

INKWANCA MUNICIPALITY

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INKWANCA MUNICIPALITY
GENERAL INFORMATION

MEMBERS OF THE COUNCIL

M E YEKANI
K G TYHALA
J. C. AUCAMP
P. PARKER
N. P. MAKALIMA
N. T. FOLOSE

Mayor

GRADING OF LOCAL AUTHORITY

Grade 2

AUDITORS

Auditor General

BANKERS

Standard Bank
P. O. Box 14
Molteno
5500

REGISTERED OFFICE

39 Smith Street
Molteno
5500

P. O. Box 1
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ACCOUNTING OFFICER

N. A. NCUBE

INKWANCA MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 4 to 22 were approved by the
Municipal Manager onand presented to and approved by Council
on

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MUNICIPAL MANAGER: INKWANCA MUNICIPALITY
Dip. Advanced Public Administration (Univ. of Stellenbosch)
STD (Univ of Transkei)
AWS (Univ. of Stellenbosch)

(Accounting Officer)

INKWANCA MUNICIPALITY
ACCOUNTING OFFICER'S REPORT

1. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The overall operating results for the year ended 30 June 2005 are as follows:

	Actual 2004 R	Actual 2005 R	Variance 2004/2005 %	Budget 2005 R	Variance Actual - Budget %
Income:					
Opening surplus/(deficit)	1,717,520	2,175,050			
Operating income for the year	11,500,157	12,270,454	7	11,884,491	3
	13,217,677	14,445,505		11,884,491	
Expenditure					
Operating expenditure for the year	8,280,039	10,480,726	27	11,884,492	(13)
Contributions to approved funds					
Sundry Transfers	2,762,588	-88,507	(103)		
Closing surplus/(deficit)	2,175,050	4,053,286		(1)	
	13,217,677	14,445,505		11,884,491	
Significant variances:	Income: The results on Economic Services decreased by R1,136,129. which is 66% compared to 2004				
	Expenditure: Over budgeted				

1.1 Rates and General Services

	Actual 2004 R	Actual 2005 R	Variance 2004/2005 %	Budget 2005 R	Variance Actual - Budget %
Income	7,884,917	8,394,888	6	5,325,135	37
Expenditure	5,328,580	7,046,930	32	5,892,532	16
Surplus/(deficit)	2,556,337	1,347,958	(47)	(567,397)	142
Surplus/(deficit) as % of total income	32	16			
Significant variances:	Income: Assessment Rate increased by R394,726 which is 45% compared to 2004				
	Expenditure: under budgeted				

The following is a summary of the operating results of the local authority's Trading Services:

Electricity Service

	Actual 2004 R	Actual 2005 R	Variance 2004/2005 %	Budget 2005 R	Variance Actual - Budget %
Income	1,758,928	1,640,439	(7)	2,557,677	(56)
Expenditure	1,735,307	1,941,272	12	2,369,454	(22)
Surplus/(deficit)	23,621	(300,833)		188,223	
Surplus/(deficit) as % total income	1.34%	-18.34%		7.36%	
Significant variances:	Income: revenue decreased and over budgeted				
	Expenditure: increased which resulted to a deficit.				

Water Service

	Actual 2004 R	Actual 2005 R	Variance 2004/2005 %	Budget 2005 R	Variance Actual - Budget %
Income	1,856,312	2,235,127	20	1,228,557	45
Expenditure	1,102,062	1,366,482	24	1,200,217	12
Surplus/(deficit)	754,249	868,645		28,340	
Surplus/(deficit) as % total income	40.63%	38.86%		2.31%	
Significant variances:					
Income: increased by R378,815 which 20% compared to 2004					
Expenditure: Variance not considered significant					

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets during the year amounted to R6,596,950

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

3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2005 amounted to R1,029,274

Cash resources and short-term deposits at 30 June 2005 amounted to R274,743 (2004 - R208,476)

More information regarding loans and investments are disclosed in the notes (4 and 7) and appendix B to the financial statements.

5. EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Councillors and to the municipal staff for their assistance and support during the year.

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MUNICIPAL MANAGER: INKWANCA MUNICIPALITY
 Dip. Advanced Public Administration (Univ. of Stellenbosch)
 STD (Univ of Transkei)
 AWS (Univ. of Stellenbosch)

(Accounting Officer)

INKWANCA MUNICIPALITY
ACCOUNTING POLICIES

1. Basis of preparation

- 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 and its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd edition - January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 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 balance sheet includes Rates and General Services, 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 and water 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 useful 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 financial statements 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 operating income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.

INKWANCA MUNICIPALITY
ACCOUNTING POLICIES (continued)

* 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.

3.5 A detailed GAMAP compliant assets register has been prepared.

4. Funds and reserves

4.1 Revolving fund

The fund requires a minimum contribution of 7.5 % of the product of the assessment rates that were levied for the immediately preceding financial year. It is not required from Council to contribute an amount that is 20% more than the amount required to be contributed in the immediately preceding financial year.

Net proceeds from the sale of fixed property are invested in the Revolving Fund. Funds accumulated in the Revolving Fund are utilised for the purpose of providing advances to borrowing services and to finance the acquisition or upgrading of land or fixed property.

4.2 Other funds and reserves

Other funds and reserves, which are disclosed in the notes (1 - 3) and appendix A to the financial statements, are built up either by appropriations made on an annual basis from the operating account to the relevant funds and reserves or from contributions received from the public and the State with the objective of providing community facilities and funds to finance bad debts.

5. Provisions

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

6. Retirement benefits

The Council and its employees contribute to various pension, provident and retirement funds. The larger funds include the SAMWU National Provident Fund, the Cape Joint Retirement Fund and the SALA Pension Fund.

INKWANCA MUNICIPALITY
ACCOUNTING POLICIES (continued)

The retirement benefits are calculated in accordance with the rules of the respective funds. Current contributions by the Council are charged against operating income at the rate of a fixed percentage of the basic salary paid to employees.

Full actuarial valuations are performed at least every three years.

7. Surpluses and deficits

Any surpluses and deficits arising from the operation of the Electricity and Water Services are transferred to Rates and General Services.

8. Treatment of administration and other overhead expenses

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

10. Investments

Investments are disclosed at the lower of cost or market value if a permanent decline in value has occurred and are invested on such conditions as the Minister may approve.

11. Income recognition

11.1 Electricity and water billings

All meters are read and billed monthly. Income is recognised when meters are read and the monthly levies debited to the respective consumer account. Where meters cannot be read during a particular month, they are provisionally billed with the necessary adjustments made in the month they are indeed read. With regard to prepayment electricity purchases, income is recognised at the date of purchase.

11.2 Assessment rates

The local authority applies a uniform system of rating. In terms of this system the assessment rates are levied on the land value of property and improvements, at the same rate. Rebates of 20% are granted on state-owned properties. Income is recognised when such levies are raised and debited to the respective ratepayer account.

11.3 Other income

Income from services such as refuse removal and sewerage, recovered by way of debtors, is recognised when such levies are raised and debited against the respective consumer account. Income from other sources is recognised when paid.

INKWANCA MUNICIPALITY
BALANCE SHEET AT 30 JUNE 2005

	Note	2005 R	2004 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		3,228,324	3,219,784
Statutory funds	1	2,892,927	2,721,034
Reserves	2	335,397	498,750
ACCUMULATED SURPLUS		4,053,286	2,175,050
		7,281,610	5,394,834
TRUST FUNDS	3	1,005,116	1,221,903
LONG TERM LIABILITIES	4	1,091,772	1,164,517
CONSUMER DEPOSITS: SERVICES	5	113,847	97,049
		9,492,345	7,878,303
EMPLOYMENT OF CAPITAL			
TRUST FUNDS	3	1,005,116	1,221,903
FIXED ASSETS	6	3,091,151	3,091,151
LONG-TERM DEBTORS	7	36,742	36,742
		4,133,008	4,349,796
NET CURRENT ASSETS		5,359,337	3,528,507
CURRENT ASSETS		7,969,444	6,024,088
Accounts receivable	8	7,694,700	5,815,612
Cash resources		55,776	
Short-term deposits		218,967	208,476
Short-term portion of long-term debtors			
CURRENT LIABILITIES		2,610,107	2,495,581
Accounts payable	9	2,423,306	2,290,497
Bank overdraft			122,283
Provisions	10	186,800	82,800
		9,492,345	7,878,303

INKWANCA MUNICIPALITY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2004 Actual income	2004 Actual expenditure	2004 surplus/ (deficit)		2005 Actual income	2005 Actual expenditure	2005 surplus/ (deficit)	2005 Budgeted surplus/ (deficit)
R	R	R		R	R	R	R
7,884,917	5,328,580	2,556,337	RATES AND GENERAL SERVICES	8,394,888	7,046,930	1,347,958	(86,236)
4,037,299	2,793,662	1,243,637	Community services	5,341,934	4,148,113	1,193,821	(217,566)
81,909	488,072	(406,163)	Subsidised services	103,088	531,685	(428,597)	(357,406)
3,765,709	2,046,846	1,718,863	Economic services	2,949,866	2,367,132	582,734	488,736
	114,090	(114,090)	HOUSING SERVICES		126,041	(126,041)	(130,327)
3,615,240	2,837,369	777,871	TRADING SERVICES	3,875,566	3,307,754	567,812	216,562
<u>11,500,157</u>	<u>8,280,039</u>	3,220,118	TOTAL	<u>12,270,454</u>	<u>10,480,726</u>	1,789,729	<u>(2)</u>
		(2,762,588)	Appropriations for the year (refer note 16)			88,507	
		457,530	NET SURPLUS (DEFICIT) FOR THE YEAR			1,878,235	
		1,717,520	Accumulated surplus/(deficit) beginning of the year			2,175,050	
		<u>2,175,050</u>	ACCUMULATED SURPLUS END OF THE YEAR			<u>4,053,286</u>	

INKWANCA MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	NOTES	2005 R	2004 R
CASH RETAINED FROM OPERATING ACTIVITIES		6,969,797	9,004,284
Cash generated by operations	17	(1,596,510)	1,319,830
(Increase)/Decrease in working capital	18	(2,011,897)	(664,380)
		(3,608,407)	655,450
Less: External interest paid		(58,370)	(30,050)
Cash available from operations		(3,666,777)	625,400
Cash contributions from the public and the State		10,636,574	8,378,884
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed assets		(6,596,950)	(8,272,680)
NETT CASH FLOW		<u>372,847</u>	<u>731,604</u>
CASH EFFECTS OF FINANCING ACTIVITIES			
(Decrease)/increase in long-term liabilities	19	(72,745)	581,520
Decrease / (increase) in cash on hand	21	(233,835)	444,951
Decrease / (increase) in external cash investments	20	(10,491)	(172,583)
NETT CASH UTILISED		<u>(317,071)</u>	<u>853,888</u>

INKWANCA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

	2005 R	2004 R
1. STATUTORY FUNDS		
Revolving Fund	<u>2,892,927</u>	<u>2,721,034</u>
<p>The revolving fund is represented by an investment at standard bank of R207,470 and internal loans of R1,082,692 resulting in an underfunding of R1,602,765 at 30 June 2005.</p>		
2. RESERVES		
Leave Reserve Fund	<u>335,397</u>	<u>498,750</u>
<p>The leave reserve fund is represented by an investment at standard bank of R11,497 resulting in an underfunding of R323,900 at 30 June 2005.</p>		
Spatial Development	150,407	
Integrated Development Plan Fund	7,127	34,580
Resort Development	14,021	78,053
Town Planning Scheme	18,499	18,218
Town Register	27,653	25,767
Land Ownership	67,685	64,510
Structure Plan	27,656	27,656
Masakhe Housing	9,980	7,255
Survey of Masakhe	25,994	
Rapid Land Development	-	
Sterkstroom Zoning Map	52,426	
Valuations	3,031	
Community Gardens	350,938	135,392
Bulk Water Supply	15,928	29,403
800 Houses	9,829	9,731
Nomonde Hall	(0)	1,021
CMIP	5,655	177,008
Nkululeko Development	69,287	95,062
MSP	5,944	375,461
Disaster Fund	7,892	9,556
Survey 158 Dennekruijn	77,957	77,719
Cemetery Investigation	57,208	55,513
	<u>1,005,116</u>	<u>1,221,903</u>
Invested as follows:		
- Standard Bank short-term investments	605,116	311,647
- Standard Bank current accounts		227,256
- Advances to Operating Account	400,000	683,000
	<u>1,005,116</u>	<u>1,221,903</u>
(Refer to Appendix A for more detail)		
4. LONG-TERM LIABILITIES		
African Bank	582,996	582,996
Wesbank DDL3689A	223,156	290,758
Wesbank DDL36725K	223,121	290,762
	<u>1,029,274</u>	<u>1,164,516</u>
<p>The loan with African Bank is as a result of the Municipality standing surety for a housing development contractor who subsequently was declared insolvent. The loan amount is disputed by Council, repayments have been stopped and the matter has since been handed to the Municipality's attorneys.</p> <p>The two Wesbank loans are in respect of instalment sale agreements entered into for the purchase of two 2003 Isuzu NPR 400 trucks.</p> <ul style="list-style-type: none"> - Monthly instalments: R5,445.17 each - Contract rate: Prime plus .884% - Commencement rate: 12% linked - Commencement date: 18 November 2003 - Termination date: 17 November 2008 		
(Refer to Appendix B for more detail)		
5. CONSUMER DEPOSITS:SERVICES		
Electricity and Water	<u>113,847</u>	<u>107,218</u>

INKWANCA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (Continued)

	2005 R	2004 R
6. FIXED ASSETS		
Fixed assets at the beginning of the year	51,961,335	43,688,654
Capital expenditure during the year	<u>6,596,950</u>	<u>8,272,680</u>
Total fixed assets	<u>58,558,284</u>	<u>51,961,334</u>
Less: Loans redeemed and other capital receipts	<u>55,467,134</u>	<u>48,870,183</u>
	<u><u>3,091,151</u></u>	<u><u>3,091,151</u></u>
7. LONG-TERM DEBTORS		
Motor Vehicle Loan	36,742	36,742
Less: Short-term portion of long - term debtors transferred to current assets		
	<u>36,742</u>	<u>36,742</u>
This loan has been handed to the attorneys for collection		
8. ACCOUNTS RECEIVABLE		
Current debtors (consumers)	13,701,378	11,452,244
Less: Provision for bad debts	<u>6,154,450</u>	<u>6,154,450</u>
	7,546,928	5,297,794
Other debtors:	147,772	517,818
Wesbank finance charges in advance	78,024	136,395
MSP Project	69,748	
Community gardens		22,621
Vuna awards		186,798
SARS VAT		122,004
Community services		50,000
	<u>7,694,700</u>	<u>5,815,612</u>
Consumer debtors are aged as follows:		
30 days	564,803	634,540
60 days	366,065	326,427
90 days	378,729	456,660
120 days	362,917	370,194
150 days	330,941	388,305
180 days	<u>11,697,922</u>	<u>9,276,118</u>
	<u>13,701,378</u>	<u>11,452,244</u>
No additional provision for bad debts has been provided for in this year as the existing provision is considered adequate.		
9. ACCOUNTS PAYABLE		
Trade Creditors	<u>2,423,306</u>	<u>2,290,497</u>

INKWANCA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (Continued)

	2005 R	2004 R
10. PROVISIONS		
Audit Fees	186,800	82,800
11. ASSESSMENT RATES		
Site valuations at 1 July 2002		
- Residential	15,727,895	15,727,895
- Commercial	4,029,590	4,029,590
- Government	5,532,130	5,532,130
- Municipal	702,110	702,110
- Churches Exempt	556,170	556,170
	<u>26,547,895</u>	<u>26,547,895</u>
Income from rates	863,125	616,148
The last general valuation came into effect on 1 July 2000. The basic rate on land and improvements is:		
Molteno:		
- All properties 2 cents in the rand (2002 - 2 cents)		
Sterkstroom:		
- Residential & Commercial 4 cents in the rand (2002 - 4 cents)		
- Government 5 cents in the rand (2002 - 5 cents)		
Rebates of 20% are granted on state-owned properties.		
12. COUNCILLOR'S REMUNERATION		
Mayor's allowance:	100,428	50,028
Salary	71,754	33,168
Travelling allowance	12,900	8,292
Telephone allowance	12,900	6,000
Personal allowance	2,874	2,568
Councillor's allowances:	247,613	148,476
Salaries	146,040	66,360
Pensions	15,485	10,548
Travelling allowances	25,800	16,560
Telephone allowances	33,750	30,000
Personal allowances	14,370	12,840
Medical aid	12,168	12,168
	<u>348,041</u>	<u>198,504</u>
13. AUDITOR'S REMUNERATION		
Audit fees	104,000	85,755
14. FINANCE TRANSACTIONS		
Total external interest earned or paid:		
- Interest earned		14,793
- Interest paid	58,370	30,388
Capital charges debited to operating account:		
- Interest paid on external loans	58,370	30,050
- Interest paid on internal loans	36,976	40,275
- Redemption of external loans	76,872	34,564
- Redemption of internal loans	89,775	91,206
	<u>261,993</u>	<u>196,094</u>
15. APPROPRIATIONS		
Appropriation account		
Accumulated surplus at the beginning of the year	2,175,050	1,717,520
Operating surplus for the year	1,789,729	3,220,118
	3,964,779	4,937,638
Less: Appropriations for the year:	88,507	(2,762,588)
- Contribution to leave reserve		55,306
- Contribution to Revolving Fund	128,702	
- Prior year adjustments	(40,195)	2,707,282
- Provision for bad debts		
Accumulated surplus (deficit): end of year	<u>4,053,285</u>	<u>2,175,050</u>

INKWANCA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (Continued)

	2005 R	2004 R
16. APPROPRIATIONS (continued)		
Operating account		
Capital expenditure	213,254	108,084
Contributions to:		
- Revolving Fund	<u>35,130</u>	<u>46,211</u>
	<u>248,384</u>	<u>154,295</u>
PRIOR YEAR ADJUSTMENTS		
Project Accounts		
Fund Accounts		
Loans Redeemed		
VAT		(211,867)
Creditors		
African Bank		
Suspense		
Underprovision for leave reserve		
Water over-billed 2003		528,610
Old service charges written off		2,458,387
Audit (overprovision)/under 2003	<u>(40,195)</u>	<u>(67,848)</u>
	<u>(40,195)</u>	<u>2,707,282</u>
17. CASH GENERATED BY OPERATIONS		
Surplus for the year	1,789,729	3,220,117
Appropriations charged against income:	248,384	154,295
- Fixed assets	213,254	108,084
- Revolving Fund	35,130	46,211
Capital charges:	261,993	196,095
Interest paid:		
- to internal funds	36,976	40,275
- on external loans	58,370	30,050
Redemption:		
- of internal advances	89,775	91,206
- of external loans	76,872	34,564
Grants and subsidies received from the state	<u>(3,896,615)</u>	<u>(2,250,677)</u>
	<u>-1,596,510</u>	<u>1,319,830</u>
18. (INCREASE) / DECREASE IN WORKING CAPITAL		
(Increase) / decrease in debtors	(1,879,088)	(839,047)
Increase / (decrease) in creditors	<u>-132,809</u>	<u>174,666</u>
	<u>(2,011,897)</u>	<u>(664,381)</u>
19. (DECREASE)/ INCREASE IN LONG-TERM LIABILITIES		
Loans raised		616,085
Loans repaid	<u>(76,872)</u>	<u>(34,564)</u>
	<u>-76,872</u>	<u>581,521</u>
20. (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS	<u>(10,491)</u>	<u>(172,583)</u>
21. DECREASE / (INCREASE) IN CASH ON HAND		
Cash balance at the beginning of the year	-122,283	200,385
Add: Bank overdraft at end of year	<u>-55,776</u>	<u>122,283</u>
	<u>-178,059</u>	<u>322,668</u>

INKWANCA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (Continued)

	2005 R	2004 R
22. RETIREMENT BENEFITS		
Inkwanca Municipality and its employees contribute to various pension, provident and retirement funds. The larger funds include the SAMWU National Provident Fund, the Cape Joint Retirement Fund and the SALA Pension Fund.		
The retirement benefits are calculated in accordance with the rules of the respective funds. Current contributions by the Council are charged against operating income at the rate of a fixed percentage of the basic salary paid to employees.		
Full actuarial valuations are performed at least every three years.		
23. OUTSTANDING ADVANCES TO BORROWING SERVICES		
Internal advances	<u>1,082,692</u>	<u>1,172,467</u>
(Refer to Appendix B for more detail)		
24. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved and contracted for	17,417,875	19,114,313
- Approved but not yet contracted for	<u>3,325,000</u>	<u>4,965,489</u>
	<u>20,742,875</u>	<u>24,079,802</u>
This expenditure will be financed from:		
- Internal sources	90,000	90,000
- External sources	<u>20,652,875</u>	<u>23,989,802</u>
	<u>20,742,875</u>	<u>24,079,802</u>
25. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
None		
26. POST BALANCE SHEET EVENTS		
None		

INKWANCA MUNICIPALITY

STATUTORY FUNDS, RESERVES AND TRUST FUNDS

	Balance at 30 June 2004 R	Contributions during year R	Interest on Investments R	Advances to Operating Account R	Operating expenditure during year R	Capital expenditure during year R	Balance at 30 June 2005 R
STATUTORY FUNDS							
Revolving Fund	2,721,035	124,905	46,988				2,892,927
Loan Redemption Fund							
	<u>2,721,035</u>	<u>124,905</u>	<u>46,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,892,927</u>
RESERVES							
Leave Reserve Fund	498,750				163,353		335,397
	<u>498,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,353</u>	<u>-</u>	<u>335,397</u>
TRUST FUNDS							
Spatial Development		150,000	407				150,407
Integrated Development Plan Fund	34,580		475.86		27928.89		7,127
Resort Development	78,053	137,000	1,832		177,117	25,747	14,021
Town Planning Scheme	18,218		281				18,499
Town Register	25,767	1,225	662				27,653
Land Ownership	64,510		3,175				67,685
Structure Plan	27,656		1,225		1,225		27,656
Masakhe Housing	7,255	93,275			90,550		9,980
Survey of Masakhe		25,384	610				25,994
Sterkstroom Zoning Map		51,000	1,426				52,426
Valuations		200,000	3,031		200,000		3,031
Community Gardens	135,392	621,700		300,000	706,154		350,938
Bulk Water Supply	29,403		238		13,712		15,928
800 Houses	9,731		98				9,829
Sportsfield Fund							
Job Creation							
Nomonde Hall	1,021	610	22		1,653		(0)
CMIP	177,008				171,353		5,655
Nkululeko Development	95,062	71,700	2,513		99,988		69,287
MSP	375,461	86,666	483		456,666		5,944
Disaster Fund	9,556		87		1,750		7,892
Survey 158 Dennekruijn	77,719		238	70,000	70,000		77,957
Cemetery Investigation	55,513	100,000	1,695	30,000	130,000		57,208
	<u>1,221,903</u>	<u>1,538,559</u>	<u>18,497</u>	<u>400,000</u>	<u>2,148,097</u>	<u>25,747</u>	<u>1,005,117</u>

APPENDIX A

INKWANCA MUNICIPALITY

EXTERNAL LOANS AND INTERNAL ADVANCES

	Instalment	Rate	Termination	Balance at 30 June 2004 R	Received during the year R	Redeemed/ written off during year R	Balance at 30 June 2005 R
EXTERNAL LOANS							
African Bank	Disputed			582,996			582,996
Wesbank DDL3689A	5,384	12% linked	17/11/2008	290,758		67,602	223,156
Wesbank DDL3675K	5,384	12% linked	17/11/2008	290,762		67,641	223,121
				<u>1,164,516</u>	<u>-</u>	<u>135,242</u>	<u>1,029,274</u>
INTERNAL LOANS							
Revolving Fund				<u>1,172,467</u>		<u>89,775</u>	<u>1,082,692</u>
INTERNAL ADVANCES							
Farm - Schoeman	57,197.73	4%	01/06/2021	700,636		29,464	671,172
Electrical Transformer	11,820.40	4%	30/06/2008	42,907		10,104	32,803
Sewerage Scheme 1	16,667	0%	31/12/2011	133,333		16,667	116,667
Sewerage Scheme 2	26,012	5%	01/06/2012	168,124		17,606	150,518
Sewerage Scheme 3	15,933	0%	01/06/2012	127,467		15,933	111,533
				<u>1,172,467</u>		<u>89,775</u>	<u>1,082,692</u>

APPENDIX B

INKWANCA MUNICIPALITY

ANALYSIS OF FIXED ASSETS

2004 Expenditure		Balance at 30 June 2004	Expenditure during year	Redeemed, trans- ferred or written off during year	Balance at 30 June 2005
R		R	R	R	R
8,272,680	RATES AND GENERAL SERVICES	51,961,334	6,596,950		58,558,284
91,813	Community Assets	2,329,356	25,746		2,355,102
40,000	Land and Buildings	2,090,001			2,090,001
51,813	Resort Development	187,542	25,746		213,288
51,813	Koos Ras Game Reserve	51,813			51,813
7,222,449	Infrastructure Assets	37,697,327	4,730,327		42,427,655
1,874,449	Sewerage	11,629,635			11,629,636
1,100,000	Water	10,735,787	4,321,000		15,056,787
4,248,000	Electricity	5,269,912	409,327		5,679,239
4,248,000	Streets and Stormwater	10,061,993			10,061,993
958,418	Other Assets	2,516,867	234,276		2,751,143
186,798	Furniture and Fittings	131,333	175,914		307,247
529,697	Land and Buildings	886,944			886,944
241,923	Tractors	208,286			208,286
241,923	Motor Vehicles	648,910			648,910
241,923	Graders	319,241			319,241
241,923	Computers	322,153	58,362		380,515
958,418	Housing Services	9,417,785	1,606,600		11,024,385
8,272,680	TOTAL FIXED ASSETS	51,961,335	6,596,950		58,558,285
	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS	48,870,184	6,596,950		55,467,134
	Loans redeemed and advances repaid	5,788,693			5,788,693
	Contributions from operating income	3,520,993	213,254		3,734,247
	Grants and subsidies	39,560,498	6,383,696		45,944,194
	Public contributions	39,560,498			45,944,194
	NET FIXED ASSETS	3,091,151	0		3,091,151

APPENDIX C

INKWANCA MUNICIPALITY

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2004

2004 Actual R	U		2005 Actual R	2005 Budget R Revised
INCOME				
2,250,677		Grants and subsidies	3,896,615	5,230,000
9,249,480		Operating income	8,373,839	6,654,492
1,300,121		Refuse Removal	1,044,097	1,051,766
468,399		Assessment Rates	863,125	520,000
2,087,455		Sanitation/ Sewerage	1,905,769	380,000
65,255		Rent	73,082	41,820
1,758,928		Electricity Sales	1,640,439	2,117,108
1,856,312		Water Sales	2,235,127	379,918
72,191		Income from Traffic	9,894	45,500
1,640,819		Income from other Sources	602,305	2,118,380
<u>11,500,157</u>		Total income	<u>12,270,454</u>	<u>11,884,491</u>
EXPENDITURE				
3,460,639		Salaries, wages and allowances	5,992,790	5,747,513
1,147,579		General expenditure	1,192,783	2,106,923
600,000		Repairs and maintenance	1,131,996	1,291,452
125,770		Capital charges	203,622	45,098
108,084		Contributions to fixed assets	213,254	384,500
		Contributions to funds		400,690
1,102,062		Bulk: Water	534,675	340,197
1,735,307		Bulk: Electricity Purchases	1,211,605	1,568,119
<u>8,279,441</u>		Total expenditure	<u>10,480,726</u>	<u>11,884,492</u>

APPENDIX D

INKWANCA MUNICIPALITY

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2004 Actual income	2004 Actual expenditure	2004 Surplus/ (deficit)		2005 Actual income	2005 Actual expenditure	2005 Surplus/ (deficit)	2005 Budgeted surplus/ (deficit)
R	R	R		R	R	R	R
7,884,917	5,328,580	2,556,337	RATES AND GENERAL SERVICES	8,394,888	7,046,930	1,347,958	(86,236)
4,037,299	2,793,662	1,243,637	Community services	5,341,934	4,148,113	1,193,821	(217,566)
468,399		468,399	Assessment Rates	863,125		863,125	
291,598	291,598	-	Council's General Expenses	529,030	529,030	-	-
611,465	611,465	-	Town Clerk	733,624	733,624	-	-
2,593,647	1,260,383	1,333,264	Town Treasurer	2,300,876	614,409	1,686,468	2,385,793
72,191		72,191	Traffic and Administration	9,894	1,333,960	(1,324,065)	(1,248,944)
	630,217	(630,217)	Public Works	905,384	937,091	(31,706)	(1,354,415)
81,909	488,072	(406,163)	Subsidised services	103,088	531,685	(428,597)	(357,406)
5,176	136	5,041	Cemetery	6,860		6,860	(80,260)
	2,071	(2,071)	Clinic, Creche, Aged centre		6,549	(6,549)	(15,391)
173	113,486	(113,313)	Library Service	281	142,611	(142,330)	(121,148)
6,265	276,967	(270,702)	Parks and Recreation	22,865	261,247	(238,382)	(496,713)
70,294	95,413	(25,119)	Estates	73,082	121,277	(48,195)	356,106
3,765,709	2,046,846	1,718,863	Economic services	2,949,866	2,367,132	582,734	488,736
1,678,254	1,141,226	537,028	Cleansing	1,044,097	1,262,279	(218,182)	318,697
2,087,455	905,620	1,181,835	Sewerage	1,905,769	1,104,853	800,916	170,039
	114,090	(114,090)	HOUSING SERVICES		126,041	(126,041)	(130,327)
	114,090	(114,090)	Selling and letting schemes		126,041	(126,041)	(130,327)
3,615,240	2,837,369	777,871	TRADING SERVICES	3,875,566	3,307,754	567,812	216,562
1,758,928	1,735,307	23,621	Electricity supply	1,640,439	1,941,272	(300,833)	188,222
1,856,312	1,102,062	754,249	Water supply	2,235,127	1,366,482	868,645	28,340
11,500,157	8,280,039	3,220,117	TOTAL	12,270,454	10,480,726	1,789,729	(2)
		(2,762,588)	Appropriations for the year (refer to note 16)			88,507	
		457,530	NET DEFICIT FOR THE YEAR			1,878,235	
		1,717,520	Accumulated surplus / (deficit) beginning of the year			2,175,050	
		2,175,050	ACCUMULATED SURPLUS END OF THE YEAR			4,053,286	

APPENDIX E

**INKWANCA MUNICIPALITY
APPENDIX F
STATISTICAL INFORMATION**

GENERAL STATISTICS

Population	34,697
Site valuations at 1 July 1999	
- Residential	15,727,895
- Commercial	4,029,590
- Government	5,532,130
- Municipal	702,110
- Churches Exempt	556,170
	<u>26,547,895</u>
Assessment rates:	
Molteno:	
- All properties 2 cents in the rand (2002 - 2 cents)	
Sterkstroom:	
- Residential & Commercial 4 cents in the rand (2002 - 4 cents)	
- Government 5 cents in the rand (2002 - 5 cents)	
Rebates of 20% are granted on state-owned properties.	
Number of residential properties	4,168
Number of industrial, agricultural & other properties	480
Number of employees of local authority	75

ELECTRICITY STATISTICS

Number of users	1,108
Units bought/generated	5,239,635
Units sold	4,954,636
Units lost in distribution	284,999
Units lost in distribution as a percentage	5.44
Cost per unit sold	0.310
Income per unit sold	0.303

WATER STATISTICS

No of users (metered)	1,513
No of users (unmetered)	unknown
Units bought/purified	352,399
Units sold (metered users)	287,254
Units lost in distribution	unknown
Units lost in distribution as a percentage	unknown
Cost per unit sold	1.47
Income per unit sold	2.20