

# **TOKOLOGO MUNICIPALITY**

## FINANCIAL STATEMENTS

30 JUNE 2006

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**Tokologo Municipality**

**MEMBERS OF THE COUNCIL**

Councillars

|                             |         |
|-----------------------------|---------|
| Boikie David Obotseng       | Speaker |
| Boitumelo Enock Seakge      | Ward 1  |
| Gladys Mokgobo Kegomoditswe | PR      |
| Lucass Mabote               |         |
| Samuel Morganson Fourie     | PR      |
| Nico van der Hever          |         |
| Boikanyo Elisabeth Seekoeie | Ward 4  |
| Koba Goitsemanng Ditira     | Ward 3  |

**GRADING OF LOCAL AUTHORITY**

Grade 3

**AUDITORS**

The Office of the Auditor-General  
PO Box 315  
Bloemfontein  
9300

**BANKERS**

First National Bank

**REGISTERED OFFICE**

C/O Voortrekker & Markweg  
Boshof

**MUNICIPAL MANAGER**

Mr J.S. Lehloenya

**FINANCIAL MANAGER**

L Rossouw (Acting)

**APPROVAL OF FINANCIAL STATEMENTS**

The annual financial statements set out on pages 2 to 19 were approved by the Municipal Manager on  
.....and presented to and approved by Council on.....

.....  
Stadsklerk / Town Clerk  
**MUNICIPAL MANAGER**

.....  
Stadstesourier / Town Treasurer  
**FINANCIAL MANAGER**

# TREASURERS REPORT

## 1 OPERATING RESULTS

Details of the operating results per department are included in appendix E. The overall operating results for the year ended 30 June 2006 are as follows:

| Income                             | Actual<br>2005<br>R | Actual<br>2006<br>R | Variance<br>2005/2006<br>% | Budget<br>2006<br>R | Variance<br>Actual / Budget<br>% |
|------------------------------------|---------------------|---------------------|----------------------------|---------------------|----------------------------------|
| Beginning Surplus/(Deficit)        | 85,412              | 842,528             |                            |                     |                                  |
| Operating income for the year      | 22,744,089          | 25,849,157          | 12.01                      | 20,941,663          | 23.43                            |
|                                    | 22,829,501          | 26,691,685          |                            |                     |                                  |
| <b>Expenditure</b>                 |                     |                     |                            |                     |                                  |
| Operating expenditure for the year | 19,034,100          | 20,753,892          | 8.29                       | 27,945,208          | 34.65                            |
| Sundry transfers                   | 2,952,873           | 12,655              |                            |                     |                                  |
| Closing surplus/deficit            | 842,528             | 5,925,138           |                            |                     |                                  |
|                                    | 22,829,501          | 26,691,685          |                            |                     |                                  |

### 1.1 Rates and general services

|  | Actual<br>2005<br>R | Actual<br>2006<br>R | Variance<br>2005/2006<br>% | Budget<br>2006<br>R | Variance<br>Actual / Budget<br>% |
|--|---------------------|---------------------|----------------------------|---------------------|----------------------------------|
| Income                                 | 14,049,981          | 16,821,750          | -19.73                     | 11,063,027          | -34.23                           |
| Expenditure                            | 13,810,730          | 15,187,910          | -9.97                      | 13,983,482          | -7.93                            |
| Surplus (deficit)                      | 239,251             | 1,633,840           |                            | -                   |                                  |
| Surplus (deficit) as % of total income | 2                   | 10                  |                            | -                   |                                  |

## 1.2

**Trading services  
Electricity**

|  | Actual<br>2005<br>R | Actual<br>2006<br>R | Variance<br>2005/2006<br>% | Budget<br>2006<br>R | Variance<br>Actual / Budget<br>% |
|--|---------------------|---------------------|----------------------------|---------------------|----------------------------------|
| Income                                 | 7,049,666           | 3,341,377           | (52.60)                    | 5,365,537           | -37.73                           |
| Expenditure                            | 4,261,905           | 3,997,867           | 6.20                       | 4,161,139           | 4.08                             |
| Surplus (deficit)                      | 2,787,761           | (656,490)           |                            | 1,204,398           |                                  |
| Surplus (deficit) as % of total income | 39.54               | (19.65)             |                            | -                   |                                  |

**Water works**

|  | Actual<br>2005<br>R | Actual<br>2006<br>R | Variance<br>2005/2006<br>% | Budget<br>2006<br>R | Variance<br>Actual / Budget<br>% |
|--|---------------------|---------------------|----------------------------|---------------------|----------------------------------|
| Income                                 | 1,644,442           | 5,686,030           | 245.77                     | 3,886,270           | -31.65                           |
| Expenditure                            | 961,465             | 1,568,115           | 63.10                      | 2,118,860           | -35.12                           |
| Surplus (deficit)                      | 682,977             | 4,117,915           |                            | 1,767,410           |                                  |
| Surplus (deficit) as % of total income | 41.53               | 72.42               |                            | 45.48               |                                  |

## 2

**CAPITAL EXPENDITURE AND FINANCING**

The expenditure on fixed assets during the year amounted to R3 868 379 and consists of the following:

|                       | 2005<br>Actual<br>R | 2006<br>Budget<br>R | 2006<br>Actual<br>R |
|-----------------------|---------------------|---------------------|---------------------|
| Agriculture           | -                   | 40,000              | 35,000              |
| Cemetery              | 1,400,000           | 80,765              | 40,000              |
| Water Networks        | 1,624,902           | -                   | -                   |
| Municipal Property    | -                   | 67,497              | 49,975              |
| Sanitation/Sewerage   | 1,022,211           | -                   | -                   |
| Public Works          | -                   | 786,888             | 750,477             |
| Sewerage              | -                   | 764,874             | 789,354             |
| Sports and Recreation | -                   | 76,477              | 60,000              |
| Library               | -                   | 10,000              | 3,045               |
| Roads and Streets     | 932,708             | -                   | -                   |
| Housing               | -                   | 408,787             | 345,567             |
| Tools and Equipment   | -                   | 87,948              | 15,077              |
| Town hall & offices   | 207,985             | -                   | -                   |
| Town Lands            | -                   | 676,888             | 756,456             |
| Electricity           | 563,132             | 1,567,879           | 1,023,428           |
| Other                 | 1,016,680           | -                   | -                   |
| Health                | -                   | -                   | -                   |
|                       | 6,767,618           | 4,568,003           | 3,833,379           |

Resources used to finance the fixed assets were as follows:

|                      | <b>2005<br/>Actual<br/>R</b> | <b>2006<br/>Budget</b> | <b>2006<br/>Actual<br/>R</b> |
|----------------------|------------------------------|------------------------|------------------------------|
| Fubds and reserves'  | 149,980                      | 0                      | 1429076                      |
| Other                | 662,610                      | -                      | 984,984                      |
| Grants and subsidies | 5,131,392                    | 12,404,106             |                              |
| Income               | 823,636                      | 6,189,516              | 1,454,319                    |
| <b>Total</b>         | <b>6,767,618</b>             | <b>18,593,622</b>      | <b>3,868,379</b>             |

### **3 EXTERNAL LOANS, INVESTMENTS AND CASH**

External loans outstanding on 30 June 2006 amounted to R 0

More information regarding loans and investments are disclosed in the notes (5 and 8) and appendix B to the financial statements.

### **4 FUNDS AND RESERVES**

More information regarding funds and reserves are disclosed in the notes (1 and 2) and appendix A to the financial statements.

I am grateful to the Speakerr, Councillars and the Municipal Manager for the support they have given me and to the staff of my own department for their assistance and support during the year.

**Acting Financial Manager**

## ACCOUNTING POLICIES

### 1. BASIS OF PRESENTATION

- 1.1 The financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice (1992) and Report on Published Annual Financial Statements (Second Edition – January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy – Note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis stated:
- Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licenses.
  - Expenditure is accrued in the year it is incurred.

### 2. CONSOLIDATION

The financial statements include the Rate and General services, Housing services, Trading services and the different funds and reserves. All inter departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, sewerage, electricity and water, which are treated as income and expenditure in the respective departments.

### 3. FIXED ASSETS

#### 3.1 Fixed Assets are stated:

- At historical cost, or
- At valuation (based on the market price at the 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

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

3.4 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.

### 4.0 FUNDS AND RESERVES

#### REVOLVING FUND

The Ordinance requires an minimum contribution of 7.5% of rates income received during the previous year.

### 5.0 SURPLUSES AND DEFICITS

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

### 6.0 TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

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

### 7.0 LEASED ASSETS

Fixed assets held under finance leases are capitalised. Such assets are effectively amortised over the term of the lease

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.

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#### 4.0 FUNDS AND RESERVES

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

#### 7.0 LEASED ASSETS

Fixed assets held under finance leases are capitalised. Such assets are effectively amortised over the term of the lease agreement.

Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of lease finance utilised in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

#### 8.0 INVESTMENTS

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred.

#### 9.0 INCOME RECOGNITION

##### 9.1 Electricity and Water Billings

Meters on all properties are read and billed monthly.

##### 9.2 Assessment Rates

The Municipality applied a fixed rating system.

#### 10.0 INVENTORY

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

#### 11.0 RETIREMENT BENEFITS

The retirement benefit plan is subject to the Pensions Act, 1956, with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs.

#### 12.0 DEFERRED CHARGES

The balance outstanding of the costs incurred in raising loans on the capital market, are recovered from income over the periods of the loans involved.

## BALANCE SHEET AS AT 30 JUNE 2006

|   | Note | 2006                     | 2005                    |
|---|------|--------------------------|-------------------------|
| <b>CAPITAL EMPLOYED</b>                   |      |                          |                         |
| <b>FUNDS AND RESERVES</b>                 |      | <b>6,479,693</b>         | <b>6,479,693</b>        |
| Accumulated Funds                         | 1    | 5,584,147                | 5,584,147               |
| Housing Trading account                   | 3    | 558,394                  | 558,394                 |
| Reserves                                  | 2    | 337,152                  | 337,152                 |
| <b>(ACCUMULATED DEFICIT)</b>              |      |                          |                         |
| <b>RETAINED SURPLUS</b>                   |      | <b>5,925,138</b>         | <b>842,528</b>          |
|   |      | 12,404,831               | 7,322,221               |
| <b>TRUSTFONDSE</b>                        | 4    | 10,000                   | 10,000                  |
| <b>LONG-TERM LIABILITIES</b>              | 5    | -                        | -                       |
| <b>CONSUMERS' DEPOSITS:</b>               | 6    | 220,725                  | 201,422                 |
|   |      | <u><b>12,635,556</b></u> | <u><b>7,533,643</b></u> |
| <br><b>EMPLOYMENT OF CAPITAL</b>          |      |                          |                         |
| <b>FIXED ASSETS</b>                       | 7    | -                        | -                       |
| <b>INVESTMENTS</b>                        | 8    | 10,198,069               | 10,014,758              |
| <b>LONG-TERM DEBTORS</b>                  | 9    | -                        | -                       |
|   |      | <b>10,198,069</b>        | <b>10,014,758</b>       |
| <b>NET CURRENT ASSETS / (LIABILITIES)</b> |      | <b>2,437,487</b>         | <b>-2,481,115</b>       |
| <br><b>CURRENT ASSETS</b>                 |      |                          |                         |
|   |      | <b>4,315,647</b>         | <b>4,804,897</b>        |
| Stores                                    | 10   | 1,394                    | 3,129                   |
| Debtors                                   | 11   | 3,842,124                | 3,936,630               |
| Cash                                      |      | 472,130                  | 865,138                 |
| <br><b>CURRENT LIABILITIES</b>            |      |                          |                         |
|   |      | <b>1,878,160</b>         | <b>7,286,012</b>        |
| Provisions                                | 12   | 1,190,328                | 1,133,534               |
| Creditors                                 | 13   | 687,832                  | 6,152,478               |
| Short-term portion long-term liabilities  | 5    | -                        | -                       |
|   |      | <u><b>12,635,556</b></u> | <u><b>7,533,643</b></u> |

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

| 2004/2005<br>ACTUAL<br>INCOME | 2004/2005<br>ACTUAL<br>EXPEND. | 2004/2005<br>SURPLUS/<br>(DEFICIT) |   | 2005/2006<br>ACTUAL<br>INCOME | 2005/2006<br>ACTUAL<br>EXPEND. | 2005/2006<br>SURPLUS/<br>(DEFICIT) | 2005/2006<br>BUDGETED<br>SURP./DEFICIT |
|-------------------------------|--------------------------------|------------------------------------|---|-------------------------------|--------------------------------|------------------------------------|--|
| 14,049,981                    | 13,810,730                     | 239,251                            | RATES & GENERAL   | 16,821,750                    | 15,187,910                     | 1,633,840                          | 1,556,379                              |
| 5,960,219                     | 8,383,687                      | -2,423,468                         | Community Services  | 8,594,606                     | 11,499,599                     | -2,904,993                         | 3,135,545                              |
| 1,642,484                     | 1,903,498                      | -261,014                           | Subsidised Services   | 498,252                       | 347,753                        | 150,499                            | 1,500                                  |
| 6,447,278                     | 3,523,545                      | 2,923,733                          | Economic Services   | 7,728,891                     | 3,340,558                      | 4,388,333                          | -1,580,666                             |
| -                             | -                              |                                    | HOUSING SERVICES  | -                             | -                              | -                                  | -                                      |
| 8,694,108                     | 5,223,370                      | 3,470,738                          | TRADING SERVICES  | 9,027,407                     | 5,565,982                      | 3,461,425                          | -2,971,808                             |
| <b>22,744,089</b>             | <b>19,034,100</b>              | <b>3,709,989</b>                   | <b>TOTAL</b>  | <b>25,849,157</b>             | <b>20,753,892</b>              | <b>5,095,265</b>                   | <b>-1,415,429</b>                      |
|                               |                                | <u>-2,952,873</u>                  | Appropriation for the year  |                               |                                | <u>-12,655</u>                     |  |
|                               |                                | 757,116                            | Net surplus/(deficit) for year  |                               |                                | 5,082,610                          |  |
|                               |                                | 85,412                             | Accumulated surplus/<br>(Accumulated deficit):<br>beginning of the year |                               |                                | 842,528                            |  |
|                               |                                | <u>842,528</u>                     | Accumulated Surplus<br>(Accumulated deficit)<br>at end of the year      |                               |                                | <u>5,925,138</u>                   |  |

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006**

|  | Note | 2006                   | 2005                    |
|--|------|------------------------|-------------------------|
| <b>CASH RETAINED FROM OPERATING ACTIVITIES</b>   |      | <b>3,706,099</b>       | <b>8,179,933</b>        |
| Cash generated by operations                     | 19   | 11,373,218             | 4,011,265               |
| Investment income                                |      | -1,508,973             | -490,537                |
| (Increase) / decrease in working capital         | 20   | <u>5,560,887</u>       | <u>-452,627</u>         |
|  |      | 15,425,133             | 3,068,101               |
| Less: Interest paid                              |      | 19,560                 | 19,560                  |
| Cash available from operations                   |      | 15,405,573             | 3,048,541               |
| Cash contributions from the public and the state |      | -11,699,474            | 5,131,392               |
| Net proceeds on disposal of fixed assets         |      |                        |                         |
|  |      | 3,706,099              | 8,179,933               |
| <b>CASH UTILISED IN INVESTING ACTIVITIES</b>     |      |                        |                         |
| Investment in fixed Assets                       |      | -3,868,379             | -6,767,618              |
| Assets written off                               |      | -                      | -                       |
| <b>NET CASH FLOW</b>                             |      | <b><u>-162,280</u></b> | <b><u>1,412,315</u></b> |
| <b>CASH EFFECTS OF FINANCING ACTIVITIES</b>      |      |                        |                         |
| Increase / (decrease) in long-term loans         | 21   | -248,964               | -248,964                |
| Increase / (decrease) in short-term loans        |      |                        |                         |
| (Increase) / decrease in cash investments        | 22   | 183,311                | -1,538,854              |
| (Increase) / decrease in cash                    | 23   | -96,627                | 375,503                 |
|  |      | <u>-162,280</u>        | <u>-1,412,315</u>       |

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

|   | 2006              | 2005              |
|---|-------------------|-------------------|
| <b>1. STATUTORY FUNDS</b>   |                   |                   |
| Capital Development Fund  | 3,885,195         | 3,885,195         |
| Erven Development Fund  | 114,302           | 114,302           |
| Capital Reserve Fund  | 176,327           | 176,327           |
| Renewal Fund  | 1,408,323         | 1,408,323         |
|   | <u>5,584,147</u>  | <u>5,584,147</u>  |
| (Refer to appendix A for more detail)   |                   |                   |
| <b>2. RESERVES</b>  |                   |                   |
| Library   | 3,714             | 3,714             |
| Water service   | 39,000            | 39,000            |
| Sewerage  | 237,703           | 237,703           |
| Camps   | 33,012            | 33,012            |
| Kareehof  | 23,723            | 23,723            |
|   | <u>337,152</u>    | <u>337,152</u>    |
| (Refer to appendix A for more detail)   |                   |                   |
| <b>3. HOUSING TRADING ACCOUNT</b>   |                   |                   |
| Build new houses  | 558,394           | 558,394           |
|   | <u>558,394</u>    | <u>558,394</u>    |
| <b>4. TRUST FUNDS</b>   |                   |                   |
| F.A. Swanepoel Trust  | 10,000            | 10,000            |
|   | <u>10,000</u>     | <u>10,000</u>     |
| <b>5. LONG TERM LIABILITIES</b>   |                   |                   |
| Other loans   | -                 | -                 |
| Less: Current portion transferred to current liabilities                                      | -                 | -                 |
|   | <u>-</u>          | <u>-</u>          |
| <b>6 CONSUMER DEPOSITS</b>  |                   |                   |
| Water and Electricity   | 220,725           | 201,422           |
|   | <u>220,725</u>    | <u>201,422</u>    |
| Guaranties in lieu of Electricity and Water deposits were R0,00                               |                   |                   |
| <b>7 FIXED ASSETS</b>   |                   |                   |
| Fixed assets at beginning of year   | 58,515,237        | 51,747,618        |
| Capital expenditure during year   | 3,868,379         | 6,767,618         |
| Less:   |                   |                   |
| Assets written off, transferred or disposed during year.                                      | 0                 | 0                 |
| Total fixed assets  | 62,383,616        | 58,515,236        |
| Less: Loans redeemed  | 62,383,616        | 58,515,236        |
| <b>Net fixed assets</b>   | <u>0</u>          | <u>0</u>          |
| (Refer to appendix C for more information)  |                   |                   |
| <b>8 INVESTMENTS</b>  |                   |                   |
| <b>Unlisted</b>   |                   |                   |
| Unlisted  | 10,069,280        | 9,877,198         |
| Shares  | 128,789           | 137,560           |
| Short-term deposits   | -                 | -                 |
|   | <u>10,198,069</u> | <u>10,014,758</u> |
| <b>Marked value of listed investments, and management's valuation of unlisted investments</b> |                   |                   |
| Listed investments  | 10,069,280        | 9,877,198         |

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

|   | 2006                    | 2005                    |
|---|-------------------------|-------------------------|
| Circular nr 26 of 1991 issued by the Provincial Legislature requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against investments at a plenary rate to meet commitments. |                         |                         |
| No investments have been written off during the year  |                         |                         |
| None of the loans are secured by any investment of the Council  |                         |                         |
| <b>9 LONG TERM DEBTORS</b>  |                         |                         |
| Motor Loan  | -                       | -                       |
| Abattoir Bond   | -                       | -                       |
| Housing Loans   | -                       | -                       |
| Loans Sport clubs   | -                       | -                       |
|   | <u>-</u>                | <u>-</u>                |
| Less: Short-term portion of long-term debtors transferred to current assets   | -                       | -                       |
| <b>10 Stores</b>  | 1,394                   | 3,129                   |
| <b>11 DEBTORS</b>   |                         |                         |
| Current debtors   | 4,923,124               | 22,275,876              |
| Less: Provision bad debts   | 1,081,000               | 18,339,246              |
|   | <u><b>3,842,124</b></u> | <u><b>3,936,630</b></u> |
| <b>12 PROVISIONS</b>  |                         |                         |
| Leave   | 609,577                 | 1,133,534               |
| Audit Fee   | 316,751                 | -                       |
| Accounting Fees   | 264,000                 | -                       |
|   | <u><b>1,190,328</b></u> | <u><b>1,133,534</b></u> |
| (Refer to appendix A for more detail)   |                         |                         |
| <b>13 CREDITORS</b>   |                         |                         |
| 0 Trade creditors   | 987,582                 | 160,356                 |
| Unspend allocations   | -717,972                | 2,134,146               |
| Suspense/Amounts in advance   | -                       | 3,857,976               |
| Accruals  | 418,222                 | -                       |
|   | <u><b>687,832</b></u>   | <u><b>6,152,478</b></u> |

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

|  | 2006             | 2005             |
|--|------------------|------------------|
| <b>14 ASSESSMENT RATES</b>                                 |                  |                  |
| <b>RESIDENTIAL, INDUSTRIAL &amp; STATE</b>                 |                  |                  |
| <b>TOTAL REVALUATION OF COMBINED PROPERTIES IN PROCESS</b> |                  |                  |
| <b>15 COUNCILLORS REMUNERATION</b>                         |                  |                  |
| Councillor's allowance                                     | 345,789          | 226,505          |
| Councillors' pension contributions                         |                  | 25,541           |
|  | <u>345,789</u>   | <u>252,046</u>   |
| <b>16 AUDITORS REMUNERATION</b>                            |                  |                  |
| Audit Fees   | 316,751          | -                |
| <b>17 FINANCE TRANSACTIONS</b>                             |                  |                  |
| <i>Total external interest earned and paid:</i>            |                  |                  |
| Interest earned  | 596,789          | 490,537          |
| Interest paid  | <u>34,656</u>    | <u>19,560</u>    |
|  | <u>562,133</u>   | <u>510,977</u>   |
| <i>Capital charges debited to operating account:</i>       |                  |                  |
| * Interest   | 19,560           | 19,560           |
| - External   | <u>19,560</u>    | <u>19,560</u>    |
| - Internal   | -                | -                |
| * Redemption   | 248,964          | 248,964          |
| - External   | <u>248,964</u>   | <u>248,964</u>   |
| - Internal   | -                | -                |
|  | 268,524          | 268,524          |
| <b>18 APPROPRIATIONS</b>                                   |                  |                  |
| <b>Appropriation Account</b>                               |                  |                  |
| Acc.Surplus/(Deficit) begin of year                        | 842,528          | 85,412           |
| Operating surplus/(deficit) for year                       | 5,095,265        | 3,709,989        |
| Appropriation for the year                                 | -12655.11        | -2,952,873       |
|  | <u>5,925,138</u> | <u>842,528</u>   |
| Accumulated surplus / (defecit): end of year               |                  |                  |
| Operating account  |                  |                  |
| Capital expenditure  | 823,636          | 823,636          |
| Contributions to:  |                  |                  |
| Capital Development Fund                                   | 225,000          | 225,000          |
| Bad Debt   | 1,081,000        | 1,081,000        |
| Leave Reserve Fund   | 609,577          | 253,305          |
|  | <u>2,739,213</u> | <u>1,559,305</u> |

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

|   | 2006                     | 2005                    |
|---|--------------------------|-------------------------|
| <b>19 CASH GENERATED BY OPERATIONS</b>                        |                          |                         |
| (Deficit)/Surplus for year                                    | 5,095,265                | 3,709,989               |
| 0 Adjustments   | -12,655                  | -2,952,873              |
| <b>Appropriation debited to income</b>                        | <b>3,319,964</b>         | <b>1,301,941</b>        |
| Capital expenditure   | 823,636                  | 823,636                 |
| Bad debts   | 1,081,000                | -                       |
| Audit fees  | 316,751                  | -                       |
| Accounting Fees   | 264,000                  | -                       |
| Leave Reserve Fund  | 609,577                  | 253,305                 |
| Capital development Fund                                      | 225,000                  | 225,000                 |
| <b>Capital charges</b>  | <b>268,524</b>           | <b>268,524</b>          |
| Interest paid : internal funds                                | -                        | -                       |
| Interest paid : external loans                                | 19,560                   | 19,560                  |
| Redemption internal loans                                     | -                        | -                       |
| Redemption external loans                                     | 248,964                  | 248,964                 |
| Grants and subsidies received from state                      | -                        | -                       |
| Investment income   | 1,508,973                | 490,537                 |
| Non-operating income  | 1,193,147                | 1,193,147               |
| Deferred charges written off                                  | -                        | -                       |
| Non-operating expenditure                                     |                          |                         |
| - Expenditure charge against funds Prov<br>and Reserves       | -                        | -                       |
| - Other   | -                        | -                       |
|   | <b><u>11,373,218</u></b> | <b><u>4,011,265</u></b> |
| <b>20 (INCREASE)/DECREASE IN WORKING CAPITAL</b>              |                          |                         |
| (Increase)/Decrease in Stores                                 | 1,735                    | 8,846                   |
| (Increase)/Decrease in Debtors                                | 94,506                   | -1,677,285              |
| Increase/(Decrease) in Creditors                              | 5,464,646                | 1,215,812               |
|   | <b><u>5,560,887</u></b>  | <b><u>-452,627</u></b>  |
| <b>21 INCREASE / (DECREASE) IN LONG TERM LOANS (EXTERNAL)</b> |                          |                         |
| Loans raised  | -                        | -                       |
| Loans repaid  | -                        | -248,964                |
|   | <b><u>-</u></b>          | <b><u>-248,964</u></b>  |
| <b>22 (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS</b>    |                          |                         |
| Investments made  | 183,311.00               | 1,538.854               |
|   | <b><u>183,311.00</u></b> | <b><u>1,538,854</u></b> |
| <b>23 (INCREASE)/DECREASE IN CASH ON HAND</b>                 |                          |                         |
| Cash Balance: Beginning of year                               | 375,503                  | 1,240,641               |
| Less: - Cash Balance end of year                              | 472,130                  | 865,138                 |
|   | <b><u>-96,627</u></b>    | <b><u>375,503</u></b>   |

**APPENDIX A  
ACCUMULATED FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS**

|                          | Balance at<br>30/06/2005 | Contributions<br>during<br>the year | Interest<br>on<br>investments | Other<br>income | Operating<br>Expenditure<br>during year | Capital<br>Expenditure<br>during year | Written /<br>Off<br>Transfer | Balance<br>at<br>30/06/2006 |
|--------------------------|--------------------------|-------------------------------------|-------------------------------|-----------------|---|---------------------------------------|------------------------------|-----------------------------|
| <b>ACCUMULATED FUNDS</b> |                          |                                     |                               |                 |   |                                       |                              |                             |
| Capital Development Fund | 3,885,195                | -                                   | -                             | -               | -                                       | -                                     | -                            | 3,885,195                   |
| Erven Development Fund   | 114,302                  | -                                   | -                             | -               | -                                       | -                                     | -                            | 114,302                     |
| Capital Reserve Fund     | 176,327                  | -                                   | -                             | -               | -                                       | -                                     | -                            | 176,327                     |
| Renewal Fund             | 1,408,323                | -                                   | -                             | -               | -                                       | -                                     | -                            | 1,408,323                   |
|                          | <b>5,584,147</b>         | -                                   | -                             | -               | -                                       | -                                     | -                            | <b>5,584,147</b>            |

**APPENDIX A  
ACCUMULATED FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS**

|                 | Balance at<br>30/06/2005 | Contributions<br>during<br>the year | Interest<br>on<br>investments | Other<br>income | Operating<br>Expenditure<br>during year | Capital<br>Expenditure<br>during year | Written /<br>Off<br>Transfer | Balance<br>at<br>30/06/2006 |
|-----------------|--------------------------|-------------------------------------|-------------------------------|-----------------|---|---------------------------------------|------------------------------|-----------------------------|
| <b>RESERVES</b> |                          |                                     |                               |                 |   |                                       |                              |                             |
| Library         | 3,714                    | -                                   | -                             | -               | -                                       | -                                     | -                            | 3,714                       |
| Water Service   | 39,000                   | -                                   | -                             | -               | -                                       | -                                     | -                            | 39,000                      |
| Sewerage        | 237,703                  | -                                   | -                             | -               | -                                       | -                                     | -                            | 237,703                     |
| Camps           | 33,012                   | -                                   | -                             | -               | -                                       | -                                     | -                            | 33,012                      |
| Kareehof        | 23,723                   | -                                   | -                             | -               | -                                       | -                                     | -                            | 23,723                      |
|                 | <b>337,152</b>           | -                                   | -                             | -               | -                                       | -                                     | -                            | <b>337,152</b>              |

**PROVISIONS**

|                             |                  |                |   |   |                 |   |   |                  |
|-----------------------------|------------------|----------------|---|---|-----------------|---|---|------------------|
| Leave Reserve               | 1,133,534        |                |   |   | -523,957        |   |   | 609,577          |
| Audit Fees                  | -                | 316,751        |   |   |                 |   |   | 316,751          |
| Accounting Fees             |                  | 264,000        |   |   |                 |   |   | 264,000          |
| Flood Damage Fund           | -                |                |   |   |                 |   |   | -                |
| Maintenance Cemetary        | -                |                |   |   |                 |   |   | -                |
| Working Capital(Bad debts)  | 18,339,246       |                |   |   | 1,081,000       |   |   | 19,420,246       |
| Less Transferred to Debtors | -18,339,246      |                |   |   | -1,081,000      |   |   | -19,420,246      |
|                             | <b>1,133,534</b> | <b>316,751</b> | - | - | <b>-523,957</b> | - | - | <b>1,975,454</b> |

**HOUSING**

|                  |                |   |   |   |   |   |   |  |
|------------------|----------------|---|---|---|---|---|---|--|
| Build new houses | 558,394        | - | - | - | - | - | - |  |
|                  | <b>558,394</b> | - | - | - | - | - | - |  |

**APPENDIX B**  
**EXTERNAL LOANS AND INTERNAL ADVANCES**

**EXTERNAL LOANS**

|                 | Balance<br>at<br>30/06/2005 | Received<br>during<br>the year | Redeemed<br>or written off<br>during<br>the year | Balance at<br>30/06/2006 |
|-----------------|-----------------------------|--------------------------------|--|--------------------------|
| Loan 38 Library | 0                           | -                              | -  | 0                        |
| Loan 35 SSK     | 0                           | -                              | -  | 0                        |
| Loan 36 SSK     | 0                           | -                              | -  | 0                        |
| Bankfin Loan    | 0                           | -                              | -  | 0                        |
| Other           | 0                           | -                              | -  | 0                        |
|                 | <b>0</b>                    | <b>0</b>                       | <b>0</b>   | <b>0</b>                 |

**INTERNAL ADVANCES**

|                          |          |          |          |          |
|--------------------------|----------|----------|----------|----------|
| Capital Development Fund | -        | -        | -        | -        |
|                          | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> |

**APPENDIX C  
ANALYSIS OF FIXED ASSETS**

| EXPEN.<br>2004/2005  | BUDGET<br>2005/2006 | BALANCE<br>30/06/2005 | EXPENDITURE<br>DURING<br>2005/2006 | REDEEMED<br>TRANSFERRED<br>WRITTEN OFF | BALANCE<br>30/06/2006 |
|--|---------------------|-----------------------|------------------------------------|--|-----------------------|
| <b>4,429,980 RATES &amp; GENERAL SERVICE</b>                       | <b>2,591,337</b>    | <b>36,700,022</b>     | <b>2,499,384</b>                   | <b>0</b>                               | <b>39,199,406</b>     |
| <b>3,407,768 COMMUNITY SERVICE</b>                                 | <b>1,776,463</b>    | <b>25,730,422</b>     | <b>1,671,985</b>                   | <b>0</b>                               | <b>27,402,407</b>     |
| 0 Creche   | 0                   | 92,985                | 0                                  | 0                                      | 92,985                |
| 0 Civil Defence  | 0                   | 4,376                 | 0                                  | 0                                      | 4,376                 |
| 0 Job Creation   | 0                   | 0                     | 0                                  | 0                                      | 0                     |
| 1,400,000 Cemetary   | 80,765              | 2,211,458             | 40,000                             | 0                                      | 2,251,458             |
| 0 Land and Survey  | 0                   | 0                     | 0                                  | 0                                      | 0                     |
| 0 General Costs  | 0                   | 0                     | 0                                  | 0                                      | 0                     |
| 0 Ground and Buildings   | 0                   | 0                     | 0                                  | 0                                      | 0                     |
| 0 Sport & Recreation   | 76,477              | 720,574               | 60,000                             | 0                                      | 780,574               |
| 0 Vehicles   | 0                   | 1,614,202             | 0                                  | 0                                      | 1,614,202             |
| 0 Sundry Assets  | 0                   | 0                     | 0                                  | 0                                      | 0                     |
| 932,708 Public Works   | 786,888             | 9,399,920             | 750,477                            | 0                                      | 10,150,397            |
| 58,485 Parks   | 0                   | 241,615               | 0                                  | 0                                      | 241,615               |
| 0 Traffic  | 0                   | 129,824               | 0                                  | 0                                      | 129,824               |
| 145,980 Buildings  | 67,497              | 486,226               | 49,975                             | 0                                      | 536,201               |
| 0 Tools and Fittings   | 87,948              | 907,158               | 15,077                             | 0                                      | 922,235               |
| 0 Land Unsold Erven  | 0                   | 831,812               | 0                                  | 0                                      | 831,812               |
| 0 Swimming Pools   | 0                   | 26,892                | 0                                  | 0                                      | 26,892                |
| 0 Ambulance service  | 0                   | 0                     | 0                                  | 0                                      | 0                     |
| 0 Sorghum Beer   | 0                   | 27,272                | 0                                  | 0                                      | 27,272                |
| 0 Coloured   | 0                   | 1,242,650             | 0                                  | 0                                      | 1,242,650             |
| 662,610 Town grounds, camps and pound                              | 676,888             | 5,595,352             | 756,456                            | 0                                      | 6,351,808             |
| 207,985 Town Hall and offices                                      | 0                   | 2,198,106             | 0                                  | 0                                      | 2,198,106             |
| 0 Library  | 0                   | 0                     | 0                                  | 0                                      | 0                     |
| <b>0 SUBSIDISED SERVICE</b>  | <b>10,000</b>       | <b>1,418,324</b>      | <b>3,045</b>                       | <b>0</b>                               | <b>1,421,369</b>      |
| 0 Nature Reserve   | 0                   | 51,760                | 0                                  | 0                                      | 51,760                |
| 0 Fire protection  | 0                   | 6,791                 | 0                                  | 0                                      | 6,791                 |
| 0 Library  | 10000               | 316,369               | 3,045                              | 0                                      | 319,414               |
| 0 Community Halls  | 0                   | 0                     | 0                                  | 0                                      | 0                     |
| 0 Museum   | 0                   | 78,045                | 0                                  | 0                                      | 78,045                |
| 0 Administrative Buildings   | 0                   | 0                     | 0                                  | 0                                      | 0                     |
| 0 Health   | 0                   | 965,359               | 0                                  | 0                                      | 965,359               |
| <b>1,022,212 ECONOMIC SERVICE</b>                                  | <b>804,874</b>      | <b>9,551,276</b>      | <b>824,354</b>                     | <b>0</b>                               | <b>10,375,630</b>     |
| 0 Agriculture  | 40,000              | 115,000               | 35,000                             | 0                                      | 150,000               |
| 1,022,212 Sewerage an sanitation                                   | 764,874             | 9,436,276             | 789,354                            | 0                                      | 10,225,630            |
| <b>0 HOUSING SERVICE</b>   | <b>408,787</b>      | <b>862,630</b>        | <b>345,567</b>                     | <b>0</b>                               | <b>1,208,197</b>      |
| 0 Individual housing   | 408,787             | 862,630               | 345,567                            | 0                                      | 1,208,197             |
| <b>2,188,034 TRADING SERVICE</b>                                   | <b>1,567,879</b>    | <b>20,952,585</b>     | <b>1,023,428</b>                   | <b>0</b>                               | <b>21,976,013</b>     |
| 563,132 Electricity  | 1,567,879           | 8,340,330             | 1,023,428                          | 0                                      | 9,363,758             |
| 1,624,902 Water  | 0                   | 12,612,255            | 0                                  | 0                                      | 12,612,255            |
| <b>6,618,014 TOTAL FIXED ASSETS</b>                                | <b>4,568,003</b>    | <b>58,515,237</b>     | <b>3,868,379</b>                   | <b>0</b>                               | <b>62,383,616</b>     |
| <b>7,016,582 LESS: CAPITAL REDEEMED AND OTHER CAPITAL RECEIPTS</b> |                     | <b>58,515,237</b>     | <b>3,868,379</b>                   | <b>0</b>                               | <b>62,383,616</b>     |
| 248,964 External Loans redeemed and advances repaid                |                     | 7,491,070             | 1,341,578                          | 0                                      | 8,832,648             |
| 0 Internal Loans redeemed and advances repaid                      |                     | 0                     | 0                                  | 0                                      | 0                     |
| 5,131,392 Grants and subsidies                                     |                     | 37,557,239            | 0                                  | 0                                      | 37,557,239            |
| 823,636 Contributions from operating income                        |                     | 11,021,690            | 1,454,319                          | 0                                      | 12,476,009            |
| 662,610 Other  |                     | 2,223,755             | 984,984                            | 0                                      | 3,208,739             |
| 149,980 Provisions and reserve                                     |                     | 221,483               | 87,498                             | 0                                      | 308,981               |
| <b>-398,568 NET FIXED ASSETS</b>                                   |                     | <b>0</b>              | <b>0</b>                           | <b>0</b>                               | <b>0</b>              |

**APPENDIX D**

**ANALYSIS OF OPERATING INCOME AND EXPENDITURE**

**FOR THE YEAR ENDED 30 JUNE 2006**

| <b>2004/2005<br/>ACTUAL</b> |                                | <b>2005/2006<br/>ACTUAL</b> | <b>2005/2006<br/>BUDGET</b> |
|-----------------------------|--------------------------------|-----------------------------|-----------------------------|
| <b>INCOME</b>               |                                |                             |                             |
| 12,472,255                  |                                | 16,192,816                  | 14,752,147                  |
| 11,396,486                  | Government & Provincial Grants | 11,920,312                  | 12,404,106                  |
| 1,075,769                   | Sundry                         | 4,272,504                   | 2,348,041                   |
| 10,271,834                  | <b>OPERATING INCOME</b>        | 9,656,342                   | 6,189,516                   |
| 1,399,453                   | Assessment rates               | 1,603,847.82                | 970,241                     |
| 5,438,154                   | Sale of electricity            | 2,319,682                   | 4,365,537                   |
| 487,621                     | Sale of water                  | 695,825                     | 386,270                     |
| 2,744,879                   | Other service charges          | 6,509,323                   | 467,468                     |
| 201,727                     | Interest received              | 131,512                     | 0                           |
| <b>22,744,089</b>           |                                | <b>25,849,157</b>           | <b>20,941,663</b>           |
| <b>EXPENDITURE</b>          |                                |                             |                             |
| 9,843,657                   | Salaries,wages and allowances  | 10,889,746                  | 8,840,904                   |
| 5,371,311                   | General expenses               | 5,332,767                   | 13,513,949                  |
| 3,147,863                   | Purchase of electricity        | 3,058,684                   | 4,161,139                   |
| 0                           | Purchase of water              | 0                           | 2,118,860                   |
| 2,223,448                   | Other general expenses         | 2,274,083                   | 7,233,950                   |
| 1,167,463                   | Repairs and maintenance        | 1,707,865                   | 1,098,945                   |
| 268,524                     | Capital charges                | 375,828                     | 1,231,000                   |
| 823,636                     | Contributions to fixed assets  | 978,376                     | 1,328,150                   |
| 1,559,509                   | Contributions                  | 1,469,310                   | 1,932,260                   |
| 19,034,100                  | Gross expenditure              | 20,753,892                  | 27,945,208                  |
| 0                           | Less :Amounts charged out      | -                           | -                           |
| <b>19,034,100</b>           | <b>Net expenditure</b>         | <b>20,753,892</b>           | <b>27,945,208</b>           |

**APPENDIX E  
DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006**

| 2005<br>Actual<br>income | 2005<br>Actual<br>expenditure | 2005<br>Surplus<br>(deficit) |   | 2006<br>Actual<br>income | 2006<br>Actual<br>expenditure | 2006<br>Surplus/<br>(Deficit) | 2006<br>Budget<br>Surplus/<br>(Deficit) |
|--------------------------|-------------------------------|------------------------------|---|--------------------------|-------------------------------|-------------------------------|---|
| R                        | R                             | R                            |   | R                        | R                             | R                             | R                                       |
| <b>14,049,981</b>        | <b>13,810,730</b>             | 239,251                      | <b>RATES AND GENERAL SERVICES</b>                   | <b>16,821,750</b>        | <b>15,187,910</b>             | 1,633,840                     | <b>1,556,379</b>                        |
| <b>5,960,219</b>         | <b>8,383,687</b>              | -2,423,468                   | <b>Community services</b>                           | <b>8,594,606</b>         | <b>11,499,599</b>             | -2,904,992                    | <b>3,135,545</b>                        |
| 2,382,157                | 2,852,469                     | -470,312                     | Administration                                      | 4,387,826                | 2,633,416                     | 1,754,410                     | 1,183,766                               |
| 1,399,453                | 329,700                       | 1,069,753                    | Assesment Rates                                     | 1,603,848                | 0                             | 1,603,848                     | -720,241                                |
| 63,243                   | 82,626                        | -19,383                      | Properties  | 20,264                   | 0                             | 20,264                        | 261,970                                 |
| 1,457,562                | 1,838,096                     | -380,534                     | Roads and Streets                                   | 1,219,100                | 1,760,984                     | -541,884                      |   |
| 257,498                  | 52,776                        | 204,722                      | Camps/Agriculture                                   | 629,764                  | 35,957                        | 593,807                       | -412,650                                |
| 20,377                   | 358,758                       | -338,381                     | Council Property                                    | 50,615                   | 291,521                       | -240,906                      | -590,891                                |
| 14,944                   | 175,791                       | -160,847                     | Cemetary  | 19,786                   | 208,375                       | -188,589                      | 161,975                                 |
| 71,250                   | 89,651                        | -18,401                      | Disaster Management                                 | 144,352                  | 85,745                        | 58,607                        | -511                                    |
| 10                       | 0                             | 10                           | Licences,Fines                                      | 10                       | 0                             | 10                            | 0                                       |
| 9,253                    | 406,737                       | -397,484                     | Parks   | 7,052                    | 438,489                       | -431,437                      | 248,953                                 |
| 0                        | 651,646                       | -651,646                     | Chief Executive Officer                             | 0                        | 433,683                       | -433,683                      | 677,000                                 |
| 305                      | 359,295                       | -358,990                     | Town Secretary                                      | 0                        | 869,771                       | -869,771                      |   |
| 242,117                  | 908,076                       | -665,959                     | Town Treasurer                                      | 445,539                  | 4,510,307                     | -4,064,768                    | 2,299,174                               |
|                          | 43,010                        | -43,010                      | Office of the Mayor                                 | 0                        | 8,707                         | -8,707                        | 27,000                                  |
|                          |                               |                              | Beer Hall   | 0                        | 1,692                         | -1,692                        | 0                                       |
| 42,050                   | 235,056                       | -193,006                     | Traffic   | 66,451                   | 220,952                       | -154,501                      | 0                                       |
| <b>1,642,484</b>         | <b>1,903,498</b>              | <b>-261,014</b>              | <b>Subsidised services</b>                          | <b>498,252</b>           | <b>347,753</b>                | <b>150,499</b>                | <b>1,500</b>                            |
| 0                        | 0                             | 0                            | Ambulance   | 0                        | 3,115                         | -3,115                        | 0                                       |
| 240,837                  | 386,071                       | -145,234                     | Library   | 478,917                  | 282,609                       | 196,308                       | 0                                       |
| 0                        | 9,770                         | -9,770                       | Fire Protection                                     | 19,335                   | 8,738                         | 10,597                        | 1,500                                   |
| 1,401,647                | 1,507,657                     | -106,010                     | Health  | 0                        | 53,291                        | -53,291                       | 0                                       |
| <b>6,447,278</b>         | <b>3,523,545</b>              | <b>2,923,733</b>             | <b>Economic service</b>                             | <b>7,728,891</b>         | <b>3,340,558</b>              | <b>4,388,333</b>              | <b>-1,580,666</b>                       |
| 1,836,893                | 435,066                       | 1,401,827                    | Refuse Removal                                      | 3,734,557                | 1,122,771                     | 2,611,786                     | -610,206                                |
| 4,610,385                | 3,088,479                     | 1,521,906                    | Sewerage  | 3,994,334                | 2,217,787                     | 1,776,548                     | -970,460                                |
| <b>0</b>                 | <b>0</b>                      | <b>0</b>                     | <b>HOUSING SERVICE</b>                              | <b>0</b>                 | <b>0</b>                      | <b>0</b>                      |   |
| <b>8,694,108</b>         | <b>5,223,370</b>              | <b>3,470,738</b>             | <b>TRADING SERVICE</b>                              | <b>9,027,407</b>         | <b>5,565,982</b>              | <b>3,461,425</b>              | <b>-2,971,808</b>                       |
| 7,049,666                | 4,261,905                     | 2,787,761                    | Electricity   | 3,341,377                | 3,997,867                     | -656,490                      | -1,204,398                              |
| 1,644,442                | 961,465                       | 682,977                      | Water   | 5,686,030                | 1,568,115                     | 4,117,915                     | -1,767,410                              |
| <b>22,744,089</b>        | <b>19,034,100</b>             | <b>3,709,989</b>             | <b>TOTAL</b>  | <b>25,849,157</b>        | <b>20,753,892</b>             | <b>5,095,265</b>              | <b>-1,415,429</b>                       |
|                          |                               | <u>-2,952,873</u>            | Appropriation for year                              |                          |                               | <u>-12,655</u>                |   |
|                          |                               | 757,116                      | Net surplus/(deficit) for year                      |                          |                               | 5,082,610                     |   |
|                          |                               | <u>85,412</u>                | Accumulated surplus/(defecit) beginning of the year |                          |                               | <u>842,528</u>                |   |
|                          |                               | <u>842,528</u>               | Accumulated surplus/(defecit) at end of the year    |                          |                               | <u>5,925,138</u>              |   |