

## INKWANCA MUNICIPALITY

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**INKWANCA MUNICIPALITY**  
**GENERAL INFORMATION**

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**MEMBERS OF THE COUNCIL**

M E YEKANI	Mayor
K. P. KIDO	Councillor
N.S. NOYI	Councillor
P. PARKER	Councillor
J.G STETTON	Councillor
N. T. FOLOSE	Councillor

**MANAGEMENT**

N.A NCUBE	Accounting Officer
Z MRWEBI	Chief Financial Officer
O SOPELA	Technical Services
M STRATU	Community Services

**GRADING OF LOCAL AUTHORITY**

Grade 2

**AUDITORS**

Auditor General

**BANKERS**

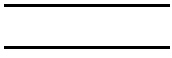
Standard Bank  
P. O. Box 14  
Molteno  
5500

**REGISTERED OFFICE**

39 Smith Street  
Molteno  
5500

P. O. Box 1  
Molteno  
5500

Telephone : 045 967 0021  
Fax: 045 967 0467



**INKWANCA MUNICIPALITY**  
**ACCOUNTING OFFICER'S STATEMENT**

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I am responsible for the preparation of these annual financial statements which are set out on page 1 to 20 in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 12 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

**EXPRESSION OF APPRECIATION**

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

.....  
**MUNICIPAL MANAGER: NA NCUBE**  
Dip. Advanced Public Administration (Univ. of Stellenbosch)  
STD (Univ. of Transkei)  
AWS (Univ. of Stellenbosch)

(Accounting Officer)

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**INKWANCA MUNICIPALITY**  
**ACCOUNTING POLICIES**

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**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). And the disclosure requirements of the MFMA
- 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.

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**INKWANCA MUNICIPALITY**  
**ACCOUNTING POLICIES (continued)**

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\* 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.

3.5 A detailed GAMAP compliant assets register has been prepared.

#### **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.

##### **Subject to the availability of funds**

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. 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.

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**INKWANCA MUNICIPALITY**  
**ACCOUNTING POLICIES (continued)**

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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.

**7. Surpluses and deficits**

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

**8. 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 Electricity and 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. With regard to prepayment electricity purchases, income is recognised at the date of purchase.

**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 of different categories of properties, at the rate and Rebates are granted as approved in the budget. 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.

**INKWANCA MUNICIPALITY**  
**BALANCE SHEET AT 30 JUNE 2007**

	Note	2007 R	2006 R
<b>CAPITAL EMPLOYED</b>			
FUNDS AND RESERVES		2 904 777	2 777 046
Statutory funds	1	2 902 853	2 775 222
Reserves	2	1 924	1 824
ACCUMULATED SURPLUS		436 022	(1 342 419)
		3 340 800	1 434 627
CONDITIONAL GRANTS	3	497 107	618 954
LONG TERM LIABILITIES	4	429 327	420 699
CONSUMER DEPOSITS: SERVICES	5	139 174	139 174
		<b>4 406 408</b>	<b>2 613 454</b>
<b>EMPLOYMENT OF CAPITAL</b>			
CONDITIONAL GRANTS INVESTMENTS	3	31 228	41 298
FIXED ASSETS	6	3 544 051	3 409 759
		3 575 279	3 451 057
NET CURRENT ASSETS		831 129	(837 602)
CURRENT ASSETS		4 405 797	4 179 762
Accounts receivable	8	4 364 799	4 111 209
Cash resources		38 002	63 078
Short-term deposits		2 997	5 474
Short-term portion of long-term debtors			
CURRENT LIABILITIES		3 574 668	5 017 364
Accounts payable	9	1 783 219	4 259 962
Bank overdraft		1 183 779	
Short-term portion of long-term liabilities		188 855	170 062
Provisions	10	418 814	587 340
		<b>4 406 409</b>	<b>2 613 455</b>



**INKWANCA MUNICIPALITY**

**INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007**

2006 Actual income	2006 Actual expenditure	2006 surplus/ (deficit)		2007 Actual income	2007 Actual expenditure	2007 surplus/ (deficit)	2007 Budgeted surplus/ (deficit)
R	R	R		R	R	R	R
11 047 264	8 987 889	2 059 375	<b>RATES AND GENERAL SERVICES</b>	14 852 075	10 165 435	4 686 640	1 556 687
5 599 685	4 096 688	1 502 997	Rates & Corporate services	7 969 479	4 786 196	3 183 283	4 999 997
1 834 847	2 675 587	(840 740)	Community/Subsidised services	2 802 659	3 277 186	(474 527)	(1 761 676)
3 612 732	2 215 614	1 397 118	Development /Economic services	4 079 937	2 102 053	1 977 884	(1 681 634)
	153 248	(153 248)	<b>HOUSING SERVICES</b>	29 693	277 913	(248 220)	(310 291)
4 158 218	3 849 891	308 327	<b>TRADING SERVICES</b>	8 216 544	4 205 894	4 010 650	(1 200 935)
<u>15 205 482</u>	<u>12 991 028</u>	2 214 454	<b>TOTAL</b>	<u>23 098 312</u>	<u>14 649 243</u>	8 449 069	<u>45 460</u>
		(2 153 016)	Appropriations for the year (refer note 16)			(6 670 627)	
		61 438	<b>NET SURPLUS (DEFICIT) FOR THE YEAR</b>			1 778 442	
		(1 403 860)	Accumulated surplus/(deficit) beginning of the year			(1 342 421)	
		<u>(1 342 422)</u>	<b>ACCUMULATED SURPLUS END OF THE YEAR</b>			<u>436 022</u>	

**INKWANCA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007**

	2007 R	2006 R
<b>1. STATUTORY FUNDS</b>		
Revolving Fund	<u>2 902 853</u>	<u>2 775 222</u>
The revolving fund is represented by an investment at standard bank of R3,746.68 and internal loans of R 895,610 resulting in an underfunding of R2,003,496 at 30 June 2007		
<b>2. RESERVES</b>		
Leave Reserve Fund	<u>1 924</u>	<u>1 824</u>
The leave reserve fund is represented by an investment at standard bank of R 1,924 at 30 June 2007.		
<b>3. Conditional Grants</b>		
Spatial Development	6 892	6 714
Integrated Development Plan Fund	-	1 178
Resort Development	4 227	4 119
Town Planning Scheme	0	3 673
Town Register	0	1 352
Land Ownership	1 605	1 521
Structure Plan	2 733	2 656
Masakhe Housing	-	(15)
Survey of Masakhe	1 795	1 702
Sterkstroom Zoning Map	3 299	3 127
Valuations	3 320	3 147
Community Gardens	578	1 228
Bulk Water Supply	(0)	1 069
800 Houses	(0)	1 398
CMIP	2 447	1 811
Nkululeko Development	0	1 233
MSP	1 527	1 488
Disaster Fund	1 487	1 449
Survey 158 Dennekruijn	0	1 163
Cemetery Investigation	<u>1 319</u>	<u>1 285</u>
<b>Total Trust Funds Investments</b>	<u>31 228</u>	<u>41 296</u>
- Advances to Operating Account	<u>465 879</u>	<u>577 657</u>
<b>Total Trust Funds</b>	<u>497 107</u>	<u>618 953</u>
Invested as follows:		
- Standard Bank short-term investments	31 228	41 298
- Standard Bank current accounts		
- Advances to Operating Account	<u>465 879</u>	<u>577 657</u>
	<u>497 107</u>	<u>618 955</u>
( Refer to Appendix A for more detail)		

**4. LONG-TERM LIABILITIES**

Less: Short-term portion transferred to current liabilities

		-	-
a) Wesbank DDL3689A	-		160 518
b) Wesbank DDL36725K	-		160 524
c) Wesbank D45519X	-		180 561
d) Toyota T54306H	-		126 361
e) Toyota T54306B	-		126 361
f) Wesbank DDL5216B	-		-
Less Deferred Finance Charges	<u>(183 217)</u>		<u>(163 564)</u>
		(183 217)	590 760
Short Term Portion	<u>(188 855)</u>		<u>(170 062)</u>
	<u>(372 072)</u>		<u>420 698</u>

**b&c** The two Wesbank loans are in respect of instalment sale agreements entered into for the purchase of two 2003 Isuzu NPR 400 trucks.

- Monthly instalments: R5,445.17 each
- Contract rate: Prime plus .884%
- Commencement rate: 12% linked
- Commencement date: 18 November 2003
- Termination date: 17 November 2008

**d** The Wesbank loan are in respect of instalment sale agreements entered into for the purchase of 1.8 Opel Zafira

- Monthly instalments: R3,576.67
- Contract rate: Prime plus 1.313%
- Commencement rate: 11.38% linked
- Commencement date: 01 September 2005
- Termination date: 25 July 2010

**f** The Wesbank loan are in respect of instalment sale agreements entered into for the purchase of 1.5 Chev Rolet

- Monthly instalments: R1,816
- Contract rate: Prime plus 1.313%
- Commencement rate: 14.14% linked
- Commencement date: 07 January 2007
- Termination date: 07 July 2011

(Refer to Appendix B for more detail)

**5. CONSUMER DEPOSITS:SERVICES**

Electricity and Water	<u>142 097</u>	<u>139 174</u>
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**INKWANCA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007 (Continued)**

	<b>2007</b> <b>R</b>	<b>2006</b> <b>R</b>
<b>6. FIXED ASSETS</b>		
Fixed assets at the beginning of the year	64 241 925	58 558 285
Write off during the year		(160 554)
Capital expenditure during the year	134 293	5 844 195
<b>Total fixed assets</b>	<u>64 376 217</u>	<u>64 241 926</u>
Less: Loans redeemed and other capital receipts	<u>60 832 167</u>	<u>60 832 167</u>
	<u><u>3 544 052</u></u>	<u><u>3 409 759</u></u>
<b>7. ACCOUNTS RECEIVABLE</b>		
Current debtors (consumers)	24 204 312	19 113 682
Less: Provision for bad debts	<u>19 002 473</u>	<u>15 002 473</u>
	5 201 839	4 111 209
Other debtors:	(837 041)	-
Wesbank finance charges in advance		
MSP Project		
Community gardens		
Sundry debtors	(2 513)	
SARS VAT	(834 528)	
Community services		
	<u>4 364 799</u>	<u>4 111 209</u>
Consumer debtors are aged as follows:		
30 days	1 034 379	896 995
60 days	902 783	587 796
90 days	711 639	512 939
120 days	<u>21 555 512</u>	<u>17 115 952</u>
	<u>24 204 312</u>	<u>19 113 682</u>
Additional R4,000,000 has been provided for doubtful debtor as current was considered inadequate		
Inkwanca Bank Account no: 280661061	(939 922)	61 739
Inkwanca Revenue Account	762	1 340
(Primary Bank Account held with standard bank no:280670893)		
	<u>(939 159)</u>	<u>63 078</u>
<b>8. ACCOUNTS PAYABLE</b>		
Trade Creditors	<u>1 783 219</u>	<u>2 423 306</u>

**INKWANCA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007 (Continued)**

	2007 R	2006 R
<b>9. PROVISIONS</b>		
Leave	418 814	587 340
Audit Fees		
	<u>                    </u>	<u>                    </u>
<b>10. ASSESSMENT RATES</b>		
Site valuations at 1 July 2005		
- Residential	34 799 700	34 799 700
- Commercial	6 258 250	6 258 250
- Government	10 848 000	10 848 000
- Municipal	888 800	888 800
- Churches Exempt	1 292 200	1 292 200
	<u>54 086 950</u>	<u>54 086 950</u>
Income from rates	<u>2 157 011</u>	<u>1 920 900</u>
Assessment rates:		
- Residential properties 2 cents in a rand		
- Commercial properties 3.5 cents in a rand		
- Government 5.3 cents in a rand		
Rebates of 20% are granted on state-owned properties.		
Number of residential properties		
Number of industrial, agricultural & other properties		
<b>11. COUNCILLOR'S REMUNERATION</b>		
Mayor's allowance:	293 968	97 441
Salary	201 532	69 315
Travelling allowance	79 032	17 331
Telephone allowance	6 000	7 745
Personal allowance	7 404	3 050
Councillor's allowances:	685 363	247 736
Salaries	398 152	140 560
Pensions	88 911	15 600
Travelling allowances	148 200	29 664
Telephone allowances	26 220	38 200
Personal allowances	15 600	15 600
Medical aid	8 280	8 112
	<u>979 330</u>	<u>345 177</u>
Municipal Manager:	430 002	346 180
Salaries	252 504	206 112
Travelling allowance	132 216	102 892
Susistance allowance	12 120	10 000
Public Office allowance	12 120	10 000
Bonus	21 042	17 176
Chief Financial Officer:	344 000	242 876
Salaries	178 523	150 864
Travelling allowance	63 508	73 440
Susistance allowance	63 508	6 000
Bonus	38 462	12 572
Manager :Technical services	344 000	242 876
Salaries	190 523	150 864
Travelling allowance	60 508	73 440
Susistance allowance	66 508	6 000
Bonus	26 462	12 572
Manager : Community Services	344 000	242 876
Salaries	190 523	150 864
Travelling allowance	60 508	73 440
Susistance allowance	60 508	6 000
Telephone allowances	6 000	
Bonus	26 462	12 572
Audit fees	<u>104 825</u>	<u>125 489</u>
	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>

**12. FINANCE TRANSACTIONS**

Total external interest earned or paid:

- Interest earned
- Interest paid

<u>46 915</u>	<u>46 915</u>
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Capital charges debited to operating account:

- Interest paid on external loans
- Interest paid on internal loans
- Redemption of external loans
- Redemption of internal loans

82 232	46 915
32 798	35 381
165 612	161 019
94 833	92 250
<u>375 474</u>	<u>335 565</u>

**13. APPROPRIATIONS**

**Appropriation account**

Accumulated surplus at the beginning of the year

(1 342 422)	(1 403 861)
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Operating surplus for the year

<u>8 449 069</u>	<u>2 214 456</u>
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7 106 647	810 595
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Less: Appropriations for the year:

- Contribution to leave reserve
- Contribution to Revolving Fund
- Prior year adjustments
- Provision for bad debts

6 670 627	(2 153 017)
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	251 942
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	56 913
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2 670 627	(428 544)
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4 000 000	(2 033 328)
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Accumulated surplus (deficit): end of year

<u>436 020</u>	<u>(1 342 422)</u>
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INKWANCA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007 (Continued)

	2007 R	2006 R
<b>14. APPROPRIATIONS (continued)</b>		
<b>Operating account</b>		
Capital expenditure	-	135 523
Contributions to:		
- Revolving Fund	35 130	56 913
	<u>35 130</u>	<u>192 436</u>
<b>PRIOR YEAR ADJUSTMENTS</b>		
Project Accounts		69 748
Fund Accounts		(32 805)
Loans Redeemed		81 291
VAT		36 742
Creditors		
African Bank		(582 996)
Suspense		(522)
Underprovision for leave reserve		
Water over-billed 2003		
Old service charges written off		
Audit (overprovision)/under 2003		
	<u>-</u>	<u>(428 542)</u>
<b>15. CASH GENERATED BY OPERATIONS</b>		
Surplus for the year	8 449 069	2 214 456
Appropriations charged against income:	35 130	192 436
- Fixed assets	0	135 523
- Revolving Fund	35 130	56 913
Capital charges:	375 474	335 565
Interest paid:		
- to internal funds	32 798	35 381
- on external loans	82 232	46 915
Redemption:		
- of internal advances	94 833	92 250
- of external loans	165 612	161 019
Grants and subsidies received from the state	(5 803 696)	(2 661 577)
	<u>3 055 978</u>	<u>80 880</u>
<b>16. (INCREASE) / DECREASE IN WORKING CAPITAL</b>		
(Increase) / decrease in debtors	(253 589)	(2 646 486)
Increase / (decrease) in creditors	2 476 743	(2 854 411)
	<u>2 223 153</u>	<u>(5 500 897)</u>
<b>17. (DECREASE) INCREASE IN LONG-TERM LIABILITIES</b>		
Loans raised	106 062	
Loans repaid	(165 612)	(161 019)
	<u>(59 549)</u>	<u>(161 019)</u>
<b>18. (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS</b>	<u>2 477</u>	<u>213 493</u>
<b>19. DECREASE / (INCREASE) IN CASH ON HAND</b>		
Cash balance at the beginning of the year	55 776	(122 283)
Add: Bank overdraft at end of year	(38 002)	(63 078)
	<u>17 774</u>	<u>(185 361)</u>

**INKWANCA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007 (Continued)**

	2007 R	2006 R	
<b>20. RETIREMENT BENEFITS</b>			
Inkwanca Municipality 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.			
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.			
<b>21. OUTSTANDING ADVANCES TO BORROWING SERVICES</b>			
Internal advances	895 610	990 443	
( Refer to Appendix B for more detail)			
<b>22. CAPITAL COMMITMENTS</b>			
Commitments in respect of capital expenditure:			
- Approved and contracted for	0	9 152 000	
- Approved but not yet contracted for	0	3 170 000	
	<u>0</u>	<u>12 322 000</u>	
This expenditure will be financed from:			
- Internal sources			
- External sources	0	12 322 000	
	<u>0</u>	<u>12 322 000</u>	
<b>23.a LEASE COMMITMENTS</b>			
Commitments in respect of rental agreements:	<b>&lt;1 Year</b>	<b>2-5 Years</b>	<b>TOTAL</b>
(a) Axial -Plessey Vending Machine for 7 years started 22 Oct 99 to 30 Oct 2006,Monthly rental of R3489 subject to inflation	0		0
(b) Fintech- Xerox Photocopier for 5 years started 31 Oct 2003 to 1Oct 2008,Monthly rental of R620 escalate by 10%	8 991	2 997	11 988
© Gestetner-Photocopier for 5 years started 03 Nov 2003 to 31 October 2008,Monthly rental of R1446.56 escalate by 0%	17 359	5 786	23 145
(d) Office World -Telephone mainntennce and Management system commenced 11Nov 2003 to 31 Oct 2006 Monthly rental of R 1559.24	0		0
	<u>26 350</u>	<u>8 783</u>	<u>35 134</u>
<b>24. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS</b>			
None			
<b>25. POST BALANCE SHEET EVENTS</b>			
None			
<b>26. UNAUTHORISED,FRUITLESS AND WASTEFUL EXPENDITURE</b>			
None			
<b>27. GOING CONCERN</b>			
Inkwanca Municipality will continue with it operations			



**INKWANCA MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007**

	NOTES	2007 R	2006 R
<b>CASH RETAINED FROM OPERATING ACTIVITIES</b>		17 341 948	6 969 797
Cash generated by operations	17	3 055 978	(1 596 510)
(Increase)/Decrease in working capital	18	2 223 153	(2 011 897)
		5 279 131	(3 608 407)
Less: External interest paid		(82 232)	(58 370)
<b>Cash available from operations</b>		5 196 899	(3 666 777)
Cash contributions from the public and the State		12 145 049	10 636 574
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>		<b>(134 293)</b>	<b>(6 596 950)</b>
Investment in fixed assets		(134 293)	(6 596 950)
Disposal of fixed assets		-	
<b>NETT CASH FLOW</b>		<u><u>(336 758)</u></u>	<u><u>372 847</u></u>
<b>CASH EFFECTS OF FINANCING ACTIVITIES</b>			
(Decrease)/increase in long-term liabilities	19	(1)	(72 745)
Decrease / (increase) in cash on hand	21	(167 587)	(233 835)
Decrease / (increase) in external cash investments	20	2 477	(10 491)
<b>NETT CASH UTILISED</b>		<u><u>(165 111)</u></u>	<u><u>(317 071)</u></u>



**INKWANCA MUNICIPALITY**

**STATUTORY FUNDS, RESERVES AND CONDITIONAL GRANTS**

	<b>Balance at 30 June 2006 R</b>	<b>Contributions during year R</b>	<b>Interest on Investments R</b>	<b>Advances to Operating Account R</b>	<b>Operating expenditure during year R</b>	<b>Capital expenditure during year R</b>	<b>Balance at 30 June 2007 R</b>
<b>STATUTORY FUNDS</b>							
Revolving Fund	2 775 222	94 833	32 798				2 902 853
Loan Redemption Fund							
	<u>2 775 222</u>	<u>94 833</u>	<u>32 798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2 902 853</u>
<b>RESERVES</b>							
Leave Reserve Fund	1 824	-	100				1 924
	<u>1 824</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 924</u>
<b>CONDITIONAL GRANTS</b>							
Spatial Development	6 714	-	178				6 892
Integrated Development Plan Fund	1 178		13		1191		-
Resort Development	4 119	-	108				4 227
Town Planning Scheme	3 673		41		3 714		0
Town Register	1 352	-	82		1 434		0
Land Ownership	1 521		84				1 605
Structure Plan	2 656	-	77				2 733
Masakhe Housing	-15	15	-				-
Survey of Masakhe	1 702		94				1 795
Sterkstroom Zoning Map	3 127	-	172				3 299
Valuations	3 147		173				3 320
Community Gardens	1 228	-	-		650		578
Bulk Water Supply	1 069	-	12		1 081		(0)
800 Houses	1 398		16		1 414		(0)
CMIP	1 811	710 837			710 202		2 447
Nkululeko Development	1 233	-	31		1 264		0
MSP	1 488	-	39				1 527
Disaster Fund	1 449		38				1 487
Survey 158 Dennekruijn	1 163	-	13		1 176		0
Cemetery Investigation	1 285	-	34				1 319
	<u>41 298</u>	<u>710 852</u>	<u>1 204</u>	<u>-</u>	<u>722 126</u>	<u>-</u>	<u>31 228</u>

**APPENDIX A**

**INKWANCA MUNICIPALITY**

**EXTERNAL LOANS AND INTERNAL ADVANCES**

	<b>Instalment</b>	<b>Rate</b>	<b>Termination</b>	<b>Balance at 30 June 2006 R</b>	<b>Received during the year R</b>	<b>Redeemed/ written off during year R</b>	<b>Balance at 30 June 2007 R</b>
<b>EXTERNAL LOANS</b>							
Wesbank DDL3689A	5 401	12% linked	17/11/2008	160 518	-	-	-
Wesbank DDL3675K	5 563	12% linked	17/11/2008	160 524	-	62 021	98 503
Toyota T54306H	2 595	10.85%	01/07/2010	126 361	-	27 758	98 603
Toyota T54306B	2 595	10.85%	01/07/2010	126 361	-	40 266	86 095
Wesbank D45519X	3 708	11.38%	01/07/2010	180 561	-	38 600	141 961
Wesbank DDL5216B	1 816	14.14%	2011/07/07	-	106 062	16 243	89 819
				<u>754 325</u>	<u>106 062</u>	<u>247 844</u>	<u>612 544</u>
<b>INTERNAL LOANS</b>							
Revolving Fund				<u>990 443</u>		<u>94 833</u>	<u>895 610</u>
<b>INTERNAL ADVANCES</b>							
Farm - Schoeman	57 197.73	4%	01/06/2021	640 517		31 893	608 624
Electrical Transformer	11 820.40	4%	30/06/2008	22 294		10 929	11 366
Sewerage Scheme 1	16 667	0%	31/12/2011	100 000		16 667	83 333
Sewerage Scheme 2	26 012	5%	01/06/2012	132 031		19 411	112 620
Sewerage Scheme 3	15 933	0%	01/06/2012	95 600		15 933	79 667
				<u>990 443</u>		<u>94 833</u>	<u>895 610</u>

**APPENDIX B**

**INKWANCA MUNICIPALITY**

**ANALYSIS OF FIXED ASSETS**

2006 Expenditure		Balance at 30 June 2006	Expenditure during year	Redeemed, trans- ferred or written off during year	Balance at 30 June 2007
R		R	R	R	R
<b>5 835 423</b>	<b>RATES AND GENERAL SERVICES</b>	<b>64 241 295</b>	<b>134 292</b>	<b>-</b>	<b>64 375 587</b>
	<b>Community Assets</b>	<b>2 355 102</b>	<b>-</b>		<b>2 355 102</b>
	Land and Buildings	2 090 001			2 090 001
	Resort Development	213 288			213 288
	Koos Ras Game Reserve	51 813			51 813
<b>5 413 990</b>	<b>Infrastructure Assets</b>	<b>47 841 644</b>	<b>0</b>		<b>47 841 644</b>
	Sewerage	11 629 636			11 629 636
2 400 000	Water	17 456 787	(0)		17 456 787
3 013 990	Electricity	8 693 229	(0)		8 693 229
	Streets and Stormwater	10 061 993			10 061 993
<b>421 433</b>	<b>Other Assets</b>	<b>3 020 794</b>	<b>134 292</b>	<b>-</b>	<b>3 155 087</b>
21 533	Furniture and Fittings	197 448	38 239	-	235 687
	Land and Buildings	886 944			886 944
	Tractors	208 286			208 286
399 900	Motor Vehicles	1 019 588	96 054	-	1 115 642
	Graders	319 241			319 241
8 772	Computers	389 287	(0)		389 287
-					
<b>5 835 423</b>	<b>Housing Services</b>	<b>11 024 385</b>			<b>11 024 385</b>
	<b>TOTAL FIXED ASSETS</b>	<b>64 241 925</b>	<b>134 293</b>	<b>-</b>	<b>64 376 218</b>
	<b>LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS</b>	<b>60 832 167</b>	<b>-</b>	<b>-</b>	<b>60 832 167</b>
	Loans redeemed and advances repaid	5 869 985			5 869 985
	Contributions from operating income	3 709 216			3 709 216
	Grants and subsidies	51 252 966	-		51 252 966
	Public contributions				
	<b>NET FIXED ASSETS</b>	<b>3 409 758</b>	<b>134 293</b>	<b>-</b>	<b>3 544 051</b>

**APPENDIX C**

**INKWANCA MUNICIPALITY**

**ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2007**

2006 Actual R		2007 Actual R	2007 Budget R Revised
	<b>INCOME</b>		
2 661 577	Grants and subsidies	5 803 696	7 662 715
12 543 906	Operating income	17 294 616	5 894 403
1 732 654	Refuse Removal	2 595 816	214 531
1 920 900	Assessment Rates	2 157 011	1 991 201
2 964 934	Sanitation/ Sewerage	4 079 937	499 128
67 503	Rent		220 293
1 979 628	Electricity Sales	2 379 915	2 232 179
2 178 590	Water Sales	5 836 628	533 026
73 195	Income from Traffic	143 125	140 453
1 626 502	Income from other Sources	102 183	63 592
<b><u>15 205 483</u></b>	<b>Total income</b>	<b><u>23 098 312</u></b>	<b><u>13 557 118</u></b>
	<b>EXPENDITURE</b>		
7 441 211	Salaries, wages and allowances	9 213 939	8 118 339
2 577 415	General expenditure	1 885 485	1 976 921
953 160	Repairs and maintenance	1 835 837	1 503 759
203 622	Capital charges	-	
213 254	Contributions to fixed assets	-	295 359
-	Contributions to funds	-	-
341 607	Bulk: Water	23 646	165 000
1 260 758	Bulk: Electricity Purchases	1 690 335	1 452 249
<b><u>12 991 027</u></b>	<b>Total expenditure</b>	<b><u>14 649 243</u></b>	<b><u>13 511 627</u></b>

**APPENDIX D**

**INKWANCA MUNICIPALITY**

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007**

2006 Actual income	2006 Actual expenditure	2006 Surplus/ (deficit)		2007 Actual income	2007 Actual expenditure	2007 Surplus/ (deficit)	2007 Budgeted surplus/ (deficit)
R	R	R		R	R	R	R
11 047 265	8 987 889	2 059 376	<b>RATES AND GENERAL SERVICES</b>	14 852 075	10 165 435	4 686 640	1 556 687
5 599 685	4 096 688	1 502 997	<b>Rates &amp; Corporate services</b>	7 969 479	4 786 196	3 183 283	4 999 997
1 988 404	166 655	1 821 749	Assessment Rates & Estates	2 157 011	110 149	2 046 862	1 922 631
1 479 415	1 479 415	-	Executive & Council	0	1 854 156	(1 854 156)	(1 837 074)
2 131 866	1 328 711	803 155	Budget & Treasurer	5 812 468	1 387 275	4 425 193	6 233 679
	1 121 907	(1 121 907)	Administration	0	1 434 616	(1 434 616)	(1 319 239)
1 834 847	2 675 587	(840 740)	<b>Community/Subsidised services</b>	2 802 659	3 277 186	(474 527)	(1 761 676)
5 232		5 232	Cemetery	28 911	6 413	22 498	(11 000)
	30 452	(30 452)	Clinic,Creche,Aged centre	0	21 936	(21 936)	(38 800)
40	163 301	(163 261)	Library Service	351	317 328	(316 977)	(345 552)
23 727	933 588	(909 861)	Parks , Recreation and Halls	34 456	991 917	(957 461)	(691 619)
1 732 654	1 500 932	231 722	Cleansing	2 595 816	1 853 585	742 231	(813 128)
73 194	47 314	25 880	Traffic Services	143 125	86 008	57 117	138 423
3 612 732	2 215 614	1 397 118	<b>Development /Economic services</b>	4 079 937	2 102 053	1 977 884	(1 681 634)
2 964 934	1 232 422	1 732 512	Sewerage	4 079 937	1 047 464	3 032 473	(385 212)
647 798	983 192	(335 394)	Public works	0	1 054 589	(1 054 589)	(1 296 422)
	153 248	(153 248)	<b>HOUSING SERVICES</b>	29 693	277 913	(248 220)	(310 291)
	153 248	(153 248)	Selling and letting schemes	29 693	277 913	(248 220)	(310 291)
4 158 218	3 849 891	308 327	<b>TRADING SERVICES</b>	8 216 544	4 205 894	4 010 650	(1 200 935)
1 979 628	2 260 937	(281 309)	Electricity supply	2 379 915	2 743 439	(363 524)	(581 607)
2 178 590	1 588 954	589 636	Water supply	5 836 628	1 462 455	4 374 173	(619 328)
15 205 483	12 991 028	2 214 455	<b>TOTAL</b>	23 098 312	14 649 243	8 449 069	45 461
		(2 153 016)	Appropriations for the year (refer to note 16)			(6 670 627)	
		61 439	<b>NET DEFICIT FOR THE YEAR</b>			1 778 442	
		(1 403 860)	Accumulated surplus / (deficit) beginning of the year			(1 342 421)	
		(1 342 421)	<b>ACCUMULATED SURPLUS END OF THE YEAR</b>			436 022	

**APPENDIX E**

# INKWANCA MUNICIPALITY

## APPENDIX F

### STATISTICAL INFORMATION

#### GENERAL STATISTICS

Population	34 697
Site valuations at 1 July 2005	
- Residential	34 799 700
- Commercial	6 258 250
- Government	10 848 000
- Municipal	888 800
- Churches Exempt	1 292 200
	<u>54 086 950</u>

#### Assessment rates:

- Residential properties 2 cents in a rand
  - Commercial properties 3.5 cents in a rand
  - Government 5.3 cents in a rand
- Rebates of 20% are granted on state-owned properties.

Number of residential properties	3 059
Number of industrial, agricultural & other properties	1 267
Number of employees of local authority	104

#### ELECTRICITY STATISTICS

Number of users	1 108
Units bought/generated	5 123 688
Units sold	3 777 149
Units lost in distribution	1 346 539
Units lost in distribution as a percentage	26.28
Cost per unit sold	0.413
Income per unit sold	0.303

#### WATER STATISTICS

No of users (metered)	2 792
No of users (unmetered)	2 829
Units bought/purified	480 628
Units sold (metered users)	260 769
Units lost in distribution	unknown
Units lost in distribution as a percentage	unknown
Cost per unit sold	1.47
Income per unit sold	2.43