

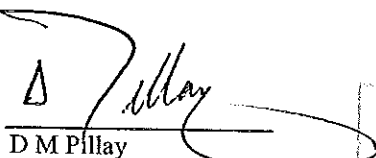
**CACADU DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS**

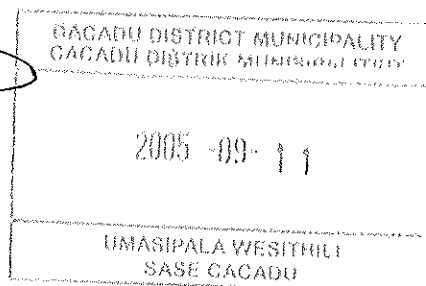
for the year ended

30 June 2005

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 32, in terms of Section 12(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.


D M Pillay
Municipal Manager



31-08-2005
Date

CACADU DISTRICT MUNICIPALITY

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CACADU DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2005

	Note	2005 R	2004 R
COMMUNITY WEALTH AND LIABILITIES			
Community Wealth		71,551,842	57,599,592
Reserves	2	51,731,425	48,002,327
Unappropriated Surplus/(Accumulated Deficit)		19,820,417	9,597,265
Non-current Liabilities		48,425,753	47,400,000
Long-Term Liabilities	4	1,025,753	-
Provisions	5	47,400,000	47,400,000
Current Liabilities		135,726,562	119,809,890
Provisions	7	800,048	704,708
Creditors	8	31,337,359	33,685,505
Conditional Grants And Receipts	9	101,924,475	85,419,677
Current portion of long term liabilities		311,787	-
Bank Overdraft	16	1,352,893	-
Total Net Assets And Liabilities		255,704,156	224,809,481
ASSETS			
Non-Current Assets		236,775,778	199,855,103
Property, Plant And Equipment	10	4,441,042	1,318,968
Investments	11	232,000,000	198,000,000
Non-current Loans	12	334,736	536,136
Current Assets		18,928,378	24,954,378
Consumer debtors	14	3,294,687	4,458,141
Other debtors	15	15,459,054	19,908,935
Current portion of long-term loans	12	171,536	125,778
Cash		3,100	3,100
Bank	16	-	458,424
Total Assets		255,704,156	224,809,481

(Note : The Statement of Financial Position has been prepared in accordance with GRAP 1)

CACADU DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

Budget			Actual	
2004	2005		2005	2004
R	R	Note	R	R
REVENUE				
13,500,000	14,600,000		18,638,632	16,571,231
5,250,000	6,400,000		12,156,148	9,452,508
722,000	1,404,900		2,152,907	795,833
5,330,700	5,800,000		12,743,448	14,313,528
750,000	420,000		779,263	1,131,500
150,000	330,000		265,697	503,235
14,964,800	16,336,100	18	11,802,169	8,340,086
22,500	-		-	-
-	-		-	18,191
580,000	-		-	273,371
3,964,100	5,839,400	19	2,520,233	2,939,722
-	-		205,738	1,866,475
45,234,100	51,130,400		61,264,236	56,205,680
-	-	18	56,617,276	76,709,489
45,234,100	51,130,400		117,881,513	132,915,169
EXPENDITURE				
21,529,200	23,179,200	20	18,884,664	16,903,206
2,685,000	2,826,600	21	2,502,799	2,366,869
-	-	22	1,102,212	1,062,091
540,000	680,000		944,987	876,338
190,000	375,600		507,649	280,873
966,900	1,918,100		1,025,579	557,053
-	-		48,848	-
5,190,000	2,198,900		1,900,855	2,370,342
850,000	905,000	25	647,313	526,153
13,283,000	19,047,000		11,648,499	11,041,964
-	-		-	-
-	-	26	1,759,401	13,284,014
45,234,100	51,130,400		40,972,805	49,268,903
45,234,100	51,130,400		56,617,276	76,709,489
Total Expenditure			97,590,082	125,978,392
Nett Surplus / (Deficit) for the year				
-	-		20,291,431	6,936,777

Refer to Appendix E(1) for explanations of variances

(Note: the income statement has been prepared in accordance with GRAP 1 and the budget formats)

CACADU DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2005

	Capital Replacement reserve (CRR)	Depreciation Reserve ex CRR	Government Grant Reserve	Donations and Public Contribution Reserve	Revaluation Reserve	Unappropriated Surplus
	R	R	R	R	R	R
2004						
Balance at 30 June 2003	38,680,414	35,848	346,894	-	-	8,761,434
Transactions i.r.o previous year	-	733,997	22,722	-	-	884,656
Changes in accounting policy	-	-	-	-	-	-
Restated balance	38,680,414	769,845	369,616	-	-	9,646,090
Net Surplus for the year	8,000,000	-	-	-	-	6,936,777
Transfer to/ from AFR	-	-	-	-	-	(8,000,000)
Transfer of interest earned to Grants and donations	-	-	-	-	-	-
Property, plant and equipment purchased	-	-	1,196,850	-	-	-
Capital grants used to purchase PPE	-	-	-	-	-	-
Donated/contributed PPE	-	-	-	-	-	-
Transfer to Provision	-	-	-	-	-	-
Asset disposals	-	(733,525)	-	-	-	733,525
Offsetting of depreciation.	-	(31,635)	(249,238)	-	-	280,873
Balance at 30 June 2004	46,680,414	4,685	1,317,228	-	-	9,597,265
2005						
Transactions i.r.o previous year	(1,102,946)	-	-	-	-	(528,326)
Changes in accounting policy	-	-	-	-	-	-
Restated balance	45,577,468	4,685	1,317,228	-	-	9,068,939
Net Surplus for the year	10,000,000	-	-	-	-	20,291,431
Transfer to/ from AFR	971,760	-	-	-	-	(10,000,000)
Transfer of interest earned to Grants and donations	(7,760,000)	-	-	-	-	-
Transfer to housing projects	-	-	-	-	-	-
Levy credit balances	-	-	-	-	-	90,986
Property, plant and equipment purchased	-	-	-	-	-	-
Capital grants used to purchase PPE	-	-	2,041,086	-	-	-
Donated/contributed PPE	-	-	-	-	-	-
Transfer to Provision	-	-	-	-	-	(410,350)
Transfer from bad debt provision	-	-	-	-	-	358,609
Asset disposals	-	(319,637)	(101,165)	-	-	-
Offsetting of depreciation.	-	(314,952)	3,257,149	-	-	420,802
Balance at 30 June 2004	48,789,228	(314,952)	3,257,149	-	-	19,820,417

CACADU DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

		2005	2004
		R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from levies, government and other		105,735,496	117,840,091
Cash paid to suppliers and employees		(84,637,878)	(98,337,070)
Cash generated from operations	27	21,097,618	19,503,021
Interest received		13,522,711	15,445,028
Interest paid		(48,836)	-
Non-operating income charged against provisions		(355,008)	(399,748)
NET CASH FROM OPERATING ACTIVITIES		34,216,485	34,548,301
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment.		(3,735,913)	(1,196,850)
Proceeds on disposal of fixed assets.		214,930	2,600,000
(Increases)/Decreases in non-current loans		155,641	179,710
(Increases)/Decreases in investments		(34,000,000)	(28,271,901)
NET CASH FROM INVESTING ACTIVITIES		(37,365,342)	(26,689,040)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised		1,337,540	-
NET CASH FROM FINANCING ACTIVITIES		1,337,540	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	28	(1,811,317)	7,859,260

CACADU DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP) laid down by the Accounting Standards Board (ASB). They are prepared on the going concern basis.

The financial statements have been prepared on the historical cost basis unless otherwise stated.

This is the first year that the financial statements have been prepared in accordance with GRAP.

2 PROPERTY, PLANT AND EQUIPMENT (PPE)

2.1 PPE is stated:

- At cost less accumulated depreciation, or
- At fair value at date of acquisition less accumulated depreciation where assets have been acquired by grant or donation.

- 2.2 Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, then it is regarded as repairs and maintenance and is expensed.

2.3 Depreciation and impairment losses

- 2.3.1 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 useful lives:

	<u>Years</u>		<u>Years</u>
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and equipment	10-15
Improvements	30	Other plant and equipment	2-5
Recreational Facilities	20-30		
Security	5		
<u>Investment Properties</u>	30		

- 2.3.2 Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

CACADU DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2.3.3 The carrying amount of an item or a group of identical items of PPE is reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The amount of the reduction is recognised as an expense immediately, unless it reverses a previous revaluation, in which case it is charged to the revaluation non distributable reserve.

2.4 Disposal and retirement of assets

- Assets are eliminated from the Statement of Financial Position on disposal or retirement.
- The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a profit or loss in the statement of financial performance.

3 FUNDS AND RESERVES

The Municipality creates and maintains Funds and Reserves in terms of specific requirements.

• **Asset Financing Reserve (AFR)**

In order to finance the purchase of items of property, plant and equipment amounts are transferred out of the net surplus for a period (when needed) into the Asset Financing Reserve (AFR). These transfers from the net surplus may only be made if they are backed by cash. The following provisions are set for the creation and utilisation of the AFR:

- The cash backing up the AFR is invested, in accordance with the investment policy of the Council, until it is utilised.
- Interest earned on the AFR investment is recorded as interest earned in the Statement of Financial Performance and may be appropriated to the AFR in accordance with council policy.
- The AFR may only be utilised for the purpose of purchasing items or construction of property, plant and equipment for the Council and may not be used for the maintenance of these items. If Council want to utilise the AFR for expensing something else than PPE an amount equal to the expense must be transferred to net surplus.
- Whenever an asset is purchased out of the AFR an amount equal to the cost price of the asset purchased is transferred from the AFR into a future depreciation reserve (FDR) called the AFR FDR. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the AFR. The FDR is used to offset depreciation charged on assets purchased out of the AFR and is released to the statement of financial performance over the useful life of the asset to avoid double taxation of the consumers.
- If a profit is made on the sale of PPE other than land the profit on these assets sold is reflected in the statement of financial performance and is then transferred via the statement of changes in net assets to the AFR provided that it is backed by cash. Profit on the sale of land is not transferred to the AFR as it is regarded as revenue.

CACADU DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

4 PROVISIONS

A provision is recognised when the Council has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

4.1 Employee Benefits

4.1.1 Retirement Funds

The Council and its employees contribute to various Pension Funds and its councillors contribute to the Pension Fund for Municipal Councillors. These funds provide retirement benefits to such employees and councillors.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis unless exemption to do so has been obtained from the Registrar of Pension Funds.

Current contributions are charged against the operating account of the Council at a percentage of the basic salary paid to employees, or allowances in the case of councillors.

4.1.2 Medical Aid: Continued Members

The Council provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the Council for the remaining 70%.

These contributions are charged to the operating account when paid.

4.1.3 Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. Provision is based on the total accrued leave owing to employees and on their total salary packages.

4.1.4 Provision for bonuses

The Council will make provision for bonuses payable where at year end minimum bonus amounts owing to officials are contractually payable in the next financial year as from 1 July 2004. As for the year ended 30 June 2004 bonuses were paid out of operating expenses.

CACADU DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

4.1.5 Provision for constructive obligations

Provision is made for any constructive obligations of the Municipality. A constructive obligation arises through an established pattern of past practice, published policies or a sufficiently specific current standard, whereby the Municipality has indicated to other parties that it will accept certain responsibilities and as a result, the Municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities

A Provision for Group Live Insurance liability was created as a constructive obligation.

4.1.6 Provision for onerous contracts

When the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. An onerous contract is a contract for the exchange of assets or services in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits or service potential expected to be received under it.

5 LEASES

LESSEE ACCOUNTING

- 5.1 Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Council.
- 5.2 Operating leases are those leases which do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the lease term or any other basis which is representative of the time pattern of the lessees benefit.
- 5.3 Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

LESSOR ACCOUNTING

- 5.4 Amounts due from lessees under finance leases are recorded as receivables at the amount of the Council's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Council's net investment outstanding in respect of the leases.
- 5.5 Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

6 INVESTMENTS

The Council may have the following types of investments.

• **Held to maturity (HTM) investments** are financial assets with fixed or determinable payments and fixed maturity where the Council has the positive intent and ability to hold the investment to maturity.

CACADU DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

Loans and receivables originated by the enterprise are financial assets that are created by providing money, goods or services directly to a loan debtor.

INITIAL MEASUREMENT of financial instruments is at cost, which is the fair value of the consideration given. The fair value is usually the transaction price or market price. **Transaction costs** are included in the initial measurement of financial assets. Transaction costs include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges; and transfer taxes and duties. Transaction costs do not include debt premium or discount, financing costs or allocations of internal administrative or holding costs.

SUBSEQUENT MEASUREMENT of financial assets.

HTM investments and loans and receivables originated by the Council and not held for trading is subsequently recognised at amortised cost using the effective interest rate method. Amortised cost is defined as the amount at which the financial asset was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and minus any write-down for impairment or uncollectability.

7 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Trade creditors denominated in foreign currency are reported at statement of financial position date by using the exchange rate at that date. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded during the period are recognised as revenue or as expenses in the period in which they arise. Where the transaction is covered by a forward exchange contract, the rate specified in the contract is used.

8 REVENUE RECOGNITION

- 8.1 Revenue is derived from a variety of sources which include Regional Council levies, grants from other tiers of government and revenue from other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the Council and these benefits can be measured reliably.
- 8.2 Revenue from levies is recognized when the legal entitlement to this revenue arises. Collection charges are recognized when such amounts are legally enforceable. Interest on unpaid levies is recognized on a time proportionate basis.
- 8.3 Some services are provided on a prepayment basis in which case no formal billing takes place and income is accrued when received.
- 8.4 Interest earned on investments is recognised in the statement of financial performance on a time proportionate basis that takes into account the effective yield on the investment. Interest may be transferred from the unappropriated surplus to the AFR. Interest earned on unutilised conditional grants is allocated directly to the creditor: unutilised conditional grants if the grant conditions indicate that interest is payable to the funder.

CACADU DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

8.5 Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

8.6 Interest on outstanding debtors is recognized on a time proportionate basis and is charged on all outstanding debtors older than 30 days.

8.7 When the outcome of a transaction involving the rendering of services can be **estimated reliably**, revenue associated with the transaction should be recognised by reference to the stage of completion of the transaction at the statement of financial position date. The outcome of a transaction can be **estimated reliably** when all the following conditions are satisfied:

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The stage of completion of the transaction at the statement of financial position date can be measured reliably.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

8.8 Government Grants are recognised as revenue when all conditions associated with the grant have been met. Where grants have been received but the Council has not met the condition, a liability is raised.

9 VALUE ADDED TAX

The Council accounts for Value Added Tax on the payment basis.

10 SEGMENTAL INFORMATION

The principal segments have been identified on a primary basis by service operation and on a

11 GRANTS-IN-AID

The Council transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Council does not:

CACADU DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred. If these contracts are onerous and extend over more than one financial year after year end they are treated in accordance with the accounting policy on onerous contracts outlined under 4.1.6 above.

12 UNUTILISED CONDITIONAL GRANTS.

Unutilised conditional grants are reflected on the Statement of financial position as a creditor – unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. These creditors always have to be cash backed. The following provisions are set for the creation and utilisation of these creditors:

- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Council's interest it is recognised as interest earned in the statement of financial performance.
- Whenever an asset is purchased and funded from the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Capital Receipts into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the statement of changes in net assets to a reserve called a future depreciation reserve (FDR). This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Capital Receipts. The FDR is used to offset depreciation charged on assets purchased out of the Unutilised Capital Receipts to avoid double taxation of the consumers.

13 INTANGIBLE ASSETS.

Intangible assets are treated in accordance with the provisions of IAS 38. In accordance with these provisions intangible assets are initially recorded at their cost price and are subsequently amortised over their expected useful lives. An intangible asset is defined as an identifiable non – monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. The intangible assets under the control of the Council are amortised according to the straight line method as follows:

- Performance Management System - 1 year

14 ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

CACADU DISTRICT MUNICIPALITY

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

15 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short – term, liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

CACADU DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
1. HOUSING DEVELOPMENT FUND		
Cacadu District Municipality does not administer a Housing Development fund		
2. RESERVES		
Capital Replacement Reserve	48,789,228	46,680,414
Future Depreciation Reserve		
- Assets financed ex Capital Replacement Reserve	(314,952)	4,685
- Assets financed ex Government Grants	3,257,149	1,317,228
Total Reserves	51,731,425	48,002,327
The Asset Financing Reserve is fully invested.		
3. TRUST FUNDS		
Cacadu District Municipality does not administer any Trust Funds.		
4. LONG- TERM LIABILITIES		
Capitalised lease liability	1,337,540	-
Sub total	1,337,540	-
Less: Current Portion transferred to current liabilities	(311,787)	-
Capitalised lease liability	(311,787)	-
	1,025,753	-
5. NON-CURRENT PROVISIONS		
Provision for Post Retirement Benefits.	47,400,000	47,400,000
Total Non-Current Provisions	47,400,000	47,400,000

The value of the post retirement medical and pension benefits was arrived at by calculating the present value of the subsidies at 1 December 2001. Allowances were made for the increases in subsidies as at in the future at a rate equal to that of the expected medical aid inflation rate. The liability for CDM amounted to R47,4M (December 2001) and it was decided to fund this by budgeting on an on-going basis. The provision was established for the purpose of generating interest that is utilised to fund the yearly medical scheme commitments in respect of post retirement benefits.

CACADU DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R	
	<u>Group Life Liability</u>	<u>Leave Pay</u>	<u>Post Retirement Benefits</u>
The movement in the provisions is reconciled as follows:-			
Balance at beginning of year	559,884	144,824	47,400,000
Contributions		410,350	-
Expenditure incurred	-	(315,010)	-
Increase due to discounting	-	-	-
Transfer to current provisions	(559,884)	(240,164)	-
Balance at end of year	<u>-</u>	<u>-</u>	<u>47,400,000</u>

6. CONSUMER DEPOSITS

Cacadu District Municipality holds no consumer deposits.

7. CURRENT PROVISIONS

Current portion of Leave Pay provision	240,164	144,824
Current portion of Group Life Insurance liability	559,884	559,884
Total Current Provisions	<u>800,048</u>	<u>704,708</u>

Leave pay accrue to employees on a yearly basis, subject to certain conditions. The provision is an estimate of the amount due to staff at the reporting date.

The Provision for Group life Insurance Liability was established to provide for a liability arising from Group life Insurance claims where payment was refused by the Insurer but an obligation for payment is recognised by Council.

The movement in the current provision is reconciled as follows:-

	Current Portion Leave Pay	Current Portion Leave Pay
Balance at beginning of year		
Transfer from non-current	240,164	144,824
Expenditure incurred	-	-
Balance at end of year	<u>240,164</u>	<u>144,824</u>

8. CREDITORS

Trade creditors	1,006,610	2,190,761
Audit Fees	-	350,000
Payments in advance- RSC Levies	2,652,721	3,358,614
Unidentified deposits	1,409,072	579,810
Infrastructure projects NMMM	-	-
Infrastructure projects Levies	19,449,091	26,884,347
Value added tax	693,219	1,234,353
Salaries and Wages	249,675	-
Sundry creditors	734,040	-
Other Creditors	5,142,932	321,973
Total creditors	<u>31,337,359</u>	<u>33,685,505</u>

CACADU DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
9. CONDITIONAL GRANTS AND RECEIPTS		
Conditional Grants from Government	96,153,353	45,942,767
Government Grants	53,714,982	33,027,977
Provincial Grants and subsidies	42,438,371	12,914,790
Conditional Third party Grants from Government.	5,666,017	39,295,953
Government Grants	1,774,222	30,365,612
Provincial Grants and subsidies	3,577,458	8,930,341
Other	314,336	-
Other donations	105,105	180,957
Total Conditional Grants and Subsidies	101,924,475	85,419,677

See Appendix E for a reconciliation of grants from National/Provincial Government. These amounts are fully invested until utilised.

10. PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u> R	<u>Accumulated Depreciation</u> R	<u>Carrying Value</u> R
30th June 2005			
Infrastructure	1	1	-
Community	81,019	81,001	18
Other	13,198,314	8,757,290	4,441,024
Totals	13,279,334	8,838,292	4,441,042
30th June 2004			
Infrastructure	1	1	-
Community	19	1	18
Other	9,974,212	8,655,263	1,318,950
Totals	9,974,232	8,655,265	1,318,968

All assets, other than Land and buildings, were valued and recorded in the asset register. Backlog depreciation was calculated according to GAMAP 17 taking into consideration the estimated lifespan.

Land and Buildings were entered into the Asset register at R1.00 nominal value except for the Standard Bank, Algoa House buildings and three other properties which were recorded at revalued amounts.

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

11. INVESTMENTS

Listed

CDM had no listed investments on reporting date.

Unlisted

CDM had no unlisted investments on reporting date.

CACADU DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
<u>Financial Instruments</u>		
Fixed Deposits-Long Term	-	-
Other Deposits- Short Term	227,000,000	198,000,000
Call Account Deposits	5,000,000	-
Total cash investments	232,000,000	198,000,000
Total Investments	232,000,000	198,000,000
Allocation of external investments		
Surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-		
Reserves (Excluding Future Depreciation Reserves)	48,789,228	46,680,414
Provisions (Including Bad Debt Provision)	49,809,890	49,802,823
Conditional Grants and Receipts	101,924,475	85,419,677
Infrastructure projects from Levies	19,449,091	16,097,086
Unappropriated surplus	12,027,316	-
Total	232,000,000	198,000,000
12. NON-CURRENT LOANS		
Loans to Local Authorities outstanding	444,583	540,689
Staff loans	61,690	121,225
	506,272	661,914
Less : Short-term portion transferred to current assets	171,536	125,778
Total Non-Current loans	334,736	536,136
Loans were approved for:		
Paradise beach for R900,000 and St Francis bay for R150,000 at 14.25% per annum repayable over 15 years.		
13. INVENTORY		
The Council keeps no inventory. Goods are purchased as needed and consumed in the financial year of purchase.		
14. CONSUMER DEBTORS		
Levies	3,294,687	4,458,141
Total	3,294,687	4,458,141
The RSC Levies are collected by the Nelson Mandela Metropoleon a contract basis. The debtor system is not capable of providing an adequate age analysis of levies outstanding.		
15. OTHER DEBTORS		
Sundry Debtors	21,636	66,636
Rental	2,953	226,773
Staff accounts	4,386	1,302
Value added tax	-	1,234,353
Nelson Mandela Metropolitan Municipality Infrastructure projects	2,356,124	357,818
Nelson Mandela Metropolitan debtors bank deposits	2,751,045	-
Electricification Project	-	299,744
General	1,515,181	2,380,552
Housing Schemes: Bridging finance	10,671,311	10,671,311
Interest on investments accrued	971,760	1,274,750

CACADU DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
RSC Levies	-	2,717,910
Land Sale Debtors	-	2,340,000
Salaries and Wages	249,565	-
Deposits	14,000	35,900
Sub total	18,557,961	21,607,049
Less: Provision for bad debts		
Other	(3,098,907)	(1,698,114)
Total Other Debtors	15,459,054	19,908,935

BAD DEBT PROVISION

Balance at beginning of year	1,698,114	4,154,737
Contributions	1,489,065	1,062,091
Bad debts written off	(88,272)	(3,518,714)
Balance at the end of the year	3,098,907	1,698,114

The bad debt provision is calculated on the ageing of debtors. Council's policy is to provide on debtor balances which have been outstanding for more than 180 days.

16. BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts:

Current Account (Primary Bank Account)

ABSA Limited
32 Govan Mbeki Avenue
Port Elizabeth

Cashbook balance at the beginning of the year - (overdrawn)	458,424	(7,400,836)
Cashbook balance at the end of the year - (overdrawn)	(1,352,893)	458,424
Bank statement balance at the beginning of the year	9,574,043	5,255,476
Bank statement balance at the end of the year	7,933,832	9,574,043

17. SERVICE CHARGES

Cacadu District Municipality does not levy any service charges.

18. GOVERNMENT GRANTS AND SUBSIDIES

Government Grants

Equitable share	2,969,686	4,741,554
Skills Development	133,088	54,018
Total Government Grants	3,102,773	4,795,572

Provincial Subsidies

Disaster Management	1,000,000	-
Contribution to Retirement benefits- (Roads pensioners)	2,835,263	3,032,188
Tourism	-	40,000
Environmental Health	546,591	472,327
Total Provincial Subsidies	4,381,854	3,544,515

CACADU DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
<u>National/Provincial Government Grant funding (expenditure reimbursement)</u>		
MAYOR'S SPECIAL PROJECTS	88,718	-
DISASTER MANAGEMENT	3,971,053	398,901
COMMUNITY DEVELOPMENT WORKERS PROGRAM	754,322	-
FINANCE MANAGEMENT GRANT	1,637,922	1,551,249
HIV/AIDS NGO/CBO CAPACITY BUILDING	147,146	120,070
HIV/AIDS DISTRICT AIDS COUNCIL	90,200	68,418
HIV/AIDS LABORATORY SERVICES	478,733	409,536
STIPENDS TO VOLUNTEERS	1,202,400	-
HIV/AIDS EDUCATIONAL PROGRAM	136,425	4,269
HIV/AIDS HOME BASED CARE KIT	79,059	-
IDP - CACADU	-	124,309
MUNICIPAL SYSTEM IMPROVEMENT GRANT	2,231,030	1,180,980
RESTRUCTURING GRANT	6,645,965	1,739,904
AMBULANCE SUBSIDY	308,850	17,095,678
IDP/LDO	-	61,101
INTER-GOVERNMENTAL RELATIONS	-	51,111
HOUSING PROJECTS	2,962,437	26,862,039
IKWEZI YOUTH DEVELOPMENT	172,025	52,000
IKWEZI MSP	579,561	449,075
IKWEZI - HARDWOOD FARM	324,074	107,190
PASSENGER TRANSPORT PLANS AND FACILITIES	424,344	-
HANKEY TRC	-	197,455
HUMANSDORP TRC	-	13,745
MULTIANNUAL ACTION PLANS - MAAP	6,027,606	7,730,769
CMIP	20,533,214	15,782,549
DEPT OF SPORT, RECREAT. ARTS AND CULTURE	-	10,861
MUNICIPAL INFRASTRUCTURE	296,537	207,405
PUBLIC WORKS PROJECTS	393,465	2,463,376
DISABILITY EMPOWERMENT PROGRAM	-	27,500
KABELJOUS RIVER INTERGRATED DEV PLAN	160,012	-
BUILDING FOR SPORT AND RECREATION .	404,378	-
GRANT DBSA KLIPPLAAT	35,733	-
HIV/AIDS LSA ACTIVITIES	949,389	-
HIV/AIDS HOME BASED CARE KIT TOP	27,246	-
PEOPLES HOUSING PROJECT	5,555,433	-
Total National/Provincial Government Grants reimbursements	56,617,276	76,709,489
Total Government Grants and Subsidies	64,101,904	85,049,576

Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to the DMA and Rietbron. The balance is used to suppliment the Municipalities revenue as regional levies are not sufficient.

19. OTHER INCOME

CMIP refund to Council on projects initially financed by Council	-	5,600,000
Finance charges to funding	1,809,404	5,455,436
Other	710,829	852,840
Total Other Income	2,520,233	11,908,276

CACADU DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
20. EMPLOYEE RELATED COSTS		
Salaries and wages	12,342,986	16,008,943
Social contributions	6,541,678	-
	<u>18,884,664</u>	<u>16,008,943</u>
Remuneration of the Municipal Manager		
Annual Remuneration	300,178	388,911
Car Allowance	144,000	122,000
Performance Bonus	96,674	94,264
Total	<u>540,852</u>	<u>605,175</u>
Remuneration of the Director Finance and Corporate Services.		
Annual Remuneration	315,186	351,383
Car Allowance	100,000	100,000
Performance Bonus	86,146	84,000
Total	<u>501,332</u>	<u>535,383</u>
Remuneration of the Manager of Health	2 Months	
Annual Remuneration	39,000	229,992
Car Allowance	15,720	120,000
Performance Bonus	-	84,000
Total	<u>54,720</u>	<u>433,992</u>
Remuneration of the Deputy Director Infrastructure		5 Months
Annual Remuneration	200,220	180,624
Car Allowance	100,000	41,665
Performance Bonus	40,800	77,000
Total	<u>341,020</u>	<u>299,289</u>
Remuneration of the Director Development Facilitation		
Annual Remuneration	286,216	-
Car Allowance	100,000	-
Performance Bonus	80,136	-
Total	<u>466,352</u>	<u>-</u>
21. REMUNERATION OF COUNCILLORS		
Executive Mayor	316,531	318,744
Deputy Executive Mayor	-	-
Speaker	130,503	116,370
Mayoral Committee members	987,313	1,220,782
Councillors	651,988	616,933
Councillors' pension and Medical contribution	180,522	71,175
Total Councillors' Remuneration	<u>2,266,857</u>	<u>2,344,004</u>

In-kind Benefits

The Executive Mayor is full-time and with the Mayoral Committee Members is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

CACADU DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
22. BAD DEBTS		
Contribution to the bad debt provision	1,759,401	3,190,277
Bad debt written off against income	1,102,212	-
Total Bad Debts	2,861,613	3,190,277
23. INTEREST ON EXTERNAL BORROWINGS		
External loans	-	-
Finance leases	48,836	-
Bank overdrafts	-	-
Total interest on External Borrowings.	48,836	-
24. BULK PURCHASES		
Cacadu District Municipality did not buy bulk services.		
25. GRANTS AND SUBSIDIES PAID		
Tourism	860,000	452,645
Mayors contingency fund	105,519	73,507
Environmental Health	2,906,358	-
Total Grants and Subsidies paid	3,871,877	526,152
26. CONTRIBUTIONS TO/(FROM) PROVISIONS		
Provision for Leave pay	95,339	324,130
Provision for Post Retirement Benefits.	-	12,400,000
Provision for Group Life Insurance liability	-	559,884
	95,339	12,724,130
27. CASH GENERATED BY OPERATIONS		
Net surplus for the year	20,291,431	6,936,777
Adjustment for:-		
Previous years	(460,047)	884,656
Depreciation	604,649	280,873
Gain on disposal of property, plant and equipment	(205,738)	(1,866,475)
Contributions to provisions - non-current	410,350	13,284,014
Contributions to bad debt provision	(1,759,401)	1,062,091
Contribution to reserves	3,729,098	-
Transfer to housing projects	(7,760,000)	-
Investment income	(13,522,711)	(15,445,028)
Interest paid	48,836	-
Operating surplus before working capital changes:	1,376,467	5,136,908
Decrease/(Increase) in inventories	-	-
(Increase)/Decrease in RSC Levy debtors	1,163,454	(1,456,306)
(Increase)/Decrease in other debtors	4,449,881	3,692,730
Increase/(Decrease) in conditional grants and receipts	16,504,798	39,182,013
Increase/(Decrease) in creditors	(2,348,146)	(27,052,324)
Cash generated by operations	21,146,454	19,503,021

CACADU DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
28. CASH AND CASH EQUIVALENTS		
Balance at the end of the year	(1,349,793)	461,524
Balance at the beginning of the year	461,524	(7,397,736)
Net Increase/(Decrease) in cash and cash equivalents	(1,811,317)	7,859,260
29. EXTERNAL LOANS RECONCILIATION		
Cacadu District Municipality has external loans in the form of finance leases. Refer Appendix A		
30. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
<u>Unauthorised expenditure</u>		
Reconciliation of unauthorised expenditure		
Opening balance	-	-
Unauthorised expenditure current year	-	-
Approved by Council	-	-
Transfer to statement of Financial performance	-	-
- authorised losses	-	-
Transfer to receivables for recovery	-	-
Closing balance	-	-
<u>Irregular, fruitless and wasteful expenditure</u>		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Approved by Council	-	-
Transfer to statement of Financial performance	-	-
- authorised losses	-	-
Transfer to receivables for recovery	-	-
Closing balance	-	-
Total unauthorised, fruitless and wasteful expenditure disallowed	-	-
<u>Contributions to SALGA</u>		
Opening balance	-	-
Council subscriptions	398,770	828,867
Amount paid - current year	(398,770)	(436,275)
Amount paid - previous years	-	(392,592)
Balance unpaid (included in creditors)	-	-
<u>Audit fees</u>		
Opening balance	-	-
Current year audit fee	-	-
Amount paid - current year	-	-
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

CACADU DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
31. ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT		
<u>VAT</u>		
Vat inputs receivables and VAT outputs payable are shown in notes 15 and 8 respectively. All Vat returns have been submitted by the due date throughout the year.		
<u>PAYE and UIF</u>		
Opening balance	960	1,487
Current year payroll deductions	4,559,235	6,385,925
Amount paid - current year	(4,575,331)	(6,384,965)
Amount paid - previous years	(960)	(1,487)
Balance unpaid (included in debtors)	(16,097)	960

The balance represents PAYE and UIF paid to SARS on behalf of employees

Pension and Medical Aid Deductions

Opening balance	24,786	-
Current year payroll deductions and Council Contributions	2,931,510	3,842,523
Amount paid - current year	(2,934,654)	(3,817,737)
Amount paid - previous years	(24,786)	-
Balance unpaid (included in creditors)	(3,144)	24,786

The balance represents pension and medical aid contributions deducted from employees in the June 2005 payroll as well as Council's contributions to medical aid and pension funds. These amounts were paid during July 2005.

32. CAPITAL COMMITMENTS

Cacadu District Municipality had no commitments in respect of capital expenditure at the end of both financial years.

33. CONTINGENT LIABILITIES

VAT Apportionment recalculation prior years	-	179,543
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34. RETIREMENT BENEFIT INFORMATION

Post-Retirement Medical Benefit

Provision is made for post retirement medical benefits in the form of health care plans for eligible employees and pensioners

Pension and Retirement Fund Benefits

Employees and Council contribute to the Cape Joint Pension and Retirement Funds on the basis of a fixed contribution and is charged against income as incurred.

CACADU DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
35. IN-KIND DONATIONS AND ASSISTANCE		
No in-kind donations or assistance was done or provided in 2004/05.		
36. AGENCY FUNCTIONS		
	Income	Expenditure
The assets and liabilities as well as income and expenditure of agency functions were not taken into account in the Council's financial statements. The extent of these services are:		
Local Area- Rietbron		
District Management Area		
Planning and Implementation Management and Support Services (PIMSS)	755,000	374,880
Primary Health Care	16,421,826	13,897,572

APPENDIX A

CACADU DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2005

EXTERNAL LOANS	LOAN NUMBER	REDEEMABLE	BALANCE AT 30/06/2004	RECEIVED DURING THE PERIOD	REDEEMED WRITTEN OFF DURING THE PERIOD	BALANCE AT 30/06/2005	CARRING VALUE OF PLANT AND EQUIP	OTHER COSTS IN ACCORDANCE WITH MFMA
			R	R	R	R	R	R
LEASE LIABILITY								
Finance lease at 11 %	1	2009/01/31	-	164,035	11,095	152,940		
Finance lease at 11 %	2	2009/01/31	-	116,749	7,897	108,852		
Finance lease at 11 %	3	2009/01/31	-	116,749	7,897	108,852		
Finance lease at 11 %	4	2009/01/31	-	123,117	6,217	116,900		
Finance lease at 11 %	5	2009/01/31	-	116,749	9,916	106,833		
Finance lease at 11 %	6	2009/01/31	-	123,117	6,217	116,900		
Finance lease at 11 %	7	2009/01/31	-	101,142	8,591	92,551		
Finance lease at 11 %	8	2009/01/31	-	101,142	8,591	92,551		
Finance lease at 11 %	9	2009/01/31	-	116,749	7,897	108,852		
Finance lease at 11 %	10	2009/01/31	-	123,117	8,327	114,789		
Finance lease at 11 %	11	2009/01/31	-	98,238	3,292	94,946		
Finance lease at 11 %	12	2009/01/31	-	129,094	6,519	122,575		
			-	1,429,995	92,455	1,337,540		

APPENDIX B (continued)
CACADU DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2005

	Cost				Accumulated Depreciation				Carrying Value	Budget/Additions 2005
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
Plant And Equipment:										
Laboratory Equipment	5,000			5,000				5,000		
Telecommunication Equipment	7,400	-7,400								
Radio Equipment	1,164,850			1,164,850				1,164,850		
Firearms	1,500			1,500				1,500		
General	39,000	30,096		69,096				40,289		
	1,217,750	22,696	-	1,240,446				1,211,639		
Furniture And Fittings:										
Chairs	324,372	7,186		331,559				303,049		
Tables / Desks	218,069			218,069				204,159		
Cabinets / Cupboards	227,800	3,598		231,398				227,922		
Miscellaneous	260,492	18,276		278,768				253,189		
	1,050,733	29,060	-	1,079,794				993,319		
Motor Vehicles:										
Motor Vehicles	728,888	1,284,107		1,924,920				254,017		
Trucks / Bakkies	345,137	642,770		987,907				293,055		
	1,074,025	1,926,877		2,961,227				547,073		
Bins And Containers:										
Bulk Containers	10,821			10,821				10,821		
	10,821	-	-	10,821				10,821		
Emergency Equipment:										
Fire	20,000			20,000				20,000		
	20,000	-	-	20,000				20,000		
Total Other Assets	9,974,212	3,654,914	430,813	13,199,314				8,757,289		
TOTAL	9,974,232	3,735,914	430,813	13,279,334		604,649	421,621	8,838,293		4,441,024

APPENDIX C
CACADU DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
30 JUNE 2005

	HISTORICAL COST						ACCUMULATED DEPRECIATION						CARRYING VALUE
	OPENING BALANCE	ADDITIONS	TO TRANSFERS FROM	DISPOSALS	CLOSING BALANCE		OPENING BALANCE	ADDITIONS	from TRANSFERS to	DISPOSALS	CLOSING BALANCE		
EXECUTIVE AND COUNCIL													
Council's Expenses	152,695	-	23,600	(20,600)	155,695		1,089		(20,600)	23,029		154,198	1,497
Office Of The Mayor	597,655	164,035	59,479	(174,397)	566,735		421,087		(137,139)	42,529		318,998	241,756
Office Of The Municipal Manager	152,537	3,300		(19,900)	131,016		101,787		(38,473)	45,000		146,599	34,417
Health Management	273,886	-	47,838	(25,779)	295,945		183,801		(24,928)	36,385		221,157	74,788
Directorate : Infrastructure	246,919	-	84,259	(112,841)	221,378		204,080		(97,301)	185,475		35,903	35,903
Directorate : Finance & Administration	276,674	10,616	87,020	(101,891)	272,420		230,397		(86,351)	78,822		233,281	39,138
	1,703,366	178,930	347,257	(455,407)	1,697,188		1,291,832		(384,792)	285,246		1,252,709	427,480
FINANCE AND ADMINISTRATION													
Finance	234,170	26,050	63,864	(41,123)	282,960		171,185		(39,255)	47,040		207,956	75,004
Human Resources	152,855	3,198	90,395	(62,345)	184,102		90,171		(54,807)	76,758		134,457	49,646
Information Technology/Property Services	1,825,320	246,188	551,556	(375,899)	2,231,165		1,593,904		(263,209)	408,415		1,789,371	441,794
Other Administration	2,083,955	1,147,915	116,750	(21,850)	3,326,770		2,083,282		(21,850)	116,750		2,297,510	1,029,220
	1,089,345	1,077,607	98,514	(107,023)	1,954,294		1,052,338		(97,227)	74,580		889,214	1,065,080
	5,385,644	2,800,938	923,078	(608,240)	7,379,291		4,996,880		(476,349)	723,543		5,218,548	2,660,744
PLANNING AND DEVELOPMENT													
Development Facilitation	461,364	244,019	69,063	(151,263)	623,182		380,340		(126,785)	44,585		346,745	276,437
	461,364	244,019	69,063	(151,263)	623,182		380,340		(126,785)	44,585		346,745	276,437
HEALTH													
Other	100,501	202,283	9,300	(9,100)	233,583		100,501		(9,100)	9,300		43,951	189,633
	100,501	202,283	9,300	(9,100)	233,583		100,501		(9,100)	9,300		43,951	189,633
HOUSING													
Housing Services	72,820	33,986	33,120	(38,220)	101,706		59,328		(24,728)	25,350		65,845	35,862
	72,820	33,986	33,120	(38,220)	101,706		59,328		(24,728)	25,350		65,845	35,862
PUBLIC SAFETY													
Disaster Management	2,059,814	561,740	12,850	(124,318)	2,456,861		1,684,607		(71,521)	12,850		1,656,688	800,203
	2,059,814	561,740	12,850	(124,318)	2,456,861		1,684,607		(71,521)	12,850		1,656,688	800,203
ROAD TRANSPORT													
Roads	52,266	-	5,100	(13,823)	43,543		26,618		(4,884)	4,757		30,646	12,897
	52,266	-	5,100	(13,823)	43,543		26,618		(4,884)	4,757		30,646	12,897
WATER													
Water Distribution	73,420	-	13,020	(21,120)	65,320		65,308		(13,008)	5,250		59,993	5,327
	73,420	-	13,020	(21,120)	65,320		65,308		(13,008)	5,250		59,993	5,327
OTHER													
Tourism	65,038	14,897	26,323	(17,600)	88,657		49,851		(17,600)	17,384		56,198	32,459
Other	65,038	14,897	26,323	(17,600)	88,657		49,851		(17,600)	17,384		56,198	32,459
TOTALS	9,974,232	3,755,913	1,439,091	(1,439,091)	13,279,334		8,655,265		(1,128,766)	1,128,766		8,838,292	4,441,041

APPENDIX D
CACADU DISTRICT MUNICIPALITY: SEGMENTAL INCOME STATEMENT FOR THE YEAR ENDED
30 JUNE 2005

2004 Actual Income R	2004 Actual Expenditure R	2004 Surplus/ (Deficit) R	2005 Actual Income R	2005 Actual Expenditure R	2005 Surplus/ (Deficit) R
22,467,639	26,855,224	-4,387,585	17,283,707	12,244,156	5,039,551
29,843,805	10,268,964	19,574,840	35,241,561	12,845,917	22,395,644
77,059,211	81,289,805	-4,230,594	3,666,509	1,101,172	2,565,337
472,327	383,402	88,925	570,047	3,465,412	-2,895,365
-	-	-	-	-	-
-	512,748	-512,748	-	557,202	-557,202
-	2,180,995	-2,180,995	1,014,253	2,150,649	-1,136,396
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,032,188	3,616,944	-584,756	-	715,446	-715,446
40,000	331,667	-331,667	652,896	477,529	175,368
-	1,922,327	-1,882,327	2,835,263	7,542,374	-4,707,111
132,915,169	127,362,076	5,553,093	61,264,256	41,099,856	20,164,380
-	-1,383,684	1,383,684	-	(127,051)	127,051
132,915,169	125,978,392	6,936,777	61,264,256	40,972,805	20,291,431

APPENDIX E(1)
CACADU DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED
30 JUNE 2005

REVENUE	Actual 2005	Budget 2005	Variance R	Variance %	Explanation of Significant Variances Greater than 10% versus Budget
Regional Services Levy- Turnover	18,638,632	14,600,000	(4,038,632)	28	Improved collections, greater economic activity
Regional Services Levy- Remuneration	12,156,148	6,400,000	(5,756,148)	90	Improved collections, greater economic activity
Rental	2,152,907	1,404,900	(748,007)	53	
Investment Interest	12,743,448	5,800,000	(6,943,448)	120	Large reserves as a result of slow spending
Other Interest	779,263	420,000	(359,263)	86	Interest on debtors as a result of better than expected accrual
Income for agency services	265,697	330,000	64,303	-19	Loss of IT bureau service to Chris Hani Municipality
Government grants and subsidies	11,802,169	16,336,100	4,533,931	-28	Project funding from grant and subsidies not successful
Other income	2,520,233	5,839,400	3,319,167	-57	
Gains on disposal of property, plant and equipment	205,738	-	(205,738)	100	Not budgeted for
Sub- Total	61,264,236	51,130,400	(10,133,836)	20	
Recovered from Grants and subsidies i.r.o expenditure	56,617,276	-	(56,617,276)		
Total Income	117,881,513	51,130,400	(66,751,113)		
EXPENDITURE					
Employee related costs	18,884,664	23,179,200	4,294,536	-19	Vacant Positions
Remuneration of Councillors	2,502,799	2,826,600	323,801	-11	Vacant Positions
Bad debts	1,102,212	-	(1,102,212)	100	Not budgeted for
Collection costs	944,987	680,000	(264,987)	39	Percentage of levy income
Depreciation	507,649	375,600	(132,049)	35	Incorrect budget
Repairs and maintenance	1,025,579	1,918,100	892,521	-47	Building maintenance planned for 2005/06
Interest on External Borrowings	48,848	-	(48,848)	100	Included in budgeted for lease costs
Contracted services	1,900,855	2,198,900	298,045	-14	Budget savings
Grants and Subsidies paid	647,313	905,000	257,687	-28	
General expenses-other	11,648,499	19,047,000	7,398,501	-39	Budget savings
Capital expenditure	-	-	-	-	
Contributions to provisions	1,759,401	-	(1,759,401)	100	Not budgeted for
Loss on disposal of property, plant and equipment	-	-	-	-	
Sub- Total	40,972,805	51,130,400	10,157,595	-20	
General expenses-Conditional Grants	56,617,276	-	(56,617,276)		
Total Expenditure	97,590,082	51,130,400	(46,459,682)		
NET SURPLUS/(DEFICIT) FOR THE YEAR	20,291,431	-	(20,291,431)		

APPENDIX E(2)
CACADU DISTRICT MUNICIPALITY: CAPITAL EXPENDITURE ACTUAL VERSUS BUDGET FOR THE YEAR ENDED
30 JUNE 2005

	2005 Actual R	2005 Under Construction R	2005 Total Additions R	2005 Budget R	2005 Variance R	2005 Variance %	Explanation of Significant Variances Greater than 5% versus Budget
COMMUNITY ASSETS							
Buildings:							
Clinics/Hospitals	81,000		81,000		(81,000)	100	Property not included in original takeon
Total Community Assets							
OTHER ASSETS							
Buildings:							
Office Building	1,050,917		1,050,917	10,000,000	8,949,083	-89	Planning phase of building
Land And Unused Buildings	15,991		15,991		(15,991)	100	Property not included in original takeon
Miscellaneous	9		9		(9)	100	Property not included in original takeon
Office Equipment:							
Computer Hardware	510,186		510,186	2,516,700	2,006,514	-80	Computer server purchased, financial system not replaced
Office Machines	99,178		99,178	913,700	814,522	-89	Photostat machine leased and not purchased
Plant And Equipment:							
Telecommunication Equipment	-7,400		-7,400		7,400	100	Adjustment in classification
General	30,096		30,096	2,000	(28,096)	1405	Additional furniture for new Department. Refer Council Resolution
Furniture And Fittings:							
Chairs	7,186		7,186		(7,186)	100	Additional furniture for new Department. Refer Council Resolution
Tables / Desks							
Cabinets / Cupboards	3,598		3,598		(3,598)	100	Additional furniture for new Department. Refer Council Resolution
Miscellaneous	18,276		18,276		(18,276)	100	Additional furniture for new Department. Refer Council Resolution
Motor Vehicles:							
Motor Vehicles	1,284,107		1,284,107		(1,284,107)	100	Vehicles acquired on capital lease and not operating
Trucks / Bakkies	642,770		642,770		(642,770)	100	Disaster management vehicles purchased from grant
TOTAL	3,735,914	-	3,654,914	13,432,400	9,777,486		

**CACADU DISTRICT MUNICIPALITY
APPENDIX F**

CONDITIONAL GRANTS AND RECEIPTS

DESCRIPTION	UNSPENT BALANCE 1 July 2004	CONTRIBUTIONS	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE	CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30 June 2005
MAYOR'S SPECIAL PROJECTS	180,957	-	-	12,866	88,718	-	-	105,105
DISASTER MANAGEMENT	2,864,866	-	4,914,000	474,317	3,971,053	496,882	-	3,785,248
COMMUNITY DEVELOPMENT WORKERS PROGRAM	-	-	837,025	7,516	754,322	-	-	90,219
FINANCE MANAGEMENT GRANT	3,065,236	-	1,000,000	-	1,637,922	271,159	-	2,156,154
HIV/AIDS ATICCS	-	-	310,000	266,385	-	-	-	576,385
HIV/AIDS NGO/CBO CAPACITY BUILDING	414,852	-	-	28,087	147,146	-	232,771	63,022
HIV/AIDS DISTRICT AIDS COUNCIL	14,472	-	100,000	2,573	90,200	-	2,890	23,956
HIV/AIDS LABORATORY SERVICES	196,834	-	313,707	12,718	478,733	-	31,807	12,718
STIPENDS TO VOLUNTEERS	-	-	2,268,000	-	1,202,400	-	-37,104	1,102,704
HIV/AIDS EDUCATIONAL PROGRAM	150,347	-	-	-	136,425	-	13,922	0
HIV/AIDS MEDICATIONS	3,503,068	-	-	282,277	-	-	317,302	3,468,043
HIV/AIDS HOME BASED CARE KIT	96,005	-	-	14,203	79,059	-	16,005	15,144
IDP - CACADU	-	-	-	-	-	-	-	-
MUNICIPAL SYSTEM IMPROVEMENT GRANT	4,000,834	-	3,300,000	483,867	2,231,030	-	-	5,553,672
IDP SUPPORT GRANT FOR LMS AND DMS	-	-	1,113,000	37,112	-	-	-	1,150,112
RESTRUCTURING GRANT	29,962,741	-	10,000,000	-	6,645,965	1,085,409	-	32,231,367
AMBULANCE SUBSIDY	1,951,159	-	-	157,195	308,850	-	-	1,799,504
IDP/LDO	364,558	-	-	29,383	-	-	-	393,941
INTER-GOVERNMENTAL RELATIONS	228,564	-	-	18,422	-	-	-	246,986
ENON	15,918	-	-	1,283	-	-	-	17,201
HOUSING PROJECTS	7,648,163	-	7,571,972	-	2,962,437	-	7,618,201	4,639,497
HONEYBUSH TEA	116,319	-	-	9,375	-	-	-	125,695
RURAL ACCESS ROADS	87,816	-	-	7,078	-	-	-	94,894
MULTI PURPOSE COMMUNITY CENTRE	29,417	-	-	2,371	-	-	-	31,788
THORNHAM - WATER SUPPLY	106,583	-	-	8,591	-	-	-	115,174
YOUTH CENTRE - SOMERSET EAST	211,072	-	-	17,012	-	-	-	228,085
IKWEZI YOUTH DEVELOPMENT	631,439	-	-	48,618	172,025	-	-	508,032
IKWEZI MSP	587,286	-	-	37,375	579,561	-	-	45,101
IKWEZI - HARDWOOD FARM	1,722,094	-	-	136,720	324,074	-	-	1,534,740
IKWEZI FINANCIAL AID	65,551	-	-	5,283	-	-	-	70,835
PASSENGER TRANSPORT PLANS AND FACILITIES	3,237,007	-	-	258,236	424,344	-	-	3,070,898
PLANNING AND RUDIMENTARY SERVICES	365,357	-	-	29,448	-	-	-	394,805
PILOT HOUSING PROJECT - ADDO	785,439	-	-	63,306	-	-	-	848,745
PILOT HOUSING PROJECT THORNHILL	20,981	-	-	1,691	-	-	-	22,672
ABERDEEN TRC	585	-	-	-	-	585	-	-
ALBANY TRC	934,549	-	-	75,176	-	672,043	-	337,682
ALEXANDRIA TRC	55,860	-	-	-	-	55,860	-	-
GRAAFF REINET TRC	15,083	-	-	-	-	15,083	-	-
HANKEY TRC	185,330	-	-	14,908	-	133,273	-	66,966
RIETBRON STOCK WATERING SCHEME	-	-	-	-	-	-	-	-

CACADU DISTRICT MUNICIPALITY
APPENDIX F

CONDITIONAL GRANTS AND RECEIPTS

DESCRIPTION	UNSPENT BALANCE 1 July 2004	CONTRIBUTIONS	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE	CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30 June 2005
TOWN PLANNING SERVICES	15,989	-	-	1,289	-	-	-	17,278
HUMANSDORP TRC	2,941	-	-	-	-	2,941	-	-
JANSENVILLE TRC	3,753	-	-	-	-	3,753	-	-
JOUBERTINA TRC	21,247	-	-	-	-	21,247	-	-
KIRKWOOD TRC - ADDO (I.D.P.)	84,283	-	-	6,793	-	-	-	91,076
KIRKWOOD TRC	50,632	-	-	-	-	50,632	-	-
PEARSTON TRC	3,798	-	-	-	-	3,798	-	-
PORT ELIZABETH TRC	41,618	-	-	-	-	41,618	-	-
SOMERSET EAST TRC	26,187	-	-	-	-	26,187	-	-
UITENHAGE TRC	981,381	-	-	78,943	-	705,720	-	354,604
WILLOWMORE TRC	535,950	-	-	43,112	-	385,407	-	193,656
MULTIANNUAL ACTION PLANS - MAAP	11,743,103	-	3,141,128	744,357	6,027,606	-	2,500,000	7,100,982
CMIP	1,549,557	-	29,628,354	-	20,533,214	-	-2,500,000	13,144,697
DEPT OF SPORT, RECREAT. ARTS AND CULTURE	15,241	-	-	-	-	-	-	15,241
MUNICIPAL INFRASTRUCTURE	533,699	-	-	-	296,537	-	-	237,163
PUBLIC WORKS PROJECTS	4,924,734	-	-	-	393,465	14,897	3,222,426	1,293,946
DISABILITY EMPOWERMENT PROGRAM	22,500	-	-	1,814	-	-	-	24,314
DWAF PURCHASE OF A NEW COMPUTOR	135,024	-	-	8,520	-	116,317	-	27,226
KABELJOU RIVER INTERGRATED DEV PLAN	257,151	-	90,296	18,536	160,012	-	-	205,972
BUILDING FOR SPORT AND RECREATION	400,000	-	1,718,345	60,255	404,378	-	-	1,774,222
GRANT DBSA KLIPPLAAT	-	-	350,000	69	35,733	-	-	314,336
HIV/AIDS NGO FUNDING	142,767	-	357,150	20,458	-	-	-	520,375
HIV/AIDS LSA ACTIVITIES	3,337,998	-	-	502	949,389	-	117,440	2,271,671
HIV/AIDS HOME BASED CARE KIT TOP	80,696	-	-	12	27,246	-	-	53,462
PEOPLES HOUSING PROJECT	-	-	7,176,474	117,927	5,555,433	-	-7,618,201	9,357,169
TOTAL	88,726,590	-	74,189,452	3,645,982	56,617,276	4,102,811	3,917,460	101,924,475