

**CENTRAL DISTRICT  
MUNICIPALITY**



**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 JUNE 2005**

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# CENTRAL DISTRICT MUNICIPALITY

## EXECUTIVE MAYOR'S FOREWORD

The past year has been a remarkable period for the Central District Municipality, in which we and the municipality's in our district had to accelerate service delivery to our communities. The task faced by municipalities to ensure sustainable and affordable services are provided remains a challenge.

We pursued all avenues to address the increasing infrastructure backlogs in the Central District. The high levels of unemployment and declining economic activities in some areas of the North West Province places a responsibility on us to develop and implement innovative and sustainable systems and solutions.

The provision of free basic services to communities remains our priority which we can achieve through the investment in infrastructure. Through public private partnerships sustainable rural development and urban renewal programmes are being rolled out. Economic growth in the municipal area has been satisfactorily and plans are in place to ensure that economic growth is accelerated in future. High levels of infrastructure development can act as a stimulator for investment and economic growth. Eco-tourism is the most viable economic sector in the district, and has been explored. We have adopted a tourism master plan to strengthen the tourism industry in the area.

I wish to express my appreciation and sincere thanks to the Mayoral Committee, the entire council, the councilors from municipalities in the district, the municipal manager, managers and staff for the year I could have lead them.

-----  
**Councilor Mohulatsi**  
**THE EXECUTIVE MAYOR**

# **CENTRAL DISTRICT MUNICIPALITY**

## **GENERAL INFORMATION**

### **MEMBERS OF THE MAYORAL COMMITTEE**

Councillor M.W. Mohulatsi **Executive Mayor**

Councillor I. E Lethoko **Speaker**

Councillor S. P. J. Bogatsu

Councillor M. J. Kgomo

Councillor N.D. Lekaota

Councillor A. Mohoera

Councillor G. Mathane

Councillor N. Dube

Councillor T. Senokwane

Councillor M. Matlhomane

### **AUDIT COMMITTEE**

Adv G. Sebotha: Chairperson (External Member)

Ms. M. Motaung (External Member)

Ms. N. Dince (External Member)

Mr. P. Mothupi (External Member)

Cllr. Mogatusi

Cllr. M. J. Matladi

## **GRADING OF THE DISTRICT MUNICIPALITY**

Grade 10

### **AUDITORS**

The Auditor General

### **BANKERS**

First National Bank

### **REGISTERED OFFICE**

Corner Carrington & First Ave  
Industrial Site  
MAFIKENG, 2745

P. O. Box 2167 Telephone: 018) 381 1223/8  
MAFIKENG  
2745 Fax: (018) 381 0561  
E-mail [cdm@wol.co.za](mailto:cdm@wol.co.za)

### **MUNICIPAL MANAGER**

Mr. T.T. Mose

### **ACTING CHIEF FINANCIAL OFFICER**

MR. R. Modisane

### **MEMBERS OF THE CENTRAL DISTRICT MUNICIPALITY**

#### **COUNCILLORS**

##### **ANC**

Mohulatsi M.W:

Lethoko I.E.

Bogatsu S.P.J

Lekaota N.D

Hlongwa J.S

Mohoera A.

Seabelo J.P

Matebesi A.

Hlangwane N.

Dintoe M.M.

Dube N

Kamanyane K. E

Keoagile M

Kgomo M.J

Masekwa M.

Matlhomane K.E.

Mohoera A.

Mokgoethu M.T.

Mosetlo R.G.

**The Executive Mayor**

**The Speaker**

Moshe N.E.  
Motsosi S.J.  
Rampine M.K.  
Senokwane T.  
Tsholo T.J  
Inno M.  
Kotze L.  
Selau L.S.

**UCDP**

Ditshetelo I.C.  
Kgoroba M.M  
Seleke P.J.  
Tiro G.T.  
Maele M.P.  
Matladi M.J  
Matlholwa R.

**NNP**

Mogatusi T.A.

**Dikgosi**

Molete L.K.  
Moshoeite N.A.  
Shole G.G.  
Molefe M.L  
Motsewakhumo G.S  
Mosiane B.F.

**MAP OF THE CENTRAL DISTRICT MUNICIPALITY**

A map is available from the CFO for more details of the jurisdiction of the Council.

**APPROVAL OF FINANCIAL STATEMENTS**

The annual financial statements set out on pages 2 to 36 were approved by the Municipal Manager on .....

-----  
**MR. T.T. MOSE**  
**MUNICIPAL MANAGER**  
**(Accounting Officer)**

..... **2005**

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**R. Modisane**  
**CHIEF FINANCIAL OFFICER**  
**(Acting)**

..... **2005**

# CENTRAL DISTRICT MUNICIPALITY

## REPORT OF THE ACTING CHIEF FINANCIAL OFFICER

### 1. OPERATING RESULTS

For the year under review, operating expenditure was controlled as much as possible and overall operating results, excluding agency functions were as follows for the year ended 30 June 2005. An operating surplus of R 29 630 770 is mainly attributable to the lower than budget expenditure on repairs and maintenance and contributions to capital outlay

| <b>INCOME</b>                                 | <b>ACTUAL<br/>2003/2004</b> | <b>ACTUAL<br/>2004/2005</b> | <b>VARIANCE<br/>2004/2005(%)</b> | <b>BUDGET<br/>2004/2005</b> | <b>VARIANCE<br/>ACTUAL/<br/>BUDGET (%)</b> |
|---|-----------------------------|-----------------------------|----------------------------------|-----------------------------|--|
| <b>Opening Surplus</b>                        | 0                           | 11 171 357                  | 100.00%                          | -                           | -  |
| <b>Operating Income for<br/>the year</b>      | 79 807 299                  | 96 469 778                  | 20.88%                           | 88 663 208                  | 8.80%                                      |
|   |                             |                             |                                  |                             |  |
| <b>TOTAL</b>                                  | <b>79 807 299</b>           | <b>107 641 135</b>          | <b>34.88%</b>                    | <b>88 663 208</b>           | <b>21.40%</b>                              |
| <b>EXPENDITURE</b>                            |                             |                             |                                  |                             |  |
|   |                             |                             |                                  |                             |  |
| <b>Operating Expenditure<br/>for the year</b> | 62 410 615                  | 77 118 840                  | 23.57%                           | 87 218 326                  | -11.60%                                    |
| <b>Sundry transfers</b>                       | 6 225 327                   | 891 524                     | -85.68%                          | -                           | -  |
| <b>Closing surplus</b>                        | 11 171 357                  | 29 630 771                  | -                                | -                           | -  |
| <b>TOTAL</b>                                  | <b>79 807 299</b>           | <b>107 641 135</b>          | <b>34.88%</b>                    | <b>87 218 326</b>           | <b>23.42%</b>                              |



**REPORT OF THE CHIEF FINANCIAL OFFICER (Continued)**

**2. CAPITAL EXPENDITURE AND FINANCING**

A small portion of fixed assets were bought which included furniture and computer equipment and were all financed through income.

The Lichtenburg Bulk Services project is also capitalized and is financed through an external loan from DBSA.

**The total Capital Expenditure was as follows:**

|                               | <b>ACTUAL<br/>2004/2005</b> | <b>BUDGET<br/>2004/2005</b> | <b>ACTUAL<br/>2003/2004</b> | <b>BUDGET<br/>2003/2004</b> |
|-------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Building</b>               | -                           | -                           | -                           | -                           |
| <b>Other fixed<br/>Assets</b> | 4 837 311                   | 4 576 000                   | 1 201 225                   | 1 252 000                   |
| <b>Agency<br/>Services</b>    | -                           | -                           | -                           | -                           |
|                               | <b>4 837 311</b>            | <b>4 576 000</b>            | <b>1 201 225</b>            | <b>1 252 000</b>            |

**REPORT OF THE CHIEF FINANCIAL OFFICER. (Continued)**

**Sources of funding assets:**

|                                      | <b>2004/2005<br/>ACTUAL</b> | <b>2004 / 2005<br/>BUDGET</b> | <b>2003/2004<br/>ACTUAL</b> |
|--------------------------------------|-----------------------------|-------------------------------|-----------------------------|
| <b><u>CONTRIBUTION<br/>FROM:</u></b> |                             |                               |                             |
| <b>Operating<br/>Account</b>         | 4 837 311                   | 4 576 000                     | 1 201 225                   |
| <b>Grants and<br/>subsides</b>       | -                           | -                             | -                           |
| <b>Internal Loan</b>                 | -                           | -                             | -                           |
| <b>External Loan</b>                 | -                           | -                             | -                           |
|                                      | <b>4 837 311</b>            | <b>4 576 000</b>              | <b>745 579</b>              |

**3. EXTERNAL LOANS**

The loan taken from the Development Bank of South Africa is still not fully redeemed. There were no loans raised during the year and an amount of R 2 169 848 was redeemed on external loans. The balance at year-end was R10 824 046 (2004: R12 993 894)

**4. INVESTMENTS**

On 30 June 2005 investments amounted to R19 629 849 (R18 647 164) in 2003/2004.

## **5. DEBTORS**

A substantial growth in the debtors' book (R22 396 438) as compared to R11 361 419 in the previous financial year which amounts to a total increase of R11 035 019 was due to the inclusion of suspense accounts amounts with debit balances.

## **6. CASH FLOW**

For the year under review, liquidity was strongly positive. The Central District Municipality has no overdraft facility and the balance recorded in the financial statements was a timing difference between the cashbook balance and the bank balance. Refer to Note 22.

## **7. FUNDS AND RESERVES**

More detail regarding funds and reserves is explained in note 14 to the Financial Statements.

## **8. PROVISIONS**

Provisions of R3 824 394 were provided for in the 2004/2005 financial year from the operating account. See Note 9 for more details.

## **EXPRESSION OF APPRECIATION**

A special word of appreciation for The Executive Mayor, Council Members, the Municipal Manager, other staff members for their support, as well as the representatives of the Office of the Auditor General for their assistance. Our appreciation also goes to the Audit Committee and to the Internal Audit Section for their support.

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**R. Modisane**  
**Acting Chief Financial Officer**  
**Central District Municipality**  
.....2005

# **CENTRAL DISTRICT MUNICIPALITY**

## **FINANANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

### **ACCOUNTING POLICIES**

#### **1. Basis of presentation**

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second edition – January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis as stated:
  - Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licenses.
  - Expenditure is accrued in the year it is incurred.

#### **2. Consolidation**

The financial statements include the Levy and General services and the different funds and reserves. All inter departmental charges are set-off against each other.

# CENTRAL DISTRICT MUNICIPALITY

## FINANANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

### ACCOUNTING POLICIES (Continued)

#### 3. Fixed Assets

3.1 Fixed Assets are stated:

- at historical cost, or
- at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Treasurer.

3.2 Depreciation:

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

- Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
  - Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.
- 3.3 All net proceeds from the sale of fixed property are credited to the Fixed Property Sales Fund. Net proceeds from the sale of all assets are credited either to the Special Capital Fund or the Capital Development Fund.
- 3.4 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

# CENTRAL DISTRICT MUNICIPALITY

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

### ACCOUNTING POLICIES (Continued)

#### 4. Inventory

Inventory is valued at the lower of cost, determined on the latest cost basis, and net realisable value.

#### 5 Funds and Reserves

##### 5.1 *Capital Development Fund*

In terms of the Financial Regulations applicable to the District Council per Act 109 of 1985, and detailed in paragraph 5, it was promulgated that Council will establish a Capital Development Fund. Paragraph 5 (2) sets out the methods to contribute towards the fund. The net operating surpluses after prior year adjustments are transferred to the Capital Development Fund.

##### 5.2 *Other Funds and Reserves*

###### 5.2.1 **Mmabatho Guest House**

Transfers from the Department of Local Government, Housing, Planning and Development to maintain the Mmabatho Guest House.

###### 5.2.2 **Masakhane Trust Fund**

A grant was received from the Department of Local Government, Housing, Planning and Development for nation building. The grant was meant for spending on the improvement of payment of levies and services.

###### 5.2.3 **Pachsdraai: Trust Funds**

These funds were received from the Provincial Government for capital projects on Storm water, water network and the building of a hall in the Parchdraai area.

#### 6. Retirement Benefits

Central District Council and its employees contribute to the R.S.A. Municipal Pension Fund and its councilors contribute to the South African Municipal Councilors Pension Fund which provides retirement benefits to such employees and councilors.

The retirement benefit plan is subject to the Pensions Funds Act, 1956, with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs. Unfavorable experience adjustments and the cost of securing increased benefits are written off over the lesser of the remaining period of service of employees or five years. Favorable experience adjustments are retained in the retirement benefit plan. Full actuarial valuations are performed at least every three years

## **7. Surpluses and Deficits**

The net operating surpluses after prior year adjustments are disclosed as retained income on the face of the balance sheet.

## **8. Income**

Income comprises raised RSC levies from registered levy payers based on the returns submitted. A consumer debtor on outstanding returns is raised at year-end based on the average levy paid during the year. Levy income does not include Value-added Tax. Grants and subsidies are recorded as and when it is received.

## **9. Investments**

Investments comprise surplus funds that are invested at approved financial institutions at a market related interest rates. These investments may include earmarked funds and operational surpluses.

## **10. Leased assets**

Leased assets are recorded at cost and capitalized as a fixed asset. The leased assets are written off over a period not exceeding its useful operational lifespan.

## **11. Trust funds**

Trust funds represent earmarked funds and include income and expenditure per fund as and when they occur. Trust funds must at all times be backed up by cash on hand and investments. Interest is annually calculated on a proportional basis.



# CENTRAL DISTRICT MUNICIPALITY

## BALANCE SHEET AT 30 JUNE 2005

|   | Note | 2004/2005<br>R | 2003/2004<br>R |
|---|------|----------------|----------------|
| <b>CAPITAL EMPLOYED</b>                     |      |                |                |
| FUNDS AND RESERVES                          |      | 2,393,759      | 2,273,926      |
| Statutory Funds                             | 1    | 2,393,759      | 2,273,926      |
| RETAINED SURPLUS                            | 14   | 29,268,608     | 11,171,357     |
|   |      | 31,662,367     | 13,445,283     |
| TRUST FUNDS                                 | 2    | 20,709,611     | 3,828,319      |
| LONG-TERM LIABILITIES                       | 3    | 8,346,833      | 10,830,822     |
|   |      | 60,718,811     | 28,104,424     |
| <b>EMPLOYMENT OF CAPITAL</b>                |      |                |                |
| FIXED ASSETS                                | 4    | 10,824,046     | 12,993,894     |
| INVESTMENTS                                 | 5    | 555,872        | 526,364        |
| LONG-TERM DEBTORS                           | 6    | 1,117,953      | 1,961,849      |
|   |      | 12,497,871     | 15,482,107     |
| NET CURRENT ASSETS/(LIABILITIES)            |      | 48,220,940     | 12,622,317     |
| CURRENT ASSETS                              |      | 58,256,237     | 38,734,198     |
| Inventory                                   | 7    | 149,231        | 65,100         |
| Debtors                                     | 8    | 22,396,438     | 11,361,419     |
| Cash and bank                               | 22   | 15,986,591     | 8,731,230      |
| Short-Term Portion of Investments           | 5    | 19,073,977     | 18,120,800     |
| Short-Term Portion of Long Term Debtors     | 6    | 650,000        | 455,650        |
| CURRENT LIABILITIES                         |      | 10,035,297     | 26,111,881     |
| Provisions                                  | 9    | 3,824,394      | 350,311        |
| Creditors                                   | 10   | 3,733,690      | 23,598,498     |
| Short-Term Portion of Long-Term Liabilities | 3    | 2,477,213      | 2,163,072      |
|   |      | 60,718,811     | 28,104,424     |

## CENTRAL DISTRICT MUNICIPALITY

### INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

| 2003/2004<br>Actual<br>Income<br>R | 2003/2004<br>Actual<br>Expenditure<br>R | 2003/2004<br>(Deficit)/<br>Surplus<br>R | 2004/2005<br>Actual<br>Income<br>R | 2004/2005<br>Actual<br>Expenditure<br>R | 2004/2005<br>(Deficit)/<br>Surplus<br>R                         | 2004/2005<br>Budget<br>(Deficit)/<br>Surplus<br>R               |
|------------------------------------|---|---|------------------------------------|---|---|---|
| LEVY AND GENERAL SERVICES          |   |   |                                    |   |   |   |
| 79,807,299                         | 62,410,615                              | 17,396,684                              | 98,256,022                         | 79,267,247                              | 18,988,775  | (79,555,819)  |
| <u>79,807,299</u>                  | <u>62,410,615</u>                       | 17,396,684                              | <u>98,256,022</u>                  | <u>79,267,247</u>                       | 18,988,775  | <u>(79,555,819)</u>   |
|                                    |   | <b>TOTAL</b>                            |                                    |   |   |   |
|                                    |   |   |                                    |   | <u>(6,225,327)</u>  | Appropriations for the year (refer to note 14)                  |
|                                    |   |   |                                    |   | 11,171,357  | <b>Nett surplus/(deficit) for the year</b>                      |
|                                    |   |   |                                    |   | Accumulated surplus/(deficit)<br>- at the beginning of the year | 11,171,357  |
|                                    |   |   |                                    |   | <u>11,171,357</u>   | <b>ACCUMULATED SUPPLUS/(DEFICIT)<br/>AT THE END OF THE YEAR</b> |
|                                    |   |   |                                    |   | <u>29,268,608</u>   |   |

# **CENTRAL DISTRICT MUNICIPALITY**

## **CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005**

|   | Note | 2004/2005<br>R      | 2003/2004<br>R      |
|---|------|---------------------|---------------------|
| <b>CASH RETAINED FROM OPERATING ACTIVITIES:</b> |      | 15,245,205          | 30,219,649          |
| Cash generated by operations                    | 15   | 41,475,377          | 15,835,807          |
| Investment income                               |      | 3,117,094           | 1,325,363           |
| (Increase)/decrease in working capital          | 16   | (26,860,330)        | 15,927,588          |
|   |      | 17,732,142          | 33,088,758          |
| LESS: External interest paid                    |      | (2,486,937)         | (2,869,109)         |
| <b>Cash available from operations</b>           |      | 15,245,205          | 30,219,649          |
| <b>CASH UTILISED IN INVESTING ACTIVITIES</b>    |      |                     |                     |
| Investment in Fixed Assets                      |      | (4,837,311)         | (1,201,225)         |
| <b>NET CASH FLOW</b>                            |      | <b>10,407,894</b>   | <b>29,018,424</b>   |
| <b>CASH EFFECTS OF FINANCING ACTIVITIES:</b>    |      |                     |                     |
| Increase/(deficit) in Long-term Loans           | 17   | (2,169,848)         | (1,810,661)         |
| (Increase)/decrease in cash investments         | 18   | (982,685)           | (11,561,959)        |
| (Increase)/decrease in cash                     | 19   | (7,255,361)         | (15,645,804)        |
| <b>NET CASH (GENERATED)/UTILISED</b>            |      | <b>(10,407,894)</b> | <b>(29,018,424)</b> |

**CENTRAL DISTRICT MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005**

|   | 2004/2005                       | 2003/2004                      |
|---|---------------------------------|--------------------------------|
| <b>1. STATUTORY FUNDS</b>   |                                 |                                |
| Capital Development Fund<br>(Refer to appendix A for more detail)   | 2,393,759<br><u>2,393,759</u>   | 2,273,926<br><u>2,273,926</u>  |
| <b>2. TRUST FUNDS</b>   |                                 |                                |
| Seta  | 26,409                          | 25,087                         |
| Rural Development Fund  | 3,816,534                       | 3,625,475                      |
| Masakhane   | 142,655                         | 135,514                        |
| Pachdraai Projects  | 44,469                          | 42,243                         |
| CMIP  | 5,098,267                       | -                              |
| DWAF  | 12,542,423                      | -                              |
| DPLG  | (3,615,645)                     | -                              |
| Provincial Local Government and Housing   | 42,538.14                       | -                              |
| IDP   | (50,950)                        | -                              |
| BLDG  | (16,440.74)                     | -                              |
| LEG   | 40,134.32                       | -                              |
| Popo Molefe Hall  | 2,256,317                       | -                              |
| IMMIS Trust Fund<br>(Refer to appendix A for more detail)   | 382,900.00<br><u>20,709,611</u> | -<br><u>3,828,319</u>          |
| <b>3. LONG TERM LIABILITIES</b>   |                                 |                                |
| Lichtenburg Bulk Services   | 8,030,622                       | 10,024,416                     |
| Annuity Loans   | 2,793,424<br><u>10,824,046</u>  | 2,969,478<br><u>12,993,894</u> |
| Less: Portion Transferred to current Laibility:<br><i>Lichtenburg Bulk Services</i><br><i>Annuity Loans</i>   | 2,477,213                       | 2,163,072                      |
|   | <u>8,346,833</u>                | <u>10,830,822</u>              |
| <b>Lichtenburg Bulk Services</b>  |                                 |                                |
| Carry interest at rates varying between 14% and 16.5% per annum and are repayable over the periods of between three and five years.                   |                                 |                                |
| <b>Annuity Loans</b>  |                                 |                                |
| Carry interest at a rate of 10% per annum and are repayable over the periods of between nine and eleven years.  |                                 |                                |
| None of these loans are secured by any assets of the Central District Municipality.<br>(Refer to appendix B for more detail on long term liabilities) |                                 |                                |
| <b>4. FIXED ASSETS</b>  |                                 |                                |
| Fixed assets at beginning of year   | 46,310,210                      | 45,430,985                     |
| Capital outlay during year  | 4,837,311                       | 1,201,225                      |
| Less: Assets written off during year  | -                               | (322,000)                      |
| TOTAL FIXED ASSETS  | 51,147,521                      | 46,310,210                     |
| Less: Loans redeemed and other capital receipts   | (40,323,475)                    | (33,316,316)                   |
| NET FIXED ASSETS  | <u>10,824,046</u>               | <u>12,993,894</u>              |

(Refer to appendix C and section 2 of the Treasurer's report for more details on assets)

**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005**

|  | 2004/2005                | 2003/2004                |
|--|--------------------------|--------------------------|
| <b>5. INVESTMENTS</b>  |                          |                          |
| <b>Unlisted</b>  |                          |                          |
| Long-term deposit  | 555,872                  | 526,364                  |
| Absa Aims  | 555,872                  | 526,364                  |
| Short-term deposit   | <b>19,073,977</b>        | <b>18,120,800</b>        |
| New Republic Bank  | 5,555,551                | 5,356,670                |
| ABSA AIMS  | 1,039,046                | 1,035,641                |
| P.S.G.   | 137,582                  | 129,460                  |
| Nedbank  | 10,864,964               | 10,205,446               |
| FNB  | 1,476,834                | 1,393,583                |
| <b>TOTAL INVESTMENTS</b>   | <b><u>19,629,849</u></b> | <b><u>18,647,164</u></b> |
| Management's valuation of unlisted investments:  |                          |                          |
| Unlisted investments   | <b><u>19,629,849</u></b> | <b><u>18,647,164</u></b> |
| <br>   |                          |                          |
| No investments have been written off during the year.  |                          |                          |
| No investments have been pledged as security for any funding facilities of the Council.                              |                          |                          |
| <br>   |                          |                          |
| <b>6. LONG TERM DEBTORS</b>  |                          |                          |
| Vehicle Loans  | 1,767,953                | 2,417,499                |
| Less: Short-term portion of long-term debtors transferred to current assets  | <u>(650,000)</u>         | <u>(455,650)</u>         |
|  | <b><u>1,117,953</u></b>  | <b><u>1,961,849</u></b>  |
| <br>   |                          |                          |
| <b>7. INVENTORY</b>  |                          |                          |
| Inventory represents consumable stores and finished goods. Where necessary provision is made for obsolete inventory. |                          |                          |
|  | <u>149,231</u>           | <u>65,100</u>            |
|  | <b><u>149,231</u></b>    | <b><u>65,100</u></b>     |
| <br>   |                          |                          |
| <b>8. DEBTORS</b>  |                          |                          |
| Current Debtors (consumer and other)   | 22,375,721               | 11,328,781               |
| Study Loans  | <u>20,717</u>            | <u>32,637</u>            |
|  | 22,396,438               | 11,361,419               |
| Less: Provision for Bad Debts  | <u>-</u>                 | <u>-</u>                 |
|  | <b><u>22,396,438</u></b> | <b><u>11,361,419</u></b> |

**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005**

|  | 2004/2005                | 2003/2004                 |
|--|--------------------------|---------------------------|
| <b>9. PROVISIONS</b>                               |                          |                           |
| Development Tlc & TRC                              | 784,181                  | 744,924                   |
| Accrued Leave                                      | 2,531,467                | (286,755)                 |
| Reparation Fund                                    | 166,346                  | 158,019                   |
| Audit Fees   | 342,400                  | (265,877)                 |
| (Refer to appendix A for more detail)              | <u><b>3,824,394</b></u>  | <u><b>350,311</b></u>     |
| <b>10. CREDITORS</b>                               |                          |                           |
| Trade Creditors                                    | 3,733,690                | 23,598,498                |
|  | <u><b>3,733,690</b></u>  | <u><b>23,598,498</b></u>  |
| <b>11. COUNCILLORS AND MANAGEMENT REMUNERATION</b> |                          |                           |
| <b><i>Councillors</i></b>                          |                          |                           |
| Executive Mayor's allowance                        | 220,576                  | 204,272                   |
| Mayoral committee                                  | 1,414,944                | 1,285,496                 |
| Other councillors                                  | 1,118,500                | 1,008,012                 |
| Pension contributions                              | 278,715                  | 283,097                   |
| Travelling allowances                              | 659,416                  | 512,609                   |
|  | <u><b>3,692,151</b></u>  | <u><b>3,293,486</b></u>   |
| <b><i>Management</i></b>                           |                          |                           |
| <b><i>Official</i></b>                             |                          |                           |
|  | <b><i>Salary</i></b>     | <b><i>Performance</i></b> |
| Municipal Manager                                  | 628,939                  | 79,538                    |
| Chief Financial Officer                            | 517,737                  | 65,475                    |
| Senior Managers (4)                                | 2,030,385                | 235,620                   |
|  | <u>2,266,005</u>         | <u>-</u>                  |
|  | <u><b>3,557,694</b></u>  | <u><b>-</b></u>           |
| <b>12. AUDITORS' REMUNERATION</b>                  |                          |                           |
| Audit Fees   | 1,413,895                | 265,877                   |
|  | <u><b>1,413,895</b></u>  | <u><b>265,877</b></u>     |
| <b>13. FINANCE TRANSACTIONS</b>                    |                          |                           |
| Total External Interest Earned or Paid:            |                          |                           |
| Interest Earned                                    | 3,117,094                | 1,325,363                 |
| Interest Paid                                      | 2,486,937                | 2,869,109                 |
|  | <u><b>2,486,937</b></u>  | <u><b>2,869,109</b></u>   |
| Capital Charges Debited to Operating Account:      |                          |                           |
| Interest: External                                 | 2,486,937                | 2,869,109                 |
| Redemption: External                               | 2,169,848                | 2,682,674                 |
|  | <u><b>4,656,785</b></u>  | <u><b>5,551,783</b></u>   |
| <b>14. APPROPRIATIONS</b>                          |                          |                           |
| APPROPRIATION ACCOUNT:                             |                          |                           |
| Accumulated Surplus at beginning of year           | 11,171,357               | -                         |
| Operating surplus / (deficit) for the year         | 18,988,775               | 17,396,684                |
| Appropriations for the year:                       | (891,524)                | (6,225,327)               |
|  | <u><b>29,268,608</b></u> | <u><b>11,171,357</b></u>  |
| Accumulated surplus/(deficit) at end of year       |                          |                           |
| Operating Account:                                 |                          |                           |
| Capital Expenditure                                | 4,837,311                | 2,315,506                 |
| Contributions to:                                  |                          |                           |
| Provisions and Reserves                            | -                        | 418,000                   |
| Trust funds  | -                        | 2,036                     |
|  | <u><b>4,837,311</b></u>  | <u><b>2,735,542</b></u>   |

**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005**

|  | 2004/2005           | 2003/2004           |
|--|---------------------|---------------------|
| <b>15. CASH GENERATED BY OPERATIONS</b>                          |                     |                     |
| Operating (deficit)/surplus for the year                         | 18,988,775          | 17,396,684          |
| Adjustments in respect of previous years' operating transactions | (891,524)           | (6,225,327)         |
| Appropriations for the year                                      | 4,837,311           | 1,621,261           |
|  | -                   | 420,036             |
| Contributions to provisions and Reserves                         | 4,837,311           | 1,201,225           |
| Contribution to Capital Expenditure                              |                     |                     |
| Capital Charges:   | 4,656,785           | 5,551,783           |
| Interest Paid:   |                     |                     |
| - on external funds  | 2,486,937           | 2,869,109           |
| Redemption:  |                     |                     |
| - of external loans  | 2,169,848           | 2,682,674           |
| Investment income(operating account)                             | (3,117,094)         | (1,325,363)         |
| Non-operating income:  | 84,413,927          | 551,810             |
| Non-operating expenditure:                                       |                     |                     |
| Expenditure charged against Provisions and Reserves              | (67,176,071)        | (1,641,209)         |
| Expenditure Funds  | (236,731)           | (93,832)            |
|  | <b>41,475,377</b>   | <b>15,835,807</b>   |
| <b>16. (INCREASE)/DECREASE IN WORKING CAPITAL</b>                |                     |                     |
| (Increase)/Decrease in Stock                                     | (84,131)            | -                   |
| (Increase)/Decrease in Debtors                                   | (10,385,473)        | 6,466,806           |
| Increase/(Decrease) in creditors                                 | (16,390,725)        | 9,460,782           |
|  | <b>(26,860,330)</b> | <b>15,927,588</b>   |
| <b>17. INCREASE/(DECREASE) IN LONG-TERM LOANS (EXT)</b>          |                     |                     |
| Loans repaid   | (2,169,848)         | (1,810,661)         |
|  | <b>(2,169,848)</b>  | <b>(1,810,661)</b>  |
| <b>18. (INCREASE)/DECREASE IN EXTERNAL INVESTMENTS</b>           |                     |                     |
| Investments made   | (982,685)           | (11,561,959)        |
|  | <b>(982,685)</b>    | <b>(11,561,959)</b> |
| <b>19. (INCREASE)/DECREASE CASH ON HAND</b>                      |                     |                     |
| Cash balance at the beginning of the year                        | 8,731,230           | (6,914,574)         |
| Less: Cash balance at the end of the year                        | 15,986,591          | 8,731,230           |
|  | <b>(7,255,361)</b>  | <b>(15,645,804)</b> |
| <b>20. RETIREMENT BENEFITS</b>                                   |                     |                     |

The Central District Municipality's employees contribute to the Transvaal Municipality Pension Fund which provides retirement benefits to such employees. The retirement benefit plan is subject to the Pension Fund Act, 1956. Employees contribute a percentage of their basic salary and the council contribute the rest.

**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005**

|   | <b>2004/2005</b>     | <b>2003/2004</b>    |
|---|----------------------|---------------------|
| <b>21. CONSOLIDATED LOANS FUND (ANNEXURE "B")</b>           |                      |                     |
| External Loans  | <u>10,824,046</u>    | <u>12,993,894</u>   |
| Less: External Investments                                  | 19,629,849           | 18,647,164          |
| (Refer to appendix B for more detail)                       | <u>(8,805,803)</u>   | <u>(5,653,270)</u>  |
| <br>  |                      |                     |
| Interest paid on external loans                             | <u>2,486,937</u>     | <u>2,869,109</u>    |
| Less: Interest earned on external investments               | <u>3,117,094</u>     | <u>1,325,363</u>    |
|   | <u>-630,157</u>      | <u>1,543,746</u>    |
| <br>  |                      |                     |
| Loans carry interest at an average rate of 13.5% per annum. |                      |                     |
| <br>  |                      |                     |
| <b>22. BANK ACCOUNT</b>                                     |                      |                     |
| First National Bank Current Account - 62063910139           | <u>15,986,590.93</u> | <u>8,731,229.73</u> |
| ( <b>2003</b> : R6,675,557.82 - Favourable)                 |                      |                     |



**CENTRAL DISTRICT MUNICIPALITY****ANNEXURE A****STATUTORY FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS AS AT 30 JUNE 2005**

|   | Balance at<br>30/06/2004<br>R | Contributions<br>During the year<br>R | Interest on<br>Investments<br>R | Other<br>Income<br>R | Expenditure<br>During the year<br>R | Capital Exp.<br>During the year<br>R | Balance at<br>30/06/2005<br>R |
|---|-------------------------------|---------------------------------------|---------------------------------|----------------------|-------------------------------------|--------------------------------------|-------------------------------|
| <b>STATUTORY FUNDS</b>                  |                               |                                       |                                 |                      |                                     |                                      |                               |
| Capital Development Fund                | 2,273,926                     | -                                     | 119,833                         | -                    | -                                   | -                                    | 2,393,759                     |
|   | 2,273,926                     | -                                     | 119,833                         | -                    | -                                   | -                                    | 2,393,759                     |
| <b>TRUST FUNDS</b>                      |                               |                                       |                                 |                      |                                     |                                      |                               |
| Seta                                    | 25,087                        | -                                     | 1,322                           | -                    | -                                   | -                                    | 26,409                        |
| Rural Development Fund                  | 3,625,475                     | -                                     | 191,059                         | -                    | -                                   | -                                    | 3,816,534                     |
| Masakhane                               | 135,514                       | -                                     | 7,141                           | -                    | -                                   | -                                    | 142,655                       |
| Pachdraai Projects                      | 42,243                        | -                                     | 2,226                           | -                    | -                                   | -                                    | 44,469                        |
| CMIP                                    | -                             | -                                     | -                               | 57,779,833           | 52,681,566.00                       | -                                    | 5,098,267                     |
| DWAF                                    | -                             | -                                     | -                               | 21,810,571           | 9,268,148.00                        | -                                    | 12,542,423                    |
| DPLG                                    | -                             | -                                     | -                               | -                    | -                                   | 3,615,645                            | (3,615,645)                   |
| Provincial Local Government and Housing | -                             | -                                     | -                               | 654,000              | 611,462.00                          | -                                    | 42,538                        |
| IDP                                     | -                             | -                                     | -                               | 200,000.00           | 250,950                             | -                                    | (50,950)                      |
| BLDG                                    | -                             | -                                     | -                               | 18,729.00            | 35,170                              | -                                    | (16,441)                      |
| LED                                     | -                             | -                                     | -                               | 764,000              | 723,866.00                          | -                                    | 40,134                        |
| Popo Molefe Hall                        | -                             | -                                     | -                               | 2,434,728            | 178,410                             | -                                    | 2,256,318                     |
| IMMIS Trust Fund                        | -                             | -                                     | -                               | 382,900              | -                                   | -                                    | 382,900                       |
|   | 3,828,319                     | -                                     | 201,748                         | 84,044,761           | 63,749,572                          | 3,615,645                            | 20,709,611                    |
|   |                               |                                       |                                 | 84,246,509           |                                     |                                      | 20,709,611                    |
| <b>PROVISIONS</b>                       |                               |                                       |                                 |                      |                                     |                                      |                               |
| Development Tlc & TRC                   | 744,924                       | -                                     | 39,257                          | -                    | -                                   | -                                    | 784,181                       |
| Accrued Leave Administration            | (286,755)                     | -                                     | -                               | -                    | 2,818,222                           | -                                    | 2,531,467                     |
| Reparation Fund                         | 158,019                       | -                                     | 8,327                           | -                    | -                                   | -                                    | 166,346                       |
| Audit Fees                              | (265,877)                     | -                                     | -                               | -                    | 608,277                             | -                                    | 342,400                       |
|   | 350,311                       | -                                     | 47,584                          | -                    | 3,426,499                           | -                                    | 3,824,394                     |

**CENTRAL DISTRICT MUNICIPALITY****ANNEXURE B****EXTERNAL LOANS AND INTERNAL ADVANCES**

| <b>EXTERNAL LOANS</b>     | Balance at<br>30/06/2004 | Received<br>During<br>the year | Redeemed<br>or Written<br>off During<br>the year | Balance at<br>30/06/2005 |
|---------------------------|--------------------------|--------------------------------|--|--------------------------|
|                           | R                        | R                              | R  | R                        |
| Annuity Loans             | 2,969,478                | -                              | 176,054  | 2,793,424                |
| Lichtenburg Bulk Services | 10,024,416               | -                              | 1,993,794  | 8,030,622                |
| (Refer to notes 3 and 21) | 12,993,894               | -                              | 2,169,848  | 10,824,046               |

**CENTRAL DISTRICT MUNICIPALITY****ANNEXURE C****ANALYSIS OF FIXED ASSETS**

| Expenditure<br>2004<br>R                | SERVICE                            | Budget<br>2005<br>R | Balance at<br>30/06/2004<br>R | Expenditure<br>2005<br>R | Written off,<br>transferred<br>or redeemed<br>R | Balance at<br>30/06/2005<br>R |
|---|------------------------------------|---------------------|-------------------------------|--------------------------|---|-------------------------------|
| <b>LEVY AND GENERAL SERVICES</b>        |                                    |                     |                               |                          |   |                               |
| 1,201,225                               | Community Services                 | 4576000             | 25,735,281                    | 4,837,311                | -   | 30,572,592                    |
| -                                       | Lichtenburg Bulk Services          | -                   | 20,574,929                    | -                        | -   | 20,574,929                    |
| <u>1,201,225</u>                        | <b>TOTAL FIXED ASSETS</b>          | <u>4,576,000</u>    | <u>46,310,210</u>             | <u>4,837,311</u>         | <u>-</u>  | <u>51,147,521</u>             |
| <b>LESS: CAPITAL REDEEMED AND OTHER</b> |                                    |                     |                               |                          |   |                               |
| 1,201,225                               | <b>CAPITAL RECEIPTS</b>            |                     | 33,316,316                    | 6,685,159                | -322,000.00                                     | 40,323,475                    |
| -                                       | Loans redeemed and advances repaid |                     | 7,581,034                     | 3,049,073                | -   | 10,630,107                    |
| 1,201,225                               | Contributions ex operating income  |                     | 20,795,326                    | 3,636,086                | -240,000  | 24,671,412                    |
| -                                       | Provisions and reserves            |                     | 1,113,455                     | -                        | -   | 1,113,455                     |
| -                                       | Grants and subsidies               |                     | 3,826,501                     | -                        | -82,000   | 3,908,501                     |
| <u>-</u>                                | <b>NET FIXED ASSETS</b>            |                     | <u>12,993,894</u>             | <u>(1,847,848)</u>       | <u>322,000</u>                                  | <u>10,824,046</u>             |

**CENTRAL DISTRICT MUNICIPALITY****ANNEXURE D****ANALYSIS OF OPERATING INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 30 JUNE 2005**

| Actual<br>2003/2004<br>R |                                | Actual<br>2004/2005<br>R | Budget<br>2004/2005<br>R |
|--------------------------|--------------------------------|--------------------------|--------------------------|
| <b>INCOME</b>            |                                |                          |                          |
| 49,522,473               | Grants and Subsidies           | 51,287,564               | 51,819,000               |
| <u>49,522,473</u>        | -Provincial Government         | <u>46,403,965</u>        | <u>50,419,000</u>        |
|                          | -Other Income                  | <u>4,883,599</u>         | <u>1,400,000</u>         |
| 30,284,826               | Operating Income               | 46,968,459               | 31,255,630               |
| <u>26,391,992</u>        | -Levies                        | <u>35,213,986</u>        | <u>26,000,000</u>        |
| <u>3,892,834</u>         | -Other Income                  | <u>11,754,473</u>        | <u>5,255,630</u>         |
| <u>79,807,299</u>        | <b>Total Income</b>            | <u>98,256,022</u>        | <u>83,074,630</u>        |
| <b>EXPENDITURE</b>       |                                |                          |                          |
| 30,013,722               | Salaries, Wages and Allowances | 42,431,398               | 39,350,680               |
| 13,606,284               | General Expenses               | 11,695,517               | 9,950,733                |
| 1,803,320                | Repairs and Maintenance        | 3,764,482                | 4,409,100                |
| 5,551,783                | Capital Charges                | 4,656,785                | 4,254,595                |
| 2,315,506                | Contributions Capital Outlay   | 4,837,311                | 11,202,000               |
| 9,120,000                | Allocations to TLC's, TRC's    | 9,989,573                | 8,758,000                |
| -                        | Vehicle Expenses               | 1,892,182                | 1,630,711                |
| <u>62,410,615</u>        | <b>Total Expenditure</b>       | <u>79,267,247</u>        | <u>79,555,819</u>        |
| <u>62,410,615</u>        | <b>NET EXPENDITURE</b>         | <u>79,267,247</u>        | <u>79,555,819</u>        |

**CENTRAL DISTRICT MUNICIPALITY****ANNEXURE E****DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005**

| 2003/2004<br>Actual<br>Income | 2003/2004<br>Actual<br>Expenditure | 2003/2004<br>(Deficit)/<br>Surplus |  | 2004/2005<br>Actual<br>Income | 2004/2005<br>Actual<br>Expenditure | 2004/2005<br>(Deficit)/<br>Surplus | 2004/2005<br>Budget<br>(Deficit)/<br>Surplus |
|-------------------------------|------------------------------------|------------------------------------|--|-------------------------------|------------------------------------|------------------------------------|--|
|                               |                                    |                                    | LEVY AND GENERAL SERVICES                            |                               |                                    |                                    |  |
| -                             | 9,120,000                          | (9,120,000)                        | ADMINISTRATION (Section 12(6)b)                      | -                             | 9,989,573                          | (9,989,573)                        | (8,758,000)                                  |
| 79,807,299                    | 53,290,615                         | 26,516,684                         | REGIONAL FUNCTIONS (Section 12(6)c)                  | 98,256,022                    | 69,277,674                         | 28,978,348                         | -  |
| <u>79,807,299</u>             | <u>62,410,615</u>                  | <u>17,396,684</u>                  | TOTAL  | <u>98,256,022</u>             | <u>79,267,247</u>                  | <u>18,988,775</u>                  | <u>(8,758,000)</u>                           |
|                               |                                    | (6,225,327)                        | Appropriations for this year<br>(refer to note 18)   |                               |                                    | (891,524)                          |  |
|                               |                                    | 11,171,357                         | Net surplus(deficit) for the year                    |                               |                                    | 18,097,251                         |  |
|                               |                                    | -                                  | Accumulated surplus/deficit<br>beginning of the year |                               |                                    | 11,171,357                         |  |
|                               |                                    | <u>11,171,357</u>                  | Accumulated surplus/(deficit)<br>end of the year     |                               |                                    | <u>29,268,608</u>                  |  |

**CENTRAL DISTRICT MUNICIPALITY**

**ANNEXURE F**

**A. GENERAL STATISTICS**

|       |                              |         |
|-------|------------------------------|---------|
| (I)   | Population                   | 597,112 |
| (ii)  | Number of Levy Payers        | 4,371   |
| (iii) | Levy Rates (1) Services Levy | 0.28%   |
|       | (2) Establishment Levy       | 0.135%  |
| (iv)  | Number of employees          | 222     |

**B. SUNDRY STATISTICS**

|      |                           |             |
|------|---------------------------|-------------|
| (I)  | Area in hectares          | 2 388 746ha |
| (ii) | Fire & Emergency Services |             |
|      | Units                     | 3           |