internal	1 814 880	1 820 036
Deferred charges written off	752 057	752 057
	<u>4 331 733</u>	<u>4 595 292</u>
<b>18. APPROPRIATIONS</b>		
<i>Appropriation account:</i>		
Unappropriated surplus/(deficit) at beginning of year	16 004 961	15 871 400
Operating surplus/(deficit) for the year	4 789 233	5 074 165
Appropriations for the year:	(14 708 285)	(4 940 604)
Unsubstantiated balances written off	(12 826 668)	
Prior year adjustments	(1 734 009)	(413 138)
Stores stock adjustment	(98 567)	(27 466)
Transfer to provision for bad debts		(4 500 000)
Contribution to fixed assets	(48 522)	
Parking Areas Development Fund deficit	(519)	
Unappropriated surplus/(deficit) at end of year	<u>6 085 909</u>	<u>16 004 961</u>
<i>Operating account:</i>		
Fixed assets	150 181	155 638
Contributions to :	5 797 616	4 508 980
Consolidated Capital Development and Loans Fund	1 156 496	896 700
Repairs reserve	112 900	112 900
Bad debts provision	4 239 800	3 239 800
Leave pay provision	288 420	259 580
	<u>5 947 797</u>	<u>4 664 618</u>
<b>► PRIOR YEAR ADJUSTMENTS :</b>		
Audit fees - R478 818; Creditors payments - R8 291; Rates adjustment - R2 807 595;		
Insurance claims - (R189 120); WCA rebates (R32 711);		
VAT refund - (R1 253 178); Interest - (R9 334); other - (R76 353).		

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (continued)

	2004 R	2003 R
<b>19. CASH GENERATED BY OPERATIONS</b>		
Surplus/(deficit) for the year	4 789 233	5 074 165
Adjustments in respect of:		
Previous years' operating transactions	(14 708 285)	(4 940 604)
Appropriations charged against income:	5 947 797	4 664 618
Consolidated Capital Development and Loans Fund	1 156 496	896 700
Provisions and reserves	4 641 120	3 612 280
Fixed assets	150 181	155 638
Capital charges:	4 331 733	4 595 292
Interest paid:		
to internal funds	1 764 796	2 023 199
on external loans	-	-
Redemption:		
of internal advances	1 814 880	1 820 036
of external loans	-	-
Deferred charges written off	752 057	752 057
Investment income (operating account)	(1 092 155)	( 666 418)
Grants and subsidies (operating account)	(11 628 420)	(6 350 116)
-----		
Non-operating income:		
Consolidated Capital Development & Loans Fund	3 017 201	
Dog Tax	11 050	2 076
Housing Fund		
Parking Areas Development Fund	338	17 058
Provisions and reserves		7 901 450
Trust Funds	40 820 713	3 368 521
Non-operating expenditure:		
Consolidated Capital Development & Loans Fund	(1 796 159)	( 38 715)
Dog Tax	( 1 406)	( 1 500)
Housing Fund	( 1 291)	( 8 939)
Parking Areas Development Fund	( 8 339)	( 15 007)
Provisions and reserves	( 487 917)	( 635 160)
Trust Funds	(31 234 837)	(3 056 829)
	<b>(2 040 744)</b>	<b>9 909 892</b>
<b>20. (INCREASE)/DECREASE IN WORKING CAPITAL</b>		
(Increase)/decrease in inventory	( 313 634)	( 97 172)
(Increase)/decrease in debtors, long term debtors	9 014 380	(11 352 449)
Increase/(decrease) in creditors, consumer deposits	( 691 369)	462 537
	<b>8 009 377</b>	<b>(10 987 084)</b>

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (continued)

	2004 R	2003 R
<b>21. INCREASE/(DECREASE) IN LONG-TERM LOANS</b>		
Loans raised	-	-
Loans repaid	( 213 248)	( 68 529)
	<u>( 213 248)</u>	<u>( 68 529)</u>
<b>22. INCREASE/(DECREASE) IN SHORT-TERM LOANS (BANK OVERDRAFT)</b>		
Loans raised	4 333 944	3 659 887
Loans repaid	(3 659 887)	(6 035 825)
	<u>674 057</u>	<u>(2 375 938)</u>
<b>23. (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS</b>		
Investments realised	12 175 685	9 202 680
Investments made	(39 277 309)	(12 175 685)
	<u>(27 101 624)</u>	<u>(2 973 005)</u>
<b>24. (INCREASE)/DECREASE IN CASH ON HAND</b>		
Balance at beginning of year	347 415	547 486
Less : balance at end of year	9 428	347 415
	<u>337 987</u>	<u>200 071</u>
<b>25.</b> The last actuarial valuations of the Cape Joint Pension and Retirement Funds were done as at 30 June 2003 and were declared as financially sound as at that date.		
<b>26. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS</b>		
Guarantees by Grahamstown City Council in respect of building society and commercial bank housing loans to officials.	<u>185 977</u>	<u>197 999</u>
▶ Litigation in respect of unfair labour practise against Council is in progress. If successful, the amounts involved would be met from Accumulated Surplus should a claim against insurance be unsuccessful.		
▶ Leave pay outstanding totals R2 942 500, whereas the provision amounts to R1 946 643. There is no policy regarding the level of provision in respect of the outstanding amount.		

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (continued)

	2004 R	2003 R
<b>27. CAPITAL COMMITMENTS</b>		
Commitments in respect of capital expenditure :		
Approved and contracted for		
Approved but not yet contracted for	6 600 000	1 319 000
	<u>6 600 000</u>	<u>1 319 000</u>
This expenditure will be financed from:		
Grants and subsidies	6 600 000	1 319 000
	<u>6 600 000</u>	<u>1 319 000</u>
<b>28. CONSOLIDATED LOANS FUND</b>		
External loans (see appendix B)	3 718 223	3 931 473
Internal investments	57 976 661	2 755 788
Creditors and temporary advances		879 591
	<u>61 694 884</u>	<u>7 566 852</u>
Less:	(57 976 661)	(3 635 379)
External investments	(2 414 720)	(3 356 015)
Purchase of land	(277 657)	(279 364)
Debtors (temporary advances)	(55 284 284)	
	<u>3 718 223</u>	<u>3 931 473</u>
(Refer to appendix B for more details)		
<b>Net expenditure charged to borrowing services at an average rate of 9.43%</b>		
Interest paid on :		
- External loans	518 407	622 424
- Internal investments	88 267	88 267
	<u>606 674</u>	<u>710 691</u>
Less : Interest earned on external investments	(245 877)	(267 243)
	<u>360 797</u>	<u>443 448</u>
<b>29. CAPITAL DEVELOPMENT FUND</b>		
Outstanding advances to borrowing services :		
Accumulated fund	50 440 192	45 062 746
Less : Internal investments in Consolidated Loans Fund	(44 047 178)	(36 944 859)
Add : External loans outstanding	3 718 223	3 931 473
	<u>10 111 237</u>	<u>12 049 360</u>
(See Appendices A and B for more detail)		

## APPENDIX A

## ACCUMULATED FUNDS, TRUST FUNDS AND RESERVES

	Balance at 30.06.2003 <b>R</b>	Contributions during the year <b>R</b>	Interest on Investments <b>R</b>	Other Income <b>R</b>	Expenditure during the year <b>R</b>	Balance at 30.06.2004 <b>R</b>
<b>ACCUMULATED FUNDS</b>						
Consolidated Capital Development and Loans Fund	46 732 897	1 156 495	171 636	3 017 201	638 037	50 440 192
Dog Tax	17 725		1 418	11 050	1 406	28 787
Housing Fund	5 310 510		3 010		1 291	5 312 229
Parking Areas Development Fund	24 531		3 525	338	8 339	20 055
	<b>52 085 663</b>	<b>1 156 495</b>	<b>179 589</b>	<b>3 028 589</b>	<b>649 073</b>	<b>55 801 263</b>
<b>TRUST FUNDS</b>						
Albany Road Safety	176					176
Christmas Cheer	243	1 702			226	1 719
Columbarium	4 627		165			4 792
Gane bequest	491		15			506
Glasier Trust	1 153		34			1 187
Gordon Gowie bequest	500					500
Grants & donations (capital expdtr)	272 492	15 234 056			7 850 650	7 655 898
Grave maintenance trust	2 700					2 700
Finance management grant		1 000 000	25 212		18 599	1 006 613
Health development forum	25 034					25 034
Integrated development plan	427 108	54 900	30 955		55 894	457 069
Kings Flats (Public Housing Board)	1 314 106		236 479		370	1 550 215
Kings Flats - 234 sites (P.H.B.)	47 429	4 016 000	79 194		3 339 421	803 202
Library	1 600					1 600
Lower Makanaskop (Housing Brd)	623 038		114 405			737 443
Mayfield transit camp	223 261	91 110	11 790			326 161
Mayfield phase 2 planning	450 000				48 840	401 160
National peace arboretum	78 798		3 641			82 439
Old cemetery board	15 532					15 532
Slater bequest	324		127			451
Sporting facilities (Lotto)		1 058 667				1 058 667
T.B. Hospital : J.C. Rae	947					947
T.B. Hospital : N.E. Bennett	406		37			443
T.B. Hospital : equipment	1 759		53			1 812
Valuation (general)	407 852	303 989	38 138		957	749 022
Vroom bequest	200					200
Victoria Rd. - 102 Sites (P.H.B.)	165	1 526 960	52 653		1 243 152	336 626
Vukani Housing (875 & 199 units)	1 322 145	15 933 329	273 953		8 340 314	9 189 113
Trust fund (Ght. East)	57 546					57 546
Development of tourism (Alicedale)	1 018 317	1 000 000	50 668		1 959 022	109 963
Electricity (Alicedale)	2 456					2 456
IDP/LDO fund (Alicedale)	97 965					97 965
Pilot Housing (Alicedale)	215 197					215 197
Severance packages (Alicedale)	61 014		3 335			64 349
Community facilities (Riebeeck E.)	132 215					132 215
Water : Fort Brown (Rural areas)	407 852	600 000	36 155		553 033	490 974
	<b>7 214 648</b>	<b>40 820 713</b>	<b>957 009</b>		<b>23 410 478</b>	<b>25 581 892</b>
<b>RESERVES</b>						
Motor vehicle insurance	84 336		2 438			86 774
National roads reserve	43 535		1 312			44 847
Repairs and maintenance	1 895 195	114 000	34 581			2 043 776
	<b>2 023 066</b>	<b>114 000</b>	<b>38 331</b>			<b>2 175 397</b>



## APPENDIX B

## EXTERNAL LOANS AND INTERNAL ADVANCES

	Balance at 30.06.2003	Received during year	Redeemed or written off during year	Balance at 30.06.2004
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>EXTERNAL LOANS</b>				
<b>LOCAL REGISTERED STOCK</b>				
<b>Loan No. Interest % Redeemable</b>	-			-
(Refer to notes 4 and 28)	-			-
Annuity loan	3 931 473		213 250	3 718 223
(Refer to notes 4 and 28)	<b>3 931 473</b>		<b>213 250</b>	<b>3 718 223</b>
<b>INTERNAL ADVANCES TO BORROWING SERVICES</b>				
	Balance at 30.06.2003	Received during year	Redeemed or written off during year	Balance at 30.06.2004
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Consolidated Capital Development and Loans Fund	11 971 872	628 814	2 540 375	10 060 311
Capital Development Fund (Ght. East)	77 488		26 562	50 926
(Refer to notes 28 and 29)	<b>12 049 360</b>	<b>628 814</b>	<b>2 566 937</b>	<b>10 111 237</b>

**APPENDIX C**  
**ANALYSIS OF FIXED ASSETS**

Expenditure 2003 R	SERVICE	Budget 2004 R	Balance at 30.06.2003 R	Expenditure 2004 R	Written off transferred redeemed or disposed of during year R	Balance at 30.06.2004 R
2 705 418	<b>RATE AND GENERAL SERVICES</b>	7 997 550	89 027 567	7 959 809	117 050	96 870 326
932 421	<b>Community Services</b>	2 242 630	46 712 022	545 850	63 827	47 194 045
30 741	Council's general expenses	2 500	667 252	2 065		669 317
	Disaster management	20 000	19 938		2 209	17 729
24 938	Financial service	12 000	1 549 648	79 408	5 815	1 623 241
10 749	Health services	124 000	748 631	231 776		980 407
117 790	Management services	1 370	659 179	68 400	30 417	697 162
15 284	Municipal Manager		91 291	13 672		104 963
590 197	Public Works	1 813 000	26 644 392	68 633	25 386	26 687 639
142 722	Traffic service	269 760	1 381 203	81 896		1 463 099
	Grahamstown East		14 950 488			14 950 488
302 869	<b>Subsidised Services</b>	1 528 620	11 052 416	331 327	2 052	11 381 691
	Aerodrome		514 845			514 845
	Cemeteries	75 000	300 358			300 358
121 052	City hall, halls and offices	58 500	1 955 045	80 000		2 035 045
146 835	Fire protection	631 000	1 328 935	231 377		1 560 312
2 496	Libraries	136 120	820 181	3 085	2 052	821 214
32 486	Parks and recreation	628 000	5 880 885	16 865		5 897 750
	Grahamstown East		252 167			252 167
1 470 128	<b>Economic Services</b>	4 226 300	31 263 129	7 082 632	51 171	38 294 590
	Cleansing	600 000	2 187 639			2 187 639
	Licensing		532 408			532 408
7 390	Properties and estates	50 000	4 327 963		18 739	4 309 224
1 462 738	Sewerage	3 576 300	16 354 393	7 082 632	32 432	23 404 593
	Grahamstown East		7 860 726			7 860 726
0	<b>HOUSING SERVICE</b>	0	7 866 164	0	0	7 866 164
	Ght. West schemes		4 951 178			4 951 178
	Ght. East schemes		1 139 444			1 139 444
	Alicedale schemes		1 595 772			1 595 772
	Riebeeck East schemes		179 770			179 770
915 459	<b>TRADING SERVICES</b>	1 838 440	66 134 201	692 033	61 008	66 765 226
100 214	Electricity	1 048 120	23 867 683	321 549	46 083	24 143 149
815 245	Water	790 320	42 266 518	370 484	14 925	42 622 077
<u>3 620 877</u>	<b>TOTAL FIXED ASSETS</b>	<u>9 835 990</u>	<u>163 027 932</u>	<u>8 651 842</u>	<u>178 058</u>	<u>171 501 716</u>
	<b>LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS</b>		<b>(150 543 908)</b>	<b>(10 589 965)</b>	<b>(930 115)</b>	<b>(160 203 758)</b>
	Loans redeemed and advances repaid		74 604 378	2 566 937	893 615	76 277 700
	Contributions ex accumulated surplus		3 399 674	48 522		3 448 196
	Contributions ex operating income		8 497 852	150 147	36 500	8 611 499
	Grants and subsidies		63 006 049	7 824 359		70 830 408
	Temporary advances & other		1 035 955			1 035 955
	<b>NET FIXED ASSETS</b>		<u>12 484 024</u>	<u>(1 938 123)</u>	<u>(752 057)</u>	<u>11 297 958</u>

## APPENDIX D

## ANALYSIS OF OPERATING INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2004

Actual 2003 R		Actual 2004 R	Budget 2004 R
<b>INCOME</b>			
	Government and Provincial grants and subsidies	11 628 420	10 474 130
6 350 116	Assessment rates	17 246 738	17 501 250
15 419 936	Sale of electricity	31 033 114	31 689 920
29 187 590	Sale of water	8 264 845	4 432 330
7 500 254	Other service charges	31 417 100	26 456 420
30 640 339	Interest earned	1 092 155	140 000
666 418			
<u>89 764 653</u>	<b>Total Income</b>	<u>100 682 372</u>	<u>90 694 050</u>
<b>EXPENDITURE</b>			
38 919 926	Salaries, wages and allowances	43 252 667	41 459 850
39 621 442	General expenses:	44 722 716	42 471 860
14 657 379	- Purchases of electricity	16 428 748	15 776 120
175 052	- Purchases of water	187 043	320 000
24 789 011	- Other general expenses	28 106 925	26 375 740
6 091 846	Repairs and maintenance	6 825 119	6 096 710
4 595 292	Capital charges	4 331 733	4 721 070
155 638	Contributions to fixed assets	150 181	210 870
4 508 980	Contributions	5 797 616	5 780 570
<u>93 893 124</u>	<b>Gross expenditure</b>	<u>105 080 032</u>	<u>100 740 930</u>
(9 202 636)	Less: Amounts charged out	(9 186 894)	(10 106 580)
<u>84 690 488</u>	<b>Net expenditure</b>	<u>95 893 138</u>	<u>90 634 350</u>

## APPENDIX E

## DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

2003 Actual income R	2003 Actual expenditure R	2003 Surplus/ (Deficit) R		2004 Actual income R	2004 Actual expenditure R	2004 Surplus/ (Deficit) R	2004 Budget Surplus/ (Deficit) R
44 825 875	51 930 135	(7 104 260)	<b>RATE AND GENERAL SERVICE</b>	50 552 741	59 770 580	(9 217 839)	(11 890 780)
29 162 200	29 837 482	( 675 282)	<b>Community services</b>	34 377 927	35 586 010	(1 208 083)	(5 820 940)
15 419 936	255 940	15 163 996	Assessment rates	17 246 738	255 940	16 990 798	17 245 310
670 765	8 478 984	(7 808 219)	Councils' general expenses	3 994 218	10 770 890	(6 776 672)	(6 814 890)
	62 960	( 62 960)	Disaster management		36 036	( 36 036)	( 84 430)
7 679 267	1 819 348	5 859 919	Financial service	6 381 952	2 169 417	4 212 535	412 560
	310 650	( 310 650)	Grants in aid		310 650	( 310 650)	( 333 900)
3 520 124	5 004 487	(1 484 363)	Health services	4 607 921	5 355 718	( 747 797)	(1 782 200)
	2 851 623	(2 851 623)	Management services		3 638 874	(3 638 874)	(3 051 530)
	1 146 236	(1 146 236)	Municipal Manager	500 000	2 012 044	(1 512 044)	(1 725 380)
129 001	6 686 160	(6 557 159)	Public works	234 797	7 652 438	(7 417 641)	(7 104 620)
1 743 107	3 221 094	(1 477 987)	Traffic service	1 412 301	3 384 003	(1 971 702)	(2 581 860)
476 344	9 706 741	(9 230 397)	<b>Subsidised services</b>	559 420	10 991 620	(10 432 200)	(10 031 220)
3 956	88 596	( 84 640)	Aerodrome		85 064	( 85 064)	( 91 240)
160 722	311 650	( 150 928)	Cemeteries	183 075	349 345	( 166 270)	( 191 860)
162 704	826 468	( 663 764)	City hall, halls and offices	185 219	1 002 626	( 817 407)	( 737 180)
38 877	2 709 048	(2 670 171)	Fire protection	57 592	3 057 155	(2 999 563)	(2 642 160)
34 096	1 517 190	(1 483 094)	Libraries	40 071	1 704 043	(1 663 972)	(1 679 390)
75 989	4 253 789	(4 177 800)	Parks and recreation	93 463	4 793 387	(4 699 924)	(4 689 390)
15 187 331	12 385 912	2 801 419	<b>Economic Services</b>	15 615 394	13 192 950	2 422 444	3 961 380
395 282	473 036	( 77 754)	Caravan park	375 511	447 568	( 72 057)	( 186 110)
4 197 052	4 949 348	( 752 296)	Cleansing	4 826 953	5 223 162	( 396 209)	( 561 310)
1 408 874	685 311	723 563	Licensing	1 297 365	513 448	783 917	387 710
421 117	396 346	24 771	Properties and estates	403 588	438 089	( 34 501)	( 80 290)
8 765 006	5 881 871	2 883 135	Sewerage	8 711 977	6 570 683	2 141 294	4 401 380
164 295	21 126	143 169	<b>HOUSING SERVICE</b>	149 006	167 103	( 18 097)	( 41 700)
151 934	10 004	141 930	Ght. West schemes	135 927	153 522	( 17 595)	( 114 260)
	11 122	( 11 122)	Ght. East schemes		13 581	( 13 581)	59 760
12 361		12 361	Alicedale schemes	13 079		13 079	12 800
44 774 483	32 739 227	12 035 256	<b>TRADING SERVICES</b>	49 980 623	35 955 454	14 025 169	11 992 180
29 367 884	23 515 513	5 852 371	Electricity	32 493 161	25 280 962	7 212 199	7 451 740
15 406 599	9 223 714	6 182 885	Water	17 487 462	10 674 492	6 812 970	4 540 440
89 764 653	84 690 488	5 074 165	<b>TOTAL</b>	100 682 370	95 893 137	4 789 233	59 700
		(4 940 604)	Appropriations for this year (refer to note 18)			(14 708 285)	
		133 561	<b>Net surplus/(deficit) for the year</b>			(9 919 052)	
		15 871 400	Accumulated surplus/(deficit) beginning of the year			16 004 961	
		16 004 961	<b>ACCUMULATED SURPLUS/(DEFICIT) END OF THE YEAR</b>			6 085 909	

## APPENDIX F

## STATISTICAL INFORMATION

	2004	2003	2002
<b>a) General statistics</b>			
i) Population (approx)	120 000	120 000	120 000
ii) Valuation:	532 714 038	519 606 878	529 480 371
rateable (residential)	225 338 038	220 043 387	224 219 651
rateable (commercial)	266 015 290	258 191 781	265 050 544
non-rateable	41 360 710	41 371 710	40 210 176
Valuation date : 1987			
Assessment rates - Cents in the rand :			
Residential	3.83200	3.26487	3.02128
Other	4.79000	4.41000	4.07873
iii) Number of properties :	21 077	21 058	17 852
residential	16 530	16 515	13 312
commercial	2 199	2 198	2 196
non-rateable	2 348	2 345	2 344
iv) Number of employees:	523	547	553
<b>b) Electricity statistics</b>			
i) Number of consumers	7 438	6 982	6 708
ii) Units purchased	103 057 836	101 067 570	95 928 796
iii) Units sold	87 750 825	84 846 045	87 337 488
iv) Units lost in distribution	15 307 011	16 221 525	8 591 308
v) Percentage loss in distribution	14.853%	16.050%	8.956%
vi) Cost per unit purchased	R 0.159	R 0.145	R 0.154
vii) Cost per unit sold	R 0.354	R 0.344	R 0.267
viii) Income per unit sold	R 0.370	R 0.346	R 0.321
<b>c) Water statistics</b>			
i) Number of consumers	16 673	15 810	13 806
ii) Kilolitres purified	3 408 262	3 076 272	2 995 806
iii) Kilolitres sold	2 543 552	2 427 293	2 374 302
iv) Kilolitres lost in distribution	864 710	648 979	621 504
v) Percentage loss in distribution	25.371%	21.096%	20.746%
vi) Cost per kilolitre purified	R 3.132	R 2.998	R 3.086
vii) Cost per unit sold	R 4.197	R 3.800	R 3.894
viii) Income per unit sold	R 6.875	R 6.347	R 5.649