

ALFRED NZO DISTRICT MUNICIPALITY

**INDEX TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2005**

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ALFRED NZO DISTRICT MUNICIPALITY

**GENERAL INFORMATION TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2005**

Executive Mayor :

GG Mpumza

Speaker :

P Mabuntana

Mayoral Committee :

BJ Magojo
BP Mabengu
M Nkqayi
SK Mnukwa
MD Lugayeni

Grade of District Municipality :

Grade 8

Auditors :

The Office of the Auditor General

Bankers :

First National Bank Limited

Registered Office :

Physical Address:

Erf 1400
Ntsizwa Street
Mount Ayliff

Postal Address

Private Bag X 511
Mount Ayliff
4735

Municipal Manager :

XH Jakuja

ALFRED NZO DISTRICT MUNICIPALITY

**GENERAL INFORMATION TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2005 (cntd...)**

Chief Finance Officer

V. Nobongoza

Councillors :

T Dlamini
J Moshoeshoe
M. Hlanekela
V. Gijana
N. Fikeni
NP Goya
MC Lebenya
ZR Bala
N Ganya
T Msindwana
N. Ngcingwana
NC Mtoto
EN Ncapai
N Ntsengwane
VC Sigalelana
C Nxesi
P Nombaba
W.M. Msiya
V.W. Zaza
D.P. Moso

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

The annual financial statements set out on pages 2 to 23 were approved by the Finance Portfolio Committee of the District Municipality on.....and are signed by

MUNICIPAL MANAGER

CHIEF FINANCE OFFICER

**COPY ON WORD DOC - FOREWORD
BY EXEC MAYOR**

ALFRED NZO DISTRICT MUNICIPALITY

**CHIEF FINANCE OFFICER REPORT ON THE ANNUAL FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005**

| | <u>2005</u> | <u>2004</u> |
|---|----------------------------|----------------------------|
| | <u>R</u> | <u>R</u> |
| <u>1. OPERATING RESULTS</u> | | |
| Accumulated (surplus)/deficit at the beginning of the year | (45,464,744) | (39,274,763.00) |
| Current Year (surplus)/deficit | (7,040,628) | (7,668,636.00) |
| Appropriations for the year | 169,445 | 1,478,655 |
| Accumulated (surplus)/deficit at the end of the year | <u>(52,335,927)</u> | <u>(45,464,744)</u> |

Comment on current year surplus

The current year surplus amounting to R7 040 628 includes an equitable share grant for the 2004/2005 financial year amounting to R66 million.

The portion of the equitable share amounting to R18 869 103 was utilised to finance operations and the remaining R47 130 807 has financed capital expenditure

No operational expenses were incurred against obtaining the equitable share grant from National Treasury.

2. TRUST FUNDS

| | | |
|--|--------------------------|--------------------------|
| Trust fund balance as at the end of the financial year is: | <u>71,584,747</u> | <u>60,472,283</u> |
|--|--------------------------|--------------------------|

This represents an increase in trust funds for the current year of R11million

The primary reason for this increase is due to the contributions made to Trust Funds.

ALFRED NZO DISTRICT MUNICIPALITY

**CHIEF FINANCE OFFICER REPORT ON THE ANNUAL FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005 (cont...)**

| | <u>2005</u> | <u>2004</u> |
|--|---------------------------|---------------------------|
| | <u>R</u> | <u>R</u> |
| <u>3. INVESTMENTS</u> | | |
| Investment balance as at the end of the financial year is: | <u>108,600,941</u> | <u>103,467,583</u> |

This represents an increase of R5 million from the prior year.

The investments held by the District Municipality are funds held in call accounts for financing various projects.

Included in the above stated amount is the long term investment of R11,5 million held at Investec

4. LONG TERM DEBTORS

| | | |
|--|-------------------------|-------------------------|
| Long term debtors balance at the end of the financial year end is: | <u>1,347,420</u> | <u>2,221,276</u> |
|--|-------------------------|-------------------------|

This represents a decrease of R900 488.00

The primary reason for the decrease is due to payments made by lonees during the course of the financial year.

5. ACCOUNTS RECEIVABLE

| | | |
|--|--------------------------|-------------------------|
| Accounts receivable balance at the end of the year is: | <u>10,928,920</u> | <u>7,249,293</u> |
|--|--------------------------|-------------------------|

This represents an increase of R3,6 million

The primary reason for the increase is the outstanding amount in favour of ANDM by SARS

ALFRED NZO DISTRICT MUNICIPALITY

**CHIEF FINANCE OFFICER REPORT ON THE ANNUAL FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005 (cont...)**

5. GOING CONCERN

The municipality is experiencing a challenge with the complete recovery of its debts from the levy payers. However this is short term as RSC levies will be eliminated in 2006. The municipality will continue to operate as a going concern as it receives a yearly equitable share grant from National Treasury Department and the RSC Levies will be incorporated in the equitable share in total.

The Alfred Nzo District Municipality has the backing from the National Treasury Department and hence the risk of losing its status as a going concern is low.

6. SUBSEQUENT EVENTS

There have been no subsequent events at the balance sheet date that necessitates an adjustment to the annual financial statements.

7. APPRECIATION

I would like to thank the Executive Mayor, Finance Political Head, Members of the Mayoral Committee, Councilors, Municipal Manager, Department Heads of Alfred Nzo District Municipality for the support that they have given to me during the financial year. A special word of thanks to the personnel of the Finance Department for their loyalty, commitment and diligence in preparing the financial records of our municipality

**V. NOBONGOZA
CHIEF FINANCE OFFICER**

Date:

ALFRED NZO DISTRICT MUNICIPALITY

ACCOUNTING POLICIES FOR THE YEAR ENDED

30 JUNE 2005

1. Basis of preparation

The Annual Financial Statements are prepared in accordance with standards laid down by the Institute Of Municipal Treasurers And Accountants (now known as IMFO) in it's Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second Edition: January 1996).

The Annual Financial Statements are prepared on a historical cost basis. The following are the principal accounting policy directives used by the district municipality which are consistent with those of the previous year, except if otherwise indicated:

1.1 Revenue Recognition

Revenue is recognised in the financial statements when measurable and available to finance operations and is matched with expenditure to comply with the accrual basis of accounting.

1.2 Property, Plant and Equipment

1.2.1 Property, Plant and Equipment is stated at historical cost; or

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

1.2.2 Depreciation

The balance shown against the heading "Loans Redeemed And Other Capital Receipts" in the notes to the balance sheet is tantamount to 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 the following two sources of finance :

ALFRED NZO DISTRICT MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED
30 JUNE 2005 (cont...)

1.2.2 Depreciation (cont...)

Appropriations from income - Where the full cost of the asset forms an immediate and direct charge against the operating income, it is unnecessary to make an additional depreciation provision; and

Grant or donation - The amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed And Other Capital Receipts" account.

1.2.3 Financing of Property, Plant and Equipment

Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. Interest is charged to the service concern at the ruling interest rate at the time the advance is made.

1.3 Employee benefits

Defined contribution plan

Alfred Nzo District Municipality, employees and Councillors contribute to a Provident Fund and Pension Fund respectively.

These Funds are defined contribution plans in terms of the Pension Fund Act of 1965. Contributions to a defined contribution plan in respect of service in a particular period are recognised as an expense in that period.

1.4 Investments

Investments are stated at the lower of cost or market valuation and are written down only where there is a permanent impairment in value.

1.5 Provisions

Provisions are recognised when the District Municipality has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

1.6 Inventory

The Municipality has no stock (or stores) under its control as stock items are bought for direct use.

**ALFRED NZO DISTRICT MUNICIPALITY
BALANCE SHEET AS AT 30 JUNE 2005**

| | NOTE | 2005 | 2004 R |
|---|------|--------------------|--------------------|
| ASSETS | | | |
| Non-current assets | | 12,857,417 | 2,221,276 |
| Property, plant and equipment | 3 | 0 | 0 |
| Long term investments | 6 | 11,509,997 | |
| Long-term debtors | 4 | 1,347,420 | 2,221,276 |
| Current assets | | 139,692,786 | 113,064,802 |
| Investments | 6 | 97,090,944 | 103,467,583 |
| Accounts Receivable | 5 | 10,928,920 | 5,954,247 |
| Cash and other cash equivalents | 11 | 30,606,354 | 2,508,852 |
| Short-term portion of long-term debtors | 4 | 1,066,567 | 1,134,120 |
| TOTAL ASSETS | | 152,550,203 | 115,286,078 |
| EQUITY AND LIABILITIES | | | |
| Funds and reserves | | 124,259,564 | 105,937,026 |
| Accumulated funds | 1 | 0 | 0 |
| Non-distributable reserve | 9 | 52,674,817 | 45,464,743 |
| Trust funds | 2 | 71,584,747 | 60,472,283 |
| Long Term Liabilities | | 11,391,114 | |
| Current liabilities | | 16,899,525 | 9,349,051 |
| Bank Overdraft | 12 | 7,504,868 | 8,060,587 |
| Accounts Payable | 7 | 9,044,657 | 1,016,470 |
| Provisions | 8 | 350,000 | 271,994 |
| TOTAL EQUITY AND LIABILITIES | | 152,550,203 | 115,286,077 |

**ALFRED NZO DISTRICT MUNICIPALITY
INCOME STATEMENT FOR THE YEAR ENDED
30 JUNE 2005**

| 2004 R | | 2005 R | 2005 R | 2005 R |
|----------------------------|--|----------------------------|--------------------------|----------------------------|
| (Surplus)/ Deficit | | Actual Income | Actual Expenditure | (Surplus)/ Deficit |
| (16,450,428) | Grants and subsidies | (19,477,762) | | (19,477,762) |
| 8,781,792 | Operating Income | (15,076,882) | 27,514,015 | 12,437,133 |
| 7,668,636 | Administration section | (34,554,644) | 27,514,015 | -7,040,629 |
| 0 | Local bodies | - | - | - |
| - | Regional functions section | - | - | - |
| <u>(7,668,636)</u> | Total | <u>(34,554,644)</u> | <u>27,514,015</u> | <u>(7,040,629)</u> |
| 1,478,655 | Appropriations for the year (refer to note 9) | | | (169,444.61) |
| (6,189,981) | Net (surplus)/deficit for the year | | | (7,210,073) |
| (39,274,763) | Unappropriated (surplus)/accumulated deficit at the beginning of the year | | | (45,464,744) |
| <u>(45,464,744)</u> | Unappropriated (surplus)/accumulated deficit at the end of the year | | | <u>(52,674,817)</u> |

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

| | NOTE | 2005 | 2004 R |
|--|-----------|---------------------------|--------------------------|
| Cash inflows/(outflows) from Operating Activities | | 21,214,338 | 10,882,698 |
| Cash receipts from customers | | 34,554,644 | 29,135,828 |
| Cash paid to suppliers and employees | | (27,514,015) | (21,467,192) |
| Cash generated from operations | 10 | 13,439,007 | 5,303,814 |
| Investment income | | 7,775,331 | 5,578,884 |
| Cash inflows/(outflows) from Investing Activities | | 0 | 0 |
| Grants Received | | 22,595,142 | 2,939,787 |
| Additions to fixed assets | | -22,595,142 | (2,939,787) |
| Cash inflows/(outflows) from Financing Activities | | 9,602,571 | (4,844,060) |
| (Decrease)/Increase in Accumulated Funds | | 0 | 0 |
| (Decrease)/Increase in Trust funds | | 9,602,571 | (4,844,060) |
| Net Increase/(decrease) in cash and other cash equivalent | | 30,478,020 | 6,038,638 |
| Cash and other cash equivalents at beginning of year | | 89,714,410 | 83,675,772 |
| Cash and other cash equivalents at the end of the year | | <u>120,192,430</u> | <u>89,714,410</u> |

ALFRED NZO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2005

| | 2005 | 2004 |
|--------------------------------|--------------------------|--------------------------|
| | | R |
| 1. ACCUMULATED FUNDS | | |
| Capital Development Fund | <u>0</u> | <u>0</u> |
| 2. TRUST FUNDS | | |
| Administration Fund | 238,701 | 316,051 |
| Capital Projects | 1,339,107 | 9,948,003 |
| Community Based Public Works | 241,838 | 241,838 |
| Clysdale Pilot Housing | 323,050 | 536,735 |
| CMIP Projects | 258,895 | 258,895 |
| Community Sports | 0 | 3,472 |
| Council Offices | 8,280,321 | 8,280,321 |
| Disaster - Mgmt | 302,647 | 1,040,719 |
| Establishment Fund | 525,097 | 8,280,321 |
| HIV / Aids | 3,868,269 | 2,961,060 |
| Holding Account | 6,030,990 | 6,030,990 |
| Ibisi - Township | 919,627 | 919,627 |
| Local Economic Development | 2,142,670 | 2,801,008 |
| Maluti Township | 482,432 | 704,752 |
| Maluti Trading Authority | 2,373 | 22,112 |
| MSIG Projects | 4,199,547 | 1,458,147 |
| Municipal Support Grant | 1,322,011 | 3,285,080 |
| Reserve Funds | 10,098,493 | 9,638,478 |
| Sports Fields | 1,231,197 | 999,056 |
| Taxi Ranks | 116,400 | 150,426 |
| Training Fund | 478,880 | 478,879 |
| Water and Sanitation | 2,116,313 | 2,116,313 |
| Municipal Infrastructure Grant | 27,065,889 | 0 |
| | <u>0</u> | <u>0</u> |
| | <u>71,584,747</u> | <u>60,472,283</u> |

ALFRED NZO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 30 JUNE 2005 (cont...)

| | 2005 | 2004 |
|---|------------------|------------------|
| | | R |
| 3. PROPERTY, PLANT AND EQUIPMENT | | |
| Property, Plant and Equipment at beginning of the year | 0 | 0 |
| Capital expenditure during the year | 22,595,142 | 2,939,787 |
| Less: Assets written off, transferred or disposed of during the year | 0 | 0 |
| Total fixed assets acquired | 22,595,142 | 2,939,787 |
| Less: Loans redeemed and other capital receipts | (22,595,142) | (2,939,787) |
| Net Property, Plant and Equipment at year end | 0 | 0 |
| 4. LONG-TERM DEBTORS | | |
| Staff motor vehicle loans | 2,413,987 | 3,355,396 |
| Less: Short-term portion of long-term debtors transferred to current assets | (1,066,567) | (1,134,120) |
| | 1,347,420 | 2,221,276 |

This represents a decrease of R941 409 due to payments made by debtors during the course of the financial year

ALFRED NZO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 30 JUNE 2005 (cont...)

| | 2005 | 2004 R |
|---|---------------------------|---------------------------|
| 5. ACCOUNTS RECEIVABLE | | |
| Trade debtors (Establishment & Services Levies) | 2,161,700 | 3,021,773 |
| Staff Study Loans | 26,090 | 29,448 |
| Vat input control account - SARS | 8,741,130 | 2,903,026 |
| | <u>10,928,920</u> | <u>5,954,247</u> |
| 6. INVESTMENTS | | |
| Call deposits | 97,090,944 | 103,467,583 |
| Long Term Investments - Investec | 11,509,997 | |
| | <u>108,600,941</u> | <u>103,467,583</u> |

*Included in the total investment figure is the long term investment from Investec amounting to R11 509 997 which is stated at Market value as at 30 June 2005
Other Investments amounting to R97 million, that finances infrastructure and operations have been stated at carrying value as at year end*

ALFRED NZO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 30 JUNE 2005 (cont...)

| | 2,005 | 2004 R |
|---|-------------------|-------------------|
| 7. ACCOUNTS PAYABLE | | |
| Trade Creditors | 8,471,551 | 618,967 |
| DBSA Loan interest accrued | 573,106 | 0 |
| Creditors - other | - | 397,503 |
| | <u>9,044,657</u> | <u>1,016,470</u> |
| 8. PROVISIONS | | |
| Audit Fees | 350,000 | 271,994 |
| | <u>350,000</u> | <u>271,994</u> |
| 9. APPROPRIATIONS | | |
| Appropriation account: | | |
| Accumulated surplus at the beginning of the year | 45,464,743 | 39,274,762 |
| Operating (deficit)/surplus for the year | 7,040,628 | 7,668,636 |
| Appropriation for the year | 169,445 | (1,478,655) |
| | <u>52,674,816</u> | <u>45,464,743</u> |
| 10. CASH GENERATED BY OPERATIONS | | |
| Surplus/(Deficit) for the year | 7,210,073 | 6,189,981 |
| Adjustments for :- | | |
| Contribution to capital outlay | - | 0 |
| Investment income | (7,766,341) | (5,578,884) |
| Operating surplus/deficit before changes in net working capital | (556,268) | 611,097 |
| Increase/(decrease) in net working capital | 13,995,275 | 4,692,717 |
| Decrease/(increase) in accounts receivable, long-term debtors | 5,889,082 | 2,651,093 |
| (Decrease)/increase in accounts payable and provisions | 8,106,193 | 2,041,624 |
| | <u>13,439,007</u> | <u>5,303,814</u> |

ALFRED NZO DISTRICT MUNICIPALITY

Schedule of trust funds for the year ended 30 June 2005

| Details | Opening Balance | Contributions | Expenditure | Closing Balance |
|--------------------------------|-------------------|--------------------|--------------------|-------------------|
| Administration Fund | 316,051 | 6,650 | 84,000 | 238,701 |
| Capital Projects | 9,948,003 | 9,884,944 | 18,493,840 | 1,339,107 |
| Community Based Public Works | 241,838 | 0 | 0 | 241,838 |
| Clysdale Pilot Housing | 536,735 | 0 | 213,685 | 323,050 |
| CMIP Projects | 258,895 | 0 | 0 | 258,895 |
| Community Sports | 3,472 | 0 | 3,472 | 0 |
| Council Offices | 8,280,321 | 0 | 0 | 8,280,321 |
| Disaster - Mgmt | 1,040,719 | 1,500,000 | 2,238,072 | 302,647 |
| Establishment Fund | 8,280,321 | 744,776 | 8,500,000 | 525,097 |
| HIV / Aids | 2,961,060 | 3,537,450 | 2,630,241 | 3,868,269 |
| Holding Account | 6,030,990 | 0 | 0 | 6,030,990 |
| Ibisi - Township | 919,627 | 0 | 0 | 919,627 |
| Local Economic Development | 2,801,008 | 1,000,000 | 1,658,338 | 2,142,670 |
| Maluti Township | 704,752 | 0 | 222,320 | 482,432 |
| Maluti Trading Authority | 22,112 | 0 | 19,739 | 2,373 |
| MSIG Projects | 1,458,147 | 2,800,000 | 58,600 | 4,199,547 |
| Municipal Support Grant | 3,285,080 | 0 | 1,963,069 | 1,322,011 |
| Reserve Funds | 9,638,478 | 460,015 | 0 | 10,098,493 |
| Sports Fields | 999,056 | 1,200,000 | 967,859 | 1,231,197 |
| Taxi Ranks | 150,426 | 0 | 34,026 | 116,400 |
| Training Fund | 478,880 | 0 | 0 | 478,880 |
| Water and Sanitation | 2,116,313 | 0 | 0 | 2,116,313 |
| Municipal Infrastructure Grant | 0 | 103,022,663 | 75,956,774 | 27,065,889 |
| <i>Total</i> | <i>60,472,284</i> | <i>124,156,498</i> | <i>113,044,035</i> | <i>71,584,748</i> |

ALFRED NZO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 30 JUNE 2005 (cont...)

| | 2005 | 2004 |
|--|-------------------|------------------|
| | | R |
| 11. CASH AND OTHER CASH EQUIVALENTS | | |
| ANDM Levies Bank Account | 443,101 | 497,748 |
| ANDM Primary Bank Account | 30,162,327 | 2,010,080 |
| Petty Cash | 926 | 1,024 |
| | 30,606,354 | 2,508,852 |
| | 30,606,354 | 2,508,852 |

Note:

The above balances excludes long term investments which are separately disclosed under note 6.

12. BANK OVERDRAFT

| | | |
|-----------------|------------------|------------------|
| Project Account | 7,504,868 | 8,060,587 |
| | 7,504,868 | 8,060,587 |
| | 7,504,868 | 8,060,587 |

The balance of R7 504 868 reflects the cash book balance at the year end.

The bank accounts (FNB) reflected a positive balance of R7,631million as at 30 June 2005

13. CASH AND OTHER CASH EQUIVALENTS

| | | |
|--------------------------|--------------------|-------------------|
| ANDM Levies Bank Account | 443,101 | 497,748 |
| ANDM Main Bank Account | 30,162,327 | 2,010,080 |
| Petty Cash | 926 | 1,024 |
| Investments | 97,090,944 | 95,266,142 |
| Bank Overdraft | (7,504,868) | (8,060,587) |
| | 120,192,430 | 89,714,407 |
| | 120,192,430 | 89,714,407 |

This note represents the balance of cash and other cash equivalents that is disclosed in the cash flow statement for the year ended 30 June 2005.

14 LONG TERM LIABILITIES

| | | |
|---------------------------|-------------------|----------|
| DBSA Loan amount received | 11,391,114 | 0 |
| | 11,391,114 | 0 |

This note represents the loan amount received at year end from DBSA to finance

ANDM Offices Phase II. The original loan amount is R12 026 793

ALFRED NZO DISTRICT MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED 30 JUNE 2005

| Expenditure 2003/2004 | Budget 2004/2005 | Balance 30-Jun-04 | Expenditure 2004/2005 | Written off, transferred, redeemed or disposed of during the year | Balance at 30-Jun-05 |
|--|---------------------|----------------------|--------------------------|--|-------------------------|
| R | R | R | R | R | R |
| 0 GRANTS AND SUBSIDIES | | | 0 | 0 | 0 |
| 0 CMIP GRANTS | 0 | 0 | 0 | 0 | 0 |
| 21,292,771 OTHER INCOME | 13,599,000 | 21,292,771 | 16,339,196 | 0 | 37,631,967 |
| 0 Human resource and finance | | | | | |
| 0 Economic development | | | | | |
| 0 Office of the mayor | | | | | |
| 0 Council general | | | | | |
| 0 Technical | | | | | |
| 21,292,771 Total Property, Plant and Equipment | 13,599,000 | 21,292,771 | 16,339,196 | 0 | 37,631,967 |
| Less Loans redeemed and other capital 21,292,771 receipts | | 21,292,771 | 16,339,196 | 0 | 37,631,967 |
| 21,292,771 Contributions from operating income | 13,599,000 | 21,292,771 | 16,339,196 | 0 | 37,631,967 |
| 0 Contributions from grants | 0 | 0 | 0 | 0 | 0 |
| 0 Contributions from donations | 0 | 0 | 0 | 0 | 0 |
| 0 NET PROPERTY, PLANT AND EQUIPMENT | 0 | 0 | 0 | 0 | 0 |

ALFRED NZO DISTRICT MUNICIPALITY

ANALYSIS OF OPERATING INCOME & EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2005

| ACTUAL 2004 R | INCOME | ACTUAL 2005 R | BUDGET 2005 R |
|---------------------|-----------------------------|---------------------|---------------------|
| (16,450,428) | Grants and subsidies | (19,477,762) | (18,208,152) |
| (16,450,428) | Provincial government | (19,477,762) | (18,208,152) |
| (12,685,400) | Operating income | (15,076,882) | (18,000,000) |
| (931,546) | Establishment levy | (2,482,527) | (1,573,070) |
| (6,174,970) | Services levy | (4,819,024) | (10,426,930) |
| (5,578,884) | Other income | (7,775,331) | (6,000,000) |
| (29,135,828) | Total Income | (34,554,644) | (36,208,152) |

EXPENDITURE

| | | | |
|------------------|--|-------------------|-------------------|
| 7,196,590 | Human Resource & Finance | 10,340,112 | 12,855,133 |
| 3,757,172 | Salaries, wages and allowances | 5,692,625 | 7,443,743 |
| 2,999,292 | General expenses | 4,170,733 | 4,777,390 |
| 125,245 | Repairs and maintenance | 143 | 209,000 |
| 314,881 | Contributions to capital outlay | 476,611 | 425,000 |
| 2,394,057 | Economic & Social Development | 2,740,757 | 5,287,110 |
| 1,771,623 | Salaries, wages and allowances | 2,064,204 | 4,250,535 |
| 476,161 | General expenses | 554,799 | 859,575 |
| 8,750 | Repairs and maintenance | 0 | 47,000 |
| 137,523 | Contributions to capital outlay | 121,754.94 | 130,000 |
| 7,738,888 | Office Of The Mayor | 8,479,607 | 17,244,392 |
| 4,569,114 | Salaries, wages and allowances | 5,869,384 | 11,227,392 |
| 1,252,954 | General expenses | 2,302,830 | 4,525,000 |
| 108,389 | Repairs and maintenance | 0 | 618,000 |
| 1,808,431 | Contributions to capital outlay | 307,392 | 874,000 |

ALFRED NZO DISTRICT MUNICIPALITY

ANALYSIS OF OPERATING INCOME & EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2005 (cont...)

| ACTUAL 2004 R | EXPENDITURE | ACTUAL 2005 R | BUDGET 2005 R |
|---------------------|---|---------------------|---------------------|
| 1,347,994 | Council General | 2,234,143 | 1,928,893 |
| 1,111,180 | Salaries, wages and allowances | 1,584,238 | 1,144,593 |
| 190,415 | General expenses | 649,905 | 738,300 |
| 0 | Repairs and maintenance | 0 | 6,000 |
| 46,399 | Contributions to capital outlay | 0 | 40,000 |
| 2,796,663 | Infrastructure Development | 3,719,396 | 8,823,612 |
| 2,286,838 | Salaries, wages and allowances | 3,215,926 | 6,772,799 |
| 304,837 | General expenses | 394,672 | 848,813 |
| 14,988 | Repairs and maintenance | 86,848 | 1,072,000 |
| 190,000 | Contributions to capital outlay | 21,950 | 130,000 |
| 0 | Capital development expenses | 0 | 0 |
| 0 | Work in progress - Contribution to capital outlay | 0 | 0 |
| 0 | Technical plant - Contribution to capital outlay | 0 | 0 |
| 11,729,035 | Total Expenditure | 27,514,015 | 44,210,247 |
| (7,668,636) | Net Deficit/(Surplus) for the period | (7,040,628) | 8,002,095 |

ALFRED NZO DISTRICT MUNICIPALITY
DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

| 2004 R | 2004 R | 2004 R | | 2005 R | 2005 R | 2005 R |
|---------------------|-----------------------|----------------------------|--|---------------------|-----------------------|----------------------------|
| Actual Income | Actual Expenditure | (Surplus)/ Deficit | | Actual Income | Actual Expenditure | (Surplus)/ Deficit |
| (16,450,428) | 0 | (16,450,428) | Grants and subsidies | (19,477,762) | | (19,477,762) |
| (12,685,400) | 21,467,192 | 8,781,792 | Operating Income | (15,076,882) | 27,514,015 | 12,437,133 |
| | 21,474,192 | | Administration section | | 27,514,015 | |
| | 7,196,590 | | Human resource and finance | | 10,340,112 | |
| | 2,394,057 | | Economic development | | 2,740,757 | |
| | 7,738,888 | | Office of the mayor | | 8,479,607 | |
| | 1,347,994 | | Council general | | 2,234,143 | |
| | 2,796,663 | | Infrastructure Development | | 3,719,396 | |
| | - | | Capital development expenses | | - | |
| | - | | Local bodies 12(6)(a) | | - | |
| | - | | Capital projects | | - | |
| | - | | Regional functions section 12(6)(a) | | - | |
| | - | | TLC Grants | | - | |
| <u>(29,135,828)</u> | <u>21,467,192</u> | <u>(7,668,636)</u> | Total | <u>(34,554,644)</u> | <u>27,514,015</u> | <u>(7,040,628)</u> |
| | | 1,478,655 | Appropriations for the year (refer to note 9) | | | (169,445) |
| | | (6,189,981) | NET (surplus)/deficit for the year | | | (7,210,073) |
| | | (39,274,762) | Unappropriated (surplus)/accumulated deficit at the beginning of the year | | | (45,464,743) |
| | | <u>(45,464,743)</u> | Unappropriated (surplus)/accumulated deficit at the end of the year | | | <u>(52,674,816)</u> |

APPENDIX F

ALFRED NZO DISTRICT MUNICIPALITY

**STATISTICAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2005**

GENERAL STATISTICS

| Population | <i>2001 Census</i> | <i>1996 Census</i> |
|---|--------------------|--------------------|
| Umzimkhulu Local Municipality | 173 339 | 165 426 |
| Umzimvubu Local Municipality | 376 062 | 378 681 |
| Total Alfred Nzo District Municipality | 549 401 | 544 107 |

| Area | 2004/2005 | 2003/2004 |
|---|------------------|------------------|
| Umzimkhulu Local Municipality | 2 436 | 2 436 |
| Umzimvubu Local Municipality | 5 298 | 5 298 |
| Total Alfred Nzo District Municipality | 7 734 | 7 734 |

| Levies | | |
|------------------------|------------------|------------------|
| Services Levies | 0,35% | 0,35% |
| Establishment Levies | 0,12% | 0,12% |
| Income received (in R) | 7,301,551 | 7,106,516 |

| | | |
|----------------------------|------------|------------|
| Number of employees | 115 | 102 |
|----------------------------|------------|------------|