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Financial census of municipalities

for the year ended 30 June 2007

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Technical notes

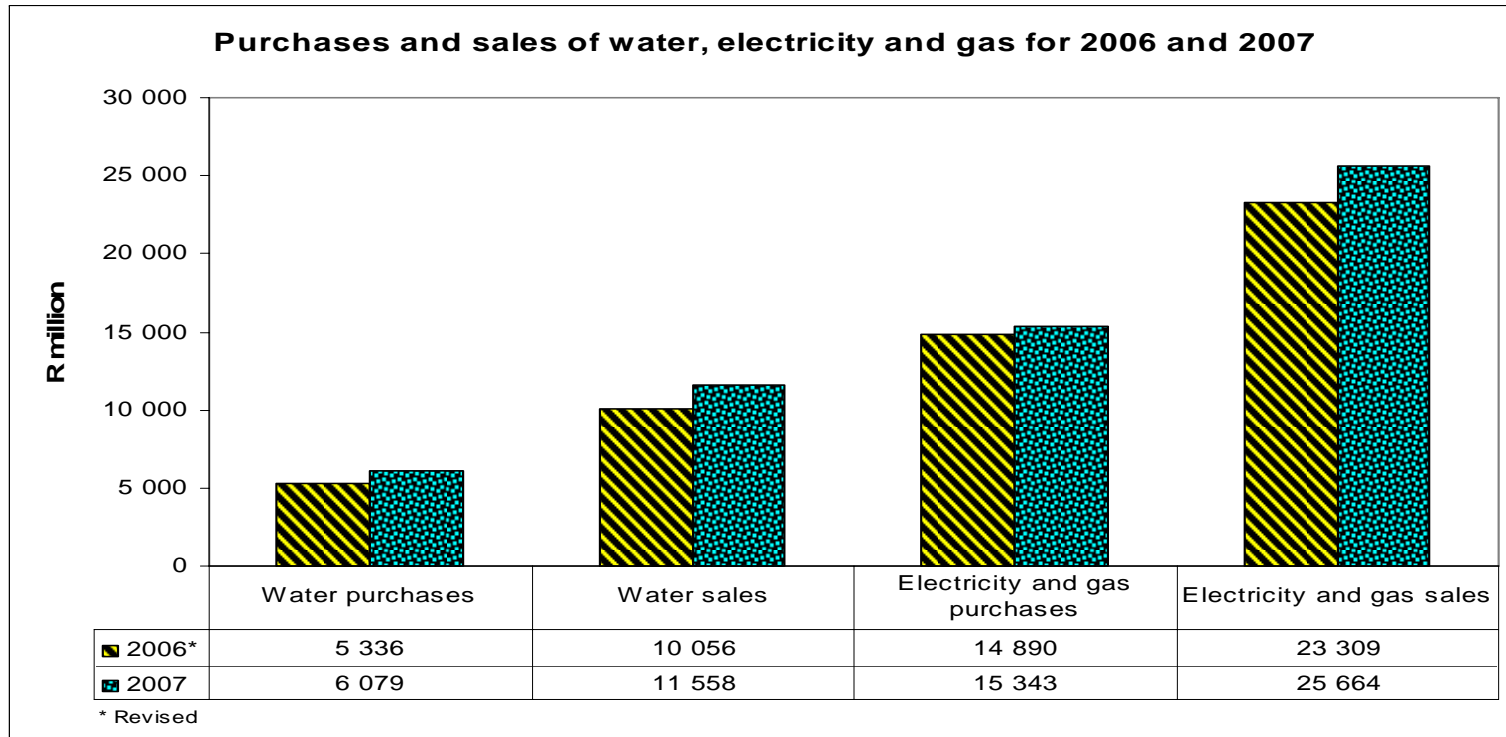
Response rates for 2007 per province.

Province	Municipalities		
	Metros and district municipalities	Local municipalities	Total
Western Cape	6	24	30
Eastern Cape	7	38	45
Northern Cape	5	26	31
Free State	5	20	25
KwaZulu-Natal	11	50	61
North West	4	22	26
Gauteng	6	8	14
Mpumalanga	3	18	21
Limpopo	5	25	30
Total	52	231	283

1. All 283 reporting units furnished the required information (100% response rate).
2. There were no changes in the demarcation of municipalities during the reference period.

Key findings

Purchases and sales of water, electricity and gas by municipalities have increased from 2006 to 2007. Water purchases by municipalities in 2007 increased from R5,3 billion to R6,1 billion (13,9%), while water sales reflected an increase from R10,1 billion to R11,6 billion (14,9%) over the same period. Electricity and gas purchases by municipalities in 2007 increased from R14,9 billion to R15,3 billion (3,0%), while electricity and gas sales reflected an increase from R23,3 billion to R25,7 billion (10,1%) over the same period.



P J Lehohla
Statistician-General

Table 1: Acid test ratio

Acid test ratio of municipalities for the financial years ended 30 June 2006 and 2007			
Year	Current assets minus inventory	Current liabilities	Acid test ratio
	R million	R million	
2006*	42 617	31 613	1,3:1
2007	45 671	35 711	1,3:1

* Revised

Table 1 above reflects the acid test ratio (calculated by taking the current assets minus inventory divided by the current liabilities). Municipalities had an acid test ratio of 1,3:1 for both the financial years (ended 30 June 2006 and June 2007).

Table 2: Current ratio

Current ratio of municipalities for the financial years ended 30 June 2006 and 2007			
Year	Current assets	Current liabilities	Current ratio
	R million	R million	
2006*	43 834	31 613	1,4:1
2007	47 055	35 711	1,3:1

* Revised

Table 2 above reflects the current ratio (also called the working capital ratio). The ratio measures the extent to which current assets can be disposed to liquidate the current liabilities. Municipalities had a current ratio of 1,4:1 for the year ended June 2006, while the current ratio for municipalities for the year ended 30 June 2007 was 1,3:1.

Part 1: Consolidated statement of financial position of municipalities as at 30 June 2006 and 30 June 2007

Liabilities and net assets	2006*(a)	2007(b)	% Change ¹
	R'000	R'000	
Net assets:			
Housing development funds	2 391 556	2 269 350	-5,1
Capital replacement reserve	4 284 637	4 792 035	11,8
Capitalization reserve	8 890 368	7 701 330	-13,4
Government grant reserve	12 983 478	16 615 868	28,0
Donations and public contributions reserve	3 217 942	3 461 334	7,6
Self-insurance reserve	1 327 795	1 426 785	7,5
Revaluation reserve	2 578 451	2 697 199	4,6
COIDA* reserve	167 488	190 656	13,8
Pre-GAMAP reserves and funds	3 359 903	3 744 814	11,5
Retained surplus/accumulated deficit	36 784 568	45 746 316	24,4
Outside shareholder's interest	0	0	0,0
Non-current liabilities:			
Marketable loan stock and bonds:			
Domestic loan stock held by:			
Other local government institutions	333 110	334 693	0,5
Financial public corporations	38 740	38 532	-0,5
Non-financial public corporations	0	0	0,0
Private companies	0	6	-
Other	507 747	506 955	-0,2
Bonds held by:			
Other local government institution	0	0	0,0
Financial public corporations	0	0	0,0
Non-financial public corporations	0	0	0,0
Private companies	10	0	-100,0
Other	3 730 000	3 730 000	0,0
Government housing loans to public welfare organisations and individuals sponsored by the respondent	0	0	0,0
Long-term loans received from:			
National government	74 556	88 174	18,3
Provincial government	0	2 367	-
Local government institutions	70 153	62 879	-10,4
Development Bank of Southern Africa	9 650 990	10 786 489	11,8
Local authorities loans fund	3 522	2 281	-35,2
Financial public corporations	110 036	100 256	-8,9
Non-financial public corporations	0	0	0,0
Banks	3 564 462	3 729 407	4,6
Insurers	7 575	1 774	-76,6
Pension funds	0	422	-
Public Investment Corporations	300 971	322 466	7,1
Private companies	6 682	807	-87,9
Other domestic sources (including INCA)	2 350 749	2 932 552	24,7
Long-term leases	621 708	303 089	-51,2
Non-current provisions	4 747 590	6 166 646	29,9

*Revised

-The percentage change cannot be calculated meaningfully

¹Percentage change formula: (b-a)/a*100

Part 1: Consolidated statement of financial position of municipalities as at 30 June 2006 and 30 June 2007 (continued)

Liabilities and net assets	2006 ^(a)	2007 ^(b)	% Change ¹
	R'000	R'000	
Current liabilities:			
External short-term loans and deposits from:			
Local government institutions	8 811	7 299	-17,2
Development Bank of Southern Africa	587 150	866 374	47,6
Local authorities loans fund	24 383	44 833	83,9
Financial public corporations	5 797	3 394	-41,5
Non-financial public corporations	0	0	0,0
Banks	500 131	160 490	-67,9
Insurers	969	131	-86,5
Pension funds	0	0	0,0
Public Investment Corporations	1 256	1 764	40,4
Private companies	70	83	18,6
Other domestic sources (including INCA)	525 175	600 336	14,3
Unspent conditional grants	3 975 455	5 497 798	38,3
Current provisions	1 596 533	1 845 600	15,6
Short-term leases	67 432	49 809	-26,1
Value Added Tax (VAT)	1 188 477	1 047 594	-11,9
Bank overdraft	3 345 054	2 573 831	-23,1
Creditors:			
Trade creditors	8 546 097	9 591 658	12,2
Consumer deposits	2 115 157	2 357 110	11,4
Income received in advance	2 454 306	2 629 012	7,1
Other creditors	6 670 530	8 434 054	26,4
Liabilities not reflected elsewhere**	6 119 711	6 753 770	10,4
Total net assets and liabilities	139 837 281	160 220 422	14,6

*Revised

**includes suspense accounts and deferred income or revenue

¹Percentage change formula: (b-a)/a*100

Part 1: Consolidated statement of financial position of municipalities as at 30 June 2006 and 30 June 2007 (concluded)

Assets	2006*(a)	2007(b)	% Change ¹
	R'000	R'000	
Non-current assets:			
Property, plant, and equipment (net carrying value)	82 448 366	97 355 086	18,1
Investments in marketable securities:			
Municipal stock/shares	54 802	55 397	1,1
Other marketable stock/shares:			
Government stock	41 624	48 857	17,4
Treasury bills	0	0	0,0
Other local government institutions	15	15	0,0
Financial public corporations stock	5 555	6 051	8,9
Non-financial public corporations stock	1 569	1 521	-3,1
Other	44 482	51 886	16,6
Investments in non-marketable instruments of spheres of government, government institutions and elsewhere	1 021 155	1 460 011	43,0
Long-term receivables:			
Loans to controlled municipal entities	10 779	8 524	-20,9
Car loans	83 812	33 038	-60,6
Housing selling scheme loans	712 782	589 771	-17,3
Sewerage connection loans	4 984	9 942	99,5
Electricity appliance purchase scheme	2 175	1 671	-23,2
Other	2 536 361	2 284 708	-9,9
Sponsored government housing loans to public welfare and organisations and individuals	66 254	80 149	21,0
Loans and deposits:			
External long-term loans, deposits and investments:			
Long-term loans to:			
Other local government institutions	14 763	14 381	-2,6
Financial public corporations	0	0	0,0
Non-financial public corporations	0	0	0,0
Other companies	0	0	0,0
Individuals	3 733	3 056	-18,1
Other	200 482	186 284	-7,1
Long-term deposits and other investments with:			
Public investment corporations	37 260	41 401	11,1
Banks	7 234 223	9 344 923	29,2
Other	835 856	865 607	3,6
Current assets:			
Inventory	1 216 672	1 384 401	13,8
External short-term loans, deposits and investments			
Short-term loans to:			
Other local government institutions	125	125	0,0
Financial public corporations	0	0	0,0
Non-financial public corporations	0	0	0,0
Other companies	0	0	0,0
Individuals	17 389	9 761	-43,9
Other	117 965	87 825	-25,5
Short-term deposits and other investments with:			
Public investment corporations	58 158	60 445	3,9
Banks	8 567 300	8 879 838	3,6
Other	2 226 229	2 038 744	-8,4
Debtors:			
Consumer debtors	15 398 852	15 950 988	3,6
Other debtors	5 293 339	7 004 848	32,3
Prepaid expenses	34 438	21 645	-37,1
Petty cash and bank	10 903 421	11 616 434	6,5
Assets not reflected elsewhere**	642 361	723 089	12,6
Total assets	139 837 281	160 220 422	14,6

*Revised

**includes suspense accounts

¹Percentage change formula: (b-a)/a*100

Part 2: Total statement of financial performance of municipalities for the years ended 30 June 2006 and 30 June 2007: Expenditure

Expenditure	Total rates and general services		Total housing and trading services		Total		% Change ¹
	2006*	2007	2006*	2007	2006* (a)	2007 (b)	
	R'000	R'000	R'000	R'000	R'000	R'000	
Employee related costs	17 590 388	18 449 964	7 912 420	9 970 301	25 502 808	28 420 265	11,4
Remuneration of board of directors/councillors	1 039 894	1 613 166	0	0	1 039 894	1 613 166	55,1
Property rates	375 631	233 400	126 853	10 649	502 484	244 049	-51,4
Interest paid	2 204 194	2 107 889	1 388 074	867 950	3 592 268	2 975 839	-17,2
Loss on the disposal of property, plant and equipment	95 845	58 111	53 807	10 118	149 652	68 229	-54,4
Bad debts	1 906 838	2 323 827	2 259 853	2 384 740	4 166 691	4 708 567	13,0
Contracted services	1 543 045	1 274 800	1 669 138	2 116 007	3 212 183	3 390 807	5,6
Collection cost	184 116	292 074	10 366	48 474	194 482	340 548	75,1
Depreciation	5 888 525	4 657 864	2 594 405	4 185 426	8 482 930	8 843 290	4,2
Repairs and maintenance	2 538 552	2 241 053	3 089 526	4 335 277	5 628 078	6 576 330	16,8
Bulk purchases of electricity, gas and water	0	0	20 225 803	21 421 580	20 225 803	21 421 580	5,9
Grants and subsidies paid to:							
Other local government institutions	917 273	499 543	49 242	64 282	966 515	563 825	-41,7
Tertiary institutions of higher learning	6 021	5 125	0	2	6 021	5 127	-14,8
Other	1 964 910	1 622 400	271 351	478 355	2 236 261	2 100 755	-6,1
General expenditure:							
Accommodation	58 434	20 030	10 826	108 684	69 260	128 714	85,8
Advertising	38 045	69 443	6 767	13 235	44 812	82 678	84,5
Bank charges	59 514	95 046	79 979	5 464	139 493	100 510	-27,9
Cleaning services	31 714	36 723	9 888	21 581	41 602	58 304	40,1
Consultancy fees	103 907	112 934	711 129	77 134	815 036	190 068	-76,7
Fuel and oil	236 969	222 562	205 729	329 801	442 698	552 363	24,8
Hiring of plant and equipment	28 663	52 784	106 622	124 123	135 285	176 907	30,8
Insurance costs	359 743	419 625	69 524	179 153	429 267	598 778	39,5
Membership fees	42 152	45 855	8 999	3 261	51 151	49 116	-4,0
Pharmaceutical	8 893	14 247	2 396	2 790	11 289	17 037	50,9
Postage and stamps	79 597	111 945	8 143	6 490	87 740	118 435	35,0
Printing and stationery	164 652	228 552	23 211	34 855	187 863	263 407	40,2
Security fees	228 718	185 726	29 559	66 296	258 277	252 022	-2,4
Rental of land, buildings and other structures	141 102	235 754	6 559	25 103	147 661	260 857	76,7
Rental of office equipment	118 121	136 043	28 861	83 419	146 982	219 462	49,3
Telecommunications services	328 324	453 384	49 109	182 873	377 433	636 257	68,6
Training and education	81 133	114 368	7 828	16 098	88 961	130 466	46,7
Transport	56 141	69 995	51 665	88 647	107 806	158 642	47,2
Travelling and subsistence	76 100	91 201	16 249	54 202	92 349	145 403	57,4
Other expenditure	13 544 462	8 713 837	9 363 116	8 114 022	22 907 578	16 827 859	-26,5
Taxation	0	0	212 216	0	212 216	0	100,0
Surplus	17 769 681	21 425 257	6 316 472	8 622 187	24 086 153	30 047 444	24,7
Total expenditure	69 811 297	68 234 527	56 975 685	64 052 579	126 786 982	132 287 106	4,3

*Revised

¹Percentage change formula: (b-a)/a*100

Part 2: Total statement of financial performance of municipalities for the years ended 30 June 2006 and 30 June 2007: Income

Income	Rates and general services		Housing and trading services		Total		% Change ¹
	2006*	2007	2006*	2007	2006* (a)	2007 (b)	
	R'000	R'000	R'000	R'000	R'000	R'000	
Property rates from:							
National government	48 683	75 149	0	0	48 683	75 149	54,4
Provincial government	282 183	294 440	0	0	282 183	294 440	4,3
Local government institutions	4 040	4 943	0	0	4 040	4 943	22,4
Public corporations	2 469	1 646	0	0	2 469	1 646	-33,3
Property rates and other:							
Payments of rates:							
Rates from individuals and private companies	16 589 912	18 052 739	0	0	16 589 912	18 052 739	8,8
Levies (metropolitan and district municipalities):							
Service levies	4 486 241	167 784	0	0	4 486 241	167 784	-96,3
Establishment levies	2 850 906	242 400	0	0	2 850 906	242 400	-91,5
Property rates-penalties imposed and collection charges	331 666	536 327	0	0	331 666	536 327	61,7
Service charges:							
Sales of electricity, gas and water	0	0	33 364 175	37 222 219	33 364 175	37 222 219	11,6
Refuse removal, sewerage and sanitation charges	0	0	4 650 555	7 260 476	4 650 555	7 260 476	56,1
Interest received from:							
Interest earned: External investments	1 845 700	2 711 930	147 545	279 125	1 993 245	2 991 055	50,1
Interest earned: Outstanding debtors	1 368 205	957 584	440 989	499 382	1 809 194	1 456 966	-19,5
Dividend received	103 202	2 365	0	0	103 202	2 365	-97,7
Fines	604 298	1 015 743	92 666	23 624	696 964	1 039 367	49,1
Licenses and permits	417 164	240 121	68 902	193 946	486 066	434 067	-10,7
Income for agency services	630 776	776 367	66 266	183 009	697 042	959 376	37,6
Rental of facilities and equipment	331 923	539 682	403 656	318 804	735 579	858 486	16,7
Bad debts recovered	28 694	18 814	4 121	14	32 815	18 828	-42,6
Public contributions and donations	200 559	261 001	41 863	39 178	242 422	300 179	23,8
Gains on the disposal of property, plant and equipment	156 852	284 666	110 878	41 817	267 730	326 483	21,9
Subsidies from:							
National government	1 347 862	3 286 178	1 037 357	620 587	2 385 219	3 906 765	63,8
Provincial government	1 131 381	1 831 129	562 506	111 596	1 693 887	1 942 725	14,7
Local government	25 383	66 124	28 275	8 065	53 658	74 189	38,3
Other	63 255	193 775	29 637	74 040	92 892	267 815	188,3
Grants (including the equitable share) from:							
National government	8 815 814	12 386 788	486 426	5 063 953	9 302 240	17 450 741	87,6
Provincial government	927 975	1 645 388	207 893	878 254	1 135 868	2 523 642	122,2
Local government	91 739	119 169	25 193	68 725	116 932	187 894	60,7
Other	761 595	1 474 108	106 659	358 623	868 254	1 832 731	111,1
Spent conditional grant	238 533	680 876	633 981	283 513	872 514	964 389	10,5
Other income	13 614 233	7 560 238	9 643 683	3 521 874	23 257 916	11 082 112	-52,4
Deficit	12 510 054	12 807 053	4 822 459	7 001 755	17 332 513	19 808 808	14,3
Total Income	69 811 297	68 234 527	56 975 685	64 052 579	126 786 982	132 287 106	4,3

*Revised

¹Percentage change formula: (b-a)/a*100

**Part 3: Statement of financial performance of municipalities for rates and general services for the years ended 30 June 2006 and 30 June 2007:
Expenditure**

Expenditure	Finance, administration, executive and council		Health services		Sport and recreation		Community and social services		Planning and development	
	2006*	2007	2006*	2007	2006*	2007	2006*	2007	2006*	2007
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Employee related costs	3 786 903	7 673 838	1 313 147	1 537 876	~	1 359 468	2 186 043	1 616 760	~	1 171 601
Remuneration of board of directors/councillors	273 221	1 592 802	0	0	~	0	747	0	~	0
Property rates	169 245	70 716	5 657	4 805	~	450	87 601	34 708	~	384
Interest	1 885 726	2 016 390	1 437	3 523	~	7 651	20 341	19 780	~	31 044
Loss on the disposal of property, plant and equipment	64 699	19 602	140	124	~	676	18 702	669	~	2 357
Bad debts	961 615	2 141 720	1 046	2 901	~	49 462	3 445	65 634	~	2 944
Contracted services	591 410	576 252	21 880	32 511	~	82 843	108 135	52 573	~	53 724
Collection cost	125 974	287 189	0	0	~	0	0	0	~	506
Depreciation	2 404 451	2 451 338	81 699	124 228	~	220 951	338 926	274 103	~	325 373
Repairs and maintenance	745 263	1 268 930	27 757	56 247	~	326 502	415 273	124 433	~	154 229
Grants and subsidies paid to:										
Other local government institutions	553 160	238 243	15 839	3 968	~	731	17 419	834	~	115 039
Tertiary institutions of higher learning	60	3 496	0	0	~	12	0	86	~	142
Other	1 860 184	1 353 291	9 710	15 072	~	46 782	65 443	41 758	~	30 268
General expenditure:										
Accommodation	3 346	10 243	358	157	~	30	450	2 323	~	1 184
Advertising	16 059	55 202	226	464	~	269	1 825	2 315	~	2 780
Bank charges	55 697	93 756	0	0	~	172	63	56	~	99
Cleaning services	7 120	13 321	1 791	1 191	~	1 824	7 651	6 908	~	2 015
Consultancy fees	24 087	70 029	3 301	4 733	~	1 773	36 587	1 408	~	17 046
Fuel and oil	96 511	85 726	3 626	4 261	~	32 234	26 505	16 022	~	5 500
Hiring of plant and equipment	7 152	31 289	463	3 892	~	1 092	3 992	5 564	~	1 513
Insurance costs	296 889	376 495	3 524	2 894	~	3 146	10 531	9 452	~	7 732

*Revised
~This information was not collected separately in 2006*

**Part 3: Statement of financial performance of municipalities for rates and general services for the years ended 30 June 2006 and 30 June 2007:
Expenditure (continued)**

Expenditure	Finance, administration, executive and council		Health services		Sport and recreation		Community and social services		Planning and development	
	2006*	2007	2006*	2007	2006*	2007	2006*	2007	2006*	2007
	R'000	R'000	R'000	R'000	R'000		R'000	R'000	R'000	R'000
Membership fees	18 038	40 384	522	295	~	13	1 817	1 130	~	1 332
Pharmaceutical	6 673	1 573	1 885	9 384	~	143	70	3 012	~	9
Postage and stamps	55 556	102 783	223	362	~	154	725	2 130	~	495
Printing and stationery	73 029	128 222	6 529	9 648	~	3 108	10 295	13 798	~	14 814
Security fees	28 576	48 674	2 780	3 636	~	2 331	36 416	9 285	~	5 118
Rental of land, buildings and other structures	26 707	203 486	3 733	3 202	~	2 203	13 828	13 685	~	6 597
Rental of office equipment	70 189	63 564	2 611	4 603	~	814	4 009	4 992	~	4 758
Telecommunications services	129 335	260 704	12 093	19 584	~	17 308	30 176	22 302	~	27 544
Training and education	38 108	75 113	928	1 973	~	2 213	14 720	2 343	~	14 698
Transport	3 749	18 731	1 160	1 739	~	5 652	10 455	12 251	~	2 347
Travelling and subsistence	25 321	59 413	2 272	1 964	~	2 227	4 412	6 470	~	6 317
Other expenditure	4 083 381	4 803 058	538 359	336 824	~	619 730	791 085	314 853	~	657 591
Taxation	0	0	0	0	~	0	0	0	~	0
Surplus	14 784 116	19 578 149	9 485	11 996	~	4 032	35 082	56 762	~	476 342
Total expenditure	33 271 550	45 813 722	2 074 181	2 204 057	~	2 795 996	4 302 769	2 738 399	~	3 143 442

*Revised

~This information was not collected separately in 2006*

Part 3: Statement of financial performance of municipalities for rates and general services for the years ended 30 June 2006 and 30 June 2007: Expenditure (continued)

Expenditure	Traffic control		Fire protection		Other public order and safety		Other rates and general services	
	2006*	2007	2006*	2007	2006*	2007	2006*	2007
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Employee related costs	~	1 737 551	~	719 255	2 282 600	1 527 092	8 021 695	1 106 523
Remuneration of board of directors/councillors	~	0	~	0	0	0	765 926	20 364
Property rates	~	7 403	~	7 414	21 433	0	91 695	107 520
Interest	~	5 092	~	3 578	5 404	2 918	291 286	17 913
Loss on the disposal of property, plant and equipment	~	251	~	16	2 009	3	10 295	34 413
Bad debts	~	601	~	5 893	52 316	727	888 416	53 945
Contracted services	~	258 385	~	92 568	477 805	41 544	343 815	84 400
Collection cost	~	220	~	0	10 492	0	47 650	4 159
Depreciation	~	64 882	~	47 102	148 920	83 802	2 914 529	1 066 085
Repairs and maintenance	~	67 746	~	27 286	97 967	66 183	1 252 292	149 497
Grants and subsidies paid to:								
Other local government institutions	~	0	~	954	299	2 758	330 556	137 016
Tertiary institutions of higher learning	~	0	~	0	0	0	5 961	1 389
Other	~	89	~	2 604	905	16 962	28 668	115 574
General expenditure:								
Accommodation	~	273	~	280	2 277	97	52 003	5 443
Advertising	~	175	~	132	424	296	19 511	7 810
Bank charges	~	171	~	0	175	119	3 579	673
Cleaning services	~	1 258	~	171	3 251	3 294	11 901	6 741
Consultancy fees	~	4 246	~	62	2 269	4 823	37 663	8 814
Fuel and oil	~	23 293	~	8 450	35 572	22 046	74 755	25 030
Hiring of plant and equipment	~	1 751	~	616	592	3 838	16 464	3 229
Insurance costs	~	3 853	~	2 964	12 713	2 011	36 086	11 078

*Revised

~This information was not collected separately in 2006*

Part 3: Statement of financial performance of municipalities for rates and general services for the years ended 30 June 2006 and 30 June 2007: Expenditure (concluded)

Expenditure	Traffic control		Fire protection		Other public order and safety		Other rates and general services	
	2006*	2007	2006*	2007	2006*	2007	2006*	2007
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Membership fees	~	133	~	61	250	141	21 525	2 366
Pharmaceutical	~	6	~	50	17	11	248	59
Postage and stamps	~	914	~	31	2 345	2 520	20 748	2 556
Printing and stationery	~	30 920	~	1 740	35 819	13 037	38 980	13 265
Security fees	~	79 518	~	283	108 276	19 371	52 670	17 510
Rental of land, buildings and other structures	~	3 164	~	417	6 300	267	90 534	2 733
Rental of office equipment	~	8 065	~	552	7 335	719	33 977	47 976
Telecommunications services	~	37 211	~	8 304	33 433	21 007	123 287	39 420
Training and education	~	4 161	~	2 312	2 664	4 106	24 713	7 449
Transport	~	7 000	~	8 701	5 643	1 607	35 134	11 967
Travelling and subsistence	~	2 479	~	919	3 651	3 291	40 444	8 121
Other expenditure	~	264 503	~	73 839	1 799 711	702 728	6 331 926	940 711
Taxation	~	0	~	0	0	0	0	0
Surplus	~	77 060	~	1 535	31 378	17 785	2 909 620	1 201 596
Total expenditure	~	2 692 374	~	1 018 089	5 194 245	2 565 103	24 968 552	5 263 345

*Revised

~This information was not collected separately in 2006*

Part 3: Statement of financial performance of municipalities for rates and general services for the years ended 30 June 2006 and 30 June 2007: Income

Income	Finance, administration, executive and council		Health services		Sport and recreation		Community and social services		Planning and development	
	2006*	2007	2006*	2007	2006*	2007	2006*	2007	2006*	2007
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Property rates from:										
National government	37 209	74 844	9 000	0	~	0	42	137	~	0
Provincial government	214 560	272 688	32 998	0	~	0	5 949	247	~	0
Local government institutions	2 665	3 559	0	0	~	0	0	0	~	0
Public corporations	0	1 646	0	0	~	0	0	0	~	0
Property rates and other:										
Rates from individuals and private companies	10 980 376	17 763 890	6 000	0	~	0	0	0	~	0
Levies (metropolitan and district municipalities):										
Service levies	2 965 123	158 154	0	880	~	1 697	3 817	323	~	0
Establishment levies	1 104 767	239 597	0	0	~	0	0	0	~	0
Property rates-penalties imposed and collection charges	276 395	535 724	0	0	~	0	0	0	~	0
Interest received from:										
Interest earned: External investments	1 640 183	2 618 699	0	38	~	612	60	32 329	~	0
Interest earned: Outstanding debtors	1 214 402	927 200	49	324	~	9	1 185	1 611	~	13 790
Dividend received	1 324	291	12	0	~	12	21	8	~	
Fines	18 929	51 789	687	765	~	2 665	5 893	7 200	~	2 487
Licenses and permits	15 348	32 956	1 013	71	~	2 311	1 629	4 616	~	9 110
Income for agency services	141 017	178 951	21 463	49 320	~	1 452	360	3 160	~	0
Rental of facilities and equipment	129 269	369 593	232	996	~	30 966	80 866	43 279	~	33 800
Bad debts recovered	26 168	18 809	60	0	~	0	900	0	~	0
Public contributions and donations	147 139	250 301	118	0	~	0	246	0	~	5

*Revised

~This information was not collected separately in 2006*

Part 3: Statement of financial performance of municipalities for rates and general services for the years ended 30 June 2006 and 30 June 2007: Income (continued)

Income	Finance, administration, executive and council		Health services		Sport and recreation		Community and social services		Planning and development	
	2006*	2007	2006*	2007	2006*	2007	2006*	2007	2006*	2007
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Gains on the disposal of property, plant and equipment	99 180	191 065	146	71	~	1 140	20 252	4 102	~	27 873
Subsidies from:										
National government	844 247	2 414 311	32 126	76 436	~	13 701	9 834	131 444	~	263 760
Provincial government	178 330	1 306 542	199 464	309 912	~	17 029	34 719	6 872	~	38 659
Local government	15 604	8 439	5 389	969	~	~	918	813	~	55 307
Other	41 574	83 592	289	8 870	~	10 381	36	9 790	~	42 830
Grants (including the equitable share) from:										
National government	4 323 766	10 832 863	88 046	43 849	~	36 695	51 208	140 578	~	388 555
Provincial government	176 327	751 496	197 709	275 058	~	40 600	66 932	25 633	~	332 356
Local government	31 090	89 846	13 903	10 856	~	2	1 978	1 103	~	5 572
Other	212 455	1 193 300	135 760	12 619	~	5 091	2 438	17 725	~	208 487
Spent conditional grant	139 747	378 443	11 748	1 891	~	17 436	16 682	3 063	~	272 676
Other income	7 682 601	4 526 866	145 830	70 439	~	158 893	494 126	233 406	~	222 607
Deficit	611 755	538 268	1 172 139	1 340 693	~	2 455 304	3 502 678	2 070 960	~	1 225 568
Total income	33 271 550	45 813 722	2 074 181	2 204 057	~	2 795 996	4 302 769	2 738 399	~	3 143 442

*Revised

~This information was not collected separately in 2006*

Part 3: Statement of financial performance of municipalities for rates and general services for the years ended 30 June 2006 and 30 June 2007: Income (continued)

Income	Traffic control		Fire protection		Other public order and safety		Other rates and general services	
	2006*	2007	2006*	2007	2006*	2007	2006*	2007
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Property rates from:								
National government	~	0	~	0	0	0	2 432	168
Provincial government	~	0	~	0	0	0	28 676	21 505
Local government institutions	~	0	~	0	0	0	1 375	1 384
Public corporations	~	0	~	0	0	0	2 469	0
Property rates and other:								
Rates from individuals and private companies	~	0	~	0	16 067	0	5 587 469	288 849
Levies (metropolitan and district municipalities):								
Service levies	~	0	~	0	0	0	1 517 301	6 730
Establishment levies	~	0	~	0	0	8	1 746 139	2 795
Property rates-penalties imposed and collection charges	~	0	~	0	2 251	0	53 020	603
Interest received from:								
Interest earned: External investments	~	1 668	~	0	0	300	205 457	58 284
Interest earned: Outstanding debtors	~	0	~	0	1 894	0	150 675	14 650
Dividend received	~	2 054	~	0	1 412	0	100 433	0
Fines	~	634 847	~	779	536 388	314 390	42 401	821
Licenses and permits	~	110 774	~	260	338 505	74 641	60 669	5 382
Income for agency services	~	214 506	~	276	319 358	194 823	148 578	133 879
Rental of facilities and equipment	~	1 257	~	207	628	1 182	120 928	58 402
Bad debts recovered	~	5	~	0	0	0	1 566	0
Public contributions and donations	~	0	~	6 957	712	0	52 344	3 738

*Revised

~This information was not collected separately in 2006*

Part 3: Statement of financial performance of municipalities for rates and general services for the years ended 30 June 2006 and 30 June 2007: Income (concluded)

Income	Traffic control		Fire protection		Other public order and safety		Other rates and general services	
	2006*	2007	2006*	2007	2006*	2007	2006*	2007
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Gains on the disposal of property, plant and equipment	~	1 008	~	900	2 433	462	34 841	58 045
Subsidies from:								
National government	~	9 722	~	84 231	100	13 255	461 555	279 318
Provincial government	~	566	~	0	197 465	15 959	521 403	135 590
Local government	~	0	~	566	0	0	3 472	30
Other	~	0	~	0	5 045	2 649	16 311	35 663
Grants (including the equitable share) from:								
National government	~	9 260	~	11 799	413	19 684	4 352 381	903 505
Provincial government	~	20 552	~	7 752	41 882	66 208	445 125	125 733
Local government	~	96	~	86	0	0	44 768	11 608
Other	~	10 222	~	2 843	8 730	4 713	402 212	19 108
Spent conditional grant	~	1 824	~	0	2 119	326	68 237	5 217
Other income	~	226 650	~	38 165	412 769	70 977	4 878 907	2 012 235
Deficit	~	1 447 363	~	863 268	3 306 074	1 785 526	3 917 408	1 080 103
Total income	~	2 692 374	~	1 018 089	5 194 245	2 565 103	24 968 552	5 263 345

*Revised

~This information was not collected separately in 2006*

Part 4: Statement of financial performance of municipalities for housing and trading services for the years ended 30 June 2006 and 30 June 2007: Expenditure

Expenditure	Housing		Environmental protection		Waste management (solid waste)		Waste, water management	
	2006*	2007	2006*	2007	2006*	2007	2006*	2007
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Employee related costs	496 446	512 031	237 265	466 828	1 631 337	1 770 106	477 686	874 350
Property rates	72 204	2 128	0	17	2 860	2	15 129	20
Interest paid	26 928	4 921	7 279	1 107	86 196	33 182	47 972	114 506
Loss on the disposal of property, plant and equipment	16 414	272	151	0	198	81	43	17
Bad debts	154 936	165 849	189	1 258	141 642	201 846	151 806	101 723
Contracted services	38 751	34 710	44 720	64 351	701 177	837 571	66 067	131 884
Collection cost	33	1 802	0	0	320	128	0	812
Depreciation	106 100	259 315	5 741	7 669	227 504	496 502	328 951	441 486
Repairs and maintenance	109 723	228 519	19 157	28 513	182 720	273 962	254 454	466 087
Bulk purchases of electricity, gas and water	0	0	0	0	0	0	0	0
Grant and subsidies paid to:								
Other local government institutions	7 583	306	0	2 319	360	4 811	11 202	108
Tertiary institutions of higher learning	0	0	0	0	0	0	0	0
Other	138 736	187 156	6 340	3 273	3 425	27 272	3 169	23 608
General expenditure:								
Accommodation	129	92	0	0	5	51	0	53
Advertising	60	196	111	91	795	716	165	279
Bank charges	0	0	0	0	40	32	110	0
Cleaning services	987	1 778	34	96	4 363	7 327	660	3 117
Consultancy fees	1 650	6 286	0	2 631	5 282	8 168	20 329	1 442
Fuel and oil	1 022	2 988	330	2 261	80 005	97 855	15 977	18 749
Hiring of plant and equipment	0	4 412	269	458	41 580	38 236	3 078	13 077
Insurance costs	7 170	5 953	110	879	3 830	5 768	6 202	5 334

*Revised

Part 4: Statement of financial performance of municipalities for housing and trading services for the years ended 30 June 2006 and 30 June 2007: Expenditure (continued)

Expenditure	Housing		Environmental protection		Waste management (solid waste)		Waste, water management	
	2006*	2007	2006*	2007	2006*	2007	2006*	2007
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Membership fees	2	53	3	131	1 942	27	580	88
Pharmaceutical	0	43	0	27	22	20	379	423
Postage and stamps	246	220	6	89	184	344	304	256
Printing and stationery	2 492	2 753	161	1 241	1 343	2 797	3 595	4 602
Security fees	2 416	2 841	357	2 048	9 528	14 282	4 172	5 775
Rental of land, buildings and other structures	1 231	2 032	50	439	2 295	4 142	194	2 395
Rental of office equipment	23 210	494	34	205	302	14 295	269	1 015
Telecommunications services	6 380	7 520	529	1 306	6 511	33 082	4 633	23 022
Training and education	356	151	80	1 248	859	3 263	919	872
Transport	919	499	243	453	23 735	37 575	3 964	9 738
Travelling and subsistence	790	6 124	325	1 074	1 274	1 157	1 070	1 785
Other expenditure	1 045 904	542 946	158 452	91 022	1 411 283	694 871	956 718	1 727 632
Taxation	0	0	0	0	0	0	0	0
Surplus	53 850	94 005	38 855	64 299	246 034	602 456	796 861	2 427 504
Total expenditure	2 316 668	2 078 395	520 791	745 333	4 818 951	5 211 927	3 176 658	6 401 759

*Revised

Part 4: Statement of financial performance of municipalities for housing and trading services for the years ended 30 June 2006 and 30 June 2007: Expenditure (continued)

Expenditure	Road transport		Water		Electricity		Other trading services	
	2006*	2007	2006*	2007	2006*	2007	2006*	2007
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Employee related costs	1 157 122	1 623 844	1 414 868	2 038 408	2 008 341	2 473 616	489 355	211 118
Property rates	2 637	6	13 226	7 250	11 656	313	9 141	913
Interest paid	63 208	88 339	495 883	270 053	632 914	326 091	27 694	29 751
Loss on the disposal of property, plant and equipment	58	62	19	1 521	35 076	24	1 848	8 141
Bad debts	4 729	3 947	1 205 629	1 130 207	598 415	763 012	2 507	16 898
Contracted services	202 355	147 189	311 284	558 249	240 227	268 668	64 557	73 385
Collection cost	2 129	2 057	1 640	4 824	5 676	38 581	568	270
Depreciation	558 840	866 898	581 885	1 037 440	698 649	1 004 301	86 735	71 815
Repairs and maintenance	632 744	1 205 863	621 009	801 230	1 133 083	1 273 447	136 636	57 656
Bulk purchases of electricity, gas and water	0	0	5 336 154	6 078 897	14 889 649	15 342 683	0	0
Grant and subsidies paid to:								
Other local government institutions	25 121	5 973	4 065	42 553	702	8 212	209	0
Tertiary institutions of higher learning	0	0	0	0	0	2	0	0
Other	2 446	35 980	67 128	155 244	18 685	34 231	31 422	11 591
General expenditure:								
Accommodation	0	88	1 849	478	7 187	107 922	1 656	0
Advertising	0	3 085	1 531	1 777	2 120	6 347	1 985	744
Bank charges	0	170	303	361	1 086	2 934	78 440	1 967
Cleaning services	12	1 724	1 538	1 431	2 232	4 463	62	1 645
Consultancy fees	21 425	12 131	16 699	12 524	638 827	31 884	6 917	2 068
Fuel and oil	27 979	103 160	17 369	42 276	43 346	56 431	19 701	6 081
Hiring of plant and equipment	49 508	42 348	5 269	13 772	6 918	11 596	0	224
Insurance costs	3 110	12 857	9 358	40 335	31 622	107 533	8 122	494

*Revised

Part 4: Statement of financial performance of municipalities for housing and trading services for the years ended 30 June 2006 and 30 June 2007: Expenditure (concluded)

Expenditure	Road transport		Water		Electricity		Other trading services	
	2006*	2007	2006*	2007	2006*	2007	2006*	2007
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Membership fees	2 468	867	795	382	3 113	1 403	96	310
Pharmaceutical	0	13	1 995	2 161	0	56	0	47
Postage and stamps	0	195	3 504	2 187	2 531	2 412	1 368	787
Printing and stationery	1 573	6 307	5 170	8 175	5 949	8 018	2 928	962
Security fees	0	25 483	4 596	6 010	8 107	9 857	383	
Rental of land, buildings and other structures	0	2 243	557	1 312	1 125	8 471	1 107	4 069
Rental of office equipment	515	32 267	2 972	17 969	1 497	17 005	62	169
Telecommunications services	635	48 939	11 426	12 382	17 178	55 291	1 817	1 331
Training and education	0	3 289	1 503	2 888	3 550	3 354	561	1 033
Transport	0	12 244	8 381	10 723	14 416	17 168	7	247
Travelling and subsistence	223	16 051	2 885	9 689	4 612	17 248	5 070	1 074
Other expenditure	918 248	1 046 885	2 669 515	2 013 736	1 918 188	1 925 847	284 808	71 083
Taxation	0	0	149 719	0	62 497	0	0	0
Surplus	66 208	213 435	1 469 811	1 542 589	3 539 762	3 489 951	105 091	187 948
Total expenditure	3 743 293	5 563 939	14 439 535	15 869 033	26 588 936	27 418 372	1 370 853	763 821

*Revised

Part 4: Statement of financial performance of municipalities for housing and trading services for the years ended 30 June 2006 and 30 June 2007: Income

Income	Housing		Environmental protection		Waste management (solid waste)		Waste, water management	
	2006*	2007	2006*	2007	2006*	2007	2006*	2007
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Subsidies from:								
National government	268 966	7 236	828	7 778	19 618	43 934	78 733	45 686
Provincial government	361 878	30 723	1 278	946	18 015	6 601	18 177	22 418
Local government	168	0	1 010	0	0	6 037	0	0
Other	11 359	1 470	0	1 400	45	3 374	497	5 596
Grants from (include equitable share):								
National government	29 891	418 871	0	348 340	81 288	901 272	139 552	507 692
Provincial government	41 054	469 697	7 102	6 405	4 636	41 298	2 296	98 486
Local government	0	9 753	0	2 043	0	0	7 357	7 384
Other	15 233	73 499	5	5 027	40	81 550	5 235	40 408
Spent conditional grant	67 131	39 203	0	0	204 135	1 809	6 001	77 066
Rental of facilities and equipment	288 841	194 047	1 523	1 186	6 291	6 042	3 506	5 265
Interest received from:								
Interest earned from: External investments	103 034	90 690	0	438	2	21 869	9 558	2 903
Interest earned from: Outstanding debtors	27 569	16 721	837	9 100	26 906	40 009	38 025	62 912
Service charges:								
Sales of electricity, gas and water	0	0	0	0	0	0	0	0
Refuse removal, sewerage and sanitation charges	0	0	0	0	2 446 205	2 819 762	2 204 350	4 440 714
Fines	59	4	451	131	9	56	22 305	781
Gains on the disposal of property, plant and equipment	16 401	12 513	161	0	7 338	1 737	902	535
Bad debts recovered	1 201	0	0	0	0	5	253	1
Licenses and permits	270	984	2	161	0	1 403	1 628	19
Income for agency services	987	0	0	741	1 845	0	0	1 842
Public contributions and donations	99	300	0	0	0	6 029	5 638	3 479
Other income	514 889	69 627	420 858	47 501	1 076 779	589 759	505 385	754 859
Deficit	567 638	643 057	86 736	314 136	925 799	639 381	127 260	323 713
Total income	2 316 668	2 078 395	520 791	745 333	4 818 951	5 211 927	3 176 658	6 401 759

*Revised

Part 4: Statement of financial performance of municipalities for housing and trading services for the years ended 30 June 2006 and 30 June 2007: Income (concluded)

Income	Road transport		Water		Electricity		Other trading services	
	2006*	2007	2006*	2007	2006*	2007	2006*	2007
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Subsidies from:								
National government	250	64 408	419 184	428 889	159 258	22 402	90 520	254
Provincial government	896	19 835	47 530	15 767	44 926	15 306	69 806	0
Local government	0	0	18 557	2 028	8 540	0	0	0
Other	0	5 458	11 990	10 900	5 746	45 842	0	0
Grants from (include equitable share):								
National government	58 622	887 939	92 706	1 429 367	68 305	426 865	16 062	143 607
Provincial government	123 599	214 362	26 864	35 450	1 054	12 415	1 288	141
Local government	530	2 550	15 805	45 112	1 501	1 883	0	0
Other	21 784	17 331	64 113	98 093	0	42 490	249	225
Spent conditional grant	21 992	62 299	237 792	53 284	96 930	49 852	0	0
Rental of facilities and equipment	4 921	18 262	6 291	2 796	51 755	1 990	40 528	89 216
Interest received from:								
Interest earned from: External investments	0	153	15 986	131 495	10 277	28 600	8 688	2 977
Interest earned from: Outstanding debtors	15 646	5 282	194 736	212 816	126 341	152 453	10 929	89
Service charges:								
Sales of electricity, gas and water	0	0	10 055 663	11 558 054	23 308 512	25 664 165	0	0
Refuse removal, sewerage and sanitation charges	0	0	0	0	0	0	0	0
Fines	25 520	13 514	26	413	29 928	8 725	14 368	0
Gains on the disposal of property, plant and equipment	2 224	5 588	1 959	4 019	79 226	17 401	2 667	24
Bad debts recovered	0	0	2 161	3	4	5	502	0
Licenses and permits	60 071	189 902	2	126	7	0	6 922	1 351
Income for agency services	58 124	31 512	2 769	2 475	2 465	1 891	76	144 548
Public contributions and donations	18 982	0	6 489	5 161	6 406	19 864	4 249	4 345
Other income	1 145 595	589 011	2 660 147	546 703	2 476 687	720 618	843 343	203 796
Deficit	2 184 537	3 436 533	558 765	1 286 082	111 068	185 605	260 656	173 248
Total income	3 743 293	5 563 939	14 439 535	15 869 033	26 588 936	27 418 372	1 370 853	763 821

*Revised

Explanatory notes

Introduction	1	<p>The purpose of this census is to provide both stakeholders and users with information that allows analyses and assessment of the state of municipal finances.</p> <p>The publication consists of aggregated preliminary data for 2007 and revised 2006 in respect of:</p> <ul style="list-style-type: none"> • the consolidated statement of financial position of municipalities; • statement of financial performance of municipalities – rates and general services and; • statement of financial performance of municipalities – housing and trading services; and <p>Unit data for each municipality for 2006 and 2007 is available on the Statistics SA's website.</p>																				
Scope of census of municipalities	2	<p>All institutions defined as local government institutions in terms of Act No. 117 of 1998 (the Municipal Act), Act No. 108 of 1996 (Constitution of the Republic of South Africa), Act No.209 of 1993 (Local Government Transition Act) and Act No.97 of 1996 (Local Government Transitional Act, Second Amendment Act) were included in this survey. The questionnaire for this survey was designed to address primarily the national accounts requirements of Statistics South Africa and the South African Reserve Bank. This statistical release contains financial information furnished by the respondents.</p>																				
Classification and accounting standards	3	<p>For the purposes of classification of local government institutions according to activities, Stats SA used the <i>Standard Industrial Classification of all Economic Activities (SIC), Fifth edition, January 1993</i>. Activities of the local government institutions also adhere to the General Accepted Municipal Accounting Practice (GAMAP), General Recognized Accounting Practice (GRAP) and requirements of the Institute of Municipal Finance Officers (IMFO). Questionnaires have been designed to take into account the different accounting standards.</p>																				
Statistical unit	4	<p>The statistical unit for the collection of information was the municipality.</p>																				
Reliability of estimates	5	<p>See technical notes.</p>																				
Related publications	6	<p>Users may wish to refer to the following Stats SA publications:</p> <ul style="list-style-type: none"> • P9101 Capital expenditure of the public sector; • P9114 Financial census of municipalities; • P0277 Quarterly employment statistics; • P9119.4 Financial statistics of consolidated general government; and • P0441 Gross domestic product. 																				
Comparability with previous census	7	<p>This financial census of municipalities for the year ended 30 June 2007 is generally comparable with that for the year ended 30 June 2006.</p>																				
Symbols and abbreviations used	8	<table border="0"> <tr> <td style="padding-right: 20px;">-</td> <td>The percentage change cannot be calculated meaningfully</td> </tr> <tr> <td style="padding-right: 20px;">~</td> <td>This information was not collected separately in 2006*</td> </tr> <tr> <td style="padding-right: 20px;">2006*</td> <td>Revised figures</td> </tr> <tr> <td style="padding-right: 20px;">Inca</td> <td>Infrastructure Finance Corporation Ltd</td> </tr> <tr> <td style="padding-right: 20px;">0</td> <td>Nil or not applicable</td> </tr> <tr> <td style="padding-right: 20px;">GAMAP</td> <td>Generally Accepted Municipal Accounting Practice</td> </tr> <tr> <td style="padding-right: 20px;">GRAP</td> <td>Generally Recognized Accounting Practice</td> </tr> <tr> <td style="padding-right: 20px;">IMFO</td> <td>Institute of Municipal Finance Officers</td> </tr> <tr> <td style="padding-right: 20px;">Stats SA</td> <td>Statistics South Africa</td> </tr> <tr> <td style="padding-right: 20px;">COIDA</td> <td>The Compensation Commissioner for Occupational Injuries and Diseases</td> </tr> </table>	-	The percentage change cannot be calculated meaningfully	~	This information was not collected separately in 2006*	2006*	Revised figures	Inca	Infrastructure Finance Corporation Ltd	0	Nil or not applicable	GAMAP	Generally Accepted Municipal Accounting Practice	GRAP	Generally Recognized Accounting Practice	IMFO	Institute of Municipal Finance Officers	Stats SA	Statistics South Africa	COIDA	The Compensation Commissioner for Occupational Injuries and Diseases
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Revision of data **9** Information for 2007 should be regarded as preliminary, and may be revised. The revised figures are due to late submission of the data to Stats SA or respondents reporting revisions. The latter are normally the result of post-balance sheet events (events that occur between the balance sheet date and date on which the financial statements are approved by the municipal council) as well as through auditing of the financial statements.

Fluctuations between 2006 and 2007 **10** The fluctuations in the data between 2006 and 2007 can be due to:

- Revisions due to late response or revisions from respondents; and/or
- Change in the accounting practices and standards adopted by the respondents

Glossary

Acid test ratio	The acid test ratio is calculated as current assets minus inventory divided by current liabilities. The accepted acid test ratio is considered to be 1:1. In other words the institution is able to meet its current credit obligations without disposing of its inventory.
Acquisition of fixed assets	The aggregate capital statement (or acquisition of fixed assets statement) shows the total capital expenditure incurred by each service during the year. Details of purchases and sales of assets are reflected in the aggregate capital statement, but appear in the consolidated balance sheet as a single amount (normally the item in the consolidated balance sheet is referred to as 'fixed assets').
Capital replacement reserve (CRR)	In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/deficit to the CRR in terms of a council resolution. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/deficit is credited by a corresponding amount when the amounts in the CRR are utilised. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.
Capitalisation reserve	<p>On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a capitalisation reserve instead of the accumulated surplus/deficit in terms of a directive (budget circular) issued by National Treasury. The purpose of this reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.</p> <p>The balance on the capitalisation reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the capitalisation reserve to the accumulated surplus/deficit. When an item of property, plant and equipment is disposed, the balance in the capitalisation reserve relating to such item is transferred to the accumulated surplus/deficit.</p>
Consolidated statement of financial position	The aggregate or consolidated statement of financial position reports the institution's financial position at a specific point in time (the end of the reporting period). This statement covers all assets, net assets and liabilities at the end of the financial year.
Current assets	Current assets consist of inventories; external short-term loans, deposits and investments; debtors; prepaid expenses; petty cash and bank.
Current expenditure	Current expenditure refers to transaction that decrease the net worth of the institution, including interest paid, compensation of employees, grants and subsidies paid, and depreciation, but excluding the consumption of fixed capital. It consists of the total expenditure of rates and general services (excluding the surplus), the total expenditure on housing and trading services (excluding the surplus).
Current liabilities	Current liabilities consist of external short-term loans from and deposits; unspent conditional grants; current provisions; short term leases; Value Added Tax; bank overdraft; and creditors

Current ratio	The current ratio is calculated as current assets divided by current liabilities. This ratio measures the extent to which current or short-term assets can be disposed to liquidate the current or short-term liabilities.
District municipality	District municipality refers to a municipality that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category C municipality. (Refer to Local Government: Municipal Structures Act, No.117 of 1998).
Donation and public contribution reserve	<p>When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/deficit to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit.</p> <p>The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions. When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/deficit.</p>
Employee related cost	<p>Compensation of employees includes payment to full-time and part-time employees irrespective of whether the remuneration is paid out of revenue, capital or any other account.</p> <p>Compensation of employees also includes;</p> <ul style="list-style-type: none">• basic compensation;• allowances;• contribution to other benefit funds of employees such as medical aid, pension fund contributions, group life, etc. (excluding unemployment insurance and workmen's compensation, etc., which contributions may be looked upon as a form of insurance and would appear under general expenditure) and other benefits such as housing subsidy etc.;• uniform clothing and allowances (clothing, boots, overalls, etc., supplied to uniformed employees); and• allowances to councillors are treated separately for the purpose of this census.
Government grant reserve	When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/ deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit. When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

Housing development funds	The housing development fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a housing development fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the housing development fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the housing development fund. Monies outstanding to the credit of the housing development fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.
Housing and trading services	Trading services are services for which the tariffs are determined in such a way that the provision of the service should yield a trading profit (market-related goods and services). Trading services include abattoirs, electricity and gas, markets, passenger transport, water and other trading services (forestry, agriculture, airports, mineral baths, stone crushing and sand supply services).
Levies	Levies include both regional service and regional establishment levies collected by the districts and metropolitan municipalities. Regional service levy is the payroll tax paid by registered levy payers on total remuneration of their employees in terms of the Local Government Act (LGTA) of 1993. Regional establishment levy is the turnover tax paid by businesses on their total turnover in terms of the relevant legislation.
Local municipality	Local municipality refers to municipalities that share municipal executive and legislative authority in its area with a district municipality within whose area it falls, that is described in section 155(1) of the Constitution as a category B municipality.
Long-term loans	Long-term loans are loans with an outstanding maturity of more than one year.
Metropolitan municipality	Metropolitan municipality means an institution that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category A municipality. Refer to Local Government: Municipal Structures Act. (Act No.117 of 1998).
Municipality	Municipality is a generic term describing the 'unit' of government in the local spheres responsible for local government in a geographically demarcated area and including district, local and metropolitan municipalities. Municipalities as an institution consisting of municipal council (elected political representatives) and the municipal administration (appointed officials).
Marketable loan stock	Marketable loan stock refers to stocks, debentures and similar debt instruments that are freely negotiable, i.e. securities for which transfer registers are kept and which are usually listed on the stock exchange. Discounts originating with the issue of stocks below par are included in the stock liability.
Money market instruments	Money market instruments include bankers' acceptance, trade bills, and promissory notes, capital project bills, bridging debentures, negotiable certificates of deposits, Land Bank bills, Land Bank and the South African Reserve Bank's debentures.

Other expenditure	<p>The following are included in other expenditure:</p> <ul style="list-style-type: none">• administration charges/fees;• audit fees;• books and magazines;• consumables;• legal fees;• licenses and trade licenses;• professional fees;• refreshments; and• sundries.
Provision	<p>Provision is any amount set aside for the purpose of meeting the following:</p> <ul style="list-style-type: none">• specific requirements where the amounts thereof can be closely estimated; and• specific commitments and contingencies as at the date of the balance sheet, where the amounts involved cannot be determined with significant accuracy. <p>Provision includes:</p> <ul style="list-style-type: none">• bad debts; and• leave payouts
Rates and general services	<p>Rates and general services include ambulance, fire control (or fire fighting), health (clinics, old age homes), roads and storm-water, parks and recreation (libraries, cultural activities, museums, sport administration, community halls, swimming pools, sports grounds, nature reserves, etc.), sewerage and cleansing, traffic (licensing offices) and other services (city engineers, administration, personnel, legal services, city treasurer, etc.). These services are not economically self-supporting and are financed by imposing assessment rates, other rates, the receipt of subsidies and other contributions.</p>
Repairs and maintenance	<p>Repairs and maintenance include all expenditure on repairs and maintenance of the various assets of the department. Where considered necessary, the cost of repairs in respect of the various types of assets, e.g. buildings, plant, may be subdivided. Where repairs and maintenance have been charged to a 'provision for repairs account', the actual expenditure incurred during the current year has been reflected under this sub-division and the amount chargeable to the 'provision for repairs' is reflected as a deduction from the actual cost. Any balance of expenditure still remaining is treated as a charge against the current year.</p>
Reserve	<p>Reserve denotes amounts set aside out of surpluses that are not designed to meet any liability, contingency, commitment or diminution in the value of assets known to exist as at the date of the balance sheet.</p>
Revaluation reserve	<p>The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on devalued amounts, are credited or charged to the Statement of Financial Performance</p>
Self-insurance reserve	<p>The municipality has a self-insurance reserve amount set aside to offset potential losses or claims that cannot be insured externally (adapt to specific circumstances). The balance of the self-insurance reserve is determined based on 5% of the insurance risk carried by the municipality.</p>

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