

**KOUKAMMA
MUNICIPALITY**

**FINANCIAL STATEMENTS
30-Jun-05**

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MEMBERS OF THE COUNCIL

Oconnel N J
Yake K
Jakobs K
Kettledas J
Strydom F
Strydom D
Hartz M A
Mntambo N E

MAYOR:

Oconnel N J

GRADING OF LOCAL AUTHORITY

Grade (No grading system)

AUDITORS

Auditor General

BANKERS

ABSA

REGISTERED OFFICE

P O Box 11
Kareedouw

MUNICIPAL MANAGER

Ndokweni M

CHIEF FINANCIAL OFFICER

Sass B

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements as set out were approved by the Municipal Manager on _____ and presented to and approved by Council on _____ .

MUNICIPAL MANAGER

B Juris

CHIEF FINANCIAL OFFICER

B Comm

KOUKAMMA MUNICIPALITY

BALANCE SHEET AT 30 JUNE 2005

	Note	2005 R	2004 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
		1 903 338	1 913 951
Accumulated funds	1	1 821 236	1 837 079
Reserves	3	82 102	76 872
ACCUMULATED SURPLUS / (DEFICIT)			
	16	14 709 312	14 530 997
		16 612 651	16 444 948
TRUST FUNDS			
	2	1 024 764	4 671 491
LONG-TERM LIABILITIES			
	9	0	758 876
CONSUMER DEPOSITS	12	106 555	106 825
		17 743 970	21 982 140
EMPLOYMENT OF CAPITAL			
FIXED ASSETS			
	4	3 586 265	3 623 054
LONG-TERM DEBTORS			
	6	64 171	1 277 105
		3 650 436	4 900 159
NET CURRENT ASSETS/(LIABILITIES)			
		14 093 534	17 081 981
CURRENT ASSETS			
		17 353 386	20 068 327
Stock	7	0	0
Debtors	8	15 808 882	11 717 390
Short term portion of long term debtors	6	107 660	222 484
Short term investments	5	317 937	5 937 375
Cash & Bank		1 118 906	2 191 078
CURRENT LIABILITIES			
		3 259 852	2 986 346
Provisions	10	986 418	973 702
Creditors	11	2 273 434	1 939 680
Short term portion of loan	9	0	72 964
Bank overdraft		0	0
		17 743 970	21 982 140

MUNICIPAL MANAGER

CHIEF FINANCIAL OFFICER

KOUKAMMA MUNICIPALITY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2003/2004 Actual Income R	2003/2004 Actual Expen- diture R	2003/2004 Net Surplus/ (Deficit) R		2004/2005 Actual Income R	2004/2005 Actual Expen- diture R	2004/2005 Net Surplus/ (Deficit) R	2004/2005 Budget Surplus/ (Deficit) R
16 401 812	12 812 224	3 589 588	RATE AND GENERAL SERVICES	20 567 928	18 434 756	2 133 172	(1 338 709)
12 675 165	7 947 746	4 727 419	Community services	16 253 938	15 091 980	1 161 958	(535 419)
53 541	694 828	(641 287)	Subsidised Services	140 261	321 889	(181 628)	(1 058 840)
3 673 106	4 169 650	(496 544)	Economic Services	4 173 729	3 020 887	1 152 842	255 550
66 232	473 845	(407 613)	HOUSING SERVICES	5 014	421 433	(416 419)	(164 000)
<u>2 534 162</u>	<u>2 978 456</u>	<u>(444 294)</u>	TRADING SERVICES	<u>3 929 674</u>	<u>3 366 201</u>	<u>563 473</u>	<u>1 502 909</u>
<u>19 002 206</u>	<u>16 264 525</u>	<u>2 737 681</u>	TOTAL	<u>24 502 616</u>	<u>22 222 390</u>	<u>2 280 226</u>	<u>200</u>
		<u>(2 572 665)</u>	Appropriations for the year (Refer to note 16)			<u>(2 101 911)</u>	
		165 016	Net surplus/(deficit) for the year			178 315	
		<u>14 365 981</u>	Accumulated surplus/(deficit) at the beginning of the year			<u>14 530 997</u>	
		<u>14 530 997</u>	ACCUMULATED SURPLUS/(DEFICIT) AT THE END OF THE YEAR			<u>14 709 312</u>	

(Refer to appendices D and E for more detail)

KOUKAMMA MUNICIPALITY

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2005

	2005	2004
	R	R
CASH RETAINED FROM OPERATING ACTIVITIES:		
Cash generated by operations	-1,985,354	-156,854
Investment income external	-206,845	-35,816
(Increase)/decrease in working capital	-3,758,008	-1,349,895
External interest paid	13,649	16,019
Grants and Subsidies	2,505,728	2,421,805
Net Proceeds on disposal of fixed asstes		
CASH UTILISED IN INVESTING ACTIVITIES		
Investment in Fixed Assets	-2,428,939	-2,806,855
NET CASH IN / (OUT) FLOW	<u>-5,859,769</u>	<u>-1,911,596</u>
CASH EFFECTS OF FINANCING ACTIVITIES:		
Increase/(decrease) in long term loans	-831,840	-60,086
(Increase)/decrease in cash investments	5,619,438	1,413,979
(Increase)/decrease in cash	1,072,172	557,703
Net cash (generated)/utilised	<u>5,859,769</u>	<u>1,911,596</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2005

	2005	2004
	R	R
1. ACCUMULATED FUNDS		
Revolving Fund	1,766,033	1,781,876
Dog Tax	<u>55,203</u>	<u>55,203</u>
	<u><u>1,821,236</u></u>	<u><u>1,837,079</u></u>
(Refer to appendix A for more detail)		
2. TRUST FUNDS		
Traning	1,815	1,748
KEDC/LED	0	0
Housing	-770,441	2,105,728
Library	24,310	24,357
Town Planning	0	206,561
IDP	148,571	36,227
MSP	1,604,043	2,259,682
MMP	16,467	10,652
Title deeds	0	9,449
Land affairs	0	0
TV repeater	0	0
Electricity	<u>0</u>	<u>17,087</u>
	<u><u>1,024,764</u></u>	<u><u>4,671,491</u></u>
Refer to appendix A for more detail		
3 RESERVES		
Renewals fund	82102	76872
Housing repairs fund	<u>0</u>	<u>0</u>
	<u><u>82,102</u></u>	<u><u>76,872</u></u>
Refer to appendix A for more detail		
4 FIXED ASSETS		
Fixed assets at the beginning of the year	39,251,403	36,444,548
Capital expenditure during the year	2,428,939	2,806,855
Less: Assets written off, transferred or disposed of during the year	<u>0</u>	<u>0</u>
TOTAL FIXED ASSETS	41,680,342	39,251,403
Less: Loans redeemed and other capital receipts	<u>38,094,077</u>	<u>35,628,349</u>
NET FIXED ASSETS	<u><u>3,586,265</u></u>	<u><u>3,623,054</u></u>

(Refer to appendix C and section 2 of the Treasurer's Report for more details on Fixed Assets)

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2005

	2005 R	2004 R
5 INVESTMENTS		
Short term deposits	<u>317,937</u>	<u>5,937,375</u>
Management valuation of unlisted investments	<u>317,937</u>	<u>5,937,375</u>
Average return on investments	5.50%	6.00%
<p>The Local Authorities Ordinance No 23 of 1935 requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a plenary rate to meet commitments. Investment was made for collateral for loan. No investments were written off during the year.</p>		
6 LONG TERM DEBTORS		
Loans	171,831	1,499,589
Less Short term portion	<u>107,660</u>	<u>222,484</u>
	64,171	1,277,105
7 STOCK		
Stock represents Raw materials, Maintenance materials and Consumables	0	0
8 DEBTORS		
Current debtors (consumer and other)	23,008,669	16,715,687
Debtors and other advance	<u>183,366</u>	<u>16,409</u>
	23,192,035	16,732,096
Less: Provision for Bad Debts	<u>7,383,153</u>	<u>5,014,706</u>
	<u>15,808,882</u>	<u>11,717,390</u>
9 LONG TERM LIABILITIES		
ABSA Loan	0	831,840
Less: Short term portion	<u>0</u>	<u>72,964</u>
	<u>0</u>	<u>758,876</u>
<p>Loan for Traffic Testing Station Refer Appendix B for details.</p>		
10 PROVISIONS		
Audit fees	150,000	150,000
Leave reserve	<u>836,418</u>	<u>823,702</u>
	<u>986,418</u>	<u>973,702</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2005

	2005 R	2004 R
11 CREDITORS		
Sundry creditors	864 223	820 075
Insurance claims control	196 862	275 027
Other creditors	1 212 349	597 911
VAT	0	246 667
	<u>2 273 434</u>	<u>1 939 680</u>

Note: VAT due to the Receiver of Revenue based on accruals to be paid when received is included in vat creditors

12 Deposits		
Trading deposits	106,555	106,825
	<u>106,555</u>	<u>106,825</u>

13 ASSESSMENT RATES

	Site valuations as at various dates R	Actual income 2004/2005 R	Actual income 2003/2004 R
All Properties	<u>85 327 292</u>	<u>5,625,912</u>	<u>3,328,998</u>

Valuations on land and buildings should be performed every 5 years.

Due to the amalgamation of the various local authorities, different rates are still applicable for the areas under the jurisdiction of council.

The basic rate for Kareedouw was 7.2059c per rand for land and 1.148c per rand for buildings, and for Joubertina 15.3059c per rand for land and 3.2396c per rand for buildings. The other areas varous from 0.0023c per rand to 0.0135c per rand.

No reabtes are granted.

14 COUNCILLORS' ALLOWANCES

Mayor	118 771	112 049
Councillors	352,107	332 178
	<u>470,878</u>	<u>444 227</u>

15 AUDITORS' REMUNERATION

Audit fees (Provision for fees)	<u>150 000</u>	<u>150 000</u>
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16 APPROPRIATIONS

Accumulated surplus (deficit) at the beginning of the year	14 530 997	14 365 981
Operating (deficit)/surplus for the year	2 280 226	2 737 681
Appropriations for the year:		
Prior year adjustments	(2 101 911)	(2 572 665)
Accumulated surplus (deficit) at the end of the year	<u>14 709 312</u>	<u>14 530 997</u>

Note: No contribution was made to the Revolving Fund due to the financial position

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2005

	2005 R	2004 R
17 FINANCE TRANSACTIONS		
Total external interest - earned	139,271	206,845
Total external interest - paid	0	13,649
Capital charges - external	161,078	170,717
18 CASH GENERATED BY OPERATIONS		
(Deficit)/surplus for the year	2,280,226	2,737,681
Adjustments in respect of:		
Previous years' operating transactions	1,943,185	-247,088
Transfer to leave reserve	-12,716	-416,067
Appropriations charged against income:		
- Capital Development Fund		
- Provisions and reserves	-2,368,447	-2,229,426
- Fixed Assets		
Non operating expenditure	-5,626,953	-15,218,485
Non operating income	1,799,351	15,216,531
	<u>-1,985,354</u>	<u>-156,854</u>
19 (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/Decrease in Stock	0	0
(Increase)/Decrease in Debtors	-4,091,492	-1,120,627
Increase/(Decrease) in Creditors	333,484	-229,268
	<u>-3,758,008</u>	<u>-1,349,895</u>
20 INCREASE/(DECREASE) IN LONG TERM LOANS (EXT)		
Loans raised		
Loans repaid	-831,840	-60,086
	<u>-831,840</u>	<u>-60,086</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2005

	2005	2004
	R	R
21 (INCREASE)DECREASE IN EXTERNAL CASH INVESTMENT		
Net decrease in investments	<u>5,619,438</u>	<u>1,413,979</u>
	<u>5,619,438</u>	<u>1,413,979</u>
22 (INCREASE)/DECREASE IN CASH ON HAND		
Cash balance at the beginning of the year	2,191,078	2,748,781
Less: Cash balance at the end of the year	<u>1,118,906</u>	<u>2,191,078</u>
	<u>1,072,172</u>	<u>557,703</u>

23 RETIREMENT

The last actuarial valuations of the Cape Joint Pension and Retirement Funds was conducted on 30 June 2000. The valuations disclosed level of funding of 100%.

The SALA Pension Fund disclosed a level of funding of 81% as at 1 July 1998. At the time of preparing the financial statements, the most recent actuarial valuation was not made available by SALA.

APPENDIX A

ACCUMULATED FUNDS, RESERVES AND PROVISIONS

	Balance at 01-Jul-04	Contributions during year	Interest on Investment	Other Income	Expen/Transfers during year	Balance at 30-Jun-05
	R	R	R	R	R	R
ACCUMULATED FUNDS						
Revolving Fund	1 781 876		30 631		46 473	1 766 033
Dog Tax	55 203					55 203
	<u>1 837 079</u>	<u>0</u>	<u>30 631</u>	<u>0</u>	<u>46 473</u>	<u>1 821 236</u>
TRUST FUNDS						
Traning	1 748		67			1 815
KEDC/LED	0					0
Housing	2 105 728		82 476	1 668 635	4 627 280	(770 441)
Library	24 357				47	24 310
Town Planning	206 561				206 561	0
IDP	36 227	118 000	95		5 751	148 571
MSP	2 259 682		11 833		667 472	1 604 043
MMP	10 652		5 983		168	16 467
Title deeds	9 449		68		9 517	0
Land affairs	0					0
TV repeater	0					0
Electricity	17 087		123		17 210	0
	<u>4 671 491</u>	<u>118 000</u>	<u>100 645</u>	<u>1 668 635</u>	<u>5 580 480</u>	<u>1 024 764</u>
RESERVES						
Renewals fund	76 872		5 230			82 102
Housing repairs fund	0					0
	<u>76 872</u>	<u>0</u>	<u>5 230</u>	<u>0</u>	<u>0</u>	<u>82 102</u>
PROVISIONS						
Audit fees	150 000					150 000
Leave reserve	823 702	12 716				836 418
	<u>973 702</u>	<u>12 716</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>986 418</u>

APPENDIX B

EXTERNAL LOANS

ABSA				Rand	Repaid	Balance
30-0820-7257	14%	Redeemable	11/02/2012	950,000	950,000	0
Loan secured by fixed investment		Loan raised in 2002				
Loan for Traffic Testing Station						
Loan was repaid in full during the year.						

APPENDIX C

ANALYSIS OF FIXED ASSETS

Expenditure 2003/2004		Balance at 2004/07/01	Expenditure 2004/2005	W/Off, Trf, Redeemed or Sold 2004/2005	Balance at 2005/06/30
2 534 528	RATES AND GENERAL SERVICES	24 217 343	1 648 469	0	25 865 812
2 190 601	COMMUNITY SERVICES	12 117 103	1 467 234	0	13 584 337
405 880	Properties and sundries	2 430 512	558 010		2 988 522
1 784 721	Public Works/Services	8 419 358	909 224		9 328 582
	Health	92 900			92 900
	Traffic	1 174 333			1 174 333
121 481	SUBSIDISED SERVICES	6 334 169	80 749	0	6 414 918
44 421	Buildings	2 942 201	80 749		3 022 950
	Library	49 741			49 741
	Fire Services	5 874			5 874
77 060	Cemetary	120 872			120 872
	Parks, Halls and Recreation	3 215 481			3 215 481
222 446	ECONOMIC SERVICES	5 766 071	100 486	0	5 866 557
222 446	Refuse	21 300			21 300
	Sewerage Services	5 744 771	100 486		5 845 257
0	HOUSING SERVICES	6 472 070	0	0	6 472 070
	Sub Economic Housing	6 472 070			6 472 070
272 327	TRADING SERVICES	8 561 990	780 470	0	9 342 460
	Electricity	1 909 960			1 909 960
272 327	Water	6 652 030	780 470		7 432 500
<u>2 806 855</u>	TOTAL FIXED ASSETS	<u>39 251 403</u>	<u>2 428 939</u>	<u>0</u>	<u>41 680 342</u>
	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS	35,628,349	2,505,728	40,000	38,094,077
	Loans Redeemed and Advances Paid	6 347 172			6 347 172
	Contributions ex Operating income	4 364 451		40 000	4 324 451
	Revolvinf fund	662 260	140 749		803 009
	Grants and Subsidies	24 254 466	2 364 979		26 619 445
	NET FIXED ASSETS	<u>3,623,054</u>	<u>-76,789</u>	<u>-40,000</u>	<u>3,586,265</u>

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE PERIOD ENDED 30 JUNE 2005

Actual 2003/2004		Actual 2004/2005	Budget 2004/2005
R		R	R
	INCOME		
3 967 083	Government and Provincial grants and subsidies	7 220 936	7 287 411
3 328 998	Rates	5 625 912	3 308 466
394 369	Electricity	549 576	1 065 000
2 139 793	Water	3 380 097	3 301 245
9 171 963	Other	7 726 095	9 117 780
19,002,206		24 502 616	24 079 902
	EXPENDITURE		
8 446 520	Salaries, wages and allowances	11 141 446	10 317 487
6 454 438	General expenses	9 694 215	12 145 295
1 349 918	Repairs and maintenance	1 277 158	1 492 600
13 649	Capital charges	109 571	192 960
	Contributions	0	3 658 390
16 264 525	Gross expenditure	22 222 390	27 806 732
	Charge outs	0	3 727 030
16,264,525	Net expenditure	22 222 390	24 079 702

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2003/2004 Actual Income	2003/2004 Actual Expenditure	2003/2004 Surplus/ (Deficit)		2004/2005 Actual Income	2004/2005 Actual Expenditure	2004/2005 Surplus/ (Deficit)	2004/2005 Budget Surplus/ (Deficit)
R	R	R		R	R	R	R
16 350 691	12 812 224	3 589 588	RATE AND GENERAL SERVICES	20 567 928	18 434 756	2 133 172	(1 338 709)
12 624 044	7 947 746	4 727 419	COMMUNITY SERVICES	16 253 938	15 091 980	1 161 958	(535 419)
51 121	1 288 808	(1 237 687)	General Expenditure of the Council	0	1 264 050	(1 264 050)	(1 288 065)
3 328 998	1 039 520	2 289 478	Rates	5 625 912	30 828	5 595 084	2 073 946
150 833	279 191	(128 358)	Technical Services	110 882	2 474 862	(2 363 980)	(84 469)
28 563	1 981 340	(1 952 777)	Managerial Services	13 745	4 049 980	(4 036 235)	(2 393 541)
4 488 293	2 027 281	2 461 012	Financial Services	7 817 505	4 920 486	2 897 019	867 610
4 627 357	1 331 606	3 295 751	Protection & Traffic Services	2 685 894	2 351 774	334 120	289 100
53 541	694 828	(641 287)	SUBSIDISED SERVICES	140 261	321 889	(181 628)	(1 058 840)
14 958	27 015	(12 057)	Cemeteries	84 659	14 715	69 944	(17 500)
522	81 155	(80 633)	Libraries	33	123 796	(123 763)	(258 500)
0	28 421	(28 421)	Civil Buildings	0	0	0	0
640	495 755	(495 115)	Fire & Health Services	0	131 017	(131 017)	(330 820)
37 421	62 482	(25 061)	Halls & Recreation Areas	55 570	52 361	3 209	(452 020)
3 673 106	4 169 650	(496 544)	ECONOMIC SERVICES	4 173 729	3 020 887	1 152 842	255 550
2 500 514	1 371 548	1 128 966	Refuse Removal Services	1 417 040	1 415 182	1 858	(23 590)
1 172 592	2 798 102	(1 625 510)	Sewerage Services	2 756 689	1 605 705	1 150 984	279 140
66 232	473 845	(407 613)	HOUSING SERVICES	5 014	421 433	(416 419)	(164 000)
66 232	473 845	(407 613)	Housing administration	5 014	421 433	(416 419)	(164 000)
2 534 162	2 978 456	(444 294)	TRADING SERVICES	3 929 674	3 366 201	563 473	1 502 909
394 369	577 933	(183 564)	Electricity	549 576	944 520	(394 944)	400 290
2 139 793	2 400 523	(260 730)	Water	3 380 097	2 421 681	958 416	1 102 619
18 951 085	16 264 525	2 737 681	TOTAL	24 502 616	22 222 390	2 280 226	200
		(2 572 665)	Appropriations for the year (Note 16)			(2 101 911)	
		165 016	Net Surplus/(Deficit) for the year			178 315	
		14 365 981	Accumulated Surplus/(Deficit) at the Beginning of the Year			14 520 997	
		14 530 997	ACCUMULATED SURPLUS/(DEFICIT) AT THE END OF THE YEAR			14 709 312	

