

# MOSSEL BAY MUNICIPALITY



## FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
30 JUNE 2004

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## **GENERAL INFORMATION**

### **MAYORAL COMMITTEE**

Councillor A Nel                      Executive Mayor

Councillor Me. E Domingo    Executive Deputy Mayor

Councillor E Scheepers

Councillor A J van der Merwe

Councillor Me M Ferreira

### **GRADING OF LOCAL AUTHORITY**

Grade 2

### **AUDITORS**

The Auditor-General

### **BANKERS**

Absa Bank

### **REGISTERED OFFICE**

Civic Centre	P O Box 25	Telephone: 044 6065000
Marsh Street	MOSSEL BAY	Facsimile: 044 6065062
MOSSEL BAY 6500	6500	

### **MUNICIPAL MANAGER**

Mr C Zietsman:    A.I.L.G.M.    A. IA.C.

### **DIRECTOR: FINANCIAL SERVICES**

Mr H F Botha:    B.COM A.I.M.FO.  
Registered Municipal Accountant (Ass) in terms of Act No 21 of 1988.

**MEMBERS OF THE TRANSITIONAL COUNCIL OF MOSSEL BAY AT 30  
JUNE 2004**

WARD	COUNCILLOR
1.	Me W Gelderbloem
2.	A J van der Merwe
3.	H J Floors
4.	A Nel
5.	E Scheepers
6.	Me M Ferreira
7.	R Skombingo
8.	M Carelse
9.	D E Smith
10.	Me Z Beukes
11.	P Mbebe

**PROPORTIONAL REPRESENTATIVE COUNCILLORS**

A Cupido  
Me E Lingani  
Me M de Klerk  
W N Adriaans  
M Barnard  
Me E Domingo  
Me K Gildenhuis  
N Lodewyks  
J van der Merwe  
K September  
MAYOR: Councillor A Nel  
DEPUTY MAYOR: Me E Domingo

## **FOREWORD**

As in the previous financial years, Council strives to improve the quality of life for all and place strong emphasis on basic services as the most effective way of limiting the backlog that still exists. We will have to be creative in what we do to ensure that the Municipality addresses the challenges of present day demands and needs of the communities we serve.

The consolidation of the different local authorities had a significant effect, and the Integrated Development Plan (IDP) is the basic planning tool for the provision of essential services such as water and electricity supply, refuse removal and Local Economic Development. The Mossel Bay Municipality is, however, determined to maintain strict financial control over expenditure and to improve the payment for services by its communities, and thereby ensuring financial stability of the Municipality. One of the most important factors which contribute to financial stability in Mossel Bay is still the ongoing investment in new developments in town.

The challenges facing the Mossel Bay Municipality, and the problems of funding its services, make it essential that we prioritise our resources to ensure that they are applied to the best advantage. To fulfil these tasks it is essential that the Municipality's finances are sound at all times to uplift the quality of service delivery within affordable tariffs.

In conclusion I would like to express my sincere thanks to my fellow Councillors, the Municipal Manager, Directors, and staff for their continuous support and hard work to provide a sustainable and high standard of service to the community of Mossel Bay.

**COUNCILLOR ANDRÉ NEL**  
**MAYOR AND CHAIRMAN OF EXECUTIVE COMMITTEE**

## **REPORT OF THE DIRECTOR: FINANCIAL SERVICES**

### **1. INTRODUCTION**

- 1.1 Council's financial statements have been compiled in the summarized format of published financial statements for local authorities developed by the Institute of Municipal Financial Officers in co-operation with the Office of the Auditor-General.
- 1.2 During the past financial year local government again faced many challenges of transformation within the financial management. Further challenges lies ahead with the implementation of the municipal finance management act no. 56 of 2003 (MFMA) which became effective on 1 July 2004, with the aims of modernise budget and financial management practices by placing local government finances on a sustainable footing. The goal is to maximize the capacity of municipalities to deliver services to all its residents. The government is serious to built effective and efficient local governments.
- 1.3 The challenge facing all roll-players is to improve the efficiency and effectiveness of the municipality because the principle on which financial statements are based, is accountability.

### **2. OPERATING RESULTS**

#### 2.1 General

- 2.1.1 It is my pleasure to give a summary on the operational results of the past year. We managed to keep within the limits of our budgets, and savings with regard to expenditure and larger income from different sources, were contributory factors for closing the financial year with a considerable surplus.
- 2.1.2 The analyses of the operational income and expenditure per classification and purpose of expenses is given in Annexure D and E. The applicable statistics appear in the Annexure F. The overall operational results for the year which ended on 30 June 2004 are as follows:

INCOME	Actual 2002/03 R	Actual 2003/04 R	Variance 2003/04 %	Budget 2003/04 R	Variance/ Actual Budget %
Opening surplus	4 293 411	14 720 656	242.87		
Operating income for the year	177 951 528	199 599 860	12.10	192 983 519	3.43
Closing deficit	-				
	182 244 939	214 320 516		192 983 519	
<b>EXPENDITURE</b>					
Opening deficit					
Operating expenditure for the year	165 274 794	191 200 348	15.69	192 956 341	0,75
Sundry transfers	2 249 489	9 870 847			
Closing surplus	14 720 656	13 249 321	9.99	27 178	
	182 244 939	214 320 516		192 983 519	

2.1.3 Council budgeted for a surplus of R27 178 whilst it closed the year's operational activities with a surplus of R8 399 511. As was mentioned earlier particulars of variances regarding the budgeted surplus are detailed in Annexure E whilst Annexure D indicates the variances according to income and expenditure categories.

According to these schedules it is clear that the actual income exceeded the budgeted income with R6 616 341 and that the nett expenditure indicates a decrease of R1 755993 against the budgeted expenditure. These nett figures then leave a surplus of R8 399 511 as was mentioned above.

The savings with regard to expenditure can mainly be attributed to a saving in respect of the following items:-

Salaries and wages	R4 177 960
Streetlighting	R 656 329
Grant in aid services	R 201 007
Camping Fees	R 212 026

The increase of income against the budget can mainly be attributed to various sources of Council's revenue which showed more income than was budgeted for.

Specific mention can be made of the following sources of income:

- New connections	R 860 695
- Registration motor vehicles	R 719 968
- Building plan fees	R 957 331

- Electricity Pre-Paid	R1 983 020
- Other revenue and services monies, e.g. caravan parks, chalets and sewerage and cleaning services	R1 169 038

2.1.4 The accumulated surplus as on 30 June 2004 amounted to R13 249 321. This means a nett decrease of R1 471 335 as against the previous financial year. This figure is calculated as follows:

Nett surplus 2003/04	R8 399 511
Utilisation of Accumulate Surplus	<u>(9 870 846)</u>
	<u>R1 471 335</u>

The utilisation of the accumulated surplus can mainly be attributed to the fact that a contribution of R12 000 000 was made to various funds, as well as several savings to the expenditure and larger income as stated above.

2.1.5 The operational income and expenditure showed a growth of 12,1% and 15,6% respectively as against the actual figures of the previous financial year.

## 2.2 RATES AND GENERAL SERVICES

	Actual 2002/03 R	Actual 2003/04 R	Variance 2003/04 %	Budget 2003/04 R	Variance Actual/ Budget %
Income	77 685 127	85 116 853	9,56	80 808 690	5,07
Expenditure	89 106 089	102 132 347	14,61	118 180 051	15,71
Surplus/(deficit)	(11 420 962)	(17 015 494)	48,98	(37 371 361)	45,53
Surplus/(deficit) as % of Total Income	14,70	19,99		46,24	

2.2.1 It is clear from the above statement that the actual expenses with regard to rates and general services are 15,7% less than the budgeted amount for the 2003/04 financial year. Still the actual expenditure for the 2003/04 financial year is 14,6% (R13 026 258) more than the actual expenditure of the 2002/03 financial year. The loss with regard to rates and general services amount to R17 015 494 for the 2003/04 financial year as against R11 420 962 in respect of the 2002/03 financial year.

- 2.2.2 Annexure E clearly indicates that the deficit of R17 015 494 can also be attributed to:  
 High administration costs with regard to the departments of the Director Corporate Services, Director: Financial Services and other expenses such as Public Works, Health Services, Traffic Services, Councils general expenditure, Beaches, etc.

## 2.3 TRADING SERVICES

Council purchases electricity in bulk from ESCOM and then redistributes it to the consumers. The tariffs of electricity are considered together with all other tariffs during the compilation of the operational budget. Any increase in electricity tariffs must be approved by the National Electricity Regulator before Council can implement it. ESCOM normally adjusts its tariffs in January of every year but Council endeavours to limit its increase to only one increase during July every year.

Council has a few of its own water sources of which the Ernest Robertson Dam is the largest. Council also purchases water from the Department of Water Affairs, which is then supplied from the Klipheuwel Dam and the Wolwedans Dam.

### 2.3.1 ELECTRICITY SERVICE

	Actual 2002/03 R	Actual 2003/04 R	Variance 2003/04 %	Budget 2003/04 R	Variance Actual/ Budget %
Income	71 980 934	81 995 349	13,91	80 172 047	2,27
Expenditure	53 807 588	63 049 046	17,17	61 181 762	(3,05)
Surplus/(deficit)	18 173 346	18 946 303	4,25	18 990 285	(0,24)
Surplus/(deficit) as % of total income	25,25	23,10		23,68	

- 2.3.1.1 The total actual income is 2,2% higher than the budgeted amount for the 2003/04 financial year, whilst the expenditure is not much different from the budgeted amount. Electricity purchases amounts to R40 109 885, whilst the sale of electricity amounts to R78 086 284. This service shows a profit of R18 946 303 for the 2003/04 financial year. This represents a profit percentage of 23,1% against 25,2 % compared to the 2002/03 financial year.

2.3.1.2 See Annexure F for more statistical information regarding electricity purchases, sales, etc.

### 2.3.2 WATER SERVICE

	Actual 2002/03 R	Actual 2003/04 R	Variance1 2003/04 %	Budget 2003/04 R	Variance Actual/ Budget %
Income	28 285 467	32 487 659	14,85	32 002 782	1,51
Expenditure	22 361 117	26 018 955	16,35	25 493 160	(2.06)
Surplus/(Deficit)	5 924 350	6 468 704	9,18	6 509 622	(0,63)
Surplus/(deficit) as % of total income	20,94	19,91		20,34	

2.3.2.1 The total actual income and actual expenses in respect of the water service are very near to the amounts which were budgeted for. This service showed a profit of R6 468 704 for the 2003/04 financial year. The surplus as a percentage of the total income, amounts to 19,9% compared to the 20,9% of the 2002/03 financial year.

2.3.2.2 Once again you are referred to Annexure F where more information concerning percentage water losses and costs with reference to purification is supplied.

## 3. CAPITAL EXPENDITURE AND FINANCING

3.1 The expenses which were incurred during the year for the acquisition of fixed assets, amounted to R39 707 840. The actual expenditure is also 62,7% less than that which was budgeted for, largely due to the fact that an ad hoc amount of R54 693 000 for building of houses were budgeted for whilst the actual expenditure amounted to only R1 093 005. An amount of R25 200 000 was a committed housing project between a developer and the Housing Board. The developer were directly reimbursed by the Western Cape Housing Board. Ad hoc amounts of R11 650 000 in respect of the following projects that were budgeted for, did not realize, because the funds were not secured during this financial year:

Community Centres	R5 000 000
Street lights-Friemersheim	R 150 000
Fire Brigade	R 500 000
Upgrade Dana Bay Pump Station	R1 700 000
Street and Stormwater - Brandwag	R 700 000
Piping of Searles Slood	R1 600 000
Upgrade Raw Water Pipeline – ER Dam	<u>R2 000 000</u>
	<u>R11 650 000</u>

The overall capital expenditure and financing for the year which ended on 30 June 2004 were as follows:

	2003/04 Actual R	2003/04 Budget R	2002/03 Actual R
Land and Buildings	2 536 532	1 224 000	1 734 796
Infrastructure	35 886 623	32 272 000	26 931 713
Other fixed assets	846 681	73 808 600	488 089
Total investment in Fixed assets	39 269 836	107 304 600	29 154 598
Plus:- Capitalisation - Land and Buildings	438 004	-	4 793 000
- Appreciation - Land and Buildings	-	-	-
	39 707 840	107 304 600	33 947 598

3.2 Resources used to finance the fixed assets were as follows:

	2003/04 Actual R	2003/04 Budget R	2002/03 Actual R
Consolidated Loans and Development Fund	18 991 597	22 430 750	15 756 696
External loans - Government - Other	-	-	-
Contribution from:			
- Operating account	1 704 661	-	1 361 940
- Reserves	896 188	4 582 000	4 260 879
- Grant and subsidies - Unconditional	2 463	-	36 174
- Conditional	17 627 358	75 823 850	7 122 203
- Public contributions	47 569	4 468 000	616 706
- Capitalisation - Existing Land and Buildings	438 004	-	4 793 000
- Appreciation - Land and Buildings	-	-	-
	39 707 840	107 304 600	33 947 598

An analysis of Capital Expenditure (Budget and Actual) per department, classification of services appears in Annexure C. More details regarding external loans, and internal advances used to finance Fixed Assets, are shown in Annexure B.

### 3.3 Grants and Subsidies used for Capital Expenditure

DEBTS	2003/04 Actual R	2003/04 Budget R
Conditional grants and subsidies received	17 845 352	85 247 850
Less:- Conditional grants and subsidies used	17 627 358	40 554 000
Conditional grants and subsidies unspent	217 994	44 693 850
Unconditional grants and subsidies received	13 826	-
Less:- Unconditional grants and subsidies used	10 385	-
Unconditional grants and subsidies unspent	3 441	-

#### 4. EXTERNAL LOANS, INVESTMENTS AND CASH

- 4.1 On 30 June 2004 the outstanding external loans amounted to R3 548 498 (R19 597 725 in 2003). New stocks of one hundred and sixty six thousand four hundred and twenty eight rands were taken up during the year. Annuity loans to the amount of R16 215 655 were redeemed during this financial year.
- 4.2 Notwithstanding the fact that Council's cashbook showed a negative balance of R7 731 757 on 30 June 2004, the bank account showed a positive balance of R5 619 667 with external investments amounting to R86 035 000 against R82 415 519 of the previous year. More particulars regarding external loans and investments appear in Note 4 and 7 as well as Annexure B.

#### 5. FUNDS AND RESERVES

- 5.1 The Consolidated Capital Development and Loans Fund showed an increase of R12 086 625 to R12 092 973 (R116 749 490 in 2003). This includes a profit of R11 817 996 on the interest transactions of the fund for the financial year. (See Note 28 for more particulars of this fund).

The total Provident and Reserve Funds of Council amounted to R65 797 811 on 30 June 2004. (R48 865 969 in 2003). An amount of R7 600 000 were contributed to the Bad Debts Reserve Fund.

During this financial year an amount of R2 303 936 being arrear service charges were written off against the Bad Debts Fund. More particulars regarding funds, reserves and provisions appear in notes 1, 2, 3 and 12 as well as Annexure A.

5.3 Additional contributions of R12 000 000 were made to the following funds from the Accumulated surplus whilst an amount of R1 225 000 from the Operating Budget was also contributed to the Leave Gratuity Fund.

- Tourism development fund	R5 000 000
- Vehicle/Plant maintenance and renewal fund	R 500 000
- Valuation reserve fund	R1 000 000
- Equipment/Machinery maintenance fund	R 500 000
- Bad Debt funds	R4 000 000
- Disaster fund	R1 000 000

Trust and other funds amounted to R19 538 947 on 30 June 2004 (R15 253 046 for 2003) of which detailed particulars appear in Annexure A as well as in Note 3.

## 6. DEBTORS

DEBTS	30 June 2003 R	30 June 2004 R	% Variance
Electricity, water & refuse	19 439 472	22 671 007	+16.62
Rates, Sewerage and Availability Charges	16 394 631	15 624 498	-4.70
Housing: Rental/Services	458 655	488 733	+6.55
Purchase instalments	2 052 170	2 099 715	+2.31
Sundry Debtors	2 246 323	2 157 493	-3.96
Sundry Debts	146 686	40 963	-72.08
	40 737 937	43 082 409	+5.75

- 6.1 The most important debts are indicated above.  
The Rates and Service charges indicates an increase in arrears debts, compared to the 2002/03 financial year.
- 6.2 Attempts are regularly made to recover arrears amounts, as well as to change the culture of non-payment. Council approved a credit control and indigent policy which will in time alleviate the burden of outstanding debts.

## 7. EXPRESSION OF APPRECIATION

My thanks go to the Mayor, The Deputy-Mayor, Chairman of the Executive Committee, Councillors, the Municipal Manager and Directors for the support they have given my personnel and myself and to the Auditor-General and his personnel. A special word of thanks to the Heads and their personnel in my department for their special effort and support and valuable contributions, and especially Mr G.J. Vermeulen in the preparation of these financial statements.

**H F BOTHA**  
**B. Com. AIMTR (S.A.)**  
**DIRECTOR: FINANCIAL SERVICES**

## ACCOUNTING POLICIES

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

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code Accounting Practice (1997) and Report on Published Annual Financial Statements (Second Edition - January 1996) and further amendments thereto.
- 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 financial statements include the Rate and General services, Housing service, 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, water and premiums charged by the insurance fund, 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 life as determined by the Treasurer. Where it is impossible to determine the individual costs of properties and other assets, these properties would be brought into the books at current market valuations.
- 3.2 Depreciation

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" In the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:

Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.

Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

3.3 All net proceeds from the sale of fixed property are credited to the Fixed Property Sales Fund. Net proceeds from the sale of all other assets are credited either to the Special Capital Fund or the Capital Development Fund.

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

#### 4. **Inventory**

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

#### 5. **Funds and Reserves**

5.1 *Consolidated capital development and Loan Fund (CCDLF).*

Refer to item 14 of this Accounting Policy for full particulars regarding this fund.

5.2 *Dana Bay Development Fund*

This fund was established years ago by way of a contribution from a developer who had the Dana Bay coastal development incorporated into Mossel Bay area. The contribution was made in order to finance new as well as upgrading of existing infrastructure. The capital of the fund can therefore only be utilised for the benefit of Dana Bay Development.

5.3 *Housing Development Fund*

This fund accumulated from a portion of the profit which realised from the sale of housing erven as well as from interest earning on the capital on the fund. It may be utilised for backlogs in housing schemes with the necessary approval of the involved State Housing Department.

5.4 *Parking Area Fund*

The nett income from the operation of parking meters and sites is credited to this fund. The fund is then utilised to provide sufficient parking facilities as well as to regulate parking.

5.5 *External Service Development Fund*

This fund is accumulated from capital contributions by Town Developers and individuals who create mass or single erven in the Municipal area and which place a burden on the sewerage, water and electricity main bulk services. Interest on the capital of the reserve amounts to a considerable figure. The capital of the reserve is only utilised with the approval of Council for the purpose of extending bulk services.

5.6 *Equipment and machinery Maintenance Reserve*

The capital of this reserve was built up over the years from budgeted contributions as well as interest earnings. It is utilised exclusively with the approval of Council for the repair of large breakdowns in equipment and machinery such as sewerage and water pumps, tractors, scrapers etc, except where amount involved falls within the limit where the Town Treasurer has delegated powers of authority.

5.7 *Santos Pavilion Maintenance Reserve*

This fund was created after the pavilion was burnt down a number of years ago and an entrepreneur was willing to restore the pavilion to it's original form in exchange for a 99 year lease at a reasonable rental. It was also a condition that he should make R 100 000,00 available to Council as an investment and that the interest earned thereon may be used by Council for the maintenance of the building should he fail to do it himself.

5.8 *Vehicles and Implements Maintenance Fund*

This fund is basically similar to the fund in 5.7 above, except that expenses are limited to ordinary vehicles and implements.

5.9 *Buildings Maintenance Fund*

Contributions to this fund are budgeted for in the operational budget and the capital and interest thereon is utilised to address backlogs in the maintenance of Municipal buildings.

5.10 *Tourism Development Reserve*

Budgeted contributions and allocations from accumulated surpluses are the main sources of income of the fund. It is mainly utilised to marked the vast area of Council attractions, facilities, tourism and development potential.

5.11 *Valuation Reserve*

Budgeted contributions are annually made to this fund. It is utilised for the financing of additional valuations of properties as well as the general valuations. The valuations are Statutory prescribed for the purposes of levying property Tax.

5.12 *Bad Debt Reserve Funds*

Originally this fund accumulated from inter-governmental transfers. Furthermore a substantial portion of provincial and reserve funds were transferred to this fund in the 1998/99 financial year as a counterbalance to a negative cash flow due to the increase in outstanding debtors. Future contributions to this fund will be budgeted for in the operational budget and allocations from accumulated surpluses.

5.13 *Effective Administrative Reserve Fund*

Contributions were made from surplus intergovernmental transfers. This fund is mainly used to improve credit control and other administrative projects.

5.14 *Sport Centre - Reserve Fund*

This fund was started with a contribution from Revenue as a contribution in order to finance existing and new infrastructure of the new established Sport Centre in Kwa-Nonqaba.

5.15 *Municipal Police Fund*

This fund was started during the 2001/02 financial year, by way of a contribution from the cash funded portion of the surplus from Mossdustralia account.

The contribution was made for utilization of future capital and/or operational expenditures with regard to the new Municipal Police Service.

5.16 *Mossel Bay Housing Project*

The premier has authorised the Council in terms of Section 111(3)(e) of the Municipal Ordinance 1974 (Ordinance 20 of 1974) to invest an amount from the proceeds of the sale of land in this account to assisting the communities in Mossel Bay by providing housing and other necessities from its own funds.

**6. Provisional Funds**

Provisional Funds are established to be able to meet responsibilities or obligations or occurrences which are known at the time of balance sheet but of which the particular amounts cannot be determined with reasonable certainty.

7. **Retirement Benefits**

7.1 Council and its employees contribute towards the following pension or provident funds:

- Cape Joint Pension Fund and the Cape Joint Retirement Fund
- S.A.L.A.
- Samwu Provident Fund

7.2 The first two funds provides both a pension fund or a retirement/provident fund. The retirement benefit plan as well as the pension funds are subject to the Pension Fund Act of 1956 and pensions are calculated according to the last year of a person's pensionable remuneration. Council contributions are levied against operational revenue, based on a percentage of the gross salary/wage. Full actuarial valuations are done as follows:

- Cape Joint Pension Fund : every 2 years
- S.A.L.A. : every 3 years

8. **Surpluses and Deficits**

8.1 Any surpluses or deficits resulting from the activities of the Housing, Electricity and Water services are being carried over to rates and General Services.

9. **Treatment of administration and other overhead expenses**

9.1 The cost of administrative services are debited against the various departments making use of it, in accordance with the guidelines in the Institute's **Report on the Accounting of Help Services (1990)**.

10. **Leased assets**

10.1 Fixed Assets acquired through hire - purchase financing are capitalised. Such assets are effectively paid off over the term of the lease agreement.

10.2 The cost of hire - purchase financing is being allocated, in accordance with the effective interest rate method, over the term of the agreement to the accounting periods concerned. This then represents the scope and cost of the hire - purchase financing in each accountancy period.

10.3 All other rental agreements are regarded as operational rental agreements and the applicable rental amount are systematically levied over the rental period (of the use of the particular asset) against the operational account.

11. **Investments**

- 11.1 Investments are shown at the lowest of cost or market value if there is a constant decrease in value. Investment are made in terms of Council's Investment policy as are amended from time to time.

12. **Deferred charges**

- 12.1 The outstanding balance of the cost incurred for taking up of loans on the capital Market is recovered from operational revenue over the period of the particular loans or shorter period as determined by the Treasurer.
- 12.2 The remaining outstanding loans or advances of assets which are written off before such loans or advances have been fully settled, are regarded as deferred cost and is debited in equal amounts over a fixed period against the operational income.

13. **Income acknowledgement**

13.1 *Electricity and Water Billing*

All meters are read on a monthly basis. If a meter cannot be read, an interim levy is made which is based on average use. Income is due on the date when meters are read or levies made.

- 13.2 The Mossel Bay Municipality levies rates on both land and buildings valuations of taxable property. In terms of this system property rates is levied on the value of property and rebates are allowed according to the usage of a particular property. Additional relief is given to the needy and elderly owners on the ground of income and age. The income from rates are acknowledge when the levies are made.

13.3 Other services

The income from services such as refuse removal and sewerage which are recovered by way of debtors, is due when such levies are debited against the account. The income from other (smaller) services, licences or monies is due when it is paid.

14. **Consolidated Capital Development and Loan Fund**

- 14.1 The capital resources of the Consolidated Capital Development and Loan Fund consist of external loans, bridging facilities, interest on internal advances to loan services, interest on external investments, the return from sales of land and loose assets and other sundries income.

Advances are allocated to the loan services at an interest rate equal to the cost of the capital needs which were taken up during the financial year, and if no loan was taken up, at an interest rate determined by the Premier. The advances are paid back over the useful lifespan of the assets which are financed in this way. Regarding advances to loan services during a financial year, the repayments starts on the first day of the following financial year. Concerning the revenue account of the fund at least fifty percent of the surplus for the year is paid to the capital account and the balance thereof the general revenue account of Council. The Town Treasurer can however decide to transfer a higher percentage to the capital account of the C.C.D.L.F.

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**BALANCE SHEET AT 30 JUNE 2004**

	NOTE	2004 R	2003 R
<b>CAPITAL EMPLOYED</b>			
<b>FUNDS AND RESERVES</b>			
		160,908,484	140,681,901
Statutory Funds	1	130,631,259	118,512,674
Reserves	2	30,277,225	22,169,227
ACCUMULATED (DEFICIT) / SURPLUS		<u>13,249,321</u>	<u>14,720,656</u>
		<b>174,157,805</b>	<b>155,402,557</b>
TRUST FUNDS	3	19,538,946	15,253,046
LONG-TERM LIABILITIES	4	2,945,276	18,806,941
CONSUMER DEPOSITS: SERVICES	5	4,973,825	4,375,054
		<u>201,615,852</u>	<u>193,837,598</u>
<b>EMPLOYMENT OF CAPITAL</b>			
FIXED ASSETS	6	115,098,560	99,175,370
LONG-TERM DEBTORS	8	12,627,270	10,780,881
INVESTMENTS	7	35,000	35,000
DEFERRED CHARGES	11	-	-
		<u>127,760,830</u>	<u>109,991,251</u>
NET CURRENT ASSETS / (LIABILITIES)		73,855,022	83,846,347
CURRENT ASSETS		115,093,352	118,671,649
Inventory	9	3,028,586	2,814,757
Debtors	10	25,159,325	32,693,191
Cash		5,915	5,915
Short - term investments	7	86,000,000	82,380,519
Short - Term Portion of Long Term Debtors	8	899,525	777,266
CURRENT LIABILITIES		( 41,238,330 )	( 34,825,301 )
Provisions	12	3,823,058	4,320,890
Creditors	13	29,080,292	24,400,087
Short - Term Portion of Long-term Liabilities	4	603,222	790,784
Bank Overdraft		7,731,757	5,313,540
		<u>201,615,852</u>	<u>193,837,598</u>

CERTIFIED CORRECT

THE FINANCIAL STATEMENTS WAS  
APPROVED BY COUNCIL ON 21 SEPTEMBER 2004

H.F. BOTHA  
DIRECTOR: FINANCIAL SERVICES  
B.COM A.I.M.F.O.  
REGISTERED MUNICIPAL ACCOUNTANT (ASS)  
IN TERMS OF ACT NO. 21 OF 1988

C. ZIETSMAN  
MUNICIPAL MANAGER  
A.I.L.G.M. A.I.A.C

**INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004**

2003 Actual Income R	2003 Actual Expenditure R	2003 Surplus/ (Deficit) R		2004 Actual Income R	2004 Actual Expenditure R	2004 Surplus/ (Deficit) R	2004 Budget Surplus/(Deficit) R
77,685,127	89,106,089	(11,420,962)	RATES AND GENERAL SERVICES	85,116,853	102,132,347	(17,015,495)	(14,810,020)
41,044,583	45,722,572	(4,677,988)	Community Services	43,839,531	52,250,355	(8,410,823)	(4,605,242)
631,792	16,211,241	(15,579,449)	Subsidised Services	516,684	18,235,777	(17,719,093)	(17,990,330)
36,008,752	27,172,276	8,836,475	Economic Services	40,760,637	31,646,216	9,114,421	7,785,552
-	-	-	HOUSING SERVICES	-	-	-	-
100,266,401	76,168,705	24,097,696	TRADING SERVICES	114,483,007	89,068,001	25,415,006	25,499,907
<u>177,951,528</u>	<u>165,274,794</u>	12,676,734	TOTAL	<u>199,599,860</u>	<u>191,200,348</u>	8,399,511	<u>10,689,887</u>
		( 2,249,489 )	Appropriation for the year (Refer to Note 18)			( 9,870,846 )	
		10,427,245	Net Surplus /(Deficit) for the year			(1,471,335)	
		<u>4,293,411</u>	Accumulated Surplus/(Deficit): Beginning of the year			<u>14,720,656</u>	
		<u>14,720,656</u>	ACCUMULATED SURPLUS/(DEFICIT) END OF THE YEAR			<u>13,249,321</u>	

(Refer to appendixes D & E for more detail)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2004**

	NOTE	2004 R	2003 R
<b>CASH RETAINED FROM OPERATING ACTIVITIES</b>			
Cash generated by operations	19	47,445,421	37,723,621
Investment Income		9,794,227	9,498,775
(Increase)/Decrease in working capital	20	1,334,302	12,545,050
		58,573,950	59,767,446
Less: External interest paid		( 1,752,257 )	( 2,786,118 )
<b>CASH AVAILABLE FROM OPERATIONS</b>		56,821,693	56,981,328
Cash contributions from the public and the state		-	-
Nett proceeds on disposal of fixed assets		136,189	145,768
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>			
Investment in fixed assets		( 39,707,840 )	( 29,154,598 )
<b>NET CASH FLOW</b>		<u>17,250,042</u>	<u>27,972,498</u>
<b>CASH EFFECTS OF FINANCING ACTIVITIES</b>			
Increase/(decrease) in long-term loans	21	(16,049,227)	(691,188)
Increase/(decrease) in short-term loans	22	-	-
(Increase)/Decrease in cash investments	23	(3,619,032)	(31,317,870)
(Increase)/Decrease in cash	24	2,418,217	4,036,560
<b>NET CASH (GENERATED) / USED</b>		<u>(17,250,042)</u>	<u>(27,972,498)</u>

NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2004 (CONTINUED)

	2004	2003
<b>1 STATUTORY FUNDS</b>	<b>R</b>	<b>R</b>
Fire Brigade Insurance Fund	139,360	97,063
Dana Bay Development Fund	1,063,033	1,221,586
Mayor's Fund	637	1,569
Sport Facilities Fund - Hartenbos	28,554	27,262
Lifesaver's Fund	55,218	51,977
Parking Area Development Fund	501,993	363,727
Consolidated Capital Development and Loan Fund	128,842,463	116,749,490
(Refer to Appendix A for more detail)	<u>130,631,259</u>	<u>118,512,674</u>
<b>2 RESERVES</b>		
Sport Centre - Reserve Fund	366,139	261,118
Municipal Police Fund	-	3,481,730
External Services Development Fund	15,366,805	11,180,390
Tourism Development Fund	8,154,629	2,452,305
Vehicle/Plant Maintenance and Renewal Fund	1,287,607	497,168
Equipment/Machinery Maintenance Fund	1,709,335	1,019,179
Santos Pavillion Repairs Fund	281,926	303,569
Buildings Maintenance Fund	2,184,634	2,183,109
Service Reserve Fund Rural Areas	165,931	-
Effective Administration Reserve Fund	602,158	641,876
Electricity - Repairs and Maintenance Fund	158,061	148,783
(Refer to Appendix A for more detail)	<u>30,277,225</u>	<u>22,169,227</u>
<b>3 TRUST FUNDS</b>	<b>R</b>	<b>R</b>
Mossel Bay Housing and Infrastructure Trust	7,309,819	5,679,765
Facilities Fund Midbrak	71,863	67,645
Flood Disaster Fund	1,228,009	171,954
Casino Facilities Fund	438,596	438,596
Sonskynvallei Housing Trust	-0	380,519
Mossel Bay Housing Project	10,362,132	8,419,974
Draw Up Structure Plan - Mossel Bay	-	-
Airfield 263 erven	25,491	24,338
Town Register - Kwa Nonqaba	-	3,317
Intergrated Development Framework	-0	66,938
Refuse - 1 Man Contracts	103,037	-
(Refer to appendix A for more detail)	<u>19,538,946</u>	<u>15,253,046</u>

NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2004 (CONTINUED)

	2004 R	2003 R
<b>4 LONG TERM LIABILITIES</b>		
Government Loans	-	-
Local Registered Stock	2,031,624	1,865,196
Annuity Loans	<u>1,516,874</u>	<u>17,732,529</u>
	3,548,498	19,597,725
Less: Current Portion transferred to Current Liabilities	( 603,222 )	( 790,784 )
Government Loans	-	-
Local Registered Stock	-	-
Short-Term Loans	-	-
Annuity Loans	<u>603,222</u>	<u>790,784</u>
	<u>2,945,276</u>	<u>18,806,941</u>
(Refer to appendix B for more detail on long term liabilities)		

LOCAL REGISTERED STOCK

Local registered stock carry interest at rates varying between 8,0% and 18,90% per annum and are repayable over periods of between 13 and 30 years.

ANNUITY LOANS

Carry interest at rates varying between 0% and 17,10% per annum and will be fully redeemed in 2018.  
None of the loans are secured by any assets of the Municipality.

5 CONSUMER DEPOSITS - SERVICES

Electricity and water	<u>4,973,825</u>	<u>4,375,054</u>
-----------------------	------------------	------------------

Guarantees in lieu of Electricity and Water deposits amounted to R10 000 (R10 000 in 2002/03)

**NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2004 (CONTINUED)**

	2004 R	2003 R
<b>6 FIXED ASSETS</b>		
Fixed assets at the beginning of the year	474,684,335	444,516,583
Capital Expenditure during the year	39,707,840	33,947,598
Less: Assets written off, transferred or disposed of during the year	<u>( 40,828,558 )</u>	<u>( 3,779,846 )</u>
<b>Total Fixed Assets</b>	<b>473,563,616</b>	<b>474,684,335</b>
Less: Loans redeemed and other capital receipts	<u>( 358,465,056 )</u>	<u>( 375,508,965 )</u>
<b>Net Fixed Assets</b>	<b><u>115,098,560</u></b>	<b><u>99,175,370</u></b>

(Refer to Appendix C and Section 2 of the Treasurer's report for more details on fixed assets)

**7 INVESTMENTS**

<b>LISTED</b>	-	-		
Municipal Stock	<table border="1" style="display: inline-table; width: 100px; height: 15px;"><tr><td style="text-align: center;">-</td></tr></table>	-	<table border="1" style="display: inline-table; width: 100px; height: 15px;"><tr><td style="text-align: center;">-</td></tr></table>	-
-				
-				
Other Municipal Stock	<table border="1" style="display: inline-table; width: 100px; height: 15px;"><tr><td style="text-align: center;">-</td></tr></table>	-	<table border="1" style="display: inline-table; width: 100px; height: 15px;"><tr><td style="text-align: center;">-</td></tr></table>	-
-				
-				
<b>UNLISTED</b>	86,035,000	82,415,519		
Long-Term Deposits	<table border="1" style="display: inline-table; width: 100px; height: 15px;"><tr><td style="text-align: center;">35,000</td></tr></table>	35,000	<table border="1" style="display: inline-table; width: 100px; height: 15px;"><tr><td style="text-align: center;">35,000</td></tr></table>	35,000
35,000				
35,000				
Other Deposits (Short-term)	<table border="1" style="display: inline-table; width: 100px; height: 15px;"><tr><td style="text-align: center;">86,000,000</td></tr></table>	86,000,000	<table border="1" style="display: inline-table; width: 100px; height: 15px;"><tr><td style="text-align: center;">82,380,519</td></tr></table>	82,380,519
86,000,000				
82,380,519				
<b>Total Investments</b>	<b><u>86,035,000</u></b>	<b><u>82,415,519</u></b>		

Market value of listed investments and Management's valuation of unlisted investments

Listed Investments	-	-
Unlisted Investments	86,035,000	82,415,519
Profit/(loss) on investment transactions	-	-
Average rate of return on investments (Gross)	7.49%	11.54%

Council policy is to make investments in accordance with the investment policy as follows:-

- that the broad investment policy framework be applicable
- investments not be placed with foreign banks
- that Council does not make use of the services of investment brokers
- Council's total investment portfolio be invested with banks rated as follows:-
  - (i) short term investments (0-12 months) - only institutions with an A.1 and higher rating be used.
  - (ii) Long term investments (more than 12 months) only institutions with AA or AAA or higher rating be used
- not more than 50% of the total investments be invested with one institution.

No investments were written-off during the year.

NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2004 (CONTINUED)

	2004 R	2003 R
<b>8. LONG -TERM DEBTORS</b>		
Housing Loans	6,360,868	6,627,541
Government Loans: Public Organisations & Individuals	-	-
Loans : Public Organisations (C.C.D.L.F.)	2,234,780	1,926,982
Land Sales (C.C.D.L.F.)	1,752,597	642,768
Car Loans (C.C.D.L.F.)	2,765,667	2,020,899
Suspense Account	412,883	339,957
	<u>13,526,795</u>	<u>11,558,147</u>
 Less: Short-Term portion of long-term debtors transferred to current assets	 ( 899,525 )	 ( 777,266 )
	<u>12,627,270</u>	<u>10,780,881</u>
 The Suspense accounts included the following amounts:		
Personnel Study Loans	278,177	229,180
Personnel computer loans	134,706	110,240
Personnel Fire Arm Loans	-	538
	<u>412,883</u>	<u>339,957</u>
 <b>9. INVENTORY</b>		
Inventory represents consumable stores, raw materials, work-in-progress and finished goods Where necessary specific provision is made for obsolete inventory	    <u>3,028,586</u>	    <u>2,814,757</u>
 Items enclosed in the inventory include the following:		
1. Consumer Stock (Stores)	2,727,125	2,480,557
2. Purification Material	<u>301,461</u>	<u>334,200</u>
	<u>3,028,586</u>	<u>2,814,757</u>

Stocks of R81 978 were written-off during this financial year and none during the previous year.

NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2004 (CONTINUED)

	2004 R	2003 R
<b>10. DEBTORS</b>		
Current Debtors (Consumer and other)	55,068,057	53,305,859
Amounts paid in advance	<u>-</u>	<u>-</u>
	55,068,057	53,305,859
Less: Provision for bad debts	<u>( 29,908,732 )</u>	<u>( 20,612,668 )</u>
	<u><u>25,159,325</u></u>	<u><u>32,693,191</u></u>
<p>1. Included in the amount of R550 68 057, is an amount of R415 280 being Land Sales to developers which amounts are payable over the short term in accordance with their Land Sales contracts with Council See Consolidated Loans Fund - Note 28</p> <p>2. For a summary of consumer debtors of R43 041 446, and Sundry Debtors of R12 026 612 respectively, see Information Page 42</p>		
<b>11 DEFERRED CHARGES</b>		
Preliminary Expenses	-	-
Issue expenses	-	-
Commission	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>
<b>12 PROVISIONS</b>		
Bad Debt Reserve Fund	29,908,732	20,612,668
Leave Gratuity Fund	2,641,404	4,320,808
Valuation Reserve fund	<u>1,181,655</u>	<u>82</u>
	33,731,790	24,933,558
Less: Provisions for bad debts	<u>( 29,908,732 )</u>	<u>( 20,612,668 )</u>
	<u><u>3,823,058</u></u>	<u><u>4,320,890</u></u>
<p>3. An amount of R2 303 936 (R3 274 253 in 2002/03) being arrear services charges were written-off during the year against the Bad Debt Reserve Fund, that represent 1,15% (1,83% in 2002/03) of the total Operating income for the year. See Note 12 and Appendix A, as well as paragraph 5 - Funds and Reserves of the Trasurer's report.</p>		
<b>13 CREDITORS</b>		
Trade Creditors	4,588,158	4,097,155
Sundry Creditors	22,576,358	18,125,000
Deposits - Other	1,915,776	2,177,932
Amounts received in advance	<u>-</u>	<u>-</u>
	<u><u>29,080,292</u></u>	<u><u>24,400,087</u></u>

NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2004 (CONTINUED)

14 ASSESSMENT RATES	VALUATION AS AT 1 JULY 2003 R	ACTUAL INCOME 2004 R	ACTUAL INCOME 2003 R
Residential	4,157,368,911	17,243,890	15,248,645
Commercial	794,175,250	6,819,181	6,628,589
State	208,838,800	740,082	897,310
Municipal	290,076,209	-	-
Building Clause	11,410,701	29,382	39,633
Assessment Rate: Letting	-	2,730	3,008
Assessment Rate: State Building Kwa Nonqaba	12,135,800	68,012	128,336
Agricultural	276,632,900	165,209	-
	<u>5,750,638,571</u>	<u>25,068,486</u>	<u>22,945,521</u>

The valuation of land takes place every four years in terms of the determinations of the new Ordinance on Property Valuation, 1993. The Mosselbay area including the rural farms were revalued with starting date 1 July 2001 whilst the valuation became effective from 1 July 2003. The basic rate which was applicable for the 2003/04 financial year in the various areas ranged between R0 000736 to R0,17880 for land and R0,000355 to R0,00435 on buildings respectively. Qualifying pensioners received an additional rebate of 50% and 30% on property tax. With regard to needy families where the joint income of husband and wife amounted to less than R2500 a rebate was allowed with regard to water, refuse and sewerage. Regarding the housing schemes it is noted that income for rates was not based on valuation.

**NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2004 (CONTINUED)**

	2004	2003
	R	R
<b>15 COUNCILLORS REMUNERATION</b>		
Mayor's Allowance	12,000	117,995
Deputy Mayor's allowance	8,716	95,112
Management Committee Allowances	26,307	184,697
Councillor's Allowances	797,520	788,123
Speaker	7,967	93,961
	<u>852,510</u>	<u>1,279,888</u>
<b>16 AUDITOR'S REMUNERATION</b>		
Audit Fees		
- Current Year	834,113	577,655
- Underprovision prior year	119,784	-
	<u>953,897</u>	<u>577,655</u>
<b>17 FINANCE TRANSACTIONS</b>		
Total external interest earned or paid		
- Interest earned	<u>9,794,227</u>	<u>9,498,775</u>
- Interest Paid	<u>1,752,257</u>	<u>2,786,118</u>
<b>CAPITAL CHARGES DEBITED TO OPERATING ACCOUNT</b>		
Interest:		
- External	-	-
- Internal	14,737,158	13,901,044
Redemption:		
- External	-	-
- Internal	9,717,379	8,898,593
Deferred charges written off	-	-
	<u>24,454,537</u>	<u>22,799,637</u>

**NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2004 (CONTINUED)**

18 APPROPRIATIONS	2004 R	2003 R
Appropriation Account:		
Accumulated surplus at the beginning of the year	14,720,656	4,293,411
Operating (Deficit)/Surplus for the year	8,399,511	12,676,734
Appropriations for the year:	( 9,870,846 )	( 2,249,489 )
Contributions to provisions and reserves	12,000,000	2,000,000
Contribution to capital expenditure:	-	-
Prior year adjustments	(2,129,154)	249,489
Accumulated (Deficit)/Surplus at the end of the year	<u>13,249,321</u>	<u>14,720,656</u>
OPERATING ACCOUNT		
Capital Expenditure	<u>1,704,661</u>	<u>1,361,940</u>
CONTRIBUTIONS TO:		
Fire Brigade Insurance Fund	35,000	30,000
Sports Centre	150,000	-
Tourism Development Fund	375,000	350,000
Valuation Reserve fund	200,000	175,000
Leave Gratuity Fund	1,225,000	1,080,000
Provision for bad debt	7,600,000	7,000,000
	<u>9,585,000</u>	<u>8,635,000</u>

NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2004 (CONTINUED)

	2004 R	2003 R
<b>19 CASH GENERATED BY OPERATIONS</b>		
(Deficit)/Surplus for the year	8,399,511	12,676,734
Reversed surplus 50% of C.C.D.L.F. Transactions		
Adjustment in respect of:		
Previous years operating transactions	( 9,870,846 )	( 2,249,489 )
Appropriations charged against income	9,585,000	8,635,000
Capital development fund	-	-
Community facilities fund	-	-
Provisions and reserves	9,585,000	8,635,000
Fixed Assets		
Finance of Fixed Assets:		
- Income	1,704,661	1,361,940
- Funds and Reserves	896,187	4,445,899
- Grants and Subsidies	12,685,577	7,835,267
Capital Charges:		
Interest Paid		
- To Internal Funds	3,244,002	3,705,457
- On External Funds	1,752,257	2,786,118
Redemption:		
- Of internal Advances	9,717,379	8,898,593
- Of External Loans	-	-
Deferred charges written off		
Short term portion of long term debtors/creditors	( 65,303 )	-
Investment income (Operating account)	( 9,794,227 )	( 9,498,775 )
Non-operating income		
Net income from: Funds and Reserves	20,336,778	10,814,927
C.C.D.L.F	13,430,063	9,977,942
Non-operating expenditure:		
Expenditure charged against: Provisions and reserves	( 11,948,528 )	( 10,953,273 )
C.C.D.L.F.	( 2,627,090 )	( 10,712,719 )
	<u>47,445,421</u>	<u>37,723,621</u>
<b>20 (INCREASE)/DECREASE IN WORKING CAPITAL</b>		
(Increase)/Decrease in inventory	(213,829)	(788,381)
(Increase)/Decrease in debtors, long term debtors	(3,730,845)	9,135,476
Increase/(decrease) in creditors, consumer deposits	5,278,976	4,197,955
	<u>1,334,302</u>	<u>12,545,050</u>
<b>21 INCREASE/(DECREASE) IN LONG TERM LOANS (EXTERNAL)</b>		
Loans Raised	166,428	61,539
Loans Repaid	( 16,215,655 )	( 752,727 )
	<u>(16,049,227)</u>	<u>(691,188)</u>

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**NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2004 (CONTINUED)**

	2004 R	2003 R
22 INCREASE/(DECREASE) IN SHORT-TERM LOANS (EXTERNAL)		
Loans Raised	-	-
Loans - Repaid	-	-
	<u>-</u>	<u>-</u>
23 INCREASE/(DECREASE) IN EXTERNAL CASH INVESTMENTS		
Investments realised	51,381,006	52,234,409
Investments made	<u>( 55,000,038 )</u>	<u>( 83,552,279 )</u>
	<u>(3,619,032)</u>	<u>(31,317,870)</u>
24 INCREASE/(DECREASE) IN CASH ON HAND		
Cash balance at the beginning of the year	( 5,307,625 )	( 1,271,065 )
Less: Cash balance at the end of the year	<u>( 7,725,842 )</u>	<u>( 5,307,625 )</u>
	<u>( 2,418,217 )</u>	<u>( 4,036,560 )</u>

25 RETIREMENT BENEFITS

The personnel of the Mossel Bay Transitional Council are members of the following Pension funds:

- (a) Cape Joint Pension Fund and Cape Joint Retirement Fund
- (b) S.A.L.A. and
- (c) S.A.M.W.U. Providend Fund

The last actuarial valuations took place as follows:

- Cape Joint Pension Fund and Cape Joint Retirement Fund: 30 June 2003
- S.A.L.A : 1 July 1995

The Cape Joint Pension Fund is funded by 105,6%.

The valuation that was carried out on 30 June 2001 shows a surplus of R134,5 m.

The Cape Joint Retirement Fund financially sound as far as S.A.L.A. is concerned, the result is at this stage not known.

26 CONTINGENT LIABILITIES AND  
CONTRACTUAL OBLIGATIONS

Guarantees by Mossel Bay Council in respect of  
Building Society and Commercial Bank -  
Housing Loans to Officials

311,444

414,344

The Council only guarantees an amount equal to the officials accumulated pension fund contributions where Council has the right to recovery.

Leave Pay outstanding as at 30 June 2004 amounts to R1 127 455 (R4 262 692 in 2002/03), whereas the Provision amounts to R2 641 404 (R4 320 808 in 2002/03)

**NOTES TO THE FINANCIAL STATEMENTS ENDED JUNE 2004 (CONTINUED)**

	2004 R	2003 R
<b>27 CAPITAL COMMITMENTS</b>		
Commitments in respect of Capital Expenditure		
- Approved and contracted for	44,333,960	26,710,000
- Approved but not yet contracted for	<u>59,241,591</u>	<u>80,594,600</u>
	<u>103,575,551</u>	<u>107,304,600</u>
This expenditure will be financed from:		
- Internal Sources	52,207,887	26,006,750
- External Sources	51,367,664	81,297,850
Other Sources	<u>9,209,073</u>	<u>69,814,800</u>
Provincial Government	28,914,280	1,569,050
South Cape District Council	<u>13,244,311</u>	<u>9,914,000</u>
	<u>103,575,551</u>	<u>107,304,600</u>
<b>28 CONSOLIDATED LOANS FUND</b>		
External Loans (See Appendix B)	3,548,498	19,597,725
Internal Fund	128,842,463	116,749,490
Creditors (Temporary advances)	<u>75,910,922</u>	<u>60,602,746</u>
	208,301,882	196,949,961
Less:	( 93,203,322 )	( 91,088,041 )
External Investments	<u>86,035,000</u>	<u>82,035,000</u>
Debtors (Sundry Loans)	5,000,445	3,947,881
Debtors (Land Sales)	1,752,597	642,768
Debtors (Development Costs)	415,280	4,462,392
Internal Advances	-	-
(Refer to appendix B for more details)	<u>115,098,560</u>	<u>105,861,920</u>
Nett expenditure charges to borrowing services at an average rate of 4,3%.		
Interest paid on external loans	1,752,257	2,786,118
Interest paid on internal investments	3,244,002	3,705,457
Administration charges	-	-
	4,996,259	6,491,575
Less: Interest earned on external investments	( 9,794,227 )	( 9,498,775 )
	<u>(4,797,968)</u>	<u>(3,007,200)</u>
<b>29 CAPITAL DEVELOPMENT FUND</b>		
<b>OUTSTANDING ADVANCES TO BORROWING SERVICES</b>		
Accumulated Fund	128,842,463	116,749,490
Less: Internal investment in Consolidated Loans Fund	<u>( 13,743,903 )</u>	<u>( 10,887,570 )</u>
	<u>115,098,560</u>	<u>105,861,920</u>
(Refer to Note 1 and Appendix A & B)		

APPENDIX A:

ACCUMULATED FUNDS, RESERVES TRUST FUNDS & PROVISIONS							
	Balance at 30.06.2003	Contributions during the year	Interest on Invest- ments	Other Income	Operating Expenditure during the year	Capital Expendi- ture during the year	Balance at 30.06.2004
	R	R	R	R	R	R	R
<b>STATUTORY FUNDS</b>							
Fire Brigade Insurance Fund	97,063	35,000	7,297	-	-	-	139,360
Dana Bay Development Fund	1,221,586	-	91,447	-	-	250,000	1,063,033
Mayor's Fund	1,569	-	68	-	1,000	-	637
Sport Facilities Fund - Hartenbos	27,262	-	1,292	-	-	-	28,554
Life-Savers Fund	51,977	-	3,241	-	-	-	55,218
Parking Area Development Fund	363,727	110,250	27,857	159	-	-	501,993
Consolidated Capital Dev. & Loan Fund	116,749,490	14,720,063	-	-	2,627,090	-	128,842,463
	118,512,674	14,865,313	131,203	159	2,628,090	250,000	130,631,259
<b>RESERVES</b>							
Sport Centre Reserve Fund	261,118	150,000	15,846	-	60,824	-	366,139
Municipal Police Fund	3,481,730	-	260,637	-	T 3,251,812	490,555	-0
External Services Development Fund	11,180,390	3,263,268	923,148	-	-	-	15,366,805
Tourism Development Fund	2,452,305	5,375,000	416,653	9,900	99,229	-	8,154,629
Vehicle/Plant Maintenance Renewal Fund	497,168	500,000	45,985	T 500,000	255,547	-	1,287,607
Equipment/Machinery Maintenance Fund	1,019,179	500,000	85,219	T 500,000	395,064	-	1,709,335
Santos Pavillion Repairs Fund	303,569	-	19,657	-	41,300	-	281,926
Buildings Maintenance Fund	2,183,109	-	139,507	T 500,000	615,922	22,060	2,184,634
Service Reserve Fund Rural Areas	-	165,209	723	-	-	-	165,931
Effective Administration - Reserve Fund	641,876	-	42,058	-	81,776	-	602,158
Electricity - Repairs & Maintenance Fund	148,783	-	9,278	-	-	-	158,061
	22,169,227	9,953,476	1,958,710	1,509,900	4,801,473	512,615	30,277,225
<b>TRUST FUNDS</b>							
Facilities Fund - Midbrak	67,645	-	4,218	-	-	-	71,863
Flood Disaster Fund	171,954	1,000,000	56,055	-	-	-	1,228,009
Casino Facilities Trust	438,596	-	-	-	-	-	438,596
Sonskynvallei Housing Trust	380,519	-	487	-	381,006	-	-0
M/Bay Housing and Infrastructure Trust	5,679,765	1,172,759	453,872	T 3,423	-	-	7,309,819
Mossel Bay Housing Project	8,419,974	-	629,018	T 1,751,812	438,671	-	10,362,132
Draw Up Structure Plan - Mossel Bay	-	60,000	2,460	-	-	62,460	-
Airfield - 263 erven	24,338	-	1,153	-	-	-	25,491
Town Register - Kwa-Nonqaba	3,317	-	106	-	T 3,423	-	-
Integrated Development Framework	66,938	-	4,174	-	-	71,113	-0
Refuse - 1 Man Contracts	-	300,000	3,037	-	200,000	-	103,037
	15,253,046	2,532,759	1,154,579	1,755,234	1,023,100	133,573	19,538,947

APPENDIX A:

ACCUMULATED FUNDS, RESERVES TRUST FUNDS & PROVISIONS (CONT.)							
	Balance at 30.06.2003	Contributions during the year	Interest on Invest- ments	Other Income	Operating Expenditure during the year	Capital Expendi- ture during the year	Balance at 30.06.2004
	R	R	R	R	R	R	R
<b>PROVISIONS</b>							
Bad Debt Reserve Fund	20,612,668	11,600,000	-	-	2,303,936	-	29,908,732
Leave Gratuity Fund	4,320,808	1,225,000	-	-	2,904,404	-	2,641,404
Valuation Reserve Fund	82	1,200,000	-	-	18,427	-	1,181,655
	24,933,558	14,025,000	-	-	5,226,768	-	33,731,790
Less: Provisions for Bad Debt	( 20,612,668 )	( 11,600,000 )	-	-	( 2,303,936 )	-	( 29,908,732 )
	4,320,890	2,425,000	-	-	2,922,832	-	3,823,058
<b>GRAND TOTAL</b>	<b>160,255,837</b>	<b>29,776,548</b>	<b>3,244,492</b>	<b>3,265,293</b>	<b>11,375,494</b>	<b>896,188</b>	<b>184,270,489</b>

**APPENDIX B  
EXTERNAL LOANS AND INTERNAL ADVANCES**

<b>EXTERNAL LOANS</b>			<b>Balance at 30 June 2003</b>	<b>Received during the</b>	<b>Redeemed or written off during the year</b>	<b>Balance at 30 June 2004</b>
Local Registered Stock Issued	No.	Redeemable	R	R	R	R
1985 @ 18,90%	6	2005/12/31	150,000			150,000
1985 @ 18,90%	7	2005/12/31	50,000			50,000
1985 @ 18,90%	8	2005/12/31	50,000			50,000
1985 @ 18,90%	9A	2005/12/31	75,000			75,000
1985 @ 18,90%	9B(i)	2005/12/31	35,000			35,000
1985 @ 18,90%	9B(ii)	2005/12/31	40,000			40,000
1985 @ 18,25%	10	2006/06/30	200,000			200,000
1985 @ 17,60%	-	2005/06/30	363,250			363,250
1992 @ 16,75%	-	2008/12/31	132,000			132,000
1982 @ 8,00%	1/82	2007/06/30	10,000			10,000
1989 @ 15,00%	1/89/90	2009/12/31	25,000			25,000
1992 @ 14,75%	1/92/93	2010/06/29	42,765			42,765
1982 @ 8,00%	3/82	2007/12/31	9,000			9,000
1986 @ 16,25%	2/86	2005/06/30	27,000			27,000
1991 @ 16,50%	1/01/92	2005/09/24	60,423			60,423
1984 @ 8,00%	1/84	2008/12/31	5,000			5,000
1989 @ 15,00%	2/89/90	2005/04/11	14,640			14,640
1993 @ 12,50%	1/93/94	2009/03/13	41,740			41,740
1997 @ 15,00%	1/97	2012/12/31	23,700			23,700
1997 @ 15,00%	2/97	2012/12/31	12,310			12,310
1998 @ 15,00%	1/99	2013/12/31	9,250			9,250
1999 @ 15,00%	2/99	2015/12/31	92,500			92,500
2000 @ 15,00%	2/2000/01	2015/11/01	13,538			13,538
2000 @ 15,00%	1/2000/01	2015/07/20	92,308			92,308
2000 @ 15,00%	4/2000/01	2015/03/01	13,847			13,847
2001 @ 15,00%	1/2001/02	2016/10/01	178,462			178,462
2001 @ 15,00%	2/2001/02	2016/10/01	36,924			36,924
2003 @ 15,00%	1/2002/03	2018/03/07	61,539			61,539
2003 @ 12,00%	2/2003/04	2018/10/31		30,714		30,714
2003 @ 12,00%	1/2003/04	2018/09/18		135,714		135,714
Refer to Notes 4 and 28)			1,865,196	166,428	-	2,031,624
Annuity Loans			17,732,529		16,215,655	1,516,874
Government Loans (Housing)			-			
(Refer Note 28)			19,597,725	166,428	16,215,655	3,548,498

<b>INTERNAL ADVANCES TO BORROWING SERVICES</b>	<b>Balance at 30 June 2003</b>	<b>Received during the year</b>	<b>Redeemed or written off during the year</b>	<b>Balance at 30 June 2004</b>
	R	R	R	R
Consolidated Loans Fund	105,861,920	18,991,597	9,754,958	115,098,560
(Refer Note 28 & 29)	105,861,920	18,991,597	9,754,958	115,098,560

**APPENDIX C**  
**ANALYSIS OF FIXED ASSETS FOR THE YEAR ENDED 30 JUNE 2004**

Expenditure 2003	Service	Budget 2004	Balance at 2003/06/30	Expenditure during year	Redeemed Transferred or written off	Balance at 2004/06/30
R		R	R	R	R	R
18,726,598	RATES AND GENERAL SERVICES	26,834,600	294,271,492	16,667,707	6,089,654	304,849,545
7,727,372	COMMUNITY SERVICES	13,782,550	52,308,548	12,801,075	2,632,270	62,477,353
21,152	Health Services	387,050	4,547,950	11,658	85,250	4,474,357
5,140,717	Public Works	11,684,000	33,228,743	11,079,042	1,547,027	42,760,757
1,832,116	Administration	729,500	9,248,833	1,026,769	599,578	9,676,025
733,387	Licencing and Traffic	982,000	5,283,022	683,606	400,414	5,566,214
1,383,758	SUBSIDISED SERVICES	8,200,550	145,629,323	2,521,346	3,092,899	145,057,770
114,338	Cemeteries	60,000	694,099	32,723	2,352	724,470
56,210	Library	55,550	1,974,895	42,341	16,080	2,001,157
92,224	Fire Protection	1,114,000	2,878,370	10,277	122,535	2,766,112
420,506	Municipal Land & Building	5,800,000	129,572,698	1,320,691	2,438,091	128,455,299
700,480	Parks and Recreation	1,171,000	9,774,116	1,115,313	513,841	10,375,588
-	Plantations	-	735,145	-	-	735,145
9,615,468	ECONOMIC SERVICES	4,851,500	96,333,621	1,345,286	364,486	97,314,421
563,003	Cleansing	480,000	4,348,318	6,960	56,983	4,298,295
3,819,560	Sewerage	3,416,500	66,908,382	1,223,593	78,145	68,053,830
-	Properties	-	-	-	-	-
5,232,905	Caravan Parks and Beaches	955,000	25,076,921	114,733	229,358	24,962,296
1,207,108	HOUSING SERVICES	55,093,000	50,421,686	1,531,009	34,271,109	17,681,585
-	Letting Schemes	-	21,704	-	-	21,704
1,207,108	Selling Schemes	55,093,000	50,399,982	1,531,009	34,271,109	17,659,881
14,013,892	TRADING SERVICES	24,577,000	129,991,157	21,509,124	467,794	151,032,486
-	Abattoir	-	58,330	-	-	58,330
-	Kwa-Nonqaba - Water Scheme	-	503,572	-	-	503,572
6,795,995	Electricity	7,596,500	65,294,735	11,794,821	129,229	76,960,326
7,217,897	Water	16,980,500	64,134,520	9,714,303	338,565	73,510,258
33,947,598	TOTAL FIXED ASSETS	<u>106,504,600</u>	474,684,335	39,707,840	40,828,558	473,563,616
33,783,449	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		( 375,508,965 )	( 34,676,759 )	( 51,720,667 )	( 358,465,056 )
10,032,375	Loans redeemed and advances repaid		34,221,550	9,754,956	3,742,884	40,233,622
6,861,926	Contributions from operating income		161,624,271	5,447,544	6,349,745	160,722,070
4,260,880	Contributions from reserves		19,950,870	896,187	174,604	20,672,453
1,967,905	Grants and subsidies		80,934,766	1,704,541	41,275,799	41,363,507
10,660,363	Other sources		78,777,508	11,982,039	33,100	90,726,447
	Temporary Advances		-	4,891,493	144,535	4,746,958
164,149	NETT FIXED ASSETS		99,175,370	5,031,081	(10,892,109)	115,098,560

APPENDIX D :

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2004

Actual 2003	INCOME	Actual 2004 R	Budget 2004 R
2,488,787	Grants and Subsidies	2,404,793	2,654,670
136,074	- Central Government	-	-
2,342,591	- Provincial Government	2,363,903	2,654,670
10,122	- Metropolitan Council	40,890	-
175,462,741	Operating Income	197,195,068	190,328,849
22,945,521	- Assessment Rates	24,903,277	24,075,000
68,402,932	- Sale of Electricity	78,086,284	76,956,867
25,176,871	- Sale of Water	29,153,740	29,267,382
58,937,417	- Other service charges	65,051,766	60,029,600
<u>177,951,528</u>		<u>199,599,860</u>	<u>192,983,519</u>
<b>EXPENDITURE</b>			
56,999,104	Salaries, Wages and Allowances	65,114,486	68,479,685
81,119,244	General Expenses	95,972,661	94,829,790
33,211,691	Purchase of electricity	40,109,885	37,900,228
2,996,994	Purchase of water	4,601,720	3,877,613
44,910,559	Other general expenses	51,261,056	53,051,949
5,676,120	Repairs and maintenance	6,195,657	6,466,392
22,799,637	Capital charges	24,454,538	24,570,136
1,361,940	Contributions to fixed assets	1,704,661	1,106,000
<u>8,635,000</u>	Contributions	<u>9,585,000</u>	<u>9,585,000</u>
176,591,045	Gross Expenditure	203,027,003	205,037,003
( 11,316,251 )	Less: Amounts charges out	( 11,826,655 )	( 12,402,832 )
<u>165,274,794</u>	Nett Expenditure	<u>191,200,348</u>	<u>192,634,171</u>

**APPENDIX E  
DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004**

2003 Actual Income R	2003 Actual Expenditure R	2003 Surplus/ (Deficit) R		2004 Actual Income R	2004 Actual Expenditure R	2004 Surplus/ (Deficit) R	2004 Budget Surplus/(Deficit) R
77,685,127	89,106,089	(11,420,962)	RATES AND GENERAL SERVICES	85,116,853	102,132,347	(17,015,495)	(14,810,020)
41,044,583	45,722,572	(4,677,988)	COMMUNITY SERVICES	43,839,531	52,250,355	(8,410,823)	(4,605,242)
23,793,019	1,967,798	21,825,221	Assesment Rates	25,398,562	2,151,663	23,246,899	23,035,000
-	468,109	(468,109)	Municipal Manager	-	494,103	(494,103)	(433,993)
3,007	3,300,436	(3,297,429)	Director: Corporate Services	5,194	3,087,398	(3,082,203)	(3,487,917)
261,998	3,261,243	(2,999,244)	Director: Financial Services	596,300	4,064,540	(3,468,240)	(4,111,776)
1,010	78,095	(77,085)	Director: Technical Services	10	66,518	(66,509)	(62,880)
-	292,640	(292,640)	Director: Community Services	-	756,486	(756,486)	(855,921)
21,503	610,352	(588,849)	Computer Centre	48,738	639,807	(591,069)	(705,932)
-	1,887,925	(1,887,925)	Marketing and Tourism	-	2,479,341	(2,479,341)	(2,519,962)
161,219	9,839,352	(9,678,133)	Public Works	74,970	9,907,405	(9,832,435)	(113,550)
2,197,346	5,191,346	(2,994,000)	Health Services	2,327,001	5,793,841	(3,466,840)	(3,690,212)
-	102,568	(102,568)	Internal Audit	-	106,982	(106,982)	(119,295)
4,509,006	5,830,476	(1,321,470)	Municipal Police & Traffic	4,758,464	6,621,162	(1,862,698)	(2,441,245)
-	435,964	(435,964)	Stores	-	735,609	(735,609)	(998,963)
8,483,186	6,825,143	1,658,043	Council's General Expenses	7,883,310	8,234,270	(350,959)	(1,869,469)
-	45,926	(45,926)	Security Services	4,066	98,760	(94,694)	-
1,497,714	1,839,108	(341,394)	Town Planning & Building Control	2,388,059	2,444,491	(56,432)	(1,761,673)
26,169	1,772,611	(1,746,442)	Beaches	23,007	1,857,901	(1,834,895)	(1,833,390)
-	695,942	(695,942)	Valuations	-	779,886	(779,886)	(795,797)
89,406	93,987	(4,581)	Properties	331,849	621,644	(289,794)	(517,362)
-	1,183,551	(1,183,551)	Customer Care	-	1,308,548	(1,308,548)	(1,320,905)
631,792	16,211,241	(15,579,449)	SUBSIDISED SERVICES	516,684	18,235,777	(17,719,093)	(17,990,330)
297	297	-	Ambulance	-	-	-	-
82,370	322,100	(239,730)	Cemeteries	101,280	361,053	(259,773)	(358,594)
60,097	1,987,436	(1,927,339)	Library	64,690	2,088,233	(2,023,542)	(2,290,738)
41,221	3,944,162	(3,902,941)	Fire and Civil Protection	16,056	4,285,882	(4,269,827)	(4,296,981)
82,573	1,780,310	(1,697,737)	Civic Buildings & Community Halls	133,407	1,975,208	(1,841,801)	(1,768,885)
338,382	1,807,458	(1,469,076)	Municipal Buildings	166,395	1,302,159	(1,135,764)	(1,218,055)
4,620	4,469,965	(4,465,345)	Parks & Recreation	8,100	6,161,017	(6,152,917)	(5,998,180)
11,274	152,874	(141,600)	Plantations	14,280	156,266	(141,986)	(166,558)
10,958	1,746,639	(1,735,681)	Sport Grounds	12,476	1,905,959	(1,893,483)	(1,892,339)
36,008,752	27,172,276	8,836,475	ECONOMIC SERVICES	40,760,637	31,646,216	9,114,421	7,785,552
2,685,031	2,504,661	180,369	Chalets	2,985,588	2,528,562	457,026	(565,460)
2,469,355	1,963,702	505,653	Caravan Parks	2,627,781	2,114,075	513,706	134,494
10,329,374	9,095,670	1,233,704	Cleansing	11,966,240	10,659,941	1,306,299	1,184,380
20,524,992	13,608,243	6,916,749	Sewerage	23,181,028	16,343,638	6,837,390	7,032,138
-	-	-	HOUSING SERVICES	-	-	-	-
-	-	-	Economic Housing	-	-	-	-
-	-	-	Sub Economic Housing	-	-	-	-
100,266,401	76,168,705	24,097,696	TRADING SERVICES	114,483,007	89,068,001	25,415,006	25,499,907
71,980,934	53,807,588	18,173,346	Electricity	81,995,349	63,049,046	18,946,303	18,990,285
28,285,467	22,361,117	5,924,350	Water	32,487,659	26,018,955	6,468,703	6,509,622
<u>177,951,528</u>	<u>165,274,794</u>	<u>12,676,734</u>	TOTAL	<u>199,599,860</u>	<u>191,200,348</u>	<u>8,399,511</u>	<u>10,689,887</u>
		( 2,249,489 )	Appropriations for the year (Refer to Note 18)			( 9,870,846 )	
		10,427,245	Net surplus/(deficit) for the year			(1,471,335)	
		4,293,411	Accumulated surplus/(deficit) beginning of the year			R 14,720,656	
		<u>14,720,656</u>	ACCUMULATED SURPLUS/ (DEFICIT) END OF THE YEAR			<u>R 13,249,321</u>	

**ANNEXURE F :STATISTICAL INFORMATION**

	<b>2003</b>	<b>2004</b>
<b>General Statistics</b>		
Population	87 122	87,122
Numbers of Registered voters	31 037	37,497
Area in km2	2007,78	2007,78
Total Valuations:		
- Rateable (R Million)	5 449 151 661	5,778,957,861
- Non Rateable (R Million)	2 90 076 209	309,332,309
- Residential (R Million)	4 434 001 811	4,694,760,811
- Commercial (R Million)	1 015 149 850	1,084,197,050
Valuation dates:	2001/07/01	2001/07/01
Total Stands:	27 724	28,162
Property Tax Rate		
- Basic (per rand) see attached list	Different	Different
- Discount: Residential	50%	50%
- Additional Discount: Pensioners	30%	30%
Number of Employees	818	838
Library		
- Books Issued	585 172	529,370
- Cost per issue	R3,40	R 3.94
Roads and Stormwater		
- Kilometer Roads	375	375
- Cost per Unit	R25 444	R 26,006
<b>Refuse</b>		
Refuse Removed (Ton)	18 307	21,191
cost per Ton Removed	R 428.00	R 425.00
Income per Ton Removed	R 564.00	R 565.00
<b>Sewage</b>		
Sewage Water Purified (Ml)	3 244	3,396
Cost per Ml Purified	R1 199	R 1,235
Income per Ml Purified	R6 327	R 6,825
<b>Electricity</b>		
Units (Kwh) Purchase ('000)	218 525	240,723
Purchase Price Per Kwh	15,19c	16.44c
Units(Kwh) ('000)	193 738	213,010
Units(Kwh) Lost during Distribution('000)	24 787	27,713
Percentage Loss during Distribution	11.34%	11.51%
- Net Purchase Cost	15,19 c/u	16.44c/u
- Total Cost	35,34 c/u	26.12c/u
- Net Sales	-	36.87c/u
Total Income	R54 024 094	R 80,626,076
<b>Water</b>		
Ml Purified	7 291	7,768
Ml Sold (' 000)	6 209	6,874
Ml Lost during Distribution (' 000)	1 082	894
Percentage lost during Distribution	0.15%	11.50%
Cost per Ml Purified	R1 390	R 1,559
Income per Ml sold	R4 410	R 4,574