

MAKANA MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

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GENERAL INFORMATION

MEMBERS OF THE MAYOR'S EXECUTIVE

1 July 2005 to 7 March 2006

Councillor V.G. Lwana
 Councillor P.G. Matyumza
 Councillor N.V. Kepe
 Councillor G. Accom
 Councillor Z. Makile
 Councillor J.C. Wells
 Councillor Z. Peter

8 March 2006 to 30 June 2006

Councillor P. Kate
 Councillor Z. Peter
 Councillor J.C. Wells
 Councillor M. Ntshiba
 Councillor N. Masoma
 Councillor X. Simakuhle
 Councillor T. Ngeleza

Executive mayor
 Chairperson of Land, Housing and Infrastructural
 Development Committee
 Chairperson of Finance and Service Delivery Committee
 Chairperson of Economic Development and Tourism
 Committee
 Chairperson of Corporate Services
 Chairperson of Environment, Disaster Management and
 Heritage Committee
 Chairperson of Social Services and Community Empowerment
 Committee

LOCAL AUTHORITY GRADING

Grade 8

AUDITORS

Auditor General

BANKERS

First National Bank
 Standard Bank of South Africa Ltd.

REGISTERED OFFICE

51 High street, Church Square
 Telephone (046) 6036111
 Fax (046) 6229488

P.O. Box 176, GRAHAMSTOWN, 6140

MUNICIPAL MANAGER

P. Naidoo

CHIEF FINANCIAL OFFICER

H.J. Dredge

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 3 to 28 were approved by the Municipal Manager on 31 August 2006 and will be presented to council for approval at its next meeting.

MUNICIPAL MANAGER

P. Naidoo

CHIEF FINANCIAL OFFICER

H.J. Dredge

FOREWORD

There is no foreword prepared for these financial statements due to the election of a new council in March 2006 and portfolio committees not functioning as at 30 June 2006.

CHIEF FINANCIAL OFFICER'S REPORT

1. OPERATING RESULTS

The operating results for the year ended 30 June 2006 produced a surplus of R14 764 285, compared to the budgeted amount of (R470). This was achieved by actual income and expenditure exceeding budget by R15 027 372 and R262 617 respectively.

Details regarding the operating results per department, classification and type of income or expenditure are given in appendices D and E. Applicable statistics are shown in appendix F. The overall operating results for the year are as follows :-

	Actual 2005	Actual 2006	Variance 2005/ 2006	Budget 2006	Variance Actual/ Budget
	R	R	%	R	%
Income					
Opening surplus	6 085 909	5 971 632		5 971 632	
Operating income for the year	105 829 352	121 034 662	14.4	106 007 290	14.2
Appropriations					
	111 915 261	127 006 294		111 978 922	
Expenditure					
Operating expenditure for year	100 155 437	106 270 377	6.1	106 007 760	0.2
Appropriations	5 788 191	3 441 340			
Closing surplus	5 971 632	17 294 577		5 971 162	
	111 915 260	127 006 294		111 978 922	

The actual income exceeded that of the previous year by 14.4% whereas the budgeted increase allowed for an increase of 9.3%. The actual expenditure compared to that of the previous year increased by 6.1% compared with the budgeted increase of 9.4%. It is pleasing to note that the pattern of over-expenditure of the previous two years has been largely contained as can be seen from the relatively small amount of R262 617 by which the budget was exceeded.

1.1 Rate and General Services

	Actual 2005	Actual 2006	Variance 2005/ 2006	Budget 2006	Variance Actual/ Budget
	R	R	%	R	%
Income	52 284 707	58 755 625	12.4	51 047 250	15.1
Expenditure	62 850 028	67 192 980	6.9	69 718 940	(3.6)
Deficit	(10 565 321)	(8 437 355)	(20.1)	(18 671 690)	(54.8)
Deficit as % of income	(20.2)	(14.4)		(36.6)	

Income from rates, sewerage disposal and refuse removal all exceeded the budget by substantial amounts resulting in the 15.1% variance shown in the above table. Expenditure on the other hand was less than budget by 3.6%. This can largely be ascribed to savings on salaries due to a number of vacancies throughout the year.

1.2 Housing Service

	Actual 2005	Actual 2006	Variance 2005/ 2006	Budget 2006	Variance Actual/ Budget
	R	R	%	R	%
Income	92 204	75 413	(18.2)	103 360	(27.0)
Expenditure	40 435	41 207	1.9	205 440	(79.9)
(Deficit)/Surplus	51 769	34 206	(33.9)	(102 080)	(133.5)
(Deficit)/Surplus as % of income	56.1	45.4		(98.8)	

Both income and expenditure were less than budget, due mainly to fewer council owned houses being available for renting. Transfer of houses from council to individuals is still taking place.

1.3 Trading Services

Statistics in respect of unit purchasing/production costs as well as selling costs can be found in appendix F.

Electricity Service

The over-expenditure of 8,2% can be ascribed to bulk purchases, salaries, repairs and maintenance and general expenses all exceeding budget. This was due mainly to a major fault which caused expensive damage to the distribution system. Claims have been lodged with the insurers and the outcome is being awaited.

	Actual 2005	Actual 2006	Variance 2005/ 2006	Budget 2006	Variance Actual/ Budget
	R	R	%	R	%
Income	34 024 225	37 575 766	10.4	37 029 820	1.5
Expenditure	27 259 373	29 066 562	6.6	26 857 120	8.2
Surplus	6 764 852	8 509 204	25.8	10 172 700	(16.4)
Surplus as % of income	19.9	22.6		27.5	

Water Service

Statistics in respect of producing and selling purified water are found in appendix F.

	Actual 2005	Actual 2006	Variance 2005/ 2006	Budget 2006	Variance Actual/ Budget
	R	R	%	R	%
Income	19 428 216	24 627 858	26.8	17 826 860	38.2
Expenditure	10 005 602	9 969 628	(0.4)	9 226 260	8.1
Surplus	9 422 614	14 658 230	55.6	8 600 600	70.4
Surplus as % of income	48.5	59.5		48.2	

Actual expenditure exceeded budget by 8.1% but the substantial increase of 38.2% in income more than compensates for this. Water sales and annual connection charges once again exceeded the anticipated income and produced a surplus in excess of the budget of R6 057 630.

2. CAPITAL EXPENDITURE AND FINANCING

Capital expenditure incurred on fixed assets during the year is close to the budgeted amount and exceeds that of the previous year by 25%. The expenditure consists of the following: -

	Actual 2006	Budget 2006	Actual 2005
	R	R	R
Land and Buildings	135 518	280 000	100 993
Roads and stormwater drainage	870 129	2 363 000	
Networks : Electricity	110 227	2 361 000	149 257
Water	568 826	235 000	88 830
Sewerage	6 230 697	235 000	5 550 103
Vehicles, machines and equipment	2 182 568	4 355 360	2 139 980
Other fixed assets	277 139	643 390	254 802
	10 375 104	10 472 750	8 283 965

Resources used to finance the above fixed assets were as follows: -

	Actual 2006	Budget 2006	Actual 2005
	R	R	R
Consolidated capital development and			

loans fund	4 162 491	6 070 030	1 822 870
Operating income	115 513	137 720	160 031
Grants and subsidies	6 097 100	4 265 000	6 301 064
	10 375 104	10 472 750	8 283 965

Although most of the capital expenditure was made possible by the substantial grant funding, it is pleasing to note that more internal funding in the form of advances from the consolidated capital development and loans fund has become available.

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

3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2006 amounted to R3 199 789 (R3 477 686 in 2005) as set out in appendix B. This outstanding amount is represented by one loan and is repayable monthly over a period of 10 years.

Investments and cash on hand amounted to R49 611 105 (R39 552 029 in 2005) and are largely required to meet current liabilities. More information regarding loans and investments is disclosed in notes 4 and 7 and in appendix B.

4. FUNDS, RESERVES AND PROVISIONS

Funds and reserves, including Trust funds, amounting to R79 884 774 as at 30 June 2006 were not fully represented by cash and investments.

The Consolidated Capital Development and Loans fund increased by R801 231 to R53 966 311 (R53 165 080 in 2005). Of these accumulated funds R9 753 112 was advanced to borrowing services (R9 565 889 in 2005).

The Dog Tax fund produced a surplus of R550 (R2 575 in 2005), and there was no movement in the Parking Areas Development fund and its balance remains at R23 940.

The Housing fund balance increased by R13 786 from R5 327 998 at 30 June 2004 to R5 341 784 as at 30 June 2006.

Provisions decreased from R2 573 581 in 2005 by R785 444 to R1 788 137 as at 30 June 2006.

More detailed information regarding funds, reserves and provisions appear in notes 1,2,3 and 12, as well as appendix A.

5. POST BALANCE SHEET EVENTS

There are no major events which took place after 30 June 2006 that may have a negative effect on the financial statements.

APPRECIATION

I am grateful to the Mayor and councillors, as well as the Municipal Manager and heads of other departments for the support given to the staff of the Treasury department and myself during the year. I also wish to thank the members of the audit team representing the Auditor General for their assistance and understanding shown.

I also wish to express my appreciation to the Treasury staff for their dedication and loyalty in the performance of their duties, especially as the department has been operating with nine vacancies that have not yet been filled.

H.J. Dredge
Chief Financial Officer
MAKANA MUNICIPALITY

30 August 2006

ACCOUNTING POLICIES

1. Basis of preparation

These financial statements have been prepared in accordance with 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).

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.

The financial statements are prepared on the accrual basis as stated:

- Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licences.
- Expenditure is accrued in the year it is incurred.

2. Consolidation

The financial statements include the Rate and General services, Housing service, Trading services and the different funds, reserves and provisions. All inter-departmental charges are set-off against each other, with the exception of assessment rates, office rentals and all monthly service charges, which are treated as income and expenditure in the respective departments.

3. Fixed Assets

Fixed assets are stated:

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

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 lives. Apart from advances from 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” accounts.

All net proceeds from the sale of fixed property and other assets are credited to the Consolidated Capital Development and Loans Fund.

Fixed assets are financed from different sources, including external loans, internal advances, operating income and grants or donations. Loans and advances are repaid within the estimated lives of the assets acquired from such loans and advances. Interest is charged to the service concerned at the ruling rate applicable at the time that the loan or advance is made.

4. Inventory

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

5. Funds, Reserves and Provisions

5.1 Dog Tax Fund

The Dog Tax Ordinance, No.19 of 1978 requires that a Dog Tax account be established into which all dog licence fees be paid and from which the cost of the controlling and licensing of dogs are met.

Housing Development Fund.

The Housing Development Fund is established in terms of the Housing Act (Act 107 of 1997). All net proceeds from housing letting schemes and the sale of houses are paid into the fund.

Parking Areas Development Fund

The net proceeds from the operation of parking meters and toll-parking areas are paid into this fund as required by the Road Traffic Ordinance No. 21 of 1966. The accumulated funds are used to establish off-street parking areas.

Repairs Reserve

The Repairs reserve is accumulated by way of contributions from operating income to cover the cost of unforeseen or emergency repairs to, or replacement of fixed assets.

Provision for Leave Pay

Payments made to employees in respect of accumulated leave is met from the Leave Pay reserve which is accumulated by way of contributions from operating income and from other sources if necessary.

Provision for Bad Debts and Working Capital

Annual contributions from operating income and appropriations from the accumulated surplus account are made to provide for bad debts and working capital.

5.7 Other Reserves and Provisions

Various other reserves and provisions are in existence for which there are no fixed policies.

6. Retirement Benefits

Council and its employees contribute to the Cape Joint Pension and Retirement Funds, SALA Pension Fund and SAMWU Provident Fund. These funds provide retirement benefits to such employees.

The retirement benefit plan is subject to the Pension Funds Act, 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 employees or five years. Favourable experience adjustments are retained in the retirement benefit plan.

Full actuarial valuations are performed at least every three years.

7. Surpluses and Deficits

Trading and Housing services surpluses or deficits are transferred to Rate and General services.

8. Administration and other overhead expenses

The cost of internal support services in respect of Municipal Manager, City Secretariat, Financial service and Human resources are recharged, as far as practicable, on an assessed basis to the different services.

9. Investments

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested with approved bodies per Circulars issued periodically by the Provincial Legislature.

10. Deferred charges

Internal advances were raised to pay the Department of Water Affairs for council's portion of the capital cost of the Lower Fish River Water Scheme. The annual repayments of these advances are recovered from operating income over the periods of the advances.

11. Income Recognition

11.1 Electricity and Water Billings

Meters are read and billed on a monthly basis. Where meters are not read during a particular month, they are provisionally billed based on average consumption. Income is recognised at the date meters are read and levies are made.

11.2 Assessment Rates

Assessment rates are levied annually on the value of land and improvements, and rebates are granted in respect of residential properties. Further relief based on conditions relating to income is provided to pensioners. Annual sewerage and water connection charges are also levied with the rates.

11.3 Other Services

Income from services such as refuse removal and sewerage recovered by way of debtors, is recognised when such levies are debited against the accounts. Income from other minor services, licences and fees is recognised when cash is received.

MAKANA MUNICIPALITY
BALANCE SHEET AT 30 JUNE 2006

	Note	2006	2005
		R	R
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
		61,577,675	60,762,108
Accumulated funds	1	59,363,947	58,548,380
Reserves	2	2,213,728	2,213,728
(ACCUMULATED DEFICIT)/ RETAINED INCOME			
	18	7,537,100	5,971,632
		69,114,775	66,733,740
TRUST FUNDS			
	3	15,898,821	16,549,085
LONG-TERM LIABILITIES			
	4	2,881,966	3,199,789
CONSUMER DEPOSITS : SERVICES			
	5	1,606,093	1,684,698
		89,501,655	88,167,312
EMPLOYMENT OF CAPITAL			
FIXED ASSETS			
	6	11,572,049	11,256,733
INVESTMENTS			
	7	655,245	655,095
LONG-TERM DEBTORS			
	8	165,238	369,541
DEFERRED CHARGES			
	11	0	128,094
		12,392,532	12,409,463
NET CURRENT ASSETS/(LIABILITIES)			
		77,109,123	75,757,849
CURRENT ASSETS			
		100,094,031	96,003,059
Inventory	9	1,278,601	1,464,144
Debtors	10	49,677,360	55,398,073
Cash		7,293	6,843
Short-term investments	7	48,955,860	38,896,934
Short-term portion of long-term debtors	8	174,917	237,065
CURRENT LIABILITIES			
		(22,984,908)	(20,245,210)
Provisions	12	1,788,137	2,573,581
Creditors	13	17,521,741	15,701,947
Short-term portion of long-term liabilities	4	317,823	277,897
Bank overdraft		3,357,207	1,691,785
		89,501,655	88,167,312

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2005 Actual Income R	2005 Actual Expenditure R	2005 Surplus/ (Deficit) R		2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (Deficit) R	2006 Budget Surplus/ (Deficit) R
52 284 707	62 850 028	(10 565 321)	RATE AND GENERAL SERVICES	58 755 625	67 192 980	(8 437 355)	(18 671 690)
35 539 169	35 379 697	159 472	Community services	39 746 782	38 160 100	1 586 682	(4 681 850)
597 033	12 207 137	(11 610 104)	Subsidised services	599 967	13 104 960	(12 504 993)	(13 352 920)
16 148 505	15 263 194	885 311	Economic services	18 408 876	15 927 920	2 480 956	(636 920)
92 204	40 435	51 769	HOUSING SERVICE	75 413	41 207	34 206	(102 080)
53 452 441	37 264 975	16 187 466	TRADING SERVICES	62 203 624	39 036 190	23 167 434	18 773 300
<u>105 829 352</u>	<u>100 155 438</u>	5 673 914		<u>121 034 662</u>	<u>106 270 377</u>	14 764 285	<u>(470)</u>
		(5 788 191)	Appropriations for the year (refer note 18)			(13 198 817)	
		(114 277)	Net surplus/(deficit) for the year			1 565 468	
		6 085 909	Accumulated surplus/(deficit) beginning of the year			5 971 632	
		<u>5 971 632</u>	ACCUMULATED SURPLUS/(DEFICIT END OF THE YEAR			<u>7 537 100</u>	

(Refer to appendix D and E for more detail)

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 R	2005 R
CASH RETAINED FROM OPERATING ACTIVITIES		19 047 105	11 438 796
Cash generated by operations	19	(7 113 707)	(8 829 334)
Investment income	17	2 658 407	2 630 048
(Increase)/decrease in working capital	20	2 743 900	3 335 833
		(1 711 400)	(2 863 453)
Less: External interest paid	17	(452 824)	(490 184)
Cash available from operations		(2 164 224)	(3 353 637)
Cash contributions from the public and the State		21 625 709	13 221 156
Net proceeds from disposal of fixed assets		(414 380)	1 571 277
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed assets		(10 375 104)	(8 283 965)
NET CASH FLOW		8 672 001	3 154 831
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase/(decrease) in long-term loans	21	(277 897)	(240 537)
Increase/(decrease) in short-term loans	22	1 665 422	(2 642 159)
(Increase)/decrease in cash investments	23	(10 059 076)	(274 720)
(Increase)/decrease in cash	24	(450)	2 585
		(8 672 001)	(3 154 831)

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006 R	2005 R
1. ACCUMULATED FUNDS		
Consolidated Capital Development and Loans Fund	53 966 311	53 165 080
Dog Tax Fund	31 912	31 362
Housing Fund (established i.t.o. Act 107/97)	5 341 784	5 327 998
Parking Areas Development Fund	23 940	23 940
	<u>59 363 947</u>	<u>58 548 380</u>
(Refer to appendix A for more detail)		
2. RESERVES		
Motor vehicle insurance	89 211	89 211
National roads	46 160	46 160
Repairs and maintenance	2 078 357	2 078 357
	<u>2 213 728</u>	<u>2 213 728</u>
(Refer to appendix A for more detail)		
3. TRUST FUNDS		
Albany Road Safety	176	176
Christmas cheer	2 062	2 006
Columbarium	4 957	4 957
Cricket stadium	16	67 564
Financial management grant	801 579	970 112
Fort Brown - Agri-village	300 000	
Freedom festival (Keloggs)	60 907	
Gane bequest	521	521
Glasier Trust	1 220	1 220
Gordon Gowie bequest	500	500
Grahamstown Football Association	314 000	314 000
Grants and donations (capital expenditure)	5 322 012	3 631 420
Grave maintenance	2 700	2 700
Health development forum	106 487	110 832
Housing projects (Housing Board)	3 919 825	7 483 928
Ikwezi project	33 048	
Integrated development plan	437 395	472 652
I.T. and data cleansing	120 521	834 235
Library	1 600	1 600

Mayfield transit camp	343 994	335 840
Mayfield phase 2 - planning/survey	401 160	401 160
National peace arboretum	87 563	85 062
Old cemetery board	15 532	15 532
Pre-paid electricity	145 000	
Slater bequest	579	579
Sporting facilities (State lotteries)	1 042 045	983 697
T.B. Hospital : J.C. Rae	624	624
T.B. Hospital : N.E. Bennett	803	803
T.B. Hospital : equipment	1 864	1 864
Vroom bequest	200	200
Trust funds (Grahamstown East)	57 546	57 546
Trust funds (Alicedale)	507 524	499 173
Trust funds (Riebeeck East)	132 215	132 215
Vukani greenbelt project (State lotteries)	170 800	
Valuation (general)	594 542	(144 106)
Vuna award	663 823	
Water: Fort Brown	138 752	280 473
Workstudy	164 729	
	15 898 821	16 549 085

2006

2 005

R

R

4. LONG TERM LIABILITIES

Annuity loans	3 199 789	3 477 686
	3 199 789	3 477 686
Less: Current portion transferred to Current Liabilities	(317 823)	(277 897)
Annuity loans	317 823	277 897
	2 881 966	3 199 789

(Refer to appendix B for more detail
on long term liabilities)

ANNUITY LOANS

- ▶ There is one annuity loan outstanding, it carries interest at 13.50% per annum and will be fully redeemed in February 2013.
- ▶ No loans are secured by any assets of Makana.

5. CONSUMER DEPOSITS : SERVICES

Electricity and water	1 606 093	1 684 698
Guarantees in lieu of electricity and water deposits	148 597	148 597

6. FIXED ASSETS

Fixed assets at the beginning of the year	179 785 681	171 501 716
Capital expenditure during the year	10 375 104	8 283 965
Less: Assets written off , transferred or disposed of during the year	(825 730)	0
	<u>189 335 055</u>	<u>179 785 681</u>
Less: Loans redeemed and other capital receipts	(177 763 006)	(168 528 948)
Net fixed assets	<u>11 572 049</u>	<u>11 256 733</u>

(Refer to appendix C for more details on fixed assets)

7. BANK BALANCES and INVESTMENTS**(a). Bank Balances**

First National Bank (current account)		
Balance at beginning of year	<u>165 273</u>	<u>639 244</u>
Balance at end of year	<u>(1 166 209)</u>	<u>165 273</u>
Standard Bank (current account)		
Balance at beginning of year	<u>3 541 639</u>	<u>1 992 509</u>
Balance at end of year	<u>836 029</u>	<u>3 541 639</u>
	2006	2 005
	R	R

7(b). Investments**Unlisted**

Long term deposits	486 368	486 218
Other deposits	48 955 860	38 896 934
Collateral deposits	168 877	168 877
	<u>49 611 105</u>	<u>39 552 029</u>

- ▶ Average rate of return on investments (gross) 4.62% 5.30%
- ▶ Provincial legislature requires local authorities to invest funds not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a plenary rate to meet commitments. This requirement has been complied with.
- ▶ No investments have been pledged as security for any funding facilities of the council.

8. LONG-TERM DEBTORS

Car loans	<u>340 155</u>	<u>606 606</u>
	340 155	606 606
Less: Short-term portion transferred to current assets	(174 917)	(237 065)
	<u>165 238</u>	<u>369 541</u>

9. INVENTORY

Consumable stores and materials	1 278 601	1 464 145
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- No provision has been made for obsolete inventory.

10. DEBTORS

Current debtors (consumer and other)	111 000 419	98 645 187
Suspense accounts	(6 992 884)	(5 416 886)
	<u>104 007 535</u>	<u>93 228 301</u>
Less: Provision for bad and doubtful debts	(54 330 175)	(37 830 228)
	49 677 360	55 398 073

- Amounts totalling R203 505 (2005: R221 552) were written off as bad debts. This represents 0.17% (2005: 0.21%) of total operating income for the year. Days outstanding in debtors amount to 360 days (2005: 366 days).

11. DEFERRED CHARGES

Balance of advance	0	128 094
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12. PROVISIONS

Leave pay	1 626 487	2 411 931
Post-retirement medical benefits	161 650	161 650
	<u>1 788 137</u>	<u>2 573 581</u>

2006
R

2 005
R

13. CREDITORS

Trade creditors	620 969	848 115
Other	2 781 518	2 729 918
Suspense accounts	13 912 429	11 971 568
Deposits : other	206 825	152 346
	<u>17 521 741</u>	<u>15 701 947</u>

14. ASSESSMENT RATES

	Valuations as at 1 July 2005 R	Actual income 2006 R	Actual income 2005 R
Public	203,287,805	12 434 299	11 035 076
State	157,066,030	9 542 603	8 527 362
Municipal	6,194,670	376 359	336 783
		<u>22 353 261</u>	<u>19 899 221</u>
Annual fire brigade charges		102 261	93 968
	366,548,505	22 455 522	19 993 189

DETAILS IN RESPECT OF RATES LEVY		
	Residential	Other
	Cents per Rand	Cents per Rand
General rate	3.55000	5.18200
Health rate	0.35000	0.51800
Total	3.90000	5.70000

- ▶ Valuations on land and improvements are performed every four years and the last general valuation came into effect on 1 July 1987. A rebate of 20 % was granted to pensioners earning less than R18 000 per annum.

15(a). COUNCILLORS' ALLOWANCES

Mayor	222 384	169 674
Speaker	99 252	76 648
Chairpersons of committees	558 297	431 140
Councillors	925 566	613 184
Travelling allowance	526 005	322 660
Housing allowance	25 496	36 164
Telephone allowance	267 892	184 500
Use of personal facilities allowance	47 840	67 896
Pension fund contributions	181 237	85 247
Medical aid contributions	45 334	30 794
	2 899 303	2 017 907

- ▶ Councillors' salaries, allowances and benefits are within the upper limits as prescribed by the Public Office Bearers' Act No. 20 of 1998.

15(b). REMUNERATION OF SECTION 57 EMPLOYEES

(1) Municipal Manager

Annual remuneration	431 719	401 954
Transport allowance	86 957	86 957
Telephone allowance	7 200	7 200
	525 876	496 111

(2) Chief Financial Officer

Annual remuneration	293 688	273 537
Transport allowance	70 127	70 127
Telephone allowance	3 600	3 600
	367 415	347 264

(3) Directors (3)

Annual remuneration	895 716	882 873
Transport allowance	219 485	219 485
Telephone allowance	18 400	18 400
	1 133 601	1 120 758

16(a). AUDITORS' REMUNERATION	703 559	351 950
	<hr/> <hr/>	<hr/> <hr/>
(b). PAYE and UIF	5 181 073	5 276 732
	<hr/> <hr/>	<hr/> <hr/>
(c). LEVIES		
(1) District Council	233 008	215 812
(2) Skills development	378 678	381 232
(3) Water research	11 729	11 942
	<hr/> 623 415 <hr/>	<hr/> 608 986 <hr/>
(d). VAT		
VAT payable	2 587 278	1 255 068
	<hr/> <hr/>	<hr/> <hr/>
(e). PENSION and MEDICAL AID		
Payroll deductions and council contributions	11 140 323	11 141 037
	<hr/> <hr/>	<hr/> <hr/>
▶ There were no amounts outstanding in respect of note 16 as at 30 June 2006.		
17. FINANCE TRANSACTIONS		
Total external interest earned or paid:		
- Interest earned	2 658 407	2 630 048
	<hr/> <hr/>	<hr/> <hr/>
- Interest paid	452 824	490 184
	<hr/> <hr/>	<hr/> <hr/>
Capital charges debited to operating account:		
Interest:	1 481 417	1 585 555
- External	-	-
- Internal	1 481 417	1 585 555
Redemption:	2 003 441	1 864 096
- External	-	-
- Internal	2 003 441	1 864 096
Deferred charges written off	128 094	504 122
	<hr/> 3 612 952 <hr/>	<hr/> 3 953 773 <hr/>
	2006	2005
	R	R
18. APPROPRIATIONS		
<i>Appropriation account:</i>		
Uappropriated surplus/(deficit) at beginning of year	5 971 632	6 085 909
Operating surplus/(deficit) for the year	14 764 285	5 673 914
Appropriations for the year:	(13 198 817)	(5 788 191)
Prior year adjustments	(921 909)	(3 509 169)
Stores stock adjustment	(2 021 212)	(1 088 480)
Bad debts written off	(203 505)	(221 552)
Investments written off	(52 191)	(968 990)
Transfer to provision for bad debts	(10 000 000)	
	<hr/> 7 537 100 <hr/>	<hr/> 5 971 632 <hr/>
Unappropriated surplus/(deficit) at end of year		

Operating account:

Fixed assets	115 513	160 031
Contributions to :	6 146 658	6 291 790
Consolidated Capital Development and Loans Fund		150 000
Repairs reserve	13 980	13 998
Bad debts provision	5 169 996	5 170 000
Leave pay provision	962 682	957 792
	6 262 171	6 451 821

► **PRIOR YEAR ADJUSTMENTS :**

Creditors payments/adjustments - R499 662; integration adjustments - (R460 571); housing projects - (R65 166); salaries adjustments - R10 812; bank -R934 867; other - R2 303.

19. CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year	14 764 285	5 673 914
Adjustments in respect of :		
Previous years' operating transactions	(13 198 817)	(5 788 191)
Appropriations charged against income:	6 262 171	6 451 821
Consolidated Capital Development and Loans Fund	0	150 000
Provisions and reserves	6 146 658	6 141 790
Fixed assets	115 513	160 031
Capital charges:	3 612 952	3 953 773
Interest paid:		
to internal funds	1 481 417	1 585 555
on external loans	-	-
Redemption:		
of internal advances	2 003 441	1 864 096
of external loans	-	-
Deferred charges written off	128 094	504 122
Investment income (operating account)	(1 928 781)	(1 532 581)
Grants and subsidies (operating account)	(13 697 157)	(11 460 253)

	2006	2005
	R	R
Non-operating income:		
Consolidated Capital Development & Loans Fund	1 846 302	42 638
Dog Tax	550	1 157
Parking Areas Development Fund		360
Provisions and reserves		524 824
Trust Funds	6 994 187	12 547 858
Non-operating expenditure:		
Housing Fund	(194)	(1 240)
Provisions and reserves	(1 748 126)	(1 017 328)
Trust Funds	(10 021 079)	(18 226 086)
	<u>(7 113 707)</u>	<u>(8 829 334)</u>
20. (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/decrease in inventory	185 543	(19 798)
(Increase)/decrease in debtors, long term debtors	817 168	(682 366)
Increase/(decrease) in creditors, consumer deposits	1 741 189	4 037 997
	<u>2 743 900</u>	<u>3 335 833</u>
21. INCREASE/(DECREASE) IN LONG-TERM LOANS		
Loans raised	-	-
Loans repaid	(277 897)	(240 537)
	<u>(277 897)</u>	<u>(240 537)</u>
22. INCREASE/(DECREASE) IN SHORT-TERM LOANS (BANK OVERDRAFT)		
Loans raised	3 357 207	1 691 785
Loans repaid	(1 691 785)	(4 333 944)
	<u>1 665 422</u>	<u>(2 642 159)</u>
23. (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS		
Investments realised	39 552 029	39 277 309
Investments made	(49 611 105)	(39 552 029)
	<u>(10 059 076)</u>	<u>(274 720)</u>
24. (INCREASE)/DECREASE IN CASH ON HAND		
Balance at beginning of year	6 843	9 428
Less : balance at end of year	7 293	6 843
	<u>(450)</u>	<u>2 585</u>
25. The last actuarial valuations of the Cape Joint Pension and Retirement Funds were done as at 30 June 2005 and were declared as financially sound as at that date.		

	2006 R	2005 R
26. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
Guarantees by Grahamstown City Council in respect of building society and commercial bank housing loans to officials.	<u>168 877</u>	<u>168 877</u>
▶ Litigation in respect of unfair labour practise against Council is in progress. If successful, the amounts involved would be met from Accumulated Surplus should a claim against insurance be unsuccessful.		
27. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure :		
Approved and contracted for	8 127 290	3 116 823
Approved but not yet contracted for	306 295	250 000
	<u>8 433 585</u>	<u>3 366 823</u>
This expenditure will be financed from:		
Grants and subsidies	8 127 290	3 006 823
Internal advances	306 295	360 000
	<u>8 433 585</u>	<u>3 366 823</u>
28. CONSOLIDATED LOANS FUND		
External loans (see appendix B)	3 199 789	3 477 686
Internal investments	61 577 675	60 762 108
Creditors and temporary advances	<u>64 777 464</u>	<u>64 239 794</u>
Less:	(61 577 675)	(60 762 108)
External investments	(6 401 735)	(2 313 924)
Purchase of land	(279 363)	(279 363)
Debtors (temporary advances)	(54 896 577)	(58 168 821)
	<u>3 199 789</u>	<u>3 477 686</u>
(Refer to appendix B for more details)		
Net expenditure charged to borrowing services at an average rate of 8.04%		
Interest paid on :		
- External loans	452 824	490 184
- Internal investments		88 267
	<u>452 824</u>	<u>578 451</u>
Less : Interest earned on external investments	(184 450)	(11 839)
	<u>268 374</u>	<u>566 612</u>

	2006	2005
	R	R
29. CAPITAL DEVELOPMENT FUND		
Outstanding advances to borrowing services :		
Accumulated fund	53 966 311	53 165 080
Less : Internal investments in Consolidated Loans Fund	(47 412 988)	(47 076 877)
Add : External loans outstanding	3 199 789	3 477 686
	<u>9 753 112</u>	<u>9 565 889</u>

(See Appendices A and B for more detail)

APPENDIX A

ACCUMULATED FUNDS, TRUST FUNDS AND RESERVES

	Balance at 30.06.2005 R	Contributions during the year R	Interest on Investments R	Other Income R	Expenditure during the year R	Balance at 30.06.2006 R
ACCUMULATED FUNDS						
Consolidated Capital Development and Loans Fund	53 165 080		184 449	2 941 222	2 324 440	53 966 311
Dog Tax	31 362			550		31 912
Housing Fund	5 327 998	13 980			194	5 341 784
Parking Areas Development Fund	23 940					23 940
	58 548 380	13 980	184 449	2 941 772	2 324 634	59 363 947
TRUST FUNDS						
Albany Road Safety	176					176
Christmas Cheer	2 006			56		2 062
Columbarium	4 957					4 957
Cricket stadium (UCBSA)	67 564		2 456		70 004	16
Gane bequest	521					521
Glasier Trust	1 220					1 220
Gordon Gowie bequest	500					500
Grahamstown Football Association	314 000					314 000
Grants & donations (capital expdtr)	3 631 420	7 928 552			6 237 960	5 322 012
Grave maintenance trust	2 700					2 700
Finance management grant	970 112		61 370		229 903	801 579
Fort Brown - Agri-village		300 000				300 000
Freedom festival (Keloggs)		60 907				60 907
Health development forum	110 832	84 177	3 954		92 476	106 487
Housing projects (Housing Board)	7 483 928	4 242 431	293 390		8 099 924	3 919 825
Ikwezi project		85 816			52 768	33 048
Integrated development plan	472 652	50 000	24 595		109 852	437 395
I.T. and data cleansing	834 235		39 214		752 928	120 521
Library	1 600					1 600
Mayfield transit camp	335 840		8 154			343 994
Mayfield phase 2 planning	401 160					401 160
National peace arboretum	85 062		2 501			87 563
Old cemetery board	15 532					15 532
Pre-paid electricity		250 000			105 000	145 000
Slater bequest	579					579
Sporting facilities (State Lotteries)	983 697		58 348			1 042 045
T.B. Hospital : J.C. Rae	624					624
T.B. Hospital : N.E. Bennett	803					803
T.B. Hospital : equipment	1 864					1 864
Valuation (general)	(144 106)	800 000	35 115		96 467	594 542
Vroom bequest	200					200
Water : Fort Brown (Rural areas)	280 473		7 728		149 449	138 752
Trust fund (Ght. East)	57 546					57 546
Trust funds (Alicedale)	499 173		8 351			507 524
Trust funds (Riebeeck East)	132 215					132 215
Vukani greenbelt proj.(State Lottery)		170 800				170 800
Vuna award		750 000			86 177	663 823
Workstudy		200 000			35 271	164 729
	16 549 085	14 922 683	545 176	56	16 118 179	15 898 821
RESERVES						
Motor vehicle insurance	89 211					89 211
National roads reserve	46 160					46 160
Repairs and maintenance	2 078 357					2 078 357
	2 213 728					2 213 728

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

	Balance at 30.06.2005	Received during year	Redeemed or written off during year	Balance at 30.06.2006
	R	R	R	R
EXTERNAL LOANS				
LOCAL REGISTERED STOCK				
Loan No. Interest % Redeemable	-			-
(Refer to notes 4 and 28)	-			-
Annuity loan	3 477 686		277 897	3 199 789
(Refer to notes 4 and 28)	3 477 686		277 897	3 199 789
INTERNAL ADVANCES TO BORROWING SERVICES				
	Balance at 30.06.2005	Received during year	Redeemed or written off during year	Balance at 30.06.2006
	R	R	R	R
Consolidated Capital Development and Loans Fund	9 538 543	2 317 531	2 102 962	9 753 112
Capital Development Fund (Ght. East)	27 346		27 346	
(Refer to notes 28 and 29)	9 565 889	2 317 531	2 130 308	9 753 112

APPENDIX C
ANALYSIS OF FIXED ASSETS

Expenditure 2005 R	SERVICE	Budget 2006 R	Balance at 30.06.2005 R	Expenditure 2006 R	Written off transferred redeemed or disposed of during year R	Balance at 30.06.2006 R
7 765 517	RATE AND GENERAL SERVICES	7 229 050	104 635 843	9 449 742	801 506	113 284 079
979 448	Community Services	3 987 680	48 173 493	2 438 926	791 818	49 820 601
	Council's general expenses	253 000	669 317	7 792		677 109
	Disaster management	31 000	17 729			17 729
631 541	Financial service	25 000	2 254 782	67 179	159 768	2 162 193
11 368	Health services	124 500	991 775	395 194		1 386 969
15 802	Management services	153 925	712 964	109 455	58 282	764 137
2 619	Municipal Manager	35 355	107 582	32 029		139 611
215 953	Public Works	2 754 590	26 903 592	1 600 031	21 965	28 481 658
102 165	Traffic service	610 310	1 565 264	227 246	551 803	1 240 707
	Grahamstown East		14 950 488			14 950 488
255 599	Subsidised Services	1 688 170	11 637 290	484 731	9 688	12 112 333
	Aerodrome		514 845			514 845
	Cemeteries	85 000	300 358	2 850		303 208
58 107	City hall, halls and offices	302 060	2 093 152	36 759	1 061	2 128 850
26 975	Fire protection	626 710	1 587 287	39 743	8 626	1 618 404
46 154	Libraries	19 400	867 368	3 334		870 702
124 363	Parks and recreation	655 000	6 022 113	402 045	1	6 424 157
	Grahamstown East		252 167			252 167
6 530 470	Economic Services	1 553 200	44 825 060	6 526 085	0	51 351 145
682 670	Cleansing	285 000	2 870 309			2 870 309
	Licensing	40 000	532 408			532 408
	Properties and estates	804 000	4 309 224	2 600		4 311 824
5 847 800	Sewerage	424 200	29 252 393	6 523 485		35 775 878
	Grahamstown East		7 860 726			7 860 726
0	HOUSING SERVICE	0	7 866 164	0	0	7 866 164
	Ght. West schemes		4 951 178			4 951 178
	Ght. East schemes		1 139 444			1 139 444
	Alicedale schemes		1 595 772			1 595 772
	Riebeeck East schemes		179 770			179 770
518 448	TRADING SERVICES	3 243 700	67 283 674	925 362	24 224	68 184 812
391 598	Electricity	2 381 500	24 534 747	233 165	24 223	24 743 689
126 850	Water	862 200	42 748 927	692 197	1	43 441 123
<u>8 283 965</u>	TOTAL FIXED ASSETS	<u>10 472 750</u>	<u>179 785 681</u>	<u>10 375 104</u>	<u>825 730</u>	<u>189 335 055</u>
	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS					
	Loans redeemed and advances repaid		(168 528 948)	(10 164 029)	(929 971)	(177 763 006)
	Contributions ex accumulated surplus		78 141 796	2 106 455	879 814	79 368 437
	Contributions ex operating income		3 448 196			3 448 196
	Grants and subsidies		8 771 530	115 513	29 719	8 857 324
	Temporary advances & other		77 049 186	6 097 100	20 438	83 125 848
			1 118 240	1 844 961		2 963 201
	NET FIXED ASSETS		<u>11 256 733</u>	<u>211 075</u>	<u>(104 241)</u>	<u>11 572 049</u>

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2006

Actual 2005 R		Actual 2006 R	Budget 2006 R
INCOME			
	Government and Provincial grants		
11 460 253	and subsidies	13 697 157	24 533 470
19 993 189	Assessment rates	22 455 522	16 460 190
33 890 888	Sale of electricity	36 414 492	35 373 140
9 778 840	Sale of water	11 643 118	5 480 800
29 173 601	Other service charges	34 895 592	23 959 690
1 532 581	Interest earned	1 928 781	200 000
<u>105 829 352</u>	Total Income	<u>121 034 662</u>	<u>106 007 290</u>
EXPENDITURE			
45 875 729	Salaries, wages and allowances	47 890 249	49 235 100
47 146 766	General expenses:	50 841 266	50 500 620
17 404 805	- Purchases of electricity	18 111 898	17 674 280
180 636	- Purchases of water	240 700	300 000
29 561 325	- Other general expenses	32 488 668	32 526 340
6 847 653	Repairs and maintenance	8 671 065	7 568 210
3 953 773	Capital charges	3 612 952	4 001 750
160 031	Contributions to fixed assets	115 513	137 720
6 291 790	Contributions	6 146 658	6 146 690
<u>110 275 742</u>	Gross expenditure	<u>117 277 703</u>	<u>117 590 090</u>
(10 120 305)	Less: Amounts charged out	(11 007 326)	(11 582 330)
<u>100 155 437</u>	Net expenditure	<u>106 270 377</u>	<u>106 007 760</u>

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2005 Actual income R	2005 Actual expenditure R	2005 Surplus/ (Deficit) R		2006 Actual income R	2006 Actual expenditure R	2006 Surplus/ (Deficit) R	2006 Budget Surplus/ (Deficit) R
52 284 707	62 850 028	(10 565 321)	RATE AND GENERAL SERVICE	58 755 625	67 192 980	(8 437 355)	(18 671 690)
35 539 169	35 379 697	159 472	Community services	39 746 782	38 160 100	1 586 682	(4 681 850)
19 993 189	280 195	19 712 994	Assessment rates	23 047 255	302 170	22 745 085	21 122 670
2 498 237	10 641 291	(8 143 054)	Council's general expenses	2 402 844	11 883 242	(9 480 398)	(9 445 830)
	33 265	(33 265)	Disaster management		49 151	(49 151)	(97 190)
4 437 996	2 458 859	1 979 137	Financial service	6 615 487	2 242 211	4 373 276	951 210
	419 536	(419 536)	Grants in aid		419 536	(419 536)	(381 000)
6 855 159	6 363 162	491 997	Health services	5 848 313	6 599 817	(751 504)	(957 780)
	1 727 103	(1 727 103)	Management services		1 838 374	(1 838 374)	(1 987 950)
	1 448 096	(1 448 096)	Municipal Manager		1 895 597	(1 895 597)	(1 732 690)
345 136	8 247 577	(7 902 441)	Public works	506 817	8 902 495	(8 395 678)	(8 923 140)
1 409 452	3 760 613	(2 351 161)	Traffic service	1 326 066	4 027 507	(2 701 441)	(3 230 150)
597 033	12 207 137	(11 610 104)	Subsidised services	599 967	13 104 960	(12 504 993)	(13 352 920)
8 610	136 712	(128 102)	Aerodrome		131 931	(131 931)	(123 770)
202 670	341 422	(138 752)	Cemeteries	224 420	374 459	(150 039)	(223 080)
181 819	1 152 045	(970 226)	City hall, halls and offices	202 008	1 228 895	(1 026 887)	(1 209 520)
92 274	3 378 874	(3 286 600)	Fire protection	70 373	3 613 182	(3 542 809)	(3 977 900)
36 735	2 010 909	(1 974 174)	Libraries	31 479	2 143 699	(2 112 220)	(2 226 040)
74 925	5 187 175	(5 112 250)	Parks and recreation	71 687	5 612 794	(5 541 107)	(5 592 610)
16 148 505	15 263 194	885 311	Economic Services	18 408 876	15 927 920	2 480 956	(636 920)
387 002	531 942	(144 940)	Caravan park	356 768	635 264	(278 496)	(226 110)
4 836 963	5 730 974	(894 011)	Cleansing	5 619 314	6 317 524	(698 210)	(2 149 620)
1 644 116	517 927	1 126 189	Licensing	1 748 924	480 881	1 268 043	465 550
486 342	1 660 544	(1 174 202)	Properties and estates	551 757	1 595 827	(1 044 070)	(1 268 470)
8 794 082	6 821 807	1 972 275	Sewerage	10 132 113	6 898 424	3 233 689	2 541 730
92 204	40 435	51 769	HOUSING SERVICE	75 413	41 207	34 206	(102 080)
94 241	26 223	68 018	Ght. West schemes	64 852	26 704	38 148	(99 180)
(14 861)	14 212	(29 073)	Ght. East schemes		14 503	(14 503)	(15 000)
12 824		12 824	Alicedale schemes	10 561		10 561	12 100
53 452 441	37 264 975	16 187 466	TRADING SERVICES	62 203 624	39 036 190	23 167 434	18 773 300
34 024 225	27 259 373	6 764 852	Electricity	37 575 766	29 066 562	8 509 204	10 172 700
19 428 216	10 005 602	9 422 614	Water	24 627 858	9 969 628	14 658 230	8 600 600
105 829 352	100 155 438	5 673 914	TOTAL	121 034 662	106 270 377	14 764 285	(470)
		(5 788 191)	Appropriations for this year (refer to note 18)			(13 198 817)	
		(114 277)	Net surplus/(deficit) for the year			1 565 468	
		6 085 909	Accumulated surplus/(deficit) beginning of the year			5 971 632	
		5 971 632	ACCUMULATED SURPLUS/(DEFICIT) END OF THE YEAR			7 537 100	

APPENDIX F

STATISTICAL INFORMATION

	2006	2005	2004
a) General statistics			
i) Population (approx)	120 000	120 000	120 000
ii) Valuation:	538 832 963	535 888 413	532 714 038
rateable (residential)	123 412 316	122 789 161	225 338 038
rateable (commercial)	246 446 709	243 759 344	266 015 290
non-rateable	168 973 938	169 339 908	41 360 710
Valuation date : 1987			
Assessment rates - Cents in the rand :			
Residential	3.90000	3.61000	3.83200
Other	5.70000	5.27000	4.79000
iii) Number of properties :	21 723	21 198	21 077
residential	17 133	16 637	16 530
commercial	2 231	2 207	2 199
non-rateable	2 359	2 354	2 348
iv) Number of employees:	492	548	523
b) Electricity statistics			
i) Number of consumers	7 491	7 472	7 438
ii) Units purchased	106 685 123	105 504 098	103 057 836
iii) Units sold	100 584 312	90 294 540	87 750 825
iv) Units lost in distribution	6 100 811	15 209 558	15 307 011
v) Percentage loss in distribution	5.719%	14.416%	14.853%
vi) Cost per unit purchased	R 0.170	R 0.165	R 0.159
vii) Cost per unit sold	R 0.362	R 0.375	R 0.354
viii) Income per unit sold	R 0.374	R 0.377	R 0.370
c) Water statistics			
i) Number of consumers	17 501	17 324	16 673
ii) Kilolitres purified	3 679 472	3 437 034	3 408 262
iii) Kilolitres sold	3 245 493	2 755 512	2 543 552
iv) Kilolitres lost in distribution	433 979	681 522	864 710
v) Percentage loss in distribution	11.795%	19.829%	25.371%
vi) Cost per kilolitre purified	R 2.710	R 2.911	R 3.132
vii) Cost per unit sold	R 3.072	R 3.631	R 4.197
viii) Income per unit sold	R 7.588	R 7.051	R 6.875