

FEZILE DABI DISTRICT COUNCIL

FINANCIAL STATEMENTS

30 JUNE 2005

NORTHERN FREE STATE DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



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FEZILE DABI DISTRICT COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



FOREWORD

The trademark of the Fezile Dabi District Municipality for the 2004/2005 financial years was to reposition itself in the local government sphere as one of the best District Municipalities in the country in terms of compliance to government legislation and applicable regulations.

In order to achieve this goal the District Municipality addressed identified weaknesses and gaps in terms of its functional and management capacity and applied purposeful measures to achieve its objectives.

It is with great confidence that I can state that with the submission of this report, the huge backlog in presenting financial statements since 2002 have been wiped out and Fezile Dabi District Municipality is submitting the necessary financial reports on time. During the year all financial systems and relevant internal control regulations have also been aligned and implemented to meet requirements of the new Municipal Finance Management Act.

Over recent years the District Municipality had to address its changing role within local government. Since the year 2000 new structures and systems were introduced by legislation such as Local Government Municipal Structures Act and Local Government Municipal Systems Act. Section 84 of the Structures Act, as amended requires the District Municipality to perform certain additional municipal functions such as the Disaster Management Function and Municipal Health Services which in reality changes the primary role of the District Municipality (District Council Act 109 of 1985) of being an infrastructure development agent for local municipalities to that of a service delivery agent in local government.

NAME CHANGE

On the 03 May 2005 the name change of the former Northern Free State District Municipality to that of Fezile Dabi District Municipality was officially effected. The process that was on the Council's agenda since August 2002 included a public consultation process during August and September 2004 by the Executive Mayor Cllr Khotso Sesele. All communities falling within the jurisdiction of the District Municipality were consulted where 96% of residents voted in favour of the new name.

OTHER ACHIEVEMENTS

The Disaster Management function, which was enacted in 2003, were consolidated and placed in the PIMSS Department and a Regional Disaster Management plan was compiled and approved by Council for implementation.

A Regional Local Economic Strategy was compiled within a partnership with the Australian Local Government Partnership Programme and approved by Council during October 2004.

The function of Environmental Health that was traditionally performed by local municipalities with the support of the Province was devolved to District Municipalities as from 1 July 2004. Although several logistic problems and severe financial restrictions were experienced Fezile Dabi District Municipality successfully established a newly developed and implemented Environmental Health Department in its area of jurisdiction. It is in fact, the first year in decades that the entire District has had access to an Environmental Health Service.

This transformation and restructuring is a process of ensuring sustainable and developmental local government and Fezile Dabi District Municipality is committed to serving communities in its region in the spirit of corporate governance.

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B Molotsi - Municipal Manager

FEZILE DABI DISTRICT COUNCIL
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GENERAL INFORMATION

Members of the Executive Committee

Mr M B Sesele (Executive Mayor)
Mrs V Mangwana (Speaker)
Mr K J Khumalo
Mrs M E Khoathela
Mrs G T Hadebe
Mr D P C Colbert
Mrs G N Guza
Mr J E R T Ramokhoase

Normal Elected Councillors

Mr M B Sesele
Mrs B V Mangwana
Mrs G N Guza
Mr K J Khumalo
Mrs M E Khoathela
Mrs G T Hadebe
Mr D P C Colbert
Mrs G N Guza
Mr J E R T Ramokhoase

Grading of Local Authority

Grade 11

Auditors

Auditor-General

Bankers

First National Bank	Saambou Park, Lynwood Manor, Pretoria, 0081 PO Box 74127, Lynwoodridge, 0040 Tel: (012) 421-5117
ABSA Bank Limited	Forum Building, 19 Nelson Mandela Avenue, Bloemfontein, 9301 PO Box 323, Bloemfontein, 9300 Tel: (051) 401-0500
Nedbank Limited	Edgars, Fichardt Street, Sasolburg, 1947 PO Box 259, Sasolburg, 1947 Tel: (016) 976-0710
Standard Bank	Kirchhoffer Boulevard P O Box 24, Sasolburg, 1947 Tel (016) 970-9560

FEZILE DABI DISTRICT COUNCIL
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Registered Offices

District Council Building	PO Box 10
John Vorster Road	Sasolburg
Sasolburg 1947	1947
Telephone	(016) 976-0765
Facsimile	(016) 976-0769

Municipal Manager

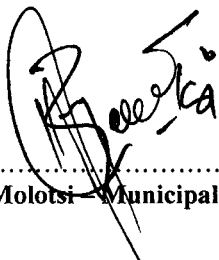
Mr B Molotsi

Director Finance

Mr B.R Taye

Approval of the Financial Statements

The Annual Financial Statements set out on Pages 11 to 25 were approved and resubmitted by the Municipal Manager and Manager Finance on 20 October 2005.


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B Molotsi – Municipal Manager


.....
B R Taye – Director Finance

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



REPORT FROM AUDITOR-GENERAL

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



TREASURER'S REPORT FOR THE YEAR ENDED 30 JUNE 2005

1. INTRODUCTION

Herewith a summary of the operating results for the 2004/2005 financial year.

The main role of the District Council is to develop the area falling under its jurisdiction infrastructurally, hence the bulk of its funds are spent on development of the areas.

The compilation of these Financial Statements was done with the assistance of ICL and the Financial Department staff.

2. OPERATING RESULTS

Details of the operating results, per object of income and expenditure, are included in Appendices D and E. The overall operating results for the year are as follows:

	Actual 2004 R	Actual 2005 R	Variance 2004/2005 %	Budget 2005 R	Variance Actual/ Budget 2005 %
Income					
Opening Surplus/(Deficit)	41,252,566	51,533,890	24,92		
Previous Year Adjustment					
Operating Income for the Year	<u>112,079,206</u>	<u>109,945,404</u>	(1,90)		
	<u>153,331,772</u>	<u>161,479,294</u>			
Expenditure					
Operating Expenditure for the Year	42,468,584	48,204,892	(13,50)		
Projects	61,248,598	63,101,048	(3,02)		
Appropriations	(3,697,800)	(14,541,959)			
Closing Surplus/(Deficit)	<u>53,312,390</u>	<u>64,715,313</u>			
	<u>153,331,772</u>	<u>161,479,294</u>			

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



TREASURER'S REPORT (continued)

2.1 General Services

	Actual 2004 R	Actual 2005 R	Variance 2004/2005 R
Community Services			
Income	109,379,206	109,945,404	(0,52)
Expenditure	<u>(101,726,890)</u>	<u>(111,305,940)</u>	
Surplus/(Deficit)	<u>7,652,316</u>	<u>(1,360,536)</u>	
Surplus/(Deficit) as % of Income			
Regional Function			
Income	2,700,000	-	
Expenditure	<u>(1,990,292)</u>	<u>-</u>	
Surplus/(Deficit)	<u>709,708</u>	<u>-</u>	
Surplus/(Deficit) as % of Income			

Income decreased by 0,52% and expenditure increased by 9%.

3. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets amounts to R2,484,298. [Refer Appendix C].

	Actual 2005 R	Budget 2005 R	Actual 2004 R
Fixed Assets	<u>1,534,133</u>	<u>5,643,500</u>	<u>4,713,683</u>

The fixed assets were financed as follows:

	Actual 2005 R	Budget 2005 R	Actual 2004 R
Contribution from Operating Income	<u>1,534,133</u>	<u>5,643,500</u>	<u>4,713,683</u>

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



TREASURER'S REPORT (continued)

3.1 Section 12(6)(b) Allocation

	Unspent 2005 R	Unspent 2004 R
Operating Income		
Grants	<u>13,726,734</u>	<u>71,027,970</u>

Grants consist of amounts available from the prior year not yet spent as well as the current year not yet spent.

4. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding at 30 June 2005 amounted to R50,141,536 (2004:R52,311,723). An amount of R8,215,715 (2004:R8,215,715) was used to service these loans consisting of R6,045,529 (2004:R6,257,420) interest and R2,170,186 (2004:R1,958,295) capital repaid. Details are disclosed in Appendix B and Notes 2 and 7 to the Financial Statements.

Investments at 30 June 2005 amounted to R50,006,003 (2004:R57,671,237). Details are disclosed in Note 3 to the Financial Statements.

5. FUNDS AND RESERVES

Details of funds and reserves are disclosed in Appendix A to the Financial Statements.

6. CAUSE FOR CONCERN

A group of levy payers are refusing to pay levies. Their contention is that levies charged by the district municipality are a form of tax, therefore unconstitutional before the law. No action has been taken against these individuals and businesses.

If this trend continues, this will seriously affect our income negatively and impact on our ability to provide services to the community and local municipalities in our district.

7. EXPRESSION OF APPRECIATION

I would like to thank the Executive Mayor, members of the Executive Committee, other Councillors, the Municipal Manager and Departmental Heads for the support they have given me and the Finance personnel during the year. A special word of thanks to the personnel of the Finance Department and ICL for their commitment in preparing the financial statements.



B R Teye –Director Finance

Date: 14/12/2005



ACCOUNTING POLICIES

1. BASIS FOR PRESENTATION

- 1.1** The Financial Statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice (1996) and the Report on Standardisation of Financial Statements of Local Authorities (5th Edition, as amended).
- 1.2** The Financial Statements are prepared on the historical cost basis. The accounting policies are consistent with those applied in the previous financial year, except if otherwise indicated.
- 1.3** The Financial Statements are prepared on the accrual basis:
- except for levies which are accounted for on the cash basis, all other income is accrued when collectable and measurable; and
 - expenditure is accrued in the year it is incurred.

2. FIXED ASSETS

2.1 Fixed Assets are stated:

- at historical cost; and
- leased assets are not capitalised (i.e. lease payments are expensed in the Income Statement).

2.2 Depreciation

The balance shown against the heading "Loans Redeemed and other Capital Receipts" in the Notes to the Balance Sheet is tantamount to provision for depreciation. However, certain structural differences do exist. By way of this "provision" assets are written down over their estimated useful lives.

Apart from advances from the various Council funds, assets may be acquired through:

- appropriations from income, where the full cost of the asset forms an immediate and direct charge against operating income, and therefore it is unnecessary to make any further provision for depreciation; and
- appropriations where the amount representing the value of such contribution is immediately credited to the "Loans Redeemed and other Capital Receipts" account.

2.3 All net proceeds from the sale of fixed property are credited to Income.

2.4 Capital assets are financed from Council Income.

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



ACCOUNTING POLICIES (continued)

3. FUNDS AND RESERVES

Trust Funds consists of funds which belonged to the former disbanded rural councils.

4. RETIREMENT FUNDS

The Northern Free State District Council and its employees contribute to the Free State Municipal Pension and Provident Fund, and its Councillors contribute to no retirement fund. The fund provides retirement benefits to such employees.

The retirement benefit plan is subject to the Pension Fund, Act 1956, with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs. Unfavourable experience adjustments and the cost of securing increased benefits are written off over the lesser of the remaining period of service of employee or five years. Favourable experience adjustments are retained in the retirement benefit plan.

The last actuarial valuation for the Free State Municipal Pension Fund was done 30 June 2001 by Alexander Forbes Consultants and Actuaries, a division of Alexander Forbes Financial Services. The fund was valued at a fair value of R244,690,000.

However, most of the employees joined the Free State Municipal Provident Fund. Individual valuations are supplied to employees annually on 30 June.

5. INVESTMENTS

Investments are shown at a lower of cost or market value if a permanent decline in the value occurred, and are invested in securities prescribed in Regulation 6 of the Regulation for District Council promulgated in Financial Government Notice R1524 dated 28 June 1991.

6. PROVISIONS

Provisions have been established where considered necessary and are reflected in detail in Appendix A. No provisions, as per the IMFO definitions, were provided during the year.

7. PRE-PAID GRANTS AND LONG TERM LIABILITIES

The balance outstanding on Development Bank of South Africa [DBSA] loans taken up as a source of finance in respect of grants to local authorities are recovered from operating income over the periods of the various loans involved.

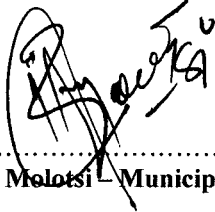
8. PROJECTS NOT YET STARTED

The balance is calculated based on projects approved and started less projects already paid.

9. COMMITMENTS

The municipality has appointed a service provider to supply and install a new financial system which will cost the municipality R1,675,037.

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



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B Molotsi – Municipal Manager



.....
B R Taye – Director Finance

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



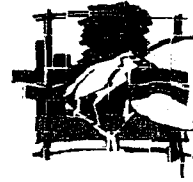
BALANCE SHEET

	Notes	2004/2005 R	2003/2004 R
CAPITAL EMPLOYED			
Funds and Reserves			
Capital Development Fund	1	-	10,573,174
Trust Funds		3,879,290	3,701,916
Retained Surplus/(Accumulated Deficit)		64,715,313	53,312,390
Long Term Liabilities	2	<u>47,662,091</u>	<u>50,317,279</u>
		<u>116,256,694</u>	<u>117,904,759</u>
EMPLOYMENT OF CAPITAL			
Fixed Assets	3	-	-
Prepaid Grants	7	50,111,927	52,311,723
Long Term Debtors	5	<u>1,194,330</u>	<u>1,981,637</u>
		51,306,257	54,293,360
NET CURRENT ASSETS		64,950,437	63,611,399
Current Assets		75,735,411	76,031,448
Debtors	6	3,024,508	4,188,167
Cash		500	500
Bank		22,704,400	14,171,544
Investments	4	50,006,003	57,671,237
Current Liabilities		10,784,974	12,420,049
Provisions	8	956,821	1,360,657
Creditors	9	7,378,316	9,064,948
Loans : Short Term Portion	2	2,449,836	1,994,444
		<u>116,256,694</u>	<u>117,904,759</u>



B Molotsi – Municipal Manager

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



INCOME STATEMENT

Actual Income	Actual Expenditure	Surplus/(Deficit)		Actual Income	Actual Expenditure	Surplus/(Deficit)
2004	2004	2004		2005	2005	2005
R	R	R		R	R	R
			RATES AND GENERAL			
109,379,206	101,726,890	7,652,316	General Services	109,945,404	111,305,940	(1,360,536)
109,379,206	101,726,890	7,652,316	Community Services			
-			Subsidies Services			
			Economic Services			
2,700,000	1,990,292	709,708	Regional Functions			
			Housing Services			
			Trading Services			
112,079,206	103,717,182	8,362,024	TOTAL	109,945,404	111,305,940	(1,360,536)
		3,697,800	Appropriations for the Year			14,541,959
		12,059,824	Net Surplus/(Deficit) for the Year			13,181,423
		41,252,566	Accumulated Surplus at Beginning of Year			51,533,890
		53,312,390	Accumulated Surplus/(Deficit) at End of Year			64,715,313

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



CASH FLOW STATEMENT

	Notes	2005 R	2004 R
CASH RETAINED FROM OPERATING ACTIVITIES			
Surplus/(Deficit) for the Year		(1,360,536)	8,362,024
		421,681	18,114,537
Cash Generated by Operations	20	34,687,082	33,851,076
Interest and Other Income		4,776,067	5,324,889
(Increase)/Decrease in Working Capital	16	(471,416)	5,165,585
		38,991,733	44,341,550
Capital Charges Paid		(8,215,715)	(8,215,715)
Cash Available from Operations		30,776,018	36,125,835
Projects expenditure		(63,101,048)	(61,248,598)
Cash Contributions from the Public and the State		32,746,711	43,237,300
CASH UTILISED IN INVESTING ACTIVITIES			
Corrections made to opening balances			
Investment in Fixed Assets		(1,534,133)	(4,713,683)
NET CASH FLOW		(2,472,988)	13,400,854
Increase/(Decrease) in Long Term Loans	17	(2,655,188)	(1,958,295)
(Increase)/Decrease in Cash Investments	18	7,665,234	(6,549,303)
(Increase)/Decrease in Cash	19	(8,532,856)	(10,918,874)
Net Cash Generated/(Utilised)		(3,522,810)	(19,426,472)

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



NOTES TO THE FINANCIAL STATEMENTS

	2005 R	2004 R
1. ACCUMULATED FUNDS		
Capital Development Fund	-	10,573,174
Trust Funds	<u>3,879,290</u>	<u>3,701,916</u>
	<u>3,879,290</u>	<u>14,275,090</u>
<p>The Capital Development Fund has become redundant and has been written off. No contributions have been made to this fund. Trust funds are representative of the balances in the Bank & Investments accounts of the defunct rural councils. [Refer Appendix A].</p>		
2. LONG TERM LIABILITIES		
DBSA Loans (Refer Appendix B)	52,311,723	54,270,018
<u>Plus:</u> DBSA Interest for the Year	6,015,919	6,257,40
<u>Less:</u> DBSA Redemption	<u>8,215,715</u>	<u>8,215,715</u>
	50,111,927	52,311,723
<u>Less:</u> Short Term Portion transferred to Current Liabilities	<u>2,449,836</u>	<u>1,994,444</u>
	<u>47,662,091</u>	<u>50,317,279</u>
<p>Annuity Loans Loans are redeemable up to 20 years. Interest is charged at rates varying between 10% and 16,5%. The loans are unsecured. [Refer Appendix B and Appendix F]</p>		
3. FIXED ASSETS		
Fixed Assets at Beginning of Year	12,786,453	8,072,770
Capital Expenditure during the Year	<u>1,534,133</u>	<u>4,713,683</u>
	<u>14,320,586</u>	<u>12,786,453</u>
<u>Less:</u> Disposals or Written Off	<u>-</u>	<u>-</u>
Total Fixed Assets	14,320,586	12,786,453
<u>Less:</u> Loans Redeemed and Other Capital Receipts	<u>(14,320,586)</u>	<u>(12,786,453)</u>
Net Fixed Assets	<u>-</u>	<u>-</u>
[Refer Appendix C]		

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



NOTES TO THE FINANCIAL STATEMENTS (continued)

	2005 R	2004 R
4. INVESTMENTS		
Portfolio Account		-
Long Term Investment	8,756,607	14,055,567
Money Market		-
Short Term Deposits (Call Monies)	41,249,396	43,615,670
	<u>50,006,003</u>	<u>57,671,237</u>
Management Valuation of Unlisted Investment	<u>50,006,003</u>	<u>57,671,237</u>
Average Gross Rate of Return on Investments	6%	6%
<p>In terms of Regulation 6 of the Financial Regulations for District Councils, under Government Notice No. R1524 dated 28 July 1991, the District Councils have invested funds which are not immediately required, with prescribed institutions. The periods are such that it will not be necessary to borrow funds against the investments as a plenary rate to meet commitments.</p>		
5. LONG TERMS DEBTORS		
Motor Vehicle Loans	1,710,441	2,678,673
<u>Less: Short Term Portion transferred to Current Assets</u>	<u>516,111</u>	<u>697,036</u>
	<u>1,194,330</u>	<u>1,981,637</u>
<p>Motor Vehicle Loans are granted at 8% to 8,5% to staff members who qualify.</p>		
6. DEBTORS		
Short Term Portion of Motor Vehicle Loans	516,111	697,036
Prepaid Salaries	-	31,743
Study Loans	-	23,979
VAT Repayable	273,432	1,654,158
Fuel Deposit	1,000	1,000
Pick 'n Pay Card	2,537	1,751
Levy debtors (see note 11)	2,231,428	1,778,500
	<u>3,024,508</u>	<u>4,188,167</u>

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



NOTES TO THE FINANCIAL STATEMENTS (continued)

	2005	2004
	R	R
7. PREPAID GRANTS		
Opening Balance	52,311,723	54,270,018
(Redemption)/Increase in Loans	<u>(2,199,796)</u>	<u>(1,958,295)</u>
Grants to Local Authorities financed by External Loans	<u>50,111,927</u>	<u>52,311,723</u>
8. PROVISIONS		
Audit Fees	-	528,371
Accounting fees	-	293,415
Leave – Provident Fund	<u>956,821</u>	<u>538,872</u>
	<u>956,821</u>	<u>1,360,657</u>
9. CREDITORS		
Debtors not yet received	2,229,725	3,087,962
TRC – Vierfontein	7,915	7,915
SARS VAT	412,009	13,816
Sundry Creditors	253,141	2,671,394
Unclaimed Monies	30,190	30,190
Creditor – Staff	3,665	
Retention Fund	<u>4,441,672</u>	<u>3,253,671</u>
	<u>7,378,316</u>	<u>11,059,392</u>
10. CAPITAL COMMITMENTS		
Commitments in respect of Allocations to Local Bodies		
Grants – Approved and Contracted for	<u>51,220,100</u>	<u>64,115,210</u>
	<u>51,220,100</u>	<u>64,115,210</u>
11. INCOME-LEVIES		
Actual Levies received	70,910,698	61,738,517
Add: Estimated levies for June	<u>2,231,428</u>	<u>1,778,500</u>
	<u>73,142,126</u>	<u>63,517,017</u>
<p>The estimated amount is based on 1 month's average of the last 12 month's outstanding levies. This is in accordance with prescribed accounting practice.</p>		

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



NOTES TO THE FINANCIAL STATEMENTS (continued)

	2005 R	2004 R
12. COUNCILORS' REMUNERATION		
Executive Mayor	287,895	343,568
Salaries and Contributions	2,190,979	1,777,671
Travelling	144,068	493,300
Session Allowances	121,224	145,392
	<u>2,744,166</u>	<u>2,759,931</u>
13. AUDITORS' REMUNERATION		
Audit Fees		
Current Year	-	528,371
Under-Provision Prior Years	-	31,629
Not provided this year	-	<u>560,000</u>
14. FINANCE TRANSACTION		
Total External Interest Earned or Paid		
Interest Earned	4,136,568	3,743,682
Interest Paid	<u>(6,015,919)</u>	<u>(6,257,40)</u>
	<u>(1,879,351)</u>	<u>(2,513,738)</u>
Capital Charges debits to Operating Account		
Interest	6,015,919	6,257,420
Redemption	<u>2,199,795</u>	<u>1,958,295</u>
	<u>8,215,715</u>	<u>8,215,715</u>

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



NOTES TO THE FINANCIAL STATEMENTS (continued)

	2005 R	2004 R
15. APPROPRIATIONS		
Appropriation Account		
Unappropriated Surplus at the Beginning of Year	51,533,890	41,252,566
Operating surplus/(deficit) for the Year	(1,360,536)	8,362,024
Appropriations for the Year	14,541,959	3,697,800
Capital Development Fund written off	10,573,174	
Leave provision raised	(927,412)	
Bank accounts in the ledger closed	126,791	
Prior year vat differences	9,999	
Previous year's salary expenditure	(31,743)	
Retention	2,008,058	
Provisions- Audit and Accounting fees	(44,315)	2,653,440
Other corrections	(68,941)	(1,413)
Investments interest corrected	800,378	
Previous years debtors' interest corrected	32,171	
Building for sports account corrected	726,000	
Vat Repayable Account Correction		1,045,773
Accumulated Surplus/(Deficit) for the Year	<u>64,715,313</u>	<u>53,312,390</u>
Operating Account		
Fixed Assets	1,534,133	4,713,683
Provision for Audit Fees	-	560,000
Provision for Leave – Provident Fund	956,821	587,989
Provision for Accounting Fees	-	250,000
	<u>2,490,954</u>	<u>6,111,672</u>
16. INCREASE/(DECREASE) IN WORKING CAPITAL		
(Increase)/Decrease in Debtors	1,163,659	202,035
Increase/(Decrease) in Creditors	(1,635,075)	4,963,550
	<u>(471,416)</u>	<u>5,165,585</u>
17. INCREASE/(DECREASE) IN EXTERNAL LONG TERM LOANS		
Loans beginning of period	50,317,279	52,294,664
Loans end of period	47,662,091	50,317,279
	<u>2,655,188</u>	<u>1,958,295</u>

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



NOTES TO THE FINANCIAL STATEMENTS (continued)

	2005 R	2004 R
18. (INCREASE)/DECREASE IN CASH INVESTMENTS		
Investments at Beginning of Year	57,671,237	51,121,934
Investments at End of Year	<u>(50,006,003)</u>	<u>(57,671,237)</u>
	<u>7,665,234</u>	<u>(6,549,303)</u>
19. (INCREASE)/DECREASE IN CASH ON HAND		
Cash Balance at Beginning of Year	14,171,544	3,252,671
<u>Less: Cash Balance and End of Year</u>	<u>22,704,400</u>	<u>14,171,544</u>
	<u>(8,532,856)</u>	<u>(10,918,874)</u>
20. CASH GENERATED BY OPERATIONS		
Surplus/(Deficit) for the Year	(1,360,536)	8,362,024
Adjustments – Previous years Operating Transactions		
Appropriations Charged against Income	59,859,114	60,637,392
Interest and other income	(4,776,067)	(5,324,889)
Provisions and Reserves		
Projects Expenditure	61,913,048	57,994,927
Retentions	1,188,000	3,253,671
Fixed Assets	1,534,133	4,713,683
Capital Charges	8,215,715	8,215,715
Interest Paid to Internal Advances		-
Interest Paid to External Loans	6,015,919	6,257,420
Redemption of External Loans	2,199,795	1,958,295
Grants and Subsidies Received from the State	(32,027,211)	(43,364,055)
Non-Operating Expenditure		
Cash generated from operations	<u>34,687,082</u>	<u>33,851,076</u>
21. RETIREMENT BENEFITS		
<p>The last Actuarial Valuation of the Free State Local Authority Pension Fund was done on 30 June 2001. The valuation amounted to R244,690,000 at that date.</p>		

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



APPENDIX A
ACCUMULATED FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS

Accumulated Funds	Balance at 30 June 2004 R	Contribution during the Year R	Interest on Investments R	Other Income R	Correction during the Year R	Balance at 30 June 2005 R
Capital Development Fund						
Grants Closed and Written Back	-					
Provision – Other	-					
Contribution Net Surplus	(1,460,250)				1,460,250	
DBSA Loan	-					
Sundry Investment Loans	12,033,424				(12,033,424)	
Internal Loans	-					
	10,573,174					
Trust Funds						
Defunct Rural Councils	3,701,916		177,373			3,879,290
	<u>14,275,090</u>		<u>177,373</u>		<u>(10,573,174)</u>	<u>3,879,290</u>

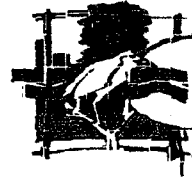
FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



APPENDIX B
EXTERNAL LOANS AND INTERNAL ADVANCES

	Opening 01 July 2004	Yearly interest	Capital Reduction	Redeemed	Closing 30 June 2005
	R	R	R	R	R
EXTERNAL LOANS – ANNUITY LOANS DBSA					
Parys/Tumahole : Project 10055 : Upgrading of Waste Water Treatment Works : R5,555,000 @ 10% p.a. over 20 years	4,825,324.90	476,406.67	257,155.24	733,561.91	4,568,169.66
Maokeng/Kroonstad : Project 10054 Element 1 : Upgrading Main Sub-Station : R4,369,268 @ 10% p.a. over 20 years	4,758,714.85	469,830.20	253,605.43	723,435.63	4,505,109.42
Maokeng/Kroonstad : Project 10054 Element 2 : Upgrading Main Sub-Station : R3,668,095 @ 12% p.a. over 20 years	2,190,688.04	260,563.93	82,408.06	342,971.99	2,108,279.98
Kroonstad/Maokeng/Brentpark : Project 10057 : Water Supply : R6,500,000 @ 12% p.a. over 20 years	6,829,908.90	811,120.10	299,843.57	1,110,963.67	6,530,065.33
Mokwallo/Vredefort : Project 10056 : Water Supply : R6,000,000 @ 12% p.a. over 20 years	6,291,315.07	747,156.67	276,198.50	1,023,355.17	6,015,116.57
Phiritona/Heilbron : Project 10058 : Water Supply : R17,100,000 @ 10% p.a. over 20 years	16,116,030.61	1,595,153.88	693,117.45	2,288,271.33	15,422,913.16
Viljoenskroon : Project 10066 : Water Supply : R1,051,000 @ 10% p.a. over 20 years	825,947.00	81,621.27	40,912.32	122,533.59	785,034.68
Zamdela : Project 10076 Element 1 : Bulk Water Pipeline : R632,697 @ 10% p.a. over 20 years	494,801.01	48,851.93	26,369.35	75,221.28	468,431.66
Zamdela : Project 10076 Element 2 : Internal Water Reticulation : R1,350,616 @ 10% p.a. over 20 years	869,046.20	85,801.34	46,313.95	132,115.29	822,732.25
Sasolburg : Project 10243 Element 5 : Bergius Street Tar : R2,000,000 @ 15,25% p.a. over 18 years	1,821,606.97	275,881.10	54,815.05	330,696.15	1,766,791.92
Sasolburg : Project 13304 : Leitrim Water Network : R2,760,000 @ 16,50% p.a. over 19 years	2,700,551.46	443,688.58	52,065.91	495,754.49	2,648,485.55
Sasolburg : Project 13304 Element 2 : Land Acquisition : Leitrim : R2,100,000 @ 16,5% p.a. over 19 years	1,948,173.70	320,076.28	37,560.25	357,636.53	1,910,613.45
Sasolburg/Kroonstad : Project 10243 : Refinancing : R2,800,000 @ 15,25% p.a. over 18 years	2,639,612.39	399,767.45	79,430.12	479,197.57	2,560,182.27
TOTAL	52,311,721.10	6,015,919.40	2,199,795.20	8,215,714.60	50,111,927.05
GRANTS TO LOCAL AUTHORITIES – PRE-PAID GRANTS					
Capital Development Fund		-	-	-	

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



APPENDIX C
ANALYSIS OF FIXED ASSETS

Expenditure 2004 R		Budget 2005 R	Balance at 30 June 2004 R	Expenditure during the year 2005 R	Balance at 30 June 2005 R
RATES AND GENERAL					
953,294	Council and General	410,000	1,828,577	419,972	2,248,549
764	Chief Executive Officer	10,000	63,528	8,026	71,554
-	Administration	-	915,094	-	915,093
3,577,606	LED and Public Liaison	20,000	136,362	17,456	153,818
-	Land and Building	4,000,000	7,426,493	178,810	7,605,303
-	Finance	20,000	354,570	16,683	371,253
152,148	Information Technology	1,100,000	1,879,924	136,976	2,016,901
29,871	Technical Services	-	181,905	5,017	186,922
	Disaster Management	50,000	-	1,549	1,549
	Environmental Health	3,500	-	20,679	20,679
	Project Management Unit	10,000	-	728,965	728,965
<u>4,713,683</u>	Total Fixed Assets	<u>5,643,500</u>	12,786,453	1,534,133	14,320,586
	Less: Loans Redeemed and Other Capital Receipts				
4,713,683	Contribution ex Operating Income		<u>12,786,453</u>	<u>1,534,133</u>	<u>14,320,586</u>
-	Net Fixed Assets		-	-	-

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



APPENDIX D
ANALYSIS OF OPERATING INCOME AND EXPENDITURE

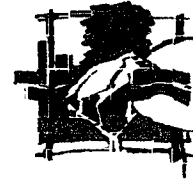
Actual 2004 R		Actual 2005 R	Budget 2005 R
112,079,206	INCOME	109,945,404	158,130,000
63,517,017	Levies	73,142,126	62,700,000
5,198,134	Interest	4,579,503	2,700,000
311,980	Debtors	288,726	300,000
3,743,682	Investment	3,336,190	2,000,000
162,828	Vehicle and Study loans	264,639	-
979,644	Bank	689,948	400,000
43,237,300	State Grants	32,027,211	92,241,000
135,586	Management Support Grant	-	-
81,200	IDP Review Grant	-	-
12,051,441	MIG	23,921,366	35,917,000
1,336,926	Special Projects	-	-
1,000,000	FMG Grant	-	-
2,700,000	Building for sport	3,600,010	3,825,000
87,646	Tourism	-	-
2,385,000	MSIG	2,875,000	2,875,000
20,799,000	CMIP	-	-
1,435,501	Equitable Share	1,004,851	1,005,000
1,225,000	DWAF	350,000	119,000
	Environmental Health	220,984	-
	District Aids Grant	55,000	-
	Ongoing Projects	-	48,500,000
126,755	Other Income	196,564	189,000
126,755	Sundry Income	40,378	45,000
	Rental Building	156,186	144,000
112,079,206		109,945,404	157,830,000
	EXPENDITURE		
	Section 12(6)(a)		
1,990,292	Sports and recreation		
1,990,292	Total Section 12(6)(a)		

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



Actual 2004 R		Actual 2005 R	Budget 2005 R
	Section 12(6)(b)		
7,543,189	Development Aid: Grants Spent	31,198,311	51,220,100
50,451,738	Development Aid: Prev Yrs Grants	30,714,737	
3,253,671	Development Aid: (Ret)	1,188,000	-
61,248,598	Total Section 12(6)(b)	63,101,048	51,220,100
	Section 12(6)(c)		
11,197,159	Salaries, and Wages	14,172,929	17,643,600
145,392	Councillor Allowances	2,600,098	2,893,600
15,785,012	General Expenditure	21,193,864	24,306,440
80,729	FMG Expenditure	254,846	453,000
4,713,683	Contributions to Assets	1,534,133	6,643,500
340,602	Repairs and Maintenance	233,307	383,000
8,215,715	Capital Charges	8,215,715	9,000,000
40,478,292	Total Section (6)(c)	48,204,892	61,323,140
103,717,182	Gross Expenditure	111,305,940	112,543,240
8,362,024	Surplus/(Deficit) for the Year	(1,360,536)	
41,252,566	Prior year Surplus	51,533,890	
49,614,590		50,173,354	
3,697,800	Appropriations	14,541,959	
53,312,390	Surplus/(Deficit) for the Period	64,715,313	

FEZILE DABI DISTRICT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005



APPENDIX E
DETAILED INCOME STATEMENT

Actual Income 2004 R	Actual Expenditure 2004 R	Surplus/(Deficit) 2004 R		Actual Income 2005 R	Actual Expenditure 2005 R	Surplus/(Deficit) 2005 R
109,379,206	101,726,890	7,652,316	RATES AND GENERAL			
109,379,206	101,726,890	7,652,316	General Services	109,945,404	111,305,940	(1,360,536)
-			Community Services			
			Subsidies Services			
			Economic Services			
2,700,000	1,990,292	709,708	Regional Functions			
			Housing Services			
			Trading Services			
<u>112,079,206</u>	<u>103,717,182</u>	8,362,024	TOTAL	<u>109,945,404</u>	<u>111,305,940</u>	(1,360,536)
		3,697,800	Appropriations for the Year			14,541,959
		12,059,824	Net Surplus/(Deficit) for the Year			13,181,423
		41,252,566	Accumulated Surplus at Beginning of Year			51,533,890
		<u>53,312,390</u>	Accumulated Surplus/(Deficit) at End of Year			<u>64,715,313</u>