

**KOUKAMMA
MUNICIPALITY**

**FINANCIAL STATEMENTS
30-Jun-06**

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GENERAL INFORMATION

MEMBERS OF THE COUNCIL

Oconnel N J
Yake F J
Jacobs D M
Kettledas J
Strydom F
Reeders C
Jacobs S
Mntambo N E
Ncethezo S D
Vogane M W

MAYOR:

Oconnel N J

GRADING OF LOCAL AUTHORITY

Grade (No grading system)

AUDITORS

Auditor General

BANKERS

ABSA

REGISTERED OFFICE

P O Box 11
Kareedouw

MUNICIPAL MANAGER

Ndokweni M

CHIEF FINANCIAL OFFICER

Sass B

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements as set out were approved by the Municipal Manager on _____ and presented to and approved by Council on _____ .

MUNICIPAL MANAGER

B Juris

CHIEF FINANCIAL OFFICER

B Comm

KOUKAMMA MUNICIPALITY

BALANCE SHEET AT 30 JUNE 2006

	Note	2006 R	2005 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
		2 107 293	1 903 338
Accumulated funds	1	2 025 191	1 821 236
Reserves	3	82 102	82 102
ACCUMULATED SURPLUS / (DEFICIT)			
	16	14 749 732	14 709 312
		16 857 025	16 612 651
TRUST FUNDS			
	2	(261 067)	1 024 764
LONG-TERM LIABILITIES			
	9	0	0
CONSUMER DEPOSITS	12	104 700	106 555
		16 700 658	17 743 970
EMPLOYMENT OF CAPITAL			
FIXED ASSETS			
	4	3 693 717	3 586 265
LONG-TERM DEBTORS			
	6	29 291	64 171
		3 723 008	3 650 436
NET CURRENT ASSETS/(LIABILITIES)			
		12 977 650	14 093 534
CURRENT ASSETS			
		19 398 130	17 353 386
Stock	7	0	0
Debtors	8	18 910 395	15 808 882
Short term portion of long term debtors	6	46 664	107 660
Short term investments	5	149 472	317 937
Cash & Bank		291 599	1 118 906
CURRENT LIABILITIES			
		6 420 480	3 259 852
Provisions	10	1 217 278	986 418
Creditors	11	5 029 839	2 273 434
Short term portion of loan	9	0	0
Bank overdraft		173 363	0
		16 700 658	17 743 970

MUNICIPAL MANAGER

B Juris

CHIEF FINANCIAL OFFICER

B Comm

KOUKAMMA MUNICIPALITY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2004/2005 Actual Income R	2004/2005 Actual Expen- diture R	2004/2005 Net Surplus/ (Deficit) R		2005/2006 Actual Income R	2005/2006 Actual Expen- diture R	2005/2006 Net Surplus/ (Deficit) R	2005/2006 Budget Surplus/ (Deficit) R
20 567 928	18 434 756	2 133 172	RATE AND GENERAL SERVICES	19 713 235	21 113 352	(1 400 116)	57 599
16 253 938	15 091 980	1 161 958	Community services	13 597 588	16 350 484	(2 752 896)	(446 337)
140 261	321 889	(181 628)	Subsidised Services	90 229	288 472	(198 242)	(308 716)
4 173 729	3 020 887	1 152 842	Economic Services	6 025 418	4 474 396	1 551 022	812 652
5 014	421 433	(416 419)	HOUSING SERVICES	0	233 309	(233 309)	(547 148)
3 929 674	3 857 705	71 969	TRADING SERVICES	5 957 662	4 156 115	1 801 547	565 780
24 502 617	22 713 894	1 788 723	TOTAL	25 670 897	25 502 775	168 122	76 231
		(2 101 911)	Appropriations for the year (Refer to note 16)			(127 703)	
		178 315	Net surplus/(deficit) for the year			40 419	
		14 530 997	Accumulated surplus/(deficit) at the beginning of the year			14 709 312	
		14 709 312	ACCUMULATED SURPLUS/(DEFICIT) AT THE END OF THE YEAR			14 749 732	

(Refer to appendices D and E for more detail)

KOUKAMMA MUNICIPALITY

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2006

	2006	2005
	R	R
CASH RETAINED FROM OPERATING ACTIVITIES:		
Cash generated by operations	-499,520	-1,985,354
Investment income external	-139,271	-206,845
(Increase)/decrease in working capital	-346,962	-3,758,008
External interest paid	0	13,649
Grants and Subsidies	1,925,003	2,505,728
Net Proceeds on disposal of fixed assets	-75,930	
CASH UTILISED IN INVESTING ACTIVITIES		
Investment in Fixed Assets	-2,032,455	-2,428,939
NET CASH IN / (OUT) FLOW	<u>-1,169,135</u>	<u>-5,859,769</u>
CASH EFFECTS OF FINANCING ACTIVITIES:		
Increase/(decrease) in long term loans	0	-831,840
(Increase)/decrease in cash investments	168,465	5,619,438
(Increase)/decrease in cash	1,000,670	1,072,172
Net cash (generated)/utilised	<u>1,169,135</u>	<u>5,859,769</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2006

	2006	2005
	R	R
1. ACCUMULATED FUNDS		
Revolving Fund	1,969,988	1,766,033
Dog Tax	<u>55,203</u>	<u>55,203</u>
	<u><u>2,025,191</u></u>	<u><u>1,821,236</u></u>
(Refer to appendix A for more detail)		
2. TRUST FUNDS		
Traning	1,815	1,815
Housing	-645,191	-770,441
Library	24,310	24,310
IDP	0	148,571
MSP	358,000	1,604,043
MMP	<u>0</u>	<u>16,467</u>
	<u><u>-261,066</u></u>	<u><u>1,024,764</u></u>
Refer to appendix A for more detail		
3 RESERVES		
Renewals fund	<u>82102</u>	<u>82102</u>
	<u><u>82,102</u></u>	<u><u>82,102</u></u>
Refer to appendix A for more detail		
4 FIXED ASSETS		
Fixed assets at the beginning of the year	41,680,342	39,251,403
Capital expenditure during the year	2,032,455	2,428,939
Less: Assets written off, transferred or disposed of during the year	<u>95,923</u>	<u>0</u>
TOTAL FIXED ASSETS	<u><u>43,616,874</u></u>	<u><u>41,680,342</u></u>
Less: Loans redeemed and other capital receipts	<u>39,923,157</u>	<u>38,094,077</u>
NET FIXED ASSETS	<u><u>3,693,717</u></u>	<u><u>3,586,265</u></u>
(Refer to appendix C and section 2 of the Treasurer's Report for more details on Fixed Assets)		

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2006

	2006 R	2005 R
5 INVESTMENTS		
Short term deposits	<u>149,472</u>	<u>317,937</u>
Management valuation of unlisted investments	<u>149,472</u>	<u>317,937</u>
Average return on investments	5.50%	6.00%
<p>The Local Authorities Ordinance No 23 of 1935 requires local authorities to invest funds, which are 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. No investments were written off during the year.</p>		
6 LONG TERM DEBTORS		
Loans	75,955	171,831
Less Short term portion	<u>46,664</u>	<u>107,660</u>
	<u>29,291</u>	<u>64,171</u>
7 STOCK		
Stock represents Raw materials, Maintenance materials and Consumables	0	0
8 DEBTORS		
Current debtors (consumer and other)	28,105,226	23,008,669
Debtors and other advance	<u>109,570</u>	<u>183,366</u>
	28,214,796	23,192,035
Less: Provision for Bad Debts	<u>9,304,401</u>	<u>7,383,153</u>
	<u>18,910,395</u>	<u>15,808,882</u>
9 LONG TERM LIABILITIES		
ABSA Loan	0	0
Less: Short term portion	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Loan for Traffic Testing Station		
Refer Appendix B for details.		
10 PROVISIONS		
Audit fees	150,000	150,000
Leave reserve	<u>1,067,278</u>	<u>836,418</u>
	<u>1,217,278</u>	<u>986,418</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2006

	2006 R	2005 R
11 CREDITORS		
Sundry creditors	905 283	864 223
Insurance claims control	163 189	196 862
Other creditors	1 982 694	1 212 349
VAT	1 978 673	0
	<u>5 029 839</u>	<u>2 273 434</u>

Note: VAT due to the Receiver of Revenue based on accruals to be paid when received is included in vat creditors

12 Deposits		
Trading deposits	104,700	106,555
	<u>104,700</u>	<u>106,555</u>

13 ASSESSMENT RATES

	Valuations as at 30-Jun R	Actual income 2005/2006 R	Actual income 2004/2005 R
All Properties	<u>103 700 527</u>	<u>3,504,905</u>	<u>3,609,879</u>

Valuations on land and buildings should be performed every 5 years.

Due to the amalgamation of the various local authorities, different rates are still applicable for the areas under the jurisdiction of council.

The basic rate for Kareedouw was 7.75c per rand for land and 1.240c per rand for buildings, and for Joubertina 16.46c per rand for land and 3.49c per rand for buildings. The other areas varous from 0.0024c per rand to 0.0141c per rand.

No reabtes are granted.

14 COUNCILLORS' ALLOWANCES

Mayor	247 231	118 771
Councillors	1,220,184	352 107
	<u>1,467,415</u>	<u>470 878</u>

15 AUDITORS' REMUNERATION

Audit fees (Provision for fees)	<u>150 000</u>	<u>150 000</u>
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16 APPROPRIATIONS

Accumulated surplus (deficit) at the beginning of the year	14 709 312	14 530 997
Operating (deficit)/surplus for the year	168 122	2 280 226
Appropriations for the year:		
Prior year adjustments	(127 703)	(2 101 911)
Accumulated surplus (deficit) at the end of the year	<u>14 749 732</u>	<u>14 709 312</u>

Note: No contribution was made to the Revolving Fund due to the financial position

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2006

	2006 R	2005 R
17 FINANCE TRANSACTIONS		
Total external interest - earned	123,298	139,271
Total external interest - paid	0	0
Capital charges - external	0	161,078
18 CASH GENERATED BY OPERATIONS		
(Deficit)/surplus for the year	168,122	2,280,226
Adjustments in respect of:		
Previous years' operating transactions	1,292,311	1,943,185
Transfer to leave reserve	-230,860	-12,716
Appropriations charged against income:		
- Capital Development Fund		
- Provisions and reserves	-1,921,248	-2,368,447
- Fixed Assets		
Non operating expenditure	-8,105,753	-5,626,953
Non operating income	8,297,908	1,799,351
	<u>-499,520</u>	<u>-1,985,354</u>
19 (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/Decrease in Stock	0	0
(Increase)/Decrease in Debtors	-3,101,513	-4,091,492
Increase/(Decrease) in Creditors	<u>2,754,550</u>	<u>333,484</u>
	<u>-346,962</u>	<u>-3,758,008</u>
20 INCREASE/(DECREASE) IN LONG TERM LOANS (EXT)		
Loans raised		
Loans repaid	<u>0</u>	<u>-831,840</u>
	<u>0</u>	<u>-831,840</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2006

	2006	2005
	R	R
21 (INCREASE)DECREASE IN EXTERNAL CASH INVESTMENT		
Net decrease in investments	168,465	5,619,438
	<u>168,465</u>	<u>5,619,438</u>
22 (INCREASE)/DECREASE IN CASH ON HAND		
Cash balance at the beginning of the year	1,118,906	2,191,078
Less: Cash balance at the end of the year	118,236	1,118,906
	<u>1,000,670</u>	<u>1,072,172</u>
23 RETIREMENT		
The last actuarial valuations of the Cape Joint Pension and Retirement Funds was conducted on 30 June 2005. The valuations disclosed level of funding of 106%.		

APPENDIX A

ACCUMULATED FUNDS, RESERVES AND PROVISIONS

	Balance at 01-Jul-05	Contributions during year	Interest on Investment	Other Income	Expen/Transfers during year	Balance at 30-Jun-06
	R	R	R	R	R	R
ACCUMULATED FUNDS						
Revolving Fund	1 766 033		18 176	185 779		1 969 988
Dog Tax	55 203					55 203
	<u>1 821 236</u>	<u>0</u>	<u>18 176</u>	<u>185 779</u>	<u>0</u>	<u>2 025 191</u>
TRUST FUNDS						
Traning	1 815					1 815
Housing	(770 441)			8 062 129	7 936 879	(645 191)
Library	24 310					24 310
IDP	148 571			50 000	198 571	0
MSP	1 604 043				1 246 043	358 000
MMP	16 467				16 467	0
	<u>1 024 764</u>	<u>0</u>	<u>0</u>	<u>8 112 129</u>	<u>9 397 960</u>	<u>(261 067)</u>
RESERVES						
Renewals fund	82 102					82 102
	<u>82 102</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>82 102</u>
PROVISIONS						
Audit fees	150 000					150 000
Leave reserve	836 418	230 860				1 067 278
	<u>986 418</u>	<u>230 860</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1 217 278</u>

APPENDIX B
EXTERNAL LOANS

No External Loans

APPENDIX C
ANALYSIS OF FIXED ASSETS

Expenditure 2003/2004		Balance at 2005/07/01	Expenditure 2005/2006	W/Off, Trf, Redeemed or Sold 2005/2006	Balance at 2006/06/30
1 648 469	RATES AND GENERAL SERVICES	25 865 812	170 616	93 523	25 942 905
1 467 234	COMMUNITY SERVICES	13 584 337	170 616	88 519	13 666 434
558 010	Properties and sundries	2 988 522	170 616	88 518	3 070 620
909 224	Public Works/Services	9 328 582		1	9 328 581
	Health	92 900			92 900
	Traffic	1 174 333			1 174 333
80 749	SUBSIDISED SERVICES	6 414 918	0	5 002	6 409 916
80 749	Buildings	3 022 950			3 022 950
	Library	49 741			49 741
	Fire Services	5 874		2	5 872
	Cemetary	120 872			120 872
	Parks, Halls and Recreation	3 215 481		5 000	3 210 481
100 486	ECONOMIC SERVICES	5 866 557	0	2	5 866 555
100 486	Refuse	21 300		2	21 298
	Sewerage Services	5 845 257			5 845 257
0	HOUSING SERVICES	6 472 070	0	0	6 472 070
	Sub Economic Housing	6 472 070			6 472 070
780 470	TRADING SERVICES	9 342 460	1 861 839	2 400	11 201 899
	Electricity	1 909 960	1 859 747		3 769 707
780 470	Water	7 432 500	2 092	2 400	7 432 192
<u>2 428 939</u>	TOTAL FIXED ASSETS	<u>41 680 342</u>	<u>2 032 455</u>	<u>95 923</u>	<u>43 616 874</u>
	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS	38,094,077	1,925,003	95,923	39,923,157
	Loans Redeemed and Advances Paid	6 347 172			6 347 172
	Contributions ex Operating income	4 324 451		95 923	4 228 528
	Revolving fund	803 009			803 009
	Grants and Subsidies	26 619 445	1 925 003		28 544 448
	NET FIXED ASSETS	<u>3,586,265</u>	<u>107,452</u>	<u>0</u>	<u>3,693,717</u>

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE PERIOD ENDED 30 JUNE 2006

Actual 2004/2005		Actual 2005/2006	Budget 2005/2006
R		R	R
	INCOME		
7 220 936	Government and Provincial grants and subsidies	7 903 315	8 383 000
5 625 912	Rates	3 504 905	4 421 750
549 576	Electricity	789 146	1 083 000
3 380 097	Water	548 332	3 000 000
7 726 095	Other	12 925 199	11 782 800
24,502,616		25 670 897	28 670 550
	EXPENDITURE		
11 141 446	Salaries, wages and allowances	12 373 130	11 376 518
9 694 215	General expenses	8 547 709	12 346 861
1 277 158	Repairs and maintenance	4 290 742	5 132 000
109 571	Capital charges		164 480
0	Contributions	17 478	3 986 000
22 222 390	Gross expenditure	25 229 059	33 005 859
	Charge outs	273 716	(4 411 540)
22,222,390	Net expenditure	25 502 775	28 594 319

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2004/2005 Actual Income	2004/2005 Actual Expenditure	2004/2005 Surplus/ (Deficit)		2005/2006 Actual Income	2005/2006 Actual Expenditure	2005/2006 Surplus/ (Deficit)	2005/2006 Budget Surplus/ (Deficit)
R	R	R		R	R	R	R
20 567 928	18 434 756	2 133 172	RATE AND GENERAL SERVICES	19 713 235	21 113 352	(1 400 116)	57 599
16 253 938	15 091 980	1 161 958	COMMUNITY SERVICES	13 597 588	16 350 484	(2 752 896)	(446 337)
0	1 264 050	(1 264 050)	General Expenditure of the Council	20 000	1 056 727	(1 036 727)	(1 946 600)
5 625 912	30 828	5 595 084	Rates	4 444 903	664 082	3 780 822	3 635 940
110 882	2 474 862	(2 363 980)	Technical Services	814 345	1 875 567	(1 061 222)	(860 819)
13 745	4 049 980	(4 036 235)	Managerial Services	358	3 558 539	(3 558 181)	(3 550 832)
7 817 505	4 920 486	2 897 019	Financial Services	4 114 100	4 580 051	(465 950)	2 209 624
2 685 894	2 351 774	334 120	Protection & Traffic Services	4 203 882	4 615 520	(411 638)	66 350
140 261	321 889	(181 628)	SUBSIDISED SERVICES	90 229	288 472	(198 242)	(308 716)
84 659	14 715	69 944	Cemeteries	19 394	3 239	16 155	151 984
33	123 796	(123 763)	Libraries	427	227 586	(227 160)	(328 200)
0	131 017	(131 017)	Fire & Health Services	70 409	57 647	12 762	(132 500)
55 570	52 361	3 209	Halls & Recreation Areas	6 025 418	4 474 396	1 551 022	812 652
4 173 729	3 020 887	1 152 842	ECONOMIC SERVICES	1 921 776	2 211 005	(289 229)	(262 004)
1 417 040	1 415 182	1 858	Refuse Removal Services	4 103 642	2 263 391	1 840 251	1 074 656
2 756 689	1 605 705	1 150 984	Sewerage Services	0	233 309	(233 309)	(547 148)
5 014	421 433	(416 419)	HOUSING SERVICES	0	233 309	(233 309)	(547 148)
5 014	421 433	(416 419)	Housing administration	5 957 662	4 156 115	1 801 547	565 780
2 534 162	2 978 456	563 473	TRADING SERVICES	1 259 146	1 500 276	(241 129)	464 624
549 576	944 520	(394 944)	Electricity	4 698 516	2 655 839	2 042 677	101 156
3 380 097	2 421 681	958 416	Water	25 670 897	25 502 775	168 122	76 231
23 107 105	21 834 645	2 280 226	TOTAL			(127 703)	
		(2 101 911)	Appropriations for the year (Note 16)			40 419	
		178 315	Net Surplus/(Deficit) for the year			14 709 312	
		14 530 997	Accumulated Surplus/(Deficit) at the Beginning of the Year			14 749 732	
		14 709 312	ACCUMULATED SURPLUS/(DEFICIT) AT THE END OF THE YEAR				

Notes:

Fire Services included under Protection Services
 Equitable share has been allocated to free basic services

APPENDIX F

STATISTICAL INFORMATION

1. GENERAL STATISTICS

1.1	Population	There is approximately 7800 households	
1.2	Property valuations		
	Date of valuation 2000		
	i) Rateable	Value of properties R103m	
	ii) Non-rateable	Value of properties R5.6m	
1.3	Assessment rates	2005/2006	2004/2005
		R3.5m	R3.6m
1.4	Number of employees	165	175
2	Electricity Statistics	Electricity is supplied partly by council and partly direct by Eskom	
3	Water statistics	Council does not have water purification works and bulk metering is not done, therefore losses can not be determined.	