

submitted on 23/11/05

**ANNUAL FINANCIAL
STATEMENTS OF
ENGCORO
LOCAL MUNICIPALITY
30 JUNE 2004**

ENGOBO LOCAL MUNICIPALITY

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ENGCOBO LOCAL MUNICIPALITY

GENERAL INFORMATION

MAYOR/SPEAKER

COUNCILLOR: MC XUNDU

CHIEF WHIP

COUNCILLOR: MS MARENENE

MEMBERS OF THE COUNCIL

WARD	COUNCILLOR
1	D XAUKA
2	MW MAKOHLISO
3	M MZONDI
4	V FETILE
5	M PALISO
6	M NDZEKENI
7	N QAZIYANA
8	A NKUNGWANA
9	M SWELENI
10	S NDUDE
11	Z MAKHASI
12	B MAPINGANA
13	NM MTSALI
14	V GIGI
15	S LENGISI

MEMBERS OF THE COUNCIL: PROPOTIONAL

16	N Nxuseka (Ms)
17	S Mbolo
18	N Xauka (Mrs)
19	GGT Matshayana
20	B Xuma
21	M Mvontshi
22	Z Hlekiso (Ms)
23	M Sajini
24	Q Bonga
25	M Mabadi
26	V Paliso (Mrs)
27	T Jolinyati
28	MR Bam
29	Mr Songqengqe
30	Mr Dalasile
31	Mrs Ngxangane
32	S Mgudlwa
33	Mr Jezile

GRADING OF LOCAL MUNICIPALITY

Grade 2

AUDITORS

The Auditor-General

BANKERS

First National Bank

Meeg Bank

Standard Bank

REGISTERED OFFICE

Union Street

Engcobo

PO Box 24

Engcobo

Telephone No: (047) 548 1221

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 1 to 22 were approved by the Municipal Manager on 09 September 2004 and will be presented to the Council during September 2004

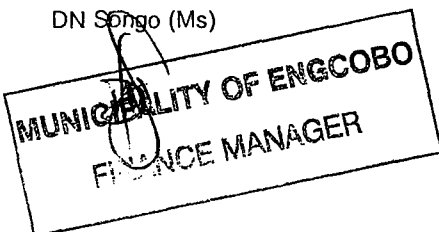
MUNICIPAL MANAGER

Mr M Gigo



FINANCIAL MANAGER

DN Songo (Ms)



ENGCOBO LOCAL MUNICIPALITY

FOREWORD

The past financial year was a year full of challenges as it was the first combined budget after the amalgamation between the former Madikwe - and Mogwase TRC'S.

This financial year can therefore be described as the establishment year of Moses Kotane Local Municipality.

The operating expenditure increased from R 5 226 925 to R 17 349 830 which included the appointment of the Municipal Manager as well as 3 other managers.

The Council obtained an external loan from ABSA for the purchasing of some heavy duty road equipment to upgrade certain roads as well as to reduce the backlog in service delivering in the Villages.

The valuation roll was finalized and will be implemented as from the first of July 2002 which will develop an adequate and sustainable revenue base to allow the Council to provide proper service delivery to the community.

The revenue which will be generate through property rates will amount to approximately R 16,9 million of which commercial properties will contribute R 8 million plus

The Council approved the budget for the 2002/2003 financial year as well as the implementation of an IDP.

I would like to express my appreciation to the Executive Committee, the Municipal Manager and all other personnel for their support, co-operation and hard work during the past year.

Councillor M C Xundu
Mayor

ENGCOBO LOCAL MUNICIPALITY
TREASURER'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 applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2004 are as follows:

INCOME	Actual 2003 R	Actual 2004 R	Variance 2003/2004 %	Budget 2004 R	Variance Actual/Budget %
Opening surplus	29,230,342	33,002,694			
Operating income for the year	26,991,437	28,611,193	6.0 %	55,401,219	(48.4)%
	56,221,779	61,613,887		55,401,219	
EXPENDITURE					
Opening deficit					
Operating expenditure for the year	18,762,088	36,845,545	96.4 %	55,401,219	33.5%
Sundry transfers	4,456,997	-86,062			
Closing surplus	33,002,694	24,854,404	(24.7)%		
	56,221,779	61,613,887		55,401,219	

1. RATES, GENERAL SERVICES

	Actual 2003 R	Actual 2004 R	Variance 2003/2004 %	Budget 2004 R	Variance Actual/Budget %
Income	26,423,250	27,976,206	5.9 %	37,776,778	-25.9%
Expenditure	17,438,359	33,232,253	90.6 %	55,401,219	40.0%
Surplus (deficit)	8,984,891	-5,256,047	-158.5%	-17,624,441	
Surplus (deficit) as % of total income	34.0%	-18.8%		-46.7%	

ENGCOCO LOCAL MUNICIPALITY
TREASURER'S REPORT

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets incurred during the year amounted to R28 452 709

The expenditure consisted of the following:

	Actual 2004 R	Budget 2004 R	Actual 2003 R
Land & Buildings	2,892,553	2,700,000	2,055,317
Office Fittings	0		49,310
Plant & Equipment	196,561	6,272,603	7,218
Motor Vehicles	2,917,711	1,252,980	1,841,825
Township Development	0		29,373
General Improvements	11,644,001		2,988,855
Roads and Bridges		11,400,000	554,534
Sanitation	3,460,616	1,163,406	931,397
Water	2,391,964	2,400,000	1,164,886
Office Furniture	109,938	300,000	93,752
Swimming Pool	430,282	200,000	858,720
Computer Equipment	13,525	430,000	159,719
Testing Station	4,395,558	5,517,104	660,804
Refuse		50,000	
	<u>28,452,709</u>	<u>31,686,093</u>	<u>11,395,710</u>

3. EXTERNAL LOANS, INVESTMENTS AND CASH.

External loans outstanding on 30 June 2004 amounted to Nil

Investments and cash in the bank amounts to R 29 070 750 on 30 June 2004
(R43 579 831 on 30 June 2004)

Investments to the value of R7 309 559 are invested for specific projects

4. FUNDS, RESERVES AND PROVISIONS.

The following amounts have been received from the Provincial Government as well as from National Government


Municipal Support Programme
Municipal Testing Station

5. APPRECIATION

I hereby wish to thank the Mayor, Councillors and the Municipal Manager for the support they have given me and my personnel during the year.

A special word of thanks go to all my personnel. Without them this work would have been impossible.

FINANCIAL MANAGER


MUNICIPALITY OF ENGCOCO
FINANCE MANAGER

ENGCOBO LOCAL MUNICIPALITY
ACCOUNTING POLICIES

1. Basis of presentation

- 1.1. These financial statements have been prepared to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Practice for Local for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd edition 1996, as ammended).
- 1.2. The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in note 2. The accounting policies are consistent with those applied in previous years, except if otherwise indicated.
- 1.3. The financial statements are prepared on the accrual basis:
Income is accrued when measurable and available. Certain direct income is recorded when received, such as governmental grants.
Expenditure is accrued in the year it is incurred.

2. Consolidation

The balance sheet includes Rate and General Services, Housing Service, Trading Services and the different funds, reserves and provisions. All inter-departmental charges are set-off against each other, with the exception of assesment rates, refuse removal, sewerage, 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 market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Treasurer.
- 3.2. Depreciation: The balance shown against the heading "Loans Redeemed and other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:
Appropriations from operating income, where the full cost of the asset forms an immediate and direct charge against operating income, and therefore it is unnecessary to make any further provision for depreciation.
Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and other Capital Receipts" account.
- 3.3. All net proceeds from the sale of fixed property are credited to the Land Trust Fund. Net proceeds from the sale of other assets are credited to Income or the Accumulated Surplus Account.
- 3.4. Capital 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 and advances. Interest is charged to the service concerned at the ruling interest applicable at the time the advance is made.

ENGCOBO LOCAL MUNICIPALITY
ACCOUNTING POLICIES

4 Funds and reserves

Transactions relating to funds held by the Council for the benefit of third parties accounted for only in the balance sheet with no recognition of income or expenditure in the income statement

From time to time, the Central and Provincial Governments provide funds to Municipalities for the undertaking of certain prescribed projects. The funds so provided are not treated as operational grants upon receipt but revenue is recognised only upon spending of the funds for the designated purpose, to the extent of the expenditure.

5 Provisions

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

6 Retirement benefits

All employees are contributing to the retirement funds

7 Surpluses and deficits

Any surpluses or deficits arising from the operation of services are transferred to Rate and General Services to alleviate the tax burden of rate payers.

ENGCOBO LOCAL MUNICIPALITY

ACCOUNTING POLICIES

8 Treatment of administration and other overhead expenses

The cost of internal support services are transferred to the different services in accordance with the IMFO's Report on Accounting for Support Services.

9 Investments

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested according to the provisions contained in Circular 26 of 1991 issued by the Provincial Administration.

10 Income recognition

Electricity and water billings

Only water is provided by the municipality

ENGCOCO LOCAL MUNICIPALITY

BALANCE SHEET AT 30 JUNE 2004

		2004 R		2003 R
CAPITAL EMPLOYED				
FUNDS AND RESERVES	Note	7,814,853		11,660,464
Statutory Funds	1	523,502		521,190
Trust Funds	3	7,291,351		11,057,498
Reserves	2	0		81,776
Project Funds	3			
RETAINED SURPLUS/(ACCUMULATED DEFICIT)	15	<u>23,640,583</u>		<u>33,002,694</u>
LONG TERM LIABILITIES				
CONSUMER DEPOSITS - SERVICES				
		<u>31,455,436</u>		<u>44,663,158</u>
EMPLOYMENT OF CAPITAL				
FIXED ASSETS	5	122,261		
INVESTMENTS				
LONG TERM DEBTORS	7	<u>161,360</u>		<u>268,186</u>
		283,621		268,186
NET CURRENT ASSETS		31,171,815		44,394,972
CURRENT ASSETS		33,097,366		45,077,455
Inventory				
Debtors	8	3,345,974		1,402,220
Long term debtors: Short term portion	7	101,228		95,404
Short term portion of investments	6	29,650,164		39,181,420
Cash				4,398,411
CURRENT LIABILITIES		-1,925,551		-682,483
Creditors	10	1,311,715		648,193
Provisions	9	23,132		23,132
Cash		577,888		
Deposits	4	12,816		11,158
		<u>31,455,436</u>		<u>44,663,158</u>

ENGCOBO LOCAL 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)	Budget Surplus / (Deficit)
R	R	R		R	R	R	R
26,423,250	17,438,359	8,984,891	RATE AND GENERAL SERVICE	27,976,206	33,232,253	-5,256,047	2,912,114
25,868,741	15,632,138	10,236,603	Community services	27,345,226	27,656,669	-311,443	4,985,179
0	0	0	Subsidised services	0	0	0	0
554,509	1,806,221	-1,251,712	Economic services	630,980	5,575,584	-4,944,604	-2,073,065
0	0	0	HOUSING SERVICES	0	0	0	0
568,187	1,323,729	-755,542	TRADING SERVICES	634,987	3,613,292	-2,978,305	-2,912,114
26,991,437	18,762,088	8,229,349	TOTAL	28,611,193	36,845,545	-8,234,352	0
			Appropriations for the year (refer to note 15)			0	
		-4,456,997	Appropriations for the year (refer to note 15)			-1,127,759	
		8,229,349	Net surplus / (deficit) for the year			-8,234,352	
		29,230,342	Accumulated surplus / (deficit) at the beginning of the year			33,002,694	
		33,002,694	ACCUMULATED SURPLUS / (DEFICIT) AT THE END OF THE YEAR			23,640,583	

(Refer to appendices D and E for more detail)

ENGCOCO LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

	Note	2004 R	2003 R
CASH RETAINED FROM OPERATING ACTIVITIES			
Cash generated by operations	16	-13,207,722	12,936,087
Investment income			34,336
(Increase) / decrease in working capital	17	-1,177,572	12,970,423
		-14,385,294	
Operating income before interest			
(Increase) Decrease in investments			
Cash available from operations			
Adjustments for items not affecting cash flow			
Net proceeds on disposal of fixed assets			
Cash contributions from the public and State			
CASH UTILISED IN INVESTMENT ACTIVITIES			
Purchase of Assets		-122,261	4,616,836
NET CASH FLOW			
		<u>-14,507,555</u>	<u>17,587,259</u>
CASH EFFECTS ON FINANCING ACTIVITIES			
Increase (Decrease) in funds and reserves		0	
(Increase) / decrease in cash investments	19	9,531,256	-13,388,395
(Increase) / decrease in cash	20	4,976,299	-4,198,864
NET CASH (GENERATED) / UTILISED			
		<u>14,507,555</u>	<u>-17,587,259</u>

ENGCOBO LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	2004 R	2003 R
1 STATUTORY FUNDS		
Revolving Fund	523,502	521,190
Employers Levy Fund	0	
	<u>523,502</u>	<u>521,190</u>
(Refer to appendix A for more detail)		
2 RESERVES AND PROVISIONS		
Unrealised profit on investment	0	81,776
	<u>0</u>	<u>81,776</u>
3 TRUST FUNDS		
Pilot Housing	1,729	1,729
Integrated Development Plan	0	260,000
Town Planning	105,000	105,000
Motor Vehicle Testing Ground	1,885,116	5,767,676
MSP Grant	2,196,409	1,605,684
CMIP	1,104,661	1,463,157
Transitional Fund	1,380,370	418,699
Kwa-Gcina Project	20,395	331,328
Soil Conservation Fund	459,588	1,104,225
Disaster Management	138,083	0
	<u>7,291,351</u>	<u>11,057,498</u>
4 CONSUMER DEPOSITS - SERVICES		
Water	12,500	10,500
Other	316	658
	<u>12,816</u>	<u>11,158</u>
5 FIXED ASSETS		
Fixed assets: beginning of the year	23,539,035	12,183,791
Capital expenditure during the year	28,623,824	11,395,980
Less: Assets written off, redeemed, transferred or disposed of during the year	95,000	40,736
Total fixed assets	<u>52,067,859</u>	<u>23,539,035</u>
Less: Loans redeemed and other capital receipts	-51,945,598	-23,539,035
Net fixed assets	<u>122,261</u>	<u>0</u>

ENGCOBO LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (continued)

	2004 R	2003 R
6 INVESTMENTS		
First National Bank	24,175,491	31,869,872
Meeg Bank	5,426,793	7,263,668
Sanlam	0	
Standard Bank	47,880	47,880
	<u>29,650,164</u>	<u>39,181,420</u>
Management's valuation of unlisted investments	<u>29,650,164</u>	<u>39,181,420</u>
<p>Circular no 25 of 1995 issued by the Provincial Administration 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 penalty rate to meet commitments.</p> <p>No investments were written off during the year.</p>		
7 LONG-TERM DEBTORS		
Motor vehicle loans	262,588	363,590
	<u>262,588</u>	<u>363,590</u>
<i>Less: short term portion transferred to current assets.</i>	101,228	95,404
	<u>161,360</u>	<u>268,186</u>
8 DEBTORS		
Current consumers debtors	1,225,797	718,630
<i>Plus VAT Control</i>	1,526,105	636,374
	<u>2,751,902</u>	<u>1,355,004</u>
Other Debtors	720,972	174,116
<i>Less: Provision for bad debts</i>	126,900	126,900
	<u>3,345,974</u>	<u>1,402,220</u>
9 PROVISIONS		
Auditor General		
Provision for Accounting Fees	23,132	23,132
	<u>23,132</u>	<u>23,132</u>
10 CREDITORS		
Trade creditors	1,145,332	473,218
Auditor General	88,427	100,000
Other creditors	77,956	74,975
	<u>1,311,715</u>	<u>648,193</u>

ENGCOBO LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2004 (CONT)

11 ASSESSMENTS RATES	Actual income 2004 R	Actual income 2003 R
Residential & Commercial	777,384	413,291
Totals	777,384	413,291
	2004 R	2003 R
12 COUNCILLOR'S REMUNERATION		
Mayor's allowance		159,655
Councillor's allowance		1,514,392
		1,674,047
13 AUDITOR'S REMUNERATION		
Audit fees	151,173	100,000
14 FINANCE TRANSACTIONS		
<i>Total external interest earned and paid</i>		
Interest earned		
Interest paid		
<i>Capital charges charged to operating account</i>		
Interest:		
External		
Internal		
Redemption:		
External		
Internal		

ENGCOBO LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (continued)

	2004	2003
15 APPROPRIATIONS		
<i>Appropriation account</i>		
Accumulated surplus / (deficit): beginning of year	33,002,694	29,230,342
Operating surplus / (deficit) for the year	-8,234,352	8,229,349
Appropriations for the year		
Contribution to Leave Reserve		0
Provision for bad debts		0
Prior year adjustments	-1,127,759	-4,456,997
Accumulated surplus / (deficit): end of year	<u>23,640,583</u>	<u>33,002,694</u>
16 CASH GENERATED BY OPERATIONS		
Surplus / (deficit) for the year	-8,234,352	8,229,349
Adjustments in respect of previous years' operating	-1,127,759	-4,456,997
Appropriations charged against income:		
Provisions and reserves		
Fixed assets		
Capital charges		
Interest paid		
on external loans capitalized		
on external loans		
Depreciation		
Operating income before interest		
Investment income (Interest received)	624,644	438,613
Non operating expenditure	-6,807,146	-3,105,106
Non operating income	2,336,891	11,830,228
Credited to provisions and reserves		0
	<u>-13,207,722</u>	<u>12,936,087</u>
17 (INCREASE) / DECREASE IN WORKING CAPITAL		
(Increase) / decrease in debtors	-1,842,752	-392,119
Increase / (decrease) in creditors	665,180	426,455
Increase / (decrease) in creditors - Short Term		0
	<u>-1,177,572</u>	<u>34,336</u>
18 INCREASE / (DECREASE) IN LONG TERM LOANS (EXTERNAL)		
No external loans		
19 (INCREASE) / DECREASE IN EXTERNAL CASH INVESTMENTS		
Investments made		
Investments realised	9,531,256	-13,388,395
	<u>9,531,256</u>	<u>-13,388,395</u>

ENGCOBO LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (continued)

	2004	2003
	R	R
20 (INCREASE) / DECREASE IN CASH ON HAND		
Cash balance: beginning of the year	4,398,411	199,547
Cash balance: beginning of the year : Petty Cash		
<i>Less balance at end of year</i>		4,398,411
MEEG Bank	89,996	
FNB Main Account	-669,409	
Petty Cash	1,525	
	<u>4,976,299</u>	<u>-4,198,864</u>
21 RETIREMENT BENEFITS		
Personnel are members of the Pension Fund or Retirement Fund.		
22 CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
None		
23 EXTRAORDINARY ITEMS		
Income received for 2001		
Meeg Bank investment account balance		
Funds expensed in prior years from Trust Funds		
		<u>0</u>

ENGCOCO LOCAL MUNICIPALITY

APPENDIX A

STATUTORY FUNDS, RESERVES AND PROVISIONS

	Balance at 2003/06/30	Contributions during the year	Interest on investments	Other income	Expenditure during the year	Balance at 2004/06/30
	R	R	R	R	R	R
STATUTORY FUNDS						
Revolving Fund	521,190		3,152		840	523,502
Employers Levy Fund						0
	521,190		3,152	0	840	523,502
TRUST FUNDS						
Transitional Fund	418,699		98,743	862,928		1,380,370
Pilot Housing	1,729	0				1,729
Disaster Management	0	0		183,333	45,250	138,083
Integrated Development Plan	260,000	0			260,000	0
Town Planning	105,000	0				105,000
Motor Vehicle Testing Ground	5,767,676	0	314,275		4,196,835	1,885,116
MSP Grant	1,605,684	0	57,122	1,000,000	466,397	2,196,409
Kwagcina Project	331,328	0		250,000	560,933	20,395
Soil Conservation fund	1,104,225	0	55,845		700,482	459,588
CMIP	1,463,157		95,507	40,630	494,633	1,104,661
	11,057,498	0	621,492	2,336,891	6,724,530	7,291,351
RESERVES						0
						0
						0
Unrealised profit on investments	81,776	0	0	0	81,776	0
	81,776	0	0	0	81,776	0
						0
Total	11,660,464	0	624,644	2,336,891	6,807,146	7,814,853

ENGCOBO LOCAL MUNICIPALITY

APPENDIX C

ANALYSIS OF FIXED ASSETS

Expenditure 2003 R	SERVICE	Budget 2003/04 R	Balance at 30/06/03 R	Expenditure 2003/04 R	Written off, transferred, redeemed or disposed of during year R	Balance at 30/06/04 R
10,231,094	RATE AND GENERAL SERVICES	19,794,426	19,779,214	26,231,860 #	95,000	45,916,074
9,299,697	COMMUNITY SERVICES	15,461,426	18,164,825	22,771,244	95,000	40,841,069
2,055,316	Land & Buildings	976,000	2,489,002	2,892,553	-	5,381,555
7,218	Plant & Equipment	6,852,426	2,728,721	196,560	-	2,925,281
1,842,095	Motor Vehicles	225,000	2,597,550	2,993,827	-	5,591,377
29,373	Township Development	720,000	29,373	-	-	29,373
2,988,855	General Improvements	-	6,630,038	11,644,001	-	18,274,039
554,536	Main Street	-	1,310,173	-	-	1,310,173
143,062	Office Furniture & Fittings	6,688,000	232,283	204,938	-	437,221
	Dipping Tank		385	-	-	385
	Street signs		10,321	-	-	10,321
858,720	Swimming Pool		869,003	430,282	-	1,299,285
	TV2 Station		13,515	-	-	13,515
	Loose Tools		18,014	-	-	18,014
159,719	Computer Equipment		284,479	13,525	95,000	203,004
	Taxi Rank		219,544	-	-	219,544
660,803	Testing Grounds		732,424	4,395,558	-	5,127,982
931,397	ECONOMIC SERVICES	4,333,000	1,614,389	3,460,616	-	5,075,005
	Refuse	825,000	-	-	-	-
	Solid Waste Disposal Site		510,000	-	-	510,000
931,397	Sanitation	3,508,000	1,104,389	3,460,616	-	4,565,005
1,164,886	TRADING SERVICES	3,902,000	3,759,821	2,391,964	-	6,151,785
1,164,886	Water service	3,902,000	3,759,821	2,391,964	-	6,151,785
11,395,980	TOTAL FIXED ASSETS	23,696,426	23,539,035	28,623,824 #	95,000	52,067,859
	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		23,539,035	28,406,563 #	-	51,945,598
16,147,540	Loans redeemed and advances repaid		418,941			418,941
14,197,168	Contributions from operating income		15,150,227	23,588,797		38,739,024
1,950,372	Grants and subsidies		7,969,867	4,817,766		12,787,633
	Reserves					
-4,751,560	NET FIXED ASSETS		-	217,261 #	95,000	122,261

ENGCOBO LOCAL MUNICIPALITY

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

Actual 2003		Actual 2004	Budget
R		R	R
	INCOME		
22,298,157	Grants & subsidies: Governm. & Provincial	23,480,799	24,229,358
	Grants District Council	0	6,400,000
	Vehicle Testing Centre	0	5,517,104
413,291	Assessment rates	777,384	918,963
568,187	Water sales	634,987	963,980
203,453	Sanitation	226,644	191,140
351,056	Refuse removal	404,336	426,093
140,730	Traffic	209,491	50,000
3,016,563	Other income	2,877,552	3,881,749
	Sub Total Income		42,578,387
	Transfers from Appropriations and Reserves		12,822,832
26,991,437		28,611,193	55,401,219
	EXPENDITURE		
5,753,849	Salaries, wages and allowances	7,545,938	11,803,032
2,601,477	General expenses	4,507,314	6,070,264
895,221	Repairs and Maintenance	1,358,353	1,845,400
0	Depreciation	0	0
0	Capital charges	0	0
9,511,541	Contribution to Fixed assets	23,433,940	35,486,093
0	Contribution to Approved Funds		196,430
			0
18,762,088	Gross expenditure	36,845,545	55,401,219
	Less: Amounts charged out	0	0
18,762,088	Net expenditure	36,845,545	55,401,219

ENGCOBO LOCAL MUNICIPALITY

APPENDIX E 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)	Budget Surplus / (Deficit)
R	R	R		R	R	R	R
26,423,250	17,438,359	8,984,891	RATE AND GENERAL SERVICE	27,976,206	33,232,253	-5,256,047	2,912,114
25,868,741	15,632,138	10,236,603	COMMUNITY SERVICES	27,345,226	27,656,669	-311,443	4,985,179
0	2,965,467	-2,965,467	Council general expenses	2,500	2,760,736	-2,760,736	-4,782,674
1,962		1,962	Commonage	36,412	20,178	-17,678	
200	188,338	-188,138	Pound	150,000	228,215	-191,803	
0	2,204,510	-2,204,510	Local Economic Development		565,995	-415,995	-3,677,321
0	6,173,195	-6,173,195	Roads and Works		15,535,431	-15,535,431	-9,166,870
0	499,350	-499,350	Municipal Manager		475,248	-475,248	-930,293
28,810	2,281,556	-2,252,746	Administration	8,221	5,105,551	-6,097,330	-3,607,675
25,697,039	932,160	24,764,879	Financial Management	26,916,718	1,408,344	25,688,374	28,618,910
140,730	387,562	-246,832	Traffic	209,491	556,973	-347,482	-1,368,898
			Town Hall	21,884		21,884	
554,509	1,806,221	-1,251,712	ECONOMIC SERVICES	630,980	5,575,584	-4,944,604	-2,073,065
351,056	777,302	-426,246	Refuse removal	404,336	1,975,685	-1,571,349	-586,829
203,453	1,028,919	-825,466	Sanitation	226,644	3,599,899	-3,373,255	-1,486,236
568,187	1,323,729	-755,542	TRADING SERVICES	634,987	3,613,292	-2,978,305	-2,912,114
568,187	1,323,729	-755,542	Water services	634,987	3,613,292	-2,978,305	-2,912,114
26,991,437	18,762,088	8,229,349	TOTAL	28,611,193	36,845,545	-8,234,352	0
			Appropriations for the year (Refer to note 16)				
		8,229,349	Net surplus / (deficit) for the year			-8,234,352	
		29,230,342	Accumulated surplus / (deficit) at the beginning of the year			33,002,694	
		-4,456,997	Prior year adjustments			-1,127,759	
		33,002,694	ACCUMULATED SURPLUS / (DEFICIT) AT THE END OF THE YEAR			23,640,583	

ENGCOBO LOCAL MUNICIPALITY

APPENDIX F

STATISTICAL INFORMATION

	2004	2003
General statistics		
Population		149,609
Registered voters		47,000
1991 General Valuation		
Service charges:		
Residential (basic charge per month)		39
(metered consumption per kl)		1
Commercial (basic charge per month)		127
Commercial (metered consumption per kl)		2
Refuse Removal		
Residential (per month)		51
Commercial & other premises (per month)		146
Sanitation		36
Residential (per month)		45
Commercial & other premises (per month)		146
Septic tank (clearing per load)		180
Number of employees	99	98
Number of councillors	29	29