

# **Tswelopele Municipality**

## **Financial Statements**

*for the year ended 30 June 2005*

# Tswelopele Municipality

## Financial Statements

*for the year ended 30 June 2005*

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## **Tswelopele Municipality**

### **General Information**

*for the year ended 30 June 2005*

#### **Members of the Tswelopele Municipal Council**

M M Snyer	<b>Mayor</b>
T P Matlakala	<b>Speaker</b>
K D Kopamotse	Member of the Executive Committee
M J Taljaard	Member of the Executive Committee
M S Bonokwane (Me)	Member
P J Coetzer	Member
M M Masiu	Member
T A Matlakala (Me)	Member
F T Matsholo	Member
M J Ngexe	Member
N S Ngonelo	Member
K R Phukuntsi (Me)	Member
T M J Vinger (Me)	Member

#### **Municipal Manager**

PW de Bruin (Acting)

#### **Financial Manager**

J W Young (B.Com.)

#### **Grading of Local Authority**

Grade 4

#### **Auditors**

Auditor-General

#### **Bankers**

ABSA

## **Tswelopele Municipality**

### **General Information (continued)**

*for the year ended 30 June 2005*

#### **Registered Office**

##### **Physical address:**

Civic Centre  
Bosman Street  
Bultfontein  
9670

##### **Postal address:**

PO Box 3  
Bultfontein  
9670

##### **Telephone number:**

051 - 853 1111

##### **Fax number:**

051 - 853 1332

##### **E-mail address:**

[logov@tswelopele.org](mailto:logov@tswelopele.org)

#### **Map of Tswelopele Municipal Area**

A map of the Municipal area is available at the Council's offices.

## FOREWORD

The past year has been a very difficult year from a financial and planning point of view. I am however glad to report that the Tswelopele Municipality and its personnel were able to maintain a high standard of performance and in the end realise most of the goals set. Through savings on a number of expenses, Council was once again able to limit tariff increases. We are proud and thankful to announce that during the past year the accumulated surplus on the operating account increased from R 769,142 to R 4,145,330.

During the year we commenced with the installation of the long awaited water bourne sewerage system. We have also made major progress with the bulk water supply and water network which will enable us to supply water to the previous disadvantaged areas.

We are very grateful for the economic growth experienced in our towns. Confidence shown by investors is indicative of the success of Council to make Tswelopele attractive for investments.

Council is prepared to face the challenges of the future. In this regard we know we can rely on the support of all the people of Tswelopele. With the assistance of my fellow Councillors and our personnel we will make Tswelopele a better place to live in for all our people.

In conclusion I would like to express my appreciation to the Executive Committee, the Acting Municipal Manager, Departmental Heads and all other personnel for their support, co-operation and hard work during the past year.

.....  
Councillor MM Snyer

Mayor

## **Tswelopele Municipality**

### **Approval of Financial Statements**

*for the year ended 30 June 2005*

The annual financial statements set out on pages 15 to 28 were approved by the Municipal Manager on ..... 2005.

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***Municipal Manager (PW de Bruin - Acting)***

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***Financial Manager (JW Young)***

**Report of Smit Kruger on behalf of the Management Support Team to the Members  
of Tswelopele Municipality**

*for the year ended 30 June 2005*

We have compiled the financial statements of the Tswelopele Municipality for the year ended 30 June 2005 as set out on pages 15 to 28 in accordance with South African Auditing Standards applicable to compilation engagements.

Management is responsible for these financial statements. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.

.....  
**Smit Kruger**

30-Sep-05

**Report of the Auditor-General to the Tswelopele Municipality**  
*for the year ended 30 June 2005*

The Auditor-General will issue his report upon finalisation of the audit.

## Tswelopele Municipality

### Report of the Financial Manager

for the year ended 30 June 2005

#### Introduction

It is a pleasure to present the report for the 2004/2005 financial year.

#### 1 OPERATING RESULTS

Details of the operating results per classification, department and object of expenditure are included in Appendices D and E. The applicable statistics are shown in Appendix F.

The overall operating results for the year ended 30 June 2005 are as follows:

Income	Actual 2004 R	Actual 2005 R	Variance 2004/2005 %	Budget 2005 R	Variance Actual/Budget %
Operating Income for the year	40,284,163	42,051,168	4.39	42,384,500	(0.79)
Opening Surplus		769,142			
Total	40,284,163	42,820,310		42,384,500	
<b>Expenditure</b>					
Opening Deficit	3,228,483	-			
Operating Expenditure for the year	36,103,090	38,710,692	(7.22)	42,379,700	8.66
Sundry transfers	183,448	(35,712)			
Closing Surplus	769,142	4,145,330		4,800	
Total	40,284,163	42,820,310		42,384,500	

#### 1.1 Rates and General Services

	Actual 2004 R	Actual 2005 R	Variance 2004/2005 %	Budget 2005 R	Variance Actual/Budget %
Income	24,318,269	28,703,308	18.03	32,709,500	(12.25)
Expenditure	(22,032,655)	(27,161,648)	(23.28)	(33,789,200)	19.61
Surplus/(Deficit)	2,285,614	1,541,660		(1,079,700)	
Surplus/(Deficit) as a % of total Income	5.67	3.67		(2.55)	

**Tswelopele Municipality**

**Report of the Financial Manager (continued)**

for the year ended 30 June 2005

**1.2 Trading Services**

**1.2.1 Water**

	<b>Actual 2004 R</b>	<b>Actual 2005 R</b>	<b>Variance 2004/2005 %</b>	<b>Budget 2005 R</b>	<b>Variance Actual/Budget %</b>
Income	7,724,840	5,554,546	(28.10)	3,675,000	51.14
Expenditure	(6,598,815)	(4,711,045)	28.61	(3,331,500)	(41.41)
Surplus/(Deficit)	1,126,025	843,501		343,500	
Surplus/(Deficit) as a % of total Income	2.80	2.01		0.81	

**1.2.2 Electricity**

	<b>Actual 2004 R</b>	<b>Actual 2005 R</b>	<b>Variance 2004/2005 %</b>	<b>Budget 2005 R</b>	<b>Variance Actual/Budget %</b>
Income	8,113,304	7,678,964	(5.35)	6,000,000	27.98
Expenditure	(7,471,620)	(6,837,999)	8.48	(5,359,000)	(27.60)
Surplus/(Deficit)	641,684	840,965		641,000	
Surplus/(Deficit) as a % of total Income	1.59	2.00		1.51	

**1.2.3 Game farming**

	<b>Actual 2004 R</b>	<b>Actual 2005 R</b>	<b>Variance 2004/2005 %</b>	<b>Budget 2005 R</b>	<b>Variance Actual/Budget %</b>
Income	127,750	114,350	(10.49)	100,000	14.35
Surplus/(Deficit)	127,750	114,350		100,000	
Surplus/(Deficit) as a % of total Income	0.32	0.27		0.24	

## Tswelopele Municipality

### Report of the Financial Manager (continued)

for the year ended 30 June 2005

#### 2 CAPITAL EXPENDITURE AND FINANCING

During the year fixed assets amounting to R 25,949,220 were acquired. This is 66% more than the previous year and consist of the following:

	<b>Actual 2004 R</b>	<b>Budget 2005 R</b>	<b>Actual 2005 R</b>
Community Services	612,111	15,496,991	2,272,104
Public Buildings & Equipment	178,715	659,500	568,939
Administration	-	357,000	178,200
Sanitation	320,409	-	-
Roads and Streets	-	500,000	234,768
Electricity Network, Equipment & Vehicles	431,413	2,270,000	482,253
High Mast Lighting	-	-	191,800
Water	2,507,939	-	325,881
Sewerage Network	-	18,115,000	19,113,999
Upgrading and rehabilitation of roads	4,662,470	2,400,000	2,581,276
	<u>8,713,057</u>	<u>39,798,491</u>	<u>25,949,220</u>

The following resources were utilised to finance the Fixed Assets:

	<b>Actual 2004 R</b>	<b>Budget 2005 R</b>	<b>Actual 2005 R</b>
Contributions from Operating Income	1,518,388	1,245,000	1,002,921
Assets not previously capitalised	90,000		2,447
Contributions from Government, Province and District Municipality	7,064,669	23,553,491	19,769,908
Other sources (Loans and Funds)	40,000	15,000,000	5,173,944
	<u>8,713,057</u>	<u>39,798,491</u>	<u>25,949,220</u>

Details of capital expenditure and financing are shown in Appendices B and C.

#### 3 EXTERNAL LOANS, INVESTMENTS AND CASH

The current and comparative figures for external loans, investments and cash are as follows:

	<b>2005 R</b>	<b>2004 R</b>
External loans	(5,606,579)	(628,786)
External investments	10,193,771	5,617,513
Cash on hand and in Bank	750,087	2,840
Bank overdraft	(747,247)	(1,807,259)

R 1,520,000 of Council's investment serves as security for the overdraft facilities. More information regarding external loans, investments and cash are disclosed in notes 3, 6, and Appendix B to the financial statements

## Tswelopele Municipality

### Report of the Financial Manager (continued)

for the year ended 30 June 2005

#### 4 FUNDS, RESERVES AND PROVISIONS

The current and comparative figures for the Capital Development Fund and other funds are as follows:

	2005 R	2004 R
Infrastructure Development Fund	-	721,300
Provisions	2,225,745	2,180,786
Capital Development Fund	4,420,748	3,618,886
Erven Trust Fund	3,245,231	2,189,968
Other Funds	-	112

More information regarding funds and provisions are disclosed in notes 1,2 and Appendix A to the financial statements

#### 5 DISTRIBUTION OF REVENUE

The equitable share was utilised as indicated in the financial statements. The Conditional Financial Management Grant in the amount of R 250,000 was not expended in this financial year.

#### 6 POST BALANCE SHEET EVENTS

No events have taken place between the date of the financial statements and the date of this report which could have had an effect on the financial statements as disclosed.

#### 7 APPRECIATION

I would like to thank the Mayor, Speaker, Members of the Executive Committee, Councillors, the Municipal Manager, Departmental Heads and all officials for the support they have given me and the staff of my own office and in particular to the Management Support Team appointed by the Department of Local Government and Housing for their assistance and support during the year.

.....  
**Financial Manager**

.....  
**Date**

## **Tswelopele Municipality**

### **Accounting Policies**

*for the year ended 30 June 2005*

#### **1 Basis of presentation**

- 1.1 The financial statements have been prepared to conform to standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (second edition 1996, as amended).
- 1.2 The financial statements are prepared on the historical cost basis adjusted for fixed assets, as more fully described in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous years, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis:
  - Income is accrued when collectable and measurable.
  - Certain direct income is accrued when received, i.e. traffic fines and certain licences.
  - Expenditure is accrued in the year in which it is incurred.

#### **2 Consolidation**

The financial statements include the Rates- and General Services, Trading Services and different funds and provisions. All inter-departmental charges are set-off against each other.

#### **3 Fixed assets**

- 3.1 Fixed assets are stated:
  - at historical cost; or
  - at valuation (based on the market price at the date of acquisition), where assets have been acquired by certain grants or donations.Fixed assets with a value of less than R 1000 are not capitalised.

#### **3.2 Depreciation**

The balance shown under 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 immediately or over the period of the long term loan being the source of finance of the particular asset or group of assets.

## **Tswelopele Municipality**

### **Accounting Policies (continued)**

*for the year ended 30 June 2005*

#### **3.2 Depreciation (continued)**

Apart from advances from the various Council funds, assets may also be acquired through:

- Appropriation from income, where the full cost of the asset forms an immediate and direct charge against operating income. Provision for additional depreciation is deemed unnecessary.
- Grants and donations 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 The net proceeds from the sale of immovable property are credited to the Erven Trust Fund. The net proceeds from the sale of other assets are credited to income.

3.4 Fixed assets are financed from different sources, i.e. internal loans, operating income, endowments and internal advances. These loans and advances are redeemed over a period equal to the expected lives of the assets. Interest is charged to the service concerned at the ruling interest rate applicable at the time of the approval of loans or advances.

#### **4 Inventory**

Inventory is valued at the lower of cost, determined on the weighted average basis and net realisable value after due provision for obsolescence has been made.

#### **5 Funds and reserves**

##### **5.1 Capital Development Fund**

The Capital Development Fund Ordinance No 9 of 1978 stipulates that Local Authorities have to contribute a minimum of 1.0% of the total annual income to the Capital Development Fund.

##### **5.2 Erven Trust Fund**

The net proceeds from the sale of immovable property are credited to this Fund. This Fund is utilised for financing projects of a lasting non-productive nature as prescribed in Sec.85(1)(b) of the Local Government Ordinance, 1962 (Ordinance no 8 of 1962).

##### **5.3 Other Funds**

These funds and reserves are funded by way of direct contributions from external sources and interest earned and will be utilised to finance future expenses

## **Tswelopele Municipality**

### **Accounting Policies (continued)**

*for the year ended 30 June 2005*

#### **6 Provisions**

Provision was made for liabilities or contingencies which are known at the date of the balance sheet but for which the amounts involved cannot be determined with substantial accuracy.

The provision for bad debts refers to current assets and is therefore disclosed as a deduction from debtors.

#### **7 Retirement benefits**

7.1 The retirement benefit plan is subject to the Pension Fund Act of 1956, with pensions being calculated either on the fixed contribution or the fixed benefit method. Current contributions by the Municipality are charged against operating income on the basis of current service cost. Unfavourable experience adjustments and the cost of insurance of the increased benefits are written off over the smallest of the remaining service period or over five years. Favourable experience adjustments are retained in the retirement plan.

7.2 Tswelopele Municipality and its employees contribute to the Free State Municipal Pension Fund, the Free State Municipal Provident Fund, SAMWU Provident Fund and Sala Pension Fund, whilst the Councillors contribute to the Pension Fund for Municipal Councillors. All five the funds provide retirement benefits to employees and/or Councillors concerned.

#### **8 Surplus and deficits**

Any surplus or deficit originating from the electricity or water services are transferred to Rates and General Services.

#### **9 Treatment of administrative and other overhead costs**

The cost of internal auxiliary services are debited against the different services and are in accordance with IMTA's Report on Accounting for Support Services (1990).

#### **10 Leased assets**

Fixed assets held under finance leases are only capitalised at the end of the term of the lease.

Leases are treated as operating leases and the relevant rentals are charged to the operating account.

## **Tswelopele Municipality**

### **Accounting Policies (continued)**

*for the year ended 30 June 2005*

#### **11 Investments**

Investments are made in accordance with the requirements of Section 84 of the Local Government Ordinance, 1962 (Ordinance no 8 of 1962) and policy prescribed by the Local Government Transition Act, (Act no 209 of 1993).

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested according to the provisions contained in the Circular issued by Provincial Legislature.

#### **12 Income recognition**

##### **12.1 Electricity and water charges**

All meters are read and billed monthly. Where meters can not be read during a particular month a provisional bill is issued with the necessary adjustments made in the month when the meters are indeed read.

#### **13 Assessment rates**

The Council applies a differentiated rates system. According to this system assessment rates are charged on the value of the land (Bultfontein and Hoopstad) and improvements (Hoopstad). Certain rebates are granted according to the use to which a particular property is put. Further relief is granted to the aged and the needy.

## Tswelopele Municipality

### Balance Sheet

as at 30 June 2005

	Note	2005 R	2004 R
<b>Capital Employed</b>			
<b>Funds and Reserves</b>			
Statutory Funds	1	7,665,979	6,530,154
		<u>7,665,979</u>	<u>6,530,154</u>
Accumulated Surplus		4,145,330	769,142
		<u>11,811,309</u>	<u>7,299,296</u>
Trust Funds	2	-	112
Long Term Liabilities	3	5,455,554	477,302
Consumer Deposits	4	224,478	222,863
		<u>17,491,341</u>	<u>7,999,573</u>
<b>Total Capital Employed</b>			
<b>Employment of Capital</b>			
Fixed Assets	5	5,606,583	628,788
Investments	6	212,454	212,454
Long Term Debtors	7	26,048	85,672
		<u>5,845,085</u>	<u>926,914</u>
<b>Net Current Liabilities</b>			
		11,646,256	7,072,659
<b>Current Assets</b>			
		21,447,215	13,984,202
Inventory	8	873,086	763,234
Debtors	9	9,771,179	7,672,236
Cash and bank		750,087	2,840
Short Term portion of Long Term Debtors		71,546	140,833
Short Term Investments	6	9,981,317	5,405,059
		9,800,959	6,911,543
<b>Current Liabilities</b>			
Provisions	10	2,225,745	2,180,786
Creditors	11	7,424,189	2,772,014
Short Term portion of Long Term Liabilities	3	151,025	151,484
Bank Overdraft	12	-	1,807,259
		<u>17,491,341</u>	<u>7,999,573</u>
<b>Total Employment of Capital</b>			

## Tswelopele Municipality

### Income Statement

for the year ended 30 June 2005

Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budget Surplus/ (Deficit)		Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budget Surplus/ (Deficit)
2004	2004	2004	2004		2005	2005	2005	2005
R	R	R	R		R	R	R	R
24,318,269	22,032,655	2,285,614	(1,549,000)	<b>Rates and</b>	28,703,308	27,161,648	1,541,660	(1,079,700)
14,676,826	12,451,488	2,225,338	(1,141,000)	<b>General Services</b>	15,783,720	14,710,644	1,073,076	(362,500)
2,796,110	2,872,234	(76,124)	(591,000)	Community Services	2,460,809	2,147,975	312,834	(871,200)
6,845,333	6,708,933	136,400	183,000	Subsidised Services	10,458,779	10,303,029	155,750	154,000
				Economic Services				
15,965,894	14,070,435	1,895,459	1,553,000	<b>Trade Services</b>	13,347,860	11,549,044	1,798,816	1,084,500
40,284,163	36,103,090	4,181,073	4,000	<b>Total</b>	42,051,168	38,710,692	3,340,476	4,800
		(183,448)		Appropriations for the year			35,712	
		3,997,625		(See note 17)			3,376,188	
		(3,228,483)		Net Surplus for the year				
		769,142		Opening accumulated			769,142	
				(Deficit)/Surplus			4,145,330	
				Accumulated Surplus				

## Tswelopele Municipality

### Cash Flow Statement

for the year ended 30 June 2005

	Note	2005	2004
		R	R
<b>Cash retained from operating activities</b>		<u>28,102,191</u>	<u>12,651,528</u>
Cash generated by Operations	18	(19,098,902)	(10,905,105)
Investment Income	16	645,410	236,655
Increase/(Decrease) in Working Capital	19	<u>4,235,183</u>	<u>(4,292,451)</u>
		(14,218,309)	(14,960,901)
<b>Less:</b> External Interest Paid		<u>(352,667)</u>	<u>(152,370)</u>
<b>Cash available from/(utilised in) Operations</b>		<u>(14,570,976)</u>	<u>(15,113,271)</u>
Cash contributions from Government and Public Bodies		42,448,765	27,561,691
Fixed Assets sold		<u>224,402</u>	<u>203,108</u>
<b>Cash utilised in investing activities</b>			
Investment in Fixed Assets		<u>(25,949,220)</u>	<u>(8,713,057)</u>
<b>Net cash flow</b>		<u>2,152,971</u>	<u>3,938,471</u>
<b>Cash effects of financing activities</b>			
Increase/(Decrease) in Long Term Loans	20	4,977,793	(57,685)
(Increase)/Decrease in Investments	21	(4,576,258)	(4,704,194)
(Increase)/Decrease in Bank and Cash on Hand	22	<u>(2,554,506)</u>	<u>823,408</u>
<b>Net cash utilised</b>		<u>(2,152,971)</u>	<u>(3,938,471)</u>

**Tswelopele Municipality**

**Notes to the financial statements**

for the year ended 30 June 2005

	2005 R	2004 R
<b>1 Statutory Funds</b>		
Infrastructure Development Fund	-	721,300
Capital Development Fund	4,420,748	3,618,886
Erven Trust Fund	3,245,231	2,189,968
	<u>7,665,979</u>	<u>6,530,154</u>
1.1 See Appendix A		
<b>2 Trust Funds</b>		
Tshedisang Day Care Centre - Fund	-	112
	<u>-</u>	<u>112</u>
2.1 See Appendix A		
<b>3 Long Term Liabilities</b>		
Development Bank of South Africa	5,566,749	555,645
ABSA	39,830	73,141
	<u>5,606,579</u>	<u>628,786</u>
Less: Current Portion transferred to Current Liabilities - note 3.1	(151,025)	(151,484)
	<u>5,455,554</u>	<u>477,302</u>
3.1 See Appendix B		
The loans bear interest at rates that varies between 9% and 18.7% per annum, the loans are unsecured and expire between 2005 and 2024.		
<b>4 Consumer Deposits</b>		
Water	34,519	31,749
Electricity	189,959	191,114
	<u>224,478</u>	<u>222,863</u>
4.1 No guarantees are kept in lieu of electricity deposits.		
<b>5 Fixed Assets</b>		
Fixed Assets at the Beginning of the Year	81,760,897	74,281,639
Capital Expenditure	25,949,220	8,713,057
Less: Assets written-off, transferred or disposed off	(788,411)	(1,233,799)
<b>Total Fixed Assets</b>	<u>106,921,706</u>	<u>81,760,897</u>
Less: Loans Redeemed and Other Capital Receipts	(101,315,123)	(81,132,109)
<b>Net Fixed Assets</b>	<u>5,606,583</u>	<u>628,788</u>
5.1 See Appendix C and Section 2 of the Financial Manager's Report.		
<b>6 Investments</b>		
<b>Unlisted</b>		
Senwes Funds - note 6.1 to 6.5	212,454	212,454
Short Term Investments (ABSA Money Market Fund) - note 6.5	9,981,317	5,405,059
	<u>10,193,771</u>	<u>5,617,513</u>
Less: Transfer of Short Term Investments	(9,981,317)	(5,405,059)
	<u>212,454</u>	<u>212,454</u>
6.1 Unlisted Investments	212,454	212,454
6.2 Management's Valuation of Unlisted Investments	200,184	134,992
6.3 Average Gross Rate on Investments	6.33%	4.21%
6.4 Ordinance 8 of 1962 and the Local Government Transition Act (209 of 1993) require that funds, trust funds and other be invested in prescribed instruments.		
6.5 No investments have been written off during the year. A short term investment of R 1,520,000 has been pledged as security for the overdraft facilities of the Council.		
<b>Investment in Senwes and Senwesbel Shares</b>		
Issued Share Capital - Senwes Limited	201,347,832	201,347,832
Issued Share Capital - Senwesbel Limited	88,674,482	88,674,482
Percentage owned by Council - Senwes Limited	0.02%	0.02%
Percentage owned by Council - Senwesbel Limited	0.09%	0.09%
Indebtness of Senwes Limited	-	-
Dividends received - Senwes Limited	23,457	-
Dividends received - Senwesbel Limited	37,564	-
Management Fees received	-	-
Administration Fees received	-	-

**Tswelopele Municipality**

**Notes to the financial statements**

for the year ended 30 June 2005

	2005 R	2004 R
<b>7 Long Term Debtors</b>		
Vehicle Loans	64,321	192,097
Housing Loans - Public	<u>33,273</u>	<u>34,408</u>
	97,594	226,505
Less: Short Term Portion of Long Term Debtors - note 7.1	<u>(71,546)</u>	<u>(140,833)</u>
	<u>26,048</u>	<u>85,672</u>
<b>7.1 Transferred to Current Assets.</b>		
<b>8 Inventory</b>		
Inventory consists of consumables, materials and game - note 8.1	<u>873,086</u>	<u>763,234</u>
<b>8.1 Adequate provision has been made for obsolete stock.</b>		
<b>9 Debtors</b>		
Consumer Debtors	41,823,157	42,490,302
Sundry Debtors	<u>3,598,317</u>	<u>1,887,954</u>
	45,421,474	44,378,256
Less: Provision for Bad Debts (Excluding VAT)	(31,330,208)	(32,991,485)
Less: Provision for VAT on Bad Debts	<u>(4,320,087)</u>	<u>(3,714,535)</u>
	<u>9,771,179</u>	<u>7,672,236</u>
<b>9.1 Bad Debts : R 7,149,743 (2004: R 550,783). This represents 17% (2004: 1%) of total operating income for the year.</b>		
<b>9.2 Days outstanding in debtors are in excess of 120 days (2004 : 120 + days).</b>		
<b>10 Provisions</b>		
Audit Fees	517,392	491,000
Leave Reserve	1,708,353	1,689,786
Bad Debts - Current Year	<u>31,330,208</u>	<u>32,991,485</u>
	33,555,953	35,172,271
Less: Provision transferred to Debtors - note 10.2	<u>(31,330,208)</u>	<u>(32,991,485)</u>
	<u>2,225,745</u>	<u>2,180,786</u>
<b>10.1 Note: See note 9</b>		
<b>10.2 See Appendix A</b>		
<b>11 Creditors</b>		
Trade and Sundry Creditors	904,063	1,146,255
Deposits	793,928	585,276
Amounts Received in Advance	<u>5,726,198</u>	<u>1,040,483</u>
	<u>7,424,189</u>	<u>2,772,014</u>
<b>12 Bank, Cash and Overdraft Balances</b>		
The Municipality held the following bank accounts:		
<b>Current Account (Primary Bank Account)</b>		
ABSA Bank Limited - Bullfontein Branch Account Number 810142227		
Cash Book Balance - Beginning of the Year - (Cr)	<u>(1,807,259)</u>	<u>(981,601)</u>
Cash Book Balance - End of the Year - Dt (Cr)	<u>747,247</u>	<u>(1,807,259)</u>
Bank Statement Balance - Beginning of the Year - (Dt) Cr	<u>(340,506)</u>	<u>205,789</u>
Bank Statement Balance - End of the Year - Cr (Dt) - note 12.1	<u>2,174,898</u>	<u>(340,506)</u>
<b>Money Market Fund</b>		
ABSA Bank Limited - Bullfontein Branch Account Number 9108352550		
Cash Book Balance - End of the Year	<u>9,981,317</u>	<u>5,404,947</u>
Bank Statement Balance - End of the Year - note 12.1	<u>9,981,317</u>	<u>5,404,947</u>

**Tswelopele Municipality**

**Notes to the financial statements**

for the year ended 30 June 2005

	2005 R	2004 R
<b>Call Account - DWAF (R4.7m) Sewerage Project</b>		
ABSA Bank Limited - Bultfontein Branch Account Number 9136272043		
Cash Book Balance - End of the Year	-	-
Bank Statement Balance - End of the Year	-	-
12.1 The overdraft is secured by a limited cession in the amount of R 1,520 000 of the ABSA investment.		
<b>13 Assessment Rates</b>		
	Valuation 30.06.2005 R	Actual Income 2005 R
Government	36,192,100	547,439
Residential and Other	58,156,980	1,899,411
	<u>94,349,080</u>	<u>2,446,850</u>
13.1 Valuation of land and improvements is performed every five years. The last general valuation came into effect on 1 July 1996. The MEC for Local Government and Housing has however granted extension of time for the new valuations to be executed.		
13.2 The assessment rates are levied on the following basis: Land : Bultfontein 32.7c/R; Hoopstad 7.21c/R Improvements: Bultfontein nil/R; Hoopstad 0.90c/R (2004:as above ). Rebates are given to the Central and Provincial Government.		
	2005 R	2004 R
<b>14 Councillors' Remuneration</b>		
Mayor's Allowance	220,124	160,895
Speaker's Allowance	158,499	161,133
Councillors' Allowances	504,810	424,057
Executive Committee Members' Allowances	100,402	93,798
Pension Fund Contributions	79,351	74,859
	<u>1,063,186</u>	<u>914,742</u>
14.1 Benefits In-kind The Executive Mayor and Speaker are full-time councillors. They are entitled to offices and secretarial support by the Council.		
14.2 The salaries and allowances of the councillors are within the limits as prescribed by the Remuneration of Public Office Bearers Act, 1998 (No. 20 of 1998).		
<b>15 Auditors Fees</b>		
Current Year	517,392	491,000
(Over) Provision Previous Year	(78,406)	(72,216)
	<u>438,986</u>	<u>418,784</u>
<b>16 Finance Transactions</b>		
Total External Interest received or paid:		
Interest received	645,410	236,655
Interest paid	(352,667)	(152,370)
	<u>292,743</u>	<u>84,285</u>
Capital Expenses debited against Operating Account:		
Interest :	352,667	152,370
- External	<u>352,667</u>	<u>152,370</u>
Redemption:	66,151	57,685
- External	<u>66,151</u>	<u>57,685</u>

**Tswelopele Municipality**

**Notes to the financial statements**

for the year ended 30 June 2005

	2005 R	2004 R
<b>17 Appropriations</b>		
Appropriation Account:		
Accumulated Surplus/(Deficit) : Beginning of the Year	769,142	(3,228,483)
Operating Surplus for the Year	3,340,476	4,181,073
Appropriations for the Year:	35,712	(183,448)
Adjustments Previous Years	<u>35,712</u>	<u>(183,448)</u>
Accumulated Surplus : End of the Year	<u>4,145,330</u>	<u>769,142</u>
<b>18 Cash generated by Operations</b>		
Surplus for the Year	3,340,476	4,181,073
Assets not previously capitalised	2,447	90,000
Adjustments in respect of:		
Previous Years' Operating Transactions	35,712	(183,448)
Appropriations charged against Income:	7,842,249	6,657,302
Capital Development Fund	<u>399,775</u>	<u>398,002</u>
Provisions and Reserves	6,663,955	4,944,028
Capital Expenditure	1,002,921	1,518,380
Fixed Assets sold	<u>(224,402)</u>	<u>(203,108)</u>
Capital Charges:	418,818	210,055
Interest paid:	<u>352,667</u>	<u>152,370</u>
- External Loans	<u>352,667</u>	<u>152,370</u>
Redemption:	66,151	57,685
- External Loans	<u>66,151</u>	<u>57,685</u>
Grants and Subsidies received	(22,548,859)	(20,457,022)
Operating Income credited against:		
- Statutory Funds	224,402	8,772
- Trust Funds	(112)	-
Non-operating Expenditure debited against:		
- Accumulated Funds	(133,762)	(48,655)
- Provisions and Reserves	<u>(8,280,273)</u>	<u>(1,363,182)</u>
	<u>(19,098,902)</u>	<u>(10,905,105)</u>
<b>19 (Increase)/Decrease in Working Capital</b>		
(Increase)/Decrease in Inventory	(109,852)	(118,358)
(Increase)/Decrease in Debtors	(308,755)	(2,032,087)
Increase/(Decrease) in Creditors	<u>4,653,790</u>	<u>(2,142,006)</u>
	<u>4,235,183</u>	<u>(4,292,451)</u>
<b>20 Increase/(Decrease) in Long Term Liabilities</b>		
Loans repaid	<u>4,977,793</u>	<u>(57,685)</u>
<b>21 (Increase)/Decrease in Cash Investments</b>		
Investments at the Beginning of the Year	5,617,513	913,319
Less: Investments at the End of the Year	<u>10,193,771</u>	<u>5,617,513</u>
	<u>(4,576,258)</u>	<u>(4,704,194)</u>
<b>22 (Increase)/Decrease in Cash and Bank</b>		
Cash and Bank Balance at the Beginning of the Year	(1,804,419)	(981,011)
Less: Cash and Bank Balance at the End of the Year	<u>750,087</u>	<u>(1,804,419)</u>
	<u>(2,554,506)</u>	<u>823,408</u>
<b>23 Retirement Benefits - Pension Fund</b>		
Fund	Date of last actuarial valuation	Finding
Free State Municipal Pension Fund	30-Jun-02	Financial position: Sound
SAMWU National Provident Fund	30-Jun-02	Financial position: Sound
SALA Pension Fund	30-Jun-01	Deficit
Free State Municipal Provident Fund	30-Jun-04	No results available yet
<b>24 Contingent Liabilities and Contractual Obligations</b>		
24.1	Leave Pay Outstanding at 30 June 2005 : R 1,708,353 (2004: R 1 689 786) Provision for Leave Pay: R 925,563 (2004: R 783 028)	
24.2	Severance Pay due to former employees - R 419,935	

**Tswelopele Municipality**

**Notes to the financial statements**

for the year ended 30 June 2005

	2005 R	2004 R
<b>25 Capital Commitments</b>		
Commitments in respect of capital expenditure:		
- Approved and contracted for	24,418,491	8,713,057
- Approved but not yet contracted for	<u>15,380,000</u>	<u>41,579,194</u>
	<u>39,798,491</u>	<u>50,292,251</u>
 This expenditure will be financed from:		
- Internal sources	1,245,000	810,000
- External sources	<u>38,553,491</u>	<u>49,482,251</u>
	<u>39,798,491</u>	<u>50,292,251</u>
<b>26 Capital Development and Erven Trust Fund</b>		
26.1 No internal advances were made to borrowing services		
<b>27 Government Grants and Subsidies</b>		
Equitable Share	20,356,237	17,874,527
Central Government Grants	4,170,276	433,131
Provincial Government Grants	1,072,791	1,061,200
Grants from the District Municipality	7,475,751	2,503,815
Health and Ambulance Subsidies	1,592,221	2,741,532
MIG Grant	<u>5,242,477</u>	<u>-</u>
	<u>39,909,753</u>	<u>24,614,205</u>
27.1 Equitable share		
In terms of the Constitution, this grant is utilised to subsidise the provision of basic services to indigent community members and free basic water and electricity to the remainder of the community. All consumers receive a monthly subsidy which is credited to their accounts.		
27.2 Central Government Grants		
27.2.1 Skills Development Grant		
Opening Balance	-	-
Current year receipts	(120,617)	(28,131)
Transferred to Income Statement	<u>68,966</u>	<u>28,131</u>
Closing Balance - (transferred to creditors - note 11)	<u>(51,651)</u>	<u>-</u>
This grant was utilised to defray training costs incurred by the Municipality. The conditions of the grant have been met and no monies have been withheld.		
27.2.2 Grant for the building of VIP Toilets		
Opening Balance	(405,000)	-
Current year receipts	-	(405,000)
Transferred to Fixed Assets	<u>402,046</u>	<u>-</u>
Closing Balance - (transferred to creditors - note 11)	<u>(2,954)</u>	<u>(405,000)</u>
This grant was utilised for the building of toilets in the Hoopstad area. The conditions of the grant have been met and no monies have been withheld.		
27.2.3 Grant for the upgrading of the sewerage network - Tikwana and Phahameng		
Opening Balance	-	-
Current year receipts	(4,049,659)	-
Transferred to Fixed Assets	<u>3,229,177</u>	<u>-</u>
Closing Balance - (transferred to creditors - note 11)	<u>(820,482)</u>	<u>-</u>
This grant was utilised for the upgrading of the sewerage network in the above area. The conditions of the grant have been met and no monies have been withheld.		

**Tswelopele Municipality**

**Notes to the financial statements**

for the year ended 30 June 2005

	2005 R	2004 R
27.3 Provincial Government Grants		
27.3.1 Grant for the erection of five high mast lights		
Opening Balance	(240,000)	-
Current year receipts	-	(240,000)
Transferred to Fixed Assets	191,800	
Transferred to Income Statement	46,958	-
Transferred to Creditors	5,010	
Closing Balance - (transferred to debtors - note 9)	<u>3,768</u>	<u>(240,000)</u>
<p>This grant was utilised for the installation of high mast lights in Tikwana. The conditions of the grant have been met and no monies have been withheld.</p>		
27.3.2 Financial Management Grant		
Opening Balance	-	-
Current year receipts	(250,000)	-
Transferred to Fixed Assets	-	-
Closing Balance - (transferred to creditors - note 11)	<u>(250,000)</u>	<u>-</u>
<p>This grant is exclusively for the training of personnel in the Financial Department to enable them to implement the Municipal Finance Management Act. No monies have been withheld.</p>		
27.3.3 Grant for the purchase and repair of vehicles and equipment		
Opening Balance	-	-
Current year receipts	(200,000)	(300,000)
Transferred to Fixed Assets	-	286,665
Transferred to Income Statement	185,244	13,335
Closing Balance - (transferred to creditors - note 11)	<u>(14,756)</u>	<u>-</u>
<p>This grant was utilised to purchase and repair vehicles and equipment necessary for improved service delivery. The conditions of the grant have been met and no monies have been withheld.</p>		
27.3.4 Establishment Fund Grant		
Opening Balance	(1,025)	(81,086)
Current year receipts	-	-
Transferred to Income Statement	1,025	80,061
Closing Balance - (transferred to creditors - note 11)	<u>-</u>	<u>(1,025)</u>
<p>This grant was utilised to develop policies and address identified shortcoming. The conditions of the grant have been met and no monies have been withheld.</p>		
27.3.5 IDP Grant		
Opening Balance	(116,611)	(53,270)
Current year receipts	-	(81,200)
Transferred to Income Statement	116,611	17,859
Closing Balance - (transferred to creditors - note 11)	<u>-</u>	<u>(116,611)</u>
<p>This grant was utilised to finance the review of the IDP and other related expenditure. The conditions of the grant have been met and no monies have been withheld.</p>		
27.3.6 Capacity Building Grant		
Opening Balance	(151,000)	-
Current year receipts	-	(230,000)
Transferred to Income Statement	34,830	79,000
Closing Balance - (transferred to creditors - note 11)	<u>(116,170)</u>	<u>(151,000)</u>
<p>This grant was utilised to review the performance measurement system and other policies. The conditions of the grant have been met and no monies have been withheld.</p>		

**Tswelopele Municipality**

**Notes to the financial statements**

for the year ended 30 June 2005

	2005 R	2004 R
27.3.7 Grant for the implementation of a land reform program		
Opening Balance	-	-
Current year receipts	-	(20,000)
Transferred to Income Statement	-	20,000
Closing Balance	<u>-</u>	<u>-</u>
<p>This grant was utilised to implement a land reform program. The conditions of the grant have been met and no monies have been withheld.</p>		
27.3.8 Grant for town planning and surveyance - Tikwana		
Opening Balance	(58,900)	-
Current year receipts	-	(190,000)
Transferred to Fixed Assets	47,983	131,100
Closing Balance - (transferred to creditors - note 11)	<u>(10,917)</u>	<u>(58,900)</u>
<p>This grant was utilised for town planning and surveyance of stands. The conditions of the grant have been met and no monies have been withheld.</p>		
27.3.9 Grant for town planning and surveyance - Tikwana		
Opening Balance	-	-
Current year receipts	(138,200)	-
Transferred to Fixed Assets	138,200	-
Closing Balance	<u>-</u>	<u>-</u>
<p>This grant was utilised for town planning and surveyance of stands. The conditions of the grant have been met and no monies have been withheld.</p>		
27.3.10 Grant for the upgrading of bulk water supply - Hoopstad		
Opening Balance	-	-
Current year receipts	(284,591)	-
Transferred to Fixed Assets	284,591	-
Closing Balance	<u>-</u>	<u>-</u>
<p>This grant was utilised to upgrade the bulk water supply network in Hoopstad. The conditions of the grant have been met and no monies have been withheld.</p>		
27.3.11 Financial Grant		
Opening Balance	-	-
Current year receipts	(200,000)	-
Transferred to Income Statement	6,500	-
Transferred to Fixed Assets	54,500	-
Closing Balance - (transferred to creditors - note 11)	<u>(139,000)</u>	<u>-</u>
<p>This grant was utilised to purchase a folding machine. The conditions of the grant have been met and no monies have been withheld.</p>		
27.4 Grants from the District Municipality		
27.4.1 Grant for the development of sportfacilities		
Opening Balance	-	-
Current year receipts	(1,875,181)	-
Transferred to Fixed Assets	1,875,181	-
Closing Balance	<u>-</u>	<u>-</u>
<p>This grant was utilised for the upgrading of sportfacilities in both towns. The conditions of the grant have been met and no monies have been withheld.</p>		
27.4.2 Grant for the paving of sidewalks		
Opening Balance	(13,138)	-
Current year receipts	(998,597)	(160,297)
Transferred to Fixed Assets	1,098,793	147,159
Closing Balance - (transferred to debtors - note 9)	<u>87,058</u>	<u>(13,138)</u>
<p>This grant was utilised for the paving of sidewalks in both the towns. The conditions of the grant have been met and no monies have been withheld.</p>		

**Tswelopele Municipality**

**Notes to the financial statements**

for the year ended 30 June 2005

	2005 R	2004 R
<b>27.4.3 Grant for the paving of roads - Tikwana</b>		
Opening Balance	-	-
Current year receipts	(1,438,129)	-
Transferred to Fixed Assets	1,795,805	-
Closing Balance - (transferred to debtors - note 9)	<u>357,676</u>	<u>-</u>
<p>This grant was utilised for the paving of roads in the Tikwana area. The conditions of the grant have been met and no monies have been withheld.</p>		
<b>27.4.4 Grant to service loan no. 3 - Hoopstad</b>		
Opening Balance	-	-
Current year receipts	(50,000)	(50,000)
Transferred to Income Statement	50,000	50,000
Closing Balance	<u>-</u>	<u>-</u>
<p>This grant was utilised to repay the above loan. The conditions of the grant have been met and no monies have been withheld.</p>		
<b>27.4.5 Grant for upgrading of the water network - Hoopstad</b>		
Opening Balance	-	-
Current year receipts	-	(1,650,566)
Transferred to VAT	-	202,701
Transferred to Fixed Assets	-	1,447,865
Closing Balance	<u>-</u>	<u>-</u>
<p>This grant was utilised for the upgrading of the water network in Hoopstad. The conditions of the grant have been met and no monies have been withheld.</p>		
<b>27.4.6 Grant for upgrading of the sewerage network</b>		
Opening Balance	(54,811)	-
Current year receipts	-	(642,952)
Transferred to VAT	-	157,918
Transferred to Fixed Assets	30,282	320,409
Transferred to Income Statement	-	109,814
Closing Balance - (transferred to creditors - note 11)	<u>(24,529)</u>	<u>(54,811)</u>
<p>This grant was utilised for the upgrading of the sewerage network. The conditions of the grant have been met and no monies have been withheld.</p>		
<b>27.4.7 Grant for upgrading of the sewerage network - Phahameng</b>		
Opening Balance	-	-
Current year receipts	(2,635,290)	-
Transferred to Fixed Assets	2,635,290	-
Closing Balance	<u>-</u>	<u>-</u>
<p>This grant was utilised for the upgrading of the sewerage network. The conditions of the grant have been met and no monies have been withheld.</p>		
<b>27.4.8 Grant for the installation of streetlights - Tikwana</b>		
Opening Balance	-	-
Current year receipts	(478,554)	-
Transferred to Fixed Assets	478,554	-
Closing Balance	<u>-</u>	<u>-</u>
<p>This grant was utilised for the installation of streetlights in the Tikwana area. The conditions of the grant have been met and no monies have been withheld.</p>		

## Tswelopele Municipality

### Notes to the financial statements

for the year ended 30 June 2005

	2005 R	2004 R
27.5 Health and Ambulance Subsidies		
Opening Balance	585,671	775,631
Current year receipts	(1,592,221)	(2,741,532)
Transferred to Income Statement	1,831,688	2,176,341
Transferred to Creditors ( Note 11)	-	375,231
Closing Balance - (transferred to debtors - note 9)	<u>825,138</u>	<u>585,671</u>
<p>The health and ambulance services have been taken over by the Department of Health and the Province. The subsidies are utilised to defray the expenses incurred by the Municipality and for the rental of Municipal buildings.</p>		
27.6 MIG Grant - Sewerage (Phahameng)		
Opening Balance	-	-
Current year receipts	(5,242,477)	-
Transferred to Fixed Assets	1,390,963	-
Closing Balance - (transferred to creditors - note 11)	<u>(3,851,514)</u>	<u>-</u>
<p>This grant was utilised for the upgrading of the sewerage network. The conditions of the grant have been met and no monies have been withheld.</p>		
28 <b>Employee Related Costs</b>		
Salaries	12,573,808	12,328,615
Contributions - UIF, Pension and Medical Aid Fund,	2,782,744	2,550,161
Housing subsidies	81,371	117,877
Industrial Council Levies	4,880	6,055
Other allowances	410,134	238,595
Overtime	377,525	279,957
Protective Clothing	39,169	16,572
Travel, Subsistence and Car allowances	1,359,727	1,515,860
Workmen's Compensation Commissioner	88,016	209,576
	<u>17,717,374</u>	<u>17,263,268</u>
28.1 No advances were made to employees.		
28.2 Remuneration of the Municipal Manager		
Annual Remuneration	388,403	247,000
Performance Bonuses	-	-
Car Allowance	85,446	96,072
Contributions - UIF, Medical and Pension Funds	61,772	61,868
	<u>535,621</u>	<u>404,940</u>
28.3 Remuneration of the Deputy Municipal Manager		
Annual Remuneration	278,280	258,000
Performance Bonuses	-	-
Car Allowance	96,742	89,653
Contributions - UIF, Medical and Pension Funds	56,911	52,841
	<u>431,933</u>	<u>400,494</u>
28.4 Remuneration of the Chief Financial Officer		
Annual Remuneration	264,000	240,000
Performance Bonuses	-	-
Car Allowance	85,529	84,971
Contributions - UIF, Medical and Pension Funds	54,045	49,228
	<u>403,574</u>	<u>374,199</u>
28.5 Remuneration of the Manager Corporate Services		
Annual Remuneration	54,996	240,000
Performance Bonuses	-	-
Car Allowance	34,861	81,555
Contributions - UIF, Medical and Pension Funds	23,062	52,644
	<u>112,919</u>	<u>374,199</u>
28.5.1 The Manager Corporate Services received only 50% of her salary until her resignation due to illness.		

**Tswelopele Municipality**

**Notes to the financial statements**

for the year ended 30 June 2005

	2005 R	2004 R
28.6		
Remuneration of the Technical Manager		
Annual Remuneration	324,156	234,000
Performance Bonuses	-	-
Car Allowance	62,259	100,108
Contributions - UIF, Medical and Pension Funds	<u>28,807</u>	<u>40,092</u>
	<u>415,222</u>	<u>374,200</u>
28.7		
Remuneration of the Manager Community Services		
Annual Remuneration	253,500	234,000
Performance Bonuses	-	-
Car Allowance	106,730	100,108
Contributions - UIF, Medical and Pension Funds	<u>43,344</u>	<u>40,092</u>
	<u>403,574</u>	<u>374,200</u>
29		
<b>Unauthorised, Irregular, Fruitless and Wasteful Expenditure</b>		
29.1		
Irregular Expenditure		
Reconciliation of irregular expenditure		
Opening Balance	-	-
Irregular Expenditure Current Year	881,435	-
Approved or Condoned by Council	(881,435)	-
Transferred to Debtors for Recovery (note 9)	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>Incident</b>	<b>Actions taken</b>	
No tenders were obtained.	Obtained Council Approval - CMM 6.4 - 29/11/05.	
29.2		
Fruitless and Wasteful Expenditure		
Reconciliation of unauthorised expenditure		
Opening Balance	-	-
Fruitless and Wasteful Expenditure Current Year	26,927	-
Approved or Condoned by Council	(26,927)	-
Transferred to Debtors for Recovery (note 9)	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>Incident</b>	<b>Actions taken</b>	
Interest paid, fines and legal fees	Obtained Council Approval	
30		
<b>Additional Disclosures in terms of the Municipal Finance Management Act</b>		
30.1		
Contributions to Organised Local Government		
Opening Balance	-	-
Council Subscriptions	4,880	6,055
Amount paid - Current Year	(4,880)	(6,055)
Amount paid - Previous Year	<u>-</u>	<u>-</u>
Closing Balance	<u>-</u>	<u>-</u>
30.2		
Audit Fees		
Opening Balance	491,000	460,630
Audit Fee - Current Year (Provision)	517,392	491,000
Amount paid/Written back - Current Year	(78,406)	(72,216)
Amount paid - Previous Year	<u>(412,594)</u>	<u>(388,414)</u>
Closing Balance - Included in Provisions (note 10)	<u>517,392</u>	<u>491,000</u>
30.3		
VAT		
VAT (Refundable)/Payable	<u>(1,238,799)</u>	<u>120,876</u>
30.3.1		
VAT input and output receivables are shown above.		
Not all VAT returns have been submitted on the due date.		

**Tswelopele Municipality**

**Notes to the financial statements**

for the year ended 30 June 2005

	2005 R	2004 R	
30.4 Regional Services Council Levy			
Opening Balance	-	-	
RSC Levy - Current Year	40,959	45,466	
Amount paid - Current Year	(40,959)	(45,466)	
Amount paid - Previous Year	-	-	
Closing Balance	<u>-</u>	<u>-</u>	
30.5 PAYE and UIF			
Opening Balance	14,101	-	
Payroll deductions - Current Year	(1,690,263)	(1,383,152)	
Amount paid - Current Year	1,723,669	1,397,253	
Amount paid - Previous Year	-	-	
Closing Balance - Included in Debtors (note 9)	<u>47,507</u>	<u>14,101</u>	
30.6 Pension and Medical Aid Deductions			
Opening Balance	-	-	
Payroll deductions and Council Contributions - Current Year	3,798,322	3,492,023	
Amount paid - Current Year	(3,798,322)	(3,492,023)	
Amount paid - Previous Year	-	-	
Closing Balance	<u>-</u>	<u>-</u>	
30.7 Councillors' arrear consumer accounts			
The accounts of the following Councillors were outstanding as indicated below at: -			
30 June 2005	Total	Outstanding less than 90 days	Outstanding more than 90 days
Councillor MM Snyer	8,197	8,197	-
Councillor FT Matsholo	4,727	4,727	-

**Tswelopele Municipality**

**Financial Statements**

for the year ended 30 June 2005

**Appendix A**

**Statutory Funds, Reserves and Trust Funds**

	Balance 01.07.2004	Contributions 2005	Interest 2005	Other Income & Adjustments 2005	Expenditure 2005	Balance 30.06.2005
	R	R	R	R	R	R
<b>Statutory Funds</b>						
Capital Development Fund	3,618,886	399,775	402,087	-	-	4,420,748
Infrastructure Development Fund	721,300	-	-	(721,300)	-	-
Erven Trust Fund	2,189,968	-	243,323	945,702	(133,762)	3,245,231
	<u>6,530,154</u>	<u>399,775</u>	<u>645,410</u>	<u>224,402</u>	<u>(133,762)</u>	<u>7,665,979</u>
<b>Trust Funds</b>						
Tshedisang Day Care Centre	112	-	-	(112)	-	-
	<u>112</u>	<u>-</u>	<u>-</u>	<u>(112)</u>	<u>-</u>	<u>-</u>
<b>Provisions</b>						
Audit Fees	491,000	517,392	-	-	(412,594)	595,798
Audit Fees Adj previous years	-	-	-	(78,406)	-	(78,406)
Audit Fees	491,000	517,392	-	(78,406)	(412,594)	517,392
Accrued Leave Pay	1,689,786	925,563	-	-	(906,996)	1,708,353
<b>Sub Total</b>	<u>2,180,786</u>	<u>1,442,955</u>	<u>-</u>	<u>(78,406)</u>	<u>(1,319,590)</u>	<u>2,225,745</u>
Bad Debts	32,991,485	5,221,000	-	-	(6,882,277)	31,330,208
	<u>35,172,271</u>	<u>6,663,955</u>	<u>-</u>	<u>(78,406)</u>	<u>(8,201,867)</u>	<u>33,555,953</u>

## Tswelopele Municipality

### Financial Statements

for the year ended 30 June 2005

### Appendix B

#### External Loans

Public and Other External Loans	Interest Rate	Loan No	Date approved	Year of Settlement	Balance	Received	Adjustment	Redeemed/ Written Off	Balance
					01.07.2004 R	2005 R	2005 R	2005 R	30.06.2005 R
Development Bank of South Africa					555,645	5,043,944	-	(32,840)	5,566,749
Sewerage	13.45%	3	07.04.81	2009	533,280	-	-	(27,740)	505,540
Water	9.00%	9	09.08.71	2005	459	-	-	(459)	-
Electricity	11.25%	37	10.11.76	2008	21,906	-	-	(4,641)	17,265
Sewerage	11.90%	38	29.06.04	2024	-	5,043,944	-	-	5,043,944
ABSA Bank					73,141	-	-	(33,311)	39,830
Camps	18.70%	25	31.03.86	2006	15,466	-	-	(7,042)	8,424
Electricity	18.70%	25	31.03.86	2006	57,675	-	-	(26,269)	31,406
<b>Total External Loans</b>					<b>628,786</b>	<b>5,043,944</b>	<b>-</b>	<b>(66,151)</b>	<b>5,606,579</b>

## Tswelopele Municipality

### Financial Statements

for the year ended 30 June 2005

### Appendix C

#### Analysis of Fixed Assets

Expenditure 2004	Service	Balance at 01.07.2004	Expenditure 2005	Redeemed, transferred or written-off 2005	Balance at 30.06.2005
R		R	R	R	R
<b>5,773,705</b>	<b>Rates and General Services</b>	<b>49,928,566</b>	<b>24,949,286</b>	<b>788,411</b>	<b>74,089,441</b>
<b>5,453,296</b>	<b>Community Services</b>	<b>34,176,053</b>	<b>5,835,287</b>	<b>788,411</b>	<b>39,222,929</b>
-	Ambulance - Phahameng	102,171	-	-	102,171
-	Administration	219,301	178,200	18,945	378,556
-	Town Land	1,701,250	(31,000)	-	1,670,250
-	Creche	39,480	-	-	39,480
-	Council Property	380,694	-	-	380,694
-	Camps and Pound - Bultfontein	51,601	44,929	-	96,530
-	Camps and Pound - Hoopstad	341,279	5,920	-	347,199
58,526	City and Community Hall - Bultfontein	582,279	11,146	-	593,425
90,000	City and Community Hall - Hoopstad	983,984	-	-	983,984
-	Civil Protection	6,486	-	-	6,486
-	Communal Land	191,538	-	86,400	105,138
41,207	Parks and Cemeteries - Bultfontein	553,268	50,598	-	603,866
35,260	Parks and Cemeteries - Hoopstad	116,549	-	-	116,549
178,715	Public Buildings and Equipment	2,689,365	568,939	50,478	3,207,826
406,714	Public Works - Bultfontein	10,396,977	1,804,310	625,088	11,576,199
4,255,756	Public Works - Hoopstad	11,576,241	1,011,734	-	12,587,975
347,118	Sports Grounds - Bultfontein	996,295	717,561	-	1,713,856
-	Sports Grounds - Hoopstad	718,333	1,441,950	-	2,160,283
-	Swimming Pool - Bultfontein	77,917	-	-	77,917
-	Unsold Erven - Hoopstad	925,421	31,000	7,500	948,921
-	Planning - Hoopstad	153,259	-	-	153,259
40,000	Unsold Houses - Phahameng	289,289	-	-	289,289
-	Unsold Stands - Bultfontein	36,510	-	-	36,510
-	Unsold Stands - Phahameng	1,046,566	-	-	1,046,566
-	<b>Subsidised Services</b>	<b>580,169</b>	<b>-</b>	<b>-</b>	<b>580,169</b>
-	Clinic - Bultfontein	269,281	-	-	269,281
-	Clinic - Phahameng	226,596	-	-	226,596
-	Fire Brigade - Bultfontein	14,463	-	-	14,463
-	Fire Brigade - Hoopstad	17,472	-	-	17,472
-	Health	21,220	-	-	21,220
-	Library - Hoopstad	28,365	-	-	28,365
-	Library - Bultfontein	2,772	-	-	2,772
<b>320,409</b>	<b>Economic Services</b>	<b>15,172,344</b>	<b>19,113,999</b>	<b>-</b>	<b>34,286,343</b>
-	Development	19,438	-	-	19,438
-	Refuse	358,523	-	-	358,523
320,409	Sewerage - Bultfontein	6,555,147	14,628,849	-	21,183,996
-	Sewerage - Hoopstad	6,937,794	4,485,150	-	11,422,944
-	Water Bourne Sewerage	1,301,442	-	-	1,301,442
5,773,705	Balance c/f	49,928,566	24,949,286	788,411	74,089,441

**Tswelopele Municipality**

**Financial Statements**

for the year ended 30 June 2005

**Analysis of Fixed Assets (continued)**

Expenditure 2004	Service	Balance at 01.07.2004	Expenditure 2005	Redeemed, transferred or written-off 2005	Balance at 30.06.2005
R		R	R	R	R
5,773,705	Balance b/f	49,928,566	24,949,286	788,411	74,089,441
<b>2,939,352</b>	<b>Trading Services</b>	<b>31,832,331</b>	<b>999,934</b>	<b>-</b>	<b>32,832,265</b>
-	Abattoir	429,240	-	-	429,240
431,413	Electricity - Bultfontein	1,880,034	482,253	-	2,362,287
-	Electricity - Hoopstad	1,676,855	191,800	-	1,868,655
-	Farming	361,585	-	-	361,585
-	Game Farming	124,325	-	-	124,325
388,025	Water - Bultfontein	15,652,422	-	-	15,652,422
2,119,914	Water - Hoopstad	11,707,870	325,881	-	12,033,751
<b>8,713,057</b>	<b>Total Fixed Assets</b>	<b>81,760,897</b>	<b>25,949,220</b>	<b>788,411</b>	<b>106,921,706</b>
<b>8,784,865</b>	<b>Less: Loans Redeemed and other Capital Receipts</b>	<b>81,132,109</b>	<b>20,981,325</b>	<b>798,311</b>	<b>101,315,123</b>
57,685	Loans Redeemed and Advances Paid	395,186	66,150	9,900	451,436
1,622,511	Contributions ex Operating Income	13,022,353	1,015,268	112,845	13,924,776
1,518,381		13,022,353	1,002,921	112,845	-
90,000	Asset not previously capitalised	-	2,447	-	-
14,130	Loans redeemed and transferred	-	9,900	-	13,924,776
-	Other sources	5,274,949	-	-	5,274,949
40,000	Contributions from Funds	1,021,955	130,000	-	1,151,955
7,064,669	Contributions from Government and District Municipality	60,639,027	19,769,907	625,088	79,783,846
-	Revaluation	28,600	-	-	28,600
-	Grants	750,039	-	50,478	699,561
<b>(71,808)</b>	<b>Net Fixed Assets</b>	<b>628,788</b>	<b>4,967,895</b>	<b>(9,900)</b>	<b>5,606,583</b>

## Tswelopele Municipality

### Financial Statements

for the year ended 30 June 2005

### Appendix D

#### Analysis of Operating Income and Expenditure

Actual 2004 R		Actual 2005 R	Budget 2005 R
<b>Income</b>			
20,457,022	Grants and Subsidies	22,548,859	22,036,000
18,000,582	- Central Government	20,356,237	20,356,000
2,176,340	- Provincial Government	1,831,688	1,630,000
280,100	- Other	360,934	50,000
19,827,141	Operating Income	19,502,308	20,348,500
2,659,775	- Assessment Rates	2,446,850	2,480,000
5,863,377	- Sale of Electricity	6,185,469	6,000,000
4,404,559	- Sale of Water	3,356,484	3,675,000
6,899,430	- Other Services and Charges	7,513,505	8,193,500
<u>40,284,163</u>		<u>42,051,167</u>	<u>42,384,500</u>
<b>Expenditure</b>			
16,723,799	Salaries, Wages and Allowances	17,263,120	20,365,000
8,074,174	General Expenses:	9,828,929	8,765,200
4,272,504	- Purchase of Electricity	4,429,949	4,240,000
500,728	- Purchase of Water	581,392	500,000
3,300,942	- Other General Expenses	4,817,588	4,025,200
2,098,140	Repairs & Maintenance & Fuel	2,865,550	3,760,000
1,518,381	Contributions to Fixed Assets	1,002,920	1,245,000
152,669	Capital Charges	393,733	157,000
7,535,927	Contributions	7,356,440	8,087,500
<u>36,103,090</u>		<u>38,710,692</u>	<u>42,379,700</u>

**Tswelopele Municipality**

**Financial Statements**

for the year ended 30 June 2005

**Appendix E**

**Detailed Income Statement**

Actual Income	Actual Expenditure	Surplus/ (Deficit)		Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budgeted Surplus/ (Deficit)
2004	2004	2004		2005	2005	2005	2005
R	R	R		R	R	R	R
24,318,269	22,032,655	2,285,614	<b>Rates and General Services</b>	28,703,308	27,161,648	1,541,660	(1,079,700)
14,676,826	12,451,488	2,225,338	<b>Community Services</b>	15,783,720	14,710,644	1,073,076	(362,500)
3,070,072	1,773,951	1,296,121	Assessment Rates	2,877,900	1,588,787	1,289,113	2,466,000
642,413	83,528	558,885	Camps	634,346	125,208	509,138	523,000
-	1,167,799	(1,167,799)	Community Services	-	1,175,323	(1,175,323)	(1,156,000)
17,087	1,890,372	(1,873,285)	Council's General Account	431	2,074,423	(2,073,992)	(1,940,000)
2,276	22	2,254	Licences	2,133	21	2,112	-
80,940	752,953	(672,013)	Parks and Cemeteries	100,879	993,537	(892,658)	(978,000)
17,740	1,710,859	(1,693,119)	Public Works	123,827	2,433,945	(2,310,118)	(3,222,000)
79,558	28,910	50,648	Properties	71,377	100,444	(29,067)	(9,000)
-	122,204	(122,204)	Sports Grounds	-	75,769	(75,769)	(106,000)
43,369	581,419	(538,050)	Town Hall	34,408	641,247	(606,839)	(487,000)
10,278,908	2,727,739	7,551,169	Town Treasurer	11,154,071	3,450,119	7,703,952	6,017,500
-	1,167,269	(1,167,269)	Municipal Manager	-	1,267,473	(1,267,473)	(1,471,000)
444,463	444,463	-	Welfare	784,348	784,348	-	-
2,796,110	2,872,234	(76,124)	<b>Subsidised Services</b>	2,460,809	2,147,975	312,834	(871,200)
2,176,340	2,252,464	(76,124)	Health	1,831,689	1,518,855	312,834	(871,200)
111,217	111,217	-	Fire Brigade	153,456	153,456	-	-
508,553	508,553	-	Library	475,664	475,664	-	-
6,845,333	6,708,933	136,400	<b>Economic Services</b>	10,458,779	10,303,029	155,750	154,000
2,586,869	2,520,524	66,345	Refuse Removal	3,525,520	3,462,751	62,769	61,000
4,258,464	4,188,409	70,055	Sewerage	6,933,259	6,840,278	92,981	93,000
15,965,894	14,070,435	1,895,459	<b>Trading Services</b>	13,347,860	11,549,044	1,798,816	1,084,500
8,113,304	7,471,620	641,684	Electricity	7,678,964	6,837,999	840,965	641,000
127,750	-	127,750	Game Farming	114,350	-	114,350	100,000
7,724,840	6,598,815	1,126,025	Water	5,554,546	4,711,045	843,501	343,500
40,284,163	36,103,090	4,181,073	<b>Total</b>	42,051,168	38,710,692	3,340,476	4,800
		(183,448)	Appropriations for previous years (See note 17)			35,712	
		3,997,625	Net Surplus/(Deficit) for the year			3,376,188	
		(3,228,483)	Opening Accumulated (Deficit)			769,142	
		769,142	Accumulated Surplus/(Deficit)			4,145,330	

## Tswelopele Municipality

### Statistical Information

for the year ended 30 June 2005

### Appendix F

<b>General Statistics</b>		<b>2005</b>	<b>2004</b>
i) Population		64,684	64,684
ii) Valuation of property : rateable	Land	R12,031,580	R12,031,580
	Improvements	R160,611,980	R160,611,980
	Valuation of property : non rateable		
	Land	R10,441,052	R10,441,052
	Improvements	R38,448,050	R38,448,050
iii) Date of Valuation		1996/1997	1996/1997
iv) Number of stands - residential and commercial		8,968	8,968
v) Assessment rate on land: Bultfontein		R 0.3270	R 0.3270
	Hoopstad	R 0.0721	R 0.0721
	Assessment rate on Improvements: Hoopstad / R	R 0.90	R 0.90
vi) Number of employees		200	199
vii) Area (Town land)		5 780ha	5 780ha
<b>Electricity Statistics</b>			
i) Units purchased (kWh)		23,911,249	21,109,019
ii) Units sold		20,889,601	19,171,693
iii) Units lost in distribution		3,021,648	1,937,326
iv) Percentage loss in distribution		13%	9%
v) Cost per unit sold		R 0.27	R 0.39
vi) Income per unit sold		R 0.30	R 0.31
<b>Water Statistics</b>			
i) Units purchased (kl)		2,551,510	2,148,731
ii) Units sold (kl)		2,217,282	1,860,217
iii) Units lost in distribution		334,228	288,514
iv) Percentage loss in distribution		13%	13%
v) Cost per unit sold		R 1.36	R 3.55
vi) Income per unit sold		R 1.52	R 2.37

**Report of the Auditor-General on Performance Measurement to the Tswelopele  
Municipality**  
*for the year ended 30 June 2005*

The Auditor-General will issue his report upon finalisation of the audit.