

Tswelopele Municipality

Financial Statements

for the year ended 30 June 2004

Tswelopele Municipality

Financial Statements

for the year ended 30 June 2004

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Tswelopele Municipality

General Information

for the year ended 30 June 2004

Members of the Tswelopele Municipal Council

M M Snyer
T P Matlakala
K D Kopamotse
M J Taljaard
M S Bonokwane (Me)
P J Coetzer
M M Masiu
T A Matlakala (Me)
F T Matsholo
M J Ngexe
N S Ngonelo
K R Phukuntsi (Me)
T M J Vinger (Me)

Municipal Manager

R S Mphatse

Financial Manager

J W Young

Grading of Local Authority

Grade 4

Auditors

Auditor-General

Bankers

ABSA

Mayor

Speaker

Member of the Executive Committee

Member of the Executive Committee

Member

Member

Member

Member

Member

Member

Member

Member

Member

Tswelopele Municipality

General Information (continued)

for the year ended 30 June 2004

Registered Office

Physical address:

Civic Centre
Bosman Street
Bultfontein

Postal address:

P.O. Box 3
Bultfontein
9870

Telephone number:

051 - 853 1111

Fax Number:

051 - 853 1332

E-mail Address

logof@tswelopele.org

Map of Tswelopele Municipal Area

A map of the Municipal Area is available at the Council's offices.

Tswelopele Municipality

Approval of Financial Statements

for the year ended 30 June 2004

The Annual Financial Statements set out on pages 13 to 20 were approved by the Municipal Manager on and presented to and approved by Council on 2004

Municipal Manager (PW de Bruin - Acting)

Financial Manager (JW Young)

Report of the Accounting Officer to the Members of Tswelopele Municipality

for the year ended 30 June 2004

We have compiled the Financial Statements of the Tswelopele Municipality for the year ended 30 June 2004 as set out on pages 13 to 20 in accordance with South African Auditing Standards applicable to compilation engagements.

Management is responsible for these Financial Statements. We have not audited or reviewed these Financial Statements and accordingly express no assurance thereon.

.....

Smit Kruger

KPMG

30-Sep-04

Report of the Auditor-General to the Tswelopele Municipality

for the year ended 30 June 2004

The Auditor-General will issue his report upon finalisation of the audit.

Tswelopele Municipality

Report of the Financial Manager

for the year ended 30 June 2004

Introduction

It is a pleasure to present this report for the 2003/2004 financial year.

1. Operating Results

Details of the operating results per classification, department 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 2004 are as follows:

Income	Actual 2003 R	Actual 2004 R	Variance 2003/2004 %	Budget 2004 %	Variance Actual/Budget %
Operating Income for the year	31,457,256	40,284,163	28.06	40,576,000	(0.72)
Total	31,457,256	40,284,163		40,576,000	
Expenditure					
Opening deficit	5,353,831	3,228,483			
Operating Expenditure for the year	26,981,917	36,103,090	(33.80)	40,572,000	11.01
Sundry transfers	2,349,991	183,448			
Closing Surplus (Deficit)	(3,228,483)	769,142		4,000	
Total	31,457,256	40,284,163		40,576,000	

1.1 Rates and General Services

	Actual 2003 R	Actual 2004 R	Variance 2003/2004 %	Budget 2004 R	Variance Actual/Budget %
Income	21,683,758	24,318,269	12.15	29,676,000	(18.05)
Expenditure	(17,773,204)	(22,032,655)	(23.97)	(31,225,000)	29.44
Surplus (Deficit)	3,910,554	2,285,614		(1,549,000)	
Surplus (Deficit) as a % of total Income	12.43	5.67		(3.82)	

Tswelopele Municipality

Financial Manager's Report (continued)

for the year ended 30 June 2004

1.2 Trading Services

1.2.1 Water

	Actual 2003 R	Actual 2004 R	Variance 2003/2004 %	Budget 2004 R	Variance Actual/Budget %
Income	4,109,347	7,724,840	46.80	4,600,000	67.93
Expenditure	(3,639,500)	(6,598,815)	(44.85)	(3,798,000)	(73.74)
Surplus (Deficit)	469,847	1,126,025		802,000	
Surplus (Deficit) as a % of total Income	1.49	2.80		1.98	

1.2.2 Electricity

	Actual 2003 R	Actual 2004 R	Variance 2003/2004 %	Budget 2004 R	Variance Actual/Budget %
Income	5,635,068	8,113,304	43.98	6,300,000	28.78
Expenditure	(5,569,213)	(7,471,620)	(34.16)	(5,599,000)	(33.45)
Surplus (Deficit)	65,855	641,684		701,000	
Surplus (Deficit) as a % of total Income	0.21	1.59		1.73	

1.2.3 Game farming

	Actual 2003 R	Actual 2004 R	Variance 2003/2004 %	Budget 2004 R	Variance Actual/Budget %
Income	29,083	127,750	339.26	50,000	155.50
Surplus (Deficit)	29,083	127,750		50,000	
Surplus (Deficit) as a % of total Income	0.09	0.32		0.12	

Tswelopele Municipality

Report of the Financial Manager (continued)

for the year ended 30 June 2004

2. Capital Expenditure and Financing

During the year fixed assets to the amount of R 8,713,057 were acquired. This is 21% less than the previous year and consist of the following:

	Actual 2003	Budget 2004	Actual 2004
Community Services	87,402	15,054,000	612,111
Public Buildings & Equipment	585,732	60,000	178,715
Administration	20,356	200,000	-
Sanitation	373,867	-	320,409
Roads and Streets	240,923	1,300,000	-
Electricity Network, Equipment & Vehicles	147,815	2,240,700	431,413
High Mast Lighting	-	810,000	-
Water	4,768,101	9,176,594	2,507,939
Sewerage Network	-	17,826,250	-
Upgrading and rehabilitation of roads	4,806,615	3,624,707	4,662,470
	<u>11,030,811</u>	<u>50,292,251</u>	<u>8,713,057</u>

Resources utilised to finance the Fixed Assets are as follows:

	Actual 2003	Budget 2004	Actual 2004
Contributions from Operating Income	234,008	810,000	1,518,388
Assets not previously capitalised			90,000
Contributions from Government, Province and District Municipality	10,796,803	48,482,251	7,064,669
Other sources	-	1,000,000	40,000
	<u>11,030,811</u>	<u>50,292,251</u>	<u>8,713,057</u>

Details of capital expenditure and financing are shown in Appendices B and C.

3. External Loans, Investments and Cash

The current and comparative figures for external loans, investments and cash are as follows:

	2004	2003
External loans	(628,786)	(686,471)
External investments	5,617,513	913,319
Bank overdraft	(1,807,259)	(981,601)

R 1,520,000 of Council's investment serves as security for the overdraft facilities.

More information regarding external loans, investments and cash are disclosed in notes 3, 6, and Appendix B to the financial statements

Tswelopele Municipality

Financial Manager's Report (continued)

for the year ended 30 June 2004

4. Funds, Reserves and Provisions

The current and comparative figures for the Capital Development Fund and other funds are as follows:

	2004	2003
Statutory Funds	721,300	721,300
Provisions	2,180,786	2,269,940
Capital Development Fund	3,618,886	3,081,864
Erven Fund	2,189,968	2,131,968
Other Funds	112	360

More information regarding funds and provisions are disclosed in notes 1,2 and Appendix A to the financial statements

5. Post Balance Sheet events

No events have taken place between the date of the Financial Statements and the date of this report which could have had an effect on the Financial Statements as disclosed.

6. Appreciation

I would like to thank the Mayor, Speaker, Members of the Executive Committee, Councillors, the Municipal Manager, Departmental Heads and all officials for the support they have given me and the staff of my own office and in particular to the Management Support Team appointed by the Department of Local Government and Housing for their assistance and support during the year.

.....
Financial Manager

.....
Date

Tswelopele Municipality

Accounting Policies

for the year ended 30 June 2004

1 Basis of presentation

- 1.1 The financial statements have been prepared to conform to standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practise for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (second edition 1996, as amended).
- 1.2 The financial statements are prepared on the historical cost basis adjusted for fixed assets, as more fully described in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous years, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis:
 - Income is accrued when collectable and measurable.Certain direct income is accrued when received, i.e. traffic fines and certain licences.
 - Expenditure is accrued in the year in which it is incurred.

2 Consolidation

The Financial Statements include the Rates- and General Services, Trading Services and different Funds and Provisions. All inter-departmental charges are set-off against each other.

3 Fixed assets

- 3.1 Fixed assets are stated:
 - at historical cost; or
 - at valuation (based on the market price at the date of acquisition), where assets have been acquired by certain grants or donations.Fixed assets with a value of less than R 1000 are not capitalised.

3.2 Depreciation

The balance shown under 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 immediately or over the period of the long term loan being the source of finance of the particular asset or group of assets.

Tswelopele Municipality

Accounting Policies (continued)

for the year ended 30 June 2004

3.2 Depreciation (continued)

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

- Appropriation from income, where the full cost of the asset forms an immediate and direct charge against operating income. Provision for additional depreciation is deemed unnecessary.
- Grants and donations 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 The net proceeds from the sale of immovable property are credited to the Erven Trust Fund. The net proceeds from the sale of other assets are credited to income.

3.4 Fixed assets are financed from different sources, i.e. internal loans, operating income, endowments and internal advances. These loans and advances are redeemed over a period equal to the expected lives of the assets. Interest is charged to the service concerned at the ruling interest rate applicable at the time of the approval of loans or advances.

4 Inventory

Inventory is valued at the lower of cost, determined on the weighted average basis and net realisable value after due provision for obsolescence has been made.

5 Funds and Provisions

5.1 Capital Development Fund

The Capital Development Fund Ordinance Nr. 9 of 1978 stipulates that Local Authorities have to contribute a minimum of 1.0% of the total annual income to the Capital Development Fund.

5.2 Erven Trust Fund

The net proceeds from the sale of immovable property are credited to this Fund. This Fund is utilised for financing projects of a lasting non-productive nature as prescribed in Sec.85(1)(b) of the Local Government Ordinance, 1962 (Ordinance no 8 of 1962).

5.3 Other Funds

These Funds and reserves are funded by way of direct contributions from external sources and interest earned and will be utilised to finance future expenses

Tswelopele Municipality

Accounting Policies (continued)

for the year ended 30 June 2004

6 Provisions

Provisions have been made for liabilities or contingencies which are known at the date of the balance sheet but for which the amounts involved cannot be determined with substantial accuracy.

The provision for bad debts refers to current assets and is therefore disclosed as a deduction from debtors.

7 Retirement Benefits

- 7.1 The retirement benefit plan is subject to the Pension Fund Act of 1956, with pensions being calculated either on the fixed contribution or the fixed benefit method. Current contributions by the Municipality are charged against operating income on the basis of current service cost. Unfavourable experience adjustments and the cost of insurance of the increased benefits are written off over the smallest of the remaining service period or over five years. Favourable experience adjustments are retained in the retirement plan.

- 7.2 Tswelopele Municipality and its employees contribute to the Free State Municipal Pension Fund, the Free State Municipal Provident Fund, SAMWU Provident Fund or Sala Pension Fund, whilst the Councillors contribute to the Pension Fund for Municipal Councillors. All five the funds provide retirement benefits to employees and/or Councillors concerned.

8 Surplus and deficits

Any surplus or deficit originating from the Electricity or Water Services are transferred to Rates and General Services.

9 Treatment of administrative and other overhead costs

The cost of internal auxiliary services are debited against the different services and are in accordance with IMTA's Report on Accounting for Support Services (1990).

10 Leased Assets

Fixed assets held under finance leases are only capitalised at the end of the term of the lease.

Leases were treated as operating leases and the relevant rentals were charged to the operating account.

Tswelopele Municipality

Accounting Policies (continued)

for the year ended 30 June 2004

11 Investments

Investments are made in accordance with the requirements of Section 84 of the Local Government Ordinance, 1962 (Ordinance no 8 of 1962) and policy prescribed by the Local Government Transition Act, (Act no 209 of 1993).

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested according to the provisions contained in the Circular issued by Provincial Legislature.

12 Income recognition

12.1 Electricity and water charges

All meters are read and billed monthly. Where meters can not be read during a particular month a provisional bill is issued with the necessary adjustments made in the month when the meters are indeed read.

13 Assessment Rates

The Council applies a differentiated rates system. According to this system assessment rates are charged on the value of the land (Bultfontein and Hoopstad) and improvements (Hoopstad). Certain rebates are granted according to the use to which a particular property is put. Further relief is granted to the aged and the needy.

Tswelopele Municipality

Balance Sheet

as at 30 June 2004

	Note	2004 R	2003 R
Capital Employed			
Funds and Reserves		6,530,154	5,935,132
Statutory Funds	1	6,530,154	5,935,132
Accumulated Surplus (Deficit)		769,142	(3,228,483)
		<u>7,299,296</u>	<u>2,706,649</u>
Trust Funds	2	112	360
Long Term Liabilities	3	477,302	632,744
Consumer Deposits	4	222,863	215,410
Total Capital Employed		<u>7,999,573</u>	<u>3,555,163</u>
Employment of Capital			
Fixed Assets	5	628,788	686,465
Investments	6	212,454	212,454
Long Term Debtors	7	85,672	180,071
		<u>926,914</u>	<u>1,078,990</u>
Net Current Liabilities		7,072,659	2,476,173
Current Assets		13,984,202	10,702,914
Inventory	8	763,234	644,876
Debtors	9	7,672,236	9,229,850
Cash		2,840	590
Short Term portion of Long Term Debtors		140,833	126,733
Short Term Investments	6	5,405,059	700,865
Current Liabilities		6,911,543	8,226,741
Provisions	10	2,180,786	2,269,940
Creditors	11	2,772,014	4,921,473
Short Term portion of Long Term Liabilities	3	151,484	53,727
Bank Overdraft	12	1,807,259	981,601
Total Employment of Capital		<u>7,999,573</u>	<u>3,555,163</u>

Tswelopele Municipality

Income Statement

for the year ended 30 June 2004

Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budget Surplus/ (Deficit)
2003	2003	2003	2003
R	R	R	R
21,683,758	17,773,204	3,910,554	(1,209,988)
13,302,664	9,503,089	3,799,575	(1,367,285)
2,133,982	2,305,143	(171,161)	(352,503)
6,247,112	5,964,972	282,140	509,800
9,773,498	9,208,713	564,785	1,287,411
<u>31,457,256</u>	<u>26,981,917</u>	4,475,339	<u>77,423</u>

(2,349,991)
2,125,348
(5,353,831)
<u>(3,228,483)</u>

Rates and

General Services

Community Services
Subsidised Services
Economic Services

Trade Services

Total

Appropriations for the year

(See note 17)

Net Surplus for the year

Opening Accumulated (Deficit)

Accumulated Surplus (Deficit)

Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budget Surplus/ (Deficit)
2004	2004	2004	2004
R	R	R	R
24,318,269	22,032,655	2,285,614	(1,549,000)
14,676,826	12,451,488	2,225,338	(1,141,000)
2,796,110	2,872,234	(76,124)	(591,000)
6,845,333	6,708,933	136,400	183,000
15,965,894	14,070,435	1,895,459	1,553,000
<u>40,284,163</u>	<u>36,103,090</u>	4,181,073	<u>4,000</u>

(183,448)
3,997,625
(3,228,483)
<u>769,142</u>

Tswelopele Municipality

Cash flow statement

for the year ended 30 June 2004

	Note	2004	2003
		R	R
Cash retained from operating activities		12,651,528	12,173,546
Cash generated by Operations	18	(10,905,105)	(8,164,421)
Investment Income	16	236,655	41,865
Increase/(Decrease) in Working Capital	19	(4,292,451)	(3,686,731)
		(14,960,901)	(11,809,287)
Less: External Interest Paid		(152,370)	(235,426)
Cash available from/(utilised in) Operations		(15,113,271)	(12,044,713)
Cash contributions from Government and Public Bodies		27,561,691	24,198,259
Fixed Assets sold		203,108	20,000
Cash utilised in investing activities			
Investment in Fixed Assets		(8,713,057)	(11,030,811)
Net cash flow		<u>3,938,471</u>	<u>1,142,735</u>
Cash effects of financing activities			
Increase/(Decrease) in Long Term Loans	20	(57,685)	(134,063)
(Increase)/Decrease in Investments	21	(4,704,194)	(646,245)
(Increase)/Decrease in Bank and Cash On Hand	22	823,408	(362,427)
Net cash utilised		<u>(3,938,471)</u>	<u>(1,142,735)</u>

Tswelopele Municipality

Notes to the financial statements

for the year ended 30 June 2004

	2004 R	2003 R
1 Statutory Funds		
Infrastructure Development	721,300	721,300
Capital Development Fund	3,618,886	3,081,864
Erven Fund	<u>2,189,968</u>	<u>2,131,968</u>
	6,530,154	5,935,132
1.1 See Appendix A		
2 Trust Funds		
Tshedisanang Day Care Centre	<u>112</u>	<u>360</u>
	112	360
2.1 See Appendix A		
3 Long Term Liabilities		
Development Bank of South Africa	533,739	559,431
ABSA	73,141	100,998
Local Authorities Loan Fund	<u>21,906</u>	<u>26,042</u>
	628,786	686,471
Less: Current Portion transferred to Current Liabilities - note 3.1	<u>(151,484)</u>	<u>(53,727)</u>
	477,302	632,744
3.1 See Appendix B		
The loans bear interest at rates that varies between 9% and 18.7% per annum, the loans are unsecured and expire between 2004 and 2009.		
4 Consumer Deposits		
Water	31,749	16,825
Electricity	<u>191,114</u>	<u>198,585</u>
	222,863	215,410
4.1 No guarantees are kept in lieu of electricity deposits		
5 Fixed Assets		
Fixed Assets at the Beginning of the Year	74,281,639	63,280,508
Capital Expenditure	8,713,057	11,030,811
Less: Assets written-off, transferred or disposed off	<u>(1,233,799)</u>	<u>(29,680)</u>
Total Fixed Assets	81,760,897	74,281,639
Less: Loans Redeemed and Other Capital Receipts	<u>(81,132,109)</u>	<u>(73,595,174)</u>
Net Fixed Assets	628,788	686,465
5.1 See Appendix C and Section 2 of the Financial Manager's Report.		

Tswelopele Municipality

Notes to the financial statements

for the year ended 30 June 2004

	2004 R	2003 R
6 Investments		
Unlisted		
Senwes Funds - note 6.1 to 6.4	212,454	212,454
Short Term Investments - note 6.4	5,405,059	700,865
	5,617,513	913,319
Less: Transfer of Short Term Investments	(5,405,059)	(700,865)
	212,454	212,454
6.1 Unlisted Investments	212,454	212,454
Management's Valuation of Unlisted Investments	134,992	62,558
6.2 Average Gross Rate on Investments	4.21%	19.71%
6.3 Ordinance 8 of 1962 and the Local Government Transition Act (209 of 1993) require that funds, trust funds and other be invested in prescribed instruments		
6.4 No investments have been written-off during the year. A short term investment of R 1,520,000 has been pledged as security for the overdraft facilities of the Council		
7 Long Term Debtors		
Vehicle Loans	192,097	267,661
Housing Loans - Public	34,408	39,066
Housing Loans - Employees	-	77
	226,505	306,804
Less: Short Term Portion of Long Term Debtors - note 7.1	(140,833)	(126,733)
	85,672	180,071
7.1 Transferred to Current Assets		
8 Inventory		
Inventory consists of consumables, materials and game - note 8.1	763,234	644,876
8.1 Adequate provision has been made for obsolete stock.		
9 Debtors		
Consumer Debtors	42,490,302	37,170,723
Sundry Debtors	1,887,954	1,380,612
	44,378,256	38,551,335
Less: Bad Debts	(32,991,485)	(29,321,485)
Less: Provision for VAT	(3,714,535)	-
	7,672,236	9,229,850
9.1 Bad Debts : R 550,783 (2003: R 43 986). This represents 1% (2003: 0%) of total operating income for the year.		
9.2 Days outstanding in debtors are in excess of 120 days (2003 : 120 + days)		

Tswelopele Municipality

Notes to the financial statements

for the year ended 30 June 2004

	2004 R	2003 R
10 Provisions		
Audit Fees	491,000	460,630
Leave Reserve	1,689,786	1,809,310
Bad Debts - Current Year	32,991,485	29,321,485
	<u>35,172,271</u>	<u>31,591,425</u>
Less: Provision transferred to Debtors - note 10.2	(32,991,485)	(29,321,485)
	<u>2,180,786</u>	<u>2,269,940</u>
10.1 Note: See note 9		
10.2 See Appendix A		
11 Creditors		
Trade and Sundry Creditors	1,146,255	4,159,638
Deposits	585,276	428,863
Amounts Received in Advance	1,040,483	332,972
	<u>2,772,014</u>	<u>4,921,473</u>
12 Bank Overdraft		
Overdraft - note 12.1	1,807,259	981,601
12.1 The overdraft is secured by a limited cession of the ABSA investment for R 1,520,000.		
13 Assessment Rates		
	Valuation 30.06.2004	Actual Income 2004
	R	R
Government	36,192,100	536,112
Residential and Other	58,156,980	1,896,970
Hard Services - Phahameng	-	226,693
	<u>94,349,080</u>	<u>2,659,775</u>
13.1 Valuation of land and improvements is performed every five years. The last general valuation came into effect on 1 July 1996. The MEC for Local Government and Housing has however granted extension of time for the new valuations to be executed.		
13.2 The assessment rates are as follows: Land : Bultfontein 32.7c/R; Hoopstad 7.21c/R Improvements: Bultfontein nil/R; Hoopstad 0.90c/R (2003:as above) Rebates are given to the Central and Provincial Government.		

Tswelopele Municipality

Notes to the financial statements

for the year ended 30 June 2004

	2004	2003
	R	R
14 Councillors' Remuneration		
Mayor's Allowance	160,895	170,481
Speaker's Allowances	161,133	144,780
Councillors' Allowances	424,057	365,760
Executive Committee Members' Allowances	93,798	106,209
Pension Fund Contributions	74,859	66,311
	<u>914,742</u>	<u>853,541</u>
15 Auditors Fees		
Current Year	491,000	460,630
(Over) Provision Previous Year	<u>(72,216)</u>	<u>(90,704)</u>
	<u>418,784</u>	<u>369,926</u>
16 Finance Transactions		
Total External Interest received or paid:		
Interest received	236,655	41,865
Interest paid	<u>(152,370)</u>	<u>(235,426)</u>
	<u>84,285</u>	<u>(193,561)</u>
Capital Expenses debited against Operating Account:		
Interest :	152,370	235,426
- External	<u>152,370</u>	<u>235,426</u>
Redemption:	57,685	134,063
- External	<u>57,685</u>	<u>134,063</u>
17 Appropriations		
Appropriation Account:		
Accumulated (Deficit) : Beginning of the Year	(3,228,483)	(5,353,831)
Operating Surplus for the Year	4,181,073	4,475,339
Appropriations for the Year:	<u>(183,448)</u>	<u>(2,349,991)</u>
Adjustments Previous Years	<u>(183,448)</u>	<u>(2,349,991)</u>
Accumulated Surplus (Deficit) : End of the Year	<u>769,142</u>	<u>(3,228,483)</u>
18 Cash generated by Operations		
Surplus for the Year	4,181,073	4,475,339
Assets not previously capitalised	90,000	-
Adjustments in respect of:		
Previous Years' Operating Transactions	(183,448)	(2,349,991)
Appropriations charged against Income:	6,657,302	3,264,108
Capital Development Fund	<u>398,002</u>	<u>314,005</u>
Provisions and Reserves	<u>4,944,028</u>	<u>2,736,094</u>
Capital Expenditure	<u>1,518,380</u>	<u>234,009</u>
Fixed Assets sold	<u>(203,108)</u>	<u>(20,000)</u>

Tswelopele Municipality

Notes to the financial statements

for the year ended 30 June 2004

	2004 R	2003 R
18 Cash generated by Operations (continued)		
Capital Charges:	210,055	369,489
Interest paid:	152,370	235,426
- External Loans	152,370	235,426
Redemption:	57,685	134,063
- External Loans	57,685	134,063
Grants and Subsidies received	(20,457,022)	(13,401,452)
Operating Income credited against:		
- Statutory Funds	8,772	112,199
- Trust Funds	-	(50,608)
Non-operating Expenditure debited against:		
- Accumulated Funds	(48,655)	(4,353)
- Provisions and Reserves	(1,363,182)	(579,152)
	<u>(10,905,105)</u>	<u>(8,164,421)</u>
19 (Increase)/Decrease in Working Capital		
(Increase)/Decrease in Inventory	(118,358)	43,721
(Increase)/Decrease in Debtors	(2,032,087)	(4,224,522)
Increase/(Decrease) in Creditors	(2,142,006)	494,070
	<u>(4,292,451)</u>	<u>(3,686,731)</u>
20 Increase/(Decrease) in Long Term Liabilities		
Loans repaid	<u>(57,685)</u>	<u>(134,063)</u>
21 (Increase)/Decrease in Cash Investments		
Investments at the Beginning of the Year	913,319	267,074
Less: Investments at the End of the Year	<u>5,617,513</u>	<u>913,319</u>
	<u>(4,704,194)</u>	<u>(646,245)</u>
22 (Increase)/Decrease in Cash and Bank		
Cash and Bank Balance at the Beginning of the Year	(981,011)	(1,343,438)
Less: Cash and Bank Balance at the End of the Year	<u>(1,804,419)</u>	<u>(981,011)</u>
	<u>823,408</u>	<u>(362,427)</u>
23 Retirement Benefits - Pension Fund		
Fund	Date of last actuarial valuation	Surplus (deficit)
Free State Municipal Pension Fund	30-Jun-02	Financial position: Sound
SAMWU National Provident Fund	30-Jun-02	No Surplus or deficit
SALA Pension Fund	30-Jun-01	Deficit
Free State Municipal Provident Fund	30-Jun-01	Financial position: Sound
24 Contingent Liabilities and Contractual Obligations		
24.1 Contractual obligations:		
- Adequate provision has been made for retention monies due under certain capital contracts.		
24.2 Leave Pay Outstanding at 30 June 2004 : R 1,689,786		
(2003: R 1 768 443)		
Provision for Leave Pay: R 783,028 (2003: R 634 597)		

Tswelopele Municipality

Financial Statements

for the year ended 30 June 2004

Appendix A

Statutory Funds, Reserves and Trust Funds

	Balance 01.07.2003	Contributions 2004	Interest 2004	Other Income & Adjustments 2004	Expenditure 2004	Balance 30.06.2004
Statutory Funds						
Capital Development Fund	3,081,864	398,002	139,020	-	-	3,618,886
Infrastructure Development Fund	721,300	-	-	-	-	721,300
Erven fund	2,131,968	-	97,635	8,772	(48,407)	2,189,968
	<u>5,935,132</u>	<u>398,002</u>	<u>236,655</u>	<u>8,772</u>	<u>(48,407)</u>	<u>6,530,154</u>
Trust Funds						
Tshedisanang Day Care Centre	360	-	-	-	(248)	112
	<u>360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(248)</u>	<u>112</u>
Provisions						
Audit Fees	460,630	491,000	-	-	(388,414)	563,216
Audit Fees Adj previous years	-	-	-	(72,216)	-	(72,216)
Audit Fees	460,630	491,000	-	(72,216)	(388,414)	491,000
Accrued Leave Pay	1,809,310	783,028	-	-	(902,552)	1,689,786
Sub Total	<u>2,269,940</u>	<u>1,274,028</u>	<u>-</u>	<u>(72,216)</u>	<u>(1,290,966)</u>	<u>2,180,786</u>
Bad Debts	29,321,485	3,670,000	-	-	-	32,991,485
	<u>31,591,425</u>	<u>4,944,028</u>	<u>-</u>	<u>(72,216)</u>	<u>(1,290,966)</u>	<u>35,172,271</u>

Tswelopele Municipality

Financial Statements

for the year ended 30 June 2004

Appendix B

External Loans

Government and External Loans	Interest Rate	Loan No.	Year of Settlement	Balance 01.07.2003	Received 2004	Adjustment 2004	Redeemed/ Written Off 2004	Balance 30.06.2004
Development Bank of South Africa				559,431	-	-	(25,692)	533,739
Sewerage	13.45%	3	2009	557,458	-	-	(24,178)	533,280
Water	9.00%	9	2005	1,318	-	-	(859)	459
Electricity	9.00%	13	2004	655	-	-	(655)	-
ABSA Bank				100,998	-		(27,857)	73,141
Camps	18.70%	25	2006	21,355	-	-	(5,889)	15,466
Electricity	18.70%	25	2006	79,643	-	-	(21,968)	57,675
Local Authorities Loan Fund	11.25%	37	2008	26,042	-	-	(4,136)	21,906
Total External Loans				686,471	-	-	(57,685)	628,786

Tswelopele Municipality

Financial Statements

for the year ended 30 June 2004

Appendix C

Analysis of Fixed Assets

Expenditure Service 2003	Balance at 01.07.2003	Expenses 2004	Redeemed, transferred or written-off 2004	Balance at 30.06.2004
R	R	R	R	R
6,114,895 Rates and General Services	44,707,813	5,773,705	552,952	49,928,566
5,736,224 Community Services	29,216,002	5,453,296	493,245	34,176,053
- Ambulance - Phahameng	102,171	-	-	102,171
20,356 Administration	246,914	-	27,613	219,301
- Town Land	1,701,250	-	-	1,701,250
- Creche	39,480	-	-	39,480
- Council Property	420,069	-	39,375	380,694
- Camps and Pound - Bultfontein	51,601	-	-	51,601
- Camps and Pound - Hoopstad	526,079	-	184,800	341,279
11,157 City Hall and Community Hall - Bultfontein	523,753	58,526	-	582,279
6,198 City Hall and Community Hall - Hoopstad	930,159	90,000	36,175	983,984
- Civil Protection	6,486	-	-	6,486
- Communal Land	191,538	-	-	191,538
65,243 Parks and Cemeteries - Bultfontein	512,061	41,207	-	553,268
- Parks and Cemeteries - Hoopstad	109,304	35,260	28,015	116,549
585,732 Public Buildings and Equipment	2,573,384	178,715	62,734	2,689,365
115,416 Public Works - Bultfontein	9,988,394	406,714	(1,869)	10,396,977
4,806,615 Public Works - Hoopstad	7,387,714	4,255,756	67,229	11,576,241
- Sports Grounds - Bultfontein	649,177	347,118	-	996,295
- Sports Grounds - Hoopstad	718,333	-	-	718,333
- Swimming Pool - Bultfontein	77,917	-	-	77,917
- Swimming Pool - Hoopstad	44,173	-	44,173	-
43,907 Unsold Erven - Hoopstad	930,421	-	5,000	925,421
81,600 Planning - Hoopstad	153,259	-	-	153,259
- Unsold Houses - Phahameng	249,289	40,000	-	289,289
- Unsold Stands - Bultfontein	36,510	-	-	36,510
- Unsold Stands - Phahameng	1,046,566	-	-	1,046,566
4,804 Subsidised Services	604,622	-	24,453	580,169
4,804 Clinic - Bultfontein	269,281	-	-	269,281
- Clinic - Phahameng	226,596	-	-	226,596
- Fire Brigade - Bultfontein	17,570	-	3,107	14,463
- Fire Brigade - Hoopstad	33,458	-	15,986	17,472
- Health	21,220	-	-	21,220
- Library - Hoopstad	33,725	-	5,360	28,365
- Library - Bultfontein	2,772	-	-	2,772
373,867 Economic Services	14,887,189	320,409	35,254	15,172,344
- Development	53,192	-	33,754	19,438
- Refuse	358,523	-	-	358,523
373,867 Sewerage - Bultfontein	6,234,738	320,409	-	6,555,147
- Sewerage - Hoopstad	6,939,294	-	1,500	6,937,794
- Water Bourne Sewerage	1,301,442	-	-	1,301,442
6,114,895 Balance c/f	44,707,813	5,773,705	552,952	49,928,566

Tswelopele Municipality

Financial Statements

for the year ended 30 June 2004

Analysis of Fixed Assets (continued)

Expenditure Service 2003		Balance at 01.07.2003	Expenses 2004	Redeemed, transferred or written-off 2004	Balance at 30.06.2004
R		R	R	R	R
6,114,895	Balance b/f	44,707,813	5,773,705	552,952	49,928,566
4,915,916	Trading Services	29,573,826	2,939,352	680,847	31,832,331
-	Abattoir	429,240	-	-	429,240
147,815	Electricity - Bultfontein	1,451,121	431,413	2,500	1,880,034
-	Electricity - Hoopstad	2,337,215	-	660,360	1,676,855
-	Farming	376,384	-	14,799	361,585
-	Game Farming	127,513	-	3,188	124,325
1,980,699	Water - Bultfontein	15,264,397	388,025	-	15,652,422
2,787,402	Water - Hoopstad	9,587,956	2,119,914	-	11,707,870
11,030,811	Total Fixed Assets	74,281,639	8,713,057	1,233,799	81,760,897
11,958,779	Less: Loans Redeemed and other Capital Receipts	73,595,174	8,784,865	1,247,930	81,132,109
134,063	Loans Redeemed and Advances Paid	351,631	57,685	14,130	395,186
1,027,909	Contributions ex Operating Income	12,295,158	1,622,511	895,316	13,022,353
234,009		12,295,158	1,518,381	895,316	-
-	- Asset not previously capitalised	-	90,000	-	-
793,900	Loans redeemed and transferred	-	14,130	-	13,022,353
-	- Other sources	5,274,949	-	-	5,274,949
-	- Contributions from Funds	981,955	40,000	-	1,021,955
10,796,807	Contributions from State and District Municipality	53,898,170	7,064,669	323,812	60,639,027
-	- Revaluation	28,600	-	-	28,600
-	- Grants	764,711	-	14,672	750,039
(927,968)	Net Fixed Assets	686,465	(71,808)	(14,131)	628,788

Tswelopele Municipality

Financial Statements

for the year ended 30 June 2004

Appendix D

Analysis of Operating Income and Expenditure

Actual 2003 R		Actual 2004 R	Budget 2004 R
Income			
13,401,452	Grants and Subsidies	20,457,022	19,477,000
11,378,851	- Central Government	18,000,582	17,875,000
1,742,988	- Provincial Government	2,176,340	1,552,000
279,613	- Other	280,100	50,000
18,055,804	Operating Income	19,827,141	21,099,000
2,797,944	- Assessment Rates	2,659,775	2,480,000
5,526,959	- Sale of Electricity	5,863,377	6,300,000
2,886,899	- Sale of Water	4,404,559	4,600,000
6,844,002	- Other Services and Charges	6,899,430	7,719,000
31,457,256		40,284,163	40,576,000
Expenditure			
13,788,319	Salaries, Wages and Allowances	16,723,799	18,114,000
7,750,248	General Expenses:	8,074,174	7,769,000
4,004,016	- Purchase of Electricity	4,272,504	4,000,000
419,896	- Purchase of Water	500,728	400,000
3,326,336	- Other General Expenses	3,300,942	3,369,000
1,875,777	Repairs & Maintenance & Fuel	2,098,140	2,996,000
234,009	Contributions to Fixed Assets	1,518,381	810,000
243,733	Capital Charges	152,669	1,757,000
3,089,831	Contributions	7,535,927	9,126,000
26,981,917		36,103,090	40,572,000

Tswelopele Municipality

Financial Statements

for the year ended 30 June 2004

Appendix E

Detailed Income Statement

Actual Income	Actual Expenditure	Surplus/ (Deficit)		Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budgeted Surplus/ (Deficit) 2004
2003	2003	2003		2004	2004	2004	
R	R	R		R	R	R	R
21,683,758	17,773,204	3,910,554	Rates and General Services	24,318,269	22,032,655	2,285,614	(1,549,000)
13,302,664	9,503,089	3,799,575	Community Services	14,676,826	12,451,488	2,225,338	(1,141,000)
3,239,981	792,400	2,447,581	Assessment Rates	3,070,072	1,773,951	1,296,121	2,338,000
609,261	79,161	530,100	Camps	642,413	83,528	558,885	579,000
-	636,291	(636,291)	Community Services	-	1,167,799	(1,167,799)	(1,299,000)
4,750	1,519,713	(1,514,963)	Council's General Account	17,087	1,890,372	(1,873,285)	(1,768,000)
550	6	544	Licences	2,276	22	2,254	-
77,429	680,075	(602,646)	Parks and Cemeteries	80,940	752,953	(672,013)	(697,000)
37,296	2,245,894	(2,208,598)	Public Works	17,740	1,710,859	(1,693,119)	(2,720,000)
103,858	2,758	101,100	Properties	79,558	28,910	50,648	(19,000)
-	161,844	(161,844)	Sports Grounds	-	122,204	(122,204)	(225,000)
29,489	461,388	(431,899)	Town Hall	43,369	581,419	(538,050)	(439,000)
8,939,842	2,110,033	6,829,809	Town Treasurer	10,278,908	2,727,739	7,551,169	4,315,000
-	553,318	(553,318)	Municipal Manager	-	1,167,269	(1,167,269)	(1,206,000)
260,208	260,208	-	Welfare	444,463	444,463	-	-
2,133,982	2,305,143	(171,161)	Subsidised Services	2,796,110	2,872,234	(76,124)	(591,000)
1,618,750	1,789,911	(171,161)	Health	2,176,340	2,252,464	(76,124)	(591,000)
40,994	40,994	-	Fire Brigade	111,217	111,217	-	-
474,238	474,238	-	Library	508,553	508,553	-	-
6,247,112	5,964,972	282,140	Economic Services	6,845,333	6,708,933	136,400	183,000
2,348,028	2,196,765	151,263	Refuse Removal	2,586,869	2,520,524	66,345	119,000
3,899,084	3,768,207	130,877	Sewerage	4,258,464	4,188,409	70,055	64,000
9,773,498	9,208,713	564,785	Trading Services	15,965,894	14,070,435	1,895,459	1,553,000
5,635,068	5,569,213	65,855	Electricity	8,113,304	7,471,620	641,684	701,000
29,083	-	29,083	Game Farming	127,750	-	127,750	50,000
4,109,347	3,639,500	469,847	Water	7,724,840	6,598,815	1,126,025	802,000
31,457,256	26,981,917	4,475,339	Total	40,284,163	36,103,090	4,181,073	4,000
			Appropriations for previous years				
		(2,349,991)	(See note 17)			(183,448)	
		2,125,348	Net Surplus (Deficit) for the year			3,997,625	
		(5,353,831)	Opening Accumulated (Deficit)			(3,228,483)	
		(3,228,483)	Accumulated Surplus (Deficit)			769,142	

Tswelopele Municipality

Statistical Information

for the year ended 30 June 2004

Appendix F

General Statistics		2004	2003
i) Population		64,684	64,684
ii) Valuation of property : rateable	Land	R12,031,580	12,031,580
	Improvements	R160,611,980	160,611,980
Valuation of property : non rateable	Land	R10,441,052	10,441,052
	Improvements	R38,448,050	38,448,050
iii) Date of Valuation		1996/1997	1996/1997
iv) Number of stands - residential and commercial		8,968	8,968
v) Assessment rate on land: Bultfontein / R		32.7c	32.7c
	Hoopstad / R	7.21c	7.21c
Assessment rate on Improvements: Hoopstad / R		0.90c	0.90c
vi) Number of employees		199	173
vii) Area (Town land)		5 780ha	5 780ha
Electricity Statistics			
i) Units purchased (kWh)		21,109,019	21,393,613
ii) Units sold		19,171,693	19,324,170
iii) Units lost in distribution		1,937,326	2,069,443
iv) Percentage loss in distribution		9%	10%
v) Cost per unit sold		39c	29c
vi) Income per unit sold		31c	29c
Water Statistics			
i) Units purchased (kl)		2,148,731	1,970,122
ii) Units sold (kl)		1,860,217	1,696,875
iii) Units lost in distribution		288,514	273,247
iv) Percentage loss in distribution		13%	14%
v) Cost per unit sold		R 3.55	R 2.15
vi) Income per unit sold		R 2.37	R 1.71