

**MUNICIPALITY OF TSOLWANA**

**ANNUAL FINANCIAL STATEMENTS**

*for the year ended 30 June 2005*

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## **MUNICIPALITY OF TSOLWANA**

### **ANNUAL FINANCIAL STATEMENTS**

*for the year ended 30 June 2005*

#### **GENERAL INFORMATION**

##### **GRADING OF LOCAL AUTHORITY**

Grade 2

##### **AUDITORS**

Office of the Auditor General

##### **BANKERS**

First National Bank ,Tarkastad

##### **REGISTERED OFFICE**

12 Murray Street  
Tarkastad  
5370

##### **POSTAL ADDRESS**

P.O.Box 21  
Tarkastad  
5370

##### **TELEPHONE NUMBER**

(045) - 846 0033

##### **CHIEF EXECUTIVE OFFICER / MUNICIPAL MANAGER**

Mr S.J. Dayi

##### **ACTING CHIEF FINANCIAL OFFICER**

Mr. M.Mbilini

##### **MAYOR (SPEAKER)**

Mr. X.C. Mtati

##### **COUNCILLORS      WARD**

Mr K. Nqiqhi	1	ANC	
Ms M.Poponi	2	ANC	
Mr N.S. Shumani	3	ANC	
Ms A.N.Kala	4	ANC	
Mr S.J.Noziho	5	ANC	
Mr X.C.Mtati	6	ANC	PR
Mr N.E.Mrwebi	7	ANC	PR
Mr R.A. Sparrow	8	DA	PR
Mr N.G .Galawe	9	PAC	PR
Ms J.P.Ponoane	10	ANC	PR

**MUNICIPALITY OF TSOLWANA**

**ANNUAL FINANCIAL STATEMENTS**

*for the year ended 30 June 2005*

**APPROVAL OF FINANCIAL STATEMENTS**

The annual financial statements set out on pages 9 to 21 were approved by the Chief Executive / Municipal Manager on .....2005 and presented to and approved by the Council on .....2005

\_\_\_\_\_  
CHIEF EXECUTIVE / MUNICIPAL MANAGER

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

**MUNICIPALITY OF TSOLWANA**

**ANNUAL FINANCIAL STATEMENTS**

*for the year ended 30 June 2005*

**FOREWORD**

I have pleasure in presenting the Annual Financial Statements which are subject to audit for the year ended 30 June 2005.

The major challenge to the Tsolwana Municipality is to meet the needs and requirements of those in the previously disadvantaged areas whilst at the same time ensuring that the infrastructure in the established areas is not neglected.

This I believe can only be achieved through hard work by both Councillors and Officials, tolerance of our community and ensured payment of municipal services.

I am proud to report that we have once more proved viable by operating at a surplus for the year. This has been achieved despite the difficult economic climate prevailing in the province and the country. It is our objective and we remain committed to achieve a level of service delivery which is satisfactory to all our citizens and at the same time to ensure financial viability.

I wish to express my appreciation to the Councillors, the Municipal Manager and his staff for their support, co-operation and hard work during the past year.

.....  
**X.C.MTATI**  
**MAYOR: TSOLWANA MUNICIPALITY**

**MUNICIPALITY OF TSOLWANA**

**ANNUAL FINANCIAL STATEMENTS**

for the year ended 30 June 2005

**Chief Financial Officer's Report**

**Review of operating results**

Details of the operating results per department, classification and object of expenditure are disclosed in the detailed income statement. The overall operating results for the year ended 30 June 2005 are as follows:

**1. OPERATING RESULTS**

	Actual 2004	Actual 2005	Variance 2004 X 2005	Budget 2005	Variance Actual/ Budget
	R	R	%	R	%
<b>INCOME</b>					
Opening surplus	324,603	4,788,036			
Sundry transfers	2,786,253	52,501			
Operating income for the year	12,247,347	14,113,836	15%	12,044,255	15%
	15,358,203	18,954,373		12,044,255	
<b>EXPENDITURE</b>					
	R	R	%	R	%
Operating expenditure for the year	10,314,718	11,482,506	11%	12,044,255	-5%
Sundry transfers	255,449	0			
Closing surplus	4,788,036	7,471,867			
	15,358,203	18,954,374		12,044,255	

Reasons for significant variances

Increase in expenditure largely attributable to increase in salaries of R1,239,000.

Increase in income largely attributable to increase in government subsidies and services income.

**1.1 Rate and General Services**

	Actual 2004	Actual 2005	Variance 2004 X 2005	Budget 2005	Variance Actual/ Budget
	R	R	%	R	%
Income	7,808,979	8,834,486	13%	8,129,291	8%
Expenditure	(7,418,015)	(8,528,877)	15%	(8,694,422)	-2%
Surplus / (deficit)	390,964	305,609		(565,131)	
Surplus / (deficit) as % of total income	5%	3%		-7%	

Reasons for significant variances

Increase in expenditure largely attributable to increases in salaries.

Increase in income largely attributable to increases in government subsidies.

**1.2 Trading Services**

**Electricity**

	Actual 2004	Actual 2005	Variance 2004 X 2005	Budget 2005	Variance Actual/ Budget
Income	2,090,562	2,668,829	28%	2,252,362	16%
Expenditure	(1,912,747)	(2,017,470)	5%	(1,842,740)	9%
Surplus / (deficit)	177,815	651,358		409,622	
Surplus / (deficit) as % of total income	9%	24%		18%	

Reasons for significant variances

No significant increase in expenditure

Increase in income attributable to increase in government subsidies of R670,000

**Water Service**

	Actual 2004	Actual 2005	Variance 2004 X 2005	Budget 2005	Variance Actual/ Budget
Income	2,347,805	2,610,521	11%	1,662,602	0
Expenditure	(983,956)	(936,158)	-5%	(1,507,093)	(1)
Surplus	1,363,849	1,674,363		155,509	
Surplus as % of total income	58%	64%		9%	

**Reasons for significant variances**

No significant variances in expenditure  
Increase in income due to increased sales

**2. CAPITAL EXPENDITURE AND FINANCING**

	2005 Actual	2005 Budget	2004 Actual
	R	R	R
Community Services	983,840	861,000	2,543,616
Economic Services	338,867	3,243,856	889,238
Housing Infrastructure	7,410,131		203,214
Trading Services	207,666	7,371,072	566,899
	8,940,503	11,475,928	4,202,968

Resources used to finance the fixed assets were as follows:

	2005 Actual	2005 Budget	2004 Actual
	R	R	R
CMIP	7,410,131	4,399,928	1,456,137
Contributions ex revenue			179,574
District municipality	338,867	5,361,000	1,879,601
Grants and subsidies	1,191,505	1,715,000	687,656
	8,940,503	11,475,928	4,202,968

**3. INVESTMENTS AND CASH RESOURCES**

Operating account investments and cash resources at 30 June 2005 amounted to R7,337,082 (2004 : R7,069,130).

**4. FUNDS AND RESERVES**

More information regarding funds and reserves are disclosed in notes 1 to 3 and Appendix A to the financial statements.

.....  
**Acting Chief Financial Officer**

## MUNICIPALITY OF TSOLWANA

### ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2005

#### ACCOUNTING POLICIES

##### 1. Basis of presentation

- 1.1 These financial statements have been prepared so as to conform to 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).
- 1.2 The financial statements have been prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 6. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 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 and reserves. All inter departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, sewerage, electricity, water and premiums charged by the insurance fund, which are treated as income and expenditure in the respective departments.

##### 3. Fixed Assets

- 3.1 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 life as determined by the Treasurer.
- 3.2 Depreciation

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

  - Appropriations from income, where the full cost of the assets 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" account.
- 3.3 All net proceeds from the sale of fixed property are credited to the Revolving Fund.
- 3.4 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

#### **4. Funds and Reserves**

##### **4.1 Loan Redemption Fund**

Internal loans are repaid in relation to the life of an asset. Redemption on government loans is paid half yearly on an annuity basis.

##### **4.2 Revolving Fund**

In order to finance the provision of infrastructure and other items of property, plant and equipment amounts are set aside from unappropriated surpluses to the Revolving Fund.

##### **4.3 Trust Funds**

Transactions relating to funds held by the Council for the benefit of third parties are accounted for only in the balance sheet with no recognition of income or expenditure in the income statement.

##### **4.6 Project Funds**

From time to time, the National and Provincial Government provide funds to Municipalities for the undertaking of certain prescribed projects. The funds so provided are not treated as operational grants upon receipt, but revenue is recognised only upon spending of the funds for the designated purpose, to the extent of the expenditure.

#### **5. Retirement Benefits**

Tsolwana Municipality and its employees and councilors contribute to the Cape Joint Pension Fund and the SALA Pension Fund which provides retirement benefits to those contributors.

The retirement benefit plan is subject to the Pensions Funds Act, 1956, with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current services 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.

#### **6. Surpluses and Deficits**

Any surplus or deficit arising from the operation of the Electricity, Transport and Water services are transferred to Rate and General services.

#### **7. Treatment of administration and other overhead expenses**

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

#### **8. Investments**

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred.

#### **9. Deferred charges**

The balance outstanding of the costs incurred in raising loans on the capital market, are recovered from operating income over the periods of the various loans involved.



## **10. Revenue Recognition**

### **10.1 Electricity and Water Billings**

Revenue from the sale of water and electricity is recognised when the monthly meter reading has been performed. Availability charges are billed at a flat rate approved by council.

### **10.2 Assessment Rates**

Assessment rates income is recognised once a rates assessment has been issued to ratepayers. All rateable properties are are charged assessment rates based on the Municipal valuation of properties.

## **11 Assessment Rates**

The Municipality of Tsolwana applies a differential site rating system. In terms of this system the assessment rates are levied on the value of the property, and rebates are granted according to the use to which a particular property is put. Rebates of 100% were granted to Churches and rebates of 20% were granted to government and educational institutions.

**MUNICIPALITY OF TSOLWANA**

**BALANCE SHEET**

*as at 30 June 2005*

	Note	2005 R	2004 R
<b>CAPITAL EMPLOYED</b>			
FUNDS AND RESERVES		4,828,415	3,890,419
Revolving Fund	1	2,229,045	2,096,975
Working Capital Reserve	2	2,191,488	1,297,995
Employee Leave Reserve	2	407,881	495,449
ACCUMULATED SURPLUS		<u>7,471,867</u>	<u>4,788,036</u>
		12,300,282	8,678,455
TRUST FUNDS	3	18,579,168	9,166,089
LONG TERM LIABILITIES	4	324,179	352,386
CONSUMER DEPOSITS	5	117,804	105,855
		<u>31,321,433</u>	<u>18,302,786</u>
<b>EMPLOYMENT OF CAPITAL</b>			
FIXED ASSETS	6	1,127,526	1,123,221
INVESTMENTS	7	<u>26,605,225</u>	<u>16,204,132</u>
		27,732,751	17,327,353
NET CURRENT ASSETS		3,588,682	975,433
CURRENT ASSETS		6,391,495	2,146,831
Debtors	8	6,386,415	1,820,379
Cash		5,080	326,452
CURRENT LIABILITIES		2,802,814	1,171,398
Provisions	9	303,000	183,000
Creditors	10	2,266,141	966,361
Bank overdraft		208,550	
Short-term portion of long term liabilities	4	25,122	22,037
		<u>31,321,433</u>	<u>18,302,786</u>

**MUNICIPALITY OF TSOLWANA**

**INCOME STATEMENT**

for the year ended 30 June 2005

2004	2004	2004		2005	2005	2005	2005
Actual Income R	Actual Expenditure R	Actual Surplus/ (Deficit) R		Actual Income R	Actual Expenditure R	Actual Surplus/ (Deficit) R	Budgeted Surplus/ (Deficit) R
7,808,979	7,418,015	390,964	<b>RATES AND GENERAL SERVICES</b>	8,834,486	8,528,877	305,609	(565,131)
5,614,067	5,825,107	(211,040)	Community services	6,263,411	6,395,144	(131,733)	(1,178,021)
280,330	190,288	90,042	Subsidised services	144,657	303,328	(158,671)	149,506
1,914,582	1,402,619	511,963	Economic services	2,426,419	1,830,406	596,013	463,384
4,438,368	2,896,703	1,541,665	<b>TRADING SERVICES</b>	5,279,350	2,953,628	2,325,722	565,131
<u>12,247,347</u>	<u>10,314,718</u>	1,932,630	<b>TOTAL</b>	<u>14,113,836</u>	<u>11,482,506</u>	2,631,331	<u>0</u>
		2,786,253	Adjustments i.r.o. prior years (Note 11)			52,501	
		(255,449)	Appropriations for the year (Note 12)				
		4,463,434	Net surplus for the year			2,683,831	
		324,602	Accumulated surplus at the beginning of the year			4,788,036	
		<u>4,788,036</u>	<b>ACCUMULATED SURPLUS AT THE END OF THE YEAR</b>			<u>7,471,867</u>	

(Refer to appendices D and E for more detail)

**MUNICIPALITY OF TSOLWANA**

**CASH FLOW STATEMENT**

*for the year ended 30 June 2005*

	Note	2005 R	2004 R
<b>CASH RETAINED FROM OPERATING ACTIVITIES</b>		691,764	3,880,942
Cash generated by operations	13	(4,538,853)	(4,573,672)
Investment income	15	236,403	203,710
(Increase)/Decrease in working capital	14	(6,197,452)	(93,504)
		(10,499,902)	(4,463,466)
Less: External interest paid		13,551	55,346
<b>Cash available from operations</b>		(10,486,351)	(4,518,812)
Cash contribution from the public and the State		11,178,115	8,399,754
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>			
Investments in Fixed Assets			179,574
<b>NET CASH FLOW</b>		<u>691,764</u>	<u>4,060,516</u>
<b>CASH EFFECTS OF FINANCING ACTIVITIES</b>			
(Decrease) / increase in long-term loans	16	(25,122)	(22,038)
(Increase) / decrease in cash on hand	17	321,372	1,362,431
(Increase) / decrease in cash investments	18	(988,014)	(5,400,909)
		<u>(691,764)</u>	<u>(4,060,516)</u>

**MUNICIPALITY OF TSOLWANA**

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2005

	2005 R	2004 R
<b>1) STATUTORY FUNDS</b>		
Revolving Fund	2,229,045	2,096,975
(Refer to Appendix A for more detail)		
<b>2) RESERVES</b>		
Working Capital Reserve (Invested per Note 7)	2,191,488	1,297,995
Employee Leave (Invested per Note 7)	407,881	495,449
	2,599,370	1,793,444
The underfunding of the Employee Leave Reserve was corrected by an additional investment of R257,345 in November 2005 (Refer to Appendix A for more detail)		
<b>3) TRUST FUNDS</b>	18,579,168	9,166,089
(Refer to Appendix A for more detail)		
<b>4) LONG TERM LIABILITIES</b>		
Annuities	349,301	374,423
Less: Short term portion	(25,122)	(22,037)
	324,179	352,386
(Refer to Appendix B for more detail)		
<b>5) CONSUMER DEPOSITS</b>		
Electricity & Water Deposits (Invested per Note 7)	117,804	105,855
<b>6) FIXED ASSETS</b>		
Fixed assets at the beginning of the year	43,916,976	39,714,007
Capital expenditure during year	8,940,503	4,202,968
	52,857,479	43,916,975
Less : Loans Redeemed and Other Capital Receipts	(51,659,261)	(42,793,755)
Less : Disposals	(70,692)	
	1,127,526	1,123,220
( Refer to appendix C for more details )		
<b>7) INVESTMENTS</b>		
First National Bank - Call & Current Accounts		
- Capital projects and trust funds	19,059,593	9,461,454
- Revolving fund	1,636,232	1,435,205
- Working capital reserve	2,191,488	1,297,995
- Employees leave reserve	150,536	240,000
- Equitable share	3,449,571	3,663,622
- Consumer deposits	117,804	105,855
	26,605,225	16,204,132
Management's valuation of unlisted investments	26,605,225	16,204,132

	2005 R	2004 R
<b>8) DEBTORS</b>		
Rates and Services	5,179,316	3,559,708
Less: Provision for Bad Debts:	2,255,847	2,255,847
	2,923,469	1,303,861
Equitable Share	2,745,993	
Project Debtors	705,932	161,714
Sundry Debtors	11,022	82,152
VAT Control		272,652
	6,386,415	1,820,379
No adjustments have been made to the provision for bad debts as none would appear necessary.		
<b>9) PROVISIONS</b>		
Provision for Audit Fees	303,000	183,000
Based on 1% of operating expenditure for the 2003,2004 & 2005 years.		
<b>10) CREDITORS</b>		
Sundry Creditors	31,917	178,496
Project Accounts	711,235	
VAT due to Capital Projects	840,315	502,752
VAT Control	682,674	285,113
	2,266,141	966,361
<b>11) ADJUSTMENTS I.R.O. PRIOR YEARS</b>		
Equitable share previously shown as a fund		3,305,729
KOF interest reversed		546
Overprovision (Underprovision) for Audit fees		(522,017)
Surplus on old fund accounts		1,995
Stale cheques prior year	52,501	
	52,501	2,786,253
<b>12) APPROPRIATIONS</b>		
Reserve for employee leave pay		(255,449)
		(255,449)
<b>13) CASH UTILISED IN OPERATIONS</b>		
Surplus for the year	2,631,331	1,932,629
Appropriations charged against income:	253,027	242,920
- Fixed assets		179,574
- Revolving fund	253,027	63,346
Capital charges:	172,474	77,384
Interest paid:		
- to internal funds	64,844	
- on external loans	13,551	55,346
Redemption:		
- of internal advances	68,956	
- of external loans	25,122	22,038
Investment Income	(236,403)	(203,710)
Grants and subsidies received from the State	(7,359,282)	(6,686,241)
Non-operating expenditure debited to funds and reserves		63,346
	(4,538,853)	(4,573,672)

	2005 R	2004 R
<b>14) (INCREASE)/DECREASE IN WORKING CAPITAL</b>		
(Increase)/Decrease in Debtors	(4,566,036)	(85,230)
(Increase)/Decrease in Current Liabilities	(1,631,416)	(8,275)
	<b>(6,197,452)</b>	<b>(93,505)</b>
<b>15) INVESTMENT INCOME</b>	236,403	203,710
<b>16) (DECREASE)/INCREASE IN LONG TERM LOANS</b>		
Loans Repaid	(25,122)	(22,038)
<b>17) DECREASE/(INCREASE) IN CASH ON HAND</b>		
Cash and Cash Equivalents at start of year	326,452	1,688,883
Cash and Cash Equivalents at end of year	(5,080)	(326,452)
	<b>321,372</b>	<b>1,362,431</b>
<b>18) INCREASE/(DECREASE) IN INVESTMENTS</b>		
Investments made during year	988,014	5,400,909
<b>19) ASSESSMENT RATES</b>		
Site valuations as at 1 July 2002: Residential, commercial, state and municipal:		
Rateable	16,911,587	16,911,587
Exempt	7,343,712	7,343,712
	<b>24,255,299</b>	<b>24,255,299</b>
Actual income	993,976	949,324
A general valuation was undertaken in 2004 but values were not adjusted for the year ended 30 June 2005. The above values are those which came into effect in 1989 for Hofmeyr and 1995 for Tarkastad		
<b>20) COUNCILLOR'S REMUNERATION</b>		
Mayor's allowance	144,214	137,733
- Salary	95,016	89,879
- Telephone	12,000	12,000
- Pension	13,444	13,444
- Travelling	23,754	22,410
Councillors allowances	392,016	361,492
- Salary	241,380	227,772
- Telephone	67,500	54,000
- Pension	22,777	22,777
- Travelling	60,359	56,943
	<b>536,230</b>	<b>499,225</b>

**MUNICIPALITY OF TSOLWANA**

*for the year ended 30 June 2005*

**APPENDIX A**

**ACCUMULATED FUNDS, TRUST FUNDS, PROVISIONS AND RESERVES**

	Vote	Balance at 2004-06-30	Income during the Year	Interest on Investments	Expenditure during the Year	Balance at 2005-06-30
<b>STATUTORY FUNDS</b>						
Revolving Fund	61501	2,096,975	42,334	89,736		2,229,045
		2,096,975	42,334	89,736		2,229,045
<b>RESERVES</b>						
Working Capital Reserve	64801	1,297,995	800,000	98,900	5,407	2,191,488
Employee Leave Reserve	64901	495,449	1,896	10,536	100,000	407,881
		1,793,444	801,896	109,436	105,407	2,599,370
<b>TRUST FUNDS</b>						
Financial Statements	91540	6,754		72		6,827
Development Plan	78501	31,041	120,251	1,490		152,783
Valuations Tarkastad	64301	215,920		9,080	49,020	175,979
Rightsizing	91542	249,777		13,126		262,904
Transitional Grant	91550	167,611		8,542		176,152
Water Supply Fund	63001	26,429	5,200,000	111,760	10,887	5,327,302
671 Housing Scheme	62201	320,874	24,151	2,230		347,255
Bulk Sewer	62901	171,487		8,732		180,219
Councillor Allowances	63401	250,003		12,619	44,454	218,168
Housing Site Fund	63201	46,598		1,270		47,868
Systems Improvement	63801	117,648		6,012		123,660
Free Basic Services	63701	284,528		11,553	108,696	187,385
Transition Operation Costs	63601	10,847		65	6,995	3,918
Unidentified Funds	63501	10,887		193		11,080
1400 Houses	64501	563,102	3,518,890	35,632	2,369,914	1,747,710
1004 Houses	80601	4,787,150	15,394,863	120,569	18,631,656	1,670,926
Hofmeyr 1000 Top Structure	65101		4,213,801	3,310		4,217,110
Hofmeyr 1000 Infrastructure	65201		926,450	6,425		932,875
Electricity Zola/Ivanlew	78909	189,483	82,381			271,864
IGI Insurance Hoemaste	50002	1,677			1,677	
Rudimentary Infrastructure	50001	639				639
Library Extension	79401	17				17
New Hall Ivanlew	57101	3,694				3,694
New Hall SDR	56601	7,563			900	6,663
Schaapkraal	79004	75,133				75,133
Service Site Pilot Scheme	78101	11,709				11,709
Water Meters Zola	77901	939				939
Water Scheme Ntabathemba	80801	37,565				37,565
Municipal Finance Manage.	91595		490,000	7,400	240,007	257,393
Full Ownership Houses	610	5,335	57			5,392
Stormwater Hofmeyr	81701		161,790		145,556	16,234
Housing Development Fund	62001	72,130		2,553		74,684
CH E/Share Refunds	63901	699,371		28,199	306,168	421,403
Spatial Devel. Framework	64001	132,440		6,795		139,235
Luxolweni Plan Fund	64101	65,732		1,141	28,537	38,336
HR Related Projects	64201	146,468		7,450		153,918
Dawn Park Plan Fees	79201	5,329	58			5,387
Management Support Prog.	91569	431,625	829,998	30,746	328,148	964,221
Sports Facilities	79801	250				250
National Electricity Escom	80701	15,575	462,299		275,365	202,509
LED Brickmakers Programme	82901	2,758	250,000		150,895	101,863
		9,166,089	31,674,989	436,963	22,698,874	18,579,168



**MUNICIPALITY OF TSOLWANA**  
for the year ended 30 June 2005

**Appendix B**

**EXTERNAL LOANS AND INTERNAL ADVANCES**

	Rate	Redeemable	Balance 2004-06-30	Received during the Year	Redeemed, written off during the Year	Balance 2005-06-30
<b>EXTERNAL LOANS</b>						
LALAF - Sewerage Reticulation	5.5%	2011	121,016		11,575	109,441
LALAF - Waterworks	5.5%	2005	4,755		3,703	1,052
LALAF - Water Augmentation Scheme	5.5%	2015	248,652		9,844	238,808
			374,423		25,122	349,301
<b>INTERNAL LOANS EX REVOLVING FUND</b>						
Water Augmentation Scheme	Interest free	2025	263,377		25,083	238,294
Islands van Reenen Street	12.0%	2014	31,294		3,781	27,513
Upgrading Electricity Reticulation	11.5%	2008	8,771		3,910	4,861
Upgrading Electricity Reticulation	11.5%	2007	25,559		16,097	9,462
Upgrading Eart Dams	11.5%	2007	6,830		4,302	2,528
Earth dams	16.0%	2012	104,055		15,783	88,272
			439,886		68,956	370,930

**MUNICIPALITY OF TSOLWANA**  
for the year ended 30 June 2005

**APPENDIX C**

<b>ANALYSIS OF FIXED ASSETS</b>						
<b>Expended 2004 R</b>	<b>SERVICE</b>	<b>Budget 2005 R</b>	<b>Balance at 2004-07-01 R</b>	<b>Expended 2005 R</b>	<b>Written off, transferred, redeemed or disposed of during the Year R</b>	<b>Balance at 2005-06-30 R</b>
3,432,855	<b>RATES AND GENERAL SERVICES</b>	4,104,856	19,960,601	1,322,707	70,692	21,212,615
2,543,616	<b>Community services</b>	861,000	15,693,983	983,840	70,692	16,607,131
466,030	Land & buildings		8,525,370	883,262		9,408,632
1,879,601	Streets & stormwater		5,155,423	600		5,156,023
14,123	Plant & equipment		547,119			547,119
56,049	Office Equipment		324,389			324,389
1	Parks, recreation and cemetery	861,000	546,141			546,141
4,288	Town planning		92,039			92,039
123,524	Motor vehicles		503,502	99,978	70,692	532,788
889,238	<b>Economic services</b>	3,243,856	4,266,617	338,867		4,605,483
889,238	Sewerage / sanitation	3,243,856	3,564,228	338,867		3,903,095
0	Civil services		702,389			702,389
203,214	<b>HOUSING SERVICES</b>		6,379,502	7,410,131		13,789,633
566,899	<b>TRADING SERVICES</b>	7,371,072	17,576,873	207,666		17,784,539
168,797	Electricity		4,986,004	207,666		5,193,670
398,102	Water	7,371,072	12,590,869			12,590,869
<b>4,202,968</b>	<b>TOTAL FIXED ASSETS</b>	11,475,928	<b>43,916,976</b>	<b>8,940,503</b>	<b>70,692</b>	<b>52,786,787</b>
	<b>LESS : LOANS REDEEMED AND OTHER CAPITAL RECEIPTS</b>		<b>42,793,755</b>		<b>8,936,197</b>	<b>51,659,261</b>
	Loans redeemed		1,580,682		94,078	1,674,760
	Contributions from current income		4,340,467		(9,669)	4,260,107
	Grants and subsidies	11,475,928	36,872,606		8,851,788	45,724,394
<b>4,202,968</b>	<b>NET FIXED ASSETS</b>		<b>1,123,222</b>	<b>8,940,503</b>	<b>(8,936,197)</b>	<b>1,127,526</b>

**MUNICIPALITY OF TSOLWANA**  
for the year ended 30 June 2005

**APPENDIX D**

**ANALYSIS OF OPERATING INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 30 June 2005**

Actual 2004 R	INCOME	Actual 2005 R	Budget 2005 R
6,686,241	<b>Grants and subsidies</b>	7,359,282	7,273,045
6,686,241	- Provincial government	7,359,282	7,273,045
5,561,106	<b>Operating Income</b>	6,754,554	4,771,210
386,852	- Assessment rates	993,976	876,284
1,973,173	- Sale of electricity	1,884,039	1,415,000
470,841	- Sale of water	755,675	451,042
203,710	- Interest on Investment	236,403	40,139
2,526,530	- Other income	2,884,462	1,988,745
12,247,347	<b>Total Income</b>	<u>14,113,836</u>	<u>12,044,255</u>
<b>EXPENDITURE</b>			
5,498,271	Salaries, wages and allowance	6,737,173	4,467,557
2,720,302	General expenses	2,473,116	4,421,075
287,041	Repairs and maintenance	411,642	1,516,851
77,180	Capital charges	135,443	77,181
179,574	Contribution to fixed assets		12,000
63,346	Contribution to funds	253,027	390,000
1,489,004	Electricity purchases	1,472,105	1,159,591
10,314,718	<b>Gross expenditure</b>	<u>11,482,506</u>	<u>12,044,255</u>

**MUNICIPALITY OF TSOLWANA**  
for the year ended 30 June 2005

**APPENDIX E**

**DETAILED INCOME STATEMENT  
FOR THE YEAR ENDED 30 June 2005**

2004	2004	2004		2005	2005	2005	2005
Actual Income R	Actual Expenditure R	Actual Surplus / ( Deficit ) R		Actual Income R	Actual Expenditure R	Actual Surplus / ( Deficit ) R	Budgeted Surplus / ( Deficit ) R
<b>RATES AND GENERAL SERVICES</b>							
5,614,067	5,825,107	(211,040)	<b>Community services</b>	6,263,411	6,395,144	(131,733)	(1,178,021)
949,324		949,324	Assessment rates	435,407		435,407	(299,399)
757,803	1,892,811	(1,135,007)	Council's general expenses	1,122,628	1,421,493	(298,865)	
1,405,766	751,957	653,810	Town secretariat	931,365	1,074,954	(143,589)	(697,767)
1,626,199	2,098,668	(472,468)	Town treasurer	2,422,444	2,474,965	(52,521)	(305,364)
800,932	1,020,358	(219,426)	Public works	1,280,844	1,352,956	(72,112)	150,432
74,042	61,314	12,728	Traffic services	70,723	70,775	(53)	(25,923)
280,330	190,288	90,043	<b>Subsidised services</b>	144,657	303,328	(158,671)	149,506
278,542	83,771	194,771	Civil buildings	141,410	125,002	16,408	262,894
	19,453	(19,453)	Fire protection		51,473	(51,473)	(27,568)
107	74,753	(74,646)	Library		103,855	(103,855)	(88,710)
1,681	12,310	(10,629)	Parks, recreation & cemeteries	3,247	22,998	(19,751)	2,890
1,914,582	1,402,619	511,963	<b>Economic services</b>	2,426,419	1,830,406	596,013	463,384
771,504	283,857	487,647	Cleansing	793,566	730,400	63,166	353,086
1,143,079	1,118,763	24,316	Sewerage	1,632,853	1,100,006	532,847	110,298
4,438,368	2,896,703	1,541,665	<b>Housing services</b>				
2,090,562	1,912,746	177,816	<b>Trading services</b>	5,279,350	2,953,628	2,325,722	565,131
2,347,805	983,956	1,363,849	Electricity	2,668,829	2,017,470	651,358	409,622
			Water	2,610,521	936,158	1,674,363	155,509
12,247,347	10,314,718	1,932,630	<b>TOTAL</b>	14,113,836	11,482,506	2,631,331	0
		2,786,253	Adjustments i.r.o. prior years (Note 11)			52,501	
		(255,449)	Appropriations for the year (Note 12)				
		4,463,434	<b>Net Surplus for the Year</b>			2,683,831	
		324,603	Accumulated Surplus at the beginning of the Year			4,788,036	
		4,788,036	<b>ACCUMULATED SURPLUS AT THE END OF THE YEAR</b>			7,471,867	

# MUNICIPALITY OF TSOLWANA

for the year ended 30 June 2005

## Appendix F

### STATISTICAL INFORMATION 2004 / 2005 FINANCIAL YEAR

#### a) General Statistics

i .	Population	35,876
ii .	Date of valuation: Hofmeyr	2004
	: Tarkastad	2004
	: Ntabathemba	N/A
	Valuation Properties : Taxable	16,911,587
	Valuation Properties : Non-taxable	7,343,712
iii .	Valuation of residential and commercial property	24,255,299
iv .	Number of residential and commercial properties	8368
v .	<i>Valuation of industrial, agricultural and other properties</i>	N/A
vi .	<i>Number of industrial, agricultural and other properties</i>	N/A
vii .	Assessment rate: Hofmeyr	3.7cents per Rand
	: Tarkastad	2.6 cents per Rand
viii .	Number of employees of the local authority	77

#### b) Electricity Statistics

i .	Number of users (Residential and Commercial)	2124
ii .	Units bought/generated	5,905,833
iii .	Units sold	5,350,842
iv .	Units lost in distribution (ii - iii)	555,351
v .	Units lost in distribution, as a % of (ii)	9.40%
vi .	<i>Cost per unit bought/generated</i>	R 0.258
vii .	<i>Loss in distribution (iv x vi)</i>	R 143,280.56
viii .	Cost per unit sold (operating expenditure divided by iii) R1,560,047 / 5,657,908	R 0.37
ix .	<i>Income per unit sold (operating income divided by iii)</i> R1,923,689 / 5,657,908	R 0.49

#### c) Water Statistics

i .	<i>Number of users (Residential and Commercial)</i>	8,573
ii .	Units pumped : own boreholes	899,471
iii .	Units sold	775,084
iv .	Units lost in distribution (Units pumped : ii - iii)	124,387
v .	Units lost in distribution, as a % of (ii)	13.80%
vi .	<i>Cost per unit bought / purified</i>	Own boreholes
vii .	<i>Loss in distribution (iv x vi)</i>	N/A
viii .	Cost per unit sold (operating expenditure divided by iii) R787,325 / 903,906	R 1.20
ix .	<i>Income per units sold (operating income divided by iii)</i> 1,723,219 / 783,281	R 3.36

#### d) Transport Statistics

Private taxi's

**e) Sundry Statistics**

i . Area in square kilometres	6,024 sq kms
ii . Previous election number of registered voters	14,955
. Previous election % poll	61%
iii . Fire service	
. Units (Stations)	1
. Number of employees (excluding administrative personnel )	Public volunteers
v . Parks and Recreation	
- Number of developed parks / area (square kilometres)	Nil
- Number of swimming pools	Nil
- Number of tennis courts	2
- Number of rugby fields	2
- Number of soccer fields	24
vi . Licences issued	1745
Vehicle registrations	
Other	
vii . Total personnel in the service of the City Council	77
viii . Library - Books issued	27355
ix . Cleansing - Refuse removed and dumped: Tonnage /year	181
x . Roads and works - Kilometre roads constructed / repaired	97
xi . Housing	
Number of houses	8008
Number of people on waiting list	950
Number of people accommodated	23944

**f) Any other statistics that may be in the public's interest.**

i . Community Halls	10
ii . Farm for grazing / water supply	1