

BALANCE SHEET AS AT 30 JUNE 2004

	Notes	2004 R	2003 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
		105,008,396	141,730,440
Statutory Funds	1	95,177,093	94,934,081
Reserves	2	9,831,303	46,796,359
ACCUMULATED DEFICIT			
	19	(194,033,754)	(89,829,757)
		(R89,025,358)	51,900,683
TRUST FUNDS			
	3	-	791,194
LONG-TERM LIABILITIES			
	4	40,214,696	45,006,524
CONSUMER DEPOSITS - SERVICES			
	5	8,907,603	7,381,062
		(R39,903,059)	105,079,463
EMPLOYMENT OF CAPITAL			
FIXED ASSETS			
	6	10,577,290	10,952,728
LONG-TERM DEBTORS			
	7	14,430,268	26,170,332
INVESTMENTS			
	11	4,412,990	3,826,037
DEFERRED CHARGES			
	8	3,990,765	15,389,484
		33,411,313	56,338,581
NET CURRENT ASSETS		(R73,314,372)	48,740,882
CURRENT ASSETS			
		39,713,269	122,116,587
Inventory	9	2,471,310	2,432,194
Debtors	10	30,648,162	119,678,935
Cash	28	5,808	5,458
Bank	14	6,587,989	-
Short-term investments	11	-	-
CURRENT LIABILITIES			
		113,027,641	73,375,705
Provisions	12	2,727,200	7,660,759
Creditors	13	106,477,641	58,342,018
Short-term portion of long-term liabilities	4	3,822,800	5,083,453
Bank Overdraft	14	-	2,289,475
		(R39,903,059)	105,079,463

G BOLOGNA
DIRECTOR FINANCE

M V PADIACHEE
MUNICIPAL MANAGER

GRADE 4
SIGNED ON 2005/01/26

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

2003 ACTUAL INCOME R	2003 ACTUAL EXPEN- DITURE R	2003 SURPLUS / (DEFICIT) R	2004 ACTUAL INCOME R	2004 ACTUAL EXPEN- DITURE R	2004 SURPLUS / (DEFICIT) R	2004 BUDGET SURPLUS / (DEFICIT) R
68,485,822	75,145,931	(6,660,109)	RATE AND GENERAL SERVICES			
52,550,088	42,076,910	10,473,178	79,729,412	81,115,278	(1,385,866)	(9,186,673)
811,348	11,697,115	(10,885,767)	55,582,038	50,038,335	5,543,703	2,844,444
15,124,386	21,371,906	(6,247,520)	579,844	9,289,120	(8,709,276)	(9,600,425)
			23,567,530	21,787,823	1,779,707	(2,430,692)
2,204,731	4,351,404	(2,146,673)	HOUSING SERVICES			
107,439,982	97,425,651	10,014,331	2,628,373	1,691,097	937,276	(1,311,888)
			TRADING SERVICES			
<u>178,130,535</u>	<u>176,922,986</u>	1,207,549	<u>122,207,925</u>	<u>102,556,704</u>	19,651,221	10,498,561
			TOTAL			
			<u>204,565,710</u>	<u>185,363,079</u>	19,202,631	<u>-</u>
		(364,623)	Appropriations, for the year (refer to note 19)			
		842,926	Net surplus for the year			
		<u>(90,672,683)</u>	Accumulated deficit beginning of the year			
		<u>(89,829,757)</u>	ACCUMULATED DEFICIT AT THE END OF THE YEAR (Refer to Appendix "D & E")			
					<u>(194,033,754)</u>	

**CASH FLOW STATEMENT FOR THE YEAR ENDED
30 JUNE 2004**

	NOTE	2004 R	2003 R
CASH RETAINED FROM OPERATING ACTIVITIES			
Cash generated by operations	24	(39,668,701)	14,432,146
Investment income	27	586,953	863,386
(Increase)/Decrease in working capital	25	68,223,006	5,804,588
		29,141,258	21,100,120
Less: External interest paid	22	(3,377,173)	(3,540,836)
Cash available from operations		<u>25,764,085</u>	<u>17,559,284</u>
CASH UTILIZED IN INVESTING ACTIVITIES			
Investment in fixed assets	21	<u>(10,246,837)</u>	<u>(7,595,603)</u>
NETT CASH FLOW		<u><u>15,517,248</u></u>	<u><u>9,963,681</u></u>
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase/(Decrease) in long-term loans	26	(6,052,481)	11,861,560
(Increase)/Decrease in cash investments	27	(586,953)	(863,386)
(Increase)/Decrease in cash	28	<u>(8,877,814)</u>	<u>(20,961,855)</u>
NETT CASH UTILIZED		<u><u>(15,517,248)</u></u>	<u><u>(9,963,681)</u></u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	2004	2003
	R	R
1. STATUTORY FUNDS		
Capital Development Fund	74,457,301	74,457,301
Land Development Fund	15,931,261	15,688,765
Land Trust Fund	4,780,142	4,779,626
Town Planning Fund	8,389	8,389
 (Refer to Appendix A for more detail)	<u>95,177,093</u>	<u>94,934,081</u>

2. RESERVES

Working Capital Reserve	-	1,502,609
Housing Working Capital Reserve	-	25,365,582
Road K198	-	3,000,000
Bursary Fund	-	3,013,435
Indigent Fund	-	551,082
Parking Fund	-	1,821,788
General Capital Reserve	-	1,527,206
Extraneous Contributions:	-	9,926,175
General	-	791,820
Government	-	9,134,355
Provincial Roads Subsidy Fund	-	1,041
Capital Reserve Instruments	-	87,441
Capital Reserve	9,831,304	-
(Refer to Appendix A for more detail)	<u>9,831,304</u>	<u>46,796,359</u>

All Reserves which were not covered by cash have been written off to the appropriation account. Unspent grant funds are disclosed as Capital Reserve.

3. TRUST FUNDS

Endowment Funds:		
Helikonpark	-	253,137
Dumping Site	-	347,408
Randfontein Ext	-	132,903
Cemetery	-	2,502
Culemborgpark Ext 1	-	54,338
Finsbury	-	906
(Refer to Appendix A for more detail)	<u>-</u>	<u>791,194</u>

All Trust Funds which were not covered by cash have been written off to the appropriation account.

	2004	2003
	R	R
4. LONG-TERM LIABILITIES		

- DBSA Loan	19,108,253	18,602,245
- Government Loans	16,429,243	21,237,732
- Local Registered Stock	1,500,000	1,500,000
- Call Account: FNB Corporate(Division of First Rand Bank LTD)	7,000,000	8,750,000
	<u>44,037,496</u>	<u>50,089,977</u>
Less: Current portion transferred to current liabilities	-	-
- DBSA Loan	(322,800)	(3,083,453)
- Call Account: FNB Corporate(Division of First Rand Bank LTD)	(2,000,000)	(2,000,000)
- Local Registered Stock	(1,500,000)	-
(Refer to Appendix B for more detail)	<u>40,214,696</u>	<u>45,006,524</u>

GOVERNMENT LOANS

A Government loan has been granted by Provincial Government for a housing project. This loan bears interest at a rate of between 14 % and 16.50 % per annum over a period of 20 years.

LOCAL REGISTERED STOCK

Local registered stock bears interest at a rate of 16.25% per annum. The stock must be redeemed at 30 June 2005.

LOAN : DBSA

The long term loan bears interest of 15.5% per annum and is repayable over a period of 20 years. This loan was raised by the Development Bank of Southern Africa to back-finance capital projects. The sewerage treatment plant and the sinking fund investment are encumbered as securities for the loan.

CALL ACCOUNT

A Call Loan Account was taken up by Council in September 1999 as a part of the overdraft facility. This is no longer considered as bridging finance but as long term facility as Council did not services the facility in short term. This loan bears interest at prime overdraft rate and the capital is repaid at R250,000.00 for eight months. The loan is expected to be repaid over a period of 4 years. The interest rate was between 15.50% and 11.50%.

5. CONSUMER DEPOSITS - SERVICES

Electricity and Water	<u>8,907,603</u>	<u>7,381,062</u>
Guarantees held for electricity consumption in lieu of deposits	<u>873,522</u>	<u>873,522</u>

6. FIXED ASSETS

	2004	2003
	R	R
Fixed assets at the beginning of the year	266,209,415	258,613,812
Capital expenditure during the year	10,246,837	7,595,603
Assets: Additions, transferred, dispose or written off	(7,263,206)	-
Total Fixed Assets	<u>269,193,046</u>	<u>266,209,415</u>
Less: Loans redeemed and other capital receipts	(258,615,756)	(255,256,687)
Net Fixed Assets	<u>10,577,290</u>	<u>10,952,728</u>

The market value of the Investment as at 30 June 2004 amounts to R3,583,070 and the net realisable value is R4,412,990. The amount that is disclosed in the financial statements pledged as security for the long term loan of the DBSA.

12. PROVISIONS

Insurance Provision	-	2,341,349
Disaster Provision	-	144,740
Gratuity Provision	-	79,626
Museum Provision	-	1,635
Jonkershuis Provision	-	1,309
Computer Provision	-	20,035
Leave Provision	2,727,200	5,022,065
Social Responsibility	-	50,000
	<u>2,727,200</u>	<u>7,660,759</u>

The Provisions which in terms of accepted accounting practice would not be classified as such, have been written off to the appropriation account. The leave provision is calculated using basic salary in line with present remuneration standards.

13. CREDITORS

Trade Creditors	20,070	408,543
Sundry Creditors	75,597,738	57,481,169
Sundry deposits	226,665	271,853
Advance payment sundry debtors	-	180,453
VAT Assessment 7/98 - 08/2003	30,633,168	-
	<u>106,477,641</u>	<u>58,342,018</u>

14. BANK

	2004	2003
	R	R
Balance per General Ledger		
- Main Bank Account	(4,066,639)	(2,623,984)
- Salaries Account	(1,539,410)	336,304
- Moving Violation	72,780	(1,795)
- Grant Account	12,121,258	-
	<u>6,587,989</u>	<u>(2,289,475)</u>

The approved bank overdraft facility of the Council is R 5 million. The cash book overdraft included an amount of R26,454,679 which in terms of accounting practice represented creditors. The accounting financial system of the Council does not have a creditors programme hence the printing of cheques for outstanding creditors. These cheques have been transferred to creditors and they represent part of outstanding creditors.

15. ASSESSMENT RATES

	Site Valuation as at 01 Jan 2001 R'000	Actual Income	Actual Income
Residential	326,014	21,353,946	19,997,205

Commercial	176,118	13,064,188	10,071,118
Agricultural	93,897	2,246,684	2,222,775
Government	24,622	538,157	3,215,453
		<u>37,202,975</u>	<u>35,506,551</u>

Valuations of land are performed every three years and the last valuation came into effect on 1 July 2001. The basic rate was 12.79c in the Rand on land only. A general rebate is granted on land used for residential purposes. Council from time to time determines the category of pensioners who receive an additional 40 % rebate.

16. COUNCILLORS' REMUNERATION

Mayor's allowance		242,211	222,213
Councillors' allowances		1,435,813	1,324,981
Council's pension contributions		355,367	323,373
Council's medical aid contributions		274,796	237,261
Travelling allowances		666,537	610,327
Portfolio Councillors		1,141,135	1,046,915
Speaker		200,593	184,031
		<u>4,316,452</u>	<u>3,949,101</u>

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17. AUDITOR'S REMUNERATION

	2004	2003
	R	R
Audit fees	<u>594,579</u>	<u>438,070</u>

18. FINANCE TRANSACTIONS

TOTAL EXTERNAL INTEREST RECEIVED OR PAID:

Interest earned	586,953	863,386
Interest paid	<u>3,377,173</u>	<u>3,540,836</u>

CAPITAL CHARGES DEBITED TO OPERATING ACCOUNT:

Interest: Internal Loans	-	3,036,952
Redemption: Internal Loans	-	4,510,079
	<u>-</u>	<u>7,547,031</u>

No interest or redemption were charged to the operating account.

19. APPROPRIATIONS

19.1 Appropriation account:

Accumulated deficit at the beginning of the year	(89,829,757)	(90,672,683)
Operating deficit/surplus for the year	19,202,631	1,207,549
Appropriations for the year :- Prior year adjustments	(123,406,628)	(364,623)
Accumulated deficit at the end of the year	<u>(194,033,754)</u>	<u>(89,829,757)</u>

Prior Year Adjustments

- Advertisements	2,130	-
- Arrive Alive Campaign	(79,473)	-
- Audit Fees	-	213,200
- Bank charges	60	288
- Bank reconciliation Adjustments	1,503	(1,884,895)
- Blood Samples	-	75
- Books & Magazines	-	7,876
- Building Department	(907)	-
- Capital cost	-	(463,571)
- Commission	-	312
- Consumable Items	(100)	-

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Prior Year Adjustments - continued

	2004	2003
	R	R
- Consumer Deposits	595	-
- Creditor balance adjustments	2,514,619	-
- Delegation	(6,000)	-
- Departmental Consumption (Water & Electricity)	(975,763)	(80,634)
- Dept of Transport (GP Public Works)	10,901,061	(2,959,968)
- Elandsvlei Sport	(760)	-
- Electricity Purchases	1,107	-
- Fines	(7,216)	-
- Grant 02/03	(1,382,866)	-
- Housing Discount	11,156	-
- Insurance	315,410	(1,995)
- Interest Bank overdraft	-	678
- Interest Overdue Creditors	(1,734,377)	1,642,986
- IT Maintenance	(204,833)	208,409
- Lease Vehicles	-	33,462
- Legal Expenses	39,821	-
- Licenses	(265,561)	43,532
- Lost Books	-	36,323
- Machinery Maintenance	1,795	-
- Marketing	2,223	-
- Membership Fees	(59,058)	3,018
- Netstar	(124,297)	-
- Obsolete stock	36,039	17,168
- Office Equipment	(23,051)	4,513
- Penalty Payments	1,992,171	-
- Private Contractor	(167,935)	174,883
- Professional Fees	55,641	186,075

- Recoverable Jobs	(22,449)	-
- Registration Fees	(520,000)	-
- Rental:Buildings	(541)	-
- Roads General	(89,992)	(232,410)
- Salaries	(324,660)	31,098
- SARS Interest	10,046,150	-
- Security Services	(609)	6,422
- Settlement Discount	1,398	193
- Stock & Stationary	(32,106)	18,358
- Stores - 2002 Adjustment	-	226,499
- Surplus/Shortage	(68,244)	5,463
- Swimming pools	(5,073)	56
- System Infrastructure	(9,649)	(3,000)
- Telephone	(45,682)	-
- Training	19,014	21,225
- Transformation Expenditure	-	14,000

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Prior Year Adjustments - Continue

	2004	2003
	R	R
- Turnover Levy WRDM	(25,903)	-
- Uniforms & Overalls	(4,225)	-
- Upgrading Systems	-	(1,399)
- VAT Assessment 7/98 - 8/ 2003	18,649,208	-
- Vehicle Charges	(1,427)	-
- Water Purchases	1,043,775	924,409
- Westonaria Sewer Disposal	2,558,785	2,171,974
- Contribution General	(791,820)	-
- Contribution Government	(55,628)	-
- Debtor Balances	121,063,049	-
- Deposit/Receipt Suspense	(8,516,686)	-
- Endowment	(791,195)	-
- Housing Debtor Provision	15,177,326	-
- Provisions	(3,787,938)	-
- Reserves	(41,728,673)	-
- Suspense Account 247 IQ	18,389	-
- Suspense High Density Housing	8,763,926	-
- VAT Control	(7,955,026)	-
	<u>123,406,628</u>	<u>364,623</u>

19.2 Operating account:

Contributions to:

Accumulated Leave Fund	-	(192,304)
Insurance Provision	-	1,197,339
Capital Development Fund	-	1,577,899
Provision for bad debts (Housing)	-	1,500,000
Social Responsibility	-	50,000
	<u>-</u>	<u>4,132,934</u>

No contributions are made to funds and reserves as they are not represented by cash or a saleable asset. Provisions and reserves have been adjusted against the appropriation account.

20. CONTINGENT LIABILITIES

Housing Loans	216,719	216,719
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20.1 The Council has issued guarantees on behalf of employees who could not obtain housing loans from financial institutions. Repayments on mortgage bonds are deducted monthly to reduce the exposure of Council to losses.

20.2 The electricity supply to Randfontein was disconnected in the month of June 2000 because the Council had defaulted on its payment to Eskom. There can be possible claims against Council from consumers who may have suffered losses as a result of the power cut. Council however believes that the possibility of claims is minimal and such claims may have prescribed. This contingent liability will be removed from the books of Council as 30 June 2005 as such claims would have prescribed.

20.3 A claim by Home Lake Motors was lodged against Council due to a project undertaken by Council, which according to the claimant resulted in a loss of income for his business. The process of the litigation will have to be finalised for the amount of the claim to be verified. An arbitrator must still be appointed to finalise the case. The amount of the claim, if any will be determined during the arbitration process.

20.4 Westonaria sewer account for the Mohlakeng outfall the interest charges amounts to R2,136,439. The amount of interest payable must be re-calculated as both parties do not agree on the monthly levies as well as the interest rate.

20.5 Possible claims against Council of R2,100,000 for vehicles that were ordered without observing procurement procedures, the budget and also without the resolution of Council. Should the Council not receive a claim from the affected parties this contingent liability will not be disclosed in future financial statements.

20.6 A possible claim by H Kluyts for the amount of R25,606 against Council for damages to a vehicle as a result of traffic signs that were not properly marked.

21. CAPITAL COMMITMENTS

Commitments in respect of Capital Expenditure:

Approved and contracted for	10,246,837	7,595,603
This expenditure will be financed from :		
- Internal sources (CDF)	-	729,411
- External sources :Provincial	2,567,747	5,693,442
:CMIP	4,433,723	-
:National	512,813	-
:Public	-	6,191
: Westrand District Municipality	2,732,554	1,166,559

22. CONSOLIDATED LOANS FUND

	2004	2003
	R	R
External loans (Refer to Appendix B)	27,608,253	28,852,245
Internal Investments (Surplus Funds) : Consolidated Loans Fund	11,903,981	22,612,391
: Overdraft / (Current account)	(6,587,989)	2,289,475
Less: Temporary advance	(11,903,981)	(22,612,391)
Shortfall	(16,316,971)	(26,438,427)
(Refer to Appendix B for more detail)	<u>4,703,293</u>	<u>4,703,293</u>
Net expenditure charged to operating account:		
Interest paid on external loans	3,377,173	3,540,836
Contributions	-	-
Commitment fee	20,301	20,246
	<u>3,397,474</u>	<u>3,561,082</u>
Less: Interest earned on external investments	(586,953)	(863,386)
	<u>2,810,521</u>	<u>2,697,696</u>

23. CAPITAL DEVELOPMENT FUND

Outstanding advances to borrowing services:		
Accumulated Fund	74,457,302	74,457,302
Less: Internal investments in the Consolidated Loans Fund	(68,583,305)	(68,207,867)
(Refer to Appendixes A and B for more detail)	<u>5,873,997</u>	<u>6,249,435</u>

24. CASH GENERATED BY OPERATIONS

(Deficit)/Surplus for the year	19,202,631	1,207,549
Adjustments in respect of previous transactions	(123,406,628)	(364,623)
Appropriation charged against income	129,929,365	21,460,921
Capital Development Fund	-	1,601,410
Land Development Account	1,225,785	917,254
Land Trust Fund	516	1,047
Provision for Bad Debt (Note 8 & 11)	93,569,597	1,500,000
Reserves (Appendix A)	24,886,630	10,575,019
Capital Outlay (Appendix C)	10,246,837	6,866,191
Capital charges	3,185,959	7,547,031
Interest paid by borrowing services and		
Rates fund to internal funds	2,810,521	3,036,952
Redemption on internal advances	375,438	4,510,079

Expenditure / adjustments charged against	(68,559,727)	(15,398,486)
Land Development Account (Appendix A)	(983,290)	(946,407)
Land Trust Fund (Appendix A)	-	(677)
Trust Funds (Appendix A)	(791,194)	-
Reserves (Appendix A)	(61,851,684)	(5,239,719)
Provisions (Note 12)	(4,933,559)	(9,211,683)

Expenditure charged against :- Consolidated Loan Fund	(20,301)	(20,246)
	<u>(39,668,701)</u>	<u>14,432,146</u>

25. (INCREASE) DECREASE IN WORKING CAPITAL

(Increase)/Decrease in stock	(39,116)	242,110
(Increase)/Decrease in debtors	7,201,239	(11,153,017)
Increase in creditors	48,135,624	10,788,563
Increase in deposits	1,526,540	2,137,309
Increase in suspense	11,398,719	3,789,623
	<u>68,223,006</u>	<u>5,804,588</u>

26. INCREASE/(DECREASE) IN LONG TERM BORROWING

Long term loan	506,008	12,115,610
Loans redeemed	(6,558,489)	(254,050)
	<u>(6,052,481)</u>	<u>11,861,560</u>

27. (INCREASE)/DECREASE IN CASH INVESTMENTS

Investments made	-	-
Investments realized	(586,953)	(863,386)
	<u>(586,953)</u>	<u>(863,386)</u>

28. (INCREASE)/DECREASE IN CASH ON HAND

Cash balance at the beginning of the year	(2,289,475)	(23,251,330)
Less : Cash balance at the end of the year	6,587,989	(2,289,475)
Petty cash balance at the beginning of the year	5,458	5,458
Petty cash balance at the end of the year	5,808	5,458
	<u>(8,877,814)</u>	<u>(20,961,855)</u>

APPENDIX A STATUTORY FUNDS AND RESERVES

	BALANCE AT 01/07/03	CONTRIBUTIONS DURING THE YEAR	INTEREST ON INVESTMENTS	OTHER INCOME	EXPENDITURE DURING THE YEAR	ADJUSTMENTS DURING THE YEAR	BALANCE AT 30/06/04
	R	R	R	R		R	R
STATUTORY FUNDS:							
Capital Development Fund	74,457,301	-	-	-	-	-	74,457,301
Land Development Fund	15,688,765	-	117,014	1,108,772	983,290	-	15,931,261
Land Trust Fund	4,779,626	-	516	-	-	-	4,780,142
Town Planning Fund	8,389	-	-	-	-	-	8,389
	<u>94,934,081</u>	<u>-</u>	<u>117,530</u>	<u>1,108,772</u>	<u>983,290</u>	<u>-</u>	<u>95,177,093</u>

	BALANCE AT 01/07/03	CONTRIBUTIONS DURING THE YEAR	INTEREST ON INVESTMENTS	OTHER INCOME	EXPENDITURE DURING THE YEAR	ADJUSTMENTS DURING THE YEAR	BALANCE AT 30/06/04
	R	R	R	R		R	R
RESERVES:							
Capital Reserve	-	20,078,140	-	-	10,246,837	-	9,831,303
Working Capital Reserve	1,502,609	-	-	-	-	1,502,609	-
Housing Working Capital Reserve	25,365,582	-	-	4,808,489	-	30,174,071	-
Road K198	3,000,000	-	-	-	-	3,000,000	-
Bursary Fund	3,013,435	-	-	-	-	3,013,435	-
Parking Fund	1,821,788	-	-	-	-	1,821,788	-
General Capital Reserve	1,527,206	-	-	-	-	1,527,206	-
Indigent Fund	551,082	-	-	-	-	551,082	-
Extraneous Contributions:	9,926,175	-	-	-	-	9,926,175	-
General	791,820	-	-	-	-	791,820	-
Government	9,134,355	-	-	-	-	9,134,355	-
Provincial Roads Subsidy Fund	1,041	-	-	-	-	1,041	-
Capital Reserve Instruments	87,441	-	-	-	-	87,441	-
	<u>46,796,359</u>	<u>20,078,140</u>	<u>-</u>	<u>4,808,489</u>	<u>10,246,837</u>	<u>51,604,848</u>	<u>9,831,303</u>

	BALANCE AT 01/07/03	CONTRIBUTIONS DURING THE YEAR	INTEREST ON INVESTMENTS	OTHER INCOME	EXPENDITURE DURING THE YEAR	ADJUSTMENTS DURING THE YEAR	BALANCE AT 30/06/04
	R	R	R	R	R	R	R
TRUST FUNDS:							
Endowment Funds:							
Helikonpark	253,137	-	-	-	-	253,137	-
Dumping Site	347,408	-	-	-	-	347,408	-
Randfontein Ext	132,903	-	-	-	-	132,903	-
Cemetery	2,502	-	-	-	-	2,502	-
Culemborgpark Ext 1	54,338	-	-	-	-	54,338	-
Finsbury	906	-	-	-	-	906	-
	<u>791,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>791,194</u>	<u>-</u>

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

			BALANCE AT 01/07/03	RECEIVED DURING THE YEAR	ADJUSTMENTS DURING THE YEAR	REDEEMED DURING THE YEAR	BALANCE AT 30/06/04
			R	R	R	R	R
EXTERNAL LOANS:							
LOCAL REGISTERED STOCK: Short-term							
1992/02/21	55	2005/06/30	1,500,000	-	-	-	1,500,000
			<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
LOCAL REGISTERED STOCK: Total			<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
(Refer to note 4)							
LONG TERM LOANS - SHORT TERM							
Development Bank of S.A.		2005/06/30	3,083,453	-	(2,760,653)	-	322,800
LONG TERM LOANS			<u>15,518,792</u>	<u>-</u>	<u>3,266,661</u>	<u>-</u>	<u>18,785,453</u>
(Refer to note 4)							
LONG TERM LOAN: TOTAL			<u>18,602,245</u>	<u>-</u>	<u>506,008</u>	<u>-</u>	<u>19,108,253</u>
GOVERNMENT LOANS: HOUSING			<u>21,237,732</u>	<u>-</u>	<u>-</u>	<u>4,808,489</u>	<u>16,429,243</u>
(Refer to note 4)							
SHORT TERM CALL LOAN ACCOUNT							
FNB Corporate (Division of First Rand Bank LTD)			2,000,000	-	-	-	2,000,000
CALL LOAN ACCOUNT			<u>6,750,000</u>	<u>-</u>	<u>-</u>	<u>1,750,000</u>	<u>5,000,000</u>
			<u>8,750,000</u>	<u>-</u>	<u>-</u>	<u>1,750,000</u>	<u>7,000,000</u>
(Refer to note 4)							
EXTERNAL LOANS: TOTAL			<u>50,089,977</u>	<u>-</u>	<u>506,008</u>	<u>6,558,489</u>	<u>44,037,496</u>

			BALANCE AT 01/07/03	RECEIVED DURING THE YEAR	ADJUSTMENTS DURING THE YEAR	REDEEMED DURING THE YEAR	BALANCE AT 30/06/04
			R	R	R	R	R
INTERNAL ADVANCES TO BORROWING SERVICES:							
CONSOLIDATED LOANS FUND (Refer to note 23)			4,703,293	-	-	-	4,703,293
CAPITAL DEVELOPMENT FUND (Refer to note 24)			6,249,435	-	-	375,438	5,873,997
HOUSING			4,808,489	-	-	4,808,489	-
			<u>15,761,217</u>	<u>-</u>	<u>-</u>	<u>5,183,927</u>	<u>10,577,290</u>

APPENDIX C ANALYSIS OF FIXED ASSETS

	BUDGET 30/06/2004	BALANCE 07/01/03	EXPENDITURE 2003/2004	ADDITIONS TRANSFERRED (DISPOSED) &(WRITTEN OFF) DURING THE YEAR	BALANCE AT 30/06/04
	R	R	R	R	R
RATE AND GENERAL SERVICES	17,867,720	147,206,834	8,452,429	-13,887,092	141,772,171
Community Services	7,193,901	84,963,856	5,825,920	-10,728,437	80,061,339
Council General	750,000	5,729,873	-	(5,223,833)	506,040
Creche	-	6,174	-	-	6,174
Department of Finance	-	1,290,188	3,641	157,483	1,451,312
Estates	1,507,868	15,738,146	1,192,909	(1,149,233)	15,781,822
Executive Mayor	-	-	-	77,253	77,253
Gatsrand Buildings	-	2,223,414	-	(37,826)	2,185,588
Head Community Services	-	16,892	-	(3,214)	13,678
Head Engineering Services	-	7,799	-	(7,799)	-
Health	1,147,018	738,067	272,824	127,984	1,138,875
Human Resources	-	184,001	-	(84,970)	99,031
Information Technology	-	5,891,628	-	(4,411,454)	1,480,174
Internal Audit	-	30,217	-	13,270	43,487
Maintenance:Structures	-	16,536	-	(4,854)	11,682
Mechanical Workshop	-	430,776	-	1,394,242	1,825,018
Meter Reading	-	52,583	-	(14,201)	38,382
Municipal Manager	-	104,869	-	(61,701)	43,168
Museum	-	-	-	55,937	55,937
Planning	-	613,316	-	(148,920)	464,396
Public Works	3,789,015	39,056,577	4,356,546	(1,040,543)	42,372,580
Reprographic	-	360,524	-	(124,225)	236,299
Security	-	21,895	-	(20,648)	1,247
Stores	-	274,589	-	(12,451)	262,138
Town Planner	-	50,983	-	97	51,080
Town Secretary	-	6,971,636	-	(37,969)	6,933,667
Traffic and Licences	-	5,089,686	-	(135,323)	4,954,363
Valuation	-	61,652	-	(35,539)	26,113
Welfare	-	1,835	-	-	1,835
Subsidised Services	9,475,000	28,499,406	1,763,224	(570,669)	29,691,961
Ambulance Services	-	3,804	-	(3,804)	-
Cemetery	-	912,785	-	(47,133)	865,652
Civic Buildings	5,170,000	8,823,488	-	1,520,507	10,343,995
Emergency Services	-	1,286,113	-	(1,286,113)	-
Libraries	-	3,302,011	24,024	(20,583)	3,305,452
Parks and Recreation	-	10,607,946	534,818	(432,189)	10,710,575
Sport Grounds	4,305,000	2,268,468	1,204,382	(339,474)	3,133,376
Swimming Pools	-	1,294,791	-	38,120	1,332,911
Economic Services	1,198,819	33,743,572	863,285	(2,587,986)	32,018,871
Cleansing	-	2,889,403	-	(834,783)	2,054,620
Dumping Site	-	641,423	-	(406,362)	235,061
Purification Works	1,100,000	12,396,011	736,980	(1,788,284)	11,344,707
Sewerage	98,819	17,816,735	126,305	441,443	18,384,483
HOUSING SERVICES	5,820,801	6,177,779	-	8,933,434	15,111,213
Sub-economic housing	-	-	-	-	-
TRADING SERVICES	2,980,571	112,824,802	1,794,408	(2,309,548)	112,309,662
Electricity	1,200,000	88,822,921	746,576	(2,443,919)	87,125,578
Water	1,780,571	24,001,881	1,047,832	134,371	25,184,084
TOTAL FIXED ASSETS	<u>26,669,092</u>	<u>266,209,415</u>	<u>10,246,837</u>	<u>(7,263,206)</u>	<u>269,193,046</u>
LESS: CAPITAL REDEEMED AND OTHER CAPITAL RECEIPTS		(255,256,687)	(10,622,275)	7,263,206	(258,615,756)
LOANS REDEEMED AND ADVANCES PAID		-	-	-	-
FINANCED FROM GRANTS		182,595,459	375,438	7,263,206	175,707,691
INCOME		1,002,881	-	-	1,002,881
PROVISIONS AND RESERVES		29,413,355	-	-	29,413,355
GRANTS AND SUBSIDIES		42,244,992	10,246,837	-	52,491,829
NET FIXED ASSETS		<u>10,952,728</u>	<u>(375,438)</u>	<u>-</u>	<u>10,577,290</u>

(Refer to note 6)

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

ACTUAL 2003 R	BUDGET 2003 R		ACTUAL 2004 R	BUDGET 2004 R
		INCOME:		
9,490,959	8,202,684	Government and Provincial grants and Subsidies	17,545,943	14,384,140
		OPERATING INCOME :		
168,639,576	188,925,846	Assesment Rates	187,019,767	171,275,085
35,506,551	37,364,669	Sale of Electricity	37,202,975	37,008,214
78,606,329	85,867,937	Sale of Water	90,359,761	87,980,610
28,833,653	29,553,949	Other Service Charges	31,848,164	26,347,360
25,693,043	36,139,291		27,608,867	19,938,901
<u>178,130,535</u>	<u>197,128,530</u>		<u>204,565,710</u>	<u>185,659,225</u>
		EXPENDITURE:		
57,340,775	57,287,531	Salaries, wages and allowances	64,179,302	64,833,076
121,030,244	120,054,512	General Expenses	139,259,884	144,457,922
3,137,197	4,664,310	Repairs and maintenance	2,734,562	3,813,580
11,380,878	8,354,647	Capital charges	2,810,520	1,000,000
2,555,035	17,180,602	Other contributions	-	1,305,099
1,577,899	1,577,899	Contributions to CDF	-	-
5,000	5,000	Grant-in-aid	5,000	5,000
<u>197,027,028</u>	<u>209,124,501</u>	Gross expenditure	<u>208,989,268</u>	<u>215,414,677</u>
(20,104,042)	(20,711,223)	Less: Amounts charged out	(23,626,189)	(29,755,452)
<u>176,922,986</u>	<u>188,413,278</u>	Nett expenditure	<u>185,363,079</u>	<u>185,659,225</u>

APPENDIX E

DETAILED INCOME STATEMENT FOR YEAR ENDED 30 JUNE 2004

2003 ACTUAL INCOME	2003 ACTUAL EXPENDITURE	2003 SURPLUS/ (DEFICIT)		2004 ACTUAL INCOME	2004 ACTUAL EXPENDITURE	2004 SURPLUS/ (DEFICIT)	2004 BUDGET SURPLUS/ (DEFICIT)
R	R	R		R	R	R	R
68,485,822	75,145,931	(6,660,109)	RATE AND GENERAL SERVICES	79,729,412	81,115,278	(1,385,866)	(9,186,673)
52,550,088	42,076,910	10,473,178	Community Services	55,582,038	50,038,335	5,543,703	2,844,444
35,506,551	37,186	35,469,365	Assessment Rates	37,202,975	-	37,202,975	37,008,214
-	-	-	Building Control	-	688,581	(688,581)	(696,169)
2,080,475	5,103,978	(3,023,503)	Cleaning Services	476,019	1,389,437	(913,418)	(1,366,079)
10,724	11,948,748	(11,938,024)	Clinic	2,057,313	3,497,095	(1,439,782)	(900,370)
-	292,547	(292,547)	Council General	187,677	8,557,693	(8,370,016)	(5,085,767)
45,500	1,084,805	(1,039,305)	Creche	-	277,058	(277,058)	(278,057)
-	-	-	Credit Control	90,913	308,503	(217,590)	(107,662)
-	-	-	Director Corporate Services	-	120,616	(120,616)	(81,096)
-	-	-	Director Development Planning	-	333,793	(333,793)	(335,013)
-	160,260	(160,260)	Director Infrastructure	-	243,352	(243,352)	(271,345)
-	-	-	Director Social Services	-	589,059	(589,059)	(608,627)
284,030	18,968	265,062	Environmental management	3,920	1,442,718	(1,438,798)	(1,618,651)
-	1,546,755	(1,546,755)	Estates	297,327	-	297,327	15,000
-	-	-	Finance Department	7,183,951	2,169,481	5,014,470	(1,465,672)
-	-	-	Grant: Vehicles	830,777	830,777	-	-
-	-	-	Grant: Transformation	1,117,185	1,117,185	-	-
-	-	-	Grants: Operating	2,644,996	2,644,996	-	-
-	-	-	Grant: WRDM	219,220	219,220	-	-
7,505,304	1,939,632	5,565,672	Human Resources	-	1,869,590	(1,869,590)	(2,219,395)
-	-	-	Information Technology	-	847,539	(847,539)	(1,310,944)
-	635,505	(635,505)	Infrastructure Administration	-	951,666	(951,666)	(971,691)
-	-	-	Internal Audit	-	714,963	(714,963)	(736,574)
-	2,358,304	(2,358,304)	Local Economic Development	-	220,254	(220,254)	(227,616)
285,183	991,635	(991,635)	Maintenance Structure	-	1,790,373	(1,790,373)	(1,936,604)
216,895	267,398	(50,503)	Mechanical Workshop	47,486	58,832	(11,346)	(11,650)
-	198,064	-198,064	Meter Reading	-	-	-	-
-	26,390	(26,390)	Municipal Manager	-	400,508	(400,508)	(446,391)
-	346,585	(346,585)	Office of Executive Mayor	-	1,198,205	(1,198,205)	(1,356,598)
-	208,633	(208,633)	Office of the Speaker	-	453,120	(453,120)	(466,980)
-	9,228	(9,228)	Planning	386,710	1,038,536	(651,826)	(759,461)
-	-	-	Public Relations	-	217,625	(217,625)	(223,302)
-	-	-	Randfontein Show	-	-	-	-
-	-	-	Reprographic	-	270,732	(270,732)	(350,431)
-	4,247,304	(4,247,304)	Roadmarking	-	711,021	(711,021)	(874,223)
-	1,565,345	(1,565,345)	Roads	4,357	3,515,584	(3,511,227)	(3,846,982)
356,399	481,868	(125,469)	Security	-	2,078,070	(2,078,070)	(1,825,815)
22,961	375,915	(352,954)	Stores	40,238	115,036	(74,798)	(122,942)
75,162	1,265,334	(1,190,172)	Town & Regional Planning	67,805	302,874	(235,069)	(237,930)
2,772,414	6,334,171	(3,561,757)	Secretariat and Administration	-	544,806	(544,806)	(576,666)
3,388,490	347,169	3,041,321	Traffic and Licences	2,723,169	7,917,452	(5,194,283)	(2,391,283)
-	-	-	Valuation	-	391,985	(391,985)	(470,784)
811,348	11,697,115	(10,885,767)	Subsidised Services	579,844	9,289,120	(8,709,276)	(9,600,425)
-	-	-	Ambulance Services	-	-	-	-
316,299	803,285	(486,986)	Cemetery	428,771	834,888	(406,117)	(499,493)
-	-	-	Emergency Services	-	-	-	-
123,339	423,363	(423,363)	Head Engineering Services	-	-	-	-
320,618	1,335,723	(1,212,384)	Libraries	100,256	1,400,104	(1,299,848)	(1,391,482)
29,342	2,630,473	(2,309,855)	Municipal Buildings	-	-	-	-
-	5,000,118	(4,970,776)	Parks and Recreation	18,154	5,320,826	(5,302,672)	(5,757,840)
-	868,679	(868,679)	Sport Grounds	7,060	736,892	(729,832)	(837,644)
21,750	635,474	(613,724)	Swimming Pools	25,603	996,410	(970,807)	(1,113,966)
15,124,386	21,371,906	(6,247,520)	Economic Services	23,567,530	21,787,823	1,779,707	(2,430,692)
6,579,369	8,829,622	(2,250,253)	Cleansing	10,793,232	8,388,300	2,404,932	(200,569)
3,230	7,497,164	(7,493,934)	Purification Works	2,020	7,814,643	(7,812,623)	(7,946,562)
-	2,440,267	(2,440,267)	Refuse Dump	-	2,556,398	(2,556,398)	(2,400,000)
8,541,787	2,604,853	5,936,934	Sewerage	12,772,278	3,028,482	9,743,796	8,116,439
2,204,731	4,351,404	(2,146,673)	HOUSING SERVICES	2,628,373	1,691,097	937,276	(1,311,888)
2,204,731	517,556	1,687,175	Sub-economic housing	1,260,960	-	1,260,960	-
-	-	-	Housing Administrator	1,367,413	1,691,097	(323,684)	(1,311,888)
-	3,833,848	(3,833,848)	Hi Density	-	-	-	-
107,439,982	97,425,651	10,014,331	TRADING SERVICES	122,207,925	102,556,704	19,651,221	10,498,561
78,606,329	72,920,904	5,685,425	Electricity	90,359,761	78,014,111	12,345,650	8,123,027
28,833,653	24,504,747	4,328,906	Water	31,848,164	24,542,593	7,305,571	2,375,534
<u>178,130,535</u>	<u>176,922,986</u>	1,207,549	TOTAL	<u>204,565,710</u>	<u>185,363,079</u>	19,202,631	-
		(364,623)	Appropriations for the year (Refer to note 19)			(123,406,628)	
		842,926	Net surplus/deficit for the year			(104,203,997)	
		(90,672,683)	Accumulated deficit beginning of the year			(89,829,757)	
		<u>(89,829,757)</u>	ACCUMULATED DEFICIT AT THE END OF THE YEAR			<u>(194,033,754)</u>	

SUNDRY STATISTICS	
Area square kilometres	573,59
Number of registered voters	66,058
% Casting of Votes	87.27%
BUILDING SURVEY	
Number of Building plans passed	442
Value of Building Plans	85,245,000
Number of inspections performed	2,616
PARKS AND RECREATION	
Area developed parks	4ha
Number of swimming pools	4
Number of tennis courts/Rugby fields	14
LICENCES ISSUED	
Vehicle registrations	11,778
Vehicle licenses	42,715
Other	28,351
GENERAL	
Library - Books issued	158,784
Refuse removed : Tonnage	70,344
Roads constructed kilometre	2.796
Roads repaired kilometer	0.6
HOUSING	
Council property only :	
Number of houses	15
Number of flats	153
Number of townhouses	0
Number of home units	5
Number of people accommodated	458
Number of people on waiting list	13,000

REPORT OF THE CHIEF FINANCIAL OFFICER

The challenge of Transformation

The transformation of the Municipality continued during the year under the year review. Directors were appointed and the detailed unit level designs were approved by the Council. The objective of the transformation process is to streamline and align the operations of the Municipality for improved service delivery to the community.

The Integrated Development Plan was reviewed. The Integrated Development Plan as the strategic plan of the Council will guide the Council in allocating resources to priorities identified and measure performance in line with the key performance areas of the municipalities.

Randfontein Municipality was chosen as a pilot municipality for the financial reform programme. In terms of the programme National Treasury will fund the Council to improve budget compilation, budgetary control and financial planning and control as well as the implementation of GAMAP. The Randfontein Local Municipality will be fully GAMAP compliant in June 2005.

The Randfontein Local Municipality continued to operate under severe cash flow shortages in the year ended 30 June 2004. The financial focus for the year under review was the reduction of obligations and the improvement of creditworthiness.

Further improvements in the cash flow of the Council are expected in the 2004/2005 financial year and for this to be realized Councillors and officials need to work together.

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 :-

DESCRIPTION	ACTUAL 2003 R	ACTUAL 2004 R	VARIANCES 2003/2004 %	BUDGET 2004	VARIANCES ACTUAL / BUDGET %
INCOME					
Operating surplus	1,207,549	19 202 631	+100%	-	
Operating income	178,130,535	204 565 710	14.84%	185,659,225	10.18%
Closing deficit	-89,829,757	-194,033,754	+100%	-	
EXPENDITURE					
Operating Deficit	-	-	0.00%	-	0.00%
Operat. Exp. For the year	176,922,986	185,363,079	4.77%	185,659,225	-0.16%
Sundry transfers	-	-	0.00%	-	0.00%
Closing surplus	-	-	0.00%	-	0.00%

The operating income increased by 14,84 %. The Council had an operating surplus of R19,202,631 compared with an operating surplus of R1,207,549 for the year ended 30 June 2003. The surplus was largely due to expenditure control and improvements in the billing system. The operating expenditure increased by 4.77 %. The actual expenditure was 0.16 % less than the revised budgeted expenditure and actual income was 10,18 % more than the revised budgeted income.

The increase in the closing deficit was due to adjustment made against the appropriation account.

2. Rates and General Services

DESCRIPTION	ACTUAL 2003 R	ACTUAL 2004 R	VARIANCES 2003/2004 %	BUDGET 2004	VARIANCES ACT./BUDGET %
Income	68,485,822	79,729,412	16.42%	44,337,524	79.82%
Expenditure	(75,145,931)	(81,115,278)	-7.94%	(53,521,892)	-51.56%
(Deficit)	(6,660,109)	(1,385,866)	8.48%	(9,184,368)	28.26%

Rates and general income increased by 16.4 % during the year under review compared with the year ended 30 June 2003. The expenditure for the same period decreased by 7.9 %. The rates and general services income was 79.8 % more than budget and the expenditure was 51.56 % more than budget for the year ended 30 June 2004. The challenge facing the Council in future is to ensure that all budgeted expenditure is not exceeded and performance targets are achieved.

3. Housing Services

DESCRIPTION	ACTUAL 2003 R	ACTUAL 2004 R	VARIANCES 2003/2004 %	BUDGET 2004	VARIANCES ACT/BUDGET %
Income	2,204,731	2,628,373	19.20%	417,000	+100%
Expenditure	(4,351,404)	(1,691,097)	61.10%	(1,728,888)	2.19%
Surplus / (Deficit)	(2,146,673)	937,276	80.30%	-1,311,888	2.19%

The income from Housing Services for 2004 amounted to R2,628,373. The income from housing services needs to be improved because the income derived by Council from Housing services is below what should be collected. The challenge for the 2004/2005 financial year is to put mechanisms in place and to collect what is due to the Council from Housing Services. The aim should be to improve the revenue from housing services and to reduce maintenance costs. The other option is to sell the entire renting stock of the Council and reduce maintenance costs must also be investigated. No allocation was made for maintenance expenditure and income due to the uncertainty on the receipts from housing services.

4. Trading Services

The prices for the purchase of electricity current and water are determined by the suppliers i.e. Eskom and Rand Water. The municipality has no control over the increases.

5. Electricity Services

DESCRIPTION	ACTUAL 2003 R	ACTUAL 2004 R	VARIANCES 2003/2004 %	BUDGET 2004	VARIANCES ACT/BUDGET %
Income	78,606,329	90,359,761	14.90%	89,640,408	0.80%
Expenditure	(72,920,904)	(78,014,111)	7.00%	(81,517,381)	-4.30%
Surplus	5,685,425	12,345,650	21.90%	8,123,027	-3.50%

In the year under review the electricity income increase by 14,90 % and the expenditure increased by 7,0 % compared with the financial year ended 30 June 2003. This increase in income exceeded the increase in expenditure. The surplus from electricity services for the year ended 30 June 2004 was R12,345,650 compared with R5,685,425 for the year ended 30 June 2003. This represents an increase of R6,660,225 in the surplus earned from electricity services. The expenditure increased by R5,093,207 from R72,920,904 to R78,014,111 for the same period. The expenditure can be further reduced by better control over distribution losses.

6. Water Services

DESCRIPTION	ACTUAL 2003 R	ACTUAL 2004 R	VARIANCES 2003/2004 %	BUDGET 2004	VARIANCES ACT/BUDGET %
Income	28,833,653	31,848,164	10.50%	29,999,246	6.16%
Expenditure	(24,504,747)	(24,542,593)	-0.20%	(27,623,712)	-11.15%
Surplus	4,328,906	7,305,571	10.30%	2,375,534	-4.99%

The income from water services increase by 10,5 % compared with the year ended 30 June 2003 and the expenditure increased by 0,2 %. The water services surplus can be further improved by reducing distribution losses. In the year ended 30 June 2003 the surplus from water services amounted to R4,328,906 compared with a surplus of R7,305,571 for the year ended 30 June 2004. This represents an increase in the surplus earned of R2,976,665.

7. Economic Services : Cleansing & Refuse Dump

DESCRIPTION	ACTUAL 2003 R	ACTUAL 2004 R	VARIANCES 2003/2004 %	BUDGET 2004	VARIANCES ACT/BUDGET %
Income	6,579,369	10,793,232	64.00%	9,358,663	15.30%
Expenditure	(11,269,889)	(10,944,698)	-2.90%	(10,198,279)	7.30%
(Deficit)	(4,690,520)	(151,466)	61.10%	-839,616	22.60%

Economic Services in terms of IMFO standards are supposed to break even. The service did not break even because of additional expenditure from contracts that were concluded which only added to the Council without any cost relief. The contract for the management of the landfill site expired in the 2003/2004 financial year and alternative management process for the landfill site must be put in place. The deficit on Cleansing & Refuse Dump for the year under review was R151,466. The total income and expenditure must be managed in order to erase the deficit.

8. Sewer and Purification works

DESCRIPTION	ACTUAL 2003 R	ACTUAL 2004 R	VARIANCES 2003/2004 %	BUDGET 2004	VARIANCES ACT/BUDGET %
Income	8,545,017	12,774,298	49.50%	11,906,384	7.30%
Expenditure	(10,102,017)	(10,843,125)	7.30%	(11,069,073)	-2.00%
Surplus / (Deficit)	(1,557,000)	1,931,173	56.80%	837,311	5.30%

The income from sewer services increase by 49,5 % in the year under review, compared with the year ended 30 June 2003. Errors in the calculation of tariffs were detected and rectified hence the sharp increase in the income from these services. The expenditure on sewer services increased by 7,3 %. The surplus from sewer services for the year under review was R1,931,173. Sewer services are supposed to break even as they are Economic Services. The surplus on these services are contrary to IMFO guidelines. It will therefore be necessary that the tariffs for sewer services are monitored annually to ensure that these services do not result in surplus or deficit in future financial years.

Capital Expenditure

The expenditure on fixed assets during the year amounted to R10,246,837.

DESCRIPTION	BUDGET 2004 R	ACTUAL 2004 R
Health	1,147,018	272,824
Public Works	3,789,015	4,356,546
Council General	750,000	-
Estates	1,507,868	1,192,909
Finance	-	3,641
Traffic and License	-	-
Libraries	-	24,024
Civic Buildings	5,170,000	-
Parks & Recreation	-	534,818
Sports Grounds	4,305,000	1,204,382
Sewerage	98,819	126,305
Sub reconimic housing	5,820,801	-
Purification Works	1,100,000	736,980
Water	1,780,571	1,047,832
Electricity	1,200,000	746,576
Surplus / (Deficit)	26,669,092	10,246,837

The funding of capital expenditure was CMIP, Provincial Government and West Rand District Municipality grants.

External Loans, Investments and cash

External loans outstanding at 30 June 2004 amounted to R44,037,496 (30 June 2003 - R50,089,977). More information regarding loans are disclosed in appendix "B" of the financial statements.

The investment at 30 June 2004 amounted to R4,412,990 (30 June 2003 - R3,826,037). The investments are security for the DBSA loans. More information regarding investments are disclosed in note 11 of the financial statements.

Funds and Reserves

Funds and reserves are not covered by cash or saleable assets. These funds and reserves will be written off in the process of changing over to GAMAP.

General

Randfontein Local Municipality was chosen by National Treasury as a pilot site for the financial reform program. The program will assist the Council to improve its budget and financial management practices. The program will also assist with the implementation of Generally Accepted Municipal Accounting Practice.

The high level design as well as the detailed unit level designs of the Finance Directorate were finalised during the year under review. The filling of vacancies in terms of the new structure can only contribute towards improved financial management and administration.

Expression of appreciation

I am grateful to the Executive Mayor, The Portfolio Councillor for Strategy and Budgets, Councillor M K Nawa members of the Mayoral Committee, The Speaker, Portfolio Councillors in the finance portfolio, The Municipal Manager and Directors for the support they have given me and the staff of my directorate.

**G BOLOGNA
DIRECTOR FINANCE
RANDFONTEIN LOCAL MUNICIPALITY**

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GENERAL INFORMATION**MEMBERS OF THE MAYORAL COMMITTEE**

Councillor Ntombi Mavuso
Councillor Meshack Nawa
Councillor Zeph Mhlongo
Councillor Sipho Handula

Councillor Justice Makunyula
Councillor Juanita Moteane
Councillor Hennie van As

GRADING OF LOCAL AUTHORITY

Grade 4

AUDITORS

Auditor General

BANKERS

First National Bank

REGISTERED OFFICE

C/o Sutherland and Pollock Street, Randfontein

MUNICIPAL MANAGER

MV Padiachee

CHIEF FINANCIAL OFFICER

G Bologna

MEMBERS OF THE LOCAL MUNICIPALITY OF RANDFONTEIN			
WARD	COUNCILLORS	WARD	COUNCILLORS
1	Councillor P Matuwane	11	Councillor Z Mhlongo
2	Councillor T van Benecke	12	Councillor A Mochumi
3	Councillor A Vos	13	Councillor V Galane
4	Councillor S Erasmus	14	Councillor V Moshoeshoe
5	Councillor F Le Grange	15	Councillor P Kgoleng
6	Councillor K von Ronge	16	Councillor D Mangope
7	Councillor E Hoeksma	17	Councillor P Phetoe
8	Councillor B Rooskrantz	18	Councillor M Nawa
9	Councillor G Samson	19	Councillor C Seepolle
10	Councillor P Pienaar		

PROPORTIONAL	
Councillor N Mavuso	Councillor B Blake
Councillor S Handula	Councillor T Kimane
Councillor J Makunyula	Councillor H Liesabon
Councillor F Matshikiza	Councillor S May
Councillor J Moteane	Councillor B Tsotetsi
Councillor H van As	Councillor R Mpungose
Councillor R Harris	Councillor M Nomandla
Councillor S Phate	Councillor I Ramphore
Councillor S Scorgie	Councillor N Ndlela

EXECUTIVE MAYOR : Councillor M Z Mhlongo

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statement as set out on pages 1 to 28 were approved by the Municipal Manager on the 2 December 2004. and will be presented to Council.