

**KGALAGADI DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005**

	2005	2004
<b>1 STATUTORY FUNDS</b>		
Assets Financing Fund	<b>5,264,415</b>	<b>4,031,037.10</b>
<b>Movement is reconciled as follow</b>		
Balance 1.7.2004	4,031,037	5,530,798.00
Income	3,524,047	2,979,791.00
Expenditure	(2,290,669)	(4,478,552.00)
Balance 30.6.2005	<b>5,264,415</b>	<b>4,032,037.00</b>
The purpose of the Assets Financing Fund is for the purchasing of fixed assets, and contributions to the fund is made from the appropriation account.		
<b>2 TRUST FUND</b>		
Trust Bursaries	3,990	185,710.80
<b>Total Trust Fund</b>	<b>3,990</b>	<b>185,710.80</b>
<b>Movement is reconciled as follow</b>		
Balance 1.7.2004	185,710	-
Income	3,990	185,710.80
Expenditure	(185,710)	-
	<b>3,990</b>	<b>185,710.80</b>
The Municipality is the trustee of this trust fund and the assets of this trust fund vest in Council. The Bursaries Trust is used for Study assistance for previously disadvantaged students.		
<b>3 LONG-TERM LIABILITIES</b>		
Local Registered stock loans	-	500,000.00
Annuity loan D.B.S.A	1,157,575	1,451,201.19
<b>Sub total</b>	<b>1,157,575</b>	<b>1,951,201.19</b>
<b>Less Short Term Portion</b>	<b>(336,141)</b>	<b>(294,010.770)</b>
Annuity loan	(336,141)	(294,010.770)
<b>Total External Loans</b>	<b>821,434</b>	<b>1,657,190.42</b>
<b>4 Consumer Deposits</b>		
At the moment the council charge no deposits.		
<b>5 CREDITORS</b>		
Trade Creditors	-	290,234.43
Advance Payments	29,601	81,090.65
Unspent Grants (Refer to note 13)	38,973,786	50,729,963.82
<b>Total Creditors</b>	<b>39,003,387</b>	<b>51,101,288.90</b>
<b>6 Current Provisions</b>		
Staff Leave Pay	541,129	541,129.54
<b>Total Provisions</b>	<b>541,129</b>	<b>541,129.54</b>
<b>7 NON- DISTRIBUTABLE RESERVES</b>		
NDR Grants/Subsidy	1,101,591	1,101,590.89
NDR Assets Finance	6,216,994	3,750,936.26
NDR EFF	259,799	259,798.81
<b>Total non -distributable reserves</b>	<b>7,578,384</b>	<b>5,112,325.96</b>
<b>8 DEBTORS</b>		
Trading Debtors	291,194	532,928.94
VAT	5,306,425	519,693.71
Deficit Roads	2,429,320	-
Less Provisions for bad debts	(520,000)	(270,000.00)
<b>Total Debtors</b>	<b>7,506,939</b>	<b>782,622.65</b>

Notes to the financial statements (continue)

9 INVESTMENTS

**Unlisted**

	2005	2004
Long-term Deposit	3,235	3,000.00
Short-term Deposit	40,655,981	57,789,928.52
<b>TOTAL Investments</b>	<b>40,659,216</b>	<b>57,792,928.52</b>

Allocated as follows:-

	2005	2004
: Collateral P Seele	3,235	3,000.00
: EFF Bank Account	1,157,575	2,077,947.26
: AFF Bank Account	5,264,415	4,031,037.10
: Provisions Bank Account	541,130	541,129.54
: Working Capital Bank Account	520,000	270,000.00
: Surplus Fund Bank Account	33,172,861	50,869,814.62

Interest received	2,717,286	2,873,151.00
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10 CASH AND DEPOSITS

Petty Cash	1,750	1,750.00
Deposit Escom	1,000	1,000.00
Cheque account	242,887	402,994.41
Deposit Tranquility	3,300	3,300.00
<b>Total Cash and Deposits</b>	<b>248,937</b>	<b>409,044.41</b>

11 INVENTORY

Stock	1,802	17,635.58
<b>Total Stock</b>	<b>1,802</b>	<b>17,635.58</b>

12 PROPERTY PLANT AND EQUIPMENT

2004	Cost	Acc Depreciation	Carrying Value
Buildings	4,855,065	(571,913)	4,283,151.62
Roads	-	-	-
Land	893,976	(63,918)	830,058.31
Office Equipment	1,787,231	(1,115,518)	671,713.19
Furniture	775,319	(442,805)	332,514.26
Vehicles	2,813,758	(1,257,937)	1,555,821.47
Computer Equipment	927,029	(637,467)	289,562.14
<b>Total for 2004</b>	<b>12,052,378</b>	<b>(4,089,557)</b>	<b>7,962,820.99</b>

2005

Buildings	5,401,096	(753,710)	4,647,386.00
Roads	-	-	-
Land	893,976	(92,540)	801,436.00
Office Equipment	1,807,289	(1,326,274)	481,015.00
Furniture and Fittings	867,470	(535,667)	331,803.00
Emergency Equipment	234,630	(33,519)	201,111.00
Vehicles	3,550,381	(1,847,926)	1,702,455.00
Fire Fighting Vehicles	525,640	(75,091)	450,549.00
Computer Equipment	1,005,953	(849,478)	156,475.00
<b>Total for 2005</b>	<b>14,286,435</b>	<b>(5,514,205)</b>	<b>8,772,230.00</b>

With the change over to GAMAP all assets were calculated from the date of purchase. Therefore all assets that were written off on the previous system were also written off by the implementation of GAMAP. For more information refer to Appendix B.

## Notes to the financial statements (continue)

### 13 SUMMARY OF UNSPENT GRANTS

Project Funding Ga-Segonyana - MIG	4,590,808
Project Funding Moshaweng - MIG	13,116,592
Project Funding Kgalagadi - MIG	8,118,424
MIG Funds	5,046,317
Roads Asbestos	276,370
Transport Plan	170,498
Municipal System Improvement Grant	1,567,016
Finance Management Grant	578,932
PIMMS	347,891
Multi Purpose Centre	51,299
Bendel Bakery	4,733
Animal Drawn Carts	622,193
Office of the Premier North West	591,748
Support Grant	107,325
Sanitation DWAFF	2,724,394
Library	22,539
Training Centre	300,000
Aids Council	22,850
Energy Centre	100,650
Roads	428,486
Tourism Plan	113,505
News Letter	43,800
Donations	9,948
Insurance Claims	17,468
<b>Total</b>	<b>38,973,786</b>

### 14 CONDITIONAL GRANTS AND RECEIPTS

	2005	2004
Equitable Share	14,945,548	14,002,150.00
Roads	2,759,220	2,228,848.50
Disaster Management	444,000	367,000.00
Municipal System Improvement Grant	3,500,000	3,250,000.00
LED	40,000	750,000.00
Firefighting Equipment	416,000	382,500.00
Water Capital	-	27,059,000.00
MIG	5,046,317	4,055,000.00
Finance Management Grant		1,000,000.00
MIG GA-SEGONYANA	14,456,145	12,835,152.47
MIG MOSHAWENG	22,961,417	19,448,588.11
MIG GAMAGARA	7,760,438	72,257.94
MIG PMU	1,500,807	-
Health	6,500	-
Conditional Grants from Government	<b>73,836,392</b>	<b>85,450,497.02</b>

#### **Equitable Share**

In terms of the Constitution, is used to subsidise the provision of basic services to indigent community members. All registered indigents received a monthly subsidy of R 42.06, which is funded from this grant.

Notes to the financial statements (continue)

15 CONSUMER DEBTORS

**Service Debtors**

Rates  
Water  
Sewerage  
Sanitation  
Other

	2005	2004
	291,193	532,928.94
	-	-
	-	-
	-	-
	-	-
	-	-

**Debtors: Ageing**

Current (0-30 days )  
31-60 days  
61-90 days  
91-120 days  
121-365 days  
over 365 days

**Total**

		-
	54,394	476,994.43
	5,787	7,988.98
	4,128	5,689.38
	18,048	1,373.42
	208,836	40,882.73
	-	-
<b>Total</b>	<b>291,193</b>	<b>532,928.94</b>

**Summary of Debtors by Customer Classification  
June 2005**

Current (0-30 days )  
31-60 days  
61-90 days  
91- 120 days  
121-365 days  
over 365 days

**Total**

	Consumers	National and Provincial
	51,307	3,087
	5,256	531
	2,528	1,600
	17,622	426
	82,427	126,409
	-	-
<b>Total</b>	<b>159,140</b>	<b>132,053</b>

16 Bank and Cash Balances

The Municipality has the following bank accounts

**Current Account (Primary Bank Account )**

ABSA KURUMAN NO 960000099 (Cash Book)

**Bank statement balance**

	242,887	402,994.41
<b>Total</b>	<b>2,050,910</b>	<b>1,284,256.77</b>

**Investments**

ABSA  
FNB  
Standard Bank

**Total**

	21,549,391	39,791,112.68
	19,109,824	18,001,815.84
	-	-
<b>Total</b>	<b>40,659,215</b>	<b>57,792,928.52</b>

Notes to the financial statements (continue)

17 PROPERTY RATES

Actual

Residential  
Commercial  
State

**Total Assessment Rates**

2005

2004

-	-
-	-
-	-
<b>14,150</b>	<b>14,150.00</b>

18 SERVICE CHARGES

Sale of Water  
Refuse Removal  
Sewerage and sanitation charges  
**Total Service Charges**

83,939	79,471.00
17,685	17,679.00
3,565	2,500.00
<b>105,189</b>	<b>99,650.00</b>

19 BAD DEBTS

Contribution to the bad debt provision  
Bad debts written off  
**Total Bad Debts**

520,000	150,000.00
-	-
<b>520,000</b>	<b>150,000.00</b>

20 INTEREST ON EXTERNAL BORROWINGS

External Loans  
**Total Interest on External Borrowings**

235,547	313,624.00
<b>235,547</b>	<b>313,624.00</b>

21 GRANTS AND SUBSIDIES PAID

Ga-Segonyana Local Municipality  
Moshaweng Local Municipality  
Gamagara Local Municipality  
**Total Grants and Subsidies**

1,338,000	2,346,651.00
-	2,713,393.06
-	1,220,125.06
<b>1,338,000</b>	<b>6,280,169.12</b>

22 CASH GENERATED BY OPERATIONS

Net Surplus/(Deficit) for the year  
Adjustments for :  
Depreciation  
Contributions from Provisions non-current  
Contribution from Provisions  
Investment income  
Interest paid  
**Operating surplus**  
  
Decrease/(Increase) in inventory  
(Increase ) decrease in debtors  
( Decrease) Increase in conditional grants and receipts  
Decrease in provisions  
Decrease in Reserves  
Increase ( Decrease) in creditors  
**Cash generated by operations**

(1,162,723)	1,851,096.00
	-
	1,334,103.00
	(3,225,575.00)
	(2,380,339.00)
	-
	440,371.00
<b>(1,162,723)</b>	<b>(1,980,344.00)</b>
15,833	109,281.00
(6,724,317)	2,804,911.00
(11,614,105)	27,292,963.00
-	-
2,466,059	-
(12,097,901)	(1,302,133.00)
<b>(29,117,154)</b>	<b>26,924,678.00</b>

Notes to the financial statements (continue)

**23 CASH AND CASH EQUIVALENTS**

	2005	2004
Balance at end of the year	40,905,152	58,201,973.00
( Balance at the beginning of the year )	58,201,973	(34,917,296.00)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(17,296,821)</b>	<b>23,284,677.00</b>

**24 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**Contributions to SALGA**

Opening balance	-	-
Council subscription	113,087	33,000.00
Amount paid - current year	(113,087)	(33,000.00)
Balance unpaid (Included in creditors )	-	-
<b>Balance unpaid (Included in creditors )</b>	<b>-</b>	<b>-</b>

**Audit fees**

Opening balance	-	-
Current year audit fees	260,577	230,149.00
Amount paid - current year	(260,577)	(230,149.00)
Amount paid -previous year	-	-
<b>Balance unpaid (Included in creditors)</b>	<b>-</b>	<b>-</b>

**PAYE and UIF**

Opening balance	-	-
Current year payroll deductions	4,277,598	5,556,334.00
Amount paid --current year	(4,277,598)	(5,556,334.00)
A mount paid -previous year	-	-
<b>Balance unpaid ( included in creditors )</b>	<b>-</b>	<b>-</b>

**Pension and Medical Aid Deductions**

Opening balance	-	-
Current year payroll deductions and Council Contributions	4,393,862	2,666,599.00
Amount paid-current year	(4,393,862)	(2,666,599.00)
Amount paid -previous year	-	-
<b>Balance unpaid ( included in creditors )</b>	<b>-</b>	<b>-</b>

**Councillor's arrear consumer accounts**

No Councillor have a consumer account with the municipality or any other account.

**25 Appropriations**

Accumulated surplus at beginning of the year	4,042,361	6,012,753.00
Operating Surplus/Deficit for the year	(1,162,723)	1,851,098.00
Appropriations for the year	760,608	(3,821,490.00)
Roads Deficit	1,102,267	-
Projects	(90,000)	-
Unknown Credits	22,257	-
Correction - Gamap	(195,728)	-
Valuation Roll	(78,188)	(3,821,490.00)
<b>Accumulated surplus at mid of the year</b>	<b>3,640,246</b>	<b>4,042,361.00</b>

**26 Retirement Benefits**

Council made contributions to retirement benefits for all its employees, except the section 57 and to some of the councillors who prefer to contribute to a pension fund.

The funds are Cape Joint Retirement Fund, Cape Joint Pension

Fund and the Municipal Council Pension Fund for the councillors.