



**Annual Financial Statements
2005/2006**

EC 123

GREAT KEI MUNICIPALITY

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GREAT KEI MUNICIPALITY

MAYOR'S FOREWORD

I have pleasure in presenting the Annual Financial Statements which are subject to audit for the year ended 30 June 2006.

Local Government reform in South Africa poses a challenge to all municipalities and indeed the Great Kei Municipality and as such we have set our targets to comply with the accounting reforms as envisaged in the MFMA and other pieces of legislation.

The economic viability of the region remains a priority for our municipality. Every effort has been made to stimulate investment in the Great Kei Municipality with the available resources.

The council as an institution is faced with numerous challenges. The greatest challenge is the inability of customers to pay for rates and services on a regular basis. Due to this challenge the municipality has become increasingly reliance on the equitable share received from national government is improve the quality of service delivery to population of the Great Kei region. The high unemployment rate in the region has become the major contributing factor towards the inability of customers to service their accounts. We have also been faced with a growing rate of electricity fraud.

Despite the numerous challenges facing the council I and my fellow councillors are confident for the future of the Great Kei Municipality and we remain committed to building a financially sound and prosperous municipality.

In conclusion I wish to express my appreciation to the councillors, the Municipal Manager, Chief Financial Officer and various members of the Budget and Treasure office for their support and hard work during the past financial year.

.....
M Kema
MAYOR

GREAT KEI MUNICIPALITY GENERAL INFORMATION

MEMBERS OF THE COUNCIL

Councillors

M Kema (Mayor)

M Mali (Chairperson: - Finance)

W Hollington

N George

N Moli

N Dyani (Chairperson: - Economic Development)

N Pan (Chairperson: - Health)

N Tekile

W Ndora

T Ndolose

Z Blom

Z Mpondo (Chairperson Infrastructure Development and Works)

GRADING OF LOCAL AUTHORITY

Great Kei Municipality is a Grade 2 Local Authority

AUDITORS

Auditor General

BANKERS

The Standard Bank of South Africa
ABSA Bank

GREAT KEI MUNICIPALITY

REGISTERED OFFICE

P O Box 21
Komga
Station Street, Komga

Telephone : 043 831 1028
Facsimile : 043 831 1306

MUNICIPAL MANAGER & ACCOUNTING OFFICER

O S Ngqele

Telephone : 043 831 1028

CHIEF FINANCIAL OFFICER

Z Gwavu

Telephone : 043 831 1028

GREAT KEI MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

The **Annual Financial Statements** as set out on pages 4 to 22 were approved by the Municipal Manager and

Chief Financial Officer on the and presented to and approved by Council

on the

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MUNICIPAL MANAGER: GREAT KEI MUNICIPALITY

.....
CHIEF FINANCIAL OFFICER: GREAT KEI MUNICIPALITY

GREAT KEI MUNICIPALITY
ACCOUNTING OFFICER'S REPORT

1. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The overall operating results for the year ended 30 June 2005 are as follows:

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual - Budget %
Income:					
Opening deficit	1,216,239	(3,344,325)			
Sundry Transfers	(74,201)	-			
Operating income for the year	23,047,913	23,130,243	0	30,072,846	(30)
	24,189,951	19,785,919		30,072,846	
Expenditure					
Operating expenditure for the year	27,534,275	30,106,920	9	29,299,906	3
Contributions to approved funds					
Closing deficit	(3,344,325)	(10,321,002)		772,940	
	24,189,951	19,785,919		30,072,846	
Significant variances:					

1.1 Rates and General Services

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual - Budget %
Income	16,086,263	16,338,207	2	21,710,307	(33)
Expenditure	22,649,209	25,382,231	12	20,938,327	18
Deficit	(6,562,946)	(9,044,024)	38	771,980	109
Deficit as % of total income	(41)	(55)			
Significant variances:					

1.2 Summary of the operating results of the local authority's Trading Service:

Water Service

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual - Budget %
Income	5,386,904	5,254,822	(2)	4,360,158	17
Expenditure	2,729,064	2,509,644	(8)	4,360,158	(74)
(Deficit)/Surplus	2,657,841	2,745,177		-	
Surplus/(deficit) as % total income	49	52		-	
Significant variances:					

Electricity Service

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual - Budget %
Income	1,574,745	1,537,214	(2)	4,002,381	(160)
Expenditure	2,156,003	2,215,045	3	4,001,421	(81)
(Deficit)/Surplus	(581,258)	(677,830)		960	
Surplus/(deficit) as % total income	(37)	(44)		0	
Significant variances:					

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets during the year amounted to R 4,401,572 . (2005 - R 5,946,485)

A complete analysis of capital expenditure (budgeted and actual) per department, classification or service is included 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 R 7,054,571. (2004 - R 6,162,775).

Cash resources and short-term deposits less bank overdraft at 30 June 2005 amounted to a surplus of R 176,391. (2005 - R 1,508,132) This amount excludes project, statutory and reserve funds.

More information regarding loans and investments are disclosed in the notes (4 and 7) and appendix B to the financial statements.

4. EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Councillors and to the municipal staff for their assistance and support during the year.

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MUNICIPAL MANAGER: GREAT KEI MUNICIPALITY

GREAT KEI MUNICIPALITY
ACCOUNTING POLICIES

1. Basis of preparation

- 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 and its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd 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 licences.
 - * Expenditure is accrued in the year it is incurred.

2. Consolidation

The balance sheet includes Rates and General Services, Trading Services and the different funds and reserves. All inter-departmental charges are set off against each other with the exception of assessment rates, refuse removal, sewerage, electricity and water which are treated as income and expenditure in the respective departments.

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 useful 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 financial statements 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 operating 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.

GREAT KEI MUNICIPALITY
ACCOUNTING POLICIES (continued)

* 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 Revolving 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.

4. Funds and reserves

4.1 Revolving fund

The fund requires a minimum contribution of 7.5 % of the product of the assessment rates that were levied for the immediately preceding financial year. It is not required from Council to contribute an amount that is 20% more than the amount required to be contributed in the immediately preceding financial year.

Net proceeds from the sale of fixed property are invested in the Revolving Fund. Funds accumulated in the Revolving Fund are utilised for the purpose of providing advances to borrowing services and to finance the acquisition or upgrading of land or fixed property.

4.2 Other funds and reserves

Other funds and reserves, which are disclosed in the notes (1 - 3) and appendix A to the financial statements, are built up either by appropriations made on an annual basis from the operating account to the relevant funds and reserves or from contributions received from the public and the State with the objective of providing community facilities and funds to finance bad debts.

5. Provisions

Provisions are created for liabilities or contingencies that are known at the date of the balance sheet but for which the amounts involved cannot be determined with substantial accuracy.

6. Stock

Stock is reflected in the Balance Sheet at the weighted average cost.

7. Retirement benefits

The Council and its employees contribute to various pension, provident and retirement funds. The larger funds include the SAMWU National Provident Fund, the Cape Joint Retirement Fund and the SALA Pension Fund.

GREAT KEI MUNICIPALITY
ACCOUNTING POLICIES (continued)

The retirement benefits are calculated in accordance with the rules of the respective funds. Current contributions by the Council are charged against operating income at the rate of a fixed percentage of the basic salary paid to employees.

Full actuarial valuations are performed at least every three years.

8. Surpluses and deficits

Any surpluses and deficits arising from the operation of the Electricity and Water Services are transferred to Rates and General Services.

9. Treatment of administration and other overhead expenses

The costs of internal support services are transferred to the different services in accordance with the IMTA's Report on Accounting for Support Services (June 1990).

10. Investments

Investments are disclosed at the lower of cost or market value if a permanent decline in value has occurred and are invested on such conditions as the Minister may approve.

11. Income recognition

11.1 Water billings

All meters are read and billed monthly. Income is recognised when meters are read and the monthly levies debited to the respective consumer account. Where meters cannot be read during a particular month, they are provisionally billed with the necessary adjustments made in the month they are indeed read.

11.2 Assessment rates

The local authority applies a uniform system of rating. In terms of this system the assessment rates are levied on the land value of property and improvements, at the same rate. Rebates of 20% are granted on state-owned properties. Income is recognised when such levies are raised and debited to the respective ratepayer account.

11.3 Other income

Income from services such as refuse removal and sewerage, recovered by way of debtors, is recognised when such levies are raised and debited against the respective consumer account. Income from other sources is recognised when paid.

GREAT KEI MUNICIPALITY
BALANCE SHEET AT 30 JUNE 2006

	Note	2006 R	2005 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		1,154,348	848,404
Statutory Funds	1	1,151,627	845,780
Reserves	2	2,722	2,624
RETAINED INCOME / (ACCUMULATED DEFICIT)		(10,321,002)	(3,344,325)
		(9,166,654)	(2,495,920)
TRUST FUNDS	3	23,120	31,098
LONG TERM LIABILITIES	4	5,759,860	5,883,668
CONSUMER DEPOSITS: SERVICES	5	95,411	87,738
		(3,288,263)	3,506,584
EMPLOYMENT OF CAPITAL			
LONG TERM DEBTORS	8	202,974	288,532
FIXED ASSETS	6	6,677,462	6,828,646
INVESTMENTS	7	86,883	76,632
		6,967,319	7,193,810
NET CURRENT ASSETS		(10,255,582)	(3,687,226)
CURRENT ASSETS		4,936,226	5,658,524
Stock	9	223,165	223,165
Debtors	10	4,557,186	3,936,193
Cash Resources	11	155,875	1,499,166
CURRENT LIABILITIES		15,191,808	9,345,750
Creditors	13	14,127,038	8,558,271
Bank Overdraft	14	33,189	-
Provisions	12	1,031,581	787,479
		(3,288,263)	3,506,584

GREAT KEI MUNICIPALITY
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2005 Actual income	2005 Actual expenditure	2005 surplus/ (deficit)		2006 Actual income	2006 Actual expenditure	2006 surplus/ (deficit)	2006 Budgeted surplus/ (deficit)
R	R	R		R	R	R	R
16,086,263	22,649,209	(6,562,946)	RATES AND GENERAL SERVICES	16,338,207	25,382,231	(9,044,024)	771,980
13,409,976	18,156,014	(4,746,038)	Community services	13,773,379	20,631,986	(6,858,607)	923,889
155,302	909,428	(754,126)	Subsidised services	108,530	1,211,588	(1,103,058)	(453,773)
2,520,986	3,583,767	(1,062,781)	Economic services	2,456,298	3,538,657	(1,082,359)	301,864
6,961,649	4,885,066	2,076,583	TRADING SERVICES	6,792,036	4,724,689	2,067,347	960
<u>23,047,913</u>	<u>27,534,275</u>	<u>(4,486,363)</u>	TOTAL	<u>23,130,243</u>	<u>30,106,920</u>	<u>(6,976,677)</u>	<u>772,940</u>
		(74,201)	Appropriations for the year (refer note 19)			-	
		(4,560,563)	NET SURPLUS (DEFICIT) FOR THE YEAR			(6,976,677)	
		1,216,239	Accumulated deficit beginning of the year			(3,344,325)	
		<u>(3,344,325)</u>	ACCUMULATED DEFICIT END OF THE YEAR			<u>(10,321,002)</u>	

GREAT KEI MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	NOTES	2006 R	2005 R
CASH RETAINED FROM OPERATING ACTIVITIES		3,097,592	5,244,050
Cash generated by operations	20	(15,605,222)	(15,827,465)
Investment income	18	48,845	21,455
Increase in working capital	21	5,191,876	4,730,574
		<u>(10,364,500)</u>	<u>(11,075,435)</u>
Less: External interest paid		937,185	646,252
Cash (utilised in)/available from operations		(9,427,315)	(10,429,184)
Cash contributions from the public and the State		12,524,906	15,673,234
CASH UTILISED IN INVESTING ACTIVITIES		(4,316,015)	(6,876,198)
Investment in fixed assets		(4,401,572)	(6,963,140)
Long Term Debtors		85,558	86,942
NETT CASH FLOW		<u>(1,218,423)</u>	<u>(1,632,148)</u>
CASH EFFECTS OF FINANCING ACTIVITIES			
(Decrease) / Increase in Long Term Liabilities	22	(123,808)	2,662,646
Increase / (Decrease) in Consumer Deposits		7,674	16,316
Decrease / (Increase) in Cash	24	1,376,480	(1,268,643)
(Increase) / Decrease in External Cash Investments	23	(41,922)	221,830
NETT CASH UTILISED		<u>1,218,423</u>	<u>1,632,148</u>

GREAT KEI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006 R	2005 R
1. ACCUMULATED FUNDS		
Revolving Fund	1,149,395	843,629
Dog Tax Fund (Invested as per note 7)	2,232	2,151
	<u>1,151,627</u>	<u>845,780</u>
<u>The revolving fund is represented by:</u>		
Investments (Note 7)	5,106	28,976
Advances to borrowing services	1,044,978	1,044,978
Long Term Loans	202,974	288,532
Advances to operating account	101,431	101,431
	<u>1,354,489</u>	<u>1,463,917</u>
<i>(Refer to Appendix A for more details)</i>		
2. RESERVES (Invested as per note 7)	<u>2,722</u>	<u>2,624</u>
<i>(Refer to Appendix A for more details)</i>		
3. TRUST FUNDS		
As detailed in Appendix A	<u>23,120</u>	<u>31,098</u>
<i>(Refer to Appendix A for more details)</i>		
4. LONG-TERM LIABILITIES		
Development Bank of South Africa	5,759,860	5,883,668
	<u>5,759,860</u>	<u>5,883,668</u>
<i>(Refer to Appendix B for more detail)</i>		
5. CONSUMER DEPOSITS: SERVICES		
Service Deposits	<u>95,411</u>	<u>87,738</u>
6. FIXED ASSETS		
Fixed assets at the beginning of the year	35,081,767	28,118,627
Capital expenditure during the year	4,401,572	6,963,140
Less: Assets written off, transferred or disposed of during year	-	-
Total fixed assets	<u>39,483,340</u>	<u>35,081,767</u>
Less: Loans redeemed and other capital receipts	<u>32,805,878</u>	<u>28,253,122</u>
NET ASSETS	<u>6,677,462</u>	<u>6,828,646</u>
<i>(Refer to Appendix C for more details)</i>		

GREAT KEI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006 R	2005 R
7. INVESTMENTS		
Project Investments	23,119	31,098
Reserve Investments	2,722	2,624
Dog Tax Investment	2,231	2,151
Revolving Fund Investments	5,106	28,976
Operating Account Investments	53,705	11,783
	<u>86,883</u>	<u>76,632</u>
<p>Circular no 19 of 1984 issued by the Provincial Administration Community Development Branch, 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.</p>		
8. LONG TERM DEBTORS		
Squash Club Loan	15,158	19,468
Bowling Green Club Loan	23,592	28,668
Car Loan Mr Gwavu	37,944	63,776
Car Loan Mr Ngqele	39,328	64,532
Car Loan Mr Dicks	86,953	112,088
	<u>202,974</u>	<u>288,532</u>
9. STOCK		
Stock represents consumable stores, raw materials, work in progress and finished goods. Where necessary specific provision is made for obsolete stock. Stock are divided into different services: Rate and general	<u>223,165</u>	<u>223,165</u>
10. DEBTORS		
Current Debtors (Consumers and others)	10,583,031	9,075,288
VAT Control	2,064,492	1,173,250
Sundry Debtors	1,673,374	1,768,291
Less: Provision for Doubtful Debts	(9,763,712)	(8,080,636)
	<u>4,557,186</u>	<u>3,936,193</u>
11. CASH AND CASH EQUIVALENT		
Operating Account - Standard Bank	12,369	114,742
Operating Account - ABSA Bank	-	172,809
Operating Account - Traffic Services	143,507	1,211,615
Cash Floats	-	-
	<u>155,875</u>	<u>1,499,166</u>

GREAT KEI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006 R	2005 R
12. PROVISIONS		
Audit Fee Provision	542,000	392,000
Leave Pay Provision	489,581	395,479
	<u>1,031,581</u>	<u>787,479</u>
13. CREDITORS		
Creditors	2,985,228	881,730
VAT Control	-	-
VAT Provision	-	-
Sundry Creditors	-	-
Project Creditors	9,847,099	7,397,433
Current Portion of External Loans	1,294,712	279,108
	<u>14,127,038</u>	<u>8,558,271</u>
14. BANK OVERDRAFT		
Operating Account - ABSA Bank	<u>33,189</u>	<u>-</u>
15. ASSESSMENT RATES		
Actual Rateable Income	<u>3,182,247</u>	<u>2,893,651</u>
16. COUNCILLOR'S REMUNERATION		
Councillor's Allowances	<u>920,680</u>	<u>625,269</u>
17. AUDITOR'S REMUNERATION		
Audit fees	<u>150,000</u>	<u>156,000</u>
18. FINANCE TRANSACTIONS		
Total external interest earned or paid:		
- Interest earned	<u>48,845</u>	<u>21,455</u>
- Interest paid	<u>937,185</u>	<u>646,252</u>
Capital charges debited to operating account:		
- Interest paid on external loans	865,066	565,270
- Interest paid on internal loans	72,119	80,981
- Redemption of external loans	380,537	80,625
- Redemption of internal loans	127,375	146,394
	<u>1,445,098</u>	<u>873,271</u>

GREAT KEI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006 R	2005 R
19. APPROPRIATIONS		
Appropriation account		
Accumulated deficit at the beginning of the year	(3,344,325)	1,216,239
Operating (deficit)/surplus for the year	<u>(6,976,677)</u>	<u>(4,486,363)</u>
	(10,321,002)	(3,270,124)
Less: Appropriations for the year:		
- Prior year adjustments	-	(74,201)
Accumulated deficit at the end of year	<u><u>(10,321,002)</u></u>	<u><u>(3,344,325)</u></u>
Operating account		
Capital expenditure - Fixed assets	1,502,054	(227,020)
Contributions to:		
- Revolving Fund	217,024	204,776
	<u>1,719,078</u>	<u>(22,244)</u>
20. CASH UTILISED IN OPERATIONS		
(Deficit) surplus for the year	(6,976,677)	(287,337)
Adjustments in respect of:		
- Prior Year Adjustments	-	-
Appropriations charged against income:		
- Revolving Fund	217,024	59,728
- Fixed Assets	1,502,054	11,124
Capital charges debited to operating account	1,445,098	469,627
Grants and Subsidies Received from the State	<u>(11,792,720)</u>	<u>(146,861)</u>
	<u><u>(15,605,222)</u></u>	<u><u>106,281</u></u>
21. MOVEMENT IN WORKING CAPITAL		
(Increase) / Decrease in Stores	-	-
(Increase) / Decrease in Debtors	(620,993)	(177,484)
(Decrease) / Increase in Creditors and Provisions	5,812,869	4,908,058
	<u>5,191,876</u>	<u>4,730,574</u>
22. MOVEMENT IN LONG-TERM LIABILITIES		
Loans repaid	(123,808)	2,662,646
	<u>(123,808)</u>	<u>2,662,646</u>
23. MOVEMENT IN INVESTMENTS		
Investments	<u>(41,922)</u>	<u>221,830</u>
24. MOVEMENT IN CASH ON HAND		
Cash Surplus / (Deficit) at the beginning of the year	1,499,166	230,523
Less: Cash Surplus / (Deficit) at end of year	122,686	1,499,166
	<u>1,376,480</u>	<u>(1,268,643)</u>

**GREAT KEI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006**

	2006 R	2005 R
25. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
The municipality has no contingent liabilities nor any contractual obligations.		
26. RETIREMENT BENEFITS		
The employees of the municipality contribute to either the Cape Joint & SALA Pension Fund		

GREAT KEI MUNICIPALITY

STATUTORY FUNDS, RESERVES AND TRUST FUNDS

	Balance at 30 June 2005 R	Contributions during year R	Interest Earned R	Transfers / (Advance) during year R	Operating expenditure during year R	Capital expenditure during year R	Balance at 30 June 2006 R
STATUTORY FUNDS							
Revolving Fund	843,629	217,024	88,840		97		1,149,395
Dog Tax	2,151		80				2,232
	845,780	217,024	88,920	-	97	-	1,151,627
TRUST FUNDS							
<u>Cash Backed Funds</u>							
Pilot Housing	1,978		37		480		1,534
Township Register	1,471		3		156		1,318
Kei Mouth Peoples Housing Project	9,335	357,319	2,615	(359,324)	65		9,880
Electricity Project	1,863		1,832				3,695
CMIP	1,178		12				1,190
Town Planning	2,763		102				2,865
Stabilisation Fund	1,347		14				1,361
Siviwe Housing Project	11,165		113	(10,000)			1,278
	31,098	357,319	4,728	(369,324)	701	-	23,120
RESERVES							
Scheme Regulation Funds	2,624		98				2,722
	2,624	-	98	-	-	-	2,722

APPENDIX A

GREAT KEI MUNICIPALITY

EXTERNAL LOANS AND INTERNAL ADVANCES

	Rate	Repayment Terms	Termination	Balance at 30 June 2005 R	Received during the year R	Redeemed/ written off during year R	Balance at 30 June 2006 R
EXTERNAL LOANS							
Development Bank of South Africa (Sanitation)	15.0%	Bi Annually	30-Jun-2019	2,630,128		62,291	2,567,836
Development Bank of South Africa (Roads & Drainage)	14.5%	Bi Annually	30-Jun-2014	510,269		30,407	479,862
Development Bank of South Africa (Municipal Building)	11.0%	Bi Annually	30-Jun-2014	2,743,271	256,729	287,839	2,712,161
				<u>5,883,668</u>	<u>256,729</u>	<u>380,537</u>	<u>5,759,860</u>
INTERNAL LOANS							
<u>Internal advances to borrowing services:</u>							
Internal Loans (Old Komga)		Various Loans (See Attached Schedules)		1,065			1,065
Internal Loans (Old Kei Mouth)		Various Loans (See Attached Schedules)		1,043,913			1,043,913
				<u>1,044,978</u>	<u>-</u>	<u>-</u>	<u>1,044,978</u>

APPENDIX B

**GREAT KEI MUNICIPALITY
ANALYSIS OF FIXED ASSETS**

2005 Expenditure		Balance at 30 June 2005	Expenditure during year	Redeemed, trans- ferred or written off during year	Balance at 30 June 2006
R		R	R	R	R
4,758,314	Rates & General Services	22,665,127	3,388,640	-	26,053,767
4,378,005	Community services	13,915,233	2,188,640	-	16,103,873
2,954,000	Land and Buildings	8,045,272	1,487,728		9,533,000
-	General Improvements	139,639			139,639
669,583	Streets & Stormwater	1,865,641			1,865,641
264,013	Plant, Vehicles and Equipment	2,149,377	503,848		2,653,226
-	Community Assets and Halls	296,632	109,560		406,192
-	Cintsa Assets	757,842			757,842
141,023	Town Treasury	311,443			311,443
349,386	Traffic Services	349,386	87,504		436,890
324,288	Subsidised Services	695,725	-	-	695,725
-	Library	-			-
324,288	Plant, Vehicles and Equipment	332,870			332,870
-	Parks & Recreation	362,855			362,855
56,022	Economic Services	8,054,169	1,200,000	-	9,254,169
56,022	Sewerage & Sanitation	7,883,548	1,170,000		9,053,548
-	Plant, Vehicles and Equipment	170,621			170,621
-	Refuse Services	-	30,000		30,000
2,204,826	Trading Services	12,416,641	1,012,932	-	13,429,573
-	Electricity Services	3,904,252			3,904,252
2,204,826	Water Services	8,512,389	1,012,932		9,525,321
6,963,140	TOTAL FIXED ASSETS	35,081,767	4,401,572	-	39,483,340
4,092,850	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS	(28,253,122)	4,044,843	507,913	32,805,878
634,359	Loans redeemed and advances paid	3,627,051		(507,913)	4,134,964
(227,020)	Contributions from operating income	6,400,522	1,502,054		7,902,575
3,685,511	Grants and subsidies	18,225,549	2,542,790		20,768,338
2,870,291	NET FIXED ASSETS	6,828,646	356,729	(507,913)	6,677,462

APPENDIX C

GREAT KEI MUNICIPALITY

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

2005 Actual R		2006 Actual R	2006 Budget R
	INCOME		
13,053,508	Grants and Subsidies	11,792,720	10,941,000
9,994,405	Operating income	11,288,678	19,131,846
2,893,651	Assessment Rates	3,182,247	5,003,970
1,574,745	Electricity Charges	1,537,214	4,002,381
5,386,904	Water Charges	5,254,822	4,360,158
139,105	Income from Tariffs, Service Charges etc	1,314,395	5,765,337
128,396	Interest Received	48,845	-
<u>23,047,913</u>	Total income	<u>23,130,243</u>	<u>30,072,846</u>
	EXPENDITURE		
10,987,868	Salaries, Wages and Allowances	11,338,980	13,354,960
11,479,497	General Expenditure	11,213,387	7,568,948
3,354,504	Repairs and Maintenance	4,390,377	5,184,000
873,271	Capital Charges	1,445,098	554,528
634,359	Contributions to Fixed Assets	1,502,055	1,850,000
204,776	Contributions to Approved Funds	217,024	787,470
<u>27,534,275</u>	Total Expenditure	<u>30,106,920</u>	<u>29,299,906</u>

APPENDIX D

GREAT KEI MUNICIPALITY

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2005 Actual income	2005 Actual expenditure	2005 Surplus/ (deficit)		2006 Actual income	2006 Actual expenditure	2006 Surplus/ (deficit)	2006 Budgeted surplus/ (deficit)
R	R	R		R	R	R	R
16,086,263	22,649,209	(6,562,946)	RATES AND GENERAL SERVICES	16,338,207	25,382,231	(9,044,024)	771,980
13,409,976	18,156,014	(4,746,038)	Community services	13,773,379	20,631,986	(6,858,607)	923,889
581,742	7,787,743	(7,206,001)	Administration	147,192	7,867,403	(7,720,212)	(196,618)
2,893,651	204,776	2,688,875	Assessment Rates	3,182,247	217,024	2,965,223	5,003,970
24,726	1,535,217	(1,510,491)	Council General	5,257	2,049,932	(2,044,675)	(1,743,601)
	862,850	(862,850)	Engineering Services		535,922	(535,922)	(374,165)
	13,824	(13,824)	Health Services		-	-	3,816
	523,977	(523,977)	Human Resources		598,914	(598,914)	(1,115,869)
	156,984	(156,984)	Local Economic Development		545,990	(545,990)	(634,793)
	1,716,006	(1,716,006)	Roads and Streets		3,153,348	(3,153,348)	(3,333,037)
358,308	674,522	(316,213)	Traffic Services	361,919	723,540	(361,621)	(863,801)
9,551,549	4,680,115	4,871,433	Treasury	10,076,765	4,939,914	5,136,851	4,177,987
155,302	909,428	(754,126)	Subsidised services	108,530	1,211,588	(1,103,058)	(453,773)
3,497	3,437	61	Cemeteries	3,020	87,275	(84,255)	(3,000)
1,493	145,094	(145,094)	Fire Protection		25,757	(25,757)	-
133,974	93,389	(91,896)	Library	39,105	161,956	(122,851)	(171,331)
16,337	667,508	(533,534)	Parks, Recreation and Beaches	54,441	936,081	(881,641)	(263,260)
	16,337	16,337	Tecoma Old Age Home	11,965	519	11,446	(16,182)
2,520,986	3,583,767	(1,062,781)	Economic services	2,456,298	3,538,657	(1,082,359)	301,864
1,169,079	998,558	170,521	Refuse Services	1,287,752	851,924	435,828	182,900
1,110,907	2,526,704	(1,415,797)	Sewerage and Sanitation	983,674	2,627,894	(1,644,221)	5,684
241,000	58,505	182,495	Whispering Waves	184,872	58,839	126,033	113,280
6,961,649	4,885,066	2,076,583	TRADING SERVICES	6,792,036	4,724,689	2,067,347	960
1,574,745	2,156,003	(581,258)	Electricity Services	1,537,214	2,215,045	(677,830)	960
5,386,904	2,729,064	2,657,841	Water Services	5,254,822	2,509,644	2,745,177	-
23,047,913	27,534,275	(4,486,363)	TOTAL	23,130,243	30,106,920	(6,976,677)	772,940
		(74,201)	Appropriations for the year (refer to note 19)				
		(4,560,563)	NET DEFICIT FOR THE YEAR			(6,976,677)	
		1,216,239	Accumulated deficit beginning of the year			(3,344,325)	
		(3,344,325)	ACCUMULATED DEFICIT END OF THE YEAR			(10,321,002)	

APPENDIX E

**GREAT KEI MUNICIPALITY
APPENDIX F
STATISTICAL INFORMATION**

GENERAL STATISTICS

Population	44,469
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Site valuations at

- Residential	
- Kei Mouth	57,827,390
- Morgan's Bay	38,238,920
- Haga Haga	17,828,340
- Cintsa	47,766,220
- Komga	28,342,718
- Exempt	(1,623,000)
	188,380,588

Assessment rates:

- All properties 2.086 cents in the rand
- Pensioners can apply for a 40% rebate and Residents 20 % respectively
- Churches exempt
- Sports (non profit) exempt

Number of residential properties	11,363
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Number of employees of local authority	110
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Water Statistics

Units bought/generated	Unavailable
Units sold	182,657

Electricity Statistics

Units bought/generated	Unavailable
Units sold	2,356,067