



**Annual Financial Statements
2003/2004**

EC 123

GREAT KEI MUNICIPALITY

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GREAT KEI MUNICIPALITY

MAYOR'S FOREWORD

I have pleasure in presenting the Annual Financial Statements which are subject to audit for the year ended 30 June 2004.

Local Government reform in South Africa poses a challenge to all municipalities and indeed the Great Kei Municipality and as such we have set our targets to comply with the accounting reforms as envisaged in the MFMA and other pieces of legislation.

The economic viability of the region remains a priority for our municipality. Every effort has been made to stimulate investment in the Great Kei Municipality with the available resources.

The council as an institution is faced with numerous challenges. The greatest challenge is the inability of customers to pay for rates and services on a regular basis. Due to this challenge the municipality has become increasingly reliance on the equitable share received from national government is improve the quality of service delivery to population of the Great Kei region. The high unemployment rate in the region has become the major contributing factor towards the inability of customers to service their accounts. We have also been faced with a growing rate of electricity fraud.

Despite the numerous challenges facing the council I and my fellow councillors are confident for the future of the Great Kei Municipality and we remain committed to building a financially sound and prosperous municipality.

In conclusion I wish to express my appreciation to the councillors, the Municipal Manager, Chief Financial Officer and various members of the Budget and Treasure office for their support and hard work during the past financial year.

.....
M Kema
MAYOR

GREAT KEI MUNICIPALITY

GENERAL INFORMATION

MEMBERS OF THE COUNCIL

Councillors

M Kema (Mayor)

M Mali (Chairperson: - Finance)

W Hollington (Chairperson: - Amenities Social Services and Health)

T Nelani (Chairperson: - Human Resources)

G Hill

N Dyani (Chairperson: - Economic Development)

N Pan

N Tekile

W Ndora

M Bukani

V Bholo

Z Mpondo (Chairperson Infrastructure Development and Works)

GRADING OF LOCAL AUTHORITY

Great Kei Municipality is a Grade 2 Local Authority

AUDITORS

Auditor General

BANKERS

The Standard Bank of South Africa
ABSA Bank

GREAT KEI MUNICIPALITY

REGISTERED OFFICE

P O Box 21
Komga
Station Street, Komga

Telephone : 043 831 1028
Facsimile : 043 831 1306

MUNICIPAL MANAGER & ACCOUNTING OFFICER

O S Ngqele

Telephone : 043 831 1028

CHIEF FINANCIAL OFFICER

Z Gwavu

Telephone : 043 831 1028

GREAT KEI MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

The **Annual Financial Statements** as set out on pages 4 to 22 were approved by the Municipal Manager and

Chief Financial Officer on the and presented to and approved by Council

on the

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MUNICIPAL MANAGER: GREAT KEI MUNICIPALITY

.....
CHIEF FINANCIAL OFFICER: GREAT KEI MUNICIPALITY

GREAT KEI MUNICIPALITY
ACCOUNTING OFFICER'S REPORT

1. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The overall operating results for the year ended 30 June 2004 are as follows:

	Actual 2003 R	Actual 2004 R	Variance 2003/2004 %	Budget 2004 R	Variance Actual - Budget %
Income:					
Opening deficit	4,170,429	18,403,648			
Sundry Transfers	6,674,801	(7,755,411)			
Operating income for the year	25,520,183	17,790,398	(30)	30,207,208	(70)
	36,365,413	28,438,637		30,207,208	
Expenditure					
Operating expenditure for the year	17,961,765	28,272,139	57	30,185,765	(7)
Contributions to approved funds					
Closing deficit	18,403,648	166,497		21,443	
	36,365,413	28,438,637		30,207,208	
Significant variances:					
Salary Cost have increased substantially. Major Repairs and Maintenance work was carried out during the year.					
Operating Income and Grants received have decreased over the paast year.					

1.1 Rates and General Services

	Actual 2003 R	Actual 2004 R	Variance 2003/2004 %	Budget 2004 R	Variance Actual - Budget %
Income	23,027,351	15,319,211	(33)	25,233,119	(65)
Expenditure	9,162,251	23,416,888	156	22,069,721	6
Deficit	13,865,100	(8,097,677)	(158)	3,163,398	139
Deficit as % of total income	60	(53)			
Significant variances:					
Major increase in Salaries and Repairs and Maintenance.					

1.2 Summary of the operating results of the local authority's Trading Service:

Water Service

	Actual 2003 R	Actual 2004 R	Variance 2003/2004 %	Budget 2004 R	Variance Actual - Budget %
Income	782,980	1,512,882	93	3,663,589	(142)
Expenditure	6,373,728	2,540,618	(60)	4,692,756	(85)
(Deficit)/Surplus	(5,590,748)	(1,027,735)		(1,029,167)	
Surplus/(deficit) as % total income	(714)	(68)		(28)	
Significant variances:					

Electricity Service

	Actual 2003 R	Actual 2004 R	Variance 2003/2004 %	Budget 2004 R	Variance Actual - Budget %
Income	1,709,852	958,305	(44)	1,310,500	(37)
Expenditure	2,425,786	2,314,633	(5)	3,423,288	(48)
(Deficit)/Surplus	(715,934)	(1,356,328)		(2,112,788)	
Surplus/(deficit) as % total income	(42)	(142)		(161)	
Significant variances:					

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets during the year amounted to R 9,224,028. (2003 - R 1,300,781)

A complete analysis of capital expenditure (budgeted and actual) per department, classification or service is included in appendix C. More details regarding external loans and internal advances used to finance fixed assets are shown in appendix B.

3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2004 amounted to R 3,416,949. (2003 - R 2,439,890).

Cash resources and short-term deposits less bank overdraft at 30 June 2004 amounted to a surplus of R 454,990. (2003 - R 6,943,794) This amount excludes project, statutory and reserve funds.

More information regarding loans and investments are disclosed in the notes (4 and 7) and appendix B to the financial statements.

4. EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Councillors and to the municipal staff for their assistance and support during the year.

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MUNICIPAL MANAGER: GREAT KEI MUNICIPALITY

GREAT KEI MUNICIPALITY
ACCOUNTING POLICIES

1. Basis of preparation

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants and its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd 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 as stated:
 - * Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licences.
 - * Expenditure is accrued in the year it is incurred.

2. Consolidation

The balance sheet includes Rates and General 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 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 useful 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 financial statements 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 operating 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.

GREAT KEI MUNICIPALITY
ACCOUNTING POLICIES (continued)

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

3.3 All net proceeds from the sale of fixed property are credited to the Revolving Fund.

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

4. Funds and reserves

4.1 Revolving fund

The fund requires a minimum contribution of 7.5 % of the product of the assessment rates that were levied for the immediately preceding financial year. It is not required from Council to contribute an amount that is 20% more than the amount required to be contributed in the immediately preceding financial year.

Net proceeds from the sale of fixed property are invested in the Revolving Fund. Funds accumulated in the Revolving Fund are utilised for the purpose of providing advances to borrowing services and to finance the acquisition or upgrading of land or fixed property.

4.2 Other funds and reserves

Other funds and reserves, which are disclosed in the notes (1 - 3) and appendix A to the financial statements, are built up either by appropriations made on an annual basis from the operating account to the relevant funds and reserves or from contributions received from the public and the State with the objective of providing community facilities and funds to finance bad debts.

5. Provisions

Provisions are created for liabilities or contingencies that are known at the date of the balance sheet but for which the amounts involved cannot be determined with substantial accuracy.

6. Stock

Stock is reflected in the Balance Sheet at the weighted average cost.

7. Retirement benefits

The Council and its employees contribute to various pension, provident and retirement funds. The larger funds include the SAMWU National Provident Fund, the Cape Joint Retirement Fund and the SALA Pension Fund.

GREAT KEI MUNICIPALITY
ACCOUNTING POLICIES (continued)

The retirement benefits are calculated in accordance with the rules of the respective funds. Current contributions by the Council are charged against operating income at the rate of a fixed percentage of the basic salary paid to employees.

Full actuarial valuations are performed at least every three years.

8. Surpluses and deficits

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

9. Treatment of administration and other overhead expenses

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

10. Investments

Investments are disclosed at the lower of cost or market value if a permanent decline in value has occurred and are invested on such conditions as the Minister may approve.

11. Income recognition

11.1 Water billings

All meters are read and billed monthly. Income is recognised when meters are read and the monthly levies debited to the respective consumer account. Where meters cannot be read during a particular month, they are provisionally billed with the necessary adjustments made in the month they are indeed read.

11.2 Assessment rates

The local authority applies a uniform system of rating. In terms of this system the assessment rates are levied on the land value of property and improvements, at the same rate. Rebates of 20% are granted on state-owned properties. Income is recognised when such levies are raised and debited to the respective ratepayer account.

11.3 Other income

Income from services such as refuse removal and sewerage, recovered by way of debtors, is recognised when such levies are raised and debited against the respective consumer account. Income from other sources is recognised when paid.

GREAT KEI MUNICIPALITY
BALANCE SHEET AT 30 JUNE 2004

	Note	2004 R	2003 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		526,401	1,781,067
Statutory Funds	1	509,650	644,031
Reserves	2	16,751	1,137,037
RETAINED INCOME / (ACCUMULATED DEFICIT)		166,497	18,403,648
		692,898	20,184,715
TRUST FUNDS	3	112,493	2,906,734
LONG TERM LIABILITIES	4	3,221,022	2,440,566
CONSUMER DEPOSITS: SERVICES	5	71,422	128,146
		4,097,836	25,660,161
EMPLOYMENT OF CAPITAL			
LONG TERM DEBTORS	8	375,474	265,193
FIXED ASSETS	6	4,412,394	3,495,100
INVESTMENTS	7	575,859	4,687,801
		5,363,727	8,448,095
NET CURRENT ASSETS		(1,265,891)	17,212,066
CURRENT ASSETS		3,635,712	18,182,652
Stock	9	223,165	223,165
Debtors	10	3,182,024	12,329,109
Cash Resources	11	230,523	5,630,379
CURRENT LIABILITIES		4,901,603	970,586
Creditors	13	4,415,941	760,586
Bank Overdraft	14	-	-
Provisions	12	485,662	210,000
		4,097,836	25,660,161

GREAT KEI MUNICIPALITY
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

2003 Actual income	2003 Actual expenditure	2003 surplus/ (deficit)		2004 Actual income	2004 Actual expenditure	2004 surplus/ (deficit)	2004 Budgeted surplus/ (deficit)
R	R	R		R	R	R	R
23,027,351	9,162,251	13,865,100	RATES AND GENERAL SERVICES	15,319,211	23,416,888	(8,097,677)	3,163,398
15,921,220	9,111,239	6,809,981	Community services	13,000,352	20,978,382	(7,978,029)	5,491,864
5,879,871	1,732	5,878,139	Subsidised services	165,220	479,681	(314,461)	(831,815)
1,226,260	49,280	1,176,980	Economic services	2,153,639	1,958,825	194,814	(1,496,651)
2,492,832	8,799,514	(6,306,682)	TRADING SERVICES	2,471,187	4,855,251	(2,384,063)	(3,141,955)
<u>25,520,183</u>	<u>17,961,765</u>	<u>7,558,418</u>	TOTAL	<u>17,790,398</u>	<u>28,272,139</u>	<u>(10,481,740)</u>	<u>21,443</u>
		6,674,801	Appropriations for the year (refer note 19)			(7,755,411)	
		14,233,219	NET SURPLUS (DEFICIT) FOR THE YEAR			(18,237,151)	
		4,170,429	Accumulated deficit beginning of the year			18,403,648	
		<u>18,403,648</u>	ACCUMULATED DEFICIT END OF THE YEAR			<u>166,497</u>	

GREAT KEI MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

	NOTES	2004 R	2003 R
CASH RETAINED FROM OPERATING ACTIVITIES		3,435,187	8,352,127
Cash generated by operations	20	(16,111,050)	8,505,375
Investment income	18	128,396	353,824
Increase in working capital	21	13,078,102	(3,556,277)
		<u>(2,904,552)</u>	<u>5,302,922</u>
Less: External interest paid		524,455	-
Cash (utilised in)/available from operations		(2,380,097)	5,302,922
Cash contributions from the public and the State		5,815,284	3,049,205
CASH UTILISED IN INVESTING ACTIVITIES		(9,334,308)	(1,300,781)
Investment in fixed assets		(9,224,028)	(1,300,781)
Long Term Debtors		(110,281)	-
NETT CASH FLOW		<u>(5,899,121)</u>	<u>7,051,346</u>
CASH EFFECTS OF FINANCING ACTIVITIES			
(Decrease) / Increase in Long Term Liabilities	22	780,456	-
Increase / (Decrease) in Consumer Deposits		(56,723)	-
Decrease / (Increase) in Cash	24	5,399,855	(6,290,443)
(Increase) / Decrease in External Cash Investments	23	(224,467)	(760,903)
NETT CASH UTILISED		<u>5,899,121</u>	<u>(7,051,346)</u>

GREAT KEI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	2004 R	2003 R
1. ACCUMULATED FUNDS		
Revolving Fund	501,550	636,381
Dog Tax Fund (Invested as per note 7)	8,100	7,650
	<u>509,650</u>	<u>644,031</u>
<u>The revolving fund is represented by:</u>		
Investments (Note 7)	575,859	4,687,801
Advances to borrowing services	1,191,372	1,054,534
Long Term Loans	375,474	265,193
Advances to operating account		
	<u>2,142,705</u>	<u>6,007,529</u>
<i>(Refer to Appendix A for more details)</i>		
2. RESERVES (Invested as per note 7)	<u>16,751</u>	<u>1,137,037</u>
<i>(Refer to Appendix A for more details)</i>		
3. TRUST FUNDS		
As detailed in Appendix A	<u>112,493</u>	<u>2,906,734</u>
<i>(Refer to Appendix A for more details)</i>		
4. LONG-TERM LIABILITIES		
Development Bank of South Africa	3,221,022	-
Amathole Regional Services Council	-	128,302
Other Long Term Loans	-	2,312,264
	<u>3,221,022</u>	<u>2,440,566</u>
<i>(Refer to Appendix B for more detail)</i>		
5. CONSUMER DEPOSITS: SERVICES		
Service Deposits	<u>71,422</u>	<u>128,146</u>
6. FIXED ASSETS		
Fixed assets at the beginning of the year	18,850,839	17,550,058
Capital expenditure during the year	9,224,028	1,300,781
	<u>28,074,867</u>	<u>18,850,839</u>
Less: Assets written off, transferred or disposed of during year	-	-
Total fixed assets	28,074,867	18,850,839
Less: Loans redeemed and other capital receipts	<u>23,662,472</u>	<u>15,355,739</u>
NET ASSETS	<u>4,412,394</u>	<u>3,495,100</u>
<i>(Refer to Appendix C for more details)</i>		

GREAT KEI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (Continued)

	2004 R	2003 R
7. INVESTMENTS		
Project Investments	112,493	2,906,734
Reserve Investments	16,751	1,137,037
Dog Tax Investment	8,100	7,650
Revolving Fund Investments	214,048	636,381
Operating Account Investments	224,467	-
	<u>575,859</u>	<u>4,687,801</u>
<p>Circular no 19 of 1984 issued by the Provincial Administration Community Development Branch, 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 the investment at a plenary rate to meet commitments.</p>		
8. LONG TERM DEBTORS		
Squash Club Loan	23,453	-
Bowling Green Club Loan	33,453	-
Car Loan Mr Gwavu	87,627	109,832
Car Loan Mr Ngqele	87,804	112,711
Car Loan Mr Vermeulen	8,437	42,650
Car Loan Mr Dicks	134,699	-
	<u>375,474</u>	<u>265,193</u>
9. STOCK		
Stock represents consumable stores, raw materials, work in progress and finished goods. Where necessary specific provision is made for obsolete stock. Stock are divided into different services: Rate and general	<u>223,165</u>	<u>223,165</u>
10. DEBTORS		
Current Debtors (Consumers and others)	8,465,801	8,020,322
VAT Control	317,845	486,219
Sundry Debtors	258,500	3,822,567
Less: Provision for Doubtful Debts	(5,860,122)	-
	<u>3,182,024</u>	<u>12,329,109</u>
11. CASH AND CASH EQUIVALENT		
Operating Account - Standard Bank	58,698	5,434,717
Operating Account - ABSA Bank	74,106	195,661
Operating Account - Traffic Services	97,720	-
Cash Floats	-	-
	<u>230,523</u>	<u>5,630,379</u>

GREAT KEI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (Continued)

	2004 R	2003 R
12. PROVISIONS		
Audit Fee Provision	236,000	90,000
Accounting Services	81,638	120,000
Leave Pay Provision	168,025	-
	<u>485,662</u>	<u>210,000</u>
13. CREDITORS		
Creditors	1,618,164	401,603
VAT Control	-	-
VAT Provision	-	-
Sundry Creditors	1,598,763	358,983
Project Creditors	1,003,087	-
Current Portion of External Loans	195,927	-
	<u>4,415,941</u>	<u>760,586</u>
14. BANK OVERDRAFT		
None	<u>-</u>	<u>-</u>
15. ASSESSMENT RATES		
Actual Rateable Income	<u>2,730,342</u>	<u>2,267,720</u>
16. COUNCILLOR'S REMUNERATION		
Councillor's Allowances	<u>625,269</u>	<u>-</u>
17. AUDITOR'S REMUNERATION		
Audit fees	<u>146,000</u>	<u>-</u>
18. FINANCE TRANSACTIONS		
Total external interest earned or paid:		
- Interest earned	<u>128,396</u>	<u>353,824</u>
- Interest paid	<u>524,455</u>	<u>-</u>
Capital charges debited to operating account:		
- Interest paid on external loans	430,734	
- Interest paid on internal loans	92,674	
- Redemption of external loans	88,712	
- Redemption of internal loans	189,973	
	<u>802,093</u>	<u>-</u>

GREAT KEI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (Continued)

	2004 R	2003 R
19. APPROPRIATIONS		
Appropriation account		
Accumulated deficit at the beginning of the year	18,403,648	4,170,429
Operating (deficit)/surplus for the year	<u>(10,481,740)</u>	<u>7,558,418</u>
	7,921,908	11,728,847
Less: Appropriations for the year:		
- Prior year adjustments	(7,755,411)	6,674,801
Accumulated deficit at the end of year	<u><u>166,497</u></u>	<u><u>18,403,648</u></u>
Operating account		
Capital expenditure - Fixed assets	2,480,661	1,300,781
Contributions to:		
- Revolving Fund	170,079	75,240
	<u><u>2,650,740</u></u>	<u><u>1,376,021</u></u>
20. CASH UTILISED IN OPERATIONS		
(Deficit) surplus for the year	(10,481,740)	(287,337)
Adjustments in respect of:		
- Prior Year Adjustments	-	-
Appropriations charged against income:		
- Revolving Fund	170,079	59,728
- Fixed Assets	2,480,661	11,124
Capital charges debited to operating account	802,093	469,627
Grants and Subsidies Received from the State	(9,082,143)	(146,861)
	<u><u>(16,111,050)</u></u>	<u><u>106,281</u></u>
21. MOVEMENT IN WORKING CAPITAL		
(Increase) / Decrease in Stores	-	-
(Increase) / Decrease in Debtors	9,147,085	(3,805,625)
(Decrease) / Increase in Creditors and Provisions	3,931,017	249,348
	<u><u>13,078,102</u></u>	<u><u>(3,556,277)</u></u>
22. MOVEMENT IN LONG-TERM LIABILITIES		
Loans repaid	780,456	-
	<u><u>780,456</u></u>	<u><u>-</u></u>
23. MOVEMENT IN INVESTMENTS		
Investments	<u><u>(224,467)</u></u>	<u><u>(760,903)</u></u>
24. MOVEMENT IN CASH ON HAND		
Cash Surplus / (Deficit) at the beginning of the year	5,630,379	(660,064)
Less: Cash Surplus / (Deficit) at end of year	230,523	5,630,379
	<u><u>5,399,855</u></u>	<u><u>(6,290,443)</u></u>

GREAT KEI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (Continued)

	2004 R	2003 R
25. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
The municipality has no contingent liabilities nor any contractual obligations.		
26. RETIREMENT BENEFITS		
The employees of the municipality contribute to either the Cape Joint & SALA Pension Fund		

GREAT KEI MUNICIPALITY
STATUTORY FUNDS, RESERVES AND TRUST FUNDS

	Balance at 30 June 2003 R	Contributions during year R	Interest on Investments R	Transfers during year R	Operating expenditure during year R	Capital expenditure during year R	Balance at 30 June 2004 R
STATUTORY FUNDS							
Revolving Fund	636,381	170,079	67,505	(371,414)	1,000		501,550
Dog Tax	7,650		450				8,100
	644,031	170,079	67,955	(371,414)	1,000	-	509,650
TRUST FUNDS							
Cash Backed Funds							
Pilot Housing	163,082		17,804	(150,000)			30,886
Township Register	3,979		52		416		3,616
IGG	53,029			(53,029)			-
Kei Mouth Peoples Housing Project	2,085,442	2,257,635	93,397			4,427,361	9,112
Electricity Project	135,876	130,000	6,329			262,021	10,184
CMIP	153,145	120,000	6,438			263,428	16,155
General Fund	11,377			(11,377)			-
Town Planning	168,754		13,260	(150,000)	1,500		30,514
Komga TLC	40,917			(40,917)			-
Stabilisation Fund	4,291		40				4,331
Deposit Fund	86,842			(86,842)			-
Siviwe Housing Project		3,765,860	56,200			3,814,365	7,695
	2,906,734	6,273,495	193,519	(492,165)	1,916	8,767,174	112,493
RESERVES							
Scheme Regulation Funds	15,769		983				16,751
Reserve Account	7,827			(7,827)			-
Revenue Suplus Account	6,599			(6,599)			-
Reserve Trading Account	1,106,842			(1,106,842)			-
	1,137,037	-	983	(1,121,268)	-	-	16,751

APPENDIX A

GREAT KEI MUNICIPALITY

EXTERNAL LOANS AND INTERNAL ADVANCES

	Rate	Repayment Terms	Termination	Balance at 30 June 2003 R	Received during the year R	Redeemed/ written off during year R	Balance at 30 June 2004 R
EXTERNAL LOANS							
Development Bank of South Africa (Sanitation)	15.0%	Bi Annually	30-Jun-2019	-	2,750,123	65,863	2,684,260
Development Bank of South Africa (Roads & Drainage)	14.5%	Bi Annually	30-Jun-2014	-	559,611	22,849	536,762
Amathole Regional Services Council		Bi Annually		128,302		128,302	-
Sanlam Pension Fund				68,202	(55,552)	12,650	-
Unibank				21,013	(15,779)	5,234	-
Housing Project				538,915		538,915	-
Cintsa Unit				757,842		757,842	-
Other Liabilities				926,292		926,292	-
				2,440,566	3,238,404	2,457,947	3,221,022
INTERNAL LOANS							
<u>Internal advances to borrowing services:</u>							
Internal Loans (Old Komga)			Various Loans (See Attached Schedules)	1,054,534	(1,053,355)	57	1,122
Internal Loans (Old Kei Mouth)			Various Loans (See Attached Schedules)	-	1,374,932	184,682	1,190,250
				1,054,534	321,577	184,738	1,191,372

APPENDIX B

**GREAT KEI MUNICIPALITY
ANALYSIS OF FIXED ASSETS**

2003 Expenditure		Balance at 30 June 2003	Expenditure during year	Redeemed, trans- ferred or written off during year	Balance at 30 June 2004
R		R	R	R	R
1,300,781	Rates & General Services	10,852,328	7,010,724	-	17,863,052
1,300,781	Community services	6,827,652	2,665,815	-	9,493,467
560,000	Land and Buildings	2,995,137	2,052,374		5,047,511
	General Improvements	139,639			139,639
	Streets & Stormwater	914,193	281,866		1,196,059
740,781	Plant, Vehicles and Equipment	1,724,209	161,155		1,885,364
	Community Halls	296,632			296,632
	Cintsa Assets	757,842			757,842
	Town Treasury	-	170,420		170,420
	Traffic Services	-			-
-	Subsidised Services	353,612	17,825	-	371,437
	Library	-			-
	Plant, Vehicles and Equipment	8,582			8,582
	Parks & Recreation	345,030	17,825		362,855
-	Economic Services	3,671,064	4,327,084	-	7,998,148
	Sewerage & Sanitation	3,529,474	4,298,053		7,827,527
	Plant, Vehicles and Equipment	141,590	29,031		170,621
-	Trading Services	7,998,511	2,213,304	-	10,211,815
	Electricity Services	3,892,396	11,856		3,904,252
	Water Services	4,106,115	2,201,448		6,307,563
1,300,781	TOTAL FIXED ASSETS	18,850,839	9,224,028	-	28,074,867
1,300,781	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS	(15,355,739)	9,224,028	(917,294)	23,662,472
	Loans redeemed and advances paid	3,334,822		(65,210)	3,400,032
	Contributions from operating income	4,238,066	2,480,661	996,325	5,722,402
	Grants and subsidies	7,782,851	6,743,366	(13,821)	14,540,038
-	NET FIXED ASSETS	3,495,100	-	917,294	4,412,394

APPENDIX C

GREAT KEI MUNICIPALITY

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

2003 Actual R		2004 Actual R	2004 Budget R
INCOME			
12,851,925	Grants and Subsidies	9,082,143	-
12,668,259	Operating income	8,579,859	30,207,208
2,267,720	Assessment Rates	2,730,342	3,510,629
1,709,852	Electricity Charges	958,305	1,310,500
782,980	Water Charges	1,512,882	3,663,589
7,907,707	Income from Tariffs, Service Charges etc	3,378,329	21,722,490
-	Interest Received	128,396	-
<u>25,520,184</u>	Total income	<u>17,790,398</u>	<u>30,207,208</u>
EXPENDITURE			
5,655,816	Salaries, Wages and Allowances	9,231,357	7,211,031
8,011,189	General Expenditure	11,210,151	8,876,345
2,510,531	Repairs and Maintenance	5,374,123	1,930,014
1,687,111	Capital Charges	802,093	751,945
-	Contributions to Fixed Assets	1,484,336	11,136,430
75,240	Contributions to Approved Funds	170,079	280,000
<u>17,939,887</u>	Total Expenditure	<u>28,272,139</u>	<u>30,185,765</u>

APPENDIX D

GREAT KEI MUNICIPALITY

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

2003 Actual income	2003 Actual expenditure	2003 Surplus/ (deficit)		2004 Actual income	2004 Actual expenditure	2004 Surplus/ (deficit)	2004 Budgeted surplus/ (deficit)
R	R	R		R	R	R	R
23,027,351	9,162,251	13,865,100	RATES AND GENERAL SERVICES	15,319,211	23,416,888	(8,097,677)	3,163,398
15,921,220	9,111,239	6,809,981	Community services	13,000,352	20,978,382	(7,978,029)	5,491,864
248,085	5,682,503	(5,434,418)	Administration		8,818,017	(8,818,017)	5,899,123
2,267,720	-	2,267,720	Assessment Rates	2,730,342	238,644	2,491,698	3,230,629
	854,261	(854,261)	Council General		2,530,589	(2,530,589)	(1,055,284)
		-	Engineering Services			-	-
		-	Health Services			-	3,709
		-	Human Resources			-	-
		-	Local Economic Development			-	-
	25,538	(25,538)	Roads and Streets		3,597,848	(3,597,848)	(2,325,098)
48,624		48,624	Traffic Services	553,102	420,409	132,692	(261,215)
13,356,791	2,548,937	10,807,854	Treasury	9,716,908	5,372,874	4,344,035	-
5,879,871	1,732	5,878,139	Subsidised services	165,220	479,681	(314,461)	(831,815)
2,010	1,732	278	Cemeteries			-	(10,584)
		-	Fire Protection			-	-
		-	Library		68,599	(68,599)	(183,804)
5,877,861		5,877,861	Parks, Recreation and Beaches	136,798	411,082	(274,284)	(651,365)
		-	Tecoma Old Age Home	28,422		28,422	13,938
1,226,260	49,280	1,176,980	Economic services	2,153,639	1,958,825	194,814	(1,496,651)
557,326	49,280	508,046	Refuse Services	1,070,605	489,020	581,585	(235,670)
668,934		668,934	Sewerage and Sanitation	1,067,197	1,407,037	(339,840)	(990,519)
		-	Whispering Waves	15,837	62,768	(46,931)	(270,462)
2,492,832	8,799,514	(6,306,682)	TRADING SERVICES	2,471,187	4,855,251	(2,384,063)	(3,141,955)
1,709,852	2,425,786	(715,934)	Electricity Services	958,305	2,314,633	(1,356,328)	(2,112,788)
782,980	6,373,728	(5,590,748)	Water Services	1,512,882	2,540,618	(1,027,735)	(1,029,167)
25,520,183	17,961,765	7,558,418	TOTAL	17,790,398	28,272,139	(10,481,740)	21,443
		6,674,801	Appropriations for the year (refer to note 19)			(7,755,411)	
		14,233,219	NET DEFICIT FOR THE YEAR			(18,237,151)	
		4,170,429	Accumulated deficit beginning of the year			18,403,648	
		18,403,648	ACCUMULATED DEFICIT END OF THE YEAR			166,497	

APPENDIX E

**GREAT KEI MUNICIPALITY
APPENDIX F
STATISTICAL INFORMATION**

NO DETAILS AVAILABLE

GENERAL STATISTICS

Population

=====

Site valuations at

- Residential
- Exempt

=====

-

=====

-

Assessment rates:

- All properties 2.086 cents in the rand
- Pensioners can apply for a 40% rebate and Residents 20 % respectively
- Churches exempt

Number of residential properties

Number of employees of local authority

WATER STATISTICS

Units bought/purified

Cost per unit bought

Units sold (metered users)

Units lost in distribution

Units lost in distribution as a percentage

Cost per unit sold

Income per unit sold