

METSWEDING DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2004



METSWEDING DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2004

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METSWEDING DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS: GENERAL INFORMATION for the year ended 30 June 2004

EXECUTIVE MAYOR

Councillor M.O. Maila

SPEAKER OF THE COUNCIL

Councillor R. Sibanyoni

MEMBERS OF THE MAYORAL COMMITTEE

Councillor A. Mlondobozi

Councillor A.R. Mogale (resigned 30 April 2004)

Councillor PM Mohotlane (w.e.f. 01 June 2004)

Councillor O.A. Nkabinde

MEMBERS OF THE METSWEDING DISTRICT MUNICIPALITY

Councillor J.R. Boot

Councillor C.F. Botha (resigned 31 July 2003)

Councillor W.C. Durand

Councillor M.A. Mahlangu

Councillor R.M. Mello (w.e.f. 01 August 2003)

Councillor C.R. Mokgawa

Councillor D. Motaung (w.e.f. 01 August 2003)

Councillor E.N. Myataza

Councillor M.S. Nkosi

Councillor R.G.P. Opperman

Councillor H.P. Prinsloo (resigned 31 July 2003)

Councillor P.J.F. Roos (w.e.f. 01 August 2003)

Councillor T.J. Rossouw (w.e.f. 01 August 2003)

Councillor A. Watson (resigned 05 May 2004)

MUNICIPAL MANAGER

Ms. R.S. Letwaba (resigned 30 April 2004)

Mr. E.V. Sweeney (acting w.e.f. 01 May 2004 – 31 July 2004)

Mr. C.A. Chikane (w.e.f. 01 August 2004)

CHIEF FINANCIAL OFFICER

Mr. E.V. Sweeney



METSWEDING DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS: GENERAL INFORMATION for the year ended 30 June 2004

GRADING OF THE LOCAL AUTHORITY

Grade 4 for the purpose of the remuneration of councillors and grade 8 for the purpose of remuneration of officials.

AUDITORS

Auditor – General

BANKERS

ABSA Bank Limited

REGISTERED OFFICE

Lazarus Building
43 Lanham Street
Bronkhorstspuit

POSTAL ADDRESS

Private Bag X10579
Bronkhorstspuit
1020

CONTACT DETAILS

Tel: (013) 932 5121/3/4
Fax: (013) 932 1796

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 9 to 27 were approved by the Municipal Manager on 02 March 2005.

Mr. C.A. Chikane
MUNICIPAL MANAGER
02 March 2005

Mr. E.V. Sweeney
CHIEF FINANCIAL OFFICER
02 March 2005



METSWEDING DISTRICT MUNICIPALITY

REPORT OF THE CHIEF FINANCIAL OFFICER for the year ended 30 June 2004

The Metsweding District Municipality was established as a cross-boundary category C municipality on 5 December 2000 by the Members of the Executive Councils (MEC's) responsible for local government in the Gauteng and Mpumalanga provinces, per notice 6767 of 2000 as published in the provincial gazette extraordinary no. 141 of 01 October 2000, in terms of Section 12 of the Municipal Structures Act, Act No. 117 of 1998. The Local Municipalities of Kungwini and Nokeng tsa Taemane were established as category B municipalities within the jurisdiction of Metsweding.

The year ended 30 June 2004 has been the third year of operations for the Metsweding District Municipality. Revenue from Regional Services Council levies has increased by 9.37% mainly due to increased collection efforts. Interest received has increased by 14.43% mainly due to an increase in deferred income. Grants and subsidies have slightly decreased by 1.69%. During the year under review the Gauteng Department of Health appointed the Metsweding District Municipality as the appointed agent of the Department to provide Emergency Medical Services (Ambulance Services). The Service is funded in total by the Gauteng Health Department. Management is of the opinion that the increase in revenue from Regional Services Councils levies has reached a plateau. Interest received will not be sustained on the same levels, due to an envisaged outflow of cash to fund increased development aid activities, as well as a substantial drop in rates.

Regional services (Section 12(6)(a) of Act 109 of 1985) have increased by 17.82%. Transfers to Local B Municipalities has increased substantially by 33.99% mainly due to an increase in grants and subsidies. The Kungwini Local Municipality benefited to an amount of R5,315,033 (R9,108,461 : 2003) and the Nokeng tsa Taemane Local Municipality benefited to an amount of R12,412,189 (R4,937,935 : 2003).

The Ekurhuleni Metropolitan Municipality was authorised by the MEC responsible for local government in the Gauteng Province to administer and collect the Regional Services Council Levies for and on behalf of the Metsweding District Municipality. This authorisation has continued for the year under review. Unfortunately, records received from Ekurhuleni proved to be unreliable to the extent that it influenced the completion of the financial statements. In essence RSC Levy Debtors as well as RSC Levy Creditors (Debtors with Credit Balances) were being overstated by considerable margins, however the net position remained almost the same, with a net movement of only R37,502. Movements on the revenue account, as well as actual cash receipts clearly indicated that prior year figures represented a much truer position than the inflated figures. Due to the small net movement between RSC Levy Creditors and Debtors, as well as reconciliation of revenue and actual receipts, debtors were stated at prior year figures with the only adjustment made to Creditors, representing the actual receipts at Metsweding not captured by Ekurhuleni.

An agency agreement was reached between the Metsweding District Municipality and the Kungwini Local Municipality whereby Kungwini administered certain corporate functions for Metsweding during the year under review.



METSWEDING DISTRICT MUNICIPALITY

REPORT OF THE CHIEF FINANCIAL OFFICER for the year ended 30 June 2004

1. KEY FINANCIAL INDICATORS: FINANCIAL STATISTICS

Balance sheet ratios and financial statements ratios

	2004	2003
Surplus/(Deficit) before appropriations	(R 8,750,110)	R 6,628,705
Surplus at the end of the year	R 21,836,948	R 29,915,875
Salaries and wages as % of Total expenses	15,7%	10,3%
Councillor remuneration as % of Total expenses	3,2%	6,6%
General Expenses as % of Total expenses	21,1%	16,1%
Repairs & Maintenance as % of Total expenses	0,3%	0,1%
Depreciation as % of Total expenses	0,7%	0,7%
Contributions as % of Total expenses	17,5%	0,8%
Regional services as % of Total expenses	5,5%	9,2%
Transfers to Municipalities - Capital as % of Total expenses	35,8%	53,3%
Transfers to Municipalities - Opex as % of Total expenses	0,2%	2,9%
Current ratio	1,6:1	2,2:1
Levy debtors days	91 days	66 days

2. POST BALANCE SHEET EVENTS

Records received from the Ekurhuleni Metropolitan Municipality for the collection of Regional Services Council Levies proved to be unreliable. A subsequent investigation during the post balance sheet period identified several material errors. In essence these errors led to RSC Levy Debtors as well as RSC Levy Creditors (Debtors with Credit Balances) being overstated, however the net position remained almost the same, with a net movement of only R37,502. Due to the nature of these errors it was impossible to correct such at the time of the balance sheet to the extent that it could be traced back to the financial records of each individual account holder. Management has subsequently decided on a programme of action, inter alia including the transfer of all records to the Metsweding District Municipality and an audit of each RSC Levy Debtor account. Management is confident that all records will have been reviewed and updated by 30 June 2005 and any fundamental error quantified and published in the 2004/05 Annual Financial Statements.

The Minister for Finance made public in his budget speech addressed to parliament on the 23rd February 2005 that Regional Services Council Levies will disappear during the 2006 calendar year. RSC Levies' disappearance, being the single most important revenue source for the municipality, will result in the municipality not being a going concern.



METSWEDING DISTRICT MUNICIPALITY

REPORT OF THE CHIEF FINANCIAL OFFICER for the year ended 30 June 2004

3. RECONCILIATION OF BUDGET TO ACTUAL

	2004 R	2003 R
3.1 Operating budget		
Budgeted surplus/(deficit) before appropriations	(5,244,215)	25,589
Revenue variances	8,614,617	9,837,940
Expense variance - Regional services	1,364,887	(3,846,556)
Expense variance - Development aid - Transfers	1,249,333	(3,480,182)
Expense variance - Operating expenses	(14,734,732)	4,124,534
Expense variances – Depreciation	124,335	(169,762)
Expense variances - General expenses	(4,811,429)	1,901,515
Expense variances - Repairs and maintenance	31,753	20,836
Expense variances - Salaries, wages and allowances	(1,833,992)	1,992,440
Expense variances – Contributions	(8,488,739)	137,095
Expense variances - Capital charges	243,341	242,410
Expense variances - Other expenses	-	(32,620)
Actual surplus/(deficit) before appropriations	(8,750,110)	6,628,705

Reasons for variances:

- Revenue was in excess of the budget mainly because of a vast improvement in Regional Services Council levies and increased interest received.
- Expense variance - Regional services because of under spending.
- Expense variance - Development aid – Transfers to Local B Municipalities because of grant funding received and expensed not known at the time of the budget.
- Expense variance - Operating expenses
 - Expense variances - Depreciation because of under spending on the Capital Budget.
 - Expense variances - General expenses because of the establishment of the Emergency Medical Services.
 - Expense variances - Repairs and maintenance because the small and on average recently acquired asset base.
 - Expense variances - Salaries, wages and allowances because of the establishment of the Emergency Medical Services.
 - Expense variances - Contributions because of contributions to bad debt to cover all doubtful debt, as well as the establishment of the Emergency Medical Services.
 - Expense variances - Capital charges because of the taking up of zero loans.



METSWEDING DISTRICT MUNICIPALITY

REPORT OF THE CHIEF FINANCIAL OFFICER for the year ended 30 June 2004

3.2 Capital budget

	Land & Buildings	Office furniture	Office equipment	Other furniture and equipment	Motor vehicles	Computer and computer equipment
Budgeted Capital Expenses	5,750,000	-	-	-	350,000	-
Actual Expenses	-	139,858	15,110	110,885	205,001	335,657
Variiances	5,750,000	(139,858)	(15,110)	(110,885)	(144,999)	(335,657)

Reasons for variances:

- Expense variances on land & buildings because of a decision not to purchase the Mayoral residence, as well as a delay in the acquisition of Offices.
- Expense variances on office furniture & office equipment because of grant funding received and utilised towards the acquisition of assets in terms of the conditions of the grant, not known at the time of the budget.
- Expense variances on other furniture and equipment because of grant funding received and utilised towards the acquisition of assets in terms of the conditions of the grant, not known at the time of the budget.
- Expense variances on motor vehicles because of grant funding received and utilised towards the acquisition of assets in terms of the conditions of the grant, not known at the time of the budget, as well as a decision not to purchase an additional vehicle.
- Expense variances on computer and computer equipment because of grant funding received and utilised towards the acquisition of assets in terms of the conditions of the grant, not known at the time of the budget.

4. FINANCIAL FORECAST FOR THE FORTHCOMING YEAR

	Budget 2005	Actual 2004
A summary of the 2005 operating budget is as follows:		
Revenue	54,786,910	40,705,172
Regional functions (Section 12(6)(a))	-	(2,718,113)
Transfers to Local B Municipalities – Capital	(22,848,240)	(17,727,222)
Transfers to Local B Municipalities – Operational	(450,000)	(100,000)
Operating expenses (Section 12(6)(c))	(38,919,808)	(28,909,947)
Capital costs	(618,000)	-
Contributions	(220,000)	(8,632,739)
Councillor remuneration	(1,749,235)	(1,579,892)
Depreciation	(715,000)	(329,551)
General expenses	(18,763,314)	(10,418,729)
Repairs and maintenance	(451,000)	(168,747)
Salaries, wages and allowances	(16,403,259)	(7,780,289)
Surplus/(Deficit) before budgeted appropriations	(7,431,138)	(8,750,110)
Appropriation of non distributable reserves to off-set depreciation	610,000	245,939
Appropriation of distributable reserves	6,855,000	-
Transfer to Asset Financing Fund	-	(102,521)
Surplus/(Deficit) for the year	33,862	(8,606,692)



METSWEDING DISTRICT MUNICIPALITY

REPORT OF THE CHIEF FINANCIAL OFFICER for the year ended 30 June 2004

	Budget 2005	Actual 2004
A summary of the 2005 capital budget is as follows:		
Community services	11,850,000	806,511
Subsidised services	-	-
Trading services	<u>6,000,000</u>	<u>-</u>
	<u>17,850,000</u>	<u>806,511</u>

5. INTER – GOVERNMENTAL TRANSFERS FOR THE YEAR ENDED 30 JUNE 2004

Inter - governmental transfer	Opening balance	Received	Expensed	Used to finance fixed assets	Closing balance	Purpose
Equitable Share	-	3,204,400	3,204,400	-	-	Unconditional
Gauteng – MSP	2,200,139	-	488,943	-	1,711,196	Institutional Support
National – LGTF	1,127,853	-	108,396	493,625	525,832	Establishment Costs
Gauteng – ITP	-	507,000	217,500	-	289,500	Integrated Transport Plan
Gauteng – LED	45,930	150,000	-	-	195,930	Local Economic Development
National – CMIP	-	5,183,786	5,183,786	-	-	Infrastructure – Roads
City of Tshwane – PR/R11	105,938	-	-	-	105,938	Infrastructure – Pedestrian Bridge
Gauteng – HIV/Aids	782,753	-	17,253	-	765,500	HIV/Aids prevention
Gauteng – LED	2,700,000	8,600,000	70,000	-	11,230,000	Local Economic Development
Gauteng – WW/S45	92,449	-	-	-	92,449	Infrastructure
National – Building for Sport & Recreation	406,775	2,474,034	2,240,555	-	640,254	Infrastructure – Sport Complex
National – MSIG	-	2,270,208	672,541	264,002	1,333,665	Municipal Systems Improvement
Gauteng – Capacity Building	-	3,427,030	1,779,875	-	1,647,155	Institutional Support – Master Plans
Gauteng – M3 Roads	-	-	1,994,555	-	(1,994,555)	Infrastructure – Roads
Gauteng – CU/PMS/P1 M2	-	-	650,000	-	(650,000)	Infrastructure – Roads
National – CMIP Capacity Building	-	502,400	502,400	-	-	Integrated Waste Management Plan
National – CMIP Capacity Building	-	49,000	-	41,667	7,333	Institutional Support – Infrastructure
Gauteng - RTAP	-	57,648	57,648	-	-	Institutional Support – Transport Planning
Gauteng – EMS	-	5,708,406	7,900,156	-	(2,191,750)	Emergency Medical Services Agency



METSWEDING DISTRICT MUNICIPALITY

BALANCE SHEET as at 30 June 2004

	NOTES	2004 R	2003 R
CAPITAL EMPLOYED			
STATUTORY FUNDS	1	1,697,899	1,595,378
NON DISTRIBUTABLE RESERVES	2	1,087,665	526,976
DISTRIBUTABLE RESERVES		21,836,948	29,915,875
Un-appropriated surplus		21,836,948	29,915,875
		<u>24,622,512</u>	<u>32,038,229</u>
TRUST FUNDS	3	-	201,106
		<u>24,622,512</u>	<u>32,239,335</u>
EMPLOYMENT OF CAPITAL			
PROPERTY, PLANT AND EQUIPMENT	4	1,918,345	1,441,384
NET CURRENT ASSETS		22,704,167	30,797,951
CURRENT ASSETS		58,439,112	55,885,350
Levy debtors	5	2,868,971	2,868,971
Other debtors	6	8,160,284	10,241,427
Deferred expenditure	7	1,115	10,569
Cash and cash equivalents	8	47,408,742	42,764,383
CURRENT LIABILITIES		35,734,945	25,087,399
Provisions	9	9,391,205	5,124,738
Creditors	10	7,806,460	12,500,962
Deferred income	11	18,537,280	7,461,699
		<u>24,622,512</u>	<u>32,239,335</u>



METSWEDING DISTRICT MUNICIPALITY

INCOME STATEMENT

for the year ended 30 June 2004

	NOTES	2004 R	2003 R
(DEFICIT)/SURPLUS FROM ORDINARY ACTIVITIES			
Regional services		(8,750,110)	6,628,705
NET (DEFICIT)/SURPLUS FOR THE YEAR	12	(8,750,110)	6,628,705
Extraordinary items		-	-
NET (DEFICIT)/SURPLUS BEFORE APPROPRIATIONS		(8,750,110)	6,628,705
UNAPPROPRIATED SURPLUS AT BEGINNING OF THE YEAR		29,915,875	22,828,933
APPROPRIATIONS:			
Prior year appropriations	13	527,764	402,811
Transfer to Asset Financing Fund	14	(102,520)	(62,955)
Transfer from Non-Distributable Reserves	15	245,939	118,381
UNAPPROPRIATED SURPLUS AT END OF THE YEAR		21,836,948	29,915,875



METSWEDING DISTRICT MUNICIPALITY

CASH FLOW STATEMENT for the year ended 30 June 2004

	NOTES	2004 R	2003 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from levy payments, government and other sources		49,799,530	39,906,208
Cash paid to suppliers and employees		(49,016,548)	(15,281,797)
Cash generated from operations	16	782,982	24,624,411
Interest received		4,062,366	3,550,016
NET CASH FROM OPERATING ACTIVITIES		4,845,348	28,174,427
CASH FLOWS UTILISED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(806,511)	(413,321)
Proceeds on disposal of fixed assets		-	-
NET CASH UTILISED IN INVESTING ACTIVITIES		(806,511)	(413,321)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) in trust funds		(201,106)	(40,695)
Other capital receipts		806,628	89,564
NET CASH FROM FINANCING ACTIVITIES		605,522	48,869
NET INCREASE IN CASH & CASH EQUIVALENT	17	4,644,359	27,809,975



METSWEDING DISTRICT MUNICIPALITY

ACCOUNTING POLICIES for the year ended 30 June 2004

1. BASIS OF PRESENTATION

- 1.1 These annual financial statements have been prepared so as to conform to Generally Accepted Municipal Accounting Practice.
- 1.2 The annual financial statements have been prepared on the historical cost basis.

2. PROPERTY, PLANT AND EQUIPMENT

- 2.1 Property, plant and equipment is stated at cost less accumulated depreciation.
- 2.2 Major improvements to buildings, plant and equipment are capitalised. Maintenance and repairs are expensed when incurred.
- 2.3 Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The depreciation rates are based on the following estimated asset lives.

Community assets

Cemeteries	30 years
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Other assets

Office furniture	7 years
Office equipment	3 years
Other furniture and equipment	3 to 5 years
Motor vehicles	5 years
Computer and computer equipment	3 to 5 years

3. RETIREMENT BENEFITS

- 3.1 The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. The municipality associates with defined contribution funds, under the protection of the Registrar of Pension Funds.



METSWEDING DISTRICT MUNICIPALITY

ACCOUNTING POLICIES

for the year ended 30 June 2004

4. REVENUE RECOGNITION

- 4.1 Revenue from levies are recognised when the legal entitlement to this revenue arises, on the payment due date as reflected on the RSC4 declaration. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid levies is recognised on a time proportion basis.
- 4.2 Interest is recognised on the time proportion basis that takes into account the effective yield on assets.
- 4.3 Amounts received from government and donors for the purpose of acquiring items of property, plant and equipment are classified as capital receipts and credited to non-distributable reserves. These amounts are released to the income statement over the estimated life of the item of property, plant and equipment acquired.
- 4.4 Amounts received from government and donors for the purpose of operating expenses are classified as deferred income. These amounts are released to the income statement when the corresponding expenses are incurred.

5. SEGMENTAL INFORMATION

- 5.1 The principle segments have been identified on a primary basis by service operation and on a secondary basis by the classification of income and expenditures. The primary basis is representative of the internal structure for both budgeting and management purposes. The secondary basis classifies all operations based on the classification of income and expenditure.

6. INTERNAL FINANCING OF PROPERTY, PLANT AND EQUIPMENT

- 6.1 In order to finance the provision of items of property, plant and equipment, amounts are set aside from unappropriated surpluses in the Asset Financing Fund (AFF). A total contribution, based on 1% of the revenue from RSC levies received during the previous financial year is made towards the Asset Financing Fund.



METSWEDING DISTRICT MUNICIPALITY

NOTES TO ANNUAL THE FINANCIAL STATEMENTS for the year ended 30 June 2004

	2004 R	2003 R
1. STATUTORY FUNDS		
Asset Financing Fund	<u>1,697,899</u>	<u>1,595,378</u>

Movements in funds are reconciled as follows:

Asset Financing Fund

Balance at the beginning of the year	1,595,378	1,856,180
Contributions charged to income	102,521	62,955
Cash utilised to finance property, plant and equipment	-	(323,757)
Balance at the end of the year	<u>1,697,899</u>	<u>1,595,378</u>

The purpose of the Asset Financing Fund is to set aside cash to finance fixed asset additions from internal sources. The contribution to the AFF is based on the Integrated Development Plan financing requirements. When cash is used to finance property, plant and equipment a corresponding amount is transferred to a non-distributable reserve. (See note2).

2. NON – DISTRIBUTABLE RESERVES

Capital Receipts	850,243	224,803
Transfers from Asset Financing Fund	<u>237,422</u>	<u>302,173</u>
	<u>1,087,665</u>	<u>526,976</u>

Movements

Capital receipts	806,628	89,564
Used to finance property, plant and equipment	<u>806,628</u>	<u>89,564</u>
Unutilised	-	-
Transfers from Asset Financing Fund used to finance property, plant and equipment	-	323,757
Net movements	<u>806,628</u>	<u>413,321</u>

Movements can be reconciled as follows:

Capital Receipts (used to finance property, plant and equipment)

Balance at beginning of year	224,803	232,036
Used to finance current year additions	806,628	89,564
Transfer to income statement to offset depreciation charge	<u>(181,188)</u>	<u>(96,797)</u>
Balance at end of year	<u>850,243</u>	<u>224,803</u>



METSWEDING DISTRICT MUNICIPALITY

NOTES TO ANNUAL THE FINANCIAL STATEMENTS for the year ended 30 June 2004

These amounts represent property, plant and equipment financed by government grants, subsidies and contributions from the public. The intention of the benefactor of these amounts is to subsidise the cost of acquiring property, plant and equipment. Accordingly, these amounts are released to the income statement over the estimated useful lives of the property, plant and equipment so financed to offset the relevant depreciation charge. The balance of the reserve is transferred to the income statement when the fixed asset so financed is disposed of.

	2004 R	2003 R
Transfers from Asset Financing Fund		
Balance at beginning of year	302,173	-
Used to finance current year additions	-	323,757
Transfer to income statement to offset depreciation charge	(64,751)	(21,584)
Balance at end of year	<u>237,422</u>	<u>302,173</u>

These amounts represent property, plant and equipment financed by the Asset Financing Fund. These amounts are released to the income statement over the estimated useful lives of the property, plant and equipment so financed to offset the relevant depreciation charge and avoid duplication in expenses.

3. TRUST FUNDS

Solar King legal fees fund	-	169,310
Land development objectives fund	-	31,796
	<u>-</u>	<u>201,106</u>

Movements can be reconciled as follows:

Balance at beginning of year	201,106	241,801
Used to settle claims	-	(40,695)
Fund restated as a sundry creditor (See note.10).	(201,106)	-
Balance at end of year	<u>-</u>	<u>201,106</u>

The Solar King legal fees fund was used for the payment of legal fees resulting from possible claims to be instituted by Solar King due to the fact that their contract with the Council has been cancelled. During the preceding year one such claim was settled. The funds no longer represent a trust and are therefore stated as a sundry creditor. (See note.10).

The Land development objectives fund represents the unspent portion of a provincial grant received for the specific purpose of compiling land development objectives, which purpose serves no need as the land development objectives have been replaced by integrated development planning. The funds no longer represent a trust and are therefore stated as a sundry creditor. (See note.10).



METSWEDING DISTRICT MUNICIPALITY

NOTES TO ANNUAL THE FINANCIAL STATEMENTS for the year ended 30 June 2004

4. PROPERTY, PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Net Book Value R
30 June 2004			
OWNED PROPERTY, PLANT AND EQUIPMENT			
Community	549,357	(55,830)	493,527
Other	2,099,402	(674,584)	1,424,818
	<u>2,648,759</u>	<u>(730,414)</u>	<u>1,918,345</u>
30 June 2003			
OWNED PROPERTY, PLANT AND EQUIPMENT			
Community	549,357	(37,518)	511,839
Other	1,292,890	(363,345)	929,545
	<u>1,842,247</u>	<u>(400,863)</u>	<u>1,441,384</u>

Refer to Appendix A and B for more detail on property, plant and equipment.

	2004 R	2003 R
5. LEVY DEBTORS		
Establishment levy	1,502,211	1,502,211
Services levy	929,076	929,076
Interest	30,080	30,080
Other	558,603	558,603
Less: Provision for bad debts	(150,999)	(150,999)
	<u>2,868,971</u>	<u>2,868,971</u>

Bad Debt Provision

The bad debt provision is calculated on a general provision of 5% on all levy debtors.

6. OTHER DEBTORS

Float account - Emerging contractors	400,000	400,000
Eastern Gauteng Services Council - Distribution account	7,754,333	7,754,333
Less: Provision for bad debts	(8,154,333)	-
VAT receivable	1,515,193	328,823
Sundry debtors	6,645,091	1,758,271
	<u>8,160,284</u>	<u>10,241,427</u>

7. DEFERRED EXPENDITURE

License and security fees paid in advance.	<u>1,115</u>	<u>10,569</u>
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METSWEDING DISTRICT MUNICIPALITY

NOTES TO ANNUAL THE FINANCIAL STATEMENTS for the year ended 30 June 2004

	2004 R	2003 R
8. CASH AND CASH EQUIVALENTS		
Current account	47,408,742	42,764,383
Call account	-	-
	<u>47,408,742</u>	<u>42,764,383</u>
9. PROVISIONS		
Development aid – Transfers to Local B Municipalities	8,904,663	4,918,827
Leave pay	486,542	111,761
Spatial Development Framework	-	45,000
Demarcation Viability Study	-	49,150
	<u>9,391,205</u>	<u>5,124,738</u>
10. CREDITORS		
Accruals	230,297	280,028
Retention creditors	569,497	432,921
Levy debtors with credit balances	6,412,901	5,768,106
Sundry creditors	221,324	7,907
Gauteng Consolidated Infrastructure Programme – Backlog Study	372,441	6,012,000
	<u>7,806,460</u>	<u>12,500,962</u>
11. DEFERRED INCOME		
Operating grants received not yet expensed	<u>18,537,280</u>	<u>7,461,699</u>



METSWEDING DISTRICT MUNICIPALITY

NOTES TO ANNUAL THE FINANCIAL STATEMENTS for the year ended 30 June 2004

	2004 R	2003 R
12. NET SURPLUS/(DEFICIT) FOR THE YEAR		
The following has been taken into account in determining the net surplus/(deficit) for the year:		
Contribution to provisions		
Leave pay	478,407	92,271
Bad debt provision	8,154,332	94,232
	<u>8,632,739</u>	<u>186,503</u>
Councillors remuneration		
Executive Mayor's allowance	298,425	272,748
Speaker of the Council's allowance	198,940	183,413
Councillors' allowances	387,918	346,160
Members of the Mayoral Committee's allowances	556,971	497,406
Councillors' pension contribution	137,638	120,697
	<u>1,579,892</u>	<u>1,420,424</u>
Depreciation		
Community	18,312	18,312
Other	311,239	151,450
	<u>329,551</u>	<u>168,762</u>
Interest received		
Banking institutions	3,588,842	3,283,784
Levies	473,524	266,232
	<u>4,062,366</u>	<u>3,550,016</u>
Operating lease charges		
	<u>39,812</u>	<u>46,752</u>
Audit fees		
	<u>299,728</u>	<u>230,355</u>
Revenue		
District municipality levies	11,511,284	10,525,049
Government, Provincial and other grants and subsidies	17,187,852	17,482,904
- Inter-government grants	17,187,852	17,477,536
- Development Bank of Southern Africa	-	5,368
Interest received	4,062,366	3,550,016
Ambulance fees	2,316	-
Ambulance agency fee	7,900,156	-
Other income	41,198	2,971
	<u>40,705,172</u>	<u>31,560,940</u>



METSWEDING DISTRICT MUNICIPALITY

NOTES TO ANNUAL THE FINANCIAL STATEMENTS for the year ended 30 June 2004

	2004 R	2003 R
13. PRIOR YEAR APPROPRIATIONS		
Prior year appropriations		
- Rental of the Official Residence for the Executive Mayor	(36,400)	-
- Retention credit reversed	341,757	44,818
- Provision for demarcation viability study reversed	33,244	-
- Provision for completed development aid projects reversed	189,163	344,112
- Section 12(6)(5) creditor reversed due to repeal of Act 41 of 1985	-	13,881
	<u>527,764</u>	<u>402,811</u>
14. TRANSFER TO ASSET FINANCING FUND		
Contributions	<u>102,520</u>	<u>62,955</u>
The total contribution is based 1% of the revenue from RSC levies received during the previous financial year.		
15. TRANSFERS FROM NON-DISTRIBUTABLE RESERVES		
Transfer from capital receipts utilised to finance fixed asset additions (See note.2)	181,188	96,797
Transfer from Asset Financing Fund utilised to finance fixed asset additions (See note.2)	64,751	21,584
	<u>245,939</u>	<u>118,381</u>



METSWEDING DISTRICT MUNICIPALITY

NOTES TO ANNUAL THE FINANCIAL STATEMENTS for the year ended 30 June 2004

	2004 R	2003 R
16. CASH GENERATED BY OPERATIONS		
Net surplus/(deficit) for the year	(8,750,109)	6,628,705
Adjustments for:		
Previous year's appropriations (See note.13)	527,764	402,812
Depreciation	329,551	169,762
Profit on disposal of property, plant and equipment	-	-
Interest received	(4,062,366)	(3,550,016)
Operating surplus/(deficit) before working capital changes:	<u>(11,955,160)</u>	<u>3,651,263</u>
Increase in levy debtors	-	(1,946,854)
Decrease in other debtors	2,081,143	13,035,952
Increase/(Decrease) in provisions	4,266,467	(456,933)
(Decrease)/Increase in creditors	(4,694,502)	9,545,366
Increase in deferred income	11,075,581	806,186
Decrease/(Increase) in deferred expenditure	9,454	(10,569)
	<u>782,983</u>	<u>24,624,411</u>
17. NET INCREASE IN CASH AND CASH EQUIVALENT		
Balance at the end of the year	47,408,742	42,764,383
Balance at the beginning of the year	42,764,383	14,954,408
	<u>4,644,359</u>	<u>27,809,975</u>

18. RETIREMENT BENEFIT INFORMATION

All councillors and employees belong to 4 defined contribution retirement funds administered individually, under the statutory protection of the Registrar of Pension Funds.

Council contributed an amount of R1,114,455 (R430,431: 2003) in respect of councillor and employees retirement fund. These contributions have been expensed.



METSWEDING DISTRICT MUNICIPALITY

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
for the year ended 30 June 2004

	COST			ACCUMULATED DEPRECIATION				
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Current year	Disposals	Closing balance
Community assets								
Cemeteries	549,357	-	-	549,357	37,519	18,312	-	55,831
Other assets								
Land	189,105	-	-	189,105	-	-	-	-
Office furniture	266,133	139,858	-	405,991	119,835	47,471	-	167,306
Office equipment	6,710	15,110	-	21,820	3,332	5,414	-	8,746
Other furniture and equipment	34,919	110,885	-	145,804	8,164	26,052	-	34,216
Motor vehicles	528,231	205,001	-	733,232	112,752	134,708	-	247,460
Computers and computer equipment	267,793	335,657	-	603,450	119,261	97,594	-	216,855
	1,292,891	806,511	-	2,099,402	363,344	311,239	-	674,583
Total	1,842,248	806,511	-	2,648,759	400,863	329,551	-	730,414

	BOOK VALUE	
	Opening balance	Closing balance
Community assets		
Cemeteries	511,838	493,526
Other assets		
Land	189,105	189,105
Office furniture	146,298	238,685
Office equipment	3,379	13,074
Other furniture and equipment	26,754	111,588
Motor vehicles	415,478	485,772
Computers and computer equipment	148,532	386,595
	929,546	1,424,819
Total	1,441,384	1,918,345



METSWEDING DISTRICT MUNICIPALITY

SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

for the year ended 30 June 2004

2003 Expenditure Net book value R		Balance at 01/07/2003 Net book value R	2004 Expenditure Net book value R	2004 Disposals Net book value R	Balance at 30/06/2004 Net book value R
REGIONAL SERVICES					
	Community services				
261,871	Administration	740,441	495,273	-	1,235,714
	Subsidised services				
(18,312)	Cemeteries	700,943	(18,312)	-	682,631
243,559	TOTAL	1,441,384	476,961	-	1,918,345



METSWEDING DISTRICT MUNICIPALITY

ANALYSIS OF OPERATING REVENUE AND EXPENSES
for the year ended 30 June 2004

2003 R		2004 R	2004 R
Actual		Actual	Budget
REVENUE			
10,525,049	RSC levies	11,511,284	10,000,000
17,482,904	Government, Provincial and other grants and subsidies	17,187,852	20,280,555
3,550,016	Interest received	4,062,366	1,800,000
-	Provincial agency fee – emergency medical services	7,900,156	-
2,971	Other income	43,514	10,000
31,560,940		40,705,172	32,090,555
EXPENSES			
2,306,962	Regional functions (Section 12(6)(a))	2,718,113	4,083,000
13,305,131	Transfers to Local B municipalities – capital	17,727,222	18,409,555
725,645	Transfers to Local B municipalities – operational	100,000	667,000
8,594,497	Operating expenses (Section 12(6)(c))	28,909,947	14,175,215
169,762	- Depreciation	329,551	453,886
4,231,222	- General and other expenses	10,418,729	5,607,300
26,664	- Repairs and maintenance	168,747	200,500
3,980,346	- Salaries, wages and allowances	7,780,289	5,851,065
-	- Councillor remuneration	1,579,892	1,675,123
-	- Capital charges	-	243,341
186,503	- Contributions	8,632,739	144,000
24,932,235		49,455,282	37,334,770
6,628,705	NET SURPLUS/(DEFICIT) FOR THE YEAR	(8,750,110)	(5,244,215)



METSWEDING DISTRICT MUNICIPALITY

SEGMENTAL INCOME STATEMENT
for the year ended 30 June 2004

2003 R	2003 R	2003 R		2004 R	2004 R	2004 R
Actual income	Actual expenditure	Surplus / (deficit)		Actual income	Actual expenditure	Surplus / (deficit)
REGIONAL SERVICES						
31,560,940	24,913,923	6,647,017	Community Services	32,802,700	42,736,034	(9,933,334)
10,525,049	-	10,525,049	<i>Administration</i>			
17,482,904	-	17,482,904	RSC levies	11,511,284	-	11,511,284
			Government and Provincial grants and subsidies	17,187,852	-	17,187,852
3,550,016	-	3,550,016	Interest received	4,062,366	-	4,062,366
2,971	-	2,971	Other income	41,198	-	41,199
-	9,907,556	(9,907,556)	Regional functions (Section 12(6)(a))	-	2,718,113	(2,718,113)
-	6,430,182	(6,430,182)	Transfers to Local B municipalities – capital	-	17,727,222	(17,727,530)
-	-	-	Transfers to Local B municipalities – operational	-	100,000	(100,000)
-	8,594,497	(8,594,497)	Operating expenses (Section 12(6)(c))	-	22,190,699	(22,190,699)
-	151,450	(151,450)	- Depreciation	-	311,239	(311,239)
-	4,231,222	(4,231,222)	- General and other expenses	-	7,174,244	(7,174,244)
-	26,664	(26,664)	- Repairs and maintenance	-	167,927	(167,927)
-	3,980,346	(2,559,922)	- Salaries, wages and allowances	-	4,528,427	(4,528,427)
-	-	(1,420,424)	- Councillor remuneration	-	1,579,892	(1,579,892)
-	186,503	(186,503)	- Contributions	-	8,428,970	(8,428,970)
-	18,312	(18,312)	Subsidised Services	-	18,312	(18,312)
-	18,312	(18,312)	<i>Cemeteries</i>			
-	-	-	Operating expenses (Section 12(6)(c))	-	18,312	(18,312)
-	18,312	(18,312)	- Depreciation	-	18,312	(18,312)
EMERGENCY MEDICAL SERVICES						
-	-	-	Ambulance Services	7,902,472	6,700,936	1,201,536
-	-	-	Provincial agency fee	7,900,156	-	7,900,156
-	-	-	Ambulance fees	2,316	-	2,316
-	-	-	Operating expenses	-	6,700,936	(6,700,936)
-	-	-	- General and other expenses	-	3,244,485	(3,244,485)
-	-	-	- Repairs and maintenance	-	820	(820)
-	-	-	- Salaries, wages and allowances	-	3,251,862	(3,251,862)
-	-	-	- Contributions	-	203,769	(203,769)
31,560,940	24,932,235	6,628,705	TOTAL	40,705,172	49,455,282	(8,750,110)



METSWEDING DISTRICT MUNICIPALITY

**SEGMENTAL INCOME STATEMENT
for the year ended 30 June 2004**

A. GENERAL STATISTICS

1. Population (approximate)	119,539	119,539
	2004	2003
	R	R
2. RSC levies: Establishment levies	8,524,269	7,475,130
Services levies	2,987,015	3,049,919
	<u>11,511,284</u>	<u>10,525,049</u>
3. RSC levies: Establishment levy (incl. 14% VAT)	0,15162%	0,15162%
Services levy (incl. 14% VAT)	0,37962%	0,37962%
4. Number of employees at Metsweding District Municipality		
Active employees.	103	14

